



NEWS RELEASE

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**NATIONAL ADDRESS ON ECONOMIC PLAN AND UPDATE
8th, SEPTEMBER 2011
Prime Minister Tillman Thomas
Grenada Trade Centre**

Ladies and gentlemen,

On the heels of a successful carnival celebration; on the advent of a new school year; and on the pinnacle of our glorious achievement in the athletics arena, I wish to take this opportunity to inform you of important initiatives that our government is embarking on.

These initiatives, we view as extremely important as we move to deliver sustainable economic growth and benefits to our people.

First, I congratulate all our students who have done well during the past year, particularly our scholarship winners. I also urge you to maximize the many available opportunities to enhance your knowledge base, your skills and your true capacity for growth and professional development.

Since taking office, my government has focused heavily on improving educational opportunities for all. In line with our Manifesto pledge, we have increased the educational budget.

We have made school books free of cost for all students, we have restructured the curriculum, improved and rebuilt many schools, trained many teachers and provided almost 300 university scholarships and other training opportunities to many of our citizens.

Similarly, we have been able to successfully record continuous growth in output in our agricultural sector. All this, is as a direct result of increased focus on the sector. With help through the farm labour support, fertilizer, machinery assistance and other inputs, our farmers have responded positively. We have begun to make an impact on our food security situation as well as achieving better utilization of our natural resources.

We have also articulated a new vision for Grenada's economic growth, based on five economic pillars. These include: Education, Health and wellness services, Tourism and hospitality services, Information and Communication Technology and Energy development and Agri-business. I shall comment on these pillars later.

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Ladies and Gentlemen the last three years have been especially challenging for our nation. It is well known that our Government assumed office at a very difficult time. Indeed, the period 2008 to 2010 is referred to as the Great Recession. Even now, uncertainty lingers about the scope and speed of the global economic recovery. Every unbiased observer recognizes that this has been a difficult period for the global economy of which Grenada is a small part.

Selected Achievements

Despite these external circumstances, we believe that our Government has performed reasonably well. However, a frequent and fair criticism of our Government is that we are not telling the people what we are doing.

So let me take a few minutes just to highlight some of the major achievements of our Government that has not been sufficiently brought to the forefront though many of you may be aware of some of them.

Over the past three years:

- We have restored good governance, accountability and transparency in public life;
- We have Improved the management of the economy. This has been recognized by all the regional and international organizations including the CDB, the ECCB, the World Bank and the IMF
- We have improved the environment for doing business and have just concluded an Investment Promotion Strategy for Grenada;
- We have revived the agricultural sector;
- We removed the National Reconstruction Levy thereby putting back at least \$10 million into the hands of Grenadians each year;
- In addition, we have found ways to cushion the impact of the economic recession by implementing a number of safety net programs, including the free barrels program, the energy for the poor program, and measures to subsidize the cost of cooking gas and fuel.
- We successfully negotiated a Maritime Boundary Delimitation Treaty with Trinidad and Tobago paving the way for the exploitation of our marine resources.
- We have invested strongly in our nation's youth. 1000 young persons are registered in the apprenticeship programme and over 400 are currently receiving

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job training. We have also reintroduced the Cadet Corps which is having a tremendous impact.

Fellow citizens, these are achievements for which we can all be justifiably proud, especially when we consider the situation that this government inherited. Upon assuming office in July 2008, our first challenge was to stabilize the economy which was in a free fall.

Ladies and Gentlemen.....We have done so!!!!

The records will show that as a result of our efforts, the rate of contraction in Grenada's economy fell from 7.7 percent in 2009 to 1.3 percent in 2010. Moreover,.....the preliminary figures for the first half of this year indicate that **Grenada recorded positive economic growth in both the first and second quarters of this year of 1 percent.**

When account is taken of the fact that we also experienced positive economic growth in the last quarter of 2010, **this is the first time since 2008 that we have experienced three consecutive quarters of positive economic growth.**

Despite our credible efforts and improved economic management, it is clear that our public finances are not yet on a sustainable track. This issue must be addressed in the near future. We are in discussions with the IMF on these issues and expect a mission in early October. The Government will be reviewing its options at that time.

Faster Implementation

Notwithstanding these accomplishments, there are areas where our performance has been less than satisfactory. One such area, is the frequent and fair criticism of Government that the rate of implementation of decisions and projects is slow.

As Head of Government, I would be the first to acknowledge that things often do not move as fast as I would like. In fairness, the Nation will also recognize that previous Administrations have also grappled with this issue.

Indeed, some years ago, a previous administration appointed a Minister for Implementation.

As we consider how best to **ensure effective Government**, Cabinet has carefully considered this issue, and have decided on a package of measures to accelerate the implementation of some projects.

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Before outlining these measures, I wish to look ahead to what the Nation can expect over the next two years concerning economic activities and job creation. In this regard, I shall first of all share with you, some of the initiatives that are being pursued in the five transformational sectors, and secondly, to brief you on some of the major projects that will constitute the core of Government's work program for the next two years.

THE TRANSFORMATIONAL SECTORS

In Health, Wellness and Education Services:

Ladies and Gentlemen, your government has negotiated a **new comprehensive agreement** governing the ongoing collaborative relationship with the St Georges University. This agreement concretizes the cooperation between the Government of Grenada and Saint George's University in a wide range of areas and activities.

These include; Accreditation, Research and Development, Exchange of Information, a Clinical Teaching program for SGU students and the establishment of a new Teaching Hospital in Grenada.

I am happy to state tonight, that the clinical teaching programme that we have agreed with the University has now begun at our hospital. This agreement will result in the immediate upgrading of many aspects of the healthcare system including new x-ray, ultra sound, laboratory and other equipment.

This program will allow for a vast improvement in our health services as well as to considerably expand the number and length of time that SGU students will spend in Grenada. As we all know, spending more time in Grenada means that more economic activity will be generated. Furthermore, we have commenced the process for the building of the teaching hospital.

The Government has entered into a contract for advisory services with the International Financial Corporation (IFC), the private sector arm of the World Bank Group, to make this a reality.

IFC has been mandated to provide advice on the development and implementation of a public-private partnership (PPP) for the design, construction, financing, equipping and commissioning of a replacement hospital for the St. Georges General Hospital, which will incorporate teaching facilities for St. Georges University.

An appropriate site is currently being identified and construction is targeted to commence in the next eighteen months.

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Ladies and Gentlemen, I am also delighted to confirm that the University of the West Indies has reached an agreement with the Government of Grenada to establish its Open Campus here on the island.

Lands have been identified in Hope, St. Andrew and arrangements are being made to complete purchase and transfer of lands to the University. This development is intended to occur in two phases with phase one to include the administration buildings, computer labs and videoconferencing facilities, several classrooms, a learning commons, a library, lecture theatre, auditorium as well as seminar and other multi- purpose rooms.

The first phase is estimated to cost approximately EC\$11.0 million and work is expected to begin in July 2012. This will allow for increased economic activity, increased employment and increased access to tertiary education for Grenadians at a much lower cost.

Energy

With the support of a grant of 2.5 million Euros (EC\$9.6 million) from the European Union, the Government of Grenada is working in conjunction with GRENLEC to provide up to 1.9 megawatts of electricity generating capacity in Carriacou through the financing and purchase of wind turbines.

Draft Agreements with both the European Union and GRENLEC have now been prepared and should be signed shortly, paving the way for the commencement of this project. This will result in a lower cost of electricity generation and less reliance on fossil fuels.

Meanwhile, negotiations continue between the Government of Grenada and GRENLEC with respect to exploiting the benefits of Geothermal energy.

Through support from the World Bank, Grenada has secured EC\$7.0 million, representing its contribution to the establishment of a regional energy regulator to be known as the Eastern Caribbean Energy Regulatory Authority.

Like ECTEL, this will be a sub-regional entity and should eventually lower electricity prices in the Eastern Caribbean.

In Agribusiness, work is ongoing on a Cocoa Processing Plant in Diamond, St. Mark. Government has already given EC\$200,000 of its EC\$300,000 commitment to this project.

This plant will add value to this industry as well as providing needed employment in that area.

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Ladies and Gentlemen, I am also pleased to announce that after credible and extensive research, this administration has decided to give its support to the establishment of an integrated poultry processing plant in St. Mark. A joint venture between Government and a local investor is presently being pursued.

This operation has the potential to employ as many as 150 persons during construction and 120 persons on a full time basis. More would be said about this in the coming weeks.

These projects will be welcomed interventions in St. Mark which has traditionally been one of the poorest parishes.

In Tourism, strenuous efforts are employed to identify resources and partners to deliver a flagship hotel in Grenada. Great progress has been made and we look forward to making a definitive announcement shortly.

Very importantly, a vigorous marketing campaign is being planned to market Grenada as a preferred destination.

In Information Communications Technology, Grenada will participate in the Caribbean Regional Infrastructure Project. This is a EC\$27.0 million project that will be funded by the World Bank and will help Grenada to establish an ICT backbone for better, faster and cheaper internet connectivity. A project Manager will be appointed in the month of October.

THE MAJOR PROJECTS

Ladies and Gentlemen, While these transformational initiatives have the potential to finally place Grenada on a path of sustainable economic growth in the long run....., it is important to recognize that they will not deliver the jobs and economic benefits we require in the short run.

That is why we have been working simultaneously with those initiatives, to secure funding to undertake other major projects. These projects have the potential to significantly improve public infrastructure, create jobs and improve the quality of life for the Grenadian people.

Over the past three years, our Government has negotiated and made preparations to implement several projects. Tonight, I wish to identify some projects we expect to implement over the next 24 months.

We have selected these projects based on several criteria. These include; security and certainty of financing, the job creation potential and the level of preparation for implementation already completed.

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1. **Grenville Market Development**

This project is funded by the Caribbean Development Bank and Government at a cost of EC\$35.6 million.

At this time, we are pleased to report that contracts for both the Abbatoir and the Market have been awarded and work has commenced. In the case of the bus terminus, we are awaiting the approval of the Caribbean Development Bank to proceed with the tendering process

2. **Agricultural Feeder Roads Phase II**

This project is funded by the Kuwaiti Fund, the OPEC Fund and Government of Grenada. It provides for the rehabilitation and construction of at least sixteen (16) farm roads all over Grenada at a cost of EC\$54.0 million.

After discussions with the Kuwait Fund, it has been agreed that this project will be retendered. Eight (8) contractors including Consolidated Contractors Company have been shortlisted. The invitation to tender will be issued in October.

Given the procurement process, we anticipate that this project would finally commence in the first half of 2012.

This approach was taken to ensure that Grenada would receive value for money borrowed and spent.

3. **Market Access and Rural Enterprise Project**

This project is funded by the Caribbean Development Bank, the International Fund for Agricultural Development and Government at cost of EC\$22 million.

It will support employment in rural communities in areas such as farming, fishing and small business. This project has commenced with the office based in Sauteurs.

Already the project has conducted research and organizational development work in Mt Craven, Mt Horne, Maran, and La Tante. It has collaborated with the Ministry of Agriculture on goat milk production in St Patrick and Poultry production in St David.

4. **Regional Disaster Risk Reduction Programme**

This is a major project which includes the replacement of two bridges in Gouyave; the rehabilitation of two schools: Holy Cross R.C and St. Patrick's Anglican, the rehabilitation of the Cadrona Home for the Aged and the Hills View Home for the Aged among other things.

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The total cost of this project is EC\$70.7 million and includes EC\$21 million in grant from the Pilot Programme for Climate Resilience. Some project activities will commence this year with most activities during next year.

5. **Social Safety Nets and Assistance Programme**

This project is funded by the World Bank at a cost of \$13.0 million and will help to ensure that Government's safety net programmes especially the Public Assistance, the Necessitous Fund and the Transportation Allowance for students, target and benefit the most vulnerable persons.

6. **Venezuela Multi-Project**

This EC\$16.5 million project involves the rehabilitation of the St. George's Market Square, Ford Bridge, Tanteen Pavillion , Morne Toute and Snell Hall projects. The Forde bridge has started and the Tanteen pavilion will start before the end of this year. The start of the Morne Toute and Snell Hall projects await the completion of design and preparatory works

7. **St. Patrick's Roads**

The project involves the designs for 8.6 miles of road, bridges, culverts, signage and sidewalks in St. Patrick. Two sections, one between Duquense and Sauteurs and the other between Morne Fendue and Poyntzfield would be done. It is funded by the Caribbean Development Bank at a projected cost of EC \$23.7 million. Construction is targeted for the fourth quarter of 2012.

8. **St. John's River Feasibility Study and Designs**

This project is also funded by the Caribbean Development Bank and Government at an approximate cost of EC \$23 million. The project involves the design and implementation of flood mitigation measures. Construction is targeted to start by the end of the third quarter of 2012.

9. **Schools Rehabilitations Projects Phases I and II**

These two projects will be funded by the Caribbean Development Bank at a cost of EC\$33.0 million. These include work on several schools including: St. Joseph's Convent (St. George's), Grenville Secondary School and the Mt Rose SDA Comprehensive.

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Fellow citizens, it is estimated the projects which I just mentioned will pump [EC\$268 million] into the Grenadian economy over the next 24 months and will generate at least 1000 jobs during construction and a few hundred after construction.

In outlining these projects, it is worth pointing out that not all will be completed within the next 24 months. Indeed, on many of these projects work has already started or is on track to commence before year-end.

We consider it necessary to make this observation given the misguided tendency by some, to interpret every project commencing its life cycle in the last year of a Government's term, as the result of political expediency.

It is also worth saying that while we have highlighted some projects, there are several other projects identified and developed by Government, for which funding has been secured, or for which negotiations are at an advanced stage.

These include the Houses of Parliament (EC\$18.0 million); Lowther's Lane Government Office Complex (EC\$19.0 million); Maurice Bishop International Airport Upgrade (EC\$10.0 million); and Schools Rehabilitation (EC\$27.0 million).

I wish to pledge tonight that this government shall continue to look for **ways to improve the lives of our people whether it is 3 years or 3 months from elections!**

Indeed, my government recognizes the challenges faced by many of our people for adequate housing and community improvement.

Given our limited resources to satisfy these needs, our Government approached our friends from the People's Republic of China and successfully re-negotiated the terms of the agreement between our two governments. This agreement provided for 2000 low income Housing units from the Peoples Republic of China.

As a result of those negotiations, the Government of the Peoples Republic of China has now agreed to reallocate resources in favor of pressing and urgent needs.

The number of low income housing units to be constructed will now be 1000 and the reserved gratuitous aid estimated to be approximately \$US 40 Million (\$EC 108 Million), shall be used for projects which the Government of Grenada regards as its priority.

While the specific details of these projects are yet to be worked out, our Government has already signaled its intention to use these resources for the following:

1. Rebuilding the Athletic stadium

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2. House repair and home improvement for the thousands of families who have been without help for so long;
3. Community improvement by undertaking projects in communities badly in need of assistance

COORDINATION

Ladies and Gentlemen, it is important that we realize and acknowledge that no matter how noble our intentions and grand our plans, they will all come to naught, If suitable arrangements are not made for their implementation.

If we are to succeed in implementing these projects a well defined and workable plan must be put in place for implementation.

In recognition of this, the Cabinet of Ministers has agreed on the following course of action:

1. **To approve a work programme of carefully selected major projects for the next 24 months as elaborated in my presentation here tonight, since these projects will anchor the 2012 and 2013 budgets.**
2. **To appoint a Major Projects Coordination Committee that shall meet fortnightly to monitor progress of these projects: The Committee comprises of:**
 - Permanent Secretary, Finance
 - Chief Technical Officer, Works
 - Director of Technical and Economic Cooperation
 - Director of Office of Private Sector Development
 - Senior representative, Ministry of Housing and Community Development
 - Senior representative, Ministry of Foreign Affairs
 - And two representatives with project management experience from the private sector
3. **To appoint project managers for all major projects where such appointments have not yet been made;**
4. **To appoint a full-time programme coordinator to ensure daily monitoring of these projects and to report to the Major Projects Implementation Committee and the Cabinet.**
5. **To appoint a National Economic and Business Council to support development of the economy and monitor implementation of selected projects.**
6. **To inform the nation about these major projects at the earliest opportunity.**

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Cabinet will review the progress of these major projects once per month and give direction as necessary.

As Prime Minister, I shall be taking full responsibility for managing and ensuring that what we have announced here tonight, will be achieved.

Fellow citizens, as I conclude, let me reiterate that together we have weathered this difficult economic storm with great resilience.

Tonight, I have set out for you some of the major projects that will be the focus of our Administration for the next two years.
Moreover, I have set out how we propose to accelerate implementation of these major projects.

As a Government and as a Nation, let us be inspired by the exploits of our national athletes especially Kirani James, our home-grown world champion.
Kirani's outstanding performance today established a new national record. I again congratulate him on behalf of all Grenadians.

His brilliant performances are powerful reminders of three important lessons.
First, that greatness can come from humble beginnings.
Second, that with hard work and tenacity, we can accomplish our goals.
Finally, that regardless of how you start, it is important to finish strong.
Let us embrace these lessons as we strive to build our nation.
I thank you and May God bless our Nation.