



Government of Grenada

2014 Budget Statement

Presented by



DR. THE RT. HON. KEITH C. MITCHELL
Prime Minister and Minister of Finance and Energy

To
The House of Representatives
December 10, 2013



Theme:

**"BUILDING THE NEW ECONOMY THROUGH HIGHER PRODUCTIVITY
AND SHARED SACRIFICE FOR THE BENEFIT OF ALL"**



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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 2014 by means of an Appropriation Act;

Be it resolved that the Estimates of Expenditure for the year 2014 be approved.”

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

Mr. Speaker, before I proceed with my substantive presentation, I wish to recognize the passing of the late great Nelson Mandela. He was simply an extraordinary human being and a fearless freedom fighter. May his unrivalled legacy of forgiveness and reconciliation inspire all for many generations to come.

Mr. Speaker, on the occasion of the presentation of the 2013 Budget in April of this year, I gave an undertaking to present the 2014 Budget before the commencement of the new fiscal year. Promise made. Promise kept.

This approach stands in stark contrast to the practice of the previous Administration which delivered late Budgets every year it was in office.

We believe our approach of delivering Budgets before the commencement of the new fiscal year is a simple yet important demonstration of better governance and economic management.

Some only talk. We talk less but walk the talk.

Mr. Speaker, 2013 was a challenging year for our Nation as we transitioned from years of economic decline, political infighting and hope-

lessness to a new era of economic revival, united government and hope.

Despite these challenges, our Government began delivering on key promises to the Nation.

I am drawn to a portion of Scripture in Jeremiah 17:7-8, New Living Translation, which reads and I quote”

“But blessed are those who trust in the LORD and have made the LORD their hope and confidence. They are like trees planted along a riverbank, with roots that reach deep into the water.

Such trees are not bothered by the heat or worried by long months of drought. Their leaves stay green, and they never stop producing fruit”. End of quote.

Mr. Speaker, the theme chosen for the 2014 Budget is ***“Building The New Economy Through Higher Productivity And Sacrifice For The Benefit Of All”***.

This theme is consistent with our Government’s commitment to build The New Economy but recognizes that Government cannot do it alone. The elements of

The New Economy can only be built if everyone – Government, Workers, Business, Churches and Civil Society rally together as Team Grenada and build it.

Yes, Mr. Speaker, we must rally together as **Team Grenada**.

The Elements of the New Economy are set out in Annex I of this Statement.

The New Economy requires that Grenada becomes a productivity centre of excellence.

Over the past 30 years, labour productivity has fallen steadily in the Caribbean. This disturbing trend can be seen in Annex II.

Low productivity is now a drag on economic growth and job creation. Consequently, if we want to accelerate economic growth in Grenada, we must raise our current levels of productivity.

But the productivity challenge is not limited to labour. It requires a change in mindset by the public and private sectors. Indeed, it requires changes in behaviours by both managers and workers.

To this end, we have started developing a national productivity enhancement programme that will cover public awareness, understanding the causes of low productivity and taking practical steps to raise national productivity starting with the Public Service.

Of necessity, this campaign must address lateness and absenteeism, which are chronic diseases now plaguing our Country.

Mr. Speaker, it is important from the outset of this presentation, to speak about my philosophy of Government – a philosophy shared by all those who serve in this New National Party Government.

Next year will be 30 years since I entered the Parliament of this Country. I did so for one purpose and one purpose only – to help lift people out of poverty and give them a chance of a better life.

This mission is at the core of my being and why I am in Government.

If those of us who serve the people of this Country cannot help lift the vulnerable and marginalized among us, we ought to question our service.

In recent times, I have heard segments of our population attacking some of Government's social programmes.

Let me be clear, if there is wastage anywhere in Government, we must address it. However, the voices taking issue with our social programmes are noticeably silent on waste and fraud due to abuse of concessions or sick leave due to general malaise or high levels of absenteeism or for that matter the government estates which are costing the State more than they are earning.

Mr. Speaker, my concern is that these attacks on our social programmes are not really about waste. Instead, they are about the less fortunate taking bread from the more fortunate.

To put it bluntly, those who have some, must get more, and those who have nothing, must get nothing.

Is that social justice? Absolutely not.

It is our sense of justice that informed our Government's decision not to continue the Free Textbooks Programme to private schools especially in difficult economic times.

It is that same sense of justice that guides our decision not to continue with a policy of refunding students who pass 8 or more O level subjects. Instead, we have allocated \$1 million in uniforms and transportation allowance to ensure that the students from marginalized families can actually make it to school.

Let me illustrate my concern with two more examples:

First, some are calling for Government to scrap Debushing because it is a waste of public resources. Interestingly, those making these calls are employed and doing much better than those in the Debushing programme.

What is more, many of them making these calls are benefitting from the resources of the State either as employees or in the case of the private sector, as beneficiaries of tax concessions.

Yet, they demand that Government stop the Debushing programme.

Mr. Speaker, the people who make these calls are working all year compared to the debushers who get two fortnights a year to help them put food on the table and have some Christmas cheer.

Have we become so mean and selfish that we cannot find it in our hearts to help these people?

Does Government exist only to satisfy the needs of those who already have?

Is life all about them?

The second example is the New Imani Programme. There are suggestions in some quarters that Government is wasting money on our youth?

Mr. Speaker, do the persons who make such assertions understand that if Government does not lend a hand, they who are now comfortable may no longer enjoy their comforts. That if we fail to secure the future of our youth, we have no future.

Mr. Speaker, when I hear these harsh and callous remarks, I ask myself:

Where is our empathy?

Have we no compassion?

Have we lost our Christian love?

Mr. Speaker, I do not claim to be “a soldier for Christ in the politics” but the Holy Bible declares and I quote ***“Truly I tell you, whatever you did for one of the least of these brothers and sisters of mine, you did for me”***. End of quote. (Matthew 25.40, NIV)

Mr. Speaker, I ask us, as a Nation, to search ourselves and become a more caring people. It is our Christian duty.

This Government cares.

We care about the poor and powerless. We care about the feeble and the forgotten. We care about the sick and suffering.

When we advocate for smaller government, we are subscribing to the philosophy that the recurrent budget must get smaller so the capital budget can get bigger.

This is why we have always encouraged contracting out of services thus reducing the size of Government while expanding the small business sector.

Mr. Speaker, this is why, we are now on a campaign to reduce waste, so that we can spend less to maintain the Government bureaucracy and invest more in people and the productive sectors.

As our economy grows and economic opportunities expand, people must become more independent of the State but the State must always help the less fortunate.

I now move to some of our achievements.

2.0 SUMMARY OF SELECTED ACHIEVEMENTS

Mr. Speaker, when we assumed office just under 10 months ago, our Country was in economic freefall; confidence was at an all time low; and hope was a scarce commodity.

These last 10 months have not been easy. However, with the help of Almighty God, a united and competent team; and the support of the people, we have made some progress.

Economic Growth and Job Creation

Our Government promised to stimulate economic activity, create jobs and return our Country to a path of sustained growth.

What is the result? This year, Grenada will record its best growth performance since 2007 and is among the top performers in the ECCU.

This performance is similar to the situation from 1995 – 2008, when Grenada was often the fastest growing economy in the OECS.

Grenada's growth performance from 2001 to now can be found in Annex III.

An NNP Government always brings growth, jobs and opportunities.

Mr. Speaker, there has been much speculation about the rate of unemployment in Grenada. This is a major socio-economic issue that must be handled with facts.

In September of this year, a Labour Force Survey was launched to get the facts. We now have the preliminary results.

Based on the International Labour Organisation's (ILO) definition of unemployment which is persons who are not working, want work, actively seeking work and available for work (the reference being the week ending September 28, 2013), the rate of unemployment in Grenada now stands at 33.5 per cent. Among our youth (ages 15-24), it is 55.6 per cent.

Mr. Speaker, the Survey's findings, validate our assertion, in Opposition, that the rate of unemployment was at least 40 percent.

Let us examine this issue a little further.

The current labour force in Grenada is just under 60,000. Remember, the labour force is the employed and the unemployed. How do you get the unemployment rate? You divide the unemployed by the labour force and multiply by 100.

Over the past year, thousands of jobs have been created. Let us quickly look at a few well-known projects and activities:

- Sandals La Source – 1,500
- Private Home construction – 500
- Feeder Roads – 150
- Concrete Roads - 200
- NIS Complex – 40

- New Imani – 2,000

Total – 4,390

Let it be understood that this number does not include Debushing and some other short term employment opportunities created by Government.

Mr. Speaker, even allowing for some layoffs in the private sector, these numbers clearly show that at least 4,000 jobs were created since we arrived in office.

Check this out:

Since 4,000 persons out of a labour force of 60,000 have now found jobs, this means that the unemployment level has fallen by 6.7% this year.

Furthermore, since the Labour Force Survey has established that the rate of unemployment is now 33.5 per cent, the Survey also proves that the unemployment rate was at least 40.2 percent before we assumed office.

Mr. Speaker, the evidence is clear and compelling.

Unemployment has fallen. Employment has risen.

We have begun to deliver on our promise of jobs, jobs, jobs.

Mr. Speaker, while we have made an assault on unemployment, we recognize that the unemployment rate of 33.5 per cent is still unacceptably high and must come down.

This is one of the most powerful reasons why we move, with alacrity, to build the New Economy.

Youth Employment and Development

Under the New Imani Programme, our initial aim was to provide opportunities for 2,000 young people. Given the massive response to

this Programme, our Government has decided to increase the number of places to 3,000.

Provision of Basic Health Services

Mr. Speaker, on return to office, we promised to raise the quality of health care for our people. Today, I am pleased to note that we have made considerable strides.

Over the past 10 months, we have paid more than \$3.5 million to ensure access to basic medicines at our Hospitals and clinics. Furthermore, on the initiative of the Ministry of Health, a Donations Desk was launched to properly channel donations and gifts to our health sector. Already, considerable assistance has been received from Grenadians at home and abroad as well as friendly countries and organizations.

Furthermore, Government invested more than \$2 million to launch our Community Health Initiative. As a result, more citizens can assess a wider range of services, for longer hours, at our community health centres and all on the same day.

Mr. Speaker, we have delivered.

Reduction in Cost of Living

Our Government promised to bring down the cost of selected construction materials from May 2013. As a consequence, the prices of the following items fell:

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

In addition, a ton of sand today is \$94.50 compared to \$120.75 before we assumed office.

We have delivered.

We are determined to drive down the cost of construction and encourage home ownership even further.

Small Business Development Fund

We promised to launch the Small Business Development Fund to help our people pursue their dreams, unleash their entrepreneurial spirit and secure their livelihoods. Promise made. Promise kept.

The interest in this Fund since its launch in September has been phenomenal.

Additionally, our Government signed an agreement with the CARICOM Development Fund to inject a further \$8 million in business development through the Grenada Development Bank.

Mr. Speaker, it must be noted, that our Government first had to pay its outstanding subscription of \$2.5 million before Grenada could access the Fund, something the previous Administration failed to do for three years.

Commencement of Agricultural Feeder Roads Phase II

Mr. Speaker, our Government promised to start this Project in our first 100 days. We have delivered.

What the previous Administration could not do in four and half years, we did in our first 100 days.

This is a major achievement since there were many hurdles to overcome.

Government owed the Kuwait Fund and OPEC Fund close to \$12 million dollars.

Government owed CCC close to \$15 million dollars.

Through quick and decisive action, Government was able to negotiate repayment terms with the Kuwait Fund and make a payment so the Project could proceed. More recently, a payment plan was submitted to the OPEC Fund and a payment of \$1.6 million was made.

Furthermore, Government paid down its arrears to CCC by \$5 million.

Although, the Project is not yet in full flight, three roads have already been completed. Work will accelerate next year.

Payment to Regional and International Organisations

Mr. Speaker, when we arrived in office, Grenada owed just about everybody – local, regional and international.

As members of these organizations, Grenada's image was tarnished and our ability to access certain services was compromised.

Over the past year, Grenada has made payments and entered into payment plans with several of these organizations. Some of these include the Pan-American Health Organisation (PAHO), Regional Government Security System, Commonwealth Secretariat and the University of the West Indies.

A more detailed list can be seen in Annex IV of this Statement.

Payment to Cap Bank Depositors

Our Government promised to assist the small depositors of Capital Bank. I am pleased to note that cheques totaling just under \$500,000 will soon be ready for distribution.

An announcement on the payment dates will be made in due course.

By helping depositors with \$500 or less, Government is taking care of 4,102 depositors or 80% of the total number of depositors of Capital Bank.

Payment to Public Officers and Retired Public Officers

Mr. Speaker, public servants have been paid on time every month.

For the first time in five years, public servants received increased salaries and pensioners received increased pensions. Furthermore, they received backpay totaling \$18 million.

Mr. Speaker, it may be recalled that our Government promised to restore the \$10 per day that was cut from the salaries of our road workers under the Road Maintenance Programme by the NDC Administration.

Our Government regrets that it has not yet been able to restore the \$10. However, cognizant of the grave fiscal situation; Government's obligation to pay a total of \$40 million in retroactive payments to public officers in 2013 and 2014; and the general need for wage restraint; our Government decided to defer that increase for the time being.

Integrity Commission

Our Government moved swiftly to ensure the full operation of the Integrity Commission after four and a half years of empty promises by the previous Administration.

We took a new Integrity in Public Life Act to Parliament to correct deficiencies in the previous law. A new Commission has now been installed.

At present, I am awaiting a call from the Commission to make my declaration. As promised, I will be the first to do so. I expect this to happen well before our first anniversary in office. I am ready and willing.

Constituency Open Forum

Mr. Speaker, when the people gave the New National Party, all the seats in the House of Representatives, we promised to govern with humility and to be inclusive.

We designed the Constituency Open Forum, went to every Constituency and provided live coverage on radio and television. This is a clear demonstration of Government's commitment to ensure the voices of ordinary citizens are heard in the governance of this Country.

Committee of Social Partners

Since March of this year, this Committee comprising of Government, Labour Unions, Private Sector, Churches and Civil Society has met every month.

In early October, we signed a Memorandum of Intent to develop a Social Compact. At the end of November, the first draft of the Social Compact was completed and is now being discussed by the Social Partners.

Throughout the past two months, we have had extensive consultations on the homegrown Programme including the National Social Partners Forum.

I wish to thank all the Partners for their commitment to Grenada and this inclusive process.

Mr. Speaker, our Government has not touted good governance as a slogan or a brand. Instead, we have lived it, not by our words, but by our deeds.

Mr. Speaker, the foregoing is merely a sample of our work on behalf of the Grenadian people. My colleagues will provide details during their contributions to this Budget.

I will simply say, I am proud of this team.

Everything we do, we do it for you.

I turn to the International and Regional Economic Developments.

3.0 INTERNATIONAL AND REGIONAL ECONOMIC DEVELOPMENTS

3.1 Recent Economic Performance of Global Economy

According to the IMF's World Economic Outlook (WEO) report of October 2013, global growth is still in low gear and the drivers of

growth are shifting. The IMF forecasts global growth to average 2.9 percent in 2013—below the 3.2 percent recorded in 2012.

China leads the way with a likely growth rate of 7.6 percent. The USA is projected to record growth of 1.6 percent while the UK is projected to record growth of 1.4 percent. Regrettably, the Euro area will decline for the second straight year.

3.2 Performance of the Eastern Caribbean Currency Union

In respect of the Eastern Caribbean Currency Union, it is projected to record positive growth of 1.2%. This is a welcomed sign of recovery, albeit slow, after four years of little or no growth.

Grenada is projected to grow by 2.7 percent surpassing our initial projection of 1.2 percent in April.

Mr. Speaker, I am pleased to note that based on preliminary results, Grenada is likely to have recorded one of the strongest growth performances in the ECCU for 2013.

For 2014, the global economy is projected to grow by 3.6 percent. The ECCU is projected to grow by 1.7 percent.

The details on the performances of both the global economy, CARICOM and the ECCU are in Annex V of this Statement.

3.3 Update on the BAICO and CLICO Situation

Mr. Speaker, our Government remains very concerned about the hardship being experienced by policyholders of BAICO and CLICO.

In particular, our heart goes out to senior citizens, some of whom have put their entire retirement savings in these policies and now find themselves almost penniless. What is more, several are experiencing major health challenges and need their money to take care of themselves and live out their remaining years with dignity.

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

To date, just over 1,500 Grenadian policyholders have received payments totalling \$11.6 million under the BAICO Resolution Strategy.

The recently announced Phase III of the Policyholders Relief Programme will benefit about 500 policyholders with a payout of at least \$14.2 million.

We express appreciation to the Government of Trinidad and Tobago for partnering with the Government of the Eastern Caribbean Currency Union (ECCU) to help in the resolution of this regional problem.

In respect of CLICO, discussions are ongoing among the ECCU Governments, the Government of Barbados and the Judicial Manager. We will inform the Nation of progress on this important issue at the earliest opportunity.

4.0 DOMESTIC ECONOMIC DEVELOPMENTS

4.1 Economic Performance and Prospects

Mr. Speaker, preliminary indications are that the Grenadian economy is likely to grow by 2.7 per cent this year, the best performance since 2007.

Yes, Mr. Speaker, our economic revival has begun.

The leading sector contributing to this growth performance is Construction which recorded growth after six consecutive years of decline. Construction grew by 20.0 per cent.

The boost in the construction sector was primarily due to the major construction work that was undertaken on the Sandals La Source

Project, the NIS Building, the Feeder Roads Project, Bacolet Bay Project and private home construction among others. Government's initiative to lower the costs of selected construction materials also helped.

Tourism is expected to decline by 4.0 per cent.

Agriculture may have declined slightly despite gains in banana and nutmeg production of 18.0 per cent and 30.0 percent respectively.

Fishing is likely to grow by 22.0 per cent while the Wholesale and Retail Sector is expected to grow by 7 per cent.

Manufacturing is projected to grow by 3.0 percent.

Education is likely to grow by 5.0 per cent. This performance has been propelled by record enrollment levels at St. George's University among non-Grenadian students. That said, we are pleased to note that the number of Grenadian students enrolled increased to 682 from 613, last year.

Inflation as measured by the Consumer Price Index declined by 1.6 per cent compared to an increase of 2.0 per cent last year.

In respect of trade, Imports increased by 2.7 per cent but Exports increased by 13.5 per cent. The increase in Exports was primarily due to increases in Agricultural Exports such as Nutmeg, Mace, Fresh Fruits, Vegetables and Fish.

For 2014, the economy is projected to grow by at least 1.5 per cent.

4.2 FISCAL PERFORMANCE

Mr. Speaker, based on actual performance for the first 11 months of this year, total revenue and grants are projected at \$468.6 million, 85% of the approved estimates but 4.3 per cent higher than last year.

Total recurrent revenue is projected to be \$437.7 million; this represents 91.8% of the approved estimates and 2.8% above the 2012 outturn.

Collections at Customs and Excise are projected at \$196.1 million, representing 93% of its target and 45% of recurrent revenue. The Inland Revenue Division is projected to collect \$193.7 million, 90% of its target and 44.2% of current revenue. The overall result is a \$40 million shortfall in revenue.

VAT collections totaled \$155.6 million, \$7.3 million short of target. Despite these shortfalls, Government was able to pay salaries on time and meet critical debt obligations for ongoing projects.

No easy task.

Total expenditure is projected to be \$684.9 million, 81.5% of the estimates.

Current expenditures are projected at \$426.6 million, 4.0% lower than the approved estimates. In addition, this performance would be 6.7% less than the current expenditure of 2012.

With the exception of Wages and Salaries, all expenditure categories came in under budget. In the case of spending of Wages and Salaries, actual outturn was above budget by 6.2% on account of retroactive wage and salary payments to public officers in line with the revised payment schedule.

Capital expenditure is projected to be \$151.2 million, 58% of the approved estimates and \$16.3 million more than the previous year. Our Government's ability to do more was constrained by lack of financing, in part, due to Government's retroactive payment obligations.

A Primary Deficit of \$99.5 million or 4.4 per cent of GDP is projected.

An Overall Deficit of \$108.8 million or 4.9 per cent of GDP is now anticipated.

In sum, Mr. Speaker, Government has already begun to take concrete steps to address the difficult fiscal situation. The commencement of the Homegrown Programme will accelerate this process.

4.3 PUBLIC DEBT AND DEBT RESTRUCTURING

As at December 31, 2013, the total Public Sector Debt is projected to be \$2.41 billion or 107% of GDP, broken down as follows:

Central Government debt – \$1.99 billion

Government Guarantees – \$127.6 million

Other Public Sector Debt – \$292.5 million

Total Public Sector Debt – \$2.41 billion

Details on the Debt can be found in Annex VI.

It should be noted that the reduction in the ratio to 107% from 108% is a direct consequence of prudent borrowing but, more significantly, economic growth of almost 3 percent, the best growth performance since 2007. This achievement highlights the imperative of economic growth for debt sustainability.

Total Debt Stock rose by 3.2 per cent. However, the stock of Government Guarantees fell to \$127.6 million from \$149.4 million, a reduction of \$21.8 million during the past year.

In March of this year, Government announced its intention to undertake a collaborative and comprehensive debt restructuring. Debt Restructuring Advisers have been retained and we have been in dialogue with our creditors to find an appropriate solution.

In June of this year, the first conference on Grenada's debt situation was held by the Conference of Churches. At the invitation of the Conference of Churches, the Ministry of Finance participated.

Furthermore, the Grenada Jubilee Committee has been formed to seek debt relief from Grenada's bilateral creditors.

Our Government commends the Conference of Churches for its initiative and ongoing work on this very important issue of debt restructuring. The restructuring is essential for Grenada's economic salvation.

Last month, Grenada in collaboration with the Organisation of American States organized a debt conference in Grenada to discuss the best solutions for the debt problems of the Caribbean.

Having completed the design of the Homegrown Programme, we expect to accelerate discussions with our creditors on restructuring of the Public Debt.

It is significant to note that as part of the Homegrown Programme, Government will implement fiscal rules to ensure the Public Debt remains manageable, post-debt restructuring and the completion of the Homegrown Programme.

Mr. Speaker, before I move on, I am compelled to say a word about direct borrowings from the National Insurance Scheme.

It is utterly shameful to hear the so-called best Minister of Finance ever, a man rejected by the people, attempt to take issue with our Government's recent borrowing from the NIS.

Here are the facts:

In the past 14 years in office, last month was the first time an NNP Administration borrowed directly from the NIS. Direct borrowing excludes ongoing NIS investments in Government of Grenada Treasury Bills through the Regional Government Securities Market (RGSM).

In contrast, the NDC Administration raised the sum of \$162.1 million from the NIS during its term in office: 2008-2013. This included \$105 million in Treasury Bills and \$57 million in sale of assets. It should

be noted this \$162 million does not include NIS investment on the RGSM.

Based on his dismal track record, this person in the wilderness who is clearly suffering from withdrawal symptoms may well be advised to look in the mirror before he further exposes himself to ridicule for his poor fiscal management.

I now turn to the Estimates of Revenue and Expenditure for 2014.

5.0 ESTIMATES OF REVENUE AND EXPENDITURE FOR 2014

5.1 Budget and Financing Summary

Mr. Speaker, the 2014 Estimates of Revenue and Expenditure provides for total expenditure (including principal repayments) of **nine hundred and thirty three million, nine hundred and thirty-two thousand, five hundred and thirty dollars (933,932,530)**.

The overall budget can be summarized as follows:

Recurrent Revenue: \$471.1 million

Recurrent Expenditure: \$487.0 million

Current Account Deficit: \$15.9 million

Primary Deficit (after Grants): \$44.0 million

Capital Expenditure: \$262.0 million

Principal Repayments/Amortization: \$185.0 million

Overall Deficit (after Grants): \$139.4 million

The seven largest allocations, by vote, are:

1. Debt - \$280.4 million (30% of total expenditure)

2. Ministry of Education and Human Resources - \$110.2 million (11.8% of total expenditure)
3. Ministry of Youth and Sports - \$70.1 million (7.5% of total expenditure)
4. Ministry of Health - \$67.2 million (7.2% of total expenditure)
5. Ministry of Finance and Energy - \$57.3 million (6.1% of total expenditure)
6. Pensions and Gratuities - \$51.4 million (5.5% of total expenditure)
7. Ministry of Works - \$50.4 million (5.4% of total expenditure)

More details are available in Annex VII.

The Overall Deficit of \$139.4 million or 6.2 percent of GDP will be financed from domestic and external sources. A loan authorization bill to raise \$140 million in financing to support implementation of the 2014 Budget accompanies the 2014 Appropriation Bill. Most of the external financing will be direct support for Grenada's Home-grown Programme.

It should be noted that Recurrent Revenues for 2014 are projected at \$471.1 million, approximately 7.6 per cent more than expected collections in 2013.

It must also be noted the 2014 Recurrent Expenditure includes \$24 million in retroactive payments to public officers. These payments are the principal reason for the deficit on recurrent operations.

It must also be observed there is a 10.5 percent rise in Pensions and Gratuities as a consequence of new pensions for retired public officers paid since May of this year.

Total capital expenditure for 2014 is projected at \$262.0 million. Of this amount \$130 million is projected to come from budget support and borrowing, \$130 million from grants and the proceeds of the Citi-

zanship by Investment Programme and \$32.0 million from external loan disbursements.

6.0 BUILDING THE NEW ECONOMY

6.1 Objectives of Homegrown Programme

Mr. Speaker, the top priority of our Government is building The New Economy.

The New Economy will provide jobs for those who wish to work; business opportunities for those who choose to invest; opportunity for wealth creation and prosperity for those prepared to sacrifice and play by the rules.

Two essential building blocks of this New Economy are fiscal and debt sustainability, which is, getting our Nation's fiscal house in order and laying a solid foundation for growth and job creation.

For this reason, in March of this year, our Government took the bold but necessary step of announcing Grenada's intention to comprehensively restructure the Public Debt. Subsequently, Government embarked on the design of a Homegrown Programme of fiscal adjustment and structural reforms.

Since our arrival in office, we have discovered via a Cabinet Conclusion, that the previous Administration took the decision to restructure the Public Debt since April 2011 but lacked the courage to implement this decision. Instead, they fought among themselves, shut down the Parliament indefinitely and resorted to selling Government assets to pay salaries. How transparent, democratic and patriotic!

Mr. Speaker, the adoption of a long term development strategy is paramount and has been underscored throughout the national conversation on the Homegrown Programme.

Government wishes to confirm that it will present a Strategy for the New Economy in the first quarter of next year. This Strategy will also address the issue of poverty reduction.

I now wish to provide some details on the Homegrown Programme.

At the outset, we must all be clear that this is a programme designed by Grenadians, for Grenadians. It is not an IMF programme.

Grenada stands to lose the most or benefit the most from this Programme. Not the IMF.

Having designed the Programme, Grenada has sought the support of the IMF and other development partners.

The Programme will cover the period: 2014-2016.

Its key objectives are:

1. To boost growth and job creation;
2. To improve fiscal sustainability; and
3. To improve debt sustainability.

We have identified the key performance indicators that will tell us if we are successful.

For Growth and Job creation, they are: higher levels of growth; higher employment especially among our youth and an improved ranking on Ease of Doing Business Index.

Grenada's ranking on the Ease of Doing Business for the past eight years can be reviewed in Annex VIII.

For Fiscal Sustainability, they are: higher tax effort; lower non-personnel expenditure compared to 2012; and lower monthly financing shortfall.

For Debt Sustainability, they are: lower interest payments as a proportion of GDP and lower Debt to GDP ratio.

We have proposed three monitoring mechanisms:

1. The Committee of Social Partners;
2. The re-introduction of the Planning and Priorities Consultative Committee; and
3. The Growth and Competitiveness Council.

We acknowledge receiving an alternative proposal from Civil Society Organisations. Government will examine this proposal and together with the Social Partners will finalise the monitoring mechanisms.

I now present the revenue measures.

6.2 Revenue Raising Measures

Mr. Speaker, it is an established fact that Grenada now has the lowest tax effort in the ECCU. By tax effort, we mean total tax revenue as a proportion of Gross Domestic Product.

A comparison of tax efforts across the ECCU is contained in Annex IX of this Statement.

Throughout the consultations on the Homegrown Programme, we have heard calls to address revenue leakages.

Government has heard these calls and accepts that this situation must be addressed quickly and decisively.

For Government, this issue is more than an economic one. It is a moral issue.

We are commanded in the Holy Scriptures to “render therefore unto Caesar the things which are Caesar’s; and unto God the things that are God’s”. (Matthew 22.21, NIV)

In our system of democracy, citizens pay their taxes and the Government delivers vital services to citizens. It is a contract.

No country can run without taxes.

Mr. Speaker, every taxpayer must pay his or her fair share.

Government will raise Grenada’s tax effort using three approaches: adjustment to tax policy; stronger tax administration; and reduction of tax concessions.

Here are the specific revenue measures:

Lower Income Tax Threshold

Mr. Speaker, with effect from January 2014, the Income Tax Threshold will be lowered to \$36,000 per annum from \$60,000 per annum.

Persons who earn less than \$3,000 per month will not pay any income tax.

Persons who earn \$3,001 to \$5,000 per month will pay at the rate of 15%.

Persons who earn more than \$5,000 per month will pay 15% on the portion of their salary between \$3,001 and \$5,000 and will continue to pay the existing rate of 30% on their salary above \$5,000.

Mr. Speaker, various thresholds and rates were considered. Government’s intention was a threshold of \$30,000, however, after strong representation by the Trades Union Council especially the Grenada Union of Teachers, Government agreed to raise the threshold to \$36,000.

It is expected that this measure will yield an additional \$14 million next year and bring an additional 4,000 persons into the tax net.

As a consequence, Personal Income Tax is expected to yield \$45.2 million in 2014.

The Ministry of Finance has prepared answers to the Most Frequently Asked Questions on Personal Income Tax and these can be found in Annex III of this Statement.

Increased Property Tax

Mr. Speaker, Grenada has one of the lowest property tax rates in the Caribbean. From January 2014, the property tax rates will be increased as follows:

Land: 0.2% from 0.1%

Building: 0.3% from 0.15%

Agriculture lands: which remain idle will attract a rate of 0.2% instead of 0%.

It should be noted that the exemption of the first \$100,000 on your building value will be maintained.

Owners of very small parcels of land worth less than \$20,000 will now pay a Minimum Tax of \$40 instead of \$20.

Owners of land and building worth less than \$100,000, where the exemption applies, will now pay \$60 instead of \$30.

It is significant to note that Government has not increased the property tax rates for commercial and industrial purposes. This decision has been taken in recognition of the difficulties that the business community has experienced in recent years and Government's strong desire to spur job creation.

With this rate adjustment, Government expects to collect an additional \$8.0 million in property tax next year.

Restoration of Standard VAT Rate on Selected Construction Materials

During the past year, Government lowered the VAT rate to 5% on the following:

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

At that time, we indicated that this special rate will be in effect for two years: 2013 and 2014. This measure has provided a boost to Construction but it has also impacted Government's revenue.

On account of the need to boost revenue, Government has taken the decision to restore the normal rate of 15 percent from January 2014.

Tourism Marketing Levy

Mr. Speaker, the Government and the tourism industry both agree on the urgent need to increase the marketing of Grenada, as a destination of choice.

In this regard, Government will introduce a Tourism Marketing Levy of US\$5 per night for each stayover visitor.

The funds collected from this Levy will be used exclusively for marketing Grenada and will be collected by Government and channeled to the Grenada Tourism Authority for the sole purpose of marketing Grenada.

In the first year, this Levy is expected to yield \$2 million.

Reduced Manufacturers Rebate

Government is very mindful of the challenges of the manufacturing sector. In this regard, Government will continue its support to manufacturers under the new Manufacturers Competitiveness Programme (MCP) but this support will be reduced to a rebate of 5% instead of 10%. Moreover, manufacturers will not be allowed to accumulate additional credit balances but will have three years to liquidate their existing balances.

It is projected that Government will save at least \$1.5 million per year.

Withholding Tax on Lottery Winnings

Winners of various jackpots including the games of the National Lotteries Authority will pay a withholding tax of 15 percent on their winnings.

It should be noted that all slot machines and games of chance including those already in existence will need to be registered to operate in the State of Grenada.

This measure is projected to yield an additional \$2 million next year.

Increased User Fees

There are some user fees and licenses that have not been revised for several years. As a general principle, Government will revise fees to better reflect the cost of these services. In this regard, umbrella legislation will be taken early in the new year to adjust fees for selected services.

An initial list of revised fees can be found in Annex X of this Statement.

Citizenship by Investment Programme

In September of this year, Government passed the requisite legislation to enable the launch of the Citizenship by Investment Programme.

Subsequently, the Citizenship By Investment Committee was appointed and is headed by an independent professional from the private sector. This Committee will review all applications from the approved agents and make final recommendations to Cabinet. This Committee will also be the body which reviews applications for investments under the National Transformation Fund.

Cabinet has also published an initial list of approved projects and investments. Once the due diligence checks are completed, interested persons can invest in any of these following priority areas:

- Health, Wellness and Education Services
- Green/Renewable Energy
- Agribusiness
- Hotel Development
- Information Communications Technology (including Call Centres)

In terms of specific projects, Cabinet has endorsed an initial list of approved projects. These are:

- New Hospital
- West India Spices
- Port Louis Development
- Mt. Hartman and Hog Island Hotel Resort
- St. David Town Centre Development

An investor is required to invest at least US\$500,000 in an approved project or investment. Government will receive US\$50,000 out of this sum. The remaining US\$450,000 will go into the approved project or investment.

Alternatively, an investor can elect to contribute directly to the National Transformation Fund. Subject to due diligence, an investor will pay \$75,000 at the time of application and will be eligible to become a permanent resident. One year later, such an investor will pay an additional \$125,000 if the application for citizenship is approved thereby bringing his total payment to \$200,000.

Government will receive US\$25,000 on each payment made by the investor. The remaining US\$150,000 will be deposited in the National Transformation Fund in two tranches of \$100,000 and \$50,000 respectively.

Additional details on the operations of the National Transformation Fund can be found in Annex XI of this Statement.

To date, Cabinet has approved the appointment of two agents under this Citizenship By Investment Programme: United States Regional Economic Development Authority (USREDA) and Savvy Grenada.

We expect the programme to be fully operational from January of next year.

In discussions with the IMF, it has been agreed that for the purpose of revenue targets, the proceeds of this Programme will not be classified as Non-Tax Revenue but as financing for capital expenditure.

This is a conservative approach to revenue projections and target setting but also ensures proceeds are earmarked for development projects which can boost growth and job creation.

Mr. Speaker, it is projected that Grenada will realize about EC\$30 million from this Programme next year.

6.3 Improving Tax Administration

Mr. Speaker, Government believes that stronger tax administration requires mutual responsibility: the personal responsibility for

taxpayers to meet their obligations to the State; and higher professional and ethical standards by tax collection agencies.

In 2014, Government will commence implementation of a Tax Administration Plan (TAP). The areas of focus will include:

1. A new policy on tax delinquents;
2. Major registration drive;
3. Introducing license fees for professionals and the self-employed;
4. Revamping of the compensation regime for tax collectors;
5. Re-introducing tax clearance and exit certificates;
6. Recruiting additional skilled professionals;
7. Training of the staff at both Customs and Inland Revenue; and
8. Enacting a Tax Administration law

This Plan will be supported by short term and long term technical assistance from our development partners.

Based on these efforts and the policy measures announced, Government expects to raise Grenada's Tax Effort from the current level of just under 20 per cent to 23 per cent by the end of the Homegrown Programme.

6.4 Expenditure Reduction Measures

Wage Restraint

Mr. Speaker, our Nation is aware that 70 cents of every collected by Government are spent on wages and pensions. This situation is unsustainable and must be rectified.

In September of this year, the Government Negotiating Team wrote to all unions, explaining the situation, offering small increases for the

period 2014-2016 and inviting them to conclude negotiations for the same period by the end of November.

In my national address at the end of October, I appealed to the unions to work with Government to settle this issue and pointed out that this was important for the finalization of the Homegrown Programme.

It was explained that since wages are the single largest Government expenditure, Government could not proceed with the Homegrown Programme with this issue unresolved. A settlement in the middle of the Programme could then easily derail the entire Programme.

I followed up with personal letters to each Union.

Mr. Speaker, separate and apart from the Homegrown Programme, we believe that sustainable wage bill management calls for prospective rather retroactive wage settlements.

Unfortunately, the unions have not accepted Government's offer and did not respond by the end of November as requested.

At this stage, Grenada has no choice but to proceed with the Programme.

We must put Grenada first.

As I indicated to our Social Partners at our meeting at the end of November, Government regrets not having a wage settlement with the Unions before the commencement of the Programme. Furthermore, Government will not be in a position to grant any salary increases to public officers during the Homegrown Programme.

I believe, everyone including the public officers, understand the fiscal situation at this time.

Mr. Speaker, I wish to confirm that Government intends to meet its obligations to public officers and will do its best to meet the retroactive payments as per the revised schedule. The payment in 2014 will be \$24 million.

Reduced Size of Public Service

Mr. Speaker, the New Economy calls for small government. Why?

Government must decrease and the private sector must increase.

As a practical matter, this means spending proportionately less on running government (wages and overheads) and more on growing the economy.

In short, we must have less recurrent expenditure and more capital expenditure to do investments in our people, the productive sectors and infrastructure.

Accordingly, and with immediate effect, Government will implement an attrition policy of 70 percent. This simply means that for every 100 persons who retire from or exit the Public Service, no more than 30 such persons will be replaced. This is a Public Service-wide policy but will be implemented based on the business needs of Government, not where the vacancies exist.

Government will also abolish at least 100 vacant posts in 2014.

Everyone must be guided by this policy and must hold Government accountable.

Reduced Non- Personnel Expenditure

Mr. Speaker, Government has established a target of reducing non-personnel expenditure by 20 per cent over 2012 spending.

This year, we made a start by reducing rent (\$1.5 million saving over 12 months); Mobile telecommunications (initial savings of 47%); Fuel (8% reduction across Government but a 20% reduction in the Ministry of Finance); Water (savings of \$200,000); Overtime (30% reduction); and Travel (40% reduction).

Yes, Mr. Speaker, the joy rides are over.

The pilot of the GPS Tracking System for government vehicles has been successful. The full system will be rolled out early next year.

Since most of these efforts occurred in the second half of this year, we did not expect to see all the results immediately. However, we are encouraged by these results and commend the members of the Waste Reduction team.

That said, we have to move even faster.

To achieve our overall target, we must quickly address the costs of fixed line telecommunications as well as the cost of electricity.

Mr. Speaker, our Government will not rest until this target is achieved.

We believe in smaller Government.

We, therefore, urge the public to be vigilant. If you see something wasteful, say something.

Less Government Support to Statutory Bodies

Mr. Speaker, statutory bodies were created to be more efficient than central Government and to be independent of central Government. Unfortunately, this is not the case with many of our statutory bodies.

They pay far higher salaries than central Government, they rely on subventions and concessions and they do not pay any dividends to Government.

Mr. Speaker, I wish to notify all statutory bodies that the party is over.

On the instruction of Cabinet, line Ministers have been meeting with their respective Boards to inform them of the new direction and Government's expectations. Formal guidance notes will soon be issued to them.

Following my recent meeting with Boards under the Ministry of Finance and Energy, I am pleased to announce that the Grenada

Industrial Development Corporation has voluntarily decided to take a cut in its annual subvention.

Mr. Speaker, I commend the Chairman and Board of Directors for this decision. I urge others to do likewise.

During the Homegrown Programme, a strategic review of statutory bodies will be undertaken.

6.5 Agriculture And Fisheries

Mr. Speaker, our New Economy requires a modern approach to Agribusiness and Fisheries.

As promised, Government has commenced the refocusing of the Marketing and National Importing Board. This year, the Board has bought an additional \$600,000 in fresh produce, thereby putting more money in the hands of our farmers. As a result of improved operations, the MNIB is expected to generate a small surplus this year compared to losses incurred in the past 8 years.

Government has been supporting new high demand crops such as Soursop. In addition to this direct support to farmers, the MNIB has now secured Soursop as a Specified Produce. This is a significant development as it positions Grenada to exploit export opportunities from this industry whose value is estimated at \$30 million annually.

Mr. Speaker, Agriculture is high risk as many things can go wrong including adverse weather and pest and disease. In this regard, farmers have been looking for ways to purchase insurance to protect their livelihoods.

Mr. Speaker, Government is pleased to announce that it has made an allocation of \$10,000 to support the establishment of a crop insurance scheme for our farmers. This is yet another demonstration of Government's commitment to care for our farmers.

The theme of this Budget calls for Increased Productivity. This is precisely the intention of Government's policy to commercialise Government estates.

I ask the Nation, does it make any business sense for Government to spend \$4.7 million on Government estates to collect \$1 million. Absolutely not!

Can Government afford it? Absolutely not!

As promised, Government is moving to commercialise four Government Estates: Mt. Reuil, Grand Bras, Belle Vue and Limlair.

Let me be very clear, Government will not sell any estates.

The lease arrangements will be settled via proper contracts. The length of these contracts will not exceed 20 years and will depend on the proposed level of investment. There will be an exit clause for non-performance so that no one can use Government estates for speculation.

As a result of this policy, we expect increased productivity and production, higher levels of investment, more foreign exchange earnings, smaller government and a bigger private sector.

Government will continue its support for the fishing industry in respect of quality and safety.

The total allocation for Agriculture and Fisheries is \$28.8 million.

6.6 Tourism

Mr. Speaker, the New Economy calls for a world class tourism product.

Grenada Tourism Authority

We are now well advanced in the process of establishing the Grenada Tourism Authority (GTA). The enabling law has been passed and the new Authority will soon commence operations.

One of the first tasks of the Authority will be to lead a rebranding of Grenada. We wish to rebrand Grenada as a destination of ambience with green lifestyles. This brand will be unveiled next year and will be recognizable worldwide. Already, Sandals La Source has been doing tremendous marketing of Grenada.

Hotel Development

Mr. Speaker, we have been working assiduously with investors to develop Grenada's hotel stock. Our vision is a set of five-star properties along Grand Anse Beach and elsewhere.

Mr. Speaker, we now have definitive plans for four hotels. These include the Silver Sands site and the Riviera site. Very soon, we will provide details on the other two developments.

Government has decided not to borrow to develop the Mt. Hartman site but is exploring the possibility of a public private partnership.

Airlift

Mr. Speaker, we are determined to improve access to Grenada by air but, we must get value for money.

Our Government has reviewed all existing airlift agreements and is actively engaged with the major airlines to settle on cost-effective arrangements. In this regard, we made several strides.

Work is also underway to secure direct airlift from continental Europe to Grenada.

We will continue to explore ways to use more of these airlift subsidies for direct marketing of Grenada.

Product Development

We must improve our local attraction sites thereby encouraging our visitors to spend more in Grenada. These sites require investment.

Government will entertain proposals from the private sector to develop these sites especially Grand Etang, Bathway, the Tricentennial Park and the Forts.

Ease of Travel

Mr. Speaker, Government is well aware of the frustration that passengers face with the continuous scanning, each time one disembarks a plane, in a different Country, in our region. We are working to eliminate this hassle.

Government in collaboration with the Eastern Caribbean Civil Aviation Authority, will soon have within the OECS space, a single point security clearance for transit and transfer passengers. This arrangement will end the need to go through security screening while transiting among OECS member States.

We are also pleased to announce that in 2014, the Maurice Bishop International Airport will offer a new VVIP service. The clientele will be high net worth individuals and corporations.

This service will be provided by a private company.

This is an example of public private partnership.

Yachting and Dive Sector

The Yachting and Dive sector continues to show great potential and will make a significant impact on the economy as we develop more yachting events and make it easier for yachts to move through our waters.

The diving in Grenada is exceptional and we are working to preserve our coastlines as well as our environment given their fragility.

National Film Commission

Government will pursue the establishment of a Grenada Film Commission in 2014. The aim is to exploit the possibilities for a new

type of tourism and to build the skills base within Grenada to attract international and regional film and film related entities.

Culture

The New Economy requires modern approaches to doing the people's business. In this regard, the Division of Culture and the Grenada Cultural Foundation will be merged over the next two years resulting in the combining of the technical staff in the Division with the administrative staff in the Foundation.

Mr. Speaker, we believe in smaller Government and joined up Government.

Mr. Speaker, the future of Grenada's tourism is exceedingly bright!

The total allocation for Tourism is \$25.9 million.

6.7 Energy Development

Mr. Speaker, it may be recalled that an exploration licence was granted to Global Petroleum Group (GPG) in March 2008. In the intervening years, the Company did not receive the support of the former Administration to progress the work necessary to exploit our natural resources. Since our assumption of office, our Government has facilitated the conduct of seismic surveys by GPG. We now await submission of the data from these surveys and the analysis of that data.

Our Government is committed to the development of our natural resources, for the benefit of our people, in the shortest possible time.

Grenada will continue to pursue cooperation arrangements with Trinidad and Tobago and other countries for joint development and eventual exploration and exploitation.

As we have articulated previously, the price of electricity in Grenada is among the highest in the world and is now a binding constraint on growth and job creation. Government will do all within its power to

reduce the cost of electricity. Moreover, Government will actively support efforts to reduce Grenada's carbon footprint by encouraging more use of renewables in the energy mix.

6.8 Carriacou and Petite Martinique

Mr. Speaker, Government recently signed an agreement with China Harbour Engineering Company to upgrade the Lauriston Airport. We expect work to commence as soon as possible.

Work on the construction of a port at Harvey Vale should commence next year.

In 2014, other key projects include:

1. Road Works - \$1.3 million
2. Agriculture Programme - \$606,471
3. Asphalt and Concrete Works - \$400,000
2. Petite Martinique Playing Field- \$200,000
4. Construction of Dover Hard Court - \$40,000

Earlier, we spoke about the Top Hill Senior Citizens Home which recently started.

The total allocation for Carriacou and Petit Martinique is \$13.1 million of which \$4.0 million is earmarked for capital expenditure.

6.9 Information Communications Technologies (ICT)

ICT is a critical enabler of innovation in the New Economy.

Under the Caribbean Regional Communications Infrastructure Programme (CARCIP), Government will undertake the following in 2014:

- Roll out of the Public Private Partnership roadmap for ICT in Grenada

- Implement Broadband and GovNet for Government services
- Establish a Business Incubator
- Finalise skills training programme with the National Training Agency
- Establish a Data Centre

6.10 Trade And Export Development

The value of Total exports for the first nine months was \$83.2 million, an increase of 13.5 per cent over the same period last year. This is good news.

Government in collaboration with the private sector recently launched the Buy Local Campaign. The objectives of the BUY LOCAL CAMPAIGN are to:

- Spur local consumption;
- Generate much needed income especially for rural economies;
- Encourage manufacturers to grow and become export oriented; and
- Improve Food Security.

Campaigns, such as these enhance the recirculation of money within local communities and generate employment.

Next year, Government and the private sector will partner to host the ‘Made in Grenada Expo’. This Expo will coincide with our 2014 independence celebrations.

Government will continue to assist manufacturers and small agro processors to improve the quality, labeling and packaging of their products and have our local exporters certified to international standards.

6.11 Support for Small Business Development

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

This Budget provides \$2 million for the continuation of the Small Business Development Fund.

Mr. Speaker, we are also pleased to welcome, Axcel Finance, a new micro-finance institution which was recently licensed to operate in Grenada. We are advised that one of its products will be short term financing for contractors and sub-contractors. It will also fund start-ups which are currently undeserved.

For the first 11 months of this year, the registration of business names rose by 27 percent, while Company registration rose by 6 percent.

Mr. Speaker, hope is being restored in the future of our beloved Country. People are seeing opportunities.

6.12 MAJOR GOVERNMENT PROJECTS

Mr. Speaker, this Budget provides \$262 million for Government's capital programme in 2014. Our focus is economic growth and short and long term employment by building our human capital and maintaining our infrastructure.

I now present some of the major projects.

National Athletic and Football Stadium

The Government of the People's Republic of China (PRC) has agreed to build an Athletic and Football Stadium for Grenada at a cost of approximately \$68 million.

The contractor is already on site and actual work will start next month. Construction is scheduled to be completed by August 2015.

There will be several employment opportunities as Our Government has requested that local labour be used as much as possible.

When completed, the Stadium will have a capacity of 7,000 persons. It will have a Mondo track thereby positioning Grenada to host international events and promote sports tourism.

Grenada House of Parliament

This Project involves the construction of a new building to house the Grenada Parliament. This Project will cost approximately \$30 million.

Government has now secured additional grant financing from the United Arab Emirates to co-finance this Project with Australia.

Seven (7) firms have now been shortlisted and a tender for this Project will soon be launched.

Jobs are coming.

Market Access and Rural Enterprise Development Project (MAREP)

Mr. Speaker, when we came into office, we found this Project with a pre-cancellation status. It was in its third year of operation with very little results.

We have rescued this Project because we are committed to ensuring that this money is spent in our rural communities, where people need help most.

We have rescued it by restructuring the management team, accelerating programme delivery and aligning the programme with market driven logic that focuses on organic and premium product development. For this shift in focus, Grenada has received high praise from our development partners.

Under the revamped Project, we will:

- Provide certified vocational training to young people in rural communities so they can obtain jobs and compete anywhere in the region.

- Stimulate economic growth by working in the communities to support people who wish to start their own businesses
- Ensure access to a rural investment fund so competitive ideas can be supported thereby providing jobs for our people
- Provide access to lines of credit at local financial institutions for people with business ideas
- Complete up to 8 farm access roads to ensure more farmers can earn income from their crops.

For next year, we have allocated \$4.25 million for this Project. This means more jobs in our rural communities.

Basic Needs Trust Fund (BNTF) Programme

Mr. Speaker, after extensive delays, I am pleased to report the BNTF Programme is now back on track.

Under this Programme, the Princess Royal Hospital Water Project will be completed this year at a cost of \$400,000. Furthermore, most of the grants which were at risk of being lost will now be utilized by Grenada.

The Top Hill Senior Citizens Home in Carriacou, a critical and long-awaited Project has finally begun at a cost of \$1.3 million.

Next year, repairs will be undertaken on the following three medical stations: Petite Martinique, Vincennes and Paradise. In addition, work will be done on several other social infrastructure projects including the Non Pareil Pre-school and St. Paul's Multi Purpose Centre.

Mr. Speaker, the Caribbean Development Bank now has renewed confidence in Grenada's commitment to manage the BNTF Programme with fairness, transparency, and accountability. That was not the case one year ago.

We expect to spend at least \$2.5 million on this Programme in 2014.

Agricultural Feeder Roads Phase II

Mr. Speaker, work has commenced in the Parish of St. David on the following roads: Laura Estate, Mt. Tranquil and Morne Delice to Mount Gazo.

In 2014, construction activity will commence in all other parishes.

The narrow Concord bridge will be replaced by a new two lane bridge and some parts of that road will be widened. The parking situation at the Concord Waterfalls will also be addressed with the construction of a new parking area.

These improvements will not only benefit farmers and residents but will also benefit our tourism industry.

Other roads to be undertaken include Waltham in St. Mark, Plaisance in St. Patrick, Clozier-Bull Hill in St. John and Mamma Cannes to Munich.

To date, over 150 persons have been directly employed on the Project and several more indirectly. Several of our small local contractors have also benefited by the leasing of equipment and provision of other services. Furthermore, the jobs of several persons at the Gravel Concrete Corporation have been saved since the Corporation is a major supplier of materials to the Project.

In 2014, the number of persons directly employed will increase to over 400. This means 250 additional jobs next year.

Road Rehabilitation and Maintenance Programmes

Mr. Speaker, many of our roads were neglected by the previous Administration and are now in a deplorable state.

This Budget provides \$10 million for maintenance of our roads including Debushing. In addition, \$6 million have been allocated for Asphalt Works to support this Programme. Additionally, \$5 million

has been earmarked for Concrete Works to provide concrete roads, drainage and retaining walls.

This Programme will provide several short term employment opportunities.

Special Projects

An allocation of \$5 million has been made for community projects.

Special Projects provides employment opportunities for many small contractors in various constituencies.

Regional Disaster and Vulnerability Reduction Project

This Project is jointly funded by the World Bank and the Climate Investment Fund to the tune of \$70.7 million.

Three Fire Trucks: 2 for Maurice Bishop International Airport and 1 for Lauriston Airport will arrive later this month. Procurement of these fire trucks and other equipment are necessary to meet the International Civil Aviation Organization (ICAO) requirements.

Next year, the major activities include:

- Rebuilding of the Holy Cross R.C School in Munich, and the refurbishment of the St. Patrick's Anglican School
- Rebuilding of the Cadrona Home for the Aged, and the refurbishment of the Hills View Home for the Aged
- Designs for the Lance and Hubble Bridges
- Designs for landslip and rockfall mitigation works on various sites
- Design of Community Infrastructure at La Sagesse and Beausejour

In most cases, construction work will commence in the second half of the year thereby providing more jobs for our people.

Grenville Market Development Phase II

The aim of this CDB funded Project is to contribute to the redevelopment of the town of Grenville and improve its socio-economic conditions. The Project involves three components:

- 1) The construction of the bus terminal in the Moon Shadow Park area
- 2) The relocation of the Grenville Abattoir to Mirabeau; and,
- 3) The expansion and refurbishment of the Grenville Market Square.

A total of \$9.8 million was expended on this Project in 2013. At the end 2013, the Project was substantially completed with the exception of the Bus Terminal.

The Government has requested funding from the Caribbean Development Bank for Phase II of the Project which will see the finalization of the Bus Terminal and other related works. An allocation of \$1.0 million is made in 2014.

OFID/GOG School Rehabilitation Project

The Project will see the rehabilitation of three schools at an estimated cost of \$28.5 million with funding from the OPEC Fund for International Development (OFID).

The sum of \$9.0 million has been allocated for work on the following schools next year:

- St. Mary R.C School (La Fillette)
- McDonald College
- Grenada Boys Secondary School
- T.A. Marryshow Community College

St. Patrick's Roads Project

This Project seeks to rehabilitate 16 kilometres of road from Duquense to Sauteurs and from Mt. Fendue to Pointzfield at an estimated cost of \$27.0 million.

Designs are already completed and funding has been secured from the OPEC Fund for International Development.

Construction is expected to start this year.

Maurice Bishop International Airport Upgrade and Lauriston Airport Upgrade

Government recently signed a commercial agreement with China Harbour Engineering Company which provides for the upgrade of both the Maurice Bishop International Airport and By-Pass Road and the Lauriston Airport in Carriacou.

Repair work has commenced on the By-Pass Road which leads to Sandals La Source. The full resurfacing will be done around the time when the runway is being resurfaced.

These major Government projects will add at least 1,000 jobs next year. When combined with the 1,000 young persons being added to the New Imani Programme, Government expects to generate at least 2,000 jobs.

6.13 PUBLIC PRIVATE PARTNERSHIPS

Mr. Speaker, as we have articulated before, Government cannot build the New Economy without the active participation of the private sector. In this regard, there are several development projects for which Government is seeking Public Private Partnerships.

These include:

1. New Hospital
2. Airport/Port Development

3. Student Connectivity
4. Housing
5. Waste-to-Energy
6. Fort George Development
7. Prisons
8. Kirani James Mini Stadium

Last week, Government signed an agreement with Dynamix Investment Limited to construct and develop, in phases, a break water, marina, cruise pier, hotel, residential buildings and other amenities, in the Sauteurs Bay.

A special purpose company called the Sauteurs Project Company has been established.

6.14 MAJOR PRIVATE SECTOR PROJECTS

Mr. Speaker, since February 20, 2013, there has been heightened investor interest in Grenada.

This year, the bright spot has been the Sandals Resort Project. Over the past year, 1,500 workers have been employed on this Project aimed at remodeling 100 rooms and building 125 new rooms. Approximately, US\$80 million have been spent to create a world class resort.

This Resort will soon be opened. Furthermore, there will be at least 500 jobs for Grenadians.

We welcome the Sandals brand to Grenada and believe it is already propelling Grenada in the marketplace as a destination of choice.

During this year, upgrades were also undertaken on the Spice Island Beach Resort and the Grand Beach Resort. Expansion works continued on the Laluna Hotel Villas.

Government is pleased to see the re-commencement of the Carriacou Marina Project.

For 2014, the following major projects are expected to commence:

- Expansion of Clarkes Court Bay Marina – more berthing services
- Construction of the La Sagesse Centre for Healthy Aging - an upscale international center for healthy aging
- Port Louis Development
- Silver Sands Hotel and Villas

In the case of the Silver Sands Development, this will be 66 rooms and 10 villas (a total of 106 rooms). Construction will start next year and will create about 500 jobs. The Hotel is expected to be open in late 2015.

I am also pleased to announce that Clear Harbor will be expanding its operations in medical billings and customer service. This will lead to an additional 400 jobs.

The GIDC and the Ministry of Youth will be working with the Company to provide our youth with the skill sets they need to take up the employment opportunities that will be available.

These private investments will lead to at least an additional 1,500 jobs.

7.0 EMPOWERING OUR PEOPLE

7.1 Education And Human Resource Development

Mr. Speaker, the New Economy demands a refocused and relevant education system.

Our Nation must secure a better return on its annual investment in Education. This year, that investment will be \$110.2 million.

The education system must respond to the elements of the New Economy that call for:

1. Technical and Vocational Education and Training
2. Innovation and Knowledge
3. Life-long Learning and high-wage employment

The National Training Agency will lead the delivery of skills required for jobs in the New Economy including areas such as ICT.

Government will commence the shift from textbooks to tablets through a Public Private Partnership with a telecommunications provider. Through this partnership, Government will offer tablets to students of secondary schools at levels forms 3-5. Provision will also be made for internet connectivity.

There will be continued focus on teacher training especially in the area of ICT and Mathematics to help our students prepare for the New Economy.

Government will also invest in an Education Management Information System to facilitate a more efficient management of our schools and to provide greater support to our teachers.

Government has again provided the sum of \$1 million to help needy students with uniforms and transportation to attend school.

Several schools will be rehabilitated. We have provided those details under Section 6.13, Major Government Projects.

Mr. Speaker, Government will maintain its subvention to TAMCC but cannot afford any increases at this time. The College, like Government, must learn to live within its means. Moreover, it must take initiative and generate additional resources to support some of its plans and programmes.

An allocation of \$550,000 has been made to upgrade the Mirabeau Farm School.

Finally, Government will continue to aggressively pursue scholarships for our youth. More scholarships will be forthcoming.

7.2 Youth And Sports Development

This Budget provides \$70.1 million for youth and sport development. This level of investment is unprecedented in our Country.

The Youth Budget is now bigger than the budget for the Ministry of Works.

Why? Our Government understands that if we do not take care of our youth, our Country has no future.

Consequently, our Government is delivering on its promises and heavily investing in our youth.

The scope of the New Imani Programme has been previously detailed. Suffice to say that almost 3,000 young persons will be helped by this Programme.

Moreover, 100 young persons will have an opportunity to start their own business under the Youth Enterprise Initiative.

Mr. Speaker, Government recognizes the important role that our churches play in youth development. In this regard, Government will provide \$500,000 to continue its partnerships with our churches on youth development programmes.

Sports

We have already addressed the imminent construction of the Athletic and Football Stadium.

Government will construct another Bleacher at the Roy St. John Playing Field in Tanteen to accommodate the events that will be held

there during the construction period for the New Athletics and Football Stadium.

With funding from the National Lotteries Authority, the following facilities will be built or upgraded:

- Phase I of the Kirani James Mini Stadium in parish of St John (Main Pavilion);
- Lighting of the La Sagesse Playing Field;
- Upgrading of the Alston George Park in the parish of St. Mark;
- Resurfacing and upgrading of the Hillsborough Tennis Court in Carriacou;
- Resurfacing of the Grand Anse Multi-purpose Courts;
- Resurfacing of the Netball court in Victoria Park in the parish of St. Andrew.

Work will also commence on Phase I of the Aquatic Center to provide for a fifty meter swimming pool.

7.3 Health And Social Security

Mr. Speaker, quality health care remains a top priority for Government.

Since our assumption of office, we have been delivering.

Here are just a few examples:

- An improved supply of basic medicines
- Refurbishment of Accident and Emergency
- Refurbishment of General Hospital Kitchen
- Installation of New X-ray Machine
- Procurement and Installation of Oxygen Plant (with support from SGU)

- Improvement of the Hospital Laundry
- Establishment of the Billing and Admissions Office
- Donation of 13 Motor Cycle Ambulances (with support from UAE)
- Renovation of Pharmacist Quarters in Carriacou
- Construction of 100,000 Gallons Water Storage at Princess Royal Hospital in Carriacou
- Launch of the Primary Health Care Programme

Mr. Speaker, I leave the rest for the Minister of Health.

Early next year, construction will commence on Phase II of the General Hospital Project funded by the Bolivarian Republic of Venezuela. The new three-storey building will house Accident and Emergency, Physiotherapy, Laboratory, Medical Records, Billing and Admissions, Electronic Health Information Centre, Central Sterile Services, Biomedical and Housekeeping Services.

Additionally, the Phase II Project will refurbish the old ophthalmology building and the current maintenance building on the General Hospital Compound. This Project will take 18-24 months.

In collaboration with GRENLEC and the Benjamin Foundation, a state of the art X-Ray machine will be installed at Princess Alice Hospital.

The Primary Health Care Programme will be intensified by engaging in a very aggressive health education and promotion campaign. More education will be provided on how to treat the chronic non-communicable diseases and practice healthier lifestyles.

Mr. Speaker, in light of the increasing demands of our people for better quality care and our commitment to provide the highest standard of care, the Ministry of Health will strengthen its capacity to collect the revenue by putting a system in place to collect from persons who can afford to pay.

Major effort will also be given to reducing wastage by strengthening management systems across all facilities. Government is particularly concerned about the high level of absenteeism among certain categories of workers. Everyone must increase his or her productivity.

The total allocation for Health is \$67.2 million.

7.4 Housing And Social Care

Mr. Speaker, the housing needs of our people are real and pressing. We hear them every week.

As a caring Government, we are committed to helping our citizens with their housing needs.

In this regard, Government is expanding the House Repair component of the Grenada Home Improvement Programme to ensure more persons can receive much needed assistance. To that end, the allocation has been increased to \$5.35 million from \$1.25 million last year – an increase of 430%.

In addition, Government has introduced a Soft Loan Programme and allocated \$3 million to assist persons who need to repair or expand their homes.

Mr. Speaker, we are pleased to report that our Government has secured the assistance of China to complete the infrastructural works for Phase I of the Housing Programme in Frequente and Mt Gay in St. George's and Soubise in St. Andrew's. Once completed, the houses will be distributed. The proposed date for completion is June 2014.

Government is currently considering proposals from the private sector for housing solutions that are both cost effective and compliant with our building codes.

Mr. Speaker, Government is concerned about our homeless citizens. Next year, we will launch a programme to assist them. As a start, we have allocated \$250,000 for a Socially Displaced Persons Programme. We expect to partner with GRENLEC in this endeavour.

Social Care

Mr. Speaker, Government wishes to reiterate that social safety nets will be protected under the Homegrown Programme. Indeed, this is a very important agreement that has been reached between Government and the IMF.

This year, Government will spend \$9.7 million on our flagship safety nets programme called “Support for Education, Empowerment and Development” (SEED). Next year, the allocation will be increased to \$13.7 million, a 40% increase.

That said, it is essential that Government maximizes the use of these resources with the most effective targeting.

Government with technical assistance from the World Bank will develop Proxy Means Test to ensure the most needy and vulnerable benefit from these safety nets.

Mr. Speaker, we also wish to assure the Grenada Trades Union Council and the entire Nation that the current subsidy arrangement for LPG (Cooking Gas) will be maintained to ensure the cost of the cooking gas does not rise during the period of the Homegrown Programme.

Our Government is committed to completing the Bacolet Juvenile Rehabilitation Centre. To that end, we have made an allocation of \$2 million. Part of this sum will be used to reduce arrears to the contractor who has been longsuffering.

The total allocation for Housing and Social Development is \$31.4 million, an almost 50 percent increase over last year.

8.0 IMPROVING GOVERNANCE

8.1 Committee of Social Partners

Mr. Speaker, our Government is committed to inclusive governance.

We will continue to engage our Social Partners on all issues of national significance including the Homegrown Programme. Indeed, this Committee will have a vital role in monitoring its progress.

In 2014, our top priority of the Committee is to complete the preparation of a Social Compact.

When signed, this Compact will be a powerful instrument of governance. Moreover, it will be a fitting accomplishment in our 40th year of nationhood.

Based on public feedback, we are pleased to inform the Nation that the National Social Partners Forum which started in October will continue and is likely to be held once per month.

8.2 Constitution Reform

Government will continue the consultative process towards constitution reform which was launched in December 2010. In this regard, Dr. Francis Alexis QC has been appointed to lead the process. He will chair an Advisory Committee which will provide oversight to ensure that the process is credible, transparent and builds consensus.

Government will also arrange for the establishment of a Trust Fund into which the business community, the general public as well as international organizations can contribute to help cover the costs of this exercise.

Ultimately, Government intends to hold a referendum in 2014 on a New Constitution for Grenada, one that is truly homegrown.

Everyone is invited to join in this noble endeavour.

8.3 Financial Sector Regulation

The New Economy requires a strong and growing financial sector. Given the interconnectedness of the financial sector, a regional approach to regulation and supervision is essential. In this regard, a

single regulator for the ECCU called the Eastern Caribbean Financial Services Regulatory Commission will be established.

Consistent with the decisions of the Monetary Council, Government will take the following Bills to Parliament:

1. ECCB Agreement (Amendment) Act
2. Revised Banking Act
3. Uniform Insurance Act
4. Eastern Caribbean Financial Services Regulatory Commission Act.

Earlier this year, the Insurance Act was amended to provide for the payment of a levy on insurance premiums to GARFIN. This amendment now provides a stable financial future for GARFIN thereby allowing it to fully pursue its mandate of monitoring the safety and stability of the non-bank financial sector.

Having successfully completed the Global Forum Phase I Peer Review of Grenada's legal and regulatory framework in June 2012, Grenada will now be subjected to the Phase II Review in the first quarter of 2014. Preparatory work has begun.

8.4 Labour and Industrial Relations

Government supports the calls of the Grenada Trades Union Council, the Employers Federation and the Chamber of Industry and Commerce for the review of the Labour Code.

The Committee of Social Partners awaits the work of the Tri-partite Committee in this regard.

This year, 68 Grenadians secured jobs under the Canadian/Caribbean Seasonal Agriculture Workers Programme. The Ministry of Labour will continue to seek out these employment opportunities.

In terms of employment with the cruise lines, 8 Grenadians obtained employment with The Royal Caribbean Cruise Line. More persons are expected to benefit next year.

8.5 Public Sector Modernisation

The New Economy demands a New Public Service in respect of its approach to doing the Nation's business. The Public Service must answer the call of the New Economy for:

- Leaner Government
- ICT-Enhanced Government Operations
- Innovation and Knowledge

Some of the key performance metrics for the New Public Service will be:

Leaner Government

- Reduced non-personnel expenditure
- Reduced Number of Employees (via attrition)
- Reduced Payroll Costs (via attrition)

ICT-Enhanced Government Operations

- Increased access to online services
- Reduced cost and time of doing business (Doing Business Rank)

Innovation and Knowledge

- Increased innovation in the delivery of services
- Automation of repetitive tasks

In 2014, the priorities of the Department of Public Administration will include:

- Implementation of strict manpower controls to support sustainable wage bill management

- Implementation of the Public Service Productivity Enhancement Programme
- Implementation of the recommendations of the HR Audits in the pilot ministries and commencement of HR Audit in the Ministry of Education including Teachers
- Policy Development: Attrition, Contract Management, Overseas Travel, and Employee Assistance
- Training and Development

The entire Public Service will be required to focus on:

- increasing productivity;
- reducing wastage and fraud;
- meeting the needs of customers; and
- engaging in teamwork.

8.6 National Security

The Royal Grenada Police Force (RGPF) remains committed to providing a safe and secure environment for citizens and visitors alike.

The dedication of our men and women in uniform has made Grenada one of the safest destinations in the region. Despite many challenges, the RGPF has achieved a crime detection rate of seventy-seven percent (77%), the highest among our regional counterparts.

Government commends the Commissioner of Police and his team on this fine achievement.

Government wishes to announce the establishment of a technical working group focused on Anti-Money Laundering and Countering the Financing of Terrorism comprising representatives of agencies that provide security services across our Nation.

In 2014, the RGPF will continue its good work. Furthermore, it will strengthen community policing initiatives; improve general response

mechanisms; and foster relationships with regional and international organizations.

8.7 Prison Reform

Over the past 12 months, the Prison population ranged between 435–480 males and 3–8 females.

The Prison provided training to several officers and upgraded some of its facilities.

In November, the Prison launched a pilot project named Project Reach in collaboration with the Ministry of Youth. The principal aim is to reduce recidivism.

There are six (6) components of this project:

1. Life Skills Training and Intense Drug rehabilitation programme;
2. Spiritual Development;
3. Basic Literacy and Numeracy;
4. Vocational Skills Training;
 - Agriculture:
 - Construction
 - Tile laying
 - Electrical Installation
 - Plumbing
 - Garment Production
 - Welding
5. Sports, Culture and Recreation; and
6. Basic Financial Management.

In 2014, the major priorities of the Prisons will be:

- Inmate Education Programme;
- Inmate Rehabilitation Programme;
- Bathroom and Toilet Facilities for Playing Field;
- Concrete Block Making Facility; and
- High Security Sunlit Building.

8.8 Disaster Mitigation and Management

In 2013, the focus of the National Disaster Management Agency (NaDMA) was enhancing institutional capacity, increasing community awareness and stakeholder participation. To this end, NaDMA successfully completed the 2013 Youth Champion Competition for Secondary Schools and Disaster Awareness Quiz for Primary Schools.

Work also commenced on the construction of three District Emergency Operations Centres located at Black Bay, St. John's, River Sallee, St. Patrick's and Petite Martinique. These will be officially commissioned in 2014.

In 2014, NaDMA will focus on building national disaster response capacity through the delivery of training island-wide; strengthening district disaster management capacity and implementing disaster prevention mechanisms. Furthermore, the Agency will embark on a flood mitigation campaign. This campaign will include the implementation of flood mitigation micro projects in all seventeen (17) Disaster Management Districts.

8.9 Information

In 2013, Government implemented several initiatives aimed at improving programme output and expanding viewership of the Government Information Service (GIS). These included broadening broadcasting platforms through on-line streaming via the newly launched GIS website and facebook page.

The GIS also provided live coverage of Constituency Open Forum. Hitherto, such live coverage was restricted to Parliament and national celebrations. This is a clear demonstration of Government's commitment to ensure the voices of ordinary citizens are heard in the governance of this Country.

These improvements have also permitted a closer connection with the Grenadian diaspora.

For 2014, these efforts will continue and greater use will be made of the social media platform. Furthermore, GIS will introduce a village based programme focusing on communities in action.

8.10 Legislative Agenda

At the end of November, twenty (20) bills had been laid before Parliament: 18 were enacted; 1 referred to the Lower House and 1 deferred. This productivity is even more impressive when one recalls that the Parliament's first business session was only in April following the extended prorogation of Parliament and subsequent general elections.

In 2014, Government's legislative agenda will include:

- Electricity Supply
- Investment Promotion
- Customs
- Procurement
- Tax Administration
- User Fees
- Revised Public Finance Management
- Fiscal Responsibility
- Public Service
- Revised Physical Planning and Development Control
- National Code and Building Guidelines
- Engineers Registration
- Architects Registration

9.0 ACKNOWLEDGEMENTS

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

The Government of the People's Republic of China

The Government of the Republic of Trinidad & Tobago

The Government of the Bolivarian Republic of Venezuela

The European Union

The Government of the Republic of Cuba

The Government of the Federal Republic of Germany

The Government of Australia

The Government of the United Arab Emirates

The Government of Canada and the Canadian International Development Agency

The Government of the United States of America and the United States Agency for International Development

The Government of the United Kingdom and the Department for International Development

The Government of Japan

The Government of India

The Government of the Federative Republic of Brazil

The Government of the Kingdom of Morocco

The Government of the Republic of Turkey

The Government of the Republic of Kazakhstan

The Government of the Republic of Korea

The Government of the Russian Federation

The Government of the Republic of France
The Government of the Republic of Chile
The Government of Mexico
The Government of the Argentine Republic
The Government of Costa Rica
The Caribbean Development Bank
The Eastern Caribbean Central Bank (ECCB)
The World Bank Group
The Kuwaiti Fund for Arab Economic Development
The OPEC Fund for International Development (OFID)
The International Monetary Fund
The Organisation of Eastern Caribbean States (OECS)
The CARICOM Secretariat
The Caribbean Regional Technical Assistance Centre (CARTAC)
The United Nations Development Programme
The Caribbean Tourism Organisation (CTO)
The United Nations Population Fund
UN Women
The United Nations Children's Fund
United Nations Educational Scientific and Cultural Organization (UNESCO)
United Nations Economic Commission For Latin America And The Caribbean (UNECLAC)
The Commonwealth Secretariat
The Organisation of American States (OAS)
The Food and Agriculture Organisation (FAO) of the United Nations

The International Renewable Energy Agency (IRENA)
The Inter-American Institute for Co-operation on Agriculture
The Caribbean Disaster Emergency Agency (CDEMA)
The Association of Caribbean States
The Community of Latin American and Caribbean States (CELAC)
The Caribbean Export Development Agency
The Caribbean Regional Negotiating Machinery (CRNM)
The Caribbean Financial Action Task Force (CFATF)
The Caribbean Anti-Money Laundering Programme (CALP)

Mr. Speaker, we thank our citizens and all our social partners for their contributions to the Homegrown programme.

I express my heartfelt gratitude to my Cabinet Colleagues for their demonstrated sacrifice to serve this Country at this time.

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, Head of Policy and other members of the Policy Unit, Corporate Communications Officer, management team and staff of the Ministry of Finance as well as the Manager and staff of the Government Printery.

I thank the Attorney-General and his staff, Acting Secretary to the Cabinet, Permanent Secretaries, Heads of Non-Ministerial Departments, Press Secretary and other public officers who have contributed to the preparation and delivery of this Budget.

I also thank the Clerk of Parliament and staff for their assistance in the preparations for today's Presentation.

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

10.0 CONCLUSION

Mr. Speaker, when we assumed office last February, we found a battered economy and a broken people.

Over the last ten months, we have begun to restore hope and confidence.

Our approach to governance has been inclusive.

Our economy is growing again.

Construction is up.

Unemployment is down. More people are working today than when we assumed office.

The number of small businesses is expanding.

Exports have increased.

Government is putting its fiscal house in order.

We are reducing wastage in Government.

We are delivering better health care.

Our Homegrown Programme calls for shared sacrifice but it brings tremendous benefits: US\$100 million in grants and soft loans, significant debt relief, a stronger economy and a brighter future.

Yes, Mr. Speaker, we are beginning to build the New Economy.

Four new hotels are coming. That means more jobs.

Several major projects are about to begin. This means there will be many opportunities for our contractors and construction workers.

Next year, we expect to create at least 3,500 new jobs.

We are helping our farmers to get their land by building more farm roads.

We are protecting the income of our farmers by starting a crop insurance scheme.

Government is building several new schools including Holy Cross, Mc Donald College and TAMCC.

Our state of art athletics and football stadium which will promote sports tourism is about to begin.

Carriacou will finally have its Senior Citizens Home in 2014.

Our secondary school students will have tablets to connect to the information superhighway.

Government is not only protecting safety nets but has increased it by \$4 million.

Furthermore, we are increasing opportunities for house repair by increasing the Home Improvement Programme by \$4 million.

Government is also launching a Soft Loan Scheme to help people expand their homes.

Government is investing heavily in our youth – an additional 1,000 young persons will join the new Imani Programme. These young persons are our future.

This is a defining moment for our Country.

When we sacrifice together, we share the benefits together.

Let us now go forward together with a strong sense of unity and opportunity.

May we all be inspired by the Prophet Isaiah found in Chapter 40:28-31 and I quote:

Have you never heard? Have you never understood? The Lord is the everlasting God, the Creator of all the earth. He never grows weak or weary. No one can measure the depths of his understanding. He gives power to the weak and strength to the powerless. Even youths will become weak and tired, and young men will fall in exhaustion. But those who trust in the Lord will find new strength. They will soar high on wings like eagles. They will run and not grow weary. They will walk and not faint”.

End of quote.

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

ANNEX I

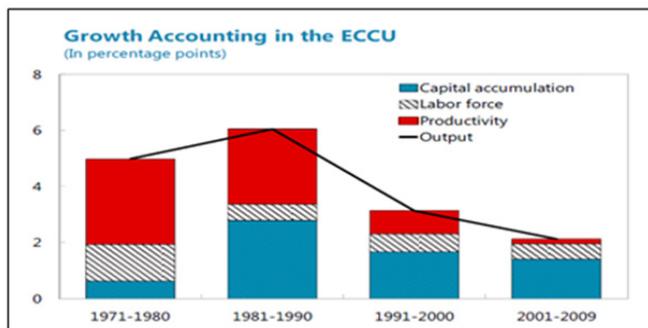
ELEMENTS OF THE NEW ECONOMY

The elements of the New Economy are:

- Sustainable and equitable development
- Sound fiscal management and sustainability
- Manageable debt
- More efficient and effective government
- Greater private sector driven economic growth
- High quality, market demand driven technical and vocational education training
- Life long learning for all citizens
- High wage employment
- Vibrant innovation and knowledge accumulation and dissemination
- Mainstreamed use, adaptation and application of information and communication technologies in all aspects of development
- Green businesses, industries and lifestyles
- Highly productive and internationally competitive and dynamic export sectors
- A world class service industry especially in tourism
- Continued innovation and upgrading of agriculture along value chain
- Efficient light manufacturing sector
- A sustainable mix of traditional and new and renewable energy

ANNEX II PRODUCTIVITY IN THE CARIBBEAN

Low and declining productivity has been a major drag on growth



10

Source: IMF

ANNEX III
GRENADA'S ECONOMIC GROWTH PERFORMANCE
2001-2013

Year	Real Growth Rate
2001	(2.02)
2002	3.44
2003	9.46
2004	(0.65)
2005	13.27
2006	(3.99)
2007	6.12
2008	0.95
2009	(6.61)
2010	(1.99)
2011	0.14
2012	(0.12)
2013	2.90

Source: CSO & ECCB

ANNEX IV

INTERNATIONAL AND REGIONAL ECONOMIC DEVELOPMENTS

According to the IMF's World Economic Outlook (WEO) report of 2013, global growth is still in low gear and the drivers of growth are shifting. The IMF forecasts global growth to average 2.9 percent in 2013—below the 3.2 percent recorded in 2012—and to rise to 3.6 percent in 2014. Much of the pickup in growth is expected to be driven by advanced economies.

IMF PROJECTIONS OF GLOBAL GROWTH FOR SELECTED COUNTRIES

	2011	2012	2013	2014
World Output	3.9	3.2	2.9	3.6
Advanced Economies	1.7	1.5	1.2	2.0
United States	1.8	2.8	1.6	2.6
Euro Area	1.5	(0.6)	(0.4)	1.0
United Kingdom	1.1	0.2	1.4	1.9
Emerging and Developing Economies	6.2	4.9	4.5	5.1
China	9.3	7.7	7.6	7.3
India	6.3	3.2	3.8	5.1

SOURCE: IMF, World Economic Outlook, October 2013

Growth in major emerging markets, although still strong, is expected to be weaker than the IMF initial forecast. This is partly due to a natural cooling in growth following the stimulus-driven surge in activity after the Great Recession. Structural bottlenecks in infrastructure, labour markets, and investment have also contributed to slowdown in many emerging markets.

Economic growth in the United States is expected to rise from 1.6 percent in 2013 to 2.6 percent in 2014 driven by continued strength in private demand, which is supported by a recovering housing market and rising household wealth. In China, growth is projected to deceler-

ate slightly from 7.6 percent in 2013 to 7.3 percent in 2014. Policy-makers have refrained from stimulating activity amid concerns for financial stability and the need to support a more balanced and sustainable growth path.

In the euro area, policy actions have reduced major risks and stabilized financial conditions, although growth in the periphery is still constrained by credit bottlenecks. The region is expected to gradually pull out of recession, with growth reaching 1.00 percent in 2014.

Overall, growth in emerging market and developing economies is expected to remain strong at 4.5 to 5 percent in 2013–14.

Recent Economic Performance of Caricom and the ECCU

The United Nations Report on the World Economic Situation and Prospects midterm update of 2013 cited that economic growth in Latin America and the Caribbean is expected to accelerate from 3.0 per cent in 2012 to 3.6 per cent in 2013 and 4.2 per cent in 2014. This will mainly be driven by a strengthening of domestic demand, in particular investment spending.

The Caribbean is expected to expand by 3.0 per cent in 2013, 0.5 percentage points higher than in 2012. Real economic activity in Barbados is expected to fall by an estimated 0.75 percent, reflecting a decrease in output of both the traded and non-traded sectors. Jamaica's economy is projected to experience a marginal increase in output of 0.4 percent.

According to preliminary data, from the Eastern Caribbean Central Bank, for the first nine months of this year, there was a modest expansion of economic activity in the ECCU. For 2013, growth is projected at 1.23 percent and it is expected to increase marginally to 1.74 percent in 2014.

PERFORMANCE OF DOMESTIC ECONOMY

Preliminary data revealed that the Grenadian economy, as measured by the change in GDP at constant prices, is expected to grow by 2.74

percent in 2013, following a decline of 1.22 percent in 2012 (see figure 1). The recovery is triggered by the construction sector.

Additionally, moderate growth is expected in the Education, Wholesale and Retail sectors and Manufacturing.

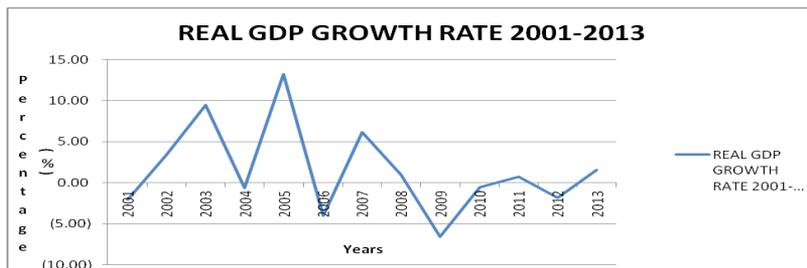


Figure 1

Source: ECCB, CSO

Fostering this outturn, is a return to growth in the construction sector, of 20.0 percent, fishing 22.0 percent and growth in the wholesale & retail trade sector of 7.0 percent.

Education grew by 5.0 percent.

AGRICULTURE & FISHING

The agriculture sector is expected to experience negative growth of 0.43 percent. Although gains are anticipated in banana and nutmeg production of 18.00 percent and 30.00 percent respectively, the increases will be insufficient to offset the decline in the overall agriculture sector. Other crops, including Cocoa, which accounts for a large portion of the sector, is expected to decline by 6.00 percent.

The Fishing industry continues to be a striving sub sector in the Grenadian economy. In 2012, the industry grew by 6.33 percent compared to negative growth of 11.42 percent in 2011 (see figure 2). The sector is expected to achieve overall growth of 22.0 percent at the end of 2013.

WHOLESALE & RETAIL TRADE

The wholesale and retail sector is expected to rise by 7.0 percent. This rise will be triggered by increases recorded for both sales of construction materials and other sales. Incidentally, the improvement in construction material sales is hinged directly to the expansion experienced in the production output in the construction industry. Often used as a proxy for domestic consumption, the retail sales index for the first quarter of 2011 showed a slight increase of 1.6 percent as retail sales increased to \$27.3 million in the period under review, up from \$26.9 million in the same period last year.

CONSTRUCTION SECTOR

After six consecutive years of negative growth, the construction sector is achieving growth once again. The sector contributes significantly to the growth of the Grenadian economy. At present this sector is one of the main drivers of the economy with an expected growth rate of 20.0 percent for 2013. The boost in the construction sector was primarily due to the major construction work that was undertaken on the Sandals La Source project, Feeder Road project, NIS Complex, Bacolet Bay and private home construction among others.

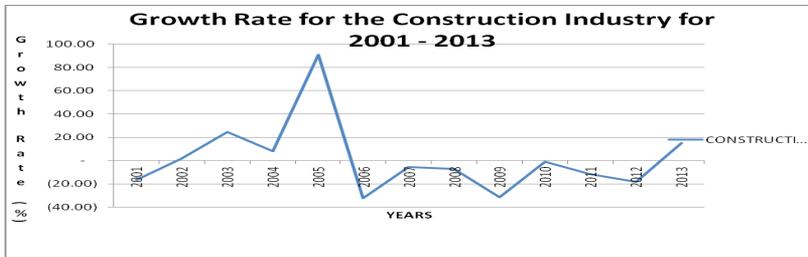


Figure 2: Growth Rate of the Construction Industry
SOURCE: ECCB, CSO

The reduction in the VAT on construction materials from May 2013 also aided in the expansion of the construction sector.

While mining and quarrying is directly related to the construction sector, the decrease in mining has not significantly affected the growth in the construction sector.

TOURISM

The overall tourism sector experienced a decline of 4.0 percent.

Total visitor arrivals for the period January to September 2013 were 223,588. This represented a decrease of 38,759 or 14.77 percent compared to the corresponding period in 2012. Cruise passenger arrivals declined by 37,536 or 22.0 percent due primarily to a reduction experienced in the total number of cruise ship calls from 206 in 2012 to 198 in 2013. Additionally, a reduction was also realized in the number of stay over visitors from 89,752 in 2012 to 89,070 in 2013 or a percentage reduction of 0.80 percent.

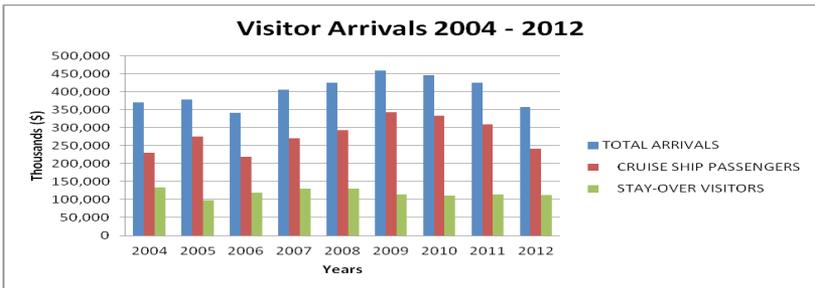


Figure 3: Visitor Arrivals

SOURCE:CSO

EDUCATION SECTOR

The Education sector is expected to improve once again with a growth rate of 4.98 percent. The private component of the Education sector is the main contributor to its improvement. The constant increase in private education is mainly due to the increase in the total number of SGU non national students in attendance.

Table 1 SGU Student Citizenship Profile

Year	Aug '10	Aug '11	Aug '12	Aug '13
Grenadian	863	632	613	682
Non Grenadian	2786	2972	3095	3261
Total	3649	3604	3708	3943

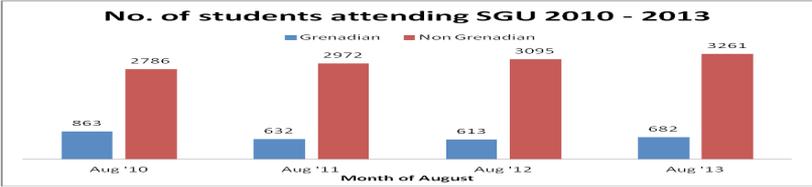


Figure 4: Attendance at SGU

Source: SGU

CONSUMER PRICE INDEX AND INFLATION

Prices in Grenada remained relatively stable during the first nine months of 2013. Consumer Price Index moved from 109.69 index points in October 2012 to 107.93 index points in October 2013 representing a decline of 1.60 percent. The major groups recorded the following decreases:- “Clothing and Footwear” 3.90 percent, Furnishing, Household Equipment and Routine Household Maintenance” 0.93 percent, “Health” 0.65 percent and “Communication” 19.66 percent. The following items contributed to these decreases, Men’s, Women’s and Children’s Clothing 3.96 percent, 1.84 percent and 4.56 percent respectively, Men’s Footwear 13.34 percent Children and Infant’s Footwear 10.98 percent, Living and Dining Room Furniture 14.64 percent, Telephone Equipment 23.67 percent and Telephone Services 19.42 percent.

All the other groups recorded increases between 0.80 percent and 4.17 percent. Accordingly, the inflation rate for the period October 2013 is negative 1.60 percent. This can be compared to an increase of 1.95 percent for the same period 2012.



Figure 5: Changes in the CPI for 2002 - 2012

Source:CSO

The above figure shows the changes in the CPI as at December 2002 to December 2012.

TRADE

Grenada merchandise trade deficit of \$616.3m was realized in the first nine months of 2013, above that of \$608.1m recorded in the comparable period of 2012. Imports increase by \$18.1m or 2.70 percent attributable in part to an expansion in construction-related imports, while exports increase by \$9.9m or 13.5 percent. The increase in exports was due mainly to increases in Agricultural exports of \$7.4m. Among the products recording increasing in receipts are; Nutmeg 9.9 percent, Mace 71.4 percent, Fresh Fruits and Vegetables 8.5 percent, Fish 37.5 percent.

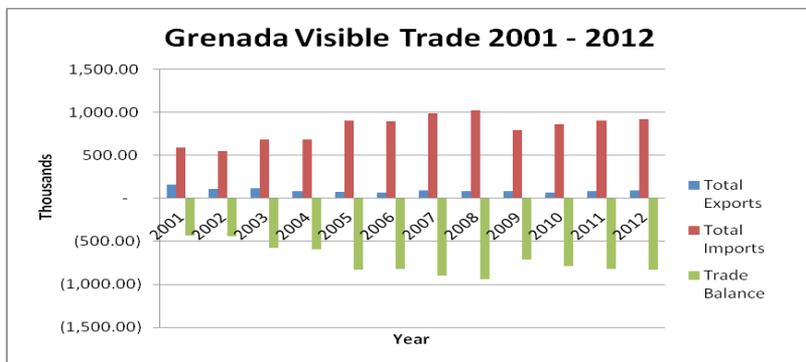


Figure 6: Trade in Grenada

Source: ECCB, CSO

2014 PERSPECTIVE

The economy is expected to experience an improvement in activity over the next fiscal year and continuing into the medium term. Real GDP is anticipated to grow by 1.55 percent in 2014. This growth is premised on the continued recovery in the Construction Sector with the implementation of major public sector investment projects, an increase in stay-over visitors on account of the marketing efforts of the Sandals La Source Resort, and an expansion in agricultural production. These developments combined with positive performances

in the agricultural, manufacturing and retail and wholesale trade sectors are expected to generate positive momentum in the Grenada economy in 2014.

Over the medium term, Government endeavours to continue policies aimed at creating jobs, poverty reduction, trade reforms, develop the country's Human Resource capabilities. Essentially, emphasis would also be placed on improving the efficiency of the public sector.

Annex V
Summary of Public Sector Debt
in millions of EC \$
(as at December 31, 2013)

	2012	2013*
Central Government	1,925	1,986
Total Domestic	428	443
Treasury Bills	259	280
Bonds	58	61
Loans	38	31
Others	73	72
Total External	1,498	1,543
Bonds	768	768
Loans	729	775
Government Guarantees	149	128
Loans & Bonds	149	128
Other Public Sector	257	292
Total Public Sector Debt	2,331	2,407

* Preliminary estimate

ANNEX VI
Summary of Recurrent and Capital Expenditure 2014

VOTE	Recurrent	Capital	Total	% OF TOTAL
01 - Governor General	1,435,588	10,000	1,445,588	0.2
02 - Parliament	1,487,053	1,861,712	3,348,765	0.4
03 - Supreme Court	2,732,719	78,412	2,811,131	0.3
04 - Magistracy	2,159,203	27,000	2,186,203	0.2
05 - Audit	1,201,167	-	1,201,167	0.1
06 - Public Service Commission	715,155	-	715,155	0.1
07 - Director of Public Prosecutions	736,045	-	736,045	0.1
08 - Parliamentary Elections Office	713,472	818,878	1,532,350	0.2
09 - Ministry of Legal Affairs	2,202,107	1,149,661	3,351,768	0.4
10 - Office of the Prime Minister	1,956,035	5,731,228	7,687,263	0.8
11 - Prisons	8,060,456	155,500	8,215,956	0.9
12 - Police	46,469,718	1,183,128	47,652,846	5.1
14 - Ministry of Labour	744,142	10,000	754,142	0.1
15 - Ministry of Tourism, Civil Aviation and Culture	1,926,564	24,008,055	25,934,619	2.8
16 - Ministry of Foreign Affairs & International Affairs	7,455,206	266,000	7,721,206	0.8
17 - Financial Intelligence Unit	415,924	-	415,924	0.0
18 - Ministry of National Security, Public Administration, Disaster Management, Home Affairs, ICT, Information and Mobilization	2,786,409	1,903,977	4,690,386	0.5
19 - Ministry of Youth, Sports & Ecclesiastical Affairs	2,687,526	67,383,231	70,070,757	7.5

20 - Ministry of Finance and Energy	45,263,136	12,049,408	57,312,544	6.1
21 - Pensions and Gratuities	51,386,778	-	51,386,778	5.5
22 - Public Debt.	280,393,581	-	280,393,581	30.0
23 - Salaries and wages increase	24,228,616	-	24,228,616	2.6
25 - Contributions	4,242,047	-	4,242,047	0.5
26 - Ministry of Economic Development, Trade, Planning & Cooperatives	2,735,901	14,880,258	17,616,159	1.9
30 - Ministry of Communications, Works, Physical Development and Public Utilities, ICT & Community Development	4,038,561	46,287,593	50,326,154	5.4
32 - Post Office	90	-	90	0.0
35 - Ministry of Social Development & Housing	7,336,356	31,381,407	38,717,763	4.1
36 - Ministry of Carriacou, Petite Martinique Affairs & Local Government	9,126,877	3,950,440	13,077,317	1.4
40 - Ministry of Education and Human Resource Development	89,917,673	20,277,016	110,194,689	11.8
50 - Ministry of Health & Social Security	57,707,528	9,457,882	67,165,410	7.2
64 - Ministry of Agriculture, Lands, Forestry and Fisheries & the Environment	9,712,603	19,087,508	28,800,111	3.1
GRAND TOTAL	671,974,235	261,958,294	933,932,530	100.0

ANNEX VII
Grenada's Ease of Doing Business Ranking

Year	Rank
2007	73
2008	70
2009	84
2010	91
2011	92
2012	73
2013	100
2014	107

Source: World Bank Group

ANNEX VIII

UNDERSTANDING YOUR INCOME TAX

From January 2014, the income tax threshold will be lowered from \$60,000 to \$36,000 per annum or \$3,000 per month.

There will be three rates:

\$0 - \$3,000 per month = 0%

\$3,001- \$5,000 =15%

Over \$5,001 and higher per month = 30%

Some Examples

Monthly Salary	Income Tax
\$1-3,000	\$0.00
\$3,100	\$15.00
\$3,500	\$75.00
\$4,000	\$150.00
\$4,500	\$225.00
\$5,000	\$300.00
\$5,500	\$450.00
\$6,000	\$600.00
\$6,500	\$750.00
\$7,000	\$900.00
\$7,500	\$1,050.00
\$8,000	\$1,200.00

Most Frequently Asked Questions

1. If I am earning less than \$3,000 per month will I be paying 15% of my salary in income tax?

No. You will not be paying any income tax.

2. If I am earning more than \$5,000 per month, will I be paying 45% of my salary in income tax?

No. You will be paying 0% on your first \$3,000 per month, 15% of your salary above \$3,000 and up to \$5,000; and 30% on your salary above \$5,000.

Before the lowering of the threshold, the effective income tax rate for a person earning \$6,000 per month was 5%. With the new threshold, the same person will now pay an effective tax rate of 10% not 45%.

Please note:

45% = \$2,700

10% = \$600

3. Will there be deductions for mortgage and children from my income tax.

No. However, since no one pays income tax on the first \$3,000 per month that is the same as an allowance of \$3,000 per month.

4. If I am already above \$5,000 per month and paying income tax, how much more will I pay?

You will pay \$300 more per month.

5. Why are the persons who are already paying income tax required to pay two rates?

To avoid, situations where persons who earn less \$5,000 per month pay more income tax than persons who earn more than \$5,000 per month.

Consider the following example:

If a person who earns \$5,000 per month pays 15% on her salary over \$3,000 and up to \$5,000, she will pay \$300 per month.

If a person who earns \$5,500 per month pays only 30% on her salary, she will pay \$150.00 per month. This is not fair.

Under the new system, a person who earns \$5,500 per month will pay 15% on her salary over \$3,000 and up to \$5,000 which is \$300 plus 30% on her salary over \$5,000 which is \$150. This means her total income tax will be \$450 per month.

In sum, under the new system, the person who earns \$5,000 per month will pay income tax of \$300 per month while the person who earns \$5,500 per month will pay \$450 per month.

ANNEX IX NATIONAL TRANSFORMATION FUND

Background

Common law countries, including the United States, Canada, Australia, New Zealand, and Bermuda, have a long history of public/private enterprises for business and national development. Famous examples include (in the United States) Fannie Mae, Australian Future Fund, Petro-Canada, Cordia (New Zealand), Orcon Internet (New Zealand), NATS Holdings (Great Britain). Many other countries have similar institutions (China, Brazil, Philippines, and Belgium, to name just a few). In all these cases, a government institution participates with the private sector to transform and improve important aspects of the national economy or organize the use of natural resources. This type of public/private institution, often organized as an investment fund, has a long history and a firm legal foundation.

In Grenada, Government has recently established the National Transformation Fund (NTF), which will raise money through the Citizenship By Investment Programme authorized by the Citizenship by Investment Act of 2013 (the “Act”). The NTF is firmly established in law.

Citizenship by Investment Committee

The Act specifies that there will be a Citizenship by Investment Committee, consisting of members appointed by the responsible Minister, in this case the Prime Minister of Grenada.

The Committee has the principal responsibility for reviewing individual applications for permanent resident by investment and citizenship by investment, as well as the responsibility for reviewing and recommending approval (or disapproval) of Projects proposed under Sections 10 and 11 of the Act.

Ownership and Control of the NTF

The NTF shall be owned and controlled by the Government of Grenada. The NTF shall be authorized to issue shares or certificates of participation, or similar certificates, showing investment in or payment to the NTF, but the holders of such shares or certificates shall

have no authority to elect directors or otherwise manage or control the activities of the NTF.

The decisions of the Board or officers or other persons in the management of the NTF shall, in all cases, be subject to the authority of the responsible Minister.

Board of Directors

The NTF is governed by a Board of Directors comprising:

- Chairman of the Citizenship by Investment Committee
- Member representing Ministry of Finance
- Member representing Attorney General's Chambers
- Two members from the private sector, to be chosen by the Minister

There must be at least three (3) members to satisfy the quorum requirement of the Regulations (paragraph 14).

Responsibility of the NTF

The Fund has three responsibilities, here set forth in order of priority: The principal responsibility and first priority of the National Transformation Fund is to provide funds for the well being of the people of Grenada. The second responsibility of the Fund is to preserve and develop the resources of the Country for future generations of people in Grenada, including natural, cultural and educational resources. The third responsibility of the Fund is to attract private investment in the Fund itself, as well as in projects of the Government of Grenada, and to achieve the possibility of a return on private investments, it being clearly established that this third responsibility is subject to first two priorities.

Powers and Authority of the NTF

The Fund shall have the authority and power to:

- Collect funds through Local Agents from applicants under the Citizenship by Investment Act of 2013;
- Make such grants, loans, and transfers as, in the judgment of the Board of the Fund, best serve the people of Grenada and which are consistent with the purposes for which the Fund is established;

- Establish and hold such accounts, including cash, currency, equity, bond, and other accounts, as are consistent with the purposes for which the Fund is established;
- Issue such certificates of participation, or shares, or other documents as are consistent with the purposes for which the NTF was established and which are subject to the restrictions on control set forth in the section on Ownership and Control above;
- Purchase and sell equities or securities in any business or business entity established in Grenada, or make or take such loans as further the purposes of the NTF.
- Establish and operate such projects and funds as are approved by the Minister in consultation with the Minister of Finance and the Minister for Planning and Economic Development

Certificates of Participation

For the purposes of attracting investors, including investors under the Citizenship by Investment Act, the Fund shall have the authority to issue shares or certificates of participation, provided that:

- The shares or certificates do not impose an obligation on the Government of Grenada; and
- The issue of shares, certificates or other documents must be approved by the Minister of Finance.

The Citizenship by Investment Act of 2013 uses the term ‘investment’ for payment by applicants for citizenship under that Act. The National Transformation Fund was established to accept these investments.

ANNEX X
USE OF PETROCARIBE FUNDS IN 2013
AND PROPOSED USE IN 2014

Project/Programme Name	2013	2014e
Grenada Home Improvement Programme	1,876,034	-
Upgrading Progress Park	-	406,080
Community Sports Programme	-	350,000
Community Self Help	-	250,000
Road Improvement & Maintenance	-	3,000,000
Asphalt Works	-	3,000,000
Concrete Works	-	3,000,000
Sustainable Livelihoods Project	2,766,785	-
Sites & Services Project	228,801	-
Young Entrepreneurs Development Fund	-	-
Roving CareGivers Programme	322,916	450,000
Bacolet Project (Juvenile Centre)	555,019	2,000,000
Free School Books Programme	784,945	1,000,000
Human Resource Development	702,322	1,326,000
Transportation TAMCC Students	-	100,000
Scholarship Programme	776,336	1,235,000
Multiple Projects for the Elderly	424,931	450,000
Special Projects	-	5,000,000
LED Lighting Retrofitting	2,926,364	-
Government Estate Rehabilitation	1,372,089	-
Establishment of District Offices	110,033	-
Support for Education, Employment and Development	3,949,240	5,000,000
Farm Labour Support	583,551	-
Youth Upliftment Programme	1,758,000	-
School Feeding Programme	3,121,421	3,100,000
Uniform Programme	-	1,000,000
Joint Marketing/Risk Sharing	88,273	-
Total	22,347,059	30,667,080

ANNEX XI
Grenada Fiscal Indicators
(In percent of GDP, unless otherwise stated)

	2009	2010	2011	2012	Actual 2013
Central Government Fi- nances					
Current Revenues	19.5	20.6	20.3	19.7	19.5
Current Expenditure	19.9	20.5	20.1	21.1	19.0
Current balance	-0.4	0.1	0.2	-1.5	0.5
Overall balance (includ- ing grants)	-0.1	0.0	0.0	-0.1	0.0
Interest payments (as % of Current Revenues)	12.3	10.9	12.1	17.3	9.2
Nominal GDP (EC\$ m)	2,082.5	2,081.7	2,102.4	2,164.1	2,242.4

Source: Ministry of Finance

Table II
Recent Economic Performance of Selected
CARICOM countries
 (All figures are in percentages)

	2010	2011	2012	2013*	2014**
Barbados	0.20	0.80	0.00	(0.75)	(1.10)
Guyana	4.40	5.40	4.80	5.30	5.80
Jamaica	(1.50)	1.40	(0.50)	0.40	1.30
Trinidad and Tobago	0.02	(2.60)	0.20	1.60	2.40

* Estimated

** Projected

Table III
Recent Economic Performance and Forecast for the ECCU
GROWTH RATE OF GROSS DOMESTIC PRODUCT (at
basic prices)

(All figures are in percentages)

COUNTRY	2010	2011	2012	2013*	2014**
Currency Union	(3.25)	(0.14)	0.16	1.12	1.86
Anguilla	(5.77)	(1.45)	(2.61)	(0.93)	0.75
Antigua & Barbuda	(8.57)	(2.10)	2.79	1.19	1.86
Dominica	0.73	1.71	(0.19)	(0.40)	1.61
Grenada	(1.99)	0.14	(1.22)	2.74	1.25
Montserrat	(3.03)	6.19	1.99	0.72	1.47
St.Kitts & Nevis	(3.83)	(1.88)	(0.86)	1.88	3.04
St. Lucia	0.14	1.49	(0.84)	0.25	2.07
St. Vincent and the Grenadines	(2.26)	0.28	1.52	2.26	1.60

* Estimated

** Projected

Source: ECCB

**Table IV
Grenada Real Growth by Sectors**

	2010	2011	2012	2013*
Real GDP Growth	(1.99)	0.14	(1.22)	2.74
Agriculture	(12.08)	2.61	3.90	(0.19)
Mining & Quarrying	(44.20)	(25.40)	(14.13)	(10.00)
Manufacturing	3.89	(0.14)	(0.22)	3.50
Electricity & Water	(0.61)	1.09	(1.48)	0.72
Construction	(0.95)	(11.82)	(18.05)	20.00
Wholesale & Retail Trade	(0.37)	0.84	0.65	7.00
Hotels & Restaurants	(13.62)	13.93	5.89	(4.38)
Transport, Storage and Communications	(3.92)	(3.18)	(3.17)	(2.11)
Financial Intermediation	(7.48)	0.26	(0.90)	(0.07)
Real Estate, Renting and Business Activities	0.92	2.04	0.32	0.89
Public Administration, Defence & Compulsory Social Security	5.73	4.31	1.10	(1.87)
Education	(2.01)	1.52	0.03	4.98
Health and Social Work	13.83	4.17	(1.95)	(1.95)
Other community, social & personal services	(0.66)	(0.92)	2.22	0.51
Private Households with Employed Persons	(1.00)	(3.52)	(0.55)	0.80

* Estimated

Table V
PERFORMANCE OF VAT AND EXCISE TAX 2010 - 2013

Years	Total Re-current Revenue (EC\$M)	VAT (EC\$M)	VAT as a % of Revenue	Excise Tax (EC\$M)	Excise Tax as a % of Revenue
2010	\$ 429.1	\$140.6	32.8	\$ 8.6	2.0
2011	\$ 425.8	\$159.9	37.6	\$ 6.9	1.6
2012	\$ 425.5	\$156.1	36.7	\$ 8.6	2.0
2013*	\$ 437.7	\$155.6	35.6	\$ 8.6	2.0

* Actual Provisional

Source: Ministry of Finance

Table VI
Contributors to Foreign Exchange Earnings

	2010	2011	2012	2013
Remittances	72.34	73.52	74.52	75.13
FDI	163.14	115.15	85.02	167.77
Portfolio Investments	7.84	27.16	(8.34)	12.86
Exports	67.42	84.58	93.43	98.52
Travel	273.13	287.54	299.25	292.62
Total	583.87	587.95	543.88	646.90

SOURCE: CSO, Grenada and ECCB

Notes

Notes

