

BUDGET ADDRESS 2015

**Continuing the Quest for Wealth and Job Creation, Equity, Resilience, and
Fiscal Consolidation in a Small Multi-Island Economy in the Midst of
Exogenous Challenges**

by

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2015 BUDGET SPEECH

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PREAMBLE TO BUDGET 2015

THE TRAGEDY AT ROCK GUTTER

Mr. Speaker, Honourable Members, I was scheduled to deliver this budget address on the afternoon of Monday, January 12, 2015. A horrific tragedy which occurred at Rock Gutter, located between Fancy and Owia, on the morning of January 12th changed it all. The convening of Parliament was, tentatively, postponed for one day; and then after further consultations with Cabinet colleagues, the Honourable Leader of the Opposition, His Excellency the Governor-General, and the Honourable Speaker, the postponement was extended to a period after the funeral for our loved ones, who died in that tragic accident. So, here we are today, January 28, 2015, at the commencement of our annual budgetary exercise, in accordance with our nation's Constitution and statute law, having passed the Estimates of Revenue and Expenditure for 2015 in this Honourable House on December 22, 2014.

Mr. Speaker, on the early morning of January 12, 2015, twenty one (21) of our nationals boarded a mini-bus at Fancy. Eighteen (18) of them were secondary students bound for their respective schools at Georgetown, North Union and Kingstown. Less than twenty minutes later, the mini-bus careened off the road and plunged over a rocky precipice into the raging seas. Five of our students who were on the mini-bus died; and two are still missing, presumed dead. Eleven of our students and the three adults, - the driver, the conductor, and a staff nurse in training as a specialist mid-wife, survived.

We recall by name the students who are dead: Jamalie and Jamall Edwards, and Anique Alexander of the North Union Secondary School; Racquel Ashton of the Georgetown Secondary School; and Glenroy Michael of the St. Vincent Grammar School. Our students who are missing and presumed dead, are: Chanstacia Stay of the North Union Secondary School; and Simonique Ballantyne of the Georgetown Secondary School.

Ten of our eleven surviving students are from the North Union Secondary School, namely: Onique Michael, Christie Bowens, Odesia Stay, Teyahna Bowens, Terril Thomas, Israel Roberts, Danny Michael, Ruthann Bowens, Shemroy Yorke, and Orlando Lewis. The eleventh student who survived the tragic accident is Condieann Sterling of the Georgetown Secondary School.

All three adults aboard the minibus survived: Ravannan Nanton (the driver); Ehud Myers (the conductor and lessee of the minibus); and Shelland Hoyte (a qualified nurse).

Mr. Speaker, each of the students who met his or her death and each of the two missing students who is presumed dead, was a special jewel of our civilisation. Each had a special gift; each possessed an especial talent; each had an ambition to succeed and to make fully manifest the blessings and potential that Almighty God had so generously bestowed. Their deaths have made their families, the community of Fancy, and our nation, much poorer. A void of indescribable magnitude has been created and will take many years, if ever, to be filled. The grieving parents, the community of Fancy, and our nation are pained and anguished. The massive turnout at their funeral and remembrance service last Sunday, January 25th, is an indicative testimony of our loss. Everywhere on that day, in Fancy and elsewhere in St. Vincent and the Grenadines, the faces of men, women and children of sense and sensibility, were strained and anxious. The healing process will be long and difficult, but with God's enduring help, we will be redeemed and made whole; some sooner, others, later.

The surviving students and adults, their families, friends, and those who care for them, will require our continued support. The physical injuries of the survivors range from severe to moderate and mild; but in each of their hearts and their minds, the remembrances and mental scar of the tragedy will not be easily healed

or mended. Counselling, love and support in every way possible are requisites in this process of healing and mending.

Each survivor and each family of the dead, the missing, and those who are thankfully still with us, are in a different circumstance and condition, amidst similarities. So, the similar, the different, and all the demanding, conditions, must be attended. The manner in which we buried the dead, and remembered the missing, last Sunday, is a tribute to our civilisation. Our civilisation, too, must measure up to the requisite of life and living.

Accordingly, our government is elaborating a Restoration and Development Programme for Fancy to be finalised and implemented in concert with the families of those who were directly touched by the tragedy, the community of Fancy, and civil society, including the churches which serve that community.

Initiatives, already being undertaken by our government in this Programme, include: The delivery of counseling services to all the families and survivors on an ongoing basis; the focussed attention to the health recovery of the injured; the speedy provision to the surviving students of all the basic materials required to resume their education (uniforms, books, stationery, school supplies, laptops, tablets, and the like); a new school bus (a 30-seater bus), to be run by the State, has already been ordered and is scheduled for delivery within three weeks - meanwhile a minibus has been contracted to provide transportation services; a

new cemetery has been consecrated and our deceased students were buried there last Sunday - the access road has been rehabilitated and will be further improved; and the delivery of other individual support services.

Each of the surviving students, who do not as yet receive a monthly support payment, will receive one, sufficient for their education and sustenance. This is of utmost urgency.

Moreover, a commitment is being given by the government, to each student, to finance his or her further education and training at the St. Vincent and the Grenadines Community College and beyond, at the University of the West Indies or at a comparable cost at any other university, provided, of course, that the student meets the requisite matriculation qualifications for entry to college or university.

Mr. Speaker, this special development programme for Fancy itself has to be elaborated and implemented with urgency. This programme will include physical infrastructure facilities such as village roads and footpaths; housing; sustainable livelihood projects; and the improvements in the facilities for primary and adult-education, health services, sports and culture. These facilities have been upgraded over the past several years, but more is still left to be done.

Mr. Speaker, the community of Fancy, including the affected families in the tragedy, has requested that a fitting memorial be erected for the students who died. I agree. So, too, must one be constructed in memory of our twelve loved ones who perished in the Christmas Eve Disaster of 2013. We intend to proceed promptly on these.

Still, I reiterate that the most enduring and loving memorial to all those who have died in these tragedies is not to be found in monuments of stone or marble but in our hearts and minds; in our lives and living.

These tragedies are tests of our nation's resolve and our faith in God. We have been meeting these tests as they arose in December 2013; and I am confident that we will meet these tests arising from the Rock Gutter tragedy. What we cannot pursue by reason; we shall do so by faith, in full assurance that Almighty God will not forsake us; He will keep His promise to us of lifting His righteous right hand always to help us. I sincerely believe that!

This tragedy serves as another reminder for us to live better with each other and in national unity, devoid of political bitterness or the rancour of religious rivalries. To be sure, policy differences cannot, and should not, be swept under the proverbial carpet, but at all times we ought to contain our disputes and contentions in such a manner as to elevate us, not to damn us. I am hopeful that this Budget debate would contribute to this uplifting quest.

Mr. Speaker, I thank all who in one way or another contributed to the search and rescue efforts and the process of healing, mending, and comforting. The agencies of the State, members of civil society, and Vincentians of all walks of life have thus far given yeoman and commendable service. There have, in many cases, been some remarkable, and even heroic contributions, which our government is resolved to recognise suitably.

INTRODUCTION

Mr. Speaker, Honourable Members, Budget 2015 is likely, to be the last national budget before the next general elections which, constitutionally, can be held up to its outer limits in March 2016. This is my fourteenth budget as Minister of Finance, a not inconsiderable number, and God's willing, is unlikely to be my last.

The central theme for this year's budget is: "**Continuing the Quest for Wealth and Job Creation, Equity, Resilience, and Fiscal Consolidation in a Small Multi-Island Economy in the Midst of Exogenous Challenges**". The theme encapsulates our targeted goals to uplift the quality of our people's lives and their standard of living at a time of continuing global threats arising from a profound global economic squeeze, unevenness and uncertainty; unusual weather events, of a crippling nature; the rapid spread of infectious diseases and the growing prevalence of chronic non-communicable diseases; and disturbing and impactful political upheavals internationally. In this context, our quest for enhancing wealth and job creation, achieving equity and social protection, building economic and infrastructural resilience, and securing fiscal consolidation, continue to encompass urgent and difficult tasks, but still not beyond us to accomplish. But make no mistake, it is a most challenging journey for a small, multi-island economy with an acknowledged scarcity of material resources, weighed under by the legacies of a plantation and colonial political economy.

In this cauldron of limitations there are nevertheless immense possibilities resting, fundamentally, on enhancing our people's productive capacities in the economic and socio-cultural sphere; emphasising healthy life-styles; utilising our limited material resources optimally; preventing, as far as practicable, or reducing markedly, home-grown and externally-drawn criminal violence; strengthening regional integration; and finding spaces in the hostile international political economy to advance our people's interest and welfare through a principled and pragmatic bundle of external relationships. In this monumental enterprise, quality leadership at all levels, good governance, and national unity under God, are essential requisites.

Strategically, therefore, we must at one and the same time secure incremental growth and consolidation in all spheres while pursuing the guided structural changes in the economy, infrastructural development, society, and governance arrangements, without which sustained development, overall, in the people's interest, is not possible to be achieved. Metaphorically, small steps will aid our advance generally, but some chasms are so wide that a crossing is possible only with a huge leap; small steps in those circumstances will plunge you at the bottom of the widening gorge. Caution may be useful but calculated risks are required. Prudence without enterprise is misery; austerity is a wrong and dangerous idea when boldness is required; laziness in thinking or doing is an absence of virtue; courageous decision-making rather than indecisiveness is to be

our watchword; a strenuous life is preferable to ignoble ease; learned helplessness is to be eschewed; and counting our blessings, one by one, is a redemptive grace which will forever trump a damning negativism and ingratitude.

Mr. Speaker, the global economy is yet to recover from the worst international recession for nearly 100 years. The major economies are still reeling from the global economic meltdown of 2008 and its consequences thereafter. To be sure, the economy of the United States of America ended the year 2014 stronger than it began but its growth was still modest, though improving. The economies of Europe and Japan are, at one level or another, remain in the throes of an economic crisis. The growth rate in the economies of China, India, Russia, Brazil, Turkey, Mexico and Argentina has slowed; in some cases, the slow-down has been swift and dramatic.

Indeed, all of these economic travails have caused a fall in global demand for oil, in a period of increased supply, occasioning thus a continuous drop in oil prices from nearly US \$120 per barrel in August 2014 to under US \$60 per barrel today. Informed observers insist that this decline in oil prices is not a temporary market blip but is likely to stabilise at a low or lower level for a prolonged period of time. This is good economic news for non-oil producing countries such as St. Vincent and the Grenadines despite the likely decline of our country's concessionary financing arrangements with Venezuela under Petro Caribe.

The regional economies, particularly those which are tourism-based, have been experiencing, since 2008, low-or-no-growth, rising public debt burdens, and increasing fiscal challenges. In many cases, the real economy is yet to return to pre-2008 levels and the mounting fiscal deficits have shackled public finances. Both within and without the member-countries of the Eastern Caribbean Currency Union (ECCU), some governments have had to fashion, formally, structural adjustment or related programmes in order to access conditionalities-based loans from the International Monetary Fund (IMF). In CARICOM, the three countries which have been able to ride out the global economic storm and its knock-on effects without too much discomfort have been the petroleum-and-natural-gas-based economy of Trinidad and Tobago, and the largely primary-commodity-based economies of Guyana and Suriname on the South American mainland. Even for them the journey has been bumpy; and Guyana and Suriname have not been able to propel their economies significantly upward from a comparatively low-level material base.

Within the ECCU, St. Vincent and the Grenadines has performed better than average in terms of real economic growth, its fiscal consolidation, its Debt-to-GDP levels, and the stability of its financial institutions, especially, its indigenous banks, in the period since 2008 – 2009. By the end of 2013, St. Vincent and the Grenadines had been restored to its level of real output of pre-2008. Several member-countries of the ECCU are yet to make-up for the economic decline particularly as recorded in the years 2009 to 2012, inclusive. The comparative

data of the economic performance of the ECCU countries since 2008, and continuing, are publicly available. I have presented these comparative numbers in successive budget addresses and thus have no need to canvass them here again.

For the year 2014, economic growth for St. Vincent and the Grenadines has been estimated at the very modest level of 1.1 percent by the recent Staff Mission of the IMF. This level of growth is essentially flat and problematic; they project a further modest 1.5 percent real economic growth for 2015 and a more robust 3 percent economic growth in 2016 consequent upon the opening of the Argyle International Airport.

The year 2014 has been a particularly challenging one for St. Vincent and the Grenadines beyond the pre-existing limitations and challenges. The devastating storm of December 2013, which accounted for an estimated damage and loss of EC \$330 million or 17 percent of GDP, hampered any hitherto anticipated economic recovery. The harsh socio-economic effects of this natural disaster were compounded by the prolonged drought of January to May 2014; by the further marked reduction of labour output owing to the debilitating Chikungunya disease; and by the deleterious economic impact of the temporary, but prolonged, cessation of the private-sector development project in Canouan due to unresolved differences, thus far, between the two principal partners in the Canouan Development which employs some 400 workers in construction. I shall discuss

all this in more detail when I reflect on the condition and prospects of our major productive sectors.

Mr. Speaker, our nation has, over the past fourteen (14) or so years, invested heavily in education and training, at all levels. This phenomenal investment in education is not one which provides returns in the short-term, but already the socio-economic benefits are being witnessed for the individual beneficiaries and the society as a whole. Without this Education Revolution there was, and is, no real hope of socio-economic advancement.

This investment in education has been buttressed, and is now being accelerated in breadth and depth, in health, wellness, and the environment. Healthy, longer-living individuals who are well-trained and educated for the national, regional, and global economy are poised, all other things being equal, to create more wealth for themselves, their families, and nation.

The enhancement of the physical infrastructure, including airports, seaports, competitive and accessible energy (including renewable energy), roads, bridges, sea and river defences, housing, facilities geared to climate-change resilience, and the widespread and productive utilisation of information technology, facilitate the building of a modern, competitive, many-sided post-colonial economy in the people's interest.

Criss-crossing these fundamentals of ensuring the creation of a top-notch educated, trained and healthy labour-force, and the efficacious build-out of the physical infrastructure and the information technology networks, are the practical policies touching and concerning sound financial inter-mediation, social protection and inclusiveness, poverty reduction, air and sea transport, efficient public administration, socio-cultural and sporting upliftment, justice and public order, deepening regional integration and internationalist solidarity, citizen security, disaster preparedness, and good governance, including a sensible management of public finances. This composite package of solid public policies and programmes, within a social-democratic framework, and the daily reaffirmation of God's suzerainty, spur enhanced investment in the productive sectors of the economy.

The investment for enhanced production, productivity, and living comes from four central sources: Domestic private and public sector savings, foreign direct investment, remittances from abroad, and external grants and soft-loans. Our government has avoided, save and except to the most minimal extent, the burden of financing public sector development through commercially-based loans, especially those raised on the foreign money market.

These, in their totality, have been the public policies, since March 2001, which have driven our government and the Vincentian people on its balanced, enterprising, and strategic developmental path. These are the public policies

which have been yet again enunciated, with freshness and creativity, in the SVG National Economic and Social Development Plan, 2013 – 2025 which was unveiled just over a year ago. These policies flow from Five Strategic goals: Re-engineering economic growth; enabling increased human and social development; promoting good governance and increasing the effectiveness of public administration; improving the physical infrastructure, preserving the environment, and building resilience to climate change; and building national pride, identity and culture. Under these Five Strategic Goals are detailed, in the aggregate, 38 Strategic Objectives. The Plan further elaborates an integrated check-list of the major policies and programmes designed to achieve the 38 Strategic Objectives under the Five Strategic Goals. It is all set-out in 146 pages, in language of clarity, not obfuscation. The 2015 Budget, including the 2015 Estimates which this Honourable House approved on December 22, 2014, contain the programmatic thrust for 2015 towards the realisation of the Strategic Goals and Objectives of the National Economic and Social Development Plan, which is targeted to take us up to 2025, another ten years!

Mr. Speaker, let us be clear and honest about one thing: There is no other Plan on offer save and except that of our government. Undoubtedly, some may urge a bundle of hop-scotch, disparate proposals lacking a compelling developmental narrative and possessed of no clarity of vision or philosophical coherence. Indeed, one hears and reads noisy proclamations of the necessity of doing something different; but what is hailed as “different” is not better; it is worse.

Oftentimes, this glib, used-car salesman's canard is lofted under the banner of "run something new". But their "new" is in fact a pre-existing older malaise; it is essentially backward in that it looks forward to the past; no strategic renewal of merit is offered for the future by those who echo the out-dated siren songs of the past.

Our government, in an era of extraordinary external challenges, has been focussed, and successful, in its elaboration and practical implementation of its people-centred vision; its philosophy of social democracy applied to our circumstances; its socio-cultural quest for the further ennoblement of our Caribbean civilisation and its splendid Vincentian component; its building of a modern, competitive, many-sided post-colonial economy, in its national, regional, and global inter-connectedness; and its strategic goals, objectives, detailed policies and programmes. Still we are not yet out of the proverbial woods; hard, smart, productive work has to be the order of the day.

In my presentation today, my over-arching commentaries will be on twenty core subjects: The productive economic sectors; citizen security; health and wellness; tertiary education; roads and bridges; disaster preparedness and climate change; housing and community activities; poverty reduction and zero hunger; good governance; urban renewal, including the proposed modern city at Arnos Vale; the Argyle International Airport; seaport development; VINLEC and energy, including the game-changing geothermal energy project; sports and recreation;

CLICO and BAICO; the National Insurance Services; financial sector stability; public debt management; the fiscal measures for 2015; and the financing of the 2015 budget.

Mr. Speaker, the Honourable Ministers responsible for the various portfolios will, of course, address mainly, though not solely, their subject responsibilities. The Economic and Social Review for 2014, (up to September 2014), appended hereto and forms part of my presentation, provides detailed information of relevance for Honourable Members' deliberations on the budgetary proposals for 2015 and the general socio-economic condition of St. Vincent and the Grenadines.

THE PRODUCTIVE SECTORS

Mr. Speaker, the main productive sectors of the economy are agriculture and fisheries, tourism, manufacturing, construction, transport (air, sea and roads), banking and finance, wholesale and retail trade, education and health services, electricity and telecommunications, water and solid waste services, and public administration. The respective contributions of these sub-sectors to the Gross Domestic Product (GDP) are sketched in the Appendix in the Economic Review.

Wealth and job creation through the productive sectors is effected largely by way of the private sector (local and foreign), through the State sector, and to a much lesser degree in the cooperative sector. The State (central government and state

enterprises) makes a significant contribution to the economy through the ownership and management of resources, for example, water, solid waste services, electricity, lands, part-ownership of manufacturing enterprises, its provision of socio-economic and infrastructural development directly, and its active facilitation of wealth and job creation by the private and cooperative sectors.

Mr. Speaker, it is to be emphasised that in the Capital Estimates for 2015, \$165.6 million or 55.9 percent of the total capital budget is dedicated to “Economic Affairs”. This investment programme is targeted at generating economic growth and job creation in the main productive sectors of the economy. Projects financed under this heading include major infrastructural developments in airport construction, roads, bridges, river defences, information communications technology (ICT), agriculture, and tourism.

Planned expenditure on airport development at Argyle for 2015 totals \$74.7 million. A sum of \$57.52 million or 34.7 percent of the capital expenditure estimated for the functional category “Economic Affairs” or nearly 20 percent of the total capital budget is allocated for roads, bridges, and river defences.

This huge emphasis in the budget on upgrading the road network demonstrates the Government’s recognition of the economic and social importance of roads and road transport. The more important road projects for 2015 are: The rehabilitation

of the South Leeward Highway (\$16.0 million); the construction of four bridges on the Leeward side of St. Vincent by the Government of Ecuador (\$10 million); rehabilitation of the Congo Valley road (\$4.6 million); rehabilitation of roads at Carapan and Swamp Gut (\$1.05 million); the Caratal Bridge and River Defence (\$2.7 million); Road and River Defence in South Rivers (\$1.7 million); the rehabilitation of the Bridge at Spring Village (Leeward) (\$1 million); flood reconstruction and rehabilitation programme, including Ginger Village (\$1.5 million); the rehabilitation of village and feeder roads (\$1 million).

The main items of scheduled capital spending in the sub-categories “Agriculture”, “Tourism”, and “ICT” under the broad category “Economic Affairs” are: Agricultural Modernisation and Development (\$4.6 million); Farmers Support Revolving Fund (\$6 million); Small Business Support-Flood Damage (\$0.5 million); Arrowroot Industry Revitalisation (\$0.5 million); Upgrading of Agricultural Stations (\$0.6 million); Tourism and Private Sector Development (\$6 million); the ICT Centre (0.8 million); and CARCIP (\$3.0 million).

Allied to these “Economic Affairs” projects are those under Environmental Protection (\$40.2 million or 13.6 percent of the capital budget); and Health (\$25.2 million or 8.5 percent of our 2015 public sector investment plan). These projects, too, add value and resilience to our national economy.

Mr. Speaker, in the year 2014, an increased number of tourism development concessions were granted by the government to construct, expand, refurbish, and/or equip hotel plants. Several hotels expanded in 2014 or are currently under expansion, for example: the Mortstedt Group (including the Bequia Beach Hotel), Gideon Browne's Spring Estate Resort, Kelly Glass' Blue Lagoon and Marina Project, Silky Da Silva's Hotel Group, the Gunn's Beachcomber's Hotel, and a recently-proposed EC \$60 million, 39 villa development at Spring in Bequia adjacent to Firefly Hotel. Further, over 150 home-owners have taken advantage of the special concessions to expand homes into apartments so as to accommodate overseas students attending the four medical schools in St. Vincent and the Grenadines and the students from Ecuador under the anticipated "Go Teacher" Programme which has been unfortunately delayed until September 2015..

Mr. Speaker, the imminent start-up of operations at the Argyle International Airport is driving much of these tourism investments. In the same way that its construction sparked the roll-out of the Buccament Resort, we note that its impending opening later this year has drawn a group of Canadian investors to present a proposal to the government for a US \$200 million hotel investment at Mt. Wynne/Peters Hope. Our government has accorded "approval in principle" for the proposal. The government and the Canadian investors are likely to sign a Memorandum of Understanding within a few weeks, hopefully in February 2015.

Our government has further issued invitations to our domestic investors to join with the Government in Public-Private Partnerships (PPPs), if required, to construct hotels on their own lands or on lands owned by the State in Bequia, Union Island, and on St. Vincent. Some interest has been shown by local investors, but insufficiently so. Accordingly, I reiterate this call for PPPs in the hotel industry, particularly in light of the impending completion and start-up operations of the Argyle International Airport. Meanwhile, several foreign investors have expressed practical and urgent interest in hotel investment on State-owned lands. I accordingly plead with our domestic investors to come forward soonest to grasp the investment opportunities at hand.

There is one continuing major disappointment in the further development of the tourism sector concerns the prolonged delay in the fullest flowering of the Canouan Development Project, particularly the delayed opening of the luxurious Pink Sands Hotel and the slow-down of the construction works at the Marina and Real Estate Development at the southern end of Canouan. The single cause of all this has been the dispute between the two major partners in the Canouan Development. I am optimistic, however, that a resolution is at hand. Our government is continuing to urge these developmental partners to settle their differences in their own interest and in the interest of the people of St. Vincent and the Grenadines. Three weeks ago I had reassuring conversations on this matter with the principals concerned. This slow-down in Canouan has had a marked adverse effect on economic growth and job creation in a geographic

location where our government has expended huge sums of money to facilitate this very high quality tourism development.

In the manufacturing sector, there has been progress in 2014. The major manufacturing enterprises which produce flour, rice, animal feed, galvanise sheetings, beer and other alcohol beverages, rum, and agro-products have been performing commendably. And in 2014, the ECGC Group of Companies re-launched and repackaged the production of the famed Ju-C soft-drinks, creating local value-added and forty jobs.

Further, in 2014, approvals were granted to six applicants for fiscal incentives in industry. Additionally, duty free concessions were granted to fourteen small businesses, including six agro-processors. These small businesses had an investment of \$8 million and created 74 jobs.

In agriculture, a combination of factors have proved burdensome: Adverse weather conditions in successive years, since 2010 (two droughts, one hurricane, and two storms); the almost complete removal in Europe of market preferences for Windward Islands' bananas; severe bouts of Black Sigatoka; haphazard markets; air transport and shipping challenges; an insufficiency of quality arable lands; a damaged network of feeder roads; less than optimal agronomic practices; agricultural labour limitations; uncompetitive farming generally; and excessive praedial larceny. All the problematic issues of a home-grown or domestic nature

are being addressed on an on-going basis. The Result Indicators in the 2015 Estimates point to the enhanced and commendable work in the agricultural sector, which presage a turn-around for the better. Objective observers assess significant improvements following the storm of December 2013 and the prolonged drought of January to May 2014.

In any assessment of the performance of agriculture, it is always sensible to note that neither government nor any of its agencies is actually engaged in the ownership or management of any farm save and except for a small experimental farm. In agriculture, it is the business of government to provide or facilitate the access to a range of services and to engender the development of a socio-economic framework to assist the farmer in the production and marketing of his or her agricultural products. It is, at the end of the day, the farmer, and his/her workers, who produce and market the crops and animals. These independent, hard-working, essentially small-producers are alive, in their practical observation, to the wise teaching of the Book of Ecclesiastes [Chapter 11, Verses 4 and 6]:

“Whoever watches the wind will not plant;

Whoever looks at the clouds will not reap;

“---Sow your seed in the morning,

And at evening let not your hands be idle,

For you do not know which will succeed,

Whether this or that

Or whether both will do equally well.”

Mr. Speaker, the recurrent budget of the Ministry of Agriculture, Rural Transformation, Forestry, Fisheries, and Industry amounts to \$22.1 million. Of this sum, the agricultural portfolio itself has an estimated recurrent budget for 2015 of \$19.35 million. The agricultural portfolio has twelve broad programmes including Extension and Advisory Services, the Banana Services Unit, the Animal Health and Production Unit, Soil and Water Conservation, Exotic Pest Control, and the Forestry Division. The agricultural portfolio has 147 permanent employees, most of whom are professional staff, including 24 permanent professional staff in the vital Extension and Advisory Services. By comparison, the recurrent budget for the agricultural portfolio in 2001 was \$8.15 million, or \$10.85 less than for 2015, but with only seven fewer permanent staff in 2001 than in 2015. Undoubtedly, the salaries of the permanent staff have been significantly enhanced since 2001; thus, the nation's farmers expect, not unreasonably, enhanced productive work from the Ministry's professionals.

The data indicate that agricultural production rebounded after the storm of December 2013 and the five-month drought in the first half 2014. For example, banana cultivation is now on approximately 900 acres of land. The informed estimates are that in 2015 there is likely to be an export of 3,000 metric tons for the regional markets. These estimated export numbers are marked increases over the recent years since 2010. Undoubtedly, the control of Black Sigatoka

through the Banana Services Unit, the financial support by way of state-owned Farmers' Support Company, and the renewed interest by farmers, contribute to this uplift in banana cultivation. Still, there is no room for complacency. Farmers must produce quality fruit; and the Ministry of Agriculture must continue to keep its eye on the ball with the control of Black Sigatoka. The farmers can expect continued financial support through a further injection of another \$6 million in soft-loan funds in 2015 from the Farmers' Support Company through the funding instrumentality of Petro Caribe. This initiative of the government through the FSC is all the more significant when it is realised that during the period January to September 2014, only 0.2 percent or \$2.4 million of commercial bank credit was extended for investment in farming. Thus, the back-to-back allocation by the FSC in 2014 and 2015 of \$12 million is of real importance.

There have been, too, promising developments in the production of root crops, fruits, vegetables, animals (cattle, pigs, sheep, goats, and poultry). The Honourable Minister of Agriculture will provide more details. The year 2015, too, will see further efforts to develop, sustainably, the arrowroot, and cocoa industries, despite the closure on the Amajaro initiative in cocoa.

Progress, too, has been made in the fishing industry, but not as much as ought to have been the case. Our government has policies in place to assist fishers in the development of their fleet and their skills. I urge them to work closely with the Fisheries Division in these respects: I again call on the private sector to join with

the Government in a Private-Public Partnership to operate the fishing complexes, including the Kingstown Fish Market, as viable commercial enterprises. I thank the St. Vincent and the Grenadines Chamber of Industry and Commerce which only last week confirmed to me their deep interest in partnering with the government in the operations of the Kingstown Fish Market.

Mr. Speaker, a growing area of economic activity is that of the provision of educational services to overseas students. Nearly 700 students, the overwhelming number from overseas, are currently enrolled at the four international medical schools in St. Vincent and the Grenadines. The former Kingstown Medical College had an annual enrolment of under 250 students, as an off-shoot of the St. George's Medical School in Grenada. Our government anticipates that with the opening of the Modern Medical Complex at Georgetown within the next twelve months, there will be another top-notch facility for the practical training of medical and other health personnel. Accordingly, it is expected that enrolment growth at the four medical schools will continue. The presence of these overseas students and their families add significantly to foreign currency expenditure for accommodation, food, drink, transportation, and local employment.

Our government's active pursuance of the "Go Teacher Programme" with the Government of Ecuador to teach their students English as a second language opens up more opportunities for our sale of educational and allied services.

Mr. Speaker, St. Vincent and the Grenadines has been accorded a commendable grading by the relevant international agencies which are charged with the responsibility for assessing indices of business-related friendliness such as “ease of doing business”, “perception of corruption”, and “good governance” generally.

The 2014 Doing Business Report authored by the World Bank and the International Finance Corporation assessed “the Ease of Doing Business” in 189 countries. St. Vincent was ranked 6th overall in the Caribbean (CARICOM plus Dominican Republic and Puerto Rico) and 82nd globally. The assessment is made on the basis of several indicators, namely: The business environment; starting a business; dealing with construction permits; getting electricity; registering property; getting credit; protecting investors; paying taxes; trading across borders; enforcing contracts; and resolving insolvency. Within these indicators are sub-categories of assessment.

Three main areas of weaknesses cause our overall commendable ranking not to be higher particularly since in seven vital areas St. Vincent and the Grenadines performs quite well. Let us first highlight our three main weaknesses. These relate to the ease of registering property (ranked 9th in the region, regional ranking includes the Caribbean and Latin America and 153rd globally); ease of resolving insolvency (ranked last in the region with St. Kitts-Nevis, Grenada and Haiti); ease of getting credit (ranked 8th regionally and 130th globally). Our

relatively-low score for “ease of registering property” is principally because financial institutions and lawyers are enduring “bottlenecks” in a context where the government has been modernising the system of land registration through efficacious computerisation. Our low-ranking on “ease of resolving insolvency” is entirely the fault of the government: Although we have commendably enacted a modern Insolvency Act, along the Barbados model, we have been too tardy in not operationalising this Law because of our failure to put the appropriate regulations in place. The Honourable Attorney-General has advised me that these regulations have now been drafted and ought to be formally “ordered” shortly. The relatively-low ranking of St. Vincent and the Grenadines on the “ease of getting credit” (8th regionally and 130th globally) is entirely the fault of the banks and other financial institutions which put too many lengthy and frustrating road blocks in the way of potential borrowers/investors; indeed, one or two banks have become glorified “post-boxes” of their head offices in Barbados and elsewhere.

Let us at the same time highlight the seven vital areas in which St. Vincent and the Grenadines has been doing comparatively well in the region and globally in the “ease of doing business” indicators. These are in the following categories: “Days to Start a Business”; “Ease in Dealing with Construction Permits”; “Ease of Getting Electricity”; “Protecting Investors”; “Ease of Paying Taxes”; “Ease of Trading Across Borders”; and “Ease of Enforcing Contracts”. In each of these, St. Vincent and the Grenadines performs well, above the regional average, and has a commendable global ranking. A few details in these respects make interesting

reading. In the category “Ease of Dealing with Construction Permits”, St. Vincent and the Grenadines is ranked first in the region and 6th in the world; in terms of “Protecting Investors”, St. Vincent and the Grenadines is ranked 3rd in the region and 34th globally; and under the assessment “Ease of Trading Across Borders”, St. Vincent and the Grenadines is ranked third regionally and 38th globally. In this broad latter grouping, St. Vincent and the Grenadines is first regionally in the sub-category of “cost of exporting a container” ,US \$585; (the regional average - Caribbean and Latin America - is US \$1,033; Latin America by itself has an average of US \$1,454 per export of container; and the rich OECD countries, the average cost is US \$1,070). The average cost of importing a container has St. Vincent and the Grenadines at 4th place in the region at US \$1,425, commendably below the regional average of US \$1,729.

All the relevant stakeholders, including the Government and St. Vincent and the Grenadines Chamber of Industry and Commerce, must work together to reduce our weaknesses and improve our strengths in the “Ease of Doing Business”. In the case of the government, the policies are quite business-friendly, but administrative hiccups and inefficiencies create unwarranted difficulties.

Mr. Speaker, it is rightly and widely-acknowledged that corruption undermines business competitiveness, distorts the cost to the consumer of goods and services, militates against the poor, and harms society generally. Our government has taken a strong stance against official corruption in principle and

practice. Our government's practical efforts have been globally recognised by other governments and international agencies. In December 2014, Transparency International published its Anti-Corruption Index relating to the Perception of Corruption. St. Vincent and the Grenadines has a good ranking at 27th globally, out of over 180 countries assessed, in terms of the Perception of Corruption. Our score was 67 out of a possible 100. Over two-thirds of the countries assessed, world-wide, scored under 50 percent. In 2013, St. Vincent and the Grenadines was ranked 33rd with a score of 62 percent. St. Vincent and the Grenadines was one of three countries world-wide that had its previous score improved in 2014 by the maximum of 5; and it was the only country which had hitherto a score over 60 that improved its score by so much in one year. Among the CARICOM member-states, St. Vincent and the Grenadines was ranked 3rd, behind Barbados and the Bahamas.

Mr. Speaker, Honourable Members may recall that from early in our administration, the international community was commending us for our efforts, as we pronounced policies to stamp out official corruption. As a tangible measure, the British government, in August 2001, pointedly granted St. Vincent and the Grenadines debt-relief under the Commonwealth Debt Initiative, which it had hitherto denied the predecessor government, because of our government's strategic and practical measures to tackle official corruption, rein-in money-laundering, clean-up the offshore finance sector, and reduce poverty. Over the years, too, the World Bank has commended our government for its enhanced

good governance and its pursuit of economic freedoms. The internationally-acclaimed agencies of Freedom House and Reporters Without Borders have accorded St. Vincent and the Grenadines, under my administration, commendably high scores for its economic freedoms and freedom of the press respectively.

The recent, quite favourable assessment of our country by Transparency International in terms of its Perception of Corruption Index has further boosted the confidence of business people, foreign and local investors, and our citizens that our government is deeply committed to stamping out any official corruption and keeping its governance clean. An independent, transparent tendering process through the Tenders Board, which now publishes its award of tenders annually, ensures that the procurement of goods and services by the central government is devoid of corrupt practices. Still, that very sound process needs to be further fortified by a comprehensive procurement law which would include, too, an insistence on an arms-length procurement exercise in every state-owned enterprise, an ideal to which our government has already, in practice, been striving. To this end, our administration is currently finalising the Public Procurement Bill and Regulations for enactment early in 2015.

Mr. Speaker, on more than one occasion over the past two years, in Parliament and outside, I have been strong in my urgings for the Customs and Excise Department to be more customer-friendly. I am aware that Customs Officers

have a difficult task in making sure that the revenues due on international trading transactions are collected in accordance with law. Undoubtedly, there is evidence that some importers seek to beat the system and the Customs Officers must therefore be vigilant. Still, there is a requisite, always, for balance, good sense, and customer-friendliness. In early December 2014, I had the senior Customs staff and the Director-General of Finance and Planning in a lengthy discussion precisely on these, and related issues. Three weeks ago, too, I chaired a meeting between the senior management of Customs and the Chamber of Industry and Commerce. Discussions between them are continuing on this issue. I am hopeful that in early 2015, improvements would be in evidence. I would be disappointed if marked improvements were not forthcoming.

In particular, it is expected that a re-focussed comprehensive Risk Management Programme at Customs and Excise would be elaborated in practice. This Risk Management exercise ought to provide for the selection of high risk traders and shipments, and the facilitation of release of the goods in specified time-frames so as to reduce delays and traders' inconvenience.

Mr. Speaker, the IMF Staff Mission in its published concluding statement consequent on its recent Article IV consultation rightly highlighted the matter of monies owed to the private sector by the Government for goods and services provided, and the corresponding indebtedness to the Government by the private sector for revenues due. In some cases where the private sector creditor and

debtor in its relationship to the Government are one and the same, an exchange of cheques is a sensible solution. In other cases, the Government must pay its private sector debts; and those who owe the Government the properly-levied taxes, including arrears, must pay also. I have been advised by the Comptroller of Inland Revenue that over \$200 million is owed to the Treasury in tax arrears, interest and penalties. The Government owes the domestic private sector approximately \$18 million. I am determined to have all these outstanding sums owed, on both sides, satisfied. It would be a boon to both the private sector and the fiscal condition of the government.

ARGYLE INTERNATIONAL AIRPORT

Mr. Speaker, the Argyle International Airport, God's willing, will be completed this year and ready for operation. This massive, historic project, the largest in the history of St. Vincent and the Grenadines, will forever be a premier exemplar of our nation's creativity, faith in our capacity to achieve monumental tasks, a most extraordinary interface with nature in the shaping of, not despoiling, our physical environment in the interest of our people's development, and a noble manifestation of regional and international solidarity. In this and more, Almighty God has held our hands and blessed us; to Him we give the glory.

The voluminous earthworks to prepare the airport site began on August 13, 2008. The critics, then, who are the same critics today, asserted that our government had embarked upon an impossible dream which would never be achieved. I, personally, was excoriated in the most derisive and dismissive terms; some of the kinder denunciations of me were that I was a Vincentian Don Quixote tilting at imaginary windmills in a veritable state of permanent hallucination; that I was completely devoid of any sense of reality in pursuing this presumed folly, which they insisted, was unachievable. Over the past 6 ½ years, these critics, in Parliament and outside, would oscillate between this or that reason for their unimaginative and wrong-headed opposition. Never once, in this Honourable House, have the Parliamentary Opposition supported our government in appropriating monies for the airport's construction, monies which were always grants or soft-loans earmarked solely for the airport's construction. On the eve of the 2010 general elections they shifted their stance somewhat to accommodate the gathering political winds; but after their electoral defeat, they again resumed their full-throttle opposition as manifested in their parliamentary vote against the Supplementary Appropriation Bill of 2012 which contained one purpose: The appropriation of monies to complete the airport's construction!

Mr. Speaker, I am duty-bound to deliver for this Honourable House a summary progress report on the Argyle International Airport Project as at December 31, 2014, in respect of both the Airside Works and the Landside Facilities. The Airside Works include principally the earthworks, the Yambou River, and other,

Drainage Systems, the pavement works, the airfield lighting, related activities connected to the Design Unit, the quality control systems, wind studies, and the regulatory oversight role of the Eastern Caribbean Civil Aviation Authority (ECCAA). The Landside Facilities include mainly the Passenger Terminal Building, the Control Tower and Navigational Aids, the Aircraft Rescue and Fire-Fighting (ARFF) Station and Equipment, the Cargo Terminal, the Aircraft Hanger and Fixed-Based Operations, the Airport Access and Circulation Roads and Parking Lot, Other Access Roads, Landscaping. On each of these specific matters, the International Airport Development Company (IADC) has accomplished much over the past year and given its programmed works for 2015, our government has been assured that the airport's construction would be completed for opening before the end of 2015. We accept those assurances as reasonable.

In addition to the Airside Works and Landside Facilities are the other vital matters on which good progress has been made in 2014. These include centrally: Environmental issues (Relocation of the petroglyphs, blasting operations, dust management and land use planning), Marketing and Management of the Airport, Communication and Promotion, and the Project Cost and Financing.

Mr. Speaker, the earthworks are now 97 percent complete, and the earthworks which remain to be done will be carried out without any real inconvenience to the parallel Airside Works; these earthworks are scheduled to be completed by the

end of March 2015. Works on the Yambou River Draining Systems are programme for completion by the end of April 2015 to allow for the asphalt pavement works on that section of the runway to be done. The ongoing works on other drainage systems continued during 2014 and are substantially advanced; these are programmed to be completed in the first quarter of 2015. The pavement works have already commenced with the placement of the base and sub-base for the runway, aprons and taxiways. The asphalt pavement works and the concrete works on the aerodrome are programmed to be completed by the end of May 2015. The process of installing the airfield lighting has begun and is progressing well. And the wind studies continue; the data show, thus far, no crosswind sufficient to affect the safe operation of the Argyle Airport for the smallest aeroplanes, that is, those whose reference field length is less than 1,200 metres. In the first half of 2015, the IADC will again provide all the up-to-date wind-data and analysis for public information.

Immense progress continues on the Landside Facilities: the Passenger Terminal Building and Electrical Substations facilities were substantially complete by the end of December 2013 and were handed over to IADC by the construction company, Overseas Engineering and Construction Company (OECC). Recently, the IADC entered into another contract with the OECC for additional works to the Passenger Terminal Building, mainly to effect a modification to allow for the connection of two passenger boarding bridges. Meanwhile, all the equipment and furniture being procured by the IADC for the Terminal Building will arrive and be

installed in time for airport operations to commence after June 2015. All the construction works on the Control Tower have been completed and the building was handed over to IADC on December 15, 2014. Aeronav Incorporated of Canada will undertake the retrofitting of the Control Tower Cabin and installation of the airfield navigational aids in the first quarter of 2015. The Rescue and Fire-Fighting Station was completed by the contractor and handed over to IADC on December 18, 2014. IADC has also procured from Oskosh, US, three fire-fighting trucks and equipment. The Cargo Terminal is programmed to be completed and retrofitted by the third quarter in 2015. Further, IADC has allocated, under concessions contracts, land space to three private firms to construct and operate aircraft hangars; IADC has also earmarked a parcel of land to be leased to a private firm for the construction of a fixed-base operation to provide specialised service to private jets and high net-worth individuals. Construction work is ongoing on the access roads to the Passenger Terminal and Cargo Terminal buildings and to the public and commercial parking areas. These are programmed to be completed by the end of June 2015; so, too, the works on the Argyle Gardens Roads, and the Rawacou-Mt. Pleasant Road. Landscaping work is likely to begin in the second quarter of 2015. In respect of the fuel facility, RUBIS plans to complete construction by the end of June 2015.

Mr. Speaker, the marketing of the airport continues apace. Several airlines have expressed interest in adding St. Vincent and the Grenadines to their routes. Air service agreements are expected in the first half of 2015 with several of them.

Similarly, plans have been elaborated for finalisation in respect of the management of the airport.

During the year 2014, the IADC hired 201, new Vincentian workers. Since August 13, 2008, the number of Vincentians employed directly by the IADC on this project has jumped from 53 to 393. Of these, 258 are daily-paid field workers; 38 are domestic workers; and 67 are technical and administrative staff. There are 102 Cubans working on the airport project. Additionally, over the years, private contractors have, in the aggregate, employed hundreds of Vincentians. Further, since July 2013, the IADC has been hiring local trucks to assist with the transportation of soil, rocks, and aggregate, and heavy equipment to assist with the earthworks. Up to December 14, 2014, IADC hired 131 trucks and 5 pieces of heavy equipment and has paid \$5.85 million to the owners of these vehicles.

Mr. Speaker, our government has earmarked EC \$74.7 million of the capital budget for 2015 towards the completion of the airport's construction. One portion of this money is the remainder of US \$9.5 million (EC \$25.6 million), long-outstanding, on the US \$20 million sale of lands to Canouan Developers, which I was reliably advised recently would be paid within six weeks or thereabouts. Delays in the timely receipt by the IADC of negotiated resources and excessively inclement weather, certainly hamper the pace of construction. As always, our government makes contingency plans in the event of the delay in the

draw-down of grants or soft-loans. This has been a constant factor in the life of the airport's construction. We are never daunted, not even in the midst of ongoing difficulties arising from the worst global economic crisis for 100 years, which has been raging since 2008.

The estimated cost of the airport's construction has been put at US \$270 million (approximately EC \$729 million), about US \$70 million (EC \$189 million) of which represent in-kind contributions. Our government and people are grateful for the kind assistance from several countries, organisations, and financial institutions which have partnered with us on this venture. Our thanks also go out to the contributions by civic groups and persons, including in the diaspora, who have made donations amounting to \$790,639 in the aggregate.

SEAPORT DEVELOPMENT

Mr. Speaker, it is axiomatic that high quality, well-run, comparatively-priced seaports are central to the socio-economic development of our small, multi-island, open economy for which international trade in goods and services is part of its life-blood. These are companion entities to the airports, including the Argyle International Airport.

There are currently five initiatives in the area of seaport development for St. Vincent and the Grenadines, namely:

- (i) The modification and extension of the CDB-financed St. Vincent and the Grenadines Port Rationalisation Study (Phase I) which is targeted at the upgrade, modernisation, and relocation of the main seaport at Kingstown.

- (ii) The effecting of a study for the elaboration of a project for the seaport needs of the entire Grenadines, not only for Bequia as was previously determined.

- (iii) The actual extension of the Cruise Ship Berth in Port Kingstown.

- (iv) The improvement of the port infrastructure at the Campden Park Container Port (CPCP).

- (v) The development of a berth facility at Taffia Bay, Canouan, jointly between the St. Vincent and the Grenadines Port Authority (SVGPA) and the Canouan Developers (CCA).

I shall address, in turn, briefly, each of these initiatives.

The scope of the SVG Port Rationalisation Study (Phase I) by the consultancy firm Mott Mc Donald of the United Kingdom, is being extended. The Consultants had earlier concluded, after careful study, that a new, modern seaport facility was required to meet our country's needs immediately and in the foreseeable future. They had recommended that the relocation of the seaport to the western end of Kingstown (towards Rose Place) was the best option of the sites between Kingstown and Campden Park. Upon a diligent review of the Study, the CDB concluded with the SVG Port Authority that the scope of the Study ought to be modified and extended.

Accordingly, this modification and extension now include the following tasks: (i) Investigate the feasibility of the Arnos Vale (the area of E.T. Joshua Airport) site as a possible location for the future seaport development; (ii) provide a development option layout for the location; (iii) provide preliminary capital cost estimates for this development option; (iv) compare the advantages, disadvantages and cost of the development of the Arnos Vale site with the already established preferred option of the Port Study; and (v) incorporate all findings in the final Master Plan. I have been advised that this modified Study will take a further fourteen (14) weeks.

Phase 2 of the SVG Port Rationalisation on the seaport needs of the entire Grenadines will commence immediately after the completion of the Study on the Arnos Vale site. Funding for this Grenadines Study has already been approved by the CDB.

Mr. Speaker, an area of importance, urgently, in port development, is the extension of the Cruise Ship Berth in Port Kingstown. The Cruise Ship Berth, built as recently as 1999, is now assessed to be too short to accommodate over 80 percent of the cruise ships on order to be delivered in 2016-2017. The current trend is for these modern, longer cruise vessels to be deployed in the Caribbean basin; thus the urgency for us to extend our Cruise Ship Berth.

The project to extend the Pier has two dimensions: (i) Additional mooring dolphins extending some 50 metres to the South of the Pier; (ii) the extension of the deck to allow for additional landing and loading bays. The SVG Port Authority is actively pursuing the best approaches to achieve its goals in this project. It is expected, too, that as a consequence of the Pier's extension, the Cruise Terminal itself would have to be enlarged and enhanced to better accommodate the anticipated increase in the number of cruise passengers per vessel.

One of the challenges in the project to extend the Cruise Ship Pier is the depth of the water to the southern end of the Pier itself. Falling sharply from 30 metres to 50 metres, the depth requires technology that is not generally found in St.

Vincent and the Grenadines. The Florida Caribbean Cruise Association (FCCA) has been partnering in the discussion on this matter with the SVG Port Authority, the Ministry of Works, and BRAGSA. I expect to receive a final proposal on this project from the Port Authority by the end of the first quarter in 2015. Preliminarily, the visiting experts have advised that the Pier extension (not the Terminal upgrade) will cost some EC \$6.0 million.

Mr. Speaker, the Campden Park Container Port (CPCP) requires urgent refurbishment and strengthening. The CPCP, which now accommodates 85 percent of all containerised activity in St. Vincent and the Grenadines, has been deteriorating abnormally. The professional advice that the SVG Port Authority has received from several experts, including Eastern Designers (formerly Nova Ports) of Canada, points to sub-standard construction of CPCP in the first place. The experts indicate that there are weaknesses in the substructure as well as the grade of the concrete mix used (some areas are showing less than one-quarter of the recommended PSI - units of pound-force per square inch. The SVG Port Authority is in the process of determining the most cost-effective approach to address the problems identified, and swiftly to correct them.

Mr. Speaker, the development of a ferry berth facility at Taffia Bay, Canouan, is of great importance to the people of Canouan, the Developers, and the economy of St. Vincent and the Grenadines. This project is closely tied to the development of a solid waste management and treatment facility; it is scheduled to begin in the

first half of 2015 and is expected to take 16 months to complete. It is being financed by the CCA, one of the Developers' companies.

[This ferry berth facility at Canouan is designed to berth two vessels of approximately 500 gross registered tonnes simultaneously with a draft of 6 metres. The project also contains an outside storage area, office for Port and Customs officials, and a waiting area for persons travelling to and from Canouan. Part of the overall plan, too, is a refurbishment of the old jetty for use as a pleasure jetty for non-vehicular traffic.]

[Mr. Speaker, other port improvements for 2015 include, in keeping with our national policy, for energy efficiency, the installation of LED lighting at the Cruise and Ferry Berth facility, and at Fort Charlotte. Further, two cold rooms and a chill room are to be refurbished at CPCP in 2015, which is intended, among other things, to reduce the cost of refrigeration storage.]

As Minister responsible for seaports, I have been insisting that the Board, the management, and the other employees of the SVG Port Authority further lift their game so as to enhance productivity, improve efficiency, cut-out waste, sharpen competitiveness of the Port, and to be more customer-friendly. I am aware that seaports are challenging to manage and operate, but there are too many examples of slipshod, negligent work, and other dysfunctional manifestations at various levels of the enterprise. Although the SVG Port Authority has been sound in its

operations and alive to its mandates and challenges, the people of St. Vincent and the Grenadines expect a further improved performance from it in 2015. They know that it constitutes a critical component of our country's lifeblood; thus the expectations.

THE ENERGY SECTOR, INCLUDING VINLEC

(i) VINLEC

Mr. Speaker, before addressing the energy sector, which is so overwhelmingly important for a modern society and economy, I shall speak, preliminarily, on VINLEC, the State-owned electricity company.

The year 2014, particularly the first six-months, was quite challenging for VINLEC. The devastating storm of December 24, 2013, had a significant adverse impact on VINLEC's physical plant, its operations, and its finances. As a consequence of the storm, the civil infrastructure at the Cumberland as Richmond hydroelectric plant was destroyed; at the South Rivers hydroelectric station, there was relatively minor damage. VINLEC thus began the year 2014 with its three hydroelectric stations in a dysfunctional condition. The damage and loss directly suffered by VINLEC as a result of the storm was estimated at EC \$9 million.

Admirable herculean efforts by the staff at VINLEC ensured the return to operations of the South Rivers plant by the end of January 2014, and of the various hydroelectric units at Cumberland in a phased manner: One in March, a second in May, and a third in June 2014. The Richmond Power station has not yet returned to an operational state on account of the decision, which was taken to effect the hitherto planned rehabilitation of the power plant during this period. The Richmond hydroelectric station is thus scheduled to return to full operations by the second quarter of 2015.

To date, VINLEC has spent \$2.5 million in repairs to its hydroelectric stations and generously granted a subsidy of \$3.5 million up to June 30, 2014, so as to defray the increased cost of diesel-generation to its customers at a time of national relief, recovery and reconstruction. VINLEC, also, has to expend more monies to complete the rehabilitation at Richmond.

Mr. Speaker, towards the end of 2013, VINLEC had entered into a contract costing some \$8 million (approximately \$1.5 million pounds sterling) for planned rehabilitation of the hydroelectricity stations at South Rivers and Richmond. It is expected that the rehabilitation of both stations would be completed during the second quarter of 2015 before the on-set of the rainy season. Upon full rehabilitation, the installed generating capacity at Richmond will be 1100 kW and 960 kW at South Rivers.

VINLEC is planning ahead on several fronts. The company has recently completed a fifteen-year power system development plan. Among other things, this plan explores the needs of the electric power system based on various load growth scenarios and frames the development initiatives to be undertaken in St. Vincent and the Grenadines.

In 2014, electricity sales were affected by the knock-on economic effects, locally, of the continuing global economic difficulties, the economic fall-out from the storm of December 2013, and the high price of diesel for most of 2014. The message is accordingly getting home to customers of energy conservation and efficiency. Electricity sales are estimated for 2014 to be 0.6 percent below the 2013 sales.

VINLEC's revenue for 2014 was \$137.4 million; but its operational costs (plus finance charges) were \$137.9 million, associated, in part, with its hydro repairs and the subsidy. Thus, VINLEC is expected to return, in 2014, a loss of just under \$400,000.

Mr. Speaker, 2015 is projected to be a better financial year for VINLEC; it is projecting to achieve net earnings in 2015 of \$4.5 million. Based on the economic forecasting of the Economic Planning Unit of the Government and the IMF, VINLEC anticipates an increase in electricity sales arising from an

expected increased economic activity. Electricity sales for 2015 are projected to grow modestly at 1.5 percent over sales of 2014. The falling oil prices, subsequent to the preparation of the company's 2015 budget, may impact this projected growth.

The falling oil prices are good news to the consumer. In August 2014, the fuel surcharge to the domestic consumer was 58.67 cents per unit (kilowatt hour); by December 2014, it was 30.7 percent less at 40.65 cents per unit.

In 2015, VINLEC's primary capital infrastructure activity will be the finalisation of the rehabilitation at South Rivers and Richmond. On completion, the company would be in a position to operate these plants more efficiently and with a slightly higher energy output and increased reliability.

In 2015, too, VINLEC will begin the installation of LED (Light Emitting Diode) streetlights, following up on its pilot project in this regard in 2014. There are approximately 8,000 streetlights in St. Vincent and the Grenadines of which only 90 are LED street-lamps at Back Street, Casson Hill, and the Vigie Highway. Although these lights are more expensive than the traditional High Pressure Sodium (HPS) lamps in use throughout St. Vincent and the Grenadines, they are more energy efficient; and the LED street lights also provide a higher quality lighting and are projected to last

longer. VINLEC's analysis of this matter has led it to the conclusion that it makes economic sense to move gradually to the installation of LED streetlights. Accordingly, as of 2015 all new streetlights to be installed will be of the LED variety; at least 250 new LED streetlights would be installed. Our government is hopeful that an appropriate external agency would assist in expanding this LED project.

(ii) RENEWABLE ENERGY

Our government is committed to an efficacious mix of renewable energy in the forms of hydroelectricity, solar, and geothermal. For the time being no emphasis is being placed on wind or other sources of renewable energy. Our government's National Energy Policy and Action Plan are located within the frameworks of the CARICOM Energy Policy and the OECS Energy Policy. In turn, our government is linked to other bilateral, regional, hemispheric and international arrangements on energy of a private sector, non-governmental, and governmental kind.

Mr. Speaker, in January 2013, the Government of St. Vincent and the Grenadines signed a "Letter of Intent" with Reykjavik Geothermal (RG) of Iceland and Light and Power Holdings (LPH) owned by Emera of Canada, to pursue the development of a geothermal project in St. Vincent and the Grenadines. On May 21, 2013, the three partners to the Letter of Intent held a "kick-off" meeting, which included other relevant stakeholders. Following this meeting, a desktop study was completed in June 2013 which included a review of previous

geothermal feasibility reports, and a further analysis of VINLEC's growth projection and load profile. The desktop study suggested that "La Soufriere" hosted a high temperature geothermal reservoir of commercial size, and hence had the potential of generating 10-15 MW in Phase I of the project. However, additional technical data and business information were required to make a preliminary investment decision. Clearly, the challenges to the project also had to be assessed including the costs associated with the infrastructural improvements required due to the difficult terrain and climate risks. All the technical work thus far on the project has had a substantial cost which has been borne by the consortium of Reykjavik Geothermal and Light and Power Holdings.

Consequent upon this further assessment report, and with the assistance of the Clinton Climate Initiative, the original Letter of Intent was amended and extended for a further six months. All the terms of this amendment were negotiated by all the parties thereto at the Proskauer Law firm in New York. Following this, the consortium was engaged in scientific surface exploration in identified areas so as to better delineate the outer boundaries of the geothermal resource and identify a potential geothermal plant site. The surface exploration phase ended in December 2013 and included 34 Magnetotellurgic (MT) and Transient Electromagnetic (TEM) sounding sites. All collected data were analysed in Iceland.

In December 2013, the Director of Energy, Mr. Ellsworth Dacon, who has been admirably the central administrative driver of this project for the Government, visited Reykjavik Geothermal's head office and several geothermal plants in Iceland to gather firsthand knowledge of some of the relevant issues, including environmental concerns, associated with geothermal development. On this visit Mr. Dacon also met officials at the United Nations University (UNU) to discuss training for eligible Vincentians as possible candidates for geothermal studies. The candidacy at this University is globally competitive and candidate-selection is usually small. I am pleased to report that a young lady, from rural St. Vincent, a recent graduate in Physics from UWI who is also pursuing a MSc degree in geothermal studies, was selected for a six-month course in Reservoir Analysis at UNU. This child of the Education Revolution has since successfully completed her UNU studies and is currently working at the Energy Unit. Another child of the Education Revolution, a young man who successfully pursued a degree in Mechanical Engineering, is currently at a university in Mexico pursuing graduate studies in the field of geothermal energy. It is the intention of our government to send other candidates for training in Geothermal Engineering; currently we are holding discussions on this very subject with universities in Australia and New Zealand. We are determined to build our nation's capacity in this field of geothermal energy.

Mr. Speaker, the analysis of the 34 MT and TEM data occurred during January and February 2014. Simultaneously, RG and LPH were undertaking a series of technical activities to determine the size and feasibility of the geothermal source. Preliminary results were delivered in March 2014. In addition to these activities, a baseline Environmental Analysis was completed in March 2014 by a Vincentian, Dr. Reynold Murray. This consultancy was funded by the Government of St. Vincent and the Grenadines, through a UNDP seed fund. A further environmental and social impact analysis would be required as the project develops.

Mr. Speaker, further negotiations between our Government and the consortium (RG and LPH) occurred in January – May 2014 on the terms of engagement going forward since the positive scientific report sparked a heightened interest from the consortium. This has necessitated more funding from the consortium. The additional requisite funding occasioned a further amendment to the Letter of Intent; this amendment required, too, certain specific government obligations. These negotiations created a delay in the project schedule due to the importance of a bundle of relevant issues, particularly the determination, broadly, of a targeted domestic tariff rate and the proposed corporate structure. With the assistance of the negotiating team of experienced “Proskauer” lawyers and the esteemed Mr. Ira Magaziner of the Clinton Climate Initiative, the terms of a new “Letter of Intent” was agreed by all parties and signed on May 13, 2014. This

“Letter of Intent” evidenced a mutual intention to proceed with all good faith negotiations designed to develop the geothermal project in a manner outlined in the agreement. Although the terms of this new agreement cannot be publicly detailed because of a “confidentiality clause”, it was agreed that an indicative business plan for the Project will be submitted by RG and LPH to our government no later than March 30, 2015, and agreed upon by all parties no later than May 22, 2015. This vital Business Plan will form the basis of the preliminary investment decision and shall contain detailed estimates of capital and operating costs, target tariffs, rates of return, and rates of taxation/royalties.

Given the project milestones and the consortium’s approval for additional funding, further exploration was done of an additional 20MT/TEM sounding stations to fill the missing gaps of the previous resistivity model. These additional soundings would assist in the more precise identification of the nature and extent of the geothermal resource and a further tracing, away from the volcano to much more accessible, less costly, and less risky locations. These additional soundings commenced in August 2014 and were completed in September 2014. Works during this period also included a LIDAR (“Laser Imaging, Detection and Ranging”) Scan which will provide enhance GIS data and help to identify exploration well-locations that should have a good likelihood of intersecting steam-bearing formations. An infrastructure analysis was also prudent at this stage, given the challenging terrain. The attendant cost analysis associated with

road access, and general logistics is to be incorporated into the Business Plan. The infrastructure analysis was contracted to STANTEC, an international company with its regional office in Barbados.

Mr. Speaker, currently the consortium is evaluating all the collected data, and a technical report was submitted to our government earlier this month. The report further suggests a high optimism for a Geothermal Development Project, and indicates probable well locations.

The consortium has already retained a local lawyer to review the Geothermal Bill. Currently, too, a plant design basis document has been prepared and is to be reviewed by VINLEC. The basis of this design will be internationally tendered, which will provide an estimated indicative pricing that will be incorporated into the Business Model. The consortium and our government intend to follow all international procurement procedures; the project's actual construction will be subject to a competitive bidding process which will facilitate its qualification for grant funding or international concessionary loans.

Mr. Speaker, already the government, directly and through the Energy Unit, is seeking financial and technical support internationally so as to lessen the burden

of the overall project cost. Japan and New Zealand have expressed interest in providing technical support as the project develops. Japan's International Cooperation Agency (JICA), and the Caribbean Development Bank (CDB) in collaboration with the Inter-American Development Bank (IDB) are currently reviewing a loan facility to assist Geothermal Development in OECS member-countries. Recently, on January 18, 2015, at the Fifth Assembly of IRENA, it was announced that the application of St. Vincent and the Grenadines a long-term, low-interest \$15 million loan from the Abu-Dhabi Development Fund (ADDF) via IRENA for our 10 – 15 MW, Phase I, Geothermal Project, was successful. St. Vincent and the Grenadines was one of five successful applicants out of eighty world-wide. This is a major achievement for our country and for our Geothermal Project.

Meanwhile, the Energy Unit is working closely with VINLEC on the Geothermal Development Plans. VINLEC is actively considering future expansion and upgrades to the transmission lines so as to facilitate this project.

The Geothermal Bill is to be brought to Parliament within the first half of this year. It addresses, among other things, matters of ownership, royalties, public-private partnerships in geothermal energy, land issues and environmental protection.

Mr. Speaker, while no physical works will be seen on this project between January and June 2015, a substantial amount of preparatory work will be conducted. Meetings are being held bi-weekly between the Government of St. Vincent and the Grenadines, VINLEC, the Consortium (RG and LPH), and the Clinton Climate Initiative for updates and project preparation. All the technical reports are being reviewed by our technical support partners and will continue in the upcoming months. During the same period the required project management team is expected to be put in place. Assuming no unforeseen hiccups or abnormal delays, the expectation is that the project is on track to deliver a 10 MW geothermal plant by the end of 2017 or early 2018.

Mr. Speaker, I turn now to the matter of solar energy. Our government, having set the broad policy of encouraging the development of solar power, has mandated the Energy Unit and VINLEC, in conjunction with the Ministry of Energy, to drive the process. Our government caused to be done an energy audit of 79 government buildings with a view to enhance Energy Efficiency (EE) and to install Renewable Energy (RE) facilities especially those relating to solar energy, on these buildings. An EE and RE project was swiftly implemented at the Administrative Centre by way of a more efficient and modern air condition system, energy saving lighting, and a 10 kW Solar PV system on the roof-top of the building. The solar installation was effected through a grant. The upshot of

this EE and RE initiative, monthly savings in the electricity bill at this building amounts to \$15,000.

Meanwhile, through the diligent efforts of the Energy Unit, a grant of US \$1.7 million was secured from the Global Environment Facility (GEF) for a project aimed at reducing Green House Gas (GHG) emissions from fossil fuel-based electricity generation by exploiting renewable energy sources for electricity in St. Vincent and the Grenadines. Among the major components of this project are: 100 kW solar PV installations on the rooftops of various government buildings; 130 kW solar PV installations (a pilot project) at the Argyle International Airport; and examining the use in the transportation sector of Hybrid and Electric type vehicles.

A request for funding under the World ESMAP programme has been made in the sum of US \$1.25 million to install a 200 kW solar PV system at the Milton Cato Memorial Hospital. We are awaiting a response.

More widely, the GEF has also approved a grant to St. Vincent and the Grenadines of US \$0.9174 million to establish and implement measures for promoting sustainable development within the buildings sector. Among the

major activities to be pursued under this grant are: The construction of a “green” office building to showcase various technologies and “green” energy building codes; and the holding of training workshops and seminars on sustainable energy use for buildings, targeted at all personnel in the building industry to promote EE and RE intervention.

Mr. Speaker, VINLEC has been doing commendable work to facilitate EE and RE, especially solar. It has done so directly and by its facilitation of the private sector, in accordance with government’s policy, to install solar energy systems. The importation of solar energy systems attracts no import duties.

In 2009, VINLEC installed its first solar PV system, a 10 kW grid-connected facility, on one of its buildings at Cane Hall. The energy produced by this system met about 15 percent of the energy needs of the building, but more importantly it afforded VINLEC an opportunity to monitor and learn from the application of the technology. Between then and now, VINLEC has installed at its own locations 557 kW Solar PV systems, including its 349 kW solar system at its Lowmans Bay Power Plant which it launched formally in November 2014. These solar energy facilities represent in total an investment from VINLEC of \$2.6 million.

Mr. Speaker, I am pleased to report that the engineering design, procurement, project management and installation of the solar PV system at Lowmans Bay were all done by the in-house technical staff under the leadership of Engineer Fidel Neverson. Impressively, too, the technical staff involved in the installation combined their routine responsibilities with the installation and wiring of over 2200 solar panels and 26 inverters.

VINLEC, in conjunction with the CDB, will be coordinating a study to investigate the possible use of the former dump site at Arnos Vale as a locale for the installation of a Solar PV generating station. VINLEC is also keen to utilise the lands identified at the site of the Argyle International Airport for the development of a 1.5 megawatt grid-connected Solar PV generation station. The IADC is engaged in discussions with VINLEC as to the best way to achieve this renewable energy solution.

Mr. Speaker, since 2008, VINLEC has been facilitating customers with their grid-connected renewable energy (solar) systems. Within recent years, VINLEC has enhanced this facilitation by providing technical guidelines to those customers who wish to install these systems. Currently, in St. Vincent and the Grenadines the solar energy profile is as follows: VINLEC owns 557 kW installations; and 27 other installations (25 private and 2 central government) amounting to 224 kW

installations. On the island of Bequia, there are 21 installations (20 private and one government) with an installed capacity of 149 kW. These customers initially benefitted from a net-metering arrangement, but VINLEC has had to alter it to a net-billing arrangement.

VINLEC is aware that the net-billing arrangement is not as favourable as the net-metering system for its customers; but its change in approach is to ensure fairness and equity to all VINLEC customers using the public electricity distribution network.

The potential benefits of investing in Solar PV are far-reaching. The installed capacity of Solar PV (557 KW) owned by VINLEC will provide electricity to some 533 homes and will result in a reduction, annually, of approximately \$500,000 (at November 2014) in fuel cost to VINLEC customers. In total, the Solar PV installed in St. Vincent and the Grenadines (779 kW) will provide electricity to approximately 748 homes and reduce the nation's fuel bill by \$700,000 annually (at November 2014 costs).

VINLEC's solar initiatives are not yet at the point of bringing huge immediate financial savings. But the significance of its policy, and that of our government,

goes beyond large immediate savings. St. Vincent and the Grenadines is part of a world-wide push towards renewable energy and the reduction of carbon footprint. As a small-island developing state (SID), St. Vincent and the Grenadines shows by example its all-round commitment to renewable energy in the existential battle against global warming and climate change. Our RE efforts impress others, too, to view St. Vincent and the Grenadines more favourably in its quest to access adaptation and mitigation resources to better confront the ravages of global climate change. It is to be noted that Germany on the 50th Parallel has invested heavily in Solar PV technology to generate electricity from a renewable resource and is achieving capacity factors about 16-20 percent. St. Vincent and the Grenadines is located on the 13th Parallel north of the equator with an abundance of sunshine all year round!

[VINLEC estimates that as a result of the Solar PV systems (VINLEC-owned and otherwise) that are connected to the VINLEC network, St. Vincent and the Grenadines is reducing its carbon footprint by approximately 800 tonnes of carbon dioxide [CO₂] annually. This reduction, though minimalist in global terms, is exemplary for a SIDS. VINLEC will continue to invest in Solar PV to reduce the nation's fuel to improve energy security, assist in bringing a greater measure of stability to the cost of electricity, and to help, even minimally; in the reduction of greenhouse gas emissions and global warming.]

Mr. Speaker, I turn briefly to the Petro Caribe agreement. On December 17, 2014, I made a detailed Ministerial Statement in this Honourable House on the Petro Caribe arrangement; and in the debates on the 2015 Estimates which proceeded over a three-day period, commencing on December 17, 2014, and concluding on December 22, 2014, Honourable Members on both sides of the House ventilated their views on this matter. I do not intend to traverse that very territory which was so recently trod.

However, I make several points of both emphasis and clarification, if any were needed: First, to reaffirm our government's view that the financing arrangement under Petro Caribe is beneficial to St. Vincent and the Grenadines; thus we have no intention of un-signing or terminating it. Secondly, our government accepts the unequivocal assurances of the government of the Bolivarian Republic of Venezuela that it has no intention of terminating Petro Caribe or to lessen any of the benefits available to St. Vincent and the Grenadines under the agreement as some have erroneously contended. Thirdly, the fall in the price of oil will undoubtedly reduce the extent of the long-term portion of the Petro Caribe financing, but equally it would reduce, too, the cost of the fuel used in electricity generation (and thus the cost of electricity to the consumer), and the size of any long-term indebtedness. Fourthly, the reduction in the extent of the long-term financing is unlikely to affect adversely our 2015 budget plans. Fifthly, the push for renewable energy, especially through the geothermal project, is likely over time

to reduce the extent of Petro Caribe's long-term financing, in respect of electricity generation, but geothermal power is likely to make our economy more competitive and beneficial to electricity consumers and the population as a whole. And finally, our government is satisfied that its management of the Petro Caribe arrangement is transparent, properly-run, and is, in every material particular, within the framework of the laws of the land. Should any occasion arise for any further administrative, legal or other alteration, that would be done, as always in the interest of good governance.

I urge Honourable Members not to permit ideological hysteria, Venezuela-bashing, or plain political opportunism to cloud their analyses or perspectives on Petro Caribe.

Mr. Speaker, motorists would have noted that as a consequence of the fall in the price of imported fuel, the price at the pump has fallen significantly for gasoline and moderately, thus far, for diesel.

One final matter on energy relates to the construction by the Bolivarian Republic of Venezuela of the Lowmans Bay Fuel Storage and Distribution Plant. This project is entirely grant-funded by Venezuela at a cost of US \$30 million, and is

executed by a Venezuelan company selected by Venezuela. This fuel storage facility would increase the capacity for storing fuel in St. Vincent and the Grenadines from two weeks to three months. The fuel storage plant is 93 percent complete; construction is expected to finish in June 2015. The plant consists of six tanks and two spheres for fuel storage, namely: Two diesel tanks, each of 10,000 bbls; two gasoline tanks, each of 5,000 bbls; one Jet A1 tank, 2,500 bbls; and two LPG spheres, 1000 bbls each. The total capacity for fuel storage is thus 34,500 barrels (bbls). Additionally, there is a water storage tank for fire-fighting with a capacity of 9,200 bbls, and other supportive infrastructure. All Vincentian plant operators, and fire-fighters, have already been trained in the operation and handling of the fuel.

URBAN RENEWAL AND SPECIAL DEVELOPMENT AREAS

Two-thirds of the population of St. Vincent and the Grenadines are located in the geographic belt stretching from Rillan Hill on the western wide of St. Vincent to Stubbs on the eastern side of the island. This geographic area includes the major facilities of the State and constitutes the commercial hub. This geographic area covers wholly the three electoral constituencies in Kingstown, and the constituency of East St. George, and partly the constituencies of South Leeward, West St. George, and South Windward. The urban centres and adjoining communities constitute an overwhelming presence in our country.

Five sets of proposals are on the table for active urban renewal and strengthening:

1. The clean-up and renewal of Kingstown.
2. The proposal for the declaration of Campden Park as the seventh town, stretching possibly, from Lowmans (Leeward) to Chauncey.
3. The construction of a modern city at Arnos Vale on the 65 acres of land at the site of the E.T. Joshua Airport.
4. The revitalisation of the towns and surrounding areas of Calliaqua, Georgetown, Layou, Barrouallie, and Chateaubelair.
5. The case for special development areas such as the Grenadines, and North of the Dry River.

First, capital city Kingstown. Our government has been alive to the necessity and desirability of improving the quality, ambience and cleanliness of Kingstown. Impressive physical developments have taken place through the initiatives of the public and private sectors. The public sector itself, through the central

government and other state agencies, since 2001, and building on earlier efforts, has effected major infrastructural developments, including: The construction of several buildings, namely, the modern home for the National Broadcasting Corporation (NBC)/Radio 705; the NIS Headquarters; the Modern Customs Headquarters; the NEMO Headquarters; the National Lottery Authority Headquarters; the George Mc Intosh Community Market; the market shops at Bay Street; the Intermediate High School at Mc Kies Hill; the Modern National Library; the Archives and Documentation Centre; the Bank of St. Vincent and the Grenadines building; the Leeward Bus Terminal; and the extensive rehabilitation or rebuilding of the Old Ministerial Complex, the buildings to house the Immigration Department and the Electoral Office, the Old National Commercial Bank building, the Kingstown Fish Market, the refurbishment of the old Ju-C building at the entrance of Kingstown, the Milton Cato Memorial Hospital, and the former Government Supermarket. These infrastructural developments, and others, by the State in Kingstown cost some EC \$200 million. This is impressive work done in 14 years, but much more needs to be done.

The Ministry of Local Government, including the Kingstown Board, has been managing, in the face of immense challenges, the street vending in Kingstown.

The huge growth of small entrepreneurs in the street-vending business has exacerbated the problems attendant upon the small size of the city, the lack of suitable available enclosed space for small-scale vending, and the pre-existing congestion. Undoubtedly, better regulation and control of the modern, and near-

universal, phenomenon of excessive street-vending is required, but more and better facilities are in need of construction. The condition of China Town on Bay Street, the Meat Market facilities, and Little Tokyo demand drastic improvement. There is in Budget 2015 provisions for amelioration, but a more comprehensive, planned renewal of the city is on the agenda and will be initiated in 2015.

Meanwhile, the Ministry of Health, Wellness and the Environment and the Central Water and Sewerage Authority (CWSA) have enhanced the collection and disposal of garbage in Kingstown. Still the city is nowhere as clean as it should be.

In the 2015 Budget, resources have been earmarked under the Modernisation of Agriculture - the Banana Accompanying Measures (BAM) - financed by the European Union for a modern abattoir sufficient to our needs to be located not at Kingstown but Diamond.

Further, in the 2015 Estimates, a provision of \$1.3 million has been made for basic rehabilitative and upgrading work at the Kingstown Bus Terminal (Little Tokyo). Resources, which were earmarked for this activity in 2014, were redirected to the recovery process consequent upon the storm of December 2013. Restorative work at Little Tokyo is a priority for the city in 2015. Additionally the sum of \$500,000 is available to assist in a Clean-up Kingstown Campaign.

In 2015, too, there will be the unveiling of a \$33 million project, Phase One, for the further development of government buildings in Kingstown. The budgeted expenditure for this project in 2015 is \$7 million to purchase and develop a parcel of land and unfinished structure owned by BAICO, and to commence reconstruction on another government building on Back Street. The savings from rented accommodation would easily finance the cost of constructing these government buildings. The NIS also plans to develop a property at Murray's Road, formerly belonging to Sir Cuthbert Woodroffe, which it purchased last year to house offices for rental.

Mr. Speaker, our government plans to initiate in 2015 a process for Campden Park, including its neighbouring communities, to be declared the seventh city of St. Vincent and the Grenadines. Appropriate local government arrangements would be put in place for the delivery of certain basic services in a decentralised governance arrangement in Campden Park, Lowmans (Leeward), and Questelles/Chauncey. It is the intention of the government to involve actively the businesses at the Industrial Estate, the residents of these areas, and other stakeholders in the quality delivery of these services. Appropriate fiscal incentives will be accorded these business enterprises which participate in this Private-Public Partnership in Local Government.

The third major initiative of the government in urban renewal, concerns the development of a modern city at Arnos Vale on the current site of the E.T. Joshua airport. This airport will close when the Argyle International Airport commences operation. Sixty-five acres of prime land will be made available for this mammoth undertaking which is to be fashioned as a Private-Public Partnership. Additional access to and from Kingstown will be provided, possibly by way of a tunnel under Cane Garden Point.

The government has already established a State-owned company called the Arnos Vale Development Company (AVDC) to drive this development project. Preliminary work has been done on a development concept for the area, including the urban transport requisites in and out of Kingstown. Until the AVDC becomes fully operation, another State-entity, National Properties Limited, has been spearheading the delivery of the preliminary technical and conceptual work on the proposed Arnos Vale development.

Two important companion exercises are being undertaken touching and concerning the development of Arnos Vale as a modern city. One such exercise relates to a preliminary study, now completed, with funding secured from the European Union, which recommends the Arnos Vale site as the most suitable for the relocation and construction of an ultra-modern Milton Cato Memorial

Hospital. Allied to that is the secured availability of resources from the World Bank to design completely the modern MCMH.

The other companion exercise to the Arnos Vale city development project is the broadening, by the Caribbean Development Bank (CDB), of the Terms of Reference of the study by the Consultants, to include Arnos Vale in the consideration as a possible site for the relocation and modernisation of our principal seaport.

A fourth initiative in urban renewal, the scope of which is currently being elaborated, relates to the further revitalisation of the towns of Calliaqua, Georgetown, Layou, Barrouallie and Chateaubelair. Already, important infrastructural work has been, and is, being done in these five towns. For example in Georgetown, our nation's second city, several critical infrastructural developments have been, or are being, undertaken: The construction of a modern Police Station at Georgetown to house some 40 police officers plus a Magistrate Court, among other things; the building, under the BNTF programme, arguably the best Early Childhood Centre in the Eastern Caribbean; the complete reconstruction of the Georgetown Primary School; the construction of an excellent School for Children with Special Needs; the reconstruction of the 22-bed Georgetown Hospital as a "Smart Hospital"; the near-completion of the Modern Medical Complex; the impending rebuilding and upgrading of the Chili Playing

Field; and the start-up of the reconstruction of the Caratal Bridge and River Defence. A critical piece of outstanding infrastructural development in Georgetown is the sea defence works for which a consultancy for design is already in place.

In Calliaqua, Layou, Barrouallie and Chateaubelair vital infrastructural developments have been, and are, taking place since 2001. The 2015 Budget contains developmental details for these towns and adjoining communities.

The fifth and final bundle of renewal projects concerns special development areas such as the Grenadines and north of the Dry River. Again, substantial infrastructural work by the public and private sectors has been, and is being, undertaken in these geographic zones. Our government will be publishing in the first half of 2015, a set of practical policies and programmes to further enhance these special development areas.

DISASTER PREPAREDNESS

Mr. Speaker, St. Vincent and the Grenadines is ranked very high, globally, as one of the countries most prone to natural disasters. This fact is increasingly being appreciated by our people, including professionals, particularly as to where we

build our houses, how we build them, and the preparations which we generally make for natural disasters.

Our traditional high rainfall annually, our mountainous terrain, our numerous rivers which run through population centres, our eroding sea coast particularly on the eastern side, make natural disasters an ongoing presence of our daily lives. Add to these the increasing frequency and intensity of storm-or-hurricane-force winds and the ever-present threat from our volcano, the high risk profile and our physical vulnerability are evident. Contextualise all of this with the deleterious effects of global warming and climate change, to which we do not contribute, but from which we suffer greatly, the full picture of our country's proneness to natural disasters emerges. Climate change is, for us, an existential issue of the first order which we address in a concerted manner regionally and internationally.

No country in CARICOM has suffered from adverse weather events to the extent of St. Vincent and the Grenadines over the past five years, 2010 to 2014, inclusive: One hurricane, Tomas in October 2010; the excessive rains and huge landslides in April 2011; the devastating Christmas Eve Storm of 2014; and two prolonged droughts in early 2010 and early 2014. In the aggregate, the adverse weather events caused damage and loss to our country in excess of \$600 million or some one-third of its Gross Domestic Product (GDP). Much pain, hardship,

suffering, and deaths have resulted. Amazingly, the resilience of our people, the strenuous efforts of our government, the generosity of our friends overseas, and the grace of Almighty God, have been the blessings which have seen us through the ongoing process of addressing satisfactorily, though unevenly, relief, recovery, river and sea defences, roads and bridges, relocation and houses, and re-forestation. At the same time, we have had to be pursuing strategic developmental initiatives and the usual requisites of day-to-day governance and administration in the wider context of the adverse impacts of a persistent global economic crisis, and the debilitating fall-out from global health and international political uncertainties. The strain on us has been great, but our magnificent people have borne it all with an unbelievable strength and stoicism in the face of these adversities, and a deep faith in God's redeeming grace.

Mr. Speaker, one of the valuable lessons which has not been lost on us as a nation is that we must learn to live with the risks posed by the many natural hazards around us. This process of "learning to live with the risks" demands that we have in place a systematic programme to guide our actions in the preparation for, and management of, natural disasters, which includes, as far as is humanly possible, practical preventive approaches.

In the 2015 Budget, our government has allocated \$40.2 million or 13.6 percent of the capital estimates to environment protection and disaster preparedness under the World Bank-financed Regional Disaster Vulnerability Project (RDVRP) and the CDB-financed companion project for National Disaster Management, Rehabilitation and Reconstruction. There is, in fact, over \$100 million available over the next three years from the World Bank-International Development Association alone. From the CDB there are soft-loans for Natural Disaster Management (Hurricane Tomas and April 2011 Floods) amounting to \$37 million; and a further \$24.4 million for the December 2013 Disaster. Further, from the European Union, there is a \$24 million grant towards rehabilitation after the December 2013 Disaster. There is significant local counterpart funding to all these external loans and grants which the Government will raise through “local loans”.

Much of the \$40.2 million earmarked for capital spending in 2015, particularly the World Bank’s \$20.9 million under the RDVRP, will go towards technical studies and designs for various projects. It is absolutely necessary that we prepare these projects carefully and implement them to last, thus strengthening our nation’s resilience.

Mr. Speaker, I shall list first the projects under the four components, overall, of the RDVRP. Under Component 1 are the following: Construction and Equipping of four satellite warehouses at Rose Hall, Georgetown, Bequia, and Union Island; designs for the Milton Cato Memorial Hospital at a new location; the design and supervision, and construction of bridges and river-crossings at South River Bridge, North River Bridge, Green Hill Bridge, Dauphine Bridge, Fenton River Fords, flood mitigation works on the Warrararrow River below the Windward Highway, and river embankment along the North and South rivers; geo-technical site investigation, design and supervision for slope stabilisation at Dark View, Troumaca, Petit Bordel, Rose Bank, Ginger Village, Maroon Hill, Mt. Grenan, and Spring (Windward); design and construction supervision for, and the construction of, the slope stabilisation and road realignment at Belle Isle and Coull's Hill; and the design of the new alignment of the Paget Farm Road in Bequia.

Component 2 of the RDVRP focuses on a Regional Platform for Hazard and Risk Evaluation, and Applications for Improvement in the following: Capacity-building in the line Ministries; hydro-meteorological services; NEMO; information and data management; institution-strengthening and legislation; regional collaboration for watershed management, and flood mitigation, river defences and drainage improvement works in Arnos Vale/Warrararrow River; river defence works at Buccament and Carriere; design and supervision of the Georgetown Coastal

Defence; Coastal defence; pre-engineering studies (Sans Souci) and design and supervision.

Component 3 of the RDVRP relates to a Climate Change Adaptation Pilot Area (Union Island), particularly natural disaster response investments. Component 4 of the RDVRP concerns its project management and implementation.

The Natural Disaster Management (NDM) (Rehabilitation and Reconstruction), financed largely by CDB in reference to Hurricane Tomas and the April 2011 Flash Floods, covers the following:

(A) Three consultancies:

- (i) Coastal Studies of Sandy Bay and Dark View are well-advanced; the actual construction of coastal defences at Sandy Bay is expected to start in August 2015;
- (ii) Hydrology/Hydraulics Assessment of Watersheds are also well-advanced;

- (iii) The design and supervision of four physical infrastructure projects namely Byera Bridge, Perseverance Mountain Road, Jennings Valley Road, and Union River Defence; these works are projected to be tendered in the first quarter of 2015 and will actually commence in 2015.

- (B) Construction of other Infrastructure Works programmed for implementation in 2015: River training to the Colinarie, Caratal, Langley Park, and Byera rivers; the upgrade to the Gorse Mountain Road (actually started in December 2014); and Rehabilitation on London Jack Road, works scheduled to start in April 2015.

- (C) This covers Project Management and Implementation.

The other NDM bundle of projects financed by the CDB (\$24.4 million) consequent on the December 2013 Disaster includes: Technical Assistance and Infrastructure Works. These works are in three packages:

- (i) Immediate mitigation works costing \$4.78 million and comprise: Yambou River Bridge and Teviot/Zenga River Bridges (the designs on these are in progress and are to be completed by end of January 2015);

the construction of Red Dog Bridge works expected to start in second quarter in 2015; Tourama/Noel (retaining wall and improved drainage) tender to be launched by next month; the Glenside River Defences designs delayed due to limited survey information.

(ii) Rehabilitation and Upgrade Works (\$8.55 million), to be tendered in fourth quarter of 2015, comprise: River Defences to Yarabaqua (Belle Vue) River and Caratal River; Gracefield, Bower and Fergusson Mountain feeder roads; and Overland/Magum road; and

(iii) Orange Hill Stabilisation (\$4.05 million): Works scheduled for 2016.

Mr. Speaker, the following projects arising from damage caused by the recent storms, to be financed by grants from the European Union are: The rehabilitation of the Vigie Highway up to Ginger Village; the rehabilitation of the Congo Valley Bridge No. 2, and the Golden Grove Road; the rehabilitation of the Chateaubelair Jetty; and the upgrade of feeder roads at Lively, Gaskin/Gaskil, Fireburn Road (provisions made under the BAM), Perseverance Mountain Road; Dandil, and Palmiste. These projects are at various stages of preparation.

All these storm-related projects financed largely by the World bank, the CDB, and the European Union are in addition to the physical infrastructure projects which I had earlier sketches in this presentation under the rubric “the Productive Sectors”. These heretofore mentioned projects are financed through various entities including the Governments of St. Vincent and the Grenadines, Taiwan, Ecuador, and Mexico, and the Bank of St. Vincent and the Grenadines, and the CDB.

Mr. Speaker, the National Emergency Management Office (NEMO) has shown itself repeatedly to be an organisation of immense value to the people of St. Vincent and the Grenadines. Our government is pleased that we initiated the establishment of NEMO.

In pursuance of its mandate, NEMO has prepared a comprehensive disaster management strategy for the country to guide our approach to disaster risk reduction for the next ten years. The overall strategy is aimed at *“building safer, more resilient communities in St. Vincent and the Grenadines enabled by a comprehensive approach to disaster management to reduce loss of lives and the costs associated with hazard impacts.”*

This Strategy has five broad outcomes with specified activities for accomplishment over the next ten years. [The five (5) outcomes are:

- (i) Reduced vulnerability of coastal zones, rivers/watersheds, public infrastructure and assets using risk management approaches which include climate change considerations.

- (ii) Improved comprehensive disaster management, legislative and policy environment interventions through the leadership of priority sectors/ministries/ departments.

- (iii) Improved community resilience to hazard.

- (iv) Improved disaster risk management planning in priority sectors.

- (v) Improved national response and early recovery, supported by effective warning systems].

Under the Revised Comprehensive Disaster Management Strategy, NEMO intends in 2015 to secure the following achievements, among others:

- ✓ The construction, equipping and stocking of the four satellite warehouses at Rose Hall, Georgetown, Bequia, and Union Island.

- ✓ Installing a new national emergency telecommunications (EMCOM) system.

- ✓ Boosting alert capacity with the completion of a new alert system called Common Alerting Protocol (CAP).

- ✓ Rolling out of a Revised National Volcano Emergency Response Plan.

- ✓ Distributing revised guidelines to all agencies which are required to work at the National Emergency Operations Centre.

- ✓ Receiving from the Japanese government a substantial quantity of emergency equipment and supplies, including two command vehicles, for use by NEMO and the Fire Services.

- ✓ Obtaining, under the RVDRP, a Search and Rescue Vehicle to be operated by the Fire Services.

Mr. Speaker, our government, NEMO and allied agencies, including non-governmental organisations, performed yeoman service to the people of St.

Vincent and the Grenadines during and after the December 2013 disaster. In the first days after the disaster, NEMO spearheaded a massive programme of distributing food, water, and some urgent facilities for living to thousands of persons; it established relief shelters for nearly 300 persons; in conjunction with the Ministry of Works, it facilitated the distribution of several hundred stoves, fridges, and mattresses to distressed families; in coordination with the Ministry of Housing, it has, up to this day, and continuing, ensured that several hundreds of affected persons received building materials, and some 165 families have had their homes substantially rebuilt or brand new houses delivered. I urge Honourable Members to go to Fancy, Owia, Langley Park, Caratal, Colinarie, South Rivers, Hope, Cumberland, and FitzHughes to see these new houses and the happy, grateful faces of the recipients. Only six persons remain in shelters, and their new houses are currently being constructed. Despite its limitations, NEMO has, over the past year, done a remarkable job. A grateful nation says a heartfelt “thank you”!

ROADS AND BRIDGES

Mr. Speaker, I have already touched upon the subjects of roads and bridges in my presentation on “The Productive Sectors” and “Disaster Preparedness”. There are, however, other dimensions of this important subject area which require further discussion.

Let us begin with certain basic facts. Currently, there are over 25,000 vehicles on the roads in St. Vincent and the Grenadines, an increase of some 17,000 since 2001. In 2013, the government collected \$9.89 million in motor vehicle licence fees; in 2015, we estimate to collect \$10.5 million and a further \$2.5 million for drivers' licences. Given that the rehabilitation of one mile of road costs in excess of \$1 million and that one mile of road-reconstruction or road-building costs almost \$3 million, it is clear that what the government collects from motor vehicle and drivers' licences is a long way from being sufficient to effect even basic repairs on our road network.

This road network is comprised of the following: some 80 miles of "highway" roads on the Windward, Leeward, and Vigie Highways; approximately 400 miles of secondary or village roads; and 250 miles of motorable feeder roads, much of which is neither in asphalt nor concrete, largely dirt roads. Our mountainous terrain and heavy rainfall make road maintenance a most expensive exercise. The best time of the year for road repairs or construction is usually the short dry season which normally runs for five months, from January to May in each year. But as we have witnessed in recent years, the dry season can on occasions be interrupted by excessive thunderstorms and dangerous landslides. Often, the available resources are not in place on a timely basis to take advantage of the dry season.

Road repairs, rehabilitation, or construction is effected principally through the Ministry of Transport and Works. The state agency known as the Bridges, Roads, and General Services Authority (BRAGSA) carries out basic road repairs and road-cleaning. The Ministry itself manages or oversees the major programmes of rehabilitation, re-building and construction of roads, bridges, and associated drains, which are actually executed by private contractors. In 2015, BRAGSA is granted an allocation of \$13.5 million, more than what is estimated to be collected from motor vehicle and drivers' licences fees. In 2015, the Ministry of Transport, Works, Urban Development and Local Government is allocated in total, a budget of \$116.9 million. Of this total, the Ministry's recurrent budget is \$29.2 million, inclusive of the contribution to BRAGSA; and its capital budget of \$87.7 million.

Out of this capital budget of \$87.7 million for the Ministry of Transport and Works, \$57.5 million is allocated to roads, bridges, and river defences. This latter allocation is 19.4 percent of the total capital budget for the country of \$296.4 million. This sum for roads, bridges, and river defences is additional to the \$40.2 million under the RDVRP which includes, too, substantial provisions for road infrastructure under the Ministry of Finance and Planning.

Clearly, this whopping allocation, through the Ministry of Works, for roads, bridges, and river defences is impressive. Vital sections of the national road network will be addressed under the capital budget, principally: The South

Leeward Highway; the construction of the bridges at Hope, Chateaubelair (Sharpes), Chateaubelair Plan, and Kakarta; the Congo Valley Road; the Vigie Highway; Caratal bridge; Murray's Road; the temporary bridges at Spring (Leeward), Byera, Grand Sable, and Congo Valley; and the Vermont River Defence. Complementing all of this are the road works being done under the RDVRP and National Disaster Management projects detailed earlier. BRAGSA, too, will do repairs within its budgetary allocation.

Still, despite all this extraordinary attention to our roads and allied infrastructure as detailed above, large chunks of roads, particularly secondary and feeder roads, will be outside of the ambit of all these listed road repairs and reconstruction for 2015. Accordingly, our government is embarking on a special programme to accelerate the upgrade of feeder roads and secondary roads through prudent use of equipment and materials from the IADC without in anyway compromising the progress towards completion, soonest, of the Argyle International Airport. At the moment, with almost all of the earthworks at Argyle completed, a few pieces of heavy-duty equipment are available to be used on the feeder roads, especially those which require urgent clearing, grading, and strengthening. And at the end of the paving of the runway at Argyle in June 2015, more equipment and road-building materials would be available for use on secondary roads. An allocation is in the Budget to assist in this regard with the rehabilitation of feeder roads and secondary roads. This matter was recently discussed between the IADC and the

Ministry of Works, and appropriate decisions taken. One of the legacies of the Argyle International Airport project would be heavy-duty equipment, a stone-crushing plant, an asphalt plant, and a concrete botching plant for use in the upgrade of roads, bridges, and river defences.

Meanwhile, our government is seeking to secure an \$80 million soft-loan (US \$30 million) from the Kuwait Fund, OPEC fund, and Saudi Fund for the reconstruction of secondary and feeder roads. The processing of this application is well underway. Our government reasonably expects to be able to draw down resources from this soft-loan. Accordingly, a sum of \$1 million, therefrom, is in the 2015 Estimates.

HEALTH AND WELLNESS

The central purpose of the health delivery system is to make quality health care available to all at the lowest possible cost in all the practical circumstances. Overall, the objective is to ensure that citizens and residents remain healthy, at the most optimal levels possible, for life, living and production. Our government is resolved, on an on-going basis, to continue its quest to realise this central purpose and objective in the health sector.

Let us begin by sketching the factual matrices which must necessarily inform proper analysis, opinion, and appropriate public policy.

Among the basic health indicators are as follows: An average life-span at birth currently stands at a commendable 74 years; Infant mortality has declined from 21 per 1,000 live births in 2001 to 15 per 1,000 live births in 2014; Maternal deaths are recorded, statistically, at zero; Immunisation of children below the age of 5 years against the usual range of infectious diseases is outstanding at 100 percent; 105 doctors, 650 nurses (including Nursing Assistants/Aides), and 29 Pharmacists (including student pharmacists) in the State-sector for a population of 110,000, are impressive statistics; high quality, low-priced water to 98 percent of the households on St. Vincent; improved nutritional levels to such an extent that undernourishment has been reduced from 20 percent of the population in 1995 to 4.9 percent in 2012; and a sound garbage collection and disposal system exists throughout the whole of St. Vincent and the Grenadines.

An accurate summation of our nation's health delivery sub-systems can be described thus: Public health and primary health care are of good quality and accessible to all, at minimal prices; secondary health care is generally sound, and is accessible to the whole population at affordable certainly competitive prices. Although there are a few gaps in the delivery of secondary health care within the national system itself and more in tertiary health care, these gaps are plugged at

an adequate level overseas or through specialised medical missions from abroad by way of substantial contributions from the government and State-to-State arrangements or through private funding, including private health insurance arrangements.

The principal causes of morbidity in St. Vincent and the Grenadines are diabetes and hypertension, cancer and cardiac ailments, accidents and criminal violence. It is thus self-evident that most of the health challenges are behavioural, manifesting themselves in our eating and drinking and so-called modern lifestyles, our driving on the roads and unsafe working environments, and violent misconduct. Policy implications arise accordingly from these factual observations particularly in respect of encouraging or facilitating healthier behaviour lifestyles.

Given the small size of our nation's economy and population, and fiscal constraints, the health sector is reasonably well-resourced. Indeed, between 2001 and 2015, nominal, and real, public expenditure on health has increased appreciably. In the 2015 budget, \$89.93 million is estimated, in total (recurrent and capital), to be spent on health, an increase of \$37.17 million or 70 percent over the 2001 Estimates. The recurrent budget for 2015 for health is \$63.95 million, an increase of \$25.74 million or 67.2 percent over the comparable figure for 2001. The State-managed health sector employs 1,200 employees in 2015,

over 200 more than in 2001. The capital budget for 2015 for the health sector is \$25.98 million, an increase of \$11.55 million or 80 percent over the comparable estimates for 2001. Overall, the health sector is estimated to receive a commendable 9 percent of the overall budget for 2015. The recurrent budget for health in 2015 represents 11.4 percent of the total recurrent budget (excluding amortisation of public debt and sinking fund contribution). These numbers are quite impressive by international standards, and particularly so given the relevant comparators for developing countries or indeed for small-island developing countries.

Mr. Speaker, let us examine some of the details of the expenditure on health for 2015 with instructive comparisons for 2001. In the recurrent budget for Medical and Health Care there are 17 programmes. The most significant are those relating to the Milton Cato Memorial Hospital (\$26.5 million); Community Health Services, including the 39 clinics, (\$8.77 million); Medical Stores and Pharmaceutical Services (\$7.007 million); Environmental Management (\$4.96 million); the Mental Health Rehabilitation Centre (\$3.96 million); Five Rural Hospitals and Health Centres (\$2.25 million); and the Lewis Punnett Home (\$2.24 million).

The recurrent budget for the Milton Cato Memorial Hospital (MCMH) for 2015 is \$26.5 million and represents an increase of \$12.97 million or 95.9 percent over the 2001 Estimates. The depth, range, and spread of the health services

delivered at the MCMH have increased appreciably. The number of medical staff at MCMH has increased by 31 or 60.8 percent over the 2001 figure, from 51 to 82, including the four Cuban doctors, to service a hospital with 206 beds and an Accident and Emergency Department. The number of Consultant Doctors has risen by three, from 15 to 18 between 2001 and 2015, reflecting the increase in the number of medical sub-specialties. Total Nursing Staff at MCMH have increased from 254 in 2001 to 312 in 2015; the critical category of Staff Nurses has risen in numbers by 53- from 90 to 143 - an increase of almost 60 percent.

The MCMH has strengthened its diagnostic facilities with substantial additional medical equipment, including a modern CT-Scan machine which prior to 2001 was seen as an unaffordable or unnecessary luxury which one viewed on hospital television shows. Particular specialities or sub-specialties in the wide field of paediatric care have blossomed outstandingly, with the vital assistance of the World Paediatric Project (WPP), and the Mustique Charitable Trust, so as to make the MCMH the acknowledged centre of paediatric care, including advanced surgical interventions, in the member-countries of the OECS. The modern paediatric facilities at MCMH are superb and the medical/surgical attention delivered of a very high quality. Since 2002, when the WPP was fully inaugurated, the children of St. Vincent and the Grenadines alone have benefitted from over 6,000 medical consultations and 670 surgeries at an estimated value in excess of \$33 million. Hundreds of children from the member-states of the OECS

have also benefitted free of any charge of their parents or governments. This is a remarkable, uplifting story which is hardly ever told.

The Community Health Services, headed by the Medical Officer of Health, manage and operate, centrally, the 39 clinics scattered throughout St. Vincent and the Grenadines and the polyclinic at Stubbs. Community Health Services also provide a range of health services, mainly primary, but also of a secondary health care nature. The recurrent budget for the Community Health Services (CHS) Programmes for 2015 is \$8.77 million, an increase of \$3.83 million or 77.6 percent over the 2001 Estimates. The medical staff for the CHS Programme has risen from 11 doctors in 2001 to 16 in 2015; and the nursing personnel from 158 to 190. The extent of the delivery of pharmaceutical services has grown significantly in the CHS. The clinics are easily and swiftly accessible to all, free of cost.

The CHS Programme is complemented admirably by the delivery of health care at the Georgetown Hospital (22 beds), Bequia Hospital (17 beds), Chateaubelair Hospital (11 beds), the Levi Latham Health Centre (12 beds), and the Union Island Health Centre (6 beds) - an aggregate of 68 beds. Health care delivery at these rural hospitals and two health centres will cost the recurrent budget \$2.25 million in 2015, compared to \$1.37 million in 2001. They are serviced by the District Medical Officers and other supporting doctors from the CHS Programme. These rural hospitals and health centres have their own dedicated nursing staff,

which have increased in number since 2001. For example, the Georgetown Hospital, a vastly improved hospital with the PAHO designation of a “Smart Hospital”, now has seven staff nurses as distinct from four in 2001.

Two programmes which touch and concern the delivery of pharmaceutical services are those listed as Medical Stores (\$5.754 million) and Pharmaceutical Services (\$1.253 million). The 2015 recurrent budget for these two programmes is \$2.3 million or 56.7 percent more than the budgeted amount in 2001. The increase in the critical area of supplies and materials at the Medical Stores, from which account pharmaceutical products in the state-pharmaceutical services are sourced, has had its budgeted sums increased by 40 percent between 2001 and 2015. The facts further reveal that in 2001, less than 70 percent of the prescriptions were filled at the State pharmacies; in 2014, some 95 percent of these prescriptions were filled. [The budgeted sums allocated are not infrequently supplemented annually, by way of special warrants, with an additional expenditure of some \$2 million.]

Every professional in the hierarchy of the Ministry of Health accepts that this is an area in which savings can properly be made, without any medical harm to patients, through greater efficiencies in the prescribing, management, and use of pharmaceutical products. I reiterate: there is a lot of waste to cut out in the delivery of pharmaceuticals. To assist in this, our government has developed a sub-programme entitled “Health Information Unit”. This Health Information Unit

has elaborated a Health Information System (HIS) to streamline and facilitate informed decision-making in the health sector, including a more efficient and effective delivery of pharmaceuticals services. This Health Information Unit, has a staff of seven professionals and costs nearly \$400,000 annually in recurrent spending. It is anticipated that the Health Information System will assist in the reduction of the cost of delivering pharmaceutical services, provided that the medical staff fully buys into its efficacy, without in any way comprising optimal health care.

[Mr. Speaker, I am personally fortified by the aim of managers of the Health Information System (HIS), to achieve three major goals for 2015: A 100 percent implementation of SVG HIS in all public health facilities and services; the implementation of the proposed Personal Health Information Systems Act and Operational Procedures and Policy; and improving the existing Telemedicine Services and introducing such services for Mental Health].

To a large extent an integrated health care system is judged on the manner in which it treats vulnerable groups especially children, the elderly, the mentally and physically challenged, the poor (particularly the indigent), and those with chronic non-communicable diseases such as diabetes and hypertension. Our government's integrated programmes, across Ministries but particularly through the Ministry of Health, address the health and socio-economic condition of these vulnerable groups.

[The initiative for the children through an array of integrated public policies in the various Ministries, not only but importantly, in the Ministry of Health, Wellness and the Environment, include:

- (i) An immunisation programme touching, statistically, 100 percent of children under the age of five years;
- (ii) A high-quality, and highly-acclaimed, facility at the MCMH for all-round pediatric care;
- (iii) The especial, and hugely successful, treatment of mothers with HIV/AIDS to ensure non-transmission of the virus from mother-to-child;
- (iv) The Nutrition Support Programme in the Ministry of Health designed to prevent malnutrition in children under the age of 5 years and to reduce the incidence of severe malnutrition among pregnant and lactating women, especially those from poor or indigent families. The 2015 budget allocates \$724,000 to this programme;

- (v) The provision, through the Ministry of Education in the 61 primary schools of an excellent school-feeding programme;

- (vi) The significant provision, through the Ministry of Social Development, of monthly public assistance and other material support services to children of the poor and indigent. The quantum dedicated to children of the poor and indigent, under 15 years of age, is roughly one-fifth of the overall budget of \$17.5 million in Social Welfare payments under the Family Affairs Division.

- (vii) The protection of children and the promotion of their welfare through the Ministries of Social Development, National Security, and Legal Affairs in respect of sexual and physical abuse, and human trafficking;

- (viii) The education and care of children, including those with physical or learning difficulties, through the thorough-going implementation of several relevant programmes under the Education Revolution.

- (ix) The testing of all children entering pre-school and primary school for hearing and eyesight, and general health.

- (x) Combating poverty under the Children Against Poverty Programme.]

[Mr. Speaker, the condition of the health of the elderly is being addressed through the following programmes:

- (i) All-round sound geriatric care, delivered free of cost, through the MCMH, the Rural Hospitals and Health Centres, the Community Health Services, Dental Services Programme, and the Pharmaceutical Services.

- (ii) The delivery of institutional geriatric care at the Lewis Punnett Home which houses 104 elderly persons at an annual cost in 2015 of \$2.24 million, an increase of \$1.05 million or 76.3 percent over the 2001 expenditure. Of the 53 members of staff at the Lewis Punnett home, 37 are nursing personnel of various categories.

- (iii) The Home-Help-For-the-Elderly programme is costing approximately \$1 million in 2015, and caters for home-based care of over 300 elderly persons through 85 trained Home-Helpers.

- (iv) The care of the elderly through two Golden Years Activity Centres (one at Black Point, the other at Golden Grove/Buccament) through a partnership between the National Insurance Services (NIS), the Government, and Civil Society.

- (v) The provision of retirement benefits to the elderly through the NIS, the government's Pension Arrangements, the government's public assistance programme, and privately-funded pension schemes.

- (vi) The especial protection of the elderly through the Ministry of National Security (including the SVG Police Force), and the judicial system.

- (vii) The partnership between the private sector providers of geriatric care and various governmental agencies to the benefit of the elderly in many areas].

[The mentally-challenged persons are being cared for principally through the Community Health Services and the specialised institution known as the Mental Health Centre (MHC). In 2015, a recurrent budget of \$3.959 million is provided to staff and operate the MHC. This sum for 2015 is \$1.55 million or 65 percent more than the budgetary allocation for the year 2001. Currently, the MHC is temporarily housed at Orange Hill at a facility constructed at the cost of \$1.3 million while the MHC's home at Glen is being rehabilitated or rebuilt; work has commenced on this \$3.8 million project.

[A complement of 77 persons staff the MHC. Sixty-two of them are professionals in the field of psychiatry or mental health. Of these professionals, there is provision for four medical staff: a psychiatrist; a clinical psychologist, and two other medical doctors; the other fifty-eight are professionally-trained as nurses at various levels, nursing assistants, nursing aides, social workers, and occupational therapists. Modern approaches to psychiatry, suitably adapted to our circumstances, are applied effectively, though several challenges remain to be met successfully.]

Mr. Speaker, our people's behavioural patterns or habits, particularly relating to over-eating and over-drinking the wrong kinds of food and drink, and a lack of proper exercise, contribute overwhelmingly to chronic non-communicable diseases of diabetes and hypertension. These diseases impact adversely on a person's quality of life, shorten lives, reduce productive work, and increase expenditure on health care for the government and the individual.

The subject of chronic non-communicable diseases, particularly diabetes, hypertension, and cardiac ailments, is so important to healthy living in our region that the CARICOM Heads of Government met in a specially-convened summit in September 2007 and devised a strategic framework for a Wellness Revolution to curb the increased prevalence of non-communicable diseases. Indeed, at the insistence of CARICOM, the United Nations subsequently convened a High Level Session of the United Nations' General Assembly to accord practical considerations to this vey matter. Coordinated health work in these areas is pursued through regional and international cooperation.

Central to behavioural correctives to lessen the prevalence of non-communicable diseases, is health information and the promotion of healthy lifestyles. Thus, the work of the Health Promotion Unit is of critical importance in this regard. Eleven professionals staff this Unit which has a budget for 2015 of approximately \$370,000. This Unit is integral to health delivery in St. Vincent and the Grenadines.

For the year 2015, the Health Promotion Unit has set for itself three major tasks: The promotion of health and wellness across the life span at schools, workplaces, and in communities; the promotion of a holistic approach to health through the development of a health promotion strategy; and the improvement of the quality and effectiveness of health promotion programmes. This Unit demands the full support and attention of the entire Ministry of Health, the top levels of government, civil society, and the communities across St. Vincent and the Grenadines.

The Ministry of Health has issued a two-extended pledge in its Result Indicators on non-communicable diseases for 2015, namely: To develop a strategic plan, inclusive of an action plan, for the prevention and control of non-communicable diseases; and to establish a Health and Wellness Commission as a multi-sectoral body to tackle the rising prevalence of non-communicable diseases. This work is urgent, necessary, and desirable.

Meanwhile, the whole range of interventions at the hospitals, health centres, clinics, the pharmaceutical services, and in the communities on non-communicable diseases is being ramped up. The government is hopeful that it would conclude, in 2015, with the Cuban government, an agreement for the delivery of the drug Heberprot-P which was developed by scientists at the Centre for Genetic Engineering at Biotechnology in Cuba as a cure for diabetic foot ulcer.

This cure will eliminate the need for most of the amputations resulting from the diabetic foot ulcers. Still, prevention is always better than cure.

The realistic prospect of this cure which has been applied in Cuba since 2007, and in several other countries worldwide thereafter, brings hope to dozens of persons across St. Vincent and the Grenadines. The “Lives to Live” Programme, including its housing dimension to be unveiled in early 2015, for persons with disabilities, including diabetes-induced disabilities, will further place the fight against diabetes and hypertension at the centre-stage of government’s public policies.

Mr. Speaker, the poor and indigent persons are especially cared for in our health and public policies generally. The Ministries of Health, Social Development, Transport, Education, Housing and Lands, Agriculture and Industry, Finance and Planning, and the Office of the Prime Minister are replete with targeted strategic interventions which lift the condition of life and living of the poor and indigent in their pursuance of sustainable livelihoods. The successful herculean efforts by our administration to reduce poverty and indigence are well-known. I shall address this subject, more, later as we reflect on our quest to achieve Zero Hunger and further reduce poverty.

Mr. Speaker, on the capital side of the budget we estimate to spend \$25.2 million on health in 2015. The major items of capital expenditure in the health sector for 2015 include:

- ✓ The Modernisation of the Health Sector under The 10th EDF: \$14.2 million;
- ✓ The Modern Medical Complex at Georgetown: \$ 4.1 million;
- ✓ Improvements to Primary Health Care[Equipment and Furniture]: \$ 1.5 million;
- ✓ General Upgrading of the Health Facilities for Clare Valley and Mayreau, and other clinics: \$ 1.0 million;
- ✓ Purchase of Equipment at MCMH: \$ 0.7 million;
- ✓ Purchase of Ambulances : \$ 0.5 million;
- ✓ PAHO/WHO: \$ 0.5 million.

Permit me to highlight the details on the first two of these items of capital spending which are directed to developing further and modernising the health sector by improving and expanding the physical plant, equipment and other infrastructure.

Through the financing of the European Union's 10th European Development Fund, which we agreed to be utilised largely to modernise our health sector, there are seven projects currently on-going costing \$22.4 million which are expected to be completed between February and October 2015. These projects includes :-

- Alteration and upgrading of MCMH: \$5.8 million, with a completion date set for August 2015.
- Alteration and upgrading of the Mental Health Centre: \$3.8 million, estimated to be completed in October 2015.
- The Union Island Staff's Hostel: \$2.6 million, slated to be completed in August 2015;
- The Sandy Bay Doctor's Quarters: \$0.39 million, with a completion date set for February 2015.
- The Canouan Doctor's Quarters: \$0.57 million with a completion date of February 2015.
- The Chateaubelair Doctor's Quarters: \$0.48 million, with an estimated completion date of February 2015;
- The Buccament Polyclinic: \$4.5 million, set for completion in June 2016.

Additionally, the construction of the Mesopotamia Polyclinic is expected to commence in the first quarter of 2015 at a cost of \$4.6 million and is scheduled to be completed by October 2016. The Buccament and Mesopotamia Polyclinics

will thus join the Stubbs Polyclinic as a trio of polyclinics to serve expanding population centres. These polyclinics are intended to provide a wide range of diagnostic (including X-Ray facilities) and other health services on a 24-hour basis.

Mr. Speaker, at Georgetown, the impending completion in 2015 of the Modern Medical Complex will add significantly to the hospital plant in St. Vincent and the Grenadines. This Medical Complex will be twinned with the existing 22-bed “Smart Hospital” at the immediate adjoining location. The Modern Medical Complex will offer a full range of hospital services, including diagnostic and surgical facilities. Additionally, it will provide the only State-operated haemodialysis facilities for kidney patients.

The Chief Engineer recently advised me that the Modern Medical Complex is now approximately 92 percent complete with an expected completion time of May 2015. This completion date is based on the delivery of the physical building and does not include the installation of equipment and furniture, and the appurtenant road works and parking areas. Several of the finishing activities such as painting, countertops and ceilings are well underway and are now on schedule. One area of concern has been the Electrical Installation due to the inability of the Electrical Contractor to fulfill the contractual terms on a timely basis. The Ministry of Works has opted to procure skilled electricians from Cuba to push the work to an expeditious conclusion.

Mr. Speaker, on December 09, 2014, the President of Cuba, Army General Raul Castro, in a bilateral meeting with me, reaffirmed the Cuban government's earlier commitment to provide the medical equipment necessary for the Modern Medical Complex. We thank Cuba, yet again, for its selfless contribution to the development of St. Vincent and the Grenadines.

Two other capital projects of significance in the health sector relate first, to building preparedness, readiness, and response capacities to tackle the threat of the Ebola virus; and secondly, to continuing the fight against Chikungunya, and the control of rodents by way of a public health project.

A provision of \$250,000 is made in the 2015 Capital Estimates for the Ebola project. Indeed, after the approval of the Estimates in December 2014, the Government of the Republic of China (Taiwan) gave a grant of US \$100,000 (EC \$270,000) for the Ebola project. A provision of \$200,000 has also been made towards the public health project in respect of Chikungunya, and rodent control.

Mr. Speaker, a Special Meeting of the Conference of Heads of Government of CARICOM was held on November 04, 2014, in Trinidad and Tobago, on Ebola and Chikungunya. The recommendations and conclusions of this Summit are being implemented nationally and coordinated regionally. This CARICOM Conference followed swiftly upon the heels of an ALBA Summit on Ebola in Havana, Cuba.

Cuba's assistance on this matter has been critical; so, too, the initiatives of PAHO and WHO.

Training of a sufficient number of health personnel (doctors, nurses, technical persons in various medical specialties) is a requisite for any proper functioning health system. Our government is dedicated to this venture. Far more doctors, general practitioners, and specialists have been trained in the last dozen or so years than at any other period of our country's history. A similar process has been evident in the training of nurses and other technical medical personnel. The nursing shortage in the decade prior, and up to 2001, is a thing of the past. Our government actually trains more nurses than are needed for our health system; thus, our programme of managed migration of nurses. Nursing students in St. Vincent and the Grenadines are paid a monthly stipend of just over \$1,000 to go to Nursing School; and they receive their nursing training free of cost to them!

The salaries of the health professionals in 2015 are substantially higher than those of 2001, even after one discounts the increases by some 35 percent for inflation. Increases in salaries have ranged from 58 percent to 106 percent. [A few examples of a jump in salaries will suffice to illustrate the point: the Chief Medical Officer's annual salary has increased from \$72,334 in 2001 to \$119,952 in 2015, an increase of \$47,618 or 65 percent; the Medical Officer of Health's annual salary has increased by \$40,835 or 65 percent from \$62,688 in 2001 to \$103,524 to 2015; a Consultant Doctor's salary has risen by \$45,694 or 72%

from \$62,688 per year in 2001 to \$108,382 in 2015; the average annual salary of a Medical Officer has increased from \$47,685 in 2001 to \$73,357 in 2005 or by \$25,672 or 53 percent; the salary of the Medical Director at MCMH has jumped from \$62,688 in 2001 to \$112,320 annually, an increase of \$49,632 or 79 percent; the annually salary of the Chief Nursing Officer has increased from \$49,404 in 2001 to \$85,656 in 2015, an increase of \$36,252 or 73 percent; the average salary of a staff nurse at the MCMH has risen from \$23,745 in 2001 to \$37,649 in 2015, an increase of \$13,904 or 58 percent; the annual salary of the Chief Lab Technologist at MCMH has sky-rocketed from \$41,472 in 2001 to \$85,656 in 2015, an increase of \$44,184 or 106 percent; and the average salary of a Lab Technologist has gone up from \$26,532 in 2001 to \$50,427 in 2015, an increase of \$23,895 or 90 percent.]

[To be sure, these professionals are worth these salaries, and more; but the simple fact is that, within the limitations of our fiscal condition, the medical professionals have had their earnings suitably enhanced. And our government would wish to pay them more.]

Mr. Speaker, the Result Indicators for the Ministry of Health, Wellness and the Environment which are sketched in the 2015 Estimates point to the reformation, upgrading, and modernisation of the health sector. They are all directed to delivering health services to all in the most efficient and effective ways. Clearly,

the process is uneven and challenges abound, but the achievements have been immense and the strategic directions of the health sector are on the correct path.

In 2015, our government will accelerate the process of reform, upgrading and modernisation of the health sector, including at the MCMH. Two central policy documents, among others, in the health sector will be elaborated in 2015. The first relates to a comprehensive review of the nation's health policy; and the second, the drawing up of a Patients' Charter. The review will build upon work which is already being done. The Patients' Charter will codify the rights of patients and their own obligations or responsibilities in relation to promoting and achieving their own healthy lifestyles.

Unfortunately, some health administrators and health personnel have become accustomed to the belief that the health system is primarily about them and their sectional concerns. In the process, a glaring truism is too often missed: The health system is centrally about the patients who access it. The Patients' Charter of Rights and Responsibilities will rightly put the patients at the centre-stage of the health delivery system. The drawing up and proclamation of this Charter will necessarily trigger an informed national conversation on health, individually and collectively. Quality assurance in health delivery which is currently being enhanced, is required, practically, to be appropriately enthroned.

Undoubtedly, this national conversation will include the financing of health delivery and the matter of value for money. These are subjects on which our government, at the administrative and political levels, has been reflecting in a focussed way. The oft-repeated proposal for a national health insurance system financed through increased contributions by employers and employees through the National Insurance Services (NIS) needs more critical interrogation. Our government is satisfied that a rush to a national health insurance financed through enhanced contributions to the NIS is unwise, at this time, in an economy and population size, including the employed population, that we have in St. Vincent and the Grenadines. It is our view that our NIS should focus its attention on its core mandates: Retirement, sickness, maternity, and invalidity benefits. It is unlikely that the increased NIS contributions would be able to finance a package of health coverage beyond the most basic or elemental which has long been the obligation of the State to finance through general taxation. These are our tentative conclusions from our comparative readings upon the subject and from practical advice rendered by informed specialists.

Still, users of the health services who have the ability to pay, should pay more for what they use. For example, there is no doubt that the private-public medical care, including surgical interventions, at the MCMH is too heavily subsidised by the State at the expense of the poorer sections of our community. The minimal cost recovery by the MCMH from “private patients” needs to be examined critically. The beneficiaries of these subsidies, including the better-off patients

and some of their doctors, are likely to resist sensible reforms in this area, but equity demands reformation. We must maintain the sensible, practical system of private-public medical care, but it ought to be reformed. Further, there are too many inefficiencies and waste in the health system which cry out for efficacious attention particularly at a time when we ought to be doing more with less, and to be more cost conscious.

Too many aspects of health delivery in St. Vincent and the Grenadines have continued, operationally, without change for the better, as they have been since colonial times. This is evident in the delivery of health care at the clinics. There is insufficient consideration at too many clinics for the patients' welfare and convenience of access at certain hours. Too many clinics are inadequately supervised; some function as though they are islands unto themselves.

Finally, I turn to the issue of medical marijuana. It is well-established that the abuse and misuse of marijuana has harmful health effects. At the same time, the marijuana plant possesses medical properties, if properly harnessed, have beneficial health applications. At the initiative of our government, CARICOM Heads of Government have decided to appoint a Regional Marijuana Commission to examine and report upon the matter of medical marijuana as a health/pharmaceutical industry. In anticipation of a positive outcome from this Commission, our government is in conversation with a Canadian entity on the possible exploration of a medical marijuana industry, including a modern facility

for the production of pharmaceuticals for St. Vincent and the Grenadines. It is to be noted that already in 23 states in the USA, medical marijuana is an established pharmaceutical industry of economic importance.

HOUSING AND LANDS

Mr. Speaker, the public policy of our government on housing is crystal clear: Housing is a human right; and the State has an obligation to facilitate its citizens with the provision of adequate housing at affordable prices, including constructing, within the context of the available resources, such housing at a subsidy particularly for those of its citizens who are economically-disadvantaged. We are fundamentally opposed to those who insist that it is not the business of government to be involved in the construction of houses itself or to do so at a subsidy for anyone including those who are economically-disadvantaged.

[From the outset our government embarked on a veritable Housing Revolution in St. Vincent and the Grenadines. It initiated the following programmatic planks:

1. Strengthening markedly the State agency, the Housing and Land Development Corporation (HLDC), into a robust entity to spearhead the

government's housing programme for no-income, low-income and middle-income persons.

2. Putting in place a 100 percent housing mortgage programme for public employees at the then wholly-owned State bank, the National Commercial Bank (NCB). Within a short-period of time, every other financial institution in St. Vincent and the Grenadines followed suit in some comparable way. The successor to the NCB, the Bank of St. Vincent and the Grenadines, has continued this programme at the government's encouragement, and in the commercial interest of the Bank itself.
3. Providing, on a huge, unprecedented scale, thousands of Vincentians (all over St. Vincent and the Grenadines), with State-owned lands for housing at highly-subsidised prices, including lands at 10 cents per square foot for those who had long been in occupation of those lands.
4. Regularising informal human settlements, through the delivery of land surveying and infrastructural services, including roads and drains.

5. Expanding significantly the provision of water and electricity to some 98 percent of the households in St. Vincent and the Grenadines, from around 70 percent in 2001. Garbage collection and disposal have been enhanced significantly for households on St. Vincent __ universal coverage __ and in the Grenadines.
6. Increasing the tax incentives for private sector housing developments.
7. Establishing a sound system of sand-mining at Rabacca, consistent with the best environmental practices, to aid the construction industry. The state sector upgraded and regularised its land mining and facilitated efficacious sand-mining at Rabacca and quarrying elsewhere by the private sector.
8. Expanding appreciably at the Technical College and Technical Institutes/Centres the training and certification of persons for the construction industry in all its relevant skills.

9. Strengthening the legislative and administrative framework for physical planning and the building industry, including promulgating a modern Building Code.
10. Correcting the debacle at the Gibson Corner Housing Settlement which corrective has so far cost our government over \$12 million.
11. Establishing a Financial Services Authority (FSA) thereby ensuring that an independent authority existed to assist in saving financial institutions from themselves, including those which specialise in home mortgages such as the St. Vincent and the Grenadines Building and Loan Association.
12. Increasing markedly the quantum of building materials for the poor and indigent persons through the Social Welfare Department of the Ministry of Social Development.
13. Delivering specialised, large-scale programmes for the distribution of building materials, the repair of existing houses, and the construction of

brand new houses, without cost to the beneficiaries, consequent upon any natural disaster.

14. Building, thus far, over 1,200 no-income, low-income and lower-middle-income houses all over St. Vincent and the Grenadines.
15. Implementing, overall, the policy of “Turning Dead Capital into Live Capital”, including the enactment of the Possessory Title Act to facilitate the acquisition of a sound title, through the Law Courts, under the established legal principle of adverse possession.]

[Mr. Speaker, this is undoubtedly an impressive record. The statistics show that the number of households in St. Vincent and the Grenadines jumped by over 20 percent between the period 2001 and 2012. This rapid expansion of housing, and consequently of households, is all the more remarkable since our country has been hurting from the knock-on effects of the continuing global economic crisis of 2008, and continuing.]

In the 2015 Budget, there is, in the aggregate, a provision in the Capital Estimates of \$15 million dollars for the rehabilitation and reconstruction of

houses. The four components to this capital provision are: Housing Reconstruction/Rehabilitation arising from the natural disasters and for the “Lives to Live” Housing Programme, \$9.5 million; the Clare Valley Housing Reconstruction, \$3 million; a continuing contribution to the Gibson Corner Settlement, \$1.6 million; and a contribution to low-income housing, \$1 million. Additionally, there is a provision in the Capital Estimates for Community Infrastructure (BNTF7), \$5.5 million; and for Land Purchases by the government, \$5 million. In all, therefore, Housing and Community Amenities in the capital budget for 2015 account for \$26.9 million or a whopping 9.1 percent of the total capital budget of the government. On the recurrent side of the budget, the functional classification category “Housing and Community Annuities” is allocated \$8.1 million, \$4.3 million of which is to be spent on the programmes: The general administration in the Ministry of Housing, Informal Human Settlements, Physical Planning, Lands and Surveys; the Lands and Surveys Department itself; Land Management; and the Physical Planning Unit. Each of these programmes is vital for our nation’s socio-economic development as can be seen from the indicative framework of the plans for the Ministry in 2015 as set out in the Estimates.

Mr. Speaker, in 2014, the Ministry of Housing, in conjunction with NEMO, the HLDC and BRAGSA, did extraordinary work at restoring and rebuilding the housing stock of persons whose houses were damaged or destroyed mainly in the storm of December 2013, and to a lesser extent from the previous adverse

weather events, including Hurricane Tomas in 2010. Building materials were distributed to hundreds of affected families and some 165 houses were either repaired substantially or rebuilt on the existing site or elsewhere under a \$20 million project financed partly by resources from Petro Caribe and partly from the government itself.

In 2015, our government will continue this reconstruction/rehabilitation housing programme but there will be an added component: The “Lives to Live” Housing Programme. This programme is directed at assisting persons with physical and mental challenges with the construction of appropriately-designed timber (treated plywood) houses on an existing family plot or with the renovation of a room or bathroom/toilet facilities at an existing family dwelling. Most of these potential beneficiaries of this programme are in their 50^s, 60^s, and 70^s. Some of them have a pronounced physical disability from birth; a significant number has had amputations consequent upon advanced diabetes; and so forth. One central fact, though, is that they have “Lives to Live”. Our government is determined to assist them in every way possible to “live their lives”; adequate housing is one of the ways.

Mr. Speaker, the unfortunate housing issues which have arisen as a result of the poor construction of some houses, and the attendant faulty infrastructure, at Clare Valley have dented somewhat the hitherto solid record of the HLDC under our administration. After all, the HLDC has supervised and caused to be built

over 1,200 houses before, and after, those at Clare Valley and there have been no serious complaints, save and except in isolated cases, about any inadequacy of, or poor, construction. These houses are there for all to see at several places including: Fitzhughes, Rose Hall, Petit Bordel, Cumberland, Peter's Hope, Ottley Hall, Hope, Green Hill (the original housing settlement), Colonarie, Sans Souci, Villa Point (Three Rivers/South Rivers), Byera (Manning Village), Langley Park, Sandy Bay, Fancy, and in the Grenadines.

As the esteemed Vincentian geologist, Dr. Robertson, reported, the lands at Clare Valley, as distinct from those at Gibson Corner in the 1990s, were not unsuitable for housing. It is evident that some of the private contractors and the technical and supervisory staff at Clare Valley, dropped the ball, metaphorically-speaking. As soon as the debilitating cracks in a few houses at Clare Valley were brought to the government's attention, we acted swiftly and decisively. The Chief Engineer, Mr. Brent Bailey, upon examination of the matter provided an oral, and later a written, report which pointed to "poor construction and inadequate draining" as the causal factors for the construction failures.

On the basis of that oral report, the government immediately accepted responsibility and proceeded in an open, transparent, and professional manner, satisfactory to the affected home-owners at Clare Valley and all objective observers in St. Vincent and the Grenadines. BRAGSA was mandated by the government to effect the requisite corrections, through independent engineering

and construction staff, and commenced its work. That work is on-going; and \$3 million is accordingly earmarked for this project in the 2015 Capital Estimates.

Meanwhile, the Ministry of Housing is taking all necessary steps to facilitate the further strengthening of the management and operations of HLDC to better carry out its mandates. Our government will continue to execute its sensible and widely-accepted housing policy. The deficiencies relating to some houses at Clare Valley, a housing venture of some 60 houses, cannot stain indelibly or at all the excellent housing record of our government, and it will not hamper or divert our commitment to the fullest implementation of our housing policy and programmes in the interest of the people of St. Vincent and the Grenadines.

TERTIARY EDUCATION, INCLUDING ST. VINCENT AND THE GRENADINES COMMUNITY COLLEGE

Mr. Speaker, one of the undoubted successes of strategic importance of our government is the Education Revolution, instituted, elaborated and implemented across all areas of education and training: Early childhood; primary and secondary; technical and vocational; teacher and nursing education; post-secondary and tertiary education; special education; and adult education. The story is well-known at home and in informed circles abroad. The Honourable Minister of Education will, no doubt, in her budget presentation address all the facets of our Education Revolution and the relevant initiatives or activities

planned for 2015. For my part, today, I shall focus on tertiary education including, the St. Vincent and the Grenadines Community College (SVGCC).

The public policy of our government is to create, and sustain, the optimal practicable opportunities for all students who possess the appropriate matriculation qualifications to pursue tertiary education in St. Vincent and the Grenadines, the Caribbean region, and internationally by face-to-face attendance at universities or colleges or by way of distance learning utilising modern information technology. The immediate goal is to have at least one university or college graduate, on an average, per household by the year 2025 or in the shortest possible time thereafter. We are focussing, too, on a range of priority areas of study which are vital to national development.

Currently, our government spends annually over \$30 million on post-secondary and tertiary education mainly through the following: the Public Service Commission/Chief Personnel Officer, \$6 million; the Ministry of Finance for UWI, \$7 million; the SVGCC, \$13 million; and the state-owned Student Loan Company, \$6 million. Indeed, since 2002, the economically-disadvantaged student loan programme has assisted over 1,200 students with a loan portfolio thus far, of \$80 million. In the Caribbean-member states, our university students are in Barbados, Jamaica, Trinidad and Tobago, St. Lucia, and here in St. Vincent and the Grenadines at one of our four medical schools, at the UWI Open Campus or at the SVG Community College.

Additionally, substantial sums have been, and are being, received through grants (scholarships) supplied by numerous friendly countries, and organisations including: Cuba, Venezuela, Taiwan, Mexico, Brazil, Malaysia, Japan, Canada, United Kingdom, USA, Russia, Australia, New Zealand, Spain, Dominican Republic, Morocco, Argentina, Turkey, France, Austria, India, European Union, the Commonwealth, the Organisation of American States, and the United Nations. Currently, there are 510 students at universities around the world through the direct instrumentality of our government. Dozens of others are overseas pursuing studies exclusively through their own private funding. Never in the history of St. Vincent and the Grenadines has any government mobilised so much resources for education and training, including post-secondary and tertiary education as our ULP administration. Indeed, no other government has ever come close to our own in its dazzling delivery of efficacious educational outcomes. Still, there are enormous challenges, and much more to be done. This is too vital and existential an issue for us as a nation ever to risk stalling, subverting, or going backwards on, the Education Revolution. Whatever lamentations or grumbling there may be on this or that matter, when the political or historical dust is settled, as it always does, a grateful and disciplined people hold steadfast to their Educational Revolution, its accomplishments, opportunities and hopefulness for the future.

To be sure, a large number of our college and university graduates stay overseas or migrate, in search of additional opportunities. Our government accepts this

fact with equanimity given our nation's small size, its islandness, its insufficiency of job opportunities for all the graduates, and our people's historic tendency to migrate, yet remain profoundly committed to their homeland. A central requisite is for St. Vincent and the Grenadines to be able to keep a sufficient number of our graduates to enable our country to develop at the fastest rate possible. We are satisfied that, by and large, we are able to retain this level of sufficiency in most technical and professional disciplines.

Mr. Speaker, the St. Vincent and the Grenadines Community College is evolving as one of the jewels in our educational crown. What is now a multi-campus, integrated college at three locations had a humble beginning in the 1990s as an "A-Level College", under the James Mitchell administration, to better streamline post-fifth form education in the Arts, Science and General Studies, which was offered up to that time only at the St. Vincent Grammar School and the Girls' High School. The relatively small Nursing School, Teachers' College, and Technical College existed separately and were run directly by the Ministry of Education.

In 2005, our government established the SVG Community College as an integrated college with four Divisions: the Division of the Arts, Sciences and General Studies (former "A-Level" college), and the Divisions for Nursing, Teacher, and Technical and Vocational Education. Its central objective is to provide a high

quality of post-secondary and tertiary level education at an affordable cost. Its Vision and Mission Statements bear this out.

Mr. Speaker, a brief review of the SVG Community College's current enrolment, facility expansion including the physical plant, programme development, articulation and accreditation arrangements, and its strategic thrust, will provide attestation of the College's remarkable progress.

SVG Community College has a current student population of 2,442, some four times the number of students at its four component divisions in 2001. The student enrolment numbers for academic year 2014 – 2015 are as follows: Division of Arts, Sciences and General Studies, 1007; Teacher Education, 93; Technical and Vocational Education, 785; Nursing Education (Registered Nurse, Nursing Assistant and Midwifery Programmes), 229. Additionally, there is an enrolment of part-time students of 328.

The expansion of the physical facilities of the SVG Community College, especially at the Villa campus, has been impressive. The original structure for the "A-Level" College was designed for a relatively small enrolment. After 2001, our government expanded the facility with temporary buildings to accommodate an increased influx of students. We finalised all arrangements with the European Union and caused to be built, substantially with grant funds, a modern library fit for an expanding College in the 21st century. Further, last year, again largely

with grant funds from the European Union, our government completed an extensive expansion of the Villa campus with an additional 80,000 square feet of floor space. This physical expansion, inclusive of equipment and furniture, was done at a cost of \$34 million, and includes: three new lecture theatres with a combined seating-capacity of 500; an elegantly-designed open but covered performance space; three new science laboratories; one new computer laboratory; a modern language laboratory; a Visual Arts Studio; eleven new classrooms; a Student Union building with modern cafeteria facilities; an indoor gym and student lounge facilities; a new staff building with staff room, conference room, staff lounge facilities; an Exhibition Area; the refurbishment of the existing buildings; two hard courts and bleachers; a new front enclosure wall; much improved parking and lighting facilities; and a campus ring road.

At the SVG School of Nursing at Old Montrose, the buildings and associated facilities were significantly expanded; and the physical plant at the Division of Technical and Vocational Education (DTVE) has been expanded and upgraded, including its regional prize-receiving ICT facilities. The Teacher Division is now housed at the Villa Campus.

Mr. Speaker, a bundle of initiatives has been taken at the SVG Community College to enhance learning and teaching. These include, in summary from: The development of an Engineering Computer Lab in partnership with the Mustique Charitable Trust; the receipt of laptops under the One Laptop-per-Student

initiative of the government for each first-year student in three of the four Divisions; the unfolding of a new Universal Service Fund SMART Project costing almost \$1 million; the development of two new programmes in Mobile App development and cyber security; the provision of 20 Windows-based computers and 20 Mac computers with accompanying software and additional equipment for the e-College Unit to better support teaching and learning in the delivery of online courses and the maintenance of an electronic management system; retrofitting of a classroom at DTVE into the new Computer SMART laboratory to house new computers for the new specialised courses; the provision of a five-year lease to link the DTVE to the CKLN Caribnet regional fibre optic Educational Network; the launch in 2013 of the CARICOM-Education for Employment (C-EFE) Project at the DTVE in partnership with Dalhousie and Guelph Universities in Canada, the focus of which is the enhancing the delivery of agricultural programmes especially in areas of food preservation technologies and poultry production; the actualisation of an Internship arrangement with the Crane Resorts in Barbados since December 2012 for our Hospitality students; the opening of a new state-of-the-art Refrigeration and Air Conditioning Laboratory at DTVE, the only one of the kind in the Eastern Caribbean and will be utilised to facilitate training of local technicians and students and regional training - this laboratory was developed in partnership with the United Nations Environment Programme, the National Ozone Unit of the Ministry of the Environment, and funded by the Multilateral Fund of the Montreal Protocol; the continuation of the Post-Graduate Diploma in Education on franchise from the UWI; the commencement in September 2013 of

the B.Ed in Social Studies Education for 40 trained teachers currently (this is the third B.Ed programme franchised from UWI - the previous ones covered Mathematics Education, and Language and Literacy Education; the continuation since 2008, by the Division of Arts, Sciences and General Studies (DASGS) of the franchised UWI Social Sciences Level I programme; the Division of Teacher Education has been running franchised programmes (B.A in Guidance and Counselling for teachers and B.A in Social Work) from the Jamaica Theological College; the franchising from the University of Technology in Jamaica of the B.Sc (Computer Studies) from September 2013 and the B.Sc (Nursing) from January 2013 for post-RN graduates. Mr. Speaker, the SVG Community College has established Memoranda of Understanding, Franchise and Articulation arrangements with the following 16 universities/colleges and agencies: University of the West Indies, University of Technology, Jamaica Theological Seminary, University of Trinidad and Tobago, St. Mary's University, Munroe College, Prince Edward Island University, Mc Master University, Walden University, Dalhousie University, Confederation College, University of Guelph, Humber Institute, Nova Scotia Community College, Association of Canadian Community Colleges, and the Association of Caribbean Tertiary Institutions. These arrangements manifest themselves through staff exchanges, joint projects and research, offering of Franchised Degree Programmes, and articulation of academic programmes.

In November 2013, the SVG Community College was officially recognised by the National Accreditation Board as a duly-registered educational institution in St. Vincent and the Grenadines and is in the accreditation process.

Mr. Speaker, in addition to a wide-range of full-time study programmes offered by SVG Community College, there is an increasing number of offerings for part-time students, namely: Three degree programmes, four Associate Degree Programmes, two Certificate-level programmes, and five 15-week enrichment courses in several subject areas of relevance for living and production such as Events Planning, Food and Beverage, Introduction to Plumbing, Blue Print Reading and Cost Estimation, and Basic Computer Repairs.

Mr. Speaker, in going forward, the SVG Community College is actively engaged in a focussed, mature discussion with the University of the West Indies on a proposal to become a “College” of UWI. This is a signal that our SVG Community College is held in very high regard by our region’s premier university.

The future looks very bright for the SVG community College under our administration as it seeks to improve further its quality controls, provide greater access to tertiary education to more students, enhance leadership capabilities of the staff, enhance its linkages to industry and production, become more responsive to students’ needs, develop its research potential, and continue to harness ICT so as to uplift its work.

CITIZEN SECURITY

The central obligation of the State is to provide an optimal framework, in all practicable circumstances, for the safety and security of its citizens, residents, and visitors. This means, among other things, that the State must deliver an acceptable level of policing and citizen security services to all persons found within the State's territorial boundaries.

In St. Vincent and the Grenadines, the principal citizen-security institutions are the Police Force, the Coast Guard, the Fire Service, the Prisons, the Financial Intelligence Unit (FIU), and allied State entities such as the National Commission on Crime Prevention (NCCP), the Passport and Immigration Department, the Customs and Excise Department, and the Directorate of Airports. These national institutions are supported by regional and international security agencies such as the Regional Security System (RSS), the Implementation Agency for Crime and Security (IMPACS), INTERPOL, the Caribbean Financial Action Task Force (CFATF), appropriate United Nations' agencies, hemispheric security arrangements through the Organisation of American States (OAS), and bilateral security arrangements with traditional allies, including the USA and the United Kingdom.

The coercive arm of the State is buttressed in its lawful activities by an array of independent judicial institutions such as the Office of the Director of Public Prosecutions, the Magistracy, the Eastern Caribbean Supreme Court (High Court and Appellate Court), and the externally-located Judicial Committee of the Privy Council. Together, all these national, regional, and international bodies are responsible for the maintenance of law, order, and citizen security.

The size and cost of the national security apparatus of the State have increased significantly between 2001 and 2015. In 2001, the St. Vincent and the Grenadines Police Force comprised 665 police personnel and cost \$13.45 million to run; in 2005 there are 891 police officers (including the 20 Rural Constables) and a cost of \$27.6 million to operate, more than twice the cost of the Police Force in 2001. The Fire Service in 2001 had 57 fire-fighters; it now has 99. In 2001, the Fire Service had a cost of \$1.237 million; in 2015, the comparable sum is \$3.06 million or 147 percent more than in 2001. In 2001, the Coast Guard had 67 members; today it has 92. In 2001, the Coast Guard had an annual cost of \$1.5 million; in 2015, the cost to operate the Coast Guard is \$3.72 million or 148 percent more than in 2001. In 2001, the Prisons had a professional staff of 91; today, the number is 137. In 2001, the cost of running the Prisons was \$1.67 million; in 2015, the comparable cost is \$4.18 million or 149 percent above the 2001 figure. In 2001, there was no Financial Intelligence Unit; since 2002 one has existed; its cost of operation annually in 2015 is \$0.675 million.

In the aggregate, in 2001, there were 880 members in the Police Force, Fire Service, Coast Guard, and Prisons; today the aggregate number is 1,219 or 38 percent more. The total cost of running those four security agencies in 2001 was \$17.86 million; in 2015, the comparable cost is \$39.26 million or 115 percent more than in 2001. These are impressive numbers, indicating our government's commitment to strengthening and adequately resourcing the security apparatus of the State in this our dangerous neighbourhood.

Not only have the numbers of police officers increased appreciably, so too the training has been enhanced markedly. To begin with, there is more extensive specialised training for police officers than ever before, at regional and international institutions. Further, the formal educational level for entry into the Police Force has risen significantly. Moreover, almost one-half of police officers are currently engaged in upgrading their educational qualifications through distance and face-to-face learning. Indeed, two dozen police officers are university graduates and several more are currently pursuing university education at the undergraduate or post-graduate levels.

Correspondingly, the salaries of personnel in the Police Force, Coast Guard, Fire Service, and Prisons have risen sharply since 2001, ranging for various ranks from between 50 percent to nearly 80 percent. [A few examples of this in the Police Force would suffice to substantiate the point. In 2001, the annual salary of the Commissioner of Police was \$58,584; in 2015, it is \$103,524, an increase

of \$44,940 or 76 percent above the 2001 figure. In 2001, the average annual salary of a Sergeant was \$26,361; in 2015, the comparable salary is \$39,549, an increase of \$13,188 or 50 percent over that of 2001. In 2001, a Constable had an average annual salary of \$14,390; in 2015, a Constable's comparable salary is \$24,732, an increase of \$10,342 or 71 percent above the 2001 figure.】

Over the last 14 or so years, an especial effort has been made to rebuild or renovate substantially the police stations across St. Vincent and the Grenadines. New, modern, spacious, and well-appointed police stations have been built at Canouan, Georgetown, Questelles, and Biabou. Police Stations have been rebuilt or substantially renovated at Rose Hall, Retreat, Layou, Barrouallie, Old Montrose, Police Headquarters (Kingstown), Mesopotamia, Calliaqua, Stubbs, Sandy Bay and Owia, among others. Modern communications equipment have been installed at most police stations; the fleet of police vehicles has been enhanced and, in the last three months, eight brand new twin-cab pick-ups were purchased at a cost of over \$800,000.

Further, police bases (permanent or mobile) have been established at so-called "hot spots" at Ottley Hall, Glen and Fountain-Belair, much to the appreciation of residents in those communities.

At the Coast Guard, there has also been a significant upgrade of the plant and equipment. Through the instrumentality of the USA's Caribbean Basin Security

Initiative (CBSI), a modern Coast Guard Base has been constructed, strategically, at Canouan, and two modern Coast Guard vessels were donated.

Mr. Speaker, the broad framework for combating crime is that which this Parliament approved in a detailed Motion in February 2003. Work plans consistent with the elements of the broad framework have been drawn up, reviewed, and amended, on an on-going basis, as the circumstances demand. These plans cover every facet of policing and crime-fighting, including institutional reforms in the Police Force itself, management and leadership, effective operations, specialist police interventions, intelligence-gathering and analysis, and community policing.

It is axiomatic that criminal activities undermine social order. Since every society has experienced crime, no society has ever entirely solved the problem of social disorder. The fallen nature of human beings and the harmful impulses or impacts arising from the limitations or imperfections of society itself conspire to make crime a universal phenomenon. The consideration always is what level of crime does society consider to be tolerable even while it considers all crime to be unacceptable. The very complexities of criminal behaviour suggest that the search for a silver-bullet solution is illusory. Those who advocate a veritable “anvil and hammer” approach to bend an errant human nature to their will, are likely to fail. At the same time, those who deny an individual responsibility for crime and seek explanations exclusively or largely from any failure or doubtful

behaviour of society in general, miss an essential point: It is not “the behaviour of society” that has to be explained as constituting the causal link to crime; it is the behaviour of individuals in society who commit crimes which demands the explanation, and thus appropriate strategic policy interventions, applications, and tactical initiatives.

Scientific observations, not abstract musings, tell us the following basic facts about those who commit violent crimes: The most common offenders are young males; those who are frequently violent criminals usually do not perform well at school; often they have had poor parenting or come from dysfunctional homes; they tend to be ill-equipped for the discipline of every-day productive work; they crave easy money and are motivated by an insatiable greed, and are prepared to rob, maim or kill to satisfy this quest for easy money or greed; and they tend to emerge from, or belong to, a sub-culture of crime, not necessarily a gang, but a network of relations, which enthrones personal selfishness and a dog-eat-dog approach to life. These observable traits of violent criminals reflect the very nature of human beings in a social context and their propensity to commit crimes, for which they, not society, are personally responsible.

Serious violent crimes in St. Vincent and the Grenadines are in evidence in our dangerous neighbourhood which facilitates the trafficking in high-priced narcotics, especially cocaine, and small arms. These crimes are committed by a relatively

small number of young males with the identifiable attributes which we have sketched above. Violent, economic crimes are invariably authored by more mature master-minds whose hands are invisible to the uninformed observer.

The all-encompassing war on violent crimes and criminals has a multiplicity of components: Prevention, detection, conviction, punishment, and rehabilitation. Each of these components has dedicated structures to address them. Thus, prevention calls forth the family, the school, the church, the media, civil society, and other entities such as the broad-based National Commission on Crime Prevention (NCCP), the Cadet Corps, Pan Against Crime, Police Youth Clubs, Guides, and Scouts. Crime prevention is also fundamentally the business of the Police Force.

Detection is for the Police Force acting in concert with the community. Conviction of violent criminals depends upon proper Police investigations, a quality Prosecution Service, and an independent, fearless Judiciary of the highest quality. Punishment is for the Judiciary and the Prisons. Rehabilitation is for the Prisons, and agencies or institutions of the State and civil society which specialise in the rehabilitation of criminals. Each of the functions of prevention, detection, conviction, punishment, and rehabilitation requires a sound facilitating legal framework, overall leadership, and management. In all of these areas, our government has provided the requisite resources, supports, and leadership for their optimal functioning.

The statistics on crime for the year 2014 show that generally crime is down compared to the immediately preceding years save and except in the area of recorded murders, in which a record number, 37, has been committed, an entirely intolerable situation. A detailed examination of these homicides shows that at least 19 of them were committed in pursuance of the cocaine trade and with firearms in two main geographical areas. Indeed, there was a series of tit-for-tat killings by two factions in a cocaine transaction/importation which generated an internecine struggle. Members of law-abiding society were essentially bystanders to this criminal spike in which the greedy, violent combatants killed one another. Let us look deeper at the statistics for homicides in 2013 and 2014.

The comparative statistics on homicides, particularly murders, for 2013 and 2014 tell instructive tales. In the year 2013, there were 25 recorded murders. In these 25 murder cases, firearms were used in ten (40 percent) of them; in eleven or 44 percent of the cases, the instrument of death was the cutlass or sharp instrument such as a knife. The Police reports reveal that in 2013, of the 25 homicides ten or 40 percent were as a result of a “vendetta”; and eight (32 percent) were as a consequence of a domestic dispute or altercation; two were as a result of robbery; and one as a direct result of a drug transaction gone awry. In eighteen or 72 percent of these 25 cases of homicide in 2013, murder charges were laid; seven (28 percent) remain unsolved. By international standards the percentage rate of

those charged for homicides, thus far, for 2013, is above average; by regional comparators this percentage of homicides solved is commendable. Still, there is much work to be done in this respect.

In the year 2014, there were 37 listed murders out of a total of 43 homicides. The Police have advised that 19 (51 percent) of these cases which are listed as murders were as a result of a drug transaction or “gang” violence connected to a dangerous drug transaction, in relation to which it is challenging to find the admissible evidence against the suspected killers. In eight (22 percent) of the 37 murder cases in 2014, the Police are yet to determine the actual reason or motive for the crime; six of the 37 murders were as a consequence of a domestic dispute or other altercation; and three of them were because of vendetta. In 27 (73 percent) of the 37 recorded murders in 2014, the victims died from gunshot wounds. The other means of murder in the other ten cases in 2014 were blunt or sharp instruments.

The statistics show that guns and drug trafficking, particularly in cocaine, are the fulcrum around which violent crimes revolve. To be sure, there are other impulses or motives for the commission of homicides, including those relating to an absence of a sufficient restraint, but drug trafficking and guns are, overwhelmingly, the toxic mix. An enhanced focus must thus be placed on these.

Some policy initiatives on these issues are already in place, and others are being elaborated.

In the meantime, the Police and other investigating agencies have to lift their game with the structured support of our regional and international crime-fighting partners. I assure Honourable Members and the nation that our government will continue to accord this matter of being tough on crime and the causes of crime, the highest priority. We are determined not to allow the violent criminals in our midst any space whatsoever for their destructive activities. We must all demand more of ourselves, the Police and other investigating agencies, on this matter of curtailing violent crimes.

Mr. Speaker, last month I had a lengthy consultation at the Cabinet Room with a large gathering of farmers from across St. Vincent and the Grenadines. One of the main issues which they highlighted was the unbearable extent of praedial larceny. The consultation arrived at certain conclusions, in the presence of the Commissioner of Police, which our government has accepted as public policy to be implemented. These conclusions are: A more rigorous and consistent implementation of the regulations relating to the farmers' registration system; the requisite of better policing of praedial larceny, including a better utilisation of the twenty rural constables located at the various police stations; a much more serious and urgent follow-up of farmers' complaints of theft of their crops and

animals, including a heightening of police checks on the roads and at Port Kingstown when agricultural commodities are being exported; and the convening of Magistrates' Courts on evenings to better accommodate farmers and their witnesses in cases of praedial larceny. The farmers also critiqued the leniency of Magistrates generally in the punishing of persons guilty of praedial larceny, and the tendency of the magistracy to adjourn repeatedly praedial larceny case much to the inconvenience of the farmers who are the virtual complainants. This latter critique has been transmitted to the Magistrates for their attention, through the Honourable Attorney General.

UPDATE ON BRITISH AMERICAN INSURANCE AND CLICO

Mr. Speaker, there is no doubt that the BAICO/CLICO melt-down has deeply hurt the economies of the ECCU and brought significant and sustained damage to the ECCU policyholders. Indeed, it is one of the factors for the slow recovery of the ECCU following the Great Recession.

As Chairman of the ECCU Ministerial Subcommittee on Insurance, I have labored long and hard in our efforts to craft and deliver some resolution to this vexing issue.

As a consequence, thousands of traditional policyholders have had their policies saved and transferred to another insurer.

Under the ECCU Policyholders Relief Programme, just over EC\$100 million have already been paid directly to policyholders. In the case of St. Vincent and the Grenadines, payouts include:

- Phase I – 716 policyholders were paid a total of \$4.5 million.
- Phase II - 406 policyholders were paid a total of \$5.5 million
- Phase III - 505 policyholders were paid a total of \$15.2 million.

It was our expectation based on commitments given at the CARICOM Heads of Government last year, a further disbursement should have been made by the Government of Trinidad and Tobago by July 2014. Unfortunately, no disbursements were received in 2014. As a consequence, we deeply regret that we were unable to complete Phase III of the ECCU Policyholders Relief Programme as planned.

We will complete Phase III as soon as the funds become available. In the case of St. Vincent and the Grenadines, an additional 128 policyholders will be paid \$3.1 million. Thereafter, we will shift our focus to Phase IV which includes policyholders over \$30,000 and some institutional investors.

In respect of CLICO, the ECCU Governments have put forward an alternative proposal to what appears to be a “Barbados-first” proposal announced by the Government of Barbados and the Judicial Manager for the restructuring of Colonial International Life (CIL).

This alternative proposal was discussed with the Judicial Manager and representatives of the Government of Barbados in July 2014.

Notwithstanding the limited information about policyholder liabilities, the proposal from the ECCU Governments was intended to be the basis for discussion about an alternative to any “Barbados-first” solution. At the end of this meeting in July, the parties agreed to continue discussions regarding such an alternative proposal, but regrettably no such progress was made.

The alternative strategy makes provision for the following:

- ***Transfer of business to Newco***, whereby the adjusted policy liabilities and all CIL assets deemed to have value by the Judicial Manager in his most recent report to the High Court, would be transferred to a NEWCO at fair value.
- ***Traditional policyholders*** will be made whole, through a combination of their share of the CIL assets and a contribution from the Government of Barbados.

- ***EFPA policyholders*** to be repaid in equal instalments over ten years.

It is important to remind everyone that the alternative ECCU proposal is consistent with our guiding principle from the outset of the BAICO/CLICO debacle, that it is a regional problem that requires a regional solution. Consequently, any “Barbados-first” proposal would not be consistent with this principle.

At this stage, the Governments of the Eastern Caribbean Currency Union are awaiting word from the Government of Barbados and the Judicial Manager on this alternative proposal. However, we have become aware through various media reports that the Judicial Manager considers the proposal to be “impractical”. We trust that the Judicial Manager will see it fit to address these comments to the ECCU Governments directly so that the long-awaited dialogue can continue.

We are also mindful that the Judicial Manager of CLICO in Barbados has recommended to the High Court that CLICO be placed into liquidation. This matter will go before the Court later this month.

The Governments of the ECCU are resolute in their determination to protect the interest of ECCU policyholders in this longstanding issue which has deeply hurt the economy of the ECCU and wrought great hardship to ECCU policyholders.

Finally, we express appreciation to the Government of Trinidad and Tobago for partnering with the Governments of the Eastern Caribbean Currency Union (ECCU) to help in the resolution of this regional problem, particularly regarding BAICO and urge it to fulfill its commitment in the shortest possible time. From my very recent conversations with the Prime Minister and the Minister of Trinidad and Tobago, I fully expect them to meet their commitment in a timely fashion.

NATIONAL INSURANCE SERVICES

Mr. Speaker, the National Insurance Services (NIS), which has served our nation well and is in relatively sound actuarial condition, nevertheless has several challenges which must be successfully addressed in order to ensure a sustainable social security system. These include: Population aging; a maturing plan; a generously-designed plan reflected in a relatively low contribution rate; young retirement age; and front-loaded benefit formulae (30 percent replacement rate after 10 years and 1 percent for each year after the first 10 years).

Accordingly, the Government of St. Vincent and the Grenadines has embarked on several far-reaching changes to contribution, benefit, and other systemic provisions. Currently, an external review is being conducted on the National Insurance Fund to quantify the impact of the recently adopted parametric reform measures.

Mr. Speaker, the NIS has strong positives in its major design parameters and achievements, assessed between the years 2000 and 2013, in terms of: (i) An excellent level of insurance coverage measured by the ratio of ceiling to average insurable wages (3.2 percent in 2000 to 2.9 percent in 2013, the standard benchmark being 1.5 percent); (ii) minimum floor of income protection; coverage for total employed persons estimated at 80 percent of employees; (iii) investment diversification, measured in terms of percentage of assets held with government (a marked improvement with an exposure declining from 71 percent in 2000 to 26 percent in 2013); (iv) percentage of assets held in deposits (79 percent in 2000 to 24 percent in 2013, indicating a better match of NIS assets to liabilities); and (v) 93 percent of assets held locally in 2000 compared to 58 percent in 2013.

For the year 2015, the strategic focus and major initiatives for the NIS are: To further de-risk and diversify the investment portfolio across different asset classes, economic sectors, and geographic regions; complete the infrastructural development of the lands at Peter's Hope for a project involving 105 housing lots ranging from 5,800 square feet to 10,800 square feet; a focussed programme of collecting contribution arrears, including for the private sector which stands at \$8.1 million; extending the coverage to vulnerable groups; improved service performance; supporting all-round socio-economic development; and further improving management, and effecting savings on administrative costs.

The 9th actuarial assessment of the National Insurance Fund is currently being undertaken and is scheduled to be completed in April 2015.

Meanwhile, our government will continue to implement the parametric reforms announced in 2013. And continue to dialogue with relevant stakeholders on the associated issue of pension reform in the public sector.

PUBLIC DEBT

St. Vincent and the Grenadines' Public Debt was estimated at \$1.51 billion as at September 30, 2014, the equivalent of 77.6 percent of GDP. This figure was \$131 million (9.4 percent) more than the outstanding debt of \$1.38 billion as at September 2013. The increase was mainly on the external debt which moved from \$775.9 million as at September 2013 to \$882.7 million in September 2014, an increase of 14 percent. The domestic debt increased by a modest 4.8 percent and stood at \$631.2 million at the end of September 2014.

The increase in external debt during 2014 was attributed to two major factors. First, loan financing for construction of the Argyle International Airport meant that there were substantial disbursements on loans from Alba Bank, Bank of Nova Scotia and the Caricom Development Fund. The total disbursements from

these sources, for the airport project, exceeded \$110.0 million, during this one-year period.

Secondly, there were substantial draw-downs on loans used to finance rehabilitation and other responses to the several weather-related disasters which have impacted the country over the last few years. For this category there were disbursements of \$17.6 million under the IMF's Rapid Credit Facility, \$6.2 million from the World Bank for the Regional Disaster Vulnerability Reduction Project and \$2.30 million from the Caribbean Development Bank for Hurricane Tomas Rehabilitation.

One of the major issues with the domestic debt is the increase in payables which we have experienced over the last few years. Most of these payables related to amounts due to statutory corporation and state owned institutions and to regional organisations. Of the \$69 million in outstanding payable at the end of September 2014, approximately 60 percent was due to public sector bodies and regional institutions, 25 percent to the local private sector and 15 percent to the foreign private sector.

Government is cognisant of the adverse impact which such a level of payables is having on both public and private enterprises and has been taking measures to substantially reduce this debt. In the later part of 2014 we passed an Act in the Honourable House to permit the Government to borrow up to \$15 million from

the National Insurance Services (NIS) in order to finance its arrears of contributions to that organisation. There was a similar arrangement in 2013 which allowed the Government to reduce its arrears to both the NIS and Vinlec. Servicing the public debt will cost \$166.79 million in 2015, including loan amortization of \$101.49 and contributions to sinking fund of \$12.7 million. This means that debt servicing cost is expected to account for 31 percent of current revenue in 2015, higher than we would wish it to be. It is therefore of utmost importance that we further develop strategies for proper management of the debt to permit us to reduce servicing costs and identify any risks inherent in the public debt portfolio.

The outstanding public debt is projected to reach \$1.64 billion or 82 percent of GDP in 2015 before gradually declining over the medium term, as there will be no new external borrowing in relation to financing completion of the Argyle International Airport after 2015. Total public debt is expected to decline to 68.4 percent of GDP by 2020 and reach the Eastern Caribbean Central Bank's target of 60 percent by 2024.

The Government with technical assistance from the IMF/World Bank and the Eastern Caribbean Central Bank has conducted a Medium Term Debt Strategy (MTDS) analysis. Based on this analysis a MTDS document which outlines our debt management objectives and plans for achieving those objectives has been drafted and will be finalised during this year. MTDS represents Government's

commitment to carrying out its debt management objectives by implementing best practices aimed at maintaining medium to long term debt sustainability.

FINANCIAL SECTOR DEVELOPMENT

The ECCU financial system is exhibiting symptoms of stress, largely as a result of the recent economic and financial crisis, globally and the slow recovery of the ECCU economies. Issues of liquidity, asset quality and weak expenditure governance at some institutions and the slow pace of economic recovery continue to contribute to the vulnerability of the banking sector.

Notwithstanding these symptoms, the ECCU financial system has recently been assessed as stable but with elements of fragility. This stability is derived from a number of inherent features including the strength of the Eastern Caribbean (EC) dollar, the efficiency of the payment and settlement systems, improvement in liquidity and a general show of public confidence.

The regulatory and supervisory authorities in the ECCU continue to work towards financial system reform. The way forward includes the implementation of the components of the ECCU Comprehensive Resolution Strategy and the Eight Point Stabilisation and Growth Programme. Indeed, the Monetary Council of the ECCB has recommended to Member Governments the implementation of a

comprehensive strategy to strengthen the resilience of the ECCU financial system including:

- Measures to stabilize problem banks;
- Legislative reforms and the establishment of institutions to provide financial safety nets.

As part of its legislative reform, the ECCB has submitted draft amendments to the ECCB Agreement Act and the Banking Act. It is envisioned that the updated legislation will be enacted in member territories by February this year.

RESOURCE REQUIREMENT

Total expenditure for 2015 is estimated at \$971.37 million comprising of current expenditure of \$560.8 million, capital expenditure of \$296.35 million, amortization of \$101.49 million and contributions to sinking fund of \$12.7 million. Funding these expenditure in a timely and efficacious manner will require creativity from the Central Government; it will be a challenge which demands the most prudent implementation of priorities on the expenditure side, and more efficient collection of revenues, and robust public administration.

On the current account the budgeted deficit is some \$28.5 million. This deficit can be eliminated by application of an expenditure management programme to restrict expenditure to no more than ninety-five percent of budget. Additionally

we plan to pursue a rigorous arrears reduction programme to collect a part of the considerable sum for tax arrears due to the Inland Revenue Department. We thus expect that current revenue will exceed the estimated amount of \$532.34 million in the 2015 estimates.

Financing for the capital budget will come from a mixture of grants, loans and capital revenue. Total grants expected for the year amounts to \$62.8 million including \$30.19 million from the European Union, \$10.0 million from the Government of Ecuador, \$8.64 million from the Republic of China on Taiwan, \$5.13 million from the Caribbean Development Bank and \$4.15 million from the Climate Investment Fund.

Drawdowns on external loans during 2015 are expected to amount to \$72.46 million; mainly from the Caribbean Development Bank in the amount of \$26.63 million, IDA in the amount of \$18.0 million, the Government of Venezuela, \$14.5 million and the Republic of China on Taiwan, \$6.83 million.

Other sources of funding for the capital budget include domestic borrowings of \$71.07 million, sale of assets of \$25.65 million (representing the final installment of US\$ 9.5 million due on the sale of land at Canouan), a contribution of \$16.59 million expected from Petro Caribe and the sale of crown land of \$1.0 million.

As usual we also intend to source other funds which have not been specifically provided for in the Estimates, because no firm agreement had been reached at the time of preparation of the Estimates. In this regard, the Government is actively pursuing other grants and loans from friendly governments and multilateral institutions. We are also examining the feasibility of sale of other state assets which can earn substantial revenue for the Consolidated Fund and spur wealth-creation.

FISCAL MEASURES

One of the pillars of our fiscal strategy is the promotion of fiscal consolidation through expenditure rationalisation and revenue growth. We have been careful not to introduce any onerous tax measure and for the most part we have managed to reduce tax rates, for individuals and corporations, while increasing revenue through improved tax administration. Where increases in taxation have become necessary, these have been carefully crafted and properly justified.

It is within this context that I propose the following tax measures:-

Tariffication of products listed under Article 164 of the Revised Treaty of Chaguaramas

Article 164 of the Revised Treaty of Chaguaramas grants the Less Developed Countries (LDC's) of CARICOM the right to exempt certain products originating within CARICOM from preferential treatment for a temporary period. This exclusion was allowed in order to promote industrial development and an absorptive capacity to enable LDC's to increase their participation in CARICOM trade as a means of generating economies of scale.

Currently, St. Vincent and the Grenadines regulates the importation of Article 164 commodities through its licensing regime. However, in compliance with other international commitments, COTED has mandated that licenses be used only for statistical and administrative purposes and not to regulate or administer quota control. COTED has recommended that tariffication of Article 164 products be used instead of licenses.

Accordingly, I propose to introduce additional tariffs on Article 164 commodities, beginning with beer, malt and aerated waters and gradually extended to other commodities. The full list of Article 164 commodities is shown in Annex 2.

The rates to be applied and the timetable for doing so will be announced during the year.

Customs Service Charge

Over years, especially since the onset of the global economic crisis of 2008, and continuing, the Government has built up substantial arrears with regional and international organisations, including those dealing with our trading arrangements, such as the WTO, CARICOM and the OECS. We have taken steps to reduce the level of arrears to regional organisations and had significantly reduced the debt due to these organisations, during the 2014 financial year.

In order to raise additional revenue to assist in the further reduction of arrears to regional organisations and to assist in meeting our on-going contributions to them, I propose to increase the Customs Service Charge from 4% to 5%. I am also reminding importers that the CSC will only be waived in exceptional circumstances and persons receiving duty-free concessions must pay the Customs Service Charge.

Mr. Speaker, this proposed increase in the Customs Service Charge is in accord with a decision of the OECS Authority last year to dedicate an increase in this charge or other tax imposition to ensure the sustainability of the relevant regional trading, security, and other similar institutions.

This measure will be implemented with effect from February 1st, 2015 and is expected to yield some \$8 million in revenue.

Excise Duty on Tobacco Products

Figures produced by the World Health Organization (WHO) show that of all CARICOM countries with a specific excise duty on cigarettes, St. Vincent and the Grenadines has the lowest rate. In fact the percentage of excise duty in the final retail price of a (20 stick) pack of cigarette in St. Vincent was 2.2 percent compared with other countries ranging from Dominica at 10.4 percent to St. Lucia at 48.6 percent.

As we are all aware tobacco use is a major risk factor for the four major non-communicable diseases in St. Vincent and the Grenadines namely cardiovascular disease, diabetes, cancer and chronic respiratory disease.

It is in this context that I propose to increase the rate of excise duty on cigarettes from \$0.55 to \$1.55 per 100 sticks. This measure is estimated to yield an additional \$0.5 million. It will also help to fulfil our obligations as a signatory to the WHO Framework Convention on Tobacco Consumption (FCTC), which includes the implementation of tax policies and pricing policies on tobacco products to contribute to the health objective aimed at reducing tobacco consumption.

Mr. Speaker, our government has expanded enormously fiscal, and other incentives, for the private sector (including farmers and fisherfolk) who are engaged in wealth and job-creating business activities, especially in agriculture, fisheries, tourism, and manufacturing. Some investors or potential investors do not sufficiently know about, or access, these fiscal and other incentives. I announce them; publicise them; and the information is further available from the Ministries of Finance, Agriculture, Industry, Fishing, Information Technology, and state agencies such as Invest SVG, and the Tourism Authority. I urge investors or potential investors to access this huge bundle of fiscal and other incentives.

CONCLUSION

Mr. Speaker, our government has an ambitious, relevant, practical and achievable set of ongoing programmes and fresh initiatives for the year 2015. I expect support from the overwhelming majority of the people of St. Vincent and the Grenadines. I would be surprised, though, if the Parliamentary opposition offer any support whatsoever, even on the huge bundle of policies and programmes which all right-thinking persons would consider to be good, meritorious, and in the interest of the people of St. Vincent and the Grenadines.

I am sure that our government completes its fourteenth consecutive year in office, the vast majority of Vincentians, at home and abroad, would conclude that,

metaphorically-speaking, a very good hand has been played by us in difficult circumstances. Ours has been, overall, a government of monumental achievements, thus far, even though some tasks could have been more optimally implemented.

Our government, Mr. Speaker, is possessed of the high ideals, principles and practices of good governance. This we have repeatedly demonstrated. Moreover, we are motivated by a profound love for our people and our nation, especially the less fortunate among us. We find compelling, and comforting, the words of the Psalmist (Psalm 41):

*“Blessed is he who has regard for the weak,
The Lord delivers him in times of trouble.
The Lord will protect him and
Preserve his life;
He will bless him in the land
And not surrender him to the desire of his fold.”*

We take to heart, in humility and grace, the several thousand verses in the Bible on the poor and God’s response to injustice. This is recognised to be the second most prominent theme of the Hebrew scriptures in the Old Testament, second only to idolatry, and often the two were shown to be related. And the New Testament is replete with references to help the poor, the marginalised, and the

disadvantaged. Our government has incorporated all of this into our belief systems, and has, in practice, followed the injunction of applying our hearts to wisdom. In the process our government has emerged as a champion of social justice, and committed to righting historic wrongs. This is not about politics; it is about humanity.

An objective survey of our government's performance will attest to all this. So, too, are these precepts reflected in the practical policies and programmatic details of the 2015 Budget. They cover every field of public policy and government's endeavours. Moreover, every single group has had their condition addressed as is evident in the policies and proposals to uplift the poor and indigent, the working people, the farmers and fisherfolk, the own-account operators, the entrepreneurs, the public servants, the children and mothers, the youth and the elderly, the women, persons-at-risk, and persons with special needs.

Mr. Speaker, our country having commendably reduced indigence from 25.7 percent of the population in 1996 to 2.9 percent in 2009, according to the studies by Kairi Consultants, and having slashed undernourishment from 20 percent of the population in 1995, to 4.9 percent in 2012 according to the assessment of the Food and Agricultural Organisation (FAO), we are poised to move to Zero Hunger. Indeed, that is an alive objective of our government, and the 2015 budget takes us closer to that goal. The general package of public policies, including those

related to job and wealth creation, and targeted strategic interventions, are the instruments, being utilised to achieve Zero Hunger.

Mr. Speaker, one of the proudest moments of my Prime Ministership was my acceptance, on behalf of the government and people of St. Vincent and the Grenadines, on June 16, 2013, in Rome, of a special award by the FAO for our country's extraordinary achievement, among an elite group of 18 countries worldwide, to have achieved the twin-goals of the United Nations' Millennium Development Goals (MDGs) and the FAO's World Food Summit target of more than halving the number of hungry or undernourished people, absolutely and proportionately, between 1992 and 2012. In his assessment, the Director General of FAO, José Graziano da Silva, declared:

“---These countries [including St. Vincent and the Grenadines] are leading the way to a better future; they are proof that with strong political will, coordination and cooperation, it is possible to achieve rapid and lasting reductions in hunger.”

In his letter to me, dated May 23, 2013, the FAO Director General pointedly referred to *“the success achieved by your country in combating hunger and making outstanding progress in guaranteeing food security for your citizens.”*

In the weeks following the special FAO award to St. Vincent and the Grenadines, I outlined our government's policies on fighting poverty and achieving Zero Hunger in a 38-page paper, which was published in a local newspaper, entitled The War Against Poverty and Undernourishment in St. Vincent and the Grenadines: Toward Zero Hunger. Further, our government has engaged a Consultant to prepare an updated National Strategy on Fighting Poverty; the Consultant's final report is due shortly.

Mr. Speaker, the public sector policies in quest of our people's all-round development are not driven only by the central government, but by an array of public enterprises, including: National Properties Limited, VINLEC, CWSA, BRAGSA, the IADC, the National Parks and Beaches Authority, the National Fisheries Company, Petro Caribe Limited, the SVG Community College, the Student Loan Company, the Farmers' Support Company, the NIS, the SVG Tourism Authority, InvestSVG, the Financial Services Authority, the Financial Intelligence Unit, the Carnival Development Corporation, and the National Lotteries Authority (NLA).

Take the last-named entity, the NLA. It has grown significantly since 2001, particularly after our government placed it on a sound institutionalised footing as an independent, statutory authority. The NLA has been doing impressive work, not only in its central mandates in sports and culture, but also in supporting endeavours in health and education. The NLA's transformation of Victoria Park

and its contribution to the construction of playing fields at Park Hill and South Rivers, and to Vincy Mas are examples of its towering contributions. In 2015, the NLA has concrete plans to upgrade a number of playing fields, including those at Cumberland, Hope/Peniston, Chili, and Richland Park.

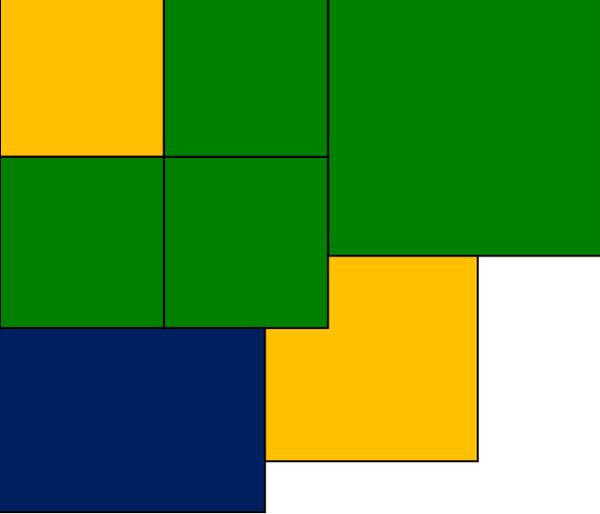
Mr. Speaker, an important contribution to the process of preparing the Estimates and Budget for 2015, was a series of consultations with relevant stakeholders. I personally held consultations with the public sector unions, the farmers and fisher-folk, the Chamber of Industry and Commerce, noted professionals and entrepreneurs, and with the public over radio. Several of their suggestions and insights find their way into my presentation today. I thank them all. They would recognise their handiwork in many of the policies and proposals herein.

Yet again, I wish every Vincentian a happy and productive New Year 2015. I know there was overwhelming contentment over the recent Christmas-New Year Holiday Season. I am aware, too, that at that time there were also disappointments, pain, and suffering by many. Then an awful tragedy at Rock Gutter struck the nation; January 12, 2015, will forever be etched in our people's memory. Recovery from this will take a long time, particularly for the families affected and the community of Fancy. So, in the year ahead, we have additional challenges and burdens. But we always remember that we have our strengths, possibilities, and God's abundant blessings.

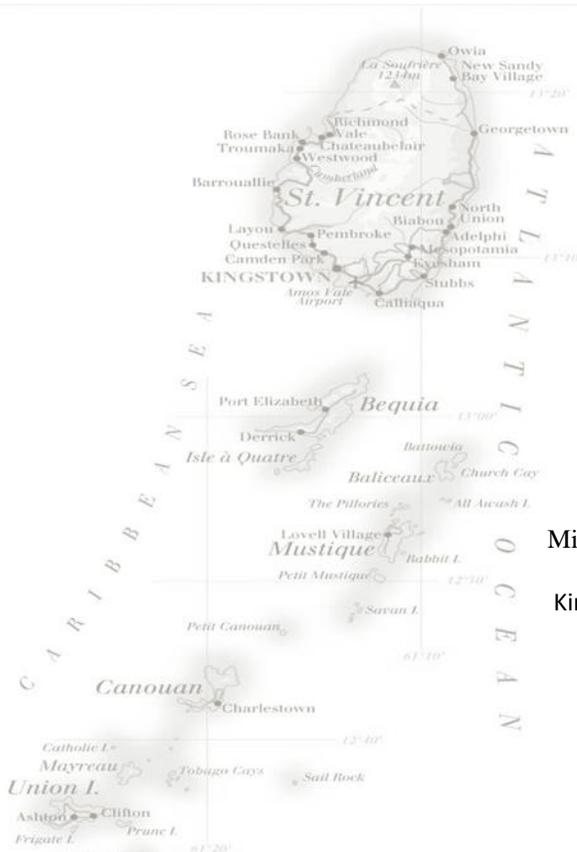
Thank you!

ANNEX 1

**St. Vincent and the Grenadines
Economic and Social Review**



St. Vincent and the Grenadines Economic and Social Review September 2014



Prepared by:
Ministry of Finance and Economic Planning
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Kingstown, St. Vincent and the Grenadines

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XCD Eastern Caribbean Dollars
M Million
B Billion
ROC Republic of China

REVIEW OF ECONOMIC AND SOCIAL ACTIVITY FOR 2013

Economic activity in St. Vincent and the Grenadines strengthened in 2013, relative to 2012. Preliminary estimates indicate that real Gross Value Added grew by 2.4 percent, following growth of 1.1 percent in 2012. This expansion was largely on account of growth in construction, agriculture and wholesale and retail trade. There was also a 10.4 percent increase in monetary liabilities as consumer and business confidence improved.

The agricultural sector grew by 6.4 percent following growth of 2.2 percent in 2012, as the sector began to recover from the adverse effects of infectious plant diseases and other adverse situations such as the April floods of 2011. Value added in the wholesale and retail trade sector continued to improve with a growth of 4.2 percent in 2013.

An expansion of activity in the public sector investment and in private construction influenced a 6.6 percent increase in the construction sector. The noticeable decline in the manufacturing sector was at a slower pace in 2013 than in the previous years, as this sector faced high levels of competition from foreign producers. Meanwhile, value added in the hotels and restaurants sector, which is used as a proxy for activity in tourism, declined by 0.8 percent in 2013,

following a growth of 0.2 percent in 2012. High costs of travel continue to deter growth in this sector.

Real Estate, Renting and Business Services expanded marginally by 0.9 percent, reflecting marginal improvement in business activity. This sector was the largest contributor to GDP (16.2 percent) during 2013,

There was also growth in value added in public administration, defence and compulsory social security (3.6%), as well as social sectors such as, education (2.4%) and health and social work (1.7%).

The Inflation rate for December 2013 was zero percent. Some groups registered increases. The sub-indexes registering the largest movements were: Health (3.5%); Alcoholic Beverages, Tobacco and Narcotics (5.5%); Food and Non Alcoholic Beverages (1.8%) and Furnishings, Household Equipment and Household Maintenance” (1.5%).

In spite of the increase in economic activity in 2013, the overall deficit of central government widened. This performance was on account of the growth in capital expenditure coupled with the decline in current revenue. As a result, the current

account deficit widened and central government's current revenue declined in all categories of tax revenue with the exception of property tax. At the same time, there was marginal growth in current expenditure.

In 2013, St. Vincent and the Grenadines experienced a surplus (3.4% of GDP) on the overall balance of payments as against a surplus (3.0% of GDP) in 2012. This improvement was attributable to a larger surplus on the capital and financial account, resulting from growth in foreign direct investments (FDIs), coupled with a narrowing of the current account deficit.

In 2013, merchandise exports increased by 15.3 percent as food and live animals and manufactured good registered increases. This was however offset by larger increases in merchandise imports.

REVIEW OF ECONOMIC AND SOCIAL ACTIVITY JANUARY TO SEPTEMBER 2014

1. INTERNATIONAL AND REGIONAL DEVELOPMENT

1.1 International Developments

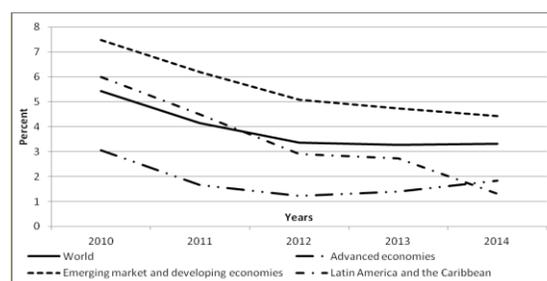
Preliminary estimates indicate that the world economy grew by 3.3 percent in 2014 compared to the 2.9 percent for the same period in 2013. Addressing the legacies of the global financial crises continues to be a daunting task for many countries. Still, while some countries showed signs of recovery, geopolitical tensions emanating from the Russia-Ukraine crisis threatened to derail the global recovery efforts. Moreover, falling oil prices have threatened growth in oil export dependent countries.

Global growth continued to be led by developed countries and emerging economies such as India and China. Among the developed countries, the US and UK have exhibited signs of total recovery from the global crisis, posting growth of 3.1 and 2.7 percent, respectively. In the case of the US, a strong second quarter performance combined with improved labour market conditions fuelled the growth, while that of

the UK was driven by increased consumption and business investments.

China's economy continued to post robust growth, although the rate of growth slowed in the first quarter of 2014. Notwithstanding, the Chinese authorities implemented auspicious policy measures, that facilitated faster growth. In neighbouring Russia, the Ukraine crisis fuelled considerable declines in investments and caused sizeable outflows of capital from the Russian economy. Meanwhile the Latin America and Caribbean region exhibited slower rates of growth as commodity exporters grappled with stagnant and falling commodity prices. This slowdown in external demand was exacerbated by weaker domestic demand.

Figure 1.1: Real Growth Rates 2010-Sep 2014



Source: IMF World Economic Outlook Database October 2014

1.2 Regional Developments

Economic activity in the ECCU currency union accelerated during the first half of the year, despite a fall out in manufacturing and financial intermediation. This improved performance is fuelled by increased activity in construction, hotels and restaurants, wholesale and retail trade and agriculture. While the fiscal space in these economies constrained public sector infrastructure activities, increased private sector construction activity fuelled an increase in the construction sector. This produced positive spill offs to the complementary mining and quarrying sector. Meanwhile, tourism activity picked up across countries as most countries recorded increases in stay-over visitor arrivals.

2. ECONOMIC AND FINANCIAL DEVELOPMENTS

2.1 Consumer Prices

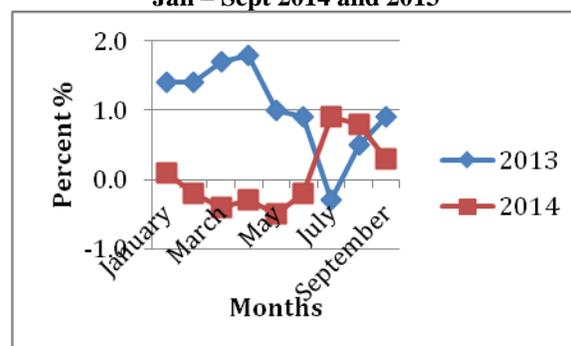
The average inflation rate for the January to September 2014 period was 0.1 percent. This rate was lower than the average of the 1.0 percent recorded for the corresponding period in 2013.

Generally, the point-to-point inflation rates for the period under review were lower in 2014 than those in 2013, with the exception of July and August. The highest inflation rate was 0.9 percent recorded in July, with the lowest being -0.5 percent in May. The “All Items” index was registered at 107.6 for the month of September 2014 in comparison with 107.3 in September of the previous year.

As at September 2014, six groups recorded decreases for that month, “Transport” (3.6 percent), “Housing, Water, Electricity, Gas and Other Fuels” (1.1 percent), “Education” (0.3 percent), “Food and Non-Alcoholic Beverages” (0.1 percent), “Recreation and Culture” (0.1 percent) and “Miscellaneous Goods and Services” (0.1 percent). Four (4)

groups recorded increases during the period, “Alcoholic Beverages, Tobacco and Narcotics” (0.4 percent), “Restaurants and Hotels” (0.2 percent), “Furnishings, Household Equipment and Household Maintenance” (0.1 percent) and “Health” (0.1 percent). Two (2) groups remained unchanged: “Clothing and Footwear” and “Communication”.

**Figure 2.1: Point to Point Inflation Rates
Jan – Sept 2014 and 2013**



Source: Statistical Office, Central Planning Division, Ministry of Finance & Economic Planning

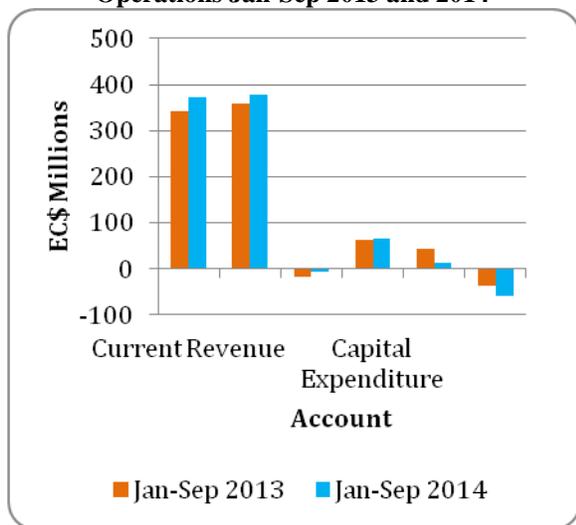
2.2 Government Finances

2.2.1 Central Government Fiscal Operations

The performance of fiscal operations of the central government for the first nine months of 2014 was mixed. The current balance strengthened, moving from a deficit of \$17.4m in 2013 to a smaller deficit of \$4.1m in 2014, this performance is on account of increase receipts from all subcomponents of current revenue. On the contrary, the deficit

on the overall balance deteriorated from \$37.3m in 2013 to \$55.5m in 2014. This increase in the deficit was attributable to the growth in total expenditure outpacing the growth in total revenue.

Figure 2.2: Central Government Fiscal Operations Jan-Sep 2013 and 2014



Source: Ministry of Finance and Economic Planning

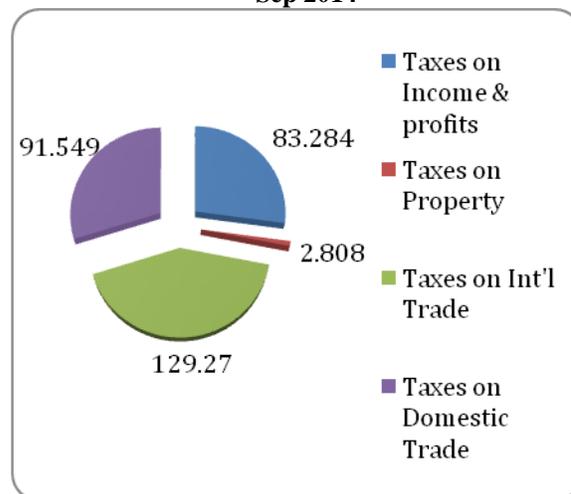
Current Revenue

Current revenue as at September 30, 2014 totaled \$375.2m. This represents a 10.0 percent improvement over the amount collected in 2013. This figure is composed of tax revenue (\$330.6m) and non-tax revenue (\$44.6m) which grew by 6.1 percent and 51.0 percent respectively. All the major categories of tax revenue and non-tax revenue improved during the period.

Revenue from taxes on income and profits grew by 7.3 percent to \$83.3m. This was mainly due to higher collections from individual, corporation and withholding

taxes of 6.2 percent, 1.6 percent and 24.0 percent, respectively. The increase in revenue from individual taxes was mainly on account of greater earnings from both government and private sector PAYE.

Figure 2.3: Composition of Current Revenue, Jan – Sep 2014



Source: Ministry of Finance and Economic Planning

Property tax receipts grew by 19.9 percent to \$2.8m, reflecting the effects of the broadening of the tax base via the market value system.

Revenue from international trade amounted to \$129.3m, an increase of 6.2 percent when compared to the first nine months of 2013. Under this rubric, all subcomponents turned in improved performances including import duty, customs service charge and VAT which increased by 4.2 percent, 4.2 percent and 6.1 percent, respectively. These performances were supported by an initiative at the Customs and Excise Department to collect outstanding amounts

from a number of defaulting business entities along with a reduction in revenue loss as a result of duty free concessions. Revenue from vehicle surtax increased by 10.1 percent reflecting lower importation of used vehicles during the period.

Taxes on domestic trade, which totaled \$91.6m, increased by 2.6 percent when compared to 2013. Receipts from stamp duties were 6.0 percent lower than the amount collected in 2013 due to reduced land sales during the period. On the contrary, revenue from excise duty, insurance premium tax and VAT which were mainly responsible for the better performance increased by 13.8 percent, 4.3 percent and 7.5 percent, respectively. The higher receipts from excise duty and VAT were based in part on improved collection by the Inland Revenue Department (IRD) through greater effort and some growth in the local production of alcoholic beverages during the period. Receipts from insurance premium tax reflect an increase in gross premium during the period.

Licences yielded \$23.7m, 14.9 percent more than the amount collected in 2013. This was mainly due to larger inflows from telecomm broadcast licence (\$3.0m) representing amounts accrued in December 2013 and brought to account in January 2014.

Revenue from non-tax sources increased significantly from \$29.5m in 2013 to \$44.6m in 2014 as all subcomponents of non-tax revenue improved during the period. Fees, fines and permits increased by 4.8 percent to \$14.0m mainly because of greater collection of merchant shipping (international) fees. Revenue from interest rents and dividends increased significantly moving from \$6.4m in 2013 to \$13.9m in 2014.

Receipts from other revenue also rose by 71.6 percent to \$16.7m mainly on account of monies received for budget support. The receipt of currency profits amounting to \$1.2m also contributed to the performance.

Current Expenditure

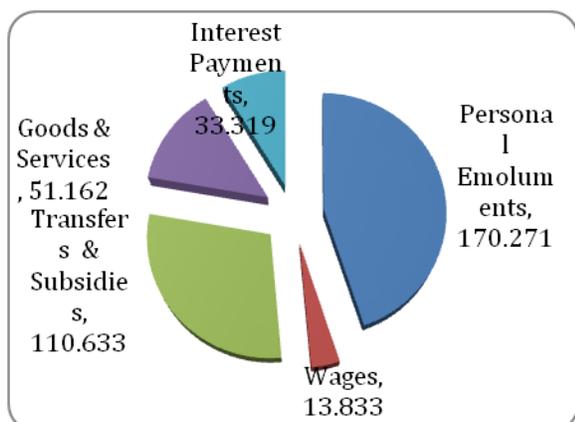
As at September 30 2014, current expenditure amounted to \$379.2m. This figure represents a 5.8 percent increase over the amount spent in 2013. Payment of personal emoluments and wages amounted to \$170.3m and \$13.8m, respectively and increased by 2.4 percent, and 0.3 percent, respectively. The greater spending on personal emoluments was a consequence of increases in salary increments and allowances during the period.

Interest payments increased by 12.2 percent to \$33.3m during the period. The domestic component grew by 18.9 percent while the external interest payment increased by 4.5 percent.

Expenditure on transfer and subsidies increased by 7.3 percent to \$110.6m on account of higher spending on; training and scholarships (7.0%), social welfare payments (27.8%) and pensions (10.1 %).

Similarly, spending on goods and services increased by 12.1 percent to \$51.2m as a result of greater outlays on refunds and sundry expenses (up by \$3.5m – representing payment to BRAGSA).

Figure 2.4: Composition of Current Expenditure Jan-Sep 2014



Source: Ministry of Finance and Economic Planning

Capital Receipts

Capital inflows as at September 30, 2014 amounted to \$13.6m. This represents a 68.2 percent reduction relative to the same period in 2013 and was due to a significant fall in receipt from sale of lands which offset the growth in receipt from capital grants.

Capital Expenditure

Spending on the Public Sector Investment Programme (PSIP) for the period ending September 30, 2014 amounted to \$65.0m or 3.9 percent more than the amount spent during the same period in 2013. The following are some of major capital projects undertaken which contributed to the amount recorded above:

- Housing and Rehabilitation Project - **\$5.1m**
- Employment Support & Training Project (SET)-**\$1.0 m**
- Langley Park River Rehabilitation **\$1.1m**
- Argyle Internataional Airport - **\$34.7m**
- Tourism and Private Sector Development Project - **\$2.0m**
- Improvement of Education through ICT – **\$1.2m**

- Modern Medical Complex - \$4.2m
- National Disaster Management Rehabilitation Project -**\$2.1m**
- Regional Disaster Vulnerability Reduction Project (RDVRP) - **\$2.4m**

2.3 Public Debt

As at September 30, 2014, the total public sector debt increased by 9.8 percent to \$1.5b (77.6% of GDP), from \$1.4b recorded as at September 30, 2013. Of this amount, 58.3 percent or \$882.7m was held externally with the remaining 41.6 percent or \$631.2m being held domestically. External debt increased by 13.6 percent while domestic debt increased by 4.8 percent.

The increase in the external debt was mainly due to disbursements totalling \$84.6m on loans held with the ALBA Bank, the Bank of Nova Scotia, the CARICOM Development Fund and the Export-Import Bank of the Republic of China for continued construction of the international airport at Argyle; \$13.8m from the Caribbean Development Bank and the World Bank Group for various public sector investment projects and programmes and \$16.6m from the International Monetary Fund, drawn equally from the Rapid Credit Facility (RCF) and the Rapid Financing Instrument

(RFI) for balance of payment support following the December 2013 floods.

The main driver in the increase in domestic debt was the accounts payables which increased by 21.7 percent to \$69.0m from \$56.7m. Although, issuance of new bonds and notes totalled \$53.0m, the increase in this category by 0.3 percent was marginal mainly due to the maturity of a \$30m bond and the effect of amortisation on some existing bonds. Of the new bonds issued, \$15.0m was issued to the N.I.S to liquidate arrears in contributions due by Central Government to the NIS. The remaining \$38m was issued in three (3) tranches with varying maturities to assist in financing the PSIP.

Debt Servicing as at September 2014

As of September 30, 2014, central government debt service increased by 11.1 percent when compared with the corresponding period in 2013 moving from \$94.3m to \$104.7m. The domestic debt servicing amount which increased by 29.9 percent outpaced the external debt servicing amount which declined by 5.8 percent resulting in the overall increase in debt servicing. The reduction of the external debt was due to the effects of the amortisation structure of the debt which resulted in lower

interest payment amounts; also, the grace period on new loans contracted was still in effect. In contrast, the domestic debt servicing increased on account of amortisation and interest payments on new loans and bonds, mainly a \$15m one year loan from the ECCB. Despite a 10.0 percent rise in revenue, the debt service to revenue ratio rose moderately from 25.9 percent as at September 30 2013, to 27.9 percent as at September 30, 2014. This is because the increase in debt servicing outpaced the growth in revenue.

2.4 Balance of Payments

In 2013, an overall balance of payments surplus of \$64.8m (3.3% of GDP) was recorded compared to a surplus of \$56.6m (3.0% of GDP) in 2012. This performance was influenced by an increase in the surplus on the capital and financial account which increased to \$692.4m to represent (35.3% of GDP) in 2013 compared with \$570.8m or (30.4% of GDP) in 2012.

Current Account

The current account deficit widened in 2013 to represent 30.6% of GDP compared to 27.5% of GDP in 2012. The change in the current account balance was attributed to an increase in the deficit on the goods account,

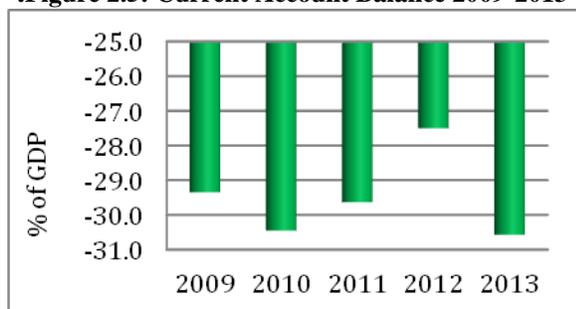
a decrease of inflows on the net services account, the net income account and the current transfers account.

On the goods account, the net deficit balance widened from \$718.9m (38.4% of GDP) in 2012 to \$738.2m (38.6% of GDP) in 2013. This change was mainly due to an increase in total merchandise imports and exports of 4.0 percent and 15.0 percent respectively. However, the increase in total exports was not sufficient to reduce the deficit.

On the services account, the surplus declined to \$101.6m (5.2% of GDP) in 2013, from \$149.9m (8.0% of GDP) in 2012. This decline is attributed to a decrease in net travel receipts and other business service category.

The income account improved from a deficit of 0.6 percent of GDP in 2012, to a marginal surplus of 0.01 percent of GDP in 2013. This improvement was mainly due to an increase in net inflows from compensation of employees, moving from \$19.7m in 2012 to \$22.4m in 2013.

On the current transfers account, the surplus moved from \$63.7m (3.4% of GDP) in 2012 to \$37.3m (1.9% of GDP) in 2013. This performance is influenced largely by a decrease in technical assistance received from central government and an increase in net claims by general insurance companies.

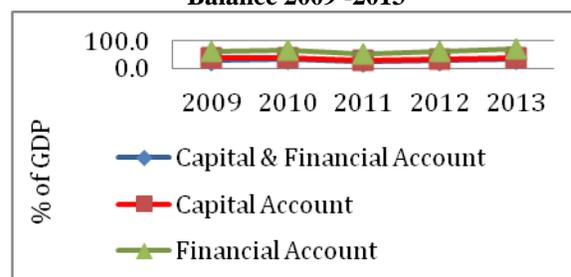
Figure 2.5: Current Account Balance 2009-2013

Source: Statistical Office, Central Planning Division, Ministry of Finance and Economic Planning

Capital & Financial Account

In 2013, the surplus on the capital and financial account increased to represent 35.3% of GDP. This was an improvement when compared to 30.4% of GDP in 2012. This widening is largely due to an increase in net receipts from foreign direct investment, increased land sales and an increase in portfolio investments.

The surplus on the capital account declined, moving from \$91.7m (4.9 % of GDP) in 2012 to \$53.0m (2.7% of GDP) in 2013. Meanwhile, the net surplus on the financial account increased by 33.5 percent to represent 32.6 percent of GDP compared with 25.6 percent in 2012. The decline on the capital account is largely due to a decrease in capital grants (56.0%), while the increased surplus on the financial account is as a result of increase inflows from direct investment and land sales.

Figure 2.6: Capital and Financial Account Balance 2009 -2013

Source: Statistical Office, Central Planning Division, Ministry of Finance and Economic Planning

2.5 International Trade

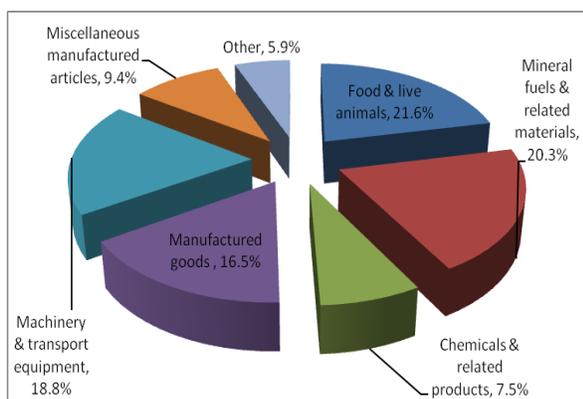
Preliminary data show that merchandise trade fell in 2014. For the first three quarters of 2014 merchandise trade amounted to \$809.1m, down \$30.4m from the figure for the corresponding period in 2013. At the same time, the balance of trade fell to a deficit of \$615.8m, from \$649.1m. This downturn was the result of a decrease in imports coupled with a rise in exports. The growth in exports was fuelled by an increase in re-exports as domestic exports declined.

Merchandise Imports

The growth trend in merchandise imports was not maintained in 2014. For the first nine months of 2014, merchandise imports amounted to \$712.5m, a decline of 4.3 percent compared with the same period in 2013. With the exception of machinery and transport equipment, which grew by 3.4 percent, declines were recorded in each of the key import categories. Food and live

animals, and mineral fuels and related materials continued to occupy the largest share of the import composition, accounting for 21.6 percent and 20.3 percent, respectively, of total imports for the first three quarters of 2014. Another important category is machinery and transport equipment, which represented 18.8 percent of imports (see Figure 2.7).

Figure 2.7: Import Composition by SITC_Sections

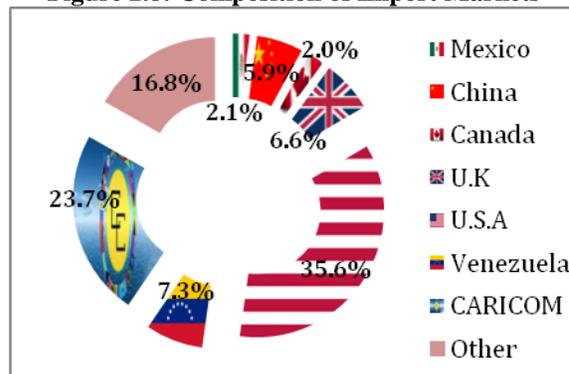


Source: Statistical Office, Ministry of Finance and Economic Planning

The United States continued to be the primary extra-regional supplier and the largest trading partner overall, accounting for 35.6 percent or \$253.4m of imports. CARICOM countries were the second largest source of imports, accounting for 23.7 percent of total imports. Within CARICOM, Trinidad and Tobago, Barbados and Guyana were the major trading partners, accounting for 76.2 percent, 10.2 percent and 5.4 percent, respectively. The third largest supplier of imports in 2014 was

Venezuela, with a market share of 7.3 percent. This was followed by the United Kingdom, occupying 6.6 percent of the market share.

Figure 2.8: Composition of Import Markets

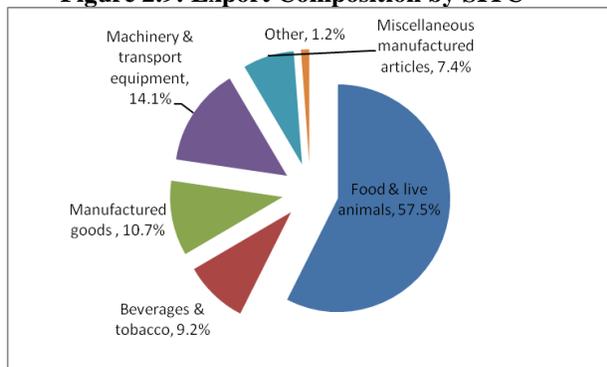


Source: Statistical Office, Ministry of Finance and Economic Planning

Merchandise Exports

Preliminary data show that merchandise exports grew in 2014. At the end of the third quarter in 2014, merchandise exports stood at \$96.6m, a 1.5 percent increase relative to the \$95.2m for the comparative 2013 period. This outturn was the result of an increase in re-exports (55.8%), outpacing a decline in domestic exports (6.2%). The growth in re-exports was mainly associated with a shipment of instruments and appliances for scientific and surveying work related to the geothermal project.

Figure 2.9: Export Composition by SITC



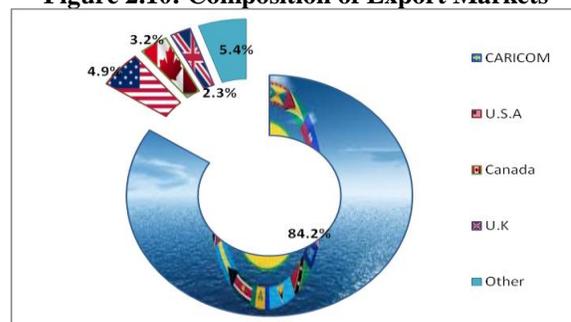
Source: Statistical Office, Ministry of Finance and Economic Planning

Growth was registered in the export of animal and vegetables oils, fats and waxes (102.7%), chemical and related products (40.0%), machinery and transport equipment (49.6%) and miscellaneous manufactured articles (109.2%), while all the other categories declined. Foreign market penetration of food and live animals continued to account for the majority of exports, occupying 57.5 percent of the export composition during the first nine months of 2014. The other categories accounted for less than 15.0 percent, individually, (see figure 2.9).

CARICOM countries continue to be the main market for St. Vincent and the Grenadines' exports. During the first three quarters in 2014, 84.2 percent (\$81.4m) of goods shipped to foreign markets was destined for CARICOM countries. Within CARICOM, St. Lucia (25.1%), Barbados (17.9%), Trinidad and Tobago (14.9%), and

Antigua and Barbuda (13.0%), absorbed the majority of St. Vincent and Grenadines' exports. The USA and Canada were the second and third largest markets, respectively. Exports to the USA and Canada amounted to \$4.7m (4.9%) and \$3.1m (2.3%), respectively.

Figure 2.10: Composition of Export Markets



Source: Statistical Office, Central Planning Division, Ministry of Finance and Economic Planning

2.6 Money and Credit

Money and credit conditions in the domestic economy improved during the review period. Total monetary liabilities, domestic credit, net foreign assets, and liquidity grew, while the weighted average interest rate spread remained constant.

Money Supply

Monetary liabilities (M2) increased by 6.9 percent to \$1.3b in the first three quarters of 2014, slower than the 11.4 percent expansion in the corresponding 2013 period. This slower growth was the result of lower growth in quasi money, compounded by a decline in narrow money (M1). Quasi

money grew by 8.6 percent on account of increases in private sector saving deposits (12.1%) and private sector time deposits (7.9%) which, collectively, outpaced a decline in private sector foreign currency deposits (3.7%). Meanwhile, narrow money (M1) diverged from its growth trend with a 1.2 percent decline, as increases in currency with the public (26.7%) and EC dollar cheques and drafts issued (48.5%) were not sufficient to counter the decrease in private sector demand deposits (5.3%).

Domestic Credit

During the review period, increased activity by the central government precipitated stronger growth in domestic credit. Domestic credit accelerated by 5.1 percent to \$1.0b, faster than the 3.1 percent growth in the same period of 2013. Reflecting increased borrowings from the local banking system to finance, mainly, recovery and reconstruction efforts following the December 2013 floods and the Argyle International Airport project, net credit to central government expanded by 84.0 percent to \$89.9m. Meanwhile, the net deposits of non-financial public enterprises contracted by 12.8 percent to \$114.9m, as these entities sought to fund investments and operations in a risk-averse credit market.

Evidenced of risk aversion can also be seen in credit extended to the private sector, which registered a decline of 0.8 percent, influenced by a 17.4 percent contraction in credit to businesses, while loans to households grew by 6.0 percent.

Net Foreign Assets Position

The net foreign assets position of the banking system in St. Vincent and the Grenadines stood at \$489.2m at the end of September 2014, up \$11.5m or 2.4 percent from the \$477.7m at the end of September 2013. This performance was primarily associated with an expansion of 20.9 percent to \$387.9m in St. Vincent and the Grenadines' imputed share of foreign assets accumulated by the Eastern Caribbean Central Bank (ECCB). The overall performance was, however, tempered by a reduction of 35.4 percent in the net foreign assets of commercial banks, as the increase in assets held with banks and other institutions outside the Currency Union (58.8%) was outweighed by a decrease in assets held by those within the Currency Union (25.5%).

Commercial Bank Credit by Economic Activity

An examination of the distribution of commercial bank credit by economic

activity shows that loans disbursed remained virtually unchanged at the end of September 2014 relative to the same period in 2013. Credit extended for personal use and for public administration rose, while loans disbursed to the major productive sectors and for professional and related services fell. Led by growth in credit for the acquisition of property (4.2%), and for the purchase of durable consumer goods (1.8%), loans disbursed for personal use grew by 6.3 percent. Loans disbursed for other personal activities (9.3%) also contributed to the rise in lending for personal use. Similarly, lending for public administration grew by 8.0 percent. In relation to the productive sectors, declines were recorded in lending for distributive trade (the largest borrower in the productive sector) (5.9%), and tourism (11.1%), while credit extended to agriculture and fisheries (3.4%) construction (3.5%) and manufacturing, mining and quarrying (0.6%) sectors improved. Meanwhile, loans disbursed for professional and other services decreased by 54.2 percent.

Liquidity and Commercial Interest Rates

Liquidity in the commercial banking system improved during the review period. At the end of September 2014, the ratio of liquid assets to total deposits plus liquid liabilities was at 42.4 percent, up 1.2 percentage points

from the level at the same period in 2013. Further supporting evidence included the reduction (1.5 percentage points) in the loans and advances to total deposits ratio to 71.2 percent.

The weighted average interest rate spread, between loans and deposits, remained unchanged over the comparative periods. This was the result of a 0.04 percentage points fall in the weighted average deposit rate, being matched by an equal reduction in the weighted average lending rate, as financial institutions sought to reduce their operating costs, while at the same time enhance the attractiveness of their loan products in the face of increasing competition and a sluggish demand for loanable funds.

2.7 International Financial Services

The contribution of the international financial sector declined in 2014. Fee income received amounted to \$2.9m, a decrease of 2.0 percent compared with the figure for the corresponding period in 2013. At the same time, new registration and renewals fell by 330 or 40.2 percent and 432 or 6.2 percent, respectively. Lower fee income was received from all of the major

categories with the exception of mutual funds and registered agents, which grew by 26.3 percent and 12.9 percent, respectively. Notwithstanding its decline, the international business companies' category continued to be the dominant player in this sector, contributing 81.5 percent or \$2.4m of total fee income received for the first three quarters in 2014.

The Government of St Vincent and the Grenadines has made significant progress in enhancing regulatory oversight and operations over the past few years. However, it is mindful that regulatory development must be accompanied and complemented by, *inter alia*, effective marketing initiatives to efficaciously tap into the large potential of this sector. As such, the focus for 2015 will be on:

- enhancing strategic partnerships particularly with Invest SVG to ensure effective marketing of products and services;
- developing IT and MIS capabilities for registry and regulatory application;
- ensuring an effective legislative and regulatory framework for the international and non- bank sectors; and
- enhancing compliance with required international initiatives.

3. THE REAL ECONOMY

3.1 Agriculture

St Vincent and the Grenadines possesses, *inter alia*, a good supply of fresh water, very fertile soil, and a tropical climate which collectively, makes it almost ideal for high quality agriculture production. As such, agriculture has traditionally been regarded as the mainstay of the economy, contributing not just to economic growth, income generation, employment creation and foreign exchange earnings but also to food and nutritional security. Over the past five years, however, increased occurrence of natural disasters combined with the impact of plant diseases have significantly reduced agriculture's ability to contribute to economic growth and development. After being battered by the passage of Hurricane Tomas in 2010 and flash floods in April 2011, the agriculture sector was, on 24th and 25th December, shocked again by the passage of a trough system which produced heavy rains and resulted in intense flooding on St. Vincent. Agriculture production in the northern areas, such as Georgetown and Sandy Bay, comprising primarily banana, root crops and vegetables were affected the most.

The Post Disaster Needs Assessment (PDNA) report estimates the total effect on the sector at EC\$32.4m, of which damage represents EC\$29.5m and total loss EC\$2.9m. Of the total effect, the forestry subsector accounted for 74.1 percent, while other crops, plantains and infrastructure suffered estimated damage and loss of 6.9 percent, 5.8 percent, 5.3 percent, respectively.

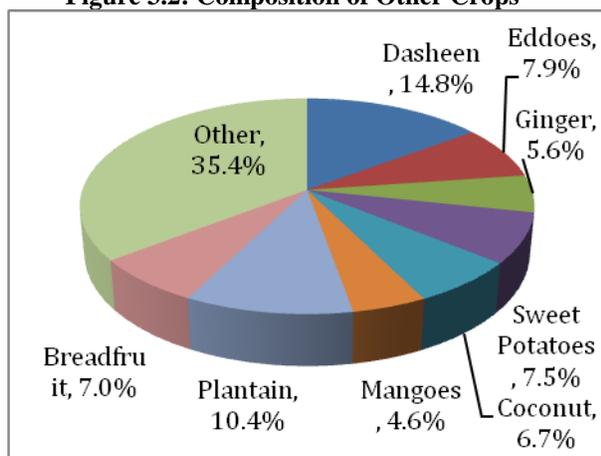
Figure 3.1: Total Effect of Low level Trough on Agriculture Sector

Total Effect of Low-Level Trough on the Agricultural Sector				
	Damage (\$m)	Loss (\$m)	Total Effect (\$m)	% of Total Effect
Total	29.5	2.9	32.4	100.00 %
Banana	0.3	0.2	0.4	1.40%
Plantain	1.3	0.7	1.9	5.90%
Other Crops	1.7	0.6	22.2	6.90%
Livestock	0.7	0.2	0.9	2.70%
Fisheries	0.2	0.2	0.4	1.20%
Forestry	24.0	0	24.0	74.10%
Infrastructure	1.3	0.4	1.7	5.30%
Land	0	0.8	0.8	2.50%

Source: Post Disaster Needs Assessment Report (2014)

In the first half of 2014, a drought adversely affected all areas of agriculture. Additionally, crop diseases, such as the Black Sigatoka in particular, also affected activity in the sector, but on a smaller scale as, government continued to take bold actions to eradicate these diseases. Preliminary data show that crop production for the first nine months of 2014 was 62.4m lbs. Of this amount, banana production represented 13.3 percent and other crops, 86.7 percent. The other crops produced include dasheen (14.8%), plantain (10.4%), eddoes (7.9%), and sweet potatoes (7.5%)

Figure 3.2: Composition of Other Crops



Source: Ministry of Agriculture, Forestry and Fisheries

Limited access to finance remains a major challenge to the development and sustainability of this sector. During the review period, a marginal 0.2 percent (\$2.4m) of commercial bank credit was extended for investment in farming.

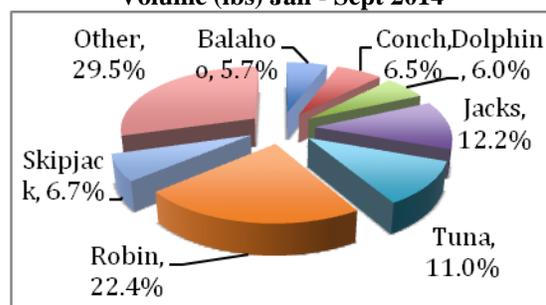
Cognizant of the need to arrest this issue, in 2014 Government launched a six million dollar support revolving fund for farmers, under the title “the Farmers’ Support Revolving Fund”. This Fund is mandated to provide concessionary loans to farmers and also fertiliser and tools on credit. Since its inception, the Fund has received 1,851 applications from farmers requesting a total amount of \$14.3m. The average loan size for these applications submitted is \$7,708.21. By the end of September 2014 \$3.6m was disbursed.

During 2014, Government continued implementation of activities under the Banana Accompany Measures project (BAM). Progress was made in the execution of several workshops to build the capacity of farmers and staff of the Ministry of Agriculture in seedling, soil and food quality management. In 2015, the BAM will focus on:

- Establishing and implementing a risk reduction framework;
- Implementing Good Agriculture Practice (GAP) Standards on several commercial farms;
- Assisting farmers establish infrastructure for livestock production;

- Completing consultancy on value chain and market analysis for commodities;
- Constructing new housing for small ruminants at Rabacca Farm; and
- Developing, in collaboration with Bureau of Standards, SVGGAPS.

Figure 3.3: Composition of Fish Landings in Volume (lbs) Jan - Sept 2014



Source: Fisheries Division, Ministry of Agriculture, etc.

3.2 Fishing

Preliminary data show that activity in the fishing sector declined during the review period. Fish landing fell to 1.23m lbs, at a value of \$7.3m during the first three quarters of 2014, from 1.24m lbs, valued at \$8.1m in the corresponding period of 2013. This represents a reduction of 10.2 percent in value and 0.9 percent in volume of fish landing. The main species recorded (in volume) were Robin (22.4%), Jacks (12.2%), Tuna (11.0%) and Skipjack (6.7%). Figure 3.3 shows the composition of fish landings for the period January to September 2014.

While fish landing declined, there was an improvement in the volume and value of fish and its by-products shipped to external markets. Export of fish and its by-products increased to 206,312 lbs, valued at \$1.4m, for the first nine months of 2014, from 125,732 lbs, at a value of \$0.9m for the comparative 2013 period. This represents an increase of 49.0 percent in value and 64.1 percent in volume.

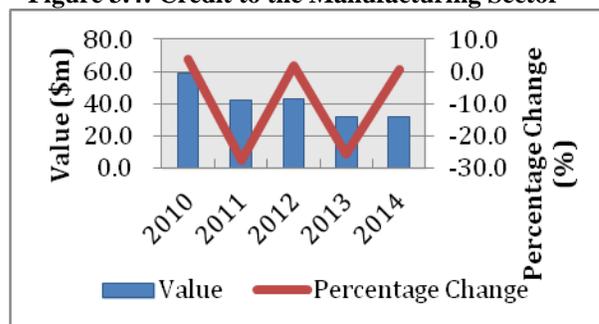
3.3 Manufacturing

Economic activity in the manufacturing sector is estimated to have expanded during the first nine months of 2014. This expansion was driven by increases in output of flour, feed and beverage production. Fuelled by stronger domestic and regional demand, output of flour, mill feed and animal feed expanded by 4.3 percent, 4.0

percent and 10.9 percent, respectively. Concomitantly, production of beverages grew by 6.2 percent as a result of growth in output of non-alcoholic beverages which outpaced a decline in alcoholic beverages (beers). In relation to light manufacturing, packaging output rose by 10.4 percent, while galvanize sheets and PVC pipes production contracted by 5.1 percent and 3.3 percent, respectively.

The credit market for manufacturers remained virtually flat in 2014. At the end of September 2014, credit extended to the manufacturing sector amounted to \$32.2m, almost identical to that in the same period of 2013. This outturn was on account of increases in loans disbursed for production of clothing and accessories (24.3%) and other industries (10.4%), counterbalanced by a decline in credit for production of food and non-alcoholic beverages (28.8%). During the review period, \$5.8m of loans disbursed for manufacturing went to the production of food and non-alcoholic beverages, \$0.7m to clothing and accessories and \$25.7m to other industries.

Figure 3.4: Credit to the Manufacturing Sector



Source: Eastern Caribbean Central Bank (ECCB)

3.4 Tourism (Hotels & Restaurant)

Tourism continues to be an income generating sector which plays a role in the creation of employment and receipt of foreign exchange earnings. The Government of St. Vincent and the Grenadines, cognizant of the fact that tourism can drive the economy, have put certain measures in place and continues to allocate the necessary resources to ensure the development of the sector.

At present, two infrastructure projects are being invested in that can enable the tourism sector to grow. These include the construction of an international airport at Argyle and the Hospitality and Maritime Training Institute at Diamond. It is hoped that the completion of the Argyle International Airport would open opportunities for the country as well as develop business ventures. The Hospitality

and Maritime Training Institute will provide training for stakeholders in the tourism industry which would enable them to provide quality service.

Further, in an attempt to improve the room stock of the destination and reduce the operating cost of existing and new hoteliers, the government continues to provide incentives. This will allow them to add and improve their facilities and enable them to compete with other destinations.

For the period January to September 2014, there was a marginal increase of 0.2 percent in total visitor arrivals, less than the 2.5 percent increase registered in the corresponding period in 2013. Total visitor arrivals were 145,960, up from the comparable figure in 2013 of 145,703. There was an increase of 1.9 percent in arrivals by sea which accounted for 62.8 percent of total visitor arrivals. This increase in sea arrivals offset the 2.7 percent decline in air arrivals. The only category of visitors which experienced growth was yacht visitors with a 6.1 percent increase. There were decreases in same day, stay over and cruiseship visitors of 25.5 percent, 1.7 percent and 0.6 percent, respectively. Cruiseship visitors (38.0%) accounted for the majority of visitors to the country's shore.

Stay-Over Arrivals

As of September 2014, stay-over visitors contracted, albeit at a slower rate of 1.7 percent when compared with a 4.9 percent decline in the corresponding period in 2013. Of note, stay-over visitors from the major markets declined, namely, the United States of America (0.6%), Canada (1.9%) and Trinidad and Tobago (9.5%). These declines weighed heavily against the stay over arrivals during the January-September 2014 period which were not offset by the increases in stay over arrivals from the UK (1.4%), Latin America (61.4%) and smaller territories like the French Caribbean (17.5%).

Same Day Arrivals

Same day visitors continued on its downward trend, recording its fifth consecutive decline for the period under review. Same day visitors declined at a faster rate of 25.5 percent as at September 2014 relative to a 4.6 percent decline recorded in the corresponding period for 2013. Same day visitors represent the smallest category of visitors to St. Vincent and the Grenadines, accounting for 1.1 percent of total visitor arrivals.

Cruiseship Visitors Arrivals

Despite accounting for the majority of visitors to the shore, there was a decline in cruiseship visitors as well as cruiseship calls during the period January to September 2014. Cruiseship visitors declined marginally by 0.6 percent as at September 2014 when compared with growth of 12.8 percent for the corresponding period in 2013.

Cruiseship calls fell from 160 as of September 2013 to 124 for the corresponding period in 2014. Port Bequia was the only port which registered an increase in cruiseship visitors (65.9%). Cruise visitors to ports Union Island and Kingstown declined by 24.5 and 7.9 percent, respectively during the review period.

Yacht arrivals

For the period January to September 2014, arrivals by yachts was the only category of visitor arrivals to register growth, increasing by 6.1 percent when compared with growth of 0.5 percent in the previous year. There were increases at all ports of entry with the exception of ports Kingstown and Wallilabou which declined by 22.2 percent and 8.7 percent, respectively. At port Chateaubelair, yacht visitors increased to 1,178 as of September 2014 compared with

118 for the corresponding period in 2013. Similarly, at port Canouan, the increase was from 351 yacht visitors as at September 2013 to 808 for the period under review in 2014. The other ports, Bequia, Union Island and Mustique registered increases of 2.1 percent, 4.7 percent and 28.0 percent, respectively, for the first nine months of 2014.

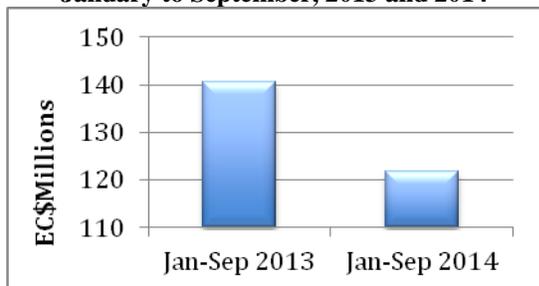
3.5 Construction

Activity in the construction sector declined for the first nine months of 2014, compared with the corresponding January to September in 2013. This position is expected to improve markedly during the last quarter as a result of, among other things, outlays on the South Leeward Highway Rehabilitation project and the Argyle International Airport.

While work continued on the Argyle International Airport, the completion of sizeable components during 2013 reduced the outlays towards construction during the first nine months of 2014. For instance, \$24.6m was spent, between January and September of 2014, on the completion of the terminal building, while \$11.6m was spent on the construction of processing plants for

this project. Further, a number of public sector construction activities tempered during the first three quarters of 2014.

Figure 3.5: Activity in the Construction Sector January to September, 2013 and 2014

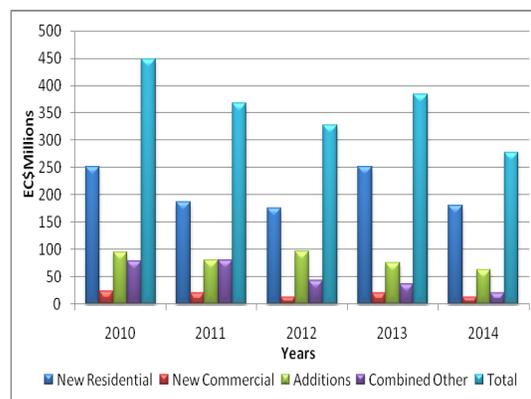


Source: The Statistical Office, Central Planning Division, Ministry of Finance & Economic Planning

Meanwhile, government embarked on a replacement housing project for persons affected by the December 2013 floods. Construction works on the South Leeward Highway also commenced in September 2014. Commercial bank credit towards the construction sector increased by 1.9 percent for the period January to September 2014, compared with the corresponding period of 2014. Meanwhile, outlays to home construction and renovation increased by 7.4 percent to \$345.6m as at September 2014, from \$344.7m at the corresponding point of 2013. Notwithstanding, the value of imports of construction materials declined by 15.4 percent for the January to September period, from \$104.6m in 2013 to \$88.4m in 2014. Construction permits declined by 27.9 percent for the January to September period in 2014, compared with the corresponding

period of 2013 (See figure 3.6). In the same period, construction permits for new residence declined by 28.2 percent. Likewise, permits for new commercial construction also declined, from 20 permits in the 2013 to 13 in 2014. Further, permits for additions declined by 16.0 percent. In a similar vein, permits for other forms of construction declined from 37 in the January to September period in 2013, to 20 in the corresponding period of 2014.

Figure 3.6: Construction Permits January to September, 2010-2014



Source: Ministry of Housing, Informal Human Settlements, Lands and Surveys and Physical Planning

3.6 Communication

Government continued its thrust in developing the communication sector in St Vincent and the Grenadines in 2014. The following developments took place during the period:

The National Telecommunication Regulatory Commission (NTRC) continued work on n projects that are ongoing. These include:

- ***The Payphone Project.*** This project has seen 25 payphones installed at various locations including tourism sites, beaches and at points along the main road.
- ***The School's Project*** which provides internet services to all educational institutions via interior and exterior high-speed wireless connections with speeds of up to 20Mbps
- ***The Police and Health Centre Project.*** This project provides wireless internet access at all 29 Police stations and 42 Health Centers
- ***The SMART project.*** The SMART project facilitates the necessary infrastructure and platforms at the St. Vincent and the Grenadines Community College to enable it to offer its existing and new courses online and in real time.

Other Developments in the Communications Sector

- Other communications projects that were completed in 2014 included

The E-Government and Regional Integration Project (EGRIP) Project and the Relocation of the Government Fibre Optic Cable Project.

- Various training activities have been conducted by the ITDS Department. The purpose of these training was designed to empower staff to adequately deliver ICT services and facilitate sustainable ICT development in all sectors. Some of the courses completed in 2014 included Java, MySQL Administration and Information Security. Training was also conducted for public officers in similar areas.
- In June 2014 a draft Email, Computer and Network and Internet Usage policy was completed, the purpose of this policy will provide guideline on ICT related matters in the Public Service.
- Citizen-centred ICT sensitization was conducted in schools, churches and the general community.
- Training of Public Officers was conducted in early 2014. These training were designed to train officers to use and effectively deliver

ICT services and included courses such as Linux Administration

- The location for an off-site back-up and disaster recovery system of government data was identified and has been in operation as of March 2014

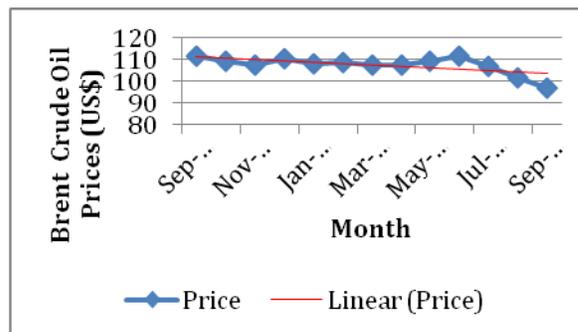
4. PUBLIC INFRASTRUCTURE

4.1 Public Utility

4.1.1 Energy

Average crude oil price continued along a downward trajectory in 2014. Brent crude oil price, the global benchmark, averaged US\$97.1 per barrel in September 2014, down US\$14.5 from the September 2013 average (US\$111.6 per barrel). This outturn comes on the back of rising global oil inventories, associated with robust growth in world crude oil supply and weak global demand. It is forecasted that global oil inventories will continue to rise over the next year, keeping downward pressure on oil prices¹, even inspite of the subtraction of Libyan and Syrian oil from the market and the big reduction, via sanctions, in Iran's oil exports.

Figure 4.1: Brent Crude Oil Prices (Sept 2013 – Sept 2014)



Source: U.S Energy Information Agency

Domestic Developments

Work to develop the energy sector in St Vincent and the Grenadines was affected by the protracted effects of the December 24-25, 2013 floods. In particular, rehabilitative work to enhance the generation capacity of the hydroelectric plants was brought to a halt, as the floods forced the closure of these plants. Immediately, repair work was initiated to restore operation at these plants. As at August 2014, operations at the plants at Cumberland and South Rivers were fully restored, while work at the Richmond plant continues apace. As a consequence of the closure of the hydroplants in the first half of the year (which contribute on average 18% to 20% of the total electricity generated and savings of \$13.7m in fuel in 2013), there was insurmountable upward pressure on the distribution costs of electricity. Mindful of the potential impact on the economy of pass-on costs to consumers, Government,

¹ U.S Energy Information Agency Short-Term Energy Outlook (STEO).
http://www.eia.gov/forecasts/steo/pdf/steo_full.pdf

through its state-owned entity, St. Vincent Electricity Services Ltd (VINLEC), subsidized the additional fuel surcharge for approximately six (6) months.

Despite the challenges brought about by the floods, work continued apace in the areas of geothermal and solar power development. The surface exploration phase of the geothermal project, which began in November 2013, was completed in 2014 and the results supported earlier conclusions that La Soufriere is hosting a high temperature geothermal reservoir of commercial use. Efforts are now targeted at preparing other technical reports and financial and legislative documents. In relation to solar power development, St. Vincent Electricity Services Company Ltd completed construction of a new plant at Lowmans Bay in November 2014. This new plant, costing \$2.6m, added 349 kW to the total amount of electricity being generated by using solar power, taking it up to 536 kW. All things being equal, this development is anticipated to reduce the nation's fuel bill by approximately \$500,000.00, annually.

4.1.2 Electricity

Electricity consumption for the first three quarters in 2014 was virtually at the same level (98.7m kWhs) as in the corresponding

period of 2013. This performance was the net result of increased consumption by industrial users (6.4%), counterbalanced by reduced consumption by VINLEC (4.3%), government (2.8%) and commercial users (1.6%). Consumption by the largest category, domestic users (45.2m kWhs or 45.8%), remained virtually unchanged.

Importation of Commercial Fuel

During the review period, the importation of commercial fuel fell by 7.9 percent. This was attributable to a decrease in the importation of diesel. Diesel, accounting for 55.0 percent of fuel import, declined by 21.5 percent in the first nine months of 2014 relative to the 2013 comparative period. Meanwhile, the volume of imported gasoline and liquefied petroleum gasoline (LPG) increased by 19.3 percent and 10.3 percent, respectively.

4.1.3 Water and Solid Waste

Activity in the water and solid waste sectors is estimated to have declined in 2014. Water production for the first nine months of 2014 amounted to 1.4b gallons, a decrease of 6.3 percent compared with the same period in

2013. In relation to solid waste, there were increases in waste management costs and depreciation expenses associated with the acquisition of new equipment, resulting in the Solid Waste Management Unit incurring an operating loss for the period under review.

Notwithstanding the weak performance in these areas, the CWSA completed several important capital investments during the period. These include:

- The completion of the \$1.4m Rose Hall Storage Tank at Jack-Hill;
- Purchase of a \$1.4m track loader at the Diamond landfill;
- Completion of the design of the Belle Isle water storage tank;
- First phase design of a retaining wall at the Rain Tree Landfill in Bequia to facilitate recycling initiatives in conjunction with the private sector;
- Partial restoration of the SCADA remote monitoring system; and
- Commencement of the installation of a water treatment plant at Mamoon.

In 2015, the CWSA will continue to embark on further important expansion and improvement projects and significant capital expenditure in both the water and solid waste sectors, including:

- The installation of the new Mamoon Treatment Plant;
- Further upgrade of the existing SCADA system;
- Implementation of another phase of the Grenadines Solid Waste Management Project, beginning with recycling facilities on the island of Bequia, land acquisition on Union Island and the finalization and approval of design plans of the Developers on Canouan;
- Investments in ICT through the continuation of the implementation of a Geographic Information System (GIS) mapping to aid both engineering and customer service departments. There will also be the completion of an e-bill view and e-billing project to enhance the customer service experience;
- Construction of the Belle Isle water storage tank;
- Replacement of a Track loader machine at the Belle Isle landfill; and
- Replacement of another compactor collection truck.

The CWSA will also continue to work with the respective Government Ministries and Agencies in ensuring that every citizen in

every community has access to a pipe-borne water supply.

5. SOCIAL SECTOR

5.1 2012 Population and Housing Census

Population Dynamics

The 2012 Population and Housing Census recorded a population of 109,991 persons for St. Vincent and the Grenadines. This is an increase of 0.01 percent over the previous population figure. The impact of this population, small, though it may be, is an increase in the population density to 732 persons per square mile, from 707 persons in 2001. Also, there is a noticeable change in the composition of the population as revealed in the change of the shape of the population pyramids of 1991, 2001 and 2012. As a result, there is also an increase in the size of the labour force to 52,014, which is 15.6 percent higher than the 2001 figure of 44,984. In 2012, there were 40,821 (78.5%) persons employed, an increase of 14.7 percent over the 2001 figure of 35,036. Concomitantly, there were 11,193 (21.5%) unemployed persons, compared with 9,401 (20.9%) in 2001.

The data indicate that there is cause for concern with the noticeable increase in the number of lifestyle-related diseases,

including cancer, diabetes and hypertension, between the inter census periods.

The number of children in St. Vincent and the Grenadines declined by 18.4 percent between 2001 and 2012, as a consequence of declining birth rates. With the combined effect of an increase in the number of households, the average child per household decreased between the inter-census periods.

The child dependency ratio declined from 49 children for every 100 of the 15-64 age range in 2001, to 37 children for every 100 of the 15-64 age range during 2012. This ratio is better than the global average of 47 children for every 100 of the 15-64 age range, and the CARICOM average of 42. Similarly, the child to worker ratio declined from 93 children for every 100 workers in 2001, to 66 children in 2012.

The percentage of the population that fell between the 15-24 years range, declined over the inter-census period, consistent with declining birth rates over the last decade. Consequently, the number of youths per household declined. Slightly above one third of youth population was attending school. Compared with 2001, more youths are

pursuing and attaining higher levels of education. It is worth mentioning that the data indicate that more females show an inclination to pursue higher education than their male counterparts. Concomitantly, the proportion of youths that worked declined by 3 percentage points between the review periods.

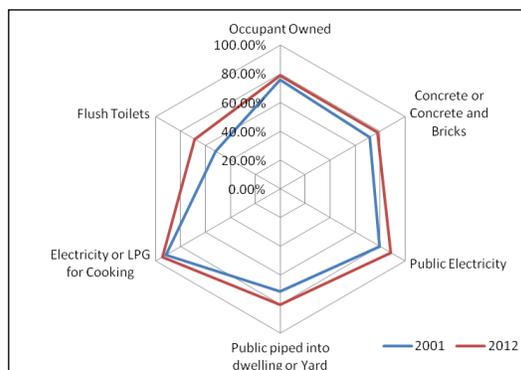
In 2012, the number of persons above 60 years was 13,811, representing 12.6 percent of the total population, an increase of 31.5 percent over 2001.

The census also examined gender and development issues in St. Vincent and the Grenadines in 2012. The empirical analysis points out a number of findings. First, women have not just maintained higher enrolment, they pre-dominated school attendance at university level and a larger proportion of them accomplished higher degrees. Secondly, women have made achievement in the labour force through improved participation. Thirdly, despite women's remarkable achievement in education and in the labour market, generally, there is an under-representation of women in most areas of paid employment. Finally, men remain the main participants in the labour force, particularly in paid employment.

Household Dynamics

The analysis of households and housing characteristics reveals that the overall standard of living has increased between 2001 and 2012. There was an increase in the percentage of households that owned the dwelling that they occupied. This indicator rose from 75.6 percent of households in 2001, to 78.7 percent of households in 2012. Similarly, the percentage of households that lived in concrete houses or concrete and block houses increased from 71.5 percent in 2001, to 78.1 percent in 2012.

Figure 5.1: Housing Progress between 2001 and 2012



Also, the data reveal that the use of public electricity as a main source of lighting increased from 79.7 percent in 2001, to 88.8 percent in 2012. The analysis also examined the types of fuel used for cooking. Cooking gas, namely liquefied petroleum Gas (LPG) was the most commonly used source of fuel for cooking. Together with electricity, these represented the most modern form of

cooking. During 2012, the percentage of households using these forms of cooking stood at 94.5 percent, up from 91.2 percent in 2001.

There was also a notable increase in the percentage of households using flush toilets. In 2012, 68.5 percent of households used flush toilets, compared with 52.1 percent of households in 2001. As was the case in 2001, most households in St. Vincent and the Grenadines were male headed during 2012. Only in the over - 80 age range were there more female headed households than males.

5.2 Education

The economic and social development of St. Vincent and the Grenadines is directly linked to the level of education of its population. Education is also a vital tool in reducing poverty and increasing the overall quality of life for Vincentians and hence it is an integral tool in national development and nation building.

During 2014, the Government, through the Ministry of Education continued to focus on improving the quality of education services provided. As at September 2014, recurrent expenditure for the sector amounted to \$76.9m or 20.3 percent of total recurrent expenditure. Capital expenditure was at

September 2014 was approximately \$3.5m. The main areas of capital spending during the review period were the Book Loan Scheme, the purchase of furniture and equipment, the upgrading of secondary school premises and the funding of the Employment Support and Training Programme.

Early Childhood Education

One of the major goals of the education sector is the attainment of universal access to education. During 2014, efforts were further made to improve access to early childhood education

A review of the sector in 2014 reveals that there was a total of 125 childhood centres nationwide. Preliminary enrolment for the 2014/2015 school year was 1,571 males and 1,505 females, over the 1, 815 males and 1,718 females recorded during the 2013/2014 school year.

In 2014 the Early Childhood Unit embarked on a series of training exercises aimed at improving the competence of preschool teachers in areas such as:

- Curriculum delivery (30 practitioners)
- Disaster Preparedness and response (30 practitioners)

- Health and electrical safety measures within preschools or day-care environments (70 practitioners)
- Record keeping and data management (100 practitioners)
- First Aid delivery and certification in Cardio-Pulmonary Resuscitation (CPR) for improved responsiveness to health related issues within the early childhood settings.

Primary Education

Preliminary figures for the 2014/2015 school year indicate that primary enrolment in the 61 state-owned and operated primary schools for stand at 12,430 students. This was a decreased over the 2013/2014 period when the total was 13,427. This enrolment was inclusive of 6,341 males and 6,089 females. Additionally, the total number of teachers employed in primary education for 2014, remained unchanged at 856.

In 2014, the Examinations and Assessment Unit successfully introduced Caribbean Examinations Council's, Caribbean Primary Exit Assessment (CPEA), which replaced the National Common Entrance Examination. To ensure the proper administration of the CPEA, all supervisors and invigilators participated in the four (4) weeks training programme. In June 2014 the first cohorts of Grade 6 students wrote

the CPEA. Of the 1,948 students registered, 1,934 wrote the final examination, 1,022 males and 912 females. Preliminary results indicated that 1510 (78.5%) achieved the prescribed standard. Of the 912 females, seven hundred and ninety eight (798) or 87.5 % met the required standards, while of the 1,022 males, seven hundred and twelve (712) or 69.67% met the required standards. All students were given a place at a secondary school in accordance with the Secondary Student Placement Policy of the Ministry of Education.

During 2014, the Curriculum Development Unit conducted professional development training for teachers in various subject areas. The focus of the training was on Science, Language Arts, Music and History. Physical Education and Sports teachers were trained in First Aid, classroom management and officiating in swimming and basketball.

Secondary Education

For the 2013-2014 academic year, the overall enrolment at the 26 government owned secondary school and 6 government assisted level stood at 10,192 pupils with a total of 5,227 males and 4,965 females.

There was improved in the performance of students in the Caribbean Secondary Education Certificate (CSEC) in 2014. Students gaining five or more subject passes

at the Caribbean Secondary Education Certificate (CSEC) level during 2014 was 61.2 percent, a marginal increase from 58.0 percent recorded in 2013. Passes among females increased to 66.3 percent from 62.5 percent during 2013, while passes among males increased to 54.9 percent from 52.8 percent in 2013. In the category of students sitting 5 or more subjects inclusive of Mathematics and English, 41.7 percent of students gained passes over 28.1 percent in 2013, a reasonable increase.

Tertiary Education

The modernization and expansion of the St. Vincent and the Grenadines Community College is now completed and was officially opened in October 2014. The facility was constructed at a cost of \$30.0m and was funded by the European Union.

During the 2013/2014 school year, 1,952 full time students were enrolled at the St. Vincent and the Grenadines Community College, representing a 4.6 percent decline when compared with the enrolment from the previous year. An analysis by divisions indicated that the enrolment for the Division of Arts, Sciences and General Studies (DASGS), had the highest enrolment of 1084 students or 55 percent for the 2013/2014 school year. This amount

represents an increase of 12.7 percent over the 2012/2013 period. Of the total amount of students enrolled during the 2013/2014 school year at the DASGS, 561 were year one students while 523 were second year students. The enrolment at the Division of Technical Vocation Education was 834 students, comprising of 438 first year and 396 second year students for the 2013/2014 school year while the enrolment at the Division of Teacher Education was 134 students. Enrolment at the Division of Nursing Education for 2013/2014 remained at 237 students.

Part-time enrolment at the SVGCC amounted to 366 students. This consisted of 140 students at the Division of Arts, Sciences and General Studies, 48 students at the Division of Teacher Education and 38 students at the Division of Nursing Education.

Persons continue to access university level training locally and well as overseas. The University of the West Indies Open Campus offers several online degree programmes at varying levels. A number of foreign medical colleges have campuses on the island. These medical colleges cater primarily for foreign students, however, there are a few

Vincentian students enrolled at some of these campuses. The National Accreditation Unit has started the process of registering all tertiary institutions operating in St Vincent and the Grenadines. To date five such institutions have been registered these include: St. James University, Trinity Medical College, All Saints Medical School, National Centre of Technological Innovation Inc. (NCTI) and the St. Vincent and the Grenadines Community College.

Department of Libraries and National Archives

During 2014 the department successfully implemented home work clubs, book clubs, remedial reading programmes and story time sessions. The subject areas most heavily utilised in the children's library are Social Sciences, Languages, and Science and Technology. These activities seem to suggest that the information is used to assist with homework and to satisfy the children's hunger for information and knowledge.

ICT Integration in Education

Training

The Ministry, having taken on board this concept, and in an effort to prepare the teachers for usage of ICT in the curriculum, organized a series of ICT training workshops in July and August 2014

throughout the country for approximately seven hundred (700) secondary school teachers. The focus of these training sessions included:

- Improving teacher competence in innovatively employing the tools of technology thereby improving their tutorial skills.
- Offering a diversity of learning styles which enhances student engagement in the classroom.
- Providing a learning-centered environment that promotes self-direction and higher-order thinking.

Teachers were also exposed to content which enhanced their skills in:

1. Assessment tools for ICT integration in the classrooms.
2. Developing classroom resources and accessing online community resources.
3. Acer Classroom Management.
4. Performing efficient searches for online resources.

As part of the emphasis of the ICT integration in education, all secondary schools students and students from the Division of Arts, Sciences, General Studies and the Division of Technical and Vocational Training of the Community

College received Laptops during 2014, a US\$ 5.0m grant from ALBA to the Government of St. Vincent and the Grenadines

School Inspection and Supervision Unit

During the last year, the School Inspection and Supervision Unit undertook the following initiatives:

1. Preparation of a school record-keeping checklist for principals of primary schools: The checklist itemized a number of statutory and ancillary documents that all schools should keep as part of the process for carrying out school reviews and inspections. The officers of the School Inspection Unit visited all schools on mainland Saint Vincent and in Bequia to discuss the checklist with the principals. Samples were provided of the various documents to those schools where the documents were not present and principals were requested to keep these documents as part of their inventory.
2. During the school year, the Unit carried out 14 comprehensive school inspections among the 69 primary schools operating in the country.

Overall, three of these schools were found to be providing a satisfactory standard of education to the majority of the pupils. However, 10 of these schools have fallen short of adequate educational provision and the Unit has made a number of recommendations of measures that individual schools need to put into place to bring about improvement in the holistic performance of the students.

3. The Unit requested that each school provide an Action Plan detailing a scientific series of steps that the school intends to undertake to improve the delivery of teaching and to improve the quality of learning and student personal and academic development. To date, 4 schools have provided their Action Plan while others are currently working on it for the new school year.
4. The Unit has prepared and disseminated four brochures summarizing best practices that teachers and principals can employ in the teaching of Literacy,

Numeracy, Social Studies and Science. These brochures were distributed to teachers during the year and end-of year visits undertaken by the Unit to primary schools.

5. The Unit carried out professional development sessions in selected primary and secondary schools during the year. In all, professional development was undertaken in 20 primary schools. Areas of focus included Effective Teaching, Teacher Professionalism, Use of the Language Arts Curriculum, Writing Instruction, Implementing the CPEA as a whole school model, Effective use of Phonics and Types of Writing. Workshops were also conducted at three secondary schools on the process and outcomes of school inspections and the effective teacher in the secondary classroom.

The ministry will be focusing in 2015 on strengthening the Reprographic Unit to support the ICT integration process in teaching and learning; continue mass training of teachers; enhance the early childhood education programme; improve

the quality of teaching and learning; the delivery of parenting programmes for parents of student; improve the quality of pre-primary education and facilitate students' mastery of technological and other skill relevant for work and life.

5.3 Health

The policy of the Government of St. Vincent and the Grenadines with regard to health is to provide universal health care to all citizens which reflects the principles of equity and affordability. The Ministry of Health continues to function within the parameters of the Government's overall policy regarding health care provision (universal health care) as articulated in the National Development Plan and a draft Health Strategic Plan to deliver health care and services to the nation. The ministry continues to be guided by the standards of the World Health Organisation (WHO) and the United Nations Millennium Development Goals (MDGs).

As at September 2014, \$43.6m was expended in the health sector on recurrent expenditure, representing a 11.5 percent of the total recurrent expenditure. Capital expenditure amounting to \$5.4m was

carried out for the same period in 2014. Investments were made primarily for ongoing works on the Modern Medical Complex, the purchase of critical equipment for the Milton Cato Memorial Hospital (MCMH) and other works as part of the EU funded 10th EDF Health Modernization Project.

Primary Health Care

This programme is administered through 39 health centres throughout St. Vincent and the Grenadines. These health centres provide services including medical services, antenatal care, postnatal care, dental services and family planning. In addition, childcare services which include immunization, growth monitoring and treatment of common illness and HIV services. As chronic non-communicable diseases (NCDs) such as diabetes, hypertension and cardiovascular disease place a greater burden on the population, there is a need for effective management strategies. Recognising this a National Health and Nutrition survey was launched in 2013 and completed during 2014. The results of this survey will be used to develop the Wellness programme and health promotion strategy.

Secondary Health Care

Secondary health care is provided by the MCMH the country's only government acute care referral hospital providing specialist care, 5 rural hospitals and 1 polyclinic. The Lewis Punnett Home for the geriatric and the Mental Health Centre provide care for their inpatients.

During the period under review, recuperation activities commenced as a consequence of the December 2013 Christmas Eve floods which impacted severely the health infrastructure and equipment, especially, but not limited to, the Milton Cato Memorial Hospital (MCMH). Renovations of the following area commenced in second half of 2014, the scope of works include the female surgical wing, the maternity ward A, the physiotherapy area, kitchen and the operating theatres.

A refurbished Paediatric Ward was completed in June 2014. This project was funded through the collaborative effort of the Mustique Charitable Trust, the World Paediatric Project (WPP) and the Government of St. Vincent and the Grenadines at a cost of \$1.2m. In Bequia a \$1.2m renovation of the Port Elizabeth hospital will be completed within the first quarter of 2015.

A contract for the refurbishment and upgrading of the Mental Health Centre at Glen was awarded at a cost of \$3.8m during 2014. A temporary facility was constructed at Orange Hill to accommodate the patients of the Mental Health Centre.

and the Grenadines. Other contributors are communicable diseases and diseases of the digestive system.

Epidemiological profile

During 2008 to 2014, the number of deaths was relatively high with an annual average of 853.7 deaths.

Chronic Non-Communicable Diseases (CNCDs) which include malignant neoplasms (cancers), diabetes mellitus and diseases of the circulatory system as well as injuries and violence are the leading causes

In 2014, the region including St. Vincent and the Grenadines, was engulfed by and experienced an outbreak of the Chickungunya virus also known as Chik-V, an arboviral disease transmitted by the bite of the infected aedes mosquito.

As an outbreak of the deadly Ebola virus in Africa grew and expanded beyond its initial borders, this country was driven into action to adopt a pro-active approach and to take steps to ensure that the country is ready for

The largest number of deaths occurs within the 65 and over age group and usually accounts for between 53 and 63 percent of the deaths annually. The 45 to 64 age group accounts for between 18 and 20 percent of the deaths each year, while the 15 to 44 age group accounts for between 15 and 17 percent of deaths. The 1 to 14 year age group accounts for the least amount of deaths annually at 1 to 2 percent. Deaths are higher among males than females.

any eventuality, in relation to the disease, for the protection of the population from the deadly Ebola.

HIV/AIDS

St. Vincent and the Grenadines continue to make progress regarding HIV and AIDS. The National HIV/STI/TB Policy Framework was completed in December 2013 with a national consultation and it was adopted by Cabinet in February 2014. The vision of the National HIV/STI/TB Policy Framework is that St. Vincent and the Grenadines will become a nation in which new HIV infections are rare and where all persons infected and affected by HIV/STI/TB will have unfettered access to

high-quality care and support, free from stigma and discrimination regardless of age, gender, sexual orientation or socio-economic status.

5.4 Social Developments

Creating equal opportunities through investments in human capital contributes directly to growth, welfare and social development. This investment enables individuals to develop their skills to improve their living conditions. The 2007/08 Country Poverty Assessment indicates that while 30.2 percent of the population live in poverty, and 2.7 percent in extreme poverty, an additional 18.0 percent of the population are vulnerable to economic shocks. The government has taken a number of measures in response to this situation. These include:

- (a) Public assistance reform
- (b) Child care and development
- (c) Community development reform
- (d) The juvenile justice reform

During 2014 a consultancy was launched to prepare a National Poverty Reduction Strategy (NPRS), inclusive of a National Action Plan and a Poverty Map.

Social Security

Effective January 1, 2014, the National Insurance Services enforced their proposed parametric reforms. This included changing some parameters of the pension system such as, contribution rate, rate of benefits and grant increases.

For the period under review, the following were implemented:

- The maternity grant was increased from \$630 to \$660.
- The funeral grant went from \$4,330 to \$4,525.
- The contribution rate increased from 8 to 10 percent. The new rates for employers and employees were increased to 5.5 and 4.5 percent, respectively.
- The reference wages used to calculate pension was also changed. Previously, the best 3 years average in the last 15 years was used. This was changed to the best 5 years of earnings in the system.

With an aim to provide adequate and affordable social protection to the people of St. Vincent and the Grenadines, the National Insurance Services will embark on the following in 2015:

- Focus on socially responsible investments such as the completion

of the infrastructure development of lands at Peter's Hope. This development involves the creation of over 105 house lots ranging from 5,800 sq. ft to 10,800 sq. ft.

- The establishment of a debt management process for pursuing contributions as well as the strengthening of the enforcement process.
- The enactment of the Self-Employed legislation to facilitate mandatory coverage of self-employed persons.
- The operationalising of the OECS Reciprocal Agreement on Social Security to facilitate ease of access to short term benefits.
- The ratification of the Sea Farers legislation to secure coverage for Vincentian Mariners aboard cruise ships and other vessels.
- Continue to contribute financially to the health and education sectors to promote access to quality health care and to contribute to capacity building of the national labour force.
- Work with the Government in the area of poverty alleviation through support to the Non-Contributory Age Pension and the Elderly Assistance Benefits.

Public Assistance Programme:

For the January–September 2014 period, the Public Assistance programme serviced approximately 3,500 families equivalent to 12,614 individuals benefitting from a total investment of \$12.2m. This benefit to assessed households classified as indigent, poor and vulnerable accounts for 38.9% of the poor, which proves an increase in coverage in comparison to 32% in 2013 and 17% in 2012. The variables to be taken into consideration are:

- In 2012, limited targeting measures were in place and more universal benefits were granted. A Baseline Study inclusive of a situational analysis and evaluation was executed aimed at increasing the efficiency and impact of the programme.
- In 2013, Preliminary Social Protection targeting measures were introduced.
- In 2014, Structural Reform Measures and high levels of targeting modalities were implemented. Also, the disaster of 2013 aided in the additional coverage to over 200 families.

YES Programme:

For the period under review, 515 young persons were provided the opportunity to be trained and attached to 66 public and private employment institutions of which 260 young persons were new recruits from all parts of the country.

School Co-operative Thrift Programme:

For the first three quarters in 2014, 11,583 students from 87 schools in the country were registered in this programme. Savings as at September 2014 amounted to \$994,745. This represents an 11.5 percent increase when compared with the corresponding period in 2013.

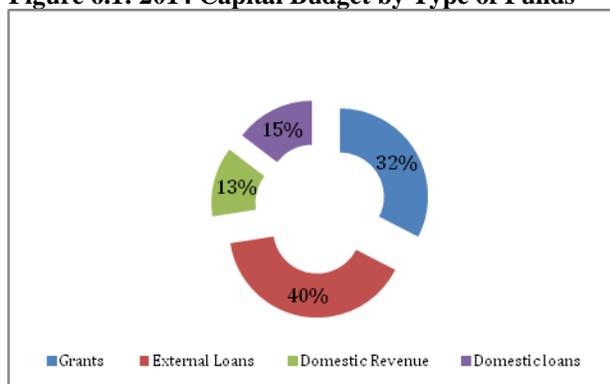
6. PUBLIC SECTOR INVESTMENT PROGRAMME

6.1 Overall performance

Introduction

A sum of \$257.2m was approved for the implementation of 2014 capital programme. During the fiscal year, the budget was revised to \$332.2m. The revised figure included a supplementary amount of \$72.9m to aid in the recovery and reconstruction efforts from the December 2013 floods. As seen in figure 6.1 below, approximately 72 percent of the 2014 programme was budgeted to be financed from external sources; and 28 from domestic resources.

Figure 6.1: 2014 Capital Budget by Type of Funds



Source: Central Planning Division, Ministry of Finance and Economic Planning

External funds were sourced from multilateral and bilateral sources. The major sources of bilateral financing were Venezuela (\$68.3m), the Republic of China (Taiwan) (\$38.6m), and the European Union (\$21.0m). Multilateral funds came

principally from the Caribbean Development Bank, (\$23.6m); and the World Bank (inclusive of the Climate Investment Fund) (\$17.5m). In addition to these resources, funds amounting to \$31.6m were earmarked from Petro Caribe. The funds from Venezuela were primarily for airport development; the EU – health, agriculture, education and tourism; the ROC – roads and airport development; CDB – disaster management, community infrastructure, roads and education; while World Bank funded investments were in disaster vulnerability reduction and ICT. Local resources were budgeted mainly to provide matching/counterpart funds for externally financed projects and to finance investments in key sectors including security, health, and general administration.

Provided below is a review of the performance of the PSIP for the first three quarters of 2014.

Performance to date

Preliminary data for the period under review show that actual expenditure on Central Government's capital programme amounted to EC \$65.0m compared to \$62.6m for the same period in 2013. This expenditure

represents 19.6 percent of the 2014 overall budget compared to 16.2 percent for the same period in 2013, an increase by 3.4 percentage points over the 2013 figure. Approximately \$2.9m or 4.5 percent of the

overall total was recorded in the current month, September 2014. Table 6.1 below provides details on the actual expenditure by type of funds for the period under review.

Table 6.1: Actual Capital Expenditure by types of Funds January – September 2014

Type of Fund	Original Budget	Revised Budget	Actual Expenditure	% of Revised Budget
Domestic				
Revenue	22.1	42.7	1.2	2.6
Loan	47.8	48.6	10.7	22.0
Sub Total for Domestic	69.9	91.3	11.9	12.9
External				
Loan	121.8	132.8	40.9	30.8
Grants	65.5	108.2	12.2	11.3
Sub Total for External	187.3	241	53.1	22.0
TOTAL	257.2	332.3	65.0	19.6

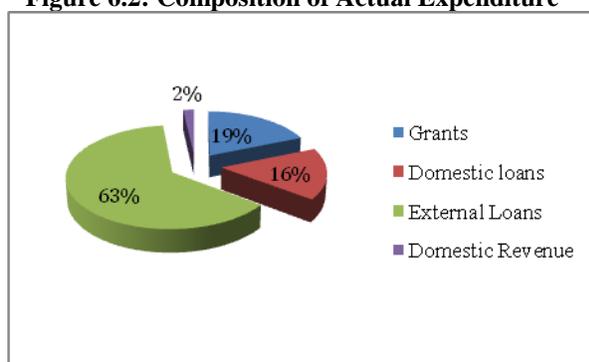
Source: Central Planning Division, Ministry of Finance and Economic Planning

Composition of Spending

As shown in figure 6.2, most of the expenditure (82%) to date has been financed from external sources, with 63 percent (\$40.9m) from external loans and 19 percent

(\$12.2m) from grants. Spending from local revenues and loans was relatively low with approximately 2 percent and 16 percent of the expenditure accruing to these sources, respectively.

Figure 6.2: Composition of Actual Expenditure



Source: Central Planning Division, Ministry of Finance and Economic Planning

Expenditure by Source of Funds

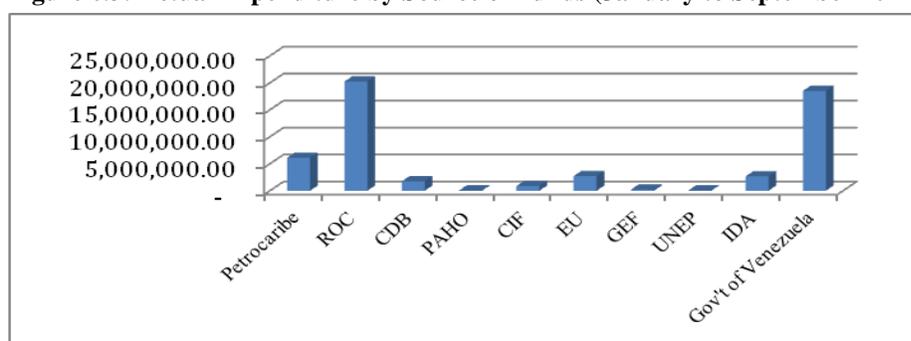
Figure 6.3 shows that the expenditure to date has been primarily on projects and programmes financed by the Republic of China (Taiwan) and the Government of Venezuela. The largest expenditures from these sources have been on the Argyle International Airport. In the case of the ROC, \$16.2m has been expended while

\$18.5m has been expended from the Venezuela. The total expenditure on the Argyle International Airport accounts for approximately 53 percent of the overall actual expenditure to date.

With regard to the other sources, approximately \$6.1m or 9.4 percent of the actual expenditure recorded was on projects funded by Petro Caribe - chiefly the

Housing Rehabilitation Project. There was also expenditure from the other sources including IDA (\$2.7m), CIF (\$0.9m), Caribbean Development Bank (CDB) (\$1.7m), Pan American Health Organisation (PAHO) (\$0.1m), Global Environment Fund (GEF) (\$0.2m), and United Nation Environment Programme (UNEP) (\$0.1m).

Figure 6.3: Actual Expenditure by Source of Funds (January to September 2014)



Source: Central Planning Division, Ministry of Finance and Economic Planning

6.2 Sector Performance

The PSIP is classified based on the COFOG (Classification of Functions of Government) system. In line with this, the

development/capital budgetary allocations and the actual expenditure by sector are shown in Table 6.2 below.

Table 6.2: Capital Budget and Expenditure by Sector (September) 2014 (EC\$M)

Sector	Revised Budget	Percentage of Revised Budget	Actual Expenditure	Percentage of Total Actual Expenditure	Actual as a Percentage of Revised Sector Budget
General Public Service	7.3	2.2%	1.1	1.7%	15.0%
Public Order & Safety	8.9	2.7%	0.1	0.1%	0.9%
Economic Affairs	209.1	62.9%	42.3	65.1%	20.3%
Environmental Protection	17.5	5.3%	5.8	8.9%	33.0%
Housing & Community Amenities	35.9	10.8%	6.4	9.9%	18.0%
Health	22.9	6.9%	5.4	8.3%	23.7%
Recreation, Culture Religion	1.4	0.4%	0.4	0.6%	26.8%
Education	29.0	8.7%	3.5	5.4%	12.0%
Social Protection	0.3	0.1%	0.0	0.0%	0.5%
Total	332.3		65.0		19.6%

Source: Central Planning Division, Ministry of Finance and Economic Planning

Economic Affairs

As shown in Table 6.2 above, the sector Economic Affairs was allocated the major share of the 2014 capital budget and recorded the highest rate of expenditure for the year to date. Within this sector, the emphasis was on airport development, roads infrastructure, ICT and Tourism.

To date, \$34.7m or 82.0 percent of the expenditure recorded under Economic

Affairs was transferred by Central Government to the IADC for the ongoing construction of the Argyle International Airport. Approximately \$2.8m was spent on improving the road network including the continued work on the rehabilitation of the Vigie Highway, rehabilitation of the South Leeward Highway, construction of the Vermont Francois Bridge and rehabilitation of the Langley Park River Basin (including road realignment, bridge rehabilitation and river defense).

Figure 6.4: Construction of the Vermont/Francois Bridge



Source: Ministry of Transport and Works

In the area of tourism development, work continued on several projects. Principal among these was the EU funded Tourism and Private Sector Development Project on which approximately \$2.5m was expended for the ongoing construction of the

Hospitality and Maritime Training Institute at Diamond. This amount accounted for 86.2 percent of the total expended on the tourism subsector.

Investment spending in ICT was primarily on the implementation of the Caribbean

Regional Communication Infrastructure Programme (SVG – CARCIP). For the period under review, the project expended 10.6 percent of its 2014 budget mainly on the procurement of equipment for the Internet Exchange Point (IXP), business incubation and training grants programme and a consultancy for the validation and design of a new broadband network.

Education

A total of \$28.7m or 8.7 percent of the 2014 capital budget was allocated for investments in education. The focus in the sector was on technical vocational education and ICT which together accounted for 61.3 percent of the sector's budget. Actual expenditure for the year so far amounted to approximately \$3.5m or 12.0 percent of the sector's budget and 5.4 percent of the total development/capital expenditure. A third of the actual expenditure was for retention and final payments under the Improvement in Education through ICT which financed the upgrade of the Community College. In addition to this, approximately \$0.8m was expended on the upgrade of secondary

schools premises (including \$0.3m on the Grammar School and Girls High School). There was also expenditure of \$1.0m on the Petro Caribe-funded Employment Support and Training Programme under which 125 community college and university graduates were employed as interns in various government departments. The One Laptop per Student (Phase II) programme which had an allocation \$13.6m was ongoing.

Health

An estimated \$22.8m was allocated to capital investments in the health sector in 2014. These investments were designed to improve the provision of comprehensive health services to the citizens of SVG. Actual expenditure to September amounted to \$5.4m or 23.7 percent of the sector's budget and 8.3 percent of the total capital spending in 2014. Expenditure was primarily for ongoing works on the Modern Medical Complex (\$4.2m), the Purchase of Critical Equipment- Milton Cato Memorial Hospital (\$0.6m), on the EU funded 10th EDF Health Modernization Project (\$0.6m).

Figure 6.5: Modern Medical Complex



Source: Ministry of Health, Wellness and the Environment

Environmental Protection

A total of \$17.5m or 5.3 percent of the 2014 capital budget was allocated to environmental protection mainly for investments related to climate change and disaster risk reduction and management. Expenditure in this sector for the period under review amounted to \$5.8m, which is equivalent 33.0 percent of the allocation to this sector and 8.9 percent of total capital spending.

In the area of disaster management, two programmes are noteworthy, the World Bank/Climate Investment Fund (CIF) financed Regional Disaster Vulnerability Reduction Programme (RDVRP) and the CDB/GoSVG financed National Disaster Management Rehabilitation (NDMRP). Work on both projects is ongoing with much

of the focus on the pre-construction studies and designs. Up to September 2014, the RDVRP recorded expenditure of \$2.4m, 28.2 percent of its 2014 allocation while the NDMRP had actual expenditure of \$2.2m, just about 33.8 percent of its 2014 budget.

Housing and Community Amenities

Expenditure for Housing and Community Amenities up to September 2014 amounted

to \$6.5m. This represented 18.0 percent of the sector's budget and 9.9 percent of the overall actual expenditure.

Focus in the sector was on housing development with 78.4 percent (\$5.1m) of the actual expenditure in the sector accruing to the Housing Rehabilitation Project. Additionally, \$0.8m was spent on infrastructural development under the Gibson Corner Resettlement Project and \$0.3m on the CDB (BNTF 7) funded Rural Development – Community Infrastructure Project which is in the early stages of implementation.

General Public Service

Expenditure on General Public Service amounted to approximately \$1.1m or 15.1 percent of the sector's capital budget (\$7.3m). Spending in the sector was mainly on the Population and Housing Census (\$0.2m); the Rehabilitation of the Administrative Centre (\$0.3m) and Purchase of Furniture and Equipment (\$0.3m).

Minimal expenditure was recorded by the other three sectors: Recreations, Culture & Religion 0.6 percent, Public Order and Safety and Social Protection. Together, their actual expenditure totalled \$0.5m, less than one percent of the total actual expenditure.

7. PROSPECTS

Economic activity is projected to improve for the rest of the year. This performance will be driven mainly by expected improved activity in construction, agriculture and the manufacturing sectors.

Construction activity is expected to improve as work on several major public sector projects such as the Argyle International Airport, the 10th EDF Modernisation of the Health Sector, Construction of Bridges and the South Leeward Highway Rehabilitation project accelerates. Meanwhile, construction activity in the private sector mainly in residential and commercial activity is also expected to improve.

Improvement in crop production is expected to continue to drive growth in the Agriculture sector. Manufacturing activity is also expected to expand as the domestic demand remains strong.

Fiscal operations for 2014 are projected to improve. Tax revenue is projected to increase, as efforts to improve the collection of taxes are intensified. Current expenditure is likely to decline as efforts to control current expenditure continue.

The current account deficit is expected to improve as a result of improvement in the merchandise trade deficit. The capital and financial account surplus is expected to increase as economic activity in the advanced economies improves. It is anticipated that this would impact positively on the inflow of foreign direct investments.

8. ANNEXES

Table 1: Point-to-Point Inflation Rate January to September

	2010	2011	2012	2013	2014
January	-1.8	1.7	4.3	1.5	0.1
February	-0.7	1.7	4.0	1.4	-0.2
March	-0.1	1.8	3.9	1.7	-0.4
April	1.1	1.8	3.6	1.8	-0.3
May	1.6	2.2	3.6	1.0	-0.5
June	1.4	3.1	2.8	0.9	-0.2
July	1.5	3.1	3.3	-0.3	0.9
August	0.9	4.4	1.9	0.5	0.8
September	1.0	4.6	0.9	0.9	0.3
Average	0.5	2.7	3.1	1.0	0.1

*Source: Statistical Office, Central Planning Division,
Ministry of Finance & Economic Planning*

Table 2: Central Government Fiscal Operations (EC\$M)

Details	Jan - Sep 2012	Jan - Sep 2013	Jan - Sep 2014
TOTAL REVENUE & GRANTS	347.75	383.75	388.77
CURRENT REVENUE	336.62	341.01	375.17
Taxes on Income and Profits	86.20	77.65	83.28
Taxes on Property	1.96	2.34	2.81
Taxes On International Trade	122.78	121.69	129.27
Taxes on Domestic Transactions	86.90	89.20	91.55
Licenses	15.61	20.61	23.68
Fees, Fines and Permits	12.98	13.38	14.01
Interest, Rent and Dividends	4.11	6.44	13.92
Other Revenue	6.08	9.70	16.65
CAPITAL REVENUE & GRANTS	11.13	42.74	13.60
Sale of Crown Lands	0.85	24.06	0.58
Grants	5.97	13.96	12.98
Other	4.31	4.73	0.04
TOTAL EXPENDITURE	376.38	421.03	444.23
RECURRENT EXPENDITURE	354.38	358.45	379.22
CAPITAL EXPENDITURE	22.33	62.58	65.01
CURRENT BALANCE	-17.75	-17.44	-4.05
PRIMARY BALANCE	0.83	-7.59	-22.14
OVERALL BALANCE (Before Grants)	-34.92	-51.24	-68.44
OVERALL BALANCE (After Grants)	-28.95	-37.28	-55.46

Source: The Ministry of Finance & Economic Planning

Table 3: Debt Composition EC\$M

PUBLIC DEBT	Sept 2014 EC\$M	Sept 2013 EC\$M	Change 2014/2013 %
Total Public Debt	1,513.9	1,378.5	9.8200
External	882.7	776.0	13.75
Central Government Debt	807.8	689.8	17.11
Public Corporations	74.9	86.2	-13.10
Domestic	631.2	602.5	4.76
Central Government Debt	495.2	473.4	4.60
Public Corporations	136	129.1	5.34
Central Government Debt Service	104.8	94.3	11.13
External	46.8	49.6	-5.65
<i>Interest</i>	14.5	13.8	5.07
<i>Amortisation</i>	32.3	35.8	-9.78
Domestic	58	44.7	29.75
<i>Interest</i>	18.9	16.2	16.67
<i>Amortisation</i>	33.6	23.0	46.09
Sinking Fund Contribution	5.5	5.5	0.00
Revenue	375.2	341	10.03
Debt Service/Revenue (%)	27.9	25.9	7.70

Source: Ministry of Finance and Economic Planning

Table 4: Merchandise Trade January to September (EC\$M)

	2010	2011	2012	2013	2014
Total Exports	83.3	73.7	83.9	95.2	96.7
Total Domestic Exports	70.4	63.0	74.6	83.3	78.1
Total Re-exports	12.9	10.7	9.3	11.9	18.6
Total Imports	667.1	661.4	709.3	744.3	712.5
Trade balance	(583.8)	(587.7)	(625.4)	(649.1)	(615.8)
Imports by S.I.T.C Sections	667.1	661.4	709.3	744.3	712.5
Food & Live Animals	132.3	147.0	162.3	153.7	153.7
Beverages and Tobacco	24.4	24.1	24.2	23.2	22.6
Crude Materials, Inedible Except Fuels	17.6	16.1	16.6	17.0	16.2
Mineral Fuels & Related Materials	90.0	126.8	163.1	143.5	144.9
Animal & Vegetable Oils, Fats & Waxes	2.7	2.9	3.0	3.2	3
Chemicals & Related Products	51.0	47.9	52.3	62.2	53.4
Manufactured Goods	115.8	112.4	109.9	133.6	117.6
Machinery & Transport Equipment	152.0	120.3	116.6	129.5	134
Miscellaneous Manufactured Articles	81.4	64.0	61.3	78.3	67.1
Commodities & Transactions not classified elsewhere in SITC	0.0	0.0	0.0	0.0	0
Exports by S.I.T.C Sections	83.3	73.7	83.9	95.2	96.7
Food & Live Animals	54.3	47.3	55.3	59.0	55.6
Beverages and Tobacco	4.7	5.1	7.2	10.6	8.9
Crude Materials, Inedible Except Fuels	1.6	2.6	2.5	1.5	0.7
Mineral Fuels & Related Materials	0.0	0.1	0.1	0.1	0
Animal & Vegetable Oils, Fats & Waxes	0.0	0.0	0.0	0.0	0
Chemicals & Related Products	0.3	0.5	0.4	0.3	0.4
Manufactured Goods	10.0	9.8	9.4	11.1	10.3
Machinery & Transport Equipment	10.2	5.4	6.0	9.1	13.7
Miscellaneous Manufactured Articles	2.2	3.1	3.1	3.4	7.1
Commodities & Transactions not classified elsewhere in SITC	0.0	0.0	0.0	0.0	0.0

Source: Statistical Office, Central Planning Division, Ministry of Finance & Economic Planning

Table 5: Visitor Arrivals by Visitor Type

Visitor type	Jan - Sept 2010	Jan - Sept 2011	Jan - Sept 2012	Jan - Sept 2013	Jan - Sept 2014	% Change 2011	% Change 2012	% Change 2013	% Change 2014
By Air									
Stay Overs	54,322	55,479	56,368	53,594	52,673	2.1%	1.6%	-4.9%	-1.7%
Same Day	3,999	3,136	2,339	2,232	1,662	-21.6%	-25.4%	-4.6%	-25.5%
Sub Total	58,321	58,615	58,707	55,826	54,335	0.5%	0.2%	-4.9%	-2.7%
By Sea									
Yacht	31,364	33,697	33,982	34,140	36,214	7.4%	0.8%	0.5%	6.1%
Cruise Ship	70,573	58,695	49,433	55,737	55,411	-16.8%	-15.8%	12.8%	-0.6%
Sub Total	101,937	92,392	83,415	89,877	91,625	-9.4%	-9.7%	7.7%	1.9%
Total	160,258	151,007	142,122	145,703	145,960	-5.8%	-5.9%	2.5%	0.2%

Source: St. Vincent and the Grenadines Tourism Authority

Table 6: Stay-over Visitors by Country of Residence

COUNTRIES	Jan - Sept 2014	Jan - Sept 2013	Actual Change	% Change
USA	14949	15045	-96	-0.6
Canada	5183	5282	-99	-1.9
Antigua	554	678	-124	-18.3
Barbados	4387	4636	-249	-5.4
Grenada	725	722	3	0.4
St. Lucia	1245	1357	-112	-8.3
Trinidad & Tobago	4845	5354	-509	-9.5
French Caribbean	242	206	36	17.5
Dutch Caribbean	215	238	-23	-9.7
Other Caribbean	3213	3400	-187	-5.5
United Kingdom	11535	11287	248	2.2
France	630	722	-92	-12.7
Germany	534	573	-39	-6.8
Italy	462	603	-141	-23.4
Sweden	255	270	-15	-5.6
Switzerland	253	273	-20	-7.3
Belgium	72	86	-14	-16.3
Spain	97	103	-6	-5.8
Ireland	133	148	-15	-10.1
Holland	78	106	-28	-26.4
Norway	152	102	50	49.0
Other Europe	771	728	43	5.9
South America	1194	740	454	61.4
Other Countries	949	935	14	1.5
TOTAL	52673	53594	-921	-1.7

Source: St. Vincent and the Grenadines Tourism Authority

Table 7: Cruise Visitors by Port of Entry

Port of entry	Jan-Sept 2013	Jan-Sept 2014	Actual Change	% Change
Kingstown	39,663	36,510	-3,153	-7.9%
Bequia	7,480	12,409	4,929	65.9%
Union Island	8,594	6,492	-2,102	-24.5%
Total	55,737	55,411	-326	-0.6%

Source: St. Vincent and the Grenadines Tourism Authority

Table 8: Yacht Visitors by Port of Entry

Port of Entry	Jan-Sept 2013	Jan-Sept 2014	Actual Change	% Change
Kingstown	1,832	1,425	-407	-22.2%
Bequia	20,650	21,079	429	2.1%
Mustique	1,194	1,528	334	28.0%
Canouan	351	808	457	130.2%
Walliabout	2,003	1,828	-175	-8.7%
Union Island	7,992	8,368	376	4.7%
Chateaubelair	118	1,178	1,060	898.3%
Total	34,140	36,214	2,074	6.1%

Source: St. Vincent and the Grenadines Tourism Authority

Table 9: Distribution of National Assistance Jan – Sept 2014

Assistance Analysis	No. of Persons	Amount (EC\$)
Basic Amenities	1129	256,705.98
Medical	128	37,463.44
School Fees	228	49,329.00
Uniforms	3807	719,155.71
Transportation	1448	176,478.03
Exam Fees	248	68,828.10
Rent	156	42,950.00
Immediate	196	52,144.14
Utilities	283	86,179.58
COL Support	17	259,954.93
Teen Mothers	30	6,000.00
Funeral	71	127,700.00
Fire Victim	2	900.00
Foster Care	139	420,475.00
Materials	467	318,534.57
Meals	741	76,355.55
Disaster Victim	250	60,121.88
National Assistance / Poor Relief	4741	8,979,475.00

Source: Ministry of National Mobilisation

Table 10: Analysis of PSIP by Type and Source of Funds

Type/Source of Funds	2013	2014	2013	2014
	Actual Expenditure (EC\$)	Actual Expenditure (EC\$)	Proportion of Total (%)	Proportion of Total (%)
Grants:				
Caribbean Development Bank	0	1,251	0	0.00
CartFund	126,425	0	0	0
Climate Investment Fund	172,012	863,582	0.27	1.33
European Union	1,835,792	2,716,759	2.93	4.18
Global Environment Facility	106,793	223,326	0.17	0.34
Pan American Health Organisation	61,461	54,119	0.09	0.08
Petro Caribe	0	6,095,099	0.00	9.38
Republic of China (Taiwan)	2,961,479	2,214,314	4.73	3.41
United Nation Children's Fund	0	0	0	0
United Nation Environment Programme	140,584	48,995	0.22	0.08
Total Grants:	5,404,546	12,217,445	8.41	18.79
External Loans:				
Caribbean Development Bank	0	1,735,756	0	2.67
Climate Investment Fund	67,210	345,700	0.11	0.53
International Development Agency	509,513	2,323,981	0.81	3.57
Republic of China (Taiwan)	223,676	18,018,874	0.36	27.72
Venezuela	30,000,000	18,500,000	47.94	28.46
Total External Loans	30,800,399	40,924,311	49.22	62.95
Domestic Loans	14,137,201	10,676,102	22.59	16.42
Domestic Revenue	12,237,100	1,196,246	19.55	1.85
TOTAL	62,579,246	65,014,104	100	100

Source: Ministry of Finance and Economic Planning

Table 11: GDP by Economic Activity, at Basic Prices, in Current Prices: 2009 – 2013 (EC\$M)

SECTOR	2009R	2010R	2011R	2012	2013
Agriculture, Hunting & Forestry	99.35	104.06	108.88	108.37	109.02
Crops	77.87	86.39	87.74	89.16	88.86
Bananas	6.94	4.83	0.49	0.81	1.03
Other Crops	70.93	81.56	87.25	88.35	87.84
Livestock	20.47	16.69	20.17	18.27	19.23
Forestry	1.01	0.98	0.96	0.94	0.92
Fishing	8.51	7.75	7.24	6.93	7.93
Mining & Quarrying	5.21	4.11	3.07	2.45	2.00
Manufacturing	81.26	88.70	79.12	80.21	77.50
Electricity & Water	63.11	70.88	66.39	66.29	66.57
Electricity	48.59	56.17	53.33	52.13	52.36
Water	14.52	14.71	13.06	14.16	14.21
Construction	145.57	139.44	137.18	134.59	145.05
Wholesale & Retail Trade	226.53	222.28	219.44	228.55	240.19
Hotels & Restaurants	35.60	31.73	39.04	42.80	41.68
Hotels	25.61	22.68	27.42	30.38	28.89
Restaurants	9.99	9.05	11.62	12.42	12.79
Transport, Storage and communications	222.04	217.44	216.29	220.57	224.31
Transport and Storage	150.10	150.61	145.35	148.93	151.51
Road	113.02	110.12	109.11	110.65	114.01
Sea	10.06	13.47	13.42	13.61	13.36
Air	8.31	8.10	7.50	7.45	7.40
Supporting and auxiliary transport activities	18.72	18.93	15.33	17.22	16.74
Communications	71.94	66.83	70.94	71.64	72.81
Financial Intermediation	111.31	114.13	94.91	100.70	105.01
Banks & Other Financial Institutions	77.34	80.01	64.61	65.95	68.98
Insurance and pension funding	30.05	29.60	27.07	31.08	31.87
Activities auxiliary to financial intermediation	3.92	4.52	3.24	3.67	4.16
Real Estate, Renting and Business Activities	231.07	236.20	242.01	241.55	243.79
Owner Occupied Dwellings	165.71	169.94	171.36	172.72	174.46
Real estate activities	28.13	28.85	29.06	29.26	29.52
Renting of machinery and equipment	7.04	6.76	7.11	7.34	7.14
Computer and related activities	5.18	4.08	6.88	5.85	6.01
Business Services	25.00	26.58	27.61	26.38	26.66
Public Administration, Defence & Compulsory Social Security	143.43	168.20	178.66	190.86	200.55
Education	83.74	85.81	92.16	96.74	98.76
Health and Social Work	43.65	47.59	49.24	52.65	55.19
Other community, social & personal services	40.48	34.55	36.58	36.45	37.73
Private Households with Employed Persons	4.29	4.58	4.74	4.75	4.79
Less FISIM	19.23	21.00	19.05	20.94	17.94
Gross Value Added at Basic Prices	1,525.92	1,556.47	1,555.91	1,593.53	1,642.14
GROWTH RATE	-2.85	2.00	-0.04	2.42	3.05
<i>Taxes on products</i>	297.38	284.36	271.4	279.38	273.77
<i>Less Subsidies</i>	1.15	1.52	1.1	0.95	1.08
GDP at Market Prices	1,822.15	1,839.31	1,826.21	1,871.96	1,914.83
GROWTH RATE	-2.95	0.94	-0.71	2.51	2.29

Source: The Statistical Office, Central Planning Division, Ministry. Finance & Economic Planning

**Table 12: Domestic Product by Economic Activity at Basic Prices, in Constant (2006)
Prices: 2009-2013 (EC\$ Million)**

SECTOR	2009R	2010R	2011	2012	2013P
Agriculture, Hunting & Forestry	99.50	81.56	81.61	83.41	88.70
Crops	67.45	63.64	62.67	65.00	69.29
Bananas	10.77	6.31	0.93	1.42	1.54
Other Crops	56.68	57.33	61.74	63.59	67.74
Livestock	31.17	17.06	18.10	17.61	18.63
Forestry	0.89	0.86	0.84	0.80	0.78
Fishing	7.47	6.34	6.15	5.23	5.58
Mining & Quarrying	5.13	4.01	3.02	2.28	1.86
Manufacturing	63.94	60.79	63.78	61.02	59.71
Electricity & Water	59.98	57.25	56.00	58.72	58.46
Electricity	43.18	42.65	42.73	44.34	44.02
Water	16.80	14.60	13.27	14.38	14.43
Construction	128.27	124.27	120.08	115.84	123.48
Wholesale & Retail Trade	224.10	222.06	210.94	215.66	224.77
Hotels & Restaurants	38.23	32.81	34.15	34.21	33.94
Hotels	27.50	22.49	23.77	23.24	22.55
Restaurants	10.73	10.32	10.39	10.97	11.40
Transport, Storage & Communication	213.27	209.91	210.47	209.97	210.20
Transport, Storage	154.96	156.22	156.00	155.67	155.20
Road	111.68	113.22	114.16	113.46	114.13
Sea	16.92	16.50	16.02	16.25	15.95
Air	1.86	1.82	1.75	1.71	1.63
Supporting and auxiliary transport activities	24.50	24.69	24.07	24.26	23.49
Communications	58.32	53.69	54.47	54.31	55.00
Financial Intermediation	101.93	95.51	98.97	99.10	98.49
Banks & Other Financial Institutions	73.83	72.26	69.64	67.91	66.77
Insurance and pension funding	25.00	20.34	26.65	28.16	28.63
Activities auxiliary to financial intermediation	3.10	2.91	2.69	3.04	3.10
Real Estate, Renting & Business Services	230.15	229.51	230.20	230.94	233.09
Owner Occupied Dwellings	165.71	165.86	167.25	168.58	170.28
Real estate activities	28.13	28.16	28.36	28.56	28.82
Renting of machinery and equipment	7.95	7.77	7.83	7.60	7.47
Computer and related activities	5.76	4.44	4.61	3.92	4.00
Business services	22.59	23.29	22.15	22.29	22.53
Public Administration, Defence and Compulsory Social Security	132.73	144.16	151.10	159.10	164.81
Education	62.33	61.56	63.03	66.15	67.71
Health and Social Work	39.54	40.26	42.13	44.09	44.82
Other community, social & personal services	27.92	30.71	30.83	32.13	33.01
Private Households with Employed Persons	3.11	3.16	3.21	3.41	3.50
Less FISIM	18.02	17.54	16.67	17.18	14.42
Gross Value Added at Basic Prices	1,419.59	1,386.34	1,389.01	1,404.10	1,437.72
GROWTH RATE	-2.00	-2.34	0.19	1.09	2.39
<i>Taxes on products</i>	276.66	253.28	242.29	246.17	239.69
<i>Less Subsidies</i>	1.07	1.35	0.98	0.84	0.94
GDP at Market Prices	1,695.18	1,638.26	1,630.31	1,649.43	1,676.47
GROWTH RATE	-2.10	-3.36	-0.49	1.17	1.64

Source: The Statistical Office, Central Planning Division, Ministry. Finance & Economic Planning

Table 13: Percentage Contribution of Gross Value Added by Economic Activity at Basic Prices, in Current Prices: 2009 – 2013 (EC\$M)

SECTOR	2009R	2010R	2011R	2012	2013 Prel
Agriculture, Hunting & Forestry	6.51	6.69	7.00	6.80	6.64
Crops	5.10	5.55	5.64	5.60	5.41
Bananas	0.45	0.31	0.03	0.05	0.06
Other Crops	4.65	5.24	5.61	5.54	5.35
Livestock	1.34	1.07	1.30	1.15	1.17
Forestry	0.07	0.06	0.06	0.06	0.06
Fishing	0.56	0.50	0.47	0.44	0.48
Mining & Quarrying	0.34	0.26	0.20	0.15	0.12
Manufacturing	5.33	5.70	5.08	5.03	4.72
Electricity & Water	4.14	4.55	4.27	4.16	4.05
Electricity	3.18	3.61	3.43	3.27	3.19
Water	0.95	0.95	0.84	0.89	0.87
Construction	9.54	8.96	8.82	8.45	8.83
Wholesale & Retail Trade	14.85	14.28	14.10	14.34	14.63
Hotels & Restaurants	2.33	2.04	2.51	2.69	2.54
Hotels	1.68	1.46	1.76	1.91	1.76
Restaurants	0.65	0.58	0.75	0.78	0.78
Transport, Storage & Communications	14.55	13.97	13.90	13.84	13.66
Transport & Storage	9.84	9.68	9.34	9.35	9.23
Road	7.41	7.08	7.01	6.94	6.94
Sea	0.66	0.87	0.86	0.85	0.81
Air	0.54	0.52	0.48	0.47	0.45
Auxiliary transport activities and storage	1.23	1.22	0.98	1.08	1.02
Communications	4.71	4.29	4.56	4.50	4.43
Financial Intermediation	7.29	7.33	6.10	6.32	6.39
Banks & Other Financial Institutions	5.07	5.14	4.15	4.14	4.20
Insurance and pension funding	1.97	1.90	1.74	1.95	1.94
Activities auxiliary to financial intermediation	0.26	0.29	0.21	0.23	0.25
Real Estate & Housing	15.14	15.18	15.55	15.16	14.85
Owner Occupied Dwellings	10.86	10.92	11.01	10.84	10.62
Real Estate activities	1.84	1.85	1.87	1.84	1.80
Renting of machinery and equipment	0.46	0.43	0.46	0.46	0.43
Computer related services	0.34	0.26	0.44	0.37	0.37
Business services	1.64	1.71	1.77	1.66	1.62
Public Administration , Defence and Compulsory Social Security	9.40	10.81	11.48	11.98	12.21
Education	5.49	5.51	5.92	6.07	6.01
Health & Social Work	2.86	3.06	3.16	3.30	3.36
Other community, Social & Personal services	2.65	2.22	2.35	2.29	2.30
Private Households with Employed Persons	0.28	0.29	0.30	0.30	0.29
FISM	1.26	1.35	1.22	1.31	1.09
Gross Value Added at Basic Prices	100.00	100.00	100.00	100.00	100.00

Source: The Statistical Office, Central Planning Division, Ministry. Finance & Economic Planning

Table 14: Percentage Contribution of Gross Value Added By Economic Activity at Basic Prices, in Constant (2006) Prices: 2009 - 2013

SECTOR	2009R	2010R	2011R	2012	2013 Prel
Agriculture, Hunting & Forestry	6.51	6.69	7.00	6.80	6.64
Crops	5.10	5.55	5.64	5.60	5.41
Bananas	0.45	0.31	0.03	0.05	0.06
Other Crops	4.65	5.24	5.61	5.54	5.35
Livestock	1.34	1.07	1.30	1.15	1.17
Forestry	0.07	0.06	0.06	0.06	0.06
Fishing	0.56	0.50	0.47	0.44	0.48
Mining & Quarrying	0.34	0.26	0.20	0.15	0.12
Manufacturing	5.33	5.70	5.08	5.03	4.72
Electricity & Water	4.14	4.55	4.27	4.16	4.05
Electricity	3.18	3.61	3.43	3.27	3.19
Water	0.95	0.95	0.84	0.89	0.87
Construction	9.54	8.96	8.82	8.45	8.83
Wholesale & Retail Trade	14.85	14.28	14.10	14.34	14.63
Hotels & Restaurants	2.33	2.04	2.51	2.69	2.54
Hotels	1.68	1.46	1.76	1.91	1.76
Restaurants	0.65	0.58	0.75	0.78	0.78
Transport, Storage & Communications	14.55	13.97	13.90	13.84	13.66
Transport & Storage	9.84	9.68	9.34	9.35	9.23
Road	7.41	7.08	7.01	6.94	6.94
Sea	0.66	0.87	0.86	0.85	0.81
Air	0.54	0.52	0.48	0.47	0.45
Auxiliary transport activities and storage	1.23	1.22	0.98	1.08	1.02
Communications	4.71	4.29	4.56	4.50	4.43
Financial Intermediation	7.29	7.33	6.10	6.32	6.39
Banks & Other Financial Institutions	5.07	5.14	4.15	4.14	4.20
Insurance and pension funding	1.97	1.90	1.74	1.95	1.94
Activities auxiliary to financial intermediation	0.26	0.29	0.21	0.23	0.25
Real Estate & Housing	15.14	15.18	15.55	15.16	14.85
Owner Occupied Dwellings	10.86	10.92	11.01	10.84	10.62
Real Estate activities	1.84	1.85	1.87	1.84	1.80
Renting of machinery and equipment	0.46	0.43	0.46	0.46	0.43
Computer related services	0.34	0.26	0.44	0.37	0.37
Business services	1.64	1.71	1.77	1.66	1.62
Public Administration , Defence and Compulsory Social Security	9.40	10.81	11.48	11.98	12.21
Education	5.49	5.51	5.92	6.07	6.01
Health & Social Work	2.86	3.06	3.16	3.30	3.36
Other community, Social & Personal services	2.65	2.22	2.35	2.29	2.30
Private Households with Employed Persons	0.28	0.29	0.30	0.30	0.29
FISM	1.26	1.35	1.22	1.31	1.09
Gross Value Added at Basic Prices	100.00	100.00	100.00	100.00	100.00

Source: The Statistical Office, Central Planning Division, Ministry. Finance & Economic Planning

Table 15: Rate of Growth of Gross Value Added by Economic Activity, At Basic Prices, in Current Prices: 2009 -2013

SECTOR	2009R	2010R	2011R	2012	2013 Prel
Agriculture, Hunting & Forestry	-0.09	4.74	4.63	-0.47	0.60
Crops	-0.10	10.94	1.57	1.61	-0.33
Bananas	-22.45	-30.32	-89.83	65.37	26.46
Other Crops	2.79	14.97	6.99	1.26	-0.58
Livestock	0.13	-18.47	20.89	-9.45	5.30
Forestry	-3.00	-3.00	-2.00	-2.00	-2.00
Fishing	31.11	-8.90	-6.56	-4.26	14.45
Mining & Quarrying	3.80	-21.07	-25.46	-20.00	-18.40
Manufacturing	5.79	9.15	-10.81	1.39	-3.39
Electricity & Water	1.64	12.33	-6.33	-0.16	0.42
Electricity	0.69	15.61	-5.05	-2.25	0.43
Water	4.94	1.34	-11.22	8.40	0.36
Construction	-7.17	-4.21	-1.62	-1.89	7.77
Wholesale & Retail Trade	-11.00	-1.87	-1.28	4.15	5.09
Hotels & Restaurants	-29.39	-10.87	23.06	9.62	-2.61
Hotels	-33.99	-11.43	20.91	10.77	-4.91
Restaurants	-14.05	-9.45	28.44	6.92	3.00
Transport, Storage & Communications	-5.10	-2.07	-0.53	1.98	1.70
Transport & Storage	-1.92	0.34	-3.49	2.46	1.73
Road	2.42	-2.56	-0.92	1.41	3.03
Sea	-32.33	33.90	-0.37	1.42	-1.81
Air	88.62	-2.59	-7.44	-0.62	-0.62
Auxiliary transport activities	-20.09	1.14	-19.04	12.39	-2.84
Communications	-11.11	-7.11	6.15	0.98	1.63
Financial Intermediation	-7.21	2.53	-16.84	6.10	4.28
Banks & Other Financial Institutions	-7.93	3.45	-19.25	2.08	4.60
Insurance and pension funding	-5.56	-1.50	-8.55	14.82	2.54
Activities Auxiliary to financial intermediation	-5.29	15.33	-28.49	13.44	13.44
Real Estate, Renting and Business Services	-1.89	2.22	2.46	-0.19	0.93
Owner Occupied Dwellings	1.13	2.55	0.84	0.79	1.01
Real Estate activities	0.99	2.54	0.74	0.70	0.89
Renting of machinery and equipment	-10.00	-4.00	5.18	3.29	-2.78
Computer related activities	-28.29	-21.33	68.64	-15.00	2.82
Business Services	-13.05	6.32	3.88	-4.45	1.04
Public Administration , Defence and Compulsory Social Security	9.77	17.28	6.21	6.83	5.08
Eduaction	16.49	2.48	7.40	4.97	2.09
Health & Social Work	-3.42	9.03	3.46	6.92	4.83
Other Community, Social & personal activities	2.78	-14.67	5.90	-0.35	3.50
Private Households with Employed Persons	7.07	6.62	3.57	0.11	0.91
Less FISIM	-10.56	9.23	-9.29	9.91	-14.31
TOTAL	-2.85	2.00	-0.04	2.42	3.05

Source: The Statistical Office, Central Planning Division, Ministry. Finance & Economic Planning

Table 16: Rate of Growth of Gross Value Added by Economic Activity, At Basic Prices, in Constant (2006) Prices:2009 -2013

SECTOR	2009R	2010R	2011R	2012	2013 Prel
Agriculture, Hunting & Forestry	13.41	-18.03	0.06	2.21	6.35
Crops	0.84	-5.64	-1.53	3.72	6.59
Bananas	-14.60	-41.44	-85.20	51.56	9.02
Other Crops	4.43	1.16	7.68	3.00	6.54
Livestock	56.29	-45.26	6.09	-2.72	5.82
Forestry	-3.00	-3.00	-2.00	-4.94	-2.00
Fishing	40.68	-15.15	-3.01	14.93	6.60
				-	
Mining & Quarrying	2.73	-21.83	-24.73	24.44	-18.40
Manufacturing	-8.13	-4.93	4.92	-4.32	-2.15
Electricity & Water	3.24	-4.54	-2.19	4.86	-0.45
Electricity	1.11	-1.21	0.19	3.76	-0.71
Water	9.17	-13.09	-9.14	8.40	0.36
Construction	-8.30	-3.12	-3.37	-3.53	6.60
Wholesale & Retail Trade	-8.13	-0.91	-5.01	2.24	4.22
Hotels & Restaurants	-17.98	-14.19	4.10	0.16	-0.77
Hotels	-21.60	-18.24	5.69	-2.22	-2.98
Restaurants	-6.98	-3.79	0.63	5.59	3.90
Transport, Storage & Communications	-1.74	-1.58	0.27	-0.23	0.11
Transport & Storage	0.10	0.82	-0.14	-0.21	-0.30
Road	1.84	1.38	0.83	-0.62	0.59
Sea	2.46	-2.49	-2.90	1.42	-1.81
Air	-10.27	-2.07	-3.88	-2.42	-4.51
Auxiliary transport activities and storage	-7.73	0.75	-2.48	0.77	-3.18
Communications	-6.30	-7.94	1.45	-0.30	1.27
Financial Intermediation	-2.33	-6.29	3.63	0.13	-0.62
Banks & Other Financial Institutions	-0.26	-2.13	-3.63	-2.49	-1.68
Insurance and pension funding	-8.42	-18.63	31.00	5.66	1.66
Activities auxiliary to financial intermediation	2.00	-6.05	-7.61	12.94	2.00
Real Estate, Renting & Business Services	-1.64	-0.28	0.30	0.32	0.93
Owner Occupied Dwellings	1.13	0.09	0.84	0.79	1.01
Real estate activities	0.99	0.08	0.74	0.70	0.89
Renting of machinery and equipment	-11.57	-2.32	0.86	-2.98	-1.68
				-	
Computer & Related services	-32.17	-22.95	3.82	15.00	2.00
Business Services	-8.85	3.11	-4.90	0.62	1.08
Public Administration, Defence and Compulsory Social Security	9.27	8.61	4.82	5.29	3.59
Education	2.89	-1.23	2.38	4.96	2.36
Health & Social Work	-2.56	1.82	4.65	4.65	1.65
Other Community , Social & Personal services	-5.10	10.00	0.38	4.22	2.75
Private Households with Employed Persons	-7.17	1.55	1.55	6.27	2.68
Less FISIM	-2.14	-2.65	-4.96	3.03	-16.03
TOTAL	-2.00	-2.34	0.19	1.09	2.39

Source: The Statistical Office, Central Planning Division, Ministry. Finance & Economic Planning

Table 17: Import Value of Construction Materials Jan- Sept 2013 (EC\$M)

Category	2010	2011	2012	2013	2014
Wood and Wood Products	19.6	17.4	17.7	24.6	16.5
Cement	14.5	16.6	16.4	15.1	17.9
Steel, Metal and Metal Products	15.5	21.8	16.3	17.5	17.2
Wires, Cables and Electrical Fittings	9.9	8.8	7.2	11.8	8.7
Paints, Thinners, Varnishes and Glaziers	3.3	3.9	3.4	4.6	4.6
Other	30.6	25.0	26.8	31.0	23.6
Total	93.4	93.5	87.8	104.6	88.4

Source: The Statistical Office, Central Planning Division, Ministry. Finance & Economic Planning

Table 18: Total Institutional and Non-institutional Population by Sex – 2012

INSTITUTIONAL POPULATION						
Sex	Household Population	Homeless Population	Prisons	Hospitals, Mental Homes & Nursing Homes	Other Institutions or Special Living Arrangements	Total
Male	55,835	84	371	101	28	56,419
Female	53,353	1	12	186	20	53,572
TOTAL	109,188	85	383	287	48	109,991

Source: The Statistical Office, Central Planning Division, Ministry of Finance and Economic Planning

Table 19: Total Household Population Distribution by Census Division, 2001 and 2012

Census Division	2001		2012		Percentage Change
	Total	%	Total	%	2001 - 2012
01 - Kingstown	13,526	12.5	12,712	11.6	-6.0
02 - Suburbs of Kingstown	13,027	12.1	13,782	12.6	5.8
03 - Calliaqua	22,345	20.7	23,908	21.9	7.0
04 - Marriaqua	8,254	7.7	7,798	7.1	-5.5
05 - Bridgetown	6,779	6.3	6,564	6.0	-3.2
06 - Colinarie	7,490	6.9	6,849	6.3	-8.6
07 - Georgetown	6,964	6.5	7,049	6.5	1.2
08 - Sandy Bay	2,805	2.6	2,576	2.4	-8.2
09 - Layou	6,338	5.9	6,335	5.8	0.0
10 - Barrouallie	5,459	5.1	5,625	5.2	3.0
11 - Chateaubelair	6,081	5.6	5,756	5.3	-5.3
Total Mainland	99,068	91.9	98,954	90.6	-0.1
12 - Northern Grenadines	5,413	5.0	6,184	5.7	14.2
13 - Southern Grenadines	3,354	3.1	4,050	3.7	20.8
Total Grenadines	8,767	8.1	10,234	9.4	16.7
TOTAL	107,835	100.0	109,188	100.0	1.3

Source: The Statistical Office, Central Planning Division, Ministry of Finance and Economic Planning

ANNEX II

Description of items	Duration of Application (years) Commencing 1 January 2013	Maximum Rates to be applied against MDC Imports (%)	Maximum Rates to be applied against Third Countries	Tariff Classification
Aerated Beverages	10	70	100	2202.10.10
Aerated Waters; other waters	10	70	100	2201.10.00
Beer	10	70	100	22.03
Malts	10	70	100	2202.90.20
Candles of paraffin wax	7	40	50	3406.00.00
Curry powder	5	30	40	0910.50.00
Pasta	5	50	100	19.02
Prepared Poultry feed	10	50	100	2309.90.40
Prepared complete cattle feed	10	50	100	2309.90.40
Prepared Complete pig feed	10	50	100	2309.90.60
Other prepared complete animal feed	10	50	100	2309.90.60
Other	10	50	100	2309.90.90
Chairs and other seats ,with wooden frames	10	40	50	9401.60.00
Upholstered	10	40	50	9401.61.00
Other	10	40	50	9401.69.00
Other furniture of wood and upholstered fabric	10	40	50	9403.60.00
Other	10	40	50	9403.60.90
Solar water heaters	10	40	50	8419.19.00
Industrial gases (acetylene, Oxygen, Carbon dioxide)	10	40	50	2901.29.20; 2804.40; 2811.21.00
Wheat or Meslin Flour	10	70	100	1101.00.00