



Government of Grenada

2018

BUDGET STATEMENT

Presented by
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Prime Minister and
Minister of Finance and Energy



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1. 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 2018 by means of an Appropriation Act;

Be it resolved that the Estimates of Expenditure for the year 2018 be approved.”

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

Mr. Speaker, for the first time in our history, the following four reports are being submitted to this Honourable House:

1. The Progress Report on Compliance with the Fiscal Rules and Targets, in accordance with Section 12 (1) (c) of the Fiscal Responsibility Act No. 29 of 2015, as amended;
2. The Budget Framework Paper 2018, in accordance with item 1(a) of the Schedule of the Public Finance Management Act No. 17 of 2015;
3. The Medium Term Debt Management Strategy 2018-2020, in accordance with Section 5(1) to 5(3) of the Public Debt Management Act No. 28 of 2015, as amended; and
4. The Fiscal Risk Statement, in accordance with Section 12 (1) (e) of the Fiscal Responsibility Act No. 29 of 2015.

Mr. Speaker, a review of our 2017 macroeconomic performance which includes the projections and assumptions for the period 2018 to 2020, also accompanies this Budget Statement (See Annex I for further details).

Mr. Speaker, this is clear and convincing evidence that we are doing things better.

I want to thank the Almighty God for His mercies and blessings, and for steering our beloved country along this path of sustainable development.

I am inspired by scripture from the Book of Jeremiah, Chapter 29 and verse 11, taken from the New King James Version, which states, and I quote, **“For I know the plans I have for you, declares the Lord, plans to prosper you and not to harm you, plans to give you hope and a future.”** End of quote.

Mr. Speaker, I am excited and optimistic about the future of our country. Every single Grenadian woman, man, boy and girl should be too.

I am confident in our collective capacities to advance our nation’s progress.

Mr. Speaker, we have demonstrated to the world that the people of this small country are capable of doing great things.

Mr. Speaker, as a result of Grenada’s leadership roles in CARICOM, the Caribbean Development Bank, and the Small States Forum, we have been able to leverage benefits not only for ourselves, but for the region as a whole.

Mr. Speaker, Grenada has benefitted from an increased allocation under the World Bank’s International Development Association (IDA) 18th replenishment, which is being front loaded and fast tracked. In other words Mr. Speaker, we are getting more of our total IDA allocation of US\$67.0 million much sooner than we would have otherwise.

Mr. Speaker, Grenada is also benefitting from increased technical assistance, and enhanced reputational accolades, regionally and internationally. Coming out of the Home-grown Programme, Grenada is

emerging as a model for good practices in fiscal consolidation and governance, structural reforms, and engagement with a wide cross-section of stakeholders in public policy consensus.

Further, Mr. Speaker, Grenada will be hosting a major Climate-Smart Coalition Retreat of high profile donors next week, chaired jointly by Sir Richard Branson and myself, and with the goal of building resilience in the Caribbean. This event will see the participation of regional prime ministers and governments, regional institutions such as CDB, CARICOM and OECS; as well as other major global private sector entities and institutions, like the Bill and Melinda Gates Foundation, the IDB, OECD, UNDP, the World Bank and others.

Mr. Speaker, on October 20th 2017, Her Excellency the Governor-General delivered the Throne Speech and articulated that the overarching focus of the Government will be on the Economy, Society and the Environment.

Consistent with this strategic focus, this Budget elaborates on the policies and programmes that will be pursued in 2018 to expand our economy, advance our social development, and protect our environment.

Mr. Speaker, the theme chosen for the 2018 Budget – **Safeguarding Our Gains and Continuing our Progress**, accurately captures the present moment and our current course.

We have come a long way, achieving quite a lot, especially in the past four years, and we ought not to become complacent now.

We must safeguard our hard-won gains. We must move forward together as a united people so that the progress can be maintained.

Mr. Speaker, with this introduction, I want to turn your attention to the economic developments globally, regionally and locally to provide the context for the Budget.

2. GLOBAL AND REGIONAL ECONOMIC DEVELOPMENTS

2.1 Global Economic Performance and Prospects

Mr. Speaker, according to the World Economic Outlook Report released last month, global growth is estimated at 3.6% in 2017 and projected to increase to 3.7% in 2018.

Mr. Speaker, for 2017, growth in the economies of our main trading partners - the USA and the UK, is estimated at 2.2% and 1.7% respectively. In 2018, growth is projected to decelerate in the UK to 1.5% and to increase slightly in the USA to 2.3%.

Further details can be found in Annex I.

2.2 Regional Economic Performance and Prospects

Mr. Speaker, closer to home in the Eastern Caribbean Currency Union (ECCU), the provisional estimate is that the average growth would be restricted to 1.3% in 2017, largely because of contractions in Anguilla and Dominica, as a result of the devastation caused by Hurricanes Irma and Maria, respectively. The average growth in the ECCU is projected to accelerate to 3.9% in 2018, underpinned by hurricane rehabilitation activities, as well as sizable investment projects in public infrastructure and in the tourism industry (See Annex I for further details).

3. DOMESTIC ECONOMIC PERFORMANCE AND PROSPECTS

3.1 Economic Performance and Prospects

Mr. Speaker, Grenada's economy has been on a consistent path of economic expansion since 2013 and is poised to experience its fifth consecutive year of growth in 2017. Growth of 4.5% in real terms is provisionally estimated for the year, an improvement from the 3.7% growth experienced in 2016.

The uptick in economic activity in 2017 is fueled by expansion in the Construction sector, and in the Tourism, Private Education and Manufacturing Sectors.

Growth in 2018 is conservatively projected to be 3.3%.

Mr. Speaker, the preliminary results of the 2017 Labour Force Survey indicate that relative to 2016, the employed labour force expanded by 1,095 persons and the unemployed labour force declined by 2,822 individuals, resulting in a reduction in the unemployment rate from 28.2% in 2016 to 24.0% in 2017.

3.2 Fiscal Performance

Mr. Speaker, notwithstanding payments of over \$17.9 million to public workers in 2017, which includes a 3% increase, increments and one-off payments, and the reduction in the Personal Income Tax rate from 15% to 10% for individuals earning between \$3,000 and \$5,000 per month, Grenada's fiscal position continues to be strong.

Mr. Speaker, a primary surplus of 4.7% of GDP is provisionally estimated for 2017, the third consecutive year of a primary surplus.

Mr. Speaker, by the end of 2017, the following results are expected, relative to the 2017 Approved Budget:

1. Current Revenues of \$678.6 million, compared to target of \$657.2 million.
2. Grants of \$95.7 million, compared to target of \$151.9 million.
3. Current Expenditure of \$590.8 million, compared to target of \$599.0 million.

4. Capital Expenditure of \$117.5 million, compared to target of \$154.3 million.
5. The Customs & Excise Division collections are expected to reach \$328.7 million, compared to a target of \$321.5 million, an over performance of \$7.2 million.
6. The Inland Revenue Department is estimated to collect \$326.7 million, compared to a target of \$309.4 million, an over performance of \$17.3 million.

Mr. Speaker, I wish to thank the management and staff of our revenue collecting agencies for their excellent achievement for yet another year.

Further details on the 2017 economic performance can be found in Annex 1 of this Budget Statement.

3.3 Public Debt and Update on Debt Restructuring

Mr. Speaker, public debt as a percentage of GDP has progressively declined over the period 2015-2017, moving from 86.4% in 2015 to 79% in 2016. It is further estimated to reduce to 68.9% at the end of 2017, primarily due to the successful debt restructuring engaged by Government over the period.

Mr. Speaker, overall, I am pleased to report that as a result of this successful debt restructuring exercise, Grenada will benefit from stock reductions totaling \$372.3 million or 12.4% of GDP by the end of 2017.

Further details on the debt restructuring can be found in the Medium Term Debt Strategy report as presented in Parliament.

Mr. Speaker, the tremendous cost savings resulting from this debt restructuring means that funds are now available for investment in our

nation's health, education, social services and other critical services of public importance.

3.4 Update on BAICO and CLICO

Mr. Speaker, I turn my attention to developments with respect to the recovery of policyholders' interest in CLICO and BAICO.

Mr. Speaker, the Heads of Government of CARICOM continue to view this BAICO/CLICO matter as a regional problem, which requires a regional solution, and we are committed to bilaterally following up with the Government of the Republic of Trinidad and Tobago on its previous commitment to provide US\$100.0 million dollars for BAICO Policyholders in the ECCU.

Mr. Speaker, pursuant to Grenada and the rest of the ECCU's passing of the "Plan of Arrangement Act", on October 30th, 2017, BAICO Policyholders voted to facilitate the payment of between EC 20 cents and EC 25 cents on the dollar for each policyholder upon full roll-out of the Plan.

Mr. Speaker, the Government of Grenada joins with the Policyholders in Grenada and in the other ECCU Member States in expressing our profound dissatisfaction with the recovery amounts. We pledge to do our utmost in encouraging maximum collection against the US\$121.9 million Judgment secured against the former Directors of BAICO and CL Financial – the parent company.

4. ESTIMATES OF REVENUE AND EXPENDITURE FOR 2018

Mr. Speaker, the Budget is anchored on our country's Growth and Poverty-Reduction Strategy (GPRS) 2014-2018; as well as the Fiscal Responsibility Act. It focuses on the achievements of 2017 and outlines Government's priority programmes for 2018.

4.1 Budget and Financing Summary

Mr. Speaker, the 2018 Estimates of Revenue and Expenditure provide for total expenditure (including principal repayments on public debt) of one billion, one hundred and twelve million, thirty-nine thousand, nine hundred and thirty eight dollars **(1,112,039,938.00)**.

The Budget is summarised as follows:

1. Recurrent Revenue: \$710.4 million
2. Recurrent Expenditure: \$607.0 million
3. Current Account Surplus: \$103.4 million
4. Capital Expenditure: \$171.3 million
5. Primary Surplus (after Grants): \$147.8 million
6. Overall Surplus (after Grants): \$80.1million
7. Principal Repayments/Amortisation: \$333.7 million

The top 12 allocations by Vote are:

- Public Debt (Amortisation and Interest): \$401.5 million (36.1% of total expenditure).
- Ministry of Education and Human Resource Development: \$112.1 million (10.1% of total expenditure).
- Ministry of Finance and Energy: \$84.7 million (7.6% of total expenditure).
- Ministry of Health, Social Security and International Business: \$82.3 million (7.4% of total expenditure).
- Ministry of Communications, Works, Physical Development, Public Utilities, ICT & Community Development: \$61.2 million (5.5% of total expenditure).
- Pensions and Gratuities: \$56.4 million (5.1% of total expenditure).

- Police: \$50.9 million (4.6% of total expenditure).
- Ministry of Youth and Sports: \$41.8 million (3.8% of total expenditure).
- Ministry of Social Development and Housing: \$39.7 million (3.6% of total expenditure).
- Ministry of Economic Development, Trade and Planning: \$35.1 million (3.2% of total expenditure).
- Ministry of Tourism, Civil Aviation and Culture: \$25.7 million (2.3% of total expenditure).
- Ministry of Agriculture, Lands, Forestry, Fisheries and the Environment: \$24.7 million (2.2% of total expenditure).

Annex II provides more details on the 2018 Budget allocations.

5. SAFEGUARDING OUR GAINS

Mr. Speaker, in December 2016, we successfully completed our three-year Home-grown Structural Adjustment Programme, with the final review conducted in March 2017. The Programme was supported by the IMF and other development partners. Mr. Speaker, we are heartened that the many fiscal, structural and institutional reforms that were implemented during the programme have yielded tremendous results.

Mr. Speaker, our fiscal wounds have been healed. Persistent deficits have been turned into surpluses and our public debt is on a downward trajectory.

Additionally, there is now a fiscal overseer, so to speak, to keep the Government's public finances in check. The new Fiscal Responsibility Oversight Committee was launched in August this year, and is the

first of its kind in CARICOM. The Committee will help to promote good fiscal governance in our country.

Mr. Speaker, we could not have achieved such remarkable results without the solidarity, commitment, sacrifice and ownership of the reforms by our people. Mr. Speaker, once again, I thank the Grenadian workers, both in the public and private sectors, and all the Social Partners for contributing to the success of our home-grown programme.

Mr. Speaker, now that the programme has ended, the natural question that arises is **what now?**

The answer is clear. We have to secure and build on our progress so that more development dividends can accrue to future generations.

Mr. Speaker, to do so, we will be doing the following:

- embedding fiscal discipline;
- managing fiscal risk;
- modernising our public sector systems to make them fit for purpose for the 21st century and beyond;
- building our economic resilience; and
- being strategic and results-oriented in our approach to long-term development planning.

Mr. Speaker, I will address each in turn.

5.1 Embedding Fiscal Discipline

Mr. Speaker, our central fiscal policy objective is to manage our public finances in a manner that is consistent with the stipulations of the Fiscal Responsibility Law. Mr. Speaker, there are three ways to

generate a fiscal surplus; one is to contain expenditure, another is to increase revenue, and third is to do both at the same time.

With respect to expenditure, we will further improve the management of our wage bill. At the start of the home-grown programme, wages, salaries and pensions accounted for around 70 cents of every dollar collected in revenue. Mr. Speaker, they now account for around 45 cents of every dollar collected.

Mr. Speaker, we will also continue to reduce wastage in the public service and streamline capital expenditures that are not financed from grants.

Mr. Speaker, as it relates to revenue, we will continue our efforts to enhance revenue administration; as well as compliance enforcement and collections.

Mr. Speaker, I want to recognise and thank the taxpayers of this nation for their individual and collective contributions to the development of our beloved country. I encourage everyone to put country above self by meeting your responsibility to the State.

5.2 Managing Fiscal Risks

Mr. Speaker, pension liabilities pose a significant fiscal challenge to our Country, but we are committed to addressing this issue with fiscal responsibility; while at the same time bringing justice to those Public Officers who are now retired; as well as those who will be entering into retirement in the future.

As everyone is aware, this Government began the process of resolving the long-outstanding issue of pensions to retired public officers. It is the first time the matter of pension has received the full attention of Government as a matter of public policy. The Unions and Associations have been very engaged with the Government in a collaborative manner in an effort to have this enormous but important matter resolved. The Government has established a Pension Secretariat, with

a dedicated staff, to give technical and administrative support to the process.

Mr. Speaker, to date, Government has submitted proposals on the way forward, which the Unions and Associations are now considering. **Government is confident that, while a comprehensive final solution is not yet immediately before us, it has nonetheless indicated its willingness to possibly make some pre-payments to already retired public officers who have difficulties making ends meet.**

Mr. Speaker, I wish to thank all involved for their patience and cooperation, as we collaboratively work together to resolve this pension matter. The Nation and the workers are depending on us.

5.21 Building Economic Resilience

Mr. Speaker, safeguarding our gains and strengthening our economic resilience go hand in hand. We will therefore continue to build fiscal buffers. We will borrow on concessional terms only, to keep our debt burden manageable, as well as help to divert resources away from debt servicing towards projects and programmes that are geared at reducing our economic vulnerabilities, while simultaneously creating employment.

5.22 Modernising the Public Sector

Mr. Speaker, our modern Fiscal Responsibility Law will not be effectively implemented with outdated public sector systems and processes.

In this regard, funding from the World Bank is being sought to support the implementation of the recently-completed Public Service Management Reform Strategy 2017 to 2019.

Mr. Speaker, in 2018, the Department of Public Administration will continue to implement key elements of the Reform Strategy and will also expand its employee assistance programme and

operationalise the Human Resource Management Information System.

6. CONTINUING OUR PROGRESS TO FURTHER ADVANCE PEOPLE-CENTRED SOCIAL DEVELOPMENT

6.1 Education and Human Resource Development

Mr. Speaker, we all know that education matters a great deal for our socioeconomic advancement.

Some of the major accomplishments of 2017 are:

- **Scholarship and Training:** Mr. Speaker, 144 scholarships were awarded at an approximate value of \$39.5 million, with over 100 young people pursuing training opportunities locally and abroad.
- *Rehabilitation of School Infrastructure* – Mr. Speaker, students of St. Patrick Anglican Primary, St. Mary’s R.C and St. Dominic’s R.C Pre-primary returned to fully refurbished schools during this year. Work has commenced in like manner on St. Theresa’s R.C. pre-school in Vincennes and Holy Cross R.C. in Munich. Additionally, major works have been completed for St. George’s Methodist, Constantine Methodist and the relocation of Bishop’s College.
- *Teachers Incentives* – Mr. Speaker, our nation’s teachers received significant monetary contributions in 2017, including almost half a million in incentive allowances. Additionally, 171 teachers were regularised through definite appointments in 2017, to the tune of millions of dollars.

Mr. Speaker, in 2018, a number of schools will receive major renovation and rehabilitation works. Designs and drawings are being completed to soon begin work on Bishops College, SDA Comprehensive

Secondary School, Presentation Boys College and St Joseph's Convent in St. George.

Additionally, we will continue the regularisation process of our Nation's educators. Furthermore, Mr. Speaker, CDB grant financing of approximately \$1.0 million will be used to train principals, teachers and Ministry staff to help improve overall outcomes of the Education sector.

In 2018, the Ministry of Education and Human Resource Development is allocated \$112.1 million (10.1% of total expenditure).

6.2 Health Care

Mr. Speaker, our country has few assets, none more important than the health of our people. That is why Government continues to work tirelessly to improve service delivery.

Mr. Speaker, the journey towards the introduction of a National Health Insurance system continues, with technical assistance from the University of the West Indies, to ensure that all citizens can have access to essential health care, regardless of their employment status and ability to pay at the point of service.

Mr. Speaker, I am pleased to report that the National Health Insurance Secretariat was launched three weeks ago and we are diligently working to establish the framework for implementation of the National Health Insurance.

An Electronic Medical Records system is also currently being implemented in all health facilities, which will provide ready access to patient medical records.

Mr. Speaker, we have our share of Non-communicable diseases in the Caribbean and while the region is fighting this plague, we must rightfully cater for the effects that these diseases have on our own people, through renal failure and other ailments. To address the problems of

dialysis care, the Ministry of Health has engaged in a partnership with SGU to have dialysis delivered at the general hospital by January 2018. This will be complemented with a public private partnership that will have mobile dialysis services offered to our citizens in 2018.

We are also now able to have a registry of diabetic patients; as well as other persons at high risk for NCDs.

Mr. Speaker, in terms of infrastructure, work has commenced on the retrofitting of Princess Alice Hospital. Additional work is also planned for health facilities in Carriacou, in 2018. The second Phase of construction of the General Hospital is nearing completion and is expected to be commissioned in early 2018.

In 2018, the Ministry of Health, Social Security and International Business will receive an allocation of \$82.3 million (7.4% of total expenditure).

6.3 Housing

Mr. Speaker, access to decent and affordable housing is a fundamental human right, which is why we continue to provide basic shelter and house repair assistance for citizens who are in need. We are vigorously pursuing our home ownership agenda and lifting the housing standards for the people of our nation.

Mr. Speaker, 117 persons received financing under the Soft Loan Programme in 2017 and total disbursement amounted to over \$2.0 million.

Additionally Mr. Speaker, under the National Home Repair and Improvement Programme, more than 1,300 individuals received assistance to improve their housing conditions in 2017, at a cost of over \$5.5 million.

Mr. Speaker, the second phase of the Chinese Low-Income Housing Programme commences in December, 2017. The contractor has al-

ready been chosen for this housing project, which will provide homes for 647 families; and will be constructed in Beausejour in St. George, Corinth in St. David, Diamond in St. Mark, The Villa in St. Patrick and Dumfries in Carriacou.

6.4 Social Protection

Mr. Speaker, our social protection programmes are designed to assist the poorest and most vulnerable in our society. Our flagship social protection programme – **SEED**-Support for Education, Empowerment and Development, has spent 9.3 million from January to September of this year; and for 2017, the total SEED payout will be around \$14.0 million.

Mr. Speaker, in addition to the SEED programme, we have secured grants to the tune of over \$3.0 million from different development partners, which will fund a number of social protection programmes in 2018.

Accordingly, in 2018, the Ministry of Social Development and Housing is allocated a sum of \$39.7 million (3.6% of total expenditure).

Mr. Speaker, the Basic Needs Trust Fund (**BNTF**) is another important component of our overall social protection system. The BNTF is a poverty-reduction programme, funded by CDB and the Government of Grenada. The priority areas are: (i) Basic Community Access and Drainage Enhancement; (ii) Education and Human Resource Development; and (iii) Water and Sanitation Systems Enhancements.

A total of 23 sub-projects were approved and implemented under Cycles 7 and 8 of the BNTF, which ran concurrently. The 9th Cycle will commence in January 2018. Grant funding in the amount of US\$2.5 million has been secured to implement BNTF 9.

Mr. Speaker, additional details on the BNTF Programme are at Annex III.

6.5 Youth Development

Mr. Speaker, this year, the Budget consultations included for the first time, an exclusive engagement with youth. We have listened to what they have said about the issues and challenges that they face, including child abuse, deviance and unemployment. Mr. Speaker, I will now address each, in turn.

6.5.1 Child Abuse

Mr. Speaker, it is alarming that in 2017, approximately 60% of all cases before the Courts are related to child sexual abuse. Mr. Speaker, let us be very clear on this: child abuse like rape, in all of its forms is an evil scourge that tears at the social fabric of our society and must be stopped now.

Mr. Speaker, the Ministry of Social Development has stepped up its efforts to deal with the issue. A National Committee for the Prevention of Child Sexual Abuse was set up, with the mandate to make recommendations to the State and other stakeholders.

Mr. Speaker, in 2018, a Special Victims Unit will be established to further assist victims and their families with counseling and other support services. Additionally, Mr. Speaker, a special Hot Line will be installed to offer advice, information and other services.

A budgetary allocation of \$500,000 has been made to implement the planned initiatives.

Mr. Speaker, we have also heard the overwhelming cries of our people and we are, therefore, pushing to enact the necessary legislative changes for the establishment of a Sex Offenders Registry.

Mr. Speaker, let us be clear: while the Government is budgeting even more to deal with this issue, this will not be enough. As a people, our collective consciences must be shaken and we must find the resolve to take back our communities and protect our children and young people.

6.5.2 Youth at Risk

Mr. Speaker, some of our young people are at risk of falling into deviant behaviours; and as such, we have a responsibility to intervene to prevent them from doing so; or try to rehabilitate them when they do.

Mr. Speaker, the Government continues the process of reforming the Juvenile Justice system and improving the Juvenile Rehabilitation Center.

Government has also implemented legislation that will remove conviction records of juveniles for minor infractions over a period of time so that their entire future is not affected as a result, and they can obtain decent livelihoods upon completion of their sentences.

Mr. Speaker, there are a number of programmes on stream, which will continue into 2018, designed for rehabilitation of our youth at risk; skills training and employment opportunities. Those programmes include the ASPIRE Programme, Project “REACH,” the FLY and M-Power programmes.

6.5.3 Youth Empowerment and Employment

Mr. Speaker, we all know that unemployment in general, and youth unemployment in particular, is a serious challenge that our nation faces. Therefore, Mr. Speaker, we are fully committed to confronting this challenge head on in 2018, even while we continue to strengthen the new IMANI programme.

Mr. Speaker, in 2018, Government will work toward ensuring that:

All new public sector procurement contracts will include social clauses that encourage contractors to provide apprenticeships and employment for a quota of young people as part of their workforces.

The Micro Enterprise Development Fund will be strengthened to allow it to tailor financial products to better suit the needs and repayment capacities of aspiring entrepreneurs.

6.5.4 Sports

Mr. Speaker, Sport is an important avenue for youth empowerment and employment. Our athletes who are excelling regionally and internationally are a testament of this. In 2017, we all celebrated the proud moment with the renaming of the athletics stadium to the Kirani James Athletic Stadium during the highly commended inaugural Grenada Invitational, which saw over 200 high profile athletes competing right here on Grenadian soil, and showcasing Grenada on ESPN to the world.

Mr. Speaker in 2018, the Ministry will continue its important work, which includes the Refurbishing and lighting of facilities at La Sagesse and the National Stadium.

The allocation for the Ministry of Youth and Sports in 2018 is \$41.8 million (3.8% of total expenditure).

7. CONTINUING OUR PROGRESS TO FURTHER IMPROVE GOVERNANCE, ACCOUNTABILITY AND TRANSPARENCY

7.1 National Security

Mr. Speaker, the Royal Grenada Police Force (RGPF) remains committed to providing a safe and secure environment for citizens and

visitors alike. Indeed, we take pride in our country as being one of the safest places on earth to live. Mr. Speaker, the RGPF's vigilance and dedication are witnessed each day.

I am pleased to inform the nation that the statistics have shown that reported crime contracted by approximately 5.0% in 2017, the third consecutive year of decline. Furthermore, Mr. Speaker, the RGPF has maintained an outstanding detection rate of 74.0%.

In 2017, 319 Officers benefitted from training and development courses from over 80 training programmes, locally and abroad. Mr. Speaker, approximately 100 Officers were also promoted.

Mr. Speaker, in 2018, the RGPF will sustain activities to address problems of crime and disorder to ensure safer communities and an even more efficient Force.

Additionally, Mr. Speaker, a new Border Control System will be implemented and the Machine Readable Passport System will be upgraded to the e-passport system, which will be accessible to all Grenadians by June, 2018.

A total of \$50.9 million (4.6% of total expenditure) will be spent on Security in 2018.

7.2 Integrity in Public Office

Mr. Speaker, the Integrity Commission continues its important role in promoting accountability, transparency and good governance in this country. In 2017, the Commission continued its public education outreach programme; and the receipts of its second round of declarations, as it deepened its Asset Declaration System.

Mr. Speaker, in 2018, the Commission will expand its education outreach programme, continue receipts of declarations through its Asset Declaration System and other initiatives.

8. CONTINUING OUR PROGRESS TO STRENGTHEN OUR RESILIENCE TO ENVIRONMENTAL SHOCKS

Mr. Speaker, all of our efforts at advancing social and economic development will be for naught if we do not simultaneously focus on protecting and preserving the environment.

Mr. Speaker, the utter devastation of some of our neighbouring islands by Hurricanes Irma and Maria, has brought to the fore some daunting realities about Climate Change. Strengthening disaster management, as well as physical planning and climate adaptation and mitigation are key priorities in this regard.

8.1 Climate Change Adaptation and Mitigation

Mr. Speaker, in 2017, Grenada mobilised resources of more than \$280.0 million dollars in grants and concessionary loans to finance new projects in the Public-Sector Investment Programme; \$123.0 million of which were for projects that will build our resilience to Climate Change.

Mr. Speaker, a World Bank Policy Loan of US\$25.0 million is currently being appraised for possible disbursement in June 2018, for projects on overall Climate Adaptation and Mitigation; Protection of Natural and Marine Resources; and Proper Physical Planning.

Grenada has also been called upon to lead the charge to ensure that our neighbours get the requisite assistance for their rebuilding efforts, and in the process, forge support for our own climate change challenges.

As a result of our collaborative advocacy at the regional level, the World Bank and other institutions are prepared to modify the rules on grant financing to countries hit by hurricanes; thus ensuring that concessional financing go to those countries that need it, rather than on the basis of GDP per capita.

Furthermore, Grenada has also pioneered a hurricane clause at the IMF level, which provides Grenada with a moratorium on its debt repayments for 6 to 12 months in the event of a hurricane. The IMF is encouraging other countries to advocate similar clauses.

The European Investment Bank (EIB) and the Caribbean Development Bank (CDB) have set up an emergency post-disaster reconstruction financing initiative to help the Region recover from recent hurricane events. This amount is an addition to the May signing of the USD 120 million Climate Action Loan for the Caribbean.

Moreover, Mr. Speaker, only last week, with our leadership at the CARICOM level, we concluded a donor conference in New York, with pledges of some 1.4 billion dollars to assist Caribbean countries in building resilience.

9. CONTINUING OUR PROGRESS TO BOOST COMPETITIVENESS, GROWTH, WEALTH AND JOB CREATION

Mr. Speaker, this Government envisions an economy that is vibrant and dynamic, where wealth can easily be created and where decent and good-paying jobs are generated and sustained. Therefore, Mr. Speaker, we remain steadfast in providing a supportive and conducive environment in which businesses can develop and expand, and in which the potential of our productive sectors can, of necessity, be unleashed.

9.1 Agriculture

Mr. Speaker, we will continue to make strategic investments in the Agricultural Sector, with the aim of increasing agricultural productivity; expanding employment, enhancing food and nutritional security.

Therefore, Mr. Speaker, included on the priority list for the Ministry of Agriculture in 2018 are the:

1. Execution of the National Land Bank Project funded by the Food and Agricultural Organisation. The aim of this Project is to bring a number of idle agricultural lands into production.
2. Mr. Speaker, we will also strengthen the link between agri-business and the involvement of youth in the agriculture sector, with the establishment of small agri-business cooperatives across our Tri-island State. We are also arranging for available lands at the Grand Bras Estate to be used for this initiative.

Mr. Speaker with respect to Fisheries, in 2018, the Ministry will be upgrading fish markets and related services to ensure highest compliance; and strengthening the Marine Protected Areas Programme to enhance the management of critical marine species and habitats.

Mr. Speaker, the Marketing and National Importing Board (MNIB), continues to play a vital role in the Agricultural Sector.

In 2017, with grant support from the Caribbean Development Bank and counter-part funding from Central Government, MNIB was able to renovate its Pack House and today, it is the only Pack House in the OECS with a Food Safety Certificate.

Mr. Speaker, a key metric for the measurement of income within the farming community is the average price per pound that is paid to the farmers. Mr. Speaker, in 2017, the average price per pound was \$1.54, as compared to \$1.38 in 2016 and \$1.28 in 2012. Over the past five years, farmers' incomes have increased by 20.0%, on average.

In 2018, the Ministry of Agriculture, Lands, Forestry, Fisheries and the Environment will receive an allocation of \$24.7 million (2.2% of total expenditure).

9.2 Tourism

Mr. Speaker, we all know that Tourism is vital to our economic survival, and therefore, we have to continuously upgrade our product of-

ferings to maintain a competitive edge. In 2017, key activities of the Ministry of Tourism focused on the development of various tourism sites, expansion of community-based tourism products and services, product enhancements, and of course, the marketing of our beautiful and safe island.

Mr. Speaker, based on performance thus far for the year, it is estimated that total stay-over and cruise passenger arrivals will increase by 6.5% and 3.0% respectively in 2017, relative to 2016.

Mr. Speaker, we will continue to upgrade our products and facilities, and build on the successes of 2017.

Mr. Speaker, a sum of \$25.7 million (2.3% of total expenditure) is allocated to the Ministry of Tourism, Civil Aviation and Culture in 2018.

9.3 Petroleum Development

Mr. Speaker, our hydrocarbon exploration is part of our broader strategic development objectives of economic diversification and structural transformation to create more wealth and jobs for our people.

In July 2017, one of the most sophisticated and modern State-of-the-Art Drilling Platforms in the world, commenced the first petroleum drilling operation in Grenada's waters. Mr. Speaker, the ongoing exploratory drilling that is being carried out by Global Petroleum Group Ltd (GPG) has yielded encouraging results, which are subject to further analyses and evaluation.

The Government of Grenada and GPG both eagerly anticipate verification and confirmation of the initial results, which will pave the way for subsequent commercial production.

Mr. Speaker, it is important for me to point out that in our pursuit of hydrocarbon development, modern technologies are being used to allow for the exploration to be done in an environmentally-sustainable

manner, consistent with Grenada's overall sustainable development plans and advocacy.

9.4 Blue Growth

Mr. Speaker, we will continue to push ahead with our blue growth agenda. With Grenada's economic "blue" space being 75 times larger than our land mass, the ocean offers tremendous potential to catapult our economic growth and development.

Mr. Speaker, the Organisation for Economic Corporation and Development predicts that the 'blue sector' can grow twice as fast as other sectors by 2030.

In 2017, Grenada co-chaired the United Nations (UN) first international conference on the Sustainable Development Goals, with a focus on Oceans. Subsequently, a report was produced by the World Bank, touting Grenada's leadership on sustainability in fisheries, tourism, coral restoration, turtle protection, marine spatial planning and other areas.

Mr. Speaker, Grenada is poised to attract significant investment in all of these areas, which could ultimately lead to hundreds of new jobs. A sum of US\$16.0 million from Grenada's total allocation of US\$67.0 million from the World Bank's International Development Association's 18th replenishment will be used to advance the development of the Blue Economy.

9.5 Information and Communications Technologies

Mr. Speaker, ICT is yet another important pathway towards increasing our economic competitiveness, wealth creation and job opportunities for our people.

Mr. Speaker, this year the Government of Grenada partnered with the National Telecommunications Regulatory Commission (NTRC) to host "Girls in ICT," with 10 secondary schools participating in a

robotics competition. We also sent students from TAMCC and secondary schools to participate in an international robotics competition. Mr. Speaker, robotics is the way of the future, and we are therefore opening pathways for the competitiveness and entrepreneurship of our young people.

Moreover, the provision of laptops and other ICT equipment facilitated fifth form students of all secondary schools to successfully sit their CSEC exams online. Grenada is one of the few islands in the region in which all secondary schools are equipped with the ICT facilities to sit the CSEC exams.

9.6 Small Business Development

Mr. Speaker, we are committed to supporting small business development, with the aim of creating jobs and increasing incomes for our people.

Mr. Speaker, the Market Access and Rural Enterprise Development Programme, (MAREP), is a poverty-reduction programme with funding support from the International Fund for Agricultural Development, CDB, and the Government of Grenada. Mr. Speaker, in 2017, 110 rural men and women received training under MAREP in areas such as Business Management; Entrepreneurial Skills; Promotion & Branding; and Customer Service.

Additionally, over 150 enterprises continued to receive business hand-holding support. Furthermore, 21 rural men and women involved in farming and agro-processing received income-generating support, through market linkages, direct sales and negotiation opportunities with purchasers.

Mr. Speaker, I am happy to report that the progress and results of MAREP has led the Government to embark on another six-year programme through financing agreement with IFAD and CDB. MAREP's programme will end in March 2018 and a new programme

“the Climate-Smart Agriculture and Rural Enterprise Programme (SAEP), 2018-2024, will immediately be implemented.

Mr. Speaker, the major activities to be undertaken under the SAEP include the rehabilitation and construction of 30 Farm Access Roads, at a cost of \$8.1 million and the installation of irrigation systems at a cost of \$5.3 million to be financed by CDB. Government of Grenada’s contribution is \$5.4 million for operating costs and staff salaries.

Mr. Speaker, more details on MAREP and SAEP are presented at Annex IV.

Mr. Speaker, the **Small Business Development Fund (SBDF)** managed by the Grenada Development Bank, approved 750 loans in 2017, valued at \$8.1 million. Additionally, Mr. Speaker, workshops and other capacity building sessions were facilitated, which provided customers with hands-on training in record keeping, financial management and marketing & sales.

Mr. Speaker, the SBDF will continue to provide support to Small and Medium-sized Enterprises.

Mr. Speaker, additional details on the SBDF are provided in Annex V.

9.7 Real Estate Development

Mr. Speaker, Century 21 has provided the following information on the strength of Grenada’s real estate market. I quote:

- “Real estate activity in 2017 is on track to match the high level set in 2016. Sales through November of 2017 totaled more than \$100 million. Sales activity was dominated by Grenadian purchasers, especially young families, making up more than 85% of the total transaction values, with average sales values of \$213,000 (a combination of vacant land and homes).

- Carriacou attracted the greatest number of non-Grenadians to its shores, with 25% of all foreigner purchasers choosing Carriacou.” End Quote.

9.8 Citizenship-by-Investment Programme

Mr. Speaker, Grenada’s Citizenship-by-Investment (CBI) Programme, which commenced in 2014, has exceeded all expectations in 2017 and is now regarded as one of the highest-rated CBI programmes in the world.

Mr. Speaker, there was a 50% increase in applications received in 2017, yielding receipts of \$128.4 million as at the end of October 2017.

Mr. Speaker, earlier this year, the IMF lauded our Government for setting up a legal framework to prudently manage the inflows from the CBI Programme, and declared the Programme to be the gold standard amongst the other regional programmes for transparency.

Mr. Speaker, anyone who, therefore, tries to undermine the integrity of Grenada’s CBI programme, should refer to the commendations of the regional and international community.

Furthermore, Mr. Speaker, Henley and Partners’ “Global Residence and Citizenship Programme Report,” published earlier this month, rated Grenada’s investment migration programme as the first in the world for the residency requirement, investment requirement and physical visit requirement.

For 2018, we have adopted conservative assumptions for receipts from the CBI Programme, to the tune of \$81.1 million.

9.9 Carriacou and Petit Martinique Affairs

Mr. Speaker, economic activity on our sister isles have been robust, boosted by both private sector investments, as well as major pub-

lic infrastructure works. In 2017, infrastructure works included upgrades on five roads on the island of Carriacou and the main road in Petite Martinique. Additionally Mr. Speaker, the Desalination Plant and solar photo voltaic system for Petite Martinique was installed and commissioned.

Mr. Speaker, more homes and businesses in Petite Martinique and Carriacou are now benefiting significantly from water from the Desalination Plant and connection to the National Water and Sewerage Authority's distribution networks.

Mr. Speaker, by the end of 2017, the Carriacou Development Corporation (CDC) would have spent close to \$11.0 million on the development of the Tyrell Bay Marina and Boat Yard project.

For 2017, average employment figures on the project were 24 per week. For 2018, with additional construction, it is anticipated that CDC will directly employ 35 workers and much more indirectly as the marina progresses.

Mr. Speaker, in 2018, we look forward to their opening of a Budget Marine; Chandlery workshops for carpenters and mechanics; machine shops, bars and restaurants; and other service related facilities.

More broadly, Mr. Speaker, in 2018, additional road networks will be ungraded and road safety will be enhanced along precipitous areas, through the installation of guard-rails. Additionally, work will advance on the upgrade of Lauriston Mini Stadium and recreational fields.

Mr. Speaker, our Sister Isle of Carriacou is very dependent on sea transport for the movement of goods as well as persons.

In that regard, Mr. Speaker, the existing Port at Hillsborough has and continues to pose a number of challenges for ship-owners and users.

Therefore, Government, through the Ports Authority, sought an alternative for port development.

Mr. Speaker, I am happy to report that construction of this port facility is substantially completed and should become operational early in 2018.

Mr. Speaker, this project, which is being undertaken at an estimated cost of \$3.5 million, will bring tremendous benefits to the people of Carriacou.

The Port project in its construction phase has thus far provided employment for close to 20 persons from the Sister Isles.

9.10 Major Public Sector Projects

Mr. Speaker, strong economic and social infrastructure is a necessary pillar to support economic growth and development. In this regard, the Ministry of Works continues to undertake a comprehensive and cross-sectoral work programme.

Achievements in 2017 include:

Roads:

- ***The Bellevue Concrete Road***– Mr. Speaker, this road is almost completed, at a cost of \$1.2 million, and with 20 workers.
- ***New Road Networks and other Infrastructural Works*** –Mr. Speaker, works were completed in the following areas: Little Pandy, Beausejour, De Savary Village, the car park and road leading to the Concord Waterfalls, and the farm road in Bull-hill, Clozier. Works are ongoing, employing about 50 persons total in areas such as La Sagesse, and Dr. Belle and Stony Ghutt, St. John. Those projects were at a cost of approximately \$21 million, and employed about 320 people.

- ***St. Patrick Road Network Upgrade***– Mr. Speaker, the procurement process for construction started last month. In 2018, 250 people are expected to be employed on that project.
- ***Grenada Agricultural Feeder Roads Phase 3***– Mr. Speaker, the Consultant is being mobilised for the design and supervision to commence this project, where some 600 people are expected to be employed over the duration.

Road Maintenance:

- The asphalt road maintenance works continued at a cost to date of \$4.0 million and over 150 employees.
- The Road Maintenance De-bushing Programme completed its fourth fortnight at a total cost of \$8.0 million, employing on average 3,980 persons per fortnight.

Other Major Projects:

- ***St. Patrick Breakwater Project*** - Mr. Speaker, works were completed at a cost of \$4.6 million, employing 30 people from the area.
- ***The Gouyave Extreme Rainfall Project***– Mr. Speaker, documents for procuring the services of a contractor and tendering for the construction work have been completed, with allocation made for some 100 workers.

Bridges:

- ***Hubble Bridge, Gouyave, St. John***– Mr. Speaker, the rebuilding is completed, with over 20 workers.
- ***The Guayava Bridge, St. Patrick*** – The project is substantially completed; having employed over 40 people.

- ***Lance Bridge, Gouyave, St. John***— Mr. Speaker, work is progressing, with over 40 persons employed at one time or another.

Retrofitting:

- ***Grenville Bus Terminus*** - Retrofitting is ongoing and is expected to be completed by year end, employing some 20 plus persons.
- ***Mirabeau Abattoir*** – Mr. Speaker, retrofitting has been completed, having employed about 20 persons.

Buildings:

- ***Grenada Houses of Parliament*** – Mr. Speaker, Government continues to be actively committed to the rebuilding of the Governor’s General Residence—another important symbol of our democracy. To that end, we have committed \$1.0 million in the budget to begin the design phase of that project, with the aim of having boots on the ground in 2018. Already, we have reached out for assistance from two friendly governments and we anticipate favourable responses.
- ***Maurice Bishop International Airport***: Mr. Speaker, a concessional loan of \$66.0 million was received from the People’s Republic of China for this project, which will include airport expansion, addition of another runway, bypass road and passenger tunnels. The contractor has already been chosen and work will commence in December 2017, providing hundreds of jobs in the process.
- ***Commercial and Intellectual Property Office (CAIPO) Building*** - The building was recently refurbished, by 10 workers, and at a cost of \$760,000, to accommodate government offices.

Mr. Speaker, other major plans for the Ministry in 2018 include:

- Continuation of road improvement and maintenance programme.
- The Special Projects programme;
- The Regional Disaster Risk Reduction Project;
- Construction and Refurbishment of Government Buildings; and
- Grenada Rock Fall and Landslip Climate Resilience Project

Mr. Speaker, these public works projects will yield over 1500 jobs in the coming year.

- ***The UK-CIF Programme, \$79.0 million*** - Mr. Speaker, grants were approved during 2017 for two climate resilience and road infrastructure projects expected to commence in 2018; providing some 200 jobs.
- ***Renewable Energy for Rural Development Phase II Project, US\$80,000*** - Mr. Speaker, based on the success of Phase I, in which 24 households and 5 small-agro processors were provided with renewable energy systems, valued at US\$170,000, the Republic of Korea will fund Phase II of the project, which will provide renewable and energy-efficient systems to households, businesses and communities.
- ***Green Climate Fund (GCF), \$1.0 million*** - Mr. Speaker, in June 2017, the GCF approved a grant to assist in building capacity to access financing from the GCF to support Climate Change adaptation and mitigation.

9.11 Major Private Sector Projects

Mr. Speaker, our country continues to enhance its investment readiness and has been attracting significant local and foreign investments, which are helping to boost growth and jobs creation.

Nevertheless, as a Government, we must also accept responsibility for the low Doing Business Ranking that we have received in the last few years. We are not satisfied, Mr. Speaker. In that regard, we will explore a more focused approach to improve our ease of doing business by appointing a small Unit under the Ministry of Health, Social Security and International Business, comprising personnel from the private and public sectors, as well as the Trade Unions, whose sole purpose is to deal with all specific activities related to enhancing the doing business climate.

Funding will be made available to achieve this objective.

Having said that, Mr. Speaker, we are heartened by the number of private sector projects being implemented. In 2017, the Grenada Investment Development Corporation (GIDC) facilitated the approval of 36 projects, with estimated investments of \$73.0 million, and the creation of about 800 new jobs. Some of these projects have already been completed, while several are in implementation phase.

Summary details of some of the major private sector projects under implementation from 2016 and investment projects for 2017 are as follows:

- ***The Point at Petite Calivigny Resort*** – Mr. Speaker, Phase I of this project started in January of 2016, with an estimated investment cost of \$162.0 million, with \$24.0 million already invested. The project currently employs over 80 construction workers and is expected to employ 50 persons upon completion. Phase I is expected to be completed by March of 2018.

- ***KAWANA Bay*** – Mr. Speaker, the redevelopment of Flamboyant Hotel into a 4.5 star Kimpton branded hotel commenced in January this year. The project cost is estimated at \$125.0 million, with \$31.0 million invested to date, creating construction employment for approximately 60 persons. Phase I of the project is expected to be completed by August 2018, adding 41 rooms to Grenada’s current room stock. The second phase commences in January 2018, with 52 new rooms and creating employment for 250 to 300 construction workers. Over 162 permanent jobs are expected to be created on completion of the project.
- ***Levera Development*** – Mr. Speaker, this tourism development project has invested to date more than \$10.0 million. Construction employment has been created for over 30 persons in St. Patrick and surrounding areas.
- ***Solamente Villa Ltd.*** – Mr. Speaker, the estimated cost of this luxury villa resort is \$27.0 million. Operations recently commenced under Phase I of the Project, with 75 to 100 construction workers employed, and 25 permanent employees, once fully operational.
- ***Reese Investments*** – Mr. Speaker, this commercial complex of 150 hotel rooms with full amenities, entertainment facilities and a business centre, represents an investment of US\$30 million, and estimated employment of about 100.
- ***Hideaway True Blue*** – Mr. Speaker, this \$21 million condominium development will provide 42 fully furnished units. Construction has already begun and is scheduled to be key-ready by July, 2018. This phase provides at least 50 construction jobs, with about 7-10 full-time jobs in the operational phase, and about 30 indirect jobs being generated out of this enterprise.

- ***Clarkes Court Marina*** – Mr. Speaker, in 2017, an additional investment of \$2.0 million was made, bringing the total investment to over \$45.0 million. Thirty-five permanent jobs have been created to date. Phases II and III of this major project will see the development of additional accommodation facilities.
- ***Serenite Estates Inc.*** – Mr. Speaker, construction of the 52-apartment tourism facility started in 2017, at an estimated cost of \$9.0 million, of which \$1.5 million have been expended thus far. Construction employment has been created for 60 persons, with 25 permanent employees upon completion.
- ***Silver Sands Resort Development*** – Mr. Speaker, this major luxury resort project is nearing completion at an investment cost of USD 65 million, of which XCD77.0 million already spent in 2017. It is expected to be opened in March 2018 with about 180 full time employees. There are currently 230 construction workers and 30 internal staff. Over the past two and a half years, the project has created employment for over 400 Grenadians.
- ***Belmont Estate Fine Chocolate Inc.*** - Mr. Speaker, the company has added the manufacture of chocolate to its portfolio, with an investment over \$1.0 million, creating employment for 14 persons.
- ***Clear Harbor Call Centre*** – Mr. Speaker, this facility currently employs 620 persons, with plans to expand to 120 employees.
- ***Km2 Solutions***– Mr. Speaker, this call centre added 160 employees to its operations in 2017, increasing its employees to 365.
- ***TRI Services Communication Ltd.*** – Mr. Speaker, this small call centre operation commenced in June 2017, employing 30 persons, with plans to expand to 100 in 2018.

- ***Spice Land Mall Expansion*** - Mr. Speaker, \$6.7 million have been spent on this project to date, of which \$5.0 million were spent in 2017. During construction, employment was created for 75 persons. Fulltime employment is expected to increase to 150.
- ***The Olympic Building Project*** – Mr. Speaker, \$1.0 million was spent on this project this year, creating employment for 25 persons. Completion is scheduled for early 2018, with fulltime employment for 6 persons.
- ***Cane Co. Ltd. & Renegade Rum Distillery***– Mr. Speaker, to date, the company has invested in excess of \$4.0 million and has employed 47 fulltime persons. Construction of the distillery would commence in 2018. The proposed investment is estimated at \$28.0 million, with expected fulltime employment for approximately 70 persons.
- ***Bayside Plaza*** – Mr. Speaker, this will be Carriacou’s first shopping complex and international-branded supermarket. To date, \$4.5 million have been invested, and Phase One is expected to be completed in December 2017. It is estimated that 16 to 20 persons will gain permanent employment at the supermarket, while others will gain employment in the four commercial spaces. Phase II of the project will start in 2018 with the construction of additional shopping facilities, restaurants and a movie theatre.
- ***Carriacou Marine Ltd.*** – Mr. Speaker, Carriacou Marine Ltd. is one of two marina developments that have transformed the business and employment landscape of our sister island. To date, investments of \$2.9 million have been made. The business directly employs 17 persons and creates indirect employment for a further 20 persons in Carriacou.
- ***Laluna Beach Resort and Villas*** - The second phase of the upgrade and expansion will start in January 2018, with the

construction of 13 new residences, a restaurant, and art center with 3 studios for an artist residency programme. The investment is valued at \$64.0 million. Employment during construction is expected to be over 100, with 45 full time employees when the project becomes operational.

- ***Grenada Schools Inc.*** - is a charity dedicated to early learning and ensuring the literacy of all of our children by building and outfitting a library in each of the 56-primary schools in Grenada at a cost of \$14.0 million. By the end of 2017, Grenada Schools Inc. will have completed 20 new libraries throughout the country. Grenada Schools Inc. has also been instrumental in assisting 6 local authors to write their own books using local illustrators, and have recently commissioned another seven titles. Five people are employed full-time at their local offices, supported by three local trustees.
- ***St. George's University Expansion***– Two major projects are ongoing: a US\$20.0 million Replacement Dorm, which will add 90 beds on campus; and a US\$18.0 million Multi-use Facility. The expected completion date is August 2018.

Mr. Speaker, other initiatives for 2018 that are aimed at boosting employment, productivity and investments, include:

- Strategic investments in the productive sectors of Agriculture, Tourism and Manufacturing, at a **sum of \$6.0 million**, and with **plans to increase to \$10 million, if the fiscal space allows**. Government will work with the Tourism Authority, the Ministry of Agriculture and the Manufacturers Association, with specific concentration on assisting small hoteliers; small farmers and small manufacturers. A plan of action will soon be finalized by Cabinet for implementation in 2018, after consultations with various stakeholders.

Mr. Speaker, Government has repeatedly said that all Grenadians shared in the sacrifices of the HomeGrown Programme, and should

therefore share in the benefits. In that regard, Mr. Speaker, by June 2018, if the fiscal space allows, we will consider a number of measures, aimed at bringing fiscal relief and generating more disposable income in the hands of our people.

Those include:

1. Reducing the rate of personal income tax by 5%.
2. Reducing corporate income tax from 30 to 25 per cent, to encourage businesses to keep investing.
3. Repaving the Grand Anse to St. George road, and other roads at the heart of business and productive activities.
4. Mr. Speaker, one that is dear to my heart: we will also look to increase the public assistance for the elderly, from \$200 to 300 per individual, in an attempt to improve the livelihood and dignity of our senior citizens.

Mr. Speaker, further details on all initiatives and plans for 2018, including departments not mentioned here in the interest of time, such as Foreign Affairs, Disaster Management, Legal Affairs and Labour, can be found in the Budget Statement.

10. ACKNOWLEDGEMENTS

Mr. Speaker, on behalf of the Government and People of Grenada, I wish to acknowledge and thank the Staff of the Ministry of Finance and the wider public service, our social partners, our international and regional development partners, and all others who have contributed to the preparation and delivery of this year's Budget.

The Government of the People's Republic of China

The Government of the Bolivarian Republic of Venezuela

The Government of the Republic of Trinidad & Tobago

The Government of the Republic of Cuba

The Government the Federal Republic of Germany

The Government of New Zealand

The European Union

The Government of Japan

The Government of the United Arab Emirates

The Government of Mexico

The Government of the Kingdom of Morocco

The Government of the Federative Republic of Brazil

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 the Argentine Republic

The Government of Costa Rica

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

The Government of Canada and the Department of Foreign Affairs and Development (DFAD)

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

The Caribbean Development Bank

The Kuwaiti Fund for Arab Economic Development

The OPEC Fund for International Development

The International Fund

The Eastern Caribbean Central Bank

The Caribbean Regional Technical Assistance Centre (CARTAC)

The CARICOM Secretariat

The CARICOM Development Fund (CDF)

The United Nations Development Programme

The United Nations Population Fund

UN Women

Global Environmental Facility

The United Nations Children's Fund

The United Nations Educational Scientific and Cultural Organization (UNESCO)

The United Nations Environmental Programme (UNEP)

The Food and Agriculture Organisation (FAO) of the United Nations

The Federal Republic of Germany

The Organisation of American States (OAS)

The Inter-American Institute for Co-operation on Agriculture

The World Bank Group

The Caribbean Export Development Agency

The Commonwealth Secretariat and Commonwealth Fund for
Technical Cooperation (CFTC)

Mr. Speaker, I am deeply appreciative of my Cabinet Colleagues for their ongoing sacrifices.

10. CONCLUSION

Mr. Speaker, with the end of 2017 upon us, and having delivered the 2018 Budget, the fundamental question which must be asked is this: in fiscal and economic terms, is Grenada better off today than five years ago when this Government assumed office?

The honest answer is a resounding yes.

For that, I once again pay tribute to the people of Grenada for their shared sacrifice and to our social partners for their patriotism.

Grenadians have a remarkable story to tell – a story of rescue, recovery and redemption.

Everywhere we look, we have testimonies:

From a shut-down Parliament under the NDC Administration, whose slogan was “let the people’s voices be heard” to our Parliament today, which is open and taking care of the people’s business.

What is that? Testimony.

Furthermore, our new Parliament building will soon be completed, as a stately and permanent home for the symbol of our democracy.

What is that? Testimony.

From economic decline and despair, the Grenadian economy has grown every year since 2013. As the IMF Managing Director noted in her statement in Jamaica earlier this month, Grenada has averaged growth of 5.6 percent over the past three years.

What is that? Testimony.

From persistent deficits to primary surpluses.

What is that? Testimony.

Grenada's new fiscal responsibility framework is being hailed around the world as a model for others to follow. What is that? Testimony.

From an all-time high Debt to GDP ratio of 107 percent down to 69 percent. What is that? Testimony.

From a period when assets were sold left and right to pay salaries which were sometimes late, public servants now have peace of mind that their salaries will be paid on time. What is that? Testimony.

In addition, since 2014, public servants and pensioners have received increases and payouts totaling over \$106 million—the largest payout in the history of this country.

What is that? Testimony.

Mr. Speaker, you look left, you see construction. You look right, you see construction. In the city: construction. In the country: construction.

What is that? Testimony.

From the previous administration, which came to stop the Stadium, this NNP administration came to save the Stadium. Today, we all feel a sense of pride with the Kirani James Athletic and Football Stadium.

What is that? Testimony.

Mr. Speaker, the people can verify so I have come to testify.

When we assumed office, unemployment was more than 40 percent; today unemployment has fallen to 24 percent. I testify.

From investor confidence at an all-time low, investor confidence is now extremely high. I testify.

For the people in Mt. Gay who now have a place to call home. I testify.

Mr. Speaker, today, Grenada is now at the front of the class. I testify.

Mr. Speaker, some people talk and talk but what are their results? Zero.

In contrast, this Administration has talked less and done so much more. That is why, I testify.

From talk about Grenada's petroleum potential, this Administration has moved to discover the truth of this potential. Test drilling has been completed and the results are now awaited. I testify.

From Belle Vue to Belle Isle; Tuilleries to Tivoli; Grand Anse to Gouyave; Carriere to Carriacou and Pomme Rose to Petite Martinique; people have hope. I testify.

For the hundreds of students who have received scholarships to pursue their dreams, I testify.

For the farmers who are selling more produce and getting better prices from the Marketing Board, hotels and restaurants, I testify.

For the teachers, nurses and other public servants who have been regularized after many years with temporary status, I testify.

For the farm roads completed in Concord and Clozier, Munich and Morne Delice, I testify.

For the young men at Bacolet Centre, who have been given a second chance to make a contribution to their nation, I testify.

For the improvements at our hospital and health clinics including more doctors, nurses and better facilities and more reliable supply of basic medicines. And with national health insurance soon to be implemented, I testify.

Mr. Speaker, we have traveled so far from the dark days of 2012, I testify.

And the people are clear, we are not going back there. I testify.

Mr. Speaker, we could not testify if we did not unify.

Above all, Grenada's successes could not have been achieved without the power and presence of Almighty God.

I exhort each of us to give thanks, and I quote from the Holy Scriptures:

“Give thanks to the Lord, for He is good! His faithful love endures forever. Has the Lord redeemed you? Then speak out! Tell others he has redeemed you from your enemies”. (Psalms 107:1-2,)

Mr. Speaker, let us give thanks and testify!

May God bless our dear and beautiful land of Grenada, Carriacou and Petit Martinique.

I thank you.

ANNEX I



GOVERNMENT OF GRENADA

2017 Economic Review & Medium-Term Outlook

Ministry of Finance and Energy

November 27th, 2017

INTRODUCTION

The Grenadian economy continued on a positive growth path in 2017 with strong performances being recorded by the Construction, Tourism, Manufacturing, Transport and Private Education sectors, while agricultural production contracted for the second consecutive year, mainly due to pest and weather-related challenges. An overall growth rate of 4.5 percent is estimated— slightly above the mid-year projection of 4.2 percent. Inflation remained positive in 2017, primarily the result of increases in the cost of food and fuel as the prices of these commodities continue to rise internationally. The unemployment rate declined by 4 percentage points to 24.0 percent in 2017.

Public finances continued to be healthy in 2017. Both Recurrent Revenue and Recurrent Expenditure are expected to perform better than their respective targets. A Primary Surplus is provisionally estimated, which will make 2017 the third consecutive year in which a primary surplus has been recorded. An Overall Surplus is also expected and public debt is estimated to decline. Based on the provisional fiscal outturns, all fiscal rules were met and Public Debt is on track to meeting its operational target of 55.0 percent of GDP as required by the Fiscal Responsibility Act.

In the external sector, the current account deficit narrowed, due to increased export earnings (particularly travel receipts) and lower imports. With respect to Monetary developments, liquidity levels remained elevated and domestic credit growth continued on a downward path. Overall, the financial system remains stable and sound.

The medium-term outlook is positive but subject to risks associated with the general uncertainty pervading the global economy, possible declines in grant inflows, growth slippages and adverse weather.

Selected economic indicators for the period 2013-2017 are presented in Table 1.

Table 1: Selected Macroeconomic Indicators 2013-2017

	2013	2014	2015	2016	2017 (p)
Real Sector					
Real GDP Growth (Market Prices, %)	2.4	7.3	6.4	3.7	4.5
Inflation (period average, %)	0.0	-1.0	-0.6	1.7	1.7
Unemployment Rate (%)	32.2	29.3	29.0	28.2	24.0
Nutmeg Production (million lbs)	0.8	1.2	1.3	1.1	1.3
MNIB Purchases (million lbs)	1.5	2.5	3.8	3.0	2.4
Imports of Building Material (EC\$ million)	100.7	91.9	95.7	112.1	140.0
Sales of Building Material (EC\$ million)	33.1	36.3	42.2	46.7	52.5
SGU Enrollment (no. of students)	6,302	6,586	7,026	7,479	7,703
Stay Over Arrivals (no. of persons)	112,812	133,526	132,547	135,381	144,282
Cruise Ship Visitor Arrivals (no. of persons)	197,308	235,140	280,518	314,913	324,240
Fiscal Account					
Total Revenue & Grants (% of GDP)	20.7	24.5	24.1	26.4	25.8
Tax Revenue (% of GDP)	16.6	18.2	19.0	21.1	21.1
Non-tax Revenue (% of GDP)	2.8	2.2	2.2	1.8	1.5
Grants (% of GDP)	1.4	4.1	2.9	3.5	3.2
Total Expenditure (% of GDP)	27.8	29.2	25.6	24.0	23.6
Current Expenditure (% of GDP)	20.7	20.0	17.4	19.8	19.7
Capital Expenditure (% of GDP)	7.1	9.2	8.2	4.2	3.9
Primary Balance (including grants, % of GDP)	-3.5	-1.2	1.9	5.2	4.7
Overall Balance (including grants, % of GDP)	-7.1	-4.7	-1.5	2.3	2.2
Public Sector Debt (% of GDP) including PetroCaribe debt	109.1	106.1	100.1	93.2	81.4
Public Sector Debt (% of GDP) excluding PetroCaribe debt	96.3	91.4	86.4	79.0	68.9
Principal Repayments (EC\$ million)	260.6	268.6	261.7	294.4	292.2
Interest Payments (EC\$ million)	80.3	86.8	91.7	82.3	75.3
External Account*					
Exports of Goods & Services (EC\$ million)	99.4	99.8	87.9	79.8	24.7
Imports (EC\$ million)	994.8	916.8	1004.4	946.4	965.6
Gross Imputed Reserves	365.6	427.3	509.0	543.7	533.8
Gross International Reserves (in months of total imports)	4.4	5.6	6.6	6.9	6.6
Money and Banking**					
Net Foreign Assets (EC\$ million)	352.4	582.2	852.5	1003.2	1098.4
Domestic Credit (EC\$ million)	1695.4	1526.9	1320.1	1240.9	1205.7
o/w Households (EC\$ million)	1147.7	1119.4	1073.6	1054.6	1033.0
Firms (EC\$ million)	541.6	485.4	469.5	485.3	508.6
Non-Bank Institutions (EC\$ million)	11.0	9.1	9.3	8.7	6.2
Other Public Sector (net, EC\$ million)	-57.2	-104.3	-166.4	-248.9	-237.1
Central Government (EC\$ million)	52.3	17.3	-65.9	-58.8	-105.0
Currency in Circulation (EC\$ million)	115.7	124.1	131.5	194.8	171.3

* 2017 figures represent values as at June 30th, 2017

** 2017 figures represent values as at July 30th, 2017

(p) provisional estimates for 2017

Sources: CSO, ECCB, MOF

INTERNATIONAL AND REGIONAL DEVELOPMENTS

RECENT PERFORMANCE OF THE GLOBAL ECONOMY

Global economic activity has been on the increase in 2017, but beyond the immediate term, risks still remain skewed to the downside. Over the medium term, the downside risks stem from a host of financial tensions, a possible inward-looking policy shift, persistently-low inflation in advanced economies, as well as a range of non-economic factors.

According to the IMF's World Economic Outlook Report released in October 2017, global growth is estimated to accelerate to 3.6 percent in 2017 from 3.2 percent in 2016 and is projected to strengthen to 3.7 percent in 2018. This recovery has been supported primarily from a notable pickup in investments, and industrial production, coupled with strengthening business and consumer confidence. Table 2 presents real GDP rates of growth for selected advanced and emerging market economies.

Table 2: Real GDP Growth for Selected Countries (Percent)

			Estimate	Projections
	2015	2016	2017	2018
World Output	3.4	3.2	3.6	3.7
Advanced Economies	2.1	1.7	2.2	2.0
United States	2.6	1.5	2.2	2.3
Euro Area	2.0	1.8	2.1	1.9
United Kingdom	2.2	1.8	1.7	1.5
Japan	0.5	1.0	1.5	0.7
Emerging and Developing Economies	4.3	4.3	4.6	4.9
Emerging and Developing Asia	6.8	6.4	6.5	6.5
China	6.9	6.7	6.8	6.5
India	8.0	7.1	6.7	7.4

Source: IMF, World Economic Outlook, October 2017

The advanced economies continued the momentum garnered in 2016 into 2017. Growth in the advanced economies increased to 2.2 percent in 2017 from 1.7 percent in 2016, and is projected to slow to 2.0 percent in 2018. Among the advanced economies group, the US economy is projected to gather steam as a result of very supportive

financial conditions and strong business and consumer confidence. The UK economy is expected to slow in 2017 to 1.7 percent from 1.8 per cent in 2016, driven by softer growth in private consumption as the pound's depreciation weighed on household's real income. The medium-term growth outlook for the UK looks very uncertain and will depend in part on the new economic relationship with the EU and the extent of the increase in barriers to trade, migration, and cross-border financial activity.

In the Euro Area, growth in 2017 of 2.1 percent mostly reflects acceleration in exports in the context of the broader pickup in global trade and continued strength in domestic demand growth. Growth in Japan continued on its upward trajectory from 1.0 percent in 2016 to an estimated 1.5 percent in 2017. This is due in part to the strengthening of global demand, as well as Japan's policy actions to sustain a supportive fiscal stance.

Economic performance across emerging market and developing economies has remained buoyant. Growth has been on a steady increase and is projected to move to 4.6 percent in 2017 from 4.3 percent in 2016, and to accelerate to 4.9 percent in 2018. China's growth remained robust reflecting the stronger-than-expected outturn in the first half of 2017, underpinned by previous policy easing and supply-side reforms. In India, growth slowed, primarily because of still-lingering disruptions associated with the currency exchange initiative (demonetisation¹) introduced in November 2016.

PERFORMANCE OF THE EASTERN CARIBBEAN CURRENCY UNION

In the Eastern Caribbean Currency Union (ECCU), the macroeconomic conditions are expected to weaken. The ECCB's provisional estimate for growth is 1.3 percent in 2017 and 3.9 percent in 2018. This expected decline in 2017 is weighed heavily by the devastation caused by Hurricanes Maria and Irma to the northernmost islands. In

¹ On Nov. 8, 86% of India's currency was nullified in a great demonetization effort, where all the 500 and 1,000 rupee notes were instantaneously voided to be redeemed for newly designed 500 and 2,000 rupee notes.

2018, much of the growth is attributable to the enormous rebuilding effort that will have to be undertaken, coupled with a recovery in tourism and sizable investment projects in public infrastructure and in the tourism industry. As global output is expected to increase, this will likely be transmitted positively to all the ECCU countries, providing some impetus for growth via increased trade, tourism demand and foreign direct investment inflows. Risks to this outlook emanate from the global economy, some of which are associated with the uncertainty surrounding what will be the new arrangement between UK and EU, and the policies of the new US Government. As Small Island Developing States, the ECCU countries together with the rest of the region are highly exposed to the risk of adverse weather conditions. In 2017, the region experienced the highest number of major hurricane since 2005. Table 3 presents the real GDP rates of growth for the ECCU member countries.

Table 3: Real GDP Growth Rates-ECCU (Percent)

			Estimate	Projections
	2015	2016	2017	2018
Anguilla	3.2	1.1	-3.5	5.1
Antigua and Barbuda	4.1	5.3	2.7	5.3
Dominica	-2.5	2.6	-8.3	7.6
Grenada	6.4	3.7	4.5	3.3
Montserrat	0.4	2.0	2.4	1.5
St Kitts and Nevis	4.0	2.2	2.1	3.8
Saint Lucia	2.0	1.7	2.8	3.6
St. Vincent and the Grenadines	1.8	1.3	0.8	1.5
ECCU	3.0	2.8	1.3	3.9

Source: ECCB, MOF

FISCAL ACCOUNT AND DEBT

FISCAL ACCOUNT

Grenada's fiscal account continued to perform positively after the completion of the Home-grown Structural Adjustment Programme. Highlights of the fiscal results achieved over the 2014-2017 period are summarised in Table 4.

Table 4: Fiscal Performance 2014-2017
EC\$ million

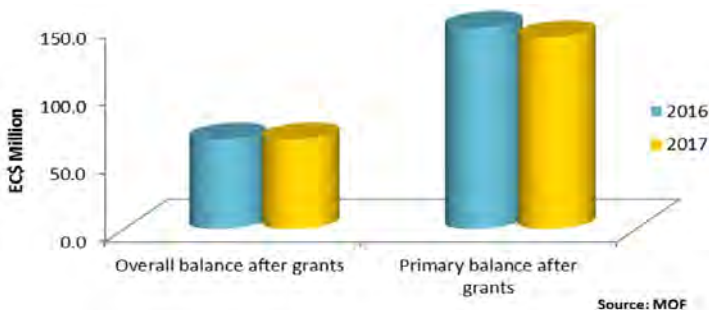
	2014	2015	2016	2017(e)
Total Revenue & Grants	602.8	649.5	751.6	774.4
Total Revenue	502.3	571.2	651.6	678.6
Tax Revenue	448.1	511.8	600.5	632.6
Non-tax Revenue	54.2	59.4	51.1	46.1
<i>of which CBI</i>	0.3	16.3	3.4	5.2
Total Grants	100.5	78.3	100.0	95.7
Total Expenditure	718.1	689	685.6	708.3
Current Expenditure	491.4	468.9	565.5	590.8
Capital Expenditure	226.7	220.1	120.1	117.5
Primary Balance (after Grants)	-28.4	52.4	148.3	141.4
Overall Balance (after Grants)	-115.2	-39.3	66.0	66.1

(e) - estimated
Source: MOF

A primary surplus (including grants) of \$141.4 million (4.7 percent of GDP) is estimated for 2017, exceeding the Primary Balance rule of 3.5 percent of GDP as set out in the Fiscal Responsibility Law. The 2017 estimated outturn will be the third consecutive year in which the fiscal operations of the Central Government have resulted in a primary surplus. The Overall Balance for 2017 is estimated at \$66.1 million (2.2 percent of GDP), roughly the same as in 2016 (Figure 1).

The strong fiscal performance was mainly as a result of expenditure restraint, reforms in both the Inland Revenue Department and the Customs & Excise Division to enhance revenue collection, and overall increased economic activity.

Figure 1: Overall and Primary Balances (After Grants)



Revenues and Grants

Total Revenue and Grants for 2017 is estimated at \$774.4 million (25.8 percent of GDP), 3.0 percent more than the 2016 outturn. Current revenues are estimated at \$678.6 million. All categories of tax revenues are expected to exceed their respective 2016 outturns, as well as their budgetary amounts for the 2017 fiscal year (Figure 2).

Figure 2: Tax Revenue



Some tax types are estimated to outperform their 2016 outturns. These include: Withholding Tax (85.5 percent), which was due to increased collection of arrears; Property Tax (7.0 percent); and Annual Stamp Tax (22.1 percent). Collections from other tax types were greater in 2017 relative to 2016. These include: Corporate Income Tax (CIT), Personal Income Tax (PIT) and Property Transfer Tax. The 1.6 percent decrease in the collection for PIT in 2017 relative to 2016 was as a result of the reduction in the rate from 15 percent to 10 percent for individuals earning between \$36,000 and \$60,000 annually, which took effect from January 2017 (Table 5).

Table 5: Revenue by Major Tax Types (EC\$M)

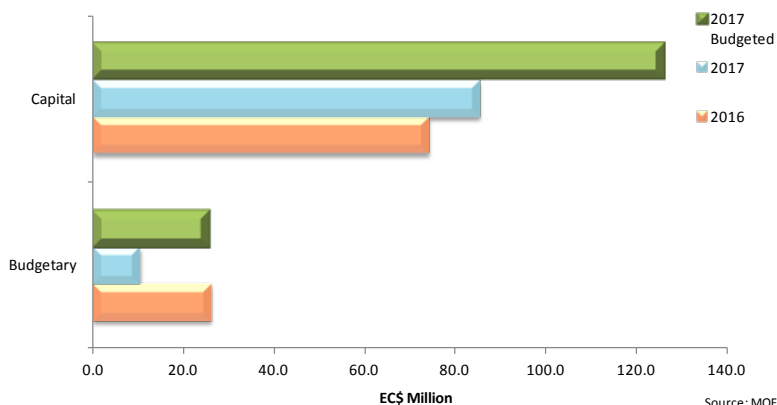
Revenue Earners	2016	2017	
	Actual	Actual Provisional	Variance (%)
Inland Revenue Department			
Personal Income Tax	59.3	58.4	(1.6)
Withholding Tax	7.6	14.1	85.5
Corporate Income Tax	60.3	59.8	(0.9)
Property Transfer Tax	10.9	10.2	(5.9)
Property Tax	13.0	13.9	7.0
VAT	113.3	120.7	6.5
Excise	2.1	2.9	38.2
Annual Stamp Tax	15.7	19.2	22.1
Customs & Excise Division			
Import Duty	69.8	73.7	5.6
Petrol Tax	54.7	56.3	2.9
VAT	104.8	111.2	6.2
Excise Tax	19.1	21.5	12.8
Customs Service Charge	49.6	52.8	6.6
Environmental Levy	10.4	11.7	11.8

Source: MOF

Despite the increase in CBI receipts, Non-tax Revenue is estimated at \$46.1 million for 2017, \$5.0 million less than the 2016 outturn and \$6.1 million below its target, largely because of lower-than-anticipated dividends from Statutory Bodies and State-Owned Enterprises, as well as a general reduction in revenues from licenses, administration fees and service charges, and rental income.

Total Grants are estimated at \$95.7 million for 2017, of which \$10.5 million are Budgetary Grants and \$85.2 million are Capital Grants. Both Budgetary and Capital Grants were less than anticipated, largely because of slower-than-expected receipts from traditional donors, as well as project implementation delays (Figure 3). Grants from the National Transformation Fund (NTF) were the largest source of funding for 2017 and it was estimated to be 44.0 percent above its targeted amount.

Figure 3: Composition of Grants



Expenditure

Total Expenditure for 2017 is estimated at \$708.3 million (23.6 per cent of GDP), of which \$590.8 million is estimated for Recurrent Expenditure and \$117.5 million for Capital Expenditure.

Recurrent Expenditure is estimated to be 1.4 percent less than the budgeted amount and 4.5 percent more than the 2016 outturn. Personnel Expenditure and Transfers are estimated to be above their 2016 outturns by 5.6 percent and 16.5 percent respectively.

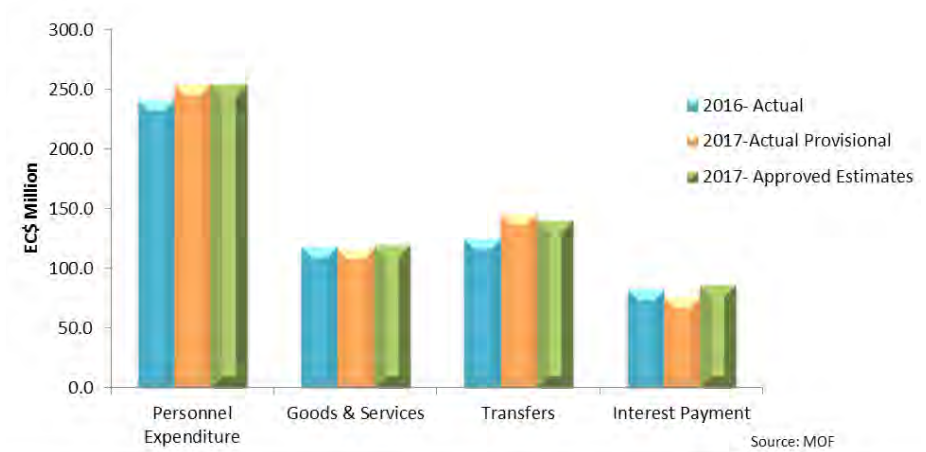
The increase in Personnel Expenditure is due to the payments made to public workers during 2017. These include a 3.0 percent salary hike for 2017, increment for 2015 and 2017 and a ‘one-off’ payment. The cost to Government of these payments totalled approximately \$17.9 million. However, despite these payments, Personnel Expenditure is estimated to be a mere 0.02 percent above the budgeted amount. Additionally, the wage bill is expected to be within the legislative ceiling of 9.0 percent of GDP.

The expansion in Transfers and Subsidies of 16.5 percent over the 2016 outturn and 4.4 percent over the budgeted amount was due

mainly to increases of 3.0 percent granted to pensioners. Government’s contribution to NIS also rose because of the salary hike to public officers.

Expenditure on Goods & Services and Interest Payments are estimated to be lower than their 2016 outturns by 1.5 percent and 8.5 percent respectively. The decrease in expenditure on Goods & Services is mainly due to savings on telephone charges as a result of the change in the Government’s telephone system. The reduction in the interest payments is primarily as a result of debt re-profiling and restructuring (Figure 4).

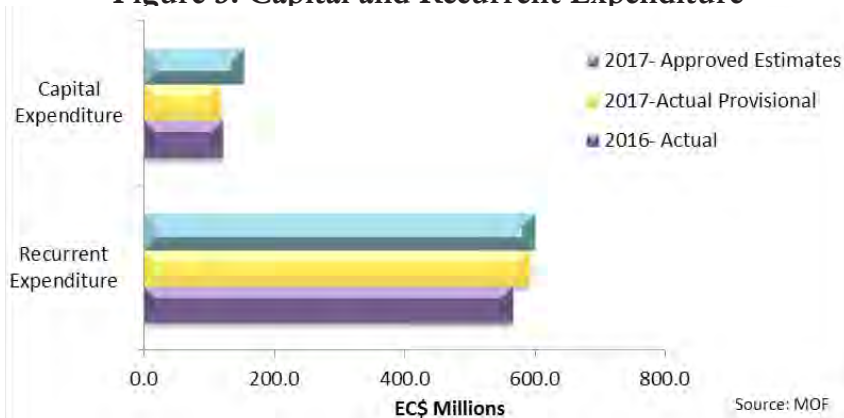
Figure 4: Recurrent Expenditure



Capital Expenditure for 2017 is estimated at \$117.5 million, 2.2 percent less than the 2016 outturn and 23.9 percent less than the budgetary amount (Figure 5). This is due to implementation delays of some projects financed by grants.

Capital Expenditure for 2017 was financed by \$18.7 million from local revenues, \$85.2 million from grants and \$13.6 million from loans. The largest source of funding from external sources was from the NTF followed by other sources including United Arab Emirates (UAE, Venezuela and Mexico).

Figure 5: Capital and Recurrent Expenditure



The Government remains committed to reducing its expenditure and boosting revenue in an effort to remain fiscally sound. It is also committed to building on the gains of the recently-completed Home-grown Structural Adjustment Programme in an effort to support overall economic growth and development.

PUBLIC DEBT

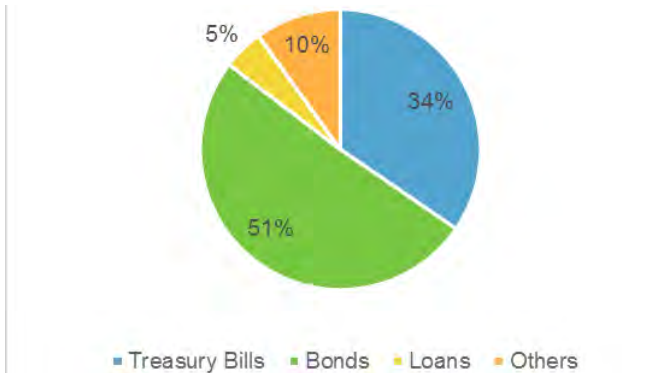
Total Public Debt is estimated to be 68.9 percent of GDP at the end of 2017 which is a decrease of 10.1 percentage points relative to the ratio at the end of 2016. This estimated decrease in the ratio is attributed primarily to principal reductions as a result of restructured debt. In November 2017, \$155.3 million or 5.2 percent of GDP was reduced on the stock of US and EC Serial Bonds. A further \$3.0 million reduction is expected in December 2017 on the stock of Exim Bank of Taiwan debt.

Domestic Debt

Domestic debt, which accounted for \$592.7 million or 27.3 percent of Central Government debt in 2016 is estimated to increase to \$599.4 million or 30.1 percent by the end of 2017. Government treasury bonds and treasury bills are estimated at 51.0 percent and 34.0 percent of Central Government’s domestic debt respectively, whilst

loans and other liabilities are estimated to constitute 5.0 percent and 10.0 percent respectively (Figure 6).

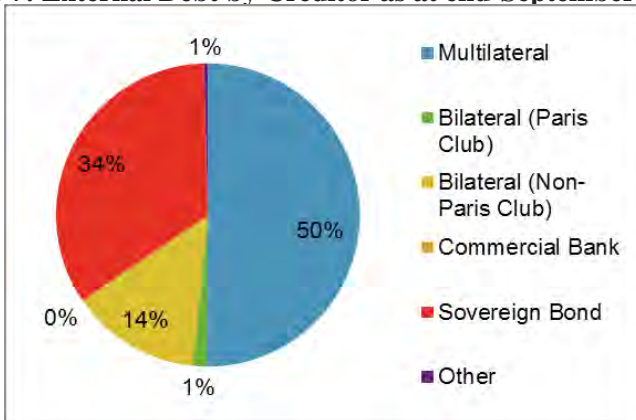
Figure 6: Projected Domestic Debt by Instruments



External Debt

External debt is estimated to decline from 72.7 percent at the end of 2016 to 69.9 percent at the end of 2017. As at the end of September 2017, multilateral creditors accounted for \$793.5 million or 50.0 percent of Central Government external debt. Sovereign bonds accounted for \$539.6 million. Bilateral (non Paris Club) and Paris Club creditors \$218.3 million and \$22.9 million respectively whilst commercial and other creditors accounted for \$8 million (Figure 7).

Figure 7: External Debt by Creditor as at end-September 2017

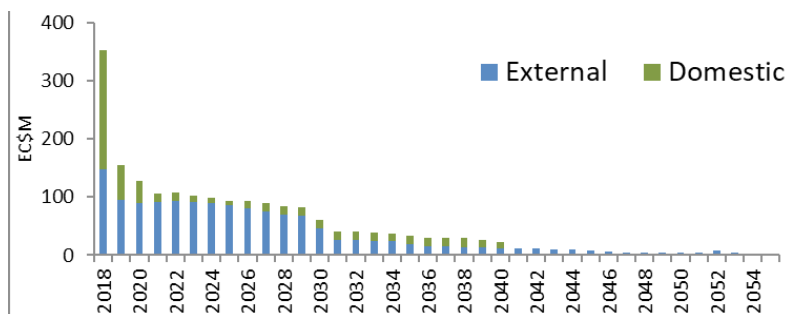


Debt Service

Total debt service for 2017 is estimated at \$367.4million; a 2.5 percent decrease relative to the 2016 total. Interest and amortization payments are estimated to be \$75.3 million and \$298.1 million respectively. Domestic and External debt servicing are expected to be \$220.5 million and 147.0 million respectively. The ratio of total debt service to recurrent revenue is estimated to decline to 54.1 percent in 2017 from 58.0 percent in 2016.

The redemption profile of Central Government’s debt portfolio reflects the inherent risks in the existing portfolio (Figure 8). The domestic debt portfolio shows a high proportion of debts falling due in 2018 because of scheduled repayments of short-term instruments (Treasury Bills) in the debt portfolio. Conversely, external debt is mainly characterized by multilateral (concessional) loans, hence showing a smoother and longer redemption profile.

Figure 8: Grenada Redemption Profile as at end 2017



Having executed agreements with the UK and Russia in the first half of 2017, the restructuring of all Paris Club debt was completed. The Government continues to engage other bilateral creditors such as Algeria and Trinidad and Tobago with an aim of concluding negotiations. Domestic debt owing to Petro Caribe Grenada and a portion of the 2014/2016 Serial Bond have also been restructured. Discussions are ongoing with domestic bond holders to restructure their outstanding debt. Table 6 is a summary of the various debt restructuring agreements during the period 2014-2017.

Table 6: Summary of Debt Restructuring (2014-2017)
(EC\$M unless otherwise stated)

Creditors	Instrument Type	DOD ¹ (Pre)	DOD (Post)	Hair Cut (%)	Hair Cut (%)	Grace Period	Maturity Period	Interest Type	Interest Rate
External									
Paris Club_Arrears_1	Loan	8.10	8.10	0.00	0	0	0	NA	NA
Paris Club_Arrears_2	Loan	8.10	8.10	0.00	0	8	15	V&F	
Paris Club_Program Years	Loan	5.43	5.43	0.00	0	8	15	V&F	
Taiwan ¹	Loan	98.80	49.40	49.40	50	3	15	Fixed	7.0
US\$ Bond due 2030 ²	Bond	614.44	315.32	262.73	50	0.5	15	Fixed	7.0
FICS Judgement	Bond	2.55	3.804	-	0	-	5	Fixed	NA
FICS (proposed)	Bond	6.38	3.92	-	50	-	15	Fixed	7
Sub-total External		743.81	394.08	312.13					
Domestic									
EC\$ Bond 2030 ²	Bond	108.17	53.25	46.40	50	0.5	15	Fixed	7.0
RBL Loan	Loan	5.91	3.56	2.95	50	1	12	Fixed	7.0
RBL (T-Bill)	Bond	3.30	3.35	0.000	0	2	7	Fixed	3.0
Grenada Port Authority (T-bill)	Bond	16.79	8.39	8.40	50	0.5	15	Fixed	3.5
Grenada Housing Authority (Loan)	Bond	3.77	6.72	0.00	0	10	25	Fixed	3.0
Gravel and Concrete (Loan)	Bond	4.84	4.40	2.42	50	0	15	Fixed	7.0
NIS (T-Bill)	Bond	19.67	20.87	0.00	0	2	7	Fixed	3.0
NIS (Contributions)	Loan	31.20	31.20	0.00	0	0	5	Fixed	3.0
NIS (Serial Bond)	Bond	23.20	25.29	0.00	0	10	25	Fixed	3.0
NIS (Bond 2025)	Bond	92.17	100.93	0.00	0	10	25	Fixed	3.0
Petro Caribe (T-bill)	Bond	94.00	94.00	0.00	0	2	20	Fixed	3.0
Petro Caribe (2014/2016 Serial Bond)	Bond	12.60	12.60	0.00	0	2	15	Fixed	3.0
Bank of Commerce (T-Bill)	Bond	9.53	9.53	0.00	0	2	7	Fixed	3.0
Sub-total Domestic		425.15	374.09	60.17					
Total		1,168.96	768.17	372.30					

² International Bond (US and EC portions) 25% reduction upfront (2015) with the remaining 25% applied in Nov 2017.

¹-Taiwan 47% reduction was received upfront (2014) with the remaining 3% being applied in Dec 2017.

Update on Government Guaranteed Debt

Total outstanding Government Guarantees at the end of the third quarter of 2017 was \$74.1 million, which was a decrease of 2.6 percent and 23.6 percent when compared to the previous quarter of 2017 and the corresponding quarter in 2016 respectively. NIS was the majority creditor of government guaranteed debt of state corporations during the third quarter of 2017 accounting for 50.0 percent of total guarantees. Ansa Financial Holdings Limited was the second largest creditor with a 47.5 percent share followed by Caribbean Development Bank which accounted for 2.5 percent of Government guaranteed debt.

**Table 7: Government Guaranteed Debt by Creditor Category
(EC\$M unless otherwise stated)**

Creditor	Sep-16	Jun-17	Sep-17
Multilateral	8.20	1.94	1.65
Commercial	42.13	35.69	35.20
Social Security	46.55	38.40	37.21
Statutory body	0.05	0.01	0.0
Total	96.93	76.04	74.06

REAL SECTOR DEVELOPMENTS

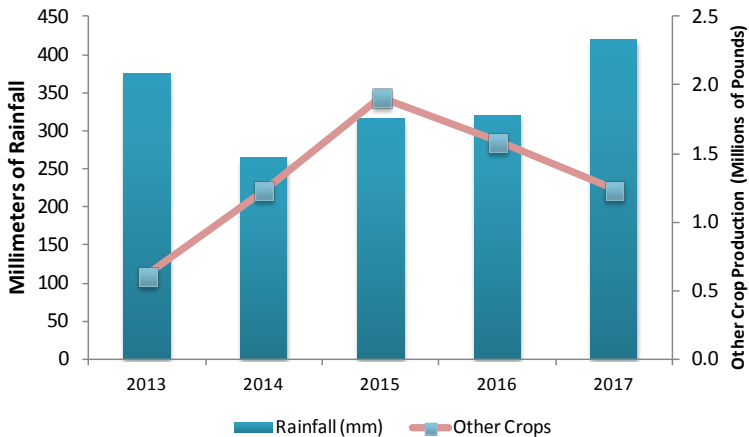
Macroeconomic data for the first nine months of the year indicate that growth continues on an upward trajectory with the economy on course to record its fifth consecutive year of growth in 2017. Preliminary estimates show real GDP growth of 4.5 percent (at market prices) in 2017, on the heels of a revised estimate of 3.7 percent growth in 2016. Robust expansion in the Construction sector, coupled with relatively moderate increases in the Tourism, Private Education and Manufacturing sectors were the key contributors to the 2017 outturn. Conversely, the Agriculture sector is expected to decline slightly for the year due to weather and pest-related challenges. Grenada is cur-

rently the fastest growing economy on average in the ECCU and is poised to continue along this path over the medium term, barring unexpected shocks.

Agriculture

Preliminary production data for the first nine months of 2017 indicate that the Agriculture sector will contract for the second consecutive year. Decreased production was recorded in all major crops over the period, with the exception of nutmeg and mace. Weather and pest-related challenges were reported as the main factors contributing to decreased production. An unusually rainy first half of the year would have affected the flowering process of some crops, while also creating the ideal environment for the proliferation of certain pests and diseases (Figure 9).

**Figure 9: Rainfall vs. Other Crop Production
January-June (2013 – 2017)**



Sources: Grenada Meteorological Service, CSO

Nutmeg and Mace

For the first three quarters of 2017, nutmeg production increased by 33.4 percent relative to the corresponding period in 2016. Mace pro-

duction also increased by 33.6 percent for the first three quarters of 2017 compared to the January to September 2016 period, consistent with growth in nutmeg production. Given recent production patterns and barring any major weather disruptions in the last quarter of the year, it is expected that nutmeg and mace will record significant growth in 2017 over 2016 levels. This performance is encouraging amidst international price challenges where the price Grenada secures for its nutmeg exports has fallen by approximately 60.0 percent since 2012. In March 2017, the island's main purchaser of nutmegs for export took the decision to reduce the price paid to local farmers by approximately 25.0 percent due to falling international prices. The price of mace exports has also fallen by approximately 48.0 percent since 2013. There is a risk that this could impact farming efforts going forward since the supply of mace is extremely responsive to price changes.

Cocoa

Cocoa production for the period January to September 2017 declined by 3.2 percent relative to the corresponding period in 2016. Production has reportedly been hindered by unusually high levels of rainfall in the latter months of 2016 and first quarter of 2017, which negatively affected the trees' flowering process. Interlocking canopies and inadequate drainage on farms have also been responsible for high levels of moisture, which perpetuated the spread of black pod disease among the cocoa crops. However, given proper farm maintenance and current rainfall patterns, a relatively large harvest is expected in the last quarter of 2017.

Production is expected to rebound in 2018 as farmers are encouraged to exercise better farming practices to combat pest and weather-related challenges experienced in 2017. In terms of making the cocoa beans ready for processing and for export, inadequate drying space was highlighted as an issue. Progress is being made in resolving this matter with the installation of a Solar Dryer, which should be in operation by 2018.

MNIB Purchases of Other Crops²

From January to September 2017, the quantity of MNIB purchases of ‘other crops’ (excluding cocoa) fell by 24.4 percent compared to the corresponding period in 2016. Unusual weather patterns and pest and diseases were reported as the main issues affecting production of these crops in the first nine months of 2017. Shortages of several crop types were experienced, resulting in reduced purchases. Another issue in this sub sector was the unavailability of inputs, such as seeds.

MNIB is currently investing in the agriculture sector by providing technical assistance to farmers with the implementation of a pest spray programme and encouraging the use of shade houses and drip irrigation. The marketing board is also on a drive to ensure the availability of certain crops year round, as well as attempting to regulate the market to avoid periods of gluts and shortages. MNIB has been partnering with farmers, guiding them with regard to their cultivation practices in order to smooth the availability of a wide range of produce year round.

However, any recovery in the sector in the last quarter of 2017 may not be enough to offset the declines experienced in the previous quarters. An overall reduction in the production of “other crops” is therefore expected in 2017.

Fishing

Preliminary data indicate a contraction in the fishing sector, as evidenced by reduced catch for the period January to June 2017 of 9.3 percent compared to the same period in 2016. Though some improvement is expected in the second half of 2017, the re-emergence of the Sargassum seaweed on the east coast of the island can potentially hinder fishing efforts. Overall, the sector is expected to decline by 7.5 percent in 2017.

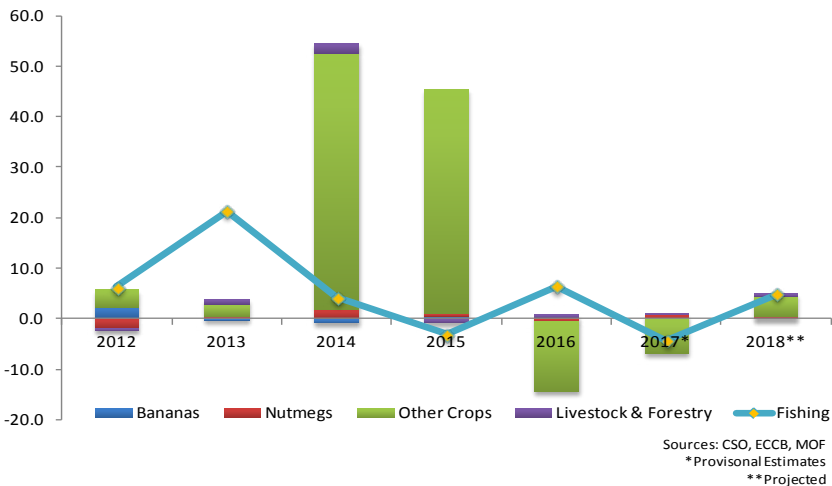
On the export side, international fish prices have stabilised on the world market, which is encouraging to local fisher folk who can se-

² “Other Crops” means all crops with the exception of Nutmegs and Bananas.

cure a favourable price for their catch. Logistical issues with regards to airlift have been partially resolved with the purchase of a Scissor Lift capable of loading cargo on large aircraft, thus ensuring a more direct route for cargo. However, challenges remain with the use of refrigerated storage facilities at the airport.

Fish exports for the first quarter of 2017 were 3.9 percent less than that of the first quarter in 2016. Local Exporters of fish have reported that the reduction in exports is a supply side issue, the result of reduced fish landings (Figure 10).

Figure 10: Growth in Agriculture, Livestock, Forestry and Fishing



Tourism

For the first nine months of 2017, Grenada welcomed 109,289 stay-over visitors, exceeding the comparable period in 2016 by 6.9 percent. This growth was led by a 13.5 percent increase in arrivals from the US market as a result of the addition of 57 flights from the US in the first three quarters. Arrivals from the other Caribbean countries increased by 7.6 percent compared to the January to September period of the previous year, despite a 26.9 percent reduction in the number of flights from a leading regional carrier. There was also an 11.9

percent increase in arrivals from Europe, but a decline of 6.8 percent was recorded in visitors from the UK market, presumably a delayed reaction to BREXIT coupled with the effects of the weakening pound sterling. On the Canadian market, despite a depreciation of the Canadian dollar, arrivals from that country increased by 7.5 percent on account of more aggressive marketing efforts and the availability of direct airlift year round in 2017.

Based on developments for the first nine months of the year, it is estimated that total stay-over arrivals will increase by 6.5 percent for 2017. During the first nine months of the year, stay-over arrivals were boosted by the hosting of several major regional and international events in Grenada, including the Grenada Invitational, the OECS Games, the Windward Islands Football Competition, the Pure Grenada Music Festival, and the island's annual carnival.

Cruise ship arrivals fell by 16.5 percent in the first three quarters of the year from 211,649 in 2016 to 176,648 in 2017, despite a 7.4 percent increase in cruise ship calls. The 2017/2018 cruise season is optimistic however, as cruise lines adjust routes from the northern Caribbean islands which were seriously affected by the active 2017 hurricane season. The revised cruise schedule shows the addition of 10 new cruise ships this season, which commenced in October 2017. The influx of passengers in the last quarter is expected to fully offset the lag in the previous quarters culminating in a 3.0 percent growth in cruise arrivals in 2017 (Table 8).

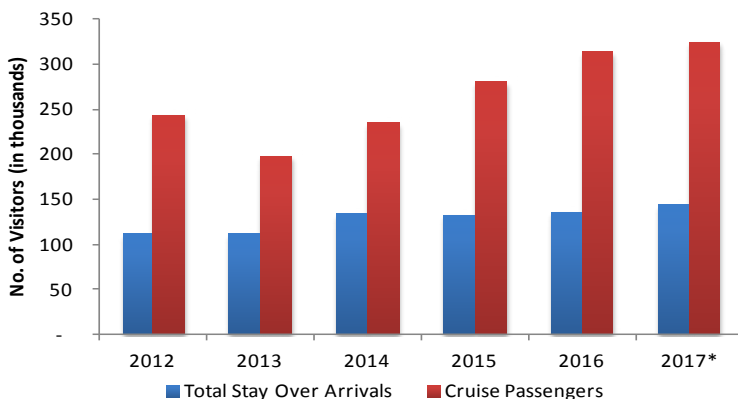
Table 8: Visitor Arrivals as at September

Visitor Arrivals	As at September		% Change
	2016	2017	2017/2016
United States	43,760	49,671	13.5
Continental Europe	4,666	5,221	11.9
United Kingdom	20,645	19,234	-6.8
Canada	10,412	11,189	7.5
Caribbean	19,536	21,016	7.6
Other	3,178	2,958	-6.9
Total Stay Over Arrivals	102,197	109,289	6.9
Cruise Passengers	211,649	176,648	-16.5

Source: GTA

Based on the trends in stay-over arrivals in the past five years (Figure 9), the near-term outlook for tourism is positive. The sector should benefit from the continuing recovery of household incomes in the major source markets, as well as hosting of regional and international sporting and other events. The certification of the Kirani James Athletic and Football Stadium by the IAAF creates new prospects for Grenada in Sports Tourism, with additional athletic and football competitions carded for 2018.

Figure 11: Visitor Arrivals: 2012-2017*



Sources: MOF, CSO
*Provisional Estimates

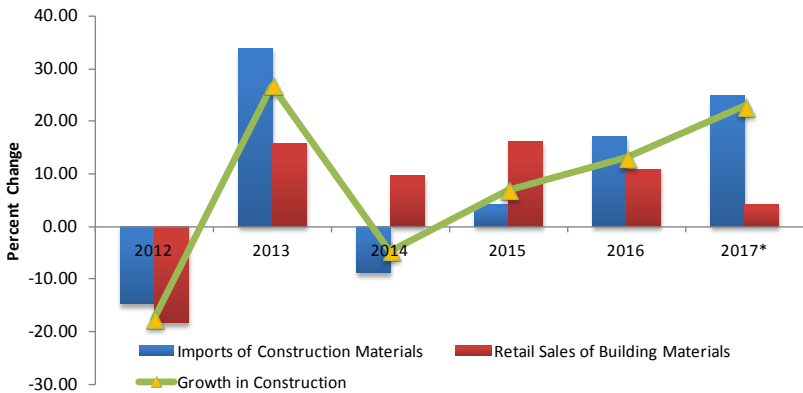
Construction

Preliminary data indicate robust activity in the construction sector with an expansion of 22.8 percent estimated for 2017, on the heels of 13.1 percent growth in the sector in 2016. During the January to September period, the value of construction material imported expanded 26.3 percent compared to the corresponding period in 2016, while retail sales of building materials increased by 5.8 percent during the same period (Figure 12).

This uptick in activity also induced growth in the transport sector, particularly road transport, which is projected to expand by approximately 10.7 percent in 2017. The Construction sector is projected

to continue its positive growth in 2018 with several ongoing private sector developments being complemented and public sector investments, including the completion of the Parliament building, the Lance Bridge Construction Project and other projects under the UK-Caribbean Infrastructure Fund.

Figure 12: Construction Indicators and Sector Growth: 2012-2017



Sources: MOF, CSO
*Provisional Estimates

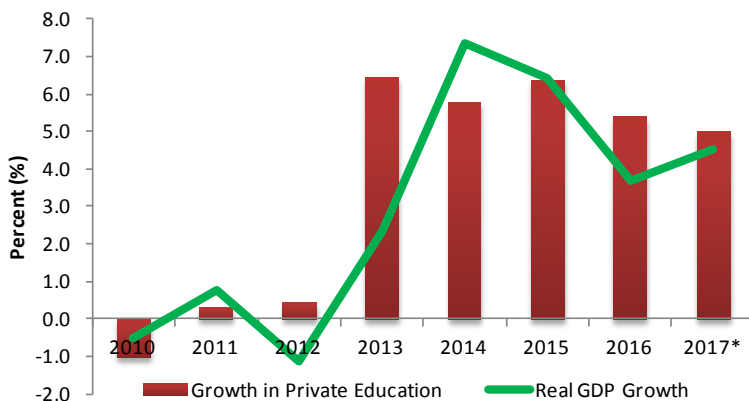
Private Education

Private Education continues to be the largest contributor to GDP, accounting for 22.7 percent in 2017, and has also been one of the main drivers of economic growth over the past five years (Figure 13).

Consistent increases in student enrolment, as well as major investment in infrastructure at the St. George’s University indicate that growth in the sector remains strong with expansion of 5.0 percent estimated in 2017. There was a decline in enrolment of students from Trinidad and Tobago since the reform of that country’s Government Assistance for Tuition Expenses (GATE) programme, which included the discontinuation of tuition support to Trinidadian students attending SGU. Additionally, potential revisions to the provisions made on

the US Federal Student Loan Programme by the current Administration, poses a serious threat to SGU’s ability to attract students from the US, its main source market. The University is however seeking to reduce this risk by actively recruiting students from alternative source markets. Growth in private education is projected to average 4.0 percent over the medium term.

Figure 13: Growth in Private Education and GDP Growth, 2010-2017



Source: MOF, CSO
*Provisional Estimates

OTHER SECTORS

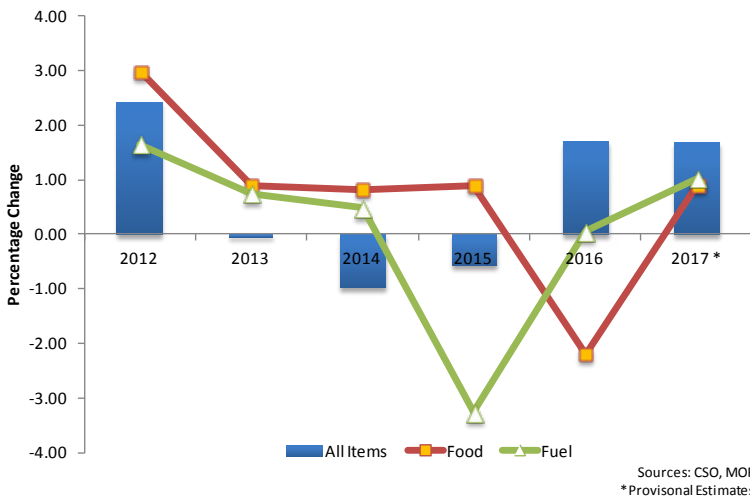
Positive growth is estimated for the Wholesale & Retail sector and the Transport sector, with marginal improvement expected in the Communications sector. Expansion is also estimated in the Other Service sectors. Additionally, the manufacturing sector is expected to expand by 11.3 percent in 2017 continuing from 4.6 percent growth in 2016. Preliminary estimates of production for the first nine months show a 23.6 percent increase in beverages manufactured compared to the corresponding period in 2016. Most notably, production of soft drinks more than doubled during the period under review. Increased beverage production is demand driven, a result of the general uptick in economic activity. A further boost is expected in the last quarter, during the festive season. Additionally, production of animal

feed increased in the period under review by 3.5 percent, while flour declined by 11.7 percent. Competition from imported flour and the disruption of exports to neighbouring islands as a result of devastation caused by the active hurricane season were the main challenges affecting the production of flour.

INFLATION

The average rate of inflation, as measured by the Consumer Price Index is estimated at 1.7 percent in 2017. As Grenada’s inflation is mainly imported, increases in international oil and food prices, as well the pickup in US inflation, are responsible for pushing up local prices. Price increases are expected to continue over the medium term, with inflation averaging 2.0 percent. (Figure 14)

Figure 14: Inflation (CPI) 2012-2017



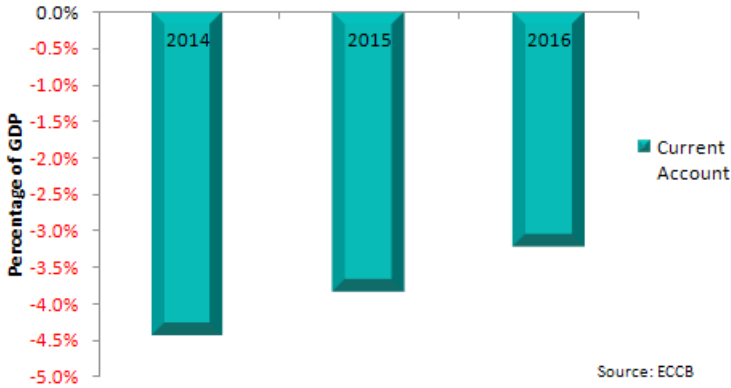
External Sector Developments

The Current Account deficit narrowed at end 2016³, reflective of net increases in Goods and Services and Primary Income, as well as changes in the Balance of Payment (BOP) reporting manual from

³ The latest period for which data is available

BPM5 to BPM⁴6 such as the removal of the imputation of change of ownership and the reclassification of ‘merchanting’ from services to goods (Figure 15).

Figure 15: Current Account Balance: 2014-2016



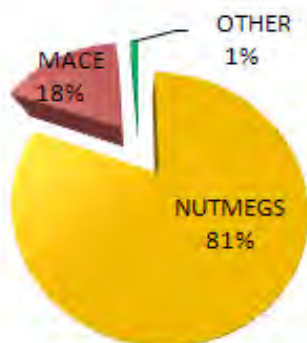
The Balance of Trade remained negative in 2016, but showed improvement – narrowing to negative \$866.6 million at end-December 2016 from negative \$ 916.5 million in 2015.

During the first half of 2017, exports of goods contracted by 46.8 percent in value. This decline was chiefly driven by a 76.4 percent reduction in the volume of agricultural goods exports⁵ during the same period. The value of exports of raw nutmeg and mace declined by 42.5 and 140.3 percent respectively during the first half of 2017 (Figure 14) reflective of stock piling due to low prices on the international market.

⁴ This refers to the reporting manual which provides guidance on the recording of cross-border transactions and positions in accordance with a set of internationally-agreed guidelines for the Balance of Payments (BOP) and the International Investment Position (IIP).

⁵ Agricultural Exports does not include data for Fresh Fruits and Vegetables, Fish and Cocoa as they were unavailable.

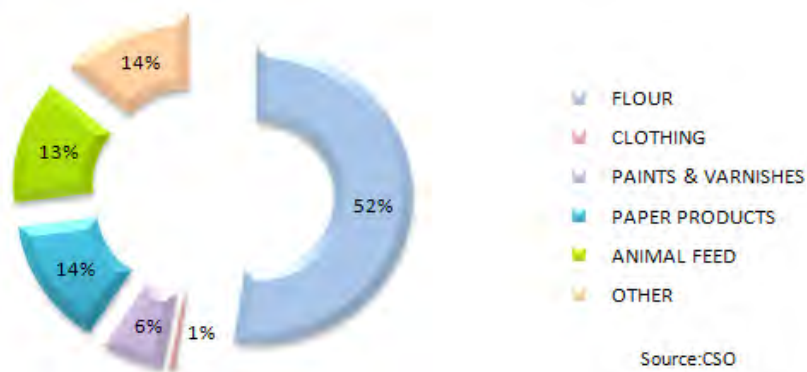
Figure 16: Agricultural Exports as at June 2017



Source: CSO

Manufactured exports also experienced a decline in value of 11.5 percent. This was primarily due to reductions in roofing sheets, clothing and flour exports. Despite the decline in flour, it represented the largest share of Manufactured exports (Figure 17). Nutmeg products and ‘Other’ products showed upturns in their value of exports by 17.4 percent and 469.8 percent (\$1.7 million) respectively, during the first half of 2017 relative to the same period of 2016.

Figure 17: Manufactured Exports as at June 2017



Source:CSO

The value of total imports for the first two quarters of 2017 compared to 2016 rose by 15.5 percent. This increase was chiefly driven by a 165.6 percent (\$12.7 million) surge in the value of imported beverages and tobacco and 25.1 percent increase in machinery and transport equipment (Table 9).

Table 9: Category of Imports as at end-June 2017

Category of Imports	Jun-14	Jun-15	Jun-16	Jun-17	% Change (June 17/16)
	EC\$ Millions				
Food & Live Animals	50.83	47.50	45.11	47.85	6.07%
Beverages and Tobacco	6.48	6.73	7.69	20.41	165.60%
Crude Materials, Inedible Except Fuels	5.05	5.99	6.49	7.44	14.60%
Mineral Fuels & Related Materials	61.71	48.11	38.39	37.65	-1.94%
Animal & Vegetable Oils, Fats & Waxes	1.24	1.22	0.98	0.93	-4.84%
Chemicals & Related Products	18.24	18.52	21.15	17.46	-17.46%
Manufactured Goods	29.85	35.02	38.41	43.41	13.01%
Machinery & Transport Equipment	39.72	37.95	42.29	52.92	25.12%
Miscellaneous Manufactured Articles	20.88	31.29	29.63	37.84	27.73%

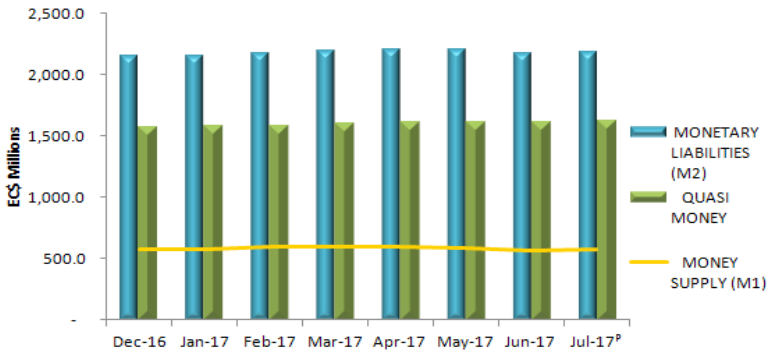
Source: ECCB

Monetary and Financial Developments

During the first seven months of 2017, the banking system continued to gain foreign assets, while domestic monetary developments moderated with slight growth in domestic deposits and a continued downward trend in domestic credit.

Growth in Monetary Liabilities (M2) slowed from 2.1 percent at the end of July 2016 to 1.9 percent at end- July 2017. Growth in M2 was underpinned by an upward movement in the Money Supply (M1) in 2016 (6.4 percent) and Quasi Money in 2017 (3.0 percent) (Figure 18).

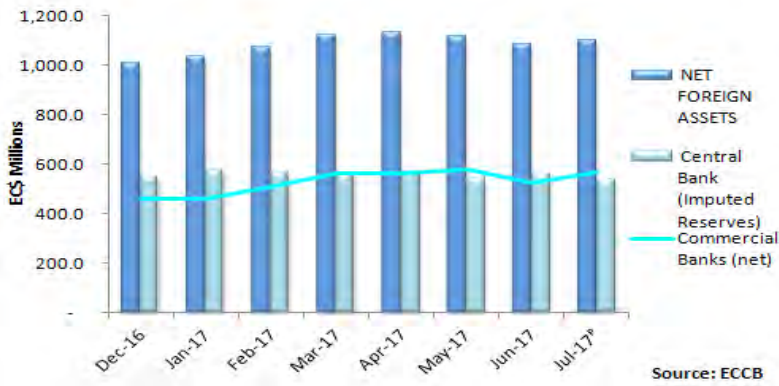
Figure 18: Monetary Liabilities



Source: ECCB

At end-July 2017, Net Foreign Assets rose by 9.5 percent to \$ 1,098.4 million, \$204 million more than that of July 2016. This jump was primarily due to a 22.9 percent increase in Commercial Banks (Net) (Figure 19), as a result of a 44.4 percent expansion in its sub component, External (Net). The 2017 increase was due to a surge in private sector foreign currency deposits of 25.1 percent.

Figure 19: Net Foreign Assets



Source: ECCB

Net Domestic Assets declined by 4.7 percent during the first seven months of 2017 to \$ 1,094.2 million. This reduction was primarily due to a 2.8 percent contraction in domestic credit on account of a 28.6 percent reduction in Non-Bank Financial Institutions' credit during the same period. At end- July 2017, Private Sector credit experienced a minor decline of 0.1 percent, driven by a 2.1 percent decrease in household credit. Growth in business credit of 4.8 percent was however not large enough to offset the overall decline in Private Sector credit.

Commercial Bank Credit declined from \$1,639.4 million at end- July 2016 to \$1,621.9 million at end- July 2017. Credit to key sectors declined year on year as shown in Table 10.

Table 10: Commercial Banks' Credit to Specific Sectors

	Jun-15	Jun-16	Jun-17	2016/2017 (%)
	EC\$ Million			
Agriculture	23.1	18.2	19.9	9.2%
Tourism	142.4	138.0	131.1	-5.0%
Personal	1,129.9	1,098.6	1,071.5	-2.5%
Professional and Other	129.8	109.6	106.5	-2.8%
Construction	41.0	37.3	34.5	-7.6%
Fisheries	5.0	5.6	5.0	-11.0%
Manufacturing	30.8	35.4	20.3	-42.6%
Total Loans	1,729.5	1,693.4	1,621.9	-4.2%

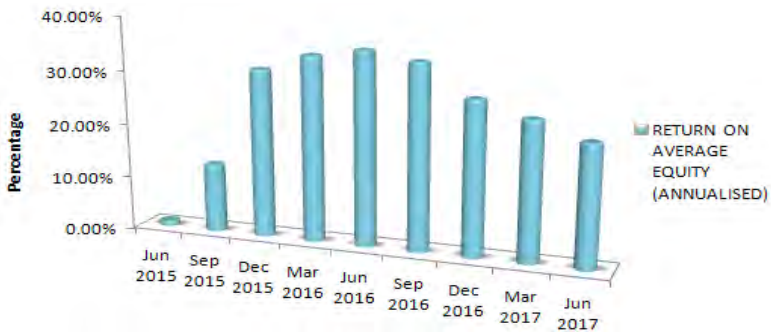
Source: ECCB

The continued build up of deposits and downturn in credit contributed to a surfeit of liquidity in the banking system. During the first seven months of 2017, Net Liquid Assets to Deposits rose to 45.7 percent, 5.9 percentage points more than that of the corresponding period in 2016. Similarly, the ratio of total loans to total deposits during the first seven months of 2017 contracted to 56.3 percent, highlighting the presence of excess liquidity in the system. The weighted average lending rate fell to 8.2 percent during the first half of 2017 from 8.5 percent in the comparable period of 2016, consistent with excess liquidity in the banking system.

Altogether, the banking system remained stable with strong performance in its Financial Soundness Indicators (FSIs). Commercial

banks remained profitable, with a Return on Average Equity of 22.5 percent at the end of June 2017 (Figure 20); and is adequately capitalized with a registered Capital Adequacy Ratio of 15.0 percent, 1.7 percentage points higher than June 2016.

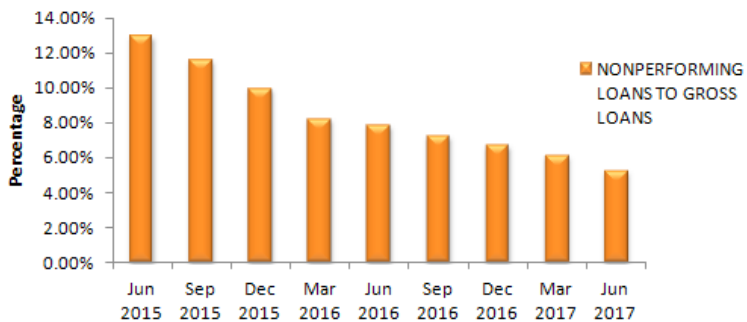
Figure 20: Return on Average Equity



Source: ECCB

The Non-performing Loans (NPLs) ratio continued on a downward trajectory moving from 7.9 percent end-June 2016 to 5.3 percent at end-June 2017 (Figure 21). Despite this improvement, the NPLs ratio remains above the prudential benchmark of 5.0 percent. This however, is a marked improvement relative to the ratio of 14.5 percent three years ago. Return on Assets increased by 1.3 percent while the interest rate spread narrowed to 6.8 percentage points, and large exposures to capital declined to 20.9 percent.

Figure 21: Non-Performing Loans

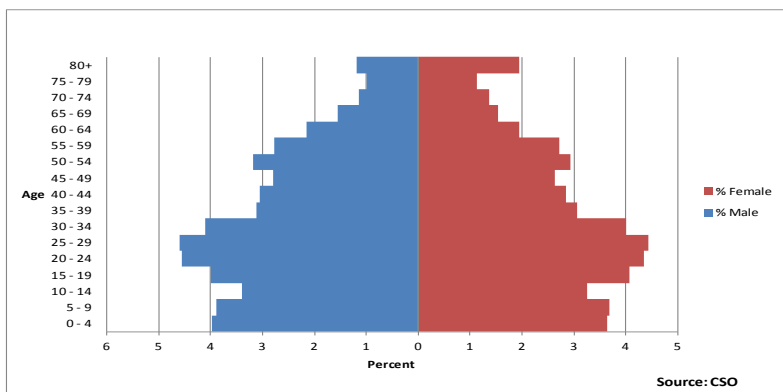


Source: ECCB

POPULATION, EMPLOYMENT AND WAGES

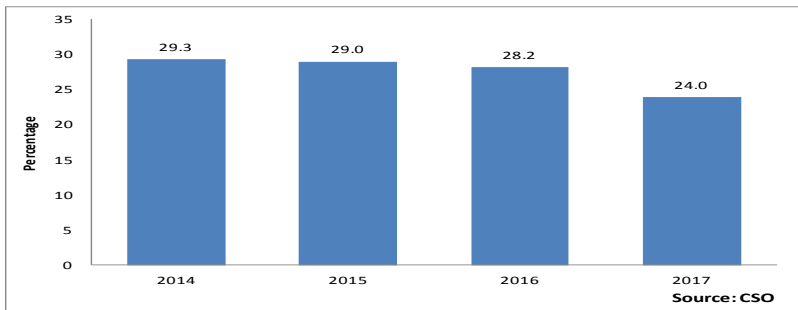
Mid-year (2016) estimates from the Central Statistical Office indicate that the population of Grenada expanded by 0.7 percent to 110,910 persons in 2016, compared to 110,096 persons in 2015. This consisted of 55,955 males (50.5 percent) and 54,955 females (49.5 percent). Regarding the age structure of the population, 67.3 percent of the population (74,686 persons) were in the age group 15-64 years. The section of the population aged 0-14 years (24,201 persons) and 65 years and above (12,023 persons) were 21.8 percent and 10.8 percent, respectively. Grenada's dependency ratio stood at 48.5 percent (Figure 22).

Figure 22: Mid-Year Population Pyramid, 2016



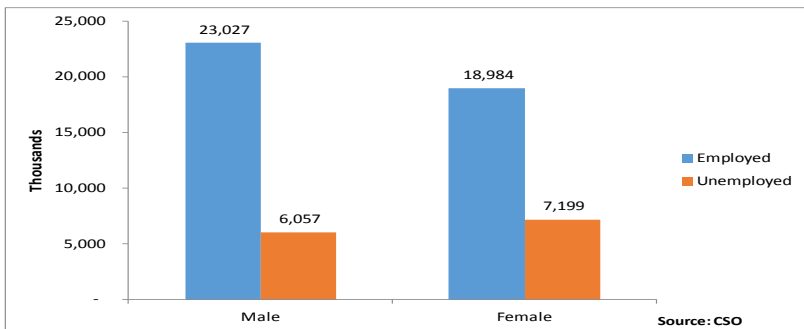
Based on the preliminary results of the 2017 Labour Force Survey (LFS) carried out by the CSO, the labour force is estimated to have decreased by 3.0 percent, from 56,998 persons in 2016 to 55,268 persons in 2017, of which 42,011 were employed and 13,257 were unemployed. There was also a decline in the unemployment rate from 28.2 percent in 2016 to 24.0 percent in 2017 (Figure 23).

Figure 23: The Unemployment Rate



Historically, women have been underrepresented in the labour force. Of the total labour force in 2017, 52.6 percent (29,084) were men and 47.4 percent (26,183) were women. Of the employed segment, 23,027 were men; 4,043 more than the number of employed women. The unemployed labour force comprised 6,057 men, 1,142 less than the number of women (Figure 24).

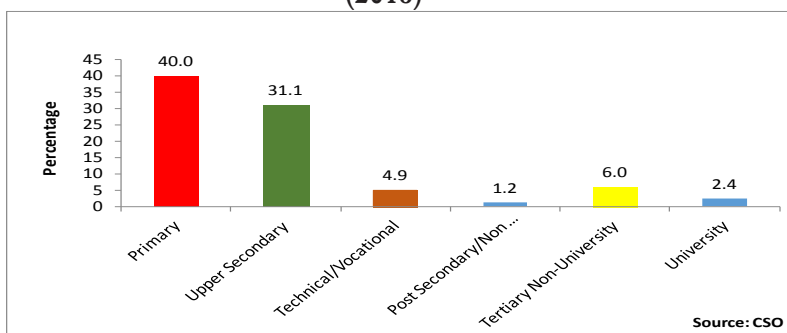
Figure 24: Labour Force by Sex (2017)



The persistently high double-digit rates of unemployment, as well as its sluggish decline are evidence of structural problems within the Grenadian economy. Grenada's high unemployment also reflects low educational attainment among school leavers. Based on the 2016 LFS the majority of the unemployed, about 71.1 percent, held secondary

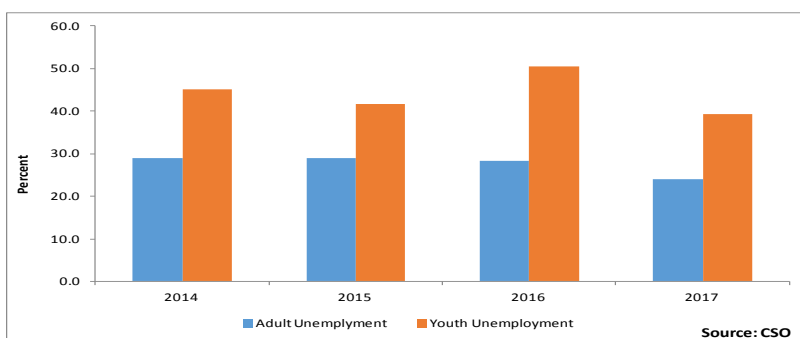
education or less; 40.0 percent had, at most, primary education, while 31.1 percent had only secondary education. Meanwhile, only 2.4 percent held a university education and 6.0 percent completed tertiary education (Figure 25).

Figure 25: Unemployed by Highest Educational Attainment (2016)



Grenada also has an acute youth unemployment problem. The youth unemployment rate is significantly higher than the adult rate. Based on the 2017 LFS, the youth unemployment rate was 39.2 percent, 15.2 percentage points higher than the adult rate (Figure 26).

Figure 26: Adult vs. Youth Unemployment (2017)



Grenada has seen impressive real GDP growth over the last four years averaging over 5.0 percent, yet unemployment remains stubbornly high, especially among the youths. Through much discussions and

consultations, efforts are underway to address the unemployment situation on several fronts. Recent reforms to improve the doing business environment have been geared at job creation, addressing both the supply-side and demand-side of the labour market. Essentially, a number of initiatives are envisioned to address the unemployment situation such as;

- Reforming the education and training curriculum to better address the long-term strategic development objectives of the Government, as well as the more immediate needs of the private sector.
- Establishing an official arrangement between the private sector and the Ministry of Education/higher-learning educational institutions.
- Intensifying the use of culture and technology-based approaches to learning and skills development.
- Incentivising employers through reasoned and appropriate monetary and non-monetary incentives to invest in on-the-job training and apprenticeships to ensure that they can access the skills required for their growth and development.
- Providing targeted support for young entrepreneurs.
- Easing the doing business environment, providing mentorship and access to funding, as well as encouraging the formation of cooperatives.

Increases in real wages averaged 4.2 percent for the period 2012 to 2016, mostly driven by the private sector. The average real wage growth for private and public wages was 4.1 percent and 0.1 percent respectively. In 2016, the highest average monthly wage was \$3,377, in the electricity, gas and water supply sector. Public servants

received an average monthly wage of \$2,204, which was 13.6 percent higher than the country's monthly average wage of \$1,940.

Macroeconomic outlook

Projections indicate that the baseline medium-term outlook is positive (Table 11), as the recovery effort is consolidated and growth gains momentum, partly in response to the structural reform measures that were implemented under the recently-completed Home-grown Structural Adjustment Programme. Over the 2018-2020 period, real economic growth is projected to average 3.3 percent on the assumption that the country will attract new private investment, including investments associated with the CBI programme. Growth will also be carried by public infrastructure development, including UK-funded road projects. Spillover effects on tourism, remittances and trade from the continued strong recovery of the global economy will also drive growth. The Tourism sector in particular, is likely to benefit from continued vigorous marketing, as well as the anticipated strengthening of the economies of Grenada's major tourist source markets, especially that of the US. The unemployment rate is expected to be further reduced with increased economic activity over the medium term, but the rate is likely to remain in the high double digits until reforms to address structural rigidities become entrenched.

Public finances are expected to remain healthy, with continued prudent fiscal policies, consistent with the rules-based fiscal framework as prescribed by Fiscal Responsibility Law. Primary surpluses, averaging 4.7 percent of GDP are projected over the medium term, which would help to keep public debt on a downward and sustainable path.

Table 11: Key Macroeconomic Variables

	2017	2018	2019	2020
GDP (%)	4.5	3.3	3.2	3.3
Total Revenue (% of GDP)	22.6	22.5	22.4	22.3
Total Expenditure (% of GDP)	23.6	24.7	22.4	21.7
Overall Fiscal Balance (after Grants) (% of GDP)	2.2	2.5	2.6	3.0
Primary Balance (after Grants) (% of GDP)	4.7	4.7	4.5	4.8
Public Debt (% of GDP)	68.9	64.7	61.9	58.6
Interest Payments (% of Current Revenue)	11.1	9.5	8.7	7.8

RISKS TO OUTLOOK

The Government is committed to accelerating economic growth, reducing public debt to meet the operational target of 55.0 percent of GDP as set out in the Fiscal Responsibility Act, and ensuring the sustainability of public finances. Table 12 summarises the risks that can affect the achievement of these objectives in the short-to-medium term. The following are deemed to be the most significant operational risks to baseline projections over the medium term: (i) lower-than-projected economic growth; (ii) lower-than-expected grant receipts; and (iii) higher-than-anticipated pension liabilities. Other risks include natural disasters.

Table 12: Risk Assessment Summary

Risk Type	Risk Description	Source of Risk	Risk Rating	Measures to Manage/Mitigate Risks
Operational	Macroeconomic	Lower-than-projected economic growth.	High	Continue to implement reforms to build economic resilience, boost competitiveness, productivity and growth. Additionally, continue to build fiscal buffers by strengthening Government's cash position and increasing savings.
		Lower-than-expected grant receipts.		Continue to exercise fiscal prudence to contain discretionary expenditure, prioritise strategic capital investments and improve revenue administration and collection. Additionally, further strengthen country-readiness systems to reduce reliance on external resources for the preparation of critical pre-investment work.
		Higher-than-anticipated pension liabilities.		Complete assessment of records of public officers to determine the exact number of public officers eligible for pension and undertake pension restoration and reform in a phased and fiscally-sound manner.
		Operations of State-owned Enterprises.	Medium	Ensure that up-to-date audited financial statements are submitted in a timely manner and closely monitor management performance within the SOEs to ensure that they pursue their respective stipulated mandates in the most cost-efficient and cost-effective manner.
Other	Natural Disasters	Hurricanes, tropical storms, and flooding.	High	Continue efforts to strengthen internal capacity to build resilience to natural hazards. The National Transformation Fund (NTF) Regulations require 40.0% of the monthly receipts to be set aside for arrears clearance, debt reduction and natural disaster relief. Given the downward trajectory of the debt stock, this arrangement should allow for a progressively larger share of NTF resources to be available for disaster relief. Additionally, the successful negotiation of the inclusion of natural disaster clauses in the debt restructuring agreements will allow for a specified moratorium in debt service following a qualifying natural disaster. Further, as a member of the Caribbean Catastrophe Risk Insurance Facility, Grenada stands to benefit from insurance payments in the aftermath of a qualifying natural disaster.

ANNEX II

Vote	Recurrent	Capital	Sum Not Exceeding	%
01 Governor General	1,586,141	1,000,000	2,586,141	0.2
02 Parliament	1,491,604	-	1,491,604	0.1
03 Supreme Court	3,667,178	-	3,667,178	0.3
04 Magistracy	2,261,764	-	2,261,764	0.2
05 Audit	1,829,452	-	1,829,452	0.2
06 Public Service Commission	998,783	-	998,783	0.1
07 Director of Public Prosecutions	707,670	-	707,670	0.1
08 Parliamentary Elections Office	1,566,496	600,000	2,166,496	0.2
09 Ministry of Legal Affairs	3,321,779	-	3,321,779	0.3
10 Office of the Prime Minister	6,591,839	7,240,000	13,831,839	1.2
11 Prisons	8,039,066	-	8,039,066	0.7
12 Police	49,742,663	1,190,000	50,932,663	4.6
14 Labour and Co-operatives	1,654,674	-	1,654,674	0.1
15 Ministry of Tourism, Civil Aviation and Culture	24,628,387	1,050,708	25,679,095	2.3
16 Ministry of Foreign Affairs	7,213,856	1,506,235	8,720,091	0.8
17 Financial Intelligence Unit	443,199	-	443,199	0.0
18 Ministry of National Security, Public Administration, Disaster Management, Home Affairs, Information and Implementation	6,192,694	6,752,559	12,945,253	1.2
19 Ministry of Youth and Sports	35,278,199	6,525,000	41,803,199	3.8
20 Ministry of Finance and Energy	72,626,028	12,082,833	84,708,861	7.6
21 Pensions and Gratuities	56,400,200	-	56,400,200	5.1
22 Public Debt.	401,452,902	-	401,452,902	36.1
23 Salaries and wages increase	-	-	-	-
25 Contributions	17,323,706	-	17,323,706	1.6
26 Ministry of Economic Development, Trade & Planning	2,847,294	32,295,538	35,142,832	3.2
30 Ministry of Communications, Works, Physical Development, Public Utilities, ICT & Community Development	8,477,545	52,710,000	61,187,545	5.5
35 Ministry of Social Development & Housing	24,838,127	14,860,000	39,698,127	3.6
36 Ministry of Carriacou and Petite Martinique Affairs & Local Government	11,797,385	2,149,584	13,946,969	1.3
40 Ministry of Education and Human Resource Development	101,019,256	11,081,430	112,100,686	10.1
50 Ministry of Health, Social Security & International Business	70,443,191	11,891,992	82,335,183	7.4
64 Ministry of Agriculture, Lands, Forestry & Fisheries and the Environment	16,275,029	8,387,951	24,662,980	2.2
TOTAL	940,716,108	171,323,830	1,112,039,938	100

ANNEX III

BASIC NEEDS TRUST FUND

The Basic Needs Trust Fund (BNTF) is a poverty reduction programme funded by the Caribbean Development Bank (CDB) and the Government of Grenada. The priority areas of focus are:

1. Basic Community Access and Drainage Enhancement
2. Education and Human Resource Development
3. Water and Sanitation Systems Enhancement

The programme sought to align with the Millennium Development Goals (MDG's) 2015, Government Growth and Poverty Reduction Strategy (GPRS) 2014-2018 and BNTF Country Portfolio of Projects as approved by Cabinet.

The BNTF seventh and eight programme which runs concurrently from 2013, has an extended Terminal Disbursement Date (TDD) from December 2016 to December 2017. Twenty three (23) sub-projects were approved and implemented under Cycle 7 and 8 of the Fund.

Furthermore, the Grant Agreement for the Ninth Programme of the Fund was signed off in June 2017 and the BNTF 9th Cycle is expected to commence in January 2018. This Programme however will experience a shorter project cycle of 3 years in contrast to the customary 4 years. The approved amount of the Grant is USD2,543,000. The Project will maintain the priority areas of Access and Drainage, Education and Human Resource Development and Water and Sanitation, with cross cutting themes of livelihoods, renewable energy and energy efficiency.

The ninth programme is strategically aligned with the sustainable development goals and will use a Country Policy Framework (CPF) which takes into consideration Government policies and strategies relative to poverty reduction in order to inform the selection of sub-projects to be implemented under Cycle 9. To ensure the successful implementation of the programme there will however be an addition of two new posts to the Programme; that of a Monitoring and Evaluation Officer and a Project Engineer.

Achievements of the 7th and 8th Programme to date:

BASIC COMMUNITY ACCESS AND DRAINAGE ENHANCEMENT

The Access and Drainage sub-projects are those that provide for the construction or rehabilitation of footpaths, rural roadways, small scale drainage systems, footbridges and light vehicle access bridges. It focuses on sub-projects that provide measures to facilitate continuous all-weather usage. In addition, it allows for sub-projects that provide training to sub-project beneficiaries and project monitoring committees of basic community access and drainage infrastructure. Three (3) sub-projects were approved for implementation under this portfolio:

1. **Chantimelle Retaining Wall**

A 10ft high wall, 96ft in length was built to protect the Chantimelle community centre. The area was prone to land slippage. During the heavy rains, soil was washed into the road creating traffic hazards. The soil erosion also led to the compromising of the foundation of the community centre.

2. **Laura/La Pastora road construction**

This Sub-project saw the completion of 1,115 ft of concrete road; 12 ft wide with 6 inches thickness of concrete complete with kerb wall and drain. Approximately 221 villagers

benefitted from this road which allowed for better access to homes. The road also serves NAWASA, who are presently able to easily access their water storage tank in the area.

3. Quarry Road

Located in Telescope, St. Andrew's, a 790 ft of concrete road; 12 ft wide with 5 inches thickness of concrete with kerb wall and drainage was constructed. Approximately three hundred (300) residents have benefitted directly as well as other persons who use the road to gain entrance to the beach. Truck operators who transport sand and stone aggregates have also benefitted due to the improved road conditions.

EDUCATION AND HUMAN RESOURCE DEVELOPMENT

Projects approved under the Education and Human Resource Development portfolio focus on the refurbishment, extension, or replacement of primary schools or early childhood development buildings and facilities (excluding non- publicly owned schools). Provision of furnishings and equipment can also be catered for. Nine (9) infrastructural projects and five (5) skills training programmes were approved under this sector.

Infrastructural Development

1. Bonair Government School Ceiling Replacement and ICT Room

This project entailed replacement of a ceiling which was infested with termites and bat droppings, replacement of dividers in four class rooms, a new wing to accommodate an ICT room and principal's office amongst other things

2. Gouyave Day Care

The scope of works of the project focused on the refurbishment of a ground floor and addition of a first floor to adequately provide for the operations of the Day Care in keeping with early

childhood standards. The new facility included office space, creative learning centre, baby area, outdoor play area, kitchen, laundry, child friendly toilets, etc.

3. Mt. Moritz Anglican School Expansion

A new floor was constructed to accommodate an ICT room, a principal's office and staff room and a new class room. The kitchen was refurbished, and more water storage added.

4. Paraclete Government School Refurbishment

The school comprises of seven buildings or 'blocks', all of which were refurbished. Works done included the removing of compress building material was replaced with concrete blocks/wall. This included all class rooms, kitchen, tuck-shop, wood work area, library and IT room. The early childhood building was also reformed to early childhood standards.

5. TAMCC Environmental Sustainable Practices programme Building Rehabilitation (Mirabeau Campus)

The project refurbished a dilapidated building to provide class room and laboratory facilities along with an open space concrete roof for the teaching of environmental sustainability programmes

6. Telescope Resource Centre

The refurbishment of this building will provide a facility for small business operations, conference room facilities, skills training facilities, administrative office, counselling room, toilets and parking.

7. St. Theresa's/Vincennes pre-school construction

The pre-school, currently under construction, will see the movement of the building from a one storey wooden structure to a two storey concrete building with more space to accommodate

for classrooms, kitchen, toilets, storage, office space, lunch and indoor play area.

8. St. Dominic's Pre-School Reconstruction

A fire a few years ago consumed and burnt the entire building which housed the pre-school. It was designed and rebuilt in keeping with early child hood standards. Space was provided for a supervisory station, kitchen, creative learning, child friendly toilets, sick bay area and storage.

9. Victoria Day Care & Resource Centre

This project saw the construction of a Day Care on the ground floor with inclusions of an office space for the supervisor, creative learning area, baby area, outdoor play area, storage, kitchen, laundry, child friendly toilets.

The first floor houses the resource centre that includes conference room facilities, kitchen, open space, storage, administrative area and an independent space for the operation of the community library. The fishermen locker at the back of the facility was also upgraded.

Skills Training

1. Marquis training in Straw Craft Production and Small Engine Repairs

Training in straw craft production and small engine repairs were conducted for persons interested in Marquis and surrounding communities. This training is also NTA certified. All participants in the skills training programmes have been exposed to life skills training.

2. GRENCODA Rural Youth Skills Training and Capacity Development

Training was provided in the following areas: crop production, unit certification in poultry rearing, agro-processing; food and beverage restaurant service. All the training courses were NVQ/CVQ certified from the National Training Agency (NTA).

3. Standard Training, Certification and Watch Keeping (STCW)

Ninety-seven (97) persons were successfully trained; this included five (5) women. The recipients were trained personal survival technique, personal safety and social responsibility, basic first aid, basic fire fighting, seamanship and security awareness. At the end of the training the participants received an International Maritime Organisation (IMO) certificate.

4. Technical training for Single Mothers

Coordinated by the Ministry of Social Development, training in restaurant, agro processing and crop production level 2 were provided to single mothers. All courses were NTA certified.

5. Youth Outreach Programme (Project REACH)

Thirty two (32) inmates were targeted for training in the following areas: livestock production and small engine repairs. In addition, nineteen (19) case counsellors received training with the intent that upon inmates release from prison, they will be provided with support for reintegrated into community life. Over forty (40) prison officers also received training in life skills.

WATER AND SANITATION SYSTEMS ENHANCEMENT

This priority area focuses on sub-projects that provide intake structures, water reservoirs and tanks, small water treatment facilities including training in the use and maintenance of the facilities provided, and also basic health and hygiene education. Six (6) projects were approved for implementation in this sector.

1. Cloizer Water Treatment and Distribution 2nd phase

This project was done in collaboration with NAWASA. The scope of work included construction of an access road to the storage tank, security fencing around the storage tank and installation of a new pump. This project saw the connection of thirty-two (32) residents to pipe borne water.

2. Darvey Fishermen Locker & Toilet Facilities

The project seeks to build toilet facility for users of the beach and install lockers for fishermen due to theft of engines and fishing gears.

3. Grand Roy Toilet Upgrade

The existing facility was upgraded to include toilets for males and females, showers, hand wash sinks and storage. The project targeted villages in the area where persons do not have access to private toilet facilities, this included fisher folks in the area and users of the beach area. The facility is now managed by the Ministry of Health.

4. Loretto Toilet Facility construction

A new toilet facility was built for use by both males and females. The project targeted users of the playing field and residents in the area.

5. Upgrade of Water Storage in ten (10) schools in St. Patrick's

Schools were forced to close due to the water shortage problem they were faced with. As part of the healthy school initiative, adequate clean water was cited as a critical issue. As a result, this project once approved, facilitated the installation of new water tanks and the associated plumbing in all schools in the parish of St. Patrick.

6. Wharf Lane Toilet Upgrade

The existing toilet facility was demolished and rebuilt to include two toilets for female, one toilet for male along with a urinal

and hand wash sinks. An external urinal was also included to facilitate users beyond regular working hours. Apart from the general public, the project targeted bus drivers and traffickers. The Environmental Health Department is managing the facility and a small user fee is charged.

Table 1 gives a status report of projects under BNTF 7 & 8.

Table 1: BNTF Cycles 7 & 8 Project Status Update

SUB-PROJECT	LOCATION	JOBS PROVIDED	CONTRACT SUM	START DATE	END DATE	STATUS
BASIC COMMUNITY ACCESS AND DRAINAGE ENHANCEMENT						
1. Chantimelle Retaining Wall	Chantimelle, St. Patrick	10	\$109,640.00	23 Jan 2016	9 Mar 2016	Completed
2. Laura/La Pastora Road	Laura, St. David	12	\$373,252.00	4 Jan 2016	1 Jul 2016	Completed
3. Quarry Road	Telescope, St. Andrew	09	\$264,239.89	15 Feb 2016	24 May 2016	Completed
EDUCATION AND HUMAN RESOURCE DEVELOPMENT						
Infrastructural Development						
1. Bonair Government School Ceiling Replacement and ICT Room	Bonair, St. Mark	15	\$569,904.05	7 Dec 2015	12 Jul 2016	Completed
2. Gouyave Day Care	Gouyave, St. John	13	\$484,126.20	11 Apr 2016	12 Sep 2016	Completed
3. Mt. Moritz School Expansion	Mt. Moritz, St. George	12	\$746,676.46	11 Jan 2016	14 Mar 2017	Completed
4. Paraclete Government School	Paraclete, St. Andrew	25	\$1,600,000.00	20 Jun 2016	31 Jan 2017	Completed
5. TAMCC Environmental Sustainability Programme Building Rehabilitation	Mirabeau, St. Andrew	12	\$388,528.94	1 Feb 2017	15 Jun 2017	Completed
6. Telescope Resource Centre	Telescope, St. Andrew	28	\$640,000.00	13 Mar 2017	13 Sept 2017	Completed
7. St. Theresa's/Vincennes pre-school construction	Vincennes, St. David	12 to date	\$797,975.84	24 Jul 2017	24 Jan 2018	In Progress
8. St. Dominic's Pre-School Reconstruction	Laura, St. David	18	\$769,256.17	20 Jun 2016	28 Feb 2017	Completed
9. Victoria Day Care & Resource Centre	Victoria, St. Mark	20	\$715,338.27	14 Dec 2015	5 Aug 2016	Completed
Skills Training						
1. Marquis training in Straw Craft Production and Small Engine Repairs	Marquis, St. Andrew	41 persons	\$250,000.00	1 Oct 2015	31 Aug 2017	Completed
2. GRENCODA Rural Youth Skills Training and Capacity Development	Gouyave, St. John	33 persons	\$135,001.00	28 Oct 2015	28 Oct 2016	Completed

3.	Standard Training, Certification and Watch Keeping (STCW)	Island Wide	97 persons	\$350,100.00	28 Sept 2015	6 Sept 2016	Completed
4.	Technical training for Single Mothers	Western Division, Grenada	58 persons	\$250,000.00	1 Oct 2015	31 Sept 2016	Completed
5.	Youth Outreach Programme (Project REACH)	Her Majesty Prison	28 inmates 66 prison officers 19 case management	\$174,999.00	19 Oct 2015	1 Oct 2016	Completed
WATER AND SANITATION SYSTEMS ENHANCEMENT							
1.	Cloizer Water Treatment and Distribution 2nd phase	Clozier, St. John	06	\$185,775.85	1 Mar 2016	11 Aug 2016	Completed
2.	Darvey Fishermen Locker & Toilet Facilities	Darvey, St. Patrick	16	\$250,000	14 Nov 2016	18 Mar 2017	Completed
3.	Grand Roy Toilet Upgrade	Grand Roy, St. John	08	\$100,331.84	22 Feb 2016	30 May 2016	Completed
4.	Loretto Toilet Facility Construction	Loretto, St. John	08	\$85,833.88	22 Feb 2016	30 May 2016	Completed
5.	Upgrade of Water Storage in ten (10) schools in St. Patrick's	St. Patrick	08	\$123,995.00	15 Feb 2016	24 Mar 2016	Completed
6.	Wharf Lane Toilet Upgrade	Grenville, St. Andrew	07	\$119,608.07	22 Mar 2016	28 Aug 2016	Completed

ANNEX IV

MARKET ACCESS AND RURAL ENTERPRISE DEVELOPMENT PROGRAMME

MAREP a poverty reduction programme with funding support from the International Fund for Agricultural Development (IFAD), the Caribbean Development Bank (CDB), and counterpart funding from the Government of Grenada is currently in its final stage of implementation, with final date for field operations envisaged by March 31st, 2018.

The progress and results of MAREP has led the Government to embark on another six (6) year programme through financing agreement with IFAD and CDB - the **Climate-Smart Agriculture and Rural Enterprise Programme (SAEP), 2018-2024** at a total

cost of **\$37.63 million** on highly concessionary rate. This includes the rehabilitation/construction of 30 Farm Access Roads at \$8.06 million and Irrigation Systems at \$5.3 million to be financed by CDB. Government of Grenada's financing / contribution is \$5.37 million for operating cost and staff salaries.

SAEP upon MAREP's completion by March 31st, 2018 is foreseen to start in **April 2018**. The development objective is to improve livelihoods of youth, farmers (*vulnerable/small-scale/commercial*) and single mothers by accessing new jobs, start-up businesses or consolidating new businesses and adopting Climate-Smart Agricultural (CSA) practices. The direct target is 7,500 rural poor households.

Key accomplishments for 2017 include:

□ Youth Skills Training

One hundred and five (105) young people in **Phase 2** of the Vocational Skills Training (VST) received the Caribbean Vocational Qualification (CVQ) Level 2 certification. As a result, of this training, **48** have already secured permanent employment.

Over two hundred (200) young people are currently being trained in **Phase 3** of the Vocational Skills Training (VST) trained in seven (7) disciplines, namely; Bartending, Construction, Cruise Ship Services, Customer Service, Food Preparation & Cookery (x2), General Agriculture and Printing & Graphics Arts. Currently, **13 young persons** have already secured permanent employment.

Eighty-nine (89) young people from two (2) batches of the Cruise Ship Service Training received Pre-Technology Certificate. As a result, of this training, **43 young persons** have secured permanent employment in the Food & Beverage and Hotel sectors.

Twenty (20) young people have received scholarships to pursue professional development studies in Events, Human Resource, Project and Stores Management and Customer Service. **8 young persons** are employed and applying the knowledge gained on the jobs.

□ **Business Support Services & Training**

To support the strengthening and establishment of rural business/microenterprises: 126 rural men and women have received training in Business Management, Entrepreneurial Skills, Promotion & Branding, Customer Service, Hazard Analysis Critical Control Point (HACCP) and Packaging & Labelling. Over 150 enterprises continue to receive business hand-holding support. In addition, 14 beneficiaries have received agricultural tools and poultry equipment (waterers and feeders).

□ **Market Access Support**

Twenty-one (21) rural men and women (farmers, agro-processors) have received income generating support through market linkages, direct sales and negotiation opportunities with 30 purchasers (supermarkets, restaurants, small shop also festivals and expositions).

□ **Farm Access roads**

Seven (7) farm access roads/bridges have been selected for rehabilitation/construction. It is anticipated that these roads will aid in linkages to production chains by provided better access the rural farmers to their lands. All of the roads are scheduled to end in the first quarter of 2018 at a total cost of \$752,000.00.

□ **Financial Services**

Sixty-five (65) informal groups with small rural business projects have been approved to receive grant funding under the Small-scale window of the Rural Investment Fund (RIF) at a cost of \$537,740. A total of 280 rural men and women are expected to benefit through employment and income generation.

Twenty-three (23) legalised rural organisations in areas such as: *agro-processing, eco-tourism, composting and small ruminants* funded to implement community based projects under the Enterprise and Social Windows of the RIF at a cost of \$1.5 million are ongoing. To date, 5 of these projects have been completed and implementation of the other 20 continues, in order to support and improve the livelihood of over 200 members.

Key focus for 2018 includes (Table 1):

Table 1: Closing-down Activities of MAREP

Vocational and Skills Training (VST) Completion of all Phase 3 courses. Graduation and Certification of Phase 3 trainees.	Business Support Services Hand-holding & impact analysis to rural businesses and micro-enterprises. Phasing-over of rural businesses and micro-enterprises.
Rural Organizations – community based Exiting/phasing-out activities of 61 active and legalized rural organizations engaged. Existing of 66 informal organizations funded. Impact analysis of all rural organisations.	Rural Investment Fund (RIF) projects Completion of remaining 20 projects in the Social & Enterprise Windows. Completion of all 66 projects in the Small Scale Window. Impact analysis of all funded projects.
Farm Access Roads Completion of 6 access roads.	Advocacy Campaign Climate Change and Youth Entrepreneurship.
Programme Surveys Completion of MAREP Impact Survey and SAEP Baseline Survey.	MAREP closure and completion Closing Workshop of MAREP. Completion Report of MAREP.

- **New Programme – Climate Smart Agriculture & Rural Enterprise Programme (SAEP)**
 - Development of MOUs with GIDC and Ministries of Agriculture and Works
 - Start-up activities for SAEP
 - Recruitment of staff

MAREP’S KEY RESULT FOR 2017

Project deliverables accelerated during 2017. Key achievements are as follows:

Youth Skills Training:

Phase 2 Vocational Skills Training (VST): 105 Graduates received Caribbean Vocational Qualification (CVQ), Level 2 certification on September 29th, 2017 in nine (9) occupational areas shown in Table 2:

Table 2

BATCH 2 VST COURSES & SERVICE PROVIDER/TRAINING CENTRE	# of Trainees Completed & Graduated			# of Trainees Secured Employment		
	Female	Male	Total	Female	Male	Total
Agro Food Processing, (Produce Chemist Lab) St. George	10	2	12	1	0	1
Allied Health & Geriatric (Care with Compassion) St. George	8	0	8	5	0	5
Auto Mechanic (TAMCC Multi-Purpose), St. Patrick	0	9	9	0	5	5
Auto Mechanic (TAMCC, Tanteen Campus), St George	0	12	12	0	6	6
Crop Production, (Mc Donald College School), St. Patrick	4	5	9	0	1	1
Food Preparation & Handling (Home Economic) St. Andrew	5	3	8	4	3	7
House Keeping # 1, (Point Saline Hotel), St. George	5	5	10	5	6	11
House Keeping # 2, (Point Saline Hotel), St. George	20	6	26	4	4	8
Personal Computer Repairs (NEWLO) St. John	2	9	11	0	4	4
TOTAL	54	51	105	19	29	48

Batch 1&2 Cruise Ship Training (VST): 89 Graduates received Pre-Technology certification on April 25th, 2017 as shown in Table 3:

Table 3

COURSES & SERVICE PROVIDER/TRAINING CENTRE	# of Trainees Completed & Graduated			# of Trainees Secured Employment		
	Female	Male	Total	Female	Male	Total
Courtney's Training Agency (CTA)						
Cruise Ship Services – Batch 1 (2016)	32	13	45	17	4	21
Cruise Ship Services – Batch 2 (Jan 2017)	36	8	44	16	6	22
TOTAL	68	21	89	33	10	43

Phase 3 Vocational Skills Training (VST): 187 youths, 137 females and 50 males currently trained as shown in Table 4:

Table 4

BATCH 3 VST COURSES & SERVICE PROVIDER/TRAINING CENTRE	Start date	Female	Male	Total
<u>Grenada Training Agency (GNTA)</u>				
Bartending, (NEWLO), St. John	June 26 th , 2017	18	7	25
Customer Service, (Grey's Typing School), Lucas St., St. George	September 18 th , 2017	22	3	25
Food Preparation & Cookery, (Nature Work, La Sagesse, St David)	November 2016	21	1	22
Food Preparation & Cookery, (NEWLO), St. John	November 2016	24	0	24
General Agriculture, (TAMCC Mirabeau), St. Andrew	March 27 th 2017	23	2	25
General Construction, (Andrea Belfon Construction), St. George	December 2016	2	17	19
Housekeeping #3, (Point Saline Hotel), St. George	June 26 th , 2017	14	9	23
Printing & Graphics Art, (CDAT, H. A Blaize Street), St. George	March 27 th 2017	13	11	24
TOTAL		137	50	187

Professional Development Scholarships provided to 19 young persons to participate in the UWI Open Campus Certificate Program; of which, 10 graduated on March 28th, 2017 and the other 9 graduated on July 7th, 2017 as shown in Table 5:

Table 5

Training Courses / Area	# completed	# Employed
Introduction to Project Management	4	4 (1M, 3F)
Human Resource Management	2	
Customer Service	3	
Supervisory Management	3	1
Industrial Relations	1	1
Small Business Management	5	2 (1M, 1F)
Introduction to Marketing	1	

Business Trainings to 126 rural men and women to support their rural business as shown in Table 6:

Table 6

Training Courses /Area & Facilitators	Date	# Attended
Memorandum of Understanding with Grenada Investment Development Cooperation (GIDC)		
Promotion and Branding	July 11 th -12 th , 2017	12 (6M, 6F)
Customer Service	July 25 th -26 th , 2017	18 (8M, 10F)
Entrepreneurial Skills		
Memorandum of Understanding with Grenada Bureau of Standards (GDBS)		
Hazard Analysis Critical Control Point (HACCP)	February 13 th -17 th , 2017	19 (10M, 9F)
	March 16 th , 2017	18 (5M, 13F)
	September 5 th -6 th 2017	18 (7M, 11F)
Packaging & Labelling	September 12 th -13 th 2017	11 (5M, 6F)
MAREP		
Business Management	Mar 29th, 2017	14 (5M, 9F)
Total		126

Farm Access Roads: 7 roads selected for rehabilitation/construction as shown in Table 7:

Table 7

NAME	LOCATION	PARISH	
Woodford Road	Woodford	St. John	70% complete
Tuilleries Road	Tuilleries	St. Andrew	Awaiting no-objection to start the road
Resource Road phase2	Resource	St. Mark	
Grand Bacolet Road	Grand Bacolet	St. David	
La Poterie/ Conference Road - Phase 2	La Poterie-Conference	St. Andrew	
Cherry Hill Road	Byelands	St. Andrew	
Tuilleries Road	Tuilleries	St. Andrew	
Dumpfries Road	Dumpfries	Carriacou	Public Tenders Board to meet and assess bids

Rural Investment Fund – Small Scale Revenue Generating Window: 65 informal rural groups with rural businesses as shown in Table 8:

Table 8

No	Groups	Address	Business Activity
1.	Black Creations	Victoria, St. Mark	Graphic Design
2.	Braveboy's Poultry Supplies	Crochu, St. Andrew	Poultry
3.	C & T Fishermen	Madeys, St. Patrick	Fishing: Boat & Engine
4.	Calabash Creation	L'esterre, Carriacou	Art & Craft
5.	Caring Hands Geriatric Care Agency	Grand Mal, St. George	Geriatric Care
6.	Carriacou small Agro processors	Carriacou	Agro-Processing
7.	Catherine's Strip Curtain	Telescope, St. Andrew	Strip Curtains – Sea Shells
8.	Charles Cut Flowers	Clozier, St. John	Production of flowers
9.	Charles Ice Cream	Resource, St. Mark	Natural ice-cream blends
10.	Cravings		
11.	Copious United Organisation	Coast Guard, St. Mark	Fishing
12.	D's Pest Control	Brooklyn, St. John	Pest Control
13.	Dali's Sewing Services	Grenville, St. Andrew	Sewing
14.	Darkers Farming	Belair, Carriacou	Livestock: Housing
15.	Denis Henry and others	Woodford, St. John	Agro-processing
16.	Digital Memory Photography	Main Street, Sauteurs	Photography
17.	FENES	Victoria, St. Mark	Marketing & Music Production
18.	Food Tech	Mt. Pleasant Carriacou	Beverage
19.	Fresh Crop Farmers	Bathway, St. Patrick	Crop Farming
20.	Fresh Eats	Bogles, Carriacou	Poultry: Layers
21.	Fish Finders (Victoria)	Victoria, St. Mark	Fishing
22.	Go Go Goats	Syracuse, St. David's	Livestock: Goats
23.	Gouyave Fishermen Co-operative Fisher folk	Gouyave, St. John	Fishing
24.	Gouyave Urban Gardeners	Gouyave, St. John	Poultry: Broilers
25.	Green Hill Farm	Westerhall, St. David	Pig Production
26.	Green Sea Farers	Windward, Carriacou	Fishing
27.	Grenville FAD Fishers	Grenville, St. Andrew	Fishing- Ice Flaked Machine
28.	H & M Meat Production	Mirabeau, St. Andrew	Meat production
29.	Hall's Catering Services	La Fortune, St. Patrick	Food
30.	Hazzard Confectioneries	Dehar, St. David	Confectioneries
31.	Henry & Others	Windward, Carriacou	Crop Farming
32.	Hermitage Simple Produc	Hermitage, St. Patrick	Agro-Processing
33.	In –Style Creative Collections	Non- Pariel, St. Mark	Locally made clothing
34.	Jefferson Ruben et al	La Mode, St. George	Honey Production
35.	Jude and Sade Pig Farm	Pearls, St. Andrew	Pig Farming
36.	Keith Mc Quilkin et al	Windward, Carriacou	Poultry
37.	La Pelle Farm	Carriacou	Small Ruminants: Fencing
38.	Mac Boys Farm	Bellevue South, Carriacou	Livestock: Sheep

39.	Mary Noel et al	Hillsborough, Carriacou	Poultry
40.	McDonald Stanislaus et al	Bellevue South, Carriacou	Livestock: Fencing
41.	Morne Fendue Poultry Diamond Group	Morne Fendue, St. Patrick	Poultry: Broilers
42.	Nature's Essentials	Red Gate, St. David	Essential Oil
43.	Northern District Cane Farmers	River Sallee, St. Patrick	Crop Farming: Sugar Cane
44.	Northern Nursery	La Mode, St. Patrick	Farming
45.	Pearls Innovative Young Farmers	Pearls. St. Andrew	Poultry
46.	P & P Poultry	Samaritan, St. Mark	Poultry
47.	Pierre's Poultry Enterprise	Windsor Forest, St. David	Poultry: Layers
48.	Powdel Farms	La Poterie, St. And	Crop Farming
49.	Pride of Prospect	Prospect, St. Patrick	Essential Oil
50.	Progressive Youth Must Strive	Morne Fendue, St. Patrick	Fishing: Boat & Engine
51.	Prospect Hall Small Ruminant Farmers Group	Mt. Royal Carriacou	Small Ruminants: Fencing
52.	Quality Growers	Grand Barcolet, St. Andrew	Crop Farming
53.	River Sallee Fisher Boys	River Sallee, St. Patrick	Fishing
54.	S.S.A Kitchen Cuisine	Chantimelle, St. Pat	Food
55.	Sisters Take Out	Cherry Hill, St. George	Commercial Food
56.	Spice Isle Treasure	L' Esterre, Carriacou	Essential Oil
57.	St. Mark Organisation for Development	Victoria, St. Mark	Serving Tables: Catering
58.	St. Patrick Fishermen Co-operative Society Ltd	Sauteurs, St. Patrick	Commercial Ice Machine
59.	Sweet Treats	Marquis, St. Andrew	Confectioneries
60.	The Planters	Snell Hall, St. Patrick	Crop Farming
61.	The Source	Vendome, St. George	Fresh Meat & Veg
62.	The Unity Team	Fontenoy, St. George	Crop Farming
63.	TJ Poultry Farm	La Fortune, St. Patrick	Poultry: Broilers
64.	Today's Cut Barber Shop	Vendome, St. George	Barbering
65.	Triple's Farming	L' Esterre, Carriacou	Livestock/Poultry

ANNEX V

SMALL BUSINESS DEVELOPMENT FUND

Programme Highlights 2017

- Total loans approved 750
- Value of loans \$8.1 million

Current Portfolio

- Total loans 445
- Value of loans \$4.0 million

Major Sectoral Impact

- Fishing \$1.9 million or 23.0 percent of total approvals, especially small-scale fishermen; boat owner/operator

Cruise ship Assistance

- 30 loans were provided to young persons; including 12 women to secure employment in the cruise industry for financing the cost of medical and visa requirements before taking up positions on the ships.

Collections

- Loan repayments \$4.2 million. This indicates that more than 50.0 percent of total loans approved are being financed from repayments making this a “real” revolving fund.

Delinquency

- Less than 9.0 percent of the total loans approved were not serviced in the last three months.
- Historically the trend for delinquency in micro business loans has been in the vicinity of over 90.0 percent.

Employment Impact

- Over 1135 jobs have either been created or sustained.

Training and Development

- Two workshops were facilitated in 2017 providing customers with hands-on training in record keeping, financial management, marketing & sales, customer services and other best practices.

Loan Approval Time

One of the major challenges from the inception of the programme has been the processing time from application to approval and disbursement of loans with a waiting period of approximately six months, which was due primarily to the share volume of applications. This was addressed in the first half of 2017 so that as of June 2017, the average turnaround time is maximum one month.

Priorities for 2018

- Continued support to Small and Medium-sized Enterprises – especially
 - Fishing & other productive sectors
 - Tourism services: taxis, water taxis, water & adventure sports, tours and other related services, craft vendors
 - Renewable energy & climate smart micro ventures
 - Pig, poultry & small rudiment farmers; food security
 - Light manufacturers and local artisans
 - Youth enterprises
- Sustainability
 - Continued training, monitoring and business support to ensure that beneficiaries of the programme are able to sustain and grow their operations.
- Portfolio management
 - Continued enforcement of collections policy to ensure that loans are paid on time so that funds continue to revolve in the programme for funding new projects.

- Closer working relationship with other stakeholders, such as the Ministry of Agriculture, Bureau of Standards, GIDC, and other relevant agencies for technical and other professional support.
- Customer service; further enhancement of the customer experience with continued emphasis on reducing the approval and disbursement processing time.

