

COMMUNIQUE FROM HOMEGROWN PROGRAMME MONITORING COMMITTEE (HPMC)

NO. 01/2016

The Monitoring Committee for the Homegrown Programme held its eighteenth and nineteenth meetings on Friday, January 15th, 2016 and Friday February 5th, 2016 respectively, where it reviewed actual performance against program targets for the months of November and December 2015. Cumulative performance for 2015 was also reviewed.

PERFORMANCE CRITERION AND STRUCTURAL BENCHMARKS

The Committee commends the Government for successfully meeting its quantitative targets, but notes the shortfall on social spending through the SEED programme.

The Committee also commended the Government for achieving a primary surplus of \$52.2m against a target of \$31.0m in 2016. Additionally, the Committee notes the increase in primary spending over the set target, which is permissible under the programme due to better than anticipated revenues. The wage bill and public employment targets were also successfully met.

Table 1. Grenada: Quantitative Program Targets and Actuals to Date

Performance Criteria	Nov 2015	Dec 2015	Jan-Dec 2015	Jan-Dec 2015
	EC\$M Actual	EC\$M Actual	EC\$M Actual	EC\$M Prog. Target
Cumulative floor on central government primary balance	(5.8)	5.6	52.5	31.0
Cumulative ceiling on central government primary spending	58.0	63.1	597.1	550.0
Ceiling on stock of central government budget expenditure arrears	-	-	-	-
Ceiling on accumulation of external debt arrears (continuous)	-	-	-	-
Ceiling on contracting of non-concessional external debt by the central government (continuous) (US\$mIn)	-	-	-	-
Indicative Targets				
Cumulative ceiling on net change in central government and central government guaranteed debt	-	-	-	66.0
Floor on social spending by central government	1.3	1.1	11.8	13.4
Monitoring				
Wage Bill	18.2	17.1	215.3	220.0
Public employment			7,003	7,484
Revenue & Budgetary Grants				
Non Grant Revenue	46.6	59.2	571.3	504.4
Budgetary Grants	-	-	-	-
Capital spending	23.4	32.5	220.1	176.5

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The Committee notes the extensive work done by the Government to achieve its ambitious legislative reform agenda. As at the end of 2015, most structural benchmarks would have been met, though some with delay. Details are presented in Table 2 below:

Table 2. Grenada: Structural Benchmarks up to end 2015			
Structural benchmarks	Deadline	Status/Comments	
1	Parliamentary approval of the revised PFM legislation	August 31, 2014	A new Public Finance Management Act # 17 of 2015 came into force on June 19th 2015.
2	Cabinet approval of a strategic plan for the statutory bodies	October 31, 2014	Cabinet has approved a strategic plan to reform statutory bodies and state owned enterprises. The implementation of reform measures is ongoing
3	Parliamentary approval of the revised Investment Promotion Act	November 30, 2014	The Investment Promotion Act of 2009 was repealed and replaced by the Investment Act # 42 of 2014 which was passed in Parliament in November 2014 in keeping with the benchmark.
4	Parliamentary approval of the revised legislation on tax incentive regime	November 30, 2014	Technical assistance was provided by the IFC and the IMF on the reform of tax incentives. Revisions to the stamp tax, property tax, VAT and income tax was passed in Parliament in June 2015. Work is ongoing with regards to the the Customs duties exemptions.
5	Parliamentary approval of the legislation for the fiscal policy framework	December 31, 2014	The FRL was passed by parliament in June 2015 and published in the Gazette issue dated 4 September 2015. It is expected to come into force shortly.
6	Minister of Finance approval of regulations for the National Transformation Fund	February 28, 2015	The NTF regulations were approved by Cabinet on July 27, 2015 and published in the Gazette on November 6, 2015.
7	Parliamentary approval of a public debt law	March 31, 2015	The Public Debt Management Act was passed by parliament in June 2015 and published in the Gazette issue dated 4 September 2015. It is expected to come into force shortly.
8	Minister of Finance approval of regulations for the revised PFM legislation	June 30, 2015	The PFM regulations were approved and published in the 17 September 2015 issue of the Gazette.
9	Publication of Citizenship By Investment statistics on a quarterly basis	Commencing July 2015	June CBI data was first published in July and monthly data up to September 2015 was published on the government website at the end of October 2015.
10	Parliamentary approval of a Tax Administration Act	November 30, 2015	The draft tax administration bill, is currently being reviewed following comments from the private sector.
11	Implementation of the new Chart of Accounts for the 2016 Budget	December 31, 2015	Budget 2016 estimates were based on the new chart of accounts.
12	Establishment and operationalization of the LMTS and Small Taxpayers Service	December 31, 2015	In progress
13	Signing into force the new tax incentive regime and Investment Act 2014	December 31, 2015	Pending approval from parliament

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CONCERNS EXPRESSED

- Closer attention should be paid to the quality of capital expenditure to ensure that we are receiving value for money. The Committee welcomed the higher than expected capital expenditure due to better than anticipated revenue collections, but highlighted that we must ensure that the extra funds are being spent on the best possible projects.
- The Committee is concerned about efforts made to collect relevant taxes from professionals such as Doctors and Lawyers. The Chairman advised that the restructuring of the Inland Revenue Department is ongoing and a report on efforts with regards to improved tax administration efforts will be presented at a subsequent meeting.
- The Committee raised a concern about the management of the New Athletic and Football Stadium as well as the Cricket Stadium in terms of plans for revenue generation and maintenance. It was noted that the Cricket Stadium is already experiencing some level of deterioration and the addition of the Athletic and Football Stadium would require more revenue generation to allow for proper maintenance.
- The concern was registered by the Committee members with regards to hotels in the Grand Anse area. Even though they are linked to the sewage system, there is currently an issue with the sewage being pumped in Point Salines, which results in the water in that area being polluted. The Chairman advised that NAWASA is currently seeking funding (UK Infrastructure fund with the CDB) to undertake a number of projects.
- An update was given on the status of the Gravel, Concrete and Emulsion Production Corporation. The Chairman advised that Cabinet had approved the engagement of a private partner to facilitate capital development, strengthen management and restore profitability to the entity. Gravel and Concrete currently cannot meet its capital requirements and so a private partner will be able to provide a much needed capital injection.

FAREWELL

The Chairman, Mr. Timothy Antoine, announced that this would be his last meeting as he is due to take up his new role as Governor of the Eastern Caribbean Central Bank. He thanked the committee members for their hard work and dedication to the process of monitoring the Homegrown Program. He also complimented the Committee members on their patriotism as is evident by the contribution they make through the Committee. Each member of the Committee then expressed their congratulations and best wishes to the Chairman on behalf of their respective organizations.

The Chairman introduced Deputy Permanent Secretary Mike Sylvester as the new Permanent Secretary (Ag.) and Chairman of the Committee. The committee members extend congratulations to Mr. Sylvester on his appointment.