

**NATIONAL ADDRESS BY
DR. THE RT. HON. KEITH C. MITCHELL,
PRIME MINISTER OF GRENADA**

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Fellow citizens, residents and friends,

Good evening.

We are rapidly approaching the mid-term of our Administration.

As your chief public servant, I take this opportunity to address you on several issues of national importance.

The last 27 months have been far from easy.

As we grapple with our daily challenges, it is easy to lose sight of how much this Country has recovered since February 2013.

That would be a travesty which we simply must avoid.

Lest we forget, our Government inherited a dismal and dire situation.

Here are the facts:

- Grenada was in deep recession with virtually no growth from 2009-2012
- Unemployment was rapidly rising and was over 40% at the end of 2012
- Unpaid Claims were piling up and were over \$110 million by the end of 2012
- Public servants were being paid late
- Government was selling assets left, right and centre to pay salaries
- Government's monthly deficit had reached \$18 million

- Investor confidence was at an all-time low
- Our citizens, especially our youth, were losing hope

Without a moment to waste, our Government immediately began to clean up the massive mess which we found.

Within days of the swearing in of the new Cabinet, our Government made the call to commence a comprehensive restructuring of the Public Debt - something the previous Cabinet had decided to do since 2011 but lacked the courage to implement.

Our decision to restructure the Public Debt did not mean, as some have tried to suggest, that Government stopped paying all debts.

Indeed, nothing could be further from the truth.

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In 2015, Grenada will spend more than \$300 million on debt repayments.

What Grenada could not pay was the commercial debt, which is the most expensive part of the Public Debt. In addition, when we assumed office, Grenada was already in arrears for the Kuwaiti Funded Feeder Roads Project, and to several bilateral creditors. Furthermore, the longstanding issue with Taiwan, far from being resolved, had gotten worse during the period of the previous Administration.

The Nation may well recall that the operations of both the Airports Authority and Ports Authority were put at risk because of legal action taken by Taiwan to deny them much needed funds as it sought to settle its judgment against Grenada.

Having announced the debt restructuring, we then commenced preparation of a Homegrown Programme of Fiscal Adjustment and Reforms. Soon thereafter, we reached out to the International Monetary Fund and other development partners for support.

Some detracting elements want you to believe that the increases in taxes and the sacrifices being made by our citizens came about because we are an insensitive government.

Brothers and sisters, our records will show that this is definitely not the case.

Having been given an overwhelming mandate to govern, we did not take it for granted.

In a spirit of humility, responsibility and national unity, we reached out to our Social Partners in March 2013 and established the Committee of Social Partners, comprising Churches, Business, Trade Unions, Civil Society and Government.

We were convinced then, as we are now, that full engagement with our Social Partners would result in better governance of our beautiful Land.

We then moved swiftly to have the Integrity Commission fulfil its mandate. Last year, for the first time in our Nation's history, all parliamentarians declared their assets and liabilities. I was the first to do so, and I also did so publicly, understanding the necessity of leading from the front on issues of transparency.

For the past 27 months, quite appropriately, we have focused on putting our Nation's fiscal house in order and fixing our economy.

The simple but profound question is this: is the Grenadian economy better now than it was in 2012?

The honest and objective answer to this question is yes.

Sisters and brothers, our economy is getting better.

Here are some undisputed facts:

- Grenada's economy is growing again, at an average of at least 3% in 2013 and 2014--much faster and better than the IMF predicted. It is also expected to grow by at least the same rate again this year. It is important to note that those are very conservative figures.
 - This increased economic activity has been led by Agriculture, Tourism and Medical Education. Grenada is now among the better performers in the ECCU, a *sharp contrast to the economic decline from 2009-12*.
 - Unemployment is falling: from above 40% in 2012 down to 29.5% in 2014. This finding is based on Labour Force Surveys done in 2013 and 2014 (as per ILO standards).
 - Our fiscal situation is improving. Grenada's Tax Effort which was 18% (the lowest in the ECCU) in 2013 is now 21% and rising.
 - Government's monthly shortfall has been slashed. It has averaged about \$6 million for the five months of 2015 compared to \$18 million before the Homegrown Programme began - a 66% reduction.
 - Public Servants and pensioners have received benefits and protection. They have been paid on time and they have received almost \$50 million in back pay between 2013 and 2014.

Furthermore, there has been no retrenchment in Government.

Wherever there has been retrenchment in the private sector, Government has removed Income Tax on severance pay to help the affected persons. I am pleased to note that some have started their own small businesses.

Government has also removed Income Tax on NIS pensions. This is a move aimed at helping our pensioners.

Grenada has now secured debt relief in excess of \$400 million as a result of a 50% haircut with bondholders and Taiwan. This is a huge achievement.

There are those among us who, in their narrow political interests, do not want and are therefore not happy with this relief but this is about Grenada, Carriacou and Petite Martinique, and future generations.

Brothers and sisters, it is our courage, shared sacrifice and hard work that have made this debt relief possible.

The foregoing achievements are in themselves impressive but especially so given the dire situation inherited by our Government.

Brothers and sisters, our shared sacrifices are being recognized and rewarded. As a consequence, more financial assistance is coming to Grenada.

You may recall when we embarked on the Homegrown Programme, I told the Nation that Grenada stands to benefit from external resources of \$100 million per year.

Last year, because of our good performance, Grenada received more than \$102.8 million in external support. The key contributors included:

- World Bank - \$40 million
- Caribbean Development Bank - \$27 million
- IMF - \$16.5 million
- EU - \$19.3 million (grants)

We thank these partners for their support.

What have we done with these resources?

We have significantly increased capital spending to help grow our economy and create jobs. For example:

- More roads are being fixed, and more road projects are on stream, with hundreds of jobs created
- More support is being given to farmers through the Farm Labour Programme
- Our Farmers are receiving higher prices from Marketing Board
- More airlift to Grenada has been provided
- More marketing of our destination has been done (Grenada had the second highest arrivals in the Caribbean last year)
- Unpaid Claims (over 60 days) are now down to \$50 million – this means more money in the hands of our local private sector
- More soft loans have been provided for small businesses resulting in the creation of more jobs.
- We embarked on an Imani training programme that has engaged thousands of young people in the last two years

Recently, we launched the process of preparation of National Plan 2030.

The impetus for this Plan was a call for such by our Social Partners.

Our Government has listened.

Of necessity, this process must be broad-based and inclusive. For this reason, Cabinet invited the Social Partners and the National Democratic Congress, among others, to be part of the Steering Committee for this Plan.

I thank those who have responded to this call.

I encourage everyone, especially our youth, to get involved in this process as we develop a bold and robust Plan, not just for ourselves, but for our children and grand-children.

As a caring Government that is always mindful of our young people, the Ministry of Youth and the Department of Public Administration have been working tirelessly to ensure the smooth exit of the first cohort of trainees and their incorporation into meaningful employment; while ensuring that there is minimal strain on the public purse.

To date, a number of actions have been taken to ensure the success of this process. Private sector companies have been engaged to encourage them to retain trainees who have excelled during their internship.

We are also seeking to establish cooperatives for trainees who have expressed interest in business-type models in various areas, including Agriculture, Garment Production and Agro processing. Meanwhile, trainees have been getting assistance in preparing their business plans to seek funding under the Grenada Youth Enterprise Initiative.

Various Ministries have been looking within to provide further opportunities for trainees.

We are also considering extending the training for some who are not yet ready for incorporation, and arrangements are being made to have them complete their CVQ training if they have not yet been able to do so. This will continue for a limited period.

Even while we make provision for our exiting trainees, we are putting plans in place to absorb a new batch of thousands of trainees, beginning in August of this year.

In sport, the exploits of our premier athletics ambassadors, Kirani James, and others, continue to make us all proud. We commend Kirani on his outstanding season.

Recently, Grenada signed an agreement with the European Union for visa-free travel to its members States.

This is indeed a major development that augurs well for our people, our tourism industry and foreign direct investment.

This visa waiver agreement now provides a short-stay gateway to about 22 countries – definitely a feat for all Grenadians, whether at home or abroad.

Brothers and sisters,

I am pleased to observe that several major private sector projects announced in the 2015 Budget have commenced.

The Sandals Call Centre has opened with 50 persons employed. Already, it is embarking on an expansion that will result in another 70 persons being employed. This is in addition to the over 500 persons employed at the Resort.

The construction of the Clarkes Court Bay Marina is now well advanced with 75 persons employed.

The Carriacou Marina in Harvey Vale is progressing and currently employs 15 persons.

The Fiji Resort in Carriacou will soon begin and will hire about 58 persons in the construction phase.

On May 18, the commonly referred to Silver Sands Resort Project, commenced. During construction, 200 persons will be hired.

A number of other smaller-scale projects are already being implemented, as promised in 2015, employing hundreds of workers. Those include:

- The Sanctuary, a 13 room Boutique Residential Resort, that will employ a dozen people
- The Wildcats Children's Recreational Center at Excel Plaza, a much-needed and worthwhile venture for our very young
- LeBoucher Inc., a meat processing operation in Lance aux Epines
- Karnani Investments Construction of a commercial complex in True Blue, with an employment of about 15
- The Solamente Villas project in Lance Aux Epines, which promise to be a 10 bedroom luxury villa. Approximately 18 people will be employed on this Project.

Just over a week ago, Grenada's Foreign Minister joined Chinese investor, Charles Liu in Beijing, to market a US\$2 billion dollar resort and villa development in Grenada. More details on this mega-investment will be shared soon and hundreds of jobs will be created.

Information supplied by the GIDC points to more than ten additional projects that are carded to commence within the next few months.

Already, preliminary data from the Physical Planning Unity show that there is an increase in the number of residential homes being constructed so far, this year. This has resulted in a boost for the construction sector, and the employment of hundreds of grenadians.

Brothers and sisters, the significant progress made by our Country over the past 27 months is the fruit of our collective efforts.

I therefore wish to give credit where credit is due.

I acknowledge the role of the Conference of Churches in Grenada, which, without any prompting, discerned that Grenada was in dire need of debt forgiveness and commenced an international campaign to help build the case for debt forgiveness.

I thank our Social Partners which have engaged in sustained and meaningful dialogue about the development of our Country culminating with the historic signing of the Social Protocol in January of this year.

I thank the public servants, teachers, doctors, nurses, police officers and prison officers, and many others, who are working hard to serve their Country at this very crucial time.

I acknowledge the valuable role being played by the Ministry of Finance and the Office of the Attorney General as we move forward with critical reforms. Only last week, we created history with the passage of Fiscal Responsibility legislation to ensure Government lives within its means and manages its debts well.

I wish to recognize my Cabinet colleagues for their continued sacrifice and service to our Nation.

Finally, I thank all Parliamentarians for working with Government to implement a very demanding legislative agenda.

Before, I conclude, I wish to announce some adjustments in our Cabinet.

As Head of Government and Chairman of Cabinet, it is my duty to constantly monitor the performance of Cabinet to ensure its optimal effectiveness.

It is also my duty to grow the team such that the men and women who serve become more effective leaders with a well-rounded experience in Government.

To this end, I now inform the Nation of the following adjustments, which I have requested of Her Excellency, the Governor General:

Hon. Alvin Dabreo, the Minister responsible for ICT in the Ministry of Works, Public Utilities and ICT will now become Minister in the Ministry of Agriculture, Lands, Forestry, Fisheries and the Environment.

Senator the Hon. Simon Stiell, Parliamentary Secretary in the Ministry of Agriculture, Lands, Forestry, Fisheries and the Environment will become Minister of State in the Ministry of Education and Human Resources. Senator Stiell joins the Cabinet of Ministers.

Senator Winston Garraway, Parliamentary Secretary in the Prime Minister's Ministry, responsible for Information, will become Minister of State in the Ministry of Youth, Sports and Religious Affairs. Senator Garraway also joins the Cabinet.

Senator the Honourable Sheldon Scott, Parliamentary Secretary in the Ministry of Youth, Sports and Religious Affairs will now serve as Parliamentary Secretary for Information in the Prime Minister's Ministry.

I wish to make it abundantly clear that these adjustments will not cost the taxpayers of this Country, one additional cent. I thank these gentlemen for their service and sacrifice.

These Cabinet appointments and adjustments will take effect from June 15, 2015.

In conclusion:

Grenada has come a long way since February 2013: a sustained and meaningful dialogue among Social Partners; resumption of economic growth; rising employment; rising investor confidence; an improved fiscal situation and better fiscal and financial management.

It has not been easy but we have achieved much together.

Grenada is receiving significant financial and technical assistance because we have demonstrated courage and a determination to do the right things together.

Grenada is on the right track and headed in the right direction.

Things are looking up.

That is why we must stay the course.

[Therefore], let us be ever mindful that we “***can do all things through Christ who strengthens***” us (Philippians 4.13).

May God bless Grenada, Carriacou and Petite Martinique.

Good evening.