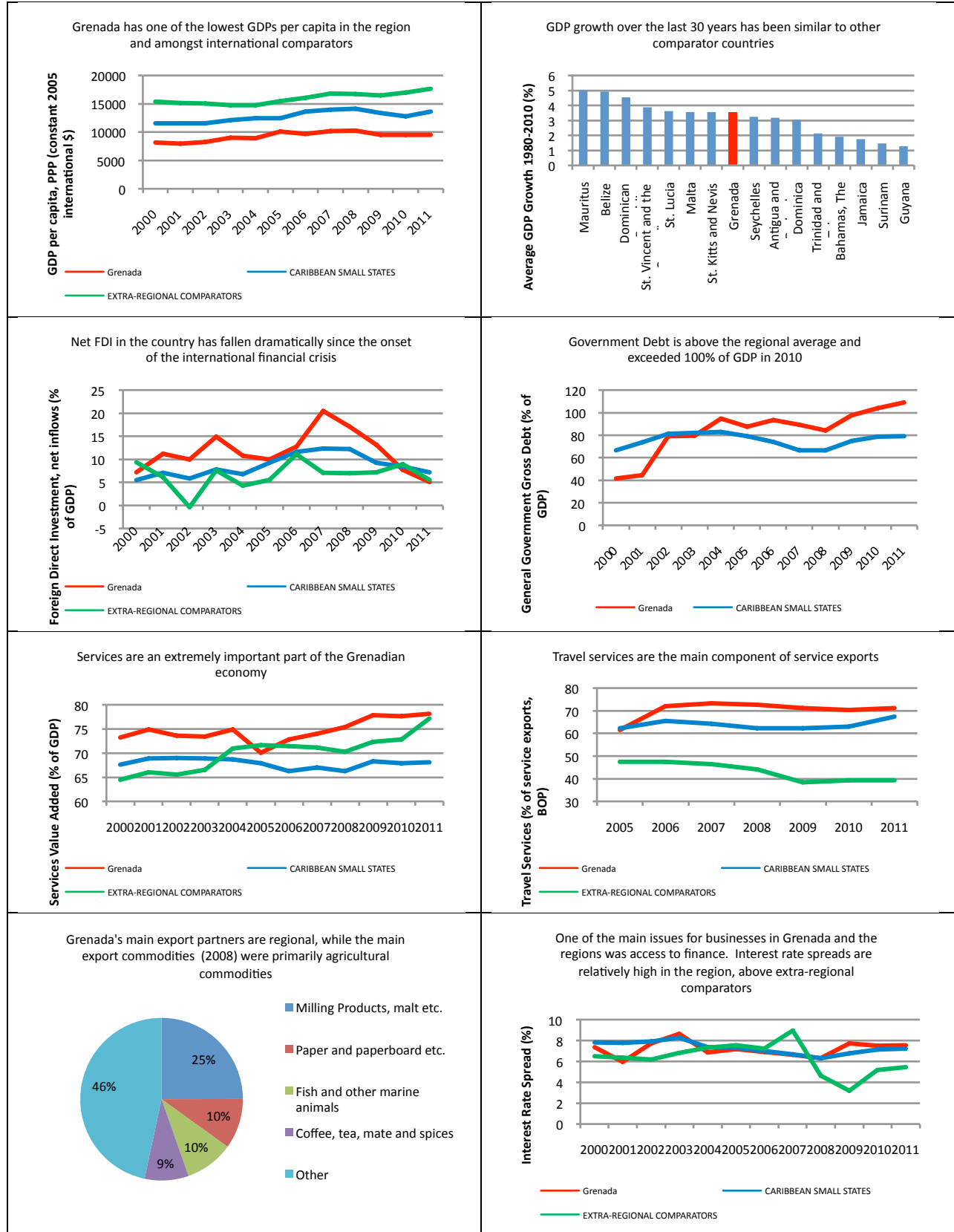


# A Snap-Shot of the Private Sector In Grenada 2013



\*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 Grenadian economy has been severely affected by the global economic recession. Since 2009, the economy has contracted by almost 6% and growth is projected at less than 2% over the short- to medium-term (2013 to 2015). This slowdown in economic activity has had a significant effect on Government finances: Grenada is now one of the most indebted SIDS in the world. Unemployment as well has reached historic heights, with almost 1 in 4 Grenadians unemployed.

<p style="text-align: center;"><b>Large and fast growing sectors</b></p> <p>The economy of Grenada is largely dependent on services (80% of GDP). The services sector is dominated by tourism, which is the country's largest foreign exchange earner. Prospects for growth in the industry primarily are in the non-traditional niches of heritage, eco- and edu-tourism. Following a decline in share of GDP, agriculture is expected to grow to approximately 5% by 2014, driven by increased banana and nutmeg production. One of the areas with potential for growth in the medium- to long-term is the agro-processing industry, where employment is currently being generated in honey and honey products, confectionary, snacks and dried fruit and spices. Craft and cosmetics also show potential for growth.</p>	<p style="text-align: center;"><b>Business climate</b></p> <p>The Private Sector Assessment for Grenada revealed the following constraints to growth:</p> <ul style="list-style-type: none"> <li>• Lack of a private sector development plan</li> <li>• A 'silo-mindset' in business support organizations, particularly in the public sector</li> <li>• High public sector debt</li> <li>• Lack of product differentiation</li> <li>• Access and cost of finance</li> <li>• Inadequate skills in the labour force</li> <li>• Cost of energy and electricity</li> <li>• Lack of data for planning purposes</li> </ul>
<p style="text-align: center;"><b>Government priorities as identified by government</b></p> <p>The Government of Grenada faces a number of social issues, which growth in the economy would enable them to address. These issues include unemployment, poverty and the consequences of poverty (crime, health issues, and social unrest). The 2013 Budget was themed as <i>'Restoring Hope, Building the New Economy and Empowering our People'</i>. The key elements of this New Economy were categorized as:</p> <ol style="list-style-type: none"> <li>1. Fiscal sustainability</li> <li>2. Debt sustainability</li> <li>3. Lean Government</li> <li>4. Private Sector as key driver</li> <li>5. Technical and Vocational Education and Training</li> <li>6. Life-long learning and high-wage employment</li> <li>7. Innovation and knowledge</li> <li>8. ICT applied to all aspects of development</li> <li>9. World class service industry, especially in tourism</li> <li>10. Green Business, Industries and lifestyles</li> <li>11. Sustainable Development</li> <li>12. Developing Agriculture along the Value Chain</li> <li>13. Efficient Light Manufacturing</li> <li>14. Dynamic Export Sectors</li> <li>15. Lucrative oil, gas and renewable energy sectors</li> </ol> <p>The aim of the adoption of this New Economy model is to tackle the <i>'...twin challenges of continued high unemployment and low economic growth'</i>.</p>	<p style="text-align: center;"><b>Priorities actions to expand business as identified in the Compete Caribbean Private Sector Assessment Report</b></p> <p>The main priorities to emerge from the Private Sector Assessment in Grenada were developed into Action Plans. The first of these Action Plans relate to the establishment of a <i>Tripartite Committee</i> 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"> <li>• Rationalisation and streamlining of public sector's business support framework to provide more effective support to the private sector to access technical assistance and finance;</li> <li>• Improve access to finance and reduce the cost by reducing the risk attached to lending through the development of credit bureaus and collateral registries;</li> <li>• 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;</li> <li>• Education and curriculum reform to ensure the skills demanded in the private sector are supplied by the educational sector.</li> </ul>

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