MINISTRY OF FINANCE
GOVERNMENT OF GRENADA

MEDIUM-TERM FISCAL FRAMEWORK 2026-2028

FINANCE.GD FINANCEGRENADA

LIST OF ABBREVIATIONS

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Abbreviation	Meaning
BOP	Balance of Payment
CBI	Citizenship-by-Investment
CED	Customs and Excise Division
CPI	Consumer Price Index
CSC	Customs Service Charge
CSO	Central Statistical Office
ECCB	Eastern Caribbean Central Bank
ECCU	Eastern Caribbean Currency Union
EVL	Environmental Levy
FRA	Fiscal Resilience Act
GARFIN	Grenada Authority for the Regulation of Financial Institutions
GDB	Grenada Development Bank
GDP	Gross Domestic Product
GHTA	Grenada Hotel and Tourism Association
GTA	Grenada Tourism Authority
HDI	Human Development Index
HDR	Human Development Report
IMA	Investment Migration Agency
IMF	International Monetary Fund
IRD	Inland Revenue Division
MIT	Ministry of Mobilisation, Implementation and Transformation
MNIB	Marketing and National Importing Board
MTAP	Medium-term Action Plan
MTDS	Medium-term Debt Management Strategy
MTFF	Medium-term Fiscal Framework
NBFS	Non-bank Financial Sector
NDA	Net Domestic Assets
NFA	Net Foreign Assets
NSDP	National Sustainable Development Plan
NTF	National Transformation Fund
PAYE	Pay As You Earn
pp	percentage points
PPP	Public-Private Partnerships
PSIP	Public Sector Investment Programme
SB	Statutory Body
SGU	St. George's University
SIC	Standard Industrial Classification
SITC	Standard International Trade Classification
SOE	State-Owned Enterprise
VAT	Value Added Tax
WEO	World Economic Outlook

EXECUTIVE SUMMARY

The Medium-Term Fiscal Framework (MTFF) sets out the Government of Grenada's fiscal strategy for the 2026 Budget and the outer years 2027 and 2028. It balances the immediate priorities of post-disaster recovery with longer-term goals of economic transformation, resilience, and fiscal sustainability, in keeping with the National Sustainable Development Plan (NSDP) 2020–2035 and Vision 75.

The global economic outlook has softened, with new US tariffs and heightened policy uncertainty expected to slow global trade and investment. These developments will have implications for Grenada's small, open economy, particularly through tourism and trade.

Domestically, the economy continues to recover from the impact of Hurricane Beryl, which caused an estimated EC$537 million in damage and losses (16.7 percent of GDP). Real GDP is projected to grow by 4.2 percent in 2025, building on the 3.3 percent growth in 2024, supported by reconstruction activity, increased cruise tourism, and a stable financial sector. Recovery, however, remains uneven, with agriculture and stayover tourism picking up more slowly. Over the medium term, as reconstruction activities wind down, growth is expected to stabilise around 3 percent each year to 2028, supported by investment in climate-resilient infrastructure and regional and international connectivity.

Fiscal performance in 2025 is expected to be stronger than budgeted, despite increased recovery spending. The overall deficit is estimated at EC$287 million, about EC$50 million lower than budgeted, reflecting stronger tax collections and contained current spending. Higher revenue has been driven mainly by stronger collections from taxes on international trade and transactions and improved tax administration. These gains are largely nominal and consistent with the pace of real sector recovery.

The broader macroeconomic environment remained stable. The monetary and financial sectors remained well-capitalised, supported by high liquidity, rising deposits, and steady credit growth across banks and non-bank institutions. In contrast, the external sector showed some moderation relative to the same period in 2024, as the trade deficit widened on account of higher import demand tied to reconstruction activity, while travel receipts softened following a strong tourism season in 2024. Nonetheless, the medium-term outlook remains broadly favourable, underpinned by stable remittance flows and continued access to external financing.

Looking ahead, the fiscal position is projected to strengthen steadily as recovery spending tapers. Revenue is expected to grow modestly, while expenditure will decline as a share of GDP. The fiscal balance is projected to move from a small deficit in 2026 to a surplus by 2027. This adjustment will place public finances back on the path set out in the Fiscal Resilience Act (FRA) and the Medium-term Debt Management Strategy (MTDS), which targets a primary surplus of 1.5 percent of GDP and public debt reduction to 60 percent of GDP by 2035.

INTRODUCTION

The 2025 Medium-Term Fiscal Framework (MTFF), prepared pursuant to Section 12A of the Public Finance Management Act No. 17 of 2015 (as amended), sets out the Government's fiscal strategy over the period 2026–2028.

The MTFF anchors fiscal decision-making and guides resource allocation to support national development goals and accelerate post-Beryl reconstruction. It outlines the macroeconomic context, fiscal policy stance, and medium-term projections that will inform fiscal planning and budget execution. The analysis focuses on three interrelated components:

1. The prevailing macroeconomic and fiscal conditions and outlook;
2. Fiscal policy objectives and projections;
3. Fiscal risks and mitigation strategies.

To advance the Government's strategic agenda, and in support of ongoing recovery efforts, the fiscal priorities for the 2026 Budget and outer years will be guided by:

- Grenada's Hurricane Beryl Post-Disaster Needs Assessment (PDNA) Report and Recovery Strategy;
- The Medium-Term Action Plan (MTAP) 2026–2028 (to be finalised by year end-2025); and
- The broader development vision outlined in the National Sustainable Development Plan (NSDP) 2020–2035 and Vision 75.

Recovery spending on reconstruction and the revitalisation of affected industries will be prioritised, while safeguarding fiscal and debt sustainability. The MTFF will ensure that projections for revenues, expenditures, and financing are fully aligned with the Fiscal Resilience Act (FRA) 2023, which establishes a binding, rules-based framework to promote fiscal discipline, long-term debt sustainability, and enhanced transparency.

The MTFF document will present the Government's strategic fiscal outlook for:

- Full-year 2025 performance;
- The 2026 Budget year; and
- The outer years 2027 and 2028.

It is structured as follows:

- **Section 1:** Macroeconomic and Social Context;
- **Section 2:** Medium-Term Fiscal Policy Objectives and Forecasts;
- **Section 3:** Compliance with the Fiscal Resilience Act, 2023; and
- **Section 4**: Fiscal Risk Management

1 MACROECONOMIC AND SOCIAL CONTEXTS

1.6 Real Sector

In the first Quarter of 2025, Grenada's economy showed signs of robust recovery amid lingering challenges from Hurricane Beryl, which struck on July 1st, 2024. While sectors such as Construction, Manufacturing, Wholesale and Retail, and Cruise Tourism demonstrated resilience, Agriculture, and Stayover Tourism continued to experience setbacks due to storm-related disruptions.

Carriacou, Petite Martinique, and northern mainland Grenada sustained extensive damage severely affecting crop production, fishing infrastructure, and tourism facilities. The total damage and loss across all sectors amounted to approximately 16.7 percent of GDP with the Agriculture Sector experiencing the greatest loss and damage. As at the end of the reporting period, Agriculture remains the most adversely affected sector, though early signs of recovery are emerging. The impact has been particularly pronounced on key export crops, notably nutmeg and cocoa. However, the strategic importation of 468 purebred small ruminants and pigs is expected to contribute to the sector's revitalisation, with potential knock-on benefits for agro-processing and light manufacturing.

In contrast, Construction activity has accelerated, driven by large-scale recovery efforts and ongoing public and private sector projects. This has encouraged positive spillover effects for cargo movement supporting growth within the transport and storage sector. However, progress has been tempered by labour shortages and rising material costs.

Tourism activity has also shifted with cruise tourism surpassing pre-pandemic levels, while stayover arrivals stabilised to historical levels following the 2024 surge associated with the 50th Anniversary of Independence, CARIFTA Games, and other major events.

Despite the mixed sectoral performance in Q1, 2025, the outlook for 2025 remains broadly in line with projections, with growth estimated at 4.2 percent compared to projections of 4.1 percent made at the time of the budget presentation in March 2025. While real sector activity is recovering at a measured pace, stronger tax collections—particularly on domestic goods and services—suggest increased consumption and higher transaction values, consistent with post-disaster recovery dynamics. Continued investment in climate resilience, infrastructure development, and regional and international connectivity will be critical to supporting economic stability and laying the foundation for sustainable long-term growth.

1.6.2 Agriculture

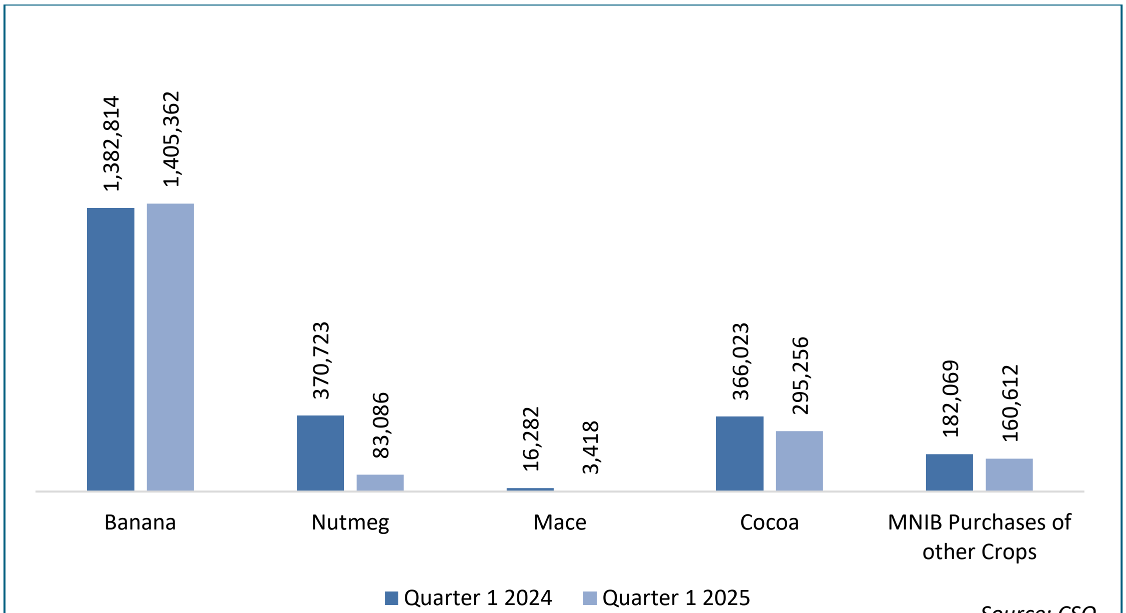
According to anecdotal information collected in the May 2025 Macroeconomic Surveillance, and data collected from the Central Statistical Office (CSO), the agriculture sector recorded mixed performance in the first quarter of 2025. Total banana purchases increased slightly by 1.6 percent compared to the same period in 2024, indicating modest improvement in banana production.

In contrast, nutmeg and mace production experienced steep declines of 77.6 percent and 79.0 percent respectively, primarily due to the effects of Hurricane Beryl, which was further compounded by unusually heavy rainfall during the traditionally dry season. Cocoa production also fell sharply by 19.3 percent, while MNIB purchases of other crops declined by 11.8 percent.

The slight reduction in the number of active farmers in April 2025, also affected the overall reduction in the supply of produce. Active farmers totalled 224 in Q1 2025, which was a marginal decline from 228 in Q1 2024. Anecdotal data suggests that this decline is partly attributed to the associated risks to farming, such as, high instances of praedial larceny, and the increasingly high input costs, which continue to constrain farmers' pricing competitiveness. Moreover, persistent structural challenges, including poor seed quality, labour shortages, and the absence of timely market intelligence, remain key impediments to sectoral productivity and resilience.

Although the sector faced notable setbacks, particularly in nutmeg, mace, and cocoa production, total agricultural output is projected to grow by 5.95 percent in 2025. Noteworthy, this is a 3.1 percentage point increase from the 2025 - 2027 MTEFSR projections, which primarily accounted for a decrease in crop yields after the passing of Hurricane Beryl in 2024. This revised estimation reflects the strong anticipated performance of the livestock subsector, where the imported sheep, goats and pigs are expected to go through their first cycle of reproduction at the close of 2025, as well as the stronger than expected growth observed in banana production as well as other crops.

Figure 1: Production in Agriculture (lbs) Q1 2025 vs Q1 2024



Source: CSO

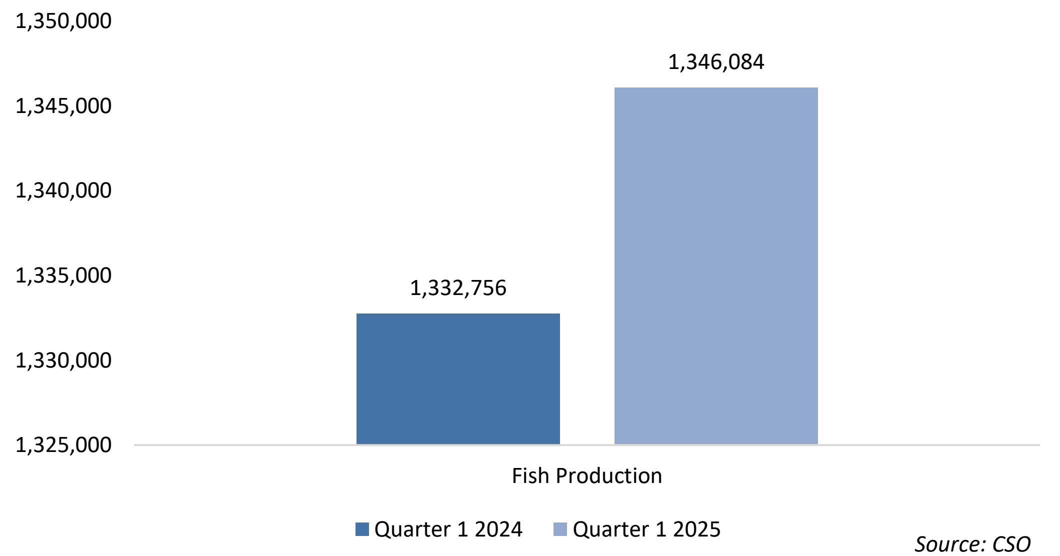
1.6.3 Fishing

The fisheries sector was also severely impacted by the passage of Hurricane Beryl in 2024. Damage to key fishing infrastructure—including vessels, gear, landing sites, and fish markets—disrupted operations across affected communities. Ongoing reef restoration efforts aimed at rehabilitating marine habitats were also set back, delaying the recovery of aquatic ecosystems and limiting the availability of high-value fish and seafood products[1].

[1] Examples include: Lobsters, Conch and Shrimps

In the aftermath of Hurricane Beryl, the Government provided targeted assistance to support sectoral recovery. An estimated 279 fisherfolk received livelihood assistance and support under a dedicated vessel repair programme, which helped to sustain participation in fishing activities. As a result, fish production increased by 13,328 pounds in the first quarter of 2025 compared to the same period in 2024. Despite global trade tensions, fish exports also rose by 1.1 percent, reaching 219,874 pounds in Q1 2025, up from 217,481 pounds in Q1 2024.

Figure 2: Fish Production (lbs) Q1-2025 vs Q1-2024



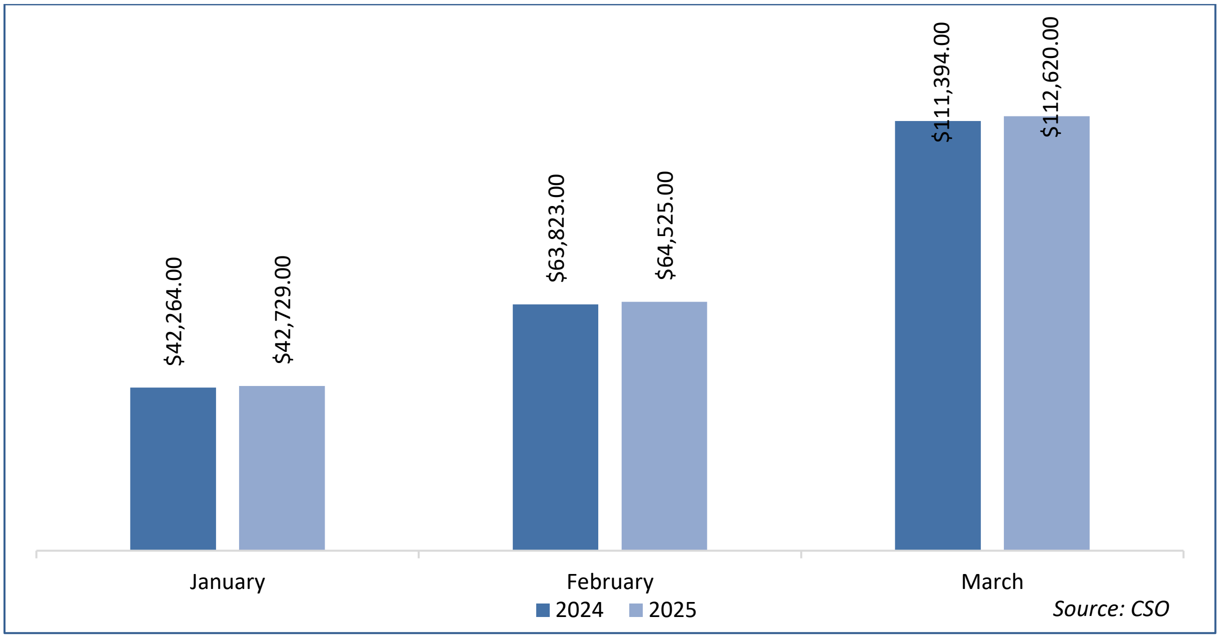
Source: CSO

However, downside risks in the sector remain elevated, compounded by both persistent and emerging challenges. Chief among these are data reliability issues, which undermine effective planning and decision-making. A growing concern is the direct sale of fish by fisherfolk to individuals in neighbouring territories, bypassing formal reporting mechanisms. This practice compromises the accuracy of production and trade statistics, limiting policymakers' ability to monitor activity and manage marine resources sustainably. Structural constraints—such as limited airlift capacity, shortages of marine and fisheries specialists, and outdated data collection methods—further hinder sectoral development.

Despite these challenges, the fisheries sector remains a vital source of livelihood for rural and coastal communities. The Government will continue to offer critical support through tax concessions, technical assistance, and safety training, all of which have played an important role in maintaining sector viability.

Amid ongoing recovery efforts and targeted government support, the fishing sector is projected to grow by 11.9 percent in 2025, an upward revision from the 1.9 percent previously forecasted in the 2025 – 2027 MTEFSR. This upward revision follows a sharper-than-anticipated decline in fish production in 2024.

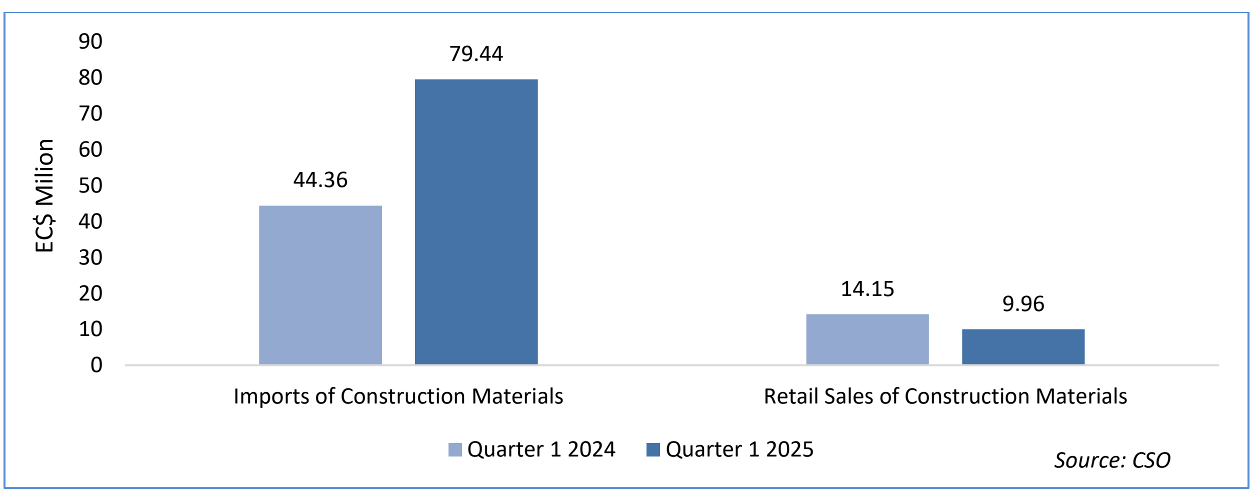
Figure 3: Fish Exports Q1-2025 vs Q1-2024



1.6.4 Construction

In the first quarter of 2025, construction material imports surged to EC$79.44 million, a 23.6 percent increase in volume compared to the same period in 2024. This sharp rise was fuelled by strong demand for materials tied to public and private sector post-disaster recovery efforts. At the same time, retail sales of construction materials declined, falling from EC$14.15 million in Q1 2024 to EC$9.96 million in Q1 2025. This contrast between higher import volumes and lower retail sales suggests a shift in consumer behaviour toward bulk buying or direct sourcing, likely in response to the scale and urgency of reconstruction needs.

Figure 4: Construction Sector Indicators Q1-2025 vs Q1-2024



Anecdotal evidence also points to a rise in the cost of key inputs such as steel in early 2025, which, combined with elevated freight charges, could place upward pressure on project costs and slow implementation across the sector in the latter half of the year and into the medium term. Additionally, longstanding structural challenges persist, including shortages of both skilled and unskilled labour—notably carpenters, masons, steel fixers, drivers, and site helpers—and limited availability of specific construction materials, which continue to impact project timelines and delivery capacity.

Despite these constraints, the sector is poised grow by 8.6 percent in 2025, slightly below the 9.3 percent previously forecasted in the MTEFSR, supported by an active pipeline of large-scale public sector projects. These projects include the construction of the Intercontinental Hotel at La Sagesse, a new SOL gas station in Grand Anse, a two-storey warehouse for GIDC in Frequente, and multiple institutional upgrades, such as renovations to SGU's Small Animal Clinic, a new lecture hall for St. George's University, and the reconstruction and enhancement of public primary and secondary schools across Carriacou, St. Andrew, and St. David. In the hospitality segment, construction is expected to begin shortly on a new block of guest rooms at the Calabash Hotel.

1.6.5 Tourism

Tourism activity in the first five months of 2025 returned to its historical trend, following the upswing in 2024 linked to Grenada's 50th Anniversary of Independence. Between January and May 2025, stayover arrivals declined by 12.7 percent compared to the same period in 2024, reflecting the expected normalisation after last year's unusually high base.

Visitor arrivals from all major source markets recorded year-over-year declines: the United States fell by 11.1 percent, Canada by 18.3 percent, Europe by 27.4 percent, the United Kingdom by 7.7 percent, and the Caribbean by 16.6 percent. Only "Other" markets posted a modest increase of 1.5 percent, pointing to a growing interest in Grenada from non-traditional source markets. Despite this early decline, stayover arrivals are stabilizing. Modest growth is projected by year-end, supported by targeted marketing campaigns and recovery initiatives. The upcoming AfriCaribbean Trade and Investment Conference and the scheduled West Indies test cricket match are expected to draw significant regional and international visitors, providing a timely boost to tourism in the second half of 2025.

Table 1: Stayover Arrivals Jan-May 2025 vs Jan-May 2024

Stayover Arrivals	January to May 2024	January to May 2025	2025 / 2024 % Change
United States	46,306	41,147	-11.1
Europe	3,974	2,886	-27.4
United Kingdom	13,345	12,314	-7.7
Canada	10,455	8,539	-18.3
Caribbean	12,465	10,397	-16.6
Other	2,204	2,237	1.5
Total Stayover Arrivals	88,749	77,520	-12.7
Cruise Passengers	**193,394**	**226,704**	**17.2**
			Source: GTA

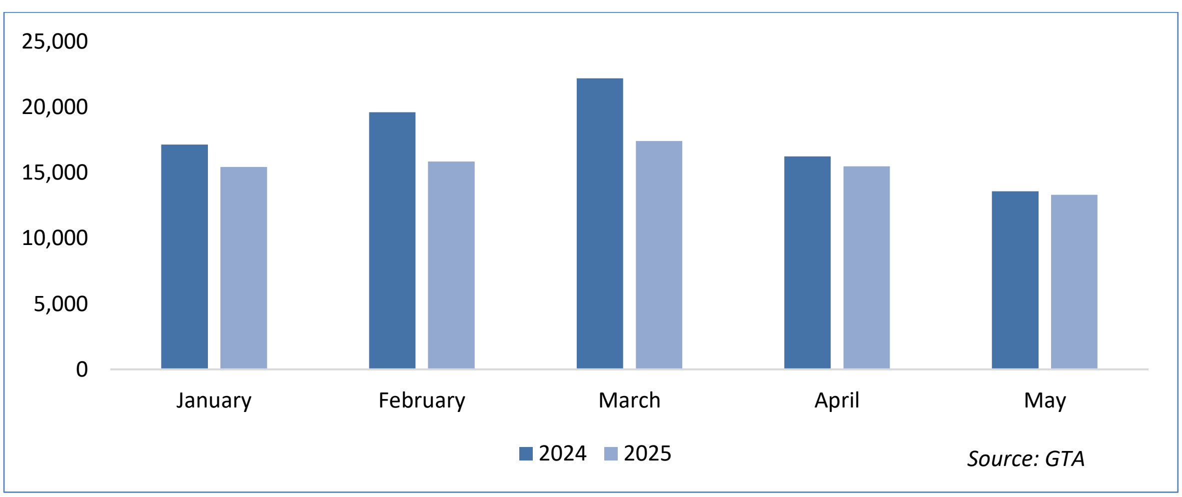
Grenada's tourism sector continues to leverage the strength of its "Pure Grenada" brand, with notable progress being made towards environmental sustainability. Six hotel properties have attained Green Globe Certification, while several others are actively pursuing certification through investments in solar energy, electric vehicle fleets, and rainwater harvesting infrastructure. In addition, industry-wide initiatives—such as waste reduction efforts led by the Grenada Hotel and Tourism Association (GHTA) in partnership with the Grenada Green Group (G3)—are enhancing the sector's overall environmental performance. These efforts are expected to attract a growing market of environmentally conscious travellers, thereby boosting future arrivals.

Despite these advances, the sub-sector continues to face structural challenges- most notably, a shortage of managerial talent in the local workforce and limited regional and international airlift, which restricts access to both traditional and emerging source markets. Strengthening regional cooperation remains essential to improving travel affordability and positioning the Caribbean as a unified, sustainable tourism destination.

In contrast to the decline observed in stayover arrivals, cruise tourism demonstrated notable strength in the first five months of 2025. Cruise-passenger arrivals increased by 17.2 percent relative to the same period in 2024, finally surpassing pre-pandemic levels. Prospects for continued growth remain positive, supported by ongoing discussions to establish homeporting for boutique cruise lines -most notably the *Star Clipper,* which is expected to begin operations in 2026.

Meanwhile, the yachting sector continues to face headwinds following Hurricane Beryl. Arrivals in the subsector have declined, as many vessels have diverted to neighbouring hubs like St. Martin and Trinidad, attracted by better mooring rates and maintenance services. Improving immigration procedures for yacht visitors and investing in marina upgrades will be critical to repositioning Grenada as a preferred yachting destination.

Figure 5: January to May Monthly Stayover Arrivals (2025 vs 2024)

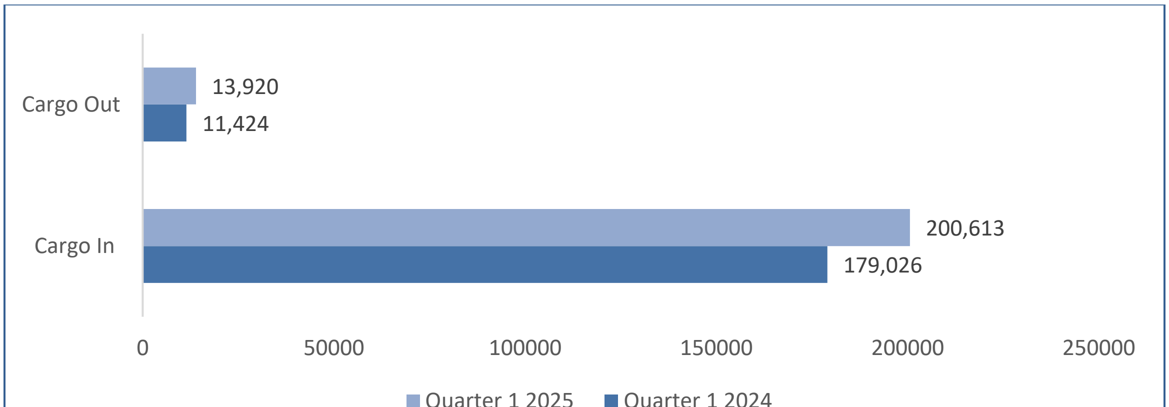


Given recent developments, growth in the tourism sector for 2025 is now projected at 0.7 percent—a downward revision of 4.9 percentage points from earlier estimates.

1.6.6 Transport and Storage

Grenada's transport and storage sector showed notable improvement in the first quarter of 2025, driven by increased cargo activity. Total cargo throughput reached 214,533 tons between January and March 2025, a 12 percent rise compared to the same period in 2024. Inbound cargo expanded from 178,787 tons to 200,402 tons, with March 2025, recording the highest monthly inflow at 69,252 tons. Outbound cargo also increased, rising by 21 percent to 13,920 tons in March 2025. These developments reflect heightened activity in sectors such as construction, agriculture, and fisheries, as businesses scale up operations to meet recovery and production demands compared to the same period in 2024.

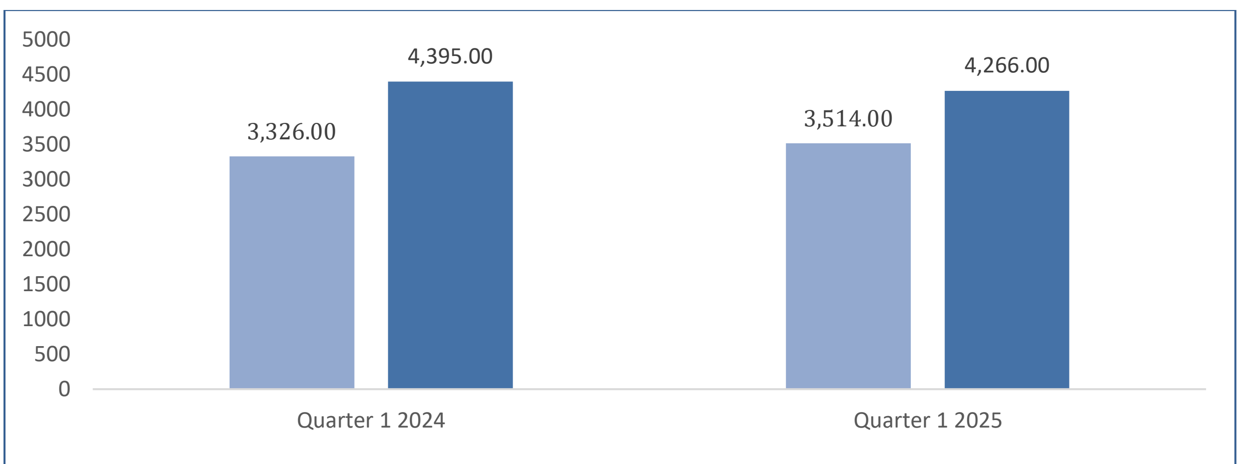
Figure 6: Total Cargo Handled (in Tons) Q1 2025 vs Q1 2024



Source: CSO

Mail volumes also strengthened. By March 2025, inbound mail rose marginally to 7,780 items, up from 7,722 a year earlier. A more marked increase occurred in April, with total mail items reaching 10,280 compared to 2,597 in April 2024. Outbound mail accounted for the majority of this increase, with 5,637 items dispatched. This growth, particularly in outbound mail, points to rising trade, e-commerce activity, and cross-border communication.

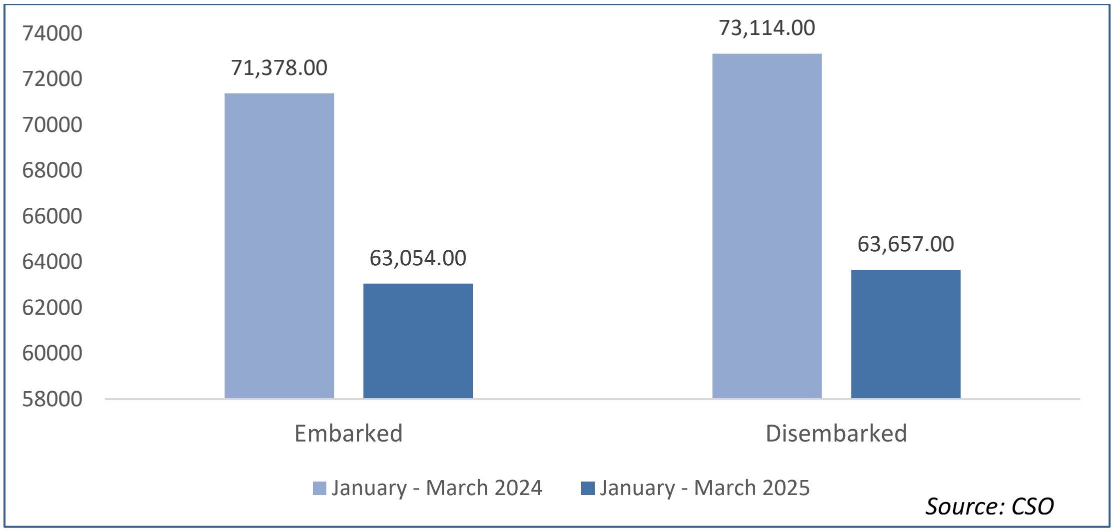
Figure 7: Mail Movement (Q1 2025 vs Q1 2024)



Source: CSO

Meanwhile, passenger movements softened in early 2025. As of March, the total number of embarked and disembarked passengers declined to 126,711 compared to 144,492 in 2024. Aircraft movements similarly fell by 4.6 percent—from 1,512 to 1,443. These reductions reflect the unusually high visitor traffic during 2024's 50th Independence celebrations . Relative to 2023, however, 2025 activity signals a return to more typical levels rather than a contraction in travel demand.

Figure 8: Passenger Movement (Q1 2025 vs Q1 2024)



Overall, the Transport and Storage Sector is projected to grow by 3.4 percent in 2025, a downward revision of 4.6 percentage points from the estimates of the 2025–2027 Medium-Term Economic and Fiscal Strategy Report, on account of the normalisation of passenger movement.

1.6.7 Wholesale and Retail Trade

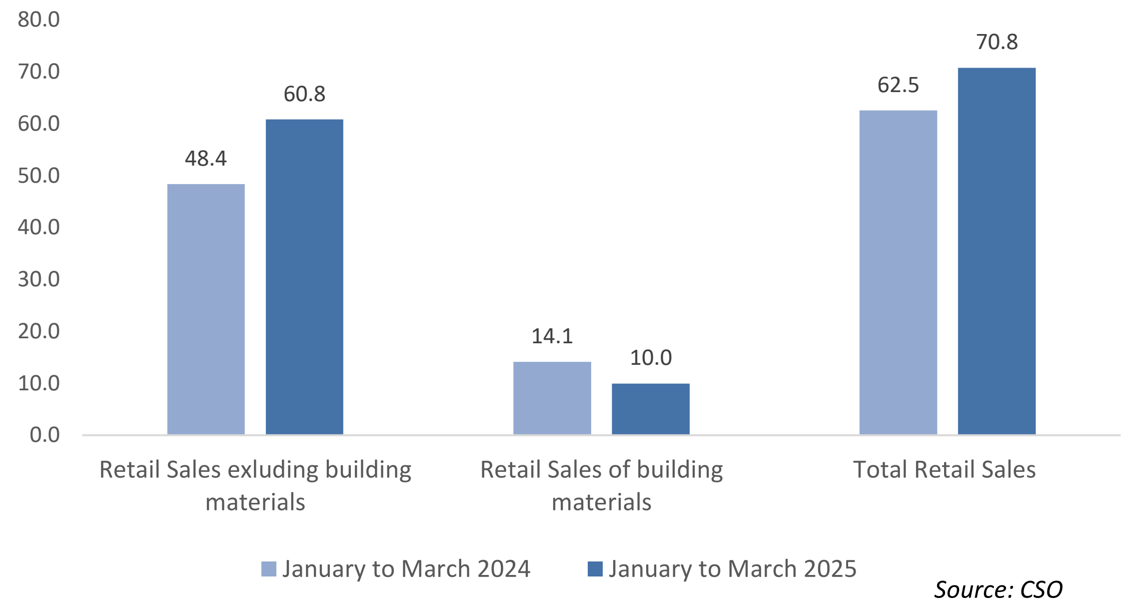
As of the end of March 2025, retail sales totalled EC$70.8 million, a 13.3 percent increase from EC$62.5 million in the same period of 2024. Growth was driven by higher sales of household goods, agricultural produce, food items, vehicles, and building materials.

Retail sales excluding construction materials recorded robust year-over-year growth of 25.7 percent in the first quarter of 2025.

By contrast, retail sales of construction materials declined from EC$14.1 million in Q1 2024 to EC$9.9 million in Q1 2025, despite a 77.0 percent rise in construction material imports over the same period. This divergence suggests a growing shift in consumer behaviour, with purchasers increasingly sourcing materials directly and bypassing local retailers—marking a notable redirection of spending.

Looking ahead, retail sales of construction materials are expected to recover steadily over the remainder of 2025. Reconstruction efforts following Hurricane Beryl, combined with new hotel developments and infrastructure projects, are projected to boost demand. Full-year growth is now forecasted at 5.0 percent, a 0.2 percentage point downward revision relative to the 2025–2027 Medium-Term Economic and Fiscal Strategy Report, reflecting global trade-related uncertainties.

Figure 9: Retail Sales (Q1 2025 vs 2024)



Source: CSO

1.6.8 Manufacturing

The manufacturing sector recorded a 7.9 percent increase in the first quarter of 2025 compared to the same period in 2024, with total industrial production rising by EC$2.0 million to reach EC$26.8 million. This marks over three consecutive years of consistent growth, reflecting the sector's resilience despite ongoing economic pressures.

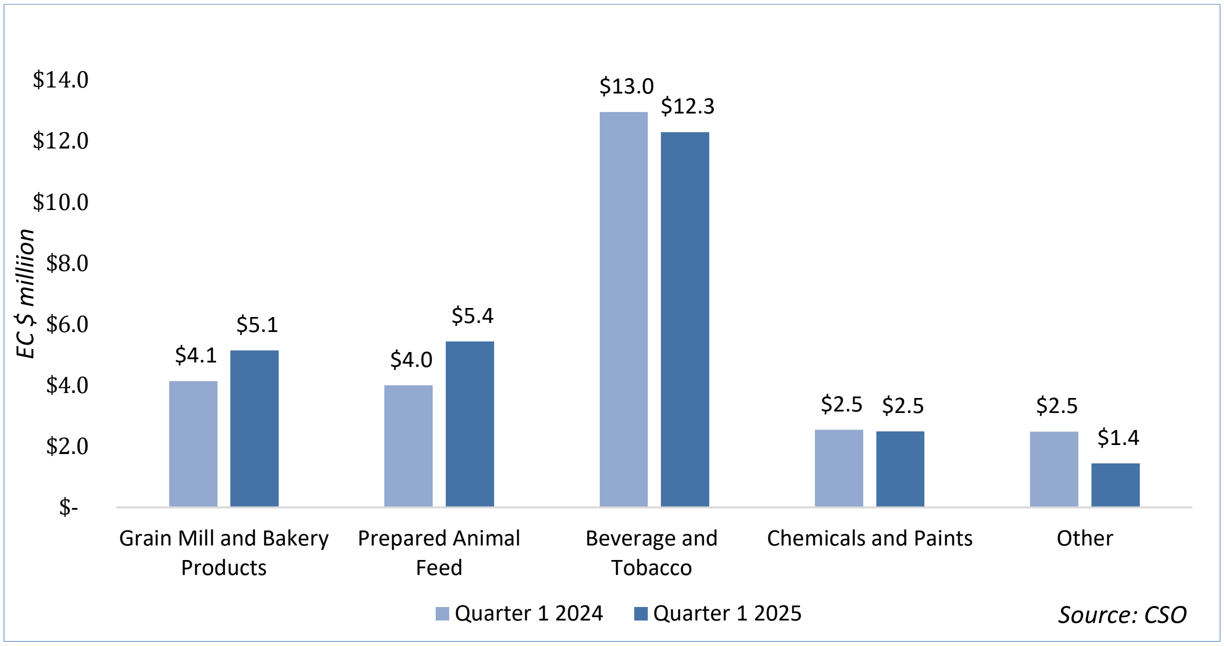
Growth during the period was largely driven by increased output in Grain Mill & Bakery Products and Prepared Animal Feed. This expansion is closely linked to developments in the agriculture sector, specifically the Government of Grenada's investment in livestock, which has boosted local demand for animal feed and related goods.

However, performance was mixed across sub-sectors. Beverage and tobacco production, the largest contributor to manufacturing, declined by 5 percent in Q1 2025 relative to the same period in 2024. Similarly, chemical and paint production saw a 2 percent decline, falling from EC$2.54 million in Q1 2024 to EC$2.49 million in Q1 2025. These declines are largely attributed to the challenges in supply chain, resulting from shipping delays at the Port, and raw material shortages, as well as labour constraints, in supply chain management.

Despite these challenges, the overall outlook for the manufacturing sector remains moderately positive, albeit subject to downside risks. Continued investment in agriculture, efforts to resolve supply bottlenecks, and initiatives to increase local production in areas currently served by imports are expected to support future growth and strengthen the sector's resilience. The sector is projected to expand by 1.4 percent in 2025, representing a 3.4 percentage point downward revision from earlier projections in the

2025–2027 Medium-Term Economic and Fiscal Strategy Report, reflecting the slowdown in the Beverage and Tobacco Industry.

Figure 10: Industrial Production (Q1 2025 vs Q1 2024)



1.6.9 Private Education

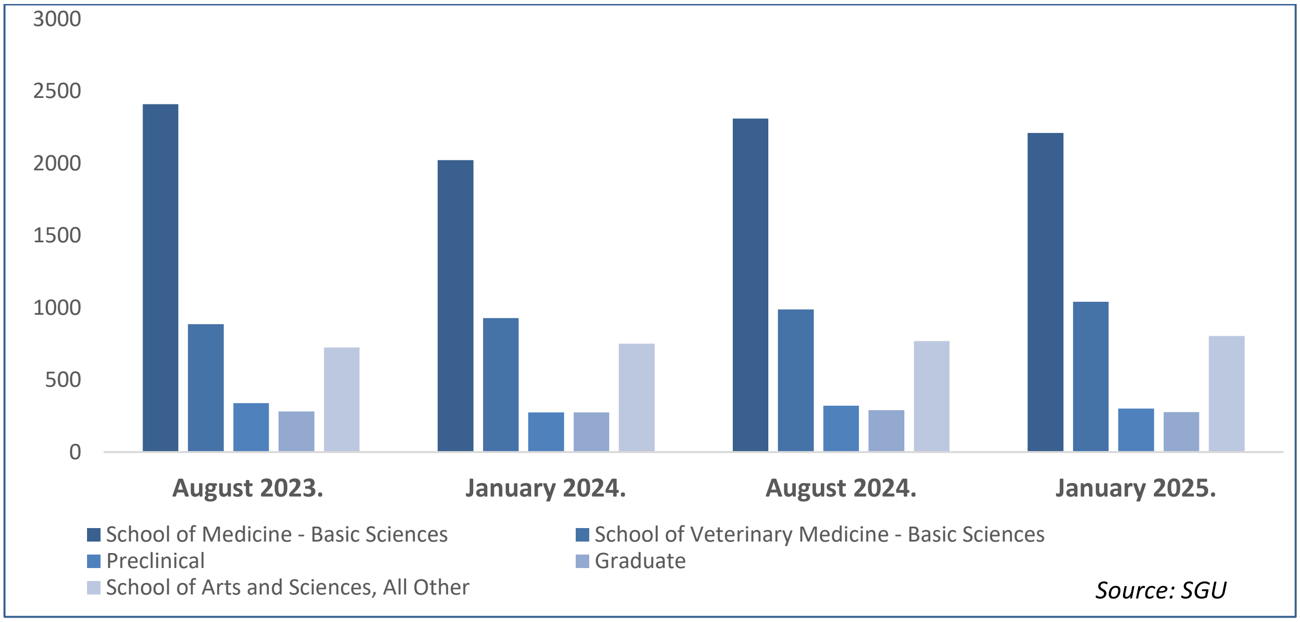
St. George's University (SGU) remains the largest contributor to private education activity in Grenada, with the majority of its students originating from the United States. Its strong student enrolment continues to serve as a key source of foreign currency, generating broad economic spillovers, across housing, transportation, retail, and other service sectors.

As of January 2025, total enrolment increased by 9 percent year-over-year to 4,635 students, up from 4,254 in January 2024. The School of Medicine (Basic Sciences) recorded the highest gains, rising from 2,022 to 2,211 students. The School of Veterinary Medicine (Basic Sciences) posted a 12.1 percent increase, while enrolment in the Preclinical programme grew by 9 percent—highlighting sustained international demand for SGU's health science programmes.

Notwithstanding these gains, overall enrolment has gradually normalised since August 2023, following several atypical years influenced by the COVID-19 pandemic. Enrolment for the August 2025 term is projected to increase by 2.6 percent to 4,803 students.

As an international institution, SGU remains vulnerable to external shocks, including geopolitical risks, and changing immigration policies. Of particular concern, is the *One Big Beautiful Act*, passed in July 2025, which imposes stricter limits on U.S. federal student loans, and eliminates Pell Grant eligibility for study-abroad programmes. These changes could significantly constrain access to finance for SGU's U.S.-based students—its core enrolment group—and may dampen future-intake unless alternative financing mechanisms are introduced.

Figure 11: St. George's University Enrolment by Term Aug 2023- Jan 2025

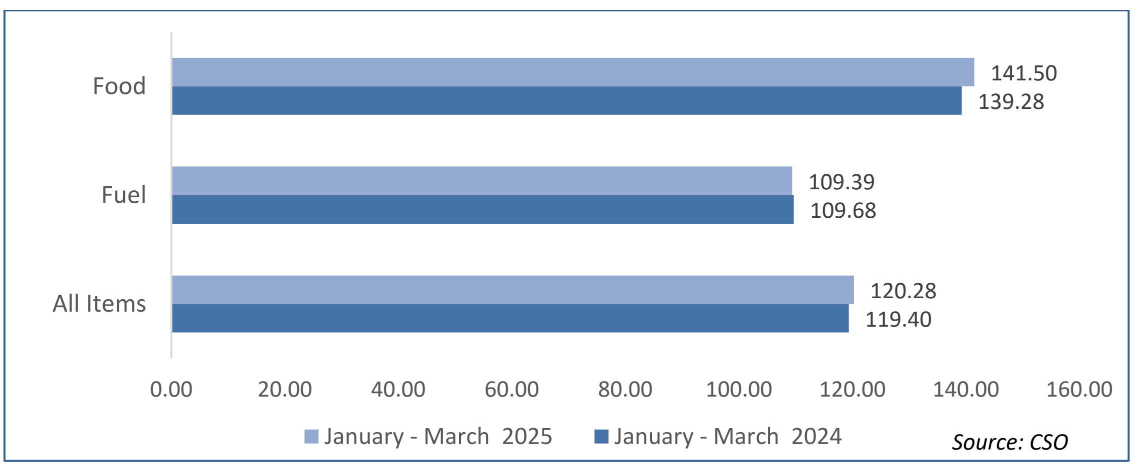


1.6.10 Inflation

1.6.10.1 Period Average Inflation

As of the end of the first quarter of 2025, the average inflation rate stood at 0.7 percent. This represents a modest increase in the Consumer Price Index (CPI) for all items, rising from 119.4 in March 2024 to 120.3 in March 2025. Food inflation averaged 1.6 percent during the period; a notable deceleration compared to 2024 and earlier years. This slowdown is a positive development, suggesting that while food prices remain elevated, they are gradually returning to historical norm. The moderation in food inflation is primarily attributed to improved supply conditions in major food-exporting regions, especially for grains. Additionally, fuel price inflation declined by 0.3 percent relative to the same period in 2024, consistent with the global softening of oil and gas prices, offering some relief to the domestic economy.

Figure 12: Period Average Consumer Price Index Q1 2025 vs Q1 2024



1.6.10.2 Year on Year Inflation

As of March 2025, the year-on-year CPI for All Items rose by 0.6 percent compared to March 2024, indicating a modest increase in the general price level. Food prices increased by 1.5 percent over the same period, continuing their upward trend, albeit at a slower pace than in previous years. In contrast, fuel prices declined by 0.6 percent, providing some relief to households and businesses.

These movements are broadly consistent with current domestic and global conditions, including easing supply constraints and softer international fuel prices. Notably, the pace of increase in both food and overall prices has slowed considerably relative to the year-on-year trends recorded in 2024 and earlier periods, indicating a continued deceleration in inflationary pressures.

For the full year, inflation is projected at 0.6 percent.

Table 2: Consumer Price Index (Year on Year) March 2025 vs March 2024

CPI (YOY)	Mar-24	Mar-25	Inflation (%)
Food	139.52	141.55	1.5
Fuel	109.99	109.33	-0.6
All Items	119.8	120.52	0.6

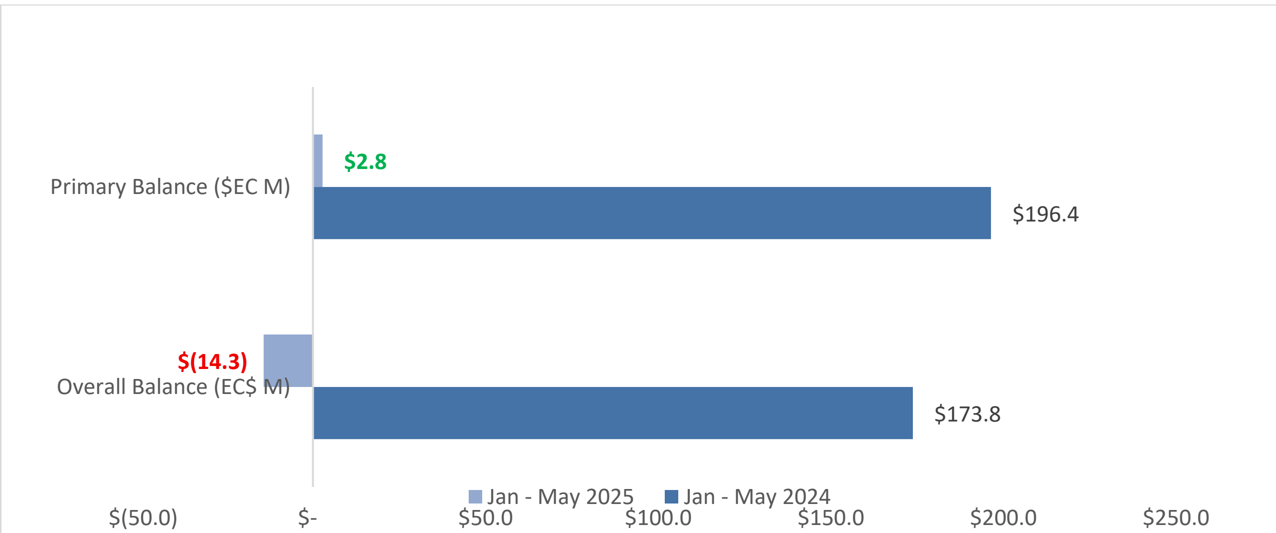
Source: CSO

1.7 Central Government Operations

As anticipated, Grenada's central government fiscal performance weakened during the first five months of 2025, relative to the corresponding period in 2024. This was primarily driven by increased spending on reconstruction and recovery efforts, alongside a sharp decline in revenue from the Investment Migration Agency (IMA) [2] due to the clearance of a substantial application backlog in 2024.

The primary surplus for January to May 2025, fell sharply to EC$2.8 million, down from EC$196.4 million recorded during the same period of 2024. Similarly, the overall fiscal balance shifted from a surplus of EC$173.8 million in the same period of 2024, to a deficit of EC$14.3 million in 2025.

Figure 13: Primary Balance and Overall Balance after Grants, 2025 vs 2024 (January –May)



Source: Ministry of Finance

For the first five months of 2025, total revenue and grants amounted to EC$527.3 million, comprising EC$514.3 million in total revenue and EC$13.0 million in grants. This reflects a 15.6 percent decline in total revenue and grants, relative to the same period in 2024, which was largely due to a significant contraction in non-tax revenue. Grant receipts, however, increased by 15.4 percent over the period, partially offsetting the overall decline

Despite this decline, tax revenue increased by 4.2 percent year-on-year, reaching EC$391.7 million. Within this category, taxes on income and profit rose by 9.9 percent, taxes on international transactions by 7.3 percent, and taxes on domestic transactions by 3.7 percent. In contrast, taxes on property registered a sharp 36.3 percent decline compared to the same period in 2024. This decline is the result of the strong intake of Property Transfer Tax collected during the first five months of 2024 (EC$17.9 million) as compared to 2025 (EC$8.3 million) as well as the waiver on property taxes for all household and businesses in Carriacou and Petite Martinique and, to a more limited extent, on mainland Grenada on a case-by-case basis.

Non-tax revenue fell markedly by 48.4 percent to EC$122.6 million, largely driven by a 55.3 percent decline in IMA receipts. Revenues from the IMA dropped from EC$207.2 million in 2024, to EC$92.7 million in 2025, as inflows moderated and returned to more typical levels.

[2] Also known as the Citizenship by Investment (CBI) Programme

While grants increased by 15 percent, their contribution remained modest. The overall decline in central government revenue and grants in early 2025 reflects the high base effects of 2024.

Finally, when comparing actual outturn for the period January to May 2025, against targets, total revenue and grants exceeded expectations by EC$2.1 million. Revenue collection alone outperformed the target by EC$14.1 million, driven primarily by higher-than-expected tax receipts of EC$13.4 million. Non-tax revenue also exceeded its target by EC$0.7 million, largely reflecting strong collections under the IMA which surpassed its target by EC$22.2 million.

However, these gains were significantly offset by underperformances in other non-tax categories — particularly, lower-than-expected receipts from dividends and transfers from State-Owned Enterprises.

Grants also underperformed, falling EC$12.0 million below target. As a result, total revenue and grants recorded a positive outturn against targets, though performance across individual categories was uneven.

Table 3: Total Revenue and Grants, 2025 vs 2024 (January – May)

	2025 Target	2025 Actual	2024 Actual	Variance 2025 Actual vs Target		Variance 2025 Actual vs 2024 Actual	
	In EC$M			*EC$M*	*%*	*EC$M*	*%*
Total Revenue and Grants	**525.2**	**527.3**	**624.6**	**2.1**	**0.4%**	**-97.3**	**-15.6%**
Total Revenue	**500.2**	**514.3**	**613.3**	**14.1**	**2.8%**	**-99.0**	**-16.1%**
Tax Revenue	**378.3**	**391.7**	**375.8**	**13.4**	**3.5%**	**15.9**	**4.2%**
Taxes on Income and Profit	81.9	85.5	77.9	3.6	4.4%	7.6	9.9%
Taxes on Property	18.8	15.1	23.7	-3.7	.20%	-8.6	-36.3%
Taxes on Domestic Transactions	89.1	92.5	89.2	3.4	3.8%	3.3	3.7%
Taxes on International Transactions	188.5	198.6	185.0	10.1	5.3%	13.6	7.3%
Non-Tax Revenue	**121.9**	**122.6**	**237.5**	**0.7**	**0.6%**	**-114.9**	**-48.4%**
o/w IMA Revenues	70.5	92.7	207.2	22.2	31.5%	-114.5	-55.3%
Total Grants	25.0	13.0	11.3	-12.0	-48%	1.7	15%

Source: Ministry of Finance

Total expenditure for the first five months of 2025 amounted to EC$541.6 million, compared to EC$450.8 million during the same period in 2024, an increase of 20.1 percent. This expansion was primarily driven by higher capital spending and increased transfers to support recovery efforts following Hurricane Beryl.

Recurrent expenditure grew by 4.9 percent compared to the same period in 2024, reaching EC$377.6 million. Of that amount, employee compensation totalled EC$139.4 million—an increase of 5.0 percent. This reflected moderate rises in both personal emoluments and social contributions, attributed to the regularisation of public officers. Spending on goods and services also increased, rising by 9.4 percent to EC$73.6 million, while current transfers recorded the largest growth, expanding by 12.8 percent to

EC$123.0 million over the January–May 2024 period. In contrast, IMA-related expenses declined by 13.9 percent.

On the capital side, expenditure almost doubled in 2025 compared to the same period in 2024, increasing by 80.6 percent. This substantial growth is primarily linked to the expansion of infrastructural projects—particularly, the Grenada Climate Resilient Water Sector (G-CREWS) project, which has now entered its second phase and Project 500. Major road construction activities and ongoing reconstruction efforts, as part of the Government's broader post-disaster resilience strategy, catalysed growth in capital spending during the period- January to May, 2025.

Finally, when comparing actual performance against targets for the corresponding period, total expenditure for the first five months was EC$48.2 million lower than expected. On the recurrent side, this was largely due to the slower-than-anticipated implementation of the Public Service Regularisation Policy. Notwithstanding the overall lower-than-expected spending, capital expenditure exceeded target by EC$0.7 million, signaling a gradual acceleration in the pace of capital formation and project execution as recovery and development activities gain momentum.

Table 4: Total Expenditure, 2025 vs 2024 (January – May)

	2025 Target	2025 Actual	2024 Actual	Variance 2025 Actual vs Target		Variance 2025 Actual vs 2024 Actual	
	In EC$M			*EC$M*	*%*	*EC$M*	*%*
Total Expenditure	**589.8**	**541.6**	**450.8**	**-48.2**	**-8.2%**	**90.8**	**20.1%**
Recurrent Expenditure	**426.5**	**377.6**	**360.0**	**-48.9**	**-11.5%**	**17.6**	**4.9%**
Employee Compensation	**170.4**	**139.4**	**132.7**	**-31.0**	**-18.2%**	**6.7**	**5%**
Personal Emoluments	156.4	130.0	124.4	-26.4	-16.9%	5.6	4.5%
Social Contributions	14.0	9.4	8.3	-4.6	-32.9%	1.1	13.3%
Goods and Services	97.4	73.6	67.3	-23.8	-24.4%	6.3	9.4%
Interest Payments	20.2	17.1	22.6	-3.1	-15.5%	-5.5	-24.5%
Current Transfers	98.3	123.0	109.0	24.7	25.1%	14.0	12.8%
IMA Expenses	40.2	24.5	28.4	-15.7	-39.1%	-3.9	-13.7%
Capital Expenditure	**163.3**	**164.0**	**90.8**	**0.7**	**0.4%**	**73.2**	**80.6%**

Source: Ministry of Finance

Based on the estimated outturns for the full year, Grenada's fiscal performance in 2025 is expected to show a moderate improvement relative to the Budget, largely driven by stronger tax revenue performance and expenditure containment. Total revenue and grants are estimated at EC$1,267.1 million, slightly exceeding the budgeted total by 0.2 percent. This marginal outperformance relative to the Budget is expected to be driven by higher-than-expected tax revenue collections, particularly from international trade, while non-tax revenue is also edging above target. However, grant receipts are expected to fall short by 16.5 percent, moderating the overall gain in total receipts.

Tax revenue for the full year is estimated at EC$949.8 million, surpassing the fiscal target by EC$13.4 million. This performance is supported by higher collections from taxes on income, domestic goods and services, and international trade. Taxes on international trade and transactions are expected to record the largest gain over Budget, outperforming by EC$10.1 million or 2.1 percent. Income taxes and taxes on domestic goods and services are projected to exceed budgeted targets by 1.8 percent and 1.7 percent, respectively. In contrast, taxes on property are expected to underperform by 9.2 percent, due to waivers granted to hurricane-affected households and businesses.

Non-tax revenue in 2025 will be broadly in line with expectations, estimated at EC$256.8 million compared to the original provision of EC$256 million. Within this category, IMA revenues are on track to outperform the budget baseline, and could reach EC$162.6 million—15.8 percent above the initially budgeted estimate. Despite this overperformance against budgetary expectations, IMA outturns are estimated at 4.1 percent of nominal GDP for 2025, reflecting a normalisation to the average of 4.6 percent recorded during the 2021–2022 period.

Grants are estimated to fall short of expectations by EC$12.0 million, with actual inflows totalling EC$60.5 million compared to the budgeted target of EC$72.5 million.

Total expenditure is estimated to reach EC$1,554.2 million for the full year of 2025, which is 3.0 percent below the planned envelope. The shortfall will likely be attributed to lower-than-planned recurrent expenditure, particularly in employee compensation and goods and services.

Capital expenditure should remain broadly in line with the Budget given the pace of current project implementation and is estimated at EC$497.1 million—just 0.1 percent above its budgetary allocation.

The overall fiscal deficit for 2025 is estimated at EC$287.2 million, which is 14.9 percent better than the Budget forecast, on account of stronger revenue performance and lower current expenditure. As a result, the primary balance (including grants) is estimated to close the year 22.6 percent better than projected.

Table 5: Central Government's Estimated 2025 Fiscal Performance

	2025			
	Estimated Outturn	**Budget**	**Variance**	
	EC$M	EC$M	EC$M	%
Total Revenue & Grants	**1,267.1**	**1,265.0**	**2.1**	**0.2**
Total Revenue	**1,206.5**	**1,192.5**	**14.0**	**1.2**
Tax Revenue	**949.8**	**936.4**	**13.4**	**1.4**
Taxes on Income	207.8	204.1	**3.7**	**1.8**
Taxes on Property	37.2	41.0	**(3.8)**	**-9.2**
Taxes on Domestic Goods & Consumption	205.9	202.5	**3.4**	**1.7**
Taxes on International Trade & Transactions	498.9	488.8	**10.1**	**2.1**
Non - Tax Revenue	**256.8**	**256.0**	**0.8**	**0.3**
o/w IMA Revenues	162.6	140.4	**22.2**	**15.8**
Grants	**60.5**	**72.5**	**(12.0)**	**-16.5**
Total Expenditure	**1,554.2**	**1,602.4**	**(48.2)**	**-3.0**
Primary Expenditure	**1,428.6**	**1,473.6**	**(45.0)**	**-3.1**
Current Expenditure	**1,057.1**	**1,105.9**	**(48.8)**	**-4.4**
Employee compensation	379.2	411.0	**(31.8)**	**-7.7**
o/w wages, salaries & allowances	350.3	377.6	**(27.3)**	**-7.2**
Goods and Services	207.2	231.1	**(23.9)**	**-10.3**
Interest Payments	125.7	128.8	**(3.1)**	**-2.4**
Transfers	345.0	335.0	**10.0**	**3.0**
Capital Expenditure	**497.1**	**496.5**	**0.6**	**0.1**
o/w Grant financed	**49.5**	**59.2**	**(9.7)**	**-16.5**
Overall balance	**(287.2)**	**(337.4)**	**50.2**	**-14.9**
Primary balance (including grants)	**(161.5)**	**(208.6)**	**47.1**	**-22.6**

Source: Ministry of Finance

1.8 Fiscal Operations of State-owned Enterprises and Statutory Bodies

As at the end of March 2025, among the Statutory Bodies (SBs) and State-Owned Enterprises (SOEs), the Ministry of Finance actively monitors twenty-nine (29) entities. This excludes Petro Caribe Grenada and the Marketing and National Importing Board (MNIB), the latter which is undergoing restructuring. It also includes two new entities that were added during the reporting period, namely, the National Sports Council and the Investment Migration Agency[3].

An analysis of the consolidated unaudited financial statements of SOEs and SBs for the first quarter of 2025, shows continued improvement in the financial performance of most entities compared to the same period in 2024. Aggregate revenue increased by 25.7 percent, rising from $165.9 million in March 2024 to $208.6 million in March 2025. Notably, Government Assistance declined by 18.1 percent over the period, suggesting improved self-financing capacity among entities.

Total expenditure rose by 16.3 percent, from $132.6 million to $154.2 million. Within this category, interest payments declined by 4.7 percent, while employee-related expenditure increased by 8.9 percent, moving from $25.4 million to $27.7 million. This contrasts with 2024, where expenditure on employee compensation had declined due to the normalisation of costs following the payment of retroactive salary increases implemented in 2023.

Public Entities overall net surplus rose significantly, increasing by 63.2 percent from $33.3 million in March 2024 to $54.3 million in March 2025. The consolidated balance sheet as at March 2025 showed a strengthened asset base, with total assets growing by 35.5 percent, from $2,061.4 million to $2,793.5 million. Liabilities increased by 14.3 percent over the period, from $323.0 million to $369.4 million. However, non-guaranteed debt declined by 6.2 percent, moving from $165.8 million to $155.6 million, indicating prudent borrowing and debt repayments by several entities.

Aggregated Equity among all monitored entities increased by 39.4 percent, from $1,738.4 million to $2,424.1 million, reflecting stronger balance sheets and reduced leverage. This improvement was supported by enhanced operational surpluses, which, in tandem, have reduced reliance on debt financing.

Despite the positive trajectory in 2025, ongoing compliance-related challenges with reporting continue to limit the effectiveness of a sector-wide performance assessment. This underscores the need for ongoing monitoring and targeted interventions to sustain progress and address remaining performance gaps. The Ministry of Finance will continue to bolster SOE and SB capacities through training to support improvement in this area.

[3] Four (4) of the twenty-nine (29) entities did not comply with stipulated reporting timelines as per the PFM Act, as such, the data presented is representative of only twenty-five (25) statutory entities.

Table 6: SOEs and SBs Consolidated Fiscal Performance

Description	Mar, 2024	Mar, 2025	2024/2025
	in EC$ millions		% Change
Revenue	**165.9**	**208.6**	**25.7**
Of which, Government Assistance	*13.6*	*11.1*	*-18.1*
Expenditure	**132.6**	**154.2**	**16.3**
Of which, Interest expenditure	*1.4*	*1.3*	*-4.7*
Employee Related Expenditure	*25.4*	*27.7*	*8.9*
Surplus/ Deficit	**33.3**	**54.3**	**63.2**
	-	-	-
Assets	**2,061.4**	**2,793.5**	**35.5**
Liabilities	**323.0**	**369.4**	**14.3**
Of which, Non- Non-Guaranteed Debt	*165.8*	*155.6*	*-6.2*
Equity	**1,738.4**	**2,424.1**	**39.4**

Source: Ministry of Finance

1.9 Public Sector Debt

Public sector debt at the end of 2024 was 71.3 percent of GDP compared to 75.1 percent at the end of 2023. It decreased further by end of March 2025 to 67.1 percent of GDP, continuing its downward trend towards the Fiscal Resilience Act's (FRA) Target of 60.0 percent of GDP by 2035. The stock of Public Sector debt increased between 2023 and 2024 primarily due to full disbursement of a Catastrophe Deferred Drawdown Option Loan, and disbursements on existing loans. The decline in the debt-to-GDP ratio is largely driven by strong GDP growth, even as the Government maintains its firm commitment to sound debt management and adherence to the legal framework that underpins fiscal resilience and debt sustainability.

1.9.2 Central Government Debt

The stock of disbursed outstanding Central Government debt at the end of March 2025 was EC$2,196.3 million or 54.1 percent of GDP, an increase from EC$2,145.6 million at the end of March 2024. However, with the pace of GDP growth in 2025, a decline in the ratio of Central Government debt-to-GDP was observed over the one-year period, as the ratio fell from 56.0 percent to 54.1 percent of GDP. This reduction is a move in the desired direction, as the medium-term Central Government debt-to-GDP ratio is projected to decline further to 55.2 percent by 2028.

1.9.3 Non-Guaranteed Debt of Statutory Bodies and State-Owned Enterprises

The non-guaranteed debt stock (contingent liabilities) of Statutory Bodies and State-Owned Enterprises was EC$155.6 million at the end of March 2025. These loans are owed by nine (9) SOEs, of which the majority are domestic loans with long-term durations. The inclusion in 2024 of the debt owed by Petro Caribe ($372.1 million), on account of the revision of the definition of public sector debt in the FRA, the total non-guaranteed SOEs debt stock was brought to EC$527.7 million. This represents 12.7 percent of nominal GDP and is projected to be 14.3 percent at the end of 2025, as was reported in the MTEFSR 2025-2027.

1.10 Financial Sector

For the period January to March 2025, Grenada's financial sector remained resilient and well-capitalised. Broad-based growth was observed across both bank and non-bank financial institutions, supported by high liquidity and steady household savings. The commercial banking sector recorded strong deposit and credit growth, which signals sustained confidence in the banking system by depositors. The expansion of the Grenada Development Bank's (GDB) loan portfolio, particularly in education and housing, supports the government's strategic policy push towards social development. Meanwhile, the non-bank financial sector demonstrated continued financial stability, driven by growing membership, greater asset accumulation, and stable remittance flows.

1.10.2 Monetary Survey Analysis

As at March 2025, Grenada's monetary conditions reflected strengthened external balances alongside moderate domestic credit expansion. Net Foreign Assets (NFA) increased by 17.7 percent compared with the same period in 2024 to EC$2.9 billion, driven by increased foreign asset holdings at both the Central Bank and commercial banks. In contrast, Net Domestic Assets (NDA) declined by 22.6 percent to EC$551.1 million, primarily reflecting a substantial increase in central government deposits held at the central bank. These deposits rose by 33.4 percent to EC$1.04 billion, underpinned by stronger fiscal performance in the first quarter of the year.

Despite the contraction in NDA, credit to the private sector expanded by 9.5 percent in Q1 2025 compared with the same period in 2024 to EC$2.06 billion, as a result of sustained lending to households and businesses. Notably, business credit grew by 16.1 percent, outpacing the 6.8 percent growth in household lending, suggesting a shift from consumption-driven borrowing toward more productive investment. If sustained, this trend could support stronger medium-term GDP growth.

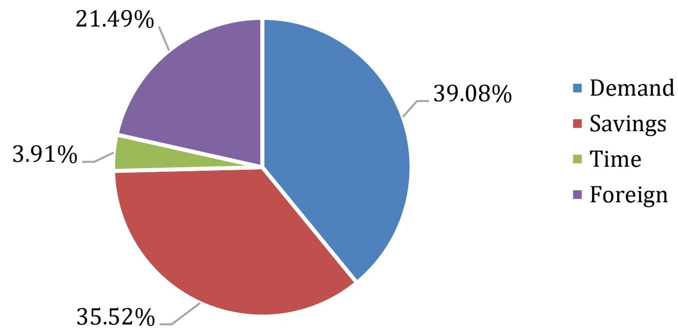
Meanwhile, broad money (M2) increased by 8.7 percent year-over-year to EC$3.5 billion, underpinned by growth in both narrow money (M1) and quasi money. Currency in circulation rose by 14.7 percent to EC$308.7 million, indicating greater spending by Grenadians in 2025.

1.10.3 Performance of the Commercial Banking Sector

Grenada's commercial banking sector, comprised of three licensed banks, continued to strengthen under the regulatory oversight of the Eastern Caribbean Central Bank (ECCB). As at March 2025, their asset base expanded by 11.4 percent year-over-year to EC$5.7 billion. Growth was led by increases in cash holdings (31 percent), investments (26 percent), and loans and advances (11 percent).

On the liabilities side, deposits rose by 10.5 percent year-over-year to EC$4.8 billion, with approximately 90.7 percent held on behalf of residents. The deposit base remained well-diversified, consisting of demand deposits (39 percent), savings deposits (36 percent), foreign currency deposits (21 percent), and time deposits (4 percent), reflecting a balance between liquidity preference and longer-term savings. Household deposits in domestic currency accounted for 42.2 percent of all deposits held.

Figure 14: Commercial Bank Deposits by Type, March 2025



Source: CSO

The loan portfolio expanded to EC$2.4 billion, an 11.4 percent increase compared to March 2024 and revealed some shifts in credit activity. Significant growth in credit demand was observed in Entertainment (126.3 percent), Professional Services (63.7 percent), and Utilities (59.4 percent). However, Construction and Land Development (29.2 percent) and House and Land (24.8 percent) remained the dominant segments of domestic credit, accounting for EC$58.2 million or 49.4 percent of new loan approvals during the quarter. Loans to residents accounted for 87.5 percent of the total loan portfolio, with 57.4 percent of resident loans allocated to households.

Asset quality showed some moderation with non-performing loans (NPLs) increasing by 64 percent to EC$115.5 million, raising the NPL ratio from 5.5 percent to 6.1 percent. Nevertheless, strong provisioning efforts resulted in a coverage ratio of 192 percent, supporting the sector's risk management framework. Liquidity remained robust with liquid assets representing 55.7 percent of total assets and net liquid assets covering 62.7 percent of non-interbank deposits.

Capital adequacy ratios declined but remained above regulatory minima, with Tier 1 capital at 12.2 percent and total regulatory capital at 16.8 percent of risk-weighted assets. Profitability indicators reflected a moderation, with return on average equity (ROE) declining from 15.1 percent to 9.6 percent and return on average assets (ROA) at 1.3 percent.

As at March 2025, commercial bank interest rates on lending remained unchanged compared to the previous year, while interest rates on saving deposits reduced from 1.8 percent in March 2024 to 1.7 in 2025. Concomitantly, net interest income grew by 22 percent to EC$47 million, reflecting a marginal 0.1 percent widening of the interest rate spread of 5.8 percent.

Grenada Development Bank

As of March 31, 2025, the Grenada Development Bank reported total assets of EC$123.8 million, representing a 7.0 percent increase compared to the end of 2024. The asset base remained predominantly long-term, with EC$97.5 million (78.7 percent) classified as long-term assets.

Total liabilities stood at EC$85.8 million, of which EC$75.9 million (88.5 percent) was related to long-term debt obligations. The Bank maintained a positive operating position, recording an operating surplus of EC$315 thousand for the first quarter.

During the review period, GDB approved twenty-nine (29) new loans amounting to EC$3.8 million, at an average interest rate of 5.3 percent. The approved loans were distributed across key sectors which includes:

- **Education**: 7 loans
- **Housing**: 10 loans
- **Business Services**: 5 loans
- **Transportation**: 3 loans

Cumulatively, the total number of loans disbursed as of Q1 2025 reached 92, with the distribution of credit heavily concentrated in Education (52 percent) and Housing (29 percent).

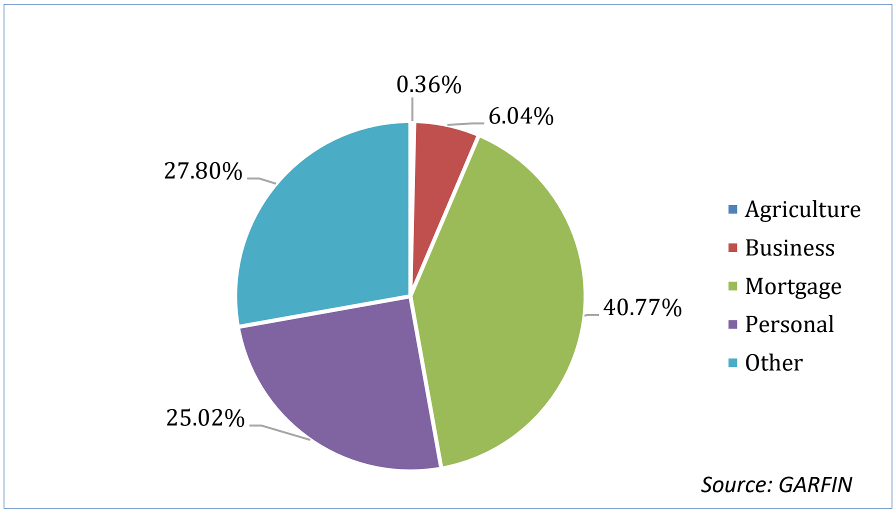
1.10.4 Performance of the Non-Bank Financial Sector

Grenada's non-bank financial sector remains healthy, characterised by prudent risk management and consistent asset growth in the first quarter of 2025. Comprising credit unions, insurance companies, and pension funds, the sector continues to demonstrate resilience and stability, with each subsector showing moderate expansion in assets and steady financial performance. Improved credit quality, strong capital positions, and the ongoing accumulation of long-term savings underscore the sector's growing role in economic and social development. All institutions maintained strong adherence to regulatory requirements, as reported by the Grenada Authority for the Regulation of Financial Institutions (GARFIN).

1.10.4.1 Credit Unions

There were ten registered Credit Unions in Grenada at the end of March 2025. These Credit Unions demonstrated moderate growth in the first quarter of 2025, with total assets increasing by 2.0 percent to approximately EC$1.6 billion compared to March 2024. Total deposits rose by 1.5 percent, reaching over EC$1.3 billion. Net loans also grew modestly by 1.6 percent, signalling steady credit demand, while investments increased by 2.6 percent. The loan portfolio is dominated by mortgages which account for approximately 41.0 percent of total credit union loans. This indicates a strong preference for secured long-term lending and the prioritisation of housing needs by credit union members. The current loan to deposit ratio is 92.4 percent, an increase of 2.4 percentage points compared to March 2024. Delinquent loans improved slightly, falling by 4.4 percent, with loans more than 90 days in arrears reducing from 6.5 percent to 6.1 percent. Membership grew marginally by 0.9 percent to 91,422 members.

Figure 15: Credit Union Loans by Type, March 2025



1.10.4.2 Money Service Businesses

As of the first quarter of 2025, Grenada has seven registered money services businesses, with two licensed to conduct money transmission activities. During the quarter, these two entities recorded remittance inflows of EC$51.3 million, a marginal decline of 0.4 percent compared to the same period in 2024. Remittance outflows fell by 3.4 percent, from EC$14.6 million to EC$14.1 million year-on-year. These movements resulted in a modest increase in net remittance inflows of 0.7 percent. Although the total number of inflowing transactions declined (62,133 in Q1 2025 versus 64,869 in Q1 2024), there were higher-value receipts in 2025, primarily from senders in the United Kingdom and the United States. In contrast, the largest outflowing transactions by value were sent to the Philippines and Panama.

Grenada's heavy reliance on remittances from the United States, which accounts for 62 percent of total receipts, is a key vulnerability. The "One Big Beautiful Act" which was passed by the U.S. Congress, for example, includes a tax, effective January 1, 2026, on the outflow of remittances originating from the United States. This tax could reduce remittance inflows to Grenada, by increasing the cost of transfers from the diaspora, thereby weakening an important source of household income and external financing.

1.10.4.3 Insurance Companies

As at March 31, 2025, Grenada's insurance sector included 13 general insurance companies, 12 long-term insurance companies, and one underwriting agency. This sector has remained financially stable, with total assets reaching approximately EC$575 million. Gross direct premiums for the first quarter rose to EC$45.1 million, up EC$4.6 million from March 2024. A strong capital base was maintained, with equity accounting for over 45 percent of total assets, supported by stable life and annuity provisions (EC$110.3 million) and rising deposit administration funds (EC$60.7 million). The sector posted a net underwriting surplus of EC$1.5 million in March 2025, slightly below the EC$1.6 million reported in March 2024. Overall, the insurance sector continues to demonstrate resilience and moderate growth despite rising reinsurance costs.

1.10.4.4 Pension Funds

During the first quarter of 2025, Grenada's pension sector comprised fifty registered plans, with forty-five actively managing pension benefits and five either cancelled or under judicial management. The sector's total fund size rose to EC$295 million, reflecting an EC$18 million increase compared to March 2024. This growth underscores the sector's expanding role in retirement provision and the continued stability of long-term savings. The asset base, representing the total pool of accumulated contributions and investment returns held by these pension plans, provides a solid foundation for sustained growth and the delivery of reliable retirement income.

1.10.5 Financial Regulatory Developments

In response to the increasing reliance on digital platforms and remote access in financial services, the Grenada Authority for the Regulation of Financial Institutions (GARFIN) has introduced a Cyber Incident Instructions and Reporting Form. These new measures require all regulated non-bank financial institutions to report any suspected or confirmed incidents affecting customer data within 24 hours, followed by a detailed report within 72 hours. This initiative strengthens regulatory oversight, promotes accountability and transparency, and supports consumer confidence in the financial sector's ability to manage cyber threats and detect systemic risks.

Complementary efforts are also underway to modernise the regulatory framework for digital finance. An amendment to the Payment System Act is under consideration to broaden regulatory oversight to include non-bank payment service providers offering innovative payment platforms and technologies. The objective of the amendment is to establish a robust legal framework that supports a payment system that is safe, efficient, resilient, inclusive, and competitive, through effective risk management, the maintenance of financial stability, and the protection of consumer interests. The proposed changes are expected to enhance public confidence in electronic banking and digital transactions.

In a broader effort to enhance financial resilience and consumer protection, Grenada's Parliament passed the Eastern Caribbean Deposit Insurance Corporation Bill in May 2025. The legislation establishes a regional deposit insurance system within the Eastern Caribbean Currency Union (ECCU), providing coverage of up to EC$50,000 per depositor. Eligible deposits include savings, chequing, term deposits, money orders, and similar instruments in both Eastern Caribbean Dollars and foreign currency. Compensation will be provided if a licensed institution is unable to repay depositors due to licence revocation, liquidation, or receivership. This development is intended to protect small depositors, strengthen financial stability, and reinforce public trust in the banking system.

At the regional level, the Eastern Caribbean Central Bank (ECCB) is advancing consultations on the operationalisation of two key institutions: the Office for Financial Consumer Interests (OFCI) and the Eastern Caribbean Financial Services Board (ECFSB). These entities are expected to play a pivotal role in enhancing consumer protection, promoting regulatory coherence, and reinforcing financial stability across the ECCU.

1.11 External Sector

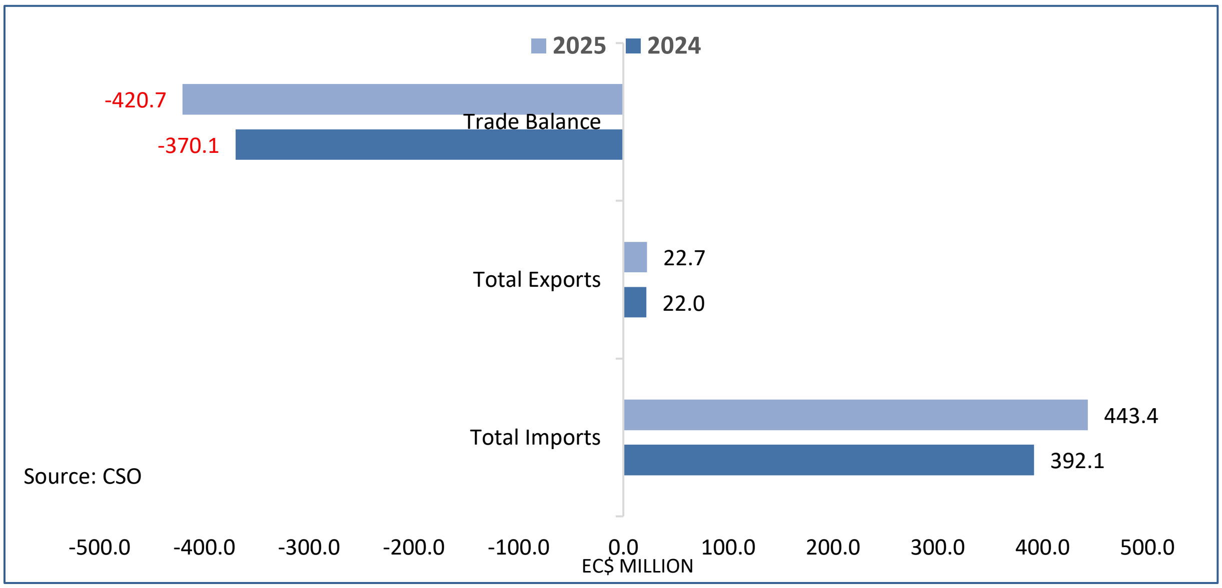
Grenada continues to build external connections and increase activity in the international market, as reflected in the Balance of Payment (BOP) account. [4]

1.11.2 Trade Interactions

1.11.2.1 Trade in Goods

Grenada recorded a merchandise trade deficit of EC$420.7 million at the end of March 2025, representing a 13.7 percent increase relative to the same period in 2024. The widening deficit was driven by total imports of EC$443.4 million, significantly outweighing exports of EC$22.7 million.

Figure 16: Balance of Trade for the first Quarter of 2025 vs 2024 (EC$M)



The increase in the trade deficit reflects elevated import demand associated with construction activity and post-disaster recovery. According to the Standard International Trade Classification (SITC)[5], Food and Machinery remained the two largest import categories in the first quarter of 2025. Several other categories experienced notable growth, including:

- Animal and vegetable oils, fats, and waxes (+65.7 percent)
- Crude materials (inedible, except fuels) (+52.3 percent)
- Manufactured goods (+30.6 percent)

Customs and Excise Department data on the top ten import items also points to long-standing trends in import behaviour. Petroleum oils remained the largest import, highlighting continued reliance on energy inputs. Motorcars and other vehicles retained the second position, followed by Portland cement, which

[4] The Eastern Caribbean Central Bank produces annualised BOP estimations constructed on historical data and global trends. These estimates will be used to inform the discussions below; however, it is essential to note that these numbers are subject to change. In addition, please note that the Balance of Payment account shown has been condensed for simplicity.
[5] **Source**: Central Statistical Office

rose to third place, overtaking meat and edible offal. The presence of Portland cement as a top three item is consistent with increased construction activity during the period.

Beyond the top three, the composition of imports became more diverse, with continued inflows of food preparations, non-alcoholic beverages, medicaments, and bakery products. New additions to the top ten included construction-related materials such as sawn wood and plywood, reflecting increased demand for building inputs.

There was also a marked increase in the importation of hybrid and other energy-efficient vehicles, supported by the Government's Renewable Energy incentive programme. This development aligns with national objectives aimed at enhancing energy efficiency and promoting climate resilience.

Table 7: Top 10 Import Categories for the First Quarter (2024 – 2025)–EC$ Million

Ranking	January to March 2025	Statistical Value	January to March 2024	Statistical Value
1.	Petroleum oils and oils	64.0	Petroleum oils and oils	77.3
2.	Motor cars and other motor vehicles	17.6	Motor cars and other motor vehicles	14.2
3.	Portland cement, aluminous cement, slag cement, supersulphate cement and similar hydraulic cements.	12.0	Meat and edible offal	12.5
4.	Meat and edible offal	11.7	Bread, pastry, cakes, biscuits and other bakers' wares.	5.2
5.	Wood (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rebated, chamfered, V-jointed, beaded, molded, rounded or the like)	6.4	Motor vehicles for the transport of goods	5.1
6.	Prefabricated buildings	6.3	Food preparations not elsewhere specified or included	5.0
7.	Food preparations not elsewhere specified or included	5.8	Portland cement, aluminous cement, slag cement, supersulphate cement and similar hydraulic cements.	5.0
8.	Motor vehicles for the transport of goods	4.7	Telephone sets, including telephones for cellular networks or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data.	4.0
9.	Bread, pastry, cakes, biscuits and other bakers' wares.	3.9	Waters, including mineral waters and aerated waters	3.3
10.	Plywood, veneered panels and similar laminated wood	3.8	Medicaments	3.3

* Most Categories were simplified for clarity and should not be confused with SITC sections

Source: Customs and Excise Division

On the export side, total receipts grew by 3.1 percent relative to Q1 2024. The fishing sector contributed meaningfully to this outcome, recording a 1.1 percent increase in export volume. Based on SITC data, food remains Grenada's dominant export category, comprising products such as fish, cocoa, soursop, and other agri-based commodities.

Trade partner data show that St. Lucia was Grenada's largest export market by value in the first quarter of 2025, primarily importing poultry feed and flour. Dominica ranked second, with a similar import profile. Among international partners, the United States remains a key destination, particularly for soursop and fresh chilled yellowfin tuna.

Given Grenada's export concentration in a few regional and international markets, particularly the U.S., the country remains exposed to external demand risks. A potential economic slowdown in the United States or new trade restrictions could adversely affect export performance and pose broader risks to the external sector outlook.

Table 8: Grenada's Exports (Domestic and Re–Exports) First Quarter (2024 – 2025) EC$ '000

SITC SECTIONS	January to March 2024		January to March 2025	
	Domestic Exports	Re – Exports	Domestic Exports	Re – Exports
Food	8,209.1	4.2	11,629.3	0.0
Beverages & Tobacco	3,983.6	74.5	3,147.1	75.6
Crude Materials, inedible, except Fuels	680.4	4.1	79.7	0.0
Mineral Fuel, Lubricants & related materials	0.0	0.0	0.0	0.4
Animals & Vegetable Oils, Fats & Waxes	0.0	0.0	0.0	0.0
Chemicals & Related Products, N.E.S	2,335.9	1.0	1,939.3	151.6
Manufactured Goods Classified Chiefly by Material	1,039.1	255.9	1,629.2	168.5
Machinery & Transport Equipment	3,342.5	1,748.1	1,718.4	1,553.0
Miscellaneous Manufactured Articles	62.4	104.6	393.4	108.1
Commodities & Transactions not Classified Elsewhere in the SITC	0.0	198.3	75.1	57.2
TOTAL	19,653.0	2,390.7	20,611.5	2,114.4
				Source: CSO

1.11.2.2 Trade in services

In the first quarter of 2025, travel service receipts declined sharply, with total visitor expenditure falling by EC$53.2 million (–17.3 percent) relative to the same period in 2024. This was primarily driven by a contraction in stayover arrivals — the higher-value segment of the tourism market — while average expenditure per visitor remained broadly unchanged. Although cruise passenger arrivals increased over the period, the associated gains were not sufficient to offset the reduction in stayover-related earnings. As a result, the overall surplus on the Trade in Services Account narrowed during the period.

Table 9: Grenada's Travel Receipts (January to March) 2024 - 2025

Arrivals	Jan- Mar 2024	Jan- Mar 2025	Absolute Change	% Change
Stay-over Visitors	58,941	48,718	-10,223	-17.3
Cruise Visitors	172,807	203,568	30,761	17.8
Yacht Visitors	7,311	3,285	-4,026	-55.1
Total Visitor Expenditure *in EC$ M*	307.6	254.4	-53.2	-17.3
			Source: GTA	

This decline in net services trade, when combined with a widening merchandise trade deficit — stemming from elevated imports of food, fuel, and construction materials — contributed to a further deterioration in the current account balance during the quarter of 2025.

1.11.3 Monetary Interactions

Remittances remain an important source of income for many Grenadian households, serving as a key channel of external financing. However, as at the end of March 2025, remittance inflows recorded a negligible decline of 0.4 percent compared to the same period in 2024. Outflows also declined, falling by 3.4 percent, likely reflecting rising global uncertainties and geopolitical tensions, which may have led to more cautious remitting behaviour. Notwithstanding the first quarter performance, the ECCB's annualised Balance of Payments compilation indicates that remittance inflows are expected to exceed outflows by the end of 2025.

As mentioned in the financial sector analysis, Grenada's monetary connections for remittances span both regional and international partners, including the Philippines, the United Kingdom, and the United States. The Investment Migration Agency (IMA) continues to serve as another important channel of international engagement, with capital transfers projected to remain positive according to the ECCB — albeit with a marked deceleration, reflecting the clearance of a substantial application backlog in 2024. As at end-March 2025, IMA receipts totalled EC$59.3 million, representing a 48.2 percent decline from the EC$114.4 million recorded in the same period of 2024.

Capital grants also declined by 35 percent, reaching EC$5.2 million at the end of the first quarter compared to EC$8 million in the corresponding period of 2024. End-of-year projections for the capital account of the balance of payments are expected to follow a similar trend, with a positive balance anticipated, consistent with previous years. This suggests stable external financing conditions despite lower grant inflows.[6]

Another key indicator of Grenada's monetary interactions with the rest of the world is the value of its NFA (Net Foreign Assets), which, as indicated in the financial sector analysis, has increased by 17.7 percent, to a current value of EC$2.9 billion. This increase in external assets is not only a signal of the growing investment and external activity of Grenadian residents but also describes the projected positive portfolio investment value within the financial account of the BOP, which has been sustained for the past three years.[7]

[6] See Appendix 5: Balance of Payments: Capital Account

[7] See Appendix 5: Balance of Payment: Financial Account (Portfolio Investment)

Total interest payment has declined by 5.5 percent on account of the 38.7 percent decline in domestic interest payment; however, external interest payment has increased by 7.6 percent resulting in a new balance of EC$ 8.5 million at the end of March 2025 compared to EC$ 7.9 million at the end of March 2024. This can be attributed to the increase in external debt of EC$73.5 million at the end of March 2025, 4.2 percent increase.

Table 10: Summary of Grenada's Monetary Interaction Indicators (January to March 2024 - 2025)–EC$M

Monetary Interactions	January to March 2024	January to March 2025	% Change
IMA Receipts	114.4	59.3	-48.2
Remittances	36.94	37.2	0.7
Inflows	51.6	51.3	-0.4
Outflows	14.6	14.1	-3.4
Capital Grants	8	5.2	-35.0
Interest Payment	11	10.4	-5.5
Local	3.1	1.9	-38.7
Foreign	7.9	8.5	7.6
External Debt	1,744.5	1,818	4.2
			Source: Ministry of Finance and ECCB

Grenada remains in a phase of recovery following the impact of Hurricane Beryl, while the global economy continues to adjust to the lingering effects of the COVID-19 pandemic and ongoing geopolitical tensions. At this juncture, with heightened global uncertainty, growth prospects remain subdued, which may weigh on Grenada's external sector. Nonetheless, there is cautious optimism for a pickup in external activity, supported by emerging opportunities for international partnerships and continued efforts to strengthen economic resilience.

1.12 Social Context

Grenada's social indicators reflect broadly positive trends. According to the 2023 Human Development Report (HDR), Grenada's Human Development Index (HDI) for 2023 was 0.791, placing it in the "high human development" category, ranked 80th out of 193 countries and territories. The HDI evaluates three dimensions: Health, Education, and Standard of Living.

- **Life Expectancy**: As of 2023, life expectancy at birth was 78.4 years, with females living an average of 78.4 years and males 72.4 years.
- **Education**: The expected years of schooling were 16.6 years per child, with minimal gender disparity (17.2 years for females and 16.0 years for males).
- **Gross national income Per capita** was approximately US$14,349 at 2021 purchasing power parity prices.

In 2025, Grenada saw a continued strengthening of labour market conditions. Based on the most recent Labour Force Survey (LFS) conducted by the Central Statistical Office, as at the end of the first quarter of 2025, the unemployment rate stood at 9.8 percent, down from 11.5 percent in Q4 2024, reflecting broader economic recovery and increased hiring activity across sectors. The decline in unemployment was more pronounced among women, falling from 15.4 to 11.2 percent, while male unemployment rose marginally from 8.3 to 8.5 percent, narrowing the gender gap.

Youth unemployment also improved sharply, falling from 25.1 percent to 15.4 percent, driven by strong labour absorption in accommodation and food services, construction, and administrative support activities. Labour force participation rose from 59.5 percent in Q4 2024 to 61.5 percent in Q1 2025, supported by a notable increase in female participation, which climbed to 60.2 percent. This reinforces a broader trend of inclusive labour market engagement.

Sectoral employment gains were broad-based, with construction recording the largest absolute increase of 1,831 jobs (a 23.5 percent rise), driven by heightened activity in both private and public sector projects. Other strong performers included:

- Accommodation and food service activities (Tourism)
- Administrative and support service activities– the highest percentage increase
- Manufacturing
- Transportation and storage

Despite these gains, the composition of employment remained broadly unchanged. The sectors with the largest overall shares of employed persons in Q1 2025 were: Wholesale and Retail Trade (17.6 percent), Construction (13.9 percent), Accommodation and Food service activities (8.9 percent), Education (7.6 percent), and Administrative/support services (7.2 percent).

2 MEDIUM-TERM FISCAL POLICY OBJECTIVES AND FORECASTS

Grenada's fiscal policy objectives over the medium term are framed by the urgent need to support ongoing recovery post Hurricane Beryl, while balancing this with the continued pursuit of national priorities outlined in the NSDP, MTAP, and Vision 75.

The fiscal stance remains expansionary, with lower primary surpluses projected as the Government channels resources toward reconstruction, economic revitalization, and social support. Notwithstanding this temporary deviation, the Government remains firmly committed to its long-term fiscal anchor of reducing public debt to 60 percent of GDP by 2035. This balanced approach is intended to foster resilience, safeguard sustainability, and enable an inclusive and transformative growth path through 2028.

2.6 Government's Medium-term Revenue Objectives

The Government of Grenada is advancing an aggressive revenue mobilisation strategy in 2025 aimed at sustaining recurrent expenditures, strengthening fiscal resilience, and accommodating the increased capital investments required for continued recovery and climate adaptation following the impact of Hurricane Beryl.

The Inland Revenue Department's (IRD) rollout of the G-Tax system represents a key initiative aimed at streamlining tax administration and improving revenue collection efficiency. Once fully implemented, the platform is expected to achieve a compliance rate of 80 percent. At present, G-Tax supports the processing of three major monthly tax types: Corporate Income Tax (CIT), Value Added Tax (VAT), and Pay-As-You-Earn (PAYE). Additional tax categories are scheduled for integration in the second half of the year, which will further expand the system's functionality and strengthen overall tax administration.

During this period, the IRD will continue to prioritise improving compliance across all tax types through targeted stakeholder consultations and intensified public outreach efforts, aimed at preparing taxpayers for the full-scale implementation of the G-Tax system. The Division also plans to strengthen its on-the-ground presence to raise awareness of tax obligations, undertake targeted enforcement actions against delinquent taxpayers, and conduct focused audits of large and medium-sized taxpayers to promote greater equity and accountability within the system.

Building on efforts in 2024, the Customs and Excise Division (CED) will continue to enhance operational efficiency and strengthen compliance throughout 2025 and into the medium-term. Ongoing initiatives to modernise customs procedures, improve revenue collection, and reinforce regulatory oversight at ports of entry are key to supporting the Government's fiscal objectives and facilitating seamless trade.

While these reforms are expected to bolster revenue collection in the medium term, Grenada continues to manage a moderate short-term reduction in several tax-based revenue. These include the waiver of property tax for the islands of Carriacou and Petite Martinique in response to Hurricane Beryl, as well as ongoing needs-based incentives provided to households and businesses throughout 2025. These targeted efforts are part of the Government's broader strategy to empower citizens and businesses to build back stronger and more resilient communities, while maintaining long-term fiscal sustainability.

The Ministry of Finance will continue to monitor these revenue measures to assess their intended impact.

2.7 Government's Medium-term Expenditure Objectives

Following the passage of Hurricane Beryl, estimates of damage and losses placed the economic impact of the hurricane at approximately EC$537.0 million, or 16.7 percent of GDP. In response, the Government will prioritise the implementation of its recovery strategy, while balancing these efforts with broader national development priorities as articulated in the Medium-Term Action Plan (MTAP), the National Sustainable Development Plan (NSDP) 2020–2035, and Vision 75. The recovery strategy is anchored on four core pillars:

- Restoration of infrastructure and basic services,
- Livelihoods and economic recovery,
- Housing and human settlements, and
- Disaster risk reduction and climate resilience.

Building on these recovery pillars, the Government's medium-term expenditure strategy will prioritise targeted investments in the most affected sectors, while sustaining progress on transformational goals. The Social Sector—particularly housing, health, education, and culture—will remain central to public spending given the significant damages incurred and their importance for safeguarding human development outcomes. At the same time, support for productive sectors, especially agriculture and tourism, will be scaled up to restore livelihoods and improve food and economic security. This dual focus—post-disaster recovery and forward-looking transformation—will require increased capital expenditure, particularly in climate-resilient infrastructure, social services, and institutional strengthening.

On the recurrent expenditure side, allocations will support ongoing programmes and initiatives in education from primary to tertiary levels, alongside temporary rental costs for displaced government services associated with occupational safety and health issues affecting the Financial Complex Building and other Government properties. Higher employee costs are anticipated, driven by the phased implementation of the public service regularization policy.

To underpin these rising expenditures, the Government will strengthen public expenditure management systems, including:

- Improving procurement practices,
- Reinforcing the monitoring and evaluation framework within the Public Sector Investment Programme (PSIP), and
- Enhancing institutional and staff capacity to drive project implementation and policy delivery.

The Suspension Clause under the Fiscal Resilience Act (FRA) 2023 will be further suspended to accommodate exceptional recovery-related spending, in keeping with the established fiscal rules. At the same time, the Government remains committed to fiscal prudence, with an emphasis on debt sustainability, transparency, and accountability, supported by continued publication of fiscal reports and public engagement.

Overall, the Government's medium-term fiscal stance will feature elevated capital investment, strengthened revenue mobilization, and a renewed focus on efficiency and impact in public spending, ensuring that recovery efforts contribute meaningfully to Grenada's long-term development trajectory.

The Ministry of Finance will actively monitor these expenditure measures to assess their impact and adopt fiscally prudent strategies for a return to the fiscal rules and targets in 2027.

2.8 Medium-term Baseline Fiscal Forecasts

The fiscal profile over the medium term remains accommodative, with expanded fiscal space allowing the Government to pursue its transformative agenda, enhance resilience, and promote inclusive and sustainable development through fiscal policies that are both supportive and sustainable.

The Medium-Term Fiscal Framework (2026-2028) projects a continued focus on fiscal prudence while addressing the recovery from Hurricane Beryl and supporting medium-term growth objectives. Total revenue and grants are expected to increase gradually. The overall revenue growth will be primarily driven by tax revenue, while non-tax revenue will remain stable over the period.

Based on the Government's medium-term objectives and strategy for revenue, total revenue and grants are projected at EC$1,464.9 million (35.6 percent of GDP) in 2026, EC$1,520.5 million (35.7 percent of GDP) in 2027, and EC$1,596.4 million 36.0 percent of GDP) in 2028. Total revenue is expected to represent an average of 33.8 percent of GDP, over the first two years, gradually increasing in 2028. Tax revenue is projected to average around 24.5 percent of GDP in the medium term, while non-tax revenue is expected to account for around 8.9 percent of GDP in 2026, increasing to 9.9 percent in 2028. The Government maintains a measured outlook regarding inflows to the CBI Programme and will continue to actively market the Programme while enhancing due diligence. Grants, committed by development partners for strategic capital projects, are projected to average 1.8 percent of GDP over the medium term.

Expenditure is projected to remain elevated in the medium term, with Capital Expenditure expected to average 12.5 percent of GDP over the medium term. Total expenditure is projected to decrease from 37.4 percent of GDP in 2026 to 34.9 percent by 2028. Primary expenditure is forecasted to increase in 2026, with a slight decline in 2027 and an upward movement in 2028, averaging 34.6 percent of GDP over the medium term. Employee compensation is projected to be well within the 13 percent wage bill threshold during the three years, despite the noted increases in wages and compensation as part of the Government's efforts to enhance public sector service delivery. Notably, the statutorisation of the National Disaster Management Agency (NADMA) and the restructuring of health services under the proposed Grenada Hospital Authority (GHA), as well as the planned roll-out of National Health Insurance (NHI) (presumably as a statutory entity), have implications for the composition of Government expenditure. Specifically, expenditure on goods and services is expected to moderate, while transfer payments are projected to increase due to higher subventions to the newly established statutory bodies. Similarly, employee compensation is expected to decline, particularly in the health sector, as staffing responsibilities are gradually transitioned to the new entities. These adjustments are anticipated to contribute to a moderation in the public sector wage bill. Importantly, these developments are not expected to materially impact the primary balance, as (with the exception of NHI) they will primarily reflect reallocations of existing government expenditure.

In line with Central Government's medium-term expenditure objectives and strategy, total expenditure (excluding principal repayments) is projected to be EC$1,541.0 million (37.4 percent of GDP) in 2026, EC$1,509.5 million (35.4 percent of GDP) in 2027, and EC$1,548.0 million (34.9 percent of GDP) in 2028. Recurrent expenditure is expected to average 24.3 percent of GDP in 2026, decreasing to 22.7 percent by 2028. Capital expenditure, projected at EC$540.2 million (13.1 percent of GDP) in 2026, will slightly increase to EC$540.4 million (12.2 percent of GDP) by 2028. The MTFF 2026-2028 is projected to be fully financed through a combination of external and domestic financing sources including through a drawdown of accumulated fiscal buffers.

Figure 17 presents the Medium-Term Fiscal Framework (MTFF), which outlines the baseline fiscal projections for the medium term (2026 – 2028). These fiscal projections reflect the Government's fiscal position assuming no change in current policies.[8]

Table 11: Medium- Term Fiscal Framework 2026-2028[9]

In millions of Eastern Caribbean Dollars, unless stated otherwise						
	2026		**2027**		**2028**	
	Projected	% GDP	Projected	% GDP	Projected	% GDP
Total Revenue & Grants	**1464.9**	**35.6**	**1,520.5**	**35.7**	**1,596.4**	**36.0**
Total Revenue	**1,388.3**	**33.7**	**1,441.9**	**33.8**	**1,514.7**	**34.2**
Tax Revenue	1,021.9	24.8	1,041.0	24.4	1,077.2	24.3
Non - Tax Revenue	366.4	8.9	400.9	9.4	437.6	9.9
Grants	**76.5**	**1.9**	**78.6**	**1.8**	**81.7**	**1.8**
Total Expenditure	**1,541.0**	**37.4**	**1,509.5**	**35.4**	**1,548.0**	**34.9**
Primary Expenditure	1,481.7	36.0	1,454.4	34.1	1,492.5	33.7
Current Expenditure	**1,000.7**	**24.3**	**995.9**	**23.4**	**1,007.6**	**22.7**
Employee compensation	394.7	9.6	397.1	9.3	403.4	9.1
Wages, salaries & allowances	365.8	8.9	368.0	8.6	374.1	8.4
Social Contribution to employees	29.0	0.7	29.1	0.7	29.3	0.7
Goods and Services	208.1	5.1	209.3	4.9	210.8	4.8
Interest Payments	59.2	1.4	55.1	1.3	55.5	1.3
Transfers	338.7	8.2	334.4	7.8	337.8	7.6
Capital Expenditure	**540.2**	**13.1**	**513.6**	**12.0**	**540.4**	**12.2**
o/w: Grant financed	53.8	1.3	51.1	1.2	53.8	1.2
Overall balance	**(76.1)**	**-1.8**	**11.0**	**0.3**	**48.4**	**1.1**
Primary balance (excluding grants)	**(93.4)**	**-2.3**	**(12.5)**	**-0.3**	**22.2**	**0.5**
Primary balance (including grants)	**(16.9)**	**-0.4**	**66.1**	**1.6**	**103.9**	**2.3**
Memo Item						
GDP (Nominal market Prices)		4,117.3		4,263.9		4,430.3
Real GDP growth (%)		**2.9%**		**2.6%**		**3.0%**
						Source: Ministry of Finance

[8] Appendix 3 provides the assumptions underlying the baseline fiscal projections.

[9] Appendix 4 provides details of the fiscal performance for the period 2022-2024, estimated outturns for 2025 and the MTFF for the period 2026-2028

2.9 Government’s Medium-term Debt Management Strategy

The Government of Grenada remains on track with its legislated objective of attaining a debt to GDP ratio of 60 percent by 2035. Government continues to efficiently secure debt financing through a well-functioning Regional Government Securities Market (RGSM), over-the-counter instruments, and multilateral and bilateral credit arrangements. The Government’s medium-term debt strategy—centered on concessional borrowing, extending its debt maturity profile, restructuring old bilateral arrears, and enhancing transparency and risk management—positions it favourably for sustainable financing and continued positive debt dynamics. Medium-term Economic Outlook

Grenada’s economic outlook for the medium term is cautiously optimistic, shaped by the pace of post-disaster recovery, evolving global economic conditions, and the Government’s ability to manage competing priorities within a climate-vulnerable context. The country’s Macroeconomic performance will depend on the effective execution of domestic investment, the continuity of structural reforms, and resilience to external shocks.

According to the IMF’s April 2025 World Economic Outlook, global growth is forecasted at 2.8 percent in 2025, revised downward due to escalating trade tensions, particularly following the April 2025 U.S. tariff hikes. Growth is projected to recover slightly to 3.0 percent in 2026, but it remains below pre-pandemic norms. Global inflation is expected to ease more gradually, with headline inflation forecasted at 4.3 percent in 2025 and 3.6 percent in 2026, with inflation in advanced economies such as the U.S. and U.K. likely to stay above their Official Central Bank target of 2 percent in the near term.

Grenada’s main trading partners are expected to record modest growth. The United States, its largest tourism source market, is forecasted to grow by 1.8 percent in 2025 and 1.7 percent in 2026, with slight improvements thereafter. The U.K. is expected to grow by 1.1 percent in 2025, averaging 1.5 percent between 2026 and 2028. Canada is forecasted at 1.4 percent growth in 2025, and China, an important trade partner for manufactured goods, is expected to slow to 4.0 percent growth during 2025–2026.

Against this backdrop, Grenada’s real GDP is projected to expand by 4.2 percent in 2025, before moderating to 3.0 percent in 2026 and averaging 2.8 percent over the subsequent two years (2027–2028). Inflation is expected to average around 1.0 percent annually over the 2026–2028 period, with food inflation remaining above 1.5 percent.

Tourism activity is expected to soften in 2025 following the unprecedented visitor arrivals recorded in 2024. Over the medium term, growth is projected to gradually recover—reaching 1.1 percent in 2026, 1.9 percent in 2027, and 2.1 percent in 2028. Key drivers include, the expansion of hotel room capacity through upcoming investments such as the InterContinental Grenada Resort (150 rooms), the True Blue Beach Hotel & Residences (69 rooms), and Silversands Legacy (120 rooms). Total bed nights are projected to rise from 942,296 in 2025 to 947,008 in 2026. Growth is expected to gradually strengthen from the launch of Delta Airlines’ Atlanta to Grenada route in December 2025, and the return of the CARIFTA Games in 2026. However, lingering infrastructure damage from Hurricane Beryl and subdued global demand continue to pose downside risks to the sector’s medium-term performance.

The construction sector is expected to remain buoyant, with annual growth averaging 5.8 percent through 2028. This reflects increased activity under the Build Back Better programme and the continued advancement of key public sector projects such as the UK-CIF Infrastructure Programme, and the Cliff Road Rehabilitation Project, just to name a few. The EC$250 million Climate-smart Teaching Hospital, slated for construction in 2026 and completion by 2029, represents a flagship investment in health resilience. While public investment remains strong, private investment is expected to moderate in value, particularly in tourism-related developments. Persistent challenges related to material costs, global trade uncertainty, and supply chain disruptions may constrain growth and delay implementation timelines. Sustaining momentum will require careful oversight of labour, input, and project delivery.

The private education sector is projected to grow modestly over the medium term—by 0.4 percent in 2026 and an average of 0.7 percent in 2027–2028—representing a downward revision of 1 percentage point from earlier projections. St. George's University (SGU), the sector's largest contributor, is expected to maintain its economic footprint through sustained tuition inflows and student-related demand for housing, transportation, and other services. However, medium-term enrolment is expected to stabilise at around 1,862 new students annually, a 1.9 percent decline relative to 2025. This reflects potential pressures stemming from evolving U.S. immigration and student financing policies, alongside growing competition from domestic medical schools in the U.S. To safeguard future growth, SGU is investing in targeted recruitment and will benefit from the upcoming climate-smart teaching hospital, which is expected to expand its clinical training capacity and reinforce its long-term global positioning.

Agriculture, which was heavily affected by Hurricane Beryl, is now on a recovery trajectory. Gains in banana production during 2025 signaled the early stages of this rebound, with other crops expected to return to pre-disaster levels over the medium term. Banana and cocoa output are projected to surpass pre-Beryl levels by 2027 and 2028, while nutmeg production is expected to recover more gradually due to its longer maturation period. Recovery will continue to be supported by Government interventions, including investments in irrigation systems, climate-resilient infrastructure, and replanting programmes. Livestock output is also expected to strengthen as the first reproductive cycle of imported animals begins, allowing the subsector to gain further traction in subsequent years. Overall, the Agriculture, Livestock, and Forestry Sector is projected to grow by 3.9 percent in 2026 and to average 2.2 percent over 2027–2028.

The Fishing Sector is projected to expand over the medium term, supported by vessel repairs and replacements financed through CCRIF proceeds. Fish exports grew by 1.1 percent in Q1 2025, a trend expected to continue into the medium term. The establishment of the Ministry of the Blue Economy and Marine Affairs will provide greater coordination and policy support for marine-based industries. Aquaculture has been identified as a strategic growth area. Climate-resilient upgrades at the Windward Fish Centre in Carriacou are also expected to enhance post-catch handling, which will improve overall fish production. On this basis, the sector is forecasted to grow by 3.3 percent in 2026 and to average 2.6 percent over 2027–2028.

Unemployment declined to 9.8 percent in Q1 2025, following a temporary moderation in 2024. With the Government's continued investment in education, skills development and entrepreneurship, this rate is expected to continue on a downward path. The wholesale and retail trade sector remains the largest employer and a key anchor for employment. With continued momentum in construction and agriculture, the Wholesale and Retail Trade sector is projected to grow by 4.3 percent in 2026, 2.8 percent in 2027, and 3.4 percent in 2028.

The manufacturing sector is expected to experience modest structural gains over the medium term, underpinned by efforts to deepen value addition and enhance food security. A central initiative is the anticipated commissioning of the Lacalome Agro-Processing Plant, which will bolster capacity for local food processing, packaging, and storage, while strengthening upstream linkages with the agriculture sector. Additional momentum is expected from the expanding livestock industry, which is projected to increase demand for feedstock and other agri-based manufacturing inputs. However, growth will be partially tempered by the closure of a major rum distillery, which is expected to weigh on output in the near term. On balance, the sector is projected to contract slightly by 0.1 percent in 2026, before recovering to 0.7 percent in 2027 and 1.2 percent in 2028.

The transport and storage sector, which is driven by activity in trade, tourism, construction, and agriculture, is expected to follow a balanced growth trajectory, reflecting mixed trends across these sectors. Growth is projected at 2.6 percent in 2026, moderating to 1.9 percent in 2027 and 1.8 percent in 2028. Realising this potential will require addressing fuel price volatility, global shipping risks, and implementation delays. Structural inefficiencies, including limited port capacity, inter-island transport gaps, and the need for digital upgrades—will need to be addressed to fully unlock the sector’s potential.

The real estate sector is projected to grow by 3.7 percent in 2026, 4.4 percent in 2027, and moderate to 2.2 percent in 2028, reflecting a mix of stabilising demand and sustained reconstruction activity. Rental and residential demand will continue to be supported by the student population of St. George’s University, though development of new student accommodation is expected to slow as enrolment levels off. On the supply side, housing reconstruction efforts, alongside private investments in commercial and hospitality infrastructure, are expected to maintain momentum. Market stability will also be underpinned by favourable lending conditions and targeted government policies to expand access to affordable and climate-resilient housing. Despite downside risks related to material costs and insurance premiums, the sector is expected to maintain moderate, policy-supported growth over the medium term.

Broader risks to the medium-term outlook include elevated climate volatility, persistent external inflation, and weakening global demand in key sectors such as tourism and goods exports.

The 2026 Budget will be crafted in an environment of heightened global uncertainty. It must strike a careful balance between supporting recovery and resilience, managing fiscal risks, and sustaining progress toward long-term development goals articulated in the NSDP, MTAP, and Vision 75. This will require targeted sequencing of priorities, fiscal flexibility, and a commitment to evidence-based policy implementation.

Appendix 2 provides details of the medium-term growth forecasts by economic sectors.

3 COMPLIANCE WITH THE FISCAL RESILIENCE ACT 2023

The Fiscal Resilience Act (FRA), 2023, establishes a framework of fiscal rules designed to promote discipline, strengthen transparency, and support long-term debt sustainability. In accordance with Section 12(2) of the Public Finance Management Act, this Medium-Term Fiscal Framework (MTFF) reports on the status of compliance with the FRA's fiscal rules.

The FRA, 2023 establishes, inter alia, the following rules and targets:

- The wage bill (total employee compensation) must not exceed 13.0 percent of GDP annually;
- The primary balance must be no less than 1.5 percent of GDP;
- Total public debt must be reduced to 60.0 percent of GDP by 2035.

Hurricane Beryl in 2024 caused severe economic and infrastructural damage, with the Post-Disaster Needs Assessment (PDNA) estimating total loss and damage at EC$537.0 million, or 16.7 percent of GDP. In response, the fiscal rules were suspended under Section 9 of the FRA, to provide the flexibility required to meet urgent post-disaster spending needs. Approximately EC$113.7 million was spent in 2024 to support recovery efforts.

The suspension was extended in 2025 under Section 9(5) of the FRA, to accommodate ongoing fiscal pressures associated with recovery and reconstruction. Expenditure has been directed primarily at repairing critical infrastructure, restoring essential services, and supporting affected households and businesses. As at May 2025, EC$39.6 million has been spent, with total Hurricane Beryl-related expenditure for the year projected at EC$112.9 million.

With an estimated EC$310.4 million still required to complete the PDNA's identified interventions, a return to the fiscal rules and targets in 2026 could significantly constrain the response effort and delay resilience-building initiatives.

The suspension is therefore expected to remain in effect through 2026, with compliance projected to resume in 2027. Current projections indicate that the following fiscal indicators are expected to improve over the medium term;

- Central Government Debt is projected to decline from 59.2 percent of GDP in 2025 to 57.6 percent by 2028.
- Statutory Bodies and State-Owned Enterprises Debt is expected to fall from 12.3 percent to 11.6 percent of GDP over the same period.

These projections point to a gradual path back to compliance with the FRA's targets, assuming a sustained recovery and continued fiscal prudence. Future updates will reflect ongoing developments and refinements to the fiscal outlook.

Table 12: FRA Compliance Matrix

	2026		2027		2028	
	Proj.	Compliance	Proj.	Compliance	Proj.	Compliance
Total Employee Compensation "Wage bill" (percent of GDP) Not Exceeding 13%	9.6%	Yes.	9.3%	Yes	9.1%	Yes
Primary Balance (percent of GDP) Not less than 1.5%	-0.4%	Suspended	1.6%	Yes	2.3%	Yes
Public Sector Debt (percent of GDP):	71.9%	On track	70.6%	On track	68.8%	On track
Sixty % by 2035 Central Gov't:	59.2%		58.4%		57.6%	
SOEs & SBs:	12.7%		12.2%		11.6%	

Source: Ministry of Finance

4 FISCAL RISKS MANAGEMENT

This section outlines the key risks that may adversely affect public finances and impede the successful execution of the Government's policy agenda in support of transformation, resilience, and inclusive and sustainable development. The key risk categories are: (i) Macroeconomic Risks; (ii) Budget Implementation Risks; (iii) Statutory Bodies and State-Owned Enterprise Risks; and (iv) Climate Risks. Other emerging risks are also noted.

4.6 Macroeconomic Risks

The fiscal projections for 2026 into the medium term are shaped by evolving global and regional conditions as of mid-2025. Given its open economic structure, Grenada remains highly susceptible to external shocks. Any slowdowns in major source markets, such as the United States and United Kingdom, could dampen tourism receipts, money remittances and foreign direct investment. Additionally, increased international scrutiny of the Citizenship by Investment (CBI) Programme, by bodies such as the Organisation for Economic Co-operation and Development (OECD) and the Financial Action Taskforce (FATF), poses risks to non-tax revenue generation.

Continued volatility in international commodity markets, especially for oil and food, could prolong imported inflationary pressures and increase government spending on fuel subsidies and social transfers. Simultaneously, geopolitical tensions, including the ongoing war in the Middle East and stricter policy positions by the United States, could negatively impact business and household behaviour and exacerbate downside risks to economic activity.

Finally, the increasing frequency and severity of climate-related events, evident in the recent impact of Hurricane Beryl, also heightened macroeconomic uncertainty and reinforces the need for continued investment in resilience and fiscal buffers.

4.7 Budget Implementation Risks

A key and persistent risk to budget execution is the limited technical capacity within the public service — particularly in the areas of engineering, procurement, policy development, and project management. This capacity constraint has been further compounded by the urgent reconstruction demands following Hurricane Beryl, which have diverted technical and financial resources away from planned capital investments, potentially affecting the timely execution of the broader public sector investment programme. Resource scarcity is not limited to the public service. There is also a reported shortage of skilled contractors and labourers available to private sector firms engaged in public sector capital projects.

To address these challenges, the Government continues to invest in targeted training programmes aimed at enhancing project delivery skills across ministries. Additionally, the Tony Blair Institute has been engaged to support the implementation of four priority transformation projects: Project Skills, Project Polaris (the new hospital), Project Renewable Energy, and Project 500 (housing development).

Dedicated delivery units have been established for each project, staffed by Permanent Secretaries on assignment and Project Sponsors. These units report directly to Cabinet, enabling early identification and resolution of implementation risks to improve project outcomes and delivery.

A key risk to budget execution is the potential shortfall in non-tax revenue, particularly from the Citizenship by Investment Programme, due to uncertainty surrounding the timing and scale of inflows amid evolving international regulatory pressures. Additionally, lower-than-expected customs and import duty collections—stemming from adverse trade shocks—could further constrain in-year revenue performance and disrupt cash flow planning.

On the expenditure front, persistent inflationary pressures on construction materials elevate the risk of cost overruns on capital projects. Furthermore, unanticipated emergency recovery spending could further divert resources away from budgeted programmes, affecting the execution of planned investments.

Effective financial management and close monitoring of emerging trends are therefore essential to mitigate the above risks and ensure effective budget implementation in the medium term.

4.8 Climate Risks

According to the 2025 Global Climate Risk Index Report, which assesses the exposure and vulnerability to extreme events across 182 countries using data from 2000-2022, Grenada is ranked 17th, with a score of 14,754,235. This ranking underscores Grenada's high exposure and susceptibility to natural hazards, including hurricanes, storms, floods, and heat waves.

In response to the recent devastation caused by Hurricane Beryl, the Government remains committed to enhancing resilience to climate change through its ongoing and planned adaptation and mitigation efforts, in line with its Disaster Resilience Strategy. The Government has implemented a risk-layering approach to natural hazard financing, incorporating insurance, contingency funds, concessional lines of credit, and reserved budgetary resources. Furthermore, as part of its 2015 debt restructuring, the Government included hurricane clauses in its restructured bonds, which will automatically trigger reprofiling in the aftermath of hurricanes and similar natural events

4.9 Other Potential Sources of Risks

4.9.2 Financial Sector

While liquidity and capital adequacy remain stable and not a primary concern, Grenada’s financial sector faces notable concentration risks, with a majority of lending heavily focused on real estate and construction. This sectoral exposure increases vulnerability, especially given the ever-present threat of natural disasters that can cause sudden borrower defaults and heighten disaster-related credit risks.

Additionally, a significant portion of the Grenadian population remains unbanked or underbanked, highlighting the need for enhanced financial literacy programmes and improved access to financial services. Expanding financial inclusion is essential to support broader economic participation and resilience.

Furthermore, stronger anti-money laundering and counter-terrorism financing (AML/CTF) compliance is imperative, not only to satisfy the stringent requirements of Citizenship by Investment (CBI) regulators, but also to protect the integrity of the financial system. Enhanced measures to mitigate cyber threats are also critical given increasing digitalisation in financial services.

4.10 Public-Private Partnerships

Following the 2023 revision of the Fiscal Responsibility Act, now the Fiscal Resilience Act, the definition of public sector debt was expanded to include explicit contingent liabilities arising from, or in connection with, public-private partnerships (PPPs). As at 31 May 2025, the Government of Grenada had two significant PPP arrangements with implications for fiscal risk.

- **Digicel Partnership:** This 15-year agreement is part of the Caribbean Regional Communication Programme, a World Bank-funded regional initiative involving Grenada, Saint Lucia, St. Vincent, and the Grenadines, and Digicel. It supports the countries' digital transformation efforts. Grenada's financial commitment to this regional project is classified as a current liability due to concessional loan financing, meaning there are no explicit contingent liabilities directly associated with this PPP.
- **Grenville Commercial Complex:** This PPP involves the Government collaborating with a private partner to develop commercial rental spaces, at a total estimated cost of EC$18.8 million. The Government holds a 51 percent share in this venture. The financial risk here includes the capital invested and the potential return on this investment, which is dependent on the success of the commercial project and rental income generated.

4.11 Statutory Bodies and State-Owned Enterprises Risks

In the context of fiscal risks, the operations of SOEs and SBs could give rise to financial obligations that are borne by the Central Government. These financial obligations are referred to as contingent liabilities as they can arise by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Central Government. Contingent liabilities can be explicit, such as guaranteed debts, or implicit, such as non-guaranteed debts and other sources of liabilities. These contingent liabilities do not add to the Central Government's expenditures immediately; however, an unexpected future exogenous shock could require direct payments from the Government.

4.11.2 Explicit Contingent Liabilities - Guaranteed Debt

As of March 31st, 2025, Central Government holds no guaranteed debt within its loan portfolio.

4.11.3 Implicit Contingent Liabilities- Non- Guaranteed Debt

As of the end of March 31st, 2025, nine State-Owned Enterprises (SOEs) held non-guaranteed debt instruments totalling $155.6 million. The majority of these loans are denominated in local currency, with fixed interest rates and long-term amortization schedules, helping to reduce the exposure of these entities to interest rate and exchange rate fluctuations. Loan financing for SOEs and SBs is predominantly obtained through domestic commercial banks, larger SOEs with lending facilities, or via the Central Government through on-lending arrangements. This reflects a continued strong reliance on local lending markets to meet the financial needs of SOEs and SBs. Less frequently, loans are obtained from regional banking institutions, such as the Caribbean Development Bank. Importantly, debt owed to other SOEs also represents implicit contingent liabilities for the Central Government, as the risk of non-repayment may ultimately be borne by the Government.

An analysis of the debt portfolio reveals that the majority of SOEs holding non-guaranteed debt have been meeting their loan obligations on time and possess sufficient financial resources to manage their debt even in the face of unforeseen shocks. Consequently, the risk from implicit contingent liabilities remains low. In the furtherance of fiscal risk reduction and mitigation, the Government will continue to maintain regular monitoring and evaluation of the performance of State-Owned Enterprises (SOEs) and Statutory Bodies (SBs), utilizing both audited and unaudited financial statements. This ongoing oversight will enable consistent assessment of the fiscal risks posed by these entities and ensure timely implementation of necessary interventions.

Table 13: Risk Assessment Summary and Mitigation Measures

Risk Description	Source of Risk	Risk Rating	Measures to Manage/Mitigate Risks
Macroeconomic	Global economic slowdown. High global inflation. Global protectionist trade policies		The Government will maintain targeted support for sectors hit hardest by the economic slowdown and use the Contingency Fund prudently to manage deeper-than-expected economic challenges. In the medium term, it will pursue structural reforms to diversify the economy, enhancing competitiveness and resilience.
Budget Implementation	Lower-than-forecasted NTF receipts.		The Government will focus capital spending on projects that create jobs and build resilient infrastructure through the PSIP. It will keep discretionary spending within the budget and work on improving revenue collection.
	Capacity and institutional constraints affecting project implementation.		The Government will enhance the Public Investment Management System to better manage the capital budget. This includes improving project management skills, coordinating more effectively among ministries, hiring technical experts, and supporting the work of MIT to reduce risks.
Fiscal Risks from State-owned Enterprises	Contingent liabilities of SOEs.		The Government will ensure timely submission of up-to-date audited financial statements and closely oversee the management performance of SOEs to guarantee they fulfil their mandates in the most cost-effective and efficient way. The technical capacity of the Macroeconomic Policy Unit has been expanded to better conduct this function.
Climate Change	Adverse effects of natural hazards.		A disaster risk financing strategy has been created, featuring a Contingency Fund, a Line of Credit for unexpected natural events, insurance through CCRIF, and debt instruments with Hurricane clauses.

Key	
	High Risk
	Medium Risk

STATEMENT OF RESPONSIBILITY

I, Mike Sylvester, Permanent Secretary with responsibility for the Ministry of Finance, attest to the reliability and completeness of the information presented in this Medium-term Fiscal Framework 2026-2028 and its compliance with the FRA 2023.

……………………………..
Mike Sylvester (Mr.)
Permanent Secretary
MINISTRY OF FINANCE

5 APPENDICES

***Appendix 1**: Salient Features of the Fiscal Resilience Act, 2023*

Item	2023 FRA
Fiscal Objectives	Fiscal & debt sustainability & fiscal risk management
Debt Target	60.0% of GDP by 2035
Primary Balance Rule	Floor of 1.5% of GDP
Wage Bill Rule	Ceiling of 13.0% of GDP Annually
The Suspension Clause	The Minister may, by Order subject to negative resolution, suspend the public debt target and primary balance rule at any time during a fiscal year where any of the following occurs– (a) a major economic shock resulting from– (i) a global economic recession or crisis as declared by the International Monetary Fund; or (ii) a disaster arising from a natural hazard as declared by an authorised national, regional or international agency, or any other disaster declared pursuant to section 55 of the Disaster Management Act, 2023; or (iii) a public health epidemic, as declared by an authorised national, regional or intentional agency; or (iv) war, or any other event whether national, regional or international resulting in the declaration of a state of emergency by the Governor-General pursuant to section 17 (1) of the Constitution. (b) a cumulative decline in real GDP equal to or greater than three percent over the two consecutive preceding fiscal years. (c) the Eastern Caribbean Central Bank has certified in writing that a financial sector crisis has occurred, or is imminent, and the Minister estimates that the fiscal costs of such crisis, including the costs of any related recapitalisation of banks by the State of Grenada after all possible private sector solutions have been explored, is likely to equate or exceed four percent of nominal GDP.
Recovery Plan	Proposes measures to return to compliance with the fiscal rules which may be contained in the Mid-year Economic Report (if suspension occurs within the first half of a fiscal years) or the Medium-term Economic and Fiscal Strategy Report if suspension occurs within the second half of a fiscal year.
Reports	A single consolidated Medium-term Economic & Fiscal Strategy Report
Medium-term Fiscal Framework	Explicit provisions
Coverage	Central Gov't & All SOEs & SBs for Public Debt. Central Gov't only for fiscal flow variables
Stated–owned Enterprises (SOEs) and Statutory Bodies (SBs)	New Section with explicit provisions for all SOEs & SBs
Independent Fiscal Oversight Committee	Ex-ante and Ex-post assessments
	Source: Ministry of Finance

Appendix 2: *Medium-term Growth Forecasts, Percent Change*

	Actual	Actual	Actual	Actual	Est.	Est.	Forward Estimates		
	2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Agriculture, Livestock and Forestry	-15.0	15.0	-22.5	-25.3	-23.9	6.0	3.9	3.0	1.4
Fishing	-13.0	17.6	0.0	-4.0	-13.1	11.9	3.3	2.7	2.4
Mining & Quarrying	-8.0	18.8	11.0	-27.0	5.0	13.7	2.3	2.1	2.8
Manufacturing	-10.2	11.1	8.3	12.0	4.6	1.4	-0.1	0.7	1.2
Electricity & Water	-6.4	-0.8	6.7	4.3	7.6	4.1	0.1	-0.9	0.6
Construction	-20.5	25.7	25.5	-11.7	7.4	8.6	5.7	4.0	7.7
Wholesale & Retail Trade	-15.4	6.5	0.1	17.2	2.5	5.0	4.3	2.8	3.4
Hotels & Restaurants	-68.2	37.6	60.9	19.3	9.4	0.7	1.1	1.9	2.1
Transport and Storage	-33.1	-13.5	26.7	13.5	3.2	3.4	2.6	1.9	1.8
Communications	-6.3	0.7	0.2	8.3	2.0	4.0	5.0	5.9	5.0
Financial Intermediation	4.3	4.1	4.5	6.4	4.6	5.0	3.9	3.3	3.1
Real Estate, Renting and Business Activities	-7.0	0.8	3.4	2.6	2.7	3.2	3.7	4.4	2.2
Public Administration	-2.0	0.1	3.5	-2.3	2.7	3.4	3.1	2.5	2.6
Education	-0.3	1.7	-4.1	3.6	1.4	0.7	0.9	0.5	1.8
Health and Social Work	-1.7	2.4	2.7	1.5	1.1	2.9	3.1	3.3	3.3
Other Community, Social & Personal Services	-11.4	1.2	1.0	-5.9	1.3	0.2	0.6	0.4	0.3
Activities of Private Households as Employers	-4.3	0.0	1.1	1.9	0.8	0.9	0.9	1.1	1.1
Real Gross Value added (not GDP)	-13.7	5.2	6.2	2.8	2.8	3.7	2.9	2.5	3.0
Real Gross Domestic Product	**-13.8**	**4.7**	**7.3**	**4.5**	**3.3**	**4.2**	**3.0**	**2.6**	**3.0**
Other key indicators									
Nominal GDP (% Change)	-14.0	7.6	9.1	9.2	5.0	4.8	3.6	3.6	3.9
Nominal GDP (EC$ Millions)	2817.2	3030.0	3304.8	3608.3	3789.9	3972.7	4117.3	4263.9	4430.3

Source: Ministry of Finance

Appendix 3: *Baseline Medium-Term Assumptions*

<table>
<tr><th>Categories</th><th>2026</th><th>2027</th><th>2028</th></tr>
<tr><td>Recurrent Revenue</td><td colspan="3">All categories of tax revenue are assumed to grow in line with projected nominal GDP, except for tax revenue from international transactions (IT), which is expected to grow in line with the average growth of imports. The Inland Revenue Division’s new tax system, GTAX, will accommodate all tax types, thereby improving efficiency in tax collection. Property tax collections are expected to return to pre–Hurricane Beryl levels over the medium term, due to the resumption of payments from Carriacou and certain parts of mainland Grenada.
Non-tax revenue, except for revenue from the IMA Programme, is also projected to move in line with nominal GDP. Estimates for IMA revenue are cautiously projected by the IMA Unit, considering the potential impact of the AMIGOS Act and other associated risks to the Programme. These projections also reflect the various strategies expected to be implemented to enhance the Programme’s attractiveness over the medium term.</td></tr>
<tr><td colspan="4">Recurrent Expenditure</td></tr>
<tr><td>Personal Emoluments, Wages, Salaries and Allowances</td><td rowspan="2">These expenditure categories reflect projected costs influenced by inflation and the ongoing staff regularization process</td><td colspan="2" rowspan="2">These categories account for anticipated personnel related cost adjustments in 2027, along with projected inflationary impacts in 2028</td></tr>
<tr><td>Social contributions to employees</td></tr>
<tr><td>Goods & Services</td><td colspan="3" rowspan="2">Items under these categories are adjusted for inflation, except for transfers abroad. Expenditures on Goods and Services reflect several key initiatives, including the pilot programme for the transportation of school children, the provision of free tuition up to the tertiary level, and both revamped and new public assistance programmes. The scaling-up of the “school bus programme” and the phasing -in of e-learning capacities within the education system, will account for a modest growth in the cost of goods and services. Furthermore, provisions for changes in both expenditure categories over the period 2026 to 2028 have been incorporated.</td></tr>
<tr><td>Current transfers</td></tr>
<tr><td>Interest payment</td><td colspan="3">External and domestic interest payments reflect the conditions stated in the contractual agreement.</td></tr>
<tr><td colspan="4">Capital Expenditure & Net Lending</td></tr>
<tr><td>Grant financed</td><td colspan="3" rowspan="2">Capital expenditure over the medium term is driven by the Government's new and existing public sector investment plans that aligns with the ongoing recovery and reconstruction efforts post Hurricane Beryl and Government’s transformational agenda.</td></tr>
<tr><td>Non-Grant financed</td></tr>
</table>

Appendix 4: *Fiscal performance for the period 2022-2024, Estimated Outturns for 2025 & the MTFF for the period 2026-2028*

	2022		2023		2024		2025		2026		2027		2028	
	Actual EC$M	% of GDP	Actual EC$M	% of GDP	Actual EC$M	% of GDP	Est. Outturn EC$M	% of GDP	**Projected** EC$M	% of GDP	**Projected** EC$M	% of GDP	**Projected** EC$M	% of GDP
Total Revenue and Grants	**1,088.3**	**32.9**	**1,321.0**	**36.6**	**1,648.5**	**43.5**	**1,267.1**	**31.9**	**1,464.9**	**35.6**	**1,520.5**	**35.7**	**1,596.4**	**36.0**
Total Revenue	**863.9**	**26.1**	**1,302.9**	**36.1**	**1,628.3**	**43.0**	**1,206.5**	**30.4**	**1,388.3**	**33.7**	**1,441.9**	**33.8**	**1,514.7**	**34.2**
Tax Revenue	714.9	21.6	848.1	23.5	890.5	23.5	949.8	23.9	1021.9	24.8	1,041.0	24.4	1077.2	24.3
Nontax Revenue	149.0	4.5	454.7	12.6	737.8	19.5	256.8	6.5	366.4	8.9	400.9	9.4	437.6	9.9
Grants	**224.4**	**6.8**	**18.2**	**0.5**	**20.1**	**0.5**	**60.5**	**1.5**	**76.5**	**1.9**	**78.6**	**1.8**	**81.7**	**1.8**
Total Expenditure	**1,057.6**	32.0	**1,037.6**	**28.8**	**1,397.6**	**36.9**	**1,554.2**	**39.1**	**1,541.0**	**37.4**	**1,509.5**	**35.4**	**1,548.0**	**34.9**
Primary Expenditure	**1,003.9**	30.4	**984.2**	**27.3**	**1,273.3**	**33.6**	**1,428.6**	**36.0**	**1,481.7**	**36.0**	**1,454.4**	**34.1**	**1,492.5**	**33.7**
Current Expenditure	**717.4**	21.7	**702.2**	19.5	**944.5**	24.9	1,057.1	**26.6**	**1,000.7**	**24.3**	**995.9**	**23.4**	**1,007.6**	**22.7**
Employee Compensation	**279.7**	8.5	**291.5**	**8.1**	**319.4**	**8.4**	**379.2**	9.5	394.7	9.6	397.1	9.3	403.4	9.1
Wages, Salaries & Allowances	263.5	8.0	274.8	7.6	299.0	7.9	350.3	8.8	365.8	8.9	368.0	8.6	374.1	8.4
Social Contribution to Employees	16.2	0.5	16.8	0.5	20.3	0.5	28.9	0.7	29.0	0.7	29.1	0.7	29.3	0.7
Goods & Services	128.0	3.9	141.7	3.9	174.4	4.6	207.2	5.2	208.1	5.1	209.3	4.9	210.8	4.8
Interest Payments	53.7	1.6	53.3	1.5	124.3	3.3	125.7	3.2	59.2	1.4	55.1	1.3	55.5	1.3
Current Transfers	**256.1**	**7.7**	**215.6**	**3.0**	**245.7**	**6.5**	**345.0**	**8.7**	**338.7**	**8.2**	**334.4**	**7.8**	**337.8**	7.6
							-							
Capital Expenditure	**340.2**	**10.3**	**335.4**	**9.3**	**453.1**	**12.0**	**497.1**	**12.5**	**540.2**	**13.1**	**513.6**	**12.0**	**540.4**	**12.2**
o/w: Grant-financed	116.5	3.5	17.4	0.5	18.1	0.5	49.5	1.2	53.8	1.3	51.1	1.2	53.8	1.2
Curr. Account Balance b/f Grants	**146.5**	**4.4**	**600.0**	**16.6**	**683.9**	**18.0**	**149.4**	**3.8**	**387.6**	**9.4**	**446**	**10.5**	**507.1**	**11.5**
Primary balance (after grants)	**84.4**	**2.6**	**336.1**	**9.3**	**375.1**	**9.9**	**(161.5)**	**-4.1**	**(16.9)**	**-0.4**	**66.1**	**1.6**	**103.9**	**2.3**
Overall Balance	**30.7**	**0.9**	**282.8**	**7.8**	**250.9**	**6.6**	**(287.2)**	**-7.2**	**(76.1)**	**-1.8**	**11.0**	**0.3**	**48.4**	**1.1**
Nominal GDP		**3304.8**		**3608.3**		**3789.2**		**3972.7**		**4117.3**		**4263.9**		**4430.3**

Source: Ministry of Finance

***Appendix 5**: Grenada's BOP Account as at Dec 2024 and Estimated BOP for December 2025*

	December-24	December-25
CURRENT ACCOUNT	**-731.1**	**-423.1**
GOODS AND SERVICES	**-355.4**	**-165.3**
Credit	2,319.2	2,287.5
Debit	2,674.6	2,452.8
Goods	**-1,326.8**	**-1,350.1**
Credit	190.1	193.5
Debit	1,516.9	1,543.6
Services	**971.4**	**1,184.8**
Credit	2,129.0	2,094.0
of which: Travel	1,813.3	1,889.2
Debit	1,157.7	909.2
of which: Travel	79.1	84.7
INCOME	**-375.7**	**-257.7**
Primary Income	**-358.8**	**-226.7**
Credit	87.0	90.3
of which: Investment Income	82.9	85.9
of which: Compensation of Employees	4.1	4.4
of which: Interest (on other investment)	16.7	17.1
Debit	445.8	317.0
of which: Investment Income	354.1	224.6
of which: Compensation of Employees	91.7	92.4
of which: Interest (on other investment)	29.9	31.1
Secondary Income	**-16.9**	**-31.0**
of which: Worker's Remittances	125.8	125.3
Credit	181.8	185.3
Debit	56.0	60.0
CAPITAL ACCOUNT	**594.3**	**191.8**
Capital transfers	594.3	191.8
General government	588.0	185.0
of which: Credit (Capital Grants)	588.0	185.0
Financial corporations, nonfinancial corporations, households, and NPISHs	6.3	6.8
FINANCIAL ACCOUNT		
Net lending (+) / net borrowing (-) (balance from financial account)	-233.4	-230.9
Direct investment	**-282.5**	**-298.6**
Net Acquisition of assets	7.9	8.3
Net incurrence of liabilities	290.3	306.9
Portfolio investment	**87.2**	**75.2**
Net Acquisition of assets	64.4	51.2
Net incurrence of liabilities	-22.8	-24.0
Other investment	**-63.7**	**-85.8**
Net Acquisition of assets	60.7	52.2
Net incurrence of liabilities	124.4	138.0
Reserve assets	**25.6**	**78.2**
Special drawing rights	0.0	0.0
Reserve position in the IMF	0.0	0.0
Other reserve assets	25.6	78.2
Net errors and omissions	**-2.2**	**-1.9**

Source: ECCB