Government of Grenada

2013

Budget Statement

Presented by
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Theme:
“Restoring Hope, Building the New Economy and Empowering our People”
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1.0 INTRODUCTION

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

“Whereas it is necessary to provide for the State of Grenada for the year 2013 by means of an Appropriation Act;

Be it resolved that the Estimates of Expenditure for the year 2013 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, 2012 was a very difficult year for our Nation – economically, psychologically and politically.

As our people suffered and continued to lose hope, our Parliament, the place where the people’s business is conducted remain closed, courtesy of a minority government desperately clinging to power.

When finally on February 19, 2013, our people were given an opportunity to express themselves, they wasted no time. In determined and decisive fashion, they voted for change, jobs and opportunity.

Today, our Parliament is open again and a fresh breeze of democracy, hope and opportunity is blowing through our dear Land.

Today, we join with the David in Psalm 136.1 of the New King James Version and I quote: “Oh, give thanks to the LORD, for He is good! For His mercy endures forever”. End of quote.

Mr. Speaker, the Public Finance Management Act requires that a Budget be passed by Parliament no later than the end of April of each year.
Our Nation is well aware that our Government, while in transition, has only had seven weeks to prepare this Budget. Nonetheless, we have complied with the law. Realistically, this Budget must be seen as somewhat of a holding Budget aimed at securing authorization for expenditure for the remaining eight months of this year while facilitating the implementation of some of Government’s key priorities.

Accordingly, I serve early notice to this honourable House, that I will return in December of this year to present the 2014 Budget. This early announcement signals the intention of this Government to present our Budgets before the commencement of the fiscal year in stark contrast to the practice of the previous Administration. We believe such an approach, is better governance, both in legal but especially managerial terms.

Beyond better planning and faster implementation of Government plans, it also sends early signals to the private sector of what they can expect thereby enabling them to better plan their own businesses.

Mr. Speaker, the theme of this Budget is “Restoring Hope, Building the New Economy and Empowering our People”.

This theme is premised on the fact people voted in overwhelming numbers for the New National Party because they needed to have their confidence renewed and their hope restored.

Though constrained in our preparation, the 2013 Budget makes some bold moves as our Government begins to deliver on our promises of restoring hope, jobs and opportunity.

This Budget will immediately begin to lay the foundation for the New Economy with significant cuts in recurrent expenditure, debt restructuring, stimulus in Agriculture, Construction and Manufacturing and a more cost effective approach to marketing our Country as a tourist destination.

Above all, this Budget puts people first. As a caring and compassionate Government, we have listened to the needs and cries of our people
and have put our people especially our youth at the centre of all our policies and programmes.

As is customary, this Budget Statement will commence with a synopsis of recent global and regional developments. We will then focus on the performance of the Grenadian economy and the fiscal performance of Government. Then, we will present some of our plans for building the New Economy, Empowering our People and Restoring Hope. Finally, we will conclude with hope and optimism, as we look towards a brighter future for all Grenadians.

2.0 INTERNATIONAL AND REGIONAL DEVELOPMENTS

2.1 Recent Economic Performance of Global Economy and Eastern Caribbean Currency Union

Mr. Speaker, 2012 was another difficult year for the global economy especially the members of the Eastern Caribbean Currency Union. The Union experienced a further contraction, the third time in four years. Grenada’s economy also declined. The details on these performances are in Annex I of this Statement.

2.2 The British American Insurance and CLICO Situation

Mr. Speaker, our Government is very mindful of the suffering being experienced by policyholders of BAICO and CLICO.

Our Government subscribes to the principle that this is a regional problem that requires a regional solution. Consequently, Grenada will continue to play a key role in this regional solution.

In respect of BAICO, we note that 80% of the policyholders have now been made good either from the transfer of their policies to SAGICOR or direct payments. In respect of the second phase of the ECCU Policyholders Relief Programme announced in late March, 372 Grenadian policyholders will receive $4.4 million. When combined with
Phase I, the Programme would have helped more than 1,000 Grenadian policyholders with payouts of close to $10 million dollars.

Phase 3 of the ECCU Policyholders Relief Programme targeting policyholders whose policy values exceed $30,000 will be announced as soon as funds become available.

We express appreciation to the Government of Trinidad and Tobago for partnering with the ECCU to help resolve this major difficulty.

In respect of CLICO, active discussions are ongoing among the ECCU Governments and the Judicial Manager of CLICO International Life Insurance Limited. A firm recommendation on the way forward will be considered by the ECCU Governments later this month.

3.0 LOCAL DEVELOPMENTS

3.1 Economic Performance and Prospects

Mr. Speaker, there is absolutely no doubt that the Grenadian economy has suffered tremendously over the last four and a half years.

Since 2009, the Grenadian economy has declined on average by 2.0% per year.

With the exception of the Agriculture and Education sectors, most of our major sectors including Tourism and Construction have suffered significant decline.

Construction, whose contribution to GDP has fallen sharply in recent times, has had several years of decline.

The Hotels & Restaurants Sector, a proxy for Tourism has declined on average by 4.7% during 2009 to 2012.

The Transportation, Storage and Communications Sector, which accounts for approximately 14% of GDP, declined on average by 4.5% during the same period.
The Wholesale and Retail Sector has also performed badly since 2009 declining on average by 4.4%.

Mr. Speaker, the unemployment rate appears to have doubled between 2008 and 2012. And poverty, which was already high at 37%, is estimated to have significantly worsened.

The deficit on the current account has widened as the growth of Grenada’s Imports increased but the growth of Exports has been sluggish.

Inflation as measured by changes in the Consumer Price Index (CPI) however has been relatively low, with average inflation of 1.8% in 2012 compared to 3.5% in 2011. However, food inflation has increased more rapidly at around 3.0 percent.

Mr. Speaker, notwithstanding the difficult global economic environment, it is clear that the Grenadian economy, like the previous Government, was in “freefall” with no signs of turnaround.

The difficult external environment cannot explain political infighting, anti-investor policies and the uncaring nature of the Government. That is why, while in Opposition, we repeatedly stated that the situation in Grenada was made far worse by the actions and inactions of the Government.

A bad situation was compounded by the closure of Parliament for seven long months effectively blocking important bills and soft loans for our struggling economy.

But, Mr. Speaker, it gets even worse. After shutting down the Parliament, the Government then resorted to selling every Government asset in sight, to pay salaries.

Mr. Speaker, the implications of these unpatriotic actions will be felt by this Nation for many years to come.
Transparency? Accountability? Good governance? What a sham!

While we lament this poor state of affairs and the tremendous challenge that is before us, we embrace our overwhelming mandate as a great opportunity to restore hope and transform Grenada.

Looking forward: Growth Prospects

Mr. Speaker, our Government strongly believes that the Grenadian economy will be turned around over the medium term. This year, the economy is projected to grow by at least 1.2 percent with economic activity picking up pace over the medium term and increasing much faster over the longer term as the New Economy takes shape.

3.2 FISCAL PERFORMANCE

In 2012, the Government faced a worsening fiscal situation with revenues falling short of target even as recurrent expenditure continued to rise.

Current expenditures exceeded current revenues by $7.9 million. With the high monthly payroll including pensions, TAMCC and Board of Tourism of $28.5 million and mounting debt service obligations, the Government found it increasingly difficult to meet its current obligations on a timely basis.

On the back of a shrinking economy, revenues performed below expectations, falling short of target by some $26.5 million. Total revenue collections amounted to $432.8 million. Collections from Inland Revenue amounted to $210.1 million, while the Customs & Excise Department collected $203 million. At the time of the 2012 Budget Presentation, a financing gap of $156.5 million existed. This gap was never closed as the sources of financing identified did not materialize. Consequently, Government resorted to raising $95.5 million from the National Insurance Board and PetroCaribe Grenada through the sale of Government’s assets and issuance of treasury bills.
Reflecting the combined impact of lower revenues, grants and financing, the implementation of the 2012 Budget was severely hampered.

Current expenditure amounted to $440.8 million with personnel expenditure accounting for almost 52% of this figure.

The implementation of the capital budget was badly affected by the limited financing available. Capital expenditure amounted to only $103.8 million, less than half of the $235.2 million approved.

Not surprisingly, the economy returned to recession. This is in stark contrast to the bold pronouncement of the then Minister of Finance who arrogantly proclaimed and I quote “the recession has ended”. What a joke!

As it stands, Mr. Speaker, the Government fiscal situation is unsustainable. Current expenditures have outpaced and now exceed current revenues. As a result, capital expenditures are being crowded out making it difficult to grow the economy and stimulate job creation – a vicious cycle.

The 2013 Budget must begin to address this structural problem.

Mr. Speaker, our Government is prepared to take the bold and difficult decisions to put our Nation’s fiscal house in order. However, Government cannot do this alone. All social partners and creditors must come together to help Grenada turn this situation around.

3.3 **PUBLIC DEBT AND DEBT RESTRUCTURING**

On December 31, 2012, the total Public Sector debt was $2.33 billion or 108% of GDP. This sum is broken down as follows:

Central Government debt – EC$1.92 billion
Government Guarantees – EC$409.74 million
Total Public Sector Debt – EC$2.33 billion
Mr. Speaker, Grenada can no longer service its debts on current terms. Furthermore, the sheer scale of our debt overhang against the backdrop of a shrinking economy has become a binding constraint on growth.

This reality is expressed in the recent IMF publication styled **Caribbean Small States**: High Debt and Low Growth and I quote:

“Many Caribbean economies face high and rising debt to GDP ratios that jeopardize prospects for medium-term debt sustainability and growth”. End of quote.

Having recognized this fact, our Government took immediate steps upon assuming office, to embark on a comprehensive and collaborative restructuring of the Public Debt.

The terms of this restructuring will be revealed following discussions with Grenada’s creditors. Suffice to say, these terms must be appropriate for the circumstances, Grenada faces. This will require addressing the quantum of debt itself. We anticipate that some creditors may want Grenada to ‘kick the can’ down the road by deferring payments once again. However, such an approach would not be appropriate in Grenada’s current circumstances.

On this occasion, we must all acknowledge that there are no easy solutions. The Government and its creditors must take the time required to ensure that a decisive and credible solution is put in place.

Mr. Speaker, before I move on, it is important to note the following:

1. When the National Democratic Congress left office in 1995, the public debt was at least $500 million (when guarantees are included) and not $373 million as they often claim;

2. When the New National Party Administration left office in 2008, the debt which stood at $1.75 billion (when guarantees are included) was being serviced;
3. There are many investments to show for this debt during the period 1995-2008 in respect of roads, schools and other infrastructure;

4. Government was paying salaries of public servants on time;

5. Government was not borrowing from the National Insurance Scheme;

6. Government was not selling assets to the National Insurance to pay salaries; and

7. Grenada was the fastest growing economy in the OECS.

All this changed when the National Democratic Congress arrived in office boasting “no one could do it better”. I believe the Grenadian people have judged for themselves who can do it better. Indeed, that is why, they have returned the New National Party to office with such an overwhelming mandate.

I now turn to the Estimates of Revenue and Expenditure for 2013.

4.0 ESTIMATES OF REVENUE AND EXPENDITURE FOR 2013

4.1 Budget and Financing Summary

Mr. Speaker, the 2013 Estimates of Revenue and Expenditure provides for total expenditure (including principal repayments) of one billion, one hundred and two million, two hundred and forty three thousand, nine hundred and ninety four (1,102,243,994).

The overall budget can be summarized as follows:

Recurrent Revenue: $477.0 million
Recurrent Expenditure: $441.1 million
Current Account Surplus or Transfer to the Capital Budget: $32.9 million
Primary Deficit (before Grants): $169.2 million
Capital Expenditure: $262.4 million
Principal Repayments/Amortization: $395.8 million
Overall Deficit (including Grants): $154.4 million

Financing the Deficit

The Overall Deficit of $154.4 million or 6.9 percent of GDP will be financed from domestic and external sources and is necessary at this time to get our economy growing again.

A loan authorization bill to raise monies for the financing gap as well as to reduce Unpaid Claims in the Treasury will be considered in this sitting of Parliament.

The five largest allocations are:

1. Debt - $456.0 million (41.4% of total expenditure)
2. Ministry of Education and Human Resources - $110.6 million (10.0% of total expenditure)
3. Ministry of Works - $72.6 million (6.6% of total expenditure)
4. Ministry of Finance and Energy - $69.9 million (6.4% of total expenditure)
5. Ministry of Health - $62.6 million (5.7% of total expenditure)

A major challenge for Government is how we manage the payroll going forward, which now accounts for close to 65 percent of current expenditure when we include Pensions and Gratuities.

In this regard, our Government has already begun to engage the Trades Union Council on the shared sacrifices required at this time.

Current revenues for 2013 are projected at $448.2 million, approximately 3.6% more than current receipts in 2012.
The Government anticipates a recurrent surplus of $32.9 million that will be used as counterpart financing for some key projects.

Total capital expenditure for 2013 is projected at $262.4 million. Of this amount $112.9 million will be from local sources, $66.5 million from grant sources and $82.9 million from loan sources.

Mr. Speaker, successive Governments including the previous NNP Administrations have lived beyond their means. As a Country, we have spent more than we can afford on current operations. Moreover, we have tried to cushion the effects of major external shocks such as loss of trade preferences and hurricanes by borrowing. Above all, the size of government has grown beyond our capacity to sustain.

Mr. Speaker, while in Opposition, time after time, we cautioned against expanding the Government bureaucracy.

For example, there has been wanton rental of Government properties all over the place. At present, Government is spending almost $8 million dollars per year on these rentals. Sadly, some of these monies could have been used to provide hope for our youth; jobs for thousands of persons who are now unemployed and basic medication to save the lives of our people.

The New Economy requires that Government puts its fiscal house in order. This process must commence now. With laser-like focus, I have led a determined effort to cut recurrent expenditure in the preparation of this Budget.

4.2 Expenditure Reduction Measures

Through resolute action, we have cut over $60.0 million from the recurrent budget in 2013.

This is the first installment in our expenditure reduction or waste reduction drive given the limited time that we have had to complete this exercise. The recently appointed Waste Reduction Commission will continue this effort and monitor implementation.
Let me share some of the specific measures taken:

On my directive, each ministry and department was asked to cut non-personnel expenditure by at least 20 percent over 2012 spending. However, we were careful however not to cut spending on medication for our hospitals. In fact, that spending has increased.

We have moved to rationalize rentals for government offices. This measure will save approximately $1.0 million in 2013.

We have cut the budget for Overseas Travel by 20% from its 2012 level. Mr. Speaker, only essential travel will be undertaken. Unlike the previous Administration, there will be no globetrotting by this NNP Administration.

The budget of the Ministry of Foreign Affairs has been cut by 28 percent thereby returning it to its 2008 levels. Through a combination of more joint representation with the OECS such as in Brussels, private sector support for London and the use of non-resident ambassadors and honorary consuls, the cost of our diplomatic service will be managed to reflect our fiscal constraints but configured to deliver our foreign policy and development objectives.

Cabinet will soon announce a policy on private sector support for overseas missions.

We have installed LED light fixtures, supplied by the People’s Republic of China, in the Financial Complex. The next area of focus will be the Customs and Excise to be followed by the Ministry of Education and the Ministerial Complex. Government expects to reduce its electricity consumption by at least 30% and save $9.6 million per year.

We have implemented the new mobile telecommunications plan which will cut our expenditure on mobile telecommunications by at least 40%.
Effective immediately, Government will implement a freeze on net hiring - this will save an additional $8.0 million.

A major challenge for Government is how we manage the payroll going forward, which accounts for close to 65% when we include Pensions and Gratuities. As it stood, Government would have had to find an additional $38.0 million to meet payroll requirements in 2013 – an impossible task. In this regard, our Government commenced dialogue with the Public Workers Union, Grenada Union of Teachers and Technical and Allied Workers Union on the shared sacrifices required at this time.

Finally, we are moving swiftly to procure and install an Electronic Tracking System (GPS) for all government vehicles. This technology is already used locally by some private sector entities. Given the history of abuse of Government vehicles coupled with the fact that Government owns the largest fleet of vehicles, such a system is fully justified and long overdue. It will result in millions of dollars in savings on fuel and maintenance.

4.3 Revenue Enhancement Measures

Government recognizes that raising tax rates in a depressed economic situation is not smart economics. That said, Government is fully committed to finding creative ways to improve revenue to help fund some of the investments needed to build the New Economy.

The following revenue enhancement measures will be implemented in 2013:

Citizenship by Investment Programme

Within the next two months, Government will bring legislation to Parliament to establish a Citizenship By Investment Programme.

Such programmes have been in existence for many years in both developed and developing countries. Grenada will design a Programme
tailored to Grenada’s needs and will take great care to attract clean and credible investors. This Programme is expected to start in June 2013.

Cabinet has appointed a Committee led by the Attorney General to receive and determine applications under this Programme. Government has placed a very conservative revenue estimate of $27 million from this Programme.

**New User Fees**

Government will increase selected licence fees, including Gun Licences and the introduction of signature license plates.

**Strengthening the Administration and Collections of Taxes**

Mr. Speaker, during our budget consultations with Trades Union Council and the Business community, the issue of revenue leakage at both Customs and Inland Revenue has been raised.

Our Government shares those concerns and will act to improve collections. More on this will be said in due course.

Through administrative reforms at the Customs and Inland Revenue Departments and tighter management of ad hoc concessions, Government intends to raise approximately $9.0 million.

### 5.0 BUILDING THE NEW ECONOMY

#### 5.1 Imperatives of the New Economy

Mr. Speaker, the top priority of our Government is building of the New Economy. The New Economy must provide jobs for those who wish to work; business opportunities for those who choose to invest; opportunity for wealth creation and prosperity for those prepared to sacrifice and play by the rules; and social justice for all who believe in equality and human rights.
We have set out the imperatives of the New Economy in Annex II of this Statement.

**5.2 Improving The Investment Climate**

Consistent with our stated intent to practice an enlightened foreign policy that puts people not ideology at the centre, Government will initiate and pursue investment treaties with several countries including Qatar, Brazil, Russia, India and China.

Moreover, we expect the Citizenship By Investment Programme will attract foreign direct investment to Grenada thereby creating much needed jobs.

**5.3 Improving the VAT System**

Mr. Speaker, the New National Party gave a commitment in its manifesto to review the VAT system. This review has commenced.

In this regard, the biggest concern raised by the private sector is that the current VAT regime discriminates against local purchases such that when a concession is granted and the VAT is waived on imports, you cannot use that concession to get a VAT waiver on the same item, if purchased locally. Obviously, this discourages domestic economic activity and hurts job creation.

Our Government has heard the loud cries of the private sector on this vexing issue and has agreed that it would be best for economic activity and growth, if Government allows VAT concessions to be enjoyed equally when the product is sourced locally as when it is imported. Accordingly, we will soon pass the necessary amendments to the VAT Act.

Mindful of the concerns raised by the private sector about voluntary registration, Government will mandate the Inland Revenue Department to develop guidelines and the necessary regulations to give effect to voluntary registration for VAT by small businesses from January 2014.
Government will also amend the VAT Act to exempt construction services associated with repairs and expansions to residential accommodation.

5.4 Stimulating Construction

Mr. Speaker the downturn in construction has played havoc on our people who are employed by and benefit from this sector.

In addition to the various public sector projects that I have just announced, Government will provide further stimulus to the construction sector by reducing the VAT on the following items to 5% with effect from the 1st, May, 2013 to December 31, 2014:

- sand
- cement
- roofing materials
- steel
- lumber and
- construction blocks.

Further, Mr. Speaker Government will forego VAT on construction services for projects valued at less than EC$400,000.00 over this same period.

Mr. Speaker on the matter of the high price of sand, this Administration is engaged in efforts to reduce its cost from approximately EC$120.00 per load to no more than EC$60.00 per load, a 50% reduction, in an attempt to drive down the cost of construction and home ownership.

Our commitment is to deliver a meaningful reduction in the cost of construction and to stimulate construction employment and economic activity.

To achieve this objective, greater efficiency will be required throughout the regulatory systems. In this regard, Government will modernize the Physical Planning Division to ensure efficient and timely ap
proval of physical development plans, essential for the revival of the construction sector.

Mr. Speaker, our several consultations, across the major stakeholder Groups urged support by the commercial banking sector and the credit unions. In a free market, such as ours the action of Governments on Banks and financial institutions is limited largely to moral suasion.

We call on the banks to assist us in making this construction stimulus package a success, by doing whatever it can to offer facilities which encourage new mortgages.

Mr. Speaker, our Government also intends to stimulate construction activity by eliminating the Alien Landholding License requirement for CARICOM Nationals. We will endeavor to deliver a 30-day time-frame for decisions on applications for Alien Land holding licenses to non-CARICOM nationals.

5.5 Stimulating Manufacturing

Mr. Speaker, the manufacturing sector accounts for 6% of Grenada’s Gross Domestic Product (GDP); employs 4.5% of the employed labour force and contributes nearly 60% of total domestic exports. This sector comprises small to medium size businesses with linkages to agriculture, construction, tourism, and other productive sectors.

After presenting proposals to the previous Administration and pleading for a review of the VAT rebate mechanism for the past 18 months, our Government has heard the cries of our manufacturers.

Effective May 01, 2013, Government will replace the Manufacturers Rebate with the Manufacturers Competitiveness Programme (MCP) as follows:

1. The MCP will be composed of two (2) parts.
2. Part A is equivalent to 5% of sales (VAT exclusive) for qualified manufacturers.
3. Part B is equivalent to 5% of sales (VAT exclusive) and can ONLY be used against accumulated rebate balances.
4. The Part “B” amount will be subject to a “sudden death” provision in the sense that once the accumulated rebate balances are liquidated, the Part “B” component will cease and the beneficiary firm will only continue to benefit from the Part “A” provision.

5. The MCP will extend for a period of four years, with annual reviews to ensure conformity with the criteria. These criteria are: Employment; Investment; and Tax Compliance.

Mr. Speaker, we believe this decision will preserve our manufacturing jobs and create additional jobs from this sector over the next two years.

5.6 Major Projects Programme

Agricultural Feeder Roads Phase II

This Project will support the construction or rehabilitation of at least 20 kilometres of farm roads throughout the State. It is co-funded by the Government of Grenada, the Kuwait Fund for Arab Economic Development and OPEC at a cost of $45 million. This Project will start in May of this year and is expected to generate 300-400 jobs over the next 18 months.

St. Mark’s Flood Mitigation Project

This Project aims to protect properties and existing infrastructure along the banks of the St. Mark’s River over an area of 900 metres using gabion bank protection walls.

The project will cost $13 million and is expected to take 12 months. Under the agreement with China Harbour Engineering Company, there must be 10 Grenadians for every one Chinese employed. Furthermore, most of the labour will come from the parish of St. Mark’s thereby creating at least 50 jobs during construction.
National Athletic and Football Stadium

The Government of the People’s Republic of China (PRC) has agreed to build an Athletic and Football Stadium for Grenada at a cost of approximately of $85 million. This Project is expected to commence by the third quarter of this year.

Our Government has requested that local labour should be used as much as possible.

St. John’s River Flood Control Project

The designs for this Project are nearly completed and work is expected to start this year. At least, $1.2 million will be spent thereby creating more jobs.

Road Rehabilitation and Maintenance Programmes

Mr. Speaker, many of our roads are now in a deplorable state. We must begin to address this situation immediately. In this regard, this Budget provides $14.5 million for maintenance of our roads. In addition, $6 million has been allocated for Asphalt Works to deliver this Programme. Furthermore, $6 million has been earmarked for Concrete Works to provide concrete roads, drainage and retaining walls.

When these programmes are combined, Government will spend $26.5 million to improve our road network while at the same time providing critical income support for our most vulnerable families through short term employment. This represents a near 300% increase over the $9.9 million spent last year.

Special Projects

An allocation of $5 million has been made for community projects. The Ministry of Works will implement this Programme which will be designed to serve every constituency.

It should be noted that the Community Development Division has been transferred to the Ministry of Works and will also assist with this Programme.
Special Projects will provide employment opportunities for many small contractors in our various constituencies.

Rehabilitation of Government Buildings

Consistent with Government’s policy to reduce rental of buildings and cut costs, Government will commence a focused programme to rehabilitate public buildings many of which are in a state of disrepair. This year, the sum allocated is $4 million.

Regional Disaster and Vulnerability Reduction Project

This Project is jointly funded by the World Bank and the Climate Investment Fund to the tune of $70.7 million. This year the major activities include:

- Design of the Lance and Hubble Bridges
- Designs for landslip and rockfall mitigation works on various sites
- Design of Community Infrastructure at La Sagesse and Beausejour
- Purchase of Fire Trucks for Maurice Bishop International Airport and Lauriston Airport ($6.4 million)

An allocation of $10.9 million has been made in the 2013 Budget for this Project.

Parliament House

This Project involves the construction of a new building to house the Grenada Parliament. The Project will cost approximately $30 million and will be funded with significant grant assistance from the Government of Australia and the United Arab Emirates (UAE).

A contract for this Project should be awarded in the final quarter of this year.
Market Access and Rural Enterprise Development Project (MAREP)

MAREP is a six year, $23.0 million Programme jointly funded by the Government of Grenada, the Caribbean Development Bank (CDB) and the International Fund for Agricultural Development (IFAD).

This Project needs a fresh start. Government, with the assistance of CDB and IFAD, will revamp the Programme to ensure it delivers to rural citizens and especially our youth in areas such as farming, fishing and other micro-enterprises. An allocation of $1.7 million has been made.

Mr. Speaker, as a general policy, Government will strongly encourage the hiring of youth and women on government contracts whenever possible. Government will consider how contractors can be provided with incentives to support this policy.

5.7 Agriculture And Fisheries

Mr. Speaker, we have listened to the cries of our farmers. We have listened to their calls to start aggressively addressing the issues of praedial larceny; the desperate need for farm feeder roads; missed opportunities for the increased production of specific high demand crops; and the need to provide irrigation support especially in this severe drought period.

Praedial Larceny

Praedial larceny is a menace that is wreaking havoc on the livelihoods of our farmers. Some of them have become very discouraged and feel like quitting. Our Government is committed to working with our farmers, communities and the Police to tackle this problem. Accordingly, we have provided a further $200,000 to address this problem. This $200,000 is in addition to the just over $750,000 provided under Police. This combined sum of almost $1 million will be used to support a campaign against praedial larceny utilizing media, intelligence and additional vehicles for the Police.
Our Government will also consider the recommendation of our farmers to establish a special praedial larceny Court.

Farm Roads

Mr. Speaker, one of the first announcements made since our assumption of office is our successful negotiations with the Kuwait Fund and CCC regarding the early resumption of the long awaited Agricultural Feeder Roads Project. What the previous Administration failed to achieve in over four and a half years in Office, we were able to successfully deliver in less than four weeks.

Mr. Speaker, as I have already announced this Project will start next month. When completed, our farmers will have better access to their agricultural farms, and faster access from their farms to market.

Mr. Speaker, we have delivered!

High Demand Crops

At present, our farmers cannot produce enough to meet the local and international demand for crops such as soursop, coconut and turmeric. As a consequence, our Government will provide an additional $200,000 for the Tree Crop Production and Root Crop Production Programmes to assist those farmers who want to rapidly expand their production of these crops.

Small Farmers Vulnerability Reduction Project

Since its inception, the Small Farmers Vulnerability Reduction Project has already helped 861 farmers. This year, the Project will support an additional 565 farmers with incentives for fertilisers, seeds, planting material, tools and irrigation equipment. The beneficiary farmers will include goat and cattle, poultry, cocoa, nutmeg and fruits and vegetables. This Project, financed by the Government of Japan will spend at least $1.2 million this year.

Fishing

Mr. Speaker, during the recent consultation with the farmers and fisherfolk held in Grenville, it was brought to our Government’s attention
that ice is not available at the Grenville and Melville Street Fish Markets due to unrepaired equipment. As a responsive Government, we have provided $110,000 to repair both machines so that our fisherfolk will now have ice.

During that same consultation, the issue of VAT on ice for the fishing community was also raised.

Our Government has considered this matter and has decided that from May 01, 2013, VAT on Ice will be zero rated for the fishing community. This simply means, our fisherfolk will no longer pay VAT on Ice.

Government has also heard the concerns of our fisherfolk about the non-functioning Communication Room at Melville Street and the Repeater at Mt. St. Catherine. These problems will be fixed so that our fisherfolk can feel safer when they leave our shores to do their jobs.

Mr. Speaker, consistent with Government’s policy to boost food production and cut out waste in Government, I wish to announce that Government will pursue a policy of commercialization of Government Estates. To this end, Government has already received some proposals.

Government will give preference to local Grenadians and, where possible, persons in communities near these Estates, with demonstrated capacity to run these Estates.

Mr. Speaker, we have increased the total allocation for Agriculture and Fisheries et al from $23.6 million to $32 million, a near 36% increase.

5.8 Tourism

Mr. Speaker, our Government is committed to developing a world class tourism product.

Marketing

A new marketing plan will soon be unveiled for Grenada using many of the most modern marketing tools. Grenada is already getting more
exposure since Sandals La Source commenced marketing of its hotel in Grenada.

The sum of $11 million has been earmarked for marketing. This sum will be supplemented by contributions from the private sector.

**Airlift**

Government has reviewed all the existing airlift agreements and is actively engaging the major airlines to finalise more cost-effective arrangements.

A central issue in these discussions is finding ways to use more of these airlift subsidies for direct marketing of Grenada. In the meantime, we are pleased to note that American Airlines will commence a five-time weekly service in July and August of this year.

Government is also actively looking for direct airlift arrangements to continental Europe.

This Budget provides $12.2 million for airlift, an increase of $4.2 million over the previous year. Of this sum, $5 million is expected in private sector contributions.

**Grenada Tourism Authority**

The unshackling of Grenada’s Tourism demands institutional transformation. This been the clear and consistent message from the Grenada Hotel and Tourism Association and other key stakeholders.

We have listened.

The sum of EC$3.5 million has been allocated to facilitate the establishment of the Tourism Authority. We anticipate the creation of this Authority will lead to a modern and more effective approach to the management of Grenada’s tourism business.

**Product Development**

The improvement of our attraction sites is urgent. This Budget provides $1.6 million, a massive increase compared to the paltry sum of $150,000 last year.
Furthermore, Government will consider proposals from the private sector to operate these sites under properly crafted lease arrangements. We believe this approach offers the best prospect for harnessing their potential. It is important to note that this approach was suggested during our consultations with both the labour unions and the business community.

**New Hotels**

Since assuming office, we have been receiving investors eager to invest in Grenada.

For example, after more than 40 years of potential but no project, the beautiful site in Grand Anse known by many as “Riviera”, will have a 70-100 room five star hotel. This project is expected to generate 100 jobs during construction and a further 150 permanent jobs when it becomes operational.

We are confident, Mr. Speaker, that we are on our way to attracting the types of hotel investments needed to cure the problem of inadequate room stock and lack of high quality products and services within the sector.

We reaffirm our commitment to establish a Fund for Distressed Hotel Assets. Cabinet has now approved the composition of a Task Force to structure the Fund and commence preliminary work on securing investors.

**Airport Development**

Government is actively engaging investors in respect of financing to upgrade the Maurice Bishop International Airport and expand the Lauriston Airport.

**5.9 Energy Development**

Government will move swiftly to implement existing cooperation agreements with private investors. Furthermore, Grenada will pur-
sue cooperation arrangements with Trinidad and Tobago and other countries for joint development and eventual exploration and exploitation. In particular, we will aim to complete a Joint Development Zone Agreement with the Government of Trinidad and Tobago in the shortest possible time.

Government will also pursue negotiations with the Bolivarian Republic of Venezuela and other CARICOM states on boundary delimitations.

Government will expedite the implementation of the Wind Energy Project in Carriacou which is a partnership among Government, the European Union and GRENLEC. Using wind turbines, this Project will meet about 60% of Carriacou’s electricity needs. We commend the previous Government on this initiative.

Government is strongly committed to the increased use of renewable energy in Grenada. In this regard, private investment is essential and will be pursued as a major priority.

5.10 Information Communications Technology

ICT is a critical enabler of innovation in the New Economy and Grenada has again assumed its lead role for Science and Technology within CARICOM

Mr. Speaker, I wish to highlight four areas for immediate attention:

Caribbean Regional Communications Infrastructure Programme (CARCIP)

CARCIP is a US$10 million World Bank funded project aimed at providing some major infrastructure including broadband infrastructure for Grenada and an IT park. However, one of its earliest activities will be the provision of WI-FI service in public buildings such as Government offices, schools, hospitals and police stations.
The CARCIP Loan Authorisation Bill has been awaiting parliamentary approval for the past nine months.

Our Government has acted swiftly. Indeed, this Bill is down for first reading during this first sitting of Parliament.

*Centre of Excellence and Innovation*

In the Book of Proverbs, it is written and I quote “where there is no vision, the people perish”. End of quote (Proverbs 29.18, King James Version)

Mr. Speaker, the state of the Centre of Excellence and Innovation is lamentable and speaks to the absence of vision and leadership by the previous Government. On behalf of the new Government, I express our deep regrets to the Government and People of India.

We will move swiftly to give new direction and leadership to the Centre. In this regard, Government will entertain proposals from the private sector to operate the Centre within a clearly specified framework such that it can deliver on its promising and important mandate to support jobs and opportunities in the New Economy.

This Budget provides $500,000 to support the Centre.

*E-Taxation Services*

In the second half of this year, Grenada will provide e-taxation services through the Electronic Governance Regional Infrastructure Project (E-GRIP). These services will include:

- E-Registration which means persons can register online and obtain a Tax Identification number

- E-Filing which means taxpayers can file their monthly and annual returns online
• E-Payments which mean taxpayers can pay their taxes online thereby avoiding long lines.

With the introduction of this system, the Inland Revenue Division will provide 24 hour online services to all taxpayers.

**Parliament House**

Government will implement many of the elements of the ICT Strategy for our New Parliament proposed by a study recently done by CARICAD.

**Outsourcing of Government IT Services**

Government will pursue a joint venture to deliver IT services to the Government of Grenada. A revised Request for Proposals will be issued by June 2013.

**5.11 Trade And Export Development**

In 2012, Total Exports grew by 15.9 percent to $93.4 million with manufactured and agricultural exports increasing by 8.5 percent and 17.9 percent respectively.

Government will continue to aggressively pursue market access opportunities for the export of goods and services. To this end, Grenada will continue to participate in the negotiations with Canada for a new trade and development agreement and the World Trade Organization under the Doha Development Agenda.

Grenada signed the Economic Partnership Agreement (EPA) in October 2008 and has provisionally applied it since December 2008. The EPA provides opportunities for the Grenadian private sector to access and penetrate markets in the CARIFORUM region and in Europe in exchange for removal of trade barriers by Grenada.

The work on the EPA in the coming months will focus on helping our private sector prepare projects to access funds to improve their businesses, putting a legislative framework in place to facilitate invest-
ment, ensuring our exports meet the required standards and further developing our services sectors.

Government will continue to promote Grenada’s products on the regional and international market through participation in trade fairs and trade missions with the key priority of increasing Grenada’s exports in non-traditional markets.

Measures will be taken to address Grenada’s huge trade imbalance, which was estimated at EC$813.1 million in 2012.

The Marketing and National Importing Board will be restructuring and refocused to provide more marketing opportunities for our farmers and to boost local exports.

A ‘buy local’ campaign will be launched. This campaign will assist in building awareness and an appreciation of local products.

Additionally, the Ministry of Trade is planning a “Made in Grenada” campaign. This initiative will train entrepreneurs, craft vendors and local artisans in enhancing their production capabilities. At the end of the training, a trade show will be held to showcase the products made by Grenadians.

The implementation of the National Export Strategy will continue and efforts intensified to secure funding for the implementation of the National Export Strategy.

More attention will be placed on the implementation of the Economic Partnership Agreement with the emphasis on trade and development cooperation as a means of addressing supply side constraints, competitiveness and export development.

5.12 Financing for Micro, Small And Medium Enterprises

Mr. Speaker, Government, the single largest employer, accounts for 20 percent of employment in this Country.
The small business sector accounts for nearly 40% of employment – twice the size of Government employment. Although, we must all acknowledge that many of these businesses have failed in the past four years.

It therefore means, to increase employment in this Country, the small business sector must grow.

Consequently, the philosophy and commitment of this Government is to create an enabling environment for people to take risks and to be rewarded for their initiative.

The New Economy is about harnessing the entrepreneurial spirit of our sons and daughters to create jobs and opportunity for themselves and others.

Given the predominance of small businesses in Grenada, the absence of micro-financing institutions catering to their peculiar needs is a significant constraint to small business development and economic growth.

As a consequence, your Government has provided $3 million for a Small Business Development Fund. Furthermore, we have allocated $2 million to finance a Young Entrepreneurs Fund.

Government will encourage micro-lending institutions to operate in Grenada. To this end, we have already received expressions of interest from two credible micro-financing institutions and an Investment and Equity fund.

Finally, Government will support the Small Business Development Centre at the GIDC and welcomes other private sector initiative geared to provide support services to the micro and medium size businesses.

5.13 Growth And Poverty Reduction Strategy

The Growth and Poverty Reduction Strategy will be reviewed to take into account the priorities of the new Government as it relates to the
New Economy. It will then be finalized and shared with development partners.

6.0 EMPOWERING OUR PEOPLE

6.1 Youth Empowerment And Sports

Mr. Speaker, the future of our Country is at stake. Our Nation is in serious risk of losing a generation of our young people if we do not act swiftly and decisively.

Our young people need education, training, scholarships, jobs and opportunity. Above all, they need hope.

At the end of this month, Government will launch The New Imani Programme. This Programme will be an improved version of the old Imani programme which was launched by the previous NNP Administration in 2002 and the Youth Enterprise Programme and Youth Assistance Programme launched by the previous Government in 2009.

The new Programme will place greater emphasis on training, supervision and certification and employment. The key objectives are to:

- Reduce unemployment and poverty
- Assist the trainees to develop positive values and attitudes
- Provide an opportunity for young persons to acquire employable skills
- Provide an opportunity for young persons to be adequately prepared for the job market through On-the-Job-Training
- Promote an entrepreneurial spirit among young people and provide them with training, financing and other support
- Foster a sense of patriotism in young people, through their involvement in community service
This new programme will be divided into three levels and will see an increase in the stipend paid to participants in the programme.

As the name Imani suggest the programme will promote faith in God, faith in others and faith in one’s self.

Mr. Speaker, Government intends to spend $15.9 million dollars on this Programme this year. As a consequence, close to 2,000 young persons will benefit directly.

Additionally, under the Grenada Youth Enterprise Initiative, young people will have an opportunity to create employment through small business development. To that end, Government will make $2 million dollars available to young people who have a desire and passion to start or expand their own business.

Great emphasis will be placed on training, monitoring and provision of direct support to the young entrepreneurs in the first 5 years of their business.

Mr. Speaker, this Government recognizes the important role that our churches do play and can play in youth development. Moreover, Government is mindful of the need to promote partnership to develop our youth. In this regard, Government will provide $500,000 to leverage and support youth development programmes of churches throughout the Grenada, Carriacou and Petite Martinique.

Additionally Government has allocated $500,000 to support initiatives such as the Youth Parliament, strengthening of youth organisations, the youth ambassadors programme, the baddness outta style programme, and the youth hotline.

Our Government will be engaging various stakeholders to ensure the effective implementation of these programmes which we regard as critical investments in our youth.

I wish to announce that Government has made a provision of $3 million to complete the much delayed and badly needed Bacolet Juvenile Rehabilitation Centre in St. Andrew’s.
**Sports**

This year, the top priority is the rebuilding of the National Athletics and Football Stadium.

The Roy St. John Playing Field at Tanteen will be further upgraded to host sporting activities once work on the National Stadium commences.

Through a BOLT arrangement, work will start on the first phase of the Cuthbert Peters Park in St. John’s which would be transformed and named the Kirani James Mini Stadium.

The lighting of major playing fields will continue as we aim to develop our high performance athletes and provide more playing hours for our sportsmen and sportswomen.

Very soon, work will start on the lighting of the La Sagesse playing field in St. David’s. In conjunction with the Sporting Association and the Parish Sports Council, the Ministry will launch a Community Sports Programme aimed at encouraging mass participation by all our people in Sports and bringing the Sports to our villages and communities.

Mr. Speaker, I am deeply concerned about the lack of respect and appreciation for our former national players in various disciplines and even our Test cricketers. As a Nation, we ought to be more caring. Government will consider ways to show more respect and appreciation for their service to our Country and region.

The Total allocation for Youth, Sports and Ecclesiastic Affairs is $24.1 million, a near 70% increase over 2012.

**6.2 Education And Human Resource Development**

Mr. Speaker, the education and human resource development of our People for the New Economy is paramount and cannot be overemphasized.
This year, Government will invest at least $110.6 million. This significant investment being made by the State must also be smart.

For example, the previous Government invested heavily in the Free Textbooks programme. Though well-intentioned, the jury is out on whether this sizable investment has resulted in better education outcomes. However, there is no doubt that there has been significant wastage in this Programme. Schools have received books that are not on their book list. Students have received books that they have not used. But what is even worse, this was happening when the Government could not provide basic medicines at our hospitals and clinics.

Given our fiscal constraints, the Textbooks programme will be scaled down. As a consequence, Government will no longer provide free school books to private schools.

Mindful of the imperatives of the New Economy, Government will shift the focus from textbooks to tablets over the next few years.

In this regard, Government will place strong emphasis on teacher training especially in the area of ICT thereby equipping them to make the ICT transition and to help our students prepare for the New Economy.

Mr. Speaker, many of our Nation’s students cannot attend school because they lack uniforms and money for transportation.

As a caring Government, the sum of $1 million has been allocated to provide uniforms for our needy students. In addition, the allocation for transportation allowance has also been increased.

Your Government also understands that many of our children come to school hungry and cannot learn with empty stomachs. For this reason, Government has increased the School Feeding Programme from $2.5 million to $3.1 million. Though still not enough, it is an increase in a critical programme for our children.
Mr. Speaker, I wish to thank our teachers, communities, private and corporate citizens as well as labour unions who support the School Feeding Programme and encourage them to continue.

The schools rehabilitation programme will continue including works on the Vendomme RC, St. Joseph’s Convent and Grenville Secondary. Work will also be done on Crochu R.C and Calliste Government.

Under the Skills for Inclusive Growth Project, the National Training Agency will deliver CARICOM Vocational Qualifications (CVQs) to our youth in areas of national priority thereby improving their employability. The sum of $3.5 million is earmarked for this Project.

A National Accreditation body will be established to ensure the CVQs can be issued.

Attention will be given to developing a policy on libraries for Grenada. In the meantime, provisions have been made to relocate the Public Library and the St. Patrick’s Library and to strengthen several Community Libraries.

The allocation for the T.A. Marryshow Community College (TAMCC) is $12 million.

A review of the operations of TAMCC will be undertaken. The aim of this review will be to strengthen its capacity to perform its important function while also maximizing Government’s investment in the College. Furthermore, the College will be encouraged to diversify its sources of funding to include non-traditional sources such as Endowment Funds, Alumni Funds and stronger links with the corporate community.

Mr. Speaker, Grenada acknowledges its obligations to the University of the West Indies. At the time of assuming office, Grenada’s arrears were nearly $15 million. Grenada is committed to meet these obligations to the University.
Finally, Government will be relentless in its pursuit of scholarships for our youth. Already, our efforts are bearing fruits with additional scholarships now available in the USA and Morocco. Nearly $2.6 million has been allocated for our scholarship and tuition support programmes.

6.3 Health And Social Security

Mr. Speaker, immediate and intensive care is required to fix our broken health care system.

The lack of basic medicines and other medical supplies at our hospitals and clinics is a major concern for our people.

Since assuming office, our Government has been reviewing this situation with the aim of rectifying it. These discussions have included the OECS Pharmaceutical Services and private suppliers.

The situation is even worse than we had envisaged with Government owing all suppliers some of whom are no longer willing to do business. Government has made several payments and is working with suppliers who have expressed a willingness to work with Government.

As part of this review process, we will ensure that the list of drugs is primarily generics and that they are procured in the most efficient way possible. This will also mean sourcing from larger distributors so that we can secure lower prices.

To begin to address our arrears as well as meet the ongoing needs of our hospitals and clinics, the Government has allocated the sum of $11.3 million, an increase of $1 million.

In terms of the way forward for the General Hospital, Government will soon announce plans for infrastructural improvements to create much needed space for the staff thereby helping them to provide better care for patients and users of the Facility.
With the support of St. George’s University, a new Oxygen Plant will soon be installed at the General Hospital thereby making the shortage of oxygen, a thing of the past. In addition to the reliability of supply, Government will eventually save thousands of dollars every year.

Government will strengthen its partnership with St. George’s University in respect of its Clinical Teaching Programme at the General Hospital as well as other community health services.

It should also be noted that new and expanded services will be made available at Princess Alice and Princess Royal Hospitals.

Our Government is mindful of the efforts including grant resources expended on the development of a New Hospital. Government will give due consideration to the establishment of a New Hospital. Issues such as affordability, improved health care and the role of the private sector including St. George’s University will be pivotal in this process of consideration.

Our Government is committed to the establishment of a New Health Insurance Scheme as soon as possible. To this end, an Advisory Committee led by former Senator Chester Humphrey has been appointed to review options for health care financing and make recommendations to Government.

Mindful of the need to be smart with our investment in Health, greater emphasis will be placed on improving our primary health care system. In this regard, the sum of $2 million has been earmarked to deliver new and improved services at the district and community level including extended hours of service.

Finally, in concert with the private sector, there will be a heightened focus on health and wellness among our citizens.

6.4 Housing And Social Care

Mr. Speaker, the Ministry of Social Development has been merged with the Ministry of Housing to provide more coordinated and cost-effective services to vulnerable citizens.
**Housing**

Our Government is committed to helping citizens with their housing needs and at an affordable cost.

Following a request by our Government, the People’s Republic of China has graciously agreed to assist with the completion of the infrastructural work for the 351 housing units in Frequenté and Mt Gay in St. George’s and Soubise in St. Andrew’s. Once completed, these units under Phase I of the Chinese Housing Programme will be promptly distributed.

Under Phase 2, five (5) sites have been identified for construction of another four hundred and ninety (490) units. These sites are:

- Pointzfield, St. Patrick’s
- Morne Delice, St. David’s
- Diamond, St. Mark’s
- Tibeau, Carriacou
- Douglaston, St. John’s

Government will consider proposals from the private sector for housing solutions. In every instance, Government will insist that such proposals be affordable and compliant with our building codes.

In terms of the House Repair Programme, the sum of $1.25 million has been allocated.

**Social Care**

The Programme called “Support for Education, Empowerment and Development “(SEED) will be further strengthened to ensure that benefits reach the neediest.

Government will also insist that the elderly be treated in a more caring and dignified manner. Mindful of the hardship faced by this group
to secure medication in their twilight years, Government has put an allocation under the Ministry of Health to assist such persons living in Government homes for the elderly.

An allocation of $5.1 million has been made to provide subventions to various welfare organisations that serve our needy citizens.

Government will continue to implement policies to protect our children and will pass additional legislation in this regard. A three (3) year strategic plan will be developed covering the review of our adoption and foster care services, as well as, training for all sectors of child care and related stakeholders.

Finally, Government has initiated discussions with a friend of Grenada to provide support to rehabilitate the Father Mallighan Home for Boys in St. Mark’s.

6.5 Relief for Small Depositors of Capital Bank

Mr. Speaker, the demise of Capital Bank International is deeply unfortunate and has brought untold hardship to depositors and creditors. In June 2008, the New National Party Administration committed to provide relief to the smallest policyholders of Capital Bank.

Having returned to Government, we reaffirm this commitment.

Government understands that there were 5,126 depositors of Capital Bank, at the time of intervention in 2008. Of this number, 4,102 are depositors with $500 or less.

This Budget provides $500,000 to address the smallest depositors of Capital Bank. By smallest depositors, I am referring to depositors with savings accounts of $500 or less and net of accrued interest and any outstanding loans to Capital Bank.

By helping depositors with $500 or less, Government is taking care of 80% of the total depositors of Capital Bank.
It is well known that several matters concerning Capital Bank remains in Court. It is the hope of this Government that the matters pending will be determined soon for the sake all other affected persons.

6.6 Carriacou and Petite Martinique

Mr. Speaker, the most critical project for our sister isle is the construction of a port at Harvey Vale. This Project will be managed by the Grenada Ports Authority.

Other key projects include:

1. A Reverse Osmosis Plant funded through a grant of $4 million from the European Union and the Climate Change Centre
2. Road Works - $1 million
3. The Playing Field at Petit Martinique - $200,000

As already indicated, the expansion of Lauriston Airport is also a high priority.

The total allocation for Carriacou and Petit Martinique is $18.5 million of which $7.4 million is earmarked for capital expenditure.

7.0 ENHANCED GOVERNANCE

7.1 National Unity

Mr. Speaker, the elections are over. The task before each of us is to build a Nation of which we can all be proud not just for ourselves but our children and grandchildren. As a small country, Grenada needs all her sons and daughters in this task of Nation Building. Consequently, a National Unity Commission will be established to recommend and help implement ways of uniting our Nation.

The sum of $50,000 has been allocated to support this important work.
7.2 Multi-Partite Committee

Mr. Speaker, our Country cannot return to prosperity without hard work and shared sacrifice. In this regard, Government will accord high priority to the functioning of this Committee which will be chaired by the Prime Minister.

It is our hope that the Multi-Partite Committee be the forum to discuss key socio-economic issues affecting all social partners such that an even-handed approach can be taken on issues such as employment, prices, wages and productivity among others.

The ultimate goal is the development of a social pact as a framework to guide these relations.

7.3 Labour and Industrial relations

Mr. Speaker, the importance of Labour in development must never be underestimated. In this period of economic revival, the role of Labour assumes even greater significance.

On the issue of growth, the interests of Government and Labour are fully aligned for we both recognize that economic growth will be our economic salvation.

It is in a growing economy that workers have the best chance to reap the rewards for their labour and to get their fair share of the economic pie.

In this period of economic revival, our mantra ought to be consultation before confrontation.

Every worker that fails to show up; comes late; and leaves early, whether in the public or private sectors, is hurting the Grenadian economy and slowing our progress. Indeed, low productivity is not only a drag on the economy but a major threat to job security and prosperity of workers.
Management productivity is also a major issue in both the public and private sectors. Management must be more accountable to employees for their own performance and decision making.

The road ahead will not be easy.

So let us do it together for God and country guided by the wisdom found in Colossians 3:23 (New International Version) which says and I quote “Whatever you do, work at it with all your heart, as working for the Lord, not for human masters”. End of quote.

7.4 Integrity in Public Life

All members of this Government will declare their assets, liabilities and income as soon as the Integrity Commission commences its work.

In order to expedite this work, we again invite the Commission to adopt a phased approach starting with the members of Cabinet, members of Parliament, senior managers and officers in revenue collecting agencies.

An allocation of $600,000 has been made to provide for the work of the Integrity Commission this year.

7.5 Growth and Competitiveness Council

Our Government accepts the recommendation of the Grenada Chamber of Industry and Commerce that an economic think tank should be established bringing together forward thinkers and implementers.

In this regard, Cabinet will soon establish a Growth and Competitiveness Council. Some persons in the Private sector have already promised support for this Council.

On a related note, I am pleased that some major investors and friends of Grenada led by Ronald Harford, Chairman of Republic Bank will come to Grenada, next Tuesday, for a special conference called “Fast Forward Together: Reigniting Growth”. I will open this confer-
ence and the focus will be on the opportunities for Grenada’s economic transformation.

7.6 Constitutional Reform

A draft Constitution of Grenada has been prepared and several consultations have been held. As promised, Government will complete these consultations and make arrangements for a referendum on the new Grenada Constitution. The issues will include the form of Government (republican versus constitutional monarchy) and accession to the Caribbean Court of Justice as the final appellate court.

The sum of $100,000 has been earmarked to complete all the preparatory work. Some complementary external support is also expected.

7.7 Financial Sector Regulation

Regulations for the Insurance Act have now been finalized and will be enacted later this year.

GARFIN will continue its drive which started last year, to register all pension plans in Grenada.

The consolidation of the credit union sector which progressed in 2012 with the successful merger of the Tivoli Credit Union and the Grenada Union of Teachers Credit Union (GUT) will also continue.

GARFIN will continue to work closely with its regional counterparts to develop cross-border supervision and a new roadmap for insurance regulation in the region. With the support of the World Bank, regulators of credit unions are currently developing a more modern risk based approach to supervision. This approach will strengthen the effectiveness of GARFIN’S supervision.

Finally, given the importance of GARFIN for financial stability, its sustainability will be addressed via legislation which will empower it
to adequately and independently finance its operations. Government welcomes the support for this plan by the Chamber of Commerce and the Insurance Association.

7.8 Public Sector Modernisation

The major thrust will be to implement the recommendation of the Human Resource Audit that was done in the following ministries and departments: Ministry of Health, Ministry of Agriculture, Supreme Court Registry. Furthermore, work will commence in other ministries including the Ministry of Finance.

7.9 National Security

Government is committed to ensuring that the men and women of the Royal Grenada Police Force have the basic tools with which to work. In this regard, $500,000 has been allocated for some equipment compared to the paltry sum of $25,000 last year.

Government will also improve the working conditions for our Police.

The Royal Grenada Police Force will focus on improving its crime prevention through greater emphasis on research, outreach and community policing.

A major thrust will be organizing our security forces for greater synergies and operational effectiveness. Priority will be given to training and capacity building; international cooperation and implementation of law enforcement reforms.

The Financial Intelligence Unit will be professionally staffed and managed, and without political interference.

It will have no powers of wiretapping without Court approval and such powers will only be sought for cases of criminality.

7.10 Disaster Mitigation and Management

The focus will be on ensuring better management of risks and better readiness in the case of a National Disaster.
Under the Regional Disaster and Vulnerability Reduction Project, the National Disaster Management Agency (NADMA) will be strengthened through the provision of the following: a national emergency alert system, a drinking water response system, satellite phones and office equipment.

7.11 Parliamentary Elections Office

The main focus of the Parliamentary Elections Office this year will be the continuous registration of eligible persons. Consideration will also be given to the recommendations in the report of the Organisation of American States Electoral Monitoring Mission following the conclusion of the 2013 general elections.

7.12 Prison Reform

The Prisons will soon have a new management structure with a strong focus on discipline but also self-reliance.

Our Government believes that the Prisons must be a place where inmates have opportunities for education and reform and this is best accomplished in a disciplined environment.

Greater discipline will be expected of both Officers and Inmates.

The operations of the Prisons will be commercialised to make it more self-sufficient. As an incentive, Government will commit to have the Prisons retain what it earns, with appropriate safeguards.

7.13 Legislative Agenda

Consequent on the extended prorogation of Parliament, there is a considerable backlog of legislation awaiting passage – more than two dozen Bills. In addition, our Administration has several urgent legislative priorities. To address this situation, we anticipate frequent meetings of Parliament for the next several months. Some of the priority legislation includes:
• Citizenship Amendment Bill
• CARCIP Loan Authorisation Bill
• Insurance (Amendment) Bill
• Finance Intelligence Unit (Amendment) Bill
• Procurement
• Electronic Transactions
• E Legislation
• Export Strategy
• Food Safety Bill and many others

8.0 ACKNOWLEDGEMENTS

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

The Government of the People’s Republic of China
The Government of the Bolivarian Republic of Venezuela
The European Union
The Government of the Republic of Cuba
The Government of the Republic of Trinidad & Tobago
The Government of Australia
The Government of the United Arab Emirates
The Government of Canada and the Canadian International Development Agency
The Government of the United States of America and the United States Agency for International Development
The Government of the United Kingdom and the Department for International Development
The Government of Japan
The Government of the Federal Republic of Germany
The Government of France
The Government of India
The Government of the Federative Republic of Brazil
The Government of the Kingdom of Morocco
The Government of the Republic of Turkey
The Government of the Republic of Kazakhstan
The Government of the Republic of Korea
The Government of the Russian Federation
The Government of the Republic of Chile
The Caribbean Development Bank
The Eastern Caribbean Central Bank (ECCB)
The World Bank Group
The Kuwaiti Fund for Arab Economic Development
The OPEC Fund for International Development (OFID)
The International Monetary Fund
The Organisation of Eastern Caribbean States (OECS)
The CARICOM Secretariat
The Caribbean Regional Technical Assistance Centre (CARTAC)
The United Nations Development Programme
The United Nations Children’s Fund
The Commonwealth Secretariat
The Organisation of American States (OAS)
The Food and Agriculture Organisation (FAO) of the United Nations
The Government of the Republic of Korea
The International Renewable Energy Agency (IRENA)
The Inter-American Institute for Co-operation on Agriculture
The Association of Caribbean States
The Caribbean Export Development Agency
The Caribbean Regional Negotiating Machinery (CRNM)
The Caribbean Financial Action Task Force (CFATF)
The Caribbean Anti-Money Laundering Programme (CALP)

Mr. Speaker, we thank our citizens, labour unions, business and civil society, all of whom have contributed to this Budget and especially those who made the effort to present written submissions for our budget consultations.

I am grateful to my Cabinet Colleagues for their understanding in the preparation of this Budget in what was a very compressed timeframe.

I take this opportunity to express my deepest appreciation to the Permanent Secretary, Deputy Permanent Secretaries, Chief Budget Officer and members of the Budget Unit, Chief Policy Advisor, Head of Policy and other members of the Policy Unit, Corporate Communications Officer, management team and staff of the Ministry of Finance as well as the Manager and staff of the Government Printery.

I thank the Acting Secretary to the Cabinet, Permanent Secretaries, Heads of Non-Ministerial Departments and other public officers who have contributed to the preparation and delivery of this Budget.
I also thank the Clerk of Parliament and staff for their assistance in the preparations for today’s Presentation.

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

9.0 CONCLUSION

Mr. Speaker, a fresh breeze of democracy and hope is blowing through our Land.

It is refreshing and energizing.

Confidence is rising.

At the retail level, economic activity is already picking up.

Grenada’s economic revival has begun.

Our local private sector is ready to take more risks because they know they have a Government of action not talk.

Credible foreign investors are ready and willing to invest in Grenada because they believe Grenada now has strong and caring leadership.

In this first installment of our plans, your Government has begun to set the foundation for the New Economy.

This Budget delivers on our promise to slash non-personnel expenditure and to begin to put our fiscal house in order.

The capital programme is growth-oriented and has a single objective – growth and jobs.

Tourism now has more support for marketing and new hotel developments are coming. More jobs.
Our Manufacturers now have a more predictable climate to plan and invest. More jobs.

The Youth of our Nation who have been ignored and abandoned for too long will now receive special and immediate attention through exciting programmes such as the new Imani Programme and the Young Entrepreneurs Fund – more than 2000 young persons will benefit.

Our young people who go to school, study hard, play by the rules will have opportunities to study, work or own their own businesses.

Our churches now have a partner in Government to do important community projects targeting our youth.

The single mother who has been wondering if anyone cares will now get help with uniforms and transportation to send her children to school.

Our senior citizens with no food and family now have help.

Our elderly in the geriatric homes will no longer go without medication.

The hundreds of men and women waiting on the long delayed Agricultural Feeder Roads Phase II will soon be working again.

The contractors who took risks to start their own businesses and have lost nearly everything or are barely holding on, will do business again. Better days are coming.

At least 1,000 jobs will be created from the various public sector projects.

In addition, the construction stimulus will create more jobs.

Moreover, the private sector projects coming in the next few months will create more jobs.
My fellow Grenadians, your long night is over.

A new dawn is here.

These are the actions of a Government that hears and cares for the people.

This is the hallmark of a Government which puts people first.

Mr. Speaker, we have begun to demonstrate to the people of this beautiful Land, that everything we do, we do it for you.

We shall deliver!

Let us go forward today inspired by the words of the Prophet Jeremiah found in Jeremiah 29.11 and I quote “For I know the plans I have for you,” declares the LORD, “plans to prosper you and not to harm you, plans to give you hope and a future”.

May God bless the people of Grenada, Carriacou and Petit Martinique.
Recent Performance and Prospects of Global Economy

According to the International Monetary Fund, the global economy is estimated to have grown by 3.2 percent. The main sources of growth were Emerging Market economies such as China which grew by 7.8 percent. The United States, the world’s largest economy and one of Grenada’s key trading partners, grew by 2.3 percent.

Unfortunately though not unexpectedly, the United Kingdom and the rest of Europe returned to recession with contractions of 0.2 percent and 0.4 percent respectively.

Most advanced economies continue to face two challenges. First, is their need for sustained fiscal consolidation, an example being the sequester in the USA. Second, they must undertake financial sector reforms to decrease risks in the financial system. Addressing these two challenges is putting a damper on growth with the global economy projected to grow by only 3.5 percent in 2013. China is projected to grow by 8.2 percent and the USA by 2.0 percent.

The United Nations Report on the World Economic Situation and Prospects 2013 states that with existing policies and growth trends, it may take at least another five years for Europe and the United States to recover the job losses caused by the 2008-2009 recession.

Recent Economic Performance of CARICOM

The United Nations Economic Commission for Latin America and the Caribbean UN ECLAC in its Preliminary Overview of the Economies of Latin America and the Caribbean 2012 concludes that the Caribbean remains fiscally fragile and will require reforms accompanied by external support to achieve sustained growth.
Table I
Recent Economic Performance of Selected CARICOM countries

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Barbados</td>
<td>0.2</td>
<td>0.6</td>
<td>0.2</td>
<td>1.0</td>
</tr>
<tr>
<td>Jamaica</td>
<td>-1.5</td>
<td>1.3</td>
<td>-0.2</td>
<td>0.1</td>
</tr>
<tr>
<td>Guyana</td>
<td>4.4</td>
<td>5.4</td>
<td>3.8</td>
<td>4.9</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>-0.02</td>
<td>-1.5</td>
<td>1.0</td>
<td>2.5</td>
</tr>
</tbody>
</table>

Sources: UN ECLAC Preliminary Overview of the Economies of Latin America and the Caribbean 2012

Economic Performance of the Eastern Caribbean Currency Union (ECCU)

According to the Governor of the Eastern Caribbean Central Bank, economic activity in the ECCU declined by 0.8 percent, the third year of economic contraction in the past four years. The sectors which declined included Tourism by 1.2 percent as well as Construction and Transport.

For 2013, growth for the ECCU is projected at 1.9 percent.

Table II
Recent Economic Performance and Forecast for the ECCU

<table>
<thead>
<tr>
<th>Country</th>
<th>2010 (%)</th>
<th>2011 (%)</th>
<th>Preliminary Estimate 2012 (%)</th>
<th>Forecast 2013 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency Union</td>
<td>-2.2</td>
<td>0.4</td>
<td>-0.8</td>
<td>1.9</td>
</tr>
<tr>
<td>Anguilla</td>
<td>-4.3</td>
<td>4.5</td>
<td>-6.8</td>
<td>-0.2</td>
</tr>
<tr>
<td>Antigua and Barbuda</td>
<td>-7.1</td>
<td>-2.8</td>
<td>2.3</td>
<td>2.4</td>
</tr>
<tr>
<td>Dominica</td>
<td>1.2</td>
<td>1.0</td>
<td>-1.5</td>
<td>1.1</td>
</tr>
<tr>
<td>Grenada</td>
<td>-0.4</td>
<td>1.0</td>
<td>-0.8</td>
<td>1.2</td>
</tr>
<tr>
<td>Country</td>
<td>2013</td>
<td>2012</td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>--------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Montserrat</td>
<td>-3.6</td>
<td>2.0</td>
<td>1.4</td>
<td>0.9</td>
</tr>
<tr>
<td>St Kitts and Nevis</td>
<td>0.2</td>
<td>1.7</td>
<td>-1.1</td>
<td>2.9</td>
</tr>
<tr>
<td>Saint Lucia</td>
<td>0.2</td>
<td>1.4</td>
<td>-3.0</td>
<td>2.7</td>
</tr>
<tr>
<td>St Vincent and the Grenadines</td>
<td>-3.4</td>
<td>-0.7</td>
<td>1.5</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Source: Eastern Caribbean Central Bank, March 2013

Faced with a prolonged recession, the ECCU member states have responded to this crisis by developing a comprehensive framework, resting on two major pillars: the establishment of an OECS Economic Union including provisions for the creation of a single financial space; and the implementation of the ECCU Eight Point Stabilisation and Growth Programme.

A single financial space for the region means that the financial system will operate as one territorial boundary, under the same laws and supervised by common regulatory bodies. From the standpoints of maximising opportunities for local and regional investors and attracting foreign direct investment, it is essential that we expedite and complete the work of establishing a single financial space in the ECCU.

In terms of the ECCU Eight Point Stabilisation and Growth Programme, we must proceed with greater urgency to stimulate growth in our economies; establish a deposit insurance scheme for banks; and establish a regional regulator for the insurance industry.
ANNEX II
IMPERATIVES OF THE NEW ECONOMY

The key elements of the New Economy may be summarized as follows:

1. Fiscal sustainability (fiscal house in order)
2. Debt sustainability
3. Lean Government
4. Private sector as key driver
5. Technical and Vocational Education and Training
6. Life-long learning and high-wage employment
7. Innovation and knowledge
8. ICT applied to all aspects of development
9. World class service industry especially in tourism
10. Green Business, Industries and lifestyles
11. Sustainable Development
12. Developing Agriculture along the Value Chain
13. Efficient Light manufacturing sector
14. Dynamic Export Sectors
15. Lucrative oil, gas and renewable energy sectors

Mr. Speaker, by most standards, at 39 years Grenada is a fairly young Independent State. However, as our country has become more mature its economic performance has declined. From 2000 to 2008 real GDP growth averaged 3.7 percent; and from 2009 to 2012 real GDP growth averaged -1.5 percent. While the period from 2000 to 2008 was marked by many major external and hopefully one-time disruptions, it is evident that our economy has struggled to recover and the long-term decline in real economic growth is irrefutable.
Tourism, one of the Country’s most important economic sectors, has also been in decline. This decline is manifest by a decline in stay-over visitors. Mr. Speaker we have computed that total expenditure per visitor has plummeted in nominal terms from an average of $1,622 over the 2000 to 2002 period to an average of only $595 from 2009 to 2011. Mr. Speaker there can be no denying that some of this decline is due to changes in the composition of tourist arrivals. However Sir, it is also indicative of the fact that the ability of the sector to act as an engine of growth through economic multiplier effects has declined.

Mr. Speaker while agriculture has recently been viewed as a bright spot, exports remain focused largely on nutmeg and cocoa. But the increase in export values is largely due to higher prices. After years of trying to diversify the sector, the vast potential of our agriculture and fisheries, especially in the area of value-added products remains untapped. A new approach is needed to transform this vital sector into a driver of exports, growth and employment. Sir we need a New Agriculture and a New Fisheries.

ICT has become widely diffused and inexpensive. The world of commerce is much smaller; the ability to conduct business across time and space has increased greatly. In addition ICT has drastically reduced the cost of transferring capital and information from high-cost locations in developed countries to low-cost developing countries. Considered together this means that economic activity in a high-cost location such as Grenada is incompatible with routine tasks and “business as usual” strategies.

There is a vast body of research that suggests a key benefit of technology and ICT is that it supports changes in industrial structures towards smaller firm sizes. And that these small firms are accounting for a greater and greater share of growth. Also of significance is the fact that countries which have promoted entrepreneurship have benefitted from an additional employment and growth premium.

The macro-economic manifestations of the changes of the last two decades are evident in the shifts in the sectoral contributions to GDP,
changes in domestic demand patterns, and the deepening global integration of goods and factor markets. The contradiction between globalization of demand, taste and preferences and localization of supply, accompanied by persistent under-investment in the fundamental determinants of sustainable competitiveness and growth are evident throughout Grenadian society.

This has also led to a mismatch between the capacity of the economy to satisfy the growing and highly sophisticated demand of a society that is increasingly integrated with the global economy. This misalignment has contributed to the widening trade deficit, a drag on economic growth, growing level of unemployment and a continuous downward spiral in economic activity, institutions, and social capital.

The challenges presented by below trend levels of economic growth and high unemployment forecast for Grenada’s economy over the next several years, signal urgency for a fundamental change in development paradigm, to that of a “New Economy,” which is driven primarily by knowledge, innovation and entrepreneurship.

Perhaps most important, the relationship between Government and the private sector in the New Economy differs greatly from the Old Economy paradigm. The role of Government in the Old Economy is based on “command and control” and is managed even where there is a perception of consultations, while under the New Economy paradigm Government seeks to be an enabler by promoting and developing an institutional framework and incentives that promote economic growth and business opportunities.

This Government’s goal is to create policies that will facilitate the transformation of Grenada’s economy from “Old” to “New”. There is no doubt the New Economy as described will meet the twin challenges of continued high unemployment and low economic growth. Such a transformation will reverse the current situation of deteriorating competitiveness and rising manufacturing and services costs at the firm level, misaligned expansionary fiscal policy stance, “anti-business/anti-entrepreneur” and anti-investor” bias at the policy level.
and inept economic and political leadership at the level of Government.

Mr. Speaker, this Administration has a commitment to shift our domestic institutional environment and development paradigm towards the New Economy, or “New Entrepreneurial Economy”, through policy reformulation and the provision of support in developing and unleashing the key drivers of technical and vocational education and training, research and development, innovation, ICT preparedness, quality health care, a new development-oriented focus on youth, a New Agriculture and Fisheries thrust, through a fresh vision of tourism, among others. This will be critical to our Country’s ability to reap economic growth and employment dividends.

Mr. Speaker, this Administration is deeply committed to the emergence of a New Economy in our Country over the next five years and beyond. We are also deeply committed to mainstreaming this thinking in all aspects of our development thrust.
## ANNEX III
### SUMMARY OF RECURRENT AND CAPITAL EXPENDITURE 2013

<table>
<thead>
<tr>
<th>VOTE</th>
<th>Recurrent</th>
<th>Capital</th>
<th>Total</th>
<th>% OF TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>1,437,252</td>
<td>-</td>
<td>1,437,252</td>
<td>0.13%</td>
</tr>
<tr>
<td>02</td>
<td>1,859,959</td>
<td>15,000</td>
<td>1,874,959</td>
<td>0.17%</td>
</tr>
<tr>
<td>03</td>
<td>2,659,166</td>
<td>10,280</td>
<td>2,669,446</td>
<td>0.24%</td>
</tr>
<tr>
<td>04</td>
<td>2,221,370</td>
<td>27,000</td>
<td>2,248,370</td>
<td>0.20%</td>
</tr>
<tr>
<td>05</td>
<td>1,289,609</td>
<td>-</td>
<td>1,289,609</td>
<td>0.12%</td>
</tr>
<tr>
<td>06</td>
<td>738,531</td>
<td>-</td>
<td>738,531</td>
<td>0.07%</td>
</tr>
<tr>
<td>07</td>
<td>691,965</td>
<td>-</td>
<td>691,965</td>
<td>0.06%</td>
</tr>
<tr>
<td>08</td>
<td>741,074</td>
<td>1,788,105</td>
<td>2,529,179</td>
<td>0.23%</td>
</tr>
<tr>
<td>09</td>
<td>2,914,544</td>
<td>313,500</td>
<td>3,228,044</td>
<td>0.29%</td>
</tr>
<tr>
<td>10</td>
<td>3,031,598</td>
<td>5,100,000</td>
<td>8,131,598</td>
<td>0.74%</td>
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<tr>
<td>11</td>
<td>7,768,377</td>
<td>140,000</td>
<td>7,908,377</td>
<td>0.72%</td>
</tr>
<tr>
<td>12</td>
<td>46,571,467</td>
<td>1,278,720</td>
<td>47,850,187</td>
<td>4.34%</td>
</tr>
<tr>
<td>13</td>
<td>807,150</td>
<td>50,000</td>
<td>857,150</td>
<td>0.08%</td>
</tr>
<tr>
<td>14</td>
<td>3,200,857</td>
<td>30,463,867</td>
<td>33,664,724</td>
<td>3.05%</td>
</tr>
<tr>
<td>15</td>
<td>8,466,442</td>
<td>436,000</td>
<td>8,902,442</td>
<td>0.81%</td>
</tr>
<tr>
<td>16</td>
<td>398,838</td>
<td>-</td>
<td>398,838</td>
<td>0.04%</td>
</tr>
<tr>
<td>17</td>
<td>3,277,926</td>
<td>6,978,818</td>
<td>10,256,744</td>
<td>0.93%</td>
</tr>
<tr>
<td>18</td>
<td>5,062,184</td>
<td>37,370,000</td>
<td>42,432,184</td>
<td>3.85%</td>
</tr>
<tr>
<td>19</td>
<td>48,232,841</td>
<td>21,760,534</td>
<td>69,993,375</td>
<td>6.35%</td>
</tr>
<tr>
<td>20</td>
<td>48,386,778</td>
<td>-</td>
<td>48,386,778</td>
<td>4.39%</td>
</tr>
<tr>
<td>21</td>
<td>456,013,305</td>
<td>-</td>
<td>456,013,305</td>
<td>41.37%</td>
</tr>
<tr>
<td>22</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>23</td>
<td>4,245,567</td>
<td>-</td>
<td>4,245,567</td>
<td>0.39%</td>
</tr>
<tr>
<td>24</td>
<td>2,885,787</td>
<td>17,348,456</td>
<td>20,234,243</td>
<td>1.82%</td>
</tr>
<tr>
<td>25</td>
<td>6,768,149</td>
<td>65,852,000</td>
<td>72,620,149</td>
<td>6.59%</td>
</tr>
<tr>
<td>30</td>
<td>4,482,417</td>
<td>-</td>
<td>4,482,417</td>
<td>0.40%</td>
</tr>
<tr>
<td>31</td>
<td>18,132,275</td>
<td>11,350,000</td>
<td>29,482,275</td>
<td>2.66%</td>
</tr>
<tr>
<td>32</td>
<td>2,802,811</td>
<td>85,978,331</td>
<td>88,781,142</td>
<td>7.99%</td>
</tr>
<tr>
<td>33</td>
<td>9,082,917</td>
<td>21,081,141</td>
<td>30,164,058</td>
<td>2.74%</td>
</tr>
<tr>
<td>34</td>
<td>11,131,116</td>
<td>7,389,700</td>
<td>18,520,816</td>
<td>1.68%</td>
</tr>
<tr>
<td>35</td>
<td>90,353,187</td>
<td>20,215,339</td>
<td>110,568,526</td>
<td>10.03%</td>
</tr>
<tr>
<td>36</td>
<td>58,558,358</td>
<td>40,045,028</td>
<td>98,603,386</td>
<td>8.90%</td>
</tr>
<tr>
<td>37</td>
<td>11,274,591</td>
<td>20,700,511</td>
<td>31,975,102</td>
<td>2.90%</td>
</tr>
<tr>
<td>38</td>
<td>839,870,996</td>
<td>262,372,999</td>
<td>1,102,243,995</td>
<td>100.00%</td>
</tr>
</tbody>
</table>
ANNEX IV
RECENT ECONOMIC GROWTH PERFORMANCE
2001 – 2013

GDP Growth
## SUMMARY OF FISCAL AND DEBT INDICATORS

(In percent of GDP, unless otherwise stated)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current revenues</td>
<td>20.7</td>
<td>19.3</td>
<td>20.5</td>
<td>20.0</td>
<td>20.1</td>
</tr>
<tr>
<td>Current expenditure</td>
<td>18.7</td>
<td>19.9</td>
<td>20.4</td>
<td>20.5</td>
<td>20.5</td>
</tr>
<tr>
<td>Current balance</td>
<td>2.0</td>
<td>-0.6</td>
<td>0.1</td>
<td>-0.5</td>
<td>-0.4</td>
</tr>
<tr>
<td>Overall balance (including grants)</td>
<td>-4.1</td>
<td>-2.9</td>
<td>-3.1</td>
<td>-4.9</td>
<td>-4.1</td>
</tr>
<tr>
<td>Interest Payments (as a % of Current Revenues)</td>
<td>7.4</td>
<td>11.4</td>
<td>10.5</td>
<td>12.3</td>
<td>14.1</td>
</tr>
<tr>
<td>Debt Stock (EC$m)</td>
<td>1,613.7</td>
<td>1,736.1</td>
<td>1,781.1</td>
<td>1,866.8</td>
<td>1,918.8</td>
</tr>
<tr>
<td>Nominal GDP</td>
<td>2,247.4</td>
<td>2,098.8</td>
<td>2,093.1</td>
<td>2,122.7</td>
<td>2,152.2</td>
</tr>
</tbody>
</table>
## ANNEX VI:
**SUMMARY OF PUBLIC SECTOR DEBT**

In millions of EC dollars  
(As of December 31, 2012)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Government</td>
<td>1,866.75</td>
<td>1,918.84</td>
</tr>
<tr>
<td>Total Domestic</td>
<td>378.66</td>
<td>420.88</td>
</tr>
<tr>
<td>Treasury Bills</td>
<td>220.3</td>
<td>259.39</td>
</tr>
<tr>
<td>Bonds</td>
<td>22.51</td>
<td>57.49</td>
</tr>
<tr>
<td>Loans</td>
<td>55.61</td>
<td>31.44</td>
</tr>
<tr>
<td>Others</td>
<td>80.24</td>
<td>72.56</td>
</tr>
<tr>
<td><strong>Total External</strong></td>
<td><strong>1,488.09</strong></td>
<td><strong>1,497.96</strong></td>
</tr>
<tr>
<td>Bonds</td>
<td>768.39</td>
<td>768.39</td>
</tr>
<tr>
<td>Loans</td>
<td>719.7</td>
<td>729.57</td>
</tr>
<tr>
<td><strong>Government Guaranteed</strong></td>
<td><strong>346.08</strong></td>
<td><strong>409.74</strong></td>
</tr>
<tr>
<td>Loans &amp; Bonds</td>
<td>346.08</td>
<td>409.74</td>
</tr>
<tr>
<td><strong>Total Public Sector Debt</strong></td>
<td><strong>2,212.83</strong></td>
<td><strong>2,328.58</strong></td>
</tr>
</tbody>
</table>
## ANNEX VII

### USE OF PETROCARIBE FUNDS IN 2012 AND PROPOSED USE IN 2013

<table>
<thead>
<tr>
<th>Project/Programme Name</th>
<th>2012</th>
<th>2013e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grenada Home Improvement Programme</td>
<td>1,876,034</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Sustainable Livelihoods Project</td>
<td>2,766,785</td>
<td>-</td>
</tr>
<tr>
<td>Sites &amp; Services Project</td>
<td>228,801</td>
<td>-</td>
</tr>
<tr>
<td>Young Entrepreneurs Development Fund</td>
<td>100,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Roving CareGivers Programme</td>
<td>321,569</td>
<td>450,000</td>
</tr>
<tr>
<td>Bacolet Project (Juvenile Centre)</td>
<td>-</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Free School Books Programme</td>
<td>418,579</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Human Resource Development</td>
<td>653,577</td>
<td>1,326,758</td>
</tr>
<tr>
<td>Scholarship Programme</td>
<td>642,321</td>
<td>1,235,000</td>
</tr>
<tr>
<td>Multiple Projects for the Elderly</td>
<td>278,875</td>
<td>400,000</td>
</tr>
<tr>
<td>Special Projects</td>
<td>-</td>
<td>2,000,000</td>
</tr>
<tr>
<td>LED Lighting Retrofitting</td>
<td>-</td>
<td>98,000</td>
</tr>
<tr>
<td>Government Estate Rehabilitation</td>
<td>1,372,089</td>
<td>-</td>
</tr>
<tr>
<td>Establishment of District Offices</td>
<td>110,033</td>
<td>-</td>
</tr>
<tr>
<td>Support for Education, Employment and Development</td>
<td>1,868,392</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Farm Labour Support</td>
<td>583,551</td>
<td>-</td>
</tr>
<tr>
<td>Youth Upliftment Programme</td>
<td>1,758,000</td>
<td>-</td>
</tr>
<tr>
<td>School Feeding Programme</td>
<td>2,721,699</td>
<td>3,100,000</td>
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<tr>
<td>Uniform Programme</td>
<td>-</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Joint Marketing/Risk Sharing</td>
<td>-</td>
<td>2,200,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15,700,305</strong></td>
<td><strong>20,809,758</strong></td>
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</table>
Table III:
Grenada – Real GDP Growth: 2009 - 2012

<table>
<thead>
<tr>
<th>Value Added:</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP Growth</td>
<td>-5.58</td>
<td>-1.86</td>
<td>0.41</td>
<td>-0.72</td>
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<tr>
<td>Hotels &amp; Restaurant</td>
<td>-12.3</td>
<td>-13.62</td>
<td>6.41</td>
<td>0.64</td>
</tr>
<tr>
<td>Agriculture</td>
<td>20.99</td>
<td>-12.08</td>
<td>3.07</td>
<td>15.03</td>
</tr>
<tr>
<td>Construction</td>
<td>-3.57</td>
<td>-0.95</td>
<td>-6.6</td>
<td>-16</td>
</tr>
<tr>
<td>Wholesale &amp; Retail</td>
<td>-16.8</td>
<td>-0.37</td>
<td>0.56</td>
<td>-1</td>
</tr>
<tr>
<td>Transport, Storage &amp; Communications</td>
<td>-9.75</td>
<td>-4.01</td>
<td>-2.6</td>
<td>-1.46</td>
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<tr>
<td>Financial Intermediation</td>
<td>0.73</td>
<td>-7.48</td>
<td>4.14</td>
<td>-2.91</td>
</tr>
<tr>
<td>Real Estate, Renting and Business Activities</td>
<td>-0.06</td>
<td>0.92</td>
<td>1.04</td>
<td>0.43</td>
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<tr>
<td>Education</td>
<td>5.52</td>
<td>-2.01</td>
<td>1.54</td>
<td>2.86</td>
</tr>
<tr>
<td>Public Admin, Defense &amp; Social Security</td>
<td>3.02</td>
<td>5.86</td>
<td>-2.99</td>
<td>-0.42</td>
</tr>
</tbody>
</table>
Table IV:
Performance of VAT and Excise Tax in 2012

<table>
<thead>
<tr>
<th>Tax</th>
<th>Actual Collections 2011 (a)</th>
<th>Actual Collections 2012 (b)</th>
<th>Approved Budget 2012 (c)</th>
<th>Variance (b-a)</th>
<th>Variance (b-c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAT</td>
<td>159.8</td>
<td>156.1</td>
<td>170.7</td>
<td>-3.7</td>
<td>-14.6</td>
</tr>
<tr>
<td>Excise</td>
<td>7.0</td>
<td>8.6</td>
<td>10.3</td>
<td>1.6</td>
<td>-1.7</td>
</tr>
<tr>
<td>Total</td>
<td>166.8</td>
<td>164.7</td>
<td>181.0</td>
<td>-2.1</td>
<td>-16.3</td>
</tr>
</tbody>
</table>

VAT: Value Added Tax; Excise: Excise Tax