



Government of Grenada

2020 BUDGET SPEECH

*Towards Vision 2035: Empowering our Communities, Growing our Economy,
Protecting our Environment, Strengthening our Institutions*

Presented by

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**Prime Minister and Minister of Finance, Planning,
Economic and Physical Development**

To

The House of Representatives

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Annex I: 2019 Economic Review and Medium-term Outlook

1. 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 2020 by means of an Appropriation Act;

Be it resolved that the Estimates of Expenditure for the year 2020 be approved.”

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

Mr. Speaker, in compliance with the Fiscal Responsibility Act, and Regulations for the Public Finance Management Act and the Public Debt Management Act, I wish to advise that the following five reports are being submitted to this Honourable House:

1. The Medium-Term Fiscal Framework Document 2020-2022, in accordance with Section 9 (2) (a) of the Regulations for the Public Finance Management Act No. 17 of 2015;
2. The Progress Report on Compliance with the Fiscal Rules and Targets, in accordance with Section 12 (1) (c) of the Fiscal Responsibility Act No. 29 of 2015, as amended;
3. The Budget Framework Paper 2020, in accordance with Section 13 of the Regulations for the Public Finance Management Act No. 17 of 2015;
4. The Medium-Term Debt Management Strategy 2020-2022, in accordance with Section 5(1) to 5(3) of the Public Debt Management Act No. 28 of 2015, as amended; and
5. The Fiscal Risk Statement, in accordance with Section 12 (1) (e) of the Fiscal Responsibility Act No. 29 of 2015, as amended.

Mr. Speaker, as this administration continues actively engaging with all stakeholders to chart the future of this beautiful country, I am moved to commence the 2020 Budget Presentation with a few words from the Holy Scripture taken from Galatians Chapter 6, Verse 9 “*Let us not become weary in doing good, for at the proper time we will reap a harvest if we do not give up*”. This biblical quote advises us to continue to work in partnership to do what is good in the interest of this country, so that tomorrow we can all reap the benefits. It is often said that alone we can do little, but together we can achieve much.

Mr. Speaker, I am encouraged by the efforts of our people to participate in meaningful public discourse on the National Sustainable Development Plan, 2020 to 2035. It is instructive to note that this plan provides a blueprint for the developmental agenda for Grenada, for the next 15 years, outside the scope of partisan politics. The plan represents a cumulative effort as Grenadians from all walks of life, both home and in the diaspora, contributed to the consultation process.

Achieving the vision enshrined in that plan requires a number of critical actions namely putting people at the centre of sustainable development and transformation; creating a vibrant, dynamic, competitive economy with supporting climate and disaster resilient infrastructure and promoting environmental sustainability and security.

Mr. Speaker, in October, while delivering the Throne Speech in this Honourable House, Her Excellency the Governor-General eloquently pronounced that the overarching focus of the Government will be to commence the implementation of the National Sustainable Development Plan.

Having developed the plan with the engagement of the people, it is incumbent on Government to design operational plans, programmes and policies that would ensure the goals of the plan are achieved.

As such, Mr. Speaker, the theme chosen for the 2020 Budget “***Towards Vision 2035: Empowering our Communities, Growing our Economy, Protecting our Environment, Strengthening our Institutions***” is a deliberate choice, intended to adequately capture the priorities of the Government at this time. It is also in full acknowledgment of the fact, that while we are experiencing consistent economic growth, our management efforts must be strategic, or we run the risk of jeopardising the economic gains being made.

Mr. Speaker, the priorities enshrined in the 2020 Budget are framed within the context of Government's Medium-Term Agenda (MTA), which captures the essence of the National Sustainable Development Plan in three-year cycles.

Mr. Speaker, with this introduction, I want to turn your attention to economic developments globally, regionally and locally to provide the context for the Budget.

2. GLOBAL AND REGIONAL ECONOMIC DEVELOPMENTS

2.1 Global Economic Performance and Prospects

Mr. Speaker, according to the International Monetary Fund (IMF's) World Economic Outlook Report released in October 2019, the global economic upswing which started in 2017, lost momentum during the second half of 2018 and into 2019. The subdued global expansion was underpinned by several factors, most notably, the rising trade tensions that negatively affected business and consumer confidence in advanced economies and the tightening of financial market conditions that affected emerging market economies and by extension, the global economy. Consequently, the IMF projected that global growth would decelerate to 3.0% in 2019 from 3.6% in 2018, before edging back up to 3.4% in 2020.

Further details on current global economic performance can be found in Annex I.

2.2 Regional Economic Performance and Prospects

Regionally Mr. Speaker, average Gross Domestic Product (GDP) growth in the independent countries of the Caribbean Community (CARICOM) is projected to accelerate from 2.7% in 2019 to 8.8% in 2020, largely driven by the oil find in Guyana. In the Eastern Caribbean Currency Union (ECCU), average growth is estimated at 4% in 2019 and is projected to decelerate to 3.6% in 2020. Rehabilitation activities in Dominica, especially in 2019 and tourism activities in other member countries underpin the relatively robust average growth estimate in 2019, while the projected slowdown in economic activity in 2020 largely reflects softening economic conditions forecasted for the economies of the ECCU member countries.

Further details on current regional economic performance can be found in Annex I.

3. DOMESTIC ECONOMIC PERFORMANCE AND PROSPECTS

3.1 Economic Performance and Prospects

Mr. Speaker, Grenada continues on the path of positive growth. Preliminary data for the first half of 2019 indicates that the economy is poised to experience its seventh consecutive year of growth estimated to be 3.2% in real terms. Growth in 2019 is mainly fueled by activity in the Tourism, Education and Transport Sectors, complemented by relatively strong performances in the wholesale/retail and manufacturing sectors. It is anticipated that Grenada's growth rate in 2020, would trend above the ECCU average.

Mr. Speaker, it is without a doubt that the impact of this growth is being felt by all Grenadians. You would recall that when this Government took office in 2013, the unemployment rate was over 40%. Mr. Speaker, data collected for the first quarter of the 2019 Labour Force Survey, indicate that the unemployment rate fell to 15.2%.

Average inflation, as measured by the Consumer Price Index, remained subdued in 2019, estimated at 1%.

3.2 Fiscal Performance

Mr. Speaker, Grenada's fiscal position continues to be strong, with an expected primary surplus after grants of 6.8% of GDP, at the end of 2019. This performance is anchored in our adherence to the Fiscal Responsibility Act and backed by continuous reforms in both the Inland Revenue Department and the Customs & Excise Division.

By the end of 2019, the following results relative to the Approved Budget are expected:

- Current Revenues of \$782.1 million, compared to the target of \$780.4 million.
- Grants expended of \$98.1million, compared to \$183.7 million received.
- Current Expenditure of \$614.7 million, compared to the target of \$637.8 million.
- Capital Expenditure of \$100.5 million, compared to the target of \$196.4 million.

The Customs & Excise Division collections are expected to be within target.

The Inland Revenue Department is estimated to collect \$370.6 million, compared to the target of \$368.7 million, an over performance of \$1.9 million.

Further details on the 2019 economic performance can be found in Annex 1 of this Budget Statement.

3.3 Public Debt

Mr. Speaker, lest we forget, when this Government took office in 2013, the public debt as a ratio of GDP was 108%. To date, the debt to GDP ratio is on a path of decline, moving from 62.7% at the end of 2018, to an estimated 55.8 % of GDP at the end of this year. It is instructive to note, Mr. Speaker, that this expected outturn is not only below the 60% target established by the Eastern Caribbean Central Bank (ECCB) but it will also be achieved way ahead of the 2030 deadline.

Mr. Speaker, this decline has resulted in **a reduction in debt repayment requirements by \$101 million between 2013 and 2020.**

Mr. Speaker, when we constantly reiterate the need to stay the course of fiscal responsibility, it is for reasons precisely like this. The reduction in the repayment obligation reduces the burden on future generations and creates the space needed to advance developmental programmes that would keep this nation on the path of growth and development.

Mr. Speaker, we cannot play games with the future of our children and grandchildren. Oftentimes, I am shocked by the flippant remarks made about amending the Fiscal Responsibility Law merely to accommodate the demands being made by a few persons. Mr. Speaker, Grenada is deriving too many benefits from being fiscally prudent to alter that course. I encourage Grenadians to pay close attention to the numerous benefits Grenada stands to lose, if we forego fiscal prudence.

Mr. Speaker, the information is available for all to see. Details of Grenada's debt portfolio can be found in Appendix F of the Estimates of Revenue and Expenditure, while repayments required for any year can be verified in Vote 22 of the said document.

Mr. Speaker, having provided the international, regional and local context that sets the tone for the country's 2020 budget, I wish to turn my attention to the Estimates of Revenue and Expenditure.

4. ESTIMATES OF REVENUE AND EXPENDITURE FOR 2020

Mr. Speaker, I wish to signal that the 2020 Estimates of Revenue and Expenditure were prepared in conformity with the Fiscal Responsibility Law.

4.1 Budget and Financing Summary

Mr. Speaker, the 2020 Estimates of Revenue and Expenditure provide for total expenditure (including principal repayments on public debt) of one billion, one hundred and forty-six million, ten thousand, seven hundred and five dollars **(\$1,146,010,705.00)**.

The Budget is summarised as follows:

1. Recurrent Revenue: \$786.2 million
2. Recurrent Expenditure: \$633.7 million
3. Current Account Surplus: \$152.5 million
4. Capital Expenditure: \$225.3 million
5. Primary Surplus (after Grants): \$212.8 million
6. Overall Surplus (after Grants): \$145.8 million
7. Principal Repayments/Amortisation: \$287.0 million

Mr. Speaker, consistent with the theme for this Budget presentation as earlier expressed, I would now delve into the specifics of each thematic area.

5. EMPOWERING OUR COMMUNITIES

Mr. Speaker, Government regards empowerment as a key pillar of long-term development and has therefore adopted a multi-pronged approach in empowering the people. Government invested enormous amounts in social programmes in 2019 and it was our intention to invest even more in 2020. However, the dramatic increase in the public sector wage bill has tempered that desire.

5.1 Empowerment Through Education

Mr. Speaker, Government recognises the value of education as a building block for the sustainable development of the country. Through capacity building for teachers, principals and education officers, we expect to see significant improvements in the delivery of education services across the country.

Mr. Speaker, Government will continue investing in our educators in 2020 because we understand all too well, that benefits to workers in the various sectors of the public service, should not merely take the form of periodic salary increases.

To this end, 2020 would see the rollout of leadership training and professional development programmes for principals, deputy principals and administrators. Prospective teachers will also benefit from pre-service training.

Mr. Speaker, as a Government, we have a responsibility under any circumstances to ensure that the future of our students is placed above all else. Therefore, a substitute teacher initiative would be advanced in 2020 to address teacher shortages in the system that may be caused by factors such as illness and leave entitlement.

Mr. Speaker, the efficient and effective management of any system requires clear lines of accountability. Plans are therefore afoot to introduce extensive Monitoring and Evaluation (M&E) mechanisms as well as accountability measures for management at the school level.

Mr. Speaker, in 2020, Government will pilot an E-Book platform initiative in some secondary schools as part of a new technological approach to learning. Anchored on an improved digital platform, this initiative will be the precursor to the widescale provision of tablets for students.

Mr. Speaker, these efforts at capacity building and curriculum strengthening must be complemented by the efficient and effective maintenance of our school infrastructure to support service delivery. We have therefore introduced Nineteen (19) School Maintenance Projects with a budgetary cost of \$3 million. Further, three Zonal Maintenance Supervisors have been appointed to oversee the maintenance of schools. Their efforts will be supported by the institution of a School Inspection Protocol.

Mr. Speaker, reading is a fundamental part of learning and through the support of a private sector led initiative, Grenada Schools Inc., 28 primary schools across the country, have new libraries. To date, more than EC \$9 million has been spent on this invaluable initiative and we must commend our stakeholders for their initiative in this undertaking. We are happy to note that many more schools are earmarked to benefit from similar facilities under this project.

5.2 Empowerment Through Youth Advancement

Mr. Speaker, Grenada has a youthful population and therefore the advancement of our youth is critical to the overall and long-term growth and development of the country. Government has taken a strategic approach to this, identifying various programmes to target specific strata of the youth population.

5.2.1. MPower

One such programme is MPower, which provides opportunities for unemployed males in the area of small business support through grant financing or access to further training at the T.A. Marryshow Community College or certified skills training centre.

Mr. Speaker, in 2019, 350 of the nation's unemployed young men benefitted from this programme. Seventy of them have created sustainable employment for themselves and for many of them, it has proven to be a valuable turning point in their lives. Mr. Speaker, in 2019, \$6.5 million was allocated to this programme, but for 2020, greater demands on our budget, have forced us to reduce the allocation to \$4 million.

5.2.2. Youth in Agriculture

Mr. Speaker, Government is actively stimulating the interest of our young people in agriculture and at least 100 young men and women have been identified to participate in the Youth in Agriculture Project. The allocation for this project is \$300,000 and it will get underway in January 2020. Four Government-owned estates in Grand Bacolet, Grand Bras, Laura and Pointsfield will be utilised for pig, poultry and crop production.

5.2.3. The New Imani Programme

Mr. Speaker, the new IMANI programme, one of the cornerstones of our youth empowerment initiatives, continues to provide valuable apprenticeship and scholarship opportunities for the nation's youth. Mr. Speaker, I point to the success of Anderson Peters, who recently earned us recognition on the world stage; Anderson is one of the beneficiaries of an IMANI scholarship. Notwithstanding the commitment and personal sacrifices he has invested to attain his current level of athletic success, the mere fact that he has the opportunity to do so, is testament that

we are doing something right. However, we cannot shy away from the fact that the programme can be improved.

Mr. Speaker, Government is working towards an exit strategy aimed at creating sustainable employment for the unabsorbed youths in the IMANI programme. We have listened to the voice of the youths who have suggested transforming the programme to offer more skill-based exposure to trainees, to better prepare them for the job market and for self-employment. Therefore, work on this skill-based approach and its alignment to national needs has commenced. In 2019, Government expended \$22.2 million on the IMANI Programme. The allocation for 2020 is \$17.8 million.

5.3. Empowerment Through Targeted Interventions

Mr. Speaker, there are many among us who are not able to provide for themselves and it is our duty to ensure that they are not marginalised. Therefore, Government has initiated a number of strategic interventions to support the less fortunate.

1. Needy Assistance Programme

This programme is designed to provide medical support to vulnerable families with no medical insurance, through assistance with surgeries, eye care, medication etc. It also provides aid to abused women through relocation support. Mr. Speaker, expenditure on this programme in 2019 was \$3.1 million, positively impacting the lives of 1,450 vulnerable persons. Mr. Speaker, increases in the public sector wage bill made it necessary for Government to reduce the 2020 allocation for this programme to \$2.2 million.

2. Support for Education, Empowerment and Development (SEED)

Mr. Speaker, Government is committed to ensuring a decent standard of living for those who are vulnerable. As such, over \$18 million was spent in 2019 to support families with little or no income and who have chronically ill or special needs persons in the household. Mr. Speaker, for the 2020 budget, we were only able to accommodate \$14.3 million.

3. Uniform & Transportation Allowance

Mr. Speaker, many vulnerable families in this country are blessed with highly capable kids who simply need an opportunity to succeed. As a parliamentary representative for three decades and counting, I have heard numerous stories of mothers who have to ration how and when they send their children to school. Mr. Speaker, in good conscience, Government cannot and **will not** ignore the needs

of vulnerable families. Mr. Speaker, as the son of the farmer, coming from very humble beginnings myself, and as an advocate for youth empowerment and development, ignoring them is simply not an option. In 2019, 12,000 students benefitted from uniform and transportation allowances to the tune of \$2 million. For 2020, \$2.2 million has been allocated for this programme.

4. University Tuition Assistance Programme

Mr. Speaker, any Grenadian attempting to advance themselves by pursuing higher education has the potential to impact positively on the country. Essentially, it is a plus for Grenada. Government is committed to providing university tuition assistance to students who have not received a scholarship and cannot afford full tuition fees. In 2019, 243 students attending St. Georges University and other regional and international universities benefitted from this programme at a cost to the state, of over \$500,000. An allocation of \$500,000 has been budgeted for 2020.

5. House Repair Programme

Mr. Speaker, among all the social programmes, there is a high level of demand for house repair for the vulnerable in the society. All parliamentary representatives have reported receiving numerous requests from their constituents. Faced with this significant demand, we have increased the combined allocation for the Housing Assistance, Home Improvement and Soft Loan Housing programmes to \$15 million. Mr. Speaker, this is still not enough but we are doing the best we can in the face of other demands for budgetary allocations.

6. Affordable Housing

Mr. Speaker, Government remains resolute in its commitment to address the ever-increasing demand for safe and affordable housing. Work is progressing well on the housing projects in the parishes of St. Mark, St. David, St. Patrick, and St. George and on the sister island of Carriacou. Mr. Speaker, these projects which would add 647 units to the country's housing stock, are slated for completion in 2020. A total of \$161,640,644 has been invested into the units and accompanying infrastructure and amenities such as roads and electricity. Work will commence on the St. John housing project in 2020.

Mr. Speaker, we are aware that public officers and other middle-income families are seeking housing solutions. Accordingly, Government is currently holding discussions with a private developer for a middle-income housing project which

will serve the needs of those families. We are at the stage of identifying the land for development.

Mr. Speaker, Housing Brigades remain active across the tri-island state, continuing their important work of repairing, constructing and rebuilding houses for vulnerable citizens. Government spent 6.4 million dollars on this programme in 2019 and \$6 million is allocated for the year 2020. More than 120 persons are employed by this programme.

7. Farm Labour Support

Mr. Speaker, this programme is directly linked to the food security of the nation and in some cases, empowers farmers to be even more productive. Mr. speaker, here again, weaknesses have been identified with persons inside the system using it to benefit themselves and their families. Mr. Speaker, we intend to revamp this programme to address this issue in 2020. The allocation for this programme is \$1 million.

8. Special Projects

Mr. Speaker, to complement the work of the Ministry of Infrastructure Development, Government has embarked on a community-based initiative that empowers the communities at a constituency level to engage in small infrastructure projects. These projects are determined based on needs identified through engagement with the communities. In 2019, Government invested \$7.5 million in special projects, creating 1,090 jobs for both men and women across the tri-island state. For 2020, \$7 million has been allocated to support these community-based projects.

9. Top-Up Payment for Retired Public Officers

Mr. Speaker, Government has honoured the Memorandum of Understanding signed with public sector trade unions regarding pension for public officers. Although the unions' leadership have abandoned the collective bargaining process and took the issue to court, Government has proceeded to implement the agreement because many retired public officers are hurting. In October, Government upgraded the payments received from the National Insurance Scheme (NIS) to ensure that the total monthly income of retirees meeting the established criteria, is no less than 70% of their last salary. Government has expended close to \$715,000 on this initiative and future monthly payouts are expected to be just over \$22,000.

10.Support to the Elderly

Mr. Speaker, Government is particularly concerned about the well-being of senior citizens, who in their productive years, made invaluable contributions to the development of this country. In 2019, Government spent \$1.3 million in the geriatric and roving care-givers programme operated by GRENCASE. More than 200 of our senior citizens have benefitted from this programme and it has provided employment for 160 persons. Another elderly care initiative by the Ministry of Social Development provides employment for 40 persons.

11.Burial Assistance

Mr. Speaker, the burial assistance initiative is a programme geared at supporting people who are unable to provide for their loved ones, the final act of human dignity – a decent burial. While our intentions are noble, Mr. Speaker, there is evidence of abuse in this programme, with the assistance in some instances, being used for things other than burial. As responsible guardians of the state purse, Government cannot condone such wanton disregard for the taxpayers money. We will therefore undertake a review of the programme to ensure that it is more precisely oriented towards achieving the intended objective.

12. Support for Toddlers and Pre-Schoolers

Mr. Speaker, Government's social protection programme extends to children under the age of three, whose parents cannot afford early childhood education services. In 2019, 376 families and 444 young children benefitted from early childhood stimulation exercises.

6.0 STRENGTHENING OUR INSTITUTIONS

Mr. Speaker, there are areas in the public service that are in dire need of institutional strengthening. It is not just under this Government but there is a history in specific sectors that must be addressed. It is imperative that we improve these areas of weaknesses to further propel economic growth and development.

6.1. Public Expenditure Reform

Mr. Speaker, the issue of exorbitant charges for some Government cellphones has revealed significant expenditure leakages in the system. The misuse of cellphones by persons within the system and those who already left the system, caused major embarrassment to the Government in 2019. A complete review has been undertaken and we have the results which indicated the persons who are already out of the

system and therefore should no longer have access to the service. Steps are now being taken with the service provider to recover some of the money. Mr. Speaker, we cannot allow systemic failures to manifest themselves through irresponsible expenditure and poor accountability. We must, as a matter of priority, improve our expenditure management systems so that we can protect and consolidate the immense economic gains we have already achieved.

Therefore Mr. Speaker, during the first quarter of 2020, Government will undertake a comprehensive review of its recurrent and capital expenditure as part of efforts to improve accountability in the public service. The review will also provide concrete recommendations to strengthen expenditure controls and the institutional mechanisms for expenditure management, as well as improve the efficiency and effectiveness of public spending.

Mr. Speaker, to complement this work, the Attorney General's office in conjunction with the Public Service Commission has established the procedural guidelines for investigating financial abuse in the system with a view to impose disciplinary measures on public officials found guilty of such abuse. These procedures are expected to take full effect in January 2020.

6.2. Ministry of Health

Mr. Speaker, the health of a country's people is one of the key pillars of its development. As such, we must work towards a healthcare system that is responsive to the needs of the people.

Mr. Speaker, to do this, we must accept and strategically address existing challenges, which include shortages of doctors and nurses, lack of adequate dialysis services, inadequate facilities and the lack of universal health coverage. Some of these issues are not unique to Grenada and money alone cannot address all of the problems, but there is a clear need for a multi-pronged approach to improve the healthcare system.

6.2.1. Human Resource Strategy

Mr. Speaker, for years, other countries, have actively sought to recruit nurses from Grenada and other Caribbean countries. In light of this, Government has developed a Human Resource, Health Policy and Plan for the Health Sector that seeks to establish a framework for recruitment, professional development and succession planning. This plan includes a retention programme that offers incentives and professional development opportunities for our nurses and other health practitioners.

6.2.2. Inadequate Dialysis Services

Mr. Speaker, the lack of adequate dialysis support for our people is unacceptable. Over the last few years, we have partnered with the St. George's University to provide clinical support to dialysis patients through their nephrologist. However, this service must be supplemented by a turnkey dialysis operation and Government is actively pursuing a public-private partnership in this regard.

6.2.3. Inadequate Facilities

Mr. Speaker, Government will continue to upgrade our health facilities in 2020. In addition to refurbishment and retrofitting work already undertaken at some health facilities including the Grand Anse Medical Station, the Melville Street Health Center and the Vincennes Medical Station, several other facilities will receive similar upgrades in 2020, under the OECS Regional Health Project. Additionally, Phase 2 of the General Hospital is now complete. Occupancy of the new building is scheduled to begin by the end of 2019.

6.2.4. Universal Health Coverage

Mr. Speaker, in 2019, the ministry continued work on health financing initiatives aimed at achieving a system of Universal Health Coverage, as outlined in the Sustainable Development Goals (SDGs). In this regard, the deliverables for the first phase of the National Health Insurance Project have been completed. The second phase, which will develop the implementation plan to institutionalise such coverage, is expected to commence before the end of the year. Government has already contracted Miami-based firm, Joint Independent Provider Association, (JIPA), to complete the process of development for implementation of the National Health Insurance Programme. The project is valued at \$1.5 million.

Mr. Speaker, the Ministry of Health with the support of the European Union, has completed an assessment of the Primary Healthcare Policy and Implementation Plan, to develop a Monitoring and Evaluation Framework for primary healthcare. This framework is expected to strengthen systems for programme evaluation and evidenced-based decision-making for health sector planning and programme implementation.

6.2.5. Management of the Healthcare System

Mr. Speaker, admittedly there are some weaknesses in the areas of stock management and control and the approach to patient-centered care. It is Government's intention to enhance the system of procurement and management of stores at health facilities to reduce wastage and pilferage. Mr. Speaker, there are fundamental prerequisites to delivering patient-centered care - a listening ear, a kind and caring demeanor, a display of empathy, and patience. There is no room for the display of hostility, anger or impatience. Government therefore plans to invest heavily in training our health care providers to enable the delivery of the best service possible.

Mr. Speaker, the 2020 programme for the Ministry of Health should bring about an improvement in the overall services provided to the public.

6.3. Gender & Family Affairs

Mr. Speaker, gender mainstreaming, gender equality, and the social and economic empowerment of women and girls are key priorities of this Government. Government also takes very seriously, its obligation to protect women and children from sexual and other forms of abuse. With the establishment of the Special Victims Unit and Hotline, significant progress is being made with the investigation and prosecution of various sexual crimes, and cases of domestic violence and child abuse.

Mr. Speaker, the draft bill for the Registration of Sexual Offenders is complete. It is now being considered by various stakeholders before being submitted to this Honourable House for debate and enactment. Additionally, Mr. Speaker, Government plans to develop various administrative and legislative mechanisms to provide greater protection for children and other victims of sexual offences.

Mr. Speaker, by the end of this year, Government will open the doors to The Home for Girls. Over \$2.5 million was invested in this facility which represents a major step forward in the provision of institutional support to protect our young girls. Mr. Speaker, Government's goal is not only to protect the victims; we want to totally eliminate violence and abuse against women and children.

6.4. Modernising the Public Sector

Mr. Speaker, this Government is embarking on digital transformation as part of efforts to modernize the public sector and improve the efficiency and resilience of Government services.

6.4.1. Master Governance Platform

In the coming months, Government will launch a Master Governance Platform, consisting of a whole-of-government portal and an e-services delivery platform. Developed and delivered by MGRM, this platform will now provide a single point of access to all government information, initiatives, projects and services, significantly stimulating Grenada's transition into an emerging digital economy. It leverages advanced digital technologies to deliver a host of e-services and also promotes digital inclusion while creating the opportunity for greater efficiency in the public service.

6.4.2. Digitising Government Services

Mr. Speaker, we are also poised for the rollout of the Digital Government for Resilience Project which is funded by the World Bank. This project valued at US \$15 million will help to revolutionise the provision of Government services through digital transformation, continuing to enhance the efficiency, usage and resilience of select government services via a digital platform. Mr. Speaker, this project will digitise critical public records such as birth, death, and marriage certificates and enable Government, for the first time, to deliver online services.

6.4.3. CARCIP Project

Mr. Speaker, a critical enabler for Government's digital transformation is the delivery of high-speed broadband network under the CARCIP project. The incoming high-speed network will be utilised in the delivery of services to internal clients across ministries and departments; and to residents across Grenada, Carriacou and Petite Martinique.

Mr. Speaker, the CARCIP Project is expected to help advance the development of ICT-enabled services industry. Further Mr. Speaker, this project demonstrates the achievement of the ideals of the CARICOM Single ICT Space, at the network and infrastructural level.

6.5 Integrity Commission

Mr. Speaker, the Office of the Integrity Commission continued to fulfill its mandate in accordance with the Integrity in Public Life Act No. 24 of 2013 and has been recognised regionally and internationally for its high level of professional excellence.

In 2019, the commission completed the investigation stage of its probe into the affairs of the Marketing National and Importing Board (MNIB) and on October 1, it commenced the inquiry stage of the investigation. A temporary roadblock has since halted that inquiry Mr. Speaker, but the commitment to providing greater accountability remains undaunted. Mr. Speaker, if there was no wrongdoing, it is quite baffling why attempts are being made to block the investigation.

Mr. Speaker, in 2020, the Integrity Commission will seek to complete a number of investigations it has commenced. It will also continue to improve public anti-corruption education through the delivery of educational seminars and the identification of Risk Management Champions in ministries and departments.

6.6 National Security

Mr. Speaker, Grenada remains one of the safest countries in the region, a fact which is important not only for the well-being of our citizens but also necessary to attract investments for growth and development. I am pleased to report that in the first half of 2019, the Royal Grenada Police Force recorded reductions in reported crime in most categories. Notably, there has been a 13% reduction in sexual crimes and a 6% decline in property crimes, when compared to the same period for 2018. So far in 2019, the RGPF has maintained a crime solving rate of 73%.

Mr. Speaker, these notable achievements can be attributed to the dedicated and committed staff of the RGPF, as well as the improved relationship and collaboration between the RGPF and communities across the tri-island state.

Mr. Speaker, Government continues to provide the necessary human resources for the efficient functioning of the RGPF. Fifty-eight (58) new Police Officers were recruited in 2019, and sixty (60) more will be added before the end of the year.

Mr. Speaker, the RGPF must be commended for exemplary work. Special mention must be made of the Drug Squad for its historic seizure of 416 kilos of cocaine,

valued at \$41 million. This is in addition to other seizures during the year, which netted \$14 million worth of cocaine and cannabis.

Mr. Speaker, I must also commend officers within the Immigration and Passport Department for the excellent service they provide as frontline ambassadors of this country. Their dedication to duty and willingness to go above and beyond was demonstrated recently when faced with the significant increase in passport applications, receiving up to 350 applications per day, compared to the normal daily average of about 40, and doing so without compromising the quality of service delivered.

6.7. Her Majesty's Prisons

Mr. Speaker, Her Majesty's Prison continues to report major success in its reform programmes. Prison statistics show that one in every eight persons who are part of the reform programme do not return to prison. Specific emphasis is being placed on youth programmes as part of the reform effort. Through Project Reach, 17 young inmates received training in crop and poultry production and general facilities maintenance.

7.0. GROWING OUR ECONOMY

Mr. Speaker, sustainable development is the pathway to the future we want for all Grenadians. Therefore, it is necessary that we do not merely offer economic growth on paper but rather provide a framework to generate economic growth, through the small business development initiative and the Public Sector Investment Programme to achieve social justice, exercise environmental stewardship and strengthen governance.

7.1. Small Business Development

Mr. Speaker, Government remains committed to supporting the development of the small business sector to further stimulate economic growth. Support continues to be channeled through the Small Business Development Fund, the indigenous hotel loan facility, business services support and trade readiness support for small business.

7.1.1. Small Business Development Fund

Mr. Speaker, this facility is supported by Government to provide soft loans to small businesses. The fund has led to the creation of 517 new businesses and 748 existing

businesses in the fishing, agriculture, tourism and retail sectors, have benefitted. Mr. Speaker, 1,514 jobs have been positively affected, 661 of them being new jobs. Mr. Speaker, the funds are available, therefore I wish to encourage our industrious young persons to access the financing for business startup through this facility. The amount allocated to this fund for 2020 is \$5 million.

7.1.2. Small Business Support Services

Mr. Speaker, in addition to providing investment support services, the Grenada Investment Development Corporation (GIDC) also provides targeted assistance for small businesses through its Business Development Center. In 2019, this centre successfully coordinated thirty (30) workshops and enhanced the skills of six hundred and sixteen (616) potential and existing entrepreneurs.

Mr. Speaker, registration support was provided to one hundred and twenty-eight (128) enterprises as sole proprietorships, partnerships and non-profit organisations. Business plans have also been developed to facilitate access to financing for thirty-seven (37) enterprises and hand-holding financial management support and advice offered to one hundred and fifty-five (155) small businesses. Mr. Speaker, it is important for us to highlight these facilities and encourage our young people in the skill-based programmes to capitalise on these opportunities to establish their own businesses.

7.1.3. OECS Partial Credit Guarantee Project

Mr. Speaker, Government has teamed up with four other ECCU member countries, with the support of the ECCB and the World Bank, to develop a partial credit guarantee project. The design of the project requires Government, through the Eastern Caribbean Partial Credit Guarantee Corporation (ECPCGC), to absorb a portion of the lender's losses on the loans made to small and medium-sized businesses in case of default, in return for a fee from the financial institution. The necessary legal instruments have been passed and the funding has been allocated to allow small and medium businesses in Grenada to benefit from this arrangement.

7.1.4. Trade Readiness support

Mr. Speaker, in 2019, the Ministry of Trade, Industry, Co-operatives and CARICOM Affairs continued its thrust to implement the National Export Strategy to help expand Grenada's export trade. The major initiatives included working with over 40 small manufacturers on improving the packaging and labelling of their products for the external market, and an exporters consultation with major fresh produce exporters.

Mr. Speaker, in 2020, major emphasis will be given to implementing the National Quality Policy. Effective January 2020, all fresh produce exporters will be expected to meet the required standards of packaging and have their exports inspected before leaving Grenada. These efforts take on added significance as we prepare for participation in Expo 2020 in Dubai, for which 15 manufacturing enterprises have already confirmed participation.

7.2. Rural Development

Mr. Speaker, for the country's growth to be truly meaningful, it must encompass all geographic areas. As such, Government is particularly keen to ensure that rural development opportunities are created as part of its overall development agenda. In 2019, Government created greater synergy in its community engagement and poverty reduction strategies with the creation of the Rural Development Unit (RDU) which serves as the overarching body for the Climate Smart Agriculture Project (SAEP) and the Basic Needs Trust Fund (BNTF).

Mr. Speaker, a Memorandum of Understanding, under the SAEP stream, signed with the Grenada Industrial Development Corporation, provided for the refurbishment of the Training and Outreach Centre located at Simon, St. Andrew. The refurbishment project, valued at valued at EC \$6.7 million, is complete and the centre is expected to provide training opportunities to 500 young people in the area of Entrepreneurial Development. To date, two hundred and eleven (211) young people have registered to participate in the first batch of training, scheduled to start in January 2020.

7.3. Agriculture

Mr. Speaker, EC \$3 million will be spent rehabilitating 10 farm access roads as part of the Climate Smart Agriculture and Enterprise Development Project (SAEP), under the Rural Development Unit. This will create employment for 40 persons in rural communities.

Mr. Speaker, Government has identified crop insurance coverage as a priority area for the agriculture sector and therefore, we will develop and pilot an Agricultural Risk Insurance Product for Nutmeg and Cocoa Production for the 2020 Hurricane Season. The projected investment is \$376,000.

Mr. Speaker, fish production is on the upswing and Government recognises the vulnerability of the sector. Government will assess the results of the Caribbean Ocean Assets Sustainability Facility (COAST), insurance pilot project, supported by the World Bank, to determine the best way to safeguard the gains recorded in this sector.

Mr. Speaker, by June 2020, Government will amend the Praedial Larceny Control Act to guarantee more robust and efficient prosecution of such offences. A 24-hour Praedial Larceny Prevention Hotline will also be commissioned in 2020, enabling persons to report the theft of agricultural produce and livestock. Additionally, EC \$200,000 will be used to enhance public awareness and procure additional surveillance cameras, making them available to farmers at cost price.

Mr. Speaker, Government will develop and implement a livestock policy and action plan in 2020, to guide the development of this vital sector. Government will also invest in upgrading the Small Ruminant Facility at Laura Land, St. David.

Mr. Speaker, with support from the Inter-American Institute for Cooperation in Agriculture, Government has secured financial support from the CARICOM Development Fund to enhance the functioning of the Mirabeau Abattoir. The support is valued at approximately \$672,050 and the funds will be used to procure equipment and provide training for the staff at the abattoir.

Mr. Speaker, as we push production, we also have to push agricultural competitiveness. Through the OECS Regional Agriculture Competitiveness Project (AGRICOM), Government will support a minimum of ten (10) private sector investments in agriculture. Government will provide grant financing of \$3.8 million towards the execution of these investments. Additionally, another \$500,000 will be spent to improve the capacity of extension personnel through training and the provision of equipment.

Mr. Speaker, the various initiatives outlined have resulted in an increase to the administrative budget for the Ministry of Agriculture by \$1.9 million, from \$16.7 in 2019 to \$18.6 in 2020. It is important to note that other major projects affecting the agricultural sector, such as, SAEP which is a \$38 million-dollar project, is managed by the Rural Development Unit under the Ministry of Finance. Additionally, the investment in agriculture feeder roads of \$100.62 million will bring total investment in the agriculture sector to \$157.2 million, the largest of all the sectors.

7.4. Tourism Product

Mr. Speaker, Grenada continues to see significant growth in stay-over visitors. Data for the first three quarters of 2019, show an increase of 3.04% over the same period in 2018. To properly accommodate the growing numbers of visitors who come to our shores, Grenada must increase its room stock and Government eagerly anticipates the completion of the projects that will facilitate this. Grenada's current room stock is 2,081 rooms. In 2020, that number should increase by 651 new rooms, with another 960 added by 2021.

Mr. Speaker, the budget of the Ministry of Tourism has increased by \$6 million dollars, from \$21.4 in 2019 to \$27.4 million in 2020. The increase will facilitate airlift support and improvements to select tourism sites, including the site that currently houses the police headquarters.

Mr. Speaker, negotiation for the commencement of the Maurice Bishop International Airport upgrade project is at an advanced stage. More than US \$50 million will be invested in this project and we expect to sign the agreement very soon. It is anticipated that about 150 jobs will be created by this project.

On the sister isle of Carriacou, while we continue to plan for a new airport in the long-term, we will move to improve the safety of the current runway through the creation of Runway End Safety Areas at both ends, totalling 500 feet in length. The budget allocation for this project is \$500,000 and about 40 jobs will be created.

7.5. Culture and the Arts

Mr. Speaker, Government is committed to maintaining, protecting and enhancing our nation's tangible and intangible cultural heritage and its related industry. Government is moving ahead with the ground works for the construction of the Simon Cultural Centre. The survey and geotechnical studies have been completed and the contract has been awarded for the fencing of the grounds.

Mr. Speaker, Government's 2020 priorities for culture and the arts will include the development of legislation to govern the operations of the National Film Commission; review of the National Cultural Policy and Sports and Cultural Ambassadors Policy and establish an intellectual property framework to provide copyright protection for our creative persons.

7.6. Sports

Mr. Speaker, the Division of Sports continues to play a critical role in the lives of our young people and in the communities, by providing an avenue for meaningful engagement in several sporting disciplines. In addition to assisting sporting associations and clubs with hosting local competitions in 2019, the Division of Sports provided support for the participation of Grenadian athletes in competitions regionally and internationally. The division will also work collaboratively with the Local Olympic Committee (LOC) to ensure that our athletes are properly prepared for participation in the 2020 Olympic Games in Japan.

Mr. Speaker, through our continued partnership with the National Lottery Authority, 2020 would see the lighting of numerous playing fields across the tri-island state. Work will also continue on upgrading all playing fields and hard-courts to further promote sporting opportunities for all.

7.7. Infrastructural Development (Major Government Projects)

Mr. Speaker, the following represents major Government projects and initiatives that will impact positively on economic activity in Grenada, in 2020 and beyond.

7.7.1 Government Buildings

A major undertaking in 2020 will be the refurbishment of Government-owned buildings to help minimise expenditure on rent and to generate additional revenue. An Infrastructure Refurbishment Committee has been established and several buildings have been identified for renovation in all parishes including the Ministerial Complex in Carriacou. The estimated value of the project is \$10 million and it is expected to create over 150 jobs.

7.7.2. Agriculture Feeder Road Phase III- Package 1:

Mr. Speaker, the total project is financed by the Government of Grenada at a cost of US\$37.71 million (EC\$100.62 million). The project has two parts:

Component 1 involves the rehabilitation of 20.25 kilometres of road including bridges and ancillaries: Clabony Road, Munich to Bakelite Bridge, Limlair Road, Apres Toute to Pomme Rose, Laura Bridge, La Borie, St. George's Estate Road, Willis to Constantine Road, Brothers Mont Cenis Road, Concord Road, Belair Road, and Red Mud Road. Construction will commence in January 2020 and will create employment for 200 persons.

Mr. Speaker, Component 2 involves the rehabilitation of 24.06 kilometres of Road including bridges and ancillaries: Ben Jones Extension, Grand Fond, Cherry Hill, Bailes Bacolet to La Pastora, Belle Vue, Morne Delice to Old Westerhall Road, Flamingo Bay Road, Mango Road, Happy Hill to Mt. Moritz. Construction will commence on Component 2 in March 2020 and is expected to create employment for 250 persons.

7.7.3. Grenada Education Enhancement Project (GEEP) Phase 1:

Mr. Speaker, this project funded by the Caribbean Development Bank at a cost of US\$16.32 million (EC\$43.54 million), is designed to improve the quality of basic education in Grenada, by enhancing the teaching and learning environment and improving the capacity of our educators.

Several schools are earmarked to benefit from the rehabilitation and upgrading of their physical infrastructure. These include Bishop's College; Grenada SDA Comprehensive; Presentation Brothers College; St. Joseph Convent, St. George and Grenville; J.W. Fletcher Secondary; St. David's Catholic Secondary; Grenada Christian Academy and St. Andrews Anglican Primary. Work on some of the schools will begin in December 2019, while the others will commence in 2020. Employment opportunities will be created for approximately 450 persons.

7.7.4. Integrated Solid Waste Management Project

Mr. Speaker, the contractor has been selected for the construction of a new landfill which will begin in 2020 as part of the Integrated Solid Waste Management Project. The EC \$40.9 million-dollar project is intended to improve and sustain integrated solid waste management in Grenada and will create in excess of 400 jobs. This project is funded through a mix of grant, loan and counterpart funds.

7.7.5. OECS Regional Health Project:

Mr. Speaker, Grenada will use its allocation in the EC \$16.1 million-dollar OECS Regional Health Project, to invest in upgrades to five health facilities – the Mt. Gay Psychiatric Hospital, the St. David Health Center, the Rathdune Center, and Phase 1 of the General Hospital. Work will also be undertaken to upgrade the Public Health Laboratory at the General Hospital to achieve Tier 1 Accreditation, to enhance country compliance with International Health Regulations, and to strengthen the National Health Emergency Response Operating System. At least 100 jobs will be

created by this project which seeks to strengthen the capacity of health systems to ensure continuity of services following an extreme weather event.

7.7.6. Natural Disaster Rehabilitation & Reconstruction/ Gouyave Extreme Rainfall Project:

Mr. Speaker, this project is funded by the CDB through a loan of \$23 million. Final designs were completed for slope stabilization areas in Brothers, Clozier, Gross Point, Maran, Market Square, and Millette and for the Brothers Bridge Reconstruction. Construction will commence in the first quarter of 2020 and is expected to create 150 jobs.

7.7.7. Emergency Operation Centres in Grenada and Carriacou:

Mr. Speaker, construction will begin early in 2020 on Emergency Operation Centres and warehouses in Grenada and Carriacou. This project, funded by the US. Southern Command, is valued at US \$6.5 million and will include the installation of state-of-the-art communications equipment. About 100 persons will be employed at both project sites.

7.7.8. St. Patrick's Roads Rehabilitation and Upgrading Project:

Mr. Speaker, the project will cost EC \$27million, and is funded through a loan from OPEC Fund for International Development (OFID). The scope of works entails the construction of 16 kilometres (9.94 miles) roads, including all bridges, drainage and ancillary works. Section 1 is from Duquesne to Sauteurs, comprising 6.2 kilometres (3.85 miles) of road and five bridges; Section II from Poyntzfield to Morne Fendue, including four bridges and 3.43 kilometres (2.13 miles) of road. The project duration is 24 months and it is expected to employ 280 persons. Construction works are ongoing.

7.7.9. Western Main Road Corridor Upgrade Project:

Mr. Speaker, the scope of works for the Western Main Road Corridor Upgrade Project has been finalised. We have received 10 Expressions of Interest for the project and these are currently being evaluated. This project is financed with a grant of EC \$46.7 million from the Department for International Development, under the UK Caribbean Infrastructure Facility. The design phase will commence in the first quarter of 2020. The implementation of this project would provide approximately 600 jobs for Grenadians.

7.7.10. Grenada Climate Resilience Water Sector Project (G-Crews):

Mr. Speaker, this project was first mentioned in the 2019 budget presentation. It is financed through a grant totalling EC\$125.5 million, predominantly provided by the Green Climate Fund (GCF). This project will contribute to system-wide climate change resilience in the water and sanitation sector. All agreements are in its final stages of finalisation and the project is poised to commence in 2020.

Several major infrastructure investments in the amount of EC\$105.7 million will be undertaken under this project including improvement in the water supply at Mirabeau, Les Avocats/Petit Etang, Vendome, Victoria and St. Patrick. The water supply in Carriacou and Gouyave will also be expanded. Over 1500 jobs are expected to be created through the life of G-Crews project.

7.7.11. Grenada Water Supply Expansion System & Sewerage Improvement Project:

Mr. Speaker, this project is financed with a grant of US \$12.9 million (EC\$34.7 million) from the DFID UK under the UKCIF. NAWASA is the implementing agency for this project, which will contribute to the strengthening of the water sector in Grenada, reduce water sector risks, and build resilience to the impact of climate change in the sector's infrastructure. This project will complement the work under the G-Crews project.

7.7.12. New NAWASA Headquarters

Mr. Speaker, work has started on developing new headquarters for the National Water and Sewerage Authority. About 100 construction jobs will be created by this project which is valued at EC \$7 million. The new building will bring about a vastly improved health and working environment for workers.

7.7.13. Integrated Physical Adaptation & Community Resilience Project

Mr. Speaker, Government has signed the required agreements and instruments for the 2020 implementation of the pilot project, Integrated Physical Adaptation and Community Resilience. This \$54 million-dollar project, financed through grant funds from the Green Climate Fund, is intended to enable the public sector, civil society organisations, non-governmental organisations and communities to access grant resources for climate change adaptation and vulnerability activities and

investments. The regional initiative is also being implemented in Antigua and Barbuda and Dominica.

7.7.14. *Basic Needs Trust Fund IX:*

Mr. Speaker, funded through a grant of EC \$6.9 million from the Caribbean Development Bank, the ninth cycle of the Basic Needs Trust Fund is geared at enhancing key physical infrastructure in various communities. The eight projects are expected to provide employment for more than 100 persons in 2020. The projects include expansion of the River Sallee Pre-School; construction of the Happy Hill by-road; refurbishment of toilet facilities at St. Dominic's RC School and Down Street; construction of a new toilet facility in Better Village; construction of the Paradise Pre-School and the Brizan/Happy Hill Pre-School and the Munich Water Treatment Plant.

7.7.15. *Solar PV/Battery Hybrid Project:*

This project is funded by a grant under the UAE-Caribbean Renewable Energy Fund (UAE – CREF) in the amount of US \$3.2 million (EC\$8.6 million). The funds will be used to design, construct and install a Solar PV/Battery Hybrid plant in Limlair, Carriacou. This project is expected to have tremendous impact on electricity generation in Carriacou through a significant reduction in fuel costs. About 70 persons will be employed.

7.7.16. *Refurbishment of the Kirani James Athletic Stadium*

Mr. Speaker, through our long-standing relationship with the Chinese Government, Grenada will receive \$38 million in grant funding for the refurbishment of the Kirani James Athletic Stadium and other support projects.

7.7.17. *Japan Caribbean Climate Change Project (JCCCP):*

Funded with a grant of US \$750,000 from the Government of Japan, Mr. Speaker this project is aimed at advancing the process of low-emission risk-resilient development by improving energy security and integrating medium-to-long-term planning for adaptation to climate change. Several community projects are funded under the programme, including:

- Princess Royal Hospital Rainwater Harvesting Project.

- Grand Bay Community Cistern Refurbishment Project.
- Building Resilience to Climate Change and Weather Variations at Mirabeau Propagation Station.
- Chambord Water Project.
- Carriacou Pasture Improvement Paddocking Project.
- Bacolet Juvenile Rehabilitation & Treatment Centre Hydroponics Project.
- The St Andrew's Anglican Secondary School Climate Smart Model Agricultural Project.
- La Sagesse Flood Mitigation Project.

7.7.18. *Road Map of Cooperation Initiative*

Mr. Speaker, Government has signed another Road Map of Cooperation with Morocco for the period 2019-2021, under which we will receive \$500,000 in grant funding, for each of those three years. The new road map also provides for an increase in the number of university scholarships for Grenadians.

7.7.19. *Climate Resilient Agriculture for Integrated Landscape Management Project*

Mr. Speaker, 2020 will also see the implementation of the Climate Resilient Agriculture for Integrated Landscape Management Project, which is funded by the Global Environmental Facility, to the tune of US \$3.7 million. Through this project, we will mainstream biodiversity conservation in the production landscape and increase the resilience of the agricultural system. Implementation of this project should commence in 2020.

Mr. Speaker, it is clear that the 19 projects highlighted would result in a tremendous amount of economic activity and job creation in 2020 and beyond. We are very cognizant that this would necessitate the enhancement of the competencies in the Ministry of Infrastructural Development, Implementation and Works and other supporting government agencies in order to execute the projects as planned. Accordingly, new hires have already started in the Ministry of Infrastructural Development and an additional \$3 million of grant resources has been allocated to contract more engineers, planners and project managers to continue this work. Further, a private entity would be engaged to provide the necessary project management support.

Mr. Speaker, it important to note that Government has been able to raise in excess of EC \$253 million in grant financing to support its public sector investment initiatives. How did we accomplish this? Mr. Speaker, this remarkable feat was accomplished because we have stayed the course of fiscal prudence and it is imperative that we continue to do so. The enactment of the Fiscal Responsibility Law, Public Debt Management Act, Public Procurement law and the Public Finance Management Act have all sought to guide our approach to fiscal prudence. Mr. Speaker, while some may clamour for the Government to arbitrarily amend the fiscal rules to satisfy the objectives of one group of persons, we must all understand the magnitude of the losses we stand to incur if we abort this path of fiscal prudence.

Mr. Speaker, it will be highly irresponsible and significantly detrimental to our trajectory of growth, development, job creation and debt savings, if we allow ourselves to be bullied by the voice of the loudest amongst us rather than be guided by what is in the best interest of all Grenadians. Mr. Speaker, the fiscal responsibility law is not perfect but, in its imperfection, it still constitutes an invaluable compass by which we guide our expenditure. We already have received numerous recommendations from the Fiscal Responsibility Oversight Committee (FROC) and the International Monetary to strengthen its framework for consistency and clarity. However, what is undeniable, and both entities are unwavering on this - the principle of fiscal prudence must remain sacrosanct. It is the only way to safeguard gains and to achieve further growth and development.

For the benefit of all Mr. Speaker, this Government is prepared to stay the course of fiscal discipline; we will not be swayed by those with selfish political agendas.

7.8. Major Private Sector Projects

Mr. Speaker, complementing the efforts of the state, the private sector is doing its part in advancing the growth and development of this country. The Grenada Investment Development Corporation (GIDC) continues to play an important role in facilitating development projects in the private sector.

To date, the corporation has received 27 applications for investment incentives, 21 of which have been approved. Collectively, these projects represent an investment of \$2.3 billion in the local economy, creating more than 2,000 jobs.

The approved projects are in the tourism, manufacturing and services sectors. In addition to the newly approved projects, several previously approved projects became operational in 2019.

Mr. Speaker, as the student body at the St. Georges University grows, there is parallel growth in the student accommodation sector which remains abuzz with activity. There is continuing construction and many student accommodation facilities became operational in 2019, particularly in the True Blue area. These include:

- **Hideaway True Blue** – A total of EC \$22 million was invested in this 44-bedroom condominium development, which created at least 70 construction jobs and now that operations have commenced, between 7 and 10 full-time jobs.
- Fifty (50) newly constructed single apartment units by **Ace Holdings Ltd.** (Honey Comb Apartment), have created permanent employment for 10 persons.
- **Comfort Zone Ltd.**, located in True Blue, is a EC\$4.3 million project that involved the construction of ten single apartment units, a restaurant and mini-mart. Construction employment averaged 80 persons and with the start of operations, 20-35 persons will be employed.
- An estimated EC\$1.5 million was invested in the construction of 24 apartment units at Lance-Aux-Epines, **Boucan Luxury Apartments**, and when that project became operational in August 2019, seven persons were employed.
- The **Aashirwadh Apartments** project, consisting of 12 one-bedroom unit, cost an estimated EC \$1.125 million and employed four full-time staff when operations commenced in August.
- **Buena Vista Apartments Co. Ltd.** – This remodelling of an existing four-storey building to construct seventeen (17) self-contained apartments for student accommodation, created about 30 construction jobs. Eight persons are now employed full-time. The project cost was estimated at EC\$4 million.

On the manufacturing side, **Aqua Natural Ltd** expanded its water bottling operation with an investment of EC \$2.7 million. The project became operational in June 2019, creating employment for over 30 persons.

Mr. Speaker, there is an even longer list of ongoing projects. As with the projects that became operational in 2019, developments are primarily in tourism facilities, student accommodation and agri-business/manufacturing. In 2020, the tourist accommodation sector would open its doors to the following new facilities:

- The transformation of what was formally the Grenadian by Rex Resorts into the multi-million dollar **Royalton Grenada** by Sunwing Travel Group Inc., is well underway. More than 400 persons are employed in the construction phase of this \$201million-dollar project. Mr. Speaker, 450 persons are expected to obtain permanent employment when the hotel becomes operational in the first quarter of 2020. With 269 rooms, the Royalton will be the largest hotel in Grenada.
- Reese Investments has pumped \$85 million into a commercial complex of hotel rooms with full amenities, entertainment facilities and a business centre, which is nearing completion. Twenty persons will benefit from permanent employment when the facility begin partial operations early in 2020.
- Phase one of the luxurious boutique resort, known as **The Point at Petite Calivigny Resort** is about 95% complete. Its anticipated operational date is January 2020 and it will add 32 rooms to Grenada's room stock. The second phase of that project, estimated at \$100 million, is expected to begin shortly after the completion of phase one.
- **Prickly Bay Waterside Ltd.** has invested \$8 million into an expansion project which has created construction employment for 30 persons. When the project is completed in early 2020, an additional eight persons will be permanently employed.
- Close to \$10 million is being invested by **Luxe Modern Residential Living** to develop tourist accommodation in L'ance Aux Epines. The project is providing employment for 22 persons in the construction phase.
- In St. Paul's, **The Tower Estate Grenada Limited**, a tourism facility, providing garden and farm tours, will upgrade and expand its site. Six persons are currently employed and another five persons will gain employment when the expansion is complete. A total of \$750,000 will be invested in the project.

- In the ICT space, **Qualishore Inc.**, a call centre and business processing outsourcing operation will be expanding its capacity over a 12 – 14 month period. Thirteen persons are currently employed and when the expansion is complete, employment will be created for eight persons.

Mr. Speaker, there is also activity taking place in the agri-business and manufacturing sector.

- The **Renegade Rum Distillery** project, is expected to soon be a significant contributor to Grenada's exports. \$89.7 million is being invested in that project which is about 80% complete in terms of the infrastructure and installation of equipment. 150 farmers are currently engaged to cultivate 200 acres of sugarcane in six areas and 22 persons are already employed in the distillery. Renegade is expected to export its first batch of rum by the end of 2020.
- Construction of **Excellent Farm Ltd**, a \$3.8 million poultry operation in St. Patrick, began in mid-2019 and is expected to create employment for 20 persons.
- **Grenada Tobacco Company Ltd.** is expected to become operational in December 2019, providing employment for 30 persons. Investment in that project amounted to \$7.8 million. It is important to add that all products produced by this company is for export, thus adding to the export capacity of Grenada.

Mr. Speaker, looking to the future, there are many projects on the horizon.

- In St. David, a parish regarded as largely virgin investment territory, two luxury hotels will be developed by Range Developments. A total investment of \$300 million, the project will provide construction phase employment for over 1000 persons and another 600 will benefit from permanent employment when the hotels are operational.
- In St. Patrick, in what is another significant tourism project in the rural part of the country, and one which will have remarkable benefits on the sister islands as well, a 500-room hotel will be constructed in Levera, with various amenities, including restaurants, casino, golf course, amusement park, duty free shops and a turtle museum. Total investment is estimated at more than \$2 billion.

- Architectural designs for the \$80 million **Coral Cove Hotel** are nearing completion and the ground-breaking is expected to be held in December 2019. This project will provide 350 construction jobs and another 200 persons will be contracted for services when the hotel opens.

BOLT

Mr. Speaker, Government is pursuing Build, Operate, Lease, Transfer (BOLT) arrangements for three major and long-awaited infrastructural projects – the Governor General’s residence, the Halls of Justice and the Police Headquarters. Plans for these are significantly advanced and Cabinet has already received presentations on all three projects. Mr. Speaker, Government would incur no upfront cost with these projects which are expected to commence in 2020. About 200 jobs will be created. The estimated value to the private entities is more than US \$100 million.

Mr. Speaker, these 23 private sector projects speak to an unmatched level of confidence in the Grenada economy, the peace and stability of the country and the leadership of this Government. Mr. Speaker, Government is pleased to witness that level of confidence but more importantly, we are heartened by the level of employment that approved projects are generating and the welcome injection of capital into the local economy, particularly the rural economy. Mr. Speaker, with this level of confidence in our economy, Government and people, it would be unwise to jeopardise such vibrant economic activity and job creation.

8.0. OTHER BUDGETARY MEASURES

Mr. Speaker, as we seek to improve the quality of the lives of the Grenadian people, the government advances the following measures:

Mr. Speaker, Government would repeal the following fees in the first quarter of 2020:

- a. Home Economics Training
- b. Hostel
- c. Sale of Latrine Units
- d. Video Rental Outlet

Mr. Speaker, as Grenada continues its efforts to protect the environment, by June 2020, Government will introduce a ban on the importation of vehicles exceeding 10 years.

Also by June 2020, Government will introduce a 50% duty reduction on the importation of electric and hybrid vehicles.

Mr. Speaker, Government promised relief to claimants who have secured judgments against the Government and we have delivered. In 2019, \$5.2 million was paid in settlement to nine claimants. Mr. Speaker, at least one claim dates as far back as 2004, which clearly illustrates the level of relief being afforded to claimants. We will continue to honour these claims, even those that pre-date the NNP administration – such is the character of this Government.

Mr. Speaker, effective January 2019, Government increased ex-gratia payments that primarily addresses unestablished workers to \$350. Mr. Speaker, we are ever mindful that this is woefully inadequate, but it is a step in the right direction.

Mr. Speaker, while we have provided a 70% top-up to established public officers who have retired, Government is cognizant that the plight of unestablished workers has not been appropriately addressed. Mr. Speaker, Government will endeavour to resolve this issue by June 2020 in the spirit of equity for all workers, because in some cases, they have worked for as long as established workers.

Mr. Speaker, in 2020 Government will again seek to re-engage the Media Workers Association of Grenada on the draft Media Bill and move to legislate the rights of the press.

9.0. ACKNOWLEDGEMENTS

Mr. Speaker, it is prudent that I thank my Cabinet colleagues for their unwavering support in the governance of our beloved country. Many sacrifices are made individually and collectively, in the interest of the citizens of this country. Mr. Speaker, Ministers operate at the helm of their respective ministries, but the salaries are not reflective of the positions they hold. In many cases, Ministers of Government are paid far less than Permanent Secretaries and with the recently agreed increases, the disparity would be even greater, come January 2020. Mr. Speaker, this in no way diminishes the hard work of some Permanent Secretaries, who are helping to drive the delivery of Government's agenda. The point I'm making here, is that there is an unfair disparity in the system, which must be addressed and I place on record here today, my intention to correct this in the near future.

Mr. Speaker, it is also important to recognise the valuable contribution made by the Cabinet Secretary in handling the affairs of the executive branch of Government;

and also Permanent Secretaries, for their unfailing contribution to national development. A special thank you to the staff of the Ministry of Finance, who have the monumental task of preparing the 2020 budget. Development partners, stakeholders and public servants are also integral to the budget preparation process and for this, I express sincere gratitude on behalf of the Government and people of this country.

Mr. Speaker, we are grateful for the contributions of:

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 Government of the Republic of Cuba
The Government the Federal Republic of Germany
The Government of New Zealand
The European Union
The Government of Japan
The Government of the United Arab Emirates
The Government of Mexico
The Government of the Kingdom of Morocco
The Government of the Federative Republic of Brazil
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 Government of the United Kingdom and the Department for International Development
The Government of Canada and the Department of Foreign Affairs and Development (DFAD)
The Government of the United States of America and the United States Agency for International Development
The Caribbean Development Bank
The Kuwaiti Fund for Arab Economic Development
The OPEC Fund for International Development
The International Monetary Fund
The Eastern Caribbean Central Bank

The Organization of Eastern Caribbean States (OECS)
The Caribbean Regional Technical Assistance Centre (CARTAC)
The CARICOM Secretariat
The CARICOM Development Fund (CDF)
The United Nations Development Programme
The United Nations Population Fund
UN Women
Global Environmental Facility
The United Nations Children's Fund
The United Nations Educational Scientific and Cultural Organization (UNESCO)
The United Nations Environmental Programme (UNEP)
The Food and Agriculture Organisation (FAO) of the United Nations
The Federal Republic of Germany
The Organisation of American States (OAS)
The Inter-American Institute for Co-operation on Agriculture
The World Bank Group
The Caribbean Export Development Agency
The Commonwealth Secretariat and Commonwealth Fund for Technical Cooperation (CFTC)

10.0. CONCLUSION

Mr. Speaker, in conclusion, despite the excellent record of economic growth we have achieved, Government recognises that inevitably, there will be a cross-section of vulnerable persons and we have a responsibility to them. Therefore, as we seek to meet the demands of competing interests, Government must allocate its resources responsibly to provide an opportunity for every Grenadian, Carriacounian and Petite Martiniquan to enjoy a decent standard of living.

Mr. Speaker, the obvious question here is what does the 2020 budget offer the people of Grenada, Carriacou and Petite Martinique?

Mr. Speaker the answer can be found in the vast number of Government and private sector projects which are providing employment opportunities for more than 7,000 persons.

The significantly reduced debt repayment requirement which has a correlating reduced debt burden for future generations.

The helping hand provided through the many social programmes that are specifically targeted towards our vulnerable citizens, ensuring that they are not marginalised by their circumstances.

Mr. Speaker, education is considered an equaliser, therefore the considerable support provided by Government to enable access to higher education, propelling our people to higher levels of achievement.

The various skills development programmes that target the youths thus contributing to the creation of a highly skilled sector that can ably respond to the growing service needs of the local economy.

Mr. Speaker, small business development avenues to facilitate a growing group of self-employed persons who can add significant stimulus to the local economy.

Opportunities in the agricultural sector, for the farmer needing assistance and those engaged with the private sector through vital linkages that marry the two industries.

The interventions in the health sector which are geared towards ensuring Universal Health Coverage.

The intended relief to the unestablished public officers who have given yeoman service to this beautiful country.

Mr. Speaker, without a doubt, the 2020 budget provides something for everyone. This Government is all embracing, we are committed to ensuring that no man, woman or child is left behind. Several years ago, we joined hands in making immense sacrifices to put the country back on a sound economic footing. Today, as we reap the increasing rewards of those sacrifices we must make every effort to safeguard our gains by staying the course of fiscal prudence.

Mr. Speaker, I am pleased with the sobriety and measure of understanding of this concept displayed by some of our unions as we negotiated salary increases for public officers for the next three-year cycle. The Government's Negotiating Team, led by Minister Oliver Joseph, was able to reach amicable salary negotiation settlements with the Grenada Union of Teachers, the Grenada Manual Maritime and Intellectual Workers Union, the Bank and General Workers' Union, the Police Welfare Association and the Prison Officers Welfare Association.

Mr. Speaker, these agreements provide 4% increases in salary and wages for each of the three years in the new cycle. Compounded and in real terms, this amounts to a 13.5% increase over three years. In addition Mr. Speaker, with effect from January 2020, contributions to the NIS would increase by 1%; therefore the effective increase to public officers is 5%. The cost of this increase to the state is over \$43.5 million. Pensioners will also receive the very same increases to their monthly pension.

Mr. Speaker, I must take this opportunity to single out the Grenada Union of teachers for their patriotic disposition. They came to the negotiating table with the interest of their members uppermost in their objectives but also demonstrated solid recognition and regard for the concept of fiscal prudence. There was no playing for the cameras or grand-standing. They bargained hard but were prepared to take into consideration the limitations set by the fiscal rules enshrined in law.

Mr. Speaker, we live in one economic space and whenever the economy improves or deteriorates, we are all affected. The other named unions must also be thanked for cordial approach to the negotiations.

This takes me to the essential need in the coming year and beyond to begin to focus on productivity and in that regard, trade unions and employer organisations have a critical role to play. Now I make an appeal to the leadership of the joint Technical and Allied Workers Union and Public Workers Union negotiating team to be realistic in their demands and to realise that Government has a responsibility not only to those workers represented by trade unions, but to those who are on the economic margins. Sometimes the best way to play for the TV camera is be responsible, realistic and understanding. Mr. Speaker, it is the hope of this Government than an agreement can be reached with the leadership of those two unions.

As we move steadfastly to 2020 let us join hearts and hands to ensure the continued prosperity of this country. May God bless our dear and beautiful land of Grenada, Carriacou and Petite Martinique. I thank you.

ANNEX I

2019 ECONOMIC REVIEW & MEDIUM-TERM OUTLOOK

1.0 Overview

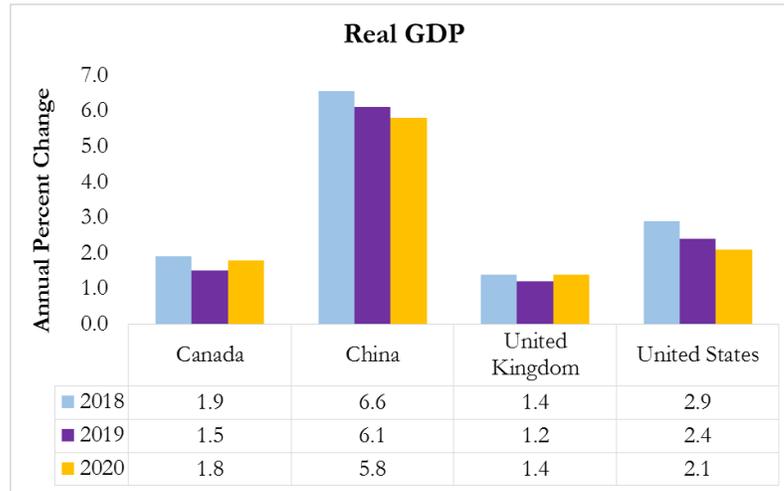
Economic growth is estimated at 3.2 percent in 2019, underpinned mainly by activity in the Services Sector particularly Private Education, Tourism, and Wholesale and Retail Trade, as well as activity in the Manufacturing Sector and to a lesser extent, the Agricultural Sector. Average inflation, as measured by the Consumer Price Index, remained subdued in 2019, estimated at 1.0 percent compared to 0.8 percent in 2018. Preliminary data collected from the 2019 Labour Force Survey indicate that the unemployment rate fell to 15.2 percent in the first quarter of 2019.

Public finances remained healthy in 2019, with the primary surplus and overall surplus estimated at 6.8 percent of GDP and 4.6 percent of GDP respectively, compared to 6.9 percent of GDP and 4.9 percent of GDP correspondingly in 2018. In the case of the primary surplus, the 2019 estimate exceeds the FRL's target of 3.5 percent of GDP for the fourth consecutive year. The estimated 2019 fiscal surpluses largely reflect the performance of capital expenditure, which is estimated to be 15.0 percent higher than the 2018 amount. Public debt (Central Government debt plus Government guaranteed debt) is expected to decline to 55.8 percent of GDP by year-end from 62.7 percent at the end of 2018.

2.0 International Developments

According to the IMF's World Economic Outlook (WEO) Report released in October 2019, the global economic upswing in 2017, lost momentum during the second half of 2018 and into 2019. The subdued global expansion was underpinned by several factors, most notable being rising trade tensions that negatively affected business and consumer confidence in advanced economies and tightening of financial market conditions that affected emerging market economies and by extension, the global economy. Consequently, the IMF projected that global growth would decelerate to 3.0 percent in 2019 from 3.6 percent in 2018, before edging back up to 3.4 percent in 2020. The 2019 estimate and 2020 projection were revised downwards by 0.2 and 0.1 percentage points respectively relative to the projections that were published in the July 2019 WEO Report.

Figure 1: Selected Real GDP Growth Rates - International



Source: IMF's WEO, October 2019

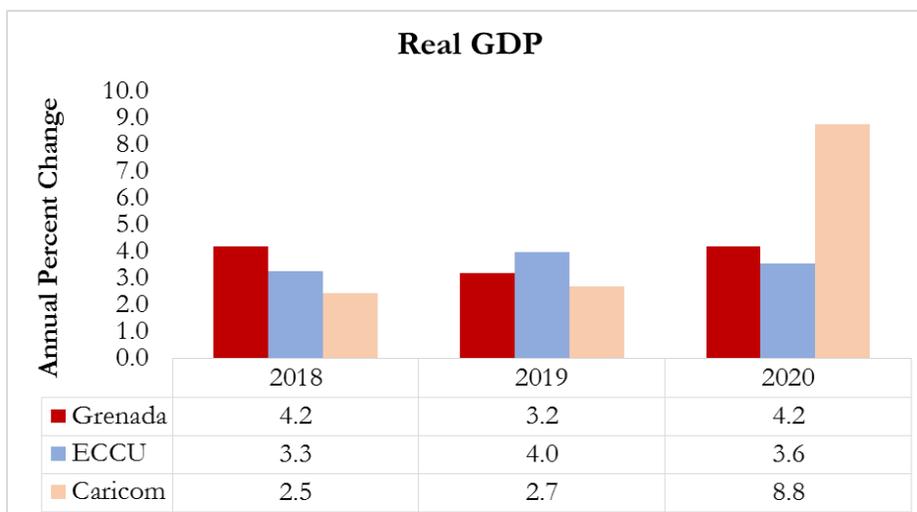
In relation to the economies of some of Grenada's major trading partners, in the United States (US) in particular, growth is estimated to decelerate from 2.9 percent in 2018 to 2.4 percent in 2019, mainly because of the negative effects of tariffs imposed in the later part of 2018 and the waning of the positive effects of the fiscal stimulus that was implemented in later part of 2017. By 2020, the pace of growth is projected to slow further to 2.1 percent.

In the United Kingdom, growth is estimated to slow down from 1.4 percent in 2018 to 1.2 percent in 2019 before returning to 1.4 percent in 2020, mainly as a result of weak business investment because of lingering uncertainties regarding Brexit. In Canada, growth is also projected to lose momentum, decelerating from 1.9 percent in 2018 to 1.5 percent in 2019, amid waning private investment and consumer demand, as well as tepid growth in the US, its largest trading partner. Growth is projected to accelerate to 1.8 percent in 2020. In China, growth is projected to moderate from 6.6 percent in 2018 to 6.1 percent in 2019 largely because of lingering trade tensions with the US as well as tightening of financial regulations. Growth is projected to decelerate further in 2020. (Figure 1).

Short-term risks to global growth are tilted to the downside mainly because of the possibility of an escalation of trade and geopolitical tensions and attendant policy uncertainties.

3.0 Regional Developments

Figure 2: Real GDP Growth Rates - Regional



Sources: IMF’s World Economic Outlook, October 2019 and Government of Grenada

The average GDP growth in the independent countries of CARICOM is estimated to accelerate from 2.5 percent in 2018 to 2.7 percent in 2019 and 8.8 percent in 2020. Strong growth in Guyana, associated with the commencement of oil production, is the largest contributor to the regional average. In the ECCU, average growth is estimated at 4.0 percent in 2019 and is projected to decelerate to 3.6 percent in 2020. Rehabilitation activities in Dominica, especially in 2019, and tourism activities in other member countries underpin the relatively robust average growth estimate in 2019, while the projected slowdown in economic activity in 2020 largely reflects softening economic conditions forecasted for the economies of the ECCU member countries’ main trading partners (Figure 2).

Risks to the regional growth outlook are on the downside. Not only are regional economies susceptible to spillovers from weaknesses in the global economy, they are also vulnerable to risks associated with natural disasters and other weather-related events. Furthermore, uncertainties about how Brexit would be resolved also cast a shadow on the region’s economic outlook, at least in the short term.

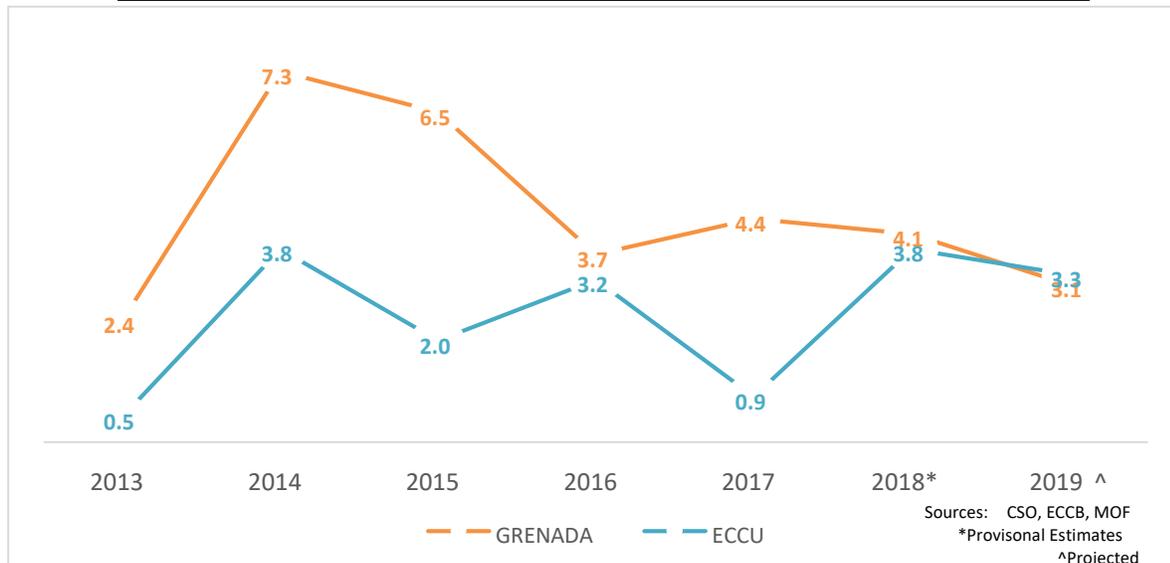
4.0 2019 Economic Review and Medium-Term Outlook

4.1 Real Sector Developments

Preliminary data for the first half of 2019 indicate that the economy is poised to experience its seventh consecutive year of growth. On the heels of a 4.1 percent expansion in 2018, growth in 2019 is projected to be 3.2 percent in real terms, slightly below the ECCU average of 3.3 percent (Figure 3). Growth in 2019 is mainly fueled by activity in the Tourism, Education and Transport

Sectors, complemented by relatively strong performances in the Wholesale & Retail Trade and Manufacturing sectors. Persistent challenges in Agriculture have resulted in very low growth projected in that sector.

Figure 3: Real GDP Growth: Grenada vs. ECCU Average (2013-2019[^])



4.1.1 Agriculture & Fishing

Data for the first six months of 2019¹ indicate growth in the agriculture sector, though marginal. After recording growth of 3.1 percent in 2018, preliminary estimates indicate agriculture production will increase by a further 1.3 percent in 2019. However, challenges persist in the sector including issues with pests and diseases and extreme weather. Fluctuating international prices for some crops have created additional challenges, especially those where production is driven by price.

4.1.1.1 Nutmeg and Mace

For the first half of 2019, the volume of nutmegs produced increased by 21.5 percent relative to the corresponding period in 2018. Intermittent rain during the dry season appeared to have had a positive impact on production from January to June. Mace production also rose by 58.3 percent for the first two quarters of 2019 compared to the same period in 2018. This is consistent with the increase in the production of nutmegs as these two crops are intrinsically linked. As mace production is price driven, increases in the price of mace over the period under review was also a factor which contributed to increased production. In 2018, the Nutmeg Board secured a stable market for mace which allowed it to offer higher prices to farmers to meet required supply levels. The price of mace increased by approximately 47.0 percent from an average price of \$3.81 per pound in the first half of 2018 to \$5.60 per pound in the first half of 2019.

On the export side, despite fluctuating international prices, nutmeg exports increased by 18.5 percent in the first half of 2019 compared to the same period in the previous year. Conversely,

¹ Latest period for which data are available.

mace exports fell by 33.0 percent during the period, amid price challenges. However, exports are expected to increase once prices improve.

4.1.1.2 Cocoa

Cocoa production for the period January to June 2019 rose by 11.8 percent relative to the corresponding period in 2018. Favourable rainfall patterns have contributed to cocoa production during the first half of the year though challenges remain. Reports of black pod disease and issues with rodents have the potential to negatively affect production in the second half of 2019. However, overall production is expected to increase year on year.

Sales on the international market increased by 7.8 percent in the first six months of 2019 compared to the same period in 2018 though average prices fell by 1.2 percent in the period under review. The Cocoa Board typically stockpiles cocoa beans while prices are depressed. Therefore, should prices improve, exports are also expected to rise.

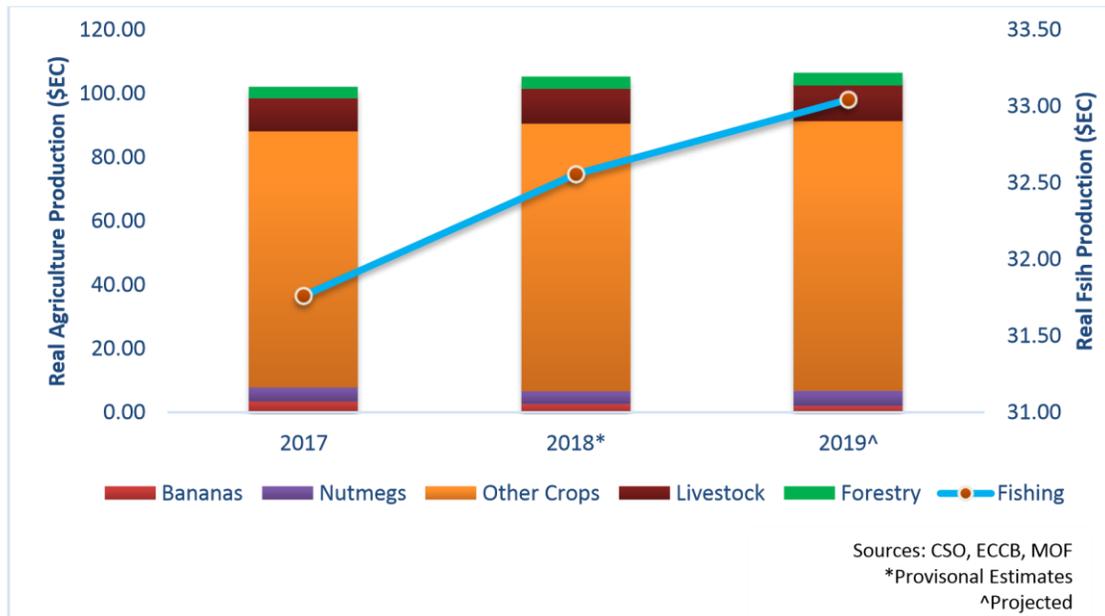
4.1.1.3 MNIB Purchases of Other Crops²

From January to June 2019³, the quantity of MNIB purchases of “other crops” fell by 13.4 percent compared to the corresponding period in 2018. MNIB’s Purchases of other crops is the main indicator for the production of fresh fruits, vegetables, and root crops. Though this indicator has shown a decline, it should be noted that an increased number of farmers and farmers’ co-operatives continue to sell directly to hotels and supermarkets which affects the correlation between MNIB’s purchases and production in the “other crops” sub-sector. Efforts are therefore ongoing to improve data collection in that regard to better capture production levels. Additionally, the cultivation of over 200 acres of sugarcane by the newest rum distillery on the island, which is not captured in MNIB’s data, has contributed positively to the production of “other crops” thus far in 2019 and has provided valuable employment for persons in the sector.

² In this section, “Other Crops” means crops other than Nutmegs, Cocoa and Bananas.

³ Latest period for which data are available

Figure 4: Agriculture and Fish Production (2017-2019[^])



4.1.1.4 Fishing

After recording growth of 2.5 percent in 2018, preliminary data indicate that for the first six months of 2019, fish production rose by 1.5 percent compared to the same period in 2018. A similar moderate growth path is expected for the second half as well. Increased fishing effort has also been recorded thus far in 2019 with more vessels, including several new vessels, in operation. In terms of challenges, the sargassum seaweed issue is reportedly not as severe as in previous years much to the relief of fisherfolk. However, several reports of piracy at sea from foreign-owned vessels are posing a new threat to fishermen as their catch and fishing equipment have allegedly been stolen. These safety concerns have the potential to affect fishing effort going forward should the issue remain unchecked.

On the export side, fish exports for the first quarter of 2019 were 15.7 percent higher than the corresponding period in 2018. However, this trend may not persist throughout the year as rising sea temperatures during the year have impacted the quality of fish which has implications for meeting export standards. Exporters have noted a decline in fish quality during 2019, largely due to the higher internal temperature of the fish being caught. Other issues such as logistics persist, with exporters finding it more efficient to utilize commercial aircrafts to transport fish than the available cargo airline service (Figure 4).

4.1.2 Tourism

For the period January to June 2019⁴, preliminary data on arrivals show an increase in stayovers of 3.8 percent over the same period in 2018. There were increases in all source markets during the

⁴ Latest period for which data are available

period, except the United States which declined marginally by 0.5 percent (Table 1). Notable is the 19.1 percent increase in visitors from Canada. Increased marketing efforts and destination promotion in Canada, as well as increased airlift, have been reported as key factors that contributed to growth in arrivals during the period.

Table 1: Visitor Arrivals for January to June 2018 vs. 2019

Visitor Arrivals	As at June		% Change
	2018	2019	2019/2018
United States			-0.5
Continental Europe	37,281	37,112	7.5
United Kingdom	4,527	4,866	5.2
Canada		13,882	19.1
Caribbean	13,200		3.4
Other		10,226	3.7
	8,589	13,819	
	13,370	2,494	
	2,404		
Total Stay Over Arrivals			3.8
	79,371	82,399	
Cruise Passengers			0.4
	220,125	220,960	

Source:
GTA

Amid economic instability and BREXIT uncertainties, increases in visitors from Continental Europe (7.5 percent) and the UK (5.2 percent) are encouraging. Visitors from the Caribbean region also rose by 3.4 percent during the period. Moreover, in 2019, the influx of visitors was bolstered by the hosting of several international sporting and cultural/music events during the period, including West Indies T20 Cricket, the Grenada Invitational, the Long Walk to Freedom Concert and the Grenada Music Festival. In the second half of the year, numbers are expected to increase further as a result of visitors coming to Grenada to participate in the island's premier event, Spicemas.

In terms of paid accommodations, there was a 10.8 percent increase in persons staying in hotels during the period, while persons staying in Apartments/Guest Houses and Cottages/Villas increased 14.7 and 10.8 percent respectively (Figure 5). With the average length of stay at 8.7 days, the Hotel⁵ sector is projected to be a major contributor to overall growth in 2019.

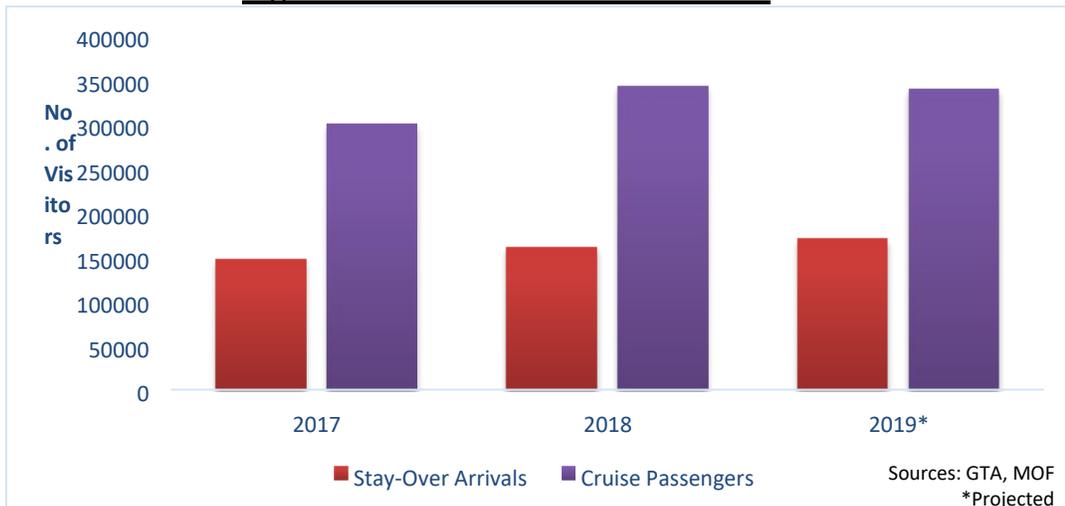
⁵ The Hotels sectors includes all paid accommodation and is used as a proxy for Tourism related activities.

Figure 5: Stay-Over Visitors by Accommodation: Jan-Jun 2018 vs. Jan-Jun 2019



Cruise ship arrivals rose marginally by 0.4 percent in the first six months of the year from 220,125 passengers in 2018 to 220,960 in 2019. Grenada would have benefited from a re-routing of ships after the devastation caused in some northern Caribbean islands by Hurricanes Maria and Irma in 2017. Though there were slightly more cruise calls in the first half of 2019 than the same period in 2018 (175 vs 171), smaller load factors would have contributed to the slight decline. Growth in cruise arrivals is expected to decline overall in 2019 by 1.8 percent as cruise lines readjust routes after the recovery of the more northern Caribbean islands (Figure 6).

Figure 6: Visitor Arrivals: 2017-2019*



4.1.3 Construction

Construction-related imports are the main indicator used for activity in the Construction sector. Preliminary data indicate a 12.4 percent decline in the value of imports of construction materials for the first six months of 2019 compared to the same period in 2018. Furthermore, there was a marginal decline in the secondary indicator, retail sales of building materials, of 0.9 percent during the same period. Notwithstanding these growth numbers, the Construction sector continues to be a major source of economic activity in 2019. Several public sector projects, including the Gouyave Medical Centre and housing projects in St. Mark, St. David, St. George, St Patrick, and Carriacou are underway with some at a very advanced stage. Both commercial and residential private construction activity also continue, notably the Kawana Bay Resort and Starfish GrenadaRex Resorts. Other smaller hotel projects are also underway as well as various apartment buildings in the south of the island, primarily related to student accommodation. Despite the impact of these projects, activity in the Construction sector in 2019 is not expected to exceed that in 2018 and as such a decline of 4.5 percent is projected for the sector in 2019 (Figure 7).

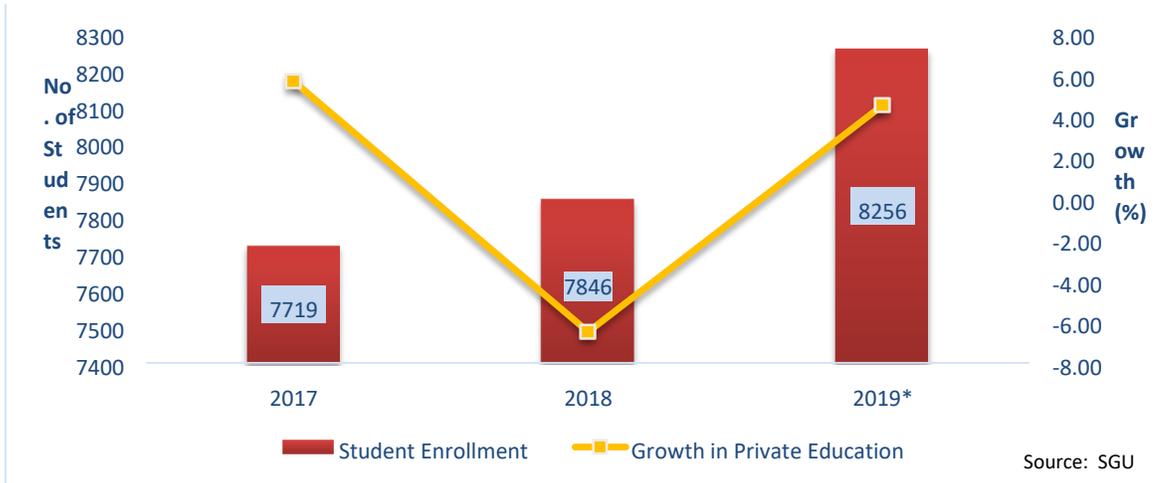
Figure 7: Construction Indicators and Growth: 2017-2019*



4.1.4 Education

Private Education remains the largest contributor to GDP, constituting approximately 18.9 percent in 2019. It has also been one of the main drivers of economic growth in recent years. After experiencing a 6.5 percent decline in 2018, growth in Private Education is expected to be 4.5 percent in 2019 as enrollment picks up (Figure 8). Notwithstanding, some stabilization is expected in enrollment which may see growth slow in the sector. The influx of students at St. George's University also has spillover effects in the other sectors such as Real Estate, Wholesale & Retail, and Transport Sectors. These effects make Private Education crucial to Grenada's economic performance.

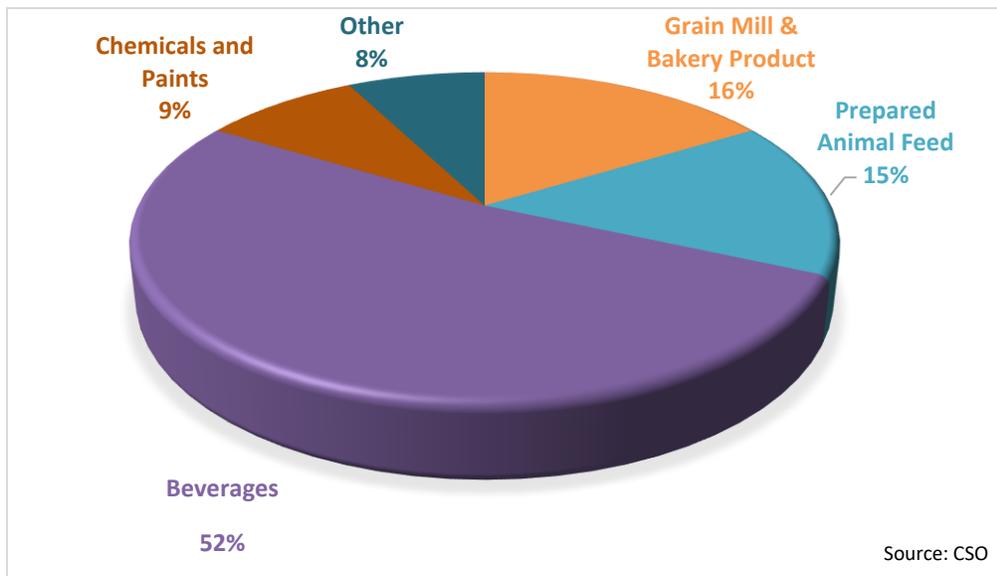
Figure 8: SGU Enrollment and Growth in Private Education: 2017-2019



4.1.5 Manufacturing

In 2018, the Manufacturing sector grew by an impressive 9.4 percent, the highest growth rate in over a decade. This trend is expected to continue in 2019 with projected growth in the sector of 7.4 percent. In the first half of 2019, Beverages made up 52.0 percent of manufactured goods, while Grain Mill & Bakery Products were approximately 16.3 percent (Figure 9).

Figure 9: Composition of Manufacturing Sector: Jan-Jun 2019



Preliminary estimates of production for the first half show that there was a 6.3 percent increase in the value of beverages manufactured compared to the corresponding period in 2018. The value of Chemicals & Paints produced during the period also rose by 9.7 percent. Since beverage and paint

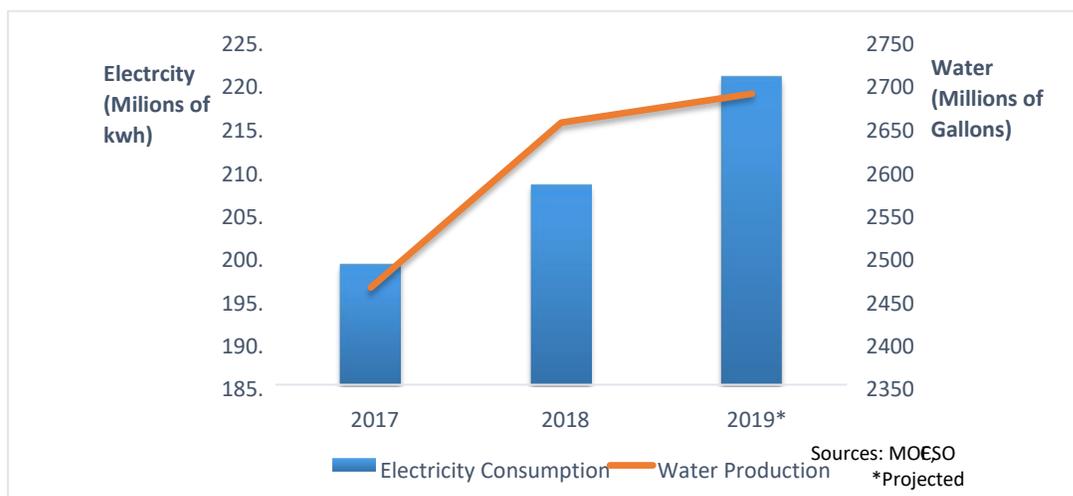
production are notably demand-driven, increases are most likely the result of the general uptick in economic activity. Moreover, an increase in entertainment events during the year has bolstered beverage production, especially alcoholic beverages. A further increase is expected in the last quarter during the festive season.

Conversely, the production of Grain Mill & Bakery Products and Animal Feed fell marginally in the period under review by 0.9 and 0.3 percent respectively. Continued challenges on the export market have been cited as a reason for the decline in the value of flour produced during the period. One such challenge is the non-implementation of Article 164 of the Revised Treaty of Chaguaramas⁶ in some of Grenada’s main export markets for flour. This has made it difficult for Grenada’s products to compete with those from the larger Caribbean countries which can produce much more cheaply. As a result, Grenadian flour producers have been forced to reduce the prices of their products to remain competitive. On the local front, competition from imported flour and pre-baked goods continue to negatively affect the flour industry.

4.1.6 Other Sectors

The Wholesale & Retail Trade sector and the Transport sector are projected to grow by 5.0 and 7.8 percent respectively in 2019. Increased economic activity and employment, are the main factors contributing to these projections. Marginal improvement is also expected in the Real Estate and Financial Intermediation sectors with projected growth rates of 2.0 and 2.7 percent respectively. Electricity consumption and water production were also up during the first half of 2019 by 4.9 and 1.0 percent respectively (Figure 10). A further uptick is expected for the second half of the year due to the impact of the Carnival and Christmas seasons.

Figure 10: Utilities: 2017-2019*

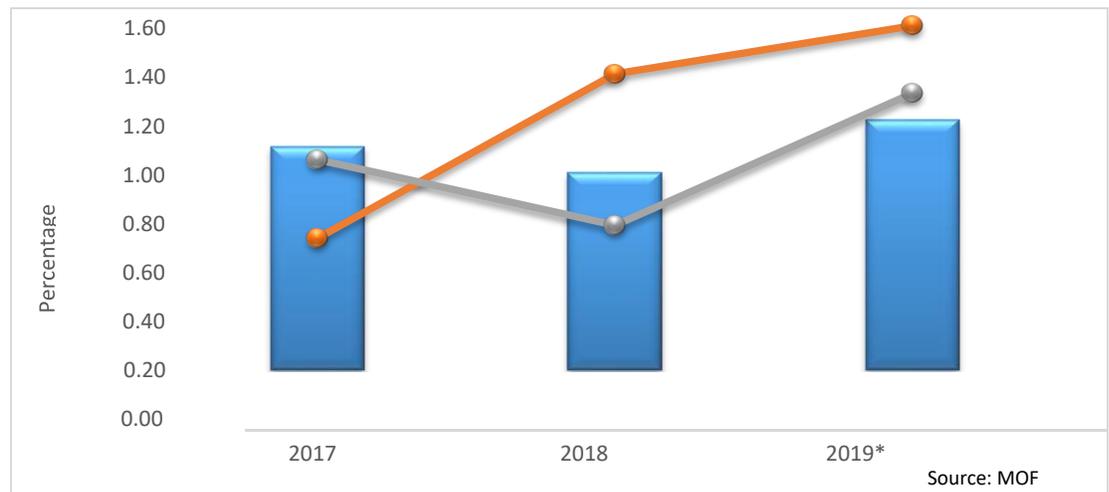


⁶ Article 164 of the Revised Treaty of Chaguaramas grants the Lesser Developed Countries (LDCs) of CARICOM, including Belize and Haiti, the authority to deny certain products originating in CARICOM and extra regional countries from preferential (duty free) entry into their markets.

4.1.7 Inflation

It is estimated that the average rate of inflation for 2019, as measured by the Consumer Price Index is 1.0 percent (Figure 11). This is a continuation of depressed prices experienced in recent years, with inflation averaging 0.4 percent from 2014-2018. As Grenada's inflation is mainly imported, international oil and food prices, as well as US inflation, are the main drivers of increases in local prices. As these are expected to remain relatively low, inflation in Grenada is also expected to remain low.

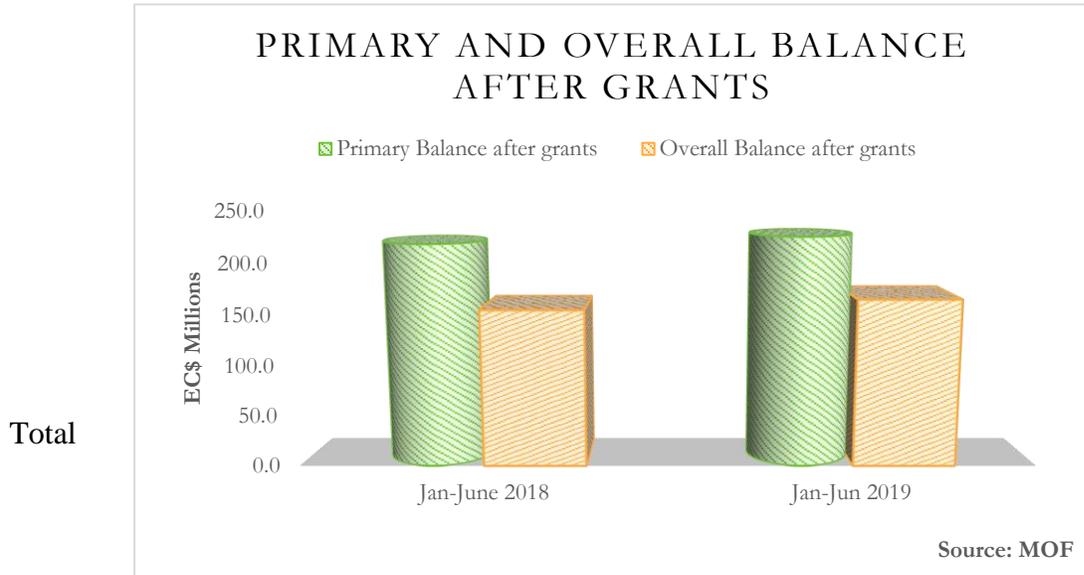
Figure 11: Inflation (CPI) 2017-2019*



4.2 Fiscal Sector

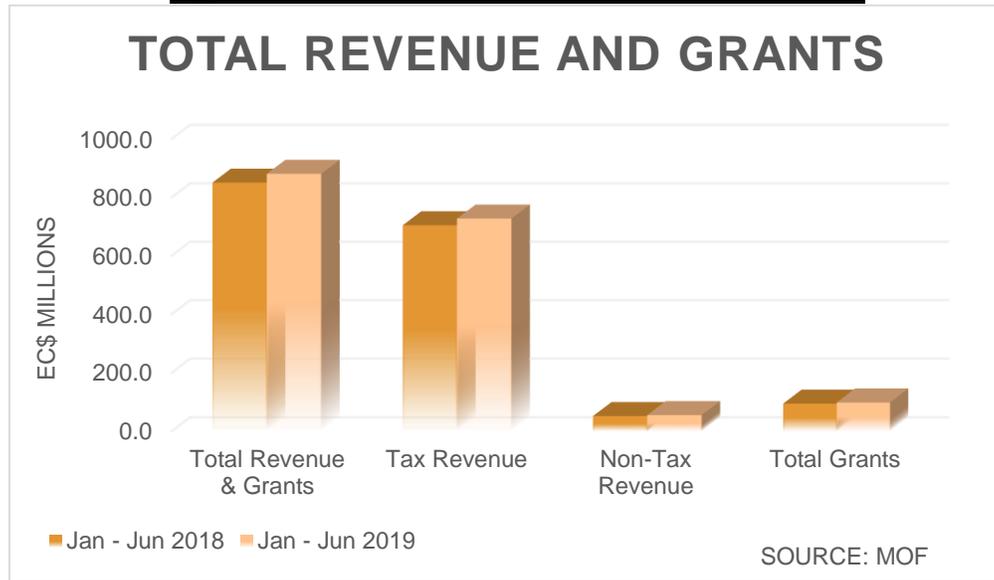
Grenada's fiscal position continues to improve. A primary balance (including grants) of \$225.1 million (6.8 percent of GDP) is estimated for 2019, which is 3.2 percent more than the 2018 actual. The Government's Overall Balance (including Grants) for 2019 is estimated at \$165.0 million, 6.5 percent higher than what was achieved in 2018 (Figure 12). This performance was attributed to an increase in total revenue and a significant decrease in the Government's expenditure, as the Government continues its efforts to reduce discretionary expenditure.

Figure 12: Primary and Overall Balance After Grants 2018 Vs 2019



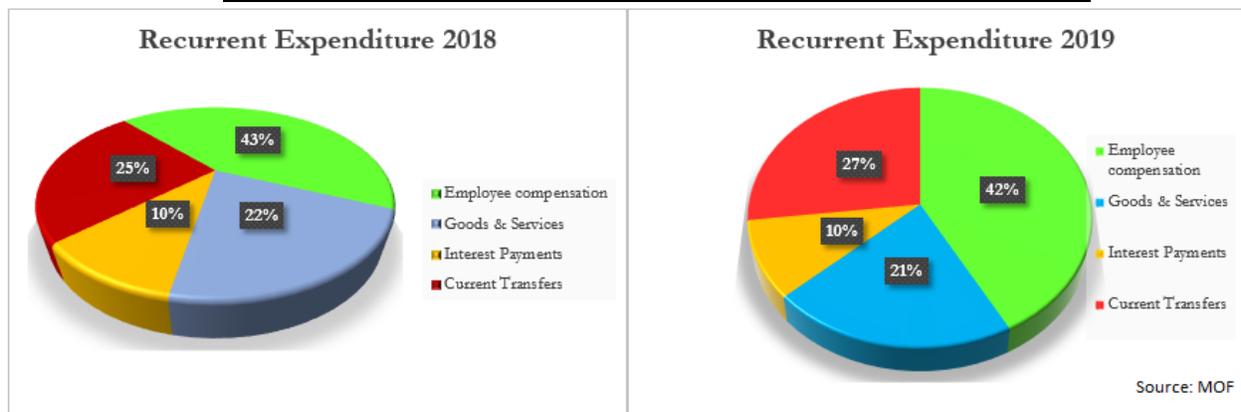
Revenue and Grants for 2019 is estimated at \$880.2 million of which total revenue is \$782.1 million and total grants \$98.1 million. Total revenue is estimated to be 3.5 percent more than what was collected in 2018. This was a result of a 29.2 percent increase in taxes on property; a 2.1 percent increase in taxes on domestic goods and services; a 4.0 percent increase in taxes on international transactions and a 6.5 percent increase in nontax revenue. However, there was a decline in the collection of taxes on income and profits of 2.3 percent. The improvement in the collection of taxes can be attributed to the continuous efforts by the revenue collecting agencies in enforcing and implementing the tax administration act. Similarly, increase taxpayer education efforts and growth in selected sectors of the economy contributed to the increase in total revenue. Total Grants are estimated to increase by 4.0 percent when compared to 2018 (Figure 13).

Figure 13: Total Revenue and Grants 2018 Vs 2019



Total Expenditure for 2019 is estimated to increase by 2.9 percent when compared to 2018. It is expected that there will be a 1.0 percent and 15.7 percent increase in current expenditure and capital expenditure respectively.

Figure 14: Components of Recurrent Expenditure 2018 Vs 2019



In 2019, of the components of the recurrent expenditure, current transfers registered the largest increase (10.2 percent) reflecting the Government's advance payment to retired public officers⁷ in October 2019, an increase in the minimum payment of \$350 as ex-gratia, and Government's equity injection in LIAT. The Government honored its agreement with the Trade Unions to pay a salary increase of 4.0 percent in 2019, however, despite this increase, Employee compensation is estimated to decrease by 2.1 percent (compared to 2018) because of Government's existing attrition policy. Goods and services are estimated to decrease by 0.4 percent (compared to 2018) as the Government continued its tight rein on discretionary spending. Interest payments are

⁷ Qualifying criteria: (a) attained the age of 60 upon retirement; (b) were employed for twenty six and two thirds years (c) alive at the time of retirement and (d) joined the public service after February 22nd, 1985

estimated at \$60.2 million, 4.9 percent less than what was paid in 2018 consistent with the reduction in the nominal value of debt. (Figure 14).

In relation to the 2019 budget, the primary balance (including grants) is estimated to be 11.5 percent more and overall balance (including grants) 26.9 percent higher. Total revenue and grants are estimated to be lower than the budgeted amount by 8.7 percent and total expenditure is also expected to be lower than the budgeted amount by 14.3 percent (Table 3).

Table 3: Grenada Fiscal Projections 2019

Table 5: Grenada Fiscal Projections 2019			
<i>In millions of Eastern Caribbean Dollars unless stated otherwise</i>			
	2019		Variance (%)
	Estimated Outturn	Budget	
TOTAL REVENUE AND GRANTS	880.2	964.2	-8.7
TOTAL REVENUE	782.1	780.4	0.2
Tax revenue	726.9	726.5	0.1
Non - Tax Revenue	55.2	53.9	2.3
Grants	98.1	183.7	-46.6
TOTAL EXPENDITURE & NET LENDING	715.2	834.2	-14.3
Primary Expenditure	655.0	762.2	-14.1
CURRENT EXPENDITURE	614.7	637.8	-3.6
Employee compensation	258.8	288.9	-10.4
Goods and Services	130.2	124.8	4.3
Interest Payments	60.2	72.0	-16.4
Transfers	165.5	152.1	8.8
Net Lending	0.0	0.0	0.0
Capital Expenditure	100.5	196.4	-48.8
Current Balance (before Grants)	167.4	142.7	17.3
Overall Balance (after Grants)	165.0	130.0	26.9
Primary Balance (after Grants)	225.1	202.0	11.5

Source: MOF

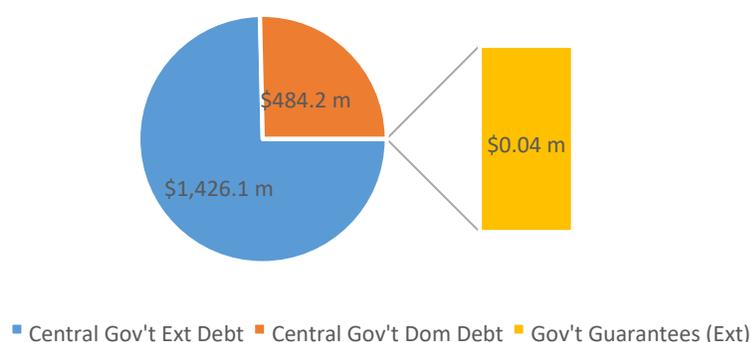
4.3 Public Debt

Public sector debt outstanding (Central Government debt and Government guarantees) at the end of September 2019⁸ is estimated at \$1,910.4 million. A decline of 7.2 percent and 3.4 percent compared to the end of September and December 2018 respectively, was recorded. As a percentage of GDP, public debt declined from 62.7 percent in December 2018 to an estimated

⁸ Latest period for which data are available

55.8 percent at the end of December 2019. This decline is because of growth in GDP as well as existing debt amortizations during the period. For the same period, the Central Government's external debt stock contracted by 3.7 percent to an estimated \$1,426.1 million or 74.7 percent of total public debt. Similarly, domestic debt declined by 2.5 percent to an estimated \$484.2 million or 25.3 percent of total public debt over the same period (Figure 15). Government guaranteed debt at the end of the third quarter of 2019 is estimated at \$0.04 million or less than 0.005 percent of total public debt. Preliminary estimates project public debt to decline by 6.9 percentage points from 62.7 percent of GDP in 2018 to 55.8 percent at the end of 2019.

Figure 15: Composition of Public Debt as at end September 2019



Source: MOF

4.4 Central Government Domestic Debt

Central Government domestic debt, which accounted for \$496.4 million or 25.1 percent of total public sector debt at the end of 2018 declined to \$484.2 million or 25.3 percent of total debt at the end of September 2019.

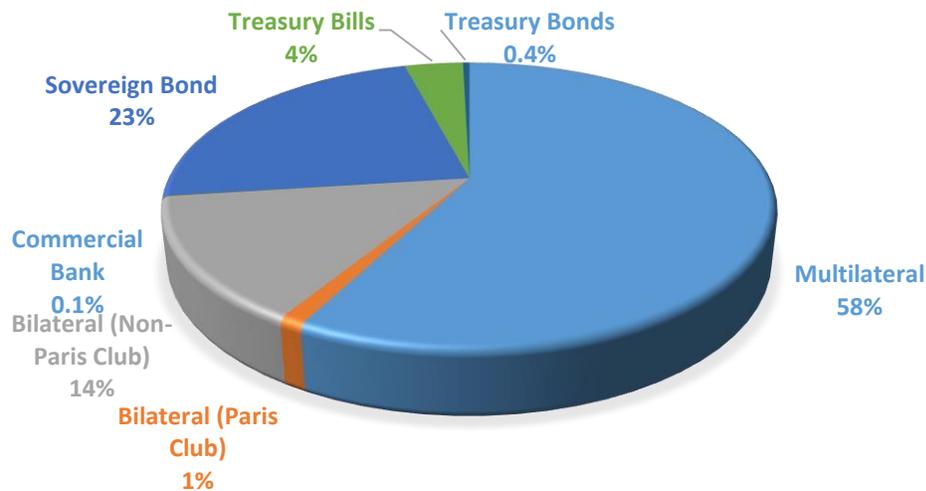
This decline is attributable to amortization during the first three quarters of this year and the retirement in March of a privately placed Treasury note held by Petro Caribe of \$4.0 million. In the nine months to September 2019, Central Government re-issued \$70 million in Treasury bills on the RGSM as part of its liquidity management operations. These included three re-issues of a \$15.0 million 91-Day Treasury bill. This bill, which was issued in March, yielded rates of 1.90, 1.75 and 4.0 percent respectively with each successive re-issue. In July, Government also re-issued a \$25.0 million 365-day Treasury bill at 5.0 percent. Based on Debt Sustainability Analysis results, Central Government domestic debt will record 12.2 percent of GDP at the end of 2019.

4.5 Central Government External Debt

Preliminary estimates at the end of September records Central Government external debt at \$1,426.1 million or 43.2 percent of projected GDP. The constituent holders of Central Government external debt at the end of the third quarter were: multilaterals that accounted for \$823.2 million; sovereign bondholders, \$327.5 million ; bilateral (Non-Paris Club) creditors, \$200.3 million;

Treasury bill holders with \$52.8 million; bilateral (Paris Club) creditors \$15.8 million; Treasury bondholders with \$5.9 million and commercial bank, \$0.9 million (Figure 16). Between January and September 2019, \$14.9 million was disbursed from existing external creditors including; \$2.9 million from Caribbean Development Bank; \$5.7 million from World Bank; \$3.8 million from Organization of Petroleum Exporting Countries; \$2.0 from International Fund for Agricultural Development; and \$ 0.5 million from Kuwaiti Fund for Agricultural Development.

Figure 16: External Debt by Creditor as at end of September 2019



Source: MOF

4.6 Debt Service

Total Central Government debt service for the first three quarters of 2019 was \$179.2 million, representing an 11.4 percent decline when compared to the corresponding period of 2018. Amortization payments accounted for \$141.7 million or 79.1 percent of total debt service whilst interest repayments accounted for \$37.5 million or 20.9 percent of total debt service. Domestic debt service, which accounted for \$116.2 million during the January to September period of last year decreased by 18.9 percent during the same period of 2019. Of this amount, \$84.1 million or 46.9 percent represented refinancing or rollover of existing debt while \$10.2 million was interest repayment on existing debt.

External debt service declined by 1.4 percent to \$84.9 million during the first three quarters of 2019 when compared to the same period of 2018. External principal and interest repayments were \$57.6 million and \$27.3 million respectively. Central Government debt service as a percentage of total revenue for the nine-month period January to September 2019 was 31.2 percent. This represents a decline of 4.8 percentage points relative to the corresponding period of 2018.

4.7 Update on Government Guaranteed Debt

Government guarantees outstanding at the end of September 2018 were estimated at \$0.04 million or a 79 percent decline relative to the end of December 2018. Currently, only one State-Owned

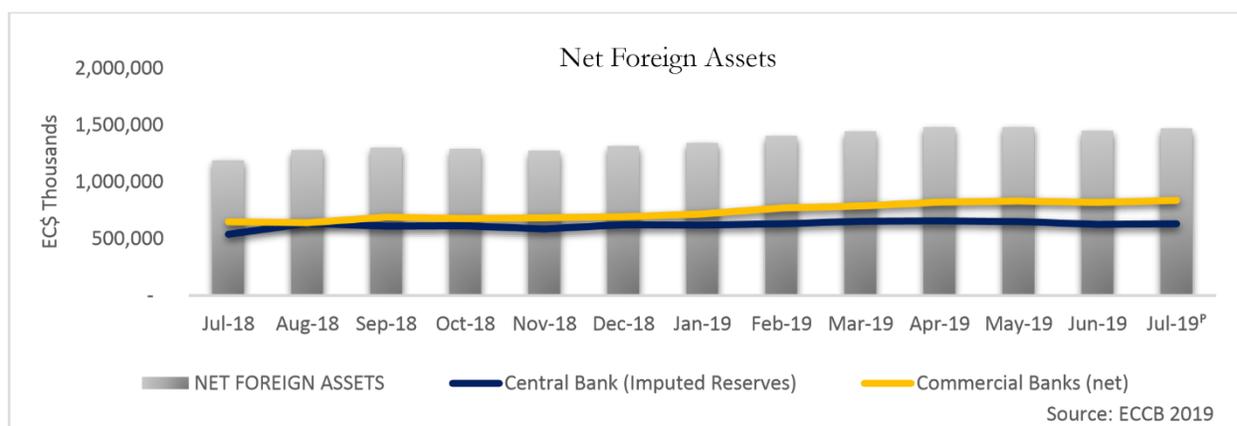
Enterprise holds explicit Government guaranteed debt and there were no new issues of guarantees during the year. The authorities anticipate that this figure will be liquidated by the end of 2019.

4.8 Monetary and Financial Sector

The Monetary and Financial System analyzed through the Bank and Non-Bank Financial Institutions continue to see improvements in its Assets over the past 12 months. However, deposits continue to increase at a faster rate than that of loans, further exacerbating the liquidity problem in the Sector. Credit, despite its slight uptick, continues to be a looming issue for the economy. Overall, the sector remains stable, with Non-Performing Loans remaining below the prudential benchmark and regulatory capital to risk-weighted assets continue to remain stable with slight improvements over the period.

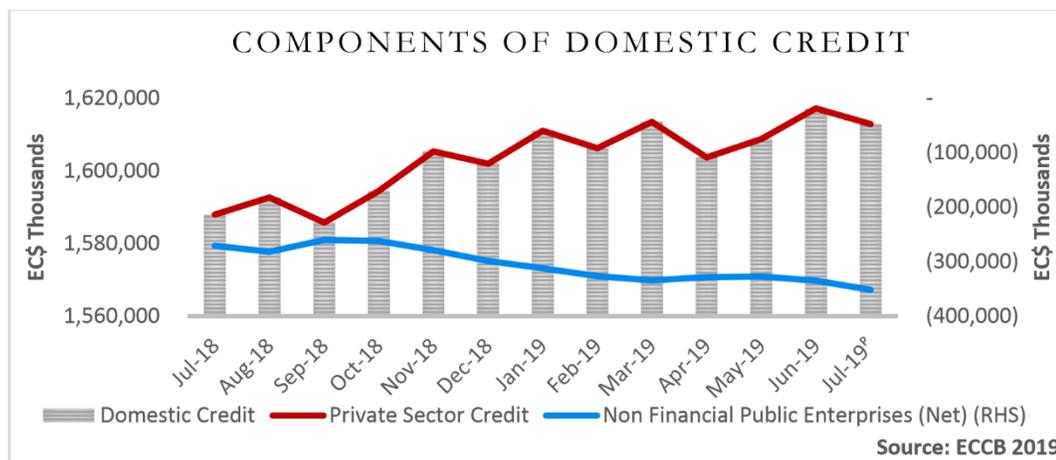
Net Foreign Assets for the period July 2018-July 2019 increased by 23.6 percent. This increase was driven primarily by a 29.1 percent (\$188.8 million) increase in Commercial Banks' net assets and liabilities, while Central Bank Imputed Reserves increased by 17.0 percent (\$91.4 million) Figure 17.

Figure 17: Net Foreign Assets for the Period July 2018-July 2019



During the 12-month period, July 2018- July 2019, Net Domestic Assets continued on a downward trajectory moving \$1.7 million to \$903.9 million (15.7 percent decline). This decline was exacerbated by a 9.9 percent or \$112.6 million reduction in Domestic Credit, chiefly motivated by an 80.4 percent decline in Non-Bank Financial Enterprises, owing to a complete tapering off its credit towards investments (Figure 18). It should be noted that there was a slight uptick in Private Sector Credit of 1.6 percent (\$25 million) over the same period as a result of a 6.4 percent (\$34.0 million) increase in Business Credit. Despite this moderate improvement, it was not significant enough to improve overall domestic credit.

Figure 18: Components (Some) of Domestic Credit for the Period July 2018-July 2019



Monetary Liabilities for the sector increased moderately by 5 percent to \$2,371.1 million during the period July 2018-July 2019. The money supply expanded by 10.8 percent of which, currency with the public declined by 5.1 percent, Private Sector Demand Deposits increased by 12.0 percent and EC\$ cheques and Drafts issued increased by a staggering 179.4 percent. Quasi money registered a slight uptick of 2.7 percent, motivated mainly by a 25.6 percent (\$45.4 million) increase in Private Sector Foreign Currency Deposits. Private Sector Time Deposits declined by 9.7 percent to \$177.7 million over the same period (Table 4).

Table 4: Monetary Liabilities July 2018-July 2019 in EC\$ Thousands

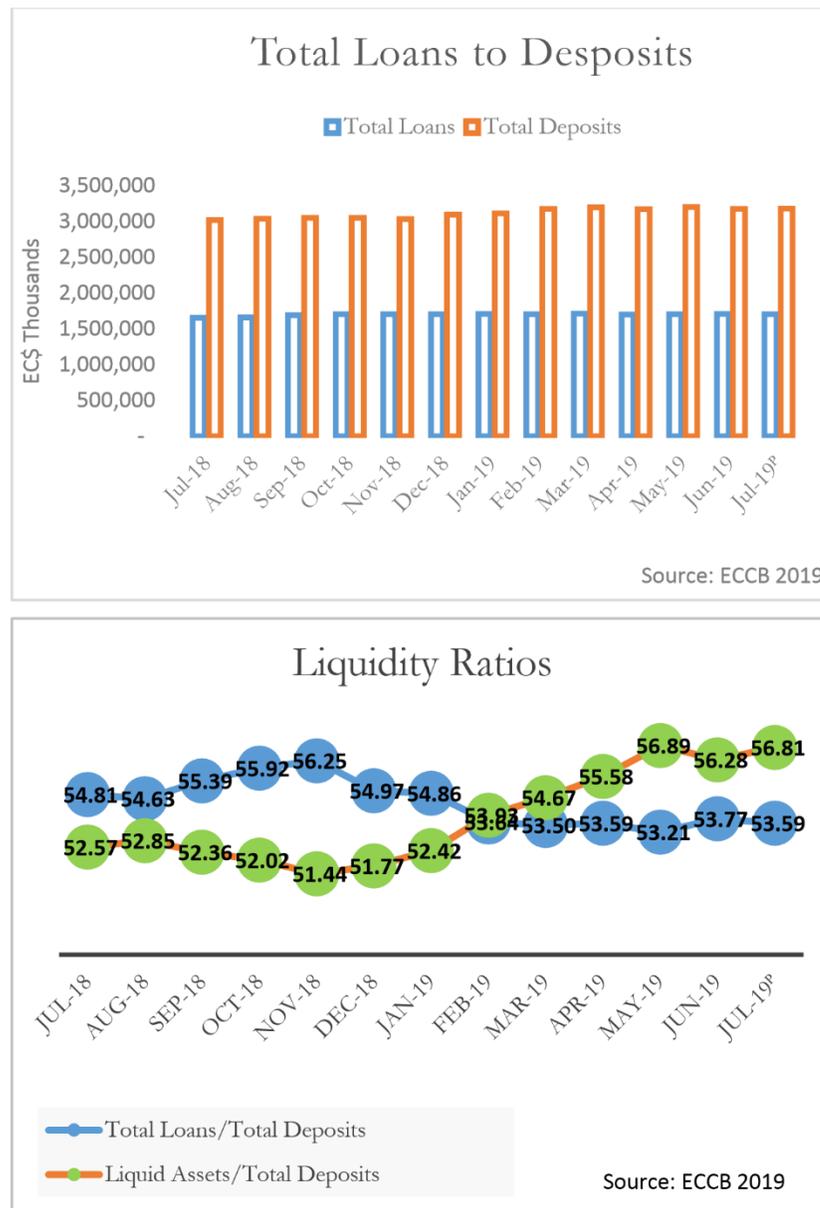
	Jul-18	Jul-19 ^P	Variance
MONETARY LIABILITIES (M2)	2,259,103	2,371,116	5.0%
MONEY SUPPLY (M1)	630,273	698,216	10.8%
Currency with the Public	130,820	124,145	-5.1%
Currency in Circulation	172,187	172,345	0.1%
Cash at Commercial Banks	41,367	48,200	16.5%
Private Sector Demand Deposits	490,643	549,457	12.0%
EC\$ Cheques and Drafts Issued	8,810	24,614	179.4%
QUASI MONEY	1,628,830	1,672,900	2.7%
Private Sector Savings Deposits	1,254,439	1,272,254	1.4%
Private Sector Time Deposits	196,852	177,663	-9.7%
Private Sector Foreign Currency Deposits	177,539	222,983	25.6%

Liquidity continues to be a looming issue in the commercial banking system. Total Deposits increased by 5.3 percent during the period July 2018-July 2019 to \$3,178.9 million, while Total Loans rose by 3.0 percent to \$1,703.5 million over the same period. Liquidity ratios of Total Loans to Total Deposits declined by 1.2 percentage points to 53.6 percent, highlighting the excess deposits in the system, Cash Reserves to Total Deposits declined by 1.0 percentage points to 11.3 percent, and Liquid Assets to Total Deposits increased by 4.2 percentage points to 56.8 percent (Figure 19).

Similarly, in the Credit Union Sector, high levels of liquidity also continue to be present. At the end of the first half of the year, Total Deposits increased to \$789.0 million, while Total Loans increased to \$677.3 million, yielding a Total Loans-Total Deposits Liquidity Ratio of 85.8 percent, notably higher than that of the Banking System.

With respect to commercial banks' interest rates, the weighted average lending rate declined by 0.3 percentage points over the 12-month period to 7.4 percent at the end of June 2019. Interest on Savings Deposits declined slightly to 2.02 percent at end June 2019 from 2.07 percent at the end of the same period of the previous year. The Banks' Prime Loan Rate remains at 10.0 percent and the ECCB's discount rate remains at 6.5 percent.

Figure 19: Liquidity Analysis for the Year July 2018-July 2019



Commercial Banks' credit improved slightly by 3.5 percent over the 1-year period June 2018-June 2019. A minor improvement in Personal credit toward the purchasing of durable consumer goods and other personal items of 0.1 percent, as well as a 26.2 percent and 13.4 percent increase in Construction and Tourism, respectively all acted as catalysts for the slight bump in overall credit. All other sectors experienced notable declines, including the sectors of Transport (50.2 percent), Mining and Quarrying (33.0 percent), Financial Institutions (28.8 percent), Public Utilities (19.4 percent) and Agriculture (4.9 percent) (Table 5).

**Table 5: Specific Credit in EC\$ Thousands by Sectors During the Period June 2018-
June 2019**

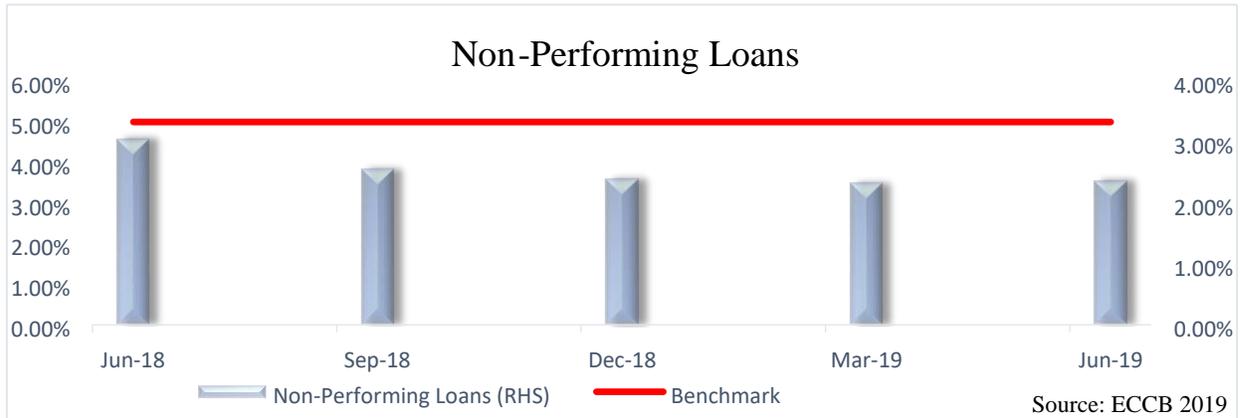
Sector	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	% Change Jun-18/Jun- 19
Agriculture	23,062	21,003	22,294	24,592	21,922	-4.9%
Fisheries	4,800	2,929	3,106	4,570	4,672	-2.7%
Mining & Quarrying	182	164	154	146	122	-33.0%
Manufacturing	27,092	26,135	25,465	27,963	26,930	-0.6%
Public Utilities	45,267	78,796	38,455	37,381	36,470	-19.4%
Personal	1,073,725	1,079,181	1,085,931	1,079,476	1,074,682	0.1%
Construction	28,900	33,868	35,221	36,626	36,469	26.2%
Distributive Trade	98,324	91,784	91,577	94,352	96,464	-1.9%
Tourism	162,541	164,636	173,242	177,333	184,282	13.4%
Entertainment	44,660	43,564	39,274	43,371	43,751	-2.0%
Transport	31,790	33,386	15,550	14,278	15,827	-50.2%
Financial Institutions	5,006	3,604	4,669	3,682	3,563	-28.8%

Source: ECCB

Both the Bank and Non-Bank Sectors have continued to see improvement in their financial stability indicators. In the Banking Sector, Non-Performing Loans (NPLs) continued to experience steady declines below the international benchmark to 2.4 percent at the end of June 2019 (Figure 20). Although Credit Unions saw improvement in its delinquent loans 30-89 days past due, the sector's delinquent loans past 90 days increased to 6.2 percent at the end of the first half of 2019, above the recognized benchmark of 5 percent. Regulatory Capital to Risk-Weighted Assets, a protection mechanism for depositors, increased to 20.3 percent at the end of

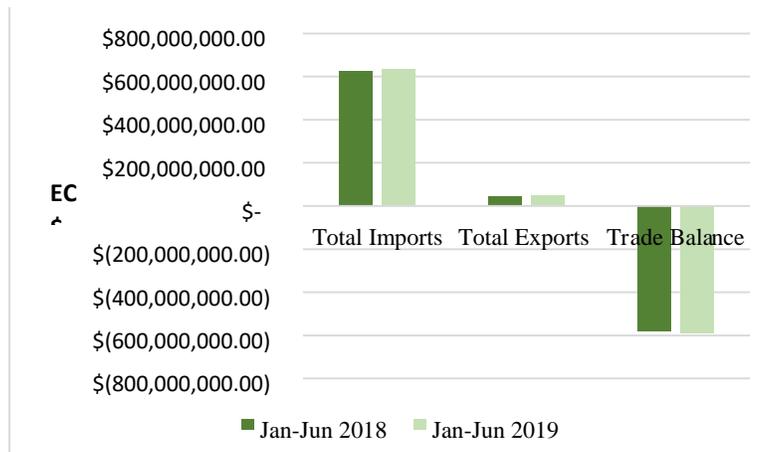
June 2019, compared to 18.9 percent in the previous period of 2018. Returns on Average Asset (Annualized) saw a slight increase of 0.3 percentage points to 1.1 percent at the end of June 2019, while Returns on Average Equity reduced slightly to 4.5 percent, from 5.6 percent at end June 2018.

Figure 20: Non-Performing Loans to Total Loans, June 2018-June 2019



4.9 External Sector Developments

Figure 21 - Balance of Trade (EC\$)



Source: CSO

As the economy continues to rely excessively on imported products, the trade balance proceeds to deteriorate. The gap between the value of imported (\$634,0m) and exported (\$47.4m) products is relatively large. A trade deficit of -\$586.7m was realized at the end of the second quarter of 2019. A comparison with the trade deficit within the same period in 2018 (-\$580.0m) shows a

1.1% increase (Figure 21). This increase in the trade deficit was on account of the rise in imports valued at \$634.0m. The value of imports grew by 1.3 percent and exports by 2.4 percent during the first half of 2019 compared to the first half of 2018.

The increase in imports at the end of the second quarter of 2019 was significantly impacted by the increase in “commodities & transactions not classified elsewhere in the SITC” (81.38 percent), beverages & tobacco (8.34 percent), chemicals & related products (8.29 percent) and food (7.8 percent). The importation of crude materials and miscellaneous manufactured articles decreased by 11.18 and 10.42 percent respectively (Table 6).

Table 6 - Category of Imports (EC\$'000)

CODE	SITC SECTIONS	Jan-Jun 2018	Jan-Jun 2019 (est.)	Percentage Change
0	FOOD	111,609.10	120,360.60	7.84
1	BEVERAGES & TOBACCO	16,110.20	17,453.30	8.34
2	CRUDE MATERIALS, INEDIBLE, EXCEPT FUELS	16,941.20	15,046.70	-11.18
3	MINERAL FUEL, LUBRICANTS & RELATED MATERIALS	100,963.30	108,962.80	7.92
4	ANIMALS & VEGETABLE OILS, FATS & WAXES	2,452.50	2,257.30	-7.96
5	CHEMICALS & RELATED PRODUCTS, N.E.S	42,382.10	45,897.00	8.29
6	MANUFACTURED GOODS CLASSIFIED CHIEFLY BY MATERIAL	109,732.80	99,531.20	-9.30
7	MACHINERY & TRANSPORT EQUIPMENT	142,643.10	149,845.70	5.05
8	MISCELLANEOUS MANUFACTURED ARTICLES	83,348.90	74,664.10	-10.42
9	COMMODITIES & TRANSACTIONS NOT CLASSIFIED ELSEWHERE IN THE SITC	5.90	10.7	81.36
	TOTAL	626,189.10	634,029.40	1.25

Source: CSO

Beverages & Tobacco, Chemicals & Related Products, and Miscellaneous Manufactured Articles are the three largest categories of exports that contributed to the increase in export value at the end of the second quarter of 2019 compared to the same period in 2018. On the other hand, a decline in manufactured exports under codes 0, 2, 4 and 7 were recorded (Table 7).

Table 7 - Category of Domestic Exports (EC\$'000)

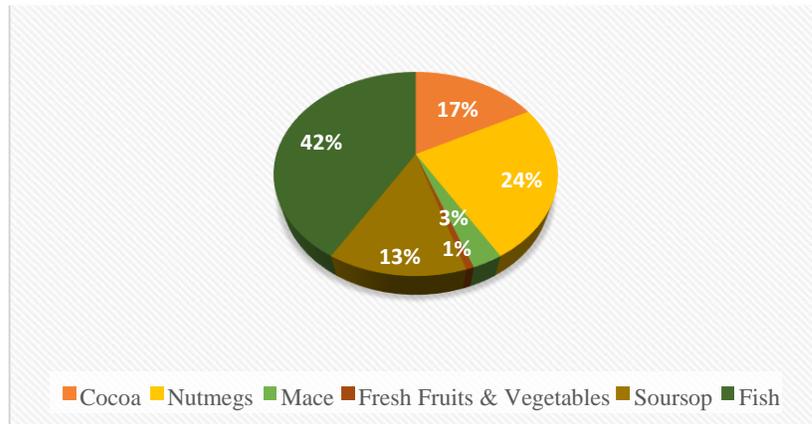
CODE	SITC SECTIONS	Jan-Jun 2018	Jan-Jun 2019	Percentage Change
0	FOOD	30,561.10	27,364.30	-10.46
1	BEVERAGES & TOBACCO	2,738.80	6,170.70	125.31
2	CRUDE MATERIALS, INEDIBLE, EXCEPT FUELS	665.90	470.80	-29.30
3	MINERAL FUEL, LUBRICANTS & RELATED MATERIALS	-	0.00	
4	ANIMALS & VEGETABLE OILS, FATS & WAXES	4.90	0.20	-95.92
5	CHEMICALS & RELATED PRODUCTS, N.E.S	1,747.00	3,907.10	123.65
6	MANUFACTURED GOODS CLASSIFIED CHIEFLY BY	2,728.10	2,980.20	9.24
7	MACHINERY & TRANSPORT EQUIPMENT	3,961.10	3,890.80	-1.77
8	MISCELLANEOUS MANUFACTURED ARTICLES	445.20	750.60	68.60
9	COMMODITIES & TRANSACTIONS NOT CLASSIFIED ELSEWHERE IN THE SITC	-	0	
	TOTAL	42,852.10	45,534.70	6.26

Source:

CSO

Total Agricultural exports increased by 0.6 percent at the end of the second quarter of 2019, moving from 26.1m (Jan-Jun 2018) to 26.2m (Jan-Jun 2019). Fish occupied a large share of agriculture exports (42 percent) despite decreasing by -0.7 percent at the end of June 2019 in comparison with the end of June 2018. The exportation of nutmeg increased by 10% at the end of June 2019 compared to the previous period and represented 24 percent of agricultural exports. Cocoa also increased by 7.5 percent in the aforementioned periods and represented 17 percent of agricultural exports.

Figure 22 - Share of Agricultural Exports

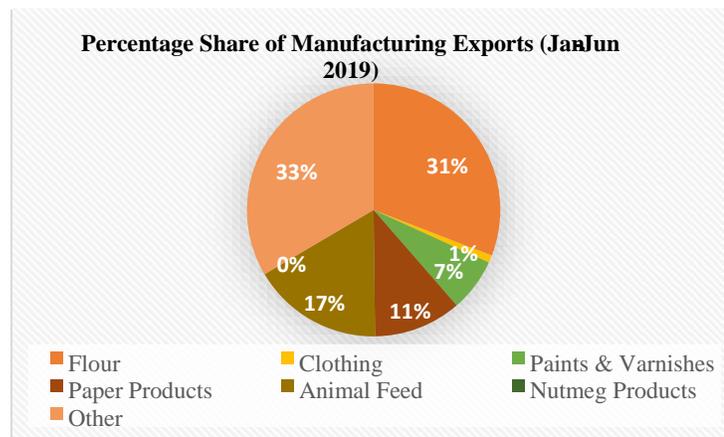


Source: CSO

Despite the decrease of 10 percent in Soursop exports, this commodity occupied a 13 percent share of total agricultural exports for the first half of 2019 (Figure 22).

Exports of all manufacturing products increased by 12% at the end of the 2nd quarter of 2019 compared to 2018. This includes a 20.7 percent increase in paints & Varnishes, a 15.2 percent increase in animal feed and 63.9 percent increase in other products. Some manufacturing exports which decreased in the aforementioned period include nutmeg products (-18.8 percent) clothing (-15.8 percent), paper products (-14.7 percent) and flour (10.4 percent).

Figure 23: Percentage Share in Manufacturing Exports



Source: CSO

Flour represents 31 percent of all manufacturing exports at the end of June 2019, while animal feed occupied 17 percent, paper products 11 and paints & Varnishes 7 percent (Figure 23).

5.0 Economic Outlook

On balance, Grenada's short-to-medium term economic prospects are positive. Real GDP growth (at market prices) is provisionally projected to average 3.8 percent over the period 2020 - 2022. The assumption is that economic activity will be buoyed by public infrastructure development, especially housing, road works, and investments to build climate resilience. Additionally, the relatively strong performances in the construction and tourism sectors witnessed in 2018 are expected to continue. Likewise, new linkages between the agricultural and tourism sectors forged in 2018 are expected to continue as well as expand, which should help boost agricultural production in the foreseeable future.

Meanwhile, inflation is estimated to remain subdued in the short term barring any shocks to international commodity prices, especially fuel and food. The unemployment rate is expected to continue declining with increased economic activity, but it is likely to remain in double digits in the short term.

Fiscal performance is expected to improve further in the short-to-medium term, with continued fiscal prudence, consistent with the rules-based fiscal framework as prescribed by FRL. By year-end, a primary surplus of 6.1 percent of GDP is estimated, which will aid in the reduction of public debt from 62.7 percent in 2018 to 55.8 percent of GDP in 2019. By 2020, the ratio is projected to be 53.7 percent of GDP, on track to attaining the FRL's 55 percent target.

5.1 *Risks to the Economic Outlook*

A mix of upside and downside risks can affect Grenada's positive macroeconomic outlook, but on balance, they are tilted to the downside. On the upside, Grenada's fiscal improvement provides space to upscale public investment that can boost growth and job creation, while simultaneously build resilience to climate change. On the downside, risks are linked to the waning expansion of the global economy and in particular, the economies of Grenada's main trading partners, which can negatively affect tourist arrivals, remittances, and foreign direct investment. Uncertainties regarding Brexit outcomes also pose downside risks to Grenada through lower tourist arrivals. Volatile international fuel prices also sources of risks. Grenada's vulnerability to natural hazards is an inherent risk; adverse effects of climate change can significantly affect agricultural output (in particular) over the medium-term. The Medium-term Fiscal Framework can also be adversely affected should any of the downside risks materialise. The Fiscal Risk Statement provides more details on risks to the medium-term outlook.

