

Preamble

The Conference of Churches in Grenada, its local and international partners, met with Minister Oliver Joseph and members of the government on 1-2 October 2013 to discuss the country's urgent debt situation. The workshop welcomed the participation of Grenada Civil Society Organisation, the Caribbean Debt Network, Jubilee Germany, Jubilee USA and the United Nations Development Programme.

The Conference of Churches in Grenada emphasises the importance of a people-centred resolution to the debt crisis.

We make the following recommendations to the Government of Grenada:

1. We urge the government to push for a reduction in Grenada's debt stock to a maximum level of 50% of GDP due to the harmful effects of debt above this level on economic growth. This will require, in practice, an upfront debt stock reduction of approximately two-thirds. It is essential that debt restructuring in Grenada restore long-term debt sustainability and support a return to economic growth.
2. The debt restructuring process should involve all external creditors, namely commercial, multilateral and bilateral. This will ensure fairness between creditors and mean that each creditor is subject to a lower 'haircut' on its claims. This will also be an incentive for all creditors to take part. We encourage the government to explore options for a comprehensive solution. These include an independent debt sustainability assessment, external mediation and a creditors' conference.
3. We appreciate that the government wishes to resolve the current debt situation in a timely manner and secure access to new sources of external finance to meet the country's needs. This is likely to involve an IMF-supported economic adjustment programme. Before the government signs any programme, it must seek consensus with the people on the package of reform measures the country will undertake. This will ensure that the programme respects the priorities of the local people. We therefore insist that the government share all documents with the Committee of Social Partners and the public with ample time for review and debate before any agreements are signed.
4. Looking forward, it will be essential for Grenada to reduce the risk of future debt crises. We insist that the government strengthen legal and administrative structures to ensure greater transparency, accountability and participation. Specifically, we insist that the government commits to a mechanism which monitors and evaluates new debt commitments. This mechanism must involve the social partners. There is also a need to improve debt management capacities. These reforms will help put in place the tools to reduce the risk of future debt crises.