



**GOVERNMENT OF GRENADA**

**2023 BUDGET STATEMENT**

**Vision 2035: People-Centred Transformation  
Laying the Foundation for Resilience, Empowerment and Growth**

PRESENTED BY

**HONOURABLE DICKON MITCHELL  
Minister for Finance**

TO

**The House of Representatives**

**December 5, 2022  
10:00 A.M.**

## Table of Contents

### Contents

Contents .....	2
1. Protocols .....	4
2. Introduction.....	5
3. The Transformation Agenda.....	7
4. Fulfilling our Commitments .....	9
5. Year 1 – Laying a Solid Foundation for Sustainable Progress .....	10
6. Estimates of Revenue and Expenditure for 2023.....	11
6.1. Overview.....	11
6.2. Allocations .....	12
6.3. Financing of the 2023 Budget.....	13
7. Pillar 1 – Empowerment of our Citizens.....	13
7.1. Prioritising Health and Wellness .....	14
7.2. Transforming Education and Training.....	16
7.3. Youth Empowerment, Sports, and Culture for the Future .....	18
7.4. Women’s Empowerment and Gender Equality .....	21
7.5. Housing Assistance and Community Empowerment .....	21
7.6. Reimagining Social Protection and Safety Nets and Tackling Poverty.....	23
8. Pillar 2 – Economic Transformation.....	25
8.1. Agriculture, Food and Nutrition Security .....	25
8.2. Enhancing the Tourism and Hospitality Sector .....	28
8.3. Jumpstarting the Creative Economy .....	32
8.4. Digital Transformation.....	33
8.5. Promoting Private Sector Development.....	35
Review of the Incentives Regime .....	36
Small Business Incubator Pilot .....	36
Other Supportive Infrastructure for Private Sector Development .....	37
9. Pillar 3 - Governance and Institutional Rebuilding .....	39
9.1. Transforming the Public Service and Pension Reform.....	40

9.2. Modernising Labour Relations .....	41
9.3. Occupational Safety and Health.....	42
9.4. Restructuring and Strengthening State Bodies .....	43
9.5. Prioritising the Judiciary .....	43
9.6. National Security and Safety .....	45
9.7. Strengthening Economic Management .....	46
9.8. Reinvigorating the Economy of Carriacou and Petite Martinique.....	49
9.9. More Effective Government .....	50
10. Pillar 4 - Building Resilience and Environmental Management .....	51
10.1. Prioritising Climate Resilience and Disaster Management, the Environment and Renewable Energy .....	52
10.2. Implementation of Climate Change Expenditure Tagging .....	55
10.3. Transformative Physical Infrastructure.....	55
11. Pillar 5 – Strengthening Regional and International Cooperation .....	58
11.1. Rationalisation of Diplomatic Missions.....	59
11.2. Maximising Diaspora Relations.....	59
12. Managing the Cost-of-Living Crisis .....	59
13. Conclusion .....	62
14. Acknowledgements.....	63
15. Appendices.....	65
Appendix 1 – Allocation by Votes.....	65
Appendix 2: Acknowledgements .....	66
Appendix 3: Climate Change Budget Tagging Report 2023 .....	68
Appendix 4: Synopsis of the Macroeconomic and Social Context of the 2023 Budget.....	74
Appendix 5: List of Value Added Tax (VAT) Zero-rated and Exempt Goods and Services as will be amended. ....	80
Appendix 6: Performance of Statutory Bodies and State-Owned Enterprises .....	88

## 1. Protocols

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 2023 by means of an Appropriation Act;

**Be it resolved** that the Estimates of Expenditure for the year 2023 be approved.”

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

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

1. The Medium-Term Fiscal Framework 2023–2025, in accordance with Section 12 of the Public Finance Management Act No. 17 of 2015;
2. The Medium-Term Debt Management Strategy 2023–2025, in accordance with Sections 5(1) to 5(3) of the Public Debt Management Act No. 28 of 2015, as amended;
3. The Fiscal Risk Statement, in accordance with Section 12(1)(e) of the Fiscal Responsibility Act No. 29 of 2015, as amended; and
4. The Compliance Report in accordance with Section 12(1)(c) of the Fiscal Responsibility Act No. 29 of 2015, as amended.

The following two additional reports are also laid:

1. The 2022 Economic Review; and
2. The 2021 Annual Debt Report.

## **2. Introduction**

Mr. Speaker, as I rise to deliver my maiden Budget to this Honourable House, I wish to thank the Almighty God for his mercies and grace. Indeed, we have much to be thankful for.

I am extremely grateful to the citizens of Grenada, Carriacou and Petite Martinique for entrusting our Party, the National Democratic Congress, with a remarkable opportunity to transform our nation. Our citizens have justly voted for progressive change—a break from past failed policies and programmes, from a culture of corruption and victimisation, from inefficient Government and weak governance, and a break from generational poverty by a large segment of our population, and by extension the underdevelopment of our nation.

Mr. Speaker, this Administration will honour our promise to bring real change that will uplift this nation and secure the future of our children and grandchildren. We will work collaboratively to do what is necessary to achieve a resilient, fair, and prosperous Grenada.

While it is necessary to remain in Government to effect the change we wish to see, we will not be driven by political expediency. Nor will we be driven by policies aimed at keeping our people poor and vulnerable, which has been the legacy of the past Administration. Instead, Mr. Speaker, we will be driven by genuine love for our people and this beautiful island we are blessed to call home.

Mr. Speaker, I wish to thank my Cabinet Colleagues for their hard work and dedication thus far and for their unwavering support in helping me lead our nation.

I wish to also express my profound gratitude to the Transition Leads, some of whom have been kept on as Advisors, for their devoted time and expertise to help us settle in the seat of Government and to make a positive start.

Let me also thank the many Government employees, who not long ago were downtrodden and uncertain about their futures. Your demonstrated sacrifice and commitment to serve, despite trying circumstances, has not gone unnoticed.

Finally, I wish to thank the many citizens, within and outside of the Public Sector and in the diaspora, who have embraced our transformation agenda and are working to move Grenada forward.

Mr. Speaker, the 2023 Budget presents the first full year of our transformational agenda. It represents a strategic pivot towards plans, policies, projects, and programmes that will transform our people and society. It seeks to build a solid foundation upon which transformation, both as a process, and an outcome, will be achieved.

In this regard, I am honoured to present our inaugural budget under the theme, **“Vision 2035: People-Centred Transformation. Laying the foundation for resilience, empowerment, and growth.”**

Mr. Speaker, this Budget is presented at a time of great uncertainty at the global level, which can have devastating impacts on our economy. The lingering effects of the COVID-19 pandemic, geopolitical tensions, and the escalating war in Ukraine are fuelling inflation in food and energy, causing supply chain disruptions, and shortages and delays of key imports. Increasing interest rates in advanced economies, to curb rising inflation, is driving down demand and fuelling recession in our major trading partners, with significant potential impact on tourism and foreign direct investments. A synopsis of the macroeconomic and social context for the 2023 Estimates of Revenue and Expenditure is included as an Appendix to the published version of this Statement, with further details in the 2022 Annual Economic Review and Medium-Term Fiscal Framework: 2023 – 2025.

Notwithstanding the foregoing, Mr. Speaker, we are highly confident that our policies and programmes will continue to spur growth and the creation of sustainable jobs, empower our less fortunate citizens, and begin a process of real progress and development among our people. Following on the 6% growth this year, the economy is forecasted to expand further by 3.6% in 2023 underpinned by continued strong recovery in tourism and robust construction activities.

Mr. Speaker, on our journey to bring genuine development to our country, we will undoubtedly face mounting challenges. However, we are certain that we can withstand and surmount every trial if we face them together—as one people, and one nation under God.

There is a well-known African proverb that states: “If you want to go fast, go alone, but if you want to go far, go together.” Mr. Speaker, we want to change this narrative. We believe it is possible to go fast *and* far by working collectively towards a clear and common goal, with positivity and unwavering determination.

## **1. Citizen Engagement**

Mr. Speaker, this Administration is committed to putting people first. We have meaningfully engaged our citizens in the preparation of this Budget through widely held consultations, including numerous community visits and engagements. Many of the policies, projects and programmes in this Budget are shaped by the rich, thoughtful, and productive comments of our citizens.

We value the relationships we have built in communities throughout the length and breadth of our beautiful Tri-Island State. This Administration is not of the belief that community visits and town hall meetings are restricted to the election period. We are a Government of the people, for the people, and we will continue to engage our citizens through quarterly town hall meetings, maintaining transparency and keeping all Grenadians informed on the current state of our nation.

To further demonstrate our commitment to put people at the centre of our development agenda, this Administration will introduce a Social Partners Committee comprising representatives from Government, labour unions, private sector, churches, non-governmental organisations (NGOs), and youth to help steer Government's policies going forward. This Committee, chaired by the Prime Minister, will meet once quarterly to review current Government initiatives, and provide constructive feedback and suggestions for improvement from their respective organisations, thereby ensuring an inclusive approach to our shared development.

Mr. Speaker, we do not pretend to have all the answers. This Administration is committed to inclusive governance and welcomes innovative solutions from all citizens, especially our young people, to treat with our collective challenges and move our nation forward.

## **3. The Transformation Agenda**

Mr. Speaker, *transformation* is the word that best embodies the vision that this Administration holds for Grenada. For too long, services and infrastructure critical in supporting our citizens to fulfil their potential as individuals, and attain a high quality of life, were ignored. Such was the disrepair in our society that our team understood moving Grenada forward would require an immense wave of change – a revolution in our manner of thinking and our approach to sustainable development as a nation.

In a world that is becoming more technological by the day, our school system is still geared towards a 20th century worldview. As a small island developing state, with large

ocean space, that is vulnerable to the effects of climate change and overly reliant on the importation of food – our children are still socialised to believe that employment in agriculture and the marine industries is somehow not desirable or economically viable. Our education and training models, too, are not tailored to suit our unique reality, the needs of our consumption patterns nor our business sector.

Mr. Speaker, our human resources are our most precious asset and a fundamental contributor to the social and economic development of our nation, yet so many of our young people were absorbed into a training programme that did not empower them to progress or make greater contributions to society and to their own lives. Mr. Speaker, how does one remain a trainee—a temporary position with little to no benefits—for 10 or more years?

Regrettably, short-sighted 'solutions' of this nature were embraced under the previous Administration and the effects run deep, affecting entire families and perpetuating poverty onto a new generation.

Mr. Speaker, all of the above has not yet touched on the most critical aspect of our transformation agenda—which is addressing the total disregard for our healthcare system. For too long, Grenadians have had to 'make do' with an inept system that has undervalued its healthcare professionals and underfunded critical health services, to the detriment of many. Mr. Speaker, access to quality and affordable healthcare is a basic right that this Administration intends to deliver to the people of Grenada, Carriacou and Petite Martinique.

Respect, and the assurance of basic rights, for our citizens is of utmost importance for this Government and serves as the cornerstone of our transformation agenda. *Respect for our youth*, and the crucial role they will play as the future of our great nation; *respect for our workforce*, and the contributions their daily efforts make to the advancement of our shared goals and aspirations; and *respect for our retirees*, who have given their lives in service to country and are now uniquely positioned to share their accumulated knowledge toward the betterment of our society.

Mr. Speaker, this is the basis of our Transformation Agenda—designed to empower our citizens with the skills and support needed so that we, as Grenadians, can assume our place, as leaders in our own right, among the community of nations.

#### 4. Fulfilling our Commitments

Mr. Speaker, this Administration has hit the ground running. Our vision-oriented and purpose-driven approach has enabled us to achieve significant milestones in under six months.

We have kept our promises to the citizens of Grenada and can proudly boast of several major achievements:

- We have paid the retroactive pensions and gratuity to our deserving public sector retirees who were unjustly denied their legally entitled rights, some for almost 10 years. The total payment estimated at \$75 million to 525 retirees is perhaps the single largest transfer of wealth from the State to citizens in the history in Grenada's post-independence. **Promise made; promise kept.**
- We returned the salaries to our hardworking teachers and other public servants that were vindictively docked by the former Administration. **Promise made; promise kept.**
- We provided significant relief to our hard-working parents by removing the school fees to protect our children and ensure they are not prevented from receiving the education they deserve. **Promise made; promise kept.**
- We lowered the cost of fuel at the pumps to make it easier for our citizens to meet their daily commitments. In fact, Grenada had the lowest price of fuel in the Organisation of Eastern Caribbean States (OECS) in the last four (4) months. **Promise made; promise kept.**
- We took measures to reduce the cost of basic food items by capping freight on imported goods at the 2019 levels. **Promise made; promise kept.**
- Mr. Speaker, we faced the gigantic task of getting our schools ready for the start of the school year, last September. Through sheer determination and love for our people, all our school children and teachers were adequately accommodated at the start of the school term.
- As at the end of November 2022, **we provided stimulus grants, up to a maximum of \$30,000, to 308 micro, small and medium-sized businesses to the tune of \$4.5 million** through the COVID-19 Economic Support Secretariat or CESS. Further, **we provided grant support through the Rural**

**Development Unit to 177 beneficiaries amounting to over half a million dollars to help start and grow their businesses.**

- Through our policies and programmes, including the decision to pay the retroactive pensions, **the International Monetary Fund (IMF) and other international financial institutions upgraded Grenada’s growth projection for 2022 from 3.3 percent in October to 5 percent by year-end.** Mr. Speaker, we are even more optimistic and expect that our growth rate will reach 6 percent this year.
- Mr. Speaker, Grenada’s credit rating has remained unchanged as “Selected Default” since 2015 due to longstanding arrears to Libya, Algeria and Trinidad and Tobago. **Within four months of assuming office, this Administration successfully negotiated the repayment of arrears owing to the state of Libya in the amount of \$13.5 million.** An achievement that will go a long way in improving Grenada’s credit worthiness and access to much-needed development resources.

Mr. Speaker, these are undeniably remarkable achievements in a mere five months of taking office and we have only just begun.

## **5. Year 1 – Laying a Solid Foundation for Sustainable Progress**

Mr. Speaker, we cannot transform Grenada into a resilient, fair, and prosperous society on a weak foundation. As every builder knows, the foundation is the most important part of the structure.

Our Administration is eager to begin the many projects and programmes we know will improve the lives of our citizens; however, we are also mindful that without a solid base—be it infrastructural, legislative, or through sensitisation and training with citizens—these initiatives will not be sustainable. Like a home, Mr. Speaker, without a solid base underneath, it is only a matter of time until the structure begins to show cracks.

It is in this mindset of judiciousness, Mr. Speaker, that our very first Budget addresses the foundational structures that will set the stage for transforming and sustainably moving Grenada forward.

Mr. Speaker, the strategic focus for the 2023 Budget and the next two forward years, is the result of wide consultations. After careful deliberations, we settled on six strategic

focus areas. These strategic focus areas are consistent with the five overarching pillars as set out in our Party's Manifesto and supports our national vision for our nation as set out in our National Sustainable Development Plan, 2020 to 2035 – **"Grenada, a resilient and prosperous nation, with a conscious and caring citizenry, promoting human dignity, and realising its full potential through sustainable economic, social, and environmental progress for all"**.

The six strategic focus areas are:

- Health and Wellness
- Education and Training
- Agriculture and the Marine industry
- Physical and Digital Infrastructure
- Culture and the Creative Sector
- Energy Transition and the Environment.

Mr. Speaker, I will address each of these areas at length later in my Presentation.

I now turn to the Estimates of Revenue and Expenditure and the specific areas of intervention for 2023.

## **6. Estimates of Revenue and Expenditure for 2023**

### **6.1. Overview**

Mr. Speaker, this Budget sets our country and our citizens on a path towards resilience, empowerment, and growth. Towards a better Grenada for all of us. It provides for a total expenditure (including principal repayments) of **one billion, three hundred and fifty million, four hundred and sixty-five thousand, two hundred and forty-six dollars (EC\$1,350,465,246)**.

The overall Budget summary is as follows:

Recurrent Revenue: EC\$1.1 billion

Total grants: EC\$67.8 million

Recurrent Expenditure: EC\$741.9 million

Capital Expenditure: EC\$313.9 million

Current Account Surplus: EC\$308.9 million

Principal Repayments (Amortisation): EC\$294.6 million

Primary Surplus (after grants): (EC\$124.4 million)

Overall Surplus (after grants): (EC\$62.7 million)

Mr. Speaker, the 2023 Budget represents a return to the rules and targets of our Fiscal Responsibility Legislation after a three-year suspension in the context of the COVID-19 pandemic. This demonstrates our Administration's strong commitment to fiscal prudence, and we will endeavour to continue strengthening our fiscal rules framework. Government has already sought technical assistance from the International Monetary Fund and the World Bank Group to support our efforts to address the current weaknesses in the framework to ensure alignment with our transformative agenda.

## 6.2. Allocations

Mr. Speaker, this Government is committed to delivering on our promises. We are prepared to invest in areas that we see as critical in transforming Grenada.

Allow me to compare our 2023 allocations for some key areas relative to the 2022 Budget of the former Administration.

1. In the area of health and wellness, we have allocated a sum of **\$114.2 million** in 2023 compared to the allocation of **\$97.1 million** in 2022, **an increase of \$17.1 million. This represents the highest allocation to the health sector in the history of this country.**
2. In education, youth, sports, and culture, we have allocated a sum of **\$193.9 million** in 2023 compared to the allocation of **\$182.5 million** in 2022, **an increase of \$11.4 million. Again, the highest allocation to the education, youth, sports, and culture Budget in the history of this country.**
3. Mr. Speaker, we have allocated a sum of **\$54.3 million** to the Agriculture and Fisheries Sector as against **\$40 million** by the previous Administration, **an increase of \$14.3 million. Again, Mr. Speaker, this is the biggest sum of money that has been pumped into this critical sector in recent years.**
4. **The previous Administration allocated \$0 for the Creative Economy.** This vital and strategic area, especially for our young people, was neglected. **We have allocated a sum of \$3.4 million**, inclusive of a Culture and Creative Industry Fund, that will provide direct financing support to our creatives.
5. Mr. Speaker, we have allocated a sum of **\$143.1 million** to the Ministry of Infrastructure, Physical Development, Public Utilities, Civil Aviation, and Transportation as against an allocation of **\$133.9 million** in 2022.

Mr. Speaker, these allocations underscore our commitment as a Government to prioritise these critical areas of development.

### **6.3. Financing of the 2023 Budget**

Mr. Speaker, I am pleased to report that the 2023 Budget is fully financed.

Government operations before financing is forecasted to result in an overall surplus of **\$62.7 million**.

An analysis of Government financing (below the line) in 2023 will show an over-financing of **\$33.0 million** broken down as follows:

- **Domestic Sources (Central Bank, Commercial Banks, Regional Government Securities Market).** No domestic sources of funding are projected.
- **External sources (new loan disbursements less principal repayments).** Financing of **EC\$33.0 million** is projected. One of the key sources of new external loan disbursements is a Budget support operation with the World Bank to the tune of **US\$30 million or EC\$81 million**, which will become available during the first half of 2023.
- **Other sources (drawdown from the Consolidated Revenue Fund and disposal of assets).** No other sources of funding are projected.

Based on the foregoing, Mr. Speaker, Government is expected to generate a financing surplus of **\$96.2 million**.

More details of the financing of the 2023 Budget can be found in the Memorandum at the beginning of the detailed Estimates of Revenue and Expenditure.

I will now turn to the specific areas of intervention under the six strategic focus areas within the context of Government's five overarching pillars.

## **7. Pillar 1 – Empowerment of our Citizens**

Mr. Speaker, Grenada's history has undoubtedly shown that we are a strong and resilient people. The extraordinary challenges of the past few years, however, have tested even the strongest amongst us. As we face the headwinds of economic and social recovery, our citizens can be assured that this Government is committed to lifting the standard of

living, preparing our people for an increasingly technological future, and improving social policies and programmes to protect the most vulnerable in our society.

Mr. Speaker, allow me to expound more specifically on the following areas:

- Health and Wellness
- Education and Training
- Youth Empowerment, Sports, and Culture
- Women's Empowerment and Gender Equality
- Housing Assistance and Community Empowerment
- Social Protection and Safety Nets

### **7.1. Prioritising Health and Wellness**

Mr. Speaker, transforming our health care system is the single most important priority for this Administration. Our ultimate goal is to transform Grenada into the health capital of the Eastern Caribbean. This means the highest quality in health care facilities and services with access for all, underpinned by a culture of healthy lifestyles.

Mr. Speaker, the former Administration touted health care as a priority, however, there was absolutely no plan to develop the health sector. The facilities were ignored, and our health care professionals were treated with disregard. Our nurses, in particular, were fleeing in droves, and critical services were not provided. Our citizens were, and still are, literally afraid to be committed to our hospitals for care.

This Administration is committed to delivering on the quality of health care that our people deserve. Our health is our greatest asset and therefore quintessential to the transformation agenda.

### **Strengthening Human Resource Capacity**

Government is taking concrete steps to address the human resource capacity challenges facing the health sector. Of great concern is the mass exodus of our nurses. We have engaged the nursing fraternity and have listened to their concerns, including poor working conditions, job security, nurse shortages and inadequate compensation. We will move swiftly to address the regularisation of our nurses and the training of more nursing professionals. As an immediate step in addressing the matter of compensation, **we will pay all our nurses an honorarium of \$500 per month or \$6,000 for the next 12 months**, while we work towards a long-term solution. A sum of **\$4.2** million has been allocated for this initiative.

Moreover, we have approved the creation of twenty-one mission-critical positions across the health system to be filled in the next year and, in addition, we have approved the unfreezing of key positions so that persons who are functioning in these positions can be confirmed.

### **Upgrading Health Facilities**

Mr. Speaker, our current hospital is not adequate if we are serious about transforming our health sector. We have made a commitment to construct a new, modern public hospital with teaching facilities as the centrepiece to the development of the Education, Health, and the Wellness Sector. The economic and health benefits from such a project have never been in doubt. Preliminary studies have already confirmed the potential significant impact on our economy. To demonstrate our commitment in this regard, we will launch this project next year and complete the necessary preliminaries to commence the project. **The amount of \$5.0 million has been budgeted for Phase 1 of the new hospital project next year. Additionally, we will upgrade our health facilities across the Tri-Island State and introduce systems, including primary health care teams, to strengthen primary health care access and delivery.**

### **Embracing Technology**

Mr. Speaker, the digitalisation of our health records is another area that this Administration intends to address as we seek to modernise our health system. Negotiations are already at an advanced stage to transition entire rooms filled with files of patient data to the digitised world. This initiative will provide employment and training in new skills, create greener and more efficient workspaces, and begin building the framework for modern information systems within our Government structure. The expenditure for this Project will not impact the 2023 Budget.

### **Promoting Mental Wellness**

Mr. Speaker, the pandemic negatively affected the mental health of many, and heightened the risk for people already suffering from mental illness and substance use disorders. Mental wellness, therefore, is a priority for this Administration. With support from the Caribbean Development Bank, **we will implement a major integrated project, the COVID-19 Health Sector Strengthening Project, aimed at addressing the mental wellbeing of our citizens, especially our young people, who are struggling with substance abuse and psychosocial challenges.**

To this end, an allocation of **\$0.5 million** has been made for the Carlton House Project in 2023, which seeks to begin works on the much-needed rehabilitation facility.

Moreover, Mr. Speaker, we recognise that an integrated approach to healthcare and healthy lifestyles must be adopted if we are to sustainably improve the wellbeing of the nation. Therefore, this Administration will develop synergies between health, education, agriculture, and other key sectors, to reinforce and build on each other to achieve greater outcomes.

## **National Health Insurance**

Mr. Speaker, we will tackle health care financing by introducing National Health Insurance (NHI). The former Administration recognised the importance of this but, as in many other instances, failed in the implementation. Our aim is to go live with NHI by the beginning of 2025. We have allocated **\$1.9 million** to reengage the JIPA Network and move speedily towards implementation.

As stated earlier, Mr. Speaker, a total allocation of **\$114.2 million** is provided under the Ministry of Health, Wellness and Religious Affairs for 2023, an overall increase of **\$17.1 million** relative to 2022 and the highest year-on-year allocation increase in this Budget.

## **7.2.Transforming Education and Training**

Mr. Speaker, alongside health and wellness, transforming our approach to education and training to ensure the delivery of high quality and relevant learning and skills to our population, especially our youth, is crucial if we are to transform Grenada.

Of paramount importance, therefore, is the need to pivot the sector towards this new thrust and position our citizens to be at the vanguard of this 21st century revolution.

### **Addressing the Skills Gap**

A fundamental issue that we must confront is the gap that exists between the curriculum taught in schools and the skills required for the job market and Grenada's development. In this Budget, we place emphasis on curriculum reform, technical and vocational training, resilient school infrastructure, enhanced technological capacity, and education financing.

Mr. Speaker, **this Administration intends to raise the profile of the T. A. Marryshow Community College (TAMCC) to the highest echelons of Caribbean Education, providing a high-quality technological and vocational hub that will prepare our students for the jobs that are available throughout the region.** To this end, we intend to partner with the World Bank for the provision of a highly concessional loan of **US\$15 million**. These funds will be used to strategically strengthen

capacity at TAMCC and develop high-quality academic programmes tailored to the Caribbean reality, which will ultimately contribute to research and innovation that support local development. An amount of **\$0.5 million** has been allocated for the commencement of implementation of the OECS Regional Skills and Innovation Project next year.

Specifically, the vision for TAMCC will be achieved through the following initiatives:

- Institutional strengthening
- Promoting regional networks and centres of academic excellence
- Supporting high-quality student services
- Improving laboratories and workshops
- Developing digital skills and digital infrastructure for students and teachers
- Implementing information systems to monitor students' skills proficiency, academic progression, and labour market outcomes

**Capacity will also be strengthened at New Life Organisation (NEWLO), the National Training Agency (NTA), the Small Business Development Unit, and other agencies to deliver the skills that are needed to transform our economy and to create opportunities for employment both locally and abroad.** This thrust will also include training our teachers and educators so they can possess the right skillsets to deliver quality education training.

Additionally, Mr. Speaker, provisions have been made to train our youth in coding—a critical skill in many future jobs. An allocation of **\$1.0 million** has been allocated in 2023.

### **Resilient School Infrastructure**

Mr. Speaker, resilient school infrastructure provides a safe and comfortable learning environment for our students and teachers thereby improving learning outcomes. This Administration has prioritised major works on several schools that are expected to be completed in time for the next school term, including the Bishop's College in Carriacou and the Grenada Seventh Day Adventist Comprehensive School in Mt. Rose, St. Patrick.

Mr. Speaker, we will roll out a comprehensive maintenance programme targeting all schools that are in good condition or have been recently rehabilitated or constructed. Government will continue to build out our school infrastructure in 2023, including the rehabilitation and construction of the Convent Grenville Secondary School, the J. W. Fletcher, the Anglican Primary, the Christian Academy, and the St. David's Catholic Secondary School. **The total allocation for school infrastructure in 2023 is \$13.2 million.**

## **Restoring our Public Library**

Mr. Speaker, the future of our children is too important for us to be operating without a public library since 2011. **We will restore the public library into a hub of knowledge, technology, and socialisation for our citizens, especially our youth, to support the transformation of the education sector.** An amount of **\$0.8 million** has been budgeted for the commencement of the Public Library Modernisation Project next year.

## **Access to Education**

Another critical element in the transformation of our education system is ensuring that every child has access, regardless of economic background. **Government will continue to roll out its policy of free education up to the tertiary level.** Moreover, Mr. Speaker, the grants to our schools at various levels have been increased to close the gap arising from the removal of school fees.

## **Food and Nutrition**

Mr. Speaker, in 2023, **we will launch the Healthy Start School Nutrition Programme to reshape and refocus the existing School Feeding Programme.** This Programme will explore synergies in education, health, and agriculture to support the provision of healthful meals, healthy eating in our schools, and a sustained market for locally produced foods and products. An amount of **\$3.5 million** is budgeted for this programme next year.

## **7.3. Youth Empowerment, Sports, and Culture for the Future**

### **7.3.1 Youth Empowerment**

#### **Re-imagining the IMANI Programme**

Mr. Speaker, one of the clear recommendations from our stakeholder consultations on the 2023 Budget is to re-imagine the IMANI Programme on the basis that the current programme is not delivering the desired results. This view is consistent with our position that the existing Programme needs to be transformed to provide more industry-ready training opportunities that will lead to sustainable employment and livelihoods. Primary focus areas include skills in information communication technology (ICT), the creative and entertainment industry, tourism and hospitality, agriculture and agro business, and marine services.

Mr. Speaker, in this regard, this Administration will adopt the following strategic approach in revamping the IMANI Programme:

- 1. The Government will upskill and transition the current IMANIs into sustainable jobs and opportunities, targeting both the public and private sectors.** Private sector employers must be partners in this initiative, sharing the cost of the training and agreeing to pay all trainees normal market rates once the stipulated training period has been satisfactorily completed. In addition, all employers should provide an avenue for full-time employment for every trainee. To be clear, Mr. Speaker, **this Government will not support the exploitation of Grenadian citizens as cheap labour, especially our most vulnerable. An allocation of \$22.8 million has been budgeted for the re-imagining of the IMANI Programme in 2023.**
2. Additionally, Government will strengthen the capacity of the Grenada National Training Agency (NTA) to manage and deliver training to the new cohort of IMANIs in the priority areas. An initial allocation of **\$0.9 million** is provided to the NTA, which will be augmented once the new structure is approved.

Mr. Speaker, these skills will empower our citizens to work at home and abroad and to earn real incomes after the period of training as opposed to a meagre stipend for 5, 10 or more years.

### **7.3.2 Sports**

#### **National Sports Policy**

Mr. Speaker, a whole-of-community approach to the development of our National Sports Policy was adopted, with consultations taking place over a one-month period in all parishes, including Carriacou and Petite Martinique, the Diaspora, and National Federations. The Ministry of Youth, Sports and Culture is preparing a summary of the recommendations for Cabinet approval.

Moreover, a Sports Policy Secretariat was established to support the policy's implementation and physical locations have been identified for the establishment of parish council offices.

#### **Primary School Sports**

Mr. Speaker, **our Government is committed to sports engagement at the primary school level, as a part of the development of lifelong healthy lifestyles.** Coaches

are being assigned to primary schools to support the development of sport programmes that complement the National Physical Education Programme.

In addition, the Learn to Swim, Table Tennis and Cricket programmes at primary schools have all been restarted. In January 2023, the Parish Cricket Competition will be reintroduced for primary schools and, through partnership with the Grenada Cricket Association, a new gender-inclusive grassroots programme for junior cricketers will begin.

## **Sports Tourism**

Mr. Speaker, the Ministry of Youth, Sports, and Culture has been working with the Grenada Tourism Authority to promote Grenada as a sporting destination and has already secured several events for the upcoming calendar year. These include:

- The Rugby 7 World Series Tournament that was held in Grenada this past weekend, from December 2-3, 2022. A total of 32 teams were featured from over 11 countries including Europe, North America, Africa, and the Caribbean.
- The Junior Murray International Schools Cricket Invitational from July 3-14.
- The Grenada Cricket Club Tournament from October 16-23.
- The Grenada Legends Cricket Classics from October 20-23.
- The UK Promotional Cricket Tour in 2023. Engagements continue between the GTA and the Grenada Cricket Association.
- The Grenada Invitational in 2024.

Mr. Speaker, in addition to the foregoing, Government continues to support many athletes who have been visiting Grenada for training in the off season for track and field. These visits reflect significant potential for growth in this sector.

## **Refurbishment of the National Stadium**

Mr. Speaker, an agreement was signed with the People's Republic of China for a major upgrade to the National Stadium, which will commence early in the first quarter of 2023.

The upgrade includes:

- replacement of the two replay screens
- painting of the interior and exterior of the building
- all metal works
- roof repair
- elevator replacement
- re-tiling
- replacement of sound and video equipment,

- camera and surveillance system

Additionally, Government is committed to concluding negotiations regarding the lighting of the stadium. Discussions are underway to solve outstanding bottlenecks with former arrangements and secure a commitment to getting lighting works started by the first half of 2023.

#### **7.4. Women's Empowerment and Gender Equality**

Mr. Speaker, **this Government is committed to gender equality and considers the empowerment of all women and girls as fundamental for resilience, empowerment, and growth.**

In this regard, Mr. Speaker, we have implemented gender responsive budgeting in this year's Budget by incorporating gender considerations in our policies and programmes, such as the inclusion of gender disaggregated impacts of key projects.

##### **Grenada Spotlight Initiative**

This Administration will continue the implementation of the Grenada Spotlight Initiative with the aim of ending family violence and all forms of violence against women. An amount of **\$0.3 million** is provided for the continuation of this Project.

##### **Female Leadership**

Of note, Mr. Speaker, are several appointments of women to high-level positions of governance and leadership during our first five months in office. We are honoured to have the commitment of the youngest female Cabinet Minister in the history of Grenada, **Hon. Kerryne James**; the very first woman as Chairperson of the Fiscal Responsibility Oversight Committee, **Ms. Laurel Bain**; the appointment of Grenada's first female Labour Commissioner, **Mrs. Valerie Thomas**; and the fourth female President of the Senate in the history of Grenada, **Sen. the Hon. Dr. Dessima Williams**.

Mr. Speaker, this Administration will continue to make concerted efforts to promote gender empowerment and equality, not only as a human right but as a prerequisite for sustainable development and the transformation of Grenada.

#### **7.5. Housing Assistance and Community Empowerment**

Mr. Speaker, our Government is committed to making a meaningful difference in our housing sector by providing high quality and sustainable homes and housing opportunities for our citizens, especially for our youth and single-headed households.

**In the past ten years, the former Administration spent in excess of \$100 million on housing support yet, despite these millions, there is nothing substantive to show for the significant sum spent.** Our assessment points to ill-conceived policies and programmes, wastage, and gross mismanagement resulting in little value for money in improving the housing stock of our most vulnerable citizens. As a result, Mr. Speaker, the housing deficit is vast, and many families remain in urgent need of support.

### **Affordable Housing**

Our commitment in this term is to deliver 500 high-quality climate-resilient Grenadian style houses.

Two major initiatives in this Budget cycle include:

- (i) **The Stony Gut Climate-Resilient Housing Development Pilot Project, which aims to construct modern, high-quality climate-resilient, Grenadian-styled homes in Stony Gut, in the parish of St. John.** Construction is expected to start in 2023 and **\$2.5 million** has been budgeted. Mr. Speaker, Government will identify and secure lands in all parishes to roll out these houses.
- (ii) Additionally, Mr. Speaker, **we have allocated \$2.4 million to retrofit and upgrade the affordable houses that have been graciously donated by the People's Republic of China.** We commit to the allocation of the 647 units no later than June of 2023.

Mr. Speaker, allow me to underscore our deep appreciation to the People's Republic of China for fulfilling their commitment to deliver these houses to the Government and people of Grenada. The second phase of the project, which included retrofitting the houses with the necessary amenities for comfortable living—such as closets and kitchen cabinets—was the responsibility of the former Administration and, it is no surprise, Mr. Speaker, that this part of the agreement remains unfulfilled. Our Government has committed to completing the retrofitting of the houses to ensure that families are not moving into homes without cabinets and cupboards to store their belongings.

Moreover, Mr. Speaker, Government will collaborate with the private sector to provide bathroom and toilet and other housing assistance, while we continue to fulfil our

commitment to deliver on the 500 Grenadian-style houses. A sum of **\$11.6 million** is budgeted in this regard.

## **Community Development**

This Administration will seek to revive community development as an integral aspect of our culture. Mr. Speaker, community spirit seems to be a dying tradition that needs urgent resuscitation. To this end, **Government will launch a series of community empowerment and mobilisation initiatives aimed at building community resilience through training, supporting livelihoods and other activities. More than \$0.5 million will be invested in this area in 2023 on a parish needs basis.**

### **7.6. Reimagining Social Protection and Safety Nets and Tackling Poverty**

Mr. Speaker, this Government intends to uplift and protect our most vulnerable through the provision of targeted support and the provision of empowerment tools to become more productive citizens.

Accordingly, our Administration will safeguard existing social protection and safety net programmes and seek to create new innovative approaches to best assist citizens. Importantly, we will work towards improving the targeting and effectiveness of these programmes while streamlining our delivery.

Mr. Speaker, our people have been left out in the rain—both literally and figuratively, by the former Administration—required to stand in long lines to collect social protection benefits. Mr. Speaker, being vulnerable does not mean that a citizen is not worthy of respect. It is for this reason that we are reimagining our social protection and safety nets to ensure that they are sustainable, comprehensive, and effectively implemented to reduce our high levels of poverty and inequality while maintaining the dignity of our less fortunate.

### **Empowering Beneficiaries of the SEED Programme**

Mr. Speaker, **this Government will introduce a cashless system of payment of the Support for Education Empowerment and Development (SEED) benefits to eligible beneficiaries. Our elderly and other beneficiaries will no longer have to stand in long lines at the front of the Treasury and District Revenue Offices.** We have also approached the World Bank for technical assistance to improve the targeting of these benefits to those who are really in need.

Furthermore, this Administration intends to do more than simply provide cash handouts, which keep many of our citizens poor and dependent on the State. We will incorporate new components to empower beneficiaries to graduate from the programme, where applicable. **An allocation of \$18.0 million has been budgeted for the SEED programme.** Moreover, while we work to improve delivery and targeting of social safety nets, Government, in collaboration with local partners, will continue to provide support under the various additional programmes. The Budget for social services in 2023 is \$32.9 million.

## **Unemployment Benefits**

Mr. Speaker, through the National Insurance Board, Government will implement a permanent unemployment benefit insurance programme. This programme will provide cash transfer to workers who are rendered unemployed in the event of a natural disaster, pandemic, or other such shocks.

## **National Insurance Scheme (NIS)**

Mr. Speaker, the current National Insurance Scheme (NIS) is an important pillar in the social protection architecture in this country. Successive NNP Governments have kicked the can down the road as it relates to the tough decisions that will ensure our hard-working citizens are guaranteed a pension when they are no longer able to work.

Mr. Speaker, in the current construct, the NIS will be bankrupt in the next 10-12 years. This is the harsh reality that we face. This Government is prepared to make the tough decisions because we care about our people. Therefore, we will implement the following recommendations of the Actuary next year:

- (i) Increase the pensionable age on a phased basis from 60 to 65, starting with a move to 61 by January 2024.
- (ii) Gradually increase the contribution rate for employers and employees from its current level of 11% to 16% by 2031, starting with an increase in 2023 to 6.5% and 5.5%, a 0.5% increase for employers and employees, respectively.

Furthermore, Government will amend the NIS Act and strengthen the existing system to include protection for children of a deceased insured who are disadvantaged due to the negligence of a parent, and the inclusion of survivors' and maternity benefits for persons who are in common law relationships.

## **Tackling Poverty**

Mr. Speaker, in addition to the foregoing, this Government will implement focused interventions, including through the CDB-funded Basic Needs Trust Fund (BNTF), to target early childhood education and basic water and sanitation facilities, and the Climate Smart Agriculture and Enterprise Development Programme, to target entrepreneurship training and support to build feeder roads. These interventions contribute to poverty reduction by increasing the productivity of low-income households.

Mr. Speaker I now turn to the second of Government's five (5) overarching pillars.

## **8. Pillar 2 – Economic Transformation**

Mr. Speaker, Government's plans for economic transformation embraces private sector-led economic growth and increased productivity. This strategy is hinged on the foundational strengthening of critical infrastructure and policies to allow for the effective evolution of Grenada's approach to business.

Specifically, Government will focus on transforming the following areas in the first Budget year:

- Agriculture, Food and Nutrition Security
- Tourism and Hospitality
- The Creative Economy
- Digital Transformation
- Private Sector Development

### **8.1. Agriculture, Food and Nutrition Security**

Mr. Speaker, improving Grenada's food security has never been more urgent. Global disruptions—such as climate change, paired with the COVID-19 pandemic and Russia's war in Ukraine—continue to negatively impact the production and cost of food, and the efficiency of food supply chains the world over.

A survey conducted by the Caribbean Community (CARICOM) in September 2022 found that, overall, the number of insecure people within the English-Speaking Caribbean has increased by 1.3 million or 46% over the previous six-month period. Notably, nearly 4.1 million people or 57% of the population now face food insecurity.

To combat this worrying reality, the Government will prioritise agriculture, agro processing, and the marine economy. Our allocation of **\$54.3 million** is by far the largest allocation in the past 10 years.

**In 2023, we will roll out a major initiative that will support our farmers and fisherfolk to grow their enterprise and increase local production – thereby reducing our dependence on food imports and ultimately lowering the cost of food.** The Food Security Enhancement Project or FSEP is estimated to cost **\$27 million** to be implemented over a 12-month period. Major initiatives under this Project include:

### **Production Support for Crops, Livestock, Poultry and Fisheries**

Mr. Speaker, Government aims to significantly increase the acreages under production by at least 20 acres. To this end, direct support will be provided to farmers to increase the production of strategic crops – namely white potatoes, cassava, yams, dasheen, corn, and bananas. Government recognises the rising cost of farm inputs and will therefore provide support in the form of land clearing, ploughing, planting materials, fertilisers, farm labour, training, and technical services.

Small scale livestock and poultry producers will receive support to upscale production rates in the form of feed provisions, equipment that incorporates local feed, housing support and training.

Similarly, support will be provided to small scale fishers in the form of fish processing equipment and training, such as filleting and drying; improving fishing catching techniques, such as the use of Fish Aggregating Devices (FADs); the facilitation of access to fishery equipment; and fish storage.

### **Equipment and Training**

We understand the significant investment needed to secure adequate equipment and much-needed training to upgrade agricultural processes. To this end, our Administration will provide support to:

- Enhance Agro processing Facilities through the provision of equipment such as food chippers, dehydrators, and grinders to support the processing of targeted commodities.
- Establish and Support Labour Enterprises by providing training and access to critical equipment such as weed eaters, chain saws and pruners.
- Strengthen Programmes to Combat Praedial Larceny through data collection support; transportation support (motor bikes), training support and enforcement support.

### **Sustainable Practices**

Mr. Speaker, sustainable agricultural practices will be pursued through a number of initiatives, namely:

- the Development of Commercial Composting Centres that will use debris from the Ministry of Infrastructure's Beautification Enhancement Sustainability and Transformation (BEST) Programme as well as organic waste from residential homes.
- the GrenadaGrows project, which seeks to turn organic waste into fertiliser and compost.
- the establishment of Rainwater Harvesting Facilities, which will sustainably support the water needs of approximately 400 small farmers.
- the revitalisation of school gardens through the provision of key inputs such as planting materials, equipment, fertiliser, and training.

## **Storage**

Mr. Speaker, as we seek to increase production on all fronts, the need for the establishment of central storage centres will be necessary. This Administration will answer the call by using ten 40-foot containers to assist in providing storage for farmers' produce. The containers would be retrofitted with solar panels to provide energy and would be located in different parishes.

Additionally, private partnerships will be pursued towards the development of cold storage facilities at the Maurice Bishop International Airport to boost export of fresh fish, fruits, and vegetables.

## **Access**

Improving access roads to farms will also be key as we scale up our agricultural production. Government will achieve this through the grading, draining, and placing of binders on at least 20 critical farm roads.

Mr. Speaker, this Administration will partner with the private sector as far as possible to ensure the sustainability of these initiatives.

Of critical importance, however, is the whole of Government approach that will be pursued in the implementation of this major project. The Food Security Enhancement Project will integrate agriculture, health, and education, including through the Healthy Start School and Nutrition Programme and other programmes.

## **Food Quality and Non-Communicable Diseases**

Mr. Speaker, the quality of our food is an area of grave concern as Non-Communicable Diseases (NCDs), in the form of heart attacks, strokes, diabetes, hypertension and cancers, are the leading cause of premature deaths in the Caribbean and pose a serious threat to Grenada's health and development.

Childhood obesity, too, is an emerging crisis globally and here in the Caribbean, where 1 in 3 children are overweight or obese. These staggering numbers threaten to undermine the health of entire generations if bold policy and legislative actions are not taken to create environments that help us to live longer, healthier lives.

This Administration understands that some decisions taken for the betterment of our people may not be the popular decision, but we are prepared to make the tough choices for the greater good. To further support our push to promote healthy eating and lifestyles and fight against NCDs such as diabetes and hypertension, effective February 1, 2023, Government will increase the Value Added Tax (VAT) on carbonated beverages, soft drinks/sodas, and drinks with added sugar from 15% to 20%. We will also remove sugar from the VAT Zero-rated list with effect from the same date.

The forgoing, Mr. Speaker, seeks to transform our approach to nutrition as a nation and encourage conversation on the source and quality of our foods and the detrimental impacts of popular food additives, such as excessive sugar.

## **8.2. Enhancing the Tourism and Hospitality Sector**

Tourism and Hospitality continue to be an important economic driver and a priority area for Government.

Mr. Speaker, it is said that first impressions are the most lasting. Therefore, as we seek to enhance our product and improve the experience that we provide to visitors, services at our international airport and various seaports will be upgraded to the highest hospitality standards to ensure that our guests leave with a positive impression of their welcome to Pure Grenada, the Spice of the Caribbean.

### **Ease of Travel**

Additionally, efforts are actively being pursued to streamline the immigration processes at our points of entry. The goal, Mr. Speaker, is to have every visitor complete the immigration process in five (5) minutes or less. To date, we have successfully removed the Embarkation-Disembarkation Card – or ED Card – for passengers leaving our shores and implemented a digital Border Management System (BMS); airport fees were removed

for residents of Carriacou and Petite Martinique travelling to Grenada; and a kiosk machine has been installed at the Harvey Vale Ferry Terminal in Carriacou.

Mr. Speaker, plans for the next six months include:

- The procurement of an additional 10 kiosks for our air and seaports.
- Upgrading existing kiosks to process passports of other nationalities, in addition to the Grenadian passport.
- Removal of the ED Card upon arrival at the airport.
- Online payment of passport fees and other related fees.
- Online processing of passport applications.
- Implementation of eVisas.
- Integration of Passengers Name Record (PNR) and Artificial Intelligence (AI) into the Border Management System to aid in processing passengers before arrival.

## **Sustainable Tourism**

Mr. Speaker, as we seek to increase visitors to our shores and improve the quality of their stay, we are also mindful of the potentially damaging effects of tourism. In this regard, Government is committed to pursuing a sustainable future for our tourism product. We will work with the Grenada Tourism Authority (GTA) and our partners to capitalise on the unique and naturally wholesome aspects of Grenada, as a safe and eco-friendly destination.

Our island home is blessed to be amongst the safest nations in the region, and indeed the world, with very low incidences of crime. The pristine beauty of our natural attractions, paired with our rich resources of flora and fauna add to our allure as an “unspoilt” destination and makes Grenada an ideal rejuvenation location for many, providing a plethora of opportunities to connect with nature.

Mr. Speaker, health and wellness in the tourism sector has been thriving in recent years and Grenada, Carriacou and Petite Martinique is uniquely positioned to tap into this market. The medicinal properties of our spices and our growing organic chocolate industry also marries well with this new thrust. Sports Tourism and Rehabilitation, too, will continue to be a focus for Government as we seek to provide an idyllic location for training and recovery.

As a small island state, with limited resources, it is imperative that we embrace a sustainable approach to our tourism offerings to ensure that future generations of Grenadians, and visitors alike, can enjoy the wonders that exist today.

To this end, Government will also pursue Community-Based Tourism as an alternative to the typical sun, sea, and sand experience. Community tourism facilitates experiential learning where visitors and the host population can share knowledge and skills, resulting in mutual respect and benefits for both parties.

This Administration will continue to promote several initiatives throughout the year that seek to improve awareness and consciousness on the importance and benefits of sustainable tourism in our communities, including revamping the Awareness Programme at the Primary School level and increasing partnerships with tourism stakeholders.

## **Market Performance**

Mr. Speaker, as it stands, Grenada has been performing well in two of its major source markets. The USA has the strongest arrivals at 61% market share, exceeding 2019. The UK Market makes up 18% of our market share and is the second largest source market. Our performance for the period September to December exceed 2019, which is our benchmark year.

As of October 2019, compared to October of this year, 2022, data reflects an increase of 20% for the UK market. However, overall, the destination has seen an 6% increase in visitor arrivals for October 2022 versus October 2019. Mr. Speaker, preliminary data for November 2022 indicates that there is approximately a 14% increase in total passengers when compared to the same period in 2019.

Several initiatives have been identified to ensure the continued growth of our destination:

## **Increased Airlift**

Mr. Speaker, Government is committed to working with international and regional partners to secure adequate airlift, to include air cargo, to Grenada. Since entering office, we have successfully finalised agreements with international and regional carriers that include:

- Twin Otter Aircraft Service between St. Vincent, Carriacou, and Grenada
- Year-round flights from Toronto to Grenada on Sunwing Airlines
- Weekly direct flights from Germany to Grenada on Condor Airlines
- An Additional flight from the United Kingdom to Grenada on British Airways
- Daily flight service from Trinidad and Tobago to Grenada on Caribbean Airlines

Additional negotiations are currently underway as Government seeks to expeditiously expand and augment air connectivity arrangements for the benefit of our citizens,

business partners and visitors. An allocation of **\$13.5 million** is made to support cargo and passenger airlift in this Budget.

### **Management of National Quality Standards in the Tourism Industry**

Mr. Speaker, work will continue to ensure our stakeholders are equipped to operate successful businesses within our tourism industry through continued training, accommodation audits and inspections and through building public awareness among tourism stakeholders on the licensing and certification requirement under the GTA Act. This is necessary to ensure standards are maintained in the tourism industry thus keeping the destination competitive.

### **Product Enhancement, Diversification and Development**

Mr. Speaker, as part of this Administration's commitment to develop rural communities, we will continue to support the development and enhancement of community and rural tourism initiatives to ensure delivery of export ready products and events.

Programmes with a focus on product enhancement, such as cultural development, including the declaration of heritage sites, and the development of tourism products with a regeneration approach, will drive the work of the Ministry of Tourism and GTA during 2023. These efforts will ensure that Grenada's offerings are adding value, are able to meet international standards, and are adaptable to the demands of the evolving visitor profile and trends.

### **Tourism Competitiveness**

Mr. Speaker, work on the OECS Regional Tourism Competitiveness Project, which features rehabilitation work on Fort George, will begin next month. It is worth mentioning, Mr. Speaker, that **this Tourism Project is almost six years old and, of the US\$6 million loan secured for this project, only US\$0.6 million has been spent since 2020.** Mr. Speaker, a 10% implementation rate in 6 six years.

**In less than six months, this Administration was able to resolve the problems and signed the contract so that works can start on these attraction sites to help boost our tourism product.** Due to the delay, the cost of the project has increased from **US\$6 million** to **US\$7.5 million**. Mr. Speaker, this is why we need a Ministry of Implementation.

Additionally, the rejuvenation of the Underwater Sculpture Park and the Enhancement of the Grand Etang Shoreline Trail will commence during the first quarter of 2023.

## Nautical Development

Mr. Speaker, we will continue to engage in activities that will develop Grenada's nautical tourism marketing potential. This will be done through collaboration with the public and private sectors in the execution of yachting/sailing, cruise, dive and sportfishing events and activities.

The foregoing, Mr. Speaker, will allow for substantial growth of our destination and provide the foundations needed to chart the way forward in producing a sustainable tourism product.

### 8.3. Jumpstarting the Creative Economy

Mr. Speaker, the Creative Industries is fast becoming a new engine of growth and development in several Caribbean nations. This dynamic sector, which ranges from traditional arts to multimedia, has been an important driver of innovation and productivity growth. Present studies argue that the Creative Industries can become a pillar for economic diversification and export growth in the Caribbean as this industry allows Governments to leverage the abundant talent and skill of Caribbean people and domestic capital to produce competitive products and services. In addition, the sector is comparatively labour intensive and can, therefore, help to alleviate the chronic unemployment problem in the Caribbean.

The Creative Economy – which comprises creative industries such as advertising, fashion, design, performing and visual arts, photography, music, architecture, film, podcasts, and computer programming – are the lifeblood of the creative economy. **Valued at over two trillion dollars in 2019, the sector contributes just over 6.1% to the global gross domestic product (GDP), averaging between 2% and 7% of national GDPs around the world.** The creative economy is not only one of the most rapidly growing sectors of the world economy, but also highly transformative in terms of income generation, job creation and export earnings.

#### Development of a National Cultural and Creative Industry Policy and Strategy

Mr. Speaker, this Administration is in the process of laying a solid foundation to ensure the success of the Creative Economy in the years ahead. As such we will invest in the development of a National Cultural and Creative Industry Policy and Strategy. This strategy will outline a 5-to-10-year roadmap for the sector's development.

## **Establishment of the Creative Industries Development Fund**

Mr. Speaker we have listened to the creative community and understand the challenges they face with funding their businesses and ideas. **Thorough the establishment of Grenada's first-ever Creative Industries Development Fund, we will invest in registered creative businesses that are focused on the global export of products, services and content.**

## **Special Fiscal Incentives**

Of note, in this first year, Mr. Speaker, is the implementation of **special fiscal incentives for the Creative Industry including 100% concessions on CET and VAT for selected equipment for 12 months, starting February 1, 2023.**

## **Establishment of the Grenada Office of Creative Affairs (GOCA)**

Mr. Speaker, this office will be a critical institution for driving the development of the industry. It will be the administrative home for the Creative Industries and will champion, connect, support and invest in creative people and businesses.

Additionally, in the coming months, we will initiate a series of activities to support our commitment to the Creative Economy. These include:

- A Research Project to map the Creative Economy
- Launch of the Creative Industries Registry and Business Networking Platform
- A Cultural Industry Symposium

## **8.4. Digital Transformation**

Mr. Speaker for the past 15 years Grenada has held the position of Information and Communication Technology (ICT) lead for CARICOM. A position that should have demonstrated our capacity as a nation to lead the region in terms of ICT and technology. However, as was the case in many instances, this opportunity was squandered, and sadly Grenada has been left behind in terms of technology adoption while most of our regional brothers and sisters have forged ahead.

Mr. Speaker, upon assuming Office, we were taken aback by the lack of structure and human capacity in the ICT Ministry. Not only was the department grossly understaffed and under resourced, but there was a clear misunderstanding, or lack of understanding, as to what the role of the ICT Ministry should be.

Mr. Speaker, allow me to quote a comment from one of the staff members within the Ministry: "ICT was viewed as the department to be called upon for fixing computers and printers."

This lack of understanding, will, and vision led to the poor implementation of many externally funded projects, which were directed at building our ICT and technological capacity. Lack of implementation, Mr. Speaker, seemed to be the order of business for the past Administration. Despite the dedication of much lip service towards technology and ICT over the years, the NNP Administration clearly missed the mark.

ICT and digital technology are central to our transformation agenda. These elements are critical for enhancing the productivity of all sectors of the economy and, when used effectively, will directly aid in reducing poverty, extending health services, expanding educational opportunities, expanding career opportunities, and generally improving the quality of life of the citizens of this country.

### **Digital Transformation Programme**

Mr. Speaker, our Government has taken the necessary steps to strengthen the technical capacity of the ICT Ministry and arrest the implementation deficit. In January 2023, we will officially launch our Digital Transformation Programme or DTP. A comprehensive programme designed to lay the foundation for a digital society.

The first component of the DTP will strengthen the frameworks that allow for the modernisation of public service delivery across the whole-of-Government. The objective of this component, Mr. Speaker, is to establish the technical, institutional, legal, and regulatory foundations that constitute the enabling environment to institutionalise digital Government.

The second component will leverage upon the first component and will enable the digital environment to adopt technologies that will deliver a group of selected, high-priority services to citizens.

The third and final component will introduce a comprehensive package of educational and training initiatives that will prepare public officers and citizens to efficiently function and be productive in this new transformative digital paradigm.

Mr. Speaker, a few of the key programmes under this initiative include:

- Revamping the Tax Administration System, into a new system that would give citizens the ability to access core tax services and allow Government to perform core tax administrative processes in a digital environment that is accessible online.
- The passage of three foundational pieces of legislation to enable digital transformation, namely: the Data Protection Bill, the Electronic Communications Bill, and the Payment Systems and Services Bill.
- The digitisation of critical public records in the Public Library, hospital, and the Public Service Commission Archives, through the identification and conversion of paper documents for digital storage.
- The creation of a services platform so that citizens can apply and pay for services online. This will be enhanced by the development and enablement of a simple single sign-on platform that will allow citizens to access these Government services. Additionally, the number of services that citizens can pay for using the pay.gov.gd platform will be increased to at least 20.
- Increasing public access to the internet through the expansion of free Wi-Fi hubs in selected sporting facilities and tourism sites and all community centers.
- Launch of a Digital Literacy Programme that will prepare public officers and citizens to efficiently function and be productive in this new transformative digital reality. In this regard, Mr. Speaker, a massive change management strategy involving systematic and targeted training initiatives will be rolled out. Citizens and employees will be encouraged to participate in several online and offline digital training initiatives in the coming year. The expectation is that at least 2,500 individuals will participate in online digital enhancement courses by August 2023.
- Strengthening our Cyber Security Programme to include the construction of a national Cyber Security Agency in Grenada. The building designs and required technical specifications for this agency are already on the way.

The foregoing represents our recognition of the need to implement new digital policies. Mr. Speaker, it is necessary to ensure that our human resource capacity is well equipped to function in the economies of the future.

## **8.5. Promoting Private Sector Development**

Mr. Speaker, the private sector is our engine of growth and prosperity. It is therefore crucially important that we support our businesses and put the necessary frameworks in place to facilitate an environment for sustainable growth. In this regard, Government will address several critical areas next year as we seek to improve transparency, streamline processes, and enhance relationships within the business sector.

### **Review of the Incentives Regime**

Mr. Speaker, in the past 11 months, Government has provided incentives support, mainly to the private sector, in excess of **\$200 million**. Since its introduction in 2016, the current incentive regime has worked well in providing much-needed support to help the private sector grow and flourish. However, there is certainly room for improvement.

We have heard the calls to level the playing field and Government also recognises the need to align the incentives regime to support our transformation agenda. In this regard, we will establish a technical working group to review the current regime and make recommendations to the Cabinet for improvement by end June 2023.

Meanwhile, Government will continue to provide incentive support to drive economic growth and development and support economic diversification and resilience building.

Accordingly, the Micro, Small and Medium-sized Enterprises (MSME) Support Programme, which provides concessions on critical equipment, building materials and a vehicle to support business operations, will be extended for a further six (6) months from January 1, 2023.

### **Small Business Incubator Pilot**

Mr. Speaker, one of the many useful recommendations from our community consultations called for the establishment of a centralised location that can provide handholding services to MSME start-ups and growth stage companies. In this context, we are actively pursuing the establishment of small business incubators in strategic locations across the country, with a special focus on the rural areas.

These incubators will provide essential services and training to increase the likelihood of success of these MSMEs, thereby facilitating employment creation and economic growth.

Importantly, Government will pursue partnerships with the private sector to deliver this support effectively and efficiently, thereby bolstering private sector contributions to growth and employment.

## **Access to Financing**

Mr. Speaker, this Administration recognises the critical role of Government in providing the enabling environment for businesses to thrive. As a priority, we have already begun to address the constraints faced by MSMEs in accessing finance.

It is for this reason, we refocused the COVID-19 Stimulus Project to support small and micro businesses. As I mentioned earlier, Mr. Speaker, since we launched the third phase of the Project in October, we have provided support to **308 beneficiaries** throughout the State of Grenada, mainly in agriculture and fishing, at a cost of **\$4.5 million**. Mr. Speaker, Government will review the Stimulus Package in January, with a view to providing extended support, if needed.

That aside, Government will continue to provide financing support in the form of grants and loans, via the Grenada Development Bank (GDB) and the Rural Development Unit (RDU) to facilitate the creation of new businesses and the expansion of existing ones.

In excess of **\$15 million** is available for direct financial support to MSMEs next year.

## **Other Supportive Infrastructure for Private Sector Development**

### **Ease of Doing Business Reforms**

Mr. Speaker, in addition to updating the Incentives Regime, Government will pursue strategic reforms to improve the business and investment climate. These include:

- (i) Streamlining business procedures at the Grenada Investment Development Corporation.
- (ii) This Administration will provide further ease to our new and aspiring entrepreneurs by reducing the governmental fees required to start a business from \$1,200 to \$600. Moreover, Government will move to drop the non-contentious fee charged by lawyers to form a company from \$2,500 to \$600, resulting in savings of \$2,500 on the total amount required to start a company in the State of Grenada.
- (iii) Improving cross border trade and making it easier to pay taxes. The Customs and Excise Department in collaboration with other stakeholders, such as the Grenada Ports Authority, will introduce online payment of duties and streamline procedures for imports and exports starting with the St. George's Port.

- (iv) Mr. Speaker, Government has already implemented measures to improve the operations of the Physical Planning Development Authority, to reduce the significant backlog of construction permits and to drastically reduce the processing time.

## **Bolstering Trade**

Mr. Speaker, **the value of goods exported over the last 5 years averaged only US\$34 million compared to a goods import bill of US\$400 million.** Increasing exports of our locally grown foods is paramount in driving growth, employment, and foreign exchange.

Our Administration recognises the power of trade as a catalyst for social and economic development and intends to strengthen existing trade relationships and build new ones that provide opportunities for growth and development, and the creation of sustainable jobs.

To this end, Government is pursuing the following two major initiatives:

- (I) Enhancing exports through the Strengthening of the Grenada Bureau of Standards Project. The objective of this major project is to facilitate market access and enhance the competitiveness of Grenada's food exports by providing the necessary conformity assessment services to ensure compliance with food safety regulations. Furthermore, the project will enhance our national quality infrastructure to improve the food safety control system, including the construction of new laboratory facilities at Queen's Park, St. George. Construction works on the new laboratory facilities will commence in January of next year. An amount of **\$2.3 million** is provided in this Budget.
- (II) The EU-CSME-CDB-funded Agri Food Sector Development and Strengthening of the National Food Safety System Project. This project will see the development of capacities in Hazard Analysis and Critical Control Points or HACCP compliance as well as training to support the exportation of fresh produce.

Additionally, Mr. Speaker, we continue to advocate for strengthened regional systems of trade. We are yet to truly capitalise on the many far-reaching benefits of intra-OECS trade in goods and services. Government will move purposefully to identify the national bureaucratic requirements that hinder the ease of movement through the OECS Economic Union with a view to addressing these matters.

## **Reimagining the Grenada Investment Development Corporation**

Despite a challenging domestic and international business environment, crippled with price increases and logistical handicaps, investment interest in Grenada continues.

The new Strategic Plan for the Grenada Investment Development Corporation (GIDC) will focus the organisation on investment targeting as this is deemed a key strategy to positioning Grenada as an ideal investment location in support of our transformational agenda.

While being aware of the MSME sector's importance, the GIDC will continue to play a critical role in fostering entrepreneurship among youth with emphasis on students. Efforts will also continue to foster creativity and innovation among entrepreneurs.

Mr. Speaker, a major initiative of the GIDC in 2023 is the commencement of the reconstruction of Building 10 within the Frequente Industrial Park, which was destroyed by fire in 2018. The destroyed building, which measured twenty thousand square feet (20,000 sq. ft.), will be replaced by a building with double capacity, comprising two floors. The demand for the additional space is extremely high, with discussions ongoing with a potential anchor tenant. Construction will start next year, and the new building will be delivered within 12-18 months.

## **9. Pillar 3 - Governance and Institutional Rebuilding**

Mr. Speaker, this Administration will seek to right many of the wrongs that have kept our institutions, and by extension several critical projects and programmes, unable to move forward. Weak governance and a disregard for the rights and significant contributions of public servants have resulted in a workforce that is understandably demotivated and unproductive.

This Government stands by our commitment to raise the quality of life for all Grenadians, and we intend to do so in a just and sustainable manner.

Under Pillar 3, I will speak to the following priority areas:

- Public Service Transformation and Pension Reform
- Labour Relations
- Occupational Safety and Health
- Oversight of State Bodies
- The Judiciary

- National Security and Safety
- Economic Management
- Carriacou and Petite Martinique Affairs
- Citizenship By Investment Frameworks
- More Effective Government

### **9.1. Transforming the Public Service and Pension Reform**

Mr. Speaker, to realise our developmental aspirations, transforming the public sector is an absolute necessity. This imperative has arisen due to the many areas of weaknesses that we have inherited, including the absence of critical staffing in Ministries such as Agriculture, Health, Education, Infrastructure, among others.

Mr. Speaker, this Administration is committed to forthrightly addressing the current challenges of the public service. The past Administration created a dysfunctional, parallel public service system that has resulted in low morale, low productivity, and a culture of widespread disenchantment. The problems created are complex and far reaching and needs a systematic and well sequenced approach to resolution. Our goal is to ensure that we have the right number of public officers with the right skill sets and aptitude to provide the highest standard of service to the public.

Accordingly, there will be several pathways to regularisation of Government employees; a process that will be led by the Department of Public Administration, including:

1. Regularising unestablished workers with a view to making them permanent.
2. Addressing the confirmation of employees who have been acting in vacant positions for over five years.
3. Regularising workers on various forms of contracts, with a view to making them permanent.
4. Tackling the transition of the IMANI trainees, who have been working in the public sector, into sustainable jobs.

I wish to note however that regularisation will not be automatic and that the assessment of the core functions of ministries and departments along with the satisfactory performance of workers will be critical to the regularisation process.

Mr. Speaker, we wish to reiterate that reform of the existing pension arrangements must go hand in hand with staff regularisation. This is not a recantation of our Administration's

promises.

Mr. Speaker, the people of Grenada, Carriacou and Petite Martinique did not only vote us into to Office to pay the pension but, among other things, to manage the economy well. To secure the future of this country, pension reform is quintessential – a must. In this regard, we have established a five-member Committee chaired by Economist Dr Curlan Gilchrist and comprising of key stakeholders with a mandate to devise a new Pension Regime for all employees who will join the Public Service after January 2024.

Mr. Speaker, in the interest of transparency and collaboration, we have invited the Trade Unions Council to nominate a representative to serve on the Committee. While they have not done so to date, we remain hopeful a representative will be appointed in short order.

## **9.2. Modernising Labour Relations**

Government is committed to the development of a strong and resilient labour market and industrial relation services to support the growth generation and the creation of wealth for all.

As we emerge from the challenges imposed by the COVID-19 pandemic, we understand that the work dynamic for many has changed, allowing for more flexible work hours, and increased online productivity. The development of the Creative Economy, too, will facilitate more online jobs for our people.

As such, the Department of Labour has embarked on an ambitious programme of change and has taken concrete steps to improve our Labour Relation System.

In 2023, we will see the commissioning of:

1. An employment agency and the implementation of a register of employers seeking workers and workers seeking employment;
2. A revised labour code with special emphasis on the implementation of a permanent disputes' resolution tribunal.
3. The implementation of a Labour Migration Management System.
4. The strengthening of the Work Permit programme with legislative review and enhanced workplace inspection.
5. The conduct of Labour Market analysis surveys.
6. Capacity strengthening of the Ministry of Labour's human resources, specifically filling mission-critical positions and the provision of specialised training.

7. The increased accessibility of the Ministry of Labour's digital and physical services, to include outreach offices in the town of St. George.
8. The amendment to the Minimum Wage Order.

### **9.3. Occupational Safety and Health**

Mr. Speaker, we have inherited a major problem with the health and safety of Government offices and buildings, including the Financial Complex Building, the Ministerial Complex, and the Ministry of Education Building. Several of our schools and medical facilities are also adversely affected. For various reasons, including lack of proper maintenance and poor planning, most of these buildings are experiencing major mould infestation, water leakages, and the non-functioning of critical services, such as elevators and air conditioning units. To be frank, Mr. Speaker, some of these buildings are not fit for human occupation. Compounding the situation is the fact that a comprehensive listing of all Government assets does not exist, including the buildings that we own.

The current state of Government buildings is not only affecting the health and safety of our workers and citizens but has also become a contributor to low productivity in the workplace. Mr. Speaker, our workers and citizens deserve better.

A rough estimate suggests that we will need about **\$200 million** to tackle this problem. Given the huge fiscal cost, and the need to keep Government up and running, we will adopt a three-pronged approach to solving the Occupational Safety and Health (OSH) issues that we are currently confronting. This includes:

- (I) A major project targeting the rehabilitation and modernisation of Government buildings, including the incorporation of climate smart and renewable energy technologies. Government is pleased to report that the World Bank has agreed in principle to provide **US\$30 million** in highly concessional funding to support the work needed to address the renovation and improvement of public buildings. Work on the Financial Complex will start next year.
- (II) Greater use of technology and the use of flexible approaches to work, including remote work.
- (III) Rental of office space, where other approaches are not feasible. Mr. Speaker, as it stands, Government spends more than **\$3.5 million** in the rental of office spaces. Unavoidably, this cost will increase in the next few years before we can begin to bring it down.

Aside from the strategy to address the OSH matter, we will develop a comprehensive registry of Government assets and mobilise the additional financial resources, including through public private partnerships (PPPs), to modernise and better manage Government's assets moving forward.

#### **9.4. Restructuring and Strengthening State Bodies**

Mr. Speaker, there are currently over 30 state bodies, comprising statutory bodies, state-owned enterprises, and commissions. Between January to September of this year, subventions to these state bodies were more than **\$30 million**. Annex 6 to the published version of this Statement provides information on the performance of most of these state bodies.

Mr. Speaker, we wish to commend the prior Administration for their efforts in strengthening the financial and operational performance of these bodies in recent years. That said, there is significant room for improvement and a more fundamental reformation of these bodies to improve efficiency and reduce fiscal risks. For example, many state bodies are performing roles that can be better executed by the private sector. Government's role is not to actively compete with the private sector but to facilitate and intervene when there is market failure.

Accordingly, we will undertake a comprehensive review of all state bodies to rationalise and optimise them with a view to firstly improve delivery of public services and secondly, reduce duplications and wastage. Mr. Speaker, Government will actively pursue private sector involvement in improving the operational and financial performance of all state bodies in the delivery of quality services

#### **9.5. Prioritising the Judiciary**

Mr. Speaker, unfortunately years of neglect have left our court system in a deplorable state. The recent case involving convicted killer Alexander Clark is one clear example of the lack of priority by the past Government to the administration of justice.

Mr. Speaker, this Administration reaffirms its commitment to Sustainable Development Goal 16, which deals with access to justice for all. To this end, Government has demonstrated its tangible commitment to improving the Judiciary of Grenada recognising it as a co-equal arm of the state.

The Supreme Court Registry is being equipped with the tools to improve efficiency within its operations with a focus on the Deeds and Lands Registry, Mediation, and the Court Reporting Unit.

- A focus on moving towards a fully digital platform, particularly within the Deeds and Land Registry to facilitate direct and remote access to registry records for a prescribed fee. To lead and manage this process, Government has taken the bold step of creating the post of Deputy Registrar Deeds and Land Registry.
- The relocation of the Court Registry Vault into a healthy and safe environment for employees and users. The new location will protect Grenada's repository of legal documents with significant legacy implications.
- Strengthening the Court Reporting Unit by increasing human resources and certifying a group of court reporters to:
  - Reduce the existing backlog with a goal to completely eradicate in 2023
  - Equip the Unit to resume preparation of civil transcripts
  - Significantly reduce the time taken to produce transcripts
  - Equip Grenadians with the tools to provide transcription services locally and regionally
  - A resultant reduction in the disposition time for matters before the Court of Appeal.
- The relocation of the Court Connected Mediation Unit to the CLICO Building to allow for the housing of the Supreme Court functions into one single space for better administrative effectiveness and improved service delivery.

In addition, the relocation of the Ministry of Legal Affairs into a stable and healthy work environment is critical to the support of our judicial and legal services. Government will build the capacity of the legal system through the filling of crucial legal vacancies and resource the Ministry with specialised legal skills sets to support our transformative agenda.

Of critical importance, therefore, is the construction of a state-of-the-art Halls of Justice at Mt. Wheldale. Mr. Speaker, consistent with our goal of building resilient infrastructure, the Halls of Justice will incorporate environmentally friendly and renewable energy technologies. An allocation of **\$3.0 million** is budgeted for the commencement of Phase 1 of this important project which would include designs and other preparatory works. This project is key to transforming the judiciary and will reduce significant sums currently paid for rental of buildings to house the courts, and registry.

## 9.6. National Security and Safety

Mr. Speaker, it is easy to take the fact that we are one of the safest countries in the region for granted, but we must guard against this. The safety and security of our citizens and visitors alike is of utmost importance and priority.

In this context, the recent spate of armed robberies is a cause for great concern for all Grenadians and we commend the Royal Grenada Police Force (RGPF) for their promptness in solving these crimes.

Mr. Speaker, over the years, the human resources of the RGPF and Prison Service have been seriously depleted, and little was done to address this deficit. Our Administration will provide the necessary human and material resources for the efficient functioning of our national security systems. In fact, **70 new recruits will be taken on board in the RGPF while approval is granted to fill critical positions in the Prison Service that were previously frozen.**

### Fire Prevention Services

Mr. Speaker, our Fire Department is not equipped to deal with the many fires we experience yearly. Part of the problem is due to our road infrastructure, which does not allow the current fleet of fire tenders to access the fires. The other major problem is the lack of adequate firefighting equipment to service the entire country.

**Through the Supplementary Estimates Budget, we have purchased a fire tender for Carriacou, which should arrive on the sister isle in January 2023. Moreover, Mr. Speaker, we have allocated \$2.7 million to acquire 3 fire tenders to service Grenada's western and eastern corridors.**

### Surveillance and Data and Protection

Mr. Speaker, national security and its protection are significantly affected by digitalisation and the technological revolution. The management and utilisation of data has therefore become increasingly important as a strategic resource.

To this end, Mr. Speaker, the RGPF will aggressively pursue technology and digitisation to better monitor and protect our data and knowledge capital. Plans for the coming year include the computerisation of the Police Force, and the implementation of a public CCTV system, which will help monitor hotspots for crime, case investigations, and the provision of evidence.

Mr. Speaker, the regional CariSECURE 2.0 project will also improve our national capacity for crime reduction. The project, which works at the regional, national, and community levels in Barbados; St. Vincent and the Grenadines; and Grenada, will reduce and respond to youth involvement in crime and violence by continuing to build national capacities for evidence-based decision-making among stakeholders in the youth sector.

### **9.7. Strengthening Economic Management**

Mr. Speaker, it is important that Government addresses the critical subject of strengthening economic management within the context of our transformation agenda.

Since taking office, we have managed the economy well. Through our policies, including the paying of the retroactive pension and gratuity, the estimated economic growth this year will almost double.

We have kept inflation from spiralling out of control. **Our inflation rate of 5.5% for this year is one of the lowest in the region.**

We have arrested what was a sharply deteriorating industrial climate and our policies have strengthened business confidence. Mr. Speaker, all this from a team that the former Administration said had no experience.

Mr. Speaker, Government is committed to building a robust economic management system. Underpinning this system is our fiscal responsibility framework. With the support of our development partners, we will improve the current framework to ensure that it supports our transformation agenda while simultaneously reinforcing fiscal and debt sustainability. The new framework will take effect in the 2024 Budget cycle.

### **Tax Administration**

Mr. Speaker, in addition to digitisation of the tax system, we are also mindful that a good tax administration system is one that is equitable, efficient and growth friendly. Therefore, we will take steps to improve the administration and collection of existing taxes and over time and simplify and reduce the number of taxes.

### **Property Tax Reform**

Mr. Speaker, to also transition into the new tax system, the Inland Revenue Department (IRD) will undertake a mass revaluation of properties in 2023. The new property values will be implemented in 2024. It is important to note that the revaluation of properties does not necessarily mean higher property taxes, as the Minister can vary current rates to achieve revenue neutrality. The revaluation exercise will allow the Government to

implement a more progressive property tax system, however.

To improve compliance in this area, the IRD will implement a pilot that will allow public officers to pay their property taxes through monthly deductions. This service will also be extended to private sector firms. The initiative will reduce the burden of having to find all the resources at one point in time when the tax deadline comes around.

### **Tax Amnesty**

Mr. Speaker, the current stock of tax arrears is in excess of \$600 million. The truth of the matter is some of us have not been paying our fair share to support national development. This Government desires to build a sense of national identity and a culture of meeting our obligations to the State.

To prepare for this transition, we will implement the following compliance strategy:

- Effective January 2023, we will implement a tax amnesty for the next 12 months that will waive 100% of all interest and penalties for all arrears up to December 2021.

Mr. Speaker, to halt the further accumulation of arrears, all arrears for 2022 onwards will be strictly enforced pursuant to the Tax Administration Act, including the requirement of tax clearance certificates to travel, to access loans from financial institutions, garnishees, et cetera. The IRD will be allowed to act without political interference from Government, contrary to what obtained in the past.

### **Increasing the Transparency of the CBI Receipts**

Mr. Speaker, as it pertains to Citizenship by Investment (CBI) receipts, this Administration will take steps to improve the transparency and operations of the CBI programme.

Currently, there are three sources of receipts from the CBI programme, namely:

- (i) fees associated with investment into an approved CBI project
- (ii) contributions into the National Transformation Fund (NTF)
- (iii) other fees, including application and processing fees.

Effective January 2023, all CBI revenues will be reported as non-tax revenues. Government will amend the NTF regulation to set aside at least 10% of receipts from contributions into the NTF, specifically for post disaster financing, to be managed by the Eastern Caribbean Central Bank. Government will earmark the remaining 90% of NTF receipts for transformative capital projects as identified by a Cabinet appointed committee. **It is envisaged that the NTF funds will finance impactful projects of national interest that can make a marked difference in the lives of all**

**Grenadians, such as the construction of our state-of-the-art teaching hospital or our technologically advanced public library.**

Mr. Speaker, CBI has been a major revenue earner for Government and continues to play an integral part in our economic and fiscal architecture.

Investment Migration, which includes CBI and Residency by Investment (RBI), is estimated to be a US\$20 Billion industry. The Government of Grenada will be moving purposefully and systematically to strengthen and market our CBI programme and NTF to ensure that we prudently grow our market share.

Very mindful of the headwinds for the Investment Migration Sector, **Government is fully committed to working with all stakeholders to adapt and/or develop the necessary standards, regulations, and internal control systems to reduce the risk profile of the sector and mitigate existing risks on an on-going basis.** In addition, we will continue our partnerships with the relevant entities in the United States and the European Union to strengthen due diligence processes.

The foregoing will ensure that the programme is transparent, safe, and sustainable with tangible benefits to the people of our Nation.

**Procurement Reform**

Mr. Speaker, to tackle the chronic low implementation rate of projects and programmes, procurement reform is key. In 2023, Government will undertake a comprehensive review of the current procurement process following which an action plan for improving effectiveness, transparency and accountability in the procurement process will be rolled out.

The World Bank has given its commitment to support this important reform through technical assistance, training, and hands-on support. One of the key areas identified is training for the construction industry, to build our capacity in bidding for externally funded projects.

**Increasing Expenditure Efficiency**

Mr. Speaker, increasing the efficiency of public spending will create additional fiscal space to support our transformational agenda. Therefore, Government will appoint an expenditure efficiency task force, comprising the public and private sector with support from the Ministry of Mobilisation, Implementation and Transformation to tackle wastage in the system and improve efficiency in public spending.

In terms of low hanging fruits, in 2023 Government will:

- Limit overseas travel to below the pre-COVID 2019 level. Moreover, most travel will be funded by donor or third-party funding.
- Develop a policy for the procurement, maintenance, and disposal of Government vehicles.
- Cut spending on office supplies and materials by 25% from 2022 levels.
- Prohibit printing of documents over five (5) pages, with a view to eliminating all printing in one (1) year.

### **9.8. Reinvigorating the Economy of Carriacou and Petite Martinique**

Mr. Speaker, the transformation of Carriacou and Petite Martinique is an integral part of our transformational agenda. Our goal is to deliver the same level of services on our sister isles as enjoyed on the mainland in Grenada.

There are significant opportunities for socio-economic development in both Carriacou and Petite Martinique, given the rich natural and human resources, coupled with the deep-rooted traditions of the islands.

As a demonstration of our commitment, we are pumping significantly more resources into the sister isles. A sum of **\$22.8 million**, an increase of **\$3.3 million** over last year is provided in the 2023 Budget.

Some of the key interventions for 2023 include:

- Commencement of work on the Climate Smart Carriacou Ministerial Complex – **EC\$1.5 million.**
- Construction of the Windward Fish Centre – **EC\$0.3 million**
- Road Rehabilitation and Maintenance Programmes on Carriacou and Petite Martinique – **EC\$3.7 million.**
- Night Lighting Facilities (Lauriston Airport) – **EC\$0.3 million**

Mr. Speaker, specific to Petite Martinique, we are going to implement the lighting of the jetty facilities as well as implement a Petite Martinique Enhancement Project which will improve the aesthetics of the island as well as create income earning opportunities.

Mr. Speaker, the foregoing is merely a sample as many other initiatives in various areas, including in agriculture and fisheries, health and wellness, social protection, community

empowerment, youth development, among other areas, will also be implemented on the sister isles.

### **9.9. More Effective Government**

**Mr. Speaker, in a Country Portfolio Performance Review (CPPR) conducted last month by the World Bank, it was pointed out that of the 10 investment projects totalling US\$99 million (roughly EC\$267 million), all are significantly delayed with only two having disbursements this year, and two in problem status, meaning there is the risk that we may lose these funds.** Moreover, Mr. Speaker, the Review flagged that in the last few years, annual disbursements of investment operations averaged US\$4 million (EC\$10.8 million), a mere drop in the bucket.

Additionally, projects funded through the Caribbean Development Bank (CDB) are similarly delayed. The reality is that the implementation rate of externally funded projects is dismally poor. The cost to hold these funds on Grenada's behalf, known as Commitment Fees, run into the millions of dollars. In other words, the cost of poor implementation by the last Government has placed a significant burden on the backs of taxpayers.

Mr. Speaker, cognisant of the severe lack of implementation that plagued the previous Administration, and equally aware of the underlying governance failures that created a toxic environment of low employee morale, this Administration moved swiftly to establish the Ministry of Mobilisation, Implementation, and Transformation (MIT), the first of its kind in the Western Hemisphere, with the simple mandate **"to get things done."**

Mr. Speaker, it must be noted that we have been commended by several regional and international organisations for this bold move. Our aim is to make this Ministry a paragon of delivery excellence. To this end, Government is pleased to report that MIT has made significant progress thus far in fulfilling its mandate. In the first six months of operation, the Ministry was able to:

- successfully complete negotiations with affected residents in Moliniere to accelerate the commencement of the critical Moliniere Landslip Rehabilitation Project.
- remove bottlenecks to facilitate the completion of preparatory works on the development of Fort George, as a major tourism product. As noted earlier, after years of delay, construction works on the site will begin by January 2023. In fact,

Mr. Speaker, this was one of the 'problem projects' cited in the recent World Bank report.

- address major bottle necks under the Grenada Education Enhancement Project (GEEP) to ensure the Bishop's College Project in Carriacou is completed in time for the start of the new school term commencing January 2023.
- mobilise over a dozen furniture manufacturers to provide furniture for schools and other Government departments.
- establish a Project Oversight Committee (POC) to identify areas for urgent clean-up action in towns and commercial areas and initiate a clean-up campaign.

I want to place on record my thanks to the Hon. Andy Williams and his team for the significant progress made in first setting up the Ministry and second, beginning the work in making sure that we deliver.

Mr. Speaker, to ensure continued efficiency, Government will develop the project management capacity in the MIT Ministry and in various spending Ministries and Departments. As an immediate priority, we will recruit and train 20 young professionals in procurement. Further, we will hire additional project staff to ensure dedicated project management support, thereby accelerating project implementation.

Mr. Speaker, it is said, "**what gets measured, gets done.**" Project oversight was woefully lacking under the former Administration. Our Government will establish a technical Project Oversight Committee, comprising specialised project officers, who will meet regularly to review and agree on the most efficient approach for all projects.

## **10. Pillar 4 - Building Resilience and Environmental Management**

Mr. Speaker, the increasing effects of climate change and the existential threat that intensified storms and rising sea levels signify for small island developing states, like Grenada, cannot be overstated. This Administration established the Ministry of Climate Resilience, The Environment and Renewable Energy with a mandate to develop and implement initiatives that mainstream climate change into the national development agenda.

Our Government is committed to the fight against climate change and will support all efforts to embrace sustainability and the protection of our natural environment. To this end, the Ministry will actively engage and interact with the public and private sector, civil society organisations and communities, and regional and international agencies to

maintain alliances and strengthen partnerships for an integrated approach to sustainable development.

Key areas addressed under this pillar include:

- Climate Resilience, the Environment and Renewable Energy
- Climate Change Expenditure Tagging
- Transformative Physical Infrastructure

### **10.1. Prioritising Climate Resilience and Disaster Management, the Environment and Renewable Energy**

#### **Climate Resilience and Disaster Management**

Mr. Speaker, despite our front row seat to the damaging effects of climate change, as a Caribbean small island developing state, the former Administration relegated climate resilience to a portfolio with no resources and no support structure.

This blatant disregard for the seriousness of climate resilience, despite national and international rhetoric to the contrary, flies in the face the recent appointment of former Grenadian Minister of Climate Resilience, who now holds the top job as Executive Secretary to the United Nations Climate Change Secretariat.

Mr. Speaker, this Administration acknowledges climate change as perhaps the greatest challenge facing the world. Not the war in Ukraine; not the energy crisis in Europe, nor the threat of a recession in our major trading partners. It is the fact that our planet is dying rapidly, and we are not doing enough to change course and protect the future of our children and grandchildren.

Mr. Speaker, our Government moved swiftly to give climate resilience the prominence that it deserves by re-establishing a Ministry of Climate Resilience, The Environment and Renewable Energy.

Among the many important priorities of this Ministry is the mobilisation of climate financing to support our mitigation and adaption efforts. We will take deliberate steps to mitigate and adapt to the clear and present danger of the climate crisis that is unfolding before our very eyes.

Specifically, we will move to secure:

- I) The Energy Efficiency Bill
- II) The Revision of the National Energy Policy (NEP)

Mr. Speaker, there is an urgent need to strengthen post disaster resilience as part and parcel of the transformation agenda. In this regard, Government will implement the following:

- I) Enact legislation to give the National Disaster Management Agency (NaDMA) the necessary “teeth” to successfully carry out its mandate. A Disaster Management Bill will be introduced in Parliament in the first quarter of 2023.
- II) Renew the Catastrophe Deferred Drawdown Option with the World Bank, which provides **EC\$54 million** in available financing to respond to natural disasters and other shocks, resulting in flooding, landslips, damages to crops and livestock, thereby affecting farmers, households, and businesses.
- III) In June of this year, we renewed our policy with the Caribbean Catastrophic Risk Insurance Facility (CCRIF SPC), which provides coverage for cyclones, earthquakes, excess rainfall, and the fishing sector. Once the policy is triggered, Grenada will receive a payout within 14 days of a qualifying event.

### **Sustainable & Affordable Energy Production**

Mr. Speaker, we cannot address the sustainable and affordable energy production without first addressing the state of the Grenada Electricity Services Ltd (GRENLEC). The actions of the former Administration have placed GRENLEC, our lone electricity company, in a precarious position, which has resulted in load sharing and blackouts in the recent past.

Given the antagonistic atmosphere, due to what appeared to be a personal vendetta against the company by the then Administration, it is not surprising that no investments were made to improve GRENLEC’s generation capacity.

Moreover, after losing the arbitration battle, the then Government was essentially forced to pay in excess of **\$163 million** to acquire the company. Mr. Speaker, this information was hidden from the public but, to add insult to injury, the NNP Administration imposed a generalised subsidy of a 25% reduction on the company to compromise its finances and operations further.

Compounding all of this, Mr. Speaker, is the fact that, for at least two years, the former Administration knew that GRENLEC needed to augment its generation capacity and did nothing to address the matter.

Mr. Speaker, our Administration is committed to working with GRENLEC to sustainably solve this issue with the use of renewable energy. To date, two sites for photovoltaic (PV) solar have been identified at Pearls in St. Andrew and the Maurice Bishop International Airport and other options are being considered.

### **Renewable Energy**

Mr. Speaker, Grenada has the potential to achieve 100% in renewable energy generation in the electricity sector from geothermal, wind and solar. Yet we have the lowest penetration of renewable energy in the region. Our Administration will change this. Our goal is to transform the electricity sector to achieve reliable and affordable access to clean energy to fuel the economy. Grenada cannot achieve its transformation agenda at the current high cost of energy and the volatility inherent in the continued reliance on fossil fuels to power our factories and hotels.

## **Geothermal**

With this in mind, we will take resolute steps to accelerate Geothermal exploration which should provide some 15 MW of base-load energy to the electricity grid. Added to that, Mr. Speaker, the infrastructure works, including access roads and utilities to the sites, will open significant opportunities for development in the outer parishes of St. John and St. Patrick.

We are currently in the exploratory drilling phase, which is funded through a grant from the Caribbean Development Bank. This phase is expected to be completed by the first quarter of 2025. The total cost of this project is estimated at **US\$142 million**. That said, Mr. Speaker, the subsequent phases of this Project will only go forward if the Exploratory Phase locates proven resources. Through strategic alliances with the private sector, we will raise the financing to realise our geothermal potential.

## **Wind**

Mr. Speaker, we are extremely excited about Grenada's prospects for wind energy. We are in receipt of a proposal from a reputable international company with funding to set up an offshore wind farm that can potentially generate as much as 30 MW of wind power. Mr. Speaker, this is equivalent to our current peak demand. This farm will be located miles offshore and away from site and shipping lanes. This project can be implemented within 8 months. We are currently seeking technical assistance from our international partners to review this proposal and help guide our engagement on this going forward.

## **Solar**

Mr. Speaker, an 800 kWh Solar PV plant with battery storage will be commissioned in Carriacou before June of next year. This project will displace 60% of the diesel used to generate electricity on Carriacou. We wish to express our sincere thanks to the United Arab Emirates for their kind contribution to this crucially important project.

Additionally, Mr. Speaker, **with the support of the World Bank, we will launch a major Energy Efficiency Project for Public Buildings, which will see the installation of solar panels, energy efficient air condition units, and other**

**amenities in major Government buildings such as the Financial Complex, the Ministerial Complex, the Ministry of Education Building, schools and health facilities across the length and breadth of Grenada.** Furthermore, the OECS Renewable Energy Project implemented through the Eastern Caribbean Central Bank (ECCB) will provide support for the private sector to adopt renewable energy technologies.

Mr. Speaker, safeguarding our environment from further degradation is of paramount importance. Several initiatives including mangrove replanting, tree planting, waste recycling, and the reimagining of several projects, such as the de-bushing programme will help protect our environment.

This Administration will review the current policies, including the incentive regime in the area of renewable energy and the environment, to better support growth and transformation in these critical areas.

## **10.2. Implementation of Climate Change Expenditure Tagging**

Mr. Speaker, we wish to thank the World Bank for their support in introducing Climate Change Budget Tagging, with the strategic aim of categorising, measuring, and monitoring climate-relevant public policies, to better identify and mobilise fiscal resources toward climate resilience building.

A Climate Change Budget Tagging Pilot is being conducted for selected ministries in the 2023 Budget. The methodology will be fully implemented in subsequent Budgets. Mr. Speaker, our very first Climate Change Budget Tagging Report is attached as Appendix 3 in the published version of this Statement.

## **10.3. Transformative Physical Infrastructure**

Mr. Speaker, Grenada is facing a huge infrastructure deficit and Government will require more than a billion dollars to provide the necessary infrastructure to transform our country. Outside of the construction of the Maurice Bishop International Airport (MBIA) and the Cruise Port Terminal, we cannot point to any other transformational projects since independence. For example, we have had no major road development in almost 50 years. Significant investments are therefore needed to provide the critical enabling infrastructure for the transformation of the private sector and the country on a whole.

Mr. Speaker, Government will actively explore public private partnerships, including build, operate, lease transfer arrangements to deliver on critical health, road, housing, and other infrastructure to close the infrastructure deficit.

**We are excited to report, Mr. Speaker, that Government is currently reviewing a proposal for a major road infrastructure project that will transform the economic and social architecture of the western corridor from St. George to St. Patrick, reducing the travel time by more than half.** Mr. Speaker, this is the kind of transformation that we are pursuing.

Turning to the 2023 Budget, allow me to highlight some of the major infrastructure projects that will not only create employment but support the solid foundation that we are working to build:

### **Grenada Climate Resilience Water Sector Project (G-Crews)**

Mr. Speaker, this six-year Project costing **EC\$125 million** was first mentioned in the 2019 Budget presentation by the prior Administration. It is financed through a grant, predominantly provided by the Green Climate Fund (GCF). The project, aimed at building system-wide climate change resilience in the water and sanitation sector, includes several major infrastructure investments, 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.

Mr. Speaker, three years later, this highly beneficial project to the people of Grenada has barely gotten off the ground. The implementation rate is less than 1%.

### **The Cliff Rehabilitation Project – Springs/Woodlands to Cliff/Morne Jaloux Junction**

Mr. Speaker, the stretch of road from Sugar Mill to the Springs/Woodlands Roundabout and from there to Woburn/Morne Jaloux Junction needs urgent upgrading, especially the latter. This section is extremely narrow and accident prone and is a major cause for the growing traffic bottlenecks in and out of Grand Anse and the Town of St. George. This project will be funded from local resources and construction work is expected to commence during the first half of 2023 and conclude by the middle of 2024. An amount of **\$2.5 million** is budgeted for this project next year.

### **Beautification, Empowerment, Sustainability and Transformation (BEST) Programme**

Mr. Speaker, this Project involves the rebranding and re-scoping of the Road Rehabilitation Programme, more commonly referred to as the De-bushing Programme, focusing on more environmentally sustainable practices and a training component to empower individuals.

### **Grenada Resilience Improvement Project (GRIP)**

Mr. Speaker, the **US\$15 million** project will support disaster resilient critical infrastructure by supporting the reconstruction of the Balthazar Bridge and interventions to stabilise parts of the roads and bridges on the Eastern Main Road at Soubise and Marquis. The Project also supports technical assistance for the development of strategies and designs for resilient infrastructure, including the assessment of road management practices and the development of a road asset management strategy. An amount of **\$0.8 million** is budgeted in 2023 for the start of implementation of this Project.

### **Grenville Flood Reduction Project**

Mr. Speaker, this Project aims to reduce flooding and mitigate flood risks in the town of Grenville. An amount of **\$0.8 million** is allocated for 2023.

### **The St. John's River Flood Mitigation Project**

Mr. Speaker, construction work on this project, better known as the River Road Project, is progressing. The project is broken down into seven packages. Four of the seven packages should be completed in short order with the other three packages to be tendered out early next year. An allocation of **\$13 million** is budgeted for the continuation of this important project.

### **Sauteurs Breakwater Project**

Mr. Speaker, this project is of critical importance in safeguarding the coastal and marine assets and properties of the people of St. Patrick West and surrounding areas. Many individuals have already suffered significant losses. We are pleased to report that the designs and other preparatory works have been completed and financing has been identified through the Caribbean Development Bank for the commencement of this Project next year. An amount of **\$1.0 million** has been budgeted for the commencement of this Project, which should take about 18 months to complete.

### **Moliniere Landslip Rehabilitation**

Mr. Speaker, the rehabilitation of this segment of the Western Main Road Corridor is long overdue. And had it not been for the hard work and determination of our team in resolving the land issues, the start of construction could have been further delayed. I am pleased to report that rehabilitation work is fully underway with a completion date by the end of next year. An amount of **\$9.5 million** is budgeted for the completion of this project.

### **Agricultural Feeder Roads Phase 3**

Mr. Speaker, the Agriculture Feeder Roads Phase 3 targets the rehabilitation of eleven roads and bridges to bolster the infrastructure for the agriculture sector and local communities at a cost of **EC\$101 million**.

A. To date the following projects are completed:

1. St. George's Estate Road
2. Belair Road
3. Munich to Grand Bacolet Bridge

B. Construction works have commenced at:

1. Baillies Bacolet to La Pastora Road - Works 20% Complete
2. Clabony Road - Works ongoing 27% Complete
3. La Borie Road - Works ongoing 46% Complete
4. Red Mud Road - Works commenced 20% Complete
5. Willis to Constantine Road – Bridge abutment commenced and works 12% complete.

C. Projects to commence in 2023:

1. Morne Delice to Old Westerhall Road
2. Concord Road
3. Brothers Estate – Mount Cenis Road

Mr. Speaker, a sum of **EC\$9 million** is provided for the continuation of this project in 2023.

## **11. Pillar 5 – Strengthening Regional and International Cooperation**

Mr. Speaker, as outlined by the Governor General in the Throne Speech, this Administration is committed to pursuing a foreign policy that is anchored in democratic principles and good governance. We have taken decisive steps to professionalise our foreign service, recalling all diplomats with a view to reassessing and appointing based on merit and in the best interest of Grenada.

Our Government greatly values the mutually beneficial relationships Grenada maintains with bilateral and multilateral partners and intends to continue these engagements in support of the implementation of our developmental priorities.

In this fifth and final pillar, allow me to outline Government's plans for the following areas:

- Diplomatic Missions
- Diaspora Relations

### **11.1. Rationalisation of Diplomatic Missions**

Mr. Speaker, in addition to strengthening relations with existing foreign partners, Government will seek to forge new strategic international relationships that align with our national transformation agenda. The African Continent is of particular interest given its youthful population and the inherent connection that we share as a population of predominantly African descent.

The Middle East, too, provides opportunities for enhanced cooperation through trade, tourism, and investments. Government will move expeditiously to explore mutually beneficial partnerships in this regard and will consider the feasibility of establishing diplomatic missions in this part of the world.

### **11.2. Maintaining Diaspora Relations**

Mr. Speaker, this Administration acknowledges that the success of our transformation agenda is hinged on the endorsement and support of all Grenadians, both at home and in the diaspora. To this end, the establishment of the Grenada Diaspora Advisory Council (GDAC), comprised of Grenadian professionals with expertise in their respective fields, seeks to forge strategic links between our Grenadian community abroad to advance Government's transformational priorities.

The Council acts as an on-the-ground link for Government in the diaspora, providing advice with an emphasis on long term planning, and is a useful resource for our citizens seeking ways in which they can support current initiatives or propose innovative solutions to current challenges.

Mr. Speaker, I now move to measures for managing the cost-of-living crisis.

## **12. Managing the Cost-of-Living Crisis**

High and rising inflation in the US, China, and other major source markets, especially on food and fuel, is driving a cost-of-living crisis in many developing countries across the world and Grenada is not exempt.

When the international price of oil increases, the price of fuel on the domestic market increases, as well as the price of food. Mr. Speaker, while we have no control over the international price of oil, we have taken decisive and deliberate actions to reduce the impact on our citizens while being fiscally responsible.

We removed the Petrol Tax effective September 18, 2022, for a period of 4 months in the first instance. This led to a dramatic reduction in prices at the pump, and even resulted in Grenada having the lowest prices in the OECS Region.

We extended the removal of the VAT and EVL (Environmental Levy), which expired in June, for the rest of 2022.

To help reduce the cost of food, we instituted a cap on freight effective October 1, 2022, for a period of six months.

Mr. Speaker, as a Government, we will do what is necessary for as long as it is necessary to shield citizens from the devastating impact of high prices, especially on food, fuel, and other necessities.

In 2023, the following additional cost-of-living and other relief measures will be rolled out:

- We will exempt VAT on the following food items and other necessities, effective February 2023 to be reviewed in December of 2023.
  - Soya Chunks
  - Veggie Patties
  - Olive oil
  - Canola oil
  - Soya bean oil
  - Sunflower oil
  - Coconut oil
  - Red kidney beans
  - Black-eye peas
  - Lentil peas
  - Hand sanitizers
  - Adult diapers
  - Baby diapers
  - Toothpaste
  - Toilet Paper
  - Bathing Soap

- Laundry Soap
- Sanitary Napkins
- Condoms

The full list of VAT exempt items is attached as an Appendix to the published version of this Statement. The exemption of VAT on these items is also aligned with Government's policy to support healthy eating and lifestyles.

- We will grant 100% concessions on CET and VAT for selected production equipment to support the Creative Economy for 12 months (to be reviewed), starting February 1, 2023.
  - Storage media
  - Production equipment for content creators
  - Audio-visual equipment
  - Art Supplies
  - All other ICT equipment and devices that are unequivocally needed for business use in the Creative Economy

The total estimated revenue forgone for the two above measures is **\$2.5 million.**

- We will reduce the VAT rate on mobile and broadband data from 20% to 15%, starting February 1, 2023 (to be reviewed in December 2023) consistent with Government's policy to build a digital economy. The estimated revenue foregone is **\$3.3 million.**
- Effective February 1, 2023, we will reduce the VAT on electricity consumption from 15.0% to 7.5% for all consumers and reinstate the policy of zero-rating the VAT on electricity consumption up to 99 kWh for residential consumers. The estimated revenue foregone is **\$3.7 million**
- Effective January 18, 2023, we will reintroduce the Petrol Tax at a rate of \$3.50 per gallon instead of \$5.50 on duty-paid sales at an estimated revenue foregone of **\$18.8 million.**
- **We will maintain the fixed price of the 20 lbs. LPG cylinder at \$40.** At current oil prices, averaging US\$90 per barrel, the cost of the 20 lbs. LPG cylinder is roughly \$70. Mr. Speaker, we will continue to subsidise and absorb the difference in cost to ensure that our citizens can afford this most-needed commodity. In addition, Mr. Speaker, the prior administration raked up an estimated \$7.0 million in arrears with this policy, which we must now pay.
- Effective January 18, 2023, we will harmonise the price of gasoline and diesel in Grenada, Carriacou and Petite Martinique.

- Finally, Mr. Speaker, we will implement an electricity subsidy of \$10 per month for all residential consumers consuming up to 99 kWh per month at an estimated cost of **\$2.4 million**.

**Mr. Speaker, this total package of targeted and impactful relief measures will cost more than \$30 million.** Compare and contrast this to the package of measures implemented last year which were ill-conceived, generalised, and had very little positive impact. In fact, as was already mentioned, the measures damaged the financial position of GRENLEC to the point where it could not pay dividends for the first time in almost two decades.

Mr. Speaker, to pay for these cost-of-living relief measures and to support our strategic priorities, we will implement the following:

- (i) Effective February 1, 2023, increase the excise tax on alcohol from \$1.10 and \$4.40 per litre to \$1.50 and \$5.00 per litre, and the excise tax on cigarettes from 105% to 200%.
- (ii) Effective February 1, 2023, increase the VAT on carbonated beverages, soft drinks/sodas, and drinks with high sugar content from 15% to 20%.
- (iii) Effective February 1, 2023, reinstate the EVL rate of \$5 and \$10 on electricity consumption as follows:
  - 100 - 150 kWh – \$5
  - Over 150 kWh – \$10
- (iv) Effective February 1, 2023, apply an EVL on water use as follows:
  - 2,801 - 5,500 gallons – \$5
  - Over 5,500 gallons – \$10
- (v) Effective February 1, 2023, institute a “no-printing of more than 5 pages policy” across the Public Service.

### **13. Conclusion**

Mr. Speaker, when we began this journey, just over a year ago, many said that our vision was ‘pie in the sky.’ It has been a mere five months of governance, Mr. Speaker, and many Grenadians can testify that under our leadership, the pie is indeed on the plate.

Mr. Speaker, this continues to be an exciting time for our people. The palpable feeling of hope that permeated our societies in the immediate aftermath of the election still hangs in the air, inspiring our people to believe in a society where victimisation and fear are not the order of the day.

These first five months have been as challenging as they have been rewarding. We were able to verify what many Grenadians knew to be true—that our difficult circumstances and lack of progress over the past decade had more to do with the mismanagement and gross neglect of the previous Administration than it did external factors.

The wilful damage inflicted on our society, and especially our youth and the most vulnerable amongst us, is still a reality that gives us pause, Mr. Speaker. We are confident, however, that by starting smart and developing the foundational capacities of our people and institutions, we will overcome this dark period in our history and rise to the forefront of regional advancement once more.

It is for this reason, Mr. Speaker, the priorities set out in the 2023 Budget are people-centred and intended to lay a solid foundation for our transformation agenda by building resilience, empowerment, and growth.

**Resilience**, as we seek to prepare our people to bounce back and bounce forward from the many challenges that we face as a small island developing state, vulnerable to the effects of climate change and other global shocks.

**Empowerment**, as we break free from a system designed to keep many of our people in poverty and dependent on the State.

**Growth**, as we collectively move forward, armed with the right skills to take advantage of the opportunities that are unique to our island reality and on high demand internationally.

Mr. Speaker, we are just getting started and look forward to a whole-of-country participation as we seek to rebuild, retool, and prepare our citizens for the future. Every citizen can play their part, whether at home or in the diaspora, to bring our shared transformative agenda to fruition.

Mr. Speaker, I close with the hopeful words of the almighty as it is written in James 1:2-4 and I quote: "Consider it pure joy, my brothers, whenever you face trials of many kinds, because you know that the testing of your faith develops perseverance. Perseverance must finish its work so that you may be mature and complete, not lacking anything."

## **14.Acknowledgements**

Mr. Speaker, this Administration answered the call to serve despite challenges that seemed unsurmountable to many. Our successful perseverance is the result of a collective effort, and we are indeed thankful to every individual who believed in our vision and subscribed to the aspiration of a better future for all.

Mr. Speaker, as you can appreciate, our list of acknowledgements is extensive, therefore, a detailed listing can be found in the printed version of this Statement.

Permit me however to mention just a few.

I must begin by thanking the Almighty God for his mercies.

Allow me to also reiterate sincere gratitude to my Cabinet of Ministers. It has been my distinct honour to share in your passion for transformation and chart the future of our great Nation over the past five months.

I would also like to express my deepest appreciation to our Transition Leads, who were crucial to the successes achieved during the first few months of governance.

It would be remiss of me not to mention the Secretary to the Cabinet, Permanent Secretaries, Heads of Non-Ministerial Departments, Press Secretary, Executive Assistant to the Prime Minister, managers and staff of Statutory Bodies and State-owned enterprises and all other public officers who have contributed to the preparation and delivery of this Budget Statement.

Permit me also to express my deepest appreciation to the Permanent Secretary and staff of the Ministry of Finance for their yeoman efforts over the past five months. My role as Prime Minister and Minister of Finance was eased by your consummate professionalism and committed support to the ambitious targets set under our transformation agenda.

I would like to thank you, Mr. Speaker and the Clerk of Parliament and his staff who have given me full support in facilitating the delivery of my presentation.

Mr. Speaker, finally allow me to thank my family for their love and support and my constituents of St. David, for the unwavering support and confidence in my representation in this Honourable House.

May God bless our beautiful land of Grenada, Carriacou and Petite Martinique.

I thank you.

## 15. Appendices

### Appendix 1 – Allocation by Votes

Vote	Recurrent	Capital	Sum Not Exceeding	%
01 Governor General	1,739,073	-	1,739,073	0.1
02 Parliament	4,872,273	-	4,872,273	0.4
03 Supreme Court	5,616,509	200,000	5,816,509	0.4
04 Magistracy	3,053,548	-	3,053,548	0.2
05 Audit	1,743,274	-	1,743,274	0.1
06 Public Service Commission	1,065,577	-	1,065,577	0.1
07 Director of Public Prosecutions	1,215,855	-	1,215,855	0.1
08 Parliamentary Elections Office	1,900,821	777,525	2,678,346	0.2
09 Ministry of Legal Affairs, Labour & Consumer Affairs	6,478,900	2,000,000	8,478,900	0.6
10 Office of the Prime Minister	2,938,735	185,000	3,123,735	0.2
11 Prisons	11,314,173	500,000	11,814,173	0.9
12 Police	62,770,969	3,766,900	66,537,869	4.9
16 Ministry of Foreign Affairs, Trade & Export Development	9,627,700	5,150,000	14,777,700	1.1
17 Financial Intelligence Unit	851,251	-	851,251	0.1
18 Ministry of Nat. Sec. Home Affairs, Pub. Adm. Information & Disaster Management	9,397,855	2,250,451	11,648,306	0.9
20 Ministry of Finance	74,954,950	7,775,000	82,729,950	6.1
21 Pensions and Gratuities	83,846,024	-	83,846,024	6.2
22 Public Debt.	356,312,261	-	356,312,261	26.4
Foreign Interest Payments	41,690,834	-	41,690,834	3.1
Domestic Interest Payments	19,996,082	-	19,996,082	1.5
Foreign Principal Payments	100,614,121	-	100,614,121	7.5
Domestic Principal Payments	194,011,223	-	194,011,223	14.4
25 Contributions	23,767,913	-	23,767,913	1.8

26 Ministry of Economic Development, Planning, Tourism, ICT & Creative Economy	24,020,040	59,069,338	83,089,378	6.2
28 Ministry of Climate Resilience, The Environment & Renewable Energy	1,940,235	8,475,000	10,415,235	0.8
29 Ministry of Mobilisation, Implementation & Transformation	3,104,488	1,898,000	5,002,488	0.4
30 Ministry of Infrastructure, Physical Development, Public Utilities, Civil Aviation & Transportation	25,703,282	105,511,557	131,214,839	9.7
35 Ministry of Social & Community Development, Housing & Gender Affairs	38,142,863	25,908,904	64,051,767	4.7
36 Ministry of Carriacou and Petite Martinique Affairs & Local Government	15,748,129	7,039,584	22,787,713	1.7
40 Ministry of Education, Youth, Sport & Culture	159,912,607	34,004,094	193,916,701	14.4
50 Ministry of Health, Wellness & Religious Affairs	89,356,122	25,127,583	114,483,705	8.5
64 Ministry of Agriculture & Lands, Fisheries & Co- operatives	15,129,391	24,301,493	39,430,884	2.9
<b>TOTAL</b>	<b>1,036,524,817</b>	<b>313,940,429</b>	<b>1,350,465,246</b>	<b>100</b>

## Appendix 2: Acknowledgements

Mr. Speaker, on behalf of the Government of Grenada and people of our beautiful nation, I would like to thank the following Governments and institutions, for providing financial, economic, and technical assistance during the past year.

The Government of the People's Republic of China  
The Government of the Bolivarian Republic of Venezuela  
The Government of the Republic of Trinidad & Tobago  
The Government of the Republic of Cuba  
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 Federal Republic of Germany  
The Caribbean Development Bank (CDB)  
The Kuwaiti Fund for Arab Economic Development  
The OPEC Fund for International Development (OFID)  
The Eastern Caribbean Central Bank (ECCB)  
The Organisation of Eastern Caribbean States (OECS)  
The Caribbean Regional Technical Assistance Centre (CARTAC)  
The CARICOM Secretariat  
The CARICOM Development Fund (CDF)  
The International Monetary Fund  
The World Bank Group  
The United Nations Development Programme  
The United Nations Population Fund  
UN Women  
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 Organisation of American States (OAS)  
The Global Environmental Facility (GEF)  
The Inter-American Institute for Co-operation on Agriculture  
The Caribbean Export Development Agency  
The Commonwealth Secretariat and Commonwealth Fund for Technical Cooperation (CFTC)

The International Fund for Agricultural Development (IFAD)  
 The Green Climate Fund (GCF)  
 The Small Island Developing States Island Energy for Island Life Assembly (SIDS DOCK)  
 The Government of India  
 The Government of Barbados  
 The Pan American Health Organisation (PAHO)  
 The World Health Organisation (WHO)  
 The Government of Columbia  
 The Government of the Netherlands  
 The Caribbean Community Climate Change Centre (5Cs)  
 The United Nations Climate Change Conference (UNCCC)  
 The International Renewable Energy Agency (IRENA)

### Appendix 3: Climate Change Budget Tagging Report 2023

In preparation for the 2023 Budget, Government initiated its first Climate Budget Tagging exercise aimed at identifying, measuring, and monitoring climate-relevant public policies, to strengthen and promote better climate policies, as well as mobilise fiscal resources towards building climate resilience. With technical assistance from the World Bank, the exercise was piloted in three Ministries, specifically the Ministries responsible for Infrastructure Development, Climate Resilience and Agriculture. Additionally, an assessment was carried out on tax expenditures with climate-related components executed through the Customs and Excise Division and the Inland Revenue Division. The results are presented in the tables below. [\[1\]](#) Wider roll-out of Climate Budget Tagging is expected to occur during the next Budget cycle.

**Table 1: Major Project Summary Table: Ministry of Infrastructure & Physical Development, Public Utilities, Civil Aviation & Transport**

		Estimates 2023	Percentage of Project directly related to Climate Change and relevant	Cost related to Climate Change
No.	Project Name & Number	(XCD)		(XCD)

			<b>considerat ions</b>	
1	0066517 - St. George's Market Square II	\$ -	0%	\$ -
2	0066518 - Grenville Market Square, Abattoir & Bus Terminal	\$ -	0%	\$ -
3	0066519 - Compensation for Land Acquisition	\$ 2,500,000	50%	\$ 1,250,000
4	0115501 - Caribbean Regional Communication Project (CARCIP)	\$ 6,370,000	0%	\$ -
5	0066543 - E-mobility Project	\$ 500,000	5%	\$ 25,000
6	0001602 - Sustainable Public Transport Systems	\$ 655,000	5%	\$ 32,750
7	0067500 - Construction, Refurbishment & Ext. Govt Buildings	\$ 3,000,000	20%	\$ 600,000
8	0067503 - Ministerial Complex Remedial Works	\$ 1,000,000	5%	\$ 50,000
9	0069531- Beautification, Empowerment, Sustainability and Transformation Programme	\$ 8,000,000	60%	\$ 4,800,000
10	0067526 - St. Patrick's Road Project	\$ 1,500,000	60%	\$ 900,000
11	0067520 - Asphalt Works	\$ 11,500,000	0%	\$ -
12	0067521- Concrete Works	\$ 6,000,000	60%	\$ 3,600,000
13	0067522 - St. John's River Flood Control Project	\$ 13,000,000	100%	\$ 13,000,000

14	0068530 - Emergency Road Clearance Works	\$ 500,000	100%	\$ 500,000
15	0068532 - Extreme Rainfall / Gouyave Flood Mitigation	\$ 1,500,000	100%	\$ 1,500,000
16	0069526 - Town of St. George's & Grenville Flood Mitigation Design	\$ 750,000	100%	\$ 750,000
17	0069520 - Coastal Study and Protection Design for the Shoreline of the Sauteurs Bay	\$ 1,000,000	100%	\$ 1,000,000
18	0067529 - Institutional Strengthening of PIMU	\$ 300,000	10%	\$ 30,000
19	0002502 - Parliament Building	\$ -	0%	\$ -
20	0091507 - Agricultural Feeder Roads	\$ 9,000,000	60%	\$ 5,400,000
21	0069527 - Molinere Landslip Rehabilitation Project	\$ 9,500,000	100%	\$ 9,500,000
22	0069524 - Western Main Road Corridor Upgrade	\$ 16,000,000	80%	\$ 12,800,000
23	0066540 - Gabion Baskets, Guard Rails & Bailey Bridges	\$ 500,000	10%	\$ 50,000
24	0069523 - Gouyave Ministry Building	\$ 800,000	20%	\$ 160,000
25	0109527 - Refurbishment of Nat. Cricket Stadium & Other Development Projects	\$ 5,000,000	0%	\$ -
26	0069536- Lighting the National Cricket Stadium	\$ 1,106,557	0%	\$ -
27	0067533-Consultancy Services for Designs & Supervision	\$ 1,500,000	0%	\$ -

28	0069532 - Preparation of Feasibility Study & Detailed Designs for the Police Headquarters & Fire Station	\$ 1,000,000	20%	\$ 200,000
29	0067531 - Retrofitting of Traffic Lights	\$ 150,000	0%	\$ -
30	0067534 - Mt. Kumar Road Construction	\$ 3,000,000	80%	\$ 2,400,000
31	0069533 - The Cliff Rehabilitation Project	\$ 2,500,000	60%	\$ 1,500,000
32	0069534 - Grenada Resilience Improvement Project	\$ 750,000	100%	\$ 750,000
33	0069535 - Caribbean Regional Air Transport Connectivity Project (CATCOP)	\$ 1,000,000	20%	\$ 200,000
34	0046523 - Simon Cultural Center	\$ 2,000,000	20%	\$ 400,000
35	0069528 - Consultancy Services for Design and Supervision	\$ -	0%	\$ -
	<b>Totals</b>	\$ <b>111,881,557</b>	<b>55%</b>	\$ <b>61,397,750</b>

**Table 2: Major Project Summary Table<sup>[2]</sup>: Climate Resilience, the Environment and Renewable Energy**

No.	Project Name	EXISTING OR NEW PROJECT:	EXISTING OR NEW PROJECT:	Cost related to Climate Change
				(XCD)
1.	At the Water's Edge (AWE) Phase 2 Project	Existing	2019- 2023	\$ 13,051,517
2.	Resilient Islands (RI)	Existing	2019- 2023	\$ 1,272,392
3.	Innovative Nature- based Solutions to Enhance Community Resilience in Grenada (ING)	Existing	2021 – 2023	\$ 3,540,656
4.	Integrated Physical Adaptation and Community Resilience through an Enhanced Direct Access (GCF-EDA Project)	Existing	2019-2023	\$ 8,100,000
5.	National Ecosystem Assessment (NEA) Project	Existing	2018- 2023	n/a
6.	Plastic Waste Free Islands (PWFI)	Existing	2021-2023	n/a
7.	Third National Communication to the UNFCCC (United Nations Framework Convention on Climate Change)	New	Not Started	n/a
8.	Strengthening Institutional and Implementation Capacity for Delivery of Climate Change Investment Projects: Grenada	Existing (in terminal evaluation phase)	2019- 2021	\$ 540,000
9.	Sixth National Report to the Convention on Biological Diversity (CBD)	Existing	2017- 2022	\$ 197,100
10.	Caribbean Regional Oceanscape Project (CROP) Existing	Existing (in terminal	2017- 2021	n/a

		evaluation phase)		
11.	Biodiversity Support Programme for ACP SIDS and Coastal Environments project (BioSPACE)	New	2021-2025	n/a
12.	NAP (National Adaptation Plan) Progress Report NAP Global Partnership	Existing	2020- 2022	\$ 148,500
13.	Access and Benefit Sharing (ABS) Capacity Building Project	New	2022-2024	n/a
14.	Regional Transport Project	New	2021-2024	n/a
15.	Capacity Building for Transparency (CBIT)	Existing	2022-2024	\$ 5,400,000
16.	The EDA (Enhanced Direct Access) Project	Existing	2019-2023	\$ 29,700,000
17.	HCFC Phase out Management Plan (HPMP) Stage II	Existing	2022-2024	\$ 525,000
18.	HCFC Phase out Management Plan (HPMP) Stage I	Existing	2022-2024	\$ 21,000
19.	Institutional Strengthening Project	Existing	2022-2024	\$ 80,000
	<b>Total</b>			<b>\$ 62,576,164</b>

**Table 3: Assessment of Climate -Related Tax Expenditures**

<b>Climate Related Tax Expenditures</b>	<b>Description</b>	<b>2022</b>
Hybrid Vehicle	Revenue Forgone from Concessions Granted	\$ 4,043,600
Electric Vehicle		\$ 458,298
Solar Panels		\$ 81,428

<b>Total Mitigation Tax Expenditures</b>		<b>\$ 4,583,326</b>
<b>Adaptation Tax Expenditures</b>	Revenue forgone Re: Grenlec Disaster Fund	<b>\$ 560,000</b>
<b>Total Climate Related Tax Expenditures</b>		<b>\$ 5,143,326</b>

[1] The results from the Ministry of Agriculture were incomplete at the publication of this document.

[2] Project amounts quoted cover the life of the project and not necessarily expenditure in 2023

## **Appendix 4: Synopsis of the Macroeconomic and Social Context of the 2023 Budget**

### **The Global Economy: International and Regional Developments and Outlook**

Based on the October 2022 update of the International Monetary Fund (IMF) World Economic Outlook (WEO), the global economy faces an acute economic slowdown and downside risks. Global growth is forecasted to decelerate from 6.0 % in 2021 to 3.2 % in 2022 and 2.7 % in 2023. In the United States, the largest source market for Grenada’s tourists, growth is projected to slow down from 1.6% in 2022 to 1.0 % in 2023 and an average of 1.3% over the medium term. Likewise, growth in the United Kingdom and Canada is expected to remain tepid averaging 1.1% and 1.8 % respectively. China’s growth is expected to decelerate compared to pre-pandemic levels and average 4.5 % over the medium term.

Global inflation has increased significantly and remains high. Measures to curb inflation are driving a slowdown in demand and fears of recession in many advanced economies. A global recession in Grenada’s main trading partners can spread to us, adversely affecting tourist arrivals, foreign direct investment (FDI), external grant receipts, and the Citizenship by Investment (CBI) programme. These significant downside risks will have to be mitigated should they materialise.

Recovery has returned to the CARICOM region and average growth of 8.8 percent is estimated for 2022, driven mainly by high growth in Guyana. Average growth in the Eastern Caribbean Currency Union (ECCU) is forecasted to be 7.0 % led by robust growths

in Anguilla, St. Kitts, and Nevis, and St. Lucia. Regional growth is expected to decelerate over the medium term averaging 4.9 % and 4.4% respectively for both groups.

### **The Domestic Economy**

Reeling on the heels of a catastrophic decline of 13.8 % in real output in 2020, Grenada's economy expanded by 4.7 percent in 2021. This recovery is forecasted to persist in 2022 and real GDP growth is expected to be 6.0 % this year, catalysed by vibrant activities and growth in several sectors including construction (19.2%), tourism (51.0%), and wholesale and retail trade (10.2%). The outlook for 2023 remains positive with growth expected to expand further by 3.6 percent, despite the considerable downside risks.

Grenada's inflation as measured by the Consumer Price Index (CPI) continues to climb because of fuel and food price shocks in the international market. Consequently, the full-year inflation rate for 2022 is estimated to be 5.5 %. The Government continues to monitor price development and will deploy measures within its fiscal arsenal to curb the rising cost of living for citizens.

The financial sector remained solid and adequately capitalised in 2021 and 2022 and is performing strongly with increases in deposits and loans. Growth is forecasted in the sector this year and over the medium term synchronously with growth in economic output.

As a direct consequence of global trade disruptions, tightening financial conditions, and elevated inflation levels, the trade deficit is estimated to widen this year despite increases in exports. Contingent on high global inflation remaining anchored, the trade balance is anticipated to worsen over the medium term undeterred by projected growth in local exports.

Public finances continue to strengthen in 2022 with revenue collections for the first three quarters outperforming this year's target and 2021 actuals for the same period.

Grant receipts are significantly ahead of target because of grants from St. George's University (SGU) and Saudi Arabia received in March and September, respectively.

Recurrent expenditure exceeded budgeted amounts primarily because of retroactive payments to eligible pensioners based on the High Court ruling and to a lesser extent due to the expansion of the Government's flagship conditional cash transfer programme, SEED.

Capital expenditure is projected to overshoot its annual target by year end

Based on the first three quarters' performance, the following results are expected by year's end relative to the 2021 outturn:

- Recurrent revenues of \$820.4 million, compared to \$727.1 million
- Grant receipts of \$244.8 million, compared to \$230.0 million
- Recurrent spending of \$699.9 million, compared to \$686.8 million
- Capital expenditure of \$360.5 million, relative to \$260.4 million
- A primary surplus of \$55.7 million, compared to \$64.1 million
- An overall surplus of \$4.8 million, compared to \$9.9 million

Government will continue to exercise fiscal prudence despite facing a plethora of competing priorities whilst continuing to meet the needs and aspirations of the people of Grenada, Carriacou and Petite Martinique.

Having experienced a major uptick in 2020 because of a decline in GDP and new borrowing to mitigate the impact of the COVID-19 pandemic, public debt continues on a downtrend and is estimated to be 66.5% of GDP at the end of this year. Additionally, according to the latest IMF's Debt Sustainability Analysis, Grenada's debt is adjudged to be sustainable reflective of encouraging projected debt dynamics because of fiscal buffers and a return to the Fiscal Responsibility Law (FRL) in 2023.

Despite a noticeable decline in the unemployment rate relative to 2020, unemployment remains stubbornly high and is preliminarily estimated to be 13.9% at the end of the first half of this year based on initial results of the national census. Notwithstanding this reduction in unemployment, poverty remains a recurring issue for Grenadians. Based on a recent World Bank published report, the poverty rate declined from 37.7% in 2008 to 25.0% in 2019, however, extreme poverty levels increased slightly to 3.5% over that same period. This Government is committed to ensuring that our citizens become empowered through strategic focus on the poor and vulnerable so that the true and hidden potentials of all persons can be attained.

The Budget Strategy seeks to safeguard fiscal and debt sustainability while supporting Government's transformational agenda.

## Medium-Term Fiscal Framework 2023-2025

*In millions of Eastern Caribbean Dollars, unless stated otherwise*

	2023		2024		2025	
	Projected	% GDP	Projected	% GDP	Projected	% GDP
<b>Total Revenue &amp; Grants</b>	<b>1118.6</b>	<b>32.1%</b>	<b>1,170.6</b>	<b>31.8%</b>	<b>1277.4</b>	<b>32.8%</b>
<b>Total Revenue</b>	<b>1050.8</b>	<b>30.1%</b>	<b>1,099.0</b>	<b>29.8%</b>	<b>1201.6</b>	<b>30.8%</b>
Tax Revenue	739.3	21.2%	780.7	21.2%	826.4	21.2%
Non - Tax Revenue	311.4	8.9%	318.3	8.6%	375.2	9.6%
<b>Grants</b>	<b>67.8</b>	<b>1.9%</b>	<b>71.6</b>	<b>1.9%</b>	<b>75.8</b>	<b>1.9%</b>
<b>Total Expenditure</b>	<b>1,055.8</b>	<b>30.3%</b>	<b>1,094.6</b>	<b>29.7%</b>	<b>1131.3</b>	<b>29.0%</b>
<b>Primary Expenditure</b>	<b>994.1</b>	<b>28.5%</b>	<b>1,037.2</b>	<b>28.2%</b>	<b>1080.5</b>	<b>27.7%</b>
<b>Current Expenditure</b>	<b>741.9</b>	<b>21.3%</b>	<b>763.1</b>	<b>20.7%</b>	<b>780.4</b>	<b>20.0%</b>
Employee compensation	325.6	9.3%	335.9	9.1%	341.9	8.8%
<i>wages, salaries &amp; allowances</i>	311.1	8.9%	320.8	8.7%	326.6	8.4%
<i>Social Contribution to employees</i>	14.5	0.4%	15.1	0.4%	15.3	0.4%
Goods and Services	157.0	4.5%	162.4	4.4%	166.1	4.3%
Interest Payments	61.7	1.8%	57.4	1.6%	50.8	1.3%
Transfers	197.6	5.7%	207.4	5.6%	221.7	5.7%
<b>Capital Expenditure</b>	<b>313.9</b>	<b>9.0%</b>	<b>331.5</b>	<b>9.0%</b>	<b>350.9</b>	<b>9.0%</b>
o/w: Grant financed	67.8	1.9%	71.6	1.9%	75.8	1.9%
<b>Overall balance</b>	<b>62.7</b>	<b>1.8%</b>	<b>76.0</b>	<b>2.1%</b>	<b>146.0</b>	<b>3.7%</b>
<b>Primary balance (excluding grants)</b>	<b>56.6</b>	<b>1.6%</b>	<b>61.8</b>	<b>1.7%</b>	<b>121.1</b>	<b>3.1%</b>
<b>Primary balance (including grants)</b>	<b>124.4</b>	<b>3.6%</b>	<b>133.4</b>	<b>3.6%</b>	<b>196.9</b>	<b>5.1%</b>
<b>Memo Item</b>						
<b>GDP (Nominal market Prices)</b>		3,487.7		3,682.8		3,898.2
<b>Real GDP growth (%)</b>		3.6%		4.0%		4.8%

## GRENADA MEDIUM-TERM GROWTH FORECAST

	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Est. 2022	Forward Estimates		
						2023	2024	2025
Agriculture, Livestock and Forestry	3.0	-3.6	-15.0	15.0	-10.9	2.4	1.8	2.2
Fishing	2.5	2.0	-13.0	17.6	-11.1	2.6	0.6	1.4
Mining & Quarrying	3.3	5.0	-8.0	18.8	14.8	16.8	9.5	10.4
Manufacturing	9.4	3.2	-10.2	11.1	4.4	2.1	1.8	4.9
Electricity & Water	5.4	3.2	-6.4	-0.8	4.6	1.2	0.4	-0.2
Construction	12.6	-3.6	-20.5	25.7	19.2	11.6	6.5	8.5
Wholesale & Retail Trade	7.8	1.8	-15.4	6.5	10.8	7.3	2.2	2.3
Hotels & Restaurants	9.9	4.1	-68.2	37.6	51.0	19.0	14.2	16.9
Transport and Storage	8.1	4.2	-33.1	-13.5	15.1	8.6	7.6	7.8
Communications	8.4	-7.9	-6.3	0.7	0.7	1.1	1.2	0.5
Financial Intermediation	7.0	2.9	4.3	4.1	5.7	6.6	4.0	4.3
Real Estate, Renting and Business Activities	1.8	1.5	-7.0	0.8	1.7	1.8	1.5	1.2
Public Administration	-3.8	-0.8	-2.0	0.1	2.5	4.2	5.8	7.1
Education	-4.8	4.2	-0.3	1.7	-1.7	4.1	4.2	4.3
Health and Social Work	5.9	-3.8	-1.7	2.4	2.7	2.9	2.3	3.5
Other Community, Social & Personal Service	1.9	1.6	-11.4	1.2	0.9	1.8	2.8	1.1
Activities of Private Households as Employ	1.5	0.6	-4.3	0.0	1.6	1.9	1.0	1.0
Real Gross Value added (not GDP)	3.7	1.2	-13.7	5.2	5.8	5.7	4.3	5.0
<b>Real Gross Domestic Product</b>	<b>4.4</b>	<b>0.7</b>	<b>-13.8</b>	<b>4.7</b>	<b>6.0</b>	<b>3.6</b>	<b>4.0</b>	<b>4.8</b>
<b>Other key indicators</b>								
Nominal GDP (% Change)	3.6	4.0	-14.0	7.6	7.3	7.2	5.6	5.8
Nominal GDP (EC\$ Millions)	3149.6	3276.4	2817.2	3031.6	3252.5	3487.7	3682.8	3898.2
Consumer Price Index	0.8	0.6	-0.7	1.2	5.5	6.1	3.1	1.8



**Appendix 5: List of Value Added Tax (VAT) Zero-rated and Exempt Goods and Services as will be amended.**

**SCHEDULE III ZERO-RATED SUPPLIES AND IMPORTS: OTHER**

1. A supply or import listed in one of the items below is a zero-rated supply or import for the purposes of this Act—  
Item No. Description  
1. A supply or import of food for human consumption to the extent provided in regulations:
  - Flour
  - Sugar
  - Rice
  - Milk
  - Infant preparations
2. A supply of water by NAWASA if(a) provided to residential premises for private or domestic use, provided that in each tax period, only the first 2,900 gallons of water supplied to a single household is zero-rated; or (b) provided for use in agriculture or commercial fishing.
3. A supply of electricity by GRENLEC provided to residential premises for private or domestic use, provided that in each tax period only the first **99** kilowatt hours of electricity supplied to a single household is zero-rated.
4. A supply of stamps by the Grenada Postal Corporation.
5. A supply of motor spirit (gasoline), diesel, LPG cooking gas, or Kerosene, if it is subject to tax under the Petrol Tax Act 2005.

**Amendment to the Zero-rated Schedule – Act No. 7 of 2011**

1. Schedule III item no.2 of the principal Act is hereby amended as follows by:
  - I) Deleting sub-paragraph (a) and substituting therefor the following new sub paragraph
    - a. provided to residential premises for domestic use
  - (ii) Deleting sub cause (b) and inserting immediately after item no. 5 the following item:
    - a. "(5a) a supply of textbooks as may be prescribed by regulations"
2. Schedule III item no. 3 of the principal Act is amended by deleting the words "private or" where it appears

### **Amendment to the zero-rated Schedule in 2021**

Non-fuel charge on electricity - Schedule III – Item 3- "A supply of electricity by GRENLEC provided to residential premises for private or domestic use, provided that in each tax period only the first **500** kilowatt hours of electricity supplied to a single household is zero-rated"

### **Amendment to the Zero-rated Schedule for Budget 2023**

#### **Additions**

- A supply of electricity by GRENLEC provided to residential premises for private or domestic use, provided that in each tax period only the first **99** kilowatt hours of electricity supplied to a single household is zero-rated.

#### **Deletions**

- A supply or import listed in one of the items below is a zero-rated supply or import for the purposes of this Act— Item No. Description 1. A supply or import of food for human consumption to the extent provided in regulations:
  - Sugar
- Non-fuel charge on electricity - Schedule III – Item 3- "A supply of electricity by GRENLEC provided to residential premises for private or domestic use, provided

that in each tax period only the first **500** kilowatt hours of electricity supplied to a single household is zero-rated”

#### **SCHEDULE IV EXEMPT SUPPLIES**

(1) A supply listed in one of the items below is an exempt supply for the purposes of this Act— Item No. Description

1. A supply of the following “financial services”—

- (a) granting, negotiating, and dealing with loans, credit, credit guarantees, and security for money, including management of loans, credit, or credit guarantees by the grantor;
- (b) transactions concerning money, deposit and current accounts, payments, transfers, debts, cheques, or negotiable instruments, other than debt collection and factoring;
- (c) transactions relating to financial derivatives, forward contracts, options to acquire financial instruments, and similar arrangements;
- (d) transactions relating to shares, stocks, bonds, and other securities, but not including custody services;
- (e) management of investment funds;
- (f) provision, or transfer of ownership, of an insurance contract or the provision of reinsurance in respect of such contract;
- (g) provision, or transfer of ownership, of an interest in a scheme, whereby provision is made for the payment or granting of benefits by a benefit fund, provident fund, pension fund, retirement annuity fund or preservation fund;
- (h) a supply of credit under a finance lease, if the credit for the goods is provided for a separate charge and the charge is disclosed to the recipient of the goods; or
- (i) the arranging of any of the services in paragraphs (a) to (h)

2. A supply of goods, if the goods were used by the taxable person solely in connection with making exempt supplies, or if the goods are a passenger vehicle on which the person incurred input tax and was denied a credit under section 33(2)(b).

3. The following supplies of real property:

- (a) a supply of vacant land; or
- (b) a supply of land to the extent that it is to be used for agricultural purposes.

4. A supply of real property, to the extent that the property relates to or is residential premises, including land that is reasonably attributable to such premises.

5. A lease, licence, hire rental or other form of supply, to the extent that it is a supply of the right to occupy or be accommodated in residential premises.

6. A supply of holiday or hotel accommodation, if the accommodation is provided to an individual, (alone or together with other individuals), who resides therein under terms consistent with a property owner and tenant agreement, and for a continuous period of more than 45 days, (counting the first day on which the person is supplied the accommodation and disregarding the day on which the person ceases to be provided with the accommodation).

7. A supply of accommodation in, or the right to occupy as a residence, a caravan, houseboat, camping site, boat, marina berth, or similar place, on terms commensurate with those of landlord and tenant, if the accommodation is provided to an individual (alone or together with other individuals) for a continuous period of more than 45 days, (counting the first day on which the person is supplied the accommodation, and disregarding the day on which the person ceases to be provided with the accommodation)

8. A supply by a condominium corporation to a member of the corporation, if the unit that is owned by the member, or the property the member, is entitled to occupy as a consequence of its membership, constitutes residential premises (including any garage, storage space, or other space associated with the premises, so long as that space is of a type commonly considered to be part of residential premises)

9. A supply of "education services," consisting of tuition or instruction for students provided by an institution duly registered by the Minister of Education, being—

(a) a pre-primary, primary, or secondary school;

(b) a technical college, community college, or university;

(c) an educational institution established for the promotion of adult education, vocational training, improved literacy, or technical education;

(d) an institution established for the education or training of physically or mentally handicapped person; or (e) an institution established for the training of sports persons

10. A supply of medical, surgical, psychotherapeutic, dental, nursing, convalescent, rehabilitation, midwifery, paramedical, optical, or other similar services where the services are provided— (a) by an institution regulated by the Minister of Health; or (b) by, or under the supervision and control of, a person who is registered as being qualified to perform that service under a law of Grenada or whose qualifications to perform the services are recognised by the Government of Grenada.

11. A supply of services in a nursing home or residential care facility for aged, indigent, infirm, or disabled persons who need permanent care.

12. A supply of veterinary services by a person who is licensed or recognised by the Grenada Medical, Dental, and Veterinary Surgeons Regulatory Board.

13. A supply of goods or services by an approved non-profit body, as prescribed by the Minister, if the supply is made for a prescribed purpose.
14. A gambling supply conducted by an approved non-profit body.
15. A supply of a ticket in a lottery conducted by the Grenada National Lottery Authority or the Windward Islands Lotteries Commission.
16. A supply of the transportation of passengers within Grenada by taxi, bus, or ferry, but not including a supply of a chartered tour of a kind ordinarily provided to tourists or other visitors to Grenada.
17. A supply of unprocessed agricultural products if: (a) the supplier is the producer of the products; or (b) but for paragraph (3) of Schedule I, the supply would have been a zero-rated export under paragraph (1) of that Schedule.
18. A supply of agricultural or fishing inputs, if the import of the thing supplied would be exempt under paragraph (a) or (g) of item 3 in Schedule 5.
19. A supply of aircraft's stores or ship's stores, or of spare parts for an aircraft or ship, if the stores or parts are for use, consumption, or sale on the aircraft or ship during a flight or voyage that constitutes international transport.
20. A supply of the services of repairing, maintaining, cleaning, renovating, modifying, or treating an aircraft or ship engaged in international transport.
21. A supply to a non-resident who is not a taxable person of services that— (a) consist of the handling, pilotage, salvage, or towage of a ship or aircraft engaged in international transport; or (b) are provided directly in connection with the operation or management of a ship or aircraft engaged in international transport.
22. A supply of international transport services.
23. A supply of insuring, arranging for the insurance of, or arranging for, the international transport+

### **Amendment to the Exempt Schedule in 2011 – Act No. 7 of 2011**

Schedule IV of the principal Act is hereby amended as follows:

1. By deleting the words "marina berth" where it appears in item no. 7

2. By deleting the words "but not" where it appears in item no. 16
3. Deleting item no. 17 and substituting therefor the following new sub paragraph  
 "a supply of unprocessed agricultural or fishing inputs as may be prescribed by regulations
4. By deleting item no. 18 and substituting therefore the following new sub paragraph (18a) a supply of agricultural or fishing inputs as may be prescribed by regulation
5. By inserting the following new sub-section after item no. 23
  - a) A supply of bread of wheat flour as may be prescribed by regulations
  - b) A supply of medicines for chronic diseases as may be prescribed by regulations
  - c) A supply of chicken back, neck, drumettes and wings, fresh, chilled, or frozen as may be prescribed by regulations
  - d) A supply of other meat or poultry, fresh or chilled as may be prescribed in regulations
  - e) A supply of other meats fresh or chilled as may be specified in regulations
  - f) A supply of energy saving devices as may be prescribed in regulations
  - g) A supply of hurricane mitigating devices as may be prescribed by regulations
  - h) A supply of microcomputers, software and accessories as may be prescribed by regulations
  - i) A supply of marine berth and dockage
  - j) The payment known as service charge to hotels, guest houses and restaurants
  - k) A supply of newspapers as may be prescribed in regulations

**Amendment to the Exempt Schedule in 2015 – Act No. 21 of 2015**

The principal Act is amended in Schedule IV by inserting in item 1 after the words "financial services" the words "which are not remunerated by an explicit fee".

**Amendment to the Exempt Schedule in 2021**

Salt Fish

Vegetable Cooking Oil

Fresh, Chilled and Frozen Turkey Parts. Not to include whole turkey, ground turkey.

Cheddar Cheese

Split Peas

**Proposed Amendment to the Exempt Schedule for Budget 2023**

### **Additions**

A supply of the following items as may be prescribed in regulations

- o Soya Chunks
- o Veggie Patties
- o Olive oil
- o Canola oil
- o Soya bean oil
- o Sunflower oil
- o Coconut oil
- o Red kidney beans
- o Black-eye peas
- o Lentil peas
- o Hand sanitizers
- o Adult diapers
- o Baby diapers
- o Toothpaste
- o Toilet Paper
- o Bathing Soap
- o Laundry Soap
- o Sanitary Napkins
- o Condoms

### **Deletions**

(23 k) A supply of newspapers as may be prescribed in regulations

(15) A supply of a ticket in a lottery conducted by the Grenada National Lottery Authority or the Windward Islands Lotteries Commission.



**Appendix 6: Performance of Statutory Bodies and State-Owned Enterprises**



