2012 Budget Statement
Presented by Hon. V. Nazim Burke
Minister of Finance, Planning, Economy, Energy and Cooperatives to The House of Representatives March 9, 2012

Theme: "Consolidating the Recovery and Advancing the Transformation Agenda"
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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 2012 by means of an Appropriation Act;

Be it resolved that the Estimates of Expenditure for the year 2012 be approved.”

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

Before I proceed, I take this opportunity to honour the memory of the late Prime Minister and Minister of Finance, Honorable George Ignatius Brizan and to recognize his sterling contribution to the management of the Grenadian economy and national development in the post-Independence era.

He served with distinction in what was then a very challenging period in our Nation’s history. I express our heartfelt condolences to his family on his passing.

Mr. Speaker, 2011 was another very challenging year for our Nation.

Despite the adversity, we were comforted by the words of the Holy Scriptures found in Lamentations 3:22-23 (KJV) and I quote:

“It is of the Lord’s mercies that we are not consumed, because his compassions fail not. They are new every morning: great is thy faithfulness”. End of quote.

Mr. Speaker, notwithstanding the adversity, there were many notable achievements of which we can be justifiably proud.

Without doubt, the finest example, is on the field of athletics. Grenada tasted unprecedented success in the World Championships in South
Korea with the exploits of Janelle Redhead, Rondell Bartholomew and Kirani James.

In the end, Kirani James ran a thrilling race, one which this Nation shall never forget, to emerge as world champion of the Men’s 400 metres.

The words of our Prime Minister in his national address on September 08, 2011 are most inspiring and I quote:

“His brilliant performances are powerful reminders of three important lessons:

First, that greatness can come from humble beginnings.

Second, that with hard work and tenacity, we can accomplish our goals.

Finally, that regardless of how you start, it is important to finish strong.

Let us embrace these lessons as we strive to build our Nation”. End of quote.

In the arena of global advocacy, Grenada once again played a lead role in negotiations on climate change as Chairman of the Alliance of Small States (AOSIS) in Durban, South Africa.

Mr. Speaker, this presentation will be delivered in four parts. First, we will set the context with an overview of the external economic environment. Second, we will provide an account of Government’s stewardship in the past year. Third, we will articulate Government’s vision for transforming Grenada’s economy. Fourth, we will articulate Government’s plans for 2012.

2.0 INTERNATIONAL AND REGIONAL DEVELOPMENTS

2.1 Recent Performance and Prospects of Global Economy

The global economic recovery has faltered. It is estimated that the global economy grew by 3.3 percent in 2011 in contrast to 5.2 percent the previous year.
Last year, the US economy is estimated to have grown by only 1.8 percent leading to only a modest decline in the US unemployment rate from 9.1 percent to 8.8 per cent.

The UK, an important tourist market for the Caribbean is estimated to have grown by only 0.9 per cent.

The economies in the Euro Zone were depressed as governments there intensified austerity measures to contain a fiscal and debt crisis. GDP is estimated to have expanded by only 1.6 per cent.

Emerging and developing economies grew by 5.9 percent compared with 6.2 percent the previous year. This performance was led by China which grew by 9.2 percent compared with 10.2 percent a year earlier and India which grew at 7.4 percent in contrast to 9.9 percent the previous year.

*So what are the immediate prospects for the global economy?*

Based on the World Economic Outlook 2011, global output is projected to expand by 3.25 percent in 2012.

The USA is expected to grow by 1.8 percent while the UK and Canada are projected to grow by 1.3 percent.

It is now confirmed that the Euro-zone is back in recession and will contract by 0.5 percent this year. Unemployment there is now at an all time high of 10.7 percent.

Mr. Speaker, these global prospects demand that small open economies like Grenada become even more creative in findings ways to sustain our development.

### 2.2 Recent Economic Performance of CARICOM

In its report on the economic performance of Latin America and the Caribbean for 2011, the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) notes I quote:
“There is a great possibility of a deep crisis in the Euro-zone, which would significantly affect the global economy overall and would impact our region primarily through the real channels of exports, prices, foreign investment, remittances and tourism and the financial channels of greater volatility, possible capital outflows and difficulties in accessing credit”. End of quote.

That report also stresses, Mr. Speaker, that future growth will be intricately tied to the economic performance of developed countries, and a drop in their level of activities would result in a fall in demand for goods, negatively affecting regional exports and the prices of principal export products.

Within the CARICOM, the commodity based economies strengthened but there was only marginal recovery in some of the tourism dependent economies.

In terms of best performers, Suriname is projected to have grown by 4.5 per cent, followed by Guyana at 4.0 per cent as both countries benefited from high commodity prices.

Closer to home, Barbados is projected to have grown by 0.3 percent while Trinidad and Tobago is projected to have contracted by -1.4 percent.

**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>-4.0</td>
<td>0.3</td>
<td>0.3</td>
<td>1.2</td>
</tr>
<tr>
<td>Jamaica</td>
<td>-3.0</td>
<td>-1.2</td>
<td>1.5</td>
<td>1.7</td>
</tr>
<tr>
<td>Guyana</td>
<td>3.3</td>
<td>4.4</td>
<td>5.3</td>
<td>6.0</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>-3.5</td>
<td>-0.6</td>
<td>-1.4</td>
<td>2.6</td>
</tr>
</tbody>
</table>

Sources: World Economic Outlook, International Monetary Fund, October 2011 and ECCB
2.3 Economic Performance of the Eastern Caribbean Currency Union (ECCU)

It is estimated that the ECCU declined by 0.6 percent, the third consecutive year of contraction following declines of 5.7 percent in 2009 and 2.2 percent in 2010.

Preliminary estimates suggest that growth performance ranged from -4.2 percent in Antigua and Barbuda to 3.9 percent in Montserrat.

Table II

<table>
<thead>
<tr>
<th>Country</th>
<th>2009 (%)</th>
<th>2010 (%)</th>
<th>Preliminary Estimate 2011 (%)</th>
<th>Forecast 2012 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency Union</td>
<td>-5.7</td>
<td>-2.2</td>
<td>-0.6</td>
<td>2.4</td>
</tr>
<tr>
<td>Anguilla</td>
<td>-16.5</td>
<td>-5.6</td>
<td>-2.2</td>
<td>1.5</td>
</tr>
<tr>
<td>Antigua and Barbuda</td>
<td>-10.4</td>
<td>-8.9</td>
<td>-4.2</td>
<td>2.3</td>
</tr>
<tr>
<td>Dominica</td>
<td>-0.8</td>
<td>0.3</td>
<td>1.1</td>
<td>2.7</td>
</tr>
<tr>
<td><strong>Grenada</strong></td>
<td><strong>-5.7</strong></td>
<td><strong>-1.3</strong></td>
<td><strong>1.1</strong></td>
<td><strong>1.9</strong></td>
</tr>
<tr>
<td>Montserrat</td>
<td>1.0</td>
<td>-5.6</td>
<td>3.9</td>
<td>0.9</td>
</tr>
<tr>
<td>St Kitts and Nevis</td>
<td>-5.6</td>
<td>-2.7</td>
<td>-1.0</td>
<td>1.9</td>
</tr>
<tr>
<td>Saint Lucia</td>
<td>-1.3</td>
<td>4.4</td>
<td>0.7</td>
<td>3.5</td>
</tr>
<tr>
<td>St Vincent and the Grenadines</td>
<td>-2.3</td>
<td>-1.8</td>
<td>0.0</td>
<td>1.8</td>
</tr>
</tbody>
</table>

Source: Eastern Caribbean Central Bank, December 2011

Mr. Speaker, it is noteworthy that Grenada’s growth of 1.1 per cent was better than the average decline of 0.6 percent in the ECCU and the joint second highest after Montserrat.

Inflation is estimated to have risen by 4 percent primarily as a result of rising oil prices.
For 2012, the ECCU is projecting growth of 2.4 percent. Like the previous year, much will depend on the economic fortunes of the United States and the United Kingdom which together account for 57 percent of stay-over visitors and 35 percent of merchandise exports.

A slowdown in the USA and UK and or an escalation of the Euro-zone sovereign debt crisis will lead to a downward revision of projected growth in the ECCU.

In addition, the recent decision by the UK Government to increase the Air Passenger Duty (APD) from April 2012 is likely to hurt tourist arrivals from the UK which account from 25 percent of arrivals to the ECCU. In this context, we welcome Virgin Atlantic’s decision to absorb the APD increase rather than pass it on to travelers from the UK to the Caribbean.

2.4 OECS Economic Union

The Revised Treaty of Basseterre is now part of the domestic law of Grenada, having been passed by this Parliament late last year.

In the context of advancing the Economic Union, Member States are now elaborating a new OECS Development Strategy. Four sectors have been identified as providing strong opportunities for achieving the structural transformation. The sectors are:

1. Tourism
2. Agriculture
3. Creative Industries
4. Information and Communications Technologies

Alongside these are a set of enabling clusters which are intended to support the process of transformation. These include foreign direct investment, trade facilitation and transportation, reducing high energy costs, addressing human resource deficiencies and labour productivity challenges, public sector efficiencies and the enabling environment for a vibrant OECS private sector.
2.5 ECCU Eight-Point Stabilisation and Growth Programme

The details of this Programme were shared in my 2010 Budget presentation. Its key objective is to maintain economic and financial stability in the midst of the recession while preparing for the period of transformation from 2015 to 2020.

All member countries of the Currency Union are expected to continue with their fiscal consolidation efforts between 2012 and 2014 and position themselves for the period of transformation thereafter.

2.6 The British American Insurance and CLICO Situation

Mr. Speaker, our Government is keenly aware of the hardship that policyholders of BAICO and CLICO are experiencing. From the outset, we have asserted that this is a regional problem that requires a regional solution. Grenada continues to play a key role in this regional solution.

We are making progress on the recapitalisation and sale of BAICO’s traditional business which includes:

- Universal Life
- Whole Life
- Endowment
- Term
- Group Pensions

Bids have been received from potential buyers and are now being assessed. We anticipate that the sale which requires Court and regulatory approvals will be finalized in the third quarter of this year.

This sale will benefit 2 out of every 3 of BAICO’s policyholders. In the case of Grenada, 4,725 traditional policyholders will have their policies fully secured.

The sale of the traditional portfolio will also benefit non-traditional policyholders since these policyholders will receive a greater share of the BAICO estate in its final distribution.
The ECCU Governments are continuing to pursue support from the Government of Trinidad for non-traditional policyholders including policyholders with Executive Flexible Premium Annuities (EFPA).

It must be noted that BAICO’s Judicial Manager has commenced legal action against CL Financial and instituted separate action against directors of the company including Lawrence Duprey.

In respect of CLICO, the Judicial Manager of CLICO International Life Insurance Limited has now received several expressions of interest for the sale of the company. He will seek to conclude the sale within the next five months, subject to necessary Court and regulatory approvals.

### 3.0 LOCAL DEVELOPMENTS

#### 3.1 Performance of the Grenadian Economy

Mr. Speaker, I am pleased to report that the economic downturn, which began in 2008, has ended. After contracting by 5.7% in 2009 and 1.3% in 2010, the Grenadian economy grew by 1.1% in 2011.

The recovery was led by growth in Agriculture by 8.1 percent, Tourism by 4.1 percent, Education by 1.8 percent and Manufacturing by 1.5 percent.

Regrettably, Construction declined by 8 percent, the third consecutive year of decline. This situation is a source of concern for Government.

<table>
<thead>
<tr>
<th>Sectors</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011(e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>9.7</td>
<td>12.1</td>
<td>-6.0</td>
<td>8.1</td>
</tr>
<tr>
<td>Fishing</td>
<td>7.3</td>
<td>-7.8</td>
<td>9.8</td>
<td>-5.0</td>
</tr>
<tr>
<td>Mining &amp; Quarrying</td>
<td>-2.5</td>
<td>-19.5</td>
<td>44.2</td>
<td>-1.5</td>
</tr>
<tr>
<td></td>
<td>2012</td>
<td>2011</td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>--------------------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-4.9</td>
<td>-5.3</td>
<td>3.9</td>
<td>1.5</td>
</tr>
<tr>
<td>Electricity &amp; Water</td>
<td>3.5</td>
<td>1.2</td>
<td>-0.6</td>
<td>0.2</td>
</tr>
<tr>
<td>Construction</td>
<td>-7.0</td>
<td>-31.6</td>
<td>-6.3</td>
<td>-8.0</td>
</tr>
<tr>
<td>Wholesale &amp; Retail Trade</td>
<td>0.0</td>
<td>-16.8</td>
<td>-1.7</td>
<td>1.5</td>
</tr>
<tr>
<td>Hotels &amp; Restaurant</td>
<td>3.0</td>
<td>-12.3</td>
<td>-9.7</td>
<td>4.1</td>
</tr>
<tr>
<td>Transport &amp; Communications</td>
<td>-2.0</td>
<td>2.0</td>
<td>-9.8</td>
<td>2.0</td>
</tr>
<tr>
<td>Financial Intermediaries</td>
<td>-2.2</td>
<td>0.7</td>
<td>1.6</td>
<td>-1.0</td>
</tr>
<tr>
<td>Real estate &amp; Business</td>
<td>-0.1</td>
<td>-1.1</td>
<td>0.9</td>
<td>1.3</td>
</tr>
<tr>
<td>Public Administration</td>
<td>3.6</td>
<td>3.0</td>
<td>7.2</td>
<td>0.8</td>
</tr>
<tr>
<td>Education</td>
<td>16.0</td>
<td>5.5</td>
<td>1.1</td>
<td>1.8</td>
</tr>
<tr>
<td>Health</td>
<td>0.3</td>
<td>2.8</td>
<td>2.7</td>
<td>2.8</td>
</tr>
<tr>
<td>Community &amp; Social Services</td>
<td>2.3</td>
<td>-4.6</td>
<td>-2.6</td>
<td>3.0</td>
</tr>
<tr>
<td>Private Households</td>
<td>0.6</td>
<td>0.7</td>
<td>0.7</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>All Sectors</strong></td>
<td><strong>1.7</strong></td>
<td><strong>-5.7</strong></td>
<td><strong>-1.3</strong></td>
<td><strong>1.1</strong></td>
</tr>
</tbody>
</table>

Total Imports grew by 4.2 percent to $917.1 million. Total Exports grew by 20.8 percent to $84.6 million with manufactured and agricultural exports increasing by 6.9 percent and 30.1 percent respectively. Fish exports, however, declined by an estimated 17.3 percent. Several environmental factors are responsible for this development including global warming and overfishing on the shoreline which is affecting the availability of bait for our fisherfolk.

The contributors of foreign exchange to Grenada were: Tourism - $290.7 million; Foreign Direct Investment - $104.6 million; Remittances - $77.6 million, Loans to the Public Sector - $74.1 million, Agriculture - $50.7 million, Grants - $41.3 million and Manufacturing - $7.5 million.
Chart I – Grenada’s Contributors of Foreign Exchange in 2011

<table>
<thead>
<tr>
<th>Sector</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism</td>
<td>$290.7m</td>
</tr>
<tr>
<td>FDI</td>
<td>$106.8m</td>
</tr>
<tr>
<td>Remittances</td>
<td>$77.6m</td>
</tr>
<tr>
<td>Loans</td>
<td>$74.1m</td>
</tr>
<tr>
<td>Grants</td>
<td>$41.3m</td>
</tr>
<tr>
<td>Agriculture</td>
<td>$50.7m</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>$7.5m</td>
</tr>
</tbody>
</table>

Source: ECCB

Inflation as measured by changes in the Consumer Price Index (CPI) was 3.5 percent compared to 6.5 percent for the year 2010. The main factors driving inflation were rising prices of imported food, petroleum and health products.

Mindful of the hardships faced by our people, Government implemented several measures to cushion the effect of rising prices:

- VAT on cement, lumber, steel and galvanize was cut by half
- VAT on chicken drummets was cut to zero
- In April, the retail price of a 20 pound cylinder of cooking gas was reduced from $56.46 to $47.96 - a reduction of $8.50
- In December, the retail price of a 20 pound cylinder of cooking gas was again reduced, this time from $47.96 to $45.00

Job creation was constrained by the slow pace of the economic recovery. The National Insurance Scheme (NIS) registration data,
which serve as a proxy for employment trends, recorded 2,386 new registrations for the year 2011 compared to 1,977 the previous year. The average number of active contributors in 2011 was 32,000 compared to 31,000 in 2010, suggesting that jobs have been preserved and, indeed, increased.

The preliminary count of the 2011 Housing and Population Census puts Grenada’s population at 103,328 - an increase of 696 persons over the 2001 Census. In contrast to the previous Census, the male population has now surpassed the female population. The count revealed 52,651 males and 50,677 females. This finding may be attributed to higher male births and migration patterns over the past decade. More findings will be shared when the analysis is completed.

3.2 FISCAL PERFORMANCE IN 2011

Mr. Speaker, 2011 was another very challenging year.

Central Government operations resulted in a Primary Deficit (before Grants) of $121.8 million or 5.5% of GDP. The Overall Deficit (after Grants) was $103.5 million or 4.6 percent of GDP. This deficit was $44.5 million lower than budgeted.

Recurrent revenue was $424.6 million, 93% of budgeted revenues resulting in a shortfall of $29.6 million.

Current expenditure was $435.3 million, 98% of budgeted expenditure. As a consequence, there was a deficit on current operations of $10.9 million in contrast to the current account balance of $8.1 million budgeted.

It must be noted that the shortfall in revenue was due to special concessions that was granted during the fiscal year as well as the slow economic recovery. Without these concessions, Customs would have surpassed its target and Government would have achieved a surplus on current operations.

Capital expenditures amounted to $163.5 million, 80% of the budget or 7.3% of GDP.
Grants amounted to EC$70.4 million, $22.8 million more than budgeted.

Total Revenue and Grants amounted to EC$495.0 million, 98.7% of budget or 22.3% of GDP.

**Revenue Performance**

The Customs & Excise department (CED) collected $205.3 million which was less than the $217.8 million target but slightly more than the $204.1 million collected in 2010. The factors responsible for the target not being met are rebate to manufactures on Excise Tax, relief on Excise Tax for motor vehicles and a reduction in petrol tax as Government tried to cushion the effect of high fuel prices.

The Inland Revenue department (IRD) collected $182.1 million, which was less than the target of $214.5 million, and the $202.5 million collected in 2010. The factors responsible for the target not being met are lower receipts on corporate income tax, property tax and dividends.

*Performance of VAT and Excise*

Mr. Speaker, Government implemented VAT and Excise in February 2010 as part of a major overhaul of the tax system. VAT replaced the General Consumption Tax (GCT), Airline Ticket Tax, and the Motor Vehicle Purchase Tax.

I now present the results for the second year of implementation:

In respect of VAT, $159.8 million was collected, *$1.9 million short of the approved estimate.*

In respect of Excise Tax, $6.9 million was collected, *$4.1 million short of the approved estimate.*

These shortfalls can be directly attributed to additional concessions on VAT and Excise Tax made by Government after the presentation of the 2011 Budget.
TABLE IV – PERFORMANCE OF VAT AND EXCISE TAX IN 2011

<table>
<thead>
<tr>
<th>Tax</th>
<th>Actual Collection ($ million)</th>
<th>Approved Budget ($ million)</th>
<th>Shortfall ($ million)</th>
<th>Post-Budget Concessions ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAT</td>
<td>159.8</td>
<td>161.7</td>
<td>1.9</td>
<td>3.8</td>
</tr>
<tr>
<td>Excise</td>
<td>7.0</td>
<td>11.0</td>
<td>4.0</td>
<td>3.7</td>
</tr>
<tr>
<td>Total</td>
<td>166.8</td>
<td>172.7</td>
<td>5.9</td>
<td>7.5</td>
</tr>
</tbody>
</table>

Source: Ministry of Finance, Grenada

**Government Payroll**

Mr. Speaker, the Opposition claims that there has been a dramatic rise in the payroll since our Government assumed office because of massive increases in the size of the Public Service including “jobs for the boys”.

I now wish to spend a few minutes addressing this mischief.

Let us examine the facts.

At the end of December 2007, the monthly payroll was $20 million. The total number of workers including established, unestablished and contract workers under the 340 budget line was 6,377.

Naturally following salary increases for the period 2006-2008, the monthly wage increased. At the end of June 2008, just before the NNP Administration left office, the monthly wage bill including workers paid under budget line 340 and pensions, was $20.8 million. The total number of workers was 6,729 – an increase of 352 from December 2007.

At the end of December 2011, Government’s monthly payroll including pensions was $21.4 million. The total number of workers was 6,903.

What do these numbers tell us, Mr. Speaker? They tell us that the monthly payroll has increased by $600,000 since the NDC admin-
istration assumed office in July 2008. These numbers also show, Mr. Speaker, that between the time that the NNP Administration left office in July 2008 and the end of December 2011, the net increase in the number of workers in the Public Service - including established, unestablished and contract workers under the 340 budget line, is 174.

Mr. Speaker, in the face of these facts, the Opposition continues to claim that we are creating jobs for the boys. In six months - the 6 months leading up to the 2008 elections - the NNP administration increased the size of the Public Service by 352. In 3 years and 8 months, the NDC administration increased the size of the Public Service by 174. The question must therefore be answered: who was creating jobs for the boys?

These facts, Mr. Speaker, should put an end to this mischief once and for all.

Central Government Debt

At the end of December 2011, Central Government Debt stood at $1.98 billion consisting of:

- Domestic Debt - $360.8 million
- External Debt - $1.5 billion
- Government Guarantees - $120 million

Grenada’s debt to GDP ratio is now 88.6 percent. Government will continue to pursue prudent debt management in the quest for fiscal and debt sustainability.

3.3 Grenada’s Debt to EXIM Taiwan

Mr. Speaker, I now wish to address the debt owed to Export-Import Bank of Taiwan (EXIM Bank of Taiwan).

Grenada has four loans with the EXIM Bank of Taiwan contracted as follows:

- US$10 million – July 1990
- US$2 million – April 1997
US$6 million – October 1997
US$10 million – August 2000

At present, the sum outstanding inclusive of interest is approximately US$30.5 million or EC$83 million.

It is well known that following the passages of Hurricanes Ivan and Emily, Grenada restructured its commercial debts in 2005 and its Paris Clubs debts in 2006.

In August 2006, the then Government made an offer to EXIM Bank of Taiwan to repay the outstanding debt consistent with the terms of the Paris Club debt restructuring. This offer was refused.

In May 2009, this Government made a proposal to EXIM Bank of Taiwan consistent with the Paris Club Debt Restructuring and the principle of inter-creditor equity. This proposal was acknowledged but EXIM Bank of Taiwan advised that it would continue to pursue its legal options to satisfy the debts.

The Government of Grenada has never denied the existence of these debts of EXIM Bank of Taiwan. Furthermore, the Government of Grenada has always maintained its willingness to fulfill its obligations.

However, it must be remembered that Grenada is a small country that was hit by two hurricanes in 10 months and is slowly emerging from the throes of the Great Recession.

Mr. Speaker, this situation has enormous implications for the Grenadian economy. It is a national problem that requires a national solution.

Indeed, this problem presents an opportunity for all Grenadians, home and abroad, to unite around the solution.

We have drawn on the collective wisdom of some of the best minds in the country from the fields of economics, finance, banking and diplomacy and prepared a proposal to address this issue.
Our proposal includes the consolidation of the four loans into a single facility; an upfront lump sum payment; semi-annual payments and the option to pre-pay the full amount owing at any time without interest or penalty.

This proposal has been submitted to EXIM Bank of Taiwan and feedback is now awaited. We shall report to the Nation as soon as we have received and evaluated this response.

Government has again made an allocation in this year’s Budget to service this debt. However, the situation is fluid and adjustments may have to be made in light of the outcomes arrived at during the negotiations.

Mr. Speaker, given the gravity of this situation, we are pursuing all options to bring this matter to a satisfactory resolution in the shortest possible time.

3.4 Major Achievements

Mr. Speaker, despite the challenges of the past year, our Government can point to many achievements. I now wish to update the Nation on our major achievements:

**Stronger Economic Management and Improved Business Climate**

- Government mobilized $70.4 million in grants bringing the total grants mobilized over the past three years to more than $233.9 million

- Grenada’s international credit rating was again reaffirmed by Standard & Poor’s at a time when many Caribbean countries were downgraded


- GIDC ranked number one among 77 Investment Promotion Institutions (IPI’s) in Africa, the Caribbean and the Pacific – an overall ranking of 26th in the world;
Education and Human Resource Development

- Last year, Government spent $1.2 million on the Free Textbooks programme bringing the investment in textbooks for our Nation’s children to $13.5 million since the programme was launched in 2008.

- Government awarded 157 scholarships, 40 more than 2010 bringing the number of scholarships awarded since 2009 to 397.

- 579 students received tuition support totaling $2.4 million bringing the number of students who have benefitted since 2009 to 1,463 at a cost of $5.9 million.

- Schools rehabilitated include: St. Mark’s Secondary, Anglican High School, and Calliste Government following St. Andrews Anglican School and Crochu R.C. at a cost of more than $17.5 million. Vendome R.C is underway.

- Government signed an agreement with UWI to locate its Open Campus headquarters in Grenada

Revitalising Agriculture and Fisheries

- Through cooperation with the Government of Japan, we constructed a state of the art Fishing Complex at Gouyave, St. John

- The Farm Labour Support programme has given our farmers hope and helped to boost agriculture production. Since inception, 2,200 acres have been cleared including 1,500 acres of cocoa and 1,329 persons have been employed. In addition, 350 acres of nutmeg and 127 acres of fruit trees have been established.

- Nutmeg production doubled from 1.1 million pounds to 2.2 million pounds.
• The number of farmers delivering nutmegs has more than doubled from 1000 to 2,500 and the volume of exports has more than tripled since 2008.

• Cocoa production increased from 1 million pounds to 1.5 million

Tourism

• Government invested $9.7 million in airlift bringing the total investment in airlift to $28.1 million since 2009. As a result there are more airlines serving Grenada than ever before

• Government completed the National Tourism Strategic Plan

Improving Health Care

• Government entered into a ground breaking agreement with St. George’s University addressing fourteen areas of cooperation including the establishment of a clinical teaching programme and the development of a teaching hospital

• 22,100 children benefitted from the National School-based Dental programme

Providing Affordable Housing

• 353 housing units were constructed through cooperation with the People’s Republic of China and will be distributed shortly

Fast Tracking Youth Empowerment and Sports

• 1400 youth were employed under the Youth Apprenticeship Programme

• Youth Development Centre was completed and reopened

• National Sports Policy was completed and passed the into law
• Cuthbert Peters Park in Gouyave and Alston George Park in Victoria were lit

Carriacou and Petite Martinique

• Several roads including Top Hill-Belair Road were completed

• Two preparatory phases for Local Government were completed

Energy Development

• Approved National Energy Policy

• Signed Grant Agreement with EU for Wind Energy Project in Carriacou

Public Sector Employment

• Preserved public sector jobs despite the challenging economic situation

Cost of Living and Social Safety Nets

• An average of 8,867 households have benefitted every year under the Duty Free Barrel Initiative, thereby putting $4 million back into the hands of Grenadians over the past 4 years

• Reduced the cost of cooking gas thereby directly benefitting at least 20,000 households

• Energy for Poor Programme distributed 184 stoves with free cylinder of cooking gas to the most needy families

Mr. Speaker, this long list of achievements, which is by no means exhaustive, bears testimony to the outstanding track record of Government in delivery of benefits to the People of Grenada, Carriacou and Petit Martinique even under the most difficult circumstances.
I now turn to prospects for the Grenadian economy.

3.5 Prospects for the Grenadian Economy

Mr. Speaker, economic activity in Grenada is on the rise.

For 2012, Grenada is projected to grow by 1.5 - 2.0 percent. This projected growth will be influenced by increased activity in all sectors but especially the recovery in Construction and continued growth in Tourism and Agriculture.

Several factors will influence growth this year including:

The performance of the US and European economies: Like the ECCU, this forecast will be influenced by developments in the USA and Europe especially the UK. Higher growth in these economies will accelerate Grenada’s recovery.

The Price of Oil: Higher oil prices will have a negative impact on growth. Prices are usually highest in the summer months when demand for oil peaks. However, we have already witnessed a steady increase since the start of this year. Rising oil prices reflect geopolitical tensions among key oil exporters, speculation and the closure of several refineries.

Implementation of the Transformation Agenda: Public and private investments in the transformational sectors are critical to both growth and job creation. These investments will have a positive effect on growth in Grenada.

Rate of Project Implementation: Faster implementation of projects will have a positive effect on growth. Government is sparing no effort to expedite the implementation of the major projects programme announced by the Prime Minister last September. The Major Projects Coordination Committee is active and reports to Cabinet once per month.

This brings me to the Focus and Theme of the 2012 Budget.
4.0 FOCUS AND THEME OF 2012 BUDGET

Today, Mr. Speaker, I speak to our Nation as Minister of Finance, much in the same way that families across Grenada, huddle around the family table to discuss their family situation and their strategy for dealing with these difficult times.

At this moment, families are coming together to look this crisis in the face, assess their personal and family situations, and craft a way forward.

They know, Mr. Speaker, that it is not business as usual. They know that it requires adjustments, prudence, prayer and a keen sense of personal responsibility. They are ever so hopeful, but realistic; because that, after all, is the essence of survival and ultimately, success.

Mr. Speaker, there are those among us who, for cheap and selfish political motives, try to deny this reality. They work tirelessly trying to convince those who have fallen on hard times as a result of this crisis that the true cause of their misfortune is the lack of caring and sensitivity on the part of this Government.

While this political maneuver may find currency among the unsuspecting persons displaced by this crisis, it is potentially very dangerous. I say dangerous because if we, as a people, do not accept that we are in an economic storm, there will be no sense of urgency to prepare to survive.

Mr. Speaker, the theme we have adopted for the 2012 Budget is:

“Consolidating the Recovery and Advancing the Transformation Agenda”.

Mr. Speaker, as I said earlier the recovery has begun.

We must consolidate that recovery.

That consolidation requires openness, understanding, patience, a sense of personal responsibility and sacrifice. It is therefore impera-
tive that all players, all partners in the Grenadian economy work with Government to consolidate and nurture this nascent recovery.

Government must take and is taking the lead in consolidating and driving the recovery.

Given our present situation, this is not the time for employers to take advantage of employees through unwarranted cuts in staff and benefits or for businesses (large and small) to be charging high and exorbitant prices.

This is also not the time for unrealistic and unreasonable wage demands in the public or private sectors.

This is also not the time for some partners in this social arrangement to sit on the side criticizing without offering positive alternatives.

Mr. Speaker, as we consolidate the recovery, we must do so with an eye on the future – the new and modern economy.

The five pillars of this new and modern economy are:

- Education, Health and Wellness and Services
- Tourism and Hospitality
- Energy Development (renewable and non-renewable)
- Agribusiness
- Information Communications Technology.

It should be mentioned here, Mr. Speaker, that we regard Construction as a cross cutting industry whose potential is best realized when these transformational sectors grow and flourish.

Our theme signals Government’s resolve to vigorously pursue an ambitious transformation agenda. Economic transformation here means that Grenada must now transition from a two pillar economy consisting of tourism and agriculture to a five pillar economy that is more diversified, resilient to external shocks and capable of generating higher employment and income opportunities for our people.
During the past year, Government advanced the transformation agenda by approving a National Investment Promotion Strategy. The five transformational sectors are anchored in this Strategy.

These new drivers of growth are also entrenched in the Growth and Poverty Reduction Strategy.

Mr. Speaker, as Government, we must ensure that our policies are coherent and mutually reinforcing of these five sectors.

Every citizen, at home and abroad, must understand and rally around these sectors and the Investment Promotion Strategy.

Within our Nation’s schools, we must ensure that our curriculum at secondary and post secondary levels together with our scholarship programme is fully aligned with these transformational sectors thereby avoiding a mismatch between our education system and the new economy.

The Diaspora must also be fully involved. To that end, we look forward to the staging of the Diaspora Homecoming in August and the discussions which are expected to ensue around the economic transformation of Grenada.

I now turn to the Estimates of Revenue and Expenditure.

5.0 ESTIMATES OF REVENUE AND EXPENDITURE FOR 2012

5.1 2012 ESTIMATES

The 2012 Estimates provide for total expenditure of one billion, twenty-three million, four hundred and eighty-two thousand, six hundred and twenty-three dollars ($1.023 billion), an increase of 15.8 percent over actual expenditure in the previous year. These include:

Current Expenditure: $457.8 million (an increase of 5.2 percent)
Capital Expenditure: $235.2 million (an increase of 44.1 percent)
Principal Repayments: $330.5 million (an increase of 5.2 percent)

The five largest allocations are:
Debt – $404.8 million (39.6% of total expenditure)
Ministry of Education and Human Resources - $109.6 million (10.7%)
Ministry of Finance - $73.4 million (7.1%)
Ministry of Health - $65.6 million (6.4%)
Ministry of Works - $58.6 million (5.7%)

Mr. Speaker, you would note that the Public Debt accounts for 39.6% of total expenditure. This includes interest payments of $74.3 million, an increase of 42.7 percent. The main reason for this is the rising interest on the commercial debt which was restructured in 2005. It may be recalled that the restructuring features a step-up coupon. It began with an interest rate of 1% from September 2005. This interest rate increased to 2.5% from September 2008. In September 2011, this rate again increased to 4.5%. This means that the interest payments on this restructured Bond will increase from $17.7 million last year to $31.8 million this year.

This Budget breaks virgin ground with the introduction of a new Vote named “Office of the Prime Minister”, patterned along the Canadian model. In so doing, we are seeking to consolidate in one place all persons who hold what may be called political contracts. These include advisers, personal assistants and drivers. Hitherto, these persons were provided for under various ministries.

As a matter of deliberate policy, Government is acting to make as transparent as possible, the financial impact on the Treasury of this category of State employees. Very importantly, this move will be accompanied by the standard disciplinary code and accountability procedures for public finances, and these will be applicable to all staff holding political contracts.

Of the $457.8 million in current expenditure, $239.9 million will be spent on personal emoluments; $74.3 million are earmarked for
interest payments; and a further $72.0 million are provided for transfers including pensions, gratuities and subventions.

The $235.2 million allocated for capital expenditure represents an increase of $72 million over the estimated outturn for 2011. This is to be financed by $119.7 or 50 percent from local revenue and treasury bills; $58 million or 25 percent from external grants and the remaining $57.5 million or 25 percent from external loans.

Current revenue for 2012 is projected at $459.3 million, 8.2 percent higher than collections in 2011. This projection includes $219.7 million from Customs and Excise and $215.5 million from Inland Revenue.

Non-tax revenue is projected at $47.7 million, a 24% increase over 2011.

Government projects a small current account balance of $1.5 million.

Finally, the overall deficit (including grants) is projected to be $167.2 million.

5.2 EXPENDITURE REDUCTION MEASURES

Mr. Speaker, in a period of stagnant revenues and rising costs, Government like any household or business must do its utmost to cut costs.

Reduction in International Travel

The allocation for international travel in 2012 has been cut by 50%. This will result in a savings of $800,000 compared to the previous year. Government Ministers and officials will travel on essential business only.

Cut in Salaries of Ministers of Government

Mr. Speaker, as a demonstration of our commitment to lead the cost cutting effort by example, the Prime Minister and all Ministers will take a 5% cut in their salaries from April 2012.
This is indeed a sacrifice for Ministers. However, sacrifices are needed at all levels of our society at this difficult time.

Mr. Speaker, the situation where Government is spending at least 50 cents on every dollar on wages and salaries and paying at $21.4 million per month is not sustainable. The result is inadequate spending on development projects in tourism, agriculture and roads that can help rebuild the economy and create jobs.

Government, with national support, must work assiduously to reduce the amount of every dollar spent on wages and debt and increase the amount of every dollar spent on development projects.

**Waste Reduction Campaign**

Last year, Government spent a whopping $40 million on Utilities and Office Supplies. Each month, Government spent:

- Electricity - $1.6 million
- Telecommunications - $700,000
- Water - $450,000
- Office Supplies - $460,000
- Fuel & Petrol - $220,000

Mr. Speaker, these costs are unacceptably high.

Government simply cannot continue to spend these large sums on utility and fuel bills.

In this regard, the recently established Waste Reduction Unit in the Ministry of Finance with the support of the Senior Managers Board has designed a Waste Reduction Campaign styled: **Cut the Waste, What Gets Measured Get’s Done!**

Under this campaign, the following targets have been set for 2012:

- **Electricity Charges – 20% reduction**
- **Telecommunication Charges – 50% & 10% reduction in mobile and land line charges respectively**
• **Water Charges – 25% reduction**
• **Fuel and Petrol Charges – 10% reduction**

Based on these targets, Government aims to save $8 million this year. This campaign will be managed by the Senior Managers Board which is chaired by the Secretary to the Cabinet and consists of Permanent Secretaries and Heads of Non-Ministerial Departments. It will review progress on the targets every month and report to Cabinet once per month.

The support of all public servants is sought for this campaign.

For this campaign to succeed, the support of the general public is essential. Persons with information on wasteful activities and behavior or suggestions can send their emails to gogcutwaste@gmail.com.

### 6.0 ADVANCING THE TRANSFORMATION AGENDA

Mr. Speaker, we have articulated a clear and compelling vision for Grenada’s economic transformation. We must now focus on the five transformational pillars identified for building a new and modern economy thereby laying the foundation for sustained growth and development.

#### 6.1 AGROBUSINESS

Mr. Speaker, agriculture and agribusiness continue to be a bright spot in the Grenadian economy.

During the past year, tremendous strides were made in repositioning and increasing the competitiveness of Grenada’s spice industry. These include: Government’s approval of the Grenada Nutmeg Strategy and Implementation Plan.

I am pleased to announce that Ministry of Agriculture has designated 2012 as “*The Year of Nutmeg and the Other Spices*”. With the cooperation of our farmers, a massive replanting exercise of nutmegs and spices is planned. The target is 700 acres of nutmeg and other spices
in areas where these spices have not been replanted since Hurricane Ivan.

Our schools will also participate in this replanting programme. Support for this national effort will be provided from the Spice Research Programme and the Farm Labour Support Programme.

Mr. Speaker, our farmers have expressed great satisfaction with the Farm Labour Support Programme. It has facilitated a significant increase in agricultural production over the past three years. Accordingly, Government has increased the Farm Labour Support Programme from $850,000 to $1.5 million, an increase of 76%.

The Propagation Programme continues to play a critical role in the resurgence of the agricultural sector. The propagation facilities in Mirabeau will be improved to facilitate more propagation of nutmeg and other spices, cocoa and fruit trees. As a result, we expect to see continued increases in production in those commodities both for domestic consumption and export.

The Small Farmers Vulnerability Reduction Initiative Project has started. The objective of this Project is to provide immediate and urgent assistance to at least 1,100 small farmers in Grenada. This support will help them cope with the recent recession and weather fluctuations by providing them with incentives for purchasing agricultural inputs, water management technology and adaptation of improved livestock practices.

The project is financed by a grant of EC$2.7 million from the Government of Japan and is supported by the World Bank. $1.6 million will be spent this year.

Mr. Speaker, the allocation for Agribusiness and Fisheries is $23.6 million.

6.2 TOURISM AND HOSPITALITY SERVICES

Mr. Speaker, after an extensive consultative process, the National Tourism Strategic Development Plan was approved late last year.
The focus this year is on the implementation of this Plan. A Task Force under the direction of the Minister of Tourism will soon be appointed to provide direct oversight for its implementation.

The Goals of the Plan are: (i) to increase visitor arrivals and visitor spend; (ii) to reduce seasonality in the industry; (iii) to increase national awareness of the nature and value of the tourism industry; (iv) to create a unique high quality product; and (v) to evolve a highly respected, effective, adequately financed National Tourism Organization (NTO) driven by an efficient motivated and professional staff.

The strategy has identified three (3) market niches; yachting, dive and cruise that are “export ready” and on which immediate emphasis will be placed.

More efficient and targeted marketing of Grenada will be undertaken. We will expand our efforts using electronic marketing tools like internet, social media and the Board of Tourism’s web site to make it easier to purchase a holiday in Grenada.

Mr. Speaker, I am pleased to announce a $2 million dollar increase in the budget for marketing from $17 million to $19 million.

We will continue providing marketing support to the airlines, however, we hope to phase out these contributions as we build adequate room stock and improve our service delivery and competitiveness. An allocation of $8.2 million has been made.

We will continue to seek public/private sector partnerships in the restoration and upgrade of our major tourist sites and attractions.

Mr. Speaker, a perennial problem that has plagued our tourism industry over the years is the limited quality room stock and the absence of a signature brand hotel or resort. This deficiency has been exacerbated in the wake of the global economic recession, as a result of which several hotel development projects ground to a halt.

Mr. Speaker, our Government regards the commencement and completion of some of these projects as a foremost priority of the
tourism sector since their rejuvenation will provide badly needed jobs and more clout to negotiate airlift and more joint destination marketing.

To that end, this Government has been working very closely with the tourism developers to make these projects a reality; not just by providing concessions and other investment incentives, but by actually working with them, hand in hand, to source development financing for these projects. In that regard, our office of Private Sector Development has been playing the role of match maker, bringing together these developers with potential co-developers and financiers.

Moreover, in 2009, out of concern for the serious challenges faced by developers to access financing, the Government took the extraordinary step of applying for a concessional loan from the China Exim Bank to finance the development of the Mt. Hartman/Hog Island Hotel Resort.

Mr. Speaker, over the last 15 years, the subject of the Hog Island Resort Project has come up in almost every budget presentation with the hope expressed, in some promising way, that that this dream will become a reality. In all these years, these hopes have been dashed.

Mr. Speaker, after substantial effort and determination, this Government has made considerable progress towards realizing this Grenadian dream.

And today, I am pleased to announce, on behalf of the NDC administration, that Grenada will have its first international 5-star resort at Mt. Hartman/Hog Island.

For 2012, Tourism and Culture has been allocated $31.1 million, an overall increase of $2.3 million over last year’s budget.

6.3 ENERGY DEVELOPMENT

Mr. Speaker, our Government is committed to the development of all of Grenada’s energy resources (renewable and non-renewable). In this regard, a National Energy Policy was approved last March.
Energy Development is a pillar of the new and modern economy and is essential to fuel Grenada’s transformation.

During the past year, the work programme articulated in the 2011 Budget Presentation was vigourously pursued. I now wish to update the Nation on our progress in three areas:

**Wind Energy Project in Carriacou**

The Financing Agreement between the Government of Grenada and the European Union for the grant of 2.5 million Euros (EC$8.5 million) for the purchase of equipment has now been signed.

Since GRENLEC has exclusive rights over generation, transmission and distribution of electricity, an agreement has been negotiated whereby the equipment will be leased to GRENLEC to generate 1.9 megawatts of electricity in Carriacou. That lease agreement is expected to be signed this month.

Over the next few months, GRENLEC will commence a procurement process under EU guidelines for the wind turbines required to make this project a reality. Given the time for procurement, we anticipate full implementation of this project in the first half of next year.

**Geothermal Development**

Unlike other indigenous sources such as wind and solar, geothermal energy is a constant rather than an intermittent source of energy. That said, the development of Grenada’s geothermal potential must be properly planned and managed.

As a prudent Government, the first step is to ensure a sound legal and regulatory framework for geothermal energy development. In this regard, Government with financial support from the Organisation of American States recruited experienced consultants to prepare the Geothermal Resources Development Bill and Environmental Regulations. This Bill was the subject of a national consultation last year and is now being finalized.
For its part, GRENLEC has undertaken initial geophysical work and has prepared and presented a Geothermal Resource Concession Agreement, for Government’s consideration. The next step is to enact the Bill and enter into an agreement with GRENLEC for geothermal development.

_**Hydrocarbon Programme**_

Mr. Speaker, the Nation would recall that the Government of the Republic of Trinidad and Tobago and Grenada signed a Boundary Delimitation Treaty in May 2010.

Since then, there have been several engagements between both Governments on the way forward.

At present, Government is reviewing a draft Framework Agreement between Grenada and Trinidad and Tobago.

This Agreement will provide for cooperation in several areas including:

- Determination of the existence and the extent of hydrocarbon reservoirs in the area adjacent to the delimitation line including cross-border reservoirs
- Appraisal and development of these reservoirs
- Arrangements for the development or unitisation of existing hydrocarbon reservoirs
- Facilitating the transfer of relevant skills through, inter alia, the award of scholarships for education and training; and
- Conduct of joint seismic surveys and joint exploration where feasible.

We expect that this Agreement will be signed shortly and that active cooperation under this Agreement will commence this year.

_6.4 HEALTH, EDUCATION AND WELLNESS SERVICES_

Pursuant to the new agreement between St. George’s University and Government, a Clinical Teaching Programme at the General Hospital commenced last September.
The direct benefits of this Programme to Grenada include the provision of equipment and specialists. Already, a radiologist has been hired and radiology equipment in the sum of US$500,000 has been ordered.

Government regards the establishment of a New Public Hospital with teaching facilities as the centerpiece to the development of the Health, Education and Wellness Sector. In addition to enhancing the quality of health care in Grenada, it will position Grenada to best leverage the presence of St. George’s University and its network of 10,000 alumni. Furthermore, this development is essential for Grenada to pursue medical tourism opportunities.

To this end, Government contracted the services of the International Finance Corporation (IFC) to provide advice on the development of a public private partnership to deliver a New Hospital.

The private developer will be expected to finance, design, construct and operate some aspects of the new Hospital. In this regard, several expressions of interest have already been received from regional and international firms.

Cabinet has approved Calivigny as the preferred site for the new Hospital.

Once an agreement has been signed with a private developer, the process to deliver a new Hospital will be about 24-30 months.

6.5 INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)

Mr. Speaker, our Administration is committed to making ICT one of the pillars of Grenada’s new and modern economy.

With support from the Government of India, we have demonstrated our seriousness by opening the ICT Centre of Excellence and Innovation (ICEI). Already, through the Centre, scores of Grenadian have benefited by upgrading their IT skills. Some have been able to secure jobs locally while others have accessed external employment online.
FIT for Work Programme

Mr. Speaker, given our Government’s focus on job creation, I am pleased to announce the FIT for Work Programme. This acronym stands for Follow IT for Work.

Over the next two years, the ICT Centre for Excellence plans to train 2,000 persons in several courses. All persons completing the courses of study will obtain C-DAC (Centre for the Development of Advanced Computing) certification. The duration of these courses range from three to nine months.

With this certification, many of these persons can expect to be employed and earn from ECS$2,500 to ECS$8,000 per month.

The courses include:

1. Embedded system programming
2. Cell Phone Repairs and Servicing
3. Mobile Applications Development
4. Building E-business
5. Windows Programming
6. Business incubation
7. Work At Home

It is our intention that these courses will be offered in various parishes to ensure that they are accessible for persons interested, young and not so young.

In addition, the Centre of Excellence also plans to set up an Outsourcing Centre to facilitate employment for some of these trained persons on the international market.

Mr. Speaker, people ask: where will the jobs come from for the thousands of school leavers each year?

Our answer - from the new and modern economy which includes ICT.
This is an exciting and promising initiative and we call on our youth to take full advantage.

An allocation of $1 million has been made to support this initiative.

*Caribbean Regional Communications Infrastructure Programme (CARCIP)*

Government intends to ensure that the costs of ICT services, in Grenada, come down. Consequently, we are undertaking the Caribbean Regional Communication Infrastructure Programme (CARCIP). This project will deliver island wide broad band service; internet exchange point and encourage ICT led innovation. Ultimately, it will increase access to and reduce the cost of ICT services.

*Community Access Points*

As part of our commitment to bridge the digital divide, Community Access Points are being delivered throughout the State. These Points will make ICT services accessible in communities. One Access Point was recently established in Mt. Craven and an additional 10 are planned. ECTEL, NTRC and Flow are collaborating with the Government of Grenada to achieve this objective.

Through the e-Government Regional Integration Project (EGRIP), our citizens will experience time and cost savings, faster and innovative service delivery and increased flexibility of service delivery in health care and payment of their taxes.

*Outsourcing of Government IT Services*

During the last budget debate I had signaled Government’s intention to outsource its IT services. We are now well on the way to bringing this to fruition. This PPP is expected to significantly reduce Government’s costs for telecommunications while enhancing its services.

### 6.6 PRIVATE SECTOR DEVELOPMENT

*Improving the Business Climate*

The reforms undertaken by Government are part of an overall drive to improve Grenada’s international competitiveness.
The Department of Customs and Excise will offer better and faster service through the full implementation of the ASYCUDA World project by June of this year. Furthermore, with the newly constructed facility near the St. George’s Port’s entrance, port users will experience far less hassle to do business. The Inland Revenue Department is being restructured and a new website will soon be launched to offer enhanced service to taxpayers. The GIDC is being rebranded to enhance its capability to facilitate faster conversion of investor interest in Grenada to investments in Grenada.

Mr. Speaker, consistent with our aim to offer better service, I am pleased to announce that the Ministry of Finance will open a full service Revenue Office in Grand Anse in the second quarter of this year.

**Private Sector Investments**

Notwithstanding the global recession and the difficulties of investors to raise alternative sources of funds, confidence in the economy remains relatively high as a number of existing investors continue to expand and reinvest while new investors expressed interest.

Last year, private sector projects included expansion of the Laluna Development Resort, Calivigny Island Development Resort and the Camper & Nicholson Marina Project.

We also witnessed the continued development of projects by local investors. Special mention must be made of the investments undertaken by Spice Basket, Creative Designs, Jonas Browne & Hubbard and Spice Isle Imaging. Other important initiatives to be noted include West India Spices which reopened the Nianganfoix Spice Plant in December last year; Paint Ballers which brought a new form of recreational sport to Grenada; and Affordable Island Communications, a local mobile telecom providing 3G technology service.

GIDC also witnessed a marginal increase in the number of applications for investment incentives during 2011 over 2010 with interest from both foreign and domestic investors in the area of tourism, ICT, Health and agri-business projects. Last year, fourteen (14) new busi-
nesses commenced operations within the productive sectors of the economy and created employment for 136 persons.

Mr. Speaker, Government welcomes the recent announcement of a joint venture between Peter De Savary and Dr. Anselm La Touche of Creative Designs for the development of the Port Louis Hotel site. This is another positive sign for our economy.

**ATTRACTING FOREIGN DIRECT INVESTMENT**

Mr. Speaker, having improved the business climate, articulated a clear vision for a new and modern economy, approved an Investment Promotion Strategy and prepared a Growth and Poverty Reduction Strategy,

The question must be posed: what next?

Should Grenada simply wait for the world to recover?

Or should Grenada become more creative in changing the trajectory of national development?

*Grenada Individual Investor Programme*

Mr. Speaker, in the context of tight credit in the international capital markets, the slow recovery of the global and domestic economy and the high unemployment situation in Grenada, our local private sector has challenged Government to be creative, to think “outside of the box” and make things happen.

Our Government has heard this call.

Mr. Speaker, I wish to advise that Government is giving consideration to the introduction of the Grenada Individual Investor Programme.

We regard such a Programme as a legitimate investment tool and are convinced that a well designed and properly implemented Programme with all the necessary safeguards, can bring distinct benefits to Grenada including: attracting immediate Foreign Direct Investment;
creating much needed employment; broadening the revenue base of the State; providing significant resources to finance the development of the five transformational sectors; diversifying the economy, thereby improving its resilience and strengthening Grenada’s international competitiveness.

At the same time, we cannot run ahead and disregard the concerns of those who elected us to look after their interests. We are aware that the botched Sale of Passports Scheme sponsored by the former administration brought much discredit to our Country, hurt the pride of all Grenadians and left a stain of suspicion and cynicism regarding the grant of any citizenship or passport to any non-Grenadian.

It is, therefore, our responsibility to continue to be sensitive on this matter by well-considering the pros and cons and arriving at a wide ranging consensus. While doing so, we feel compelled to register our well-founded belief that the Individual Investor Programme contemplated by this Government is fundamentally different in objectives, form and substance from the Sale of Passports Scheme by the former administration.

**Support for Existing Businesses**

Over the past three years, this Government has worked with the private sector to help them survive and preserve jobs during this difficult economic period. The following examples demonstrate Government’s concern and support:

In 2009 and 2010, Government granted a 50% reduction in the VAT collected by the hotels during the summer months to help them stay afloat and preserve jobs.

Since the commencement of VAT in 2010, Government has granted a 10% rebate on VAT exclusive sales of manufacturers to help them to be more competitive and preserve jobs.

From September 2010 to December 2011, Government removed the Excise Tax to help the auto-dealers boost sales, improve government revenue and preserve jobs.
Since January 2011, VAT on cement, steel, lumber and roofing materials has been slashed by 50% in an effort to boost construction activity and create jobs.

Mr. Speaker, this support has been costly for Government but deemed necessary to help the recovery. We have reviewed these temporary measures to evaluate their effectiveness and Government’s affordability. Today, I advise as follows:

**Construction**

Government has decided to extend the special rate of 7.5% on the following construction inputs for the rest of this year:

- Cement
- Lumber
- Steel
- Roofing material

Given the importance of Construction to the economy, Government will continue to look for new and additional ways of stimulating the industry in consultation with members of the industry.

**Manufacturing**

Government will extend the 10% rebate to manufacturers on their VAT exclusive sales until September, by which time Government will finalise a new regime after further consultation with the relevant stakeholders.

Mr. Speaker, we wish to make it clear that in crafting this new regime, it is Government’s intention to incentivize manufacturers involved in the export business.

Mr. Speaker, I am pleased to announce that to assist manufacturers in maintaining competitiveness, the Excise Tax would be zero rated on alcohol to be used as an input into manufacturing.

**Value Added Tax (VAT) and Investors**

Government is desirous of ensuring that the VAT does not inhibit investment spending during the implementation phase of an approved
investment project. Specifically, the VAT should not impact negatively on the cost of a project during construction. Government is therefore desirous of making it possible for investors to import or purchase locally all equipment and materials required for a project during construction without paying VAT.

In this regard, the VAT Act would be amended so as to zero rate purchases of capital goods and materials, from imported or local sources, by an approved Investor, enjoying fiscal incentives during the implementation phase of a project.

Investors would be required to obtain authorization from the GIDC for zero rated purchases on capital goods and material. For local purchases, investors would also be required to provide the name of the local supplier and the quantities to be purchased.

Mr. Speaker, this amendment seeks to encourage Investors to purchase locally and spread the benefit of the projects to various sectors of the economy. It should address concerns raised by our local private sector.

**Cooperatives**

Cooperatives have played a critical role over the past 150 years as a viable, values-based, member-owned business model. In recognition of this role, the United Nations has designated this year as “The International Year of Cooperatives”. The primary objective is to foster a supportive environment for the continued growth of this critical sector.

Approximately 41,000 Grenadians are members of credit unions and other productive cooperatives.

Our Government views the sector as an integral partner in achieving higher living standards. As such Government will strengthen its dialogue with the sector to enhance its contribution to national development. In this regard, we recognize the vital contribution of Civil Society Organisations and Non-Governmental Organisations to the cooperatives sector.
6.7 JOB CREATION: IMPLEMENTATION OF MAJOR PROJECTS

Mr. Speaker, our Government is deeply concerned about the high level of unemployment in our Country.

We recognize that the implementation of major Government projects can generate immediate employment, stimulate the construction sector and improve the level of economic activity.

As a consequence, a concerted effort is being made to expedite the implementation of major projects. In this regard, the Prime Minister announced a programme of major projects to be implemented over the next 18-24 months.

A Major Projects Coordination Committee has been appointed comprising senior public servants from key ministries and two representatives from the private sector. This Committee provides updates to the Prime Minister and reports to Cabinet every month.

I now wish to provide updates on some of these major projects:

_Grenville Market Development Project_

Mr. Speaker, this project is now well underway. Contracts have been awarded for the following components:

Grenville Market - $15.6 million
Abattoir at Mirabeau – $5.6 million

Mr. Speaker, we note with pride that both contracts were won by local firms. This is an affirmation that our decision to actively encourage and facilitate local firms to bid on this Project was the correct one.

A recommendation has already been made to award a contract for the Bus Terminus Phase I and clearance is now awaited from the Caribbean Development Bank. A reply is expected shortly. This component should start by June of this year.

Negotiations will soon commence to secure funding for Phase II of the Bus Terminus. Already more than 100 persons have found employment under this Project.
**Agricultural Feeder Roads Phase II**

This project includes at least 16 farm roads throughout rural Grenada.

A shortlist of eight (8) firms has been approved by the Kuwaiti Fund to tender for the second phase. The tender and draft contract documents for the winning bidder have been prepared and sent to the Kuwaiti Fund for final clearance.

As soon as this clearance is secured, the tender for the second phase will be launched. Based on the time required for the tender process, we anticipate that this long-awaited project will commence in the second half of this year. This project is expected to generate 200-300 jobs.

**New Parliament**

Mr. Speaker, I am pleased to note that the grant agreement between Australia and Grenada for A$5.2 million was signed by our Prime Minister in January of this year. This sum will go a long way to finance the new Parliament which is estimated to cost US$7.5 million. Government is actively pursuing additional grant financing for the entire project cost.

The tender for the design of the new Parliament will be launched later this month. The design process is expected to take 8 months.

Cabinet has already appointed a Judging Panel for the Design Competition. This Panel will select the winning design for the new Parliament building.

Subject to securing additional funding, of which we are confident, we anticipate that a contract will be awarded for the construction phase in the first quarter of next year. This project is expected to generate at least 75 jobs.

**Lowthers Lane Government Office Complex**

The first phase of this project which included a major drain was completed last December.
Tenders for the construction phase were received from the shortlisted firms at the end of last month. It is expected that an award will be made by the end of April and work will commence by May of this year.

The Offices to be housed in this Complex include Public Service Commission, Department of Audit, Office of the Ombudsman and the Integrity Commission.

This project is expected to generate at least 50 - 75 jobs.

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

This project is the successor to the Grenada Rural Enterprise Project (G-REP). It is funded by the International Fund for Agricultural Development (IFAD), the Caribbean Development Bank and the Government of Grenada at a total cost of EC$21.6 million.

During the first year of implementation, MAREP’s focus was on recruitment and training of staff to serve communities. The Programme supported seven communities: Mt. Craven, La Fortune/Levera, Non Pariel, Maran, Mt. Horne, Retreat/Champfleurs and La Tante.

This year, a further 23 communities will be targeted including: Rose Hill, Mt. Rich, River Sallee, Resource, Industry, Union/Waltham, Clozier, Gouyave Estate/Loretto, Florida, La Poterie, Post Royal, Paradise, Cocoa, Telescope, Soubise, Marquis, Vincennes, La Femme, Windsor Forest, New Hampshire, Sanco-Boca, L’Esterre and Bogles.

For 2012, the Project is expected to spend $4.5 million. This project is estimated to generate 200 jobs.

*National Athletics and Football Stadium*

Government is committed to providing appropriate facilities for our athletes. In this regard, the upgrading of the National Athletics and Football Stadium is a top priority.
Assistance has been sought from the People’s Republic of China to deliver a state of the art facility to host athletics and football. The Facility will also provide a home for associations without headquarters and office space.

In this regard, an agreement was signed earlier this week between the Ministry of Sports and a technical team from China on the designs for the Stadium. The next step is a formal agreement with the People’s Republic of China on final designs, budget and commencement date for the upgrading of this Stadium.

We anticipate that this Project will commence before the end of this year at an estimated cost of US$10 million.

*Regional Disaster Risk Reduction Project*

This project is jointly funded by the World Bank and the Climate Investment Fund and includes a $21 million grant for a total financing of $70.7 million.

It will contribute to vulnerability and risk reduction through several activities aimed at reducing vulnerabilities to public infrastructure as well as institutional strengthening. The major activities to be undertaken include:

- Equipment for Maurice Bishop International Airport
- Rehabilitation of Lance and Hubble bridges in Gouyave
- Rehabilitation of two schools
- Flood Mitigation
- Landslide and Rockfall Mitigation

For 2012, $4.8 million has been allocated. This Project is estimated to generate 30 jobs.

*St. George’s Market Square*

Funding for the St. George’s Market Square has been secured from the Government of Venezuela and work is currently underway. A sum of $3.3 million is allocated for this Project in 2012. This Project is estimated to generate 15 jobs.
Venezuela Multi Project

This project is funded by the Government of Venezuela at a total cost of $16.5 million. The project involves five components:

- Rehabilitation of Tanteen Pavilion and Ground Improvement
- Rehabilitation of Ford Bridge
- Construction of Morne Tout Community Centre
- Construction of St. Patrick Community Centre and Pavilion at Snell Hall
- Upgrading of facilities at the General Hospital

Work is ongoing on the first three components and will be completed this year. A total of $2.9 million has been budgeted for these components this year. This Project is estimated to generate 100 jobs.

St. Patrick’s Road Project

This CDB financed project seeks to improve the Tourism and Agricultural sectors in St. Patrick by upgrading 16 kilometers of road and associated drainage works.

The first phase is ongoing with the design of roads, bridges and retaining walls. Civil works is projected to commence in the fourth quarter of this year.

A budget allocation of $2.5 million has been provided.

When fully implemented, this Project is expected to generate scores of jobs.

6.8 EDUCATION AND HUMAN RESOURCE DEVELOPMENT

Mr. Speaker, education and human resource development is one of the hallmarks of this Administration.

Consistent with the strategic plan, the four broad areas of focus remain:
• Teacher Education and Training;
• Refocusing the curriculum;
• Upgrading and rebuilding of educational facilities;
• Creating and providing educational opportunities

The 2008 World Bank publication called “School and Work in the O.E.C.S” asserts and I quote:

“Universal Secondary Education in the O.E.C.S. is a bold step that will be handsomely rewarded in the future, as long as quality Education is ensured and the Curriculum is relevant.

In the Education community, there is consensus that competencies learned in Secondary Education lay the foundation for productive work and lead to life-long learning.

Without this foundation, a person faces difficulties gaining and maintaining a job that requires on-going learning, to adapt to new technologies, new products and new organizational forms. Hence in today’s world it is critical that all young people receive the opportunity to complete Secondary Education”. End of quote.

Forty years ago, Universal Primary Education ensured that every child in the State was entitled to receive a Primary Education.

Today, our Government has moved to ensure that every child in this Country can benefit from a Secondary Education.

In a historical sense, the attainment of Universal Primary Education facilitated the struggle towards Independence, and the transition from plantation economy to a more inclusive society.

In like manner, Universal Secondary Education is now the minimum education standard for our participation in Grenada’s new and modern economy.
In terms of infrastructural development, work will soon commence on St. Joseph Convent (St. George’s) and the Grenville Secondary Schools with funding from the Caribbean Development Bank. Moreover, EC$28.5 million has been secured from the OPEC Fund for International Development for the following schools:

- Presentation Brothers’ College
- St. Giles Anglican
- St. George’s Anglican Junior
- St. George’s Anglican Senior
- Woburn Methodist
- St. Mary’s RC
- St. Joseph Convent (St. George’s)
- Mc Donald College
- T A Marryshow Community College

This means hundreds of construction workers will find employment through this project.

In respect of teacher training, a wide range of opportunities will be provided including training of teachers for the Integration of ICT into the classroom to enhance learning.

The National Human Resource Development Policy and Database will be completed and more scholarships will be provided for tertiary education.

The allocation for Education and Human Resource Development is **$109.6 million**.

### 6.9 YOUTH EMPOWERMENT AND SPORTS

Mr. Speaker, I am pleased to announce that 1,400 youth have been placed under the Youth Apprenticeship Programme promised in our previous Budget. Placements include; Early Childhood Care, Geriatric Care, Hospitality Services, Office Administration and Secretarial Services, Agriculture, Auto mechanic, Allied Health Services and Beauty Services.
This important programme will continue and has been allocated $12.6 million this Budget.

The Youth Apprenticeship Programme will be strongly complemented by the FIT for Work programme which I announced earlier where we will seek to train an additional 1,000 youth in Information Technology over the next 12 months with good prospects of employment on completion of their training.

Under the Young Entrepreneurs Fund, $500,000 has been budgeted to support youth who have been trained by the Small Business Development Centre and wish to pursue self-employment.

In the area of sports, several facilities will be upgraded including:

- Cuthbert Peters Park
- Fond Pavilion
- Tanteen Bleachers
- Tanteen Netball Court
- Woburn Playing Field
- Grand Anse Hard Court

Mr. Speaker, I am pleased to announce that, as part of its Recognition and Support Programme, Government has decided to name the secondary stand at the National Cricket Stadium in honour of Junior Murray and Rawle Lewis, former West Indies cricketers.

When the Education and Human Resources and Youth Empowerment and Sports allocations are combined, the allocation for our children and youth this year is **$143.7 million.**

**6.10 HEALTH CARE**

Government continues to work towards the transformation of the Health Sector with focus on enhancing the quality and delivery of primary, secondary and tertiary care. This year, emphasis will be placed on five key areas of health:
**Health System Strengthening**

Government will continue to implement the Electronic Government Regional Information Project (EGRIP). The goal of this project is to improve data collection and analysis for evidence-based planning and decision making in health care.

The primary health care programme will be strengthened through the formation of a National Council, District Council and District Teams for the enhancement of community participation in health and wellness promotion. This is an essential step to reduce overcrowding at our hospitals. The Ministry of Health will also commence a pilot of extended hours and increase the number of District Medical Officers in the parishes of St. Patrick, St. Mark and St. John.

**Health Services Development**

Chronic non-communicable diseases such as heart diseases, strokes, cancers and diabetes are now the leading causes of mortality and morbidity in Grenada and the rest of the Caribbean.

To address this threat, the Ministry of Health will continue to work with all sectors: ministries, private sector, NGOs, Churches, and Civil Society Organizations to promote healthy life styles by increasing physical activity, encouraging healthy diets and limiting alcohol and tobacco use.

A five year National Strategic Plan for HIV/AIDS is now in its final stage of development. During this year, efforts will be scaled up to tackle stigma and discrimination.

**Human Resource Management**

Human Resource is the most important asset of health without which services cannot be delivered. Government has recently completed a human resource audit of the Ministry of Health including the Hospitals and will move aggressively to implement the recommendations contained in the audit.
Health Financing

Government is pursuing alternative and innovative financing mechanisms for the health sector. A PRE-ASSESSMENT OF HEALTH FINANCING REFORM FOR GRENADA: WITH A FOCUS ON NATIONAL HEALTH INSURANCE was recently completed by the University of the West Indies. Government is reviewing these recommendations and intends to pursue the introduction of National Health Insurance, on a phased basis, in collaboration with the National Insurance Scheme.

Infrastructural Development

Our priority infrastructure projects include upgrading the St. Patrick’s Health Centre.

The allocation for Health is **$65.6 million**.

6.11 HOUSING AND COMMUNITY DEVELOPMENT

Government is committed to provide affordable housing solutions, facilitate land regularisation and strengthen community groups and organisations to improve the quality of life of citizens.

The first phase of the Low Income Housing Project jointly funded by the People’s Republic of China (PROC) and the Government of Grenada is substantially completed. The first phase of this project: Mt. Gay (180 units), Frequenté (20 units) and Soubise (153 units) for a total of 353 housing units.

Very soon, the utility companies will install the requisite services after which the houses will be distributed. The distribution will be based on a means test to determine which persons/households are most needy.

Budgetary allocation has been made for preparatory work on five sites for the second phase of the Chinese Housing Project. These sites are: Douglaston, St. John; Mt. Rose, St. Patrick; Dumfries, Carriacou, Morne Delice, St. David and Diamond, St. Mark.
Government will continue its effort to improve livelihoods in communities around the Country. This year, the budgetary allocation for community development is $2.85 million.

6.12 SOCIAL DEVELOPMENT

The Ministry of Social Development will continue to put systems in place to protect and address the needs of the poor and vulnerable.

To this end, UNICEF will continue to fund the OECS Family Law Reform Project. Extensive public education and training of stakeholders on the Child (Protection and Adoption) Act, 2010, the Domestic Violence Act, 2010, the National Child Abuse Reporting and Management Protocol, the Juvenile Justice Bill and the Child Maintenance Bill will be undertaken.

A $1.6 million grant has been secured from the UNTrust Fund to implement a three year project to “End Violence against Women”. This project will be implemented in partnership with the Legal Aid and Counselling Clinic and the Grenada National Organisation of Women.

This is a remarkable accomplishment since of the thousands of applications submitted from countries around the world, Grenada was the only Caribbean country approved in the final round of selection.

Mr. Speaker, the international community is taking notice of Grenada’s bold reforms in the area of social protection and our efforts are being rewarded.

The Support for Education, Empowerment and Development (SEED) Project, a US$5 million project financed by the World Bank has been commenced. Under this project, three programmes have been merged. They are: Public Assistance, Necessitous Fund and Transportation for Students.

A Proxy Means Test will be introduced to properly target the neediest citizens. The results of this Test will be used to develop a Central Beneficiaries Registry. Additionally, a Public Education Campaign is
being designed to increase awareness and understanding of this new approach.

A total of $13.7 million has been allocated for this project.

Work will also continue on the development of a Social Safety Net Policy Framework.

Mr. Speaker, the reforms underway in the Ministry of Social Development are fundamental and far reaching. They address Government’s commitment to use scarce public resources to help the most vulnerable and needy and to ensure transparency and integrity in social safety nets.

Government recognizes that the single largest expense for a funeral is often the coffin. After consultation with the undertakers, I am pleased to announce that Government has decided to exempt VAT on all coffins. Yes, Mr. Speaker, there will be no VAT on coffins.

This means, for example, a person who has to pay $4,800 for a coffin will now save $720.

Once again, Mr. Speaker, our Government is demonstrating its care and concern for our people during times of loss and grief.

The allocation for Social Development is $30.5 million.

6.13 CARRIACOU AND PETIT MARTINIQUE

Mr. Speaker, the priorities this year are:

1. Implementation of Phase I of the Upgrading of the Lauriston Airport

2. Rehabilitation of Island Roads including the Belair-Belvedere Road, Petite Martinique road, the Power Station road and the Meldrum retaining wall

3. Rehabilitation of the Top Hill Senior Citizen’s Home. Designs are currently being prepared after which works will be tendered.
4. Construction of Dover Hard Court

5. Provision of support to Festivals in Carriacou & Petite Martinique

6. Continued work on the Sandy Island Oyster Bed Marine Protected Area (SIOB-MPA)

7. Development of the water system in Carriacou & Petite Martinique

8. Oversight of the establishment of a Duty Free Zone project at Dumfries

9. Establishment of Local Government in Carriacou & Petite Martinique

The total allocation for Carriacou and Petit Martinique is $13.6 million of which $2.5 million is earmarked for capital expenditure.

6.14 LABOUR AND INDUSTRIAL RELATIONS

Our Administration has made industrial relations a priority. We have demonstrated this by upgrading the Department of Labour to a full fledged ministry and staffing it.

The priorities this year are:

Review of Legislation

The Ministry with all social partners will lead a comprehensive review of Labour Legislation including the Labour Code. Work has already commenced on the Code and it is expected that it will be amended in 2012.

New Minimum Wage

The review of the Minimum Wage was completed last year. The new Minimum Wages provides for increases in wages for thirteen (13) categories of workers.

After additional consultation, it was agreed that the $4.00 increase per hour for Security Guards will be implemented over a two year period commencing with a $2.00 increase this year.
The Ministry of Labour will continue its efforts to secure jobs for Grenadian citizens. In 2011, a total of sixty four persons participated in the Canadian Seasonal Farm Workers Programme. Of this figure twelve were new persons resulting from an increase in Grenada’s quota. A further increase in this quota has been sought for this year. The Ministry will continue dialogue with the US authorities about the re-entry of Grenada in the United States Migrant Workers Programme.

Over one hundred persons have registered with the Ministry for employment with the Cruise Industry. The Ministry will intensify its efforts to secure opportunities for Grenadians on cruise ships.

**6.15 PENSION REFORM**

This Administration is committed to the implementation of a pension scheme for public officers who are currently not eligible.

Last July, Government arranged a pension symposium to forge consensus on the way forward for pension reform in Grenada in general and pensions for public officers in particular.

The key recommendations include:

1. Development of an integrated pension scheme between Government and NIS to ensure an agreed minimum pension for all public officers;

2. Introduction of a contributory scheme for officers not eligible

3. Rationalisation of the various pension laws for public officers

4. Establishment of a national retirement age

5. Waiver on income tax on lump sum pensions or pensions below $60,000 per annum.
Cabinet has received the report and established a working group including representation from the Public Workers Union and the National Insurance Scheme to guide the work of the actuary in development of a new pension plan.

Cabinet expects to receive reports and final recommendations within the next few months.

Mr. Speaker, it is Government’s intention that the new pension scheme will come into effect from January 2013.

Mr. Speaker, Government is cognizant that negotiations with the unions representing public workers are ongoing and wish that these would be completed as soon as possible.

Mr. Speaker, in the interest of time, I will not attempt to spell out Government’s priorities in every area. In addition to those previously outlined, the Budget Statement sets out, for public scrutiny, Government’s priorities in other important areas including: Financial Sector Regulation, Environmental Management, Trade and Export Development, Cultural and Entertainment Industries, Public Sector Modernisation, Good Governance, Constitutional Reform, Law and Justice, Parliamentary Elections Office, National Security, Prison Reform and Disaster Mitigation and Management.

Moreover, we have prepared and set out in annexes to this Statement, some very useful information including other fiscal and economic data. We encourage all Grenadians to familiarize themselves with the information in these annexes.

**6.16 FINANCIAL SECTOR REGULATION**

In 2011, the Grenada Authority for the Regulation of Financial Institutions (GARFIN) continued its programme of enhancing the regulation and supervision of the non-bank financial sector in Grenada.

GARFIN has been working closely with all insurance companies to ensure their full compliance with the requirement to establish insurance funds to cover their insurance liabilities. This is a major requirement in the new Insurance Act and a key level of protection to policyholders.

For the first time in Grenada, pension plans are now subject to supervision under the Insurance Act. GARFIN has been registering such plans as the first step in their supervision.

GARFIN is working closely with its counterparts in the OECS to strengthen cross-border supervision. Proposals for a new regional regulatory regime are now being prepared with support from the World Bank. The new regime is expected to bring economies of scale and address existing deficiencies in the overall supervisory framework in the region.

6.17 ENVIRONMENTAL MANAGEMENT

Government continues to promote the responsible management of the environment through public awareness and education programmes and the commemoration of important environment international events such as Biodiversity and Environment days.

Under the Community Environment Empowerment Project, Government provided twelve (12) communities with small grants.

Work has been concluded on the economic valuation of ecosystems and the willingness to pay for services.

Grenada completed its four years of chairmanship of AOSIS and played a key role in Climate Change negotiations in Durban that led to an outcome. These meetings also afforded Grenada to pursue bilateral cooperation. As a result, Grenada will build climate resilience through the implementation of three adaptation projects in 2012.

A database to house environmental publications and reports on Grenada, and relevant to Grenada, has been set-up to facilitate document sharing and easy retrieval for dissemination to the public.
With the support of the Government of Korea, a Coastal Zone Management Plan will be developed for the south east of the island from Marquis in St Andrews to Point Salines. This plan will inform policy decisions for investment on the coast. These activities will be complemented with the review of existing legislation, the strengthening of community participation in environmental matters through public education and community projects and the review of the National Biodiversity Strategy and Action Plan.

The Government of Grenada in partnership with UNDP is implementing the Global Environment Facility (GEF) Small Grants Programme (SGP). Under this programme, Grenada will attract a minimum of US$2.5 million in secured funding for community-based environmental work over the next four years. This facility when leveraged can attract an additional US$2.5 million in co-financing. Communities can receive a maximum of **US$50,000.00** for sustainable environmental projects.

This is an opportunity for communities to become creative.

Community based organisations and Civil Society organisations are encouraged to organise themselves, become registered and access the available funding for sustainable community livelihoods. Through the SGP national programming, direct delivery of benefits to communities is assured since approval of projects will be done locally, thereby accelerating the pace and rate of project approval and delivery of funding. Civil Society is therefore urged to be much more proactive. Small groups with a sustainable environmental focus should seize the opportunity to bring benefits and enhance livelihoods.

The Government of Grenada commits to strengthening the relationship with Civil Society and donor community for a more results-focused GEF SGP implementation of Projects. Through strong partnerships we can work together, acting locally to achieve global environmental benefits for a sustainable world.

### 6.18 TRADE AND EXPORT DEVELOPMENT

Several exporters were provided with financial support to participate in trade fairs. Financial and technical support were provided to service exporters in establishing a National Coalition on Service Industries.
In collaboration with the National Economic Partnership Agreement (EPA) Implementation Unit, several consultations on the EPA Agreement were organised.

With support from the CARICOM Secretariat, a comprehensive review of industries that benefit from preferential trade within the OECS under the Treaty of Chaguaramas was undertaken, resulting in the identification of firms for technical assistance.

With support from a World Bank project, two components of the National Export Strategy were implemented. These are **Quality** under which the Grenada Bureau of Standards received equipment to monitor quality of export products; and **Trade Information** under which a trade portal is now being established to provide relevant information to exporters.

Government will continue to focus on increasing the export of goods and services to new markets in the northern Caribbean. We will also participate in the Korea Trade Fair 2012.

In an effort to prepare exporters for new markets, the Ministry of Trade will conduct certification programmes for export firms.

A new Export Strategy, Service Export Strategy and an Aid for Trade Strategy will be finalised based on the five transformational sectors identified by Government.

### 6.19 CULTURE AND ENTERTAINMENT INDUSTRIES

After successfully consolidating the “Aunty Tek” Spice Word and Camerhogne Folk Festivals and showcasing the phenomenal growth in our Independence Celebrations and Carriacou carnival, the Division of Culture will now aggressively pursue the preservation and promotion of our cultural heritage.

Plans include a declaration of an Amerindian Heritage Day. It will be a day to commemorate and recognize the contributions made by the first settlers on this island – the Caribs or Kalingoes and the Arawaks.
or Tainos – and to continue to raise national consciousness and awareness of our heritage.

The National Museum and the establishment of a National Art Gallery are priority areas in this regard as well as is the rejuvenation of our folk culture with quarterly folk concerts to be held beginning in April. The recording of folk songs, poetry and storytelling will be part of an intense archiving effort of our cultural artforms.

A working protocol for filming in Grenada has been established and three significant filmings were facilitated last year. This year, we have already attracted interest as we endeavour to establish a film industry in Grenada.

The Cultural Policy will be tabled in Parliament in the first half of this year.

The Division of Culture will embark on a “Music for Transformation” initiative. Under this programme, music will be taught in some selected communities to poor and underprivileged children, along with other life skills thereby providing them with another alternative to live a full and rewarding life.

6.20 PUBLIC SECTOR MODERNIZATION

Government’s vision for the Public service is to serve Grenada, its citizens and residents in a professional, open, responsive and transparent manner. Accountability for its actions and performance remains an integral component of Government’s reform agenda.

During 2012, Government’s reform initiatives will continue as we pursue the delivery of improved services to the citizens and residents. A new Lands Agency will be established amalgamating the Valuation Division, Deeds and Lands Registry, Physical Planning Unit and the Lands and Surveys Division. This new Agency will be e-enabled to deliver improved services to the people of Grenada. All the records at the Registry are being digitized, new maps of Grenada are being acquired, GIS technology is being introduced and the relevant laws are being updated to support the modernization process. When
completed, citizens and customers will be able to access information and transact business online with ease.

Other ongoing initiatives include:

- The strengthening of Personnel Expenditures Management
- The E-government Regional Integration Project
- The implementation of the updated Public Service Rules and Regulations and Staff Orders.

These follow the strengthening of the Cabinet Secretariat and the implementation of the Cabinet Code of Conduct.

6.21 GOOD GOVERNANCE

Government remains fully committed to good governance, transparency, accountability and the rule of law.

The Office of the Ombudsman is functional and completed its first full year of operation last year.

The code of conduct for Ministers of Government is now in force.

All issues regarding the Integrity Commission have been resolved and the Commission is expected to be fully operational this year. The list of persons in Public Life is being assembled as such persons are now required, by law, to declare their assets.

6.22 CONSTITUTIONAL REFORM

A draft Constitution of Grenada has been prepared and a national consultative process is underway.

During 2011, several consultations were held in Grenada, Carriacou and in the diaspora – USA and Canada. This process of consultations will continue this year.

Ultimately, Grenadians will decide by referendum any changes to the Grenada Constitution.
6.23 LAW AND JUSTICE

In 2012, the Ministry of Legal Affairs will endeavour to continue the legislative drafting agenda and provide legal services to Government by way of advice and litigation support.

A large number of Bills is scheduled for completion including:

- Criminal Procedures Rules
- Juvenile Justice
- Procurement
- Geothermal Resource Development
- Broadcasting
- Carriacou Free Zone
- Electronic Transactions
- E Legislation
- Export Strategy
- Food Safety Bill

Other priorities include:-

- Relocation of the Companies and Intellectual Property Office (CAIPO)
- Conduct of IP Audit and development of IP Network for research and IP provisions
- Establishment of a Civil Status Registry
- Establishment of a Family Court
- Continuation of Preparatory Work on Halls of Justice Project
- Revision of Fees structure for services provided
- Relocation of the Ministry of Legal Affairs
- Establishment of a webpage and portal/access to Revised Laws for continuous reform
- Reform of Deeds and Lands Registry
- Enhanced security around the various Courts including Carriacou.
6.24 PARLIAMENTARY ELECTIONS OFFICE

With the New Voter Registration System in place and the Representation of the People’s Bill enacted into law, the priorities of the Parliamentary Elections Office are:

1. Enumeration and registration of eligible persons
2. Continuous registration of eligible persons
3. Civics and voter education programme for the public targeted at the general public (including month of awareness in September)
4. Training of Presiding Officers, Poll clerks and other election officials
5. Procurement of supplies for next general elections
6. Completion and launch of website

6.25 NATIONAL SECURITY

Government, through the Royal Grenada Police Force (RGPF), is committed to provide a safe and secure environment, free of perception and fear of crime.

The RGPF recently launched its Strategic Plan for the period 2012 – 2016. In addition to critical managerial and operational issues, this Plan focuses on Anti-corruption and Community Policing. To this end, an Internal Affairs and Audit Department will be created to address issues of internal corruption in all forms. The strategic and operational focus of Community Policing will be expanded and managed by an independent department. This Department will spearhead and monitor initiatives throughout the Nation.

The RGPF will place greater emphasis on capacity building. Efforts are being made to establish formal relationships with tertiary institutions to provide programmes for police officers at the certificate and degree levels in areas such as Forensics and Police Science and Management.
The Force will also modernize its Knowledge Management Protocol to maximize the use of data in crime prevention and detection.

6.26 PRISON REFORM

A detailed assessment of Prison operations was recently conducted by a team from the State Department of the United States of America. The team was highly impressed at the creative initiatives employed in the rehabilitation process and the self sufficiency of the Institution.

The key aspects in the rehabilitation strategy, education, counseling and work programmes have impacted positively on many inmates.

The Prison is endeavouring to expand all its rehabilitation programmes in 2012, in particular the Prison Industry. In 2011, the Furniture Shop, which was destroyed by Hurricane Ivan, was re-opened. In addition, a block-making programme was introduced.

This year, a Big Brother Support System will be implemented aimed at providing support to distressed inmates. As part of this thrust of rehabilitation, the Prison will strengthen its participation with churches and religious organizations.

6.27 DISASTER MITIGATION AND MANAGEMENT

National Disaster Management remains a priority in 2012. A review of the National Disaster Management Plan, in collaboration with CDEMA, was completed in 2011.

Plans are in place to conduct a National Simulation exercise in April, to assess the effectiveness of the Plan and the response capacity at the national level.

The Agency will continue to forge ahead in its efforts to enhance the coordination and cooperation amongst its stakeholders, strengthen its institutional capacity and ensure the Nation reduces its risk to the impact of hazards and natural disasters.
7.0 ACKNOWLEDGEMENTS

And so Mr. Speaker, on behalf of the Government and People of this Nation, I wish to thank the following Governments and Institutions for providing financial, economic and technical assistance during the past year:

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

Mr. Speaker, we thank our citizens, labour unions, business and civil society, all of whom have contributed to this Budget.

I am grateful to the Prime Minister and my Cabinet Colleagues for their understanding and support in the preparation of this Budget.

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, Policy Unit, Corporate Communications Officer, management team and staff of the Ministry of Finance, Manager and staff of the Government Printery.

I thank Permanent Secretaries, Heads of Non-Ministerial Departments and other public officers who have contributed to the preparation and delivery of this Budget.

We 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.
8.0 CONCLUSION

Mr. Speaker, the recession is over and Grenada is growing again.

This Budget has been carefully crafted to consolidate this recovery while advancing our transformation agenda.

There are no new taxes. I repeat – no new taxes.

There are no cuts in social programmes or safety nets.

The capital budget has been increased to $235.2 million. When compared with the $163.2 million spent last year, this is an increase of $72 million.

Several major public sector projects have started or will start later this year leading to increased economic activity and job creation.

We have announced an exciting programme for our youth. The FIT for Work programme will train 2,000 of our young people and provide employment opportunities.

We have secured $28.5 million for nine additional schools. Human resource development continues to be a hallmark of this Administration.

We have increased the allocation for marketing Grenada by $2.0 million.

Mr. Speaker, after many attempts, over many years, Grenada will finally have an international five-star resort.

We have allocated $1.5 million for the Farm Labour Support Programme, an increase of $650,000 or 76%.

We have extended the tax rebate for manufacturers.

We have removed VAT from coffins.

We have removed VAT on alcohol as an input for small manufacturers.
Mr. Speaker, the 2012 Budget shows that Government is investing in the young people and responding to their needs for employment, training and entrepreneurial development.

This Budget shows Government’s awareness of the pressures on our people due to rising prices.

This Budget has demonstrated Government’s pro-business philosophy and the critical importance it attaches to foreign and domestic investment.

This Budget testifies to Government’s determined efforts to secure financial and other resources for the development of the transformational sectors.

This Budget also demonstrates Government’s commitment to continue to care for the poor and vulnerable by maintaining the social safety nets.

This Budget shows Government’s commitment to lead by example in reducing expenditure by cutting the salaries of Ministers.

In terms of the five transformational pillars, this Budget is a visionary standard of national development.

This Budget demonstrates Government’s commitment to rigourously pursue our vision for a new and modern economy.

Mr. Speaker, one of the outstanding features of the NDC brand, as a government, is to be found in its legacy of prudent management, economic stability, attracting donor support and laying the foundation for a solid and secure future for all Grenadians.

Mr. Speaker, my message to the Grenadian people today is let’s stay together. Let’s stay focused. Grenada is rising again!

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

I thank you.
### Summary of Recurrent and Capital Expenditure 2012

<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 - Governor General</td>
<td>1,949,017</td>
<td>15,000</td>
<td>1,964,017</td>
<td>0.19%</td>
</tr>
<tr>
<td>02 - Parliament</td>
<td>2,010,029</td>
<td>15,000</td>
<td>2,025,029</td>
<td>0.20%</td>
</tr>
<tr>
<td>03 - Supreme Court</td>
<td>3,061,281</td>
<td>83,391</td>
<td>3,144,672</td>
<td>0.31%</td>
</tr>
<tr>
<td>04 - Magistracy</td>
<td>2,429,269</td>
<td>311,700</td>
<td>2,740,969</td>
<td>0.27%</td>
</tr>
<tr>
<td>05 - Audit</td>
<td>1,261,513</td>
<td>17,550</td>
<td>1,279,063</td>
<td>0.12%</td>
</tr>
<tr>
<td>06 - Public Service Commission</td>
<td>844,754</td>
<td>49,345</td>
<td>894,099</td>
<td>0.09%</td>
</tr>
<tr>
<td>07 - Director of Public Prosecutions</td>
<td>885,260</td>
<td>-</td>
<td>885,260</td>
<td>0.09%</td>
</tr>
<tr>
<td>08 - Parliamentary Elections Office</td>
<td>833,340</td>
<td>2,168,098</td>
<td>3,041,438</td>
<td>0.30%</td>
</tr>
<tr>
<td>09 - Ministry of Legal Affairs</td>
<td>2,650,732</td>
<td>491,500</td>
<td>3,142,232</td>
<td>0.31%</td>
</tr>
<tr>
<td>10 - Office of the Prime Minister</td>
<td>3,651,718</td>
<td>50,807</td>
<td>3,702,525</td>
<td>0.36%</td>
</tr>
<tr>
<td>11 - Prisons</td>
<td>7,619,671</td>
<td>349,000</td>
<td>7,968,671</td>
<td>0.78%</td>
</tr>
<tr>
<td>12 - Police</td>
<td>46,340,632</td>
<td>750,000</td>
<td>47,090,632</td>
<td>4.60%</td>
</tr>
<tr>
<td>14 - Ministry of Labour, Social Security and Ecclesiastical Affairs</td>
<td>1,088,889</td>
<td>115,000</td>
<td>1,203,889</td>
<td>0.12%</td>
</tr>
<tr>
<td>15 - Ministry of Tourism, Civil Aviation and Culture</td>
<td>4,286,150</td>
<td>31,135,271</td>
<td>35,421,421</td>
<td>3.46%</td>
</tr>
<tr>
<td>16 - Ministry of Foreign Affairs</td>
<td>11,657,268</td>
<td>365,000</td>
<td>12,022,268</td>
<td>1.17%</td>
</tr>
<tr>
<td>17 - Financial Intelligence Unit</td>
<td>458,469</td>
<td>-</td>
<td>458,469</td>
<td>0.04%</td>
</tr>
<tr>
<td>18 - Ministry of National Security, Public Administration, Disaster Management, Home Affairs, ICT, Information and National Mobilization</td>
<td>3,765,984</td>
<td>9,239,009</td>
<td>13,004,993</td>
<td>1.27%</td>
</tr>
<tr>
<td>19 - Ministry of Youth Empowerment and Sport</td>
<td>5,235,959</td>
<td>28,850,100</td>
<td>34,086,059</td>
<td>3.33%</td>
</tr>
<tr>
<td>20 - Ministry of Finance, Planning, Economy, Energy and Cooperatives</td>
<td>48,775,590</td>
<td>24,582,517</td>
<td>73,358,107</td>
<td>7.17%</td>
</tr>
<tr>
<td>21 - Pensions and Gratuities</td>
<td>41,150,000</td>
<td>-</td>
<td>41,150,000</td>
<td>4.02%</td>
</tr>
<tr>
<td>22 - Public Debt</td>
<td>404,835,115</td>
<td>-</td>
<td>404,835,115</td>
<td>39.55%</td>
</tr>
<tr>
<td>23 - Salaries and wages increase</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>25 - Contributions</td>
<td>6,151,854</td>
<td>-</td>
<td>6,151,854</td>
<td>0.60%</td>
</tr>
<tr>
<td>27 - Ministry of Environment, Foreign Trade and Export Development</td>
<td>2,339,254</td>
<td>4,689,839</td>
<td>7,029,093</td>
<td>0.69%</td>
</tr>
<tr>
<td>30 - Ministry of Works, Physical Development and Public Utilities</td>
<td>5,894,488</td>
<td>52,679,360</td>
<td>58,573,848</td>
<td>5.72%</td>
</tr>
<tr>
<td>32 - Post Office</td>
<td>3,765,984</td>
<td>9,239,009</td>
<td>13,004,993</td>
<td>1.27%</td>
</tr>
<tr>
<td>35 - Ministry of Social Development</td>
<td>7,888,411</td>
<td>22,658,813</td>
<td>30,547,224</td>
<td>2.98%</td>
</tr>
<tr>
<td>36 - Ministry of Carriacou and Petite Martinique Affairs</td>
<td>11,163,843</td>
<td>2,489,478</td>
<td>13,653,321</td>
<td>1.33%</td>
</tr>
<tr>
<td>38 - Ministry of Housing, Lands and Community Development</td>
<td>2,501,401</td>
<td>12,844,000</td>
<td>15,345,401</td>
<td>1.50%</td>
</tr>
<tr>
<td>40 - Ministry of Education and Human Resource Development</td>
<td>89,646,928</td>
<td>19,897,631</td>
<td>109,544,559</td>
<td>10.70%</td>
</tr>
<tr>
<td>50 - Ministry of Health</td>
<td>57,425,934</td>
<td>8,222,811</td>
<td>65,648,745</td>
<td>6.41%</td>
</tr>
<tr>
<td>64 - Ministry of Agriculture, Forestry and Fisheries</td>
<td>10,418,015</td>
<td>13,151,546</td>
<td>23,569,561</td>
<td>2.30%</td>
</tr>
<tr>
<td><strong>GRANT TOTAL</strong></td>
<td><strong>788,260,856</strong></td>
<td><strong>235,221,767</strong></td>
<td><strong>1,023,482,623</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
Annex II

<table>
<thead>
<tr>
<th>Department</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supreme Court Registry</td>
<td>0.25</td>
<td>0.37</td>
<td>0.38</td>
<td>0.35</td>
</tr>
<tr>
<td>Magistracy</td>
<td>1.93</td>
<td>2.50</td>
<td>2.80</td>
<td>2.85</td>
</tr>
<tr>
<td>Office of the Prime Minister</td>
<td>0.37</td>
<td>0.40</td>
<td>0.44</td>
<td>0.47</td>
</tr>
<tr>
<td>Ministry of Labour, Social Security, Ecclesiastical Affairs</td>
<td>1.79</td>
<td>1.87</td>
<td>1.94</td>
<td>2.02</td>
</tr>
<tr>
<td>Ministry of Finance</td>
<td>413.3</td>
<td>445.9</td>
<td>473.4</td>
<td>502.5</td>
</tr>
<tr>
<td>Customs &amp; Excise</td>
<td>204.3</td>
<td>219.7</td>
<td>230.6</td>
<td>242.1</td>
</tr>
<tr>
<td>Inland Revenue Department</td>
<td>202.0</td>
<td>215.5</td>
<td>231.1</td>
<td>247.7</td>
</tr>
<tr>
<td>Other</td>
<td>7.00</td>
<td>10.78</td>
<td>11.69</td>
<td>12.66</td>
</tr>
<tr>
<td>Ministry of Tourism</td>
<td>0.48</td>
<td>0.58</td>
<td>0.62</td>
<td>0.64</td>
</tr>
<tr>
<td>Ministry of Works</td>
<td>0.57</td>
<td>0.61</td>
<td>0.67</td>
<td>0.72</td>
</tr>
<tr>
<td>Ministry of Education</td>
<td>0.10</td>
<td>0.11</td>
<td>0.12</td>
<td>0.13</td>
</tr>
<tr>
<td>Ministry of Health</td>
<td>2.95</td>
<td>3.69</td>
<td>4.00</td>
<td>4.75</td>
</tr>
<tr>
<td>Ministry of Agriculture</td>
<td>1.26</td>
<td>1.42</td>
<td>1.53</td>
<td>1.64</td>
</tr>
<tr>
<td>Ministry of Housing, Lands, &amp; Community Development</td>
<td>0.84</td>
<td>1.00</td>
<td>1.08</td>
<td>1.17</td>
</tr>
<tr>
<td>Other Ministry’s and Departments</td>
<td>0.75</td>
<td>0.78</td>
<td>0.85</td>
<td>0.92</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>424.6</td>
<td>459.3</td>
<td>487.9</td>
<td>518.1</td>
</tr>
</tbody>
</table>

Revenue Collections by Department (EC$m)
<table>
<thead>
<tr>
<th>Year</th>
<th>Current Revenue to GDP</th>
<th>Current Exp. to GDP</th>
<th>Current Account (greater than or equal to 5% of GDP)</th>
<th>Overall deficit (less than or equal to 3% of GDP)</th>
<th>Interest payments to Current Revenues (greater than or equal to 15% of CR)</th>
<th>Debt Stock (EC$ m)</th>
<th>Nominal GDP (EC$ m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>26.1%</td>
<td>21.7%</td>
<td>4.4%</td>
<td>8.2%</td>
<td>8.2%</td>
<td>1,716.4</td>
<td>2,062.6</td>
</tr>
<tr>
<td>2008</td>
<td>20.7%</td>
<td>18.7%</td>
<td>2.1%</td>
<td>4.1%</td>
<td>7.4%</td>
<td>1,783.7</td>
<td>2,247.3</td>
</tr>
<tr>
<td>2009</td>
<td>20.0%</td>
<td>19.8%</td>
<td>0.1%</td>
<td>3.4%</td>
<td>11.1%</td>
<td>1,851.8</td>
<td>2,093.9</td>
</tr>
<tr>
<td>2010</td>
<td>20.3%</td>
<td>19.9%</td>
<td>-1.1%</td>
<td>-2.9%</td>
<td>11.3%</td>
<td>1,906.2</td>
<td>2,115.7</td>
</tr>
<tr>
<td>2011</td>
<td>19.1%</td>
<td>19.6%</td>
<td>-0.5%</td>
<td>-4.7%</td>
<td>12.3%</td>
<td>1,968.0</td>
<td>2,218.6</td>
</tr>
<tr>
<td>2012</td>
<td>19.8%</td>
<td>19.7%</td>
<td>0.1%</td>
<td>-7.2%</td>
<td>16.2%</td>
<td>2,229.4</td>
<td>2,322.1</td>
</tr>
<tr>
<td>2013</td>
<td>19.0%</td>
<td>19.7%</td>
<td>-0.4%</td>
<td>-6.5%</td>
<td>15.6%</td>
<td>2,295.4</td>
<td>2,437.7</td>
</tr>
<tr>
<td>2014</td>
<td>20.0%</td>
<td>19.6%</td>
<td>0.2%</td>
<td>-5.2%</td>
<td>20.4%</td>
<td>2,392.4</td>
<td>2,486.5</td>
</tr>
</tbody>
</table>

Grenada Fiscal & Debt Indicators

Annex IV
Annex V

Summary of Central Government Debt
in millions of EC $
(as at December 31, 2011)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Domestic</td>
<td>358.64</td>
<td>437.09</td>
</tr>
<tr>
<td>Treasury Bills</td>
<td>133.45</td>
<td>220.30</td>
</tr>
<tr>
<td>Bonds</td>
<td>9.93</td>
<td>20.93</td>
</tr>
<tr>
<td>Loans</td>
<td>53.45</td>
<td>55.49</td>
</tr>
<tr>
<td>Others</td>
<td>85.40</td>
<td>64.05</td>
</tr>
<tr>
<td>Government Guarantees</td>
<td>76.41</td>
<td>76.33</td>
</tr>
<tr>
<td>Total External</td>
<td>1,547.53</td>
<td>1,530.91</td>
</tr>
<tr>
<td>Bonds</td>
<td>721.64</td>
<td>721.64</td>
</tr>
<tr>
<td>Loans</td>
<td>775.62</td>
<td>763.51</td>
</tr>
<tr>
<td>Government Guarantees</td>
<td>50.27</td>
<td>45.76</td>
</tr>
<tr>
<td>Total Domestic &amp; External</td>
<td>1,906.17</td>
<td>1,968.01</td>
</tr>
</tbody>
</table>
## Use of PetroCaribe Funds

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>2011</th>
<th>2012e</th>
</tr>
</thead>
<tbody>
<tr>
<td>0044518</td>
<td>Upgrading of Cuthbert Peters Park</td>
<td>-</td>
<td>1,000,000</td>
</tr>
<tr>
<td>0048526</td>
<td>Young Entrepreneurs Development Fund</td>
<td>-</td>
<td>500,000</td>
</tr>
<tr>
<td>0071522</td>
<td>Roving CareGivers Programme</td>
<td>-</td>
<td>450,000</td>
</tr>
<tr>
<td>0071505</td>
<td>Bacolet Project (Juvenile Centre)</td>
<td>-</td>
<td>2,000,000</td>
</tr>
<tr>
<td>0047515</td>
<td>Youth Upliftment Programme</td>
<td>594,827</td>
<td></td>
</tr>
<tr>
<td>0079506</td>
<td>Free School Books Programme</td>
<td>906,814</td>
<td>1,000,000</td>
</tr>
<tr>
<td>0014507</td>
<td>Human Resource Development</td>
<td>971,081</td>
<td>1,000,000</td>
</tr>
<tr>
<td>0014510</td>
<td>Scholarship Programme</td>
<td>999,958</td>
<td>1,000,000</td>
</tr>
<tr>
<td>0071517</td>
<td>Multiple Projects for the Elderly</td>
<td>-</td>
<td>400,000</td>
</tr>
<tr>
<td></td>
<td>Energy for the Poor</td>
<td>-</td>
<td>500,000</td>
</tr>
<tr>
<td>0045513</td>
<td>Sustainable Livelihoods Project</td>
<td>2,711,340</td>
<td></td>
</tr>
<tr>
<td>0013517</td>
<td>Grenada Home Improvement Scheme</td>
<td>732,065</td>
<td></td>
</tr>
<tr>
<td>0044507</td>
<td>Sports Development Programme</td>
<td>543,474</td>
<td>-</td>
</tr>
<tr>
<td>0044505</td>
<td>Rehabilitation &amp; Upgrading of Playing Fields</td>
<td>191,474</td>
<td>-</td>
</tr>
<tr>
<td>0071527</td>
<td>Support for Education, Employment and Development</td>
<td>2,826,910</td>
<td>1,920,000</td>
</tr>
<tr>
<td>0090561</td>
<td>Farm Labour Support</td>
<td>963,788</td>
<td>-</td>
</tr>
<tr>
<td>0069508</td>
<td>Sites and Services Project</td>
<td>256,864</td>
<td>-</td>
</tr>
<tr>
<td>0068510</td>
<td>Road Improvement &amp; Maintenance Programme</td>
<td>2,431,251</td>
<td></td>
</tr>
<tr>
<td>0080511</td>
<td>School Feeding Programme</td>
<td>2,695,795</td>
<td>2,500,000</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>16,825,640</td>
<td>12,270,000</td>
</tr>
</tbody>
</table>
# Ease of Doing Business

## Grenada

### Economy Overview

<table>
<thead>
<tr>
<th>Region</th>
<th>Latin America &amp; Caribbean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Category</td>
<td>Upper middle income</td>
</tr>
<tr>
<td>Population</td>
<td>104,342</td>
</tr>
<tr>
<td>GNI Per Capita (US$)</td>
<td>5,560.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Topic</th>
<th>Doing Business 2012 Rank</th>
<th>Doing Business 2011 Rank</th>
<th>Change in Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starting a Business</td>
<td>73</td>
<td>68</td>
<td>-5</td>
</tr>
<tr>
<td>Dealing with Construction Permits</td>
<td>11</td>
<td>11</td>
<td>No change</td>
</tr>
<tr>
<td>Getting Electricity</td>
<td>39</td>
<td>38</td>
<td>-1</td>
</tr>
<tr>
<td>Registering Property</td>
<td>154</td>
<td>151</td>
<td>-3</td>
</tr>
<tr>
<td>Getting Credit</td>
<td>98</td>
<td>96</td>
<td>-2</td>
</tr>
<tr>
<td>Protecting Investors</td>
<td>29</td>
<td>28</td>
<td>-1</td>
</tr>
<tr>
<td>Paying Taxes</td>
<td>91</td>
<td>84</td>
<td>-7</td>
</tr>
<tr>
<td>Trading Across Borders</td>
<td>40</td>
<td>41</td>
<td>1</td>
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<tr>
<td>Enforcing Contracts</td>
<td>162</td>
<td>162</td>
<td>No change</td>
</tr>
<tr>
<td>Resolving Insolvency</td>
<td>119</td>
<td>118</td>
<td>-1</td>
</tr>
</tbody>
</table>