

**STATEMENT AT DONORS CONFERENCE ON GRENADA
WORLD BANK, WASHINGTON, D.C.
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Delivered by

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PRIME MINISTER OF GRENADA**

O Grenada, land of my birth
The way you suffer, O how it hurts
The tribulation, you have to bear
Will make a man, want to despair

But, alas, the blood of our martyrs
Must not be shed in vain
Oh No, you must rise and shine again.

These are the words of one of Grenada's calypso monarchs, I believe they capture the pain and suffering of our people at this time but yet reflect our will to triumph over our recent tragedy.

Madame Chair, Ministers of Government, other government representatives, distinguished representatives of international and regional development partners, members of staff of the World Bank and the International Monetary Fund, Ladies and Gentlemen; I convey warmest greetings from the Government and People of Grenada.

I thank you all for accepting our invitation to be present at this important donor conference albeit at short notice. Your presence this morning is both revitalizing and reassuring.

I specially wish to commend the World Bank for immediately acceding to our request to coordinate and host this conference. Caroline, I know you and your staff had very little time to organize this event. Even so, you found it possible to visit Grenada last week to expedite the World Bank's support for Grenada's reconstruction effort.

On behalf of the Government and People of Grenada, I acknowledge with a very grateful and thankful heart, all countries and agencies that have responded and are responding to the emergency needs of our Country in the aftermath of the hurricane. Your outpouring of sympathy and support has been a major reason for our survival over the past few weeks. It is the foundation for the reconstruction drive on which we now embark.

As you all know, Grenada suffered a direct hit by Hurricane Ivan on September 07, 2004, a category 4 system packing winds of 220 kilometres per hour. It was the 6th most severe hurricane in Caribbean history and left a trail of death and devastation. Twenty-eight lives were lost.

The macro socio-economic assessment, which was completed last week and circulated to most of you, here, estimates damages of at least US\$815 million, twice the Gross Domestic Product of Grenada. A brief survey reveals:

- 90% of the housing stock has been damaged or destroyed;
- 30% of the population made homeless;
- 91% of our forest areas and watersheds have been destroyed;
- Our agriculture sector has been decimated with 95% of our nutmeg trees (Grenada's black gold) uprooted and 90% of cash crops wiped out;
- Our Tourism sector has been significantly damaged with an estimated 2000 direct jobs lost with the closure of some hotels; and
- 95% of our schools are damaged and rendered inoperable leaving over 30,000 children out of school.

Every Grenadian is affected.

Notwithstanding these depressing statistics, the most devastating impact may be the unprecedented social challenges that now confront us. The future of children and our children's children is at risk.

The Government and People of Grenada are deeply indebted to the OECS Secretariat led by its Director General, Dr. Len Ishmael, with support from UNECLAC, UNDP and other agencies, for the extraordinary effort to undertake and complete this assessment within a very compressed timetable.

Madame Chair,

The Grenadian economy is now reeling from the widespread devastation I have just outlined.

During the period 1996-2000, Grenada's economy averaged growth of 6 percent. In 2003, our economy rebounded from the effects of global recession and September 11 to record growth of 5.7 per cent. This growth performance ranked among the highest in CARICOM. Prior to hurricane Ivan, Grenada's economy was on track to grow by 4.7% in 2004 and in the medium term was expected to grow at an annual rate of 5 percent.

Well, Ivan the Terrible, in a few hours, has completely changed the economic and physical landscape of Grenada. Our once idyllic Country known as the Isle of Spice has been overrun by mangled roofing materials

and uprooted trees. In the words of a colleague Prime Minister, it is "terrifying".

So now we must commence the long and arduous task of reconstruction. It should be noted that less than 30% of our homes are insured and so while we are expecting significant insurance inflows perhaps in the range of US\$60-80 million, this is woefully short of the estimated cost of US\$500 million to reconstruct our housing stock. There is therefore a major funding gap for the rebuilding of our housing stock. Government itself will only be receiving insurance proceeds for the Ministerial Complex (the building which houses most government ministries).

Our Government recognizes that even in the face of this catastrophe, there are new and unique opportunities to rebuild a better and stronger Grenada. In this regard, we are committed to introducing higher building standards and more rigorous urban planning.

What has our Government done?

Government together with the assistance of friendly governments and many development partners have worked to ensure the emergency and relief supplies are reaching the most needed and vulnerable.

It is now imperative that we begin the transition from relief to reconstruction. The task is gigantic. Nonetheless, we have embarked on the long and arduous journey of reconstruction.

The Government of Grenada has created a broad-based National Council of Reconstruction and Development, the objective of which is to ensure extensive participation of civil society stakeholders in policy formulation, prioritization and decision-making with respect to the recovery, reconstruction and development of Grenada. The conclusions and decisions of the Council will constitute recommendations to Cabinet.

Furthermore, Government has approved the establishment of an Agency for Reconstruction and Development. The Agency for National Reconstruction and Development will be responsible for coordination and monitoring in order to ensure that effective implementation of the reconstruction programme. This Agency will be the Secretariat to the Council.

The Government of Grenada is prepared to establish a Trust Fund to receive and account for all funds for the reconstruction of Grenada.

Madame Chair, Distinguished Participants

We need your help!

With the passage of hurricane Ivan, Government revenues have plummeted. For the first time in more than decade, Government will return a deficit on its current operations of approximately 3 percent of GDP. Out of sheer necessity, we need budgetary support for a limited period to keep the wheels of Government in motion while we find our feet as a Nation. Without this support, we cannot go forward.

We need to assist the dispossessed and downtrodden with their basic need for shelter. Some of our people own lands and have access to lands but a significant investment is required in low cost housing.

We need to send our children back to school. Our people are our most important resource. Education is central and critical to our poverty reduction and eradication efforts. Without it, Grenada has no future. The rebuilding and equipping of our schools and skills training centres will cost approximately US\$75 million.

The resuscitation of our productive sectors particularly agriculture and tourism is of paramount importance if we are to re-create employment opportunities, generate foreign exchange and bolster government revenues to meet our financial obligations.

In the case of agriculture this requires immediate financial resources to clear and clean the lands, replant cash crops and re-cultivate tree crops such as nutmeg, cocoa and bananas.

As a people dependent on surface water for most of our potable water supply, we need to quickly replant our forested areas and resuscitate our watersheds.

We must immediately strengthen our technical and institutional capacity in a wide range of areas including macro-economic management, debt management, energy sector development, housing development, land use planning and engineering.

Madame Chair,

It is said:

When property is lost, something is lost

When friendship is lost, much is lost

However, when hope is lost, all is lost

In Grenada much property has been lost.

However, our friendships have not been lost. Indeed, longstanding friendships have been reaffirmed and new friendships have been established. The response of the regional and international community to our emergency needs in the aftermath of the hurricane has been outstanding and has ensured our survival over the past three weeks.

Hope is not lost!

However, it is imperative that we now turn our collective attention to the massive task of reconstruction if we are to keep the hope of our Nation alive and burning.

I appeal to all of you to rally around the Reconstruction of Grenada Project. Our people are resourceful and resilient. With the wisdom and strength of Almighty God and the strong commitment and support of the international community, Grenada shall rise and shine again!

I thank you.