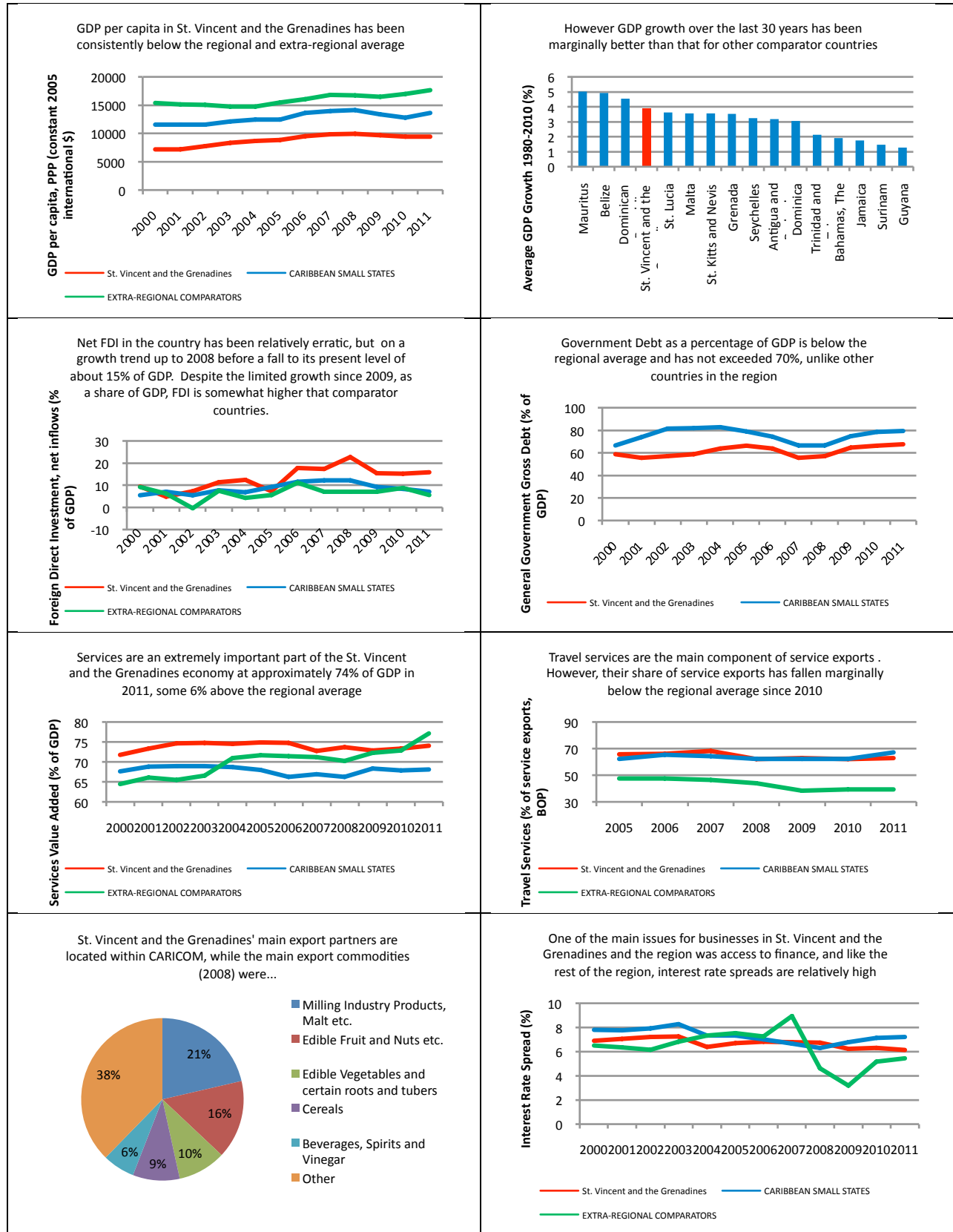


A Snap-Shot of the Private Sector In St. Vincent and the Grenadines 2013



*Caribbean small states aggregate: includes Antigua and Barbuda, The Bahamas, Barbados, Belize, Guyana, Suriname, Dominica, Grenada, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago.
 Extra-regional comparators are Seychelles, Palau, Malta and Mauritius *Sources of Data: World Development Indicators, World Bank, Central Bank data, Doing Business Reports, Enterprise Surveys

Opportunities to accelerate private sector growth

The sharp global recession has been taking a toll on the economies of the region and St. Vincent and the Grenadines is no exception. Growth in St. Vincent and the Grenadines was quite volatile over the last few years. In addition to the downturn in the global economy, several natural disasters have derailed the economy. Between 1994 and 2010, the island has been affected by 5 tropical storms and 1 category 2 hurricane (Tomas, 2010) as well as a drought in 2010. As a result, following average growth of 5% between 2002 and 2007, the economy contracted by 2.4% in 2009 and a further 1.8% in 2010. The contraction in the economy largely reflected falling tourist arrivals as well as FDI-related construction, which has had negative spillover effects on the rest of the economy.

<p style="text-align: center;">Large and fast growing sectors</p> <p>The largest sectors in St. Vincent and the Grenadines as a percentage of gross value added (GVA) are: Real Estate, Renting and Business Activities (16.6%), Wholesale and Retail Trade (16.1%), Transport (11.1%), Construction (9.0%) and Financial Intermediation (7.0%). These 5 sectors account for nearly 60% of GVA.</p> <p>In terms of potential for future growth, the most viable areas appear to be in eco-tourism and manufacturing (agro-processing, pharmaceuticals and medical). In relation to one of the largest sectors, construction, the dominant projects in the country should be commended for their revenue generation ability (Argyle International Airport and upgrades to Buccament Bay Resort). These projects not only provide for employment in the short term, they also provide for further development of the tourism product and enhance airlift to the country.</p>	<p style="text-align: center;">Business climate</p> <p>The Private Sector Assessment for St. Vincent and the Grenadines revealed the following constraints to growth:</p> <p>Cost Issues (finance, taxes, electricity and energy)</p> <p>Process Issues:</p> <ul style="list-style-type: none"> • Inefficiencies in customs • Inadequate support in gaining market access • Lack of cooperation within and between the public sector and private sector business support frameworks <p>Capacity Issues:</p> <p><i>Finance:</i></p> <ul style="list-style-type: none"> • Lack of ability by enterprise owners to meet the requirements of finance providers • Lack of diversity in finance options for businesses at different development stages <p><i>Labour:</i></p> <ul style="list-style-type: none"> • Inadequately trained labour force
<p style="text-align: center;">Government priorities as identified by government</p> <p>The Government of St. Vincent and the Grenadines' main priority in the aftermath of the financial, CLICO, and BAICO crises, is to structure budgeting plans in accordance to the eight-point stabilization program conceived by all ECCU members. The Government, in its 2013 budget speech address stated:</p> <p><i>'The 2013 Budget is crafted, too, within the frame of the Draft National Economic and Social Development Plan, the Eight Point Growth and Stabilisation Programme of the ECCU, and the various developmental instruments and programmes of the OECS and CARICOM to which our government has contributed'. (p. 6)</i></p> <p>In general, the Government of St. Vincent and the Grenadines is seeking to ensure sustainable growth in the private sector through a number of avenues in relation to enhancing investment opportunities in the number of sectors through enhancing access to finance, reducing energy cost and developing the human resources of the country. The Government clearly recognises that the generation of employment is key for the sustainable reduction of poverty, while also seeking to ensure fiscal security and foreign exchange earning capabilities to allow the Government to undertake its other obligations to the citizenry of the country.</p>	<p style="text-align: center;">Priorities actions to expand business as identified in the Complete Caribbean Private Sector Assessment Report</p> <p>The main priorities to emerge from the Private Sector Assessment in St. Vincent and the Grenadines were developed into Action Plans. The first of these Action Plans relate to the establishment of a formal <i>Tripartite Committee</i>, rather than the current informal arrangement, to oversee the development of private sector development strategies and the mainstreaming of private sector development in national strategic plans. The other elements of the Action Plan include the following:</p> <ul style="list-style-type: none"> • Improve access to finance and reduce the cost by reducing the risk attached to lending through the development of credit bureaus, collateral registries, use of technology and greater competition in the financial sector; • Targeting the exploitation of renewable/alternative energy to reduce the cost of doing business as well as its development as a productive sector in its own right; • Education and curriculum reform to ensure the skills demanded in the private sector are supplied by the educational sector

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