

BUDGET ADDRESS 2016

Economic Growth, Job Creation, Zero Hunger, and Fiscal Consolidation Amidst Global Uncertainty Continuing

by

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Delivered on February 22, 2016 at the House of Assembly,
Kingstown, St. Vincent and the Grenadines

Office of the Prime Minister
St. Vincent and the Grenadines
February 22, 2016

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ECONOMIC GROWTH, JOB CREATION, ZERO HUNGER, AND FISCAL CONSOLIDATION AMIDST GLOBAL UNCERTAINTY

INTRODUCTION

Mr. Speaker, Honourable members, this is the fifteenth Budget that I am delivering as Minister of Finance. It has been crafted within weeks of the Unity Labour Party's election victory on December 09, 2015, for a fourth consecutive five-year term in office. To God we give the glory for this phenomenal political accomplishment; and we are thankful and grateful to the people for this vote of confidence, yet again.

This Budget, as contained, in the Appropriation Bill 2016, follows upon the passage, without dissent, in this Honourable House on January 29, 2015, of the Estimates of Revenue and Expenditure for 2016. These Estimates total \$912.9 million: Of this sum, Recurrent Expenditure accounts for \$576.55 million; Amortization amounts to \$116.67 million; Sinking Fund Contribution receives an allocation of \$22.0 million; and Capital Expenditure is allocated \$197.67 million. A current account deficit of \$11.9 million is budgeted in the Estimates, some 58 percent less than the budgeted deficit for 2015. We shall seek, vigorously, in the actual implementation of the 2016 Budget to reduce the extent of this budgeted current account deficit. Indeed, even in the face of a budgeted current account deficit of \$28.5 million in 2015, we implemented the budget in a manner to secure, on the basis of the preliminary fiscal outturn for 2015, a small surplus of \$6.2 million. So, our intention in this regard in 2016 is not misplaced, barring unforeseen, adverse events.

The central theme for Budget 2016 is: "Economic Growth, Job Creation, Zero Hunger, and Fiscal Consolidation Amidst Global Uncertainties." Each aspect of this thematic formulation is pregnant with meaning for the people of St. Vincent and the Grenadines. Our government's emphasis in 2016 is to facilitate further economic growth, create greater employment, including more quality jobs, accelerate a five-year push (2016 to 2020, inclusive) to achieve zero hunger, and to

consolidate our fiscal condition, not through austerity, but by way of prudence and enterprise.

In 2015, the economy is estimated to have had real economic growth of a modest 1.4 percent. The International Monetary Fund (IMF) and officials in the Ministry of Economic Planning are forecasting a better real economic growth in 2016 of 2.2 percent, but still not yet reaching a robust medium-term growth target of 5 percent. Currently, the nominal Gross Domestic Product (GDP) at Market Prices is approximately \$2 billion, an increase of some \$200 million since 2010. The GDP at Basic Prices in Constant (2006) Prices in 2015 was estimated at \$1.5 billion, above the “pre-crisis” level of 2008; several countries in the Organisation of Eastern Caribbean States (OECS) are yet to return the “pre-crisis” levels of economic activity.

Financing Budget 2016 will be challenging within the context of the limitations of the small, open economy of St. Vincent and the Grenadines; the persistent structural weaknesses of an uncompetitive economy with colonial and plantation legacies; the economic slow-down in our regional and international partners; the uncertainties in the global political economy; and the on-going fallout from repeated recent natural disasters. Still, our country possesses a bundle of strengths and possibilities which ensure that we continue to meet the multiple challenges in our national condition with a solid measure of success.

In successive Budget speeches, particularly since the massive global recession of 2008 to 2011, and its continuing adverse consequences, I have, over and over again, highlighted the structural limitations of the economy of St. Vincent and the Grenadines, the harsh effect of the removal of the preferential market treatment for our bananas in the United Kingdom, the debilitating impact of the continuing turmoil in global monopoly capitalism and its material discontents, the devastating blows inflicted on our small-island state through the terrible manifestations of a deleterious climate change, and home-grown restraints occasioned by the anti-social or violent conduct, and unproductive work habits, of a small minority of our people. I again reaffirm all of this as the composite core of the contextual weaknesses and limitations of our social economy. Unless we grasp properly the full meaning of this contextual frame for St. Vincent and the Grenadines, it would

be hardly possible for us to fashion an appropriate strategic path forward, having taken account, too, of our strengths and possibilities.

And St. Vincent and the Grenadines possesses strengths and possibilities, not only limitations and weaknesses. It is central to the development of our economy, and nation overall, that, as far as is humanly practicable, we reduce our weaknesses and limitations, and enhance our strengths and possibilities. The core of our strengths and possibilities resides in ourselves, the people of St. Vincent and the Grenadines, at home and in the diaspora. We are, increasingly, and largely, a skilled, industrious, and sophisticated people who are capable of running modern, competitive economic enterprises. To be sure, there are gaps in the adequacy or sufficiency of our trained personnel, but such gaps can be, and are being, filled through prudent acquisition of the skills from abroad and by enhanced training of our nationals, concurrently.

Further, we are blessed with the bounty and beauty of our landscape of 150 square miles and our seascape of 10,400 square nautical miles. Our land acreage though small, is fertile with an abundance of quality fresh water. In our land, too, is the presence of substantial energy resources of hydro, geothermal, wind, and solar. Our seas are full of a diversity of productive marine resources. Our country's geographic location and its tropical climate are bonuses, overall.

Mr. Speaker, in my 2013 Budget Speech, I addressed a raft of considerations which I consider apt to repeat here:

“The inventory of our challenges and limitations, on the one hand, and of our strengths and possibilities, on the other, in their multiple dialectical interconnections, is the starting point to chart the way forward. From a consideration of these flows the compelling developmental narrative of this ULP administration. Our vision is people-centred based on our shared historical experiences and the resultant conscious expression of the uplifting Vincentian dream, for all. Our philosophy is grounded in the universal principles of social democracy applied to the specific circumstances of our Vincentian condition. Our socio-cultural framework for advancement is

undergirded by our recognition of the authenticity, legitimacy, uniqueness of our ennobling Caribbean civilisation and its magnificent Vincentian component. Our strategic economic outlook is premised on the quest to build a modern, competitive, many-sided, post-colonial economy which is at once local, national, regional and global. Our governance agenda is focussed on reforming our constitutional, legal, and political apparatuses to enhance good governance, strengthen popular democracy and accountability, bolster fundamental rights and freedoms, enhance the quality and independence of the judiciary, and deliver responsible and responsive government. Our unequivocal commitment to deepening regional integration, not as an addendum but as a core feature of national policy-making and implementation. Our acknowledgement, and elaboration, of the assets of sovereignty and independence to be utilised in principled ways for the many-sided benefit of our people. Our detailing of a wide-ranging bundle of policies and practical programmes which emerge from our extant condition and the practical fleshing-out of our vision, philosophy, socio-cultural rubric, economic strategy, governance agenda, and regional and internationalist commitments. And finally, our fashioning of efficacious structures and systems of political-leadership and public management to implement the policies and practical programmes, within the interest of our people.”

Mr. Speaker, the Election Manifestos of the ULP from 2001 to 2015, inclusive, contains the detailed policies, programmes and governance approaches which reflect our compelling developmental narrative. This 2016 Budget is shaped, too, within the frame of the National Economic and Social Development Plan of St. Vincent and the Grenadines, 2013 to 2015 and the many regional and international developmental initiatives to which our government has contributed or subscribed. Indeed, our Development Plan is designed with an overarching vision of “re-engineering economic growth, improving the quality of life for all Vincentians.”

The St. Vincent and the Grenadines Economic and Social Review, January to September 2015, which is annexed to this Budget Address, and forms part of it,

contains the relevant details of the immediate socio-economic backdrop and condition of our country. There is thus no need for me to rehearse those details here.

I turn accordingly to provide the broad sweep, and relevant particulars, in the 2016 Budget under eight headings: Economic Growth and Job Creation; the Productive Sectors; the Social Sectors; Citizen Security; Zero Hunger; Fiscal Consolidation; Revenue Measures for 2016; and Resource Requirements.

The Ministers responsible for their respective portfolios will address the matters specific to those Ministries in the Budget.

(A) **ECONOMIC GROWTH AND JOB CREATION**

(i) **General Introductory Comments**

All things being equal, real economic growth and job creation are attained through the efficacious and harmonious workings, within, and through partnerships between, the private, cooperative, and the State sectors of the economy. The investment for economic development, and job creation, comes from each of these sectors. Domestic and foreign direct investment of a private kind are major investment contributors. Substantial public sector investment takes place through the public sector investment programme of the central government and public enterprises (statutory entities and state-owned companies).

The major productive sectors through which economic growth and job creation occur are: Agriculture and Fisheries; Tourism; Manufacturing; Energy; Telecommunications; Wholesale and Retail Trade; Transportation; Banking, Insurance, Credit Unions, and Financial Services; Construction; Educational and Health Services; Real Estate and other Professional Services; and Creative Industries.

Historically, the economy of St. Vincent and the Grenadines has had a relatively low absorptive capacity for labour. This fact is reflected in

the continued stubbornness of the unemployment rate of roughly one-fifth of the labour force since the Second World War.

Interestingly, as the data from the 2012 Census show, although the actual number of employed persons increased from 35,036 in 2001 to 40,821 in 2012 — an increase of 5,785 persons or 14.7 percent, the rate of unemployment remained roughly the same (approximately 20 percent) in 2012 as in 2001. This condition is explained by the fact that the labour force increased to 52,014 persons in 2012 from 44,984 in 2001, an increase of 15.6 percent. The size of the labour force grew significantly between 2001 and 2012 despite the fact that the overall population increased marginally by only 0.01 percent between 2001 to 2012; the actual overall population in 2012 being 109,991 persons. The significant increase in the size of the labour force in the midst of only a marginal increase in the overall population is explainable by way of the altered composition of the population: For example, the percentage of the population between 15-24 years fell between the inter-censal years 2001 to 2012 while the number of persons above 60 years increased sharply by 31.5 percent over the same period. An increased number of the over-60 population actually remained in the labour force.

The finding in the 2012 Census that there has been an actual increase in the number of employed persons compared to 2001, is supported by the data of active registrants at the National Insurance Services (NIS). The NIS data show that in 2000, there were 32,064 active registrants (30,061 active employees, 1,726 active employers, and 277 active self-employed); in 2014, there were 36,426 active registrants (33,642 active employees, 1,915 active employers, and 869 active self-employed) an increase of 4,362 active registrants or an increase of some 14.0 percent.

So, the economy created an actual increase in jobs, but not enough to dent the unemployment rate in the face of the altered composition of the population and the increase in the size of the labour force. This is

one of the principal reasons why our government has been addressing in a focussed way the necessity and desirability of effecting structural changes in the nature of our economy through, among other things, education, and health, appropriate private sector investment, technological enhancements, and significant public sector investments in areas such as airports, energy, seaports, the roads and bridges networks, sea and river defences, information communications technology, housing, and initiatives in agriculture, fisheries, industry, and tourism. This is what encompasses our quest to build a modern, competitive, post-colonial economy which is at once local, national, regional, and global.

(ii) Public Sector Investment

The financing of the public sector investment programme comes from the following sources: Government revenues or the resources of state enterprises; grants from countries and agencies overseas; and local or external loans, mainly soft-loans.

The central government's capital budget for 2016 amounts to \$197.7 million. Of the nine functional classification expenditure heads in the Capital Estimates, four have been allocated 88.1 percent or \$174.2 million in the capital budget. These four dominant functional classification heads in the capital budget are:

- (a) Economic Affairs, which receives a share of 52.5 percent or \$103.8 million of the capital budget. Projects financed under this heading include major infrastructural developments such as roads, bridges, and airport infrastructure. Also included under this heading is the central government's capital expenditure on productive sectors such as Tourism, Agriculture, Fisheries, and Telecommunications.
- (b) Environmental Protection, which has been allocated \$27.2 million or 13.8 percent of the 2016 capital budget. As a small island developing state, St. Vincent and the Grenadines is

extremely, and increasingly, vulnerable to natural disasters and the impact of rising sea levels as a consequence of climate change. We must accordingly make the requisite investments to enhance our country's resilience and disaster response capabilities.

- (c) Health, which has received an allocation of \$22.8 million or 11.5 percent of the capital budget. The capital projects under "Health" are geared principally to improving the physical plant across the health sector.
- (d) Housing and Community Activities, which account for \$20.4 million or 10.3 percent of the capital budget. Resources under this functional classification head are allocated to improve housing, rural development, and infrastructure at the community levels.

The other five functional classification heads which receive capital allocations are: General Public Services, Public Order and Safety; Education; Social Protection; and Recreation, Culture and Religion. All nine functional classification heads are budgeted to receive, too, recurrent expenditure in 2016 of \$715.2 million. The total budget of \$912.9 million contribute immensely to economic growth and job creation, among other things.

It is useful to provide a summary of the major capital projects earmarked to be implemented in 2016. These include:

- (1) The Argyle International Airport: \$30.8 million, inclusive of a \$3 million contribution to the Argyle International Airport Capitalisation Fund;
- (2) The Regional Disaster Vulnerability Reduction Project: \$9.3 million;

- (3) Caribbean Regional Communications Infrastructure Programme: \$3.0 million;
- (4) Geothermal Development Project: \$10 million;
- (5) South Leeward Highway: \$12.0 million;
- (6) Natural Disaster Management Project – Hurricane Tomas and April 2011 Flash Floods: \$5.9 million
- (7) Natural Disaster Management – Rehabilitation and Reconstruction Project – December 2013 Trough Event: \$11.5 million;
- (8) Rehabilitation of Roads and Bridges/Road Construction: \$4 million;
- (9) Housing Reconstruction/Rehabilitation Project: \$5.5 million
- (10) Agricultural Modernisation and Development Programme: \$4.6 million;
- (11) Rural Development-Community Development – BNTF7: \$5.0 million;
- (12) Rural Development-Community Development – BNTF8: \$3.0 million;
- (13) Improvement of Fishery Equipment and Machinery: \$10.1 million;
- (14) Farmer Support Revolving Fund: \$3 million
- (15) 10th EDF Modernisation of Health Sector: \$11.8 million;

- (16) Modern Medical Complex, including Equipment: \$5 million;
- (17) PAHO Smart Health Care Facilities: \$3.5 million
- (18) Technical and Vocational Education and Training Development Project: \$5.7 million
- (19) Tourism and Private Sector Development Project: \$1.3 million;
- (20) Support for Education and Training (SET) Programme: \$2.0 million;

It is to be noted that the total cost of these twenty projects, excluding the Argyle International Airport, amounts to approximately \$660 million, the bulk of which remains to be spent over the next three-to-four years. Additionally, there are other capital monies ___ grants and soft loans ___ which are likely to become available during this very period, up to 2020, and beyond.

I repeat: All of these capital projects, and more, contribute to economic growth and job creation, among other things. To be sure, there are challenges connected to the full implementation of the capital budget of \$197.7 million. These challenges include centrally: the timely draw-down of the grants and soft-loans; the inadequate or insufficient capacity in the public and private sectors in implementing the capital projects; and the unavailability on a sufficiently timely basis of local counterpart contributions to the particular capital projects. Our government is confident that the streamlined capital budget for 2016 and the actual state of the projects' preparation for implementation, ensure that the implementation challenges will be met, at least with more than moderate success.

In the public sector outside of the central government, continuing significant investments are planned to be carried out by VINLEC, the Central Water and Sewerage Authority, National Properties Limited,

the National Lotteries Authority, and the National Insurance Services in partnership with a local credit union.

The recurrent budget's direct contribution to employment is self-evident from the basic facts: The allocation for wages and salaries totals \$281.9 million; and pension payments for retired public servants and the government's NIS contributions for its current employees amount to \$64.0 million. Thus, in the aggregate, the recurrent spending in 2016 on current and retired employees of the central government amounts to \$345.9 million or 60 percent of a total recurrent budget of \$576.55 million, exclusive of Amortization and Sinking Fund Contribution. Given the huge sums spent on public servants' salaries, wages, and retirement benefits, the public have a reasonable and legitimate expectation that all categories of public servants would improve further their delivery of services to the public who pay them. This is an important subject for an informed national conversation. I intend to initiate such a conversation with the public servants and the general public.

In the recurrent budget for 2016, it is to be noted, too, that \$85 million or 11.9 percent of the overall recurrent budget has been allocated to the category "Economic Affairs".

Additionally, through the statutory bodies and other public enterprises, there is significant employment and local value-added. Indeed, the 2016 Budget provides substantial contributions to these statutory entities and public enterprises, including: The Financial Services Authority (\$2.35 million); Invest SVG (\$1.30 million); SVG Community College (\$13.1 million); Local Government Bodies (\$3.6 million); BRAGSA (\$13.0 million); and SVG Tourism Authority (\$15 million).

Moreover, the 2016 Budget and an array of public policies undoubtedly facilitate the private sector, local and foreign, in their quest to create wealth, grow the economy, and increase employment.

First and foremost, an efficient and effective system of public administration or management assists and engenders private sector development. By and large, the public service and statutory bodies or public enterprises deliver on their obligations to provide services efficiently and on a timely basis at competitive prices. Still, there are too many legitimate complaints by the general public and businesses of an uneven delivery of service particularly in vital areas of the public service. Accordingly, I am urging public servants, police personnel, teachers, professionals and other workers in the health and educational sectors, and employees in the many public enterprises to be more productive and customer-friendly. I reiterate that I intend to work closely with all relevant stakeholders to ensure that we lift “lift our game” uniformly in the delivery of public services. We are all in this together as a small country.

Secondly, it is well-established that the fiscal and other public policies of our government encourage and facilitate private sector development. At the same time, the private sector ought not to expect that this facilitation and encouragement mean that its private interests must be accommodated to the exclusion of other reasonable public policy concerns and those connected to the public interest or welfare. In order to assist further the private sector, our government will soon cause to be appointed an Office of Private Sector Development within the Ministry of Economic Planning and Sustainable Development. One of our government’s central aims this year, in the interface between the private sector and state agencies, is to improve markedly our performance on the “Ease of Doing-Business” criteria. We simply must become more competitive in this modernised, global economy which does no favours to anyone, particularly small economies on the periphery of globalised capitalism.

Our government intends, too, this year, to appoint a Coordinator of Cultural Industries in order to boost wealth and job creation by our cultural artistes and entrepreneurs in the promising field of cultural industries.

Mr. Speaker, at least four other leadership and managerial initiatives are being undertaken to bolster economic growth, job creation, fiscal consolidation, and an improved delivery of public services. These are, first, the Inter-Ministerial Committees on Health and Wellness, Agriculture and Rural Development, and the Zero Hunger Initiative. Secondly, the Public-Private Partnership venture in local governance for the Campden Park conurbation ___ to be declared the seventh city. Thirdly, the strengthening of the capacity and administrative arrangements in the Ministry of Finance, the Customs and Excise, and Inland Revenue, respectively, to address debt management and internal expenditure controls, collection of tax arrears and improved tax administration, the stoppage of revenue leakages and an improved delivery of services at the Customs and Excise Department. And fourthly, the establishment of a National Economic Advisory Council (NEAC) comprising of top officials and other distinguished professionals, business and labour executives from St. Vincent and the Grenadines, the region, and internationally, to provide structured advice, and more, on the economic development of our country.

Already, distinguished, and successful persons, in the fields of business, entrepreneurship, industry, wealth and job creation, have already consented to be part of the NEAC. This body will be launched shortly.

(iii) Private Sector Investment

Mr. Speaker, the global environment for trade and investment is changing rapidly. Competition for both foreign direct investment and trade is intense. For example, competition in tourism is increasing, both near home (for example Cuba and Dominican Republic) and further afield. Countries both large and small are looking at ways to reduce the cost of doing business and are continuously assessing and improving their investment climate.

St. Vincent and the Grenadines has a number of selling points which make it an attractive destination for doing business. These include:

- The significant progress made in re-orientating the economy towards a broad service based economy, while maintaining and expanding the solid base of agriculture and fisheries. Service sectors' contribution to employment and exports has grown rapidly in the past decade or so.
- The wide range of sites that are still available for the development of hotels and tourist facilities. In addition, St. Vincent and the Grenadines can provide one of the most diversified tourism offerings in the Caribbean.
- St. Vincent and the Grenadines remains one of the most cost competitive countries in the region with significant cost advantages in terms of labour and general costs of living.
- The general regulatory environment in St. Vincent and the Grenadines ranks very well. For example, the regulatory environment for anti-money laundering, on-shore and international financial services is on par with that in competitor countries.
- St. Vincent and the Grenadines continues to invest heavily in infrastructure and in productive capacity. The completion of the Argyle International Airport will provide a significant stimulus for the further development of the tourism and other productive sectors.

Despite these significant attractions and possibilities, St. Vincent and the Grenadines is challenged in several areas. These include:

- The relatively high cost of electricity which persists despite Government's action in eliminating the demand charge and introducing volume discounts for commercial and industrial customers. The high cost of energy is mainly attributed to the high

cost of imported fuel and difficulties in achieving economies of scale in power generation in a multi-island context; recently, the price of imported fuel has been falling but this is unlikely to last for any prolonged period.

- A shortage in supply of sufficient trained personnel in certain sectors of the economy.
- The relatively high cost of importing and exporting goods due in part to structural inadequacies and administrative inefficiencies at the Kingstown Port and Customs.
- Relatively high rate of corporate tax despite progress in reducing corporate tax rates. Further progress towards lowering corporate taxes and simplifying the tax system will enhance competitiveness.
- The challenges posed by climate change, the high cost of adaptation and mitigation measures and building physical resilience that are vitally important for growth and development.

Invest SVG was created in 2003 to provide investment promotion, export development, business facilitation and research services to potential and existing local and foreign investors. As competition for overseas investment continues to increase, it is ever more necessary that Invest SVG and the Government as a whole become more proactive in identifying strengths and targeting activities that matches these, while also promoting efforts to address weaknesses. Public and private investments are to be ramped up in order to achieve higher levels of economic growth and job creation.

St. Vincent and the Grenadines has had, in recent years, above-average levels of foreign direct investment, as a proportion of Gross Domestic Product (GDP), comparatively, across the Caribbean and Latin America. Domestic investment, too, has been on the rise in

particular economic activities. Most of the private sector investment has been in the hotel and tourism sector. Investment of a more modest kind has also been put into other sectors, especially wholesale and retail trade, restaurants, manufacturing, agriculture and fisheries, transportation, telecommunications, construction, real estate development, financial and other services, including educational services to non-nationals, and entertainment.

Among the major domestic investment initiatives in tourism are those of the Kelly Glass Group at Blue Lagoon and at two locations in Bequia, including the well-known Plantation House; and the Browne Group at Spring Estate on the Windward side of St. Vincent. Several local hoteliers, for example the Gunn family, have invested in refurbishing and expanding their hotels; and many local entrepreneurs have expanded, or constructed, apartments and guest houses for tourists and students attending the four medical schools. An increased number of building permits and appropriate concessions has been approved for hotel expansions, the construction of apartments and guest houses over the last two years.

The NIS and the Government Employees Cooperative Credit Union (GECCU) are engaged in a joint venture to pursue a housing and commercial development on some 65 acres of land at Peter's Hope. This development project is being done in six phases over the period up to October 2020. The NIS is developing 102 lots of land, ranging from between 5,785 square feet to 11,657 square feet; and GECCU is involved in developing 142 lots. Phase I of the project, the construction of a spine road, and drains, was completed in 2015 at a cost of \$1.6 million. Phase II commences in March 2016 with further infrastructural work scheduled to be completed in July 2017, at an estimated cost of \$3.1 million. Land sales for middle-income housing and tourism/business facilities are being processed. This is an exemplary partnership between the NIS and GECCU which presages other appropriate joint ventures involving the NIS and other domestic investors.

I again appeal to our local entrepreneurs to engage our government, the NIS, and National Properties Limited in serious discussion on possible investment opportunities of a credible or bankable kind. Our government and its public enterprises are keen on investment partnerships with local entrepreneurs or in facilitating their investments. Both the NIS and National Properties Limited have separately been partnering with local investors; and they are interested in doing more. Further, specialised agencies of the government such as Invest SVG, the Centre for Enterprise Development, the National Centre for Technology Innovation, the SVG Bureau of Standards, and the SVG Tourism Authority are available to assist our entrepreneurs in the areas of their responsibility.

Foreign direct investment in tourism development is on-going especially in the Grenadines, most significantly in Canouan. At Canouan, developmental work in both the northern and southern parts of the island is proceeding apace consequent upon the resolution of the impasse between the two major developers six or so months ago. It is vital that these investors be accorded the requisite level of support and encouragement by all stakeholders, including the local population. I urge that we all adopt a mature and welcoming disposition especially when difficulties or challenges, real or imagined, arise. It is problematic enough to attract foreign direct investment in this competitive world, for us then to react in an unnecessarily confrontational manner at any perceived slight. Still, investors are strongly advised always to be sensitive and take account of the public interest and the juridical foundations upon which our country rests. As always, in life, living, and production a sensible balance is wise and is likely to yield positive results for all stakeholders.

In the developed north of Canouan, the top-class Pink Sands Hotel/Canouan Resort has opened and construction is underway for several private villas. Additionally, more villas are planned to augment the capacity at the Pink Sands/Canouan Resort itself.

Investment of some US \$250 million is being injected into the north of Canouan. In the south, the US \$100 million investment in the top-of-the-line marina and real estate development is proceeding well. The government of St. Vincent and the Grenadines is a minority shareholder in the Glossy Bay Marina Company which is spearheading this development in the south of Canouan. Currently, employment in Canouan for nationals of St. Vincent and the Grenadines in the operation of the hotel and villas, in the construction of the various projects, and in consequential spin-offs, is in excess of 1,000 persons.

Outside of the developed north and the construction activities in southern Canouan, further investment is planned by the developers. Renovations and refurbishments are earmarked for the Tamarind Beach Hotel. Consequent upon discussions, and in broad agreement with the government, the developers in the north are preparing a draft plan and concomitant financing for substantial improvements in the infrastructure in the main village on Canouan. Tentatively, some US \$20 million is proposed over a five-year period for these infrastructural improvements in the village, which itself has undergone substantial enhancements in recent years due to major public sector investments by our government. I predict that if carefully managed and supported responsibly by all concerned, Canouan is likely to become an even greater contributor to economic growth and employment than Mustique, which itself currently makes a gross contribution to the economy of some \$100 million annually, including its employment of some 1,000 persons.

On Bequia, the Morstedt Group is currently expanding its hotel operations by its investments at Friendship Bay. This development adds to the Group's hotel plant at the Bequia Beach Hotel, and the Grenadines House at Kingstown Park. At Adams Bay, construction is underway, through Kelly Glass's Group and a foreign investor, of several top-class villas. Government approval has already been secured, too, for the construction of villas on Mayreau. The

investment at Petit St. Vincent continues to grow; and significant investments are planned for the improvement and expansion of Palm Island the Anchorage on Union Island. The Government is engaged in discussion with possible investors for a major tourism development at Chatham Bay, Union Island.

On St. Vincent itself, major foreign investment is planned for Mt. Wynne-Peter's Hope on approximately 250 acres of land below the public road and bounded by the sea. The Government of St. Vincent and the Grenadines and the international hotel group Karisma have signed a Memorandum of Understanding for the development of three hotels at this location. At the same time a group of Canadian entrepreneurs and our Government have agreed for the construction of villas on other lands belonging to the State at Mt. Wynne-Peter's Hope; this latter project is slated to be on approximately 35 acres of land. These very entrepreneurs are also in advanced discussion to build condominiums of 88 rooms on eight or so acres of the land belonging to the State at Anse Horry.

The Arnos Vale site of the E.T Joshua Airport, when decommissioned, is earmarked as the location for a new city. A master-plan is being elaborated for this development but already our Government has signed a Letter of Intent with a highly-successful entrepreneur from Trinidad for the construction of an entertainment complex and boutique hotel at this planned new city. Invest SVG has done commendable work in this regard.

(iv) Some Strategic Public Sector Ventures

In the ULP's Manifesto for the 2015 General Elections, major strategic ventures or initiatives were identified for our pursuance over the next five years which impact further on economic growth and job creation. I shall comment briefly on five of them, namely: Argyle International Airport; the Geothermal Project and Energy; Climate Change and Ocean Governance, and Resilience; the City at Arnos

Vale; a Modern Port Kingstown; and Education Services as an Economic Niche.

(a) Argyle International Airport

The completion of the Argyle International Airport is imminent. As a consequence, much focus has been placed on three urgent matters: putting the management structures in place for the airport's operation, and recruiting the requisite personnel to operate the airport; finalising arrangements with several airlines which are interested in flying into Argyle International Airport; and securing the requisite regulatory approvals from the Eastern Caribbean Civil Aviation Authority, with which our officials have been interfacing continuously. Satisfactory work is being done in all three areas. Our government intends to commence actual operations at the airport, soonest! This international airport has a central place in our government's strategy for economic growth in the immediate future and beyond. In this regard, it is to be noted that the International Monetary Fund (IMF) Staff indicated that the international airport is expected to increase tourist arrivals by 10 percent yearly over the next three years following its completion, with a cumulative impact on real GDP of up to 4.2 percent.

(b) The Geothermal Development Project and Energy

In December 2015, the requisite documents formally establishing the legal relations between Emera Caribbean, Reykjavik Geothermal, and the Government of St. Vincent and the Grenadines, were signed. The delays encountered in the formal preparation and signing of these contractual documents have inevitably pushed the commissioning and start-up of the geothermal plant from the end of December 2018 to early April 2019.

Some important milestones on which I now report are:

- ✚ A scoping report on the environment and social impact was completed by the Japan International Cooperation Agency (JICA) and submitted on December 29, 2015.

- ✚ An Environmental and Social Impact Assessment (ESIA) commenced on February 08, 2016. The consulting firm, Environmental Resources Management (ERM) has been awarded the contract for the ESIA services. The Inter-American Development Bank (IDB) has provided grant funding for the services of ERM during phase I of the project. The IDB's grant of US \$250,000 is part of the government's equity contribution to the project.

- ✚ On February 02, 2016, I signed in Abu Dhabi on behalf of our government the agreement with the Abu Dhabi Development Fund (ADFD) for the US \$15 million concessionary loan. These funds would be utilised in the post-drilling phase of the project, after the first production well is dug. Resources are available from the CDB and IDB for the drilling phase.

- ✚ The project schedule is as follows:-
 - Civil works (Soil and Water Investigation):
January 25, 2016;
 - Civil Works Contract (to be awarded):
July 25, 2016;

 - Construction of Well Pad (for production wells):
August 15 – September 23, 2016;

 - Construction of Well Pad (for injection well):
September 26 – November 04, 2016;

 - Drilling Contract (to be awarded): July 2016;

- Rig Mobilisation: August 1 – November 25, 2016;
- Grid Study: August 1 – October 28, 2016;
- Drilling (3 production wells):
November 28, 2016 – May 5, 2017;
- Drilling (1 injection well):
May 15 – June 23, 2017;
- Well Testing (including all production and injection wells):
July 16 – August 04, 2017
- Engineering Procurement Contract (EPC) (to be awarded):
September 4 – October 13, 2017;
- Plant Construction:
March 05, 2018 – April 05, 2019
- Commencing and Start-up:
March 11 – April 05, 2019

These time-lines are by their very nature flexible. It is anticipated that they may well be abbreviated as the process unfolds.

Mr. Speaker, I remind Honourable Members that the estimated cost of the project overall is US \$82 million of which the drilling phase is expected to cost US \$32 million. The project will be financed by 35 percent equity and 65 percent debt.

Our government is continuing its search for additional funds of a grant or low-cost kind. Further promising funding opportunities exist through JICA, IDB, the Caribbean Development Bank, the Department for International Development (DFID) of the United Kingdom government, and additionally from the Abu Dhabi Development Fund. The government of New Zealand is also lending technical advice.

Meanwhile VINLEC continues to invest in the improvement of the hydro-plants and in solar energy. The Energy Unit of the government continues its excellent all-round work in the area of renewable energy, particularly in respect of solar energy facilities on selected government buildings. The initiatives of VINLEC and the Energy Unit are consistent with our government's National Energy Policy, and Action Plan, upon which I have repeatedly commented.

(c) Climate Change, Ocean Governance, and Resilience

Global climate change is creating immense challenges, and in many instances causing havoc to Mother Earth and her inhabitants. St. Vincent and the Grenadines, and other Small Island Developing States (SIDS), contribute very little to global warming yet we are on the frontline of the very damaging consequences of climate change. To St. Vincent and the Grenadines, climate change is an existential issue of the highest order; it goes to our very existence as a country. For this very reason, St. Vincent and the Grenadines, the OECS and CARICOM are at the forefront internationally in championing the cause of SIDS, in seeking to ensure the arresting of harmful climate change and the prodding of developed countries and emerging economies, which are largely responsible for “man-made” climate change through the excessive carbon emissions into the atmosphere, to embrace meaningful “climate change” goals and to provide a sufficiency of resources for adaptation and mitigation.

This policy thrust of our government regarding climate change is embedded, too, in the recently-adopted Sustainable Development Goals (SDGs) at the United Nations. St. Vincent and the Grenadines has been playing an activist role in the Alliance of Small Island States (AOSIS), in the recently-constituted SIDS-DOCK (a veritable docking station for SIDS), in the Caribbean Climate Change Centre, and related entities in CARICOM, within the overall context of the United Nations Framework Convention (UNFCCC). In the latter regard, the December 2015 UN-COP21 in Paris was a vital staging post in the quest to adopt and implement a legally-binding global agreement in combating climate change.

The consequences of harmful climate change is evident in the more frequent and severely damaging adverse weather events that St. Vincent and the Grenadines, the Caribbean, and the world have been experiencing in recent years. Accordingly, our government has been instituting measures to bolster the resilience of our country. Among these are the following: (a) The setting up of the National Emergency Management Organisation (NEMO) and its strengthening; (b) the making of substantial budgetary provisions towards our country's resilience; in fact in the 2016 Capital Budget there is an allocation of \$27.2 million or 13.8 percent of the total Capital Budget directed towards the strengthening of our country's resilience to natural disasters; and (c) the establishment of a specific ministerial portfolio of Sustainable Development which includes subject areas of climate change and oceans.

St. Vincent and the Grenadines has oceans amounting to 90 times our country's landscape; the total area of our oceans amount to 10,400 square nautical miles. Our government has elaborated a National Policy on Ocean Governance. It is our duty to utilise our oceans and resources therein sensibly and

sustainably for our people's benefit. Our quest for a Green Economy, including renewable energy, is conjoined with that of a Blue Economy grounded in our oceans.

(d) City at Arnos Vale

Much preparatory work has been done regarding the building of a city at Arnos Vale site of the E.T. Joshua Airport when it is de-commissioned. Although, the state-owned Arnos Vale Development Company has been registered, to drive this project, the preliminary preparatory work is being done under the direction of National Properties Limited. Clearly, this is a project which will take more than the five years of the usual election cycle to complete; it will be constructed in a phased manner. It is intended as a public-private partnership and is hugely ambitious.

Already, our government has identified two major public sector-driven projects to be located there: A modern cruise ship pier and support facilities; and the Modern Acute Referral Hospital. We are actively seeking funding for these two projects. Additionally, the proposed entertainment complex, inclusive of a boutique hotel, is being pursued with a reputable entrepreneur from Trinidad in accordance with the already-signed Memorandum of Understanding.

The elaboration of the details of this venture will be presented to the public later this year. Part and parcel of this initiative is an alternative route to and from Kingstown, possibly through a tunnel under Cane Garden.

The proposed modern city at Arnos Vale is to be placed within our governments overall strategic vision for urban development, including the cleaning-up and sustainable development of Kingstown, and the proposed development of Campden Park as a city.

(e) A Modern Port Kingstown

The existing port facilities on St. Vincent are highly inadequate. Port Kingstown is some sixty years old and is in a run-down condition. The Campden Park Container Port (CPCP), though constructed only some twenty years ago, has deteriorated abnormally amidst structural problems; CPCP currently handles eighty percent of the container cargo for St. Vincent and the Grenadines. In any event, the projected expansion of the container trade demands enhanced Port capacity.

The St. Vincent and the Grenadines Port Authority has caused to be conducted extensive studies on Port Modernisation by Mott Mc Donald of Canada through funding provided by the Caribbean Development Bank. The preferred recommendation by the Consultants is that a modern port be constructed at the western end of Kingstown in the Rose Place area. The estimated cost of the preferred option for the modern port is approximately US \$50 million. Several options are being weighed for the expansion, and possible relocation, of the cruise ship facility, preferably at Arnos Vale. Further follow-up technical, and comparative cost assessments for the modern cruise facility are required before a final determination; but let it be clear that the current cruise ship facility cannot meet the requisites of a modern, competitive cruise industry. Indeed, the current cruise facility is already a brake on the industry's further development.

Our government and the Port Authority are exploring possible public-private partnerships for the construction of both the modern port and the expanded/relocated cruise ship facility. We have been in discussions on these matters with investors from the USA, China, and the Middle East, and with multi-lateral finance institutions. Further, we are pursuing in respect of the construction of the modern port facility, a possible

funding source through the recent initiative of the United Kingdom government for infrastructural development in the Caribbean.

A modern port and an expanded cruise ship facility are vital for the modernisation and enhanced competitiveness of our economy to increase economic growth and employment.

(f) Educational Services as an Economic Niche

Our government is determined to pursue aggressively educational services, mainly delivered to students who originate from overseas, as an economic niche for St. Vincent and the Grenadines.

Currently, St. Vincent and the Grenadines benefits from the presence of four international medical schools (Trinity, All Saints, St. James, and American Medical Schools) with some 1,000 students, and the teaching of English as a second language to Spanish-speaking persons through the St. Vincent and the Grenadines Community College (SVGCC); there is a first batch of 50 teachers from Ecuador on a seven-month English Language programme at the SVGCC.

There is a huge potential for further growth in the student-intake at the medical schools. Indeed, all four schools have concrete plans for further expansion.

The renovations and upgrade at the Milton Cato Memorial Hospital, the completion of the Medical Complex at Georgetown, the construction of two polyclinics (Buccament and Marriaqua), to complement the one at Stubbs, the improvements at the clinics, and the proposed Modern Acute Referral Hospital, are all intended to deliver optimal medical services to our people and to provide additional hospital and clinical facilities for use by the Medical Schools.

The economy of St. Vincent and the Grenadines benefits from the presence of the overseas students through rental income for accommodation, restaurant and entertainment services, transportation, and sale of food, drink, and other commodities. On an annual basis, 1,000 students contribute an estimated \$35 – 45 million to the economy of St. Vincent and the Grenadines.

(B) **PRODUCTIVE SECTORS: A SUMMARY**

The performance of the major productive sectors for the first nine months of 2015 is reviewed in detail in the SVG Economic and Social Review, January to September 2015 which is annexed to this Budget Address, and forms part of it. I will thus not traverse that terrain, save and except to present some highlights in six main productive sectors of Agriculture and Fisheries; Manufacturing; Construction; Hotels and Restaurants; the Financial Sector; and Other Services.

(i) Agriculture and Fisheries

For the period January to June 2015, the production of crops continued on its positive growth path as it did in 2014. Following upon four years of consecutive growth, preliminary data show crop production as having increased by 21.0 percent to 33.4 million lbs. Non-banana crops grew significantly, especially dasheen, plantains, eddoes and sweet potatoes.

Despite the droughts, floods, the on-going challenge of Black Sigatoka, and the virtual cessation of market preferences in the United Kingdom, activity in the banana industry continues to improve. Preliminary estimates indicate an increase in banana production in the first half of 2015, although banana exports remained virtually unchanged at 1,969 tonnes.

Our government values highly the contribution of “the traffickers” in agricultural produce in the region. They encounter several challenges which will be addressed comprehensively. Accordingly, an Inter-

Ministerial Committee has been set up to address these in tandem with the traffickers, farmers, and shippers.

In the fishing industry, there was growth for the period January to September 2015. Preliminary data for this period reveal an increase in fish landings to 1.40 million lbs at a value of \$8.5 million compared to 1.23 million lbs value at \$7.3 million for the corresponding period in 2014.

The recurrent expenditure allocation for the Ministry of Agriculture, Rural Transformation, Forestry and Fisheries for 2016 amounts to \$20.2 million, an increase over the allocation for 2015, and nearly \$5 million more than the actual expenditure in 2014.

The increased allocation to this Ministry in 2016 is noteworthy particularly when account is taken of the fact that the portfolio of “Industry” was shifted in December 2015 to the Ministry of Economic Planning and Sustainable Development. Capital expenditure estimates in the budget for 2016 in the Ministry of Agriculture has been put to \$26.7 million. It continues to be a Ministry of fundamental importance to our government and the people of St. Vincent and the Grenadines.

In addition to the significant budgetary allocations to this vital Ministry, the overall public policies are designed to expand agricultural production and to assist the farmers. Among the beneficial policies for farmers are the soft-loans from the Farmers’ Support Company, the 75 percent duty-free concessions for farm vehicles, income tax exemption for income from farming, the provision of helpful extension services, and the assistance from the Banana Services Unit.

In 2016, our government is determined to improve the feeder road system through the Agriculture Modernisation and Development Project, BRAGSA, the Basic Needs Trust Fund (BNTF), and a

specific feeder-road rehabilitation programme through the Ministry of Works.

(ii) Manufacturing

For the first nine months of 2015, the manufacturing sector is estimated to have expanded. The significant growth areas were galvanise sheets, up by 30 percent; beverages, up by 13.6 percent; alcoholic beverages, up by 20.7 percent, fuelled by regional exports; PVC pipes, up by 84.3 percent. The output of flour declined marginally by one percent, due to tough regional competition.

The manufacturing sector receives a bundle of fiscal incentives, including the duty-free treatment for all raw materials imported in the manufacturing process. This latter incentive, introduced by the ULP government, is very helpful to manufacturers, especially small-to-medium-sized entities. Still, the sector, like other productive sectors, are constrained by restrictive lending by the commercial banks. As at September 2015, the sum of \$26.3 million was disbursed in loans to manufacturers, down 18.3 percent relative to the corresponding period in 2014.

It is imperative that our government's proposal to the ECCU-member countries for the establishment of a Regional Development Bank to lend exclusively to the private sector be urgently addressed. Small, stand-alone, national development banks are not adequate for this purpose. I am pleased to report that on February 12, 2016, the Monetary Council of the ECCU decided to spearhead the process to establish such a Regional Development Bank in the shortest possible time.

(iii) Construction

Value-added in the construction sector remained flat for the first nine months of 2015, amounting to \$121.7 million. Public sector investments particularly at the Argyle International Airport, the South Leeward Highway, and in public housing activities, boosted

construction in 2015. However, the practical cessation of construction in Canouan for most of 2015 occasioned by unresolved differences between the developers at that time, and the completion of several public sector projects, stalled growth in this sector.

Still, in the first nine months of 2015, there were promising developments in construction. Commercial bank credit towards the construction sector increased by 10.2 percent over the corresponding period in 2014, from \$22.3 million to \$24.6 million. Further, construction permits increased in this nine-month period by 25 percent over the comparable period for 2014. These permits related primarily to the construction of new residences, new commercial construction, and building expansions/additions.

An inadequacy and insufficiency in capacity continue to limit the construction industry. This many-sided challenge is being addressed in both the public and private sectors.

(iv) Hotels and Restaurants

For the period January to September 2015, total visitor arrivals remained flat at 145,680 visitors, although the vital category of stay-over visitors increased by 4.0 percent compared to a 2.7 percent decline in the previous year. Stay-over visitors represented the largest category of visitors, 37.6 percent.

Visitors by air, which accounted for 37.1 percent of total visitors, increased by 3.2 percent, while visitors by sea fell by 2.7 percent. Yacht visitors declined marginally by 0.7 percent.

For the first nine months of 2015, there were 54,759 stay-over visitors ___ a 4.0 percent increase; in the previous two years this stay-over category declined by 1.7 percent and 4.9 percent respectively. Increases in stay-over visitors were evident from all major source markets: USA, UK, Canada, and the Caribbean.

The 4.0 percent decline in cruise ship passengers was mainly as a result of the 59.4 percent reduction in cruise visitors to Bequia, even though there were increases at Kingstown (8.0 percent), Canouan (7.8 percent), and Union Island (34.4 percent).

Several important developments in the tourism sector augur well for the immediate future, including:

- (a) The imminent opening and operation of the Argyle International Airport;
- (b) The significant on-going and prospective investments in hotels, villas, and apartments in the Grenadines and on St. Vincent itself, as I outlined earlier in this address;
- (c) An increase in the subvention to the SVG Tourism Authority in the 2016 Budget from \$12 million to \$15 million, to facilitate, among other things, tourism promotion and product development;
- (d) The continuation of the numerous fiscal incentives and other support for the tourism sector;
- (e) The enhancement overall of the Tourism Standards as overseen by the Tourism Authority;
- (f) The strengthening of security for citizens and tourists alike;
- (g) The proposal to clean-up Kingstown;
- (h) The elaboration of supportive public sector infrastructure initiatives.

(v) The Financial Sector

Central to government's public policies in this area of the economy is the maintenance of a sound banking and financial sector, including insurance companies, the building and loan association, and credit unions. Through the regulatory agencies of the Eastern Caribbean Central Bank, the Financial Services Authority, and the Financial Intelligence Unit, St. Vincent and the Grenadines has been able to ensure financial sector stability. Continued diligence in regulation and a further sensible strengthening of the regulatory regimes for the various financial sector entities are on-going.

The International Financial Services sector continues to make an important contribution to the economy, although challenges abound. Fee income earned from the International Financial Services in the first nine months of 2015 amounted to \$2.9 million, a decrease of 2.8 percent compared to the corresponding period in 2014.

Mr. Speaker, unpaid BAICO policyholders continue to be agitated by the suspension of payments under the Relief Programme due to the non-receipt of the pledged resources from the Government of Trinidad and Tobago. The sum of US \$64 million is outstanding; and the long-awaited tranche of US \$40 million is yet to come. In my capacity as Chairman of the Insurance Sub-Committee of the ECCU Monetary Council, I have yet again written ___ last week ___ to the Government of Trinidad and Tobago requesting their fulfilment of their obligation. I am hopeful that now that the new government in that country has properly settled in, they would meet their obligation to the ECCU on this matter. We are awaiting, too, the passage of the Plan of Arrangement (BAICO and CLICO) Bill in some other countries of the ECCU in order for the Judicial Manager to proceed with the distribution of some US \$30 million to BAICO policyholders in the ECCU member-countries. Meanwhile in St. Vincent and the Grenadines, the claim of EC \$145 million in the Law Courts against RBTT on a related BAICO matter instituted by the Supervision of Insurance of St. Vincent and the Grenadines is proceeding.

On CLICO International Insurance (CIL), we in the ECCU have instructed our lawyers to appeal a judgment on a specific issue from a judgment of the High Court of Barbados which approved the implementation of what is a “Barbados First Plan”; this specific issue relates to CIL’s operation as a single entity throughout the ECCU. At the same time, the ECCU has called on CIL’s Judicial Manager and the Government of Barbados to exercise transparency, fairness, and accountability in the exercise of the “Barbados First Plan”, and the Judicial Manager’s use of the premiums.

The work on the uniform Insurance Bill across the ECCU has been taking much longer than anticipated. The third draft of the Bill was released for consultation in early November 2015. Comments were due by January 31, 2016. We are anxious for this Bill to be finalised and taken to the respective Parliaments. There is urgency, too, for the establishment of the Eastern Caribbean Financial Regulatory Commission.

As regards commercial banking, there are a few issues to be highlighted: First, the reduction last year of the minimum savings rate in the ECCU has not translated in a reduction of the average lending rate to customers of the commercial banks; this is a matter to be kept under review. Secondly, commercial banks continue to be averse to lending to the main productive sectors; the Monetary Council recently decided to address the banks on this matter in a regional and not in an isolated national context. Indeed, even as money supply has increased due to a growth in private sector foreign deposits and savings deposits, the ECCB has noted a tightening of credit conditions and a falling of domestic credit in the ECCU by 4.4 percent in 2015. Finally, it is imperative that the ECCU keeps a watchful eye on the challenges to corresponding banking arrangements in some member-countries.

(vi) Other Services

Significant contributions to the economy arise from the four medical schools in St. Vincent and the Grenadines, ships' registration which netted in 2015 some \$5.0 million, the creative industries and entertainment. Our policy is to continue to promote aggressively these services and economic sub-sectors.

(C) **SOCIAL SECTORS**

The details pertaining to the social sectors of Education, Health and Wellness, Housing, Social Development, sports and Culture are available in the 2016 Estimates of Revenue and Expenditure, inclusive of the Result Indicators, and will be elaborated upon in this Budget Debate by the Ministers with responsibility for these portfolios. I shall, however, address briefly some important public policies particularly regarding Education, and Health and Wellness.

In respect of Education, our government will in 2016, emphasise the following, among other things:

- (i) Adoption formally of the Revised Educational Sector Plan;
- (ii) Continuing to pursue without let-up, every single facet of the Education Revolution;
- (iii) Working assiduously with teachers and parents to ensure a marked improvement in quality teaching, particularly in core subjects, and quality leadership in schools;
- (iv) Delivering value for money in the educational system, including cutting out waste and inefficiencies;
- (v) Aiming, overall, for education to deliver optimally on its four basic goals:

- (a) to train critical minds, fit to receive and transmit universal culture, including science and technology, but with a Caribbean particularity;
- (b) To produce persons with the requisite skills to man the production apparatuses in a modern, competitive economy which is at once local, national, regional, and global;
- (c) To inculcate in students the tried and tested values of our Caribbean civilisation, including those of its Vincentian component; and
- (d) To assist in fashioning finished, creative personalities and worthy citizens.

In the 2016 Budget, recurrent expenditure on Education is estimated at \$120.3 million or 21 percent of total recurrent expenditure, exclusive of amortisation and sinking fund contribution. This is a huge allocation. Additionally, \$11.65 million has been budgeted for capital expenditure. Further, through the Student Loan Company, the government lends and guarantees some \$6 million annually to economically-disadvantaged students to enable them to attend university. Over the past 14 years, the government has guaranteed in excess of \$85 million in these student loans. Moreover, the government sources hundreds of scholarships for students to attend universities in the region and elsewhere.

In the area of Health and Wellness, several initiatives are to be emphasised in 2016, including:

- i. Finalising the elaboration and adoption, for implementation, of the National Strategic Policy on Health and Wellness;

- ii. Finalising the adoption and implementation of the Patients' Charter of Rights and Responsibilities;
- iii. Focussing on the optimal delivery of the wide range of medical and health services offered by the public health delivery system, especially public health (including the war against Zika and other infectious diseases), primary healthcare and wellness, and hospital services;
- iv. Accelerating further the implementation of the capital infrastructure projects and programmes under the 10th EDF Modernisation of the Health Sector;
- v. Implementing further the PAHO Smart Hospital Initiative;
- vi. Continuing the practical elaboration of the project to build a Modern Acute Referral Hospital at Arnos Vale;
- vii. Strengthening the integration of Visiting Medical Missions and specialist professionals at the four medical schools into the National Health delivery system; the work, for example, of the World Pediatric Project in St. Vincent and the Grenadines has been exceptionally good for our children and their families;
- viii. Working assiduously with the National Insurance Services, in conjunction with other stakeholders and the general public, to fashion an appropriate National Health Insurance System for implementation in the medium-term;

In order to facilitate the further elaboration and implementation of the policies and programmes in Health and Wellness, an Inter-Ministerial Committee on Health and Wellness has been established by Cabinet to be chaired jointly by the Prime Minister and Minister of Health. Further, administrative and managerial support to the process has been

put in place through the appointment of an experienced health professional as the Coordinator of Special Projects in the Ministry of Health.

In the 2016 Budget, the Ministry of Health, Wellness, and the Environment (Public Health) has been allocated recurrent expenditure of \$66.77 million or 11 percent of the total recurrent budget, exclusive of amortisation and sinking fund contribution. Additionally, \$22.8 million in capital spending has been earmarked for this Ministry in 2015. Thus, in the aggregate, the total budget (recurrent and capital) for this Ministry in 2016 is a whopping \$89.6 million.

In terms of the functional classification of expenditure for 2016, the category “Health” stands fourth in the pecking order of expenditure, after General Public Services, Economic Affairs, and Education. Clearly, Health and Wellness are priority areas for our government. Much has been achieved, but much more still remains to be done.

It is well-known that among the major health challenges in St. Vincent and the Grenadines, and the wider Caribbean, are those connected to diabetes and hypertension. These non-communicable diseases constitute a burden to individuals, their families, our country, and our health services. Healthier life-styles grounded in better eating, drinking, and physical exercise habits are major preventative answers to diabetes and hypertension. But, too many of us disregard these preventative answers. So we suffer. There has to be an enhanced focus on healthy living to ensure a marked reduction of diabetes and hypertension.

In addition to all the health and wellness initiatives to be further deployed and enhanced in this battle, I intend to apply our fiscal policy to spur a reduction in the consumption of sugar and certain drinks. Later in my address, I shall announce the appropriate tax measures.

Mr. Speaker, our government's initiative to treat diabetic ulcers with the drug Herboprot-P is expensive. The cost of the drug and the accompanying treatment per patient is approximately \$30,000.00. This treatment is not a miracle drug, but it has a success rate of in excess of 90 percent in patients for whom it is applicable. Its success is likely to mean the avoidance of the loss of a limb. Most of the patients are poor and cannot afford the treatment; so, the State has to pay. The additional revenues from the enhanced revenue measures on sugar and some beverages will help to defray the cost of this initiative, and others, in battling diabetes. I feel sure, the public, will support the very modest tax measure which I will propose in this regard, today.

(D) **PUBLIC ORDER, PUBLIC SAFETY AND CITIZEN SECURITY**

The government's central policy in the area of public order, public safety, and citizen security is to be tough on crime and tough on the causes of crime. The first obligation of the State is to maintain law and order and public safety and to ensure citizen security. Without public order, public safety, and citizen security, the economy will fall apart, organised society will disintegrate, and the rule of the jungle, manifested in the survival of the fittest, will prevail.

By and large, St. Vincent and the Grenadines remains a peaceful, law-abiding country, despite the misconduct of a small recalcitrant minority, including the purveyors of violence. Our people are law-abiding and the institutions of the Police, the Prisons, the Coast Guard, the Immigration Department, the Customs, the Financial Intelligence Unit, the Office of the Director of Public Prosecutions and the Prosecution Service, and the Law Courts, function professionally, within the law, and independent of any political or other undue interference.

The functional classification category of expenditure entitled "Public Order and Safety" has been allocated in the 2016 Budget the sum of \$66.57 million of which \$61.34 million is provisioned for recurrent spending and \$4.23 million for capital expenditure.

At the front-line of public order, public safety, and citizen security are 836 Police Officers, 20 Rural Constables (to assist in dealing with praedial larceny), 15 Traffic Wardens, 91 Coast Guard Officers, 99 Fire Service Personnel, who are Police Officers, and 136 Prison Officers. In all, therefore, there are 1,197 persons at the forefront of the State's security apparatus. This number is supported by some 600 watchmen of public buildings, and buttressed by private security at business places and homes. Clearly, huge financial allocations are made by the State and the private sector to provide safety and security. St. Vincent and the Grenadines is a well-secured country, judged from the standpoint of the sizeable number of security personnel who are deployed.

Still, St. Vincent and the Grenadines is located in a dangerous neighbourhood. Criminals from other Caribbean countries, South and Central America, North America, and elsewhere come to our lands and seas to carry out multiple nefarious activities. Fighting crime is a local, national, regional, and global venture. It is for this reason that our government is part of the Regional Security System, IMPACS of CARICOM, INTERPOL, the relevant agencies of the United Nations, the Organisation of American States (OAS), and other hemispheric security entities, and regional professional bodies of Police Officers, Prison Officers, and Fire Fighters. Our government works closely, too, on matters of public order and citizen security with friendly countries internationally through treaty and appropriate administrative arrangements.

Our government has elaborated a many-sided National Strategy on Crime Prevention, with supportive institutional arrangements for its on-going implementation. Our crime-fighting strategy and tactics are continuously being refined to meet all threats to public order, public safety, and citizen security. I continue to give the assurance that our government will not compromise on any of this, while at the same time respecting and defending the fundamental rights and freedoms of individuals as protected in the law.

Mr. Speaker, one final matter on public safety and citizens security. It relates to road traffic. In 2015, there were 25 fatal accidents on the roads of

St. Vincent and the Grenadines caused by motor vehicles. Such a state of affairs is wholly unacceptable. There is too much carelessness and recklessness on the roads; there is insufficient consideration by too many motorists for other road users. There are too many defective vehicles on the road; there are too many unlicensed drivers, unlicensed and uninsured vehicles on the road. I am urging motorists to exercise due care and attention on the road, to obey the traffic laws, and pay the requisite monies for the licenses and insurance coverage. I have asked the Police to step up their surveillance on these matters; and I have requested a comprehensive plan for law enforcement on the road.

This year, I intend to bring to this Honourable House a modern, revised Motor Vehicle and Road Traffic Bill and consequential legislation, to strengthen order and discipline on the roads. I propose, too, to increase the fees for drivers' licences and motor vehicle licenses to assist in defraying the costs for the use and regulation of traffic on the roads. I will address these increases shortly when I announce the revenue measures.

(E) **TOWARDS ZERO HUNGER**

Mr. Speaker, the facts and figures regarding poverty, indigence (“dirt poor” poverty), and under-nourishment in St. Vincent and the Grenadines are well-known. In 1996, the Kairi Consultants of Trinidad and Tobago found that general poverty in St. Vincent and the Grenadines stood at 37.5 percent of the population and indigence was at 25.7 percent of the population. By 2008-2009, the same group of Consultants assessed that general poverty had fallen to 30.0 percent of the population and indigence had dropped sharply to 2.9 percent of the population.

Similarly in 1995, the Food and Agricultural Organisation (FAO) of the United Nations assessed that 22 percent of the population were undernourished; by 2012, the FAO’s assessment was that undernourishment had decreased markedly to 3.5 percent of the population.

Indeed, on two occasions, in 2013 and 2015, at their headquarters in Rome, the FAO formally recognised St. Vincent and the Grenadines as being one of

a very select group of countries globally that had met the relevant targets of the Millennium Development Goals (MDGs) and the FAO's World Food Summit Goals of more than halving both the percentage of the population living in extreme poverty ("indigence") and the absolute number of persons who were under-nourished. These outstanding accolades by a reputable international body are undoubtedly a tribute to the government and people of St. Vincent and the Grenadines.

In September 2015, at the United Nations, St. Vincent and the Grenadines, and all other nations globally, signed on to the achieving of 17 Sustainable Development Goals (SDGs) by 2030; the SDGs replace the MDGs of the earlier fifteen-year period, 2000 to 2015.

In October 2015, the Honourable Minister of Agriculture, Fisheries, Forestry, and Rural Transformation, introduced a motion in this Honourable House to establish, in accordance with a FAO proposal, a bi-partisan Parliamentary Front Against Hunger. This motion was unanimously accepted by this House.

The ULP incorporated the SDGs, inclusive of the goal to end Hunger, as central to its policies and programmes in its Manifesto for the 2015 General Elections. Further, the ULP pledged to get to Zero Hunger in St. Vincent and the Grenadines by the very ambitious date of 2020, not 2030, as prescribed in the SDGs; the ULP promised that its aim was to ensure that by 2020 "no man, no woman, no child would go to bed hungry at nights".

Immediately upon returning to office after the general elections of 2015, the ULP government set about on its quest to achieve Zero Hunger. Swiftly, it established an Inter-Ministerial Committee under the Joint Chairmanship of the Prime Minister and the Minister of Economic Planning and Sustainable Development; the Secretariat of this Inter-Ministerial Committee resides in the Office of the Director of Planning. Swiftly, the officials of the Ministry of Social Development provided from its data base the names, addresses, and other relevant particulars of each of the approximately 3,000 persons whom it considers to be in indigence and hunger. Through the diligent work

of the relevant officials across the Ministries, a draft Plan to Achieve Zero Hunger has been produced, in accordance with a written Policy Declaration (including programmatic elements) on the subject by the Prime Minister.

Central to the draft National Zero Hunger Action Plan is the establishment of the Zero Hunger Trust Fund (ZHTF). The ZHTF will support the multi-faceted efforts needed to eliminate hunger in St. Vincent and the Grenadines, and establish a model approach that can be replicated across the Caribbean. The ZHTF is designed to achieve the following major objectives:

- ✚ Ascertain the precise extent of hunger in St. Vincent and the Grenadines;
- ✚ Ensure that the specific circumstances or condition of each person afflicted by indigence or hunger is addressed appropriately and successfully;
- ✚ Establish action-oriented programmes in education and training; health and wellness; housing; employment and productive work; and the strengthening of social safety nets; and
- ✚ Make sure that the targeted beneficiaries are transformed into self-sufficient and self-sustaining human beings.

The ZHTF will be established by statute law. Its Trustees will be drawn from public servants, professionals, other esteemed personalities at home or abroad, and persons drawn from civil society organisations, inclusive of charitable entities. The ZHTF will not have any politician or political activist among its Trustees. Its Secretariat will be located in the Ministry of Sustainable Development. It will support existing relevant “Zero Hunger” initiatives by the government and will itself spearhead others.

The funding of the ZHTF will be sourced from the Consolidated Fund, a special levy on telecommunications, grants from local, regional, and

international organisations, donations from individuals, and grants from friendly governments globally. I have already been in discussion on this matter personally with the Director General of FAO, the state authorities in Dubai, and an important charitable organisation based on Mustique. I have received pledges of support.

A five-year Zero Hunger Action Plan is being fully elaborated, with particular components of the Plan being of a shorter time-span. The estimated cost of the overall Plan is put at \$10 million per year. Our government intends to begin work on the ZHTF immediately with whatever resources are at hand.

I intend to impose a levy of two percent on mobile telephone calls and on international calls to be paid directly into the ZHTF in accordance with a specific statute law. This levy is estimated to raise \$2.7million annually.

I am personally pledging for each of the five years (2016 – 2020), one month of my net basic salary, to the ZHTF. In effect, I will be taking an 8.3 percent cut in my net annual salary for each of these five years to support the push towards Zero Hunger. In order to encourage contributors, especially businesses, to donate to the ZHTF I intend to amend the Income Tax Act to enable contributors to treat the contribution as a tax deductible expense for the assessment of taxes to be paid. I will not myself take advantage of this amendment in respect of my contribution.

As always, in respect of the poor, the ULP government keeps its word. In the recently-concluded general elections, the ULP pledged to increase the monthly public assistance for beneficiaries below the age of 65 years from \$200.00 to \$225.00 and to those 65 years of age and above, from \$220.00 to \$250.00, from January 01, 2016. The naysayers and chronic doubting-Thomases charged that our promise in this regard was a mere election gimmick. Within weeks of the elections, in the month of January, the recipients of public assistance got their increases as promised. Our government, this Prime Minister, will NEVER deceive the poor! We will always consider the poor; and for that reason the Lord will protect us in time

of trouble, as advised by the Psalmist. The Hebrew Bible had long assured us that the Lord our God will bless us in all our works and in everything that we put our hands to, in our generous consideration of the poor.

It is to be pointed out that in the recurrent budget for 2016, the sum of \$77 million or 10.8 percent of overall recurrent budget has been allocated across several Ministries for Social Protection.

More specifically, there are numerous programmes in the 2016 Budget which already touch and concern the poor or economically disadvantaged. These include:

1. Social Assistance (including Social Welfare) and Home-Help-for-the-Elderly : \$17.5 mn;
2. Child Development : \$ 1.0 mn;
3. Youth Development (including YES Programme) : \$ 3.2 mn;
4. Special Education Services (School for Children with Special Needs) : \$ 1.8 mn;
5. Adult and Continuing Education : \$ 2.6 mn;
6. School Feeding Programme : \$ 1.3 mn;
7. Gender Development (including Crisis Centre) : \$0.52 mn;
8. NEMO and Disaster Management : \$0.85 mn;
9. Social Welfare (Transport Subsidy) : \$0.94 mn;

10.	Geriatric Care (including Lewis Punnett Home)	:	\$2.29 mn;
11.	Nutritional Support Programme and Nutrition Unit	:	\$1.47 mn;
12.	Social Assistance Benefit (Ministry of Health)	:	\$0.14 mn;
13.	Book Loan Scheme	:	\$ 1.0 mn;
14.	Rural Development/Community Development	:	\$ 8.0 mn;
15.	Housing Reconstruction/Rehabilitation	:	\$ 5.5 mn;
16.	Social Assistance (including Medical Assistance) at PMO	:	\$0.52 mn;

These, and other such connected programmes, are to be utilised to assist in the drive towards Zero Hunger.

Under these existing programmes several thousands of persons are targeted to be served or assisted. I have listed for Honourable Members, in an Annex to this speech a bird's eye sketch, the number of some of these targeted beneficiaries particularly through some programmes in the Ministries of Social Development Education, and Health. More details are available in the 2016 Estimates.

(F) **FISCAL CONSOLIDATION**

Mr. Speaker, I shall address the issue of fiscal consolidation, under three specific headings: An Overview of Fiscal Consolidation; Pension Reform; and Public Debt Management.

(i) An Overview of Fiscal Consolidation

Our Government has made substantial progress in implementing its fiscal consolidation plan. Tax compliance has improved significantly, due in part to implementation of e-filing for income taxes and the development of an arrears monitoring and management system. The wage bill as a percentage of GDP and revenue has started to decline and practical strategies have been adopted to accelerate the process for elimination of wastage and misuse of Government resources. These reform measures have already begun to pay dividends and the Central Government has realized small current account surpluses for the last two years.

Notwithstanding this considerable progress, there is still need for an even stronger fiscal consolidation to build fiscal space and improve resilience. We are therefore implementing a number of measures to strengthen our fiscal position including further improvements to the revenue collection machinery, reduction of tax exemptions, restraining any excessive growth of wage and non-wage current expenditures, placing caps on transfers to state institutions, and an orderly reform of the public service pension system.

With respect to tax collection, while there has been significant progress in respect of arrears collection, the level of outstanding taxes is still too large, and now exceeds \$250 million including interest and penalties. The Inland Revenue Department (IRD) recently received support from CARTAC in strengthening the collection enforcement operations of the Department and has formulated new approaches and procedures for the collection of these tax arrears.

Four areas have been identified as pivotal to the overall reform of the IRD – the reform plan and program; reorganization, taxpayers relations and services; and legislative changes to strengthen collections enforcement. IRD also faces challenges related to the

existing skill set of staff, and inadequacies in office space. Further, the question of workplace culture will be carefully considered in order to boost staff moral and motivation, leading to a continued sense of commitment to a new paradigm and work ethic.

Reform efforts are also underway at the Customs and Excise Department (CED). The task of Customs has become increasingly difficult due to the proliferation of regional and international trade agreements, the greater sophistication of traders, and the multiple of shifting objectives imposed on customs. Speedy release of goods is critical to supporting the competitiveness of traders and exporters. There is also a need to adhere to international standards on value and classification as well as regional standards on rules of origin.

The upgrading of ASYCUDA was a major turning point in modernising the CED and reforming the nature of the relationship between traders and CED. While there was initially much resistance and concern on the part of traders about the changes, this quickly turned to strong support for the system and its implementation which is recognized as a success for CED and the trading community. There is also recognition that there have been improvements in release times for most traders.

While the overall state of the relationship is improving there remains considerable room for further progress. Accordingly, we will be accelerating the reforms at CED to achieve the cultural and operational changes which are necessary. This will require the continued presence of advisors and trainers to provide management and staff with an understanding of international best practices and the practical knowledge needed to implement and build capacity to sustain the changes being introduced. The specific strategies to be pursued include:

- Implementation of legislation to regulate the brokerage community;
- Strengthen client services and information available to the public to enable them to improve the self assessment system;
- Introduction of the code of conduct for employees of CED and adoption of procedures that provide little discretion to customs staff, and that have built-in accountability mechanism;
- Further elaboration of the “gold card” program consistent with international best practice to grant privileges to traders with strong compliance records; and
- Better rationalisation of the system for granting custom duties concessions.

On the expenditure side, efforts to implement measures to improve the efficiency of public expenditure, while promising, have had uneven results. There is still a tendency by too many public servants to emphasize the size of appropriations, rather than the efficiency, effectiveness and quality of expenditure. Further, efforts to encourage productivity by shifting the administrative culture in the direction of results-based management has a long way to go. There has however been some success with a number of institutional restructuring measures aimed at improving spending efficiency through privatization of services and decentralized management of government spending.

On the basis of these considerations, our fiscal consolidation plan places emphasis on the development of a public management culture resting on the concepts of scarcity of public resources and the achievement of results. Constant attention will be given to the prioritization of items of expenditure, both across and within sectors,

and to the efficiency, effectiveness and quality of public sector services. We have therefore provided funds in the 2016 Estimates for programmes which will promote this objective, including, an acceleration of the reform of the public procurement system, staffing of the Internal Audit Unit in the Ministry of Finance, upgrade of the monitoring and oversight framework for State Owned Enterprises (SOEs), upgrade of the Financial Management Information System to SMARTSTREAM 8, and an improved cash management system.

The upgraded and reformed Budget System which has been introduced in five Ministries from this year is an essential part of this result-based public management paradigm. This has required institutional changes that allows for the establishment of formal mechanisms demanding of public agencies to set management objectives and goals regularly and assess their results periodically. This is essentially an evolutionary process that calls for persistent efforts by public servants so as to enable it to take root in the day-to-day practices.

To ensure that these reform measures achieve the objectives of increasing the efficiency, effectiveness and quality of public expenditure, we will implement a programme of training of public sector employees to make them more business-friendly within a broader policy of modernizing the state.

(ii) Pension Reform

Mr. Speaker, the growing cost to provide pensions and other retiring benefits is an area of real concern. Expenditure on these benefits has doubled in the past eight years growing at more than twice the rate of the wage bill. As at December 31, 2011, there was an implicit Government Pension Debt of \$741 million or 37% of 2011 GDP. This debt is the actuarial liability for providing promised pensions benefit into the future.

There are five (5) separate pension plans which together constitute the public service pension systems for civil servants, teachers, police, judges, and elected parliamentarians. These plans are all non-contributory and unfunded. Further, the Public Service Pension System (PSPS) operates in parallel with the National Insurance Services (NIS). The two systems are not coordinated, with a varying retirement age.

The current arrangement clearly poses significant risk for both the Government and the participants. It is therefore of vital importance that participants and the general public understand the fiscal problems and risks posed by the pension systems and support efforts by the Government to institute much needed reforms.

In 2013, an actuarial analysis of the Government of St. Vincent and the Grenadines Public Service Pension System was conducted in order to identify reform options for reducing the Government's long-term fiscal costs and to rationalize the combined pensions for PSPS and NIS to a level consistent with normal pension practice. The analysis was based on data of the active pensionable employees and retirees as of December 2011. Additionally, the analysis was based on a defined set of assumptions, actuarial cost method and principles.

The options recommended for the PSPS include:-

- A reduction of the benefit accrual rate.
- An increase in normal retirement age in stages, to age 65, consistent with the increase for the NIS.
- Introduction of mandatory employee contribution rate of 5.0% of payroll.

- Phase-out of the PSPS to new employees.
- Limit participants in the PSPS to a maximum pension from NIS of 30% of the Annual Insurable Earnings Limit.

It is our Government's intention to have these recommendations considered carefully by all stakeholders, with the outcome being a reformed pension system than can be promulgated and enacted within the next few years. The intention is to design the pension reforms in a sensible and sustainable way so as to protect the integrity of retirement benefits and the welfare of pensioners.

(iii) Public Debt Management

Mr. Speaker, preliminary data show that as at December 31, 2015 the total outstanding public debt stood at \$1.566 billion (76.9% of GDP) a decrease of 0.3% when compared to the debt of \$1.571 billion at the end of December 2014. Of this total \$894.4 million or 57.1% was held externally with the remaining \$672.0 million being held domestically. The ratio of public debt as a percentage of GDP has risen moderately, which compares favourably with other member-countries of the ECCU; still, we intend to arrest this trend once the period of high capital expenditure associated with the airport and disaster rehabilitation tapers off, within the context, too, of an expanding GDP.

During 2015 there were significant draw-downs from ALBA, the Exim Bank of the Republic of China on Taiwan, and from the UK Export Credit Guarantee Department for continuing works on the international airport, as well as disbursements from the Caribbean Development Bank (CDB) and International Development Association (IDA) for other ongoing projects including the South Leeward Highway Rehabilitation Project and the Disaster Rehabilitation and Vulnerability Reduction Project. On the domestic

debt there were disbursements of new loans for the National Lotteries Playing Field Development Project, the National Student Loans Company, and for the International Airport Project from Petro Caribe.

The current debt situation has not arisen from any profligacy, and is quite manageable. Indeed, the recent Debt Sustainability Analysis (DSA) indicated that St. Vincent and the Grenadines' external debt distress remains moderate. Government has placed a high priority on the provision of the required infrastructure for growth and development, and for poverty reduction. As a result the public debt has been used, among other things, for construction of schools, roads, bridges, hospitals, clinics, river defences, and the international airport. Other loans have been contracted for development of education, health, telecommunication, and support for LIAT. We have also had to borrow heavily to replace damaged infrastructure in the aftermath of the many weather related events which have impacted St. Vincent and the Grenadines in the last decade or so.

For the year 2015 the Central Government expended some \$143.1 million for servicing of the public debt, comprising \$44.64 million for interest payments and \$98.51 million for debt amortization and contributions to Sinking Fund. Interest cost has been declining in recent years, but this has been offset by much higher cost for debt amortization and contributions to Sinking Fund. For 2016 the cost of debt amortization and contribution to Sinking Fund is projected at \$138.7 million, the equivalent of 25% of projected revenue.

High levels of debt repayment place a strain on Government's finances and undoubtedly restricts Government's provision of public services generally. Given this constraint, Government has been exploring various options for restructuring the debt using the substitution and transformation principles. Substitution basically constitutes a search for terms that can lengthen the repayment periods and reduce cost. Transformation of both the debt profile structure and the debt management apparatus is always sensible in the quest to

make the debt more manageable. In this regard we will be conducting a Debt Management Performance Assessment (DeMPA) in collaboration with the Eastern Caribbean Central Bank (ECCB) and will also update the Medium Term Debt Strategy. The targeted Debt-to-GDP ratio for the ECCU-member countries, including St. Vincent and the Grenadines, has been set by the Monetary Council at 60 percent by 2030.

The Medium Term Debt Strategy (MTDS) provides information on Government's debt management objectives and outlines its plan for achieving a desired composition of its debt portfolio over the medium term. It is crafted within the context of the Medium Term Macroeconomic Framework to provide quantitative analysis to evaluate the costs and risks of different debt management strategies. The MTDS demonstrates Government's commitment to carrying out its debt management objectives by implementing best practices aimed at achieving medium and long term debt sustainability.

(G) **RESOURCE REQUIREMENTS**

Mr. Speaker, as I pointed out earlier in this Address, the expenditure budget for 2016 is estimated at \$912.90 million which is some 6.0% less than the 2015 expenditure budget of \$971.37 million. The reduction in estimated outlay in 2016 is accounted for on the capital side of the budget which is 33.3% less than the capital programme last year. Total estimated expenditure is comprised of current expenditure is \$576.55 million, amortization of \$116.68 million, contributions to Sinking Fund of \$22.00 million, and capital expenditure of \$197.67 million.

The main source of funding for the 2016 Budget is of course current revenue which is estimated at \$564.63 million, 6.1% more than the 2015 Revenue Estimates, and 9.0% more than the amount actually collected in 2015. Such an increase in current revenue in all the circumstances is a challenge, but we are confident that this revenue

target could be met, and indeed, surpassed once the desired effort is made by those concerned with revenue collection. Our confidence is based on a number of factors.

First, for 2016 we are projecting a 3.3% growth in nominal GDP (2.2% real growth and 1.1% inflation), and given the high correlation between revenue collection and GDP, this is envisaged to result in additional revenue of approximately \$17 million. Secondly, we are introducing a number of new revenue measures which together will yield an additional \$20 million (that is, 1% of GDP). Thirdly, we are taking serious action to improve tax administration and to collect the outstanding tax arrears due to the Government. This renewed effort to improve tax administration includes a reduction in tax exemptions and concessions granted to various groups.

Financing for the capital budget will be provided from a mixture of grants, external loans, local loans, capital revenue and other receipts. Grants totalling \$53.73 are expected from the European Union in the amount of \$15.49 million, the Government of Japan \$20.00 million, the Republic of China on Taiwan \$9.0 million, the Caribbean Development Bank \$8.1 million, and other donors \$11.14 million. All of these Grants have already been approved and it is now up to the Government machinery to ensure that the projects to be financed from these funds are implemented in a timely and efficient manner.

Draw-downs from multi lateral institutions would account for \$81.4 million (94.8% of the external loans) expected during this year. The major multilateral lenders are the Caribbean Development Bank (\$29.13 million), the UK Export Credit Guarantee Department in the amount of \$25.5 million for the Argyle Airport, the Abu Dhabi Fund for Development of \$10.00 million for the Geothermal Project, ALBA Bank \$6.54 million and the International Development Agency \$9.00 million. Draw-downs on bilateral loans are expected from the Republic of China on Taiwan \$3.5 million and Kuwait Fund \$1.0 million.

Local loans in the amount of \$46.74 million will also be raised for financing of the Capital Programme. Towards this end, a bill to authorize the Government to raise up to \$50 million in the local and ECCU markets is before this Honourable House.

Included in the financing plan for 2016 is an amount of \$149.6 million under the caption “Other Receipts”. Various devices are available to the Government under this heading, for example, we still have available over 200,000 shares in the Bank of St. Vincent and the Grenadines from the batch of shares allotted for sale to the public. There are various other state assets which may be made available for sale should the opportunity arise.

One additional option for financing the ‘Other Receipts’ is through expenditure savings particularly on current expenditure. The expenditure estimates are by nature very conservative and make provisions for various contingencies. With proper management of these expenditures and through the reduction in waste and inefficiency, we expect to restrict recurrent expenditure to within ninety to ninety-two percent (90-92%) of the budget. This will provide cost savings of between \$35 million and \$60 million for the year.

(H) **FISCAL MEASURES**

(a) **General**

Mr. Speaker, since the global economic and financial crises, it has become increasingly difficult for member-countries of the ECCU, including St. Vincent and the Grenadines, to raise the necessary resources to finance our growth and development. A number of fiscal consolidation and debt restructuring measures, among other things,

has been implemented by our government towards maintaining fiscal and debt sustainability. In addition, a few tax measures have been introduced to increase revenue intake.

These initiatives have produced moderate results with an improvement in the fiscal balances. There is need now for more revenue to finance our ambitious plans for growth which I have just outlined. In this regard, emphasis will be placed on an increased revenue intake by reducing tax exemptions and concessions and improving tax administration and compliance. I also propose to introduce the following revenue measures.

(b) Value added Tax

The list of VAT exemptions in St. Vincent and the Grenadines is much wider than in other developing small island States. Accordingly, in order to widen the tax base and to improve its buoyancy I propose to remove a number of items from the VAT exemption list and the zero-rated listing with effect from May 01, 2016. The list of items are:

Zero-rated items to be made taxable

- (i) Package rice for retail sale
- (ii) Whole chicken and chicken parts (except chicken back, necks and wings)
- (iii) Table and cooking butter
- (iv) Brown sugar

Exempted items to be made taxable

- (i) Lentil and pigeon peas
- (ii) Cooking oils (except coconut oils)
- (iii) Shortenings
- (iv) Salt
- (v) Yeast

(vi) Baking powder

The revenue yield is estimated at \$8.00 million per annum.

(c) Excise

As pointed out earlier I proposed to increase the Excise Tax on alcoholic and some other beverages as shown in Appendix III.

(d) Property Tax

At the time of introduction of the new property tax system, a concessionary rate of 0.06% was instituted for all commercial properties. At that time I indicated that this was a temporary arrangement to give businesses time to adjust to the new system.

I therefore propose to increase the rate on commercial properties from the present 0.06% to the standard rate of 0.08%. The new rate will come into effect from the current tax year and will yield an estimated \$300,000 per annum, most of which will accrue to the Kingstown Town Board. As you are aware, a priority of the Government in 2016 is the cleaning-up of Kingstown and improving its appearance. More resources are thus required.

(e) Motor and Drivers Licenses

For the reasons which I indicated earlier, I propose to increase motor and drivers' licenses by approximately 25% for the various categories as shown at Appendix IV. The estimated revenue yield from this increase is \$3.0 million.

(f) Vehicle Surcharge

As is well-known, imported vehicles beyond a particular age, create environmental challenges. Some countries in CARICOM impose

bans on the importation of vehicles older than four years. We do not, but we impose a special surcharge on them. The surcharge payable on imported vehicles older than four (4) years was last adjusted in 2008. I now propose to increase the charge by approximately 15% for each category shown at Appendix V.

The revenue yield from this measure is estimated at \$0.5 million per annum.

(g) Other Fees and Charges

I propose to increase the fees payable for Residence Permits, Work Permits and Citizenship, Gun Licenses and Land Taxes as shown in Appendix VI, VII and VIII respectively.

The rates of land tax have not been adjusted for over twenty years despite the significant appreciation in land prices since then.

The estimated revenue yield from these composite measures is \$0.75 million per annum.

(I) **CONCLUSION**

Mr. Speaker, Honourable Members, the economy of our St. Vincent and the Grenadines has been through eight extremely challenging years, from 2008 to 2015, inclusive. During this period, our small, multi-island, open, resourced-challenged, and vulnerable country has withstood mighty externally-sourced blows from the regional and global economy, and from adverse weather events associated with climate change. Yet, this small nation of 109,000 persons on 150 square miles of territory has survived and thrived. In the process, too, we have chalked up some impressive material achievements, including in Improved Living Conditions, and Job Creation, Education, Health, Housing, Airport Development, Roads and Bridges, and Poverty Reduction.

Mr. Speaker, Honourable members, I have earlier addressed the immense progress which St. Vincent and the Grenadines has made over the past fifteen years in reducing extreme poverty and under-nourishment. We have noted, too, that almost 6,000 more persons are in active employment today than in 2000. And it is undeniable that the average wage of working people has increased sharply since 2000. Indeed, the data at the NIS show that in the year 2000, the average insurable wage of the insured employees under the NIS was \$12,459.41 annually but by 2014 the average insurable wage per insured person had risen to \$19,193.68, or \$6,734 more per employed insured person, on average, or an increase of 54 percent, an increase substantially in excess of the inflation rate. Specifically, minimum wages have been increased thrice since 2001; all categories of public servants have been accorded salary enhancements through salary increases, annual increments, and pay rises through the Reclassification Exercise; and severance payments and other workers' benefits have improved appreciably. Meanwhile, the rate of inflation, especially in recent years has been low, and has never been more than moderate since 2000. Clearly, on these and other indices, the working people are much better off in 2012 than in 2000.

Similarly, it is accepted by all objective observers that the poor and indigent persons on public assistance have had their material condition of life lifted markedly. And the safety net of public assistance has widened to include many more persons, including children attending primary and secondary schools. The current public assistance list contains almost 5,000 persons.

Mr. Speaker, at the NIS, social protection of the working people has been strengthened immensely. The data show that in the year 2000, total benefits (pensions of all kinds, sickness benefits, maternity and funeral grants) amounted to \$8.5 million; in 2015, the NIS delivered benefits in the sum of \$51.6 million. The principal driver of the increase is the Old Age Pension Category which amounted in 2015 to \$39 million.

In fact, the aggregate of all pensions through the NIS moved from \$6.5 million in 2000 to \$45.3 million in 2015. In 2000, there were 2,940 pensioners; in 2015, there were 6,693. In 2000, the average pension per

beneficiary was \$44.27 per week; today, it is \$130.30 weekly. In 2000 the average minimum pension was \$50.00 weekly; today, it is \$70.00.

Mr. Speaker, many critics of our government, well-meaning and perverse, conveniently forget the following, among other things: Fuel prices rising to the unprecedented level of US \$148 per barrel in July 2008; the worst global recession for 100 years from 2008 to 2011, the effects of which are still being felt; the CLICO-BAICO insurance debacle which generated liabilities for St. Vincent and the Grenadines of 17 percent of GDP; multiple natural disasters especially those of 2010, 2011, and 2013 which in the aggregate caused loss and damage amounting to over \$650 million or some one-third of our country's annual Gross domestic Product (GDP), and several unfortunate deaths; and the transmission of externally-driven infectious diseases such as Chikungunya and the threat of others such as Ebola and Zika.

Accompanying all this has been the acceleration in the process of the dismantling by Europe of the preferential market regime for our banana exports to the United Kingdom, a process which commenced after July 1993, but speeded up in the following years and particularly so after the year 2000. This collapse of the market preferences for banana has dealt a body blow to the economy as a whole, but especially so for the rural economy. After all, in its hey-day, banana exports amounted to \$120 million in 1992; today, banana exports are valued at single digits or thereabouts.

Thus, the government has had to spearhead a rapid transformation of the economy while at the same time providing adequate safety-net arrangements and instituting a host of targeted strategic interventions in the economy and society to cushion all the adverse, externally-sourced challenges. It is in this very period that we have witnessed massive infrastructural developments (for example, the Canouan Jet Airport, Argyle International Airport, Rabacca Bridge, Reconstruction of Highways, Health and Educational facilities, Police Stations, other Government buildings, Sporting facilities, and so forth); the Education, Health, and Housing Revolutions; hugely enhanced Social Protection; improved living standards and a rise in average

per capita income; increased numbers of employed persons; a reduction in poverty; and a marked decrease in indigence and under-nourishment. In the future, historians would marvel at our nation's resilience and its huge developments and improvements in these especially challenging eight years, 2008 to 2015, inclusive.

Mr. Speaker, in this very period, the people stood firmly with the ruling ULP by re-electing it for a third consecutive term in 2010, and then a fourth consecutive term in 2015 with an increased majority of the popular votes. By any measure, these impressive political accomplishments matched, indeed reflected, those in the economy and the society.

Mr. Speaker, St. Vincent and the Grenadines is still not yet out of the proverbial woods. Difficulties lay ahead; the uncertainties in the global economy and the threats of infectious diseases from afar are ever present threats; so, too, are our continuing vulnerabilities to the deleterious effects of climate change; the troubling socio-economic costs of imported and home-grown criminal activities; and all this is compounded by the silly political antics of sore losers and other disgruntled elements who are unable to countenance a further five years in opposition.

Nevertheless in the face of these negative occurrences our government is undaunted. We shall continue to address in a focussed way the challenges of financing and implementing this budget. Those who have been preaching doomsday for 15 years have no credible answer, to our nation's problems. Under God's guidance, the compelling developmental narrative of our government's vision, philosophy, socio-cultural rubric, economic strategy, regionalist and internationalist solidarity, and good governance approaches, will see us through.

Mr. Speaker, our government is being faithful to the policies and programmes as outlined in the ULP Manifesto for the General Elections of December 2015. Our faithfulness to this renewed Covenant with the people of St. Vincent and the Grenadines is reflected in the 2016 Estimates and Budget. As Political Leader of the ULP, and as Prime Minister, I take

seriously the sacrosanct pledges which we made to the people. These are public policies endorsed in free and fair elections; and we shall carry them out in ways responsible and responsive to the people. The professional public servants, whatever their private political views, are reasonably and legally obliged to act in pursuance of government policies and decisions, lawfully determined by Cabinet and Parliament.

To be sure, the public servants are duty bound to proffer advice dispassionately; that advice may or may not be accepted by the policy-makers, Cabinet and Parliament. What no public servant can do is to sabotage or undermine public policy lawfully determined or to be recalcitrant in the exercise of his or her duties. Fortunately, the vast majority of public servants conduct themselves professionally, and in accordance with the Regulations which govern the conditions of their employment. I am pleased to report that the overwhelming number of public servants take seriously the task of nation-building. And I thank them!

Mr. Speaker, in this profound and sacred exercise of nation-building I am fortified by the touching words of someone whom I rarely quote, President Theodore Roosevelt of the USA, in a speech entitled “Citizenship in a Republic” and delivered at the Sorbonne in France in 1910:

“It is not the critic who counts; not the man who points out how the strong man stumbles, or where the doer of deeds could have done them better. The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood; who strives valiantly; who errs, who comes short again and again, because there is no effort without error and shortcoming; but who does actually strive to do the deeds; who knows great enthusiasms, the great devotions; who spends himself in a worthy cause; who at the best knows in the end the triumph of high achievement, and who at the worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who neither know victory nor defeat.”

And so, Mr. Speaker, I end on a personal note: I thank Almighty God for according me an “unconquerable soul”. Under Him, and at His pleasure, “I am the master of my fate; I am the captain of my soul.” I assure this Honourable House and the people of St. Vincent and the Grenadines that in “no fell clutch of circumstance” will I wince or cry aloud; nor will I surrender the people’s trust; and so my head is unbowed; my strength is renewed by an amazing grace; and in the pursuance of my duty I will not be found afraid of any challenges ahead.

Mr. Speaker, reverberating daily in my ears is the charge given to us, by the esteemed Bishop Sonny Williams of the Pentecostal Assembly of the West Indies, on the occasion of the swearing-in of the Cabinet on December 14, 2015, at Heritage Square. His charge was issued through the magnificent and inspiring words of the Hebrew Prophet Micah [Chapter 6, verse 8]:

“What doth the Lord require of thee, but to do justly, and to love mercy, and to walk humbly with thy God?”

I take this sacred text to my heart, my soul, my very being. It will guide me daily as I do my duty in leading the process of implementing the 2016 Budget, as contained in the Appropriation Bill before us.

Thank you!



St. Vincent and the Grenadines
Economic and Social Review
January to September 2015

Prepared by:
Ministry of Economic Planning, Sustainable Development,
Industry, Information and Labour
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List of Acronyms

AMP	Agriculture Modernization Programme
APd	Average Price for diesel
BAM	Banana Accompanying Measures
BLA	Building and Loan Association
BRIC	Brazil, Russia, India and Canada
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 Network
COFOG	Classification of Functions of Government
CNCDS	Chronic Non-communicable Diseases
CPA	Country Poverty Assessment
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
GEF	Global Environment Fund
GWh	Giga Watt per hour
GPA	Good Agriculture Practices
GVA	Gross Value Added
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
kWh	Kilo Watt Hours
LDC	Least Developed Countries
MDG	Millennium Development Goals

NDMRP	National Disaster Management Rehabilitation Project
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
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 (2010 -2014)

	2010	2011	2012	2013	2014 P
Real Sector					
Real GVA Growth (%)	-2.3	0.2	1.3	2.3	-0.2
Nominal GDP at Market Prices (EC\$M)	1,839	1,826	1,871	1,959	1,969
Per Capita GDP at Market Prices (EC\$)	16,749	16,617	17,019	17,395	n.a
Point-to-Point Inflation Rate (End of period)	0.9	4.7	1.0	0.0	0.1
Point-to-Point Inflation Rate (Period average)	0.8	3.2	2.6	0.8	0.2
Travel Receipts (EC\$M)	232.7	247.6	254.2	249.3	n.a
Tourist Arrivals	72,478	73,866	74,364	71,725	70,713
Fiscal Sector					
Current Account Balance (% of GDP)	-1.7	-1.8	-0.9	-1.5	0.5
Total Debt Outstanding (% of GDP)	65.4	67.8	71.4	73.8	78.5
Current Revenue (% of GDP)	26.6	25.0	25.3	24.6	26.6
Capital Revenue (% of GDP)	5.4	2.5	1.7	3.1	1.6
Current Expenditure (% of GDP)	28.3	26.7	26.1	25.7	26.1
Capital Expenditure (% of GDP)	4.5	3.9	2.9	7.7	5.8
Debt Service (% of Total Revenue)	27.9	26.3	25.7	27.7	27.4
Debt Service Ratio (%)	4.3	4.6	4.1	3.7	n.a
External Sector					
Current Account Balance (% of GDP)	-30.8	-28.7	-26.3	-30.4	n.a
Capital and Financial Account Balance (% of GDP)	33.8	25.6	29.1	35.2	n.a
Overall Balance (% of GDP)	3.7	-3.3	2.9	3.3	n.a
Total Exports (% change)	110.9	103.5	115.4	132.6	129.9
Total Imports (% change)	912.5	895.6	964.3	999.0	976.8
Monetary Sector					
Monetary Liabilities - M2 (% change)	2.6	-0.03	6.6	8.8	9.6
Money Supply - M1	-3.8	-4.1	8.9	3.7	13.9
Net Foreign Assets	475.3	393.2	408.8	493.8	508.2
Net Domestic Assets	639.7	715.8	775.2	792	900.4
Social Sector					
Human Development Index (HDI) Rank	n.a	85	83	91	97
Human Development Index (HDI)	n.a	0.717	0.733	0.719	0.720
Net Enrolment Rate – Primary	89.5	83.7	75.7	73.9	n.a
Net Enrolment Rate – Secondary	66.0	87.9	73.6	74.5	n.a
Life Expectancy at birth (years)	73.9	74.2	73.4	72.5	74.9
Crude Mortality Rate (per '000)	7.5	8.0	7.8	8.4	n.a
Expenditure on Education (% of Total Expenditure)	17.4	21.2	17.8	21.0	19.0
Expenditure on Health (% of Total Expenditure)	9.2	8.2	10.5	12.2	11.3

N.a - Not Available

SUMMARY OF ECONOMIC AND SOCIAL ACTIVITY FOR 2015

Based on economic indicators for the first nine months of 2015, preliminary data indicate that economic activity in St. Vincent and the Grenadines registered growth of 1.4 percent, when compared to the 0.2 percent decline in 2014. This performance is based largely on increase activity in the agricultural sector, manufacturing, financial intermediation, high-end tourism (hotels and resorts), real estate and public administration.

The improvement in the agriculture sector was largely on account of continued increase in production of other crops, higher registered fish landings and steady output of bananas. Growth in manufacturing was on account of increases in the production of galvanise sheets and beverages which grew by 29.9 per cent and 13.6 per cent, respectively, and regional markets fuelled growth in alcoholic beverages (20.7%) which outpaced the decline in non-alcoholic beverages (1.5%), thus resulting in the increase in the output of beverages.

While total visitors for the first nine months declined marginally, impressive growth in stay- over visitors and performance in the

hotels and restaurants sector, combined to fuel overall growth in tourism.

Activity in construction, as measured by the imports of building materials was less predictable. Imports accelerated in the first half of 2015, but sharply declined the second half. Hence the contribution of the construction sector to GDP growth was negative.

The contribution of the wholesale and retail sector to the 2015 GDP growth rate is estimated to have been negative as suggested by the decline in the fuel imports .

Preliminary data at the end of 2015 indicate public sector investment was 4.2 percentage points lower than the 2014 figure. The decline in the implementation rate could be attributed in part to delays in the completion of crucial procurement activities in key programmes.

In 2015, lower prices for oil, along with other major commodities influenced low inflation. The annual average inflation rate was negative 2.1 per cent compared with a 0.1 per cent in 2014. The groups registering the largest decreases during 2015 were transport (6.9%), housing, water, electricity,

gas and other fuels (4.8%), food and non-alcoholic beverages (2.3%) and restaurants and hotels (1.1%).

An analysis of the data indicates that economic activity is expected to improve in 2016, with real GDP projected to grow by 2.2 percent. This performance is expected to be driven by continued expansion of the agricultural, manufacturing, financial intermediation and tourism sectors. These projections do not fully reflect the full impact of the airport on the economy.

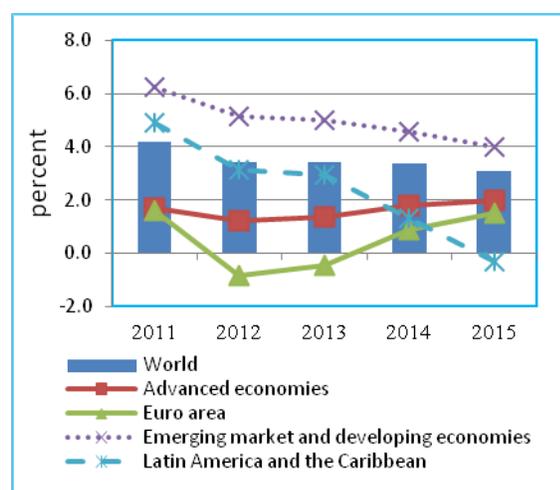
REVIEW OF ECONOMIC AND SOCIAL ACTIVITY JANUARY TO SEPTEMBER 2015

1. INTERNATIONAL AND REGIONAL DEVELOPMENT

1.1 International Developments

The global economy is projected to grow at 3.1 per cent in 2015. This performance is largely on account of improvements in the advanced economies while activity in the emerging market and developing economies slow down. Low productivity growth in some advanced economies, demographic transition, ongoing adjustment in many emerging economies, China growth realignment, lower commodities prices are some of factors associated with this performance.

Figure 1.1: Real Growth Rates 2011 -2015



Source: IMF World Economic Outlook Database October 2015

Improved activity in the second quarter of 2015 contributed to the performance of the US economy. In first six months of 2015, the US economy expanded by 2.6 percent buoyed mainly by lower capital spending in the sector and lower oil prices. There was a general improvement in the unemployment rate which fell to 5.1 per cent.

The United Kingdom (UK) and Japan posted growth of 2.5 per cent and 0.6 percent in 2015 respectively. The UK performance was largely as a result of expansion in the services sector as well as falling unemployment rates. The opposite was the case for Japan after a rebound in the first quarter, there was some deterioration in economic activity as consumption fell and net exports declined substantially.

Economic activity in the Euro Area is recovering, as Spain, Ireland and Italy economies continue to record growth. This growth was spurred by increased domestic demand which outpaced the lower than expected growth recorded in Germany. During the first half of 2015, China's

economy continued to post robust growth of 6.8 per cent, although the rate of growth slowed. This growth was mainly attributed to increase consumption improvement in net exports. Economic activity in some advanced and emerging countries (Korea, Republic of China (Taiwan) and Association of Southeast Asian Nations-ASEAN) slowdown as export and domestic demand declined. Meanwhile in Latin America, Brazil continues to record a decline in growth with declining commodity prices. Mexico also recorded lower growth as a consequence of a fall in oil production.

1.2 Regional Developments

Economic activity in the ECCU currency union continued on a path to recovery based on preliminary estimates for the first half of 2015. This improved performance was fuelled by increased activity in construction, hotels and restaurants and agriculture. There was evident growth in six member countries, while Dominica and Montserrat registered declines in economic activity. All member countries experienced declines in price levels. The fiscal operations showed improvement as a result of recording an overall surplus on the consolidated central government accounts compared to a deficit for the same period of 2014. Total outstanding debt contracted as the

merchandise trade deficit narrowed on account of a decline in imports and increased levels of exports. Monetary liabilities and net foreign assets increased while domestic credit decline. On the other hand liquidity in the commercial banks rose while the weight interest rate spread between loans and deposits widened.

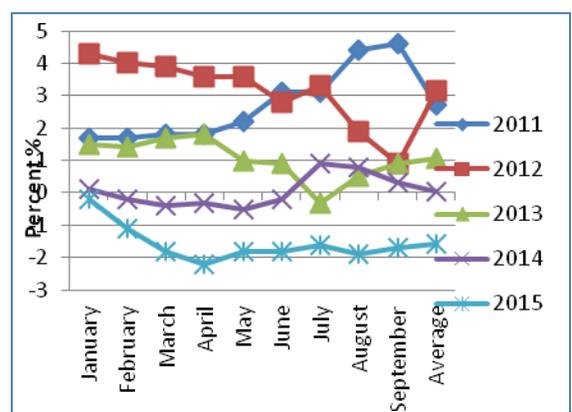
2. ECONOMIC AND FINANCIAL DEVELOPMENTS

2.1 Consumer Prices

The annual average “point-to-point” inflation rate for the January to September 2015 was recorded at negative 1.6 per cent, compared to 0.1 per cent for the corresponding period in 2014. All the monthly point-to-point inflation rates for the period under review were lower in 2015 than those in 2014. The highest decline 2.2 percent was recorded in April, with the lowest being 0.2 per cent in January 2015. The “All Item” index was 105.8 for September 2015 compared with 107.6 in September 2014.

As at September 2015, three (3) groups recorded decreases. These groups were transport (1.8%); housing, water, electricity, gas and other fuels (1.0%) and clothing and footwear (0.1%). Six (6) groups increased, education (1.0%); restaurants and hotels (0.3%); food and non-alcoholic beverages (0.1%); alcoholic beverages, tobacco and narcotics (0.1%); furnishings, household equipment and household maintenance (0.1%); and miscellaneous goods and services (0.1%). Three groups remained unchanged, health, communication and recreation and culture.

Figure 2.1: Point-to-point Inflation Rates, Jan – Sept 2011 – 2015



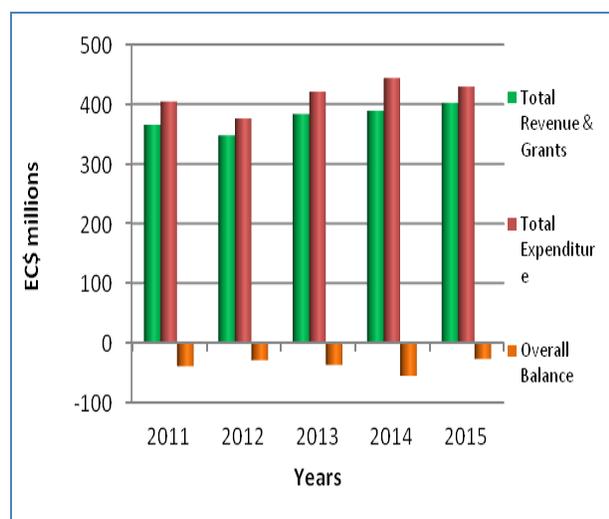
Source: Statistical Office, Min Economic Planning, Sustainable Development etc.

2.2 Government Finances

Central Government Fiscal Operations

The central government fiscal operations for the first nine months of 2015 turned in an improved performance when compared with the same period in 2014. Although current revenue fell marginally by 0.1 per cent to \$374.9m, the current expenditure experienced a larger decline of 1.1 per cent to close the period at \$375.0m. Consequently the current account improved, moving from a deficit of \$4.0m in 2014 to a much smaller deficit of \$0.05m in 2015. The overall deficit also contracted from \$38.3m in 2014 to \$27.0m in 2015.

Figure 2.2: Central Government Fiscal Operations



Source: Ministry of Finance

Current Revenue

Current revenue as at September 30, 2015 totalled \$374.9m. This amount was marginally a 0.1 per cent lower than the amount collected during the same period of 2014. The figure is composed of tax revenue of \$347.2m and non-tax revenue of \$27.7m. During the period, tax revenue increased by 5.0 per cent while collections from non-tax sources fell by 37.8 per cent. Of the major tax revenue items, collection from taxes on income and profits and taxes on international trade improved but takings from taxes on domestic trade and licences fell. All the major components of non-tax revenue performed lower than during the same period in 2014.

Revenue from taxes on income and profits grew by 8.8 per cent to \$90.0m, on the strength of a significant 58.4 per cent

increase in corporation tax receipts while individual and withholding taxes declined by 4.5 per cent and 3.5 per cent respectively. The enhanced collection of corporation taxes was due mainly to the collection of arrears. Property tax receipts rose by 19.9 per cent to \$3.4m. This was marginally 0.9 per cent above the amount budgeted for this item to date.

Revenue from international trade taxes which amounted to \$141.3m increased by 9.3 per cent when compared with 2014. Under this rubric all the major revenue sources except travel tax and direct entry tax registered improved performances during the period. Import duty, excise duty and VAT improved, growing by 6.9 per cent, 16.4 per cent and 5.6 per cent, respectively. These performances were impacted by a 7.9 per cent reduction in revenue loss during the period on account of a significantly lower amount of duty free concession granted. Receipt from customs service charge which increased significantly by 16.3 per cent, benefitted from a 1.0 per cent increase in the rate during 2015. The 15.8 per cent rise in receipt from vehicle surtax resulted mainly from an increase in the importation of used vehicles during the period.

ECONOMIC AND FINANCIAL DEVELOPMENTS

Taxes on domestic trade which totalled \$90.5m declined by 1.2 per cent during the period. Lower revenues collected from stamp duty and VAT was responsible for the deterioration, as receipts from these items fell by 13.6 per cent and 1.2 per cent, respectively. The fall in receipt from stamp duty was due to lower land sales recorded during the period. Notwithstanding the overall fall in revenue, receipt from excise duty, insurance premium tax and interest levy were stronger, experiencing growth of 10.7 per cent, 6.3 per cent and 16.0 per cent, respectively. The improved collection of excise duty was partly the result of enhanced enforcement effort by the Inland Revenue Department (IRD). The relatively significant growth in receipt from interest levy was mainly due to the collection of arrears.

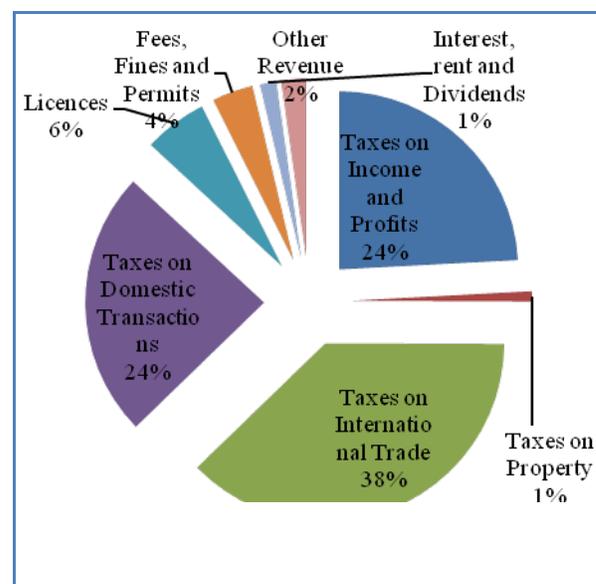
Licences grossed \$21.4m; this was 9.5 per cent below the amount collected in 2014 and mainly due to a significant drop in collection from alien land holding licences consistent with lower land sales.

Revenue from non-tax sources declined moving to \$27.7m in 2015 from \$44.6m in 2014, representing a significant 37.8 per cent decline, as all sub-components declined during the period. Receipt from fees, fines and permits totalled \$13.9m or 1.0 per cent

less than the amount collected in 2014. This was mainly due to lower receipts from merchant international fees (16.8 %) and fees from offshore financial services (5.1%). Revenue from interest, rents and dividends also deteriorated significantly moving from \$13.9m in 2014 to \$5.5m in 2015.

Receipts from other revenue fell significantly during the period moving from \$16.7m in 2014 to \$8.4m in 2015. This was mainly because a significant amount of the monies received under this rubric in 2014 was of a non-recurring nature. Therefore with no such receipt in 2015 the result is a comparative decline in revenue for the period.

Figure 2.3: Composition of Current Revenue



Source: Ministry of Finance

Expenditure

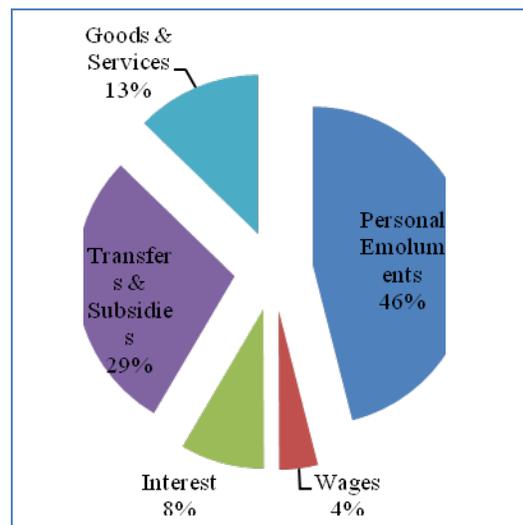
As at September 30 2015, current expenditure amounted to \$375.0m. This figure represents a 1.1 per cent reduction in spending when compared with the same period in 2014, as all components of current expenditure except the wage bill recorded lower levels of expenditure. Payment of personal emoluments and wages amounted to \$172.6m and \$14.7m, respectively. Personal emoluments increased by 1.4 per cent mainly on account of increases in increments during the period. Wages increased by 6.1 per cent mainly as a result of increased payments by the ministries of Agriculture, Education and Health of 8.3 per cent, 18.9 per cent and 2.4 per cent, respectively, reflecting an enhancement of their work programme over the period.

Interest payments fell by 4.1 per cent to \$31.9m due to the lower amount paid on the domestic component mainly resulting from the maturation of an amortised bond in late August 2014.

Expenditure on transfer and subsidies was reduced by 2.3 per cent to \$108.0m. This was due to a decrease in the amount spent on social welfare payments by 26.2 per cent and training by 10.8 per cent. Spending on goods and services contracted by 6.8 per

cent mainly due to reduced expenditure on utilities, supplies and sundry expenses during the period.

Figure 2.4: Composition of Current Expenditure



Source: Ministry of Finance

Capital Receipts

Capital inflows as at September 30, 2015 amounted to \$27.4m. This represents an 11.0 per cent reduction relative to the same period in 2014 and was due to a significant fall in receipts from sale of lands and capital grants.

Capital Expenditure

Spending on the Public Sector Investment Programme (PSIP) for the first nine months of 2015 amounted to \$54.4m or 16.3 per cent lower than the \$65.0m spent for the same period in 2014. Capital expenditure is affected by the continued slow

ECONOMIC AND FINANCIAL DEVELOPMENTS

implementation of the PSIP in 2015. The following are the major capital projects undertaken which contributed to the amount recorded above:

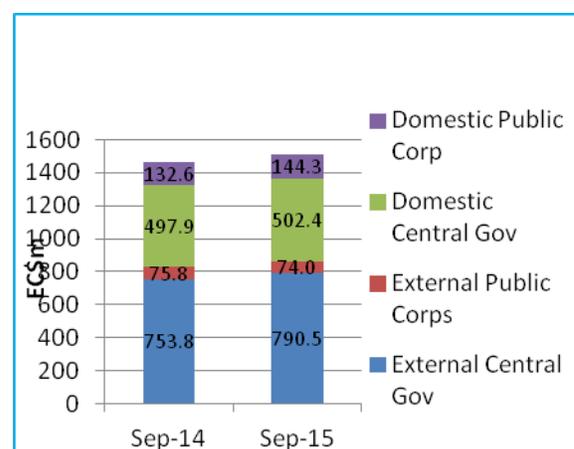
- Rehabilitation of South Leeward Highway - **\$1.2m**
- Rehabilitation of Vigie Highway - **\$1.2m**
- Modern Medical Complex - **\$2.7m**
- Argyle International Airport - **\$31.0m**
- Regional Disaster Vulnerability Rehabilitation Programme - **\$3.0m**
- 10th EDF Modernisation of the Health Sector - **\$1.8m**
- Capital Subscription CDB/IBRD - **\$1.5m**

2.3 Public Debt

As at the end of September 2015, total public sector debt stood at \$1.51b compared with \$1.46b at the end of September 2014, an increase of 3.5 per cent. Domestic debt increased by 2.6 per cent while external debt increased by 4.2 per cent. Of the total debt, 57.2 per cent or \$864.5m was held externally with the remaining 42.8 per cent or \$646.7m held by domestic creditors.

Central government debt increased by 3.3 per cent from \$1.25b in 2014 to \$1.29b in 2015 while public corporations' debt increased by 4.7 per cent from \$208.4m in 2014 to \$218.3m in 2015. Of the total central government's debt, the external portion increased by 4.9 per cent while the domestic portion increased by 0.9 per cent.

Figure 2.5: Composition of Total Public Debt 2015 and 2014



Source: Ministry of Finance

The debt owed by public corporations increased by 4.7 per cent from \$208.4m to \$218.3 in 2015. while the external portion decreased by 2.4 per cent the domestic component increased by 8.8 per cent. The decrease in the external component can be attributable to the effects of amortisation which out paced disbursement. Conversely the increase in the domestic portion is as a result of disbursement on new loans by the National Lotteries Authority and the National Student Loans Company from the

National Insurance Services as well as disbursements to the Arrowroot Industry Association from the Bank of St. Vincent and the Grenadines and the International Airport Development Company from Petro Caribe.

As at the end of September 2015 disbursements on existing loans amounted to \$30.0m compared with \$52.7m during the same period in 2014, a decrease of 43.1 per cent. The reduction can be attributable to the full disbursement in 2014 of most of loans relating to the construction and supply of equipment for the Argyle international airport as well as the slow disbursement rate on some existing projects including the Technical Vocational Education and Training Project and the Natural Disaster – Torrential Rainfall Project.

2.4 Debt Servicing

During the period ending September 30 2015, central government external debt servicing increased by 5.7 per cent to \$49.4m from \$46.7m during the corresponding period in 2014. Comparatively, the domestic component decreased by 5.5 per cent to \$49.6m from \$52.5m, resulting in a slight overall decrease of 1.0 per cent from \$104.7m at the end of September 2014 to \$103.6m at the end of

September 2015. The increase on external debt servicing is on account of the commencement of the repayment on some loans including the Financial Stabilisation Loan. Conversely, domestic interest and amortization payments decreased by 7.5 per cent and 4.4 per cent respectively. The slight decrease in the debt service resulted in a marginal improvement in the debt service indicator as a percent of revenue moving from 27.9 per cent at the end of September 2015 to 27.6 per cent in September 2015.

2.5 International Trade

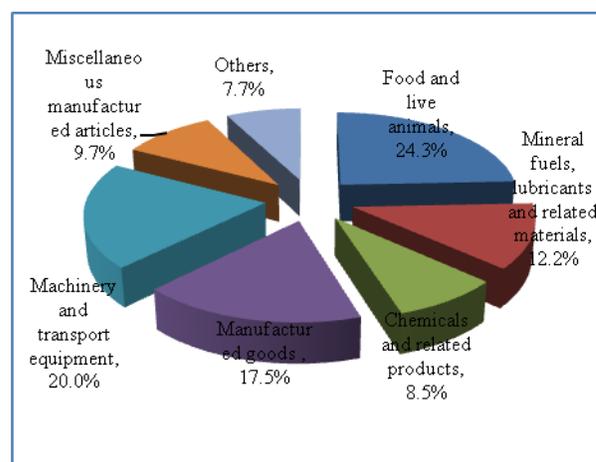
Merchandise trade

Preliminary data show that merchandise trade fell by 11.1 per cent as at September 2015. For the first three quarters of 2015, merchandise trade amounted to \$728.7m, 11.1 per cent lower than the \$809.5m recorded for the corresponding period in 2014. The balance of trade also fell to a deficit of \$548.0m, \$68.1m lower than the 2014 amount. This reduction was as a result of the decreases in imports as well as exports. Although there was growth in domestic exports, this was not sufficient to offset the decline in re-exports thus causing the overall decline in exports.

Merchandise imports

As at September 2015, merchandise imports continued the trend from the previous year. Merchandise imports amounted to \$638.4 m, a 10.4 per cent decline when compared with the corresponding period in 2014. Of the major import categories, food and live animals was the only category which grew for the first three quarters of 2015 with a 1.0 per cent growth rate. The declines in the other major categories, machinery and transport equipment (4.6%), manufactured goods (4.8%) and mineral fuels (46.1%) contributed to the overall decline in merchandise imports. Food and live animals and machinery and transport equipment occupied the largest share of the import market as at the end of September, 2015. These two categories accounted for 24.3 per cent and 20.0 per cent of total imports. Two other important categories were manufactured goods classified chiefly by material and mineral fuels, lubricants and related materials which accounted for 17.5 per cent and 12.2 per cent, respectively. (See figure 2.6)

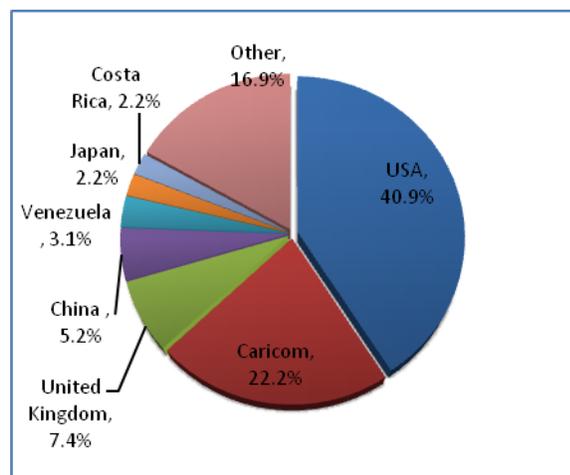
Figure 2.6: Import composition by SITC Sections



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

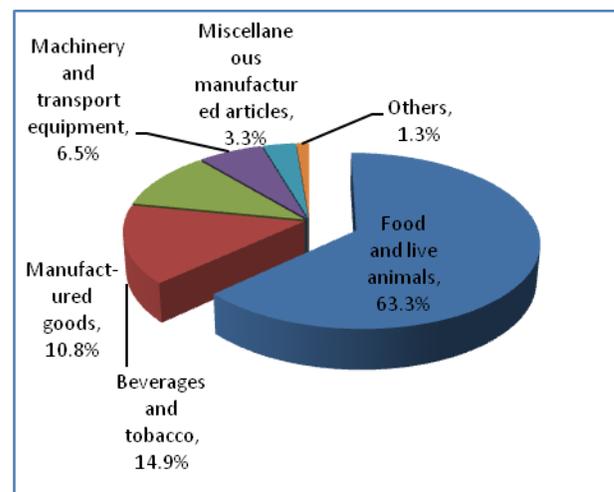
The United States of America (USA) was the primary extra regional supplier of imports to St Vincent and the Grenadines. Imports from the USA totalled \$260.9m, accounting for 40.9 per cent of imports. The second largest source of imports was from the CARICOM countries accounting for 22.2 per cent. Within CARICOM, Trinidad and Tobago (68.1%), Barbados (12.5%) and Jamaica (7.1%) were the major suppliers. The third and fourth largest suppliers of imports were the United Kingdom (UK) and China, with market shares of 7.4 per cent and 5.2 per cent, respectively.

Figure 2.7: Composition of Import Markets



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

Figure 2.8: Export composition by SITC



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

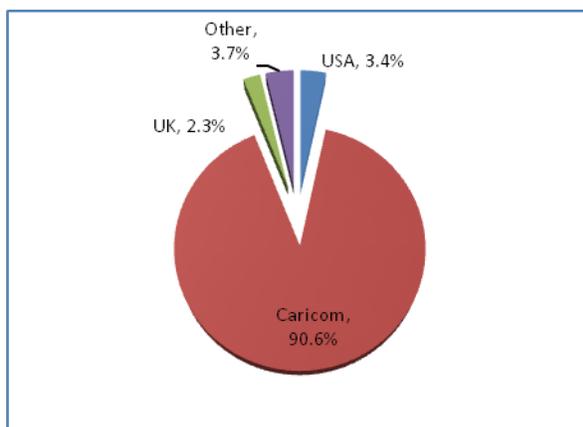
Merchandise Exports

As at the end of the third quarter of 2015, merchandise exports amounted to \$90.3 m, a 6.6 per cent reduction when compared with the corresponding amount of \$96.7m which was recorded for the same period in 2014. This outturn was on account of a 56.2 per cent reduction in re-exports which outpaced the 5.2 per cent growth in domestic exports.

Food and live animals accounted for the majority of exports occupying 63.3 per cent of the export composition as at September 2015. Two other important export categories were beverages and tobacco and manufactured goods which accounted for 14.9 per cent and 10.8 per cent, respectively. (See figure 2.8).

During the first nine months of 2015, CARICOM countries absorbed \$81.8m or 90.6 per cent of Saint Vincent and the Grenadines' exports. Within CARICOM, Saint Lucia (19.3%), Barbados (18.9%) and Antigua and Barbuda (15.8%) absorbed the majority of the exports. The second and third largest export markets were the USA and the UK, respectively. Exports shipped to these two partners amounted to \$3.1m or 3.4 per cent and \$2.1m or 2.3 per cent, respectively.

Figure 2.9: Composition of Export Markets



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

2.6 Money and Credit

Money and credit conditions in the domestic economy improved for the period January – September 2015. Total monetary liabilities, domestic credit, net foreign assets and liquidity all grew relative to 2014. However, the weighted average interest rate spread widened over the same period.

Money Supply

Monetary liabilities (M2) increased by 6.0 per cent to \$1.4b during the period January – September 2015 relative to a 6.9 per cent increase for the corresponding period in 2014. This rate of expansion was occasioned by a 5.7 per cent increase in quasi money, accompanied by a 6.8 per cent growth in narrow money (M1). Growth in quasi money, which accounts for approximately 71.3 per cent of M2, resulted from increases

in private sector foreign currency deposits (48.8%) and private sector saving deposits (3.9%). Increased inflows to a number of tourism-related companies were a major driver of the noticeable growth in private sector foreign currency deposit. The growth in narrow money of 6.8 per cent was buoyed by increases in demand deposits, currency with the public and issued EC dollar cheques and drafts.

Domestic Credit

Domestic credit expanded by 4.7 per cent largely attributable to a 32.0 per cent increase in net credit to central government. This expansion in net credit to central government reflected increased drawdown on government's deposit at commercial banks and the Central Bank. A 1.6 per cent increase in private sector credit, which remained the major category, influenced this movement in domestic credit. Meanwhile, the net deposits of non-financial public enterprises fell by 2.3 per cent largely resulting from decline in deposits.

Commercial Bank Credit by Economic Activity

Total credit to the economic sectors grew moderately by 2.5 per cent for the review period. An analysis of the distribution of

commercial bank credit by economic activity reveals that loans disbursed stood at \$1.2b at the end of September 2015. Further examination shows that credit extended for personal use rose by 4.9 per cent from \$810.8m in September 2014, to \$850.6m in September 2015. This largely reflected a 7.8 per cent increase in outstanding credit for home construction and renovation. Meanwhile, loans disbursed to the major productive sectors declined by 15.8 per cent in 2015 as a result of lower credit extended to the manufacturing sector, as commercial institutions continued their risk aversion policies. Credit to the agriculture and fisheries sectors increased by 21.0 per cent and 6.0 per cent, respectively. Similarly, outstanding credit in the other sectors increased; entertainment (12.4%), construction (10.2%), tourism (2.0%) and government services (3.6%). Conversely, credit disbursed to manufacturing contracted by 18.2 per cent. There were also declines in lending to transport (9.4%) and public utilities (20.2%). Credit to professional services and financial institutions also declined, by 26.1 per cent and 32.0 per cent, respectively. Credit to distributive trade sector remained unchanged.

Net Foreign Assets Position

During the first nine months of 2015, the net foreign assets of the commercial banking system stood at \$486.0m, a decline 1.0 per cent from the \$489.2m recorded at the same period in 2014. This performance was fuelled by a decline in the economy's share of foreign assets accumulated by the Eastern Caribbean Central Bank (ECCB).

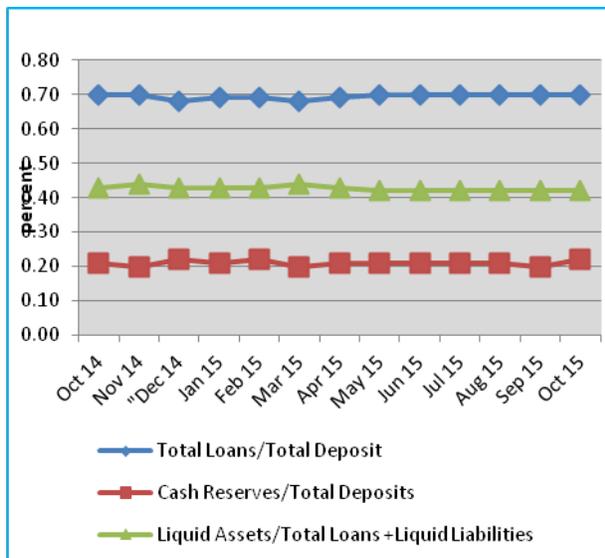
Liquidity and Commercial Interest rates

Liquidity in the commercial banking system remained the same during 2015, relative to that of the period ending September 2014. The ratio of liquid assets to total deposits and liquid liabilities decrease to 42.0 per cent as at September 2015 from 43.0 per cent as at October 2014, which is above the prudential ratio of 25.0 per cent. This is consistent with the ratio of total loans to total deposits (70.0%) which remained unchanged over the period under review. While deposits increased by 3.0 per cent during 2015, the total number of loans increased by 3.0 per cent. Correspondingly, the ratio of cash reserves to total deposits augmented by 1.0 per cent, from 21.0 per cent in 2014 to 22.0 per cent in 2015. These ratios exceed the international standard with the exception of total loans and advance to

ECONOMIC AND FINANCIAL DEVELOPMENTS

total deposit which fell below the threshold of 75.0 per cent.

Figure 2.10: Liquidity Ratios

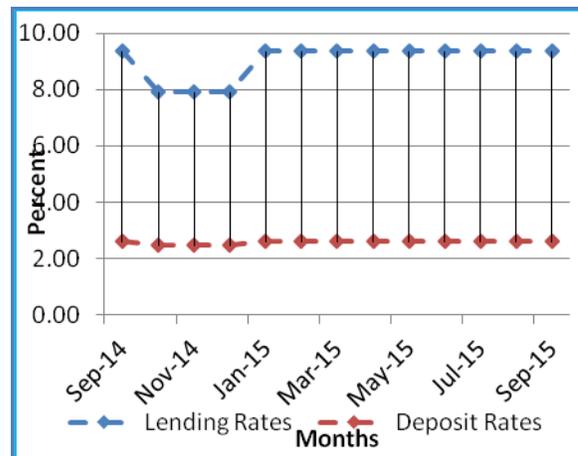


Source: Eastern Caribbean Central Bank (ECCB)

The weighted average interest rate spread widened in September 2015 to 7.3 percentage points from 6.8 percentage points in September 2014. The average lending rate showed a slight decline, as it stood at 9.2 per cent in September 2015, moving from 9.3 per cent in September 2014, as financial institutions sought to improve the competitiveness of their loan products. On the other hand, average interest rate on deposits moved from 2.6 per cent in 2014, to 1.9 per cent as at September 2015. This was as a result of the implementation of the decision by the Monetary Council to lower

the minimum savings rate to 2.0 per cent with effect from May 2015.

Figure 2.11: Weighted Average Interest Rates



Source: Eastern Caribbean Central Bank (ECCB)

3. THE REAL ECONOMY

3.1 Agriculture

The agricultural sector continues to be an important sector and plays an integral role in the growth and development of the domestic economy of St. Vincent and the Grenadines. It is also a major contributor of foreign exchange earnings and is essential to food and nutritional security. The sector is not without its challenges which include the constant threat of severe weather conditions and plant diseases such as the Black Sigatoka. Amidst these challenges however, the sector continues to show resilience and tenacity. Continued growth in the sector reflects government's commitment in achieving its development thrust of reviving the agriculture sector.

During 2015 government continued to implement programmes and projects aimed at reviving the agricultural sector. In the first nine months of 2015, several components of the Banana Accompany Measures (BAM), a \$34.5m project financed by the EU, were ongoing. Contracts were awarded to carry out the following activities:

- A verification study, design and supervision of feeder roads.
- A value chain analysis for fruits, vegetables and livestock.
- The preparation of a business plan.
- Supply of dolomite limestone and calcium ammonium nitrate.
- Procurement to supply fisheries laboratory equipment. These supplies were delivered in January 2016.
- Several training sessions in pig, ruminant and poultry production took place from June to September 2015 and included Animal Welfare, Pasture Management for Ruminants and Nutrition for Pigs and Poultry.
- Supply and delivery of climatological stations.
- Animal identification material and supplies along with training in the use of the equipment were delivered to the Ministry of Agriculture.

Crops

For the period January to June, 2015, the production of crops continued its positive growth path as it did in 2014. Following four years of consecutive growth preliminary data show crop production grew

by 21.0 percent to 33.4m lbs over the 27.5m lbs in 2014.

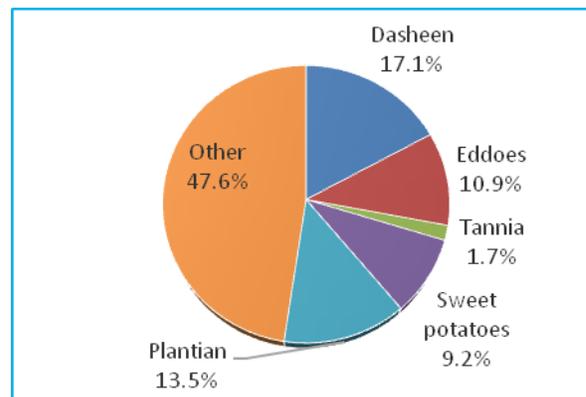
Bananas

Following the effects of the floods in 2013 and the ongoing problem of plant diseases such as Black Sigatoka over the past few years which negatively affected the banana industry, activity in the banana industry continues to improve. Preliminary figures for January to June 2015 estimate that banana production increased. Exports of bananas for the review period remained virtually unchanged with 1,969 tonnes exported in 2015 compared with 1,971 tonnes in 2014.

Other Crops

Government's efforts towards diversifying the agriculture sector around 'bananas', continued and output of other crops grew for the seventh consecutive year in 2015. Preliminary data for the first six months of 2015 show that production expanded by 21.0 per cent in 2015. A yield of 40.3 m lbs was realized in 2015 compared with 33.4m lbs for the comparative period in 2014. Crop produced included dasheen (17.1%), plantains (13.5%), eddoes (10.9%), sweet potatoes (9.2%) and tannias (1.7%).

Figure 3.1: Composition of other crops

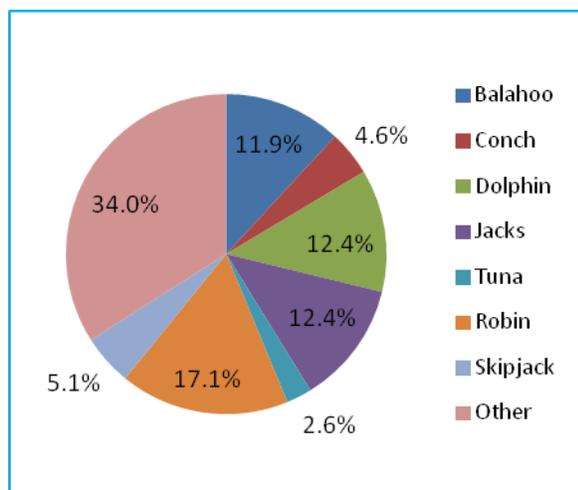


Source: Ministry of Agriculture, Forestry and Fisheries

3.2 Fishing

Government's commitment to revive the fishing sector continued to bear positive results in 2015. There was growth in the fishing sector for the period January to September 2015 as preliminary data for the period revealed an increase in fish landings to 1.4m lbs at a value of \$8.5m compared with 1.2m lbs valued at \$7.3m for the corresponding period in 2014. The main species recorded in volume were robin (17.1%), dolphin (12.4%), jacks (12.4%), balahoo (11.9%), whale (7.8), skipjacks (5.1%) and conch (4.6 %) *see figure 3.2.*

Figure 3.2: Composition of Fish Landings



Source: Ministry of Agriculture, Forestry and Fishing

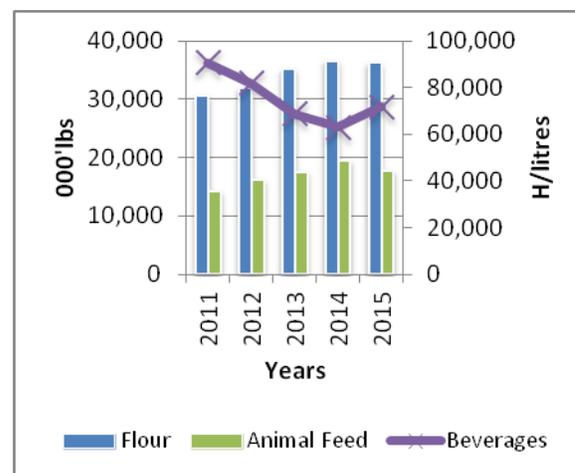
3.3 Manufacturing

For the first nine months of 2015, the manufacturing sector is estimated to have expanded. This is on account of increases in the production of galvanise sheets and beverages which grew by 29.9 per cent and 13.6 per cent, respectively. Regional markets fuelled growth in alcoholic beverages (20.7%) which outpaced the decline in non-alcoholic beverages (1.5%), thus resulting in the increase in the output of beverages.

During the period, the output of flour and animal feed declined by 1.0 per cent and 8.8 per cent, respectively. This outturn was as a result of regional competition for the production of these items. With regards to

light manufacturing, the production of PVC pipes and galvanise sheets grew by 84.3 per cent and 29.9 per cent, respectively while packaging output contracted by 5.4 per cent.

Figure 3.3: Output Volume of main Manufactured Items

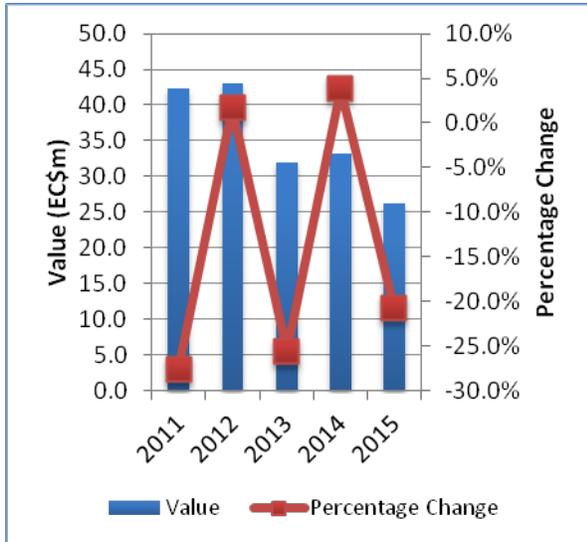


Source: Statistical Office, Ministry of Economic Planning, Sustainable Development etc

There was a reduction in commercial bank credit extended to the manufacturing sector. As at September 2015, \$26.3m was disbursed to manufacturers, down 18.3 per cent relative to the corresponding period in 2014. This was as a result in the reduction in loans disbursed for the production of food and non-alcoholic beverages (76.8%) and other industries (16.8%). During the review period, \$5.5m of loans disbursed for manufacturing was allocated to the production of alcoholic beverages and tobacco, \$1.4m to food and non-alcoholic

beverages and \$0.8m to clothing and accessories.

Figure 3.4: Credit to the Manufacturing Sector



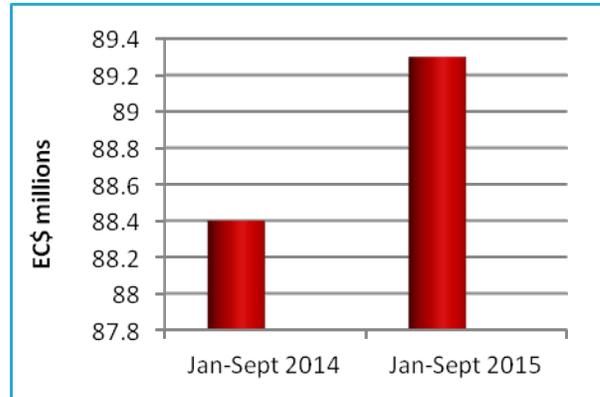
Source: Statistical Office, Ministry of Economic Planning, Sustainable Development etc

3.4 Construction

Activity in the construction sector remained flat for the first nine months of 2015, compared with the corresponding period in 2014. Preliminary estimates indicate a 0.4 per cent decrease in construction activities from, \$122.2m for January to September 2014 to \$121.7m for the same period of 2015. While work continues on the Argyle International Airport and the South Leeward Highway, these outlays buoyed activities in the sector during 2015. Meanwhile, a number of public sector construction activities slowed down during the first three

quarters of 2015, as a result of completion of some projects.

Figure 3.5: Activity in the Construction Sector



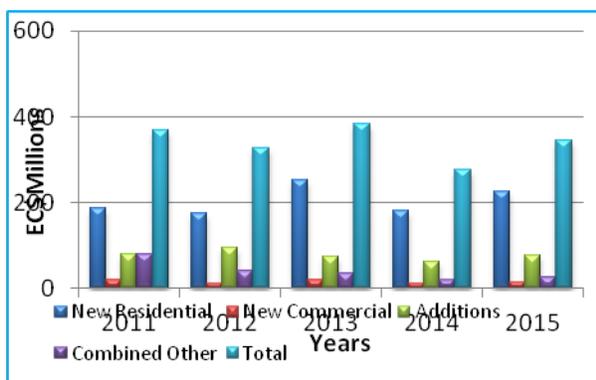
Source: Statistical Office, Ministry of Economic Planning, Sustainable Development etc

During 2015, the government embarked on a housing rehabilitation and reconstruction project, for persons affected by the trough system in December 2013. This project is aimed towards reducing poverty and promoting social development. To date 198 projects were undertaken with 91 currently ongoing at various stages of completion. Residential outlays towards construction increased during 2015. In this vein, commercial bank credit towards the construction sector increased by 10.2 per cent for the period January to September 2015, compared with the corresponding period of 2014. These outlays moved from \$22.3m to \$24.6m. Similarly, the imports of construction materials increased by 0.04 per

cent for the January to September period, from \$99.9m 2014 to \$100.0m in 2015

Meanwhile, construction permits increase by 24.9 per cent for January to September 2015, compared with the corresponding period of 2014 (*See figure 3.6*). In the same period, construction permits for new residence increased by 24.9 per cent. Likewise, permits for new commercial construction also increased, from 13 permits in the 2014 to 15 in 2015. Further, permits for additions increased 22.2 per cent. In a similar vein, permits for other forms of construction increased from 20 in the January to September period in 2014, to 28 in the corresponding period of 2014.

Figure 3.6: Construction permits issued January to September 2011-2015



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

3.5 Tourism (Hotels & Restaurants)

The creation of employment and the receipt of foreign exchange earnings propel tourism

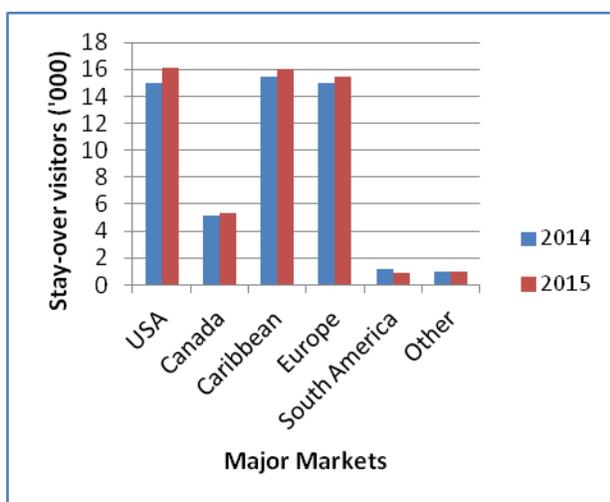
as an income generating sector. The Government of St. Vincent and the Grenadines continues to allocate the necessary resources to ensure that tourism is well placed to drive the economy. The construction of the international airport at Argyle is the country’s largest investment in the sector to date, and it is hoped that this venture would open opportunities for the private sector and enable the tourism sector to grow.

For the period January to September 2015, there was a marginal decrease of 0.5 per cent in total visitor arrivals, compared with the 0.5 per cent increase registered in the corresponding period in 2014. In 2015, total visitor arrivals fell to 145,680 from 146,365 in 2014. This overall decline was reflected in all of the categories with the exception of stay-overs. Visitors by air which accounted for 37.1 per cent of total visitors increased by 3.2 per cent, while, visitors by sea fell by 2.7 per cent. Stay-over visitors representing the largest category of visitors (37.6%), increased by 4.0 per cent relative to a 2.7 per cent reduction recorded in the previous year. Same day, cruise and yacht visitors declined by 19.7 per cent, 4.0 per cent and 0.7 per cent, respectively.

Stay-over visitors

For the period January to September 2015, stay-over visitors amounted to 54,759, growing by 4.0 per cent when compared with reductions in the past two years of 1.7 per cent and 4.9 per cent, respectively. This increase in stay-over visitors is on account of increases in all major source markets, USA (7.6%), United Kingdom (6.7%), Canada (3.1%) and the Caribbean (5.9%).

Figure 3.7: Stay- Over visitors by major markets



Source: St. Vincent and the Grenadines Tourism Authority

Same day visitors

Same day visitors continued on its downward trend for the first nine months of 2015 albeit at a slower rate of 19.7 per cent when compared with the 25.5 per cent recorded for the corresponding period in 2014. This category accounts for less than one per cent of total visitor arrivals to the country’s shore.

Cruise Visitors

Cruise visitors, accounting for the second largest category of visitors, declined by 4.0 per cent by the end of September 2015 relative to a marginal increase of 0.1 per cent in the previous year. This outturn was as a result of a 59.4 percent reduction in cruise visitors to port Bequia which outpaced the increases recorded at the other three (3) ports of entry, Kingstown (8.0%), Canouan (7.8%) and Union Island (34.4%). Cruise ship calls for the period decreased by three to 157 calls for the first nine months in 2015. (See annex 12)

Yacht Visitors

At the end of the third quarter of 2015, yacht visitors amounted to 35,977, a marginal decrease of 0.7 per cent when compared with increases of 6.1 per cent and 0.5 per cent for the same periods in 2014 and 2013, respectively. This decrease in yacht visitors resulted from the decline of 1.2 per cent recorded at port Bequia which accounted for the majority of yacht visitors (57.9%). Decreases were also recorded at ports Canouan (43.7%), Mustique (38.7%) and Walliabou (10.9%). For the review period, most yacht visitors visited in the month of January (6,909). (See annex 13)

3.6 Financial Sector

International Financial Services

Despite the challenges being faced in the global economic environment, the International Financial Services (IFS) sector continues to make an important contribution to the national economy. Fee income earned of \$2.9m declined by 2.8 per cent over the period January to September 2015 compared with the same period for 2014. This movement was mainly as a result of lower fees collected from IBCs (6.7%), registered agents (5.4%) and domestic insurances (7.1%). These declines in fee income were attributable to increased cancellation and decline in renewals. Increased fee receipts were recorded for International Trusts (16.6%), International Banks (43.1%) and Mutual Funds (5.3 %).

Past performances have denoted that confidence in the IFS products and services has been maintained and it is expected to be enhanced by an upgraded IT system. In order for the sustainability of the International Financial Services (IFS) the current mode of operation must be re-engineered in relation to marketing and the IT system. An enhanced IT infrastructure

supported by the Caribbean Development Bank (CDB) is scheduled to commence operation by early 2016. This enhanced system will facilitate online registration and effective monitoring of current clients to ensure that fees are collected in a timely manner.

The Financial Service Authority (FSA) continues to take advantage of new opportunities for business, through efforts with the Registered Agents and industry partnerships. The IFS sector has benefitted significantly from the marketing initiatives undertaken by three (3) Registered Agents in promoting the industry.

The Government of St Vincent and the Grenadines has made significant progress in enhancing regulatory oversight and operations over the past few years. However, it is mindful that regulatory development must be accompanied and complemented by, *inter alia*, effective marketing initiatives to efficaciously tap into the large potential of this sector. As such, the focus for 2016 will be on:

- Enhancing strategic partnerships particularly with Invest SVG to ensure effective marketing of products and services;

- Developing IT and MIS capabilities for registry and regulatory application;
- Ensuring an effective legislative and regulatory framework for the international and non- bank sectors; and
- Enhancing compliance with required international initiatives.

Financial Intelligence Services

For the period January – September 2015, the Financial Intelligence Unit (FIU) collected and analysed approximately three hundred and sixty four (364) Suspicious Activity Reports (SARs), compared with six hundred and seventy four (674) in 2014. These SARs were filed by Service Providers as set out in the First Schedule of the Anti-Laundering and Terrorist Financing Regulations, 2014. This exhibits the ongoing commitment of the relevant stakeholders to play their part in combating the scourge of money laundering and safeguarding our financial systems from proceeds which are generated from illegitimate means and recognition by these institutions of the pivotal role played by the FIU.

The amount of monies detained doubled in 2015 over 2014. During the period January

– September, twenty-eight (28) Forfeiture Orders were granted in 2015 compared with fifteen (15) in 2014. There was one (1) money laundering prosecution in 2015; meanwhile no Confiscation Order was obtained during 2015, however, one (1) Confiscation Application was made for the same period under review.

Despite the challenges and constraints the FIU continues to ensure that all staff members are adequately trained. The Unit continues to maintain excellent cooperation with its local, regional and international counterparts as well as local stakeholders.

The work of the FIU in making the environment hostile for money launderers and terrorist financiers is ongoing and includes the following measures:

- Ongoing collection and analysis of SARs;
- Uploading all SARs electronically to facilitate easier record-keeping and cross referencing;
- Greater allocation of human resources to the analysis of SARs;
- Ongoing quality financial investigations to obtaining successful money laundering convictions and confiscation/forfeiture of assets;

- Training and awareness with the financial institutions, regulated businesses and other stakeholders in the fight against money laundering and terrorist financing;
- Increase cooperation with local, regional and international agencies and
- Amendment of legislation to introduce new measure, strengthen existing ones and clarify any existing ambiguities.

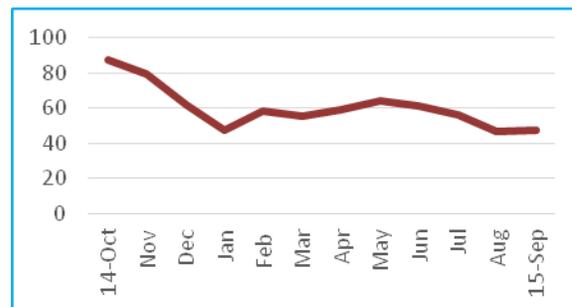
4. PUBLIC INFRASTRUCTURE

4.1 Public Utility

4.1.1 Energy

Average crude oil price continued along a downward trajectory in 2015. Brent crude oil price, the global benchmark, averaged US\$47.62 per barrel in September 2015, down 51.0 per cent from the average in September 2014 (US\$97.09 per barrel). This outturn comes on the back of rising global oil inventories, associated with robust growth in world crude oil supply. It is forecasted that global oil inventories will continue to rise over the next year, keeping downward pressure on oil prices¹. Increased crude oil production in Saudi Arabia and Iraq is the main driver of higher oil inventories in OPEC countries.

Figure 4.1: Brent Crude Oil Prices (Oct 2014- Sept 2015)



Source: U.S Energy Information Agency

Domestic Developments

Work to develop the energy sector in St. Vincent and the Grenadines continued in 2015 with a number of initiatives geared towards a sustainable supply and use of energy, including increased utilization of renewable energy technologies and efficient and cost-effective transportation. Notable among these was the Geothermal Development Project, a joint venture between the Government of St. Vincent and the Grenadines, Icelandic company Reykjavik Geothermal, Clinton Climate Initiative and state-owned electricity company VINLEC. In August 2015 the SVG Geothermal Resources Development Bill was passed, which seeks to provide for the development and use of geothermal resources and other related matters. During

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

PUBLIC INFRASTRUCTURE

the period, the government negotiated a US\$15m concessionary loan from the International Renewable Energy Agency (IRENA) through the Abu Dhabi Fund for Development. This, along with monies pledged through the Caribbean Development Bank (CDB) and Inter-American Development Bank (IDB) will assist the government in developing the geothermal resources in the country.

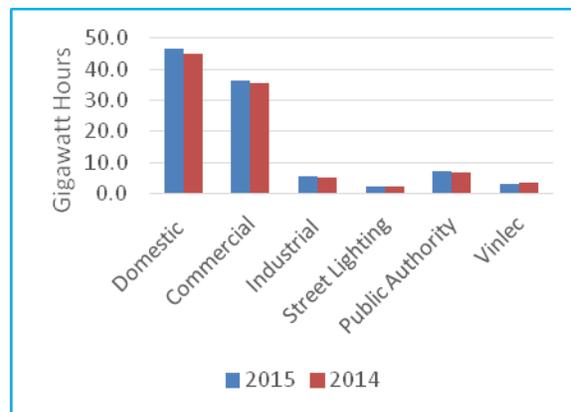
Government is also pursuing initiatives to reduce greenhouse gas and support cleaner energy solutions. Through the PACES project (Promoting Access to Clean Energy Services); the Government of St. Vincent and the Grenadines in collaboration with two private entities will procure one fully-electric and 2 hybrid vehicles for demonstration purposes. Equipment for a solar charging station has already been procured. Plans are also in place to install 50 kWp and 65 kWp PV cells at the Belle Isle Correctional Facility and the Argyle International Airport respectively as part of this project.

4.1.2 Electricity

Electricity consumption for the first three quarters in 2015 increased slightly to 101.4 GWh over the corresponding period in 2014 (98.7 GWh). This performance was the net

result of increased consumption by domestic users (3.6%) the largest category of consumers, and commercial users (1.9%). Consumption by VINLEC declined by 6.3 per cent over the comparative period.

Figure 4.2: Electricity consumption 2014-2015 (Jan-Sept)

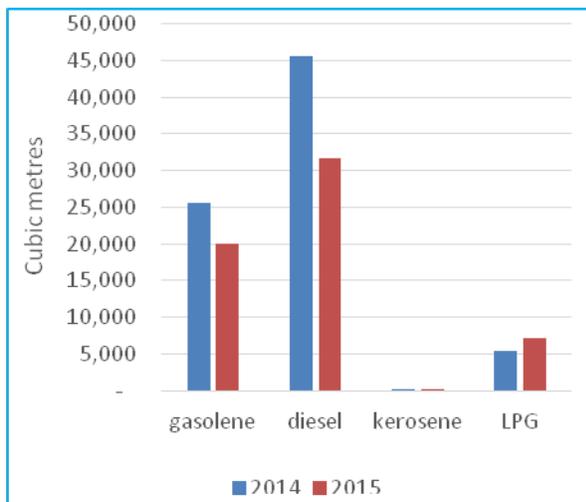


Source: St Vincent Electricity Services Ltd

Importation of Commercial Fuel

During the review period, the importation of commercial fuel fell by 24.7 per cent. This was mostly on account of a decline in the importation of diesel (30.3 %). The volume of imported gasoline also declined (21.9 %), while liquefied petroleum gasoline (LPG) which accounts for 8 per cent of fuel imports, increased by 31.5 per cent.

Figure 4.3: Importation of fuel 2014-2015 (Jan-Sept)



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

4.1.3 Water and Solid Waste

Activity in the water and solid waste sectors improved marginally in 2015. Water production for the first nine months of 2015 amounted to 1.5b gallons, compared with 1.4b gallons over the same period in 2014. The CWSA's financial performance for 2015 is also expected to show an improvement over the performance for the previous year.

During the 2015, several important capital investments were completed. These included:

- The installation and commissioning of the new Mamoon Treatment Plant.
- The replacement of another compactor collection truck.

- The construction of Belle Isle water storage tank.
- The rehabilitation and upgrade of the first segment of Dalaway transmission main.
- Investments in information and communication technology through the continuation of the implementation of Geographic Information System (GIS) mapping to aid both engineering and customer service departments.
- The completion of Phase I of the e-bill view and e-billing project.
- Installation of pipeline mains at the Argyle International Airport

The CWSA in 2015 increased its total number of connections to 39,500 and will continue to reduce the number of communal facilities and standpipes by providing free water connections to indigent customers all in an effort to promote improved public health.

In 2016, the CWSA will continue to embark on further important expansion and improvement projects in both the water and solid waste sectors; most notably:

- The replacement of vehicles and meters.

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- A further upgrade of the existing SCADA system.
- Implementing another phase of the Grenadines Solid Waste Management Project including land acquisition on Union Island and the finalization and approval of design plans of the Developers on Canouan.
- Upgrade of a section of the transmission main at Montreal.
- 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.
- Increased specialized training for staff in key technological areas.

The CWSA will also continue to work with various Government ministries and agencies in ensuring that all citizens in every community have access to a pipe-borne water supply.

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5.1 Education

Education continues to be vital in assisting the reduction of poverty and increasing the overall quality of life for Vincentians and hence plays an integral role in national development and nation building. During 2015, the Government, through the Ministry of Education continued its focus on improving the quality of education services provided to all Vincentians.

Early Childhood Education

Preliminary data showed that enrolment for the 2015/2016 school year was 3,342 students, comprising of 1,683 males and 1,659 females. This shows an increase of 266 (8.4%) students over the 2014/2015 period where 3,076 students were enrolled (1,571 males and 1,505 females).

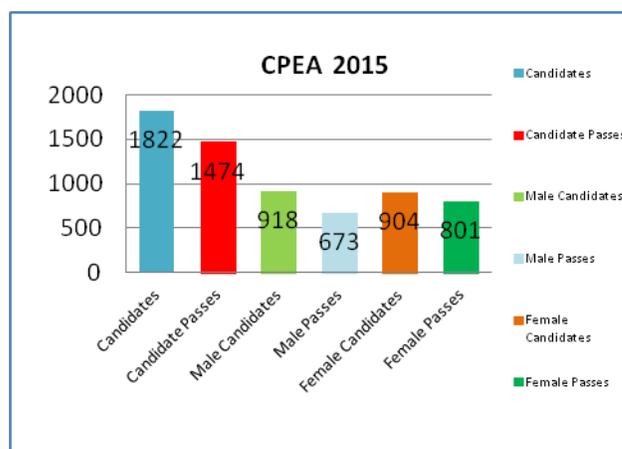
Primary Education

The Ministry of Education recorded enrollment of 13,363 students for primary schools as at September 2015/2016. Males continue to outnumber females with 6,836 males and 6,527 females. This indicates a considerable increase in the primary level of 933 (7.5%) students over the 2014/2015 of 12,430 (6,341 males and 6,089 females).

The year 2015 marked the second year that the Ministry successfully implemented the Caribbean Primary Exit Assessment (CPEA). Over eighty per cent (80.9%) of the students met the prescribed standard, an increase in performance over the previous year's results of 78.1 percent. The highest average score recorded in this year's exam was 96.8 per cent.

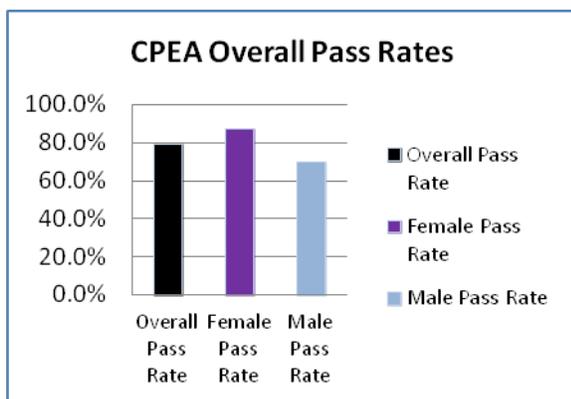
A total of 1,822 students wrote the CPEA exam (918 males and 904 females) (see figure 5.1). The total number of students who obtained passing grades was 1,474, comprising 673 males and 801 females.

Figure 5.1: Number of CPEA passes by sex



Source: Ministry of Education

Figure 5.2: Overall Pass Rate, CPEA 2015



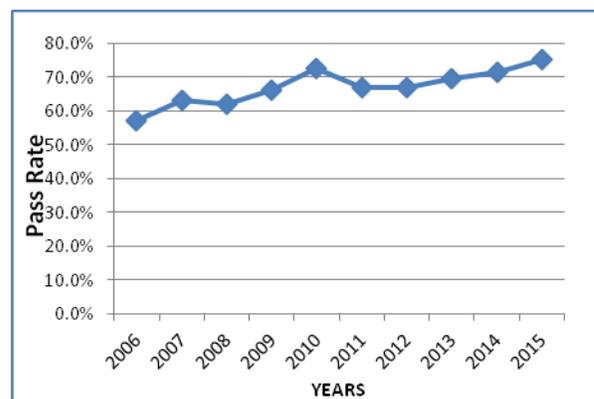
Source: Ministry of Education etc

Secondary Education

For the 2015/2016 academic year, preliminary data indicate that student enrolment stood at 10,286, (5,275 males and 5,011 females) compared with 10,192 enrolled in the 2014/2015 school year (5,227 males and 4,965 females).

There was an improvement in the performance of students in the Caribbean Secondary Education Certificate (CSEC) Examination in 2015. The overall pass rate was 75.2 per cent in 2015, compared with 71.2 per cent in 2014.

Figure 5.3: CSEC pass rate for the period 2006-2015



Source: Ministry of Education

Tertiary Education

A total of 2,382 students were enrolled at the St. Vincent and the Grenadines Community College (SVGCC) for the 2015/2016 school year, comprising 2,151 fulltime and 221 part-time students. The Division of Arts, Sciences and General Studies (DASGS) had the highest enrolment with 1,281 students in 2015/2016, compared with 1,007 for the 2014/2015 school year. Six hundred and seventy-five (675) students were enrolled at the Division of Technical and Vocational Education, compared with 785 for the corresponding period in 2014/2015, while 224 students were enrolled at the Division of Teacher Education for the period 2015/2016 compared with 159 in the 2014/2015 period. Enrolment at the Division of Nursing Education for 2015/2016 was

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202 compared with 229 students for the 2014/2015 period.

In June 2015, the SVGCC had its largest graduation to date with 837 graduates, compared with 743 in 2014. Included in this figure were 37 students who completed the Bachelor in Nursing Programme on Franchise from the University of Technology, Jamaica and 21 students who completed the Bachelor in Social Work franchised from the Jamaica Theological Seminary.

In the summer of 2015, the SVGCC, in partnership with the Basic Needs Trust Fund, (BNTF) and the Caribbean Development Bank (CDB) conducted six weeks of skills training for 68 unemployed and part-time employed young people in the areas of electrical installation, small engines repair, air conditioning and refrigeration technology. At the end of the training programme, participants received a set of tools necessary for their particular disciplines.

The SVGCC in partnership with the Ministries of Foreign Affairs and Education, Tourism Authority, UWI Cave Hill and Open Campus, Dominica State College and the Ministry of Higher Education in

Ecuador, hosted forty-four (44) Ecuadorian teachers to pursue a seven (7) month programme in English as a second language.

Further private sector partnership continues to be strengthened with the Division of Technical and Vocational Education through hospitality attachments at the Crane Resort, Barbados for the third year. Also there were workplace attachments for all final year students.

The St. Vincent and the Grenadines Community College continued on its path towards accreditation. In January 2015 an Accreditation and Quality Assurance Officer was assigned to the college. In September the National Accreditation Board made a series of quality assurance visits to different campuses and held meetings with the Board of Governors, staff and faculty at all levels.

St. Vincent and the Grenadines now has four (4) off-shore medical colleges' local campuses with a total of 922 students. These colleges cater primarily for foreign students; however, a few Vincentian students are enrolled at some of these campuses. Currently a total of 218 students are enrolled at the Trinity Medical College, 230 students are enrolled at the Saint James School of Medicine, and 131 students are enrolled at

the American University of St. Vincent and the Grenadines and 343 students at the All Saints Medical School.

Examinations and Assessment Unit

Assessment is an important part of the teaching and learning process. The Examinations and Assessment Unit's mandate is to generate tests and interpret data about students' learning in order to:

- Promote the understanding and improvement of teaching and learning.
- Facilitate the evaluation of institutional effectiveness.
- Inform curriculum development and implementation.

All local examinations were successfully administered. The external examining bodies (CXC – CSEC & CAPE, University of London and University of Cambridge) offered examinations twice throughout the year. The unit registered candidates for these examinations, managed and executed the logistics related to the preparation and conduct of the examinations. Practical and internal assessments were also coordinated for reporting to the examination bodies. Workshops related to the CXC syllabi were

also held with teachers and moderators of CSEC Sciences.

The annual National Awards Ceremony was held in April 2015 and awards were presented to students for their outstanding performance at CSEC and CPEA.

National Accreditation Unit

The Accreditation Unit has maintained its thrust to provide an efficient service to the public. It has been able to do so by providing several services. During the period the following activities were accomplished:

- The Accreditation Unit engaged fourteen (14) institutions/establishments through visits and or consultations. Five of these were new entities expressing their interest in becoming new providers.
- The Bethel Bible College formerly the St. Vincent and the Grenadines Theological College was registered. This brings the total number of registered institutions to seven (7).
- The National Accreditation Board and the Accreditation Unit began the Self-study process with several institutions in May 2015. There were thirty two (32) persons

representing seven institutions. The unit was also engaged in the verification of certificates for 426 clients.

.National Qualifications Department

The National Qualification Department (NQD) undertook the following activities and programmes during 2015:

- Training of instructor/assessors in the modalities of Prior Learning Assessment and Recognition (PLAR) was conducted in June, 2015.
- TVET instructors from four technical institutes conducted a two-day CBET workshop in March 2015.
- The ANEW program and the Pre-Technology program were implemented in September 2015 to provide vocational training for unemployed/Out-of-School/“At Risk” youths and adults.
- An evaluation of the Sector Skills Development Agency (SSDA) / National Qualifications Department (NQD) was conducted by CARICOM/CANTA in September 2014 and February 2015.

Department of Libraries and National Archives

During the year in review the Department of Libraries continued to foster a love of reading and learning through its programmes relating to home work clubs, book clubs, remedial reading programmes and story time sessions. There are monthly thematic displays in the adult and reference library, at the National Archives along with expression boards in the children’s library. Primary and pre-schools around the country are taking advantage of a more organized children’s library by requesting tours, information and literacy services from the department. During 2015, the department received 25,000 juvenile books from the Global Literacy Project and 100 hundred boxes of books from Martha’s Vineyard as donation.

School Inspection and Supervision Unit

During the year, the Unit provided professional development assistance to a number of schools in districts 1, 3 and 4 in the areas of curriculum planning, literacy development and strategies for school improvement.

During the school year, the Unit carried out full inspections of seven primary schools and three secondary schools. Overall, two of these primary schools were found to be

providing a satisfactory standard of education to the majority of the pupils, while the five remaining ones need to make a number of improvements to attain a satisfactory level of performance. The three secondary schools however, need to improve their overall delivery of education to the students that they currently serve.

The Unit has made a number of recommendations of measures that individual schools need to put into place to bring about improvement in the effective delivery of a holistic education to their stakeholders.

The Unit requested that each school provide an action plan. During the year, five schools submitted plans of action on how they intend to improve the delivery of education and the overall functioning of the school.

The Unit also carried out follow-up inspection activities at eight schools. Five of these schools have shown improvement in their overall functioning and in the performance of students and teachers.

5.2 Health

The goals, objectives and interventions contemplated by the national health sector are aligned with the priorities for the modernization of the national health sector and environmental sustainability, as enunciated in the National Economic and Social Development Plan 2013-2025.

St. Vincent and the Grenadines has achieved and surpassed many of the Millennium Development Goals for health, most notably in the areas of maternal and child health, prevention of HIV infection, and mortality due to injuries. Marked improvement has also been demonstrated among important economic, social and environmental determinants of health including in the human development index, accessibility to potable pipe-borne water and accessibility of solid waste management services in rural communities.

Meanwhile many new and emerging challenges to health are in evidence. Foremost among these challenges are:

- Emerging and re-emerging communicable diseases which continue as one of the five leading causes of death.

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- Neonatal mortality which remains above the World Health Organization's recommended level.
- Improving the mental health and wellness services.
- Geriatric health services to address the ageing population.
- Establishing a sustainable financing mechanism, including National Health Insurance and public-private-partnerships.
- Reducing the impact of climate change on health through the introduction of sustainable environmental health policies.

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. Under the 10th EDF project, the renovation of the Milton Cato Memorial Hospital continued. Improvements are being made to the operating theatres, the female surgical ward, the kitchen, the physiotherapy area, the conference room, as well as the maternity ward. Works on this facility are expected to be completed in early 2016. Also under the 10th EDF project the

Mental Health Centre is being renovated and is in its final stages. This facility is scheduled for re-opening during the first quarter of 2016. Further, two polyclinics, one at Buccament and the other at Marriaqua, are being constructed to support the delivery of health care.

2. Under the Basic Needs Trust Fund programme, supported by the Caribbean Development Bank, the Bequia Hospital in Port Elizabeth was rebuilt. This, along with the Paget Farm Health Centre will provide health care for the island of Bequia. The refurbished facility which was re-opened in October 2015, was expanded to include four main wards.
3. The Modern Medical Complex, initiated approximately eight years ago, is also in its final stages of completion. Originally conceptualized as a dialysis centre, it has since evolved and will, on completion, boast a full medical diagnostic centre. It will along with the Georgetown Smart Hospital and the Georgetown Health Centre provide care at the primary, secondary and tertiary levels.

Non-Communicable Diseases

Non-communicable diseases (NCDs) including cardiovascular disease, diabetes, asthma and other chronic respiratory conditions, and cancers are the leading causes of death worldwide. The statistics show that this is an urgent global health issue that demands urgent response. In St. Vincent and the Grenadines, NCDs are the leading cause of mortality and morbidity. Cancers, diabetes, hypertension and heart diseases are some of the diseases that are of significant public health concerns. Over the past five years, the monitoring and evaluation reports of the national health sector showed that these diseases occupied the top causes of mortality in the country.

The Government of St. Vincent and the Grenadines, through the Ministry of Health, Wellness and the Environment, has recognized that the prevalence of NCDs and its risk factors in St. Vincent and the Grenadines have risen substantially in the past decades. The ministry has responded by implementing a range of measures in order to tackle these diseases and to reduce the risk factors, thus aiming to decrease premature mortality and increase the quality of lives of people who suffer from these diseases.

The Ministry of Health, Wellness and the Environment now has an officer whose mandate is to spearhead the management and control of NCDs. A National Strategic Plan for Non-Communicable Diseases (NSP-NCD) and a comprehensive NCD work plan are in the final stages of development with the assistance of the Pan American Health Organization (PAHO). The development of these two important documents serves as a road map and a systematic organized plan to respond to this epidemic. These plans were informed by the recently completed WHO STEPS Survey (National Health and Nutrition Survey). The survey examined the major risk factors and the status for these diseases. Results of the survey showed that approximately 30.0 per cent of Vincentians have 3 to 5 combined risk factors associated with NCDs.

Emerging Infectious Disease Threats

The spectrum of infectious disease is changing rapidly, in collaboration with dramatic societal and environmental changes. The recent examples of emerging infectious diseases include the Chikungunya outbreak of 2014, the presence of Zika virus in the region, and the Ebola Virus outbreak of 2014. These diseases as well as resurgent diseases (e.g., tuberculosis and cholera)

illustrate human vulnerability to microorganisms in the environment. The Ministry of Health, Wellness and the Environment continues to put plans in place to strengthen surveillance for communicable diseases and to improve the response time to prevent the spread of these diseases.

St. Vincent and the Grenadines has made significant strides with the response to HIV/AIDS. However, the epidemic has moved from a generalized epidemic to one that is mostly concentrated in key populations. Efforts to improve prevention of HIV/AIDS and care for clients in 2015 were faced with a number of challenges. One such challenge has been the decrease in funding from donor agencies.

Nutrition

In 2015, of 6,157 children 0-59 months screened 109 were obese and 50 were overweight. While the incidence of both under nutrition (wasting, stunting) and overweight/obesity was below 5 percent, the real problem of overweight/obesity may be in the older preschool children aged 25 to 59 months where clinic attendance is lower and the status of non-attendees is unknown.

Given the high incidence rates of nutrition-related CNCs in adults reported in the

epidemiological profile, there is a great need to extend basic nutrition screening and nutrition intake monitoring to older children and adolescents (aged 5 to 17 years) based in schools.

Environmental Management

St Vincent and the Grenadines has surpassed its obligation under the Montreal Protocol to phase-out ozone depleting substances. We are four (4) years ahead of the scheduled phase out plan and the consumption of ozone depleting substances has been reduced by 67.7%.

As party to the UN Framework Convention on Climate Change, several climate change projects are being implemented currently. These include the Reducing Risk to Human and National Assets from Climate Change (RRACC) Project and the GCCA Project on Climate Change Adaptation and Sustainable Land Management. Under these projects, rainwater harvesting systems were installed in various schools in St. Vincent and the storage capacity and distribution system of the desalination plant in Pagent Farm Bequia upgraded. These measures were aimed at increasing accessibility of water in vulnerable areas and increasing resilience to climate change.

5.3 Social Development

During the period under review concerted efforts was placed on poverty reduction and a number of conditional cash transfer programmes. The investment in the social sector remains pivotal to the prevention and alleviation of poverty in St. Vincent and the Grenadines. In 2008, the Country Poverty Assessment (CPA) revealed poverty to be present in approximately 30.2 per cent of the population with 2.9 per cent living below the poverty line. Additionally, there remains an additional 18.0 per cent of the population who are vulnerable or at risk to fall into poverty in the face of an economic shock or natural hazard. Government has identified a number of non-income issues which affects individuals and efforts are being undertaken to adopt the multidimensional measurement of poverty to examine the levels of deprivation that impacts individuals and their families.

One notable poverty reduction initiative is the school cooperative thrift programme which encouraged students to save. During the year under review, a total of 11,583 students from 87 schools both at the primary and secondary levels were able to save a total of \$0.9m. This investment can later be

use to support parents for the purchase of school supplies and other necessities during the school year.

Despite considerable social investment since the poverty assessment in 2008, unemployment continues to challenge the development efforts. In 2012, the Housing and Population Census recorded 21.5 per cent of the population being unemployed. In an effort to contain the unemployment situation especially among the youth population, the government investment was focused mainly in two programmes to improve human development; the Support for Education and Training (SET) and Youth Employment Services (YES). During the review period the government spending for these two programmes approximated to \$4.2m. This effort lays the broader foundation for future economic development.

Social Security

In the area of social security, the National Insurance Services (NIS) remains the main institution to address the multidimensional nature of poverty in the provision of various benefits, such as maternity, disability

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unemployment, survivors' benefits, funeral grants, and old-age pensions. St. Vincent and the Grenadines continues to experience significant demographic changes on the age structure of the population, as improved standard of living has promoted longer life expectancy. In 2012, the household population stood at 109,188 inhabitants, 17.3 per cent of whom are over the age of 54. This ageing population along with the increase in the number of pensioners present an unprecedented challenge to the economy, as only 49.6 of the working age population are employed, indicating a high economic dependency ratio.

During the period under review the NIS did not identify any shocks that had material impact on its financial and actuarial performances. Some of the major initiatives that were implemented during 2015 were the establishment of a new service centre in Bequia, the rebranding of the customer service department and the hosting of a pensioners appreciation day.

As social security providers, the NIS faces a myriad of risks and challenges in providing sustainable social protection for the people of St. Vincent and the Grenadines. Some of

the significant challenges facing the organization are as follows:

- (a) Population ageing and falling fertility rates which adversely impacts the ratio of pensioners to contributors.
- (b) Emigration of working age persons which negatively erodes the contribution base.
- (c) Fragile and volatile economic conditions which negatively impacts employment rates.
- (d) Low coverage rate for self-employed and informal workers.
- (e) Limited suitable investment opportunities in the local and regional financial markets.
- (f) The low interest rate environment as punctuated by the lowering of the minimum savings deposit rate by ECCU Council from 3.0 per cent to 2.0 per cent.

Despite the weak national and international macro- economic conditions the NIS continues to revise and design strategies to preserve and propel the long term development. These include the completion of the first of the six phase investment in real estates of lands at Peter's Hope in April 2015 at a total cost of \$1.3m. Additional

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investments include the rehabilitation of a property at Richmond Hill at approximately 0.4m.

Social vulnerability

During the period under review the country made substantial effort to increase the opportunities to the population to prevent persons from falling into poverty. Investments were realized in the following areas:

- Social protection
- Child development
- Youth development
- Gender development
- Family and community development
- Policy development and administration
- Housing

In the area of social protection, 5,030 families comprising of 14,144 individuals benefited from a total investment of \$11.4m. This accounted for 65.0 per cent of the 2015 social welfare budgetary allocations. Thus measures were introduced to increase spending in the areas of pro-employment such as the SET and the

continuance of the YES programmes and other subsidy and transfer programmes. These and other programme directly impacts on poor individuals and households.

Other investments were realize to protect particular groups; children, youth and elderly. These programmes were also conditioned to address gender related issues. The guiding principle behind the programmes is to respond to the management of social risk that exposes individuals to vulnerability. Marked investment to the tune of \$1.2m were expended in the area child protection in the areas of transportation to school, school fees, medical fees, uniforms, rent and meals.

6. PUBLIC SECTOR INVESTMENT PROGRAMME

6.1 Introduction

The Public Sector Investment Programme (PSIP) is an important development tool which reflects the strategic direction of the economy of St. Vincent and the Grenadines. It outlines the government's investment priorities, and comprises projects and programmes that are designed to enhance capital formation, promote competitiveness, and stimulate economic growth and development in the face of an increasingly challenging external environment.

The 2015 PSIP was fashioned with special emphasis on investments which aid the rehabilitation and upgrade of critical infrastructure. A large proportion of the overall budget was dedicated to the upgrade of roads and bridges and to restore housing to those affected by the December 2013 storm. Apart from this, and within the context of more prudent fiscal control, project readiness was also a key feature of the 2015 PSIP. Projects for which crucial preparatory activities were advanced and for which firm financing had been secured were given top priority. Other critical ongoing programmes were also included in the PSIP.

The 2015 PSIP Review is presented in three (3) sections. In the first section, an overview of the PSIP is provided in the form of a summary of the expenditure recorded in fiscal year 2015 viz-a-viz the approved budget and actual spending; and is categorised according to types and sources of funding. Section 2 provides a sectoral analysis of the PSIP including a review of programmes and projects implemented in fiscal year 2015. The final section discusses the prospects for 2016, highlighting key projects and programmes slated for implementation in the new fiscal year.

6.2 Overview

A sum of \$296.4m was approved for the implementation of the 2015 capital programme. During the fiscal year, the budget was revised to \$301.7m, a 1.8 per cent increase in the original budget. Preliminary data at the end of 2015 indicate that \$100.0m or 33.1 per cent of the revised budget was expended. Preliminary indicators are that this was 4.2 percentage points lower than the 2014 figure. The decline in the implementation rate could be

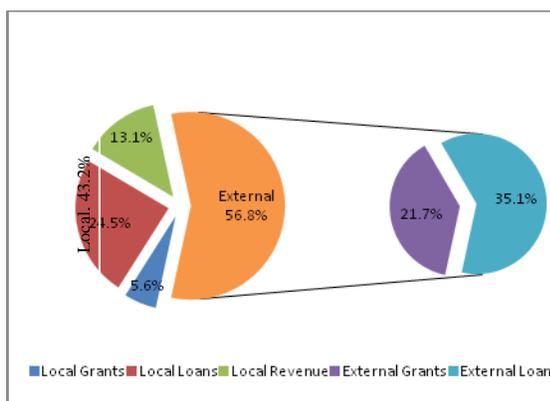
attributed in part to delays in the completion of crucial procurement activities in key programmes.

6.3 Financing the PSIP

The PSIP is financed by a combination of local and external funds from various bilateral and multilateral sources. Preliminary data for 2015 indicate that a total of \$151.5m was secured to fund the capital programme.

In terms of the allocations, approximately 56.8 per cent of the 2015 programme was budgeted to be financed from external sources; and 43.2 per cent from domestic resources (Figure 6.1). The figures for 2014 were 62.9 percent and 37.1 percent, respectively.

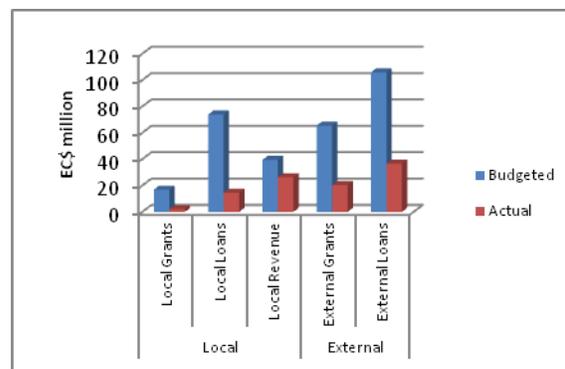
Figure 6.1: 2015 Capital Budget by Type of Funds



Source: Ministry of Economic Planning, Sustainable Development etc

In terms of domestic financing, \$73.9m was budgeted from local loans, \$39.5m from local revenue and \$16.9m from local grants (Petro Caribe). On the external side, \$65.5m was allocated from grants and \$105.9m from external loans. Figure 6.2 presents the comparative expenditure data by types of funds.

Figure 6.2: 2015 Revised and Actual Expenditure by Types of Funds



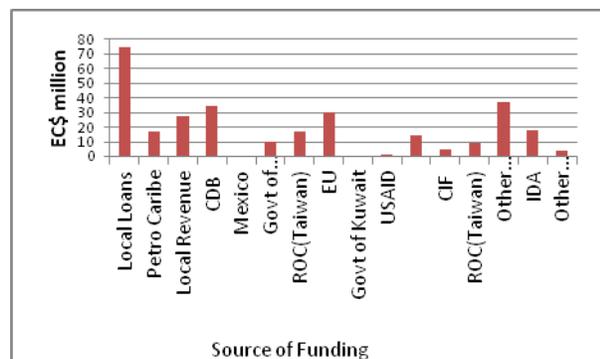
Source: Ministry of Economic Planning, Sustainable Development etc

6.4 Sources of Financing

The major sources of bilateral financing were Government of Venezuela (\$14.5m), the Republic of China (Taiwan) (\$16.3m), and the Government of Ecuador (\$10.0m). Multilateral funds came principally from the European Union (\$30.2m), the Caribbean Development Bank (CDB) (\$31.7m); Alba Caribe (\$33.5m) and the World Bank (inclusive of the Climate Investment Fund) (\$23.5m). In addition to these resources, funds amounting to \$16.6m were earmarked

from Petro Caribe for airport development. The funds from EU were primarily earmarked for investments in the health, agriculture, education and tourism sectors; Government of Venezuela – airport development; the Republic of China (Taiwan) (ROC) – road infrastructure development, ICT and health; Government of Ecuador – road/bridge infrastructure; 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 revenues 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 6.3: Capital Budget by Source of Funds



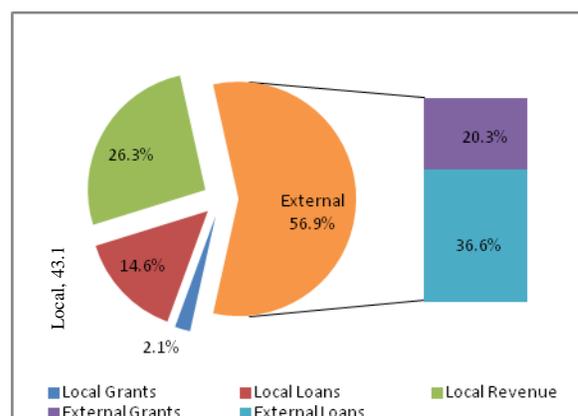
Source: Ministry of Economic Planning, Sustainable Development etc

6.5 Composition of Actual Expenditure

Preliminary data show that the implementation rate was relatively low at 33.3 per cent. However, this rate is expected to increase when the government’s accounts are finalised early in the second quarter of 2016.

This notwithstanding, as shown in figure 6.4, most of the expenditure (56.9%) during 2015 was financed from external sources, with 36.6 per cent (\$36.6m) from external loans and 20.3 per cent from grants (\$20.3m). Spending from local revenues and loans was 26.3 per cent and 14.6 per cent, respectively. Spending from local grants (Petro Caribe) accounted for 2.1 per cent (\$2.1m) of the 2015 actual expenditure.

Figure 6.4: Actual Expenditure by Type of Funds

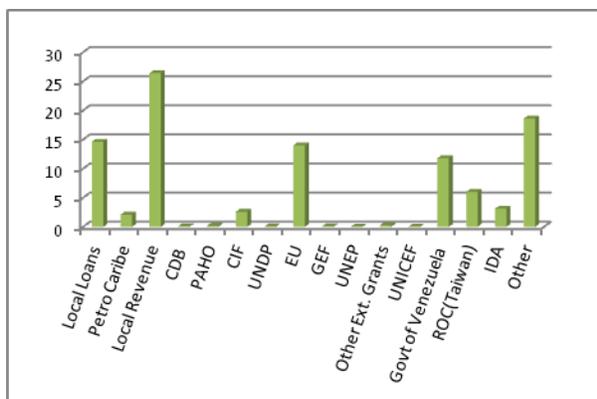


Source: Ministry of Economic Planning, Sustainable Development etc

6.6 Expenditure by Source of Funds

Figure 6.5 shows that the expenditure has been primarily on projects and programmes financed by the Government of Venezuela and Alba Caribe. The largest expenditures from these sources have been on the Argyle International Airport, \$30.3m. Combined with \$23.2 million from local resources, the total expenditure on the Argyle International Airport accounts for 53.5 per cent of the overall actual expenditure for 2015.

Figure 6.5: 2015 Actual Expenditure by Source of Funds



Source: Ministry of Economic Planning, Sustainable Development etc

With regard to the other sources, approximately \$6.0m of the actual expenditure recorded was on projects financed by the ROC (Taiwan). These included the rehabilitation of roads (Carapan and Swamp Gut), purchase of medical equipment for MCMH, ICT Centre and the rehabilitation of Vigie Highway. There was expenditure totalling \$2.1m on the Petro

Caribe-funded SET Programme. Expenditure from the other sources includes IDA (\$3.1m), and CIF (\$1.9m), Caribbean Development Bank (CDB) (\$0.1m). Actual expenditure from local resources totalled \$40.9m in 2015. The funds primarily supported ongoing work at the Argyle International Airport, the Modern Medical Complex, and 10th EDF Modernisation of the Health Sector project, Improvement of Education through ICT, Basic Needs Trust Fund (BNTF) 7 and Rehabilitation of the South Leeward Highway.

6.7 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 and Safety, Economic Affairs, Environmental Protection, Housing and Community Amenities, Health, Recreation, Culture and Religion, Education and Social Protection. In this section, a review of the performance of the 2015 PSIP is provided according to these sectors.

Overview

In keeping with the aim of the 2015 PSIP, the Economic Affairs sector was allocated

56.1 per cent of the 2015 budget, primarily for infrastructure development in transportation (roads, bridges and airport development). In 2015, significant levels of investments were planned for the Housing, Education and Health sectors. Accordingly, they were allocated 10.9 per cent, 8.8 per cent and 6.8 per cent of the 2015 budget, respectively.

As regards to actual spending in 2015, the Economic Affairs sector recorded the highest level of expenditure, \$66.9m, more than two-thirds of the total actual expenditure.

On closer analysis however, the data revealed that while the Education and Health sectors had lower budgetary allocations relative to Economic Affairs, these sectors had the highest rates of implementation, 58.3 and 52.7 per cent respectively.

Full details on the budgetary allocations and the actual expenditure by sector are provided in Table 1.

PUBLIC SECTOR INVESTMENT PROGRAMME

Table 1: 2014 and 2015 Budgeted and Actual Expenditure by Sector

	Original Budget			Revised Budget			2015		Actual Expenditure			2015	
	2014	2015	% change	2014	2015	% change	% change in original budget	% of Total Revised Budget	2014	2015	% change	% of Total Actual Expenditure	Sector Imp. Rate
General Public Services	6.2	13.9	124.2	7.4	14.9	101.4	7.1	4.9	1.8	3.0	66.7	3.0	20.3
Public Order and Safety	8.9	7.8	0.0	9.0	7.8	-13.3	0	2.6	0.3	0.1	-65.1	0.1	1.1
Economic Affairs	157.8	165.6	4.9	209.6	168.5	-19.6	1.6	55.9	62.7	66.9	6.7	67.0	39.7
Environmental Protection	15.9	40.2	152.8	17.5	40.2	129.7	0	13.3	9.2	5.4	-41.3	5.4	13.4
Housing and Community Amenities	15.8	26.9	70.3	36.7	27.1	-26.8	0.74	8.9	11.3	2.3	-80.5	2.3	8.1
Health	22.2	25.2	13.5	22.9	25.4	10.9	0.8	8.4	8.5	13.4	57.6	13.4	52.8
Recreation, Culture and Religion	1.4	1.8	28.6	1.4	2.0	42.9	11.1	0.7	0.3	0.2	-14.9	0.2	11.2
Education	28.7	14.8	-48.4	29.6	15.7	-47	6.1	5.2	19.7	8.7	-55.8	8.8	55.4
Social Protection	0.3	0.1	-48.2	0.3	0.1	-48.3	0	0.04	0.0	0.0	-100	0.0	0
Total	257.2	296.3	15.3	334.4	301.7	-9.8	1.8		113.8	100.0	-12		33.1

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

Source: Ministry of Economic Planning Sustainable Development etc.

Economic Affairs

A total of \$168.2m or 56.1 per cent of the 2015 budget was allocated to the Economic Affairs sector. Most (81.0%) of this allocation was directed to the transport subsector, specifically airport and road infrastructure development. In fact, more than half (54.8%) of the allocation to the transport subsector was for the continued implementation of the Argyle International Airport (AIA). Of this amount, \$53.6m was transferred from central government to the IADC to facilitate the completion of the airport.

Figure 6.6: AIA - Control Tower and Met. Station



Source: International Airport Development Company (IADC)

In addition to the investments in airport development, approximately \$7.0m was spent on improving the road network. This included work on the rehabilitation of the Vigie Highway (\$1.6m), the rehabilitation of the South Leeward

Highway (\$2.0m), Rehabilitation of Roads (Carapan and Swamp Gut) (\$1.05m); and the Rehabilitation of Congo Valley Road (\$1.1m) Additionally, the Construction of Bridges project which was funded by the Government of Ecuador was completed in 2015.

Figure 6.7: Completed Bridge at Chateaubelair



Source: Ministry of Foreign Affairs etc.

Under this project, four (4) bridges were completed, one each at Hope (Vermont), Jakarta (Fitz-Hughes) and two in Chateaubelair. The expenditure on this project has not yet been journalised.

Tourism

In 2015, the Tourism subsector was allocated a budget of \$6.7m to implement a capital portfolio of six (6) projects. Most of these funds were budgeted to complete the construction of Hospitality and Maritime Training Institute (HMTI).

Figure 6.8: Ongoing construction at the HMTI



Source: Ministry of Economic Planning, Sustainable Development etc

Actual expenditure for the year amounted to \$1.5m or 22 per cent of the subsector's allocation compared to \$3.0m and 35 per cent in 2014. Most of the expenditure ((\$1.1m) was on the EU funded Tourism and Private Sector Development Project under which the Hospitality and Maritime Training Institute (HMTI) is being constructed. During this year, the administrative block and swimming pool were completed. In addition, the adjacent Centre of Excellence has been retrofitted to accommodate classrooms and other teaching facilities. The HMTI is substantially completed. The remaining activities, primarily the mechanical and electrical components, installation of a cold room generator, procurement of fire fighting facilities and equipment and fencing of the

facility will be completed in 2016 at an estimated cost of \$1.5m.

In addition to the HMTI, the Indian Bay Beach Facility was completed at an estimated cost of \$0.3m. The project included the construction of a security booth, vending booths, washroom facilities and parking.

Figure 6.9: Indian Bay Beach Facility



Source: Ministry of Transport and Works

Agriculture

Capital spending in the Agriculture subsector was relatively low in 2015 as preparatory work continued on the sector's key investment programmes primarily, the EU financed, Agriculture Modernisation Programme (AMP).

During the reporting period, \$0.4m or 3.1 per cent of the subsector's budget was expended compared with \$0.6m in 2014.

Implementation is expected to accelerate in 2016 as the AMP moves into full implementation. In addition to this expenditure, \$6.0m was transferred to the Farmer Support Company to assist farmers who were affected by the December 2013 flood event. Work also continued on the Upgrading of Plant & Animal Health Laboratory Capability and Infrastructure project, while minor repair works were undertaken on agricultural extension stations.

Information Communication Technology (ICT)

In 2015, there was expenditure totalling \$1.8m in the ICT subsector, roughly 41.9 per cent of the budgetary allocation. Investment spending was primarily on the implementation of the Caribbean Regional Communication Infrastructure Programme (\$0.5m) for the business incubation and training grants programme, and a consultancy for the validation and design of a new broadband network. There was also expenditure on the Government PBX Rehabilitation project (\$0.5m) and the ICT Centre (\$0.8m).

Education

In 2015, investment in the sector was mainly on the improvement of education plant and

the continued implementation of the SET programme. A total of \$14.9m or 5.0 per cent of the 2015 capital budget was allocated for investments in the sector, and approximately 53.3 per cent (\$8.7m) of the allocation was expended. When compared with 2014, the sector's implementation rate declined by 14.7 percentage points. This was on account of the completion of the second phase of the One- Laptop-per-Student initiative in 2014.

Additionally, \$3.8m was expended for final payments under the Improvement in Education through ICT for the upgrade of the Community College.

There was also a high level of implementation in the Tertiary Education subsector. The main investment in this subsector was on the Support for Education and Training (SET) programme under which 128 community college and university graduates were employed as interns in various government departments. The initiative, funded by Petro Caribe and the Government of St. Vincent and the Grenadines, began in February 2014 and during the reporting period, 100 per cent of the \$2.1m allocation was expended.

In the Secondary Education subsector, approximately \$0.8m was spent on the

upgrade of schools premises (including West St. George Secondary School, Intermediate High School, Dorsetshire Hill Government and Kingstown Anglican Schools). In addition, \$1.0m was spent on the implementation of the Book Loan Scheme. The overall implementation rate for the subsector was 58.3 per cent.

Health

Approximately \$25.4m was allocated to the health sector for capital investments in 2015. This represents a 13 per cent increase over the 2014 allocation. These investments were aimed at increasing access to good quality health care. Spending during the year was directed to further develop and modernize the health sector by improving the physical plant and other infrastructure, and procuring critical equipment for the Milton Cato Memorial Hospital.

Preliminary data indicate that actual expenditure on health for the year amounted to \$13.4m or 53.2 per cent of the sector's budget. The actual expenditure for 2015 shows an increase of 57 per cent over what was spent in 2014.

Expenditure was predominantly on the European Union funded 10th EDF –

Modernization of the Health Sector Project (\$9.9m) for the ongoing construction of polyclinics, doctors' quarters and upgrade of the MCMH and the Modern Medical Complex (\$2.6m). Indications are that the construction of Modern Medical Complex is nearing completion, and is scheduled to become operational in 2016. The remaining activities include minor electrical and tiling works, and the supply and installation of equipment.

Figure 6.10: Ongoing Construction of the Buccament Polyclinic



Source: Ministry of Economic Planning, Sustainable Development etc.

The estimated total cost of the project is \$28.7 million, and on completion, this facility will offer a range of services including dialysis, oncology, ophthalmology, diagnostic (radiology, ultrasound, and laboratory), endoscopy, intensive care and related outpatient services. The construction of the complex is expected to be completed by the end of

April 2016 at estimated cost of \$28.7m. The remaining activities include minor electrical and tiling works, and the supply and installation of equipment. The complex is expected to become operational in 2016.

Figure 6.11: Modern Medical Complex



Source: Ministry of Health, Wellness and the Environment

Other project for which there was expenditure in 2015 include: Purchase of Equipment for MCMH (\$0.6m), PAHO/WHO Assistance project – Phase II (\$0.2m) which financed training for health personnel and public awareness campaigns in various health related issues; and Infectious Disease Control project (\$0.1m).

Environmental Protection

A total of \$40.3m or 13.4 per cent of the 2015 capital budget was allocated to environmental protection mainly for investments related to climate change and

disaster risk reduction and management. Expenditure in this sector for the period under review amounted to \$5.4 m, which is equivalent to 40.3 per cent of the sector's budget and 5.4 per cent of total capital spending.

Analysis of the preliminary data shows that relative to 2014, there were declines in both the level of expenditure and the rate of implementation in the subsector. In the first instance, there was a 57.8 per cent decrease in absolute actual expenditure and in the latter, a decrease of 61 percentage points in the overall implementation rate (from 74.4 % in 2014 to 13.3% in 2015). This may be a direct result of under reporting in the sector.

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). Work on both projects is ongoing with much of the focus on the pre-construction studies and designs. At year end, the RDVRP recorded expenditure of \$5.2m, 25.5 per cent of its 2015 allocation. While work was executed on the NDMRP, the expenditure has not been journalised.

Other programmes for which there was spending include Promoting Access to Clean Energy project (\$0.07m) the Montreal Protocol/National Ozone Project financed by UNEP, (\$0.05m), and the GEF funded National Biosafety Framework (\$0.01m).

Housing and Community Amenities

In 2015, this sector was allocated \$26.9m, approximately 9 per cent of the total 2015 budget. The allocation was primarily to finance work in the Housing sector. The main projects include the Housing Reconstruction/Rehabilitation Project – Flood Damage 2013; Low Income Housing Project; Clare Valley Reconstruction Project and the Gibson Corner Resettlement Project. In terms of implementation, preliminary data indicate actual expenditure of \$2.3m mainly on the Low Income Housing Project (\$0.8m) and the Gibson Corner Resettlement Project (\$0.4m).

There was also activity on the Housing Reconstruction/Rehabilitation Project including the “Lives to Live” initiative however the expenditure has not yet been journalised.

As it relates to Community Development, work continued on the CDB - Rural

Development – Community Infrastructure (BNTF 7). In 2015, actual expenditure was \$0.7m. This amount was expended to complete the construction of the Bequia Hospital, provide the design for the Early Childhood Centre at Greiggs and trained 142 persons – (67 in Early Childhood Education and 25 each in Electrical Installation, Plumbing, and Air Conditioning/Refrigeration).

General Public Service

Expenditure on General Public Service amounted to approximately \$3.0m or 20.8 percent of the sector's capital budget (\$14.6m). Spending in the sector was mainly on the Rehabilitation/Upgrading of the Administrative Centre (\$0.5m) and the purchase of furniture, equipment and vehicles (\$0.5m). In addition, just over \$1.0m 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 was \$0.3m, accounting for 0.3 per cent of the total actual expenditure for 2015.

6.8 Prospects for 2016

The 2016 capital budget amounts to \$197.7m. Actual expenditure is projected to be \$90.0m in 2016, approximately 45.5 per cent of the year's budget. This increase is projected based on an anticipated increase in the rate of implementation as several major projects move into full implementation. Specifically, construction works are expected to accelerate on the Natural Disaster Rehabilitation Project, Regional Disaster Vulnerability Reduction Project, and the South Leeward Highway and on other road rehabilitation and reconstruction programmes. The Agriculture Modernisation Programme is also expected to record higher rates of implementation in 2016. In addition, there is expected to be further investments on the Argyle International Airport.

7. PROSPECTS

The global economy is projected to experience moderate growth during 2015. This is reflected in the increased performance of the advanced economies, supported by lower oil prices and accommodative monetary policies. Meanwhile emerging markets are projected to experience a further slowdown due to a combination of factors; lower growth in oil exporters, a slowdown in China; deteriorating outlook for exports of other commodities following price declines. Meanwhile, oil prices are expected to remain low relative to 2014, posing growth challenges to countries dependent on oil exports.

Growth in the economies of Latin America and the Caribbean is projected to be lower in 2015 as recent expansions of capital inflows to the region is expected to stabilise. Moreover, those economies dependant on oil and other commodity exports are expected to be constrained by low commodity prices. Meanwhile, inflation rates are expected to remain low throughout the LAC region.

The economy of St. Vincent and the Grenadines is expected to post moderate growth during 2015. The agricultural sector is projected to experience stronger growth relative to 2014, buoyed by growth in banana production, supported by increases the average price per tonne. The tourism sector is also expected to expand, supported by a projected expansion in stay over visitors and cruise visitors. Similarly, the manufacturing sector is projected to rebound with the assistance of increased beverage production. The construction sector is expected to post growth as the South Leeward Highway project continues and the Argyle international airport is scheduled for completion.

Meanwhile, recent lowering of interest rates by the Eastern Caribbean Central Bank is expected to lower the liabilities of commercial banks. Barring excessive risk aversion policies, this move may likely provision more credit to various sectors, and stimulate investment and growth in the process.

8. ANNEXES

Annex 1: GDP by Economic Activity in Current Prices 2010-2014 (EC\$M)

SECTOR	2010	2011	2012	2013 R	2014 P
Agriculture, Hunting & Forestry	104.06	108.88	108.37	118.05	121.78
Crops	86.39	87.74	89.16	97.89	102.21
Bananas	4.83	0.49	0.81	1.03	0.90
Other Crops	81.56	87.25	88.35	96.87	101.31
Livestock	16.69	20.17	18.27	19.23	18.71
Forestry	0.98	0.96	0.94	0.92	0.91
Fishing	7.75	7.24	6.93	7.93	8.03
Mining & Quarrying	4.11	3.07	2.45	2.37	2.30
Manufacturing	88.70	79.12	80.21	84.02	90.36
Electricity & Water	70.88	66.39	66.29	65.00	64.58
Electricity	56.17	53.33	52.13	51.30	51.36
Water	14.71	13.06	14.16	13.71	13.22
Construction	139.44	137.18	134.59	145.05	127.98
Wholesale & Retail Trade	222.28	217.87	230.90	239.55	239.70
Hotels & Restaurants	31.73	39.04	42.80	49.05	47.52
Hotels	22.68	27.42	30.38	35.21	33.51
Restaurants	9.05	11.62	12.42	13.84	14.01
Transport, Storage and communications	217.44	216.29	220.57	225.66	226.54
Transport and Storage	150.61	145.35	148.93	150.34	150.67
Road	110.12	109.11	110.65	110.53	110.59
Sea	13.47	13.42	13.61	13.47	13.37
Air	8.10	7.50	7.45	8.17	8.95
Supporting and auxiliary transport activities	18.93	15.33	17.22	18.17	17.77
Communications	66.83	70.94	71.64	75.32	75.86
Financial Intermediation	114.13	94.91	97.17	98.83	103.94
Banks & Other Financial Institutions	80.01	64.61	62.42	62.85	67.07
Insurance and pension funding	29.60	27.07	31.08	29.74	30.00
Activities auxiliary to financial intermediation	4.52	3.24	3.67	6.24	7.41
Real Estate, Renting and Business Activities	236.20	242.01	241.29	247.02	250.11
Owner Occupied Dwellings	169.94	171.36	172.72	174.71	176.93
Real estate activities	28.85	29.06	29.26	29.56	29.89
Renting of machinery and equipment	6.76	7.11	7.07	7.04	7.01
Computer and related activities	4.08	6.88	5.85	5.94	5.96
Business Services	26.58	27.61	26.38	29.77	30.32
Public Administration, Defence & Compulsory Social Security	168.20	178.66	190.86	205.14	212.31
Education	85.81	92.16	96.74	98.45	97.81
Health and Social Work	47.59	50.06	53.58	55.28	53.75
Other community, social & personal services	34.55	36.58	35.36	37.55	38.15
Private Households with Employed Persons	4.58	4.74	4.75	4.85	4.99
Less FISIM	21.00	19.05	20.33	17.14	17.82
Gross Value Added at Basic Prices	1,556.47	1,555.16	1,592.53	1,666.68	1,672.62
GROWTH RATE	2.00	-0.08	2.40	4.66	0.36
Taxes on products	284.36	271.4	279.34	293.79	297.56
Less Subsidies	1.52	1.1	0.95	1.08	1.08
GDP at Market Prices	1,839.31	1,825.46	1,870.92	1,959.40	1,969.11
GROWTH RATE	0.94	-0.75	2.49	4.73	0.50

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

Annex 2: GDP by Economic Activity in Constant (2006) Prices: 2010-2014, (EC\$M)

SECTOR	2010	2011	2012	2013 R	2014 P
Agriculture, Hunting & Forestry	81.56	81.61	83.41	88.25	90.82
Crops	63.64	62.67	65.00	69.29	72.25
Bananas	6.31	0.93	1.42	1.54	1.25
Other Crops	57.33	61.74	63.59	67.74	71.00
Livestock	17.06	18.10	17.61	18.17	17.80
Forestry	0.86	0.84	0.80	0.78	0.77
Fishing	6.34	6.15	5.23	5.58	5.71
Mining & Quarrying	4.01	3.02	2.28	2.03	1.97
Manufacturing	60.79	63.78	61.02	58.91	62.63
Electricity & Water	57.25	56.00	58.72	58.46	57.80
Electricity	42.65	42.73	44.34	44.02	43.87
Water	14.60	13.27	14.38	14.43	13.92
Construction	124.27	120.08	115.84	123.48	108.87
Wholesale & Retail Trade	222.06	210.94	217.87	224.16	223.89
Hotels & Restaurants	32.81	34.15	34.21	34.18	33.36
Hotels	22.49	23.77	23.24	22.55	21.58
Restaurants	10.32	10.39	10.97	11.63	11.78
Transport, Storage & Communication	209.91	210.47	209.97	208.57	208.09
Transport, Storage	156.22	156.00	155.67	155.20	154.81
Road	113.22	114.16	113.46	114.13	114.54
Sea	16.50	16.02	16.25	15.95	15.80
Air	1.82	1.75	1.71	1.63	1.58
Supporting and auxiliary transport activities	24.69	24.07	24.26	23.49	22.89
Communications	53.69	54.47	54.31	53.37	53.28
Financial Intermediation	95.51	98.97	99.10	101.84	103.97
Banks & Other Financial Institutions	72.26	69.64	67.91	70.33	72.21
Insurance and pension funding	20.34	26.65	28.16	27.90	28.14
Activities auxiliary to financial intermediation	2.91	2.69	3.04	3.61	3.61
Real Estate, Renting & Business Services	229.51	230.20	231.56	235.27	238.25
Owner Occupied Dwellings	165.86	167.25	168.58	170.52	172.68
Real estate activities	28.16	28.36	28.56	28.85	29.18
Renting of machinery and equipment	7.77	7.83	7.60	7.50	7.46
Computer and related activities	4.44	4.61	3.92	3.95	3.96
Business services	23.29	22.15	22.91	24.45	24.98
Public Administration, Defence and Compulsory Social Security	144.16	151.10	159.10	168.25	174.09
Education	61.56	63.03	66.16	67.94	65.61
Health and Social Work	40.26	42.82	44.87	44.20	42.81
Other community, social & personal services	30.71	30.83	32.17	30.09	30.47
Private Households with Employed Persons	3.16	3.21	3.41	3.50	3.43
Less FISIM	17.54	16.67	17.18	14.40	14.98
Gross Value Added at Basic Prices	1,386.34	1,389.70	1,407.75	1,440.32	1,436.80
GROWTH RATE	-2.34	0.24	1.30	2.31	-0.24
Taxes on products	253.28	242.52	246.93	253.89	255.61
Less Subsidies	1.35	0.98	0.84	0.93	0.92
GDP at Market Prices	1,638.26	1,631.24	1,653.84	1,693.28	1,691.48
GROWTH RATE	-3.36	-0.43	1.39	2.38	-0.11

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

Annex 3: Percentage Contribution of Gross Value Added by Economic Activity in Current Prices: 2010-2014

SECTOR	2010	2011	2012	2013 R	2014 P
Agriculture, Hunting & Forestry	6.69	7.00	6.80	7.08	7.28
Crops	5.55	5.64	5.60	5.87	6.11
Bananas	0.31	0.03	0.05	0.06	0.05
Other Crops	5.24	5.61	5.55	5.81	6.06
Livestock	1.07	1.30	1.15	1.15	1.12
Forestry	0.06	0.06	0.06	0.06	0.05
Fishing	0.50	0.47	0.44	0.48	0.48
Mining & Quarrying	0.26	0.20	0.15	0.14	0.14
Manufacturing	5.70	5.09	5.04	5.04	5.40
Electricity & Water	4.55	4.27	4.16	3.90	3.86
Electricity	3.61	3.43	3.27	3.07	3.07
Water	0.95	0.84	0.89	0.82	0.79
Construction	8.96	8.82	8.45	8.70	7.65
Wholesale & Retail Trade	14.28	14.01	14.50	14.37	14.33
Hotels & Restaurants	2.04	2.51	2.69	2.94	2.84
Hotels	1.46	1.76	1.91	2.11	2.00
Restaurants	0.58	0.75	0.78	0.83	0.84
Transport, Storage & Communications	13.97	13.91	13.85	13.54	13.54
Transport & Storage	9.68	9.35	9.35	9.02	9.01
Road	7.08	7.02	6.95	6.63	6.61
Sea	0.87	0.86	0.85	0.81	0.80
Air	0.52	0.48	0.47	0.49	0.54
Auxiliary transport activities and storage	1.22	0.99	1.08	1.09	1.06
Communications	4.29	4.56	4.50	4.52	4.54
Financial Intermediation	7.33	6.10	6.10	5.93	6.25
Banks & Other Financial Institutions	5.14	4.15	3.92	3.77	4.01
Insurance and pension funding	1.90	1.74	1.95	1.78	1.79
Activities auxiliary to financial intermediation	0.29	0.21	0.23	0.37	0.44
Real Estate & Housing	15.18	15.56	15.15	14.82	14.95
Owner Occupied Dwellings	10.92	11.02	10.85	10.48	10.58
Real Estate activities	1.85	1.87	1.84	1.77	1.79
Renting of machinery and equipment	0.43	0.46	0.44	0.42	0.42
Computer related services	0.26	0.44	0.37	0.36	0.36
Business services	1.71	1.78	1.66	1.79	1.81
Public Administration , Defence and Compulsory Social Security	10.81	11.49	11.98	12.31	12.69
Education	5.51	5.93	6.07	5.91	5.85
Health & Social Work	3.06	3.22	3.36	3.32	3.21
Other community, Social & Personal services	2.22	2.35	2.22	2.25	2.28
Private Households with Employed Persons	0.29	0.30	0.30	0.29	0.30
FISM	1.35	1.23	1.28	1.03	1.07
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: 2010-2014

SECTOR	2010	2011	2012	2013 R	2014 P
Agriculture, Hunting & Forestry	5.88	5.87	5.93	6.13	6.32
Crops	4.59	4.51	4.62	4.82	5.03
Bananas	0.46	0.07	0.10	0.11	0.09
Other Crops	4.14	4.44	4.52	4.71	4.94
Livestock	1.23	1.30	1.25	1.26	1.24
Forestry	0.06	0.06	0.06	0.05	0.05
Fishing	0.46	0.44	0.37	0.39	0.40
Mining & Quarrying	0.29	0.22	0.16	0.14	0.14
Manufacturing	4.38	4.59	4.33	4.09	4.36
Electricity & Water	4.13	4.03	4.17	4.06	4.02
Electricity	3.08	3.07	3.15	3.06	3.05
Water	1.05	0.95	1.02	1.00	0.97
Construction	8.96	8.64	8.23	8.57	7.58
Wholesale & Retail Trade	16.02	15.18	15.48	15.56	15.58
Hotels & Restaurants	2.37	2.46	2.43	2.37	2.32
Hotels	1.62	1.71	1.65	1.56	1.50
Restaurant	0.74	0.75	0.78	0.81	0.82
Transport, Storage & Communications	15.14	15.14	14.92	14.48	14.48
Transport & Storage	11.27	11.23	11.06	10.78	10.77
Road	8.17	8.21	8.06	7.92	7.97
Sea	1.19	1.15	1.15	1.11	1.10
Air	0.13	0.13	0.12	0.11	0.11
Auxiliary transport activities and storage	1.78	1.73	1.72	1.63	1.59
Communications	3.87	3.92	3.86	3.71	3.71
Financial Intermediation	6.89	7.12	7.04	7.07	7.24
Banks & Other Financial Institutions	5.21	5.01	4.82	4.88	5.03
Insurance and pension funding	1.47	1.92	2.00	1.94	1.96
Activities auxiliary to financial intermediation	0.21	0.19	0.22	0.25	0.25
Real Estate, Renting and Business services	16.56	16.56	16.45	16.33	16.58
Owner Occupied Dwellings	11.96	12.03	11.97	11.84	12.02
Real Estate activities	2.03	2.04	2.03	2.00	2.03
Renting of machinery and equipment	0.56	0.56	0.54	0.52	0.52
Computer related services	0.32	0.33	0.28	0.27	0.28
Business services	1.68	1.59	1.63	1.70	1.74
Public Administration , Defence and Compulsory Social Security	10.40	10.87	11.30	11.68	12.12
Education	4.44	4.54	4.70	4.72	4.57
Health & Social Work	2.90	3.08	3.19	3.07	2.98
Other Community, Social & Personal services	2.22	2.22	2.29	2.09	2.12
Private Households with Employed Persons	0.23	0.23	0.24	0.24	0.24
Less FISM	1.27	1.20	1.22	1.00	1.04
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: 2010-2014

SECTOR	2010	2011	2012	2013 R	2014 P
Agriculture, Hunting & Forestry	4.74	4.63	-0.47	8.94	3.20
Crops	10.94	1.57	1.61	9.80	4.41
Bananas	-30.32	-89.83	65.37	26.46	-12.18
Other Crops	14.97	6.99	1.26	9.64	4.58
Livestock	-18.47	20.89	-9.45	5.30	-2.70
Forestry	-3.00	-2.00	-2.00	-2.00	-2.00
Fishing	-8.90	-6.56	-4.26	14.45	1.16
Mining & Quarrying	-21.07	-25.46	-20.00	-3.16	-2.97
Manufacturing	9.15	-10.81	1.39	4.75	7.55
Electricity & Water	12.33	-6.33	-0.16	-1.94	-0.64
Electricity	15.61	-5.05	-2.25	-1.60	0.13
Water	1.34	-11.22	8.40	-3.21	-3.54
Construction	-4.21	-1.62	-1.89	7.77	-11.77
Wholesale & Retail Trade	-1.87	-1.99	5.98	3.75	0.06
Hotels & Restaurants	-10.87	23.06	9.62	14.60	-3.11
Hotels	-11.43	20.91	10.77	15.91	-4.83
Restaurants	-9.45	28.44	6.92	11.38	1.28
Transport, Storage & Communications	-2.07	-0.53	1.98	2.31	0.39
Transport & Storage	0.34	-3.49	2.46	0.94	0.22
Road	-2.56	-0.92	1.41	-0.11	0.05
Sea	33.90	-0.37	1.42	-1.02	-0.76
Air	-2.59	-7.44	-0.62	9.63	9.63
Auxiliary transport activities	1.14	-19.04	12.39	5.50	-2.24
Communications	-7.11	6.15	0.98	5.14	0.72
Financial Intermediation	2.53	-16.84	2.38	1.71	5.17
Banks & Other Financial Institutions	3.45	-19.25	-3.39	0.69	6.71
Insurance and pension funding	-1.50	-8.55	14.82	-4.31	-0.93
Activities Auxiliary to financial intermediation	15.33	-28.49	13.44	70.06	18.75
Real Estate, Renting and Business Services	2.22	2.46	-0.30	2.38	1.25
Owner Occupied Dwellings	2.55	0.84	0.79	1.15	1.27
Real Estate activities	2.54	0.74	0.70	1.02	1.12
Renting of machinery and equipment	-4.00	5.18	-0.45	-0.48	-0.44
Computer related activities	-21.33	68.64	-15.00	1.61	0.40
Business Services	6.32	3.88	-4.45	12.84	1.85
Public Administration , Defence and Compulsory Social Security	17.28	6.21	6.83	7.49	3.49
Education	2.48	7.40	4.97	1.77	-0.66
Health & Social Work	9.03	5.19	7.03	3.17	-2.77
Other Community, Social & personal activities	-14.67	5.90	-3.34	6.20	1.58
Private Households with Employed Persons	6.62	3.57	0.11	2.18	2.89
Less FISIM	9.23	-9.29	6.69	-15.68	3.99
TOTAL	2.00	-0.08	2.40	4.66	0.36

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

Annex 6: Rate of Growth of Gross Value Added by Economic Activity at Basic Prices, in Constant (2006) Prices 2010-2014

SECTOR	2010	2011	2012	2013 R	2014 P
Agriculture, Hunting & Forestry	-18.03	0.06	2.21	5.80	2.92
Crops	-5.64	-1.53	3.72	6.59	4.28
Bananas	-41.44	-85.20	51.56	9.02	-19.12
Other Crops	1.16	7.68	3.00	6.54	4.81
Livestock	-45.26	6.09	-2.72	3.23	-2.04
Forestry	-3.00	-2.00	-4.94	-2.00	-2.00
Fishing	-15.15	-3.01	-14.93	6.60	2.31
Mining & Quarrying	-21.83	-24.73	-24.44	-10.87	-2.97
Manufacturing	-4.93	4.92	-4.32	-3.46	6.31
Electricity & Water	-4.54	-2.19	4.86	-0.45	-1.13
Electricity	-1.21	0.19	3.76	-0.71	-0.35
Water	-13.09	-9.14	8.40	0.36	-3.54
Construction	-3.12	-3.37	-3.53	6.60	-11.83
Wholesale & Retail Trade	-0.91	-5.01	3.29	2.89	-0.12
Hotels & Restaurants	-14.19	4.10	0.16	-0.08	-2.39
Hotels	-18.24	5.69	-2.22	-2.98	-4.28
Restaurants	-3.79	0.63	5.59	6.05	1.28
Transport, Storage & Communications	-1.58	0.27	-0.23	-0.67	-0.23
Transport & Storage	0.82	-0.14	-0.21	-0.30	-0.25
Road	1.38	0.83	-0.62	0.59	0.36
Sea	-2.49	-2.90	1.42	-1.81	-0.96
Air	-2.07	-3.88	-2.42	-4.51	-3.08
Auxiliary transport activities and storage	0.75	-2.48	0.77	-3.18	-2.54
Communications	-7.94	1.45	-0.30	-1.72	-0.18
Financial Intermediation	-6.29	3.63	0.13	2.76	2.10
Banks & Other Financial Institutions	-2.13	-3.63	-2.49	3.57	2.68
Insurance and pension funding	-18.63	31.00	5.66	-0.90	0.86
Activities auxiliary to financial intermediation	-6.05	-7.61	12.94	18.75	0.20
Real Estate, Renting & Business Services	-0.28	0.30	0.59	1.60	1.27
Owner Occupied Dwellings	0.09	0.84	0.79	1.15	1.27
Real estate activities	0.08	0.74	0.70	1.02	1.12
Renting of machinery and equipment	-2.32	0.86	-2.98	-1.27	-0.64
Computer & Related services	-22.95	3.82	-15.00	0.80	0.20
Business Services	3.11	-4.90	3.41	6.71	2.19
Public Administration, Defence and Compulsory Social Security	8.61	4.82	5.29	5.75	3.47
Education	-1.23	2.38	4.97	2.69	-3.42
Health & Social Work	1.82	6.38	4.77	-1.48	-3.15
Other Community , Social & Personal services	10.00	0.38	4.35	-6.47	1.27
Private Households with Employed Persons	1.55	1.55	6.27	2.68	-2.00
Less FISM	-2.65	-4.96	3.03	-16.18	4.03
TOTAL	-2.34	0.24	1.30	2.31	-0.24

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

Annex 7: Point to Point Inflation Rate January to September 2011-2015

	2011	2012	2013	2014	2015
January	1.7	4.3	1.5	0.1	-0.2
February	1.7	4	1.4	-0.2	-1.1
March	1.8	3.9	1.7	-0.4	-1.8
April	1.8	3.6	1.8	-0.3	-2.2
May	2.2	3.6	1	-0.5	-1.8
June	3.1	2.8	0.9	-0.2	-1.8
July	3.1	3.3	-0.3	0.9	-1.6
August	4.4	1.9	0.5	0.8	-1.9
September	4.6	0.9	0.9	0.3	-1.7
Average	2.7	3.1	1.0	0.1	-1.6

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

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

Details	Jan - Sept 2012	Jan - Sept 2013	Jan - Sept 2014	Jan - Sept 2015
TOTAL REVENUE & GRANTS	347.75	383.75	405.93	402.26
CURRENT REVENUE	336.62	341.01	375.17	374.90
Taxes on Income and Profits	86.20	77.65	83.28	90.58
Taxes on Property	1.96	2.34	2.81	3.37
Taxes On International Trade	122.78	121.69	129.27	141.32
Taxes on Domestic Transactions	86.90	89.20	91.55	90.47
Licences	15.61	20.61	23.68	21.43
Fees, Fines and Permits	12.98	13.38	14.01	13.87
Interest, Rent and Dividends	4.11	6.44	13.92	5.47
Other Revenue	6.08	9.70	16.65	8.40
CAPITAL REVENUE & GRANTS	11.13	42.75	30.76	27.36
Sale of Crown Lands	0.85	24.06	0.58	5.45
Grants	5.97	13.96	30.14	11.82
Other	4.31	4.73	0.04	10.10
TOTAL EXPENDITURE	376.38	421.03	444.23	429.37
RECURRENT EXPENDITURE	354.38	358.45	379.22	374.95
CAPITAL EXPENDITURE	22.33	62.58	65.01	54.42
CURRENT BALANCE	-17.75	-17.44	-4.05	-0.05
PRIMARY BALANCE	0.83	-7.59	-4.98	4.83
OVERALL BALANCE (Before Grants)	-34.92	-51.24	-68.44	-38.93
OVERALL BALANCE (After Grants)	-29.95	-37.28	-38.30	-27.11

Source: Ministry of Finance

Annex 9: Debt Composition in EC\$M

	Jan - Sept 2011	Jan - Sept 2012	Jan - Sept 2013	Jan - Sept 2014	Jan - Sept 2015
Total Public Debt	1128.4	1215.9	1377.1	1460.2	1511.2
External Debt	633.0	647.2	776.0	829.6	864.5
Central Government	107.6	105.4	689.8	753.8	790.5
Public Corporations			86.2	75.8	74.0
Domestic Debt	495.4	568.8	601.1	630.6	646.7
Central Government	404.8	462.6	473.4	497.9	502.4
Public Corporations	90.6	106.1	127.7	132.6	144.3
Central Government Debt Service	86.4	84.1	94.3	104.7	103.6
External	54.4	53.5	49.6	46.7	49.4
Amortisation	37.6	37.5	35.8	32.3	34.9
Interest Payments	16.7	16.0	13.8	14.5	14.5
Domestic	26.0	26.6	39.2	52.5	49.6
Amortisation	10.6	12.9	23.0	33.6	32.2
Interest Payments	15.4	13.8	16.2	18.9	17.4
Sinking Fund	6.0	4.0	5.5	5.5	4.6
Total Debt as per cent of GDP	61.8	65.0	70.2	74.2	Na
Debt Service as a per cent of current revenue (%)	26.1	25.0	27.7	27.9	27.6

Source: The Ministry of Finance

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

	2011	2012	2013	2014	2015
Total Exports	73.7	83.9	95.2	96.7	90.3
Total Domestic Exports	63	74.6	83.3	78.1	82.2
Total Re-exports	10.7	9.3	11.9	18.6	8.1
Total Imports	661.4	709.3	744.3	712.8	638.4
Trade balance	-587.7	-625.4	-649.1	-616.1	-548
Imports by S.I.T.C Sections	661.4	709.3	744.3	712.5	638.4
Food & Live Animals	147	162.3	153.7	153.7	155.3
Beverages and Tobacco	24.1	24.2	23.2	22.6	23.8
Crude Materials, Inedible Except Fuels	16.1	16.6	17	16.2	22.3
Mineral Fuels & Related Materials	126.8	163.1	143.5	144.9	78.0
Animal & Vegetable Oils, Fats & Waxes	2.9	3.0	3.2	3.0	3.0
Chemicals & Related Products	47.9	52.3	62.2	53.4	54.4
Manufactured Goods	112.4	109.9	133.6	117.6	112
Machinery & Transport Equipment	120.3	116.6	129.5	134.1	127.9
Miscellaneous Manufactured Articles	64	61.3	78.3	67.1	61.7
Commodities & Transactions not classified elsewhere in SITC	0	0	0	0	0
Exports by S.I.T.C Sections	73.7	83.9	95.2	96.7	90.3
Food & Live Animals	47.3	55.3	59	55.6	57.1
Beverages and Tobacco	5.1	7.2	10.6	8.9	13.4
Crude Materials, Inedible Except Fuels	2.6	2.5	1.5	0.7	0.6
Mineral Fuels & Related Materials	0.1	0.1	0.1	0	0
Animal & Vegetable Oils, Fats & Waxes	0	0	0	0	0
Chemicals & Related Products	0.5	0.4	0.3	0.4	0.5
Manufactured Goods	9.8	9.4	11.1	10.3	9.7
Machinery & Transport Equipment	5.4	6	9.1	13.7	5.9
Miscellaneous Manufactured Articles	3.1	3.1	3.4	7.1	3.0
Commodities & Transactions not classified elsewhere in SITC	0	0	0	0	0.1

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

ANNEXES 11: Visitor Arrivals by Visitor Type

Visitor type	Jan - Sept 2011	Jan - Sept 2012	Jan - Sept 2013	Jan - Sept 2014	Jan - Sept 2015	% Change 2011	% Change 2012	% Change 2013	% Change 2014	% Change 2015
By Air										
Stay Overs	55,479	56,368	53,594	52,673	54,759	2.1	1.6	-4.9	-1.7	4.0
Same Day	3,136	2,339	2,232	1,662	1,334	-21.6	-25.4	-4.6	-25.5	-19.7
Sub Total	58,615	58,707	55,826	54,335	56,093	0.5	0.2	-4.9	-2.7	3.2
By Sea										
Yacht	33,697	33,982	34,140	36,214	35,977	7.4	0.8	0.5	6.1	-0.7
Cruise										
Ship	58,695	49,433	55,737	55,816	53,610	-16.8	-15.8	12.8	0.1	-4.0
Sub Total	92,392	83,415	89,877	92,030	89,587	-9.4	-9.7	7.7	2.4	-2.7
Total	151,007	142,122	145,703	146,365	145,680	-5.8	-5.9	2.5	0.5	-0.5

Source: St. Vincent and the Grenadines Tourism Authority

Annex 11: Stay –Over Visitors by Country of Residence

COUNTRIES	JAN - SEPT 2015	JAN - SEPT 2014	ACTUAL CHANGE	% CHANGE
USA	16084	14949	1135	7.6
CANADA	5346	5183	163	3.1
ANTIGUA	607	554	53	9.6
BARBADOS	4462	4387	75	1.7
GRENADA	750	725	25	3.4
ST. LUCIA	1257	1245	12	1.0
TRINIDAD	5378	4845	533	11.0
FRENCH CARIBBEAN	282	242	40	16.5
DUTCH CARIBBEAN	225	215	10	4.7
OTHER CARIBBEAN	3029	3213	-184	-5.7
UNITED KINGDOM	12303	11535	768	6.7
FRANCE	549	630	-81	-12.9
GERMANY	537	534	3	0.6
ITALY	328	462	-134	-29.0
SWEDEN	314	255	59	23.1
SWITZERLAND	274	253	21	8.3
BELGIUM	85	72	13	18.1
SPAIN	90	97	-7	-7.2
IRELAND	128	133	-5	-3.8
HOLLAND	81	78	3	3.8
NORWAY	117	152	-35	-23.0
OTHER EUROPE	683	771	-88	-11.4
SOUTH AMERICA	886	1194	-308	-25.8
OTHER COUNTRIES	964	949	15	1.6
TOTAL	54759	52673	2086	4.0

Source: St. Vincent and the Grenadines Tourism Authority

Annex 12: Cruise visitors by Port of Entry

Port of entry	Jan-Sept 2014	Jan-Sept 2015	Actual Change	% Change
Kingstown	36,542	39,450	2,908	8.0
Bequia	12,409	5,035	-7,374	-59.4
Canouan	373	402	29	7.8
Union Island	6,492	8,723	2,231	34.4
Total	55,816	53,610	-2,206	-4.0

Source: St. Vincent and the Grenadines Tourism Authority

Annex 13: Yacht visitors by port of entry

Port of Entry	Jan-Sept 2014	Jan-Sept 2015	Actual Change	% Change
Kingstown	1,425	2,028	603	42.3
Bequia	21,079	20,834	-245	-1.2
Mustique	1,528	936	-592	-38.7
Canouan	808	455	-353	-43.7
Walliabou	1,828	1,628	-200	-10.9
Union Island	8,368	8,898	530	6.3
Chateaubelair	1,178	1,198	20	1.7
Total	36,214	35,977	-237	-0.7

Source: St. Vincent and the Grenadines Tourism Authority

Annex 14: Distribution of Assistance

Sub-programme	Number of Families	Number of Individuals	Amount (EC\$)
National Assistance Fund	3000	4661	8,823,805.00
Foster Care	100	151	288,750.00
Monthly	626	3770	553,333.22
Emergency	304	1735	602,853.86
Uniforms	1000	3865	1,100,000.00
COL Supports	Refund	Refund	128,628.33
Total	5,030	14,182	11,497,370.41

Source: Ministry of National Mobilisation etc

Annex 15: Leading Causes of Death (2010-2014)

Causes	2010	2011	2012	2013	2014
Malignant Neoplasm	122	141	131	174	168
Ischemic Heart Diseases	106	118	107	130	139
Communicable Diseases	101	87	96	100	107
Diabetes Mellitus	64	105	103	109	109
Cerebrovascular Disease	76	99	84	90	109
Hypertension Disease	72	61	55	54	87
Injuries and Violence	53	44	55	24	71
Heart Disease (Other Forms)	37	59	49	141	55
Diseases of the Perinatal Period	29	27	15	22	16
Disease Of The Digestive System	36	28	23	37	32

Source: Ministry of Health, Wellness and the Environment

Annex 16: 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 17: 2015 Capital Expenditure by Type and Source of Funds

Type of Funds	Source of Funds	Estimated EC\$ (m)	Revised EC\$(m)	Actual EC\$ (m)	
Local	Local Loans	71.1	74.4	14.6	
	Petro Caribe	16.6	16.9	2.1	
	Local Revenue	39.0	27.4	26.4	
External Grants	CDB	5.1	5.1	0.07	
	PAHO	0.5	0.5	0.17	
	Mexico	1.0	1.0	0	
	Govt of Venezuela	0.4	0.35	0	
	Govt of Ecuador	10.0	10.0	0	
	CIF	4.15	4.15	1.8	
	COMSEC	0.2	0.2	0	
	ROC(Taiwan)	8.6	16.9	3.8	
	Govt of Germany	0.06	0.06	0	
	UNDP	0.1	0.7	0.07	
	EU	30.18	30.18	14	
	GEF	0.3	0.3	0.1	
	Govt of Kuwait	1.0	1.0	0	
	USAID	1.4	1.4	0	
	UNEP	0.5	0.5	0.05	
	UNESCO	0	0.25	0	
	Other External Grants	0.3	0.6	0.24	
	UNICEF	0	0.05	0.04	
	External Loans	CDB	26.6	29.3	0.04
		Govt of Venezuela	14.5	14.5	11.8
CIF		1.29	1.29	0.8	
ROC(Taiwan)		6.8	9.0	2.2	
Other		36.0	37.0	18.6	
IDA		18.0	18.0	3.1	
CDF		2.7	0.8	0	
Total			296.4	301.7	100.0

Annex 18: 2014 and 2015 Capital Expenditure by Type of Funds

Type of Fund	2014				2015				
	Original Budget	Revised Budget	Actual Expenditure	Imp. Rate* (%)	Original Budget	Revised Budget	Actual Expenditure	% of Revised Budget	Imp. Rate* (%)
Domestic									
<i>Revenue</i>	22	54.3	2.9	5.3	39	39.4	25.1	13.1	63.7
<i>Loan</i>	47.8	48.8	13.8	28.3	71.1	74.4	14.5	24.7	19.5
<i>Grants</i>	0	21.5	8.6	40	16.6	16.9	2.1	5.6	12.4
Sub Total for Domestic	69.8	124.6	25.3	20.3	126.7	130.7	41.7	43.3	31.9
External									
<i>Loan</i>	121.8	132.9	66	49.7	106.9	106.9	36.8	35.4	34.4
<i>Grants</i>	65.5	77.9	33.9	43.5	62.8	64.1	21.4	21.2	33.4
Sub Total for External	187.3	210.8	99.9	47.4	169.7	171	58.2	56.7	34.0
TOTAL	257.1	335.4	125.2	37.3	296.4	301.7	99.9		33.1

*Actual expenditure as a percentage of revised expenditure

SOME BENEFICIARIES UNDER SOME SOCIAL PROTECTION PROGRAMMES

(1) Beneficiaries under some programmes of the Ministry of Social Development

✚ Number of children in care and Rehabilitation		330
✚ Number of children in foster care	:	155
✚ Number of children in truant Students' programme	:	75
✚ Number of parents in parenting Programme	:	300
✚ Number of students in Behavioural Modification Programme	:	140
✚ Number of students in After School Time Programme	:	280
✚ Number of YES Volunteers	:	500
✚ Number of households receiving assistance under public assistance	:	5,200
✚ Number of Elderly receiving national Assistance	:	2,500
✚ Number of Elderly in Home-Help Programme	:	220
✚ Number of children receiving monthly assistance	:	1,800

(2) Beneficiaries under some programmes in Ministry of Education

✚ Number of Adult Students	:	2,000
✚ Number of Adult Students enrolled in regional certified programmes	:	1,240
✚ Number of children in School Feeding Programme	:	8,648

(3) Beneficiaries under some programmes in Ministry of Health

✚ Number of accessions to diagnostic Services in health sector	:	84,000
✚ Number of scheduled in-patient Admissions	:	8,200
✚ Number of scheduled out-patient Visits	:	22,000
✚ Number of elderly in long-term Residential care	:	80
✚ Number of elderly with disability, Provided with assistance	:	55

Proposed Excise Duty

Heading	Description of Goods	Current Rate	Proposed rate
2203.001	Beer	\$0.76 per litre	\$0.83 per litre
2203.002	Stout	\$0.76 per litre	\$0.83 per litre
2203.009	Other	\$0.66 per litre	\$0.83 per litre
22.04	Wine of fresh grapes, including fortified wines; grape must other than that of heading 22.09	\$5.32 per litre	\$6.00 per litre
22.05	Vermouth and other wine of fresh grape flavoured with plants or aromatic substances.	\$5.32 per litre	\$6.00 per litre
22.06	Other fermented beverages (for example, cider, perry, mead); mixture of fermented beverages and non-alcoholic beverages, not elsewhere specified or included.	\$0.80 per litre	\$1.00 per litre
2208.20	Brandy	\$5.32 per litre	\$6.00 per litre
2208.30	Whiskies	\$5.32 per litre	\$6.00 per litre
2208.40	Rum and Tafia	\$5.32 per litre	\$6.00 per litre
2208.401	In bottles of strength not exceeding 46% volume	\$5.32 per litre	\$6.00 per litre
2208.50	Gin Geneva	\$5.32 per litre	\$6.00 per litre
2208.60	Vodka	\$5.32 per litre	\$6.00 per litre
2208.70	Cordials and Liqueurs	\$5.32 per litre	\$6.00 per litre
2208.909	Other spirituous beverages	\$5.32 per litre	\$6.00 per litre

Motor and Drivers Licenses: Current and Proposed

Part A

<i>Motor Vehicles</i>	Current \$	Proposed \$
Private Motor Cars:		
Not exceeding 2,000 lbs tare	365.00	455.00
Exceeding 2,000 lbs tare but not exceeding 3,000 lbs tare	470.00	590.00
Exceeding 3,000 lbs tare	575.00	720.00
Private Motor Tricycles:		
Not exceeding 2,000 lbs tare	185.00	230.00
Exceeding 2,000 lbs tare	220.00	275.00
Private Motor Cycles:		
Without side car	220.00	275.00
With side car	290.00	360.00
Good Vehicle		
Of less than 2 tons tare (4480 lbs)	805.00	1000.00
Of 2 tons tare but less than 3 tons tare	1000.00	1250.00
Of 3 tons tare but less than 5 tons tare	1150.00	1440.00
Of 5 tons tare but less than 10 tons	1380.00	1725.00
Of greater than 10 tons		2000.00
Trailers		
Not exceeding 1 ton tare	220.00	275.00
Of 1 tons tare but less than 3 tons tare	290.00	360.00
Of 3 tons tare but less than 10 tons	345.00	430.00
Of greater than 10 tons		500.00
Tractors		
Of less than 2600 lbs tare	220.00	275.00
Of 2600 lbs tare or over	260.00	325.00
Hearses		
Motor vehicles constructed and licensed to be used solely as hearses	750.00	940.00
Hiring Cars, Rented Cars, Taxis and Motor Omnibuses		
Motor vehicles licensed to carry not more than 4 passengers excluding the driver	320.00	400.00

Motor vehicles licensed to carry not more than 6 passengers excluding the driver	375.00	470.00
Motor buses of less than 2 tons tare licensed to carry passengers only	430.00	540.00
Motor buses of 2 tons tare but less than 3 tons tare licensed to carry passengers only	460.00	575.00
Motor buses of 3 tons tare or over licensed to carry passengers only	490.00	615.00
Rental motor cycles	200.00	250.00

Part B

<i>Miscellaneous</i>	Current	Proposed
Driving Permit:		
One (1) Year	75.00	100.00
Three (3) years	200.00	275.00
Five (5) years	325.00	425.00
Tutor's permit	125.00	200.00
Learner's permit	65.00	100.00
Registration and change of ownership	100.00	150.00
Duplicate licences or permits	65.00	100.00
Examination of a driver	60.00	100.00
Dealer's licence	2500.00	3200.00
Fee for Inspection of a motor vehicle	65.00	90.00
Temporary driving permit	65.00	100.00
International driving permit	100.00	150.00
Conductor of omni-buses and mini buses	10.00	15.00
Fee for personalised number plate payable on registration	1500.00	2500.00

Vehicle Surcharge on Vehicle over 4 Years old

Heading No.	Description of Goods	Current	Proposed
87.02	Motor Vehicles for the transport of ten or more persons, including the driver		
8702.10.20	Other Coaches, buses and mini-buses, of a seating capacity not exceeding 21 persons (including the driver)	\$ 3,500.00	\$ 4,000.00
8702.10.40	Other Coaches, buses and mini-buses, of a seating capacity exceeding 21 persons but not exceeding 29 persons (including the driver)	\$ 4,000.00	\$ 4,600.00
8702.10.60	Other Coaches, buses and mini-buses, of a seating capacity exceeding 29 persons (including the driver)	\$ 4,500.00	\$ 5,200.00
8702.10.90	Other	\$ 4,500.00	\$ 5,200.00
8702.90.20	Other Coaches, buses and mini-buses, of a seating capacity not exceeding 21 persons (including the driver)	\$ 3,500.00	\$ 4,000.00
8702.90.40	Other Coaches, buses and mini-buses, of a seating capacity exceeding 21 persons but not exceeding 29 persons (including the driver)	\$ 4,000.00	\$ 4,600.00
8702.90.60	Other Coaches, buses and mini-buses, of a seating capacity exceeding 29 persons (including the driver)	\$ 4,500.00	\$ 5,200.00
8702.90.90	Other	\$ 4,500.00	\$ 5,200.00
87.03	Motor cars and other motor vehicles principally designed for transport of persons (other than those of heading 87.02), including station wagons and racing cars.		

8703.21.90	Other	\$ 3,000.00	\$ 3,450.00
8703.22.90	Other	\$ 3,000.00	\$ 3,450.00
8703.23.20	Of a capacity exceeding 1,500 cc but not exceeding 1,800 cc	\$ 3,000.00	\$ 3,450.00
8703.23.30	Of a capacity exceeding 1,800 cc but not exceeding 2,000 cc	\$ 3,500.00	\$ 4,000.00
8703.23.40	Of a capacity exceeding 2,000 cc but not exceeding 3,000 cc	\$ 4,000.00	\$ 4,600.00
8703.24.90	Other	\$ 4,500.00	\$ 5,200.00
8703.31.90	Other	\$ 3,000.00	\$ 3,450.00
8703.32.20	Of a capacity exceeding 1,500 cc but not exceeding 2,000 cc	\$ 3,500.00	\$ 4,000.00
8703.32.40	Of a capacity exceeding 2,000 cc but not exceeding 2,500 cc	\$ 4,000.00	\$ 4,600.00
8703.33.90	Other	\$ 4,500.00	\$ 5,500.00
8703.90.00	Other	\$ 4,500.00	\$ 5,500.00
87.04	Motor Vehicles for the transport of goods		
8704.10.00	Dumpers designed for off-highway use	\$ 4,000.00	\$ 5,000.00
8704.21.90	Other	\$ 4,000.00	\$ 4,600.00
8704.22.90	Other	\$ 4,000.00	\$ 4,600.00
8704.23.90	Other	\$ 4,000.00	\$ 4,600.00
8704.31.90	Other	\$ 4,000.00	\$ 4,600.00
8704.32.90	Other	\$ 4,000.00	\$ 4,600.00
8704.90.00	Other	\$ 4,000.00	\$ 4,600.00
8705.10.00	Crane lorries	\$ 4,000.00	\$ 4,500.00
8705.20.00	Mobile drilling derricks	\$ 4,000.00	\$ 4,500.00
8705.40.00	Concrete-mixer lorries	\$ 4,000.00	\$ 4,500.00
8705.90.00	Other	\$ 4,000.00	\$ 4,500.00
87.03	Motor cars and other motor vehicles principally designed for transport of persons (other than those of heading 87.02), including station wagons and racing cars.		
8703.21.90	Other	\$ 3,000.00	\$ 3,450.00
8703.23.20	Of a capacity exceeding 1,500 cc but not exceeding 1,800 cc	\$ 3,000.00	\$ 3,450.00

8703.23.30	Of a capacity exceeding 1,800 cc but not exceeding 2,000 cc	\$ 3,500.00	\$ 4,000.00
8703.23.40	Of a capacity exceeding 2,000 cc but not exceeding 3,000 cc	\$ 4,000.00	\$ 4,600.00
8703.24.90	Other	\$ 4,500.00	\$ 5,200.00
8703.31.90	Other	\$ 3,000.00	\$ 3,450.00
8703.32.20	Of a capacity exceeding 1,500 cc but not exceeding 2,000 cc	\$ 3,500.00	\$ 4,000.00
8703.32.40	Of a capacity exceeding 2,000 cc but not exceeding 2,500 cc	\$ 4,000.00	\$ 4,600.00
8703.33.90	Other	\$ 4,500.00	\$ 5,500.00
8703.90.00	Other	\$ 4,500.00	\$ 5,500.00
87.04	Motor Vehicles for the transport of goods		
8704.10.00	Dumpers designed for off-highway use	\$ 4,000.00	\$ 5,000.00
8704.21.90	Other	\$ 4,000.00	\$ 4,600.00
8704.22.90	Other	\$ 4,000.00	\$ 4,600.00
8704.23.90	Other	\$ 4,000.00	\$ 4,600.00
8704.31.90	Other	\$ 4,000.00	\$ 4,600.00
8704.32.90	Other	\$ 4,000.00	\$ 4,600.00
8704.90.00	Other	\$ 4,000.00	\$ 4,600.00
87.05	Special purpose motor vehicles, other than those principally designed for the transport of persons or goods (for example, breakdown lorries, crane lorries, fire fighting vehicles, concrete mixer lorries, road sweeper lorries, spraying lorries, mobile workshops, mobile radiological units).		
8705.10.00	Crane lorries	\$ 4,000.00	\$ 4,500.00
8705.20.00	Mobile drilling derricks	\$ 4,000.00	\$ 4,500.00
8705.40.00	Concrete-mixer lorries	\$ 4,000.00	\$ 4,500.00
8705.90.00	Other	\$ 4,000.00	\$ 4,500.00

Fees for Residence Permits, Work Permits Citizenship and Renunciation of Citizenship

		Current	Proposed
Temporary Residence		\$	\$
Application fee (non-refundable)	non-refundable	150.00	200.00
CARICOM nationals	per annum	600.00	800.00
Commonwealth nationals	per annum	1,200.00	1,600.00
Others	per annum	1,800.00	2,400.00
Work Permits			
Application fee	non-refundable	150.00	200.00
CARICOM nationals	per annum	720.00	960.00
Others			
for a period up to 30 days		500.00	700.00
for a period up to 60 days		1,000.00	1,400.00
for a period up to 90 days		1,500.00	2,100.00
for a period over 90 days up to 12 months	per annum	1,800.00	2,400.00
Permanent Residence			
Application fee	non-refundable	150.00	200.00
CARICOM nationals		1,800.00	2,400.00
Commonwealth nationals		1,800.00	2,400.00
Others		2,400.00	3,200.00
By reason of an Alien Land-holding licence		6,000.00	8,000.00
Citizenship			
Application fee	non-refundable	150.00	200.00
By marriage		1,500.00	2,000.00

By registration		2,200.00	3,000.00
Renunciation of Citizenship			
Application fee	non-refundable	150.00	200.00
Registration fee		1,800.00	2,400.00
Replacement fee for all categories of permits/certificates		100.00	

Appendix VII

Gun License Fees

	Current	Proposed
Shot Guns	125.00	200.00
Revolvers and Pistols	250.00	500.00
Riffles	250.00	500.00
Firearms for Watchmen and Security Personnel	250.00	500.00
Dealers in Firearms	1,000.00	1,500.00
Application for Gun License		100.00

Land Tax

Rates of Tax	Current	Proposed
For every block of land in St. Vincent		
First 10 acres or part thereof	\$1.00	\$3.00
next 90 acres or part thereof	\$2.00	\$4.00
next 400 acres or part thereof	\$4.00	\$6.00
in excess of 500 acres	\$6.00	\$8.00
For every block of land in all areas in Bequia, Union Island, Mustique, Petit St. Vincent:		
First 10 acres or part thereof	\$0.50	\$3.00
in excess of 10 acres	\$1.00	\$4.00
For every block of land in Canouan		
First 10 acres or part thereof	\$0.40	\$3.00
in excess of 10 acres	\$0.80	\$4.00
For every block of land in all areas in Mayreau, Balliceaux, Battawia, Petit Nevis, Savanne and Ile-a Qatre		
First 10 acres or part thereof	\$0.20	\$1.00
in excess of 10 acres	\$0.40	\$2.00
Minimum charge payable by all land owners in the state	\$10.00	\$25.00