

BUDGET ADDRESS 2017

FISCAL CONSOLIDATION AND ECONOMIC GROWTH, JOB CREATION AND SUSTAINABLE DEVELOPMENT IN A VULNERABLE SMALL ISLAND DEVELOPING STATE IN THE CONTEXT OF A CHALLENGING GLOBAL ENVIRONMENT

by

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**DR. THE HON. RALPH E. GONSALVES
PRIME MINISTER OF ST. VINCENT AND THE GRENADINES**

A. INTRODUCTION

Mr. Speaker, Honourable Members, last week we secured the passage in this Honourable House of the Estimates of Revenue and Expenditure for the year 2017; today we turn our attention to the consequential Appropriation Bill 2017, commonly called “the Budget”. This is my 16th Budget Address as Minister of Finance — more than any preceding Minister of Finance.

Mr. Speaker, the last nine of my Budget Addresses have been crafted in extraordinarily challenging circumstances including: (i) a global economic meltdown of historic proportions and its continuing after-shocks; (ii) high prices for imported oil ranging from almost US \$148 per barrel in July 2008 to a more modest US \$55 per barrel currently, but way above the approximately US \$20 per barrel in 2000; (iii) a series of severe natural disasters practically every year from 2010 onwards, which cumulatively have caused loss and damage in excess of EC \$700 million

or close to 40 percent of our country's Gross Domestic Product (GDP); (iv) the virtual dismantlement, between 1993 and 2005, by the European Union, of the substantial preferential market access of our bananas, hitherto our country's major commodity export; (v) the collapse of the regional financial empire of CL Financial leading to the demise of the regional insurance giants of CLICO and BAICO which occasioned liabilities, in the aggregate, for St. Vincent and the Grenadines in excess of EC \$300 million or some 16 percent of GDP; (vi) the instability of the financial system in the Eastern Caribbean Currency Union (ECCU) especially the weak indigenous banks and other financial institutions; and (vii) international political turmoil which exacerbated the underlying global economic downturn.

These multiple body blows have attended an economy with profound pre-existing, and structural weaknesses: Vulnerability; small size; limited material resources; and an historic underdevelopment, a condition in which our country has been saddled, and constrained, by colonialism and the harsh contradictions of monopoly capitalism globally.

Despite all of the post-2008 blasts against our economy, all of which have been externally sourced, St. Vincent and the Grenadines has been able to survive and thrive. Economic growth has returned, albeit haltingly and modestly, and the size of the economy of St. Vincent and the Grenadines rebounded to pre-2008 levels by 2014; poverty and indigence have been significantly slashed; workers, especially those in the State sector, have had wage/salary increases above any rise in productivity levels; the physical infrastructure has been strengthened, including the construction and equipping of the Argyle International Airport at a cost of some EC \$700 million; the social safety net has been fortified and expanded; the delivery of housing, education, and health services have been markedly enhanced; resources allocated to citizens

security have increased; the delivery of water, electricity, garbage collection and disposal, and telecommunications has improved significantly; our regional currency and its monetary arrangements have remained stable, through the efforts of the ECCU; and our financial system has been reformed and strengthened amidst continuing weaknesses.

Despite the attainment of substantial progress and development, difficulties and challenges remain. And some sections of our population are hurting and are experiencing hardship, including unemployment and poverty. Still, things are improving and we are on the right track.

Mr. Speaker, our surviving and thriving in the face of awesome external challenges, in-built structural economic limitations, and home-grown travails, have been, and are, attributable to a bundle of enabling factors: The resilience, hard and smart work, and common sense of the overwhelming majority of our people; the relatively diversified state of the economy; good governance and the openness, transparency of our democratic system; the peace and stability of St. Vincent and the Grenadines; the receipt of remittances from abroad amounting to between six and seven percent of GDP; the securing of substantial Foreign Director Investment, especially, but not only, in the tourism sector; the obtaining of huge sums in grants and soft loans from friendly countries and supportive international financial institutions; the boost through regional integration especially by way of the ECCU, the OECS, CARICOM, ALBA, Petro Caribe, and the Regional Security System. These are the basic strengths on which we must rely as we move forward, confident always that morning by morning new mercies we see, and all that we need, God's hand provides. Great is His faithfulness!

Our government's strategic quest is to build a modern, competitive, post-colonial economy which is at once national, regional, and global in the interest of all our people, not just a small section thereof. The government's many public policy statements on the macro-economy and its various sectors or sub-sectors, have reflected this strategic quest. So, too, the government's National Economic and Social Development Plan, 2013-2015, published in 2013.

In this Budget Address, I shall focus, broadly, on those matters which are central to our continued nation's socio-economic development in 2017 and in the medium-term. The Ministers would address the related issues and practical programmes touching and concerning their own portfolios.

Mr. Speaker, the top ten developmental issues for focus in 2017 are: (i) Climate Change, Disaster Preparedness, and Infrastructure Resilience; (ii) Making the AIA Work; (iii) Quality Teaching and STEAM; (iv) Investment and Productivity; (v) Roads and Bridges; (vi) Citizen Security; (vii) Health and Wellness; (viii) Housing and Lands; (ix) Energy; (x) Job Creation, Poverty Reduction, and Sustainable Development.

I shall explore each of them, broadly in this Address. But before I do so, permit me to provide a brief summary of the global and regional economic environment and the economic and fiscal performance of St. Vincent and the Grenadines for the year 2016.

B. SUMMARY OF ECONOMIC AND FISCAL PERFORMANCE 2016

Mr. Speaker, the World Economic Outlook (WEO) published by the International Monetary Fund (IMF) in October 2016, under the title Subdued Demand: Symptoms and Remedies, offers the summation that:

“The current [global economic] outlook is shaped by a complex confluence of on-going re-alignments, long term trends, and new shocks. These factors imply a generally subdued baseline for growth, but also substantial uncertainty about future economic prospects.”

In the WEO, the IMF, in its assessment of the baseline scenario, projects that global economic growth in 2016 is at 3.6 percent, and is forecasting an improvement in 2017 to 3.4 percent. The projected uptick in 2017 is premised on improvements in emerging markets and developing economies and increased momentum in the USA’s economy.

Attendant risks on the horizon globally are: Political discord and inward-looking policies; stagnation in the advanced economies; China’s ongoing adjustments and associated spill-overs; and vulnerabilities in the financial condition of emerging markets.

The not unreasonable advice, proffered generally by the IMF, and of relevance to St. Vincent and the Grenadines, is that:

“Low-income developing economies must rebuild fiscal buffers while continuing to spend on critical capital needs and social outlays, strengthen debt management, and implement

structural reforms ___ including in education ___ that pave the way for economic diversification and higher productivity.”

Clearly, along with this general and sensible advice, due attention has to be paid to country-specific priorities.

In the CARICOM region, economic and fiscal performance has been uneven. In the member-states of the Eastern Caribbean Currency Union (ECCU) as a whole, there have been improvements in the central governments' fiscal condition and in economic growth, although there has been unevenness within and between member-countries. Quite troubling, is the continuing depression in economic activity in our main regional trading partners, Barbados and Trinidad and Tobago. The tightening of foreign exchange availability particularly in Trinidad and Tobago has posed especial risks and hardships to the traffickers and farmers who trade with that country. This is a matter of serious concern which we are seeking to address satisfactorily with the relevant authorities in Trinidad and Tobago.

In 2016, both the fiscal and economic situation in St. Vincent and the Grenadines have improved. Real economic growth in 2016 is projected by the St. Vincent and the Grenadines Statistics Department and the ECCB to be at 2.9 percent, the best growth performance since the global meltdown of 2008. Economic growth in 2016 was realised by growth in Tourism, Agriculture, Construction, Transportation, Wholesale and Retail Trade, and Assorted Services. The projection for economic growth in 2017 is similarly modest, although a better performance in stay-over, yachting, and cruise tourism is forecast.

The preliminary summary of the fiscal operations of the central government in 2016 reveals the following: A current account surplus

(before amortization) of \$59.2 million, as against a budgeted deficit of \$11.9 million; an overall surplus of \$11.4 million compared to an actual deficit of \$38.9 million in 2015 and a budgeted deficit for 2016 of \$154.8 million; an increase in current revenue in 2016 over 2015 of \$70 million, and \$25 million over the budgeted figure for 2016 of \$564.6 million; a less than optimal performance of capital expenditure of \$75 million, below the \$99 million of 2015.

The fiscal situation is still challenging due to increasing expenditure on salaries and wages, pensions, and debt servicing. Waste and inefficiencies in government occasioned by systemic weaknesses and sub-optimal personnel performance, continue to be troubling and costly. All these are very much on the radar of the government for marked improvement.

Mr. Speaker, The Economic and Social Review of St. Vincent and the Grenadines, January – September 2016, published by the Ministry of Economic Planning is attached as an Annex to this Budget Address, and forms part of it, provides relevant details.

C. THE FOCUS IN 2017

I. Climate Change, Disaster Preparedness, and Infrastructure Resilience

Mr. Speaker, in 2017, and beyond, our nation must focus on the existential threat to our life, living, and physical environment, occasioned by man-made climate change globally. The frequent occurrences of severe natural disasters, practically every year since 2010, point to the constancy of our country's vulnerability as a small, multi-island developing country. Natural disaster events which were hitherto relatively infrequent are now a regular feature of our physical make-up. Storms, excessive rainfalls and landslides alternating with periodic droughts, and coastal and river erosion, have caused extensive loss and damage to houses, physical infrastructure, economic enterprises including farms, and the forests, and to people's lives and limbs.

To be sure, St. Vincent and the Grenadines has made enormous strides in disaster preparedness, relief, rehabilitation, reconstruction, and restoration. However, in light of the frequency and severity of natural disasters in St. Vincent and the Grenadines and the threatening global condition of climate change, we need to do much more.

The global context is of striking relevance, cognizant of the fact that what happens in one part of Mother Earth's climate affects all of humanity everywhere. A brief recap of the science of climate change, globally, is thus in order.

Since the early years of the Industrial Revolution, at the start of the 19th century, the world's population has grown seven times; production has increased 100 times; and energy consumption has risen 42 times. All of this increased population, production (especially industrial production) and energy consumption, have led to an increase in carbon dioxide (CO₂) concentration in the atmosphere by 40 percent over this same period; in the process, average temperature has increased by zero point 85 degrees Celsius (0.85^oC) and the sea level has risen by 19 centimetres.

Dramatically in 2013, a United States government observatory (National Oceanic and Atmospheric Administration) recorded that global concentration of atmospheric carbon dioxide had reached 400 parts per million for the first time in recorded history. This threshold, which the Earth has not passed in as many as 3 million years, signals dangerous accelerating climate change over the next century. The United Nations Inter-governmental Panel on Climate Change predicts diminishing sea ice, acidification of the oceans, and increasing frequency of droughts and extreme storm events.

The Paris Agreement of December 2015, of which St. Vincent and the Grenadines was an early signatory and ratifier, has benchmarks in place for no more than a 2^oC rise above pre-industrial levels over the next 100 years, but the commitments from the major emitters, even if implemented, are likely to have the effect of increasing global warming closer to 4^oC above pre-industrial levels. The mantra of the Small Island Developing States (SIDS) is "1.5 to stay alive". Regionally and globally, St. Vincent and the Grenadines will continue to push for practical measures to reduce global warming and for a sufficiency of

resources for adaption and mitigation for SIDS, among other affected developing countries.

St. Vincent and the Grenadines contributes very little to global warming but we are on the frontline of the adverse consequences of climate change. While we work regionally and globally in this vineyard, there are sensible things which we must do more and better at home. In these respects, the matters for national focus include: Disaster preparedness and reconstruction as integral to all public policies and plans; the further development of NEMO and its legislative framework; intensive and extensive education on disasters; the establishment of a Fund for National Disaster, specially earmarked; further and more extensive training for all personnel in the public and private sectors who are engaged in the relevant disciplines of disaster preparedness, relief, rehabilitation, reconstruction and restoration; strengthening and implementing the Building Code and Physical Planning Laws; building resilience in the physical infrastructure; and engaging decisively in forest protection and upgrade.

In this year's Budget, there are numerous specific initiatives touching and concerning disaster preparedness and building climate change resilience. In the aggregate, in the 2017 Budget, capital expenditure on disaster reconstruction, climate change matters, and renewable energy is estimated at approximately EC\$70 million, funded from multiple sources regionally and internationally by way of soft loans and grants. Resources, too, come from the Government of St. Vincent and the Grenadines. All these are detailed in the 2017 Estimates.

These items of capital expenditure are in addition to a number of similarly-connected recurrent expenditure items in several Ministries including those responsible for NEMO, Energy, Forestry, Transport and Works, the Environment, Sustainable Development, Physical Planning and Housing.

II. Argyle International Airport: Making It Work

The Argyle International Airport (AIA) is scheduled to be opened on February 14, 2017. This project is one of four major initiatives in the field of civil aviation undertaken by the ULP government since 2001 to address the critical developmental socio-economic issue of air access. The other three are: The saving of LIAT and its ongoing restructuring, and development; the establishment, in conjunction with the five other independent states of the OECS, of the Eastern Caribbean Civil Aviation Authority (ECCAA) as a Category One Civil Aviation Jurisdiction; and the construction of the jet airport at Canouan. Each of these has been contributing positively to the socio-economic development of St. Vincent and the Grenadines and will continue to do so in the future.

The fourth civil aviation pillar, the AIA, holds out immense development possibilities. Even the admittedly conservative projections by the 2015 Staff Report of the Article IV Consultation of the International Monetary Fund, estimated at least a 1.5 percent increase in our country's GDP in the medium term from the operation of AIA. We must thus all make the AIA work for our nation's further development. I have every confidence that the AIA's management, under the Chairmanship of Garth Saunders, working in tandem with the SVG Tourism Authority and all other relevant stakeholders, would make a success of the AIA.

Mr. Speaker, I do not intend to be detained today by providing rebuttals to the mountain of falsehoods, unwarranted, negative, and even unpatriotic, statements made against the construction and operation of the AIA by minority elements, largely stuffed with political prejudice. Even at this very moment, some of these jaundiced political elements, spurred on by the “dog whistle” utterances off some more supposedly respectable opposition personalities, are willing the AIA to fail or are wishing it a tsunami of harm, for no reason other than the celebrated fact that the Unity Labour Party government has accomplished a veritable miracle by turning a long-held dream of a hopeful people into an historic reality.

The AIA is not only the largest capital project, by far, ever to have been constructed in St. Vincent and the Grenadines. It is also a metaphor, a symbol, an alive testament to what a determined people, properly led, and supported by a wave of principled internationalist solidarity of friends and allies, can achieve. The construction of the AIA, amidst all the topographic, financing, managerial and resource challenges, is one to be recorded with justifiable approbation in the annals not only of Vincentian and Caribbean history, but in the developmental story of disadvantaged nations across time.

Now, all of us must make the AIA work to the benefit of the people of St. Vincent and the Grenadines, at home and in the diaspora. It is our patriotic duty to ensure that this happens.

In the Budget for 2017, capital resources of \$31.5 million are allocated to make payments related to the completion of the

construction of AIA, and the acquisition of furnishings and equipment for its operation. Additionally, as anticipated, there is a temporary subsidy for its operation.

Mr. Speaker, one significant operational cost of the AIA is that of electricity. As Honourable Members are aware, over a year ago, at a public signing ceremony at Argyle, I signed with the CARICOM Development Fund (CDF) a soft-loan agreement of just over EC \$2 million to fund the first phase of a solar energy project for the AIA. VINLEC is executing this phase of the project in the sum of \$2.4 million. Additional grant resources for solar energy at the AIA are available to supplement this allocation. The initial phase of this project is for the installation of a 300 KW Solar PV system. The targeted aim is to secure, in the shortest possible time, solar capacity at AIA of some two megawatts. We are seeking to obtain the bulk of the funding for this strategic venture through grants.

Mr. Speaker, the AIA has been granted appropriate certification or approval as an international airport by the Eastern Caribbean Civil Aviation Authority (ECCAA). As I had indicated hitherto, both on account of the requisites for the publication of the civil aviation charts and procedures of the AIA and the very workings of international airlines themselves, regularly scheduled international flights will not be available in the first few months of AIA's operations. However, LIAT and other intra-Caribbean carriers, regular charter flights from and to international destinations, and cargo aircraft, will immediately enhance air access to and from St. Vincent and the Grenadines for passenger and cargo traffic. I am sure that the operation of the AIA will prove the politically jaundiced doomsayers wrong again.

The estimated cost of construction and equipping of AIA is approximately EC \$700 million. The actual estimated value of the construction is in excess of EC \$1 billion, much more than the actual construction cost, given the in-kind assistance provided by our several partners. The debt on the AIA is approximately EC\$400 million, most of it (over EC \$300 million) in “soft loan” terms, mainly from ALBA, Petro Caribe, and Taiwan. Assets, mainly property owned by AIA (but not including the airport itself), the IADC, and National Properties Limited (for IADC), amount to over EC \$400 million. In short, there are enough assets available to pay for the debt at AIA.

I invite all of St. Vincent and the Grenadines, including our diaspora, to celebrate when the AIA opens on February 14, 2017. The AIA is a magnificent accomplishment.

III. Quality Teaching, Science, Technology, Engineering, Arts, and Mathematics (STEAM)

The Education Revolution has been in full swing for over ten years. Impressive achievements have been chalked up in every educational sector in terms of access and quality: Early Childhood, Primary, Secondary, Post-Secondary, Tertiary, Technical and Vocational, Special Education, Adult and Continuing Education, and Teacher Education. Still, there are several “quality” aspects on which we must focus for marked improvements, namely, the subject areas of Science, Technology, Engineering, Arts, (English, Foreign Languages, and History), and Mathematics (STEAM). Undoubtedly, there are profound weaknesses in the teaching and learning processes of these subject areas, even though much

progress has been made. Frankly, not nearly enough teachers possess the requisite content proficiency and skill to teach these subjects at acceptable levels. These weaknesses are evident at several, though not all, primary and secondary schools. Accelerated corrective measures are required. The policy-makers and teachers must treat this issue with greater urgency. Special incentives and specialist training for teachers in these subject areas and on-going assessments of teachers linked to retooling of sub-optimal teachers, are appropriate levers here.

The abilities and skills in STEAM are necessary to enhance economic competitiveness and labour productivity in our national economy and to open up employment opportunities in the regional and global economies for our trained personnel.

Our teachers and students must realise that, already, automation, robotics, and computerisation constitute a veritable “second machine age” in which highly skilled workers are at a premium. Indeed, even in professional and creative industries, automation and computerisation are threatening skilled jobs. The point is that increasingly in our national, regional and global economies, appropriate, quality education is necessary and desirable. Our people cannot afford to be left behind in the market place for high level skills and professionalism. Quality teaching and quality school leadership are thus vital; they are the central drivers of enhanced outcomes and student performances; sub-standard teaching and school leadership can no longer be tolerated.

Parents, the national community, policy-makers, and the overwhelming majority of teachers are demanding that the \$120 million of recurrent spending on Education, deliver much

improved outcomes particularly in STEAM. This is a policy priority of the government for 2017.

IV. Investment and Productivity

Mr. Speaker, significant public and private sector investment is earmarked for 2017; there is on-going, and imminent start-up, investment. The private sector investment flows from nationals of St. Vincent and the Grenadines (at home and abroad), regional and international investors. The public sector investment is driven by the capital programmes of the central government and State-owned enterprises.

The capital investment programme in the 2017 Estimates of the central government is budgeted at EC \$229.6 million. Funds are sourced externally (grants and loans) and internally (revenue, grants, and loans) to finance this programme. The four major constraints on implementation of the budgeted capital programme are: (i) Limitations in the public and private sector capacity to implement the projects; (ii) oft-times slow release or draw-down of available funds due, among other things, to bureaucratic delays by donors/lenders and the State administration itself; (iii) crowding-out of capital spending by the demands of recurrent expenditure, planned or unforeseen; and (iv) the extent of debt-servicing.

The major economic public sector investment projects in the 2017 Budget include: Health and Wellness (\$16 million), most of which is earmarked for the 10th EDF Modernisation of the Health Sector (\$8.5 million), for the Modern Medical Complex, and a temporary facility for the Lewis Punnett Home; Capitalisation of the Contingencies Fund (\$6.7 million); Climate Change and Natural

Disaster Reduction Initiatives (\$22 million) through the RDVRP; Caribbean Regional Communication Programme (CARCIP) (\$5 million); Port Development Project (\$2 million); Geothermal Project (\$8 million); Renewable/Clean Energy (\$4.3 million); Argyle International Airport (\$31.5 million); Agriculture Infrastructure (\$14 million); BNTF (\$6 million); Transport and Works (\$64 million) particularly roads and natural disaster reconstruction; Housing and Lands (\$16.4 million); and last, but not least, \$7.7 million for various projects in Education.

Additionally in 2017, substantial public sector investments are to be made by several State enterprises including VINLEC, CWSA, NIS, National Properties Limited, and the SVG Port Authority. Investment by the latter entity is largely to extend the Cruise Ship Pier and to partner with the central government on preliminary expenditures on the Modern Port Development Project which is estimated to cost, upon full completion, US \$100 million for which funding is being satisfactorily sourced.

The domestic private sector's investment is focussed on housing; construction of tourism facilities (apartments, guest houses, and hotels), restaurants and bars; wholesale and retail trade; transportation (land, sea, air), agriculture and fisheries; financial and professional services; and telecommunications. In 2016, there was an estimated domestic private sector investment in excess of EC \$50 million. For example, physical planning permissions were granted for the construction of 387 houses, businesses, apartments, guest houses, and hotel improvements. It is anticipated that the extent of domestic private investment would exceed that of 2016 by at least 10 percent.

Foreign direct investment in 2017 is projected to be centred mainly on tourism facilities (hotels and marinas), telecommunications, banking and insurance, air transportation, trade and commerce, agriculture, and fisheries. In 2016, foreign direct investment was estimated at over US \$100 million. St. Vincent and the Grenadines has recorded commendable levels of foreign direct investment over the last seven years, despite its refusal, as a matter of fundamental principle and practice, to embrace the selling of its citizenship and passports, as has been the policy of the other five independent OECS member-countries.

Among the major foreign direct investment initiatives, ongoing and prospective, are: The further tourism development in the northern section of Canouan (including the start-up construction of eight high-end villas and preparatory work for another top-class hotel) and at Tamarind Beach Hotel; the continued build-out of the top-of-the-line marina in the south of Canouan, tentatively scheduled for opening in April 2017; the hotel and villas development project at Mt. Wynne/Peter's Hope by the Canadian group of investors; the planned tourism initiatives in Bequia, Mayreau, Union Island (the Marina at Ashton), and Mustique; the proposed lobster and conch packaging plant at Calliaqua; the cocoa and coffee investments; air transport; and the expansion of the four medical schools.

The totality of these public and private investments in 2017 is substantial. The investment monies, public and private, in the aggregate, are projected to be over EC \$500 million in 2017.

Mr. Speaker, I am pleased to announce that the government has taken an initial step to elaborate a plan to build a 250 room hotel

in St. Vincent, through the instrumentality of at least two State agencies, and to engage a company with a global brand to market and manage it. On January 18, 2017, Cabinet set up a Committee under the Chairmanship of the Minister of Economic Planning to proceed with this venture. Recently, on my travels overseas, I held fruitful discussions with an international hotel group on this very matter in London.

Our government is again appealing to our national private sector to join with it to facilitate the expansion of the number of hotel rooms available in St. Vincent and the Grenadines. This is vital in light of the impending operation of the AIA. I am pleased that at a recent budget consultation with the business community, three potential investors locally expressed a strong interest in partnering with the government to invest in hotels.

On the matter of the Harlequin Buccama Resort, I have been advised by the appropriate authority that at least four regional and international hotel groups have expressed an active interest in managing the Resort. Indeed, I have met with four such entities. I am constrained by reason of the legal and other processes to comment further. However, I assure everyone concerned that the government will not allow the Resort at Buccament to go to waste! It will be restored, expanded, and properly managed. Meanwhile, let us permit the legal process through the Bankruptcy and Insolvency Act, and related laws, to work. This is not the first time that a hotel has failed in the Caribbean, or elsewhere, and restored to a better condition. This is the nature of business and its attendant risks. The Minister of Economic Planning and I have recently discussed the relevant bundle of issues with the workers at the Resort who have lost their jobs.

V. Roads and Bridges

In St. Vincent and the Grenadines there are some 80 miles of highway (Windward, Leeward, and Vigie), 400 miles of village roads, and 250 miles of feeder roads. And given the nature of our terrain, inclusive of numerous rivers, there are bridges galore. Historically, inadequately-constructed roads, bridges, and drains, excessive rains and frequent natural disasters, comparatively huge weight carriage on the roads, and patchy or inadequate road repairs, combine to make a significant number of roads, especially feeder and village roads, problematic for vehicular traffic. Simply put, too many roads are in an awful physical condition.

Mr. Speaker, despite the terrible condition of many roads, it must yet again be reaffirmed that the ULP government has invested more monies annually in roads and bridges, and done more construction, reconstruction and repairs on roads and bridges than any other government in our history. Still, resource and other limitations have constrained even more work on our nation's road infrastructure. Road building, reconstruction and repairs are very expensive. The rebuilding of the South Leeward Highway, for example, costs some \$3 million per mile. In the 2017 Budget, the recurrent allocation to BRAGSA amounts to \$12.5 million; and the capital expenditure earmarked for roads and bridges in 2017 totals \$51 million.

Among the principal capital road infrastructure projects for 2017 are: South Leeward Highway (\$6 million); National Disaster Rehab on Road and other infrastructure (\$16.3 million) financed by CDB and the Government of St. Vincent and the Grenadines; Spring

Village Bridge and River Defence Project (\$8 million) financed by the Government of Mexico; Village Roads and Feeder Roads (\$5.8 million), the initial roll-out of a \$90 million project financed mainly by the Kuwait Fund for Arab Economic Development and the OPEC Fund for International Development (OFID); North Windward Highway Rehab (\$1.5 million); Phase 2 Murray Road Rehab (\$1.2 million); and Congo Valley Road (\$0.7 million). Additionally, \$6.7 million, funded through the UK government's Export Guarantee Arrangement, is allocated for the restoration/refurbishment of numerous pieces of the heavy-duty equipment at Argyle that are to be transferred to BRAGSA for road works.

Mr. Speaker, although commendable work is done by many of the professionals in the Ministry of Transport and Works, it is to be admitted that some of them are not sufficiently pulling their weight; this is unacceptable. I am urging enhanced professionalism and diligent work on a timely basis by all professionals in this Ministry and others to get the work done. I am watching carefully this year the performance of the professionals in the Ministry of Transport and Works. I intend to meet with them shortly for a frank discussion. If I see no sufficient improvement, my government will restructure the delivery of engineering and professional services, in the public sector. I expect our professionals in the Ministry of Works and elsewhere to lift their game markedly.

VI. Citizen Security

The primary obligation of the State is to provide an appropriate, and effective, framework for an acceptable level of citizen security.

Citizens and visitors to St. Vincent and the Grenadines must be made to feel reasonably safe and secure in their homes, their places of work and at leisure, and as they generally go about their lawful business in a free society.

There is simply too much violent crime in St. Vincent and the Grenadines, even though we remain basically a safe and secure country. It is no comfort or excuse for it to be said that the Caribbean and Latin American region and the world have grown increasingly violent, though admittedly we live in a dangerous regional and hemispheric neighbourhood.

Mr. Speaker, St. Vincent and the Grenadines is a small country in which we tend to know one another face-to-face. We are overwhelmingly a law-abiding society. We are an educated and disciplined people. We have a sound system of law and order; and the Police Force is reasonably resourced with personnel and equipment. Yet, we have a level of criminal violence, perpetuated by a small minority, in our country; this is deeply troubling. We must do much, much better, in curbing the incidence of criminal violence committed by this hardy minority. I take this matter very seriously.

It is correctly and widely accepted that the fight against crime is not in the province of the State apparatus alone. This fight is an all-encompassing enterprise involving the State institutions, the family, church, school, community, the mass media of communication, civil society, private security firms, businesses and labour, and individuals themselves in a partnership with appropriate regional and international institutions and

government. We must all be on the same page in this fight within the context of a democratic society.

The principal State institutions engaged actively in the quest for optimal citizen safety and security are: the Law Courts, the Office of the Director of Public Prosecutions, the Financial Intelligence Unit, the machinery for the administration of justice, the National Commission on Crime Prevention, the Police Force, in concert with relevant regional and international entities, including the Regional Security System, IMPACS (Implementation Agency for CARICOM Security), and INTERPOL. Each of these State institutions is reasonably well-resourced and performs creditably, although, as always, an enhancement in resources and performance is desirable.

The SVG Police Force is on the front-line of crime fighting. On the police establishment are 836 police officers, 15 Traffic Wardens, 20 Rural Constables, 99 Fire Officers, and 91 Coast Guard Officers, a grand total of 1,061 persons. The recurrent budget for the Police Force in 2017 is \$27.6 million, for the Fire Services \$3.7 million, and for the Coast Guard \$4.2 million, an aggregate for these law and order institutions of \$35.5 million. Additionally, the Prison Services have 131 prison officers and an annual recurrent budget of \$5.8 million. In the 2017 Budget, the functional classification, “Public Order and Safety”, has an impressive allocation of \$63.8 million or 9 percent of the total recurrent budget, inclusive of amortization and Sinking Fund contribution.

Mr. Speaker, in 2003, the government elaborated, and caused to be approved in this Honourable House a National Strategy on Crime Prevention. It has been updated and refined on an ongoing

basis. This many-sided Strategy and consequential Work Plan have been, and are being, implemented. But any Strategy and Work Plan must be effected in practice by real flesh-and-blood beings, and better can always be done.

Over the last sixteen years, the ULP government has done the following, among other things, to build the anti-crime fighting apparatus of the State: Reforming and expanding the Police Force; enhancing the Coast Guard facilities and vessels; attracting quality applicants to the Police Force; increasing the salaries and allowances for police officers; enlarging vastly the training opportunities for police officers; improving markedly the working conditions of the police through the construction and renovation of police stations across St. Vincent and the Grenadines; better equipping the Police Force in several areas including telecommunications, videography and recording equipment, criminal investigation, and vehicles; setting up the Forensic Laboratory; strengthening the legislative framework against crime, including tough laws on illegal guns; establishing a high quality Financial Intelligence Unit (FIU); investing in the setting up and functioning of a Shooting Range and Firearm Training Facility; bolstering Police-community relations, including the efforts of the National Commission on Crime Prevention, Pan Against Crime, Police Youth Clubs and Community Policing; strengthening the links between St. Vincent and the Grenadines and regional and international agencies in the fight against crime; establishing the National Prosecution Service inclusive of a better-resourced office of the Director of Public Prosecutions; and working, with others, to build a quality and independent judiciary

All of these efforts continue apace and new initiatives, particularly in intelligence gathering and analysis and crime detection, are being rolled out. Undoubtedly, the overwhelming majority of police officers are focussed, courageous, and diligent in fighting crime. Unfortunately, a minority of them are uninterested in policing and are possessed of a sedentary public service mind-set, trotting out lame excuses for their failure and/or refusal to do their duty with any sense of urgency or at all; often, these very ones are the perpetual complainers of this, that, and the other. The policy-makers and leadership of the Police Force, and the bulk of the disciplined police personnel have to address satisfactorily this challenge of a minority of none-performing police officers. It is a matter on which the public rightly complains.

In 2017, the Police Force intends, according to its targeted Strategic Outcomes, to ramp up the percentage of arrests of persons reasonably suspected of committing crimes, especially violent crimes, and providing the basis for the prosecution of those against whom there is a reasonable prospect of conviction. More extensive and intensive mobile and other patrols would be carried out; and responses to reports, especially emergency reports, of suspected criminal activity would be prompt and serious. The public expects that when accused persons are taken to the Law Courts that the presiding judicial officers be firm and fair. The public interest demands that justice be done in accordance with law and without unreasonable delay.

Mr. Speaker, our government has embraced the formal request of the Chamber of Industry and Commerce to afford duty-free concessions to businesses which plan to install security cameras. I have asked that the Chamber work in concert with the Ministry

of Information Technology and the Police Force to coordinate this matter. I am interested in providing the tax concessions to the very best security camera systems.

As a mature people we must acknowledge that some persons, mainly a small minority of young men, are bent on a life of crime. Their impulses and pre-dispositions towards criminality, and corresponding criminal activism, are many and varied. Excuses must not, and cannot, be made for such persons particularly those who have no regard whatsoever for human life. We must focus on being tough on crime and tough on the causes of crime. In this mix, of especial concern, too, is the violent offender who is mentally twisted or deranged. In this regard, the Mental Health Services must work very closely with the Police, the Prosecutors, the Law Courts, and the Prisons. Often this is not done well enough or at all; the consequences of any neglect in this regard can be deadly.

VII. Health and Wellness

Mr. Speaker, Health and Wellness continue to be of pivotal importance to our government. The recurrent budget for the Ministry of Health, Wellness and the Environment is the highest it has ever been, a whopping \$68.9 million or some 9.2 percent of the total recurrent budget (inclusive of amortization and Sinking Fund contribution, some \$9 million more than the actual expenditure in 2015 and nearly \$2 million more than the budgeted recurrent figure for 2016.

On the capital side of the Budget for 2017, there is a significant allocation of \$16.1 million. Thus, for this year the total sum

(recurrent and capital) budgeted to be spent on Health and Wellness amounts to \$85 million.

There has been a major upgrade recently in the physical facilities for the delivery of health and medical services. The centre-piece in this regard has been the 10th European Development Fund Programme for the Modernisation of the Health Sector in St. Vincent and the Grenadines. Through this programme, we have, among other things, built polyclinics at Buccament and Mespo (these are to be opened this year); renovated partially the Milton Cato Memorial Hospital; rebuilt the Mental Health Centre; upgraded some rural health facilities, and constructed living quarters for medical personnel. Other physical infrastructure health facilities have been built or renovated under separately funded programmes.

In 2017, more substantial infrastructure work will continue to be done under the 10th EDF programme in the sum of \$7.4 million. Additionally, under the PAHO-Smart Health Facilities Programme, \$1.5 million is allocated to implement the Smart standards at the Chateaubelair Hospital, and the Union Island, Mayreau, and Georgetown Health Centres. The Georgetown Hospital had already been made Smart — the first in the OECS. A provision of \$2.6 million has been made to tidy up the construction of the Modern Medical Complex at Georgetown and to complete its equipping. This Complex becomes operational in 2017 and a recurrent allocation of \$1.5 million is accordingly made to achieve this.

A major Health and Wellness initiative in 2017 will focus on geriatric services, the care for the elderly. The elderly segment of our country's population is growing faster than any other age

cohort. There is huge and increasing demand for geriatric services, including residential geriatric care. The State facility for residential geriatric care is the Lewis Punnett Home with a capacity for just over 100 residents. For some time now the physical structure of the Lewis Punnett Home has been deteriorating. In the recent storms, substantial damage was done to it and some basic repairs effected. However, the government has assessed that the Lewis Punnett Home needs to be rebuilt. To do so requires the placement of the residents in a suitable temporary facility.

Accordingly, early in this fiscal year, the establishment of such a temporary facility will commence. An allocation of \$1.1 million has been made in the capital budget for this purpose and to start the process for preliminary designs for a rebuilt Lewis Punnett Home. My government again reiterates its repeated pledge to take care of our elderly.

In 2017, too, our government intends to continue its pursuance of its public policy to build an Acute Referral Hospital (about 130 beds and modern facilities in several specialities) at Arnos Vale. A World Bank financed study made the site selection. The World Bank is also financing, as a soft-loan, the design of the Hospital; earmarked finances for this phase of the project are in the 2017 Estimates under the RDVRP. The process of selecting the design firm is at an advanced stage; the actual design and detailed estimates for the facility and equipment will be accomplished over the next two years or so. Meanwhile, our government is exploring sources of finance for the construction of this project and for the equipment. Our government is determined to enhance further the delivery of health and medical services for our citizens and to

facilitate the ramping up of services for medical schools and for paying tourists.

Mr. Speaker, it is widely-accepted that St. Vincent and the Grenadines has sound systems and improved facilities for the delivery of public health, mental, primary health care, and secondary care at our various health facilities. In particular areas of health care there is excellent delivery, for example, pediatric care at the Milton Cato Memorial Hospital in partnership with the remarkable World Pediatric Project. Much of the good, and even excellent, work done in our State-owned health care system is hardly ever commented upon by some sections of the media or the perennially jaundiced critics.

However, there are many public complaints about the delivery of health care particularly in the following areas: limited opening hours of clinics especially in the rural areas; less than diligent or quality professionalism by some doctors and nurses, albeit a minority; unavailability from time-to-time, of some pharmaceutical products and medical supplies; a lack of cleanliness at some health facilities; too-long waiting times at the Accident and Emergency Department at MCMH; and a shortage at some hospital units or departments of doctors and nurses, on too many occasions.

I am satisfied that the solution to these problems and the practical and satisfactory addressing of the public complaints reside mainly in a marked improvement in the management and supervision of the health facilities at the top, and on the ground, and in the maintenance of a high level of professionalism by the staff at all times. To be sure, there is a limitation of material and personnel

resources, but I am satisfied that less-than-optimal management, misuse, and even abuse, of the resources at hand, and a lack of consistently high level of professionalism by all, are at the root of the problems in the health delivery system.

In 2017, much better must be done in these respects.

Mr. Speaker, at the same time, I reiterate that the individual has the primary responsibility to look after his or her health and wellness. In this regard, the soon-to-be published Charter on Patients' Rights and Responsibilities would offer an appropriate codification of relevant bedrock principles and best practices.

It is necessary and desirable to insist that although the managers, supervisors, health professionals, and other employees in the health system are central to the delivery of health and medical services, the health system does not exist for them. It also does not exist, too, for the medical students. It exists for patients and the clientele of the health system.

Mr. Speaker, a summary of the available personnel in each department or unit of the health care system of the Government of St. Vincent and the Grenadines, shows that we have a satisfactory level of staffing to deliver, at least, an acceptable range and quality of health services. What does this inventory of health personnel reveal?

1. Policy, Planning and Support Services: (99 Employees)

- (i) The administrative core of the Ministry, headed by the Permanent Secretary has 22 public servants.

- (ii) Health Planning Unit: Five professionals.
- (iii) Health Information Unit: Nine professionals.
- (iv) Medical Administration: Five professionals including the Chief Medical Officer and Chief Nursing Officer.
- (v) Central Medical Stores: Twelve employees, including three professionals.
- (vi) Nutrition Unit: Five employees.
- (vii) Health Promotion Unit: Eleven employees of whom nine are professionals.]

2. Hospital Services (Milton Cato Memorial Hospital, Georgetown Hospital, Chateaubelair Hospital, Levi Latham Health Centre, Modern Medical Complex: 701 employees).

- (a) Milton Cato Memorial Hospital (MCMH) (623 employees)
 - (i) Hospital Administration: 29 employees, including Hospital Administrator
 - (ii) Medical Staff: 86 employees, headed by Medical Director and including 19 Consultants

- (iii) Nursing Staff: 313 employees, including Senior Nursing Officer, 28 heads of departments and wards, and 143 staff nurses.
 - (iv) Technical Staff (Laboratory): 32 employees headed by Chief Lab Technologist
 - (v) Technical Staff (X-Ray): 12 employees, six of whom are professionals.
 - (vi) Technical Staff (Maintenance): 13 employees
 - (vii) Other Services: 115 employees (catering, housekeeping, laundry, sewing, transport)
 - (viii) Specialist Services: 8 employees (physiotherapists, optometrist, EKG Technician)
- (b) Georgetown and Chateaubelair Hospitals, Levi Latham Centre, Modern Medical Centre: 68 employees of whom 11 are doctors, 26 nursing personnel, 24 pharmacists)
3. Community Health Services (Medical Administration, Community Nursing Services, Polyclinics, Union Island Health Centre, Bequia Hospital, National Family Planning, HIV/AIDS/STI Prevention and control, Nutrition and Dietetics Unit, Dental Services): 300 employees, headed by the Medical Officer of Health).

Of this number there are 17 medical doctors, 157 nursing personnel, 3 dental surgeons, and 28 other specialists in divers areas).

4. Geriatric Care Services: 53 employees, including 21 nursing personnel.
5. Mental Health Care: 81 employees, including provisions for a psychiatrist, a clinical psychologist, 2 medical doctors, 33 nursing personnel, and a social worker.
6. Environmental Management and Protection Services: 29 employees.

Thus, across the Ministry of Wellness, and the Environment, there are: 116 medical doctors, 608 nursing staff of whom 267 are staff nurses, and dozens of other professionals of one kind or another. It is indisputable that comparatively, for a population of approximately 110,000, the ratios here are commendable. The number of medical and nursing staff in the public sector is further bolstered by the many health personnel who come on the several medical missions annually to St. Vincent and the Grenadines, and by the provision of medical and nursing services in the private sector.

Overall, in the Ministry of Health, Wellness, and the Environment there are 1,233 persons employed of which 1,204 are in Health and Wellness, and 29 in Environmental Health Services. Fifty-three new posts are in Health and Wellness in the 2016 Estimates. And,

I repeat, the recurrent expenditure for 2017 for this Ministry is \$68.9 million. This is certainly not an under-resourced Ministry.

Still, there is much more to be done. That is why on the issue of financing for the health sector two considerations are pivotal: A possible enhancing of cost recovery or user-fees in respect of hospital services and pharmaceuticals; and the exploration of a workable supplementary financing arrangement through a National Health Insurance System financed by way of a special employer-employee contribution to the National Insurance Services (NIS). A Cabinet Sub-committee on this matter has already been established. These are two vital financing matters for determination and possible implementation in 2017.

VIII. [Housing and Lands](#)

Mr. Speaker, the quality and extent of affordable housing in St. Vincent and the Grenadines have grown substantially over the last fifteen or so years. Immense strides have been made in the housing stock in both the public and private sectors. Several initiatives have been responsible for these advances, including: The low-income housing programme of the government; the huge materials distribution programme through the Ministry of Housing; the massive distribution of housing lots (some 4,500 since 2001) by the government; the 100-percent mortgage initiative for public servants; the extensive and intensive training programmes for personnel in construction and in allied skills and trades; an increase in tax allowances for private developers of housing projects; the revitalisation of the Housing and Land Development Corporation; strengthening of the legal framework for physical

planning and its enforcement; and the bolstering of the Lands and Surveys and Land Management Departments.

In 2017, there is a capital budget for Housing and Lands in the sum of \$16.4 million. The major items of capital expenditure in these respects are: \$6.25 million financed by Petro Caribe mainly for housing reconstruction (including the distribution of building materials) consequent upon natural disasters; \$3 million for the low-income housing project at Clare Valley; \$1 million for housing infrastructure development at various sites; and \$6 million for land purchase by the central government.

Given the frequency and severity of natural disasters recently, it is imperative that we build more sensibly and with great resilience, in accordance with the physical planning laws and regulations. The Physical Planning Department is not our enemy but our friend in constructing housing and buildings. Following the proper construction guidelines can, and does, save your property and lives. Please be prudent in your construction; and seek sound professional advice.

IX. Energy

Mr. Speaker, in 2017, major developments in Energy will be pursued to further socio-economic advance, improve people's lives, and contribute to a healthier environment through renewable energy initiatives. The central policy planks in these respects for further practical elaboration are: (a) the Geothermal Project; (b) Promoting Access to Clean Energy; and (c) Making VINLEC Even Better.

a) **Geothermal Development Project**

The aim of the Geothermal Project is to deliver a 10MW geothermal power plant in St. Vincent and the Grenadines through a partnership of Reykjavik Geothermal, Light and Power Holdings Limited/Emera, Government of St. Vincent and the Grenadines, the Clinton Climate Initiative, and VINLEC. The project cost is in excess of US \$90 million. The consortium which owns the project, and drives it, are Reykjavik Geothermal, Emera Caribbean Incorporated, and the Government. VINLEC will purchase the geothermal power and invest in the transmission and distribution for its delivery of geothermal power to its customers by 2019. It is important to note that the government owns the geothermal resource itself.

The activities in the geothermal project commenced in January 2013 consequent upon the signing of the first Letter of Intent between the Government, Reykjavik Geothermal, and Emera.

The following major activities have been completed:

- ✚ Identification, Analysis and Assessment of Geothermal Resource;
- ✚ Agreement signed;
- ✚ Environmental Impact Assessment: EC \$677,000, financed through grant funds by the Inter-American Development Bank;

- ✚ Geothermal Development Act passed;

- ✚ Parrot Census: EC \$275,387.00;

- ✚ Resettlement Action Phase: \$275,000;

- ✚ Phase I of Civil Contract: Site Access and Road Improvement from Rabacca to Bamboo Range;

- ✚ Project Support due to flooding: Construction of a retaining wall that aided the Soufriere trail: EC \$140,000;

- ✚ Grants obtained: EC \$13.52 million (US \$5.8 million) from the Department for International Development (OFID) ___ UK government; Contingent Grant by the Caribbean Development Bank of EC \$25.75 million (US \$9.5 million); and EC \$40.5 million (US \$15 million) from the Abu Dhabi Fund for Development.

On-going have been a series of other project activities, including negotiations on the Power Purchase Agreement between the consortium and VINLEC.

The project activities for 2017 are:

- (i) Phase 2 Civil Works: Drill Pad, Well Pad, and Water Intake;
- (ii) Finalisation of the Power Purchase Agreement between VINLEC and the Consortium;
- (iii) Award of the Drilling Contract;
- (iv) Detailed assessment of the cost for VINLEC of the transmission lines.

This Geothermal Project is potentially a game-changer for the socio-economic development of St. Vincent and the Grenadines. The Government and VINLEC are determined to get it right.

b. Promoting Access to Clean Energy Services

Immediately there are four projects in this area:

- (i) A three-year clean energy project of US \$1.7 million financed by a grant from the Global Environmental Facility (GEF); (ii) A 200 KW solar project over a one year period for government buildings costing US \$0.8 million through a grant by the SIDS DOCK Trust Fund; (iii) A four-year project on sustainable energy development in the building sector financed by the GEF and implemented by the United Nations Energy Programme costing US \$740,390; and (iv) Installation of a 150 KW Storage Solar and Battery Project on Mayreau

funded by a grant of US \$600,000 donated by the Ray and Tye Noorda Foundation and executed through the Agency of the Carbon War Room/Rocky Mountain Institute in partnership with VINLEC and the Government.

Mr. Speaker, the Energy Unit of the Government has been diligent in attracting funding for several renewable energy projects. Several others, not identified here, are in the pipeline for roll-out within another year or so, including the ramping-up of solar energy installation at the AIA beyond the initial aforementioned project by VINLEC.

VINLEC

Mr. Speaker, in 2016, for a second successive year, VINLEC has had a positive growth in demand for electricity. The growth in demand for 2016 was 4.09 percent over 2015; the growth in 2015 was 4.15 percent over 2014. Actual sales in 2016 amounted to 138.1 million kWh compared to 132.7 million kWh in 2015. The total number of customers in 2016 increased to 43,567 over the 2015 customer base of 42,796. The uptick in the economy and the reduction in the fuel surcharge were the main contributors to these increases.

In 2016, the aggregate fuel surcharge revenue for VINLEC decreased by 21.83 percent, from \$42.4 million in 2015 to \$33.1 million in 2016. It is noteworthy that in 2016, VINLEC consumed 7.68 million gallons of diesel fuel at a cost of \$37.8 million in the generation of electricity,

compared to 7.2 million gallons of fuel at a cost of \$45.7 million in 2015.

In 2016, VINLEC's capital expenditure amounted to \$10.5 million as the company continues to make its operations more efficient, especially at the hydro-electricity plants.

For 2017, VINLEC estimates that its electricity sales will increase by 6.08 percent over 2016 due a anticipated real growth in the economy and the coming into operation of the Argyle International Airport. VINLEC is projecting a use of 7.7 million imperial gallons of diesel costing some \$43.9 million for the generation of electricity.

VINLEC's capital programme for 2017 includes the following: (i) the completion of the \$3 million rehabilitation of the South Rivers hydro-electric plant; and (ii) An investment of \$2.4 million in the development of a grid-connected solar project at the Argyle International Airport which is supported by a soft-loan of \$2.1 million from the CARICOM Development Fund.

Further, in 2017, VINLEC expects to conclude the negotiations and signing of a Power Purchase Agreement with the consortium on the geothermal project; and it will commence the planning and designing of the transmission network to connect the geothermal plant to the existing VINLEC network.

In 2017, VINLEC projects net earnings of \$8.7 million from its operations. It is a well-run state-owned company.

X. Job Creation, Poverty Reduction, and Sustainable Development

Mr. Speaker, central to all the efforts of our government are job-creation, poverty reduction, and sustainable development. The data indicate that the actual number of employed persons increased between the intercensal years (2001-2012) by 5,785 or 14.7 percent (from 35,036 in 2001 to 40,821 in 2012). However, due to alterations in the internal composition of the overall population, the percentage of unemployed persons remained basically constant. The employment data of the 2012 Census are broadly corroborated by the actual number of registrants at the NIS.

Historically, the absorptive capacity of the economy for labour has been low. That is why our government has had to carry out the reform and developmental measures in several vital areas including education, public and private investment, economic diversification, energy and physical infrastructure. We simply must continue to invest appropriately to create the jobs, including quality jobs.

The record of our government also shows that indigence has been reduced markedly and general poverty substantially reduced, but less sharply. The array of economic initiatives and specially-targeted interventions occasioned effectively the dramatic decline in indigence and the reduction of general poverty. Special initiatives, including the year-old Zero Hunger Trust Fund help to tackle indigence, poverty and hunger. These initiatives are well-known and are being further developed.

Job creation and poverty reduction occur within the context of our government's quest for overall sustainable development. In September 2015, at the United Nations, our government became a signatory to the 17 Sustainable Development Goals. They constitute central planks in our developmental quest, and our commitment to them resonates in this 2017 budget. They cover the entire gamut of job creation and poverty reduction, production and investment, education and training, energy and infrastructural development, health and housing, climate change and ocean governance, democracy and good governance, citizen security, and international solidarity.

D. FINANCIAL SECTOR STABILITY AND FISCAL CONSOLIDATION

The bundle of issues to be addressed here are financial sector stability; BAICO and CLICO; the St. Vincent Building and Loan Association; Friendly Societies; international initiatives; the NIS; debt management, and pensions.

I. Financial Services Authority

Various initiatives have been taken to address financial stability issues over the past few years at the regional and national levels, which have had positive impacts. At the regional level, the ECCB, has beefed up its regulatory oversight of commercial banks and

has been quite effective in stabilising the indigenous banks, particularly in two or three countries. In 2012, locally, the Government established the Financial Services Authority (FSA) as a single regulatory body for the non-bank financial institutions including insurance companies, credit unions, money service businesses, building, friendly societies, international banks, international mutual funds, international insurance, IBCs, LLCs.

Under the new unified structure introduced by the FSA, the country is better placed to bolster its supervision of the financial services sector and to meet evolving changes to the international regulatory architecture.

The FSA's 2016-2018 Strategic Plan has been developed with a focus on continuing the momentum of the work of the FSA since its establishment in 2012, seeking to build on already established areas, and further developing those where improvements are required. The Strategic Plan places emphasis on the development of a risk-based supervisory framework focused on inherent institutional and systemic risks and prompt corrective actions.

ii. British American Insurance Company

The Plan of Arrangement (BAICO and CLICO) Act Number 19 of 2015 was passed in this Honourable House to provide a framework to aid in the resolution of the insolvency of British American Insurance Company Limited and CLICO International Life Insurance Company Limited, by means of a compromise or arrangement proposed between these two companies and their creditors.

The Plan of Arrangement is a statute-based, and court approved, legal process, under which BAICO may enter into an arrangement or compromise with its creditors, for the distribution of BAICO's assets to policyholders. The legislation sets out a framework for agreeing final claims against the company and will require a court-ordered meeting of creditors to vote on the proposals. Accordingly, the Judicial Manager has been working on a final resolution of the BAICO issue.

A main focus of the Judicial Manager has been the prosecution of litigation against the former directors of the company and the implementation of the legislation to enable the Plan of Arrangement to come into effect. It is worth mentioning that, since the last budget the JMs have held a series of consultations with policyholders across the EC region to inform them of the plans to effect a distribution to policyholders. Almost 1,000 people from across the EC attended these meetings.

The former directors of BAICO were sued in the US Bankruptcy Court for breach of fiduciary duty in relation to BAICO's US Property transactions and generally in relation to the company's failure. A number of directors sought to dismiss the claims on the basis of lack of personal jurisdiction. These motions failed except in one case. On December 22, 2016, the United States District Court, Southern District of Florida, entered a judgement for Liability against Brian Branker and Lawrence Duprey. They have both been held liable for a breach of fiduciary duty relating to their roles in BAICO. A trial will be held to consider the amount of damages to be awarded to BAICO; there is a pre-trial conference set for May 2017 and the trial is expected in late May/Early June.

In a separate action, Brian Branker was sued for breach of fiduciary duty pertaining to his role in British American Isle of Venice (BVI) Limited. On December 20, 2016, the United States District Court, Southern District of Florida, entered a judgement of approximately US\$38.5 million against Branker in respect of the Isle of Venice proceedings;

The BAICO Plan of Arrangement Act has now been implemented in Anguilla, Antigua & Barbuda, Dominica, Grenada, Montserrat, St Kitts & Nevis and St Vincent and the Grenadines. St Lucia has yet to implement the act but that is expected in the first quarter of 2017. The key piece of legislation in the Bahamas has not yet been implemented, and the Judicial Managers, the Prime Minister of St. Vincent and the Grenadines and the Governor of the ECCB have been actively pushing the Bahamas to implement to Bill as a matter of urgency. The latest information we have is that the Government of the Bahamas has considered the legislation in Cabinet during the week of 30 January 2017. Once approved by Cabinet, the Bill is expected to move through the Bahamian Parliament quickly.

This arrangement is additional to several other initiatives on BAICO, including the distribution of monies to policy-holders already undertaken from resources negotiated with the Government of Trinidad and Tobago. A balance of US \$64 million from this negotiated sum remains to be paid over by the Government of Trinidad and Tobago. These monies are long delayed. I have been in repeated communication with that government on behalf of the Eastern Caribbean Currency Union (ECCU). Meanwhile, the litigation against a commercial bank in St. Vincent and the Grenadines by the regulator of insurance

companies, on behalf of BAICO policy-holders, winds its way through our Court system.

iii. Colonial Life Insurance Company (CLICO)

A court hearing in relation to the CIL Barbados Restructuring Plan was held on December 16, 2016. At the hearing, the transfer agreement between CLICO and the two companies that have been formed to take over its business, namely, New Life Investment Company Inc (NLICO) and Resolution Life Insurance Limited (RESLIFE), was approved.

It must be noted that in his report of May 24, 2016 the Judicial Manager pointed out that the Barbados Restructuring Plan is limited to the assets, policies and liabilities of policyholders listed on the Barbados register.

Furthermore, in an affidavit Mr. Clennel Goodman, Executive Chairman of NLICO, stated the business of CIL in Barbados and the Eastern Caribbean is so intertwined that it would be virtually impossible to have two separate operational entities, namely RESLIFE and CIL. For that reason the Judicial Manager and NLICO/RESLIFE have decided to pursue a Service Level Agreement presumably to take account of all relevant interests.

Thus, the on-going battle for some relief for CLICO policy-holders continues. It is a long and difficult haul. The unfortunate reality, though, is that the longer this issue drags on before some sort of

resolution, the more expensive the process becomes and the greater the diminution in the assets and their value.

iv. Insurance and Pension Reform

In response to the collapse of CLICO and BAICO with the Eastern Caribbean Currency Union (ECCU), the Monetary Council of the Eastern Caribbean Central Bank (ECCB) commissioned a project for the establishment of a single Insurance Market and regulator with the ECCU. The main features of this proposal are the passage of a uniform ECCU insurance legislation and creation of a Single Insurance and Pension fund regulation.

This project has been progressing steadily, but slowly, and the third draft of the enabling legislation has been the subject of public consultation. These consultations have provided a platform for raising awareness of the project and for receiving direct and important inputs from industry, the general public and interested stakeholders.

The launch of the Single Insurance and Pensions Market and regulator for the ECCU is targeted for late 2017. The Financial Service Authority (FSA) has been actively involved in the process with representation on the Steering Committee for the project.

Meanwhile, the Government remains committed to the process of reforming the Public Service Pension Systems (PSPS), which now operates in parallel with the National Insurance Services (NIS). This current system imposes significant fiscal costs for both the

taxpayers of this country and could derail our efforts aimed at fiscal consolidation.

We will therefore move to implement some of the recommendations of the 2013 actuarial analysis of the Public Service Pension System. Implementation of these recommendations will help to address some of the problems with PSPS and help to reduce cost with the PSPS and the NIS. The central government employees, their unions and other representatives, will be consulted fully on this matter.

v. Building Society

The St. Vincent Building and Loan Association (the Association) remains the sole building society operating in St. Vincent and the Grenadines. Its large membership, representing approximately one third of the population of St. Vincent and the Grenadines, makes it an institution of systemic importance to this country. Hence the regulatory focus of the FSA since its intervention in 2013, has continued unabated with the objective of maintaining the stability of this institution.

The Association thus remains under enhanced regulatory supervision by the Authority, and has successfully met all deposit demands placed on institution over the last three (3) years. In 2016, pay-outs to members were in excess of \$35 million. The Association recorded a profit of \$5.5 million based on its audited financial statements of 2015.

To further enhance the supervision of the entity, a special Liquidity Committee comprising members of the FSA and the Association

has been established to assess the adequacy and effectiveness of BLA's strategies and policies on the liquidity management.

Further, to comply with the recommendations of the FSA, the Association recently commenced a number of new initiatives including an extensive Loan Portfolio Clean-Up, established an IT Conversion Review Committee to review the systems that have since 2014 ran parallel to each other, and commenced a complete review of its Visions and Emortelle operating software.

While several of the recommendations of the MOU between the FSA and the Association have been completed, the FSA's supervision remains constant and proportionate to the risk SVBLA's operation poses to the domestic financial sector.

VI. Friendly Societies

There are fourteen (14) friendly societies presently registered in St. Vincent and the Grenadines, serving approximately 39,223 members. The FSA, in an effort to modernize the regulatory framework of Friendly Societies, pending legislative reform of the Friendly Societies Act of 1843, issued Guidelines in 2015 that outline regulatory and prudential requirements to be followed by all Friendly Societies.

Notwithstanding the unique and commendable traditions of Friendly Societies, failure to satisfactorily adopt minimum regulatory standards best practice, threatens viability. The FSA is intensifying efforts in 2017 to ensure adherence with the provisions of the Friendly Societies Guidelines. In this regard, the FSA is working with the Buccament Wise and Prudent Friendly

Society, to re-establish a functional executive for the continuance of the Society, owing to the alleged theft of members' funds by its President.

VII. International Initiatives

a. FATCA and Automatic Exchange of Information

St. Vincent and the Grenadines is up-to-date with the requirements in respect to implementation of two major international initiatives for the sharing of relevant tax information on non-nationals, namely the United States Foreign Account Tax Compliance Act (US FATCA) and Automatic Exchange of Information of the Organization for Economic Cooperation and Development (OECD). St. Vincent and the Grenadines' progress in addressing these initiatives has far-reaching positive implications, ensuring that its investment climate is enhanced as a tax transparent jurisdiction.

SVG is presently FATCA compliant. The 'Foreign Account Tax Compliance (Implementation and Enforcement) Act', which was enacted in 2015 to provide the enabling domestic framework for the legal exchange and automatic transmission of financial information of individual customers of financial institutions to the US IRS, is being implemented, as well as the Intergovernmental Agreement (IGA) Model 1B signed in 2015, for the commencement of tax information reporting to the US IRS in 2016 in keeping with its commitments under these arrangements. The IRD concluded its FATCA reporting to the IRS on December 30,

2016, consonant with the December 31, 2016 reporting deadline.

b. De-Risking

De-risking has developed as a risk mitigating response by larger financial institutions to regulatory requirements and has been widely acknowledged as a major issue facing small states across the Commonwealth, and elsewhere, including those in the Caribbean and the Pacific. De-risking refers to financial institutions terminating or restricting business relationships with clients, or categories of clients, **to avoid rather than manage risk**. Whilst the causes of de-risking are complex, research undertaken by institutions such as the World Bank, confirms that it is a response, at least in part, to the implementation of AML/CFT standards.

De-risking threatens to reduce the links between a jurisdiction and the international financial system and poses particular issues for small states that host international financial centres, such as St. Vincent and the Grenadines, which invariably rely on those linkages to operate. Growing pressure from regulators nationally and internationally to comply with AML/CFT rules has led to increased 'de-risking' across the Commonwealth, including the Caribbean. De-risking by international banks has become a major threat to the remittance sector and correspondent banking relationship in many countries, inclusive of the Caribbean and St. Vincent and the Grenadines. To date, no real solution has been proposed for addressing the problem of de-risking save that financial institutions must

make efforts to enhance its AML/CFT compliance regime which increases the cost and challenges of doing business.

VIII. National Insurance Services

Mr. Speaker, on January 05, 2017, the National Insurance Services (NIS) celebrated thirty years of providing sustainable social security services to the people of St. Vincent and the Grenadines. This represents a remarkable milestone for any social security system. And our NIS continues to be sound!

As at December 31, 2016, the asset base of the NIS was assessed at \$490 million. The benefits payments of the year 2016 stood at \$56.3 million; and there are 6,868 pensioners. On each of these measures, growth has been significant. Over the 30-year period of the NIS there have been pension increases in 1999, 2002, 2005, 2008, and 2012.

The contribution base of the NIS currently comprises 35,214 persons (34,020 active insured employees; 959 self-employed persons; and 235 voluntary contributors), an increase of 2.4 percent over the 2015 figure; in the year 2000, the comparable number was 30,373 persons. In 2016, there were 1,972 active employers; in the year 2,000, the comparable number was 1,726. The average annual wage of active insured employees in 2016 was \$21,403. And in 2016, contribution income was \$60.3 million, a growth of 3.5 percent over 2015.

The NIS strives continually to ensure that the technical processes and administrative procedures that underpin the delivery of social security services and benefits are high performing,

sustainable, and well-governed. It has designed an organisational architecture that aligns our goals, strategy, structure, systems, skills and culture.

In going forward, in order to achieve its goals, the NIS is resolved to focus on six core approaches, namely: Cost Rationalisation; Contribution Collection and Compliance; Corporate Good Governance; Customer Service; Coverage; Capital and Reserve Enhancement. There are specific initiatives in each of these core approaches.

Mr. Speaker, the NIS is committed to worthwhile investments in the productive sectors in St. Vincent and the Grenadines so as to contribute further to economic growth and employment, particularly among the youths. The NIS Board has earmarked the sum of \$10 million to invest prudently in the productive sectors in St. Vincent and the Grenadines in 2017.

The NIS also, in 2017, will proceed further with its involvement in three local real estate initiatives. The first concerns the second phase development of the 249 housing lots at Peter's Hope which will unfold in 2017. On this GECCU and the NIS would be engaging suitably-qualified professionals to build the internal roads and drains at an estimated cost of \$8.9 million, scheduled for completion by June 2018. The pursuance by the NIS of the development of the Patcon Property at Richmond Hill and the JU-C property into state of the art commercial sites are its two other property-related initiatives. The NIS is still working with its Technical Consultant on the concepts and designs of these properties.

Mr. Speaker, over the past thirty years, the NIS has contributed immensely to the socio-economic development of St. Vincent and the Grenadines through some specifically-targeted measures. It will continue to do so under the leadership of a young, vibrant professional, Mr. Stewart Haynes, who succeeds Mr. Reginald Thomas. Mr. Thomas has been the long-serving Director of the NIS; he did splendid work. We thank him for his outstanding service. His recent appointment to head a hemispheric social security entity, headquartered in Mexico, is a personal tribute to him, our NIS, St. Vincent and the Grenadines, and the Caribbean. I feel sure that he would do very well in his new job. Thanks and congrats, Reggie!

IX. Public Debt

As at September, 2016 total outstanding public debt stood at \$1.68 billion, the equivalent of 82.4% of GDP, an increase of 12% when compared to the debt of \$1.50 billion at the end of September, 2015. The total public debt was comprised of domestic debt of \$0.59 billion and external debt of \$1.09 billion.

The large increase in the recorded debt is due in part to the fact that the entire debt of \$185.23 million due to Petroleos de Venezuela S.A, under the Petro Caribe Agreement, has been included in the debt figure for the first time. The September, 2015 debt, included an amount of \$67.76 million only due to Petro Caribe as part of the domestic debt. This treatment of the amount due to Petroleos de Venezuela SA resulted in a \$117.47 million increase in the recorded debt, which is more akin to an accounting adjustment.

There were also significant drawdowns on loans for the Argyle International Airport, Disaster Rehabilitation and CARCIP Projects, which contributed to the increase in total public debt.

It is to be noted that, thus far, the servicing of the Petro Caribe debt has come from the annual flows of the Petro Caribe arrangement itself, and not from the Consolidated Fund. Further, there is an on-going discussion between OECS member-countries, including St. Vincent and the Grenadines, and Venezuela on debt relief/restructuring of the Petro Caribe debt.

Total cost of servicing the public debt has been increasing steadily in recent years and now accounts for a significant portion of Government's revenue. Preliminary figures for 2016 show that debt servicing costs for the year amounted to \$159.92 million, inclusive of interest, amortization and sinking fund contributions. Debt servicing cost is projected at \$203.4 million for 2017. The debt situation is still manageable, given the long-term, low-interest nature of much of the public debt, but still care is required to ensure that it does not spiral out of control.

Accordingly, the Government is undertaking a comprehensive review of its fiscal framework aimed at reducing debt service cost, among other things. In this regard we are receiving technical assistance from regional and international agencies and hope to publish the updated fiscal framework by the end of this year.

E. FISCAL MEASURES 2017

Mr. Speaker, in my 2016 Budget I introduced a number of measures aimed at increasing revenue to finance our ambitious

plans for growth and development. I am pleased to announce that this strategy has been very successful. Current Revenue for 2016 amounted to \$589.4 million or 13.5 percent more than the \$519.3 million collected in 2015 and 4 % more than the amount budgeted for the year 2016. While revenue was boosted by the revenue measures introduced in 2016, the main impetus for the growth in collections came from improvements in the machinery at both the Inland Revenue and Customs and Excise Departments.

Despite this good revenue performance during 2016, we continue to face some serious fiscal challenges. One such challenge is the high cost of servicing the public debt, particularly the amount required for loan amortization and contributions to bond sinking fund. Connected directly to this is the frequency of natural disasters, a major challenge that we face on an ongoing basis. We must respond to these challenges whilst continuing with our Fiscal Consolidation Programme aimed at promoting economic growth, job-creation, and social development. In this regard, we have identified a few areas for further revenue-generation as follows:-

XI. Disaster Levy

In this address I have spoken repeatedly about the frequent occurrence of severe natural disasters, particularly since 2010 and the extensive loss and damage to houses, physical infrastructure and economic enterprises. The Central Government has incurred significant costs in providing relief and assistance to affected households and businesses and for rehabilitation and replacement of damaged infrastructure. Indeed we have calculated that no less

than 10 % of the public debt has been incurred for disaster related projects and initiatives, narrowly-defined.

In order to help offset the cost of these natural disasters, we propose to introduce a 1% levy on consumption within the State, to be used to capitalise the Contingences Fund, which is being established pursuant to Section 72 of the Constitution.

The most efficient way to give effect to this measure is to increase the standard rate of the VAT from 15% to 16% and the rate for accommodation and other tourism related activities from 10% to 11%. This measure will take effect from May 1, 2017 in order to give businesses the time necessary to make the required alterations to their systems. The revenue yield from this measure is estimated at \$10 million per annum. Within three years, the government undertakes to review this measure.

XII. Value Added Tax (VAT)

At introduction in 2007, the VAT registration threshold was set at \$120,000.00, and has remained at that level. There is good evidence to suggest that raising the threshold would reduce administrative costs of IRD as well as the compliance cost of small businesses, while having only a minimal impact on revenue yield. Raising the threshold would also keep up with trends in the region.

Accordingly, I propose to amend the VAT Act in order to increase the registration threshold to \$300,000.00 with effect from May 1, 2017. This increase in the VAT threshold means that approximately 800 registrants will be removed from the VAT Register.

The estimated loss of revenue from this measure is approximately \$3.5 million per annum.

I also propose to reduce the rate of VAT for rental of a berth in any marina or shipyard from the standard 16% to 11% as this is the rate which applies to tourism-related services, including holiday or hotel accommodation, diving services, marine and land tours. The reduction in VAT in this regard will undoubtedly spur additional investment in the yachting/marina sector, and help to make our product more competitive.

Further, I propose to remove the VAT charged on biodegradable packaging and food containers. This measure is intended to lower the costs of these environmentally positive substitutes for plastics, including Styrofoam, and reduce the adverse effects that plastics have on our environment. To further bolster this measure, I propose to place a ban on the importation of Styrofoam products with effect from May 1st, 2017.

XIII. Profession Licence Fees

The Professions Licensing Act (Cap 377) requires every person practicing any profession specified in the Schedule to the Act to pay an annual licence fee. The Act also requires every person who is liable to pay a fee to register himself before the Registrar, that is the Comptroller of Inland Revenue.

Over the years, the compliance rate for this measure has been extremely low due in part to the laxity shown by the Inland

Revenue Department, in connection with collecting the professional licence fees.

Now that the VAT threshold is to be increased to \$300,000, many of the persons practicing these professions will benefit by not having to charge VAT on the services that they deliver to their clients. It is therefore reasonable to ask these professions to finance a portion of the revenue loss from the increase in the VAT registration threshold.

Accordingly, I propose to increase the fees payable under the professions licensing Act by a factor of twenty percent as shown in the schedule at Appendix I.

I urge all professionals to pay their annual licences in a timely manner and I remind them that failure to pay the licence fee or failure to register constitute an offence which is punishable by a fine not exceeding four and a half times the licence fee in default, and to imprisonment for one (1) month. Additionally, Government will soon introduce legislation to initiate a process leading to the possible suspension of the licence of persons who refuse to pay the licence fee or are in arrears in excess of one year.

On the related matter of personal income tax, most professionals have not been paying their fair share of taxes. The IRD intends to be more focussed in ensuring that this state of affairs is corrected, in accordance with law.

XIV. Airport Service Charge

The annual cost of operating Argyle International Airport is estimated at \$20.0 million, some \$13 million more than currently obtains at E.T. Joshua Airport. The expected revenue in the short-to-medium term from the Airport Service Charge, landing and parking fees, rentals and other charges will cover approximately fifty percent of the figure for the AIA. The Central Government is providing a subvention of \$5 million in 2017, which will be insufficient to fund the shortfall. It is anticipated that as the traffic increases at the AIA, the extent of the subvention will decline or cease.

Accordingly, I propose to increase the Airport Service Charge on passengers departing by aircraft from St. Vincent and the Grenadines to EC\$100.00 (US \$40.00). This measure will be implemented from February 15th 2017 and will yield approximately \$5 million per annum. Even at EC \$100.00 the Airport Service Charge on departing passengers is lower than that of the overwhelming number of CARICOM member-states.

XV. Stamp Duties

The Stamp Duty payable on transfer of property constitutes an important revenue source for the Central Government. For example in 2016 revenue from Stamp Duty on property amounted to \$30.00 million approximately 5.1% of current revenue. Unfortunately, a number of legal professionals have devised various mechanisms to evade this tax.

I therefore propose to amend the Stamp Act in order to strengthen its provisions. Specially the amendment will make it clear that this Stamp Duty is payable on all conveyances or re-conveyances to a third party, whether done by way of release of mortgages, surrender of lease or any other devise for transferring property from one person to another.

XVI. Aliens Landholding Licence

The Aliens Landholding Licence is a charge imposed on sale of property to non-nationals. The amount of the charge currently, is based on the value of property, sold or leased, as follows:

Where the values of the property:

- | | | |
|------|---|---|
| i. | Does not exceed \$100,000 | \$10,000.00 |
| ii. | Exceeds \$100,000.00 but does not exceed \$3,000,000.00 | \$10,000.00 plus 6% of the value in excess of \$100,000 |
| iii. | Exceeds \$3,000,000 | \$184,000 plus 4% of the value in excess of \$3,000,000 |

I propose to amend the Schedule as follows:

Where the values of the property:

- | | | |
|-----|---------------------------|---|
| i. | Does not exceed \$100,000 | \$10,000.00 |
| ii. | Exceeds \$100,000.00 | \$10,000.00
plus 7.5% of
the value in
excess of
\$100,000 |

I consider that in the circumstances it is reasonable to increase the Alien's Landholding Licence Fee. The anticipated increase from this revenue source will also contribute to funding Disaster Relief and Recovery

XVII. Traders Licence

The opening of the Argyle International Airport will provide a tremendous boost to the productive sector in St. Vincent and the Grenadines, particularly in fishing, agriculture and light manufacturing. A number of initiatives have already implemented to provide the incentives and supporting infrastructure to facilitate both local and foreign investors.

Lifting of the VAT threshold is one such measure which will aid in the development of small businesses. I am also proposing a reduction in the Traders Licence by 50%, a symbolic gesture of commitment to the small and medium-size business.

XVIII. Telecommunication Levy

In the 2016 Budget, I introduced a 2% levy on telephone calls originating from St. Vincent and the Grenadines. These funds are allocated to the Zero Hunger Trust Fund to assist the government in its fight to eradicate hunger in our country. The Fund has commenced several interventions in an effort to ensure that the work continues. The 2% levy will also now be applied to incoming calls and data. This measure becomes effective from March 01, 2017.

F. CONCLUSION

Mr. Speaker, the 2017 Budget addresses strategic developmental issues and immediate practical matters of public importance. First, I reiterate that the ten inter-related issues for strategic developmental focus in 2017 are: Climate Change and National Disaster Reconstruction/Recovery; Making the AIA Work; Quality Teaching and STEAM; Public and Private Sector Investment and Productivity; Roads and Bridges; Citizen Security; Health and Wellness; Housing and Lands; Energy; and Job Creation, Poverty Reduction and Sustainable Development.

Conjoining these ten strategic developmental issues are criss-crossing ones which touch and concern banking, insurance, and financial sector stability; pensions and the NIS; and a bundle of fiscal issues including debt management, the establishment of the Contingencies Fund inclusive of the component for Natural Disasters, and the 2017 fiscal measures themselves.

Together the ten strategic developmental issues and those relating to financial sector stability and fiscal consolidation constitute the bedrock of our developmental thrust forward. Indeed, they constitute the fulcrum of our government's compelling developmental narrative. If the truth be told there is no other alternative that can be credibly advanced to that which we have crafted and which my government has been implementing, over the years, with unavoidable amendments, alterations or variations as the circumstances admit.

On the large strategic issues (developmental, financial sector stability, and fiscal consolidation) we have proceeded in practical ways within the broad context of seven pillars: (i) Our people-centred vision; (ii) our social democratic philosophy; (iii) the affirmation that our nation is a dynamic part of our Caribbean civilisation; (iv) our tripartite economic approach by way of the private, cooperative, and State sectors, in the quest to build a modern, competitive post-colonial economy; (v) our fiscal stance grounded in prudence and enterprise; (vi) our commitment to the deepening of regional integration; and (vii) our international solidarity and activist foreign policy.

The practical manifestations of the ten developmental issues for strategic focus have had, and are having, the effect of transforming our country for the better and to uplift our people's lives and quality of living. In order to develop our nation we must first develop to the fullest our people's abilities. Thus, an imperative has been to create the opportunities for all to access quality education consistent with their abilities, interests, and efforts. So, we fashioned the Education Revolution from early childhood to university and everything in-between. This Education Revolution is being consolidated, expanded, and perfected on an on-going basis. Education is the safest and surest way out of poverty and underdevelopment.

The healthy, educated mind has to be in a healthy body. Thus the importance of Health and Wellness, Culture, Sports and Recreation in our strategic thrust forward. At the same time human beings must be adequately housed; thus our government's Housing Revolution.

Criss-crossing all of these are the requisites of poverty reduction and the provision of the strongest possible safety nets so as to ensure that the marginalised, the dispossessed, the retirees, and the elderly are protected. Social security must be premised on a pre-existing and continuing citizen security.

All of these material conditions of life and living must be sustained by an economic system which generates wealth and create jobs. All able-bodied adults who are not undergoing formal education and training must find some meaningful form of employment. All such persons are obliged to work hard and smart; laziness is a vice and undercuts virtuous living.

Mr. Speaker, within the next few weeks, the government will be announcing increases in minimum wages across all categories of employment. We are currently studying the Report from the Wages Councils. It is currently before Cabinet for determination. This set of increases in minimum wages would be the fourth since 2001. I reaffirm without fear of contradiction that successive ULP administrations have been the most work-friendly and business-friendly ever in our country.

Mr. Speaker, in a small, open economy like St. Vincent and the Grenadines, the goods and services which we produce must be sold at home and abroad. The home market for the national population is small; so, we must have the infrastructure to facilitate the arrangements

for selling to persons abroad by taking the goods and services to them or bringing the persons from abroad to our home base to purchase our goods and services. To produce and sell, we must have good roads, airports, seaports, cruise ship pier, water and electricity supplies, and telecommunications facilities, competitively-priced. Thus, for example, our government's programme of building roads and bridges, the Canouan Jet Airport, the Argyle International Airport, and the proposal to build a modern port costing US \$100 million and to expand the cruise ship berth and ancillary facilities.

Mr. Speaker, our economic growth and development depend upon a diversified economy which is competitive for the market. This means optimal endeavours for agriculture, fisheries, forestry; mining and quarrying; electricity, water, and telecommunications; housing and construction; tourism, leisure, and recreation; banking, insurance, and financial services; education and health services, air, sea, and land transport; and administrative services of one kind or another. Our government's public policies are directed to all these in a coherent manner.

Overall, government, life, and living are conducted within a land of liberty, democracy, and constitutional governance. A process of maturation presages a deepening of the institutions of freedom, democracy, good governance, justice, law and order. Again, our government has done splendid work in all these areas.

Given the nature of our small island developing country, its physical and geographic condition (150 square miles of land, 11,000 square nautical miles of sea in the tropics), our society, and economy, the climatic circumstances of Mother Earth, and the political economy of the Caribbean region, our hemisphere, and the world, challenges and

opportunities arise. In order to address these issues, and others, efficaciously, our regional and international policies must be apt and effective.

Mr. Speaker, in the midst of addressing all the large strategic issues there are some specific matters which scream out for immediate attention. These include: the growing cluttering and uncleanliness of Kingstown; sewerage disposal in City Kingstown; the churlishness of, and disregard for the public, by a hardy minority of state employees in the public service, the teaching service, the Police Force, and the medical and health services; the difficulties encountered by students and other users of public transport; the poor condition of too many of our roads; disorderly and uncouth conduct by too many of our citizens; the rush to criminal violence and an absence of restraint by too many of our young males; and the lethargy and sloth of many employers and employees, albeit minority numbers. These are on-going limitations to national development which we must address urgently, frankly, and without vanity or bitterness. Resources are in the Budget to tackle many of these problems, but the nation as a whole must pull its weight collectively to resolve or ameliorate most or all of them. Surely, these are all matters on which we ought to have a unanimity rather than manufactured differences sprinkled with political grandstanding and personal vanities. The good people of St. Vincent and the Grenadines are demanding an end to senseless and immature bickering. Creative, transformative leadership with clarity, strength, and capacity is of a matter of the first order in our society.

In this regard, Mr. Speaker, I will shortly be announcing the composition of a broad-based National Economic Advisory Council (NEAC) to assist in the formulation, on an on-going basis, of economic policy.

I am calling for a mature attitude which is solutions-oriented, and not a knee-jerk obstructionist or complaining response to everything positive which is necessary and desirable to be done.

In any event, I am determined that correctives be put in place despite resistance from those who cause many, if not most, of these problems in the first place. We must become a more disciplined and orderly society. We can be fun-loving and joyous while being disciplined and orderly. Indeed, having fun and working hard and smart are qualities which have helped to shape, positively, our St. Vincent and the Grenadines.

Mr. Speaker, this is a small country. It belongs to all of us. It has the potential to be among the best countries in the world. Our people have the pedigree for greatness in them; rising from humble beginnings to higher heights; we must not allow those minority elements who are wedded to folly and are bent on disrupting progress to deflect us from our path of continued individual excellence, collective sustainable development and great accomplishments. The 2017 Budget is a staging post for huge achievements for all of our people! It builds upon our work of the past 16 years and upon those credible efforts of our predecessors. I call on all patriots, including those who had hitherto opposed my government or stood askance from the national enterprise, to come on-board the vanguard train of progress.

Thank you!

APPENDIX 1

Proposed changes to the Professions and Traders Licence Fees

	Current (\$)	Proposed (\$)
PROFESSIONS LICENCE (FEES)		
Appraiser and Valuer	720	860
Architect	900	1080
Auctioneer	720	860
Barrister and Solicitor	900	1080
Building Contractor	720	860
Chartered or Certified Accountant	900	1080
Commission Agent	720	860
Consultant (Economic & Other)	900	1080
Customs Broker	480	575
Dentist	900	1080
Druggist and Chemist	360	430
Engineer	720	860
Land Surveyor	900	1080
Medical Practitioner	900	1080
Optometrist and Optician	720	860
Real Estate Agent	720	860
Trader	900	1080
Travel Agency	600	720
Veterinarian	900	1080
TRADERS LICENCE (FEES)		
Where the stock is valued at one thousand dollars or less	20	10
Where the stock is valued at more than one thousand dollars but not more than ten thousand dollars	50	25
Where the stock is valued at more than ten thousand dollars but not more than one hundred thousand dollars	100	50
Where the stock is valued at more than one hundred thousand dollars but not more than one million dollars	250	125
Where the stock is valued at more than one million dollars	1,000	500

APPENDIX II

St. Vincent and the Grenadines Economic and Social Review: January to September 2016



**St. Vincent and the Grenadines
Economic and Social Review
January to September 2016**

Prepared by:
Ministry of Economic Planning, Sustainable Development,
Industry, Information and Labour
1st Floor Administrative Building
Kingstown, Saint Vincent and the Grenadines

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List of Acronyms

AMDP	Agriculture Modernization Development Programme
APd	Average Price for diesel
BAM	Banana Accompanying Measures
BLA	Building and Loan Association
BRIC	Brazil, Russia, India and China
BNTF	Basic Needs Trust Fund
CARCIP	Caribbean Regional Communication Infrastructure Programme
CARICOM	Caribbean Community
CDB	Caribbean Development Bank
CIF	Climate Investment Fund
CKLN	Caribbean Knowledge Learning
COFOG	Classification of Functions of Government
CNCDS	Chronic Non-Communicable Diseases
CPA	Country Poverty Assessment
CPCCA	Coastal Protection for Climate Change Adaptation
CPEA	Caribbean Primary Exit Assessment
CPI	Consumer Price Index
CPR	Cardio Pulmonary Resuscitation
CSEC	Caribbean Secondary Education Certificate
CSME	Caribbean Single Market and Economy
CVQ	Caribbean Vocational Qualifications
CWSA	Central Water and Sewerage Authority
ECCB	Eastern Caribbean Central Bank
ECCU	Eastern Caribbean Currency Union
ECTEL	Eastern Caribbean Telecommunications Authority
EDF	European Development Fund
EGRIP	e-Government for Regional Integration Project
EU	European Union
FDI	Foreign Direct Investment
FIU	Financial Intelligence Unit
FSA	International Financial Services Authority
GCCA	Global Climate Change Adaptation
GDP	Gross Domestic Product
GPA	Good Agriculture Practices
GVA	Gross Value Added
HCFC	Hydrochlorofluorocarbons
HCF	Hydrofluorocarbon
IADC	International Airport Development Company
IBC	International Business Companies
IBRD	International Bank for Reconstruction and Development
ICT	Information Communication Technology
IDA	International Development Association
IMF	International Monetary Fund
INDC	Intended National Determine Contribution
kWh	Kilo Watt Hours
Kfw	German Development Bank
LDC	Least Developed Countries
NAP	National Adaptation Plan
NAMA	National Appropriate Mitigation Action
MOU	Memorandum of Understanding

MDG	Millennium Development Goals
NDMRP	National Disaster Management Rehabilitation <i>Project</i>
NESDP	National Economic and Social Development Plan
NIS	National Insurance Services
NQF	National Qualifications Framework
NTRC	National Telecommunications Regulatory Commission
ODA	Official Development Assistance
OECD	Organisational Economic Cooperation and Development
OECS	Organisation of the Eastern Caribbean States
PAHO	Pan American Health Organisation
POCA	Proceeds of Crime Act
PSIP	Public Sector Investment Programme
RRACC	Reducing Risk to Human and National Assets from Climate Change
RDVRP	Regional Disaster Vulnerability Reduction Programme
RGSM	Regional Government Securities Market
SARs	Suspicious Activity Reports
SET	Support for Education and Training
SIDS	Small Island Developing States
SVGCC	St. Vincent and the Grenadines Community College
SWMU	Solid Waste Management Unit
UNEP	United Nations Environment Protection
UNFCCC	United Nation Framework Convention on Climate Change
US	United States
USD	United States Dollar
VAT	Value Added Tax
VINLEC	St. Vincent Electricity Services
WHO	World Health Organisation
XCD	Eastern Caribbean Dollars
m	Million
b	Billion

Selected Key Indicators (2011-2015)

	2011	2012	2013	2014	2015 P
Real Sector					
Real GVA Growth (%)	0.2	1.3	2.5	0.2	0.6
Nominal GDP at Market Prices (EC\$M)	1,826	1,871	1,947	1,965	1,992
Per Capita GDP at Market Prices (EC\$)	16,610	17,010	17,814	17,840	18,065
Point-to-Point Inflation Rate (End of period)	4.7	1.0	0.0	0.1	-2.1
Point-to-Point Inflation Rate (Period average)	3.2	2.6	0.8	0.2	-1.7
Travel Receipts (EC\$M)	247.6	254.2	249.3	322.8	n.a
Tourist Arrivals	73,866	74,364	71,725	70,713	75,381
Fiscal Sector					
Current Account Balance (% of GDP)	-0.9	-1.5	0.5	1.3	0.3
Total Debt Outstanding (% of GDP)	67.6	71.4	74.2	79.5	79.8
Current Revenue (% of GDP)	25.3	25.3	23.8	27.2	26.0
Capital Revenue (% of GDP)	1.8	3.2	1.6	2.0	2.6
Current Expenditure (% of GDP)	26.8	26.3	26.4	25.9	25.7
Capital Expenditure (% of GDP)	3.0	8.1	26.4	25.9	25.7
Debt Service (% of Total Revenue)	26.3	25.7	27.7	27.4	30.2
Debt Service Ratio (%)	4.6	3.7	4.1	3.7	n.a
External Sector					
Current Account Balance (% of GDP)	-28.7	-26.3	-30.4	-24.2	n.a
Capital and Financial Account Balance (% of GDP)	25.6	29.1	35.2	n.a	n.a
Net Balance on the Capital Account '* (% GDP)				3.0	n.a
Net Lending(+)/Borrowing (-) from the Financial A/C * (% of GDP)				-21.2	n.a
Overall Balance (% of GDP)	-3.3	2.9	3.3	0.1	n.a
Total Exports (EC\$m)	103.5	114.9	132.8	129.9	123.6
Total Imports (EC\$m)	895.7	961.3	999.0	976.8	901.0
Monetary Sector					
Monetary Liabilities - M2 (% change)	-0.03	6.6	8.6	9.6	4.8
Money Supply - M1(% change)	-4.1	8.9	3.7	13.9	2.7
Net Foreign Assets	393.2	408.8	493.8	508.2	531.9
Net Domestic Assets	715.8	775.2	792	900.4	943.4
Social Sector					
Human Development Index (HDI) Rank	85	83	91	97	n.a
Human Development Index (HDI)	0.713	0.715	0.717	0.72	n.a
Life Expectancy at birth (years)	70.6	73.5	72.3	71.3	n.a
Crude Mortality Rate (per '000)	8.0	7.8	8.4	9.1	n.a
Expenditure on Education (% of Total Expenditure)	21.2	17.8	21.0	17.0	17.8
Expenditure on Health (% of Total Expenditure)	8.2	10.5	12.2	9.9	10.9

n.a - Not Available, *- Balance of Payment 6th Edition Manual

REVIEW OF ECONOMIC AND SOCIAL ACTIVITY FOR 2015

Economic activity in Saint Vincent and the Grenadines showed signs of recovery in 2015, relative to 2014. Preliminary estimates indicate that real Gross Value Added (GVA) increased by 0.6 per cent, following growth of 0.2 per cent in 2014. This movement was largely on account of growth in the construction, manufacturing and financial intermediation sectors.

Activity in the construction sector rebounded after recording a decline in 2014. The sector grew by 8.7 per cent, mainly due to the implementation of public sector projects lead by activities at the Argyle International Airport and increased residential construction.

The manufacturing sector realised growth of 2.9 per cent largely due to increased production of brewed products. Meanwhile, activity in financial intermediation services expanded by 3.2 per cent, as the growth in total loans outpaced increases in deposits. Value added in the hotels and restaurants sector increased by 3.9 per cent in 2015, following a decline of 3.2 per cent in 2014.

The real estate, renting and business services sector had marginal growth of 0.8 per cent, reflecting improvement in business activity. This sector continues to be the largest contributor to GVA (16.4%). There was also growth in value added in: fishing (8.6 %); electricity and water (3.3%); public administration, defence and compulsory social security (0.3%); as well as social sectors such as education (2.5%) and health and social work (0.6%).

The inflation rate as reflected by the change in the consumer prices was negative 2.1 per cent in December 2015, compared with 0.1 per cent for the corresponding period in 2014. This downward movement was mainly influenced by a fall in oil prices. The groups registering the largest declines during 2015 were “Transport” (6.9%), “Housing, Water, Electricity, Gas and Other Fuels” (4.8%) and “Food and Non-Alcoholic Beverages” (2.3%).

Money and credit conditions improved relative to the comparative period in 2014. Broad money or M2 (4.8%), domestic credit (4.8%), net foreign assets (4.7%) and liquidity, all grew relative to 2014.

However, the weighted average interest rate spread widened marginally over the same period.

During 2015, the fiscal operations of the central government resulted in a narrowing of the overall deficit. This performance was on account of a greater decline in total expenditure compared with the contraction in total revenue and grants.

In 2015, current revenue fell by 3.2 per cent compared with 2014. This was largely due decreases in most categories of non-tax revenue. Notwithstanding, revenue from taxes on property, international trade and domestic transactions registered increases.

REVIEW OF ECONOMIC AND SOCIAL ACTIVITY JANUARY - SEPTEMBER 2016

1 INTERNATIONAL AND REGIONAL DEVELOPMENT

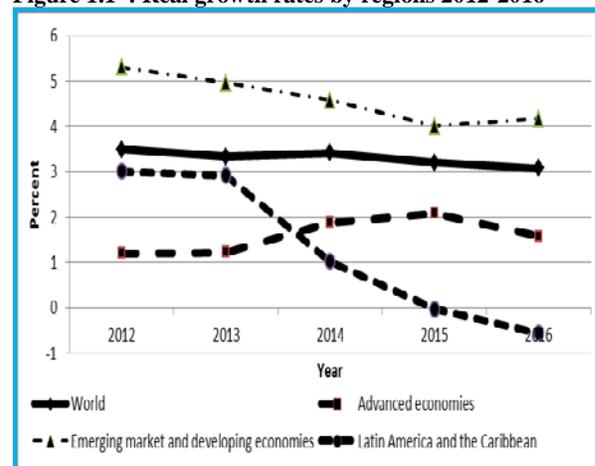
1.1 International Developments

Amidst continuing realignments, declines in terms of trades, reduced labour productivity, ongoing recessions, geopolitical tensions and uncertainty, the world economy grew by 3.1 per cent during the first half of 2016 relative to 2015.

In the United States, growth was 1.6 per cent compared with 2.6 per cent in 2015. This was occasioned by an average increase in consumption levels of 3.0 per cent which resulted from strong labour market growth and rising income levels.

Similarly, growth in the Euro area slowed to 1.7 per cent, from 2.0 per cent in 2015, resulting from normalization of domestic demand, following stronger than expected growth in the early part of the year.

Figure 1.1 : Real growth rates by regions 2012-2016



Source: IMF, World Economic Outlook Database, October 2016

Leading up to the Brexit referendum, momentum in the UK economy slowed, fuelled mainly by uncertainty. Nonetheless, robust performances earlier in the year were sufficient to buoy growth at 2.4 per cent.

Following growth of 2.1 per cent in the first quarter of 2016 in Japan, weaker external demand and investments fuelled a deceleration in the Japanese economy to 0.7 per cent in the second quarter.

Overall, growth in emerging and developing economies improved to 4.2 per cent, following 4.0 per cent in the previous year. Nonetheless, growth remained uneven

across the countries. While there were general improvements in Asia and signs of easing in Russia, many Middle Eastern and sub-Saharan African economies experienced recessions, mainly on account of their dependence on oil and commodity exports. During the period, the Chinese economy grew by 6.6 per cent as it implemented a rebalancing policy, shifting more from industry into services. Similarly, India's economy exhibited robust growth of 7.6 per cent, led by strong exports, among other things. Contrastingly, economic activity in Latin America and the Caribbean contracted by 0.6 per cent as the Brazilian economy, despite slight easing, remained in recession. This economy has been hampered by low commodity prices and political uncertainty. Similarly, several of the economies of this region were hampered by falling export earning, being net importers, and rising protectionist sentiments elsewhere.

1.2 Regional Developments

Economic activity in the Eastern Caribbean Currency Union (ECCU) economies improved in the first nine months of 2016, relative to that of 2015, amidst mixed performances in the major economic sectors. Economic activity is projected to increase throughout, albeit with a contraction in St. Lucia. While the construction, tourism,

wholesale and retail and transport, storage and communication sectors posted growth, the Union recorded declines in activity in the agricultural and manufacturing sectors. Activity in the construction sector was led mainly by the private sector, as public sector construction was slower than expected in most of the territories. The private sector construction activities were concentrated on tourism related establishments and the construction of residences.

With the improvement in construction, activity in the mining and quarrying sector increased concomitantly. Meanwhile, activity in tourism increased despite a reduction in total visitor arrivals. Expenditure increases resulting from a higher number in stay over visitors which are sufficient to offset a decline in the other categories, namely, cruise, yachting and excursionists. Despite growth in the banana agriculture sub-sector, activity in the agricultural sector contracted (with the exception of Saint Vincent and the Grenadines), fuelled by a reduction in non-banana output and adverse weather conditions. Similarly, activity in the manufacturing sector in all territories, with the exception of Grenada, either contracted or stagnated.

The ECCU trade deficit widened as import prices increased, accompanied by a contraction of export earnings. The consolidated central governments' fiscal operations showed improvement as a result of surpluses in some territories and a narrowing of the overall deficit in others. Growth in recurrent revenue outpaced that of current expenditure. Total outstanding debt expanded on account of resolution of a banking crisis in Anguilla and growth in central governments' debts across the territories. Monetary liabilities and net foreign assets increased, while domestic credit declined. Consequently, liquidity in the commercial banks rose while the interest rate spread between loans and deposits widened.

2 ECONOMIC AND FINANCIAL DEVELOPMENTS

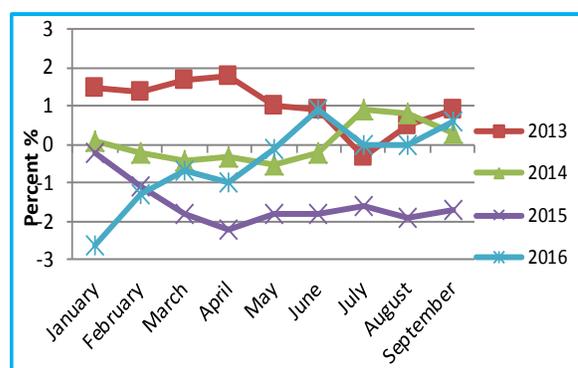
2.1 Consumer Prices

The annual average inflation rate for the period January to September 2016 was negative 0.5 per cent, compared with negative 1.6 per cent for the corresponding period 2015. The monthly inflation rates for the period under review were higher in 2016 than those in 2015 with exception of January and February (see figure 2.1). The largest decline of 2.6 per cent was recorded in January, with the lowest being 0.0 per cent in July and August 2016. Meanwhile, the “All Item” index was 106.4 for September 2016 compared with 105.8 in September 2015. This was largely attributed to a rise in the price of fuel which impacted the index.

As at September 2016, nine (9) groups recorded increases. These groups were alcoholic beverages, tobacco and narcotics (4.0%); clothing and footwear (2.2%); furnishings, household equipment and household maintenance (1.7%); recreation and culture (1.5%); food and non-alcoholic beverages (0.9%); housing, water, electricity, gas and other fuels (0.5 %); health (0.6%); communications (0.6%); and miscellaneous goods and services (0.3%). Three (3) groups decreased, transport

(2.0%); education (0.8%) and restaurant and hotels (0.8%).

Figure 2.1: Point-to-point Inflation Rates, Jan – Sept 2012 - 2016



Source: Statistical Office, Ministry of Economic Planning etc.

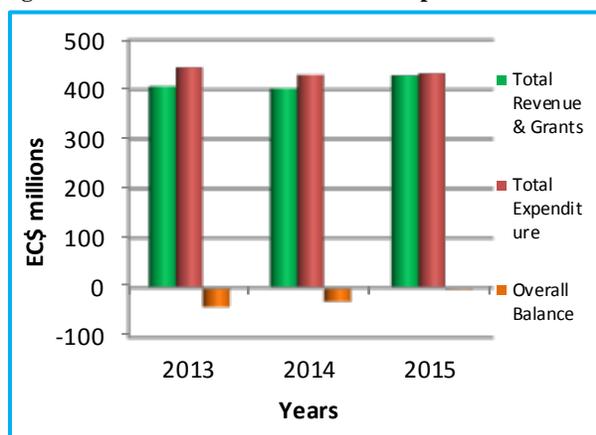
2.2 Government Finances¹

Central Government Fiscal Operations

The central government’s fiscal operations for the first nine months 2016 improved compared with the same period in 2015. Current revenue expanded by 9.3 per cent to \$409.6m, while current expenditure grew by 2.7 per cent. Consequently, the current balance realised a surplus of \$24.4m compared with a deficit of \$0.05m in 2015. As a result, the deficit on the overall balance narrowed to \$3.8m compared with a deficit of \$27.1m in 2015 (see figure 2.2).

¹ Data from the Ministry of Finance are now classified according to the Government Finance Statistics Manual 2014 (GFS 2014).

Figure 2.2: Central Government Fiscal Operations



Source: Ministry of Finance

Revenue

The current revenue of \$409.6m, was comprised of tax revenue of \$352.9m and non-tax revenue of \$56.7m. Tax revenue increased by 10.3 per cent while collections from non-tax sources grew by 3.0 per cent. Collections from the major tax revenue items, with the exception of property income, improved during the period (see figure 2.3).

Revenue from taxes on income and profits expanded by 15.7 per cent to \$104.8m. This movement was on account of an increase in collections by 40.6 per cent and 8.3 per cent for companies and individuals, respectively. The increase in the collection of corporate tax was due mainly to the collection of arrears, while individual tax receipts rose mainly as a result of tax bracket creep. Receipts from non-resident taxes fell by 11.9 per cent to \$9.4m for the period under

review. Taxes on property grew by \$28.0m (18.8%); mainly due to a doubling in the collection of Alien Land Holding Licences and a 6.2 per cent increase in stamp duty on property.

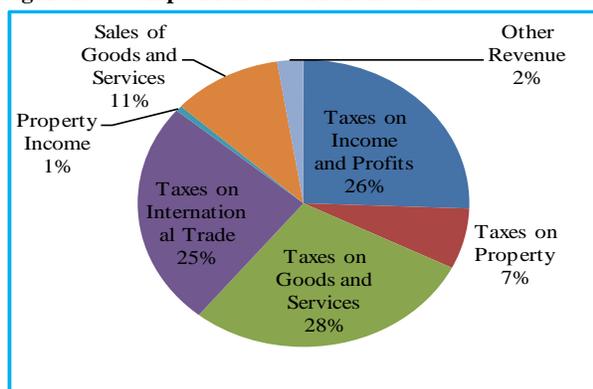
Taxes on goods and services which totalled \$116.5m increased by 3.7 per cent during the review period. This growth was spurred by increased receipts from motor vehicle licence fees, excise duty and VAT, of 18.0 per cent, 12.6 per cent and 7.8 per cent, respectively. The increase in collections from motor vehicles licences was as a result of higher imports of motor vehicles and implementation of new licences fees that were announced in 2016 budget. Improved collection of excise duty (on imports) was as a result of growth in the number of vehicles imported. Receipts from interest levy fell by 4.3 per for the period under review.

Revenue from taxes on international trade which amounted to \$103.6m, registered an increase of 11.0 per cent when compared with 2015. All items under this category, showed improved performances: vehicle surtax (89.4%), import duty (11.0 %) and VAT (7.1%). Receipts from customs service charge increased by 13.8 per cent. The 89.4 per cent rise in receipts from vehicle surtax resulted mainly from an

increase in the importation of vehicles and the rates during the period.

Revenue from sale of goods and services was higher, moving from \$41.9m in 2015 to \$43.6m as at September 2016. Receipts from all sub-components declined with the exception of drivers' licence, which rose by 14.8 per cent. This was mainly due to changes in the rates.

Figure 2.3: Composition of Current Revenue



Source: Ministry of Finance

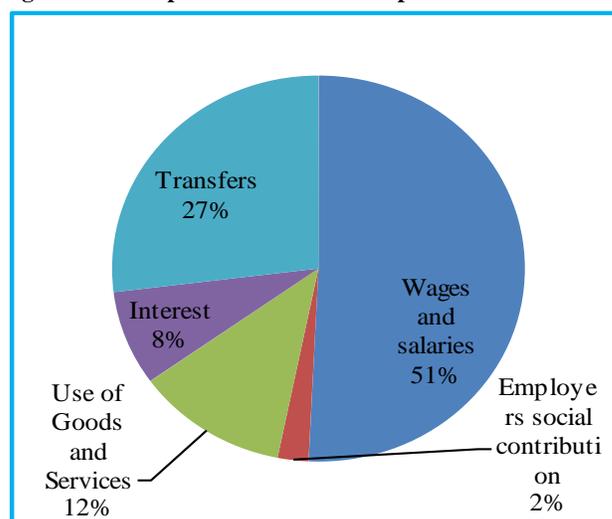
Expenditure

During the review period September 2016, current expenditure amounted to \$385.2m. This figure represents an increase of 2.7 per cent when compared with the same period in 2015. All components, except compensation of employees and transfers, recorded lower levels of expenditure. Salaries and wages amounted to \$195.6m. (see figure 2.4).

Expenditure on transfers grew by 5.8 per cent to \$103.8m, this was due to an increase in the amount spent on social assistance benefits (33.0%) and employment related social benefits (9.9%).

Spending on the use of goods and services contracted by 6.3 per cent mainly due to reduced expenditure on utilities, supplies and sundry expense during the review period.

Figure 2.4: Composition of Current Expenditure



Source: Ministry of Finance

Capital Receipts

Capital inflows during the review period fell by 32.0 per cent to \$18.6m mainly due to lower receipts from other capital revenue,

which more than offset the 47.0 percent increase in grants.

Capital Expenditure

Expenditure on the Public Sector Investment Programme (PSIP) for the period January – September 2016 amounted to \$46.8m or 14.0 per cent lower compared with the same period in 2015. Capital expenditure was affected by the slow implementation of the PSIP during 2016.

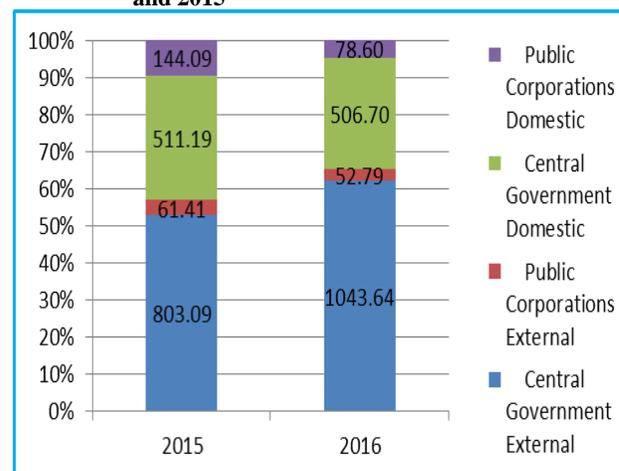
2.3 Debt

As at the end of September 2016, total public sector debt stood at \$1.7b compared with \$1.5b at the end of September 2015, an increase of 13.3 per cent. External debt increased by 26.8 per cent while domestic debt decreased by 10.7 per cent. Of the total debt, 65.2 per cent or \$1.1b was held externally with the remaining 34.8 per cent or \$585.3m held by domestic creditors (see figure 2.5).

Central government’s debt increased by 15.4 per cent, moving from \$1.3b at the end of September 2015, to \$1.5b at the end of September 2016. Of the total central government’s debt, the external portion grew by 29.9 per cent, while the domestic portion decreased by 0.01 per cent. The

increase in the external component was mainly due to the inclusion of the total amount of \$185.22m due to Petroleos de Venezuela.

Figure 2.5: Composition of Total Public Debt Sept 2016 and 2015



Source: Ministry of Finance

In contrast, public corporations’ debt decreased by 36.1 per cent from \$205.5m in 2015 to \$131.4m in 2016. The decrease can be attributed to the effects of amortisation which outpaced disbursements.

Of the total public corporations’ debt, the domestic portion decreased by 45.4 per cent from \$144.1m in 2015 to \$78.6m in 2016. Meanwhile the external portion decreased by 14.0 per cent moving from \$61.4m in 2015 to \$52.8m in 2016.

Debt Servicing

For the period under review central government’s debt servicing cost increased

by 15.1 per cent from \$103.6m to \$119.3m in 2016. The increase was mainly due to a 28.8 per cent increase in domestic debt servicing, which moved from \$54.2m to \$69.8m on account of repayments of short term advances contracted during the year. Additionally, external debt servicing, amounted to \$49.5m, representing a marginal increase of 0.2 per cent over 2015.

2.4 International Trade

Merchandise trade

Preliminary data for the review period show that merchandise trade increased from \$729.5m in 2015 to \$746.6m in 2016, an increase of 2.3 per cent. This figure comprise of imports of \$665.5m and exports of \$81.1m. The deficit on the balance of trade amounted to \$584.4m, an increase of \$37.4m or 6.8 per cent over the 2015 figure.

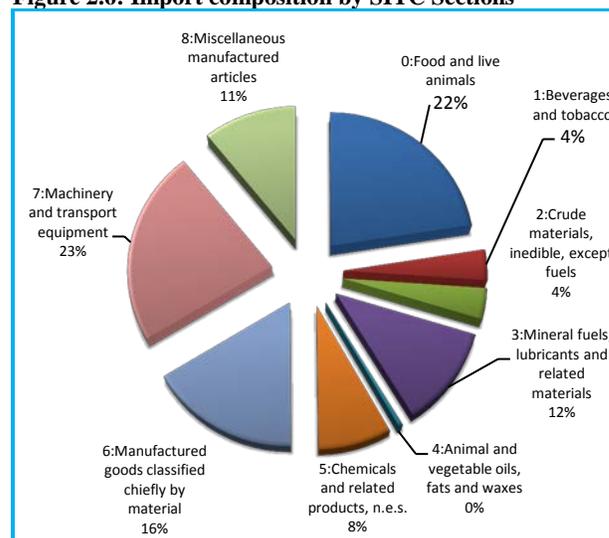
Merchandise imports

Merchandise imports amounted to \$665.5m, a 3.5 per cent increase when compared with the corresponding period in 2015. This increase is on account of higher imports in the following categories: machinery and transport equipment (19.1%), miscellaneous

manufactured articles (16.6%), mineral fuels etc. (7.6%) and animal and vegetables oils etc. (4.3%), contributed to the overall increase in merchandise imports. Food and live animals (3.5%), manufactured goods (2.2%) and chemicals and related products (1.7%), all registered declines.

Machinery and transport equipment (22.9%) and food and live animals (22.5%) make up the largest share of the import market. Two other important categories were manufactured goods classified chiefly by material and mineral fuels, lubricants and related materials accounted for 16.5 per cent and 11.6 per cent, respectively (See figure 2.6).

Figure 2.6: Import composition by SITC Sections

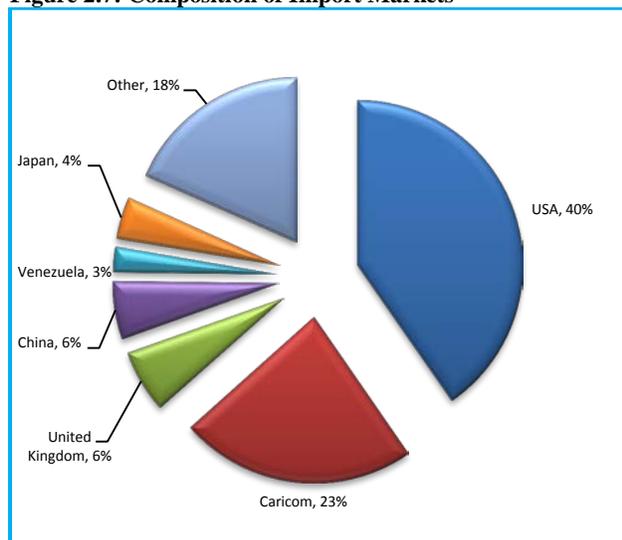


Source: Statistical Office, Ministry of Economic Planning etc.

The United States of America (USA) continues to be the primary supplier of

imports to Saint Vincent and the Grenadines, amounting to \$268.4m (40.0%). The second largest source of imports was CARICOM , accounting for 23.0 per cent. Within CARICOM, Trinidad and Tobago (68.8%), Barbados (12.0%) and Guyana (8.4%) were the major suppliers. The third and fourth largest suppliers of imports were the United Kingdom (UK) and China, each accounting for 6.0 per cent of the market share (see figure 2.7).

Figure 2.7: Composition of Import Markets



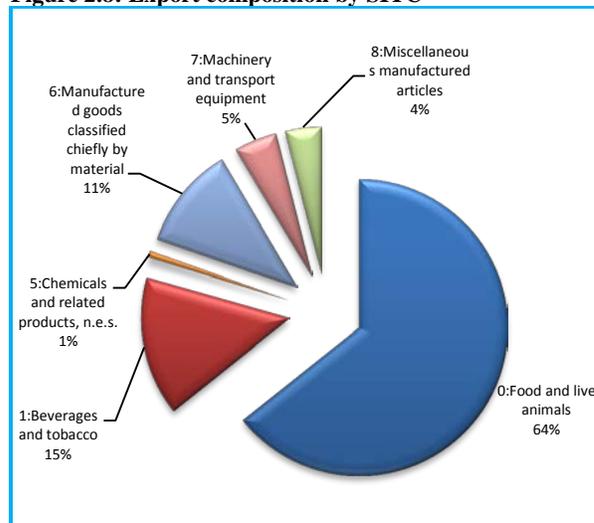
Source: Statistical Office, Ministry of Economic Planning etc.

Merchandise Exports

Merchandise exports amounted to \$81.1 m, an 11.1 per cent reduction when compared with the corresponding period in 2015. This reduction was due to decreases in re-exports and domestic exports of 28.3 per cent and 9.4 per cent respectively..

Food and live animals accounted for 64.3 per cent of exports as at September 2016. Two other important export categories were beverages and tobacco and manufactured goods which accounted for 15.1 per cent and 11.2 per cent, respectively (See figure 2.8).

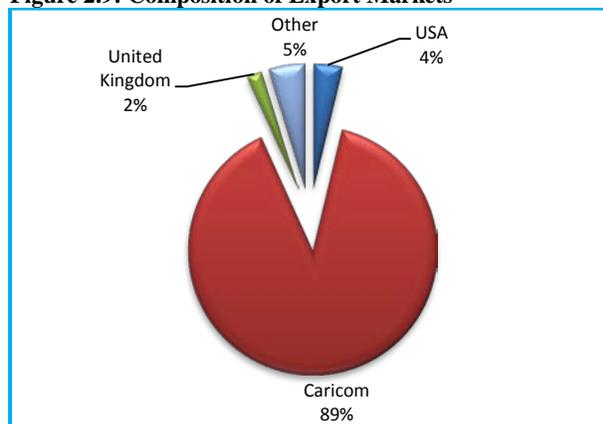
Figure 2.8: Export composition by SITC



Source: Statistical Office, Ministry of Economic Planning etc.

During the first nine months of 2016, CARICOM countries absorbed \$73.0m or 89.0 per cent of Saint Vincent and the Grenadines’ exports.. The second and third largest export markets were the USA (4.0%) and the UK (2.0 %) (see figure 2.9).

Figure 2.9: Composition of Export Markets



Source: Statistical Office, Ministry of Economic Planning etc.

2.5 Money and Credit

Total monetary liabilities and net foreign assets grew relative to 2015. However, domestic credit declined, while the weighted average interest rate spread, narrowed marginally over the same period.

Money Supply

Broad money aggregates (M2) increased by 3.5 per cent to \$1.5b during the review period, relative to a 4.7 per cent increase in 2015. This rate of expansion was largely attributed to a 10.5 per cent increase in narrow money (M1). There was a marginal improvement of 0.1 per cent growth in quasi money.

Growth in narrow money was mainly due to increases in currency with the public (47.6 %) and private sector demand deposits

(6.1%). These account for approximately 82.1 per cent of M1.

Domestic Credit

Domestic credit contracted by 2.1 per cent to \$1.1b during the period under review. This movement was largely attributable to a 28.8 per cent decline in net credit to central government (decrease in drawdowns on government's credit) and a 5.0 per cent fall in deposits. Private sector credit, which was the major category, grew marginally by 0.1 per cent as the increase in credit to households (3.5 %) was partially offset by the contraction in credit to businesses (8.9 %).

Net Foreign Assets Position

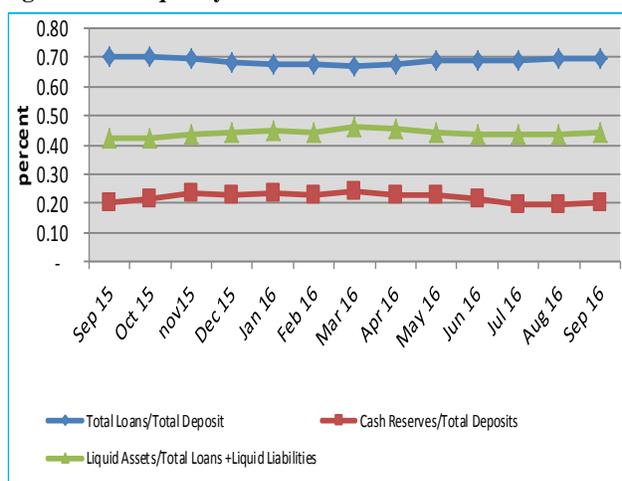
The net foreign assets of the commercial banking system stood at \$606.7m, an increase of 24.8 per cent over the same period in 2015. This expansion was fuelled by activities in commercial banks which doubled, coupled with an increase of 6.9 per cent of the country's share of imputed reserves in the Eastern Caribbean Central Bank (ECCB).

Liquidity and Commercial Interest rates

Liquidity in the commercial banking system increased, relative to the corresponding period for 2015. The ratio of liquid assets to total deposits and liquid liabilities moved to 44.1 per cent as at September 2016 from 42.4 per cent as at September 2015, which is above the prudential ratio of 25.0 per cent. The ratio of total loans and advances to total deposits was 69.3 per cent compared with 70.1 per cent for the same period in 2015 (see figure 2.10).

September 2016, moving from 9.3 per cent in September 2015, as financial institutions sought to improve the competitiveness of their loan products. Average interest rate on deposits, moved from 1.9 per cent in 2015 to 1.8 per cent as at September 2016.

Figure 2.10: Liquidity Ratios



Source: Eastern Caribbean Central Bank (ECCB)

The weighted average interest rate spread contracted during the first nine months of 2016 to 7.31 per cent from 7.33 per cent in 2015. The average lending rate recorded a slight decline, as it stood at 9.1 per cent in

3 THE REAL ECONOMY

3.1 Agriculture

Saint Vincent and the Grenadines has been re-oriented towards a broad service based economy, agriculture and fisheries remain important vehicles for growth. The short to medium term goal of the government is to expand the base of these two sectors. Accordingly, in 2016, the government continued to provide farmers with : (1) soft-loans through the Farmers' Support Company and (2) plantlets at a subsidized cost.

Additionally, work commenced on improving the feeder road system through the Agriculture Modernisation and Development Project (AMDP) and the Kuwait funded feeder-road rehabilitation project through the Ministry of Transport, Works etc. Other agricultural sector enhancing programmes include the implementation of the Banana Accompany Measures (BAM). This \$34.5m project is financed by the EU, with focus placed on:

1. Increasing the provision of agriculture infrastructure.
2. Promotion of sustainable land use practices and environment management.
3. Provision of incentives and technical assistance to encourage youth participation in agriculture.
4. Strengthening the institutional capacity for production, pest and disease management and marketing to ensure sustainable agriculture.

Access to finance, though limited, improved for farmers. Outstanding loans to the agriculture industry moved to \$2.8m at the end of September 2016, from \$1.9m for the same period in 2015 or an increase of 47.4 per cent.

Crops

Preliminary data show crop production grew by 8.5 per cent moving from 70.4m lbs in 2015 to 76.4m lbs in the corresponding period in 2016. Growth was recorded in the output of both banana (13.3%) and other crops (7.9%).

Banana

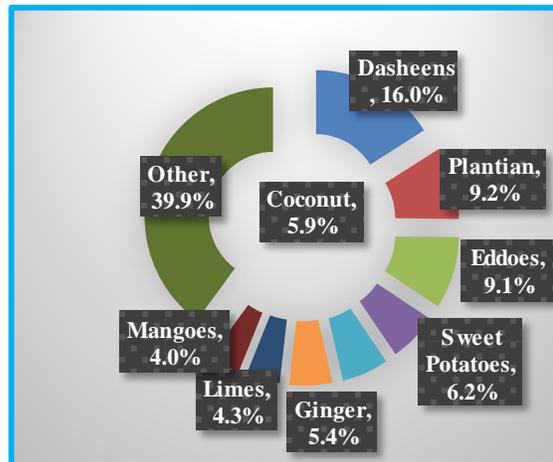
During the review period, activity in the banana subsector is estimated to have improved. Preliminary data show that banana farms realized a yield of 9.4m lbs for the first three quarters of 2016. This output was 13.3 per cent more than the 8.3m lbs for the corresponding 2015 period. Further to ensuring that farms are brought up to global GAP compliant level, the government continued its efforts to eradicate the Black Sigatoka disease, a major challenge to the banana industry since 2011. To this end, regular ground operations were complemented by three (3) aerial spraying cycles. A total of area of 2,710 acres or 1,159 farms were sprayed by the end of the third quarter of the year. As a result, the average cronshaw level at the end of September was at 1.34, below the threshold value of 2.5.

Other Crops

Diversification of the agriculture sector continues to be a policy objective of the government. Preliminary data for the first nine months of 2016 show a yield of 67.0m lbs or 7.9 per cent increase over the 62.1m lbs recorded for the corresponding period in 2015. Temporary crops accounted for 63.4 per cent, dasheens (16.0%), plantains

(9.2%), eddoes (9.1%), and sweet potatoes (6.2%) were the main crops produced (see figure 3.1).

Figure 3.1: Composition of Other Crops

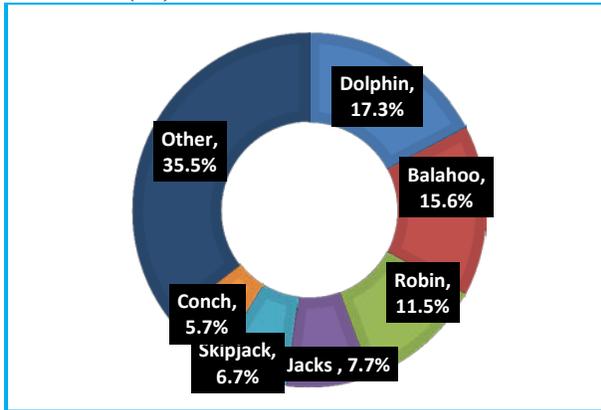


Source: Ministry of Agriculture, Forestry and Fisheries

3.2 Fishing

Activity in the fishing sector declined in the first nine months of 2016. Fish landings fell to 1.2m lbs, valued at \$7.3m, from 1.4m lbs, at a value of \$8.5m for the corresponding period in 2015. This represents reductions of 14.3 per cent and 14.1 per cent in volume and earnings, respectively. The main species landed (in volume) were dolphin (17.2%), balahoo (15.6%), robin (11.5%), jacks (7.7%), skipjacks (6.7%) and conch (5.7%). (See figure 3.2).

Figure 3.2: Composition of Fish Landings in Volume (lbs) 2014



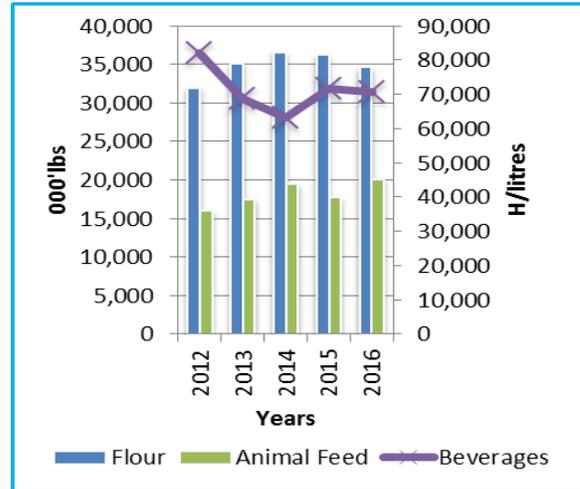
Source: Fisheries Division, Ministry of Agriculture, etc.

3.3 Manufacturing

For the first nine months of 2016, economic activity in the manufacturing sector is estimated to have slowed. This performance was driven mainly by a decline in the output of brewed products, which fell by 1.5 per cent. The decline in the output of brewed products was largely the result of a decrease in the production of alcoholic beverages (see figure 3.3). Similarly, output of flour and mill feed declined by 4.4 per cent and 15.2 per cent, respectively, due to lower demand. In contrast, the production of animal and poultry feed increased by 13.4 per cent during the period.

With regard to light manufacturing, packaging output grew by 5.5 per cent, while the production of PVC pipes and galvanise sheets contracted by 37.8 per cent and 8.2 per cent, respectively.

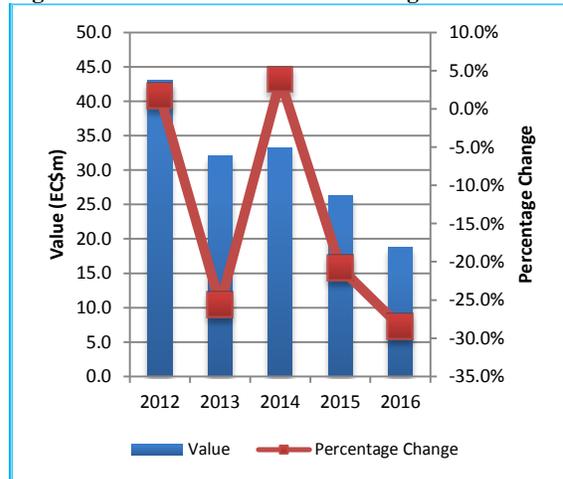
Figure 3.3: Output Volume of Main manufactured Items



Source: Statistical Office, Ministry of Economic Planning etc.

There was a reduction in credit to the manufacturing sector. As at September 2016, \$18.8m was disbursed to manufacturers, down 28.5 per cent relative to the corresponding period in 2015.

Figure 3.4: Credit to the Manufacturing Sector



Source: ECCB

3.4 Construction

Activity in the construction sector increased for the January to September period of 2016,

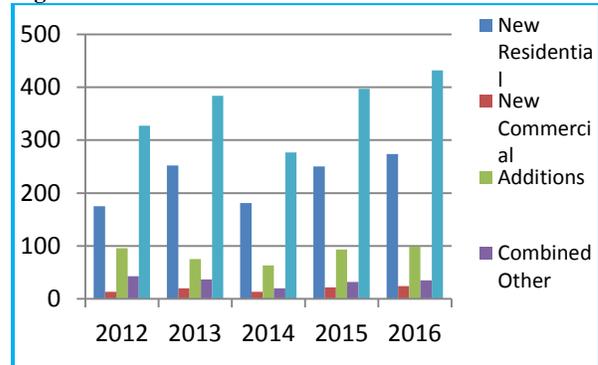
compared with that of 2015, on account of expansions in activities in both public and private sector. Regarding public sector activities, in addition to the implementation of a number of road rehabilitative projects, works continued on the Argyle International Airport and South Leeward Highway. Projects were also implemented under the Regional Disaster Vulnerability Reduction Project. Works on other projects include: 1) refurbishment works on the modernisation of health centres across the state and; 2) upgrading of pre-primary school plants. Private sector activity was led by the construction of the Canouan Marina.

During the review period, commercial bank credit to the construction sector contracted by 5.0 per cent compared with that of 2015. This represents a reduction to \$21.8m in 2016 from \$22.9m in 2015. While the first two quarters exceeded the pace of 2015, slower activity in the 3rd quarter reduced the overall credit to the sector for the review period. Notwithstanding, imports of construction materials expanded by 4.8 per cent, from \$88.2m in 2015 to \$92.4m in 2016.

Construction permits for the period increased by 8.8 per cent during the review

period, building on a 4.3 per cent increase in the previous year (see figure 3.5). All categories of permits registered increases. Following a 3.8 per cent increase in permits granted for the construction of new residents in 2015, permits granted for that same purpose increased further by 9.6 per cent in the 2016 period. Similarly, permits granted for the construction of new commercial buildings increased by 9.0 per cent, in the same period in 2015. Also, permits granted for additions increased by 6.5 per cent, further to a 47.6 per cent increase the previous year. Likewise, permits granted for other purposes increased by 9.4 per cent, following a 60.0 per cent rise in the corresponding period of 2015.

Figure 3.5: Construction Permits 2012-2016



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

3.5 Tourism (Hotels & Restaurants)

The tourism sector continues to play an important role in the creation of jobs and

foreign exchange earnings. Recognizing its importance, the government continues to advance policies to develop the sector. During 2016, the following activities were completed:

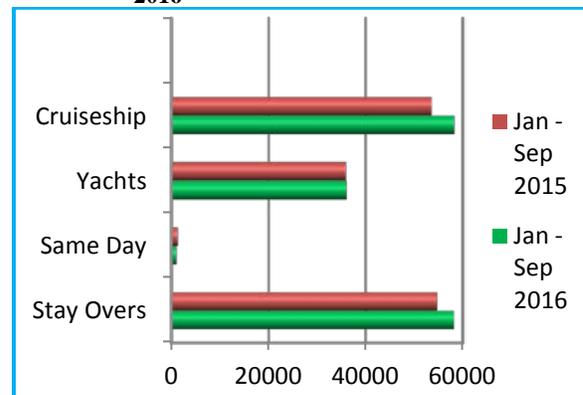
- A virtual resource centre (website) created to provide the opportunity for craft artisans to market their products to the world;
- The construction of a Cayo village at the Argyle International Airport site, a replica of an indigenous village in Saint Vincent and the Grenadines;
- A two-year regional Craft Enhancement and Business Planning Training Project funded by the Organization of the American States. Under this project twenty-three local craft artisans received training in the areas of business management, service excellence and tourism education;
- A Tsunami assimilation exercise to test the ministry’s draft Disaster Contingency and Crisis Communication Plans.

Visitor arrivals

For the period January to September 2016, total visitor arrivals amounted to 153,667 up from 145,680 in 2015, as all categories of

visitors with the exception of same day visitors registered increases. This represents growth of 5.5 per cent following a 0.5 per cent decline in the corresponding period in 2015. Cruise, stay-over and yacht visitors recorded increases of 8.6 per cent, 6.3 per cent and 0.4 per cent, respectively, while same day visitors declined by 18.8 per cent. Arrivals by air, which accounted for 38.6 per cent of total visitors, grew by 5.7 per cent, while those arriving by sea (61.4%) increased by 5.4 per cent. Visitors arriving by cruise ship and stay-overs, each accounted for 37.9 per cent of the total, while yacht and same day represented 23.5 per cent and 0.7 per cent, respectively (see figure 3.6).

Figure 3.6: Visitor arrivals by type Jan – Sept 2015 & 2016



Source: St. Vincent and the Grenadines Tourism Authority

Stay-over Visitors

The number of stay-over visitors improved for the first nine months of 2016, rising to

58,203 from 54,759 for the corresponding period in 2015. This movement was spurred by growth in all major source markets; this represents growth of 6.3 per cent. This rate of increase exceeds the 4.0 per cent recorded for the same period in the previous year. Visitor arrivals from the Caribbean, which accounted for the largest share of the market, rose by 13.9 per cent, mainly attributed to the hosting of several regional meetings and conferences in the country. The number of visitor arrivals from the USA, the second largest market, grew by 6.7 per cent. The United Kingdom recorded growth of 1.9 per cent, which was slower than that for the corresponding period in 2015. Visitor arrivals from Canada registered a 1.6 per cent increase in 2016 after recording a decline for the corresponding period in 2015.

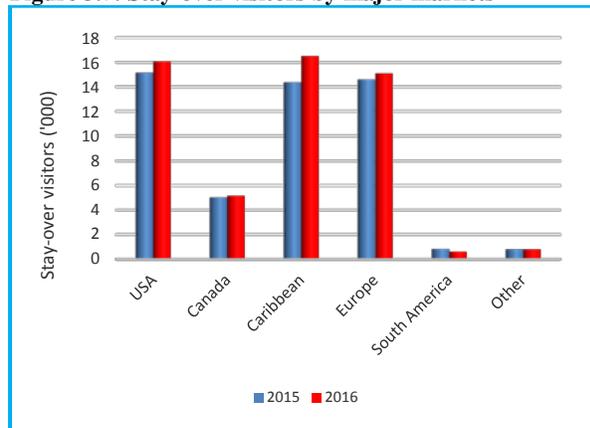
Same day Visitors

Accounting for only 0.7 per cent of visitors, same day arrival continued on its downward trajectory. For the period January to September 2016 the rate of decline was 18.8 per cent when compared with the 19.7 per cent recorded in the corresponding period in 2015.

Cruise Visitors

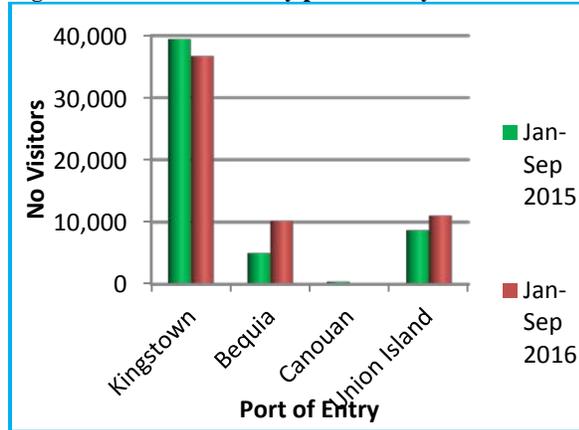
Cruise-ship visitors represented the largest category of arrivals to the state. During the period January to September 2016, accounting for 37.9 per cent. This category grew by 8.6 per cent during the first nine months of 2016, rebounding from a decline of 4.0 per cent for the same period in 2015. Notably, visitors to Bequia more than doubled during the period, amounting to 10,280 in 2016. Visitors to Union Island also increased during the period. Concomitantly, cruise ship calls increased by 13.8 per cent (see figure3.8).

Figure 3.7: Stay-over visitors by major markets



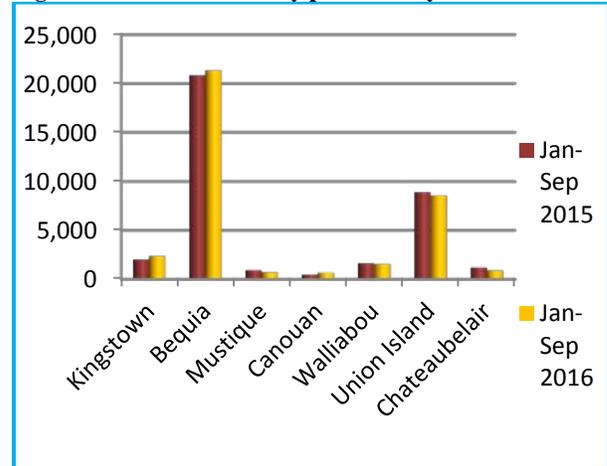
Source: St. Vincent and the Grenadines Tourism Authority

Figure 3.8: Cruise visitor by port of entry



Source: St. Vincent and the Grenadines Tourism Authority

Figure 3.9: Yachts visitor by port of entry



Source: St. Vincent and the Grenadines Tourism Authority

Yacht visitors

Yacht visitors recorded a marginal increase of 0.4 per cent for the period January to September 2016, despite mixed performances at the various ports. This category of visitors amounted to 36,134 (23.5%). The growth in yacht visitors stemmed from increases of 48.8 per cent, 17.6 per cent and 2.4 per cent at ports Canouan, Kingstown and Bequia, respectively. Bequia received the highest number of yacht visitors (59.3%). Declines were recorded at Mustique (25.3%), Chateaubelair (24.5%) and Wallilabou (3.0%).

3.6 Financial Sector

International Financial Services

The global recession in recent years, has adversely impacted on this sector. Fee income from renewals and new registrations amounted to \$2.5m in 2016, 8.7 per cent lower than that recorded for the same period in 2015, The largest decline since 2007. Lower fees were collected from trusts (17.8%), mutual funds (10.4%), IBCs (9.5%) and registered agents (5.7%). Conversely, increased fee income were recorded for Limited Liability Companies (19.0%) and International Banks (2.8%).

4 PUBLIC INFRASTRUCTURE

4.1 Public Utility

4.1.1 Energy

The government remains committed to achieving its goal (articulated in NESDP 2013-2025 : Objective 4.9:- to reduce the dependence on imported fuel), through an efficacious mix of geothermal, hydro and solar energy generation.

Work to develop a 10 – 15 megawatt (MW) geothermal plant at a cost of approximately US\$90.0m continued. To this end, the government facilitated several public sensitization sessions and completed civil work tenders for the improvement of access roads, construction of well pads and the creation of storage area. Regarding social safeguards, a resettlement action plan and a grievance mechanism were developed.

The government also pursued initiatives to reduce greenhouse gas emissions and support cleaner energy solutions. Through the US\$1.7M UN funded PACES project

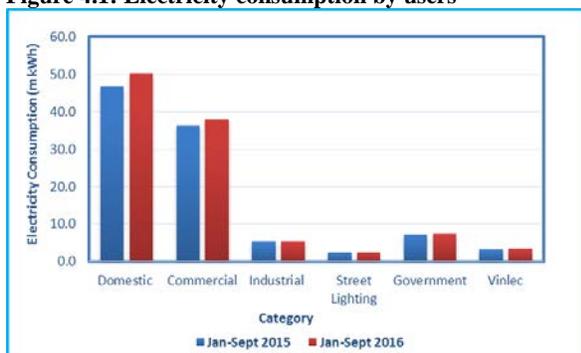
(Promoting Access to Clean Energy Services), the government:

1. developed a website for the Energy Unit to build awareness and sensitise the public on issues pertaining to renewable energy (RE) technologies;
2. conducted workshops and consultations throughout the country to disseminate information to the public on renewable energy technologies namely solar thermal, solar PV and geothermal technologies and energy efficiency and conservation; and
3. launched in April,2016 the electric vehicle, hybrid vehicle and solar carport charging station and conducting exhibitions aimed at raising awareness of electric and hybrid vehicles.

At the end of September 2016, electricity consumption increased by 5.9 per cent to 98.9m kWhs. compared with the corresponding period in 2015. This outturn was due to increased consumption by domestic users (7.3%), commercial users (4.8%), government (2.5%) and Vinlec

(8.5%). Consumption by industrial users recorded a decline of 1.6 per cent.

Figure 4.1: Electricity consumption by users

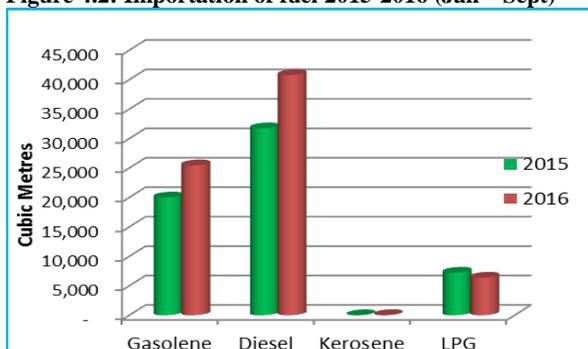


Source: Source: Statistical Office, Ministry of Economic Planning

Importation of fuel

To facilitate the increase in domestic economic activity, households and businesses imported 24.7 percent more fuel in the first three quarters of 2016 relative to the 2015 period. With the exception of liquefied petroleum gasoline (LPG), which declined by 11.6 per cent, growth was recorded in the importation of all the categories of fuel: diesel (28.0%), gasoline (27.2%) and kerosene (124.4%).

Figure 4.2: Importation of fuel 2015-2016 (Jan – Sept)



Source: Source: Statistical Office, Ministry of Economic Planning etc.

4.1.2 Water

Activity in the water and solid waste sectors declined marginally in 2016. Water production for the first nine months of 2016 amounted to 1.4b gallons, compared with 1.5b gallons over the same period in 2015. Relationally, the CWSA’s financial performance for the same period showed a decline over the performance for the previous year.

In an effort to promote improved public health, the CWSA continues to reduce the number of communal facilities and standpipes by providing free water connections to indigent customers.

In 2016, the CWSA embarked on further expansion and improvement projects in both the water and solid waste sectors; most notably:

- A further upgrade of the existing SCADA system
- Completion of the storage tank at Belle Isle on the Hermitage system
- Completion of the final phase of the pipeline installation at the Argyle Airport
- The completion of the Kingstown Sewerage System.

- Specialised training for staff in key technological areas

The CWSA continues to work with various government ministries and agencies with the aim of ensuring that all citizens in every community have access to a pipe-borne water supply.

5 SOCIAL SECTOR

5.1 Education

The Education sector in St. Vincent and the Grenadines has undergone significant changes since 2001. As education continues to be an important tool in the effort to reduce poverty, government has been constantly investing in the sector.

Early Childhood Education

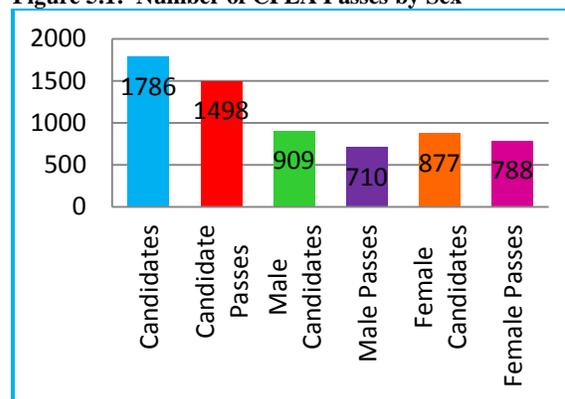
Preliminary data show enrolment for the 2016/2017 school year was 3,487 students, comprising of 1,764 males and 1,723 females. This represents an increase of 145 students over the 2015/2016 period where 3,342 students were enrolled; 1,683 males and 1,659 females.

Primary Education

Preliminary enrolment figure at the end of September for primary schools for the 2016/2017 school year was 13,073 students. This represents a marginal decline of 0.8 per cent from the 2015/2016 enrolment period. Males (6,682) outnumbered females (6,391) in the primary schools.

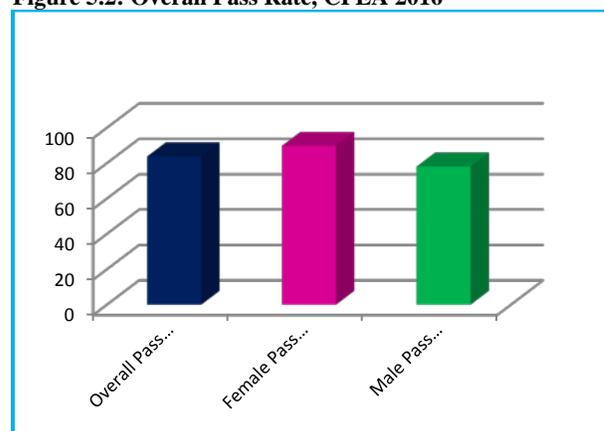
In 2016, 1,786 students wrote the Caribbean Primary Exit Assessment (CPEA) exam: 909 males and 877 females. Of these, 1,498 students or 83.9 per cent met the prescribed standard, comprised of 673 males and 801 females (see figure 5.1 and 5.2).

Figure 5.1: Number of CPEA Passes by Sex



Source: Ministry of Education

Figure 5.2: Overall Pass Rate, CPEA 2016



Source: Ministry of Education

SOCIAL SECTOR

Secondary Education

For the 2016/2017 academic year, preliminary student enrolment stood at 10,117 (5,154 males, 4,963 females). This is compared with 10,286 (5,275 males, 5,011 females) enrolled in the 2015/2016 period.

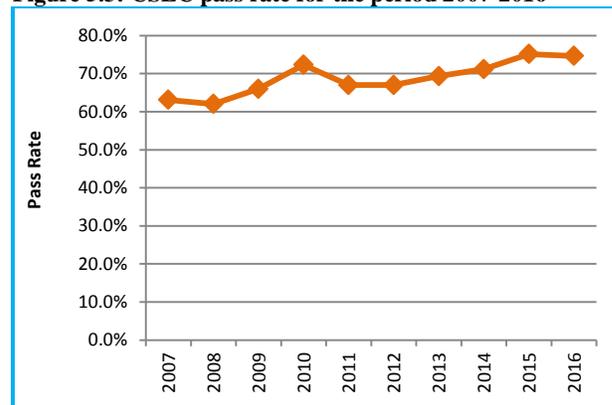
Performance at the Caribbean Secondary Education Certificate (CSEC) examination is used as measurement of success at the secondary education. In 2016, there was a marginal decrease in the pass rate for the CSEC examination, relative to 2015. Overall passes decreased to 74.7 per cent, compared with the 75.2 per cent in 2015. The pass rate of males in 2016, 72.8 per cent was relatively similar to the 72.7 per cent pass rate of 2015. Female pass rate was 76.0 per cent, compared with 76.9 per cent over the 2015 period.

In 2016, 67.8 per cent of the students who wrote the exams passed 5 or more subjects, compared with 68.0 per cent in the 2015 exams. The percentage pass rate for females was higher in both years relative to males.

Performance in mathematics worsened in 2016 relative to 2015, this was so for both male and female candidates. For English A,

performance improved with a 72.8 per cent compared with 64.3 per cent in 2015. Females outperformed males in this subject area.

Figure 5.3: CSEC pass rate for the period 2007-2016



Source: Ministry of Education

Tertiary Education

The St. Vincent and the Grenadines Community College (SVGCC) continues to focus its mandate to be an agent for change, growth and development through education and training, fostering the holistic development of our people while preparing our citizens for work and further study.

In June 2016, 620 students graduated from the SVGCC, a notable decrease of 217 students when compared with 837 students in the previous year.

The SVGCC continues to offer a wide range of programmes and in particular has worked with the Ministry of Education,

Ecclesiastical Affairs and National Reconciliation in deciding on appropriate Bachelors in Education programmes that meet the needs of the nation. To this end, 19 teachers completed the bachelors in Social Studies Education on franchise from the University of the West Indies by September 2016. Thirteen received upper second class honours degrees and six lower second class degrees.

In September 2016, the SVGCC commenced two new bachelor's degree programmes in Education, on franchise from the UWI, Cave Hill. These are: (i) bachelors in Mathematics Education and (ii) bachelors in Language Arts Education with a specialisation in Literature in English.

At the end of the summer 2016 session, 4 of the 16 students enrolled in the bachelors in Computer Science programme franchised from the University of Technology in Jamaica, successfully completed their programme.

In the summer of 2016, the SVGCC partnered with the Basic Needs Trust Fund and the Caribbean Development Bank to provide skills training for 79 unemployed and part time employed young people between the ages of 18 and 35. The training areas were: basic electrical installation, bar

operations and service, plumbing and air conditioning and refrigeration repair.

These training programmes ran for 5 weeks with a 2 week practicum attachment. Along with the skills training, participants also received training in "soft skills". On completion of the programme, they each received a set of tools necessary for their particular disciplines. The gender breakdown is shown below:

Table 1: Programme and Gender Breakdown for BNTF sponsored Summer Training Programme 2016

B.N.T.F./ SVGCC Summer Training Programme				
Gender	Plumbing	Bar Tending	Refrigeration	Electrical
Male	17	8	15	19
Female	1	13	4	2
Total	18	21	19	21

The enrolment figures for the school year 2016/2017 show a total of 2, 478 students registered at the St. Vincent and the Grenadines Community College, compared to the 2, 382 enrolled in the 2015/2016 period. Of this total 2, 123 are full time students and 221 are part-time students (see table 2).

Table 2: SVGCC Enrolment figures at October 15, 2016

Division	Fulltime		Part-time		Total
	Male	Female	Male	Female	
Arts, Sciences and General Studies	395	653	33	48	1129
Technical and Vocational Education	319	402	*118	55*	894
Nursing Education	23	192	0	18	233
Teacher Education	22	117	18	65	222
Total	759	1364	169	186	2478

**The BNTF trainees are included here as part time students as well*

The Division of Arts, Sciences and General Studies (DASGS) registered the highest enrolment with 1,129 students for the 2016/2017 school year compared to 1,281 students in 2015/2016. Eight hundred and ninety four (894) students were enrolled at the Division of Technical and Vocational Education, compared to six hundred and seventy-five (675) for the corresponding period of 2015/2016. The Division of Teacher Education had enrolment of 222 for the period under review, compared with 224 for 2015/2016. Enrolment at the Division of Nursing Education for 2016/2017 was 233 compared to 202 for the 2015/2016 period.

National Qualifications Department

The following are major developments in the Technical and Vocational Education and Training (TVET) over the period January to September, 2016:

- St. Vincent and the Grenadines received approval to grant the Caribbean Vocational Qualifications (CVQs) in 2016.
- The Prior Learning and Recognition (PLAR) pilot, which commenced in January 2016 in Electrical Installation Level 3 with seven (7) Inspectors.
- Twenty three (23) of the twenty eight (28) teachers trained completed the requirements and were certified as Assessors in Home Economics for the new CVQ thrust.

5.2 Health

During the period under review, work on health infrastructure continued to be a major focus, with several renovations/expansions being realised and new facilities being constructed:

1. The 10th European Development Fund (EDF) project is the single largest project undertaken in the health sector for the last five years. In 2016, work on this project focussed on the infrastructure components. These include the doctors' quarters, 2 poly-clinic – Marriaqua and Buccament, the Mental Health Centre, staff hostel and the Milton Cato Memorial Hospital rehabilitation project. Other components of the project include the procurement of equipment and supplies to outfit facilities under construction and the training of staff for the Neonatal Intensive Care Unit (NICU).

2. PAHO has pledged its support to implement 4 Smart Health Care facilities in Saint Vincent and the Grenadines. The pilot initiative was successful in the Caribbean, with the Georgetown Smart Hospital in Saint Vincent and the Grenadines, among the first to be implemented. A second phase of the project is being rolled out in Saint Vincent and the Grenadines, with at least three other health facilities in to be retrofitted under this project. The first of these will be the Chateaubelair hospital. The upgrades to this facility are anticipated to begin late in December 2016.

Community Health

The Community Health Services Department is relatively new in its operations, and represents an attempt to harvest the synergies of all players in primary health care and population based services within the health sector. It combines medical, pharmaceutical, health promotion, nutrition and dietetics, dental health, reproductive health and HIV/AIDS services delivered in the primary care

setting. Some significant improvements during the period under review are:

- Immunization targets were met.
- Nutrition screening for children 0 to 5 years continued, and screening and referral was added for the 10 to 11 age group prior to their transition to secondary school.
- The continued partnerships with both governmental and non-governmental organisations in health promotion initiatives nationally, with a primary focus on chronic non communicable diseases.
- HIV/AIDS care and treatment continued to be made available to all those in need. This also includes access to confidential HIV testing.
- Sexual and reproductive health services were accessible at every public health care facility.
- The drug utilization review was conducted and some gaps with regard pharmaceutical treatment were addressed.

Mental Health

The main achievements of the Mental Health Services were as follows:

- The main facility at Villa was upgraded through renovations under the 10th EDF Project.
- A structured milieu therapy programme was developed and partially implemented at the Mental Health Rehabilitation Centre.
- Outreach activities to sensitise the public on Mental Health Care were also conducted.

5.3 Social Development

The objectives of social development in Saint Vincent and Grenadines are pursued through thirty-three (33) programmes offered as cash or in-kind transfers to the indigent, poor and vulnerable. These programmes are implemented in an effort to target the multi-dimensional issues that are connected to poverty and other ailments that affect families.

Cooperatives

Cooperatives provide the environment necessary which allows the members the opportunity to secure assets to effectively improve their living conditions. During the review period, fifteen (15) vulnerable families and twelve (12) groups across Saint

Vincent and the Grenadines were identified to benefit under the Community Poverty Alleviation Project Phase II with support for sustainable livelihoods in the areas of vending, farming, agro-processing, baking, among others. In 2016, the school cooperatives intensified their operations as represented by a 30 per cent increase in savings relative to 2015.

Gender Development

Gender based violence (GBV) continues to affect the population. Violence against women continues to affect a number of women and girls. Of the 36 cases reported, in 2016, 72.3 per cent of the victims were females. To this end the Ministry of National Mobilisation continue to organize a number of programmes to minimise the incidence of domestic violence.

Child Protection

In collaboration with UNICEF, a National Child Protection Policy Framework, along with the accompanying procedural manual were developed and approved by Cabinet. This was done through multi-level national consultations to improve the system of child protection with the proclamation of the new Child Legislations.

Social Protection

A reform of the social protection landscape is on-going. This programme has undergone some major restructuring since 2015 through the specialization of services. These initiatives would result in improvements in the delivery of social services through improved targeting mechanisms, payment procedures, data management, capacity building, and grievance mechanisms. In addition, attempts would be made towards providing support to poor and vulnerable communities with poverty reduction activities that are sustainable.

The persistent increase in natural disasters, the slow performance of the economy alludes to a possible increase in the poverty indicators. Notwithstanding, during the year under review the government continued to increase social spending and strengthen social policies to reduce the levels of poverty. This social investment was realized through a myriad of safety nets initiatives.

For the period January to August 2016, the Public Assistance Programme provided support to over **5500** households, equivalent to approximately **13,000** individuals. This total investment of **\$11.5m** accounts for **42.9**

per cent of the ministry's total budget allocation for the year 2016.

5.4 Zero Hunger Trust Fund (ZHTF)

Most emblematic of government's commitment in the fight against poverty and hunger, is the launch of the Zero Hunger Trust Fund. The objective of the Fund is to provide the necessary resources to finance the eradication of hunger through multi-faceted interventions. The ZHTF initiative is consistent with goal (2) two of the Sustainable Development Goals (SDGs): "*End hunger, achieve food security and improved nutrition and promote sustainable agriculture*". Funding for the Trust is provided through a 2 per cent levy on telephone calls as well as contributions from private companies and individuals.

Since its inception, the ZHTF has implemented three initiatives (i) the educational and nutritional development programme "*adopt a classroom*". (ii) The computer skills training programme and (iii) the nutrition support to the elderly programme. The first of these, the adopt a classroom programme, has benefitted 196 students in seven primary schools, across six

of the more impoverished communities: Chateaubelair, Barrouallie, Fair hall, Sandy Bay, Fancy, and Mayreau. The direct benefits to the students include the provisions necessary for schools (stipulated textbooks, bags, uniforms, shoes) including the daily school meal, provided through the existing School Feeding Programme. Additionally there is a self-development and empowerment component directed at the parents.

The computer repairs and networking component of the rapid training and skills development programme is directed at the prevention of poverty mainly within the youth population. It is designed to train 80 students but the first 40 were trained in 2016. Those that have successfully completed the programme and are CompTIA A+ certified, have been assigned to various private and public sector entities for a six month paid apprenticeship period.

Under the nutrition support to the elderly programme, three hundred (300) food baskets were provided to persons eighty-five years and older.

6 SUSTAINABLE DEVELOPMENT

Sustainable development entails achieving human development goals without compromising continuity of natural, ecological and socio-economic systems upon which the economy and society rely. Fostering the longevity of finite resources is quintessential to enabling persistent progression. In this regard, the State has established a mechanism charged with the responsibility of charting and maintaining this thrust. During the year, activities were focused on:

- Training technicians in the safe use of new and alternative refrigerants that are emerging on the local and international refrigeration platform. This action is of great environmental benefit to both the climate change and ozone layer protection. As a Party to the Montreal Protocol that has recently agreed to the Kigali Amendment, this action is essential as we transition from HCFCs and HFCs.
- Climate change resilience building:
 - A tender for services of a consultant has been issued to prepare the climate change policy and action plan.

- Under the Japan- Caribbean Climate Change Partnership project, a National Adaptation Plan (NAP) and National Appropriate Mitigation Actions (NAMA) are in the process of being developed. These documents will be used a guide to the integration of climate risks and opportunities into economic planning and budgeting across key sectors.

- St Vincent and the Grenadines submitted its INDC to the UNFCCC, committing to reduce greenhouse gas emissions by 22% (using 2010 as base year) by 2025.

- Under the OECS Reducing the Risk to Human and Natural Assets from Climate Change project (RRACC) six rainwater harvesting systems have been installed on five emergency shelters – Sandy Bay Government School, Langley Park Government School, Georgetown Community

Centre, Park Hill Government School, Richland Park Government School – and at the Liberty Lodge Boys Training Centre. The storage capacity of the desalination plant in Paget Farm, Bequia has also been increased from 20,000 gallons to 60,000 gallons.

- Under the OECS GCCA Climate Change Adaptation and Sustainable Land Management Project, work has begun on watershed management in two areas – Cumberland and Perseverance.

- Under the KfW/CCCC Coastal Protection for Climate Change Adaptation in Small Island States in the Caribbean (CPCCA) Project, Three (3) projects have been approved for St Vincent and the Grenadines amounting to US\$1.8m by the following agencies:

- (i) Ministry of Transport, etc. - Building resilience of the Sandy Bay community to the impacts of climate change through shoreline protection;

- (ii) National Parks, Rivers and Beaches Authority - South Coast Marine and Coastal Rehabilitation Adaptation Project to improve ecosystem health and build resilience to climate change; and

- (iii) Sustainable Grenadines Inc. - Restoring Ashton lagoon's ecosystem to promote nature based adaptation to climate change while creating sustainable livelihoods opportunities for the people of Union Island. All projects are expected to commence in January 2017

- A USAID/CCCC project is currently being discussed, which will upgrade and expand our early warning systems, established a climate data system to guide decision-making, capacity building for climate financing.

- As it relates to chemical management, a national inventory of persistent organic pollutants (POPs) is being conducted. A chemical committee was established to assist

in guiding discussions pertaining to the use and safe disposal of chemicals in SVG, an area requiring grave attention.

- The United Nations Industrial Development Organisation (UNIDO) has embarked on a pilot project design to assist five countries including SVG with the introduction of low-GWP refrigerants in the servicing sector the project would assist with the following activities:
 - Enhance the expertise of Refrigeration and Air-Conditioning (RAC) technicians and upgrade the training curricula at vocational centers;
 - Augment the equipment at refrigeration and air-conditioning laboratory to address hydrocarbon technologies.
 - Expose stakeholders to the latest hydrocarbon based equipment and components

7 PUBLIC SECTOR INVESTMENT PROGRAMME

7.1 Introduction

The Public Sector Investment Programme (PSIP), the capital component of the national budget, is an important development tool which translates the government's vision and strategies into tangible activities. Essentially, the PSIP outlines the government's investment priorities for the medium term through a collection of projects and programmes that are designed to enhance capital formation, promote competitiveness, and stimulate economic growth and development.

The 2016 PSIP was carefully crafted with due consideration to the need to facilitate further economic growth and stave off the potentially devastating effects of natural hazards, all in the context of the current fiscal position and an increasingly hostile and challenging external environment. As such, and as in previous years, the lion's share of the capital budget was directed to the economic affairs sector, with specific focus on the transport subsector. In the formulation of the 2016 PSIP, the government sought to continue the construction of key public infrastructure

such as the international airport, and the modern medical complex, while at the same time keeping the issues related to the operationalisation of the facilities in view. There was also focus in the 2016 PSIP on the energy subsector, principally the construction of the geothermal facility, which could transform the country's development landscape.

In addition, the 2016 PSIP provides for the continued implementation of the work programme which was designed on the heels of the series of natural disasters which have occurred during the last five years. Accordingly, work on the various disaster risk reduction initiatives was projected to accelerate during this fiscal year and the facilitating allocations were provided.

7.2 Overview

A sum of \$197.7m was approved for the implementation of the 2016 capital programme. By the end of September 2016, the budget was revised to \$208.0m, approximately 5.2 per cent above the planned expenditure. Preliminary data for the period indicate that \$46.8m or 22.5 per cent of the revised budget was expended. This is compared with 18.1 per cent for the corresponding period in 2015.

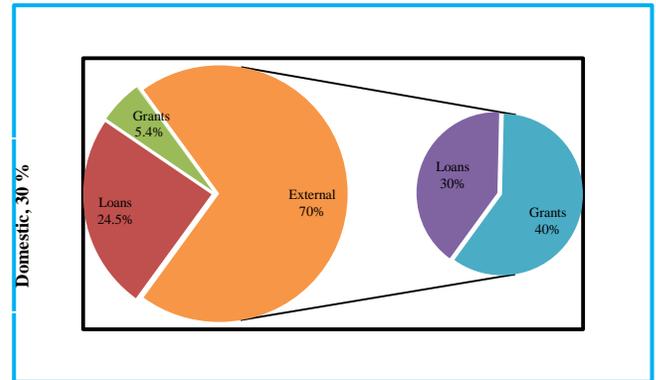
7.3 Financing the PSIP

The PSIP is financed by a combination of local and external funds from various bilateral and multilateral sources. For 2016, 70.0 per cent of the capital budget was projected to be funded from external sources; and 30.0 per cent from domestic resources (Figure 6.1). The figures for 2015 were 56.8 per cent and 43.2 per cent, respectively.

The planned expenditure for the domestically financed projects and programmes was estimated to come primarily from local loans (\$50.9 m or 25%) and local grants² (\$11.3m or 5.4 %). On the external side, \$58.8m (30%) of the budget) was allocated from loans and \$87.0m (40%) from grants.

² Petro Caribe

Figure 7.1: Capital Budget by Type of Funds



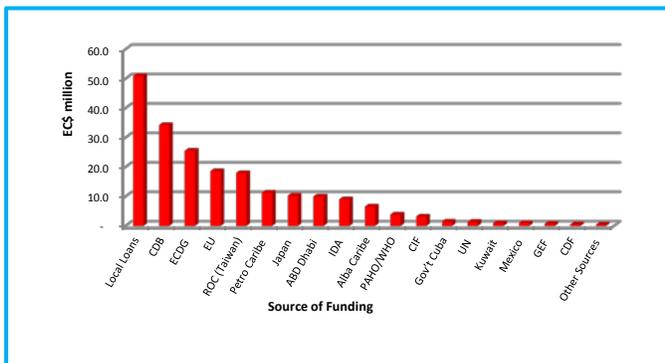
Source: Ministry of Economic Planning etc.

7.4 Sources of Financing

The major sources of bilateral financing were the Republic of China (Taiwan) (\$18.0m), the Government of Japan (\$10.2m) and the Government of Abu Dhabi (\$10.0m) through the Abu Dhabi Fund for Development (ADFD). Multilateral funds came principally from the Caribbean Development Bank (\$34.2m), the European Union (\$18.6m), the World Bank (inclusive of the Climate Investment Fund) (\$12.4m) and Alba Caribe (\$6.5m). The funds from EU were earmarked primarily for investments in the health, agriculture, education and tourism sectors; the financing from ADFD was allocated to airport development; the Republic of China (Taiwan) (ROC) funding was directed to road infrastructure development and health; CDB – disaster management, community

infrastructure, roads and education; while World Bank funded investments were in disaster vulnerability reduction and Information Communication Technology (ICT). Local loans and grants were budgeted mainly to provide matching/counterpart funds for externally financed projects, the development of roads and bridges, and to finance other investments in general administration, national security, health and education. Figure 7.2 details the budgeted expenditure by source of funds.

Figure 7.2: Capital Budget by Source of Funds

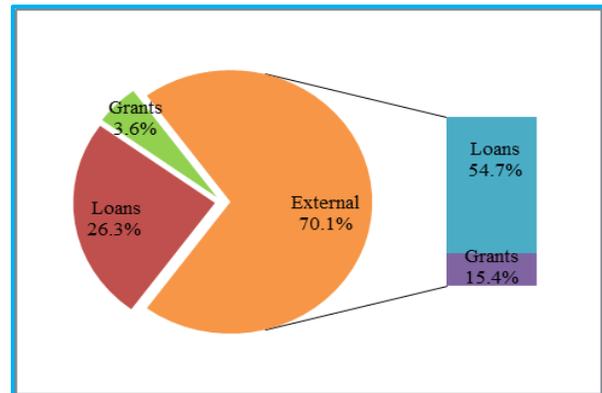


Source: Ministry of Economic Planning etc.

7.5 Composition of Actual Expenditure

During the period of review, the externally funding programmes registered the highest level of expenditure. Indeed, 70.1 per cent of the actual expenditure during the period was from externally funded projects and programmes: External Loans (\$25.6m or 54.7%) and Grants (\$7.2m or 15.4%). Of the remaining 29.9 per cent, 26.3 per cent was on projects financed from local loans.

Figure 7.3: Actual Expenditure by Type of Funds



Source: Ministry of Economic Planning, etc

7.6 Actual Expenditure by Source of Funds

Figure 7.4 shows that for the reporting period, the largest sources of funding were local loans (\$12.3m), other external loans (\$10.9m) and the UK Export Credit Guarantee Department (\$10.9m). The funding from the UK ECGD and Other external loans was for the continued construction of the Argyle International Airport. Local loans were primarily used to finance the capital subscription obligations to regional and international development agencies, for the construction/upgrade of government buildings including the Modern Medical Complex, as well as counterpart financing for several other major infrastructure projects.

With regard to the other sources, approximately \$4.2m (9.0%) of the actual expenditure was from the EU for the

implementation of on-going initiatives in the health, education and agriculture sectors. There was also expenditure amounting to \$3.5m on projects financed by the ROC (Taiwan). These included the *Rehabilitation of Roads* (Carapan and Swamp Gut), the *Rehabilitation of Vigie Highway* and *Rehabilitation of Murray’s Road*. In addition, there was expenditure totalling \$1.7m on the Petro Caribe-funded SET Programme. Other sources with recorded expenditure include IDA (\$2.6) and CIF (\$1.2m).

and Safety, Economic Affairs, Environmental Protection, Housing and Community Amenities, Health, Recreation, Culture and Religion, Education; and Social Protection.

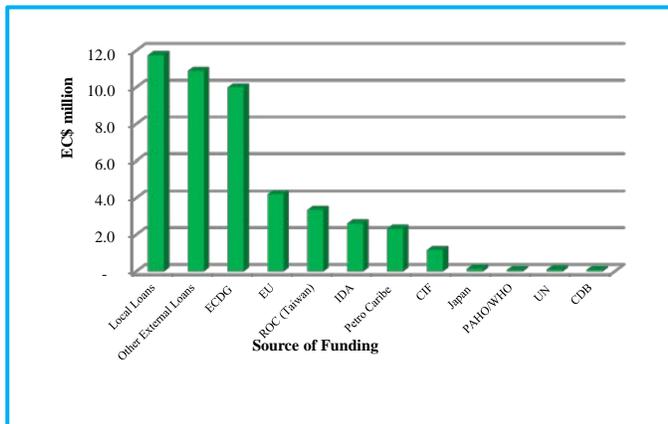
Overview

In keeping with the aim of the 2016 PSIP, the economic affairs sector was allocated the 53.9 per cent of the budget. This was largely for infrastructure development in transportation (roads, bridges and airport development). In 2016, significant investments were planned for the environmental protection (primarily disaster risk reduction), health and housing sectors. Accordingly, they were allocated 13.1 per cent, 11.2 per cent and 9.8 per cent of the 2016 budget, respectively.

Regarding the actual spending in 2016, the economic affairs sector recorded the highest level of expenditure - \$31.9m - more than two-thirds of the total actual expenditure. This sector also had the highest rate of implementation for the period.

Full details on the budgetary allocations and the actual expenditure by sector are provided in Table 3.

Figure 7.4: 2016 Actual Expenditure by Source of Funds



Source: Ministry of Economic Planning, etc

7.7 Sector Performance

The PSIP is classified in accordance with the COFOG (Classification of Functions of Government) system. Within this system, expenditure is categorized into ten sectors namely General Public Service, Public Order

Table 3: 2015 and 2016 Budgeted and Actual Expenditure by Sector

	Original Budget			Revised Budget			2016		Actual Expenditure			2016	
	2015	2016	% change	2015	2016	% change	% change in original budget	Sector Share of Total Revised Budget (%)	2015	2016	% change	% of Total Actual Expenditure	Sector Imp. Rate
General Public Services	6.2	6.9	11.3	14.6	7.7	-47.3	11.6	3.7%	2.2	1.6	-27.3	3.4	20.4
Public Order and Safety	8.9	4.2	-52.8	7.8	4.2	-46.2	0.0	2.0	0.0	0	0	0.0	0.9
Economic Affairs	157.8	103.7	-34.3	168.2	112.2	-33.3	8.2	53.9	39.7	32.0	-19.4	68.4	28.5
Environmental Protection	15.9	27.2	71.1	40.2	27.2	-32.3	0.0	13.1	3.1	2.4	-22.6	5.1	8.8
Housing and Community Amenities	15.8	20.4	29.1	26.9	20.4	-24.2	0.0	9.8	1.2	2.5	108.3	5.3	12.0
Health	22.2	22.8	2.7	25.4	23.4	-7.9	2.6	11.2	4.9	5.1	4.1	10.9	21.8
Recreation, Culture and Religion	1.4	0.7	-50.0	1.8	0.7	-61.1	0.0	0.4	0	0	0	0.0	0.0
Education	28.7	11.7	-59.2	14.9	12.2	-18.1	4.3	5.9	3.3	3.2	-3.0	6.8	26.6
Social Protection	0.3	0	-100.0	0.1	0	-100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	257.2	197.7	-23.1	300.0	208.0	-30.7	5.2		54.4	46.8	-14.0		22.5

*A sectors actual expenditure as a percentage of that sector’s budgetary allocation

Source: Ministry of Economic Planning etc.

Economic Affairs

A total of \$112.2m or 53.9 per cent of the 2016 budget was allocated to the economic affairs sector. Sixty four per cent (64 %) of this allocation was directed to the transport subsector, specifically airport and road infrastructure development.

In terms of actual implementation during the period, activity was generally concentrated in the transport subsector, consistent with the budgetary allocation. Approximately, \$23.9m (about half of the actual expenditure for the period) was transferred from central government to the International Airport Development Company (IADC) to facilitate

the completion and operationalisation of the airport.

Figure 7.5: Argyle International Airport - Pick up/drop off area



Source: International Airport Development Company (IADC)

In addition to the investments in airport development, approximately \$2.0m was spent on improving the road network. This

included work on the rehabilitation of the Vigie Highway (\$1.2m) and Rehabilitation of Murray's Road (\$0.5m). The Swamp Gut Road component of the Rehabilitation of Roads project was also completed during the period. The total cost for this subcomponent was approximately \$1.0m.

Figure 7.5: Rehabilitation of Roads – Swamp Gut Road Completed



Source: Ministry of Economic Planning, etc

Work also continued on the CDB – financed Rehabilitation of the South Leeward Highway, although the payments, which were made directly by the CDB, have not been journalised and are accordingly, not reflected in the Government's accounts. The overall expenditure in the transport subsector is expected to be notably higher once the accounts are updated.

Also during the reporting period, \$3.5m was expended to finance the capital subscription obligations to regional and international development agencies including the Caribbean Development Bank.

There were varying levels of spending in the other major subsectors within the Economic affairs sector. These are discussed in turn below.

Information Communication Technology (ICT)

In 2016, there was expenditure totalling \$1.4m in the ICT subsector, approximately 40 per cent of the sub-sector's budgetary allocation. Investment spending was on *the* implementation of the Caribbean Regional Communication Infrastructure Programme (CARCIP) under which business incubation and ICT training support were provided, and a consultancy for the validation and design of a new broadband network was undertaken.

Agriculture

Capital spending in the Agriculture subsector was relatively low in 2016 as procurement activities continued on the sector's key investment programme namely, the EU financed, Agriculture Modernisation Development Programme (AMDP).

During the reporting period, \$0.4m or 2.3 per cent of the subsector's budget was expended. This level of expenditure is virtually the same as in 2015, although the funds utilisation rate is slightly lower in 2016 (2.3 per cent compared to 3.1 in 2015).

Implementation is expected to accelerate in 2017 as the AMDP moves into full implementation.

Tourism

With most of the major projects in the tourism sector winding down, the sector was provided an allocation of \$1.9m, mainly to complete the Tourism and Private Sector Development Project under which the **Hospitality and Maritime Training Institute (HMTI)** is being constructed. At the end of the reporting period the sector had expended less than 1 per cent of its allocation.

Education

A total of \$12.2m or 5.9 per cent of the 2016 capital budget was allocated for investments in this sector; approximately 26.2 per cent (\$3.2m) of the allocation was expended. When compared with 2015, the sector's expenditure was 3.0 per cent lower.

In 2016, investments in the sector were mainly for improvements of the education plant and the continued implementation of the SET programme. The expenditure on the Support for Education and Training (SET) programme, which provides job experience opportunities for university and college graduates, accounted for 53.1 per cent (\$1.7m) of the sector's actual expenditure.

The other investments in the subsector included \$0.5m to upgrade schools; \$0.5m for the purchase of furniture and equipment; and \$0.5m in final payments under the Improvement of Education through ICT project.

Health

Spending during the reporting period was focused on the further development and modernization of the health sector through continued improvement of the physical plant and the procurement of critical medical equipment.

For 2016, approximately \$23.4m was allocated to continue these programmes. The preliminary data for the period indicate that actual expenditure in the health sector amounted to \$5.1m or 21.8 per cent of the sector's budget. Compared with 2015, actual expenditure in the sector was 4.1 percent higher in 2016. Spending in the sector was predominantly on the European Union funded 10th EDF – Modernization of the Health Sector Project (\$3.7m) for the ongoing construction of polyclinics, doctors' quarters and upgrade of the MCMH and the Modern Medical Complex (\$0.7m), which is nearing completion.

Figure 7.6: 10th EDF – Newly Constructed Mesopotamia Polyclinic



Source: Ministry of Economic Planning etc

Other projects for which there was expenditure in 2016 include: purchase of ambulances (\$0.3m) and the purchase of equipment for MCMH (\$0.2m).

Environmental Protection

This sector received a total allocation of \$27.2 or 13.1 per cent of the 2016 capital budget which was mainly for investments related to climate change and disaster risk reduction and management. Expenditure for the period under review amounted to \$2.4 m, which is equivalent to 8.8 per cent of the sector's budget and 5.1 per cent of total capital spending.

Analysis of the preliminary data shows that relative to 2015, there was a 22.6 per cent decrease in absolute actual expenditure, and a decrease of 4.5 percentage points in the overall implementation rate (from 13.3% in 2015 to 8.8% in 2016).

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 Natural Disaster Management Rehabilitation Project (NDMRP). Both projects are now moving into full implementation having completed most of the procurement and other pre construction studies and activities. During the review period, the RDVRP recorded expenditure of \$2.3 m, 25.4 per cent of its 2016 allocation. While work was executed on the NDMRP, the expenditure has not been journalised.

Figure 7.8: Satellite warehouse (Magum) constructed under RDVRP



Housing and Community Amenities

In 2016, this sector was allocated \$20.4m, approximately 9.8 per cent of the total 2016 budget. The allocation was primarily to finance work in the housing sub sector. The main projects included the Housing

Reconstruction/Rehabilitation Project – Flood Damage 2013; Low Income Housing Project; and the Clare Valley Reconstruction Project. In terms of implementation, preliminary data indicate actual expenditure of \$2.5m mainly on the Low Income Housing Project (\$1.0m) and the Housing Reconstruction/Rehabilitation Project (\$0.7m).

As it relates to Community Development, work continued on the CDB - Rural Development – Community Infrastructure (BNTF 7 and 8). In 2016, actual expenditure was \$0.7m.

General Public Service

Expenditure on general public service amounted to approximately \$1.6m or 20.4 per cent of the sector's capital budget (\$7.7m). Spending in the sector was mainly on the Redevelopment of Government Buildings (\$0.3m); the purchase of furniture and equipment (\$0.3m) and approximately \$0.3m was spent on the introduction of compliance measures under the Foreign Account Tax Compliance Act (FATCA). In addition, just over \$0.3m was expended to provide critical project management support for the implementation of development programmes primarily the European Development Fund (EDF)-financed projects.

Other Sectors

Minimal expenditure was recorded by the other three sectors: Recreation, Culture & Religion, Public Order & Safety and Social Protection. Collectively, the actual expenditure for these sectors accounted for less than half of 1 per cent of the total actual expenditure for 2016.

8 PROSPECTS

Preliminary estimates reveal that the global economy is projected to experience moderate growth in 2016. This reflects auspicious fiscal policy support in advanced economies as well as a partial recovery in oil and commodity prices. A further slowdown is expected in emerging and developing economies as fiscal balances broadly remain the same as in 2015. Moreover, a further deceleration in China lowered growth prospects in these economies.

Growth in the Latin America and the Caribbean region is expected to contract during 2016. Although most countries in the region continue to grow, larger economies such as Brazil, Argentina, Venezuela and Ecuador are mired in recession. Low to modest growth is projected in the remaining economies as they, being largely oil and commodity exporters, are constrained by low global prices. Economic activity in the ECCU is projected to increase during 2016. This growth is expected to be led by construction, agriculture and tourism related activities throughout the member countries.

The economy of St. Vincent and the Grenadines is projected to post growth of approximately 2.9 per cent during 2016. This estimate is based on developments in the agricultural sector which is projected to experience robust growth relative to 2015, buoyed by a rebound in crop production, particularly other crops. Strong growth is also estimated in hotels and restaurants owing to a projected increase in stay over visitor arrivals. Similarly, the transport and storage sector is expected to produce moderate growth from notable expansions in air and sea passenger traffic. Meanwhile, the construction sector is expected to post growth as the South Leeward Highway project continued as well as of works on the Argyle international airport.

9. ANNEXES

ANNEXES

Annex 1 :Gross Domestic Product by Economic Activity in Current Prices 2011- 2015 (EC\$m)

SECTOR	2011	2012	2013	2014 R	2015 Prel
Agriculture, Hunting & Forestry	108.88	108.37	118.26	121.78	117.75
Crops	87.74	89.16	98.10	102.16	98.89
Bananas	0.49	0.81	1.03	0.85	0.72
Other Crops	87.25	88.35	97.07	101.31	98.17
Livestock	20.17	18.27	19.23	18.71	17.97
Forestry	0.96	0.94	0.92	0.91	0.89
Fishing	7.24	6.93	7.93	8.03	9.11
Mining & Quarrying	3.07	2.45	2.37	2.43	2.49
Manufacturing	79.12	80.21	86.19	97.00	97.13
Electricity & Water	66.39	66.29	65.00	62.39	53.93
Electricity	53.33	52.13	51.30	49.12	40.51
Water	13.06	14.16	13.71	13.27	13.42
Construction	137.18	134.59	145.05	128.18	137.99
Wholesale & Retail Trade	217.87	230.90	240.65	243.16	228.76
Hotels & Restaurants	39.04	42.80	47.21	42.92	45.35
Hotels	27.42	30.38	35.21	31.00	33.62
Restaurants	11.62	12.42	12.00	11.92	11.73
Transport, Storage and communications	216.29	220.57	224.80	220.95	222.53
Transport and Storage	145.35	148.93	149.47	148.95	148.11
Road	109.11	110.65	110.53	110.59	107.93
Sea	13.42	13.61	13.47	13.37	13.61
Air	7.50	7.45	8.17	8.69	9.24
Supporting and auxiliary transport activities	15.33	17.22	17.31	16.31	17.33
Communications	70.94	71.64	75.32	72.00	74.42
Financial Intermediation	94.91	97.17	98.77	101.52	103.94
Banks & Other Financial Institutions	64.61	62.42	62.79	63.70	65.25
Insurance and pension funding	27.07	31.08	29.74	30.95	31.16
Activities auxiliary to financial intermediation	3.24	3.67	6.24	6.87	7.52
Real Estate, Renting and Business Activities	242.01	241.29	245.07	251.16	253.29
Owner Occupied Dwellings	171.36	172.72	174.71	176.93	178.41
Real estate activities	29.06	29.26	29.56	29.89	30.11
Renting of machinery and equipment	7.11	7.07	7.04	7.01	6.82
Computer and related activities	6.88	5.85	5.94	5.96	5.98
Business Services	27.61	26.38	27.82	31.36	31.97
Public Administration, Defence & Compulsory Social Security	178.66	190.86	206.77	218.34	224.67
Education	92.16	96.74	98.45	96.20	101.73
Health and Social Work	50.06	53.58	55.88	54.67	55.85
Other Community, Social & Personal Services	36.58	35.36	38.16	32.41	33.23
Private Households with Employed Persons	4.74	4.75	4.85	4.19	4.11
Less FISIM	19.05	20.33	17.21	17.63	17.80
Gross Value Added at Basic Prices	1,555.16	1,592.53	1,668.22	1,667.69	1,674.06
GROWTH RATE	-0.08	2.40	4.75	-0.03	0.38
<i>Taxes on products</i>	<i>271.40</i>	<i>279.38</i>	<i>280.12</i>	<i>298.72</i>	<i>318.75</i>
<i>Less Subsidies</i>	<i>1.1</i>	<i>0.95</i>	<i>1.08</i>	<i>1.08</i>	<i>1.08</i>
GDP at Market Prices	1,825.46	1,870.96	1,947.26	1,965.34	1,991.74
GROWTH RATE	-0.75	2.49	4.08	0.93	1.34

Annex 2: Gross Domestic Product by Economic Activity in Constant (2006) Prices 2011- 2016 (EC\$m)

SECTOR	2011	2012	2013	2014 R	2015 Prel
Agriculture, Hunting & Forestry	81.61	83.41	88.37	90.84	86.30
Crops	62.67	65.00	69.41	72.27	68.63
Bananas	0.93	1.42	1.54	1.26	1.31
Other Crops	61.74	63.59	67.87	71.00	67.33
Livestock	18.10	17.61	18.17	17.80	16.91
Forestry	0.84	0.80	0.78	0.77	0.75
Fishing	6.15	5.23	5.58	5.71	6.20
Mining & Quarrying	3.02	2.28	2.03	2.24	2.29
Manufacturing	63.78	61.02	58.55	62.07	63.87
Electricity & Water	56.00	58.72	58.46	57.80	59.70
Electricity	42.73	44.34	44.02	43.87	45.62
Water	13.27	14.38	14.43	13.92	14.08
Construction	120.08	115.84	123.48	109.04	118.56
Wholesale & Retail Trade	210.94	217.87	225.20	227.12	217.51
Hotels & Restaurants	34.15	34.21	33.11	32.05	33.31
Hotels	23.77	23.24	22.55	21.58	23.01
Restaurants	10.39	10.97	10.57	10.46	10.30
Transport, Storage & Communication	210.47	209.97	208.57	208.15	207.70
Transport, Storage	156.00	155.67	155.20	154.81	153.92
Road	114.16	113.46	114.13	114.54	111.42
Sea	16.02	16.25	15.95	15.80	16.37
Air	1.75	1.71	1.63	1.58	1.70
Supporting and auxiliary transport activities	24.07	24.26	23.49	22.89	24.43
Communications	54.47	54.31	53.37	53.34	53.78
Financial Intermediation	99.20	99.33	102.00	105.11	108.50
Banks & Other Financial Institutions	69.64	67.91	70.19	72.66	75.80
Insurance and pension funding	26.88	28.39	28.14	28.43	28.61
Activities auxiliary to financial intermediation	2.69	3.04	3.67	4.02	4.10
Real Estate, Renting & Business Services	230.20	231.56	234.62	236.41	238.32
Owner Occupied Dwellings	167.25	168.58	170.52	172.68	174.13
Real estate activities	28.36	28.56	28.85	29.18	29.39
Renting of machinery and equipment	7.83	7.60	7.50	7.46	7.25
Computer and related activities	4.61	3.92	3.95	3.96	3.96
Business services	22.15	22.91	23.80	23.14	23.58
Public Administration, Defence & Compulsory Social Security	151.10	159.10	169.59	179.29	179.85
Education	63.03	66.16	67.94	65.61	67.23
Health and Social Work	42.82	44.87	44.50	42.87	43.11
Other Community, Social & Personal Services	30.83	32.17	32.00	33.00	33.71
Private Households with Employed Persons	3.21	3.41	3.50	3.43	3.36
Less FISIM	16.67	17.18	14.47	14.94	14.50
Gross Value Added at Basic Prices	1,389.93	1,407.98	1,443.05	1,445.77	1,455.02
GROWTH RATE	0.25	1.30	2.49	0.19	0.64
<i>Taxes on products</i>	242.56	247.00	242.31	258.97	277.05
<i>Less Subsidies</i>	0.98	0.84	0.93	0.93	0.93
GDP at Market Prices	1,631.51	1,654.15	1,684.43	1,703.80	1,731.14
GROWTH RATE	-0.42	1.39	1.83	1.15	1.60

Annex 3: Percentage Contribution of Gross Value Added by Economic Activity in Current Prices 2011-2015

SECTOR	2011	2012	2013 R	2014	2015 Prel
Agriculture, Hunting & Forestry	7.00	6.80	7.09	7.30	7.03
Crops	5.64	5.60	5.88	6.13	5.91
Bananas	0.03	0.05	0.06	0.05	0.04
Other Crops	5.61	5.55	5.82	6.07	5.86
Livestock	1.30	1.15	1.15	1.12	1.07
Forestry	0.06	0.06	0.06	0.05	0.05
Fishing	0.47	0.44	0.48	0.48	0.54
Mining & Quarrying	0.20	0.15	0.14	0.15	0.15
Manufacturing	5.09	5.04	5.17	5.82	5.80
Electricity & Water	4.27	4.16	3.90	3.74	3.22
Electricity	3.43	3.27	3.07	2.95	2.42
Water	0.84	0.89	0.82	0.80	0.80
Construction	8.82	8.45	8.70	7.69	8.24
Wholesale & Retail Trade	14.01	14.50	14.43	14.58	13.66
Hotels & Restaurants	2.51	2.69	2.83	2.57	2.71
Hotels	1.76	1.91	2.11	1.86	2.01
Restaurants	0.75	0.78	0.72	0.71	0.70
Transport, Storage & Communications	13.91	13.85	13.48	13.25	13.29
Transport & Storage	9.35	9.35	8.96	8.93	8.85
Road	7.02	6.95	6.63	6.63	6.45
Sea	0.86	0.85	0.81	0.80	0.81
Air	0.48	0.47	0.49	0.52	0.55
Auxiliary transport activities and storage	0.99	1.08	1.04	0.98	1.04
Communications	4.56	4.50	4.52	4.32	4.45
Financial Intermediation	6.10	6.10	5.92	6.09	6.21
Banks & Other Financial Institutions	4.15	3.92	3.76	3.82	3.90
Insurance and pension funding	1.74	1.95	1.78	1.86	1.86
Activities auxiliary to financial intermediation	0.21	0.23	0.37	0.41	0.45
Real Estate & Housing	15.56	15.15	14.69	15.06	15.13
Owner Occupied Dwellings	11.02	10.85	10.47	10.61	10.66
Real Estate activities	1.87	1.84	1.77	1.79	1.80
Renting of machinery and equipment	0.46	0.44	0.42	0.42	0.41
Computer related services	0.44	0.37	0.36	0.36	0.36
Business services	1.78	1.66	1.67	1.88	1.91
Public Administration, Defence & Compulsory Social Security	11.49	11.98	12.39	13.09	13.42
Education	5.93	6.07	5.90	5.77	6.08
Health & Social Work	3.22	3.36	3.35	3.28	3.34
Other Community, Social & Personal Services	2.35	2.22	2.29	1.94	1.98
Private Households with Employed Persons	0.30	0.30	0.29	0.25	0.25
FISM	1.23	1.28	1.03	1.06	1.06
Gross Value Added at Basic Prices	100.00	100.00	100.00	100.00	100.00

Source: Statistical Office, Ministry of Economic Planning, Sustainable Development etc

Annex 4: Percentage Contribution of Gross Value Added by Economic Activity in Constant (2006) Prices: 2011-2015

SECTOR	2011	2012	2013 R	2014	2015 Prel
Agriculture, Hunting & Forestry	5.87	5.92	6.12	6.28	5.93
Crops	4.51	4.62	4.81	5.00	4.72
Bananas	0.07	0.10	0.11	0.09	0.09
Other Crops	4.44	4.52	4.70	4.91	4.63
Livestock	1.30	1.25	1.26	1.23	1.16
Forestry	0.06	0.06	0.05	0.05	0.05
Fishing	0.44	0.37	0.39	0.39	0.43
Mining & Quarrying	0.22	0.16	0.14	0.15	0.16
Manufacturing	4.59	4.33	4.06	4.29	4.39
Electricity & Water	4.03	4.17	4.05	4.00	4.10
Electricity	3.07	3.15	3.05	3.03	3.14
Water	0.95	1.02	1.00	0.96	0.97
Construction	8.64	8.23	8.56	7.54	8.15
Wholesale & Retail Trade	15.18	15.47	15.61	15.71	14.95
Hotels & Restaurants	2.46	2.43	2.29	2.22	2.29
Hotels	1.71	1.65	1.56	1.49	1.58
Restaurant	0.75	0.78	0.73	0.72	0.71
Transport, Storage & Communications	15.14	14.91	14.45	14.40	14.27
Transport & Storage	11.22	11.06	10.76	10.71	10.58
Road	8.21	8.06	7.91	7.92	7.66
Sea	1.15	1.15	1.11	1.09	1.13
Air	0.13	0.12	0.11	0.11	0.12
Auxiliary transport activities and storage	1.73	1.72	1.63	1.58	1.68
Communications	3.92	3.86	3.70	3.69	3.70
Financial Intermediation	7.14	7.05	7.07	7.27	7.46
Banks & Other Financial Institutions	5.01	4.82	4.86	5.03	5.21
Insurance and pension funding	1.93	2.02	1.95	1.97	1.97
Activities auxiliary to financial intermediation	0.19	0.22	0.25	0.28	0.28
Real Estate, Renting and Business services	16.56	16.45	16.26	16.35	16.38
Owner Occupied Dwellings	12.03	11.97	11.82	11.94	11.97
Real Estate activities	2.04	2.03	2.00	2.02	2.02
Renting of machinery and equipment	0.56	0.54	0.52	0.52	0.50
Computer related services	0.33	0.28	0.27	0.27	0.27
Business services	1.59	1.63	1.65	1.60	1.62
Public Administration, Defence & Compulsory Social Security	10.87	11.30	11.75	12.40	12.36
Education	4.53	4.70	4.71	4.54	4.62
Health & Social Work	3.08	3.19	3.08	2.97	2.96
Other Community, Social & Personal Services	2.22	2.28	2.22	2.28	2.32
Private Households with Employed Persons	0.23	0.24	0.24	0.24	0.23
Less FISM	1.20	1.22	1.00	1.03	1.00
TOTAL	100.00	100.00	100.00	100.00	100.00

Source: Statistical Office, Ministry of Economic Planning, Sustainable Development etc

Annex 5 :Rate of Growth of Gross Value Added by Economic Activity in Current Prices 2011-2015

SECTOR	2011	2012	2013 R	2014	2015 Prel
Agriculture, Hunting & Forestry	4.63	-0.47	9.12	2.98	-3.31
Crops	1.57	1.61	10.03	4.14	-3.20
Bananas	-89.83	65.37	26.46	-17.35	-15.58
Other Crops	6.99	1.26	9.87	4.36	-3.09
Livestock	20.89	-9.45	5.30	-2.70	-3.99
Forestry	-2.00	-2.00	-2.00	-2.00	-2.00
Fishing	-6.56	-4.26	14.45	1.16	13.46
		-			
Mining & Quarrying	-25.46	20.00	-3.16	2.38	2.38
Manufacturing	-10.81	1.39	7.45	12.54	0.14
Electricity & Water	-6.33	-0.16	-1.94	-4.01	-13.57
Electricity	-5.05	-2.25	-1.60	-4.23	-17.54
Water	-11.22	8.40	-3.21	-3.18	1.12
Construction	-1.62	-1.89	7.77	-11.63	7.65
Wholesale & Retail Trade	-1.99	5.98	4.22	1.04	-5.92
Hotels & Restaurants	23.06	9.62	10.31	-9.09	5.67
Hotels	20.91	10.77	15.91	-11.95	8.46
Restaurants	28.44	6.92	-3.40	-0.69	-1.58
Transport, Storage & Communications	-0.53	1.98	1.91	-1.71	0.72
Transport & Storage	-3.49	2.46	0.36	-0.35	-0.56
Road	-0.92	1.41	-0.11	0.05	-2.41
Sea	-0.37	1.42	-1.02	-0.76	1.85
Air	-7.44	-0.62	9.63	6.39	6.39
Auxiliary transport activities	-19.04	12.39	0.49	-5.79	6.26
Communications	6.15	0.98	5.14	-4.41	3.36
Financial Intermediation	-16.84	2.38	1.65	2.78	2.38
Banks & Other Financial Institutions	-19.25	-3.39	0.59	1.45	2.44
Insurance and pension funding	-8.55	14.82	-4.31	4.05	0.70
Activities Auxiliary to financial intermediation	-28.49	13.44	70.06	10.08	9.48
Real Estate, Renting and Business Services	2.46	-0.30	1.57	2.48	0.85
Owner Occupied Dwellings	0.84	0.79	1.15	1.27	0.84
Real Estate activities	0.74	0.70	1.02	1.12	0.74
Renting of machinery and equipment	5.18	-0.45	-0.48	-0.44	-2.70
		-			
Computer related activities	68.64	15.00	1.61	0.40	0.20
Business Services	3.88	-4.45	5.46	12.73	1.94
Public Administration, Defence & Compulsory Social Security	6.21	6.83	8.34	5.59	2.90
Education	7.40	4.97	1.77	-2.29	5.75
Health & Social Work	5.19	7.03	4.28	-2.16	2.17
Other Community, Social & Personal Services	5.90	-3.34	7.91	-15.08	2.53
Private Households with Employed Persons	3.57	0.11	2.18	-13.50	-2.00
Less FISM	-9.29	6.69	-15.36	2.46	0.97
TOTAL	-0.08	2.40	4.75	-0.03	0.38

Source: Statistical Office, Ministry of Economic Planning, Sustainable Development etc

Annex 6 : Rate of Growth of Gross Value Added by Economic Activity in Constant (2006) Prices 2011-2015

SECTOR	2011	2012	2013 R	2014 Prel	2015 Prel
Agriculture, Hunting & Forestry	0.06	2.21	5.94	2.79	-5.00
Crops	-1.53	3.72	6.78	4.12	-5.03
Bananas	-85.20	51.56	9.02	-18.10	3.29
Other Crops	7.68	3.00	6.73	4.62	-5.18
Livestock	6.09	-2.72	3.23	-2.06	-5.00
Forestry	-2.00	-4.94	-2.00	-2.00	-2.00
Fishing	-3.01	14.93	6.60	2.31	8.61
Mining & Quarrying	-24.73	24.44	-10.87	10.05	2.38
Manufacturing	4.92	-4.32	-4.06	6.01	2.90
Electricity & Water	-2.19	4.86	-0.45	-1.13	3.30
Electricity	0.19	3.76	-0.71	-0.35	3.99
Water	-9.14	8.40	0.36	-3.54	1.12
Construction	-3.37	-3.53	6.60	-11.70	8.74
Wholesale & Retail Trade	-5.01	3.29	3.36	0.85	-4.23
Hotels & Restaurants	4.10	0.16	-3.20	-3.22	3.94
Hotels	5.69	-2.22	-2.98	-4.28	6.62
Restaurants	0.63	5.59	-3.66	-0.97	-1.58
Transport, Storage & Communications	0.27	-0.23	-0.67	-0.21	-0.21
Transport & Storage	-0.14	-0.21	-0.30	-0.25	-0.58
Road	0.83	-0.62	0.59	0.36	-2.72
Sea	-2.90	1.42	-1.81	-0.96	3.61
Air	-3.88	-2.42	-4.51	-3.08	7.45
Auxiliary transport activities and storage	-2.48	0.77	-3.18	-2.54	6.73
Communications	1.45	-0.30	-1.72	-0.07	0.83
Financial Intermediation	3.68	0.13	2.69	3.05	3.23
Banks & Other Financial Institutions	-3.63	-2.49	3.36	3.52	4.32
Insurance and pension funding	31.05	5.63	-0.87	1.01	0.63
Activities auxiliary to financial intermediation	-7.61	12.94	20.83	9.48	2.00
Real Estate, Renting & Business Services	0.30	0.59	1.32	0.76	0.81
Owner Occupied Dwellings	0.84	0.79	1.15	1.27	0.84
Real estate activities	0.74	0.70	1.02	1.12	0.74
Renting of machinery and equipment	0.86	-2.98	-1.27	-0.64	-2.70
Computer & Related services	3.82	15.00	0.80	0.20	0.20
Business Services	-4.90	3.41	3.90	-2.79	1.92
Public Administration, Defence & Compulsory Social Security	4.82	5.29	6.59	5.72	0.31
Education	2.38	4.97	2.69	-3.42	2.46
Health & Social Work	6.38	4.77	-0.81	-3.67	0.56
Other Community, Social & Personal Services	0.38	4.35	-0.52	3.12	2.14
Private Households with Employed Persons	1.55	6.27	2.68	-2.00	-2.00
Less FISM	-4.96	3.03	-15.78	3.32	-2.98
TOTAL	0.25	1.30	2.49	0.19	0.64

Source: Statistical Office, Ministry of Economic Planning, Sustainable Development etc

Annex 7: Point to Point Inflation Rate January - September

	2013	2014	2015	2016
January	1.5	0.1	-0.2	-2.6
February	1.4	-0.2	-1.1	-1.3
March	1.7	-0.4	-1.8	-0.7
April	1.8	-0.3	-2.2	-1.0
May	1	-0.5	-1.8	-0.1
June	0.9	-0.2	-1.8	0.9
July	-0.3	0.9	-1.6	0.0
August	0.5	0.8	-1.9	0.0
September	0.9	0.3	-1.7	0.6
Average	1.0	0.1	-1.6	-0.5

Source: Statistical Office, Ministry of Economic Planning, Sustainable Development etc

Annex 8 : Central Government Fiscal Operations (EC\$M)

Details	Jan - Sept 2014	Jan - Sept 2015	Jan - Sept 2016
TOTAL REVENUE & GRANTS	405.93	402.26	428.24
CURRENT REVENUE	375.17	374.90	409.64
Taxes on Income and Profits	83.28	90.58	104.81
Taxes on Property	28.21	23.54	27.98
Taxes On Goods and Services	105.55	112.36	116.49
Taxes on International Trade	88.98	93.35	103.65
Property Income	12.38	5.13	2.62
Sales of Goods and Services	38.40	41.96	43.60
Other Revenue	18.36	7.97	10.50
CAPITAL REVENUE & GRANTS	30.76	27.36	18.59
Grants	30.14	11.82	17.38
Other	0.62	15.54	1.22
TOTAL EXPENDITURE	444.23	429.37	432.00
CURRENT EXPENDITURE	379.22	374.95	385.20
CAPITAL EXPENDITURE	65.01	54.42	46.80
CURRENT BALANCE	-4.05	-0.05	24.44
PRIMARY BALANCE	-4.98	4.83	26.83
OVERALL BALANCE	-38.30	-27.11	-3.76

Source: Ministry of Finance

Annex 9: Debt Composition - EC\$M

	Jan -Sept 2012	Jan -Sept 2013	Jan - Sept 2014	Jan- Sept 2015	Jan- Sept 2016
Total Public Debt	1345.8	1415.6	1549.8	1519.8	1681.7
External Debt	747.3	776.0	882.7	864.5	1096.4
Central Government	657.69	690.1	807.8	803.1	1043.6
Public Corporations	89.66	85.8	74.9	61.4	52.8
Domestic Debt	598.5	639.6	667.1	655.3	585.3
Central Government	487.3	501.0	530.1	511.2	506.7
Public Corporations	111.2	138.7	137.0	144.1	78.6
Central Government Debt Service	84.1	93.7	104.7	103.6	119.3
External	53.5	49.6	46.7	49.4	49.5
Amortisation	37.5	35.8	32.3	34.9	37.8
Interest Payments	16.0	13.8	14.5	14.5	11.8
Domestic	30.6	44.0	58.0	54.2	69.8
Amortisation	12.9	22.7	33.6	32.2	41.9
Interest Payments	13.8	15.9	18.9	17.4	18.8
Sinking Fund	4.0	5.5	5.5	4.6	9.1
Total Debt as per cent of GDP	71.9	74.9	78.5	79.8	77.0
Debt Service as a per cent of current revenue (%)	29.8	31.0	29.2	31.6	23.1

Source: The Ministry of Finance

Annex 10: Merchandise Trade – January to September (EC\$M)

	2012	2013	2014	2015	2016
Total Exports	83.9	93.1	100.2	91.2	81.1
Total Domestic Exports	74.6	80.083.3	77.6	83.0	75.2
Total Re-Exports	9.3	13.1	22.6	8.2	5.9
Total Imports	708.6	744.3	713.0	638.3	665.5
Trade Balance	-624.7	-651.2	-612.8	--547.6	-584.4
Imports by S.I.T.C sections	708.3	744.2	713.0	638.3	665.5
Food & Live Animals	162.3	153.7	153.7	155.3	149.8
Beverages and Tobacco	24.2	23.2	22.7	23.8	23.9
Crude Materials, Inedible Except Fuels	16.6	17	16.2	22.2	24.0
Mineral Fuels & Related Materials	163.1	143.5	144.8	78.0	77.3
Animal & Vegetable Oils, Fats & Waxes	3.0	3.2	3.0	3.0	3.1
Chemicals & Related Products	52.3	62.2	53.6	54.4	53.5
Manufactured Goods	109.3	133.6	117.6	111.9	109.7
Machinery & Transport Equipment	116.6	129.5	134.1	1278	152.2
Miscellaneous Manufactured Articles	61.3	78.3	67.2	61.7	72.0
Commodities & Transactions not classified elsewhere in SITC	0	0	0	0	0
Exports by S.I.T.C sections	83.9	93.1	100.2	91.2	81.1
Food & Live Animals	55.3	59.6	59.1	59.9	52.1
Beverages and Tobacco	7.2	9.6	9.6	13.2	12.3
Crude Materials, Inedible Except Fuels	2.4	1.7	0.8	0.7	0.1
Mineral Fuels & Related Materials	0.1	0.1	0	0.0	0.0
Animal & Vegetable Oils, Fats & Waxes	0.0	0	0	0.0	0.0
Chemicals & Related Products	0.4	0.3	0.7	0.5	0.6
Manufactured Goods	9.4	9.7	9.6	9.1	9.1
Machinery & Transport Equipment	6.0	8.9	13.4	5.1	3.7
Miscellaneous Manufactured Articles	3.1	3.3	7.0	2.6	3.2
Commodities & Transactions not classified elsewhere in SITC					

Source: The Statistical Office, Central Planning Division, Ministry of Economic Planning etc.

Annex 11: Visitor Arrivals by Visitor Type

Visitor Type	Jan-Sep 2014	Jan-Sep 2015	Jan-Sep 2016	% Change 2015	% Change 2016
By Air					
Stay Overs	52673	54759	58203	4.0	6.3
Same Day	1,662	1,334	1,083	-19.7	-18.8
Subtotal	54,335	56,093	59,286	3.2	5.7
By Sea					
Yacht	36,214	35,977	36,134	-0.7	0.4
Cruise Ship	55,816	53,610	58,247	-4.0	8.6
Subtotal	92,030	89,587	94,381	-2.7	5.4
TOTAL	146,365	145,680	153,667	-0.5	5.5

Source: St. Vincent and the Grenadines Tourism Authority

Annex 12: Stay –Over Visitors by Country of Residence

COUNTRIES	JAN -SEP 2015	JAN -SEP 2016	ACTUAL CHANGE	% CHANGE
USA	16,281	17,373	1,092	6.7
Canada	5,408	5,487	79	1.5
Antigua	619	616	-3	-0.5
Barbados	4,617	4,847	230	5.0
Grenada	779	798	19	2.4
St Lucia	1,308	1,561	253	19.3
Trinidad	5,463	7,284	1,821	33.3
French Caribbean	332	297	-35	-10.5
Dutch Caribbean	232	201	-31	-13.4
Other Caribbean	3,075	3,040	-35	-1.1
UK	12,629	12,770	141	1.1
France	607	641	34	5.6
Germany	616	556	-60	-9.7
Italy	344	383	39	11.3
Sweden	318	336	18	5.7
Switzerland	294	266	-28	-9.5
Belgium	87	91	4	4.6
Spain	95	110	15	15.8
Ireland	131	121	-10	-7.6
Holland	84	62	-22	-26.2
Norway	123	109	-14	-11.4
Other Europe	706	701	-5	-0.7
Latin America	958	700	-258	-26.9
Other Countries	987	936	-51	-5.2
TOTAL	56,093	59,286	3,193	5.7

Source: St. Vincent and the Grenadines Tourism Authority

Annex 13: Cruise Visitors by Port of Entry

Port of Entry	Jan-Sep 2015	Jan-Sep 2016	Actual Change	% Change
Kingstown	39,450	36,708	(2,742)	-7.0
Bequia	5,035	10,280	5,245	104.2
Canouan	402	218	(184)	-45.8
Union Island	8,723	11,041	2,318	26.6
TOTAL	53,610	58,247	4,637	8.6

Source: St. Vincent and the Grenadines Tourism Authority

Annex 14 : Yacht Visitors by Port of Entry

Port of Entry	Jan-Sep 2015	Jan-Sep 2016	Actual Change	% Change
Kingstown	2,028	2,384	356	17.6
Bequia	20,834	21,326	492	2.4
Mustique	936	699	-237	-25.3
Canouan	455	677	222	48.8
Walliabou	1,628	1,579	-49	-3.0
Union Island	8,898	8,565	-333	-3.7
Chateaubelair	1,198	904	-294	-24.5
TOTAL	35,977	36,134	157	0.4

Source: St. Vincent and the Grenadines Tourism Authority

Annex 15: Import value of construction material (EC\$M)

Category	2012	2013	2014	2015	2016
Wood and Wood Products	17.7	24.6	16.5	17.6	17.5
Cement	16.4	15.1	17.9	17.8	14.7
Steel, Metal and Metal Products	16.3	17.5	17.2	15.2	15.1
Wires, Cables and Electrical Fittings	7.2	11.8	8.7	7.1	9.5
Paints, Thinners, Varnishes and Glaziers	3.4	4.6	4.6	5.4	5.2
Other	26.8	31.0	23.6	25.1	30.4
Total	87.8	104.6	88.4	88.2	92.4

Source: The Statistical Office, Ministry Economic Planning, Sustainable Development, etc.

Annex 16: Leading Causes of Death (2011-2014)

Causes	2011	2012	2013	2014
Malignant Neoplasm	141	131	174	168
Ischemic Heart Diseases	118	107	130	139
Communicable Diseases	87	96	100	107
Diabetes Mellitus	105	103	109	109
Cerebrovascular Disease	99	84	90	109
Hypertension Disease	61	55	54	87
Injuries and Violence	44	55	24	71
Heart Disease (Other Forms)	59	49	141	55
Diseases of the Perinatal Period	27	15	22	16
Disease Of The Digestive System	28	23	37	32

Source: Ministry of Health, Wellness and the Environment

Annex 17: Number of HIV/AIDS Cases and Deaths (2010-2015)

	New HIV Cases	No of AIDS Cases	No of Deaths
2010	63	33	28
2011	45	30	22
2012	41	18	23
2013	62	30	36
2014	65	38	32
2015	67	42	23

Source: Ministry of Health, Wellness and the Environment

Annex 18: Distribution of Assistance, January – August 2016

Sub-programme	Number of Families	Number of Individuals	Amount (EC\$)
National Assistance Fund	3,015	4,674	11,108,660
Foster Care	100	144	313,850
Monthly	1,196	4,782	1,031,427
Emergency	225	900	454,502
Uniforms	1,000	2,962	450,000
TOTAL	5,536	13,462	13,358,439

Source: Ministry of National Mobilisation etc.