



MEDIUM-TERM ECONOMIC AND FISCAL STRATEGY REPORT 2025



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LIST OF ABBREVIATIONS

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 Economic and Fiscal Strategy Report (MTEFSR) presents a coherent and comprehensive framework that integrates Grenada's macroeconomic context, medium-term outlook, strategic priorities, fiscal objectives, and associated risks. It provides the analytical foundation for the 2026 National Budget and sets out the fiscal strategies for 2027 and 2028, aligned with the National Sustainable Development Plan (NSDP) 2020–2035 and *Vision 75*.

The **international environment in 2025 has been characterised by a gradual stabilisation** in global activity and inflation. Major economies have maintained moderate growth trajectories, supported by easing monetary conditions and improving supply dynamics. Inflation continues to decline globally, as lower energy prices and improved supply conditions ease price pressures. Nevertheless, the recovery remains uneven, with slower expansion in advanced economies and ongoing trade and geopolitical tensions tempering the outlook. For small, open economies such as Grenada, these trends point to a more stable yet cautious global setting, conducive to moderate export and tourism gains but still vulnerable to external shocks.

Domestically, **Grenada's economy is projected to expand by 6.2 percent in 2025**, reflecting post-disaster reconstruction and stronger activity in key productive sectors. Growth is being propelled by construction, manufacturing, and agriculture, alongside firm household consumption and stable tourism receipts. **Inflation is projected to remain low, averaging about 1.0 percent**, amid moderating import prices and stable global energy costs. The labour market is expected to strengthen, as reconstruction activity and ongoing private investment stimulate employment opportunities, while the financial system remains liquid and well-capitalised. Externally, the current account deficit is estimated to have widened in 2025, owing to higher imports of food, building materials, and transport equipment associated with the recovery process and renewed capital formation. From a fiscal standpoint, overall performance in 2025 is projected to surpass budget expectations, with stronger tax collections and contained current expenditure offsetting higher recovery-related spending.

Consistent with Government's articulated plans, over the **medium term, growth is projected to stabilise at around 4.7 percent annually through 2028**, as reconstruction transitions to broader private- and public-sector investment-led expansion. Activity will be underpinned by continued investment in climate-resilient infrastructure, renewable energy, and regional connectivity. As growth stabilises, the fiscal position is expected to strengthen, with recovery spending winding down and revenue continuing to grow in line with economic activity. Over the medium term, the Government's fiscal strategy will focus on strengthening revenue performance, improving expenditure efficiency, and ensuring fiscal sustainability in line with the Fiscal Resilience Act.

Revenue Strategies

- **Enhance Domestic Revenue Mobilisation** – Modernise tax systems and strengthen compliance to improve efficiency and broaden the revenue base.
- **Reform Concessions and Tax Incentives** – Rationalise tax exemptions and phase out temporary waivers to safeguard fiscal space.
- **Improve Enforcement and Collection** – Strengthen monitoring and recovery mechanisms to reduce arrears and stabilise revenues at sustainable levels.

Expenditure Strategies

- **Prioritise Productive and Transformative Investments** – Direct resources to projects that build resilience, improve social outcomes, and advance national transformation.
- **Promote Efficiency and Fiscal Discipline** – Strengthen procurement, financial management, and expenditure control to ensure value for money.
- **Restore Compliance with Fiscal Rules** – Balance recovery-related needs with medium-term targets to secure long-term fiscal and debt sustainability.

Consequently, the primary balance inclusive of Grants is projected to shift from a deficit **(-5.4 percent of GDP)** in 2026 to a surplus **(1.8 percent of GDP)** by 2027, bringing public finances back in line with the fiscal targets established under the Fiscal Resilience Act (FRA). The Medium-Term Debt Management Strategy (MTDS) complements this framework by aligning borrowing and debt-reduction policies with the FRA. Together, these instruments aim to achieve a primary surplus of at least 1.5 percent of GDP and bring public debt down to 60 percent of GDP by 2035, ensuring the sustainability of public finances.

While the medium-term outlook remains positive, several risks could affect Grenada’s growth and fiscal trajectory. Global economic uncertainty, potential energy-price shocks, and heightened geopolitical tensions could dampen external demand and tourism receipts. Domestically, climate-related events, implementation delays in major projects, and financing constraints pose additional downside risks. The Government remains committed to prudent fiscal management and targeted risk-mitigation strategies to preserve macroeconomic stability, safeguard public finances, and sustain Grenada’s path toward resilient and inclusive growth.

INTRODUCTION

The Medium-Term Economic and Fiscal Strategy Report (MTEFSR) is the Government of Grenada's principal macroeconomic and fiscal planning instrument. It establishes the strategic framework for the 2026 National Budget and fiscal projections for 2027 and 2028, anchoring Government's policy priorities within a sustainable medium-term fiscal framework. The 2026 MTEFSR underscores the dual focus of sustaining economic and fiscal recovery following the impacts of Hurricane Beryl and advancing the Government's long-term transformational and development agenda.

Prepared in accordance with Section 12A of the Public Finance Management Act, No. 17 of 2015, as amended, the MTEFSR consolidates the Government's macroeconomic and fiscal strategies within a single integrated framework. It articulates the economic context and medium-term outlook, sets out the underlying assumptions guiding fiscal forecasts, and establishes policy anchors for expenditure, revenue, and debt sustainability under the Medium-Term Fiscal Framework (MTFF) 2026–2028. The report also evaluates key domestic and external risks that could affect fiscal and macroeconomic performance, informing policy formulation and fiscal planning over the medium term.

A central feature of the 2026 MTEFSR is the integration of post-disaster recovery priorities with Grenada's broader development planning instruments—specifically, the Post-Disaster Needs Assessment (PDNA), the Medium-Term Action Plan (MTAP) 2023–2025, and the National Sustainable Development Plan (NSDP) 2020–2035. The MTEFSR also provides the fiscal and macroeconomic foundation for the revised Medium-Term Action Plan (MTAP) 2026–2028, ensuring that recovery and transformation priorities are financially sustainable and fully aligned with the Government's fiscal strategy and the national budget framework.

The report further demonstrates the Government's ongoing commitment to resilience, transparency, and fiscal discipline. It reinforces the application of fiscal rules and targets under the Fiscal Resilience Act 2023, which anchors medium-term policy direction and reinforces accountability in public financial management. Together, these measures advance the pursuit of fiscal sustainability while enabling the Government to maintain an adaptive and responsive fiscal stance within the broader context of recovery.

In framing the macro-fiscal objectives for 2026 and the forward years, the MTEFSR maintains a careful balance between investment and prudence. It prioritises expenditure that supports economic recovery, structural transformation, and social protection, while safeguarding long-term debt sustainability and fiscal credibility. Through this framework, the Government reaffirms its commitment to sustainable growth, economic resilience, and the well-being of all Grenadians. The report is organised as follows:

- Section 1: Macroeconomic Context and Medium-Term Outlook
- Section 2: Medium-Term Fiscal Policy Objectives and Forecasts
- Section 3: Strategic Priorities for Fiscal Year 2026
- Section 4: Compliance with the Fiscal Resilience Act
- Section 5: Fiscal Risk Management
- Section 6: Statement of Responsibility

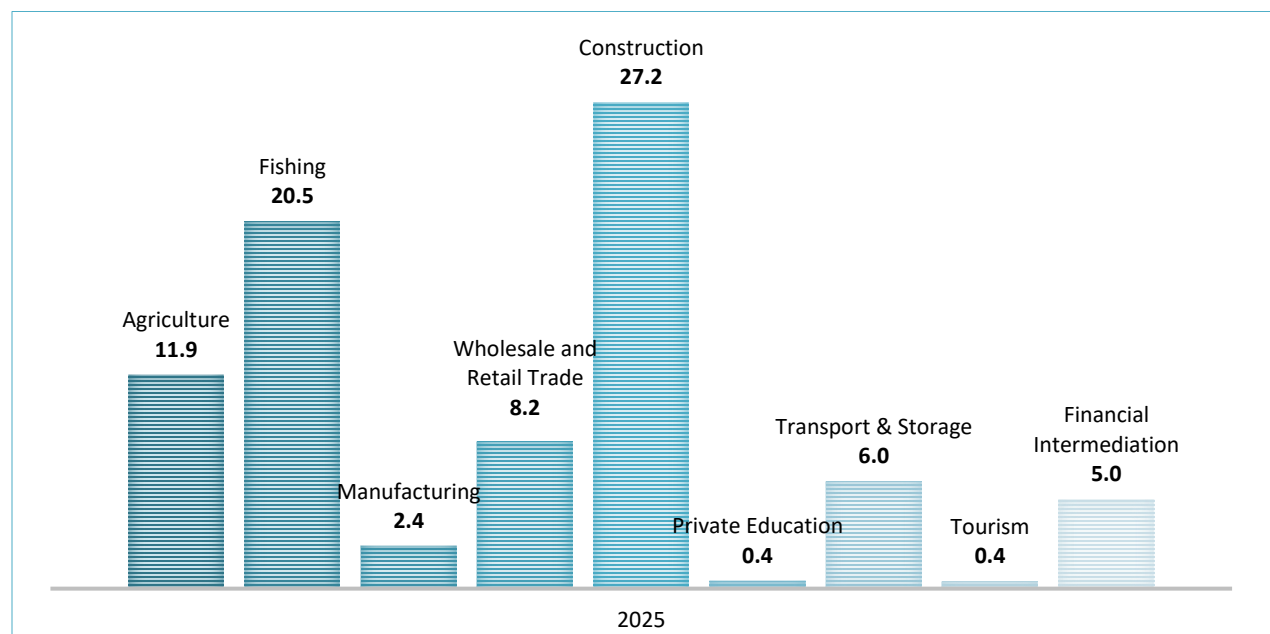
1 MACROECONOMIC AND SOCIAL CONTEXTS

1.1 Real Sector

Grenada entered 2025 in a phase of post-disaster recovery following Hurricane Beryl, which caused estimated damage and losses equivalent to 16.7 percent of GDP. Real GDP is projected to expand by 6.2 percent in 2025, driven by reconstruction activity and sustained investment across major productive sectors.

Expansion is being fuelled by the construction sector, supported by post-disaster recovery works alongside new hotel developments, commercial spaces, and manufacturing facilities. These activities have in turn strengthened mining and quarrying, wholesale and retail trade, transport and storage, and manufacturing. Sectoral performance, however, remains uneven: agriculture continues to face climatic risks, labour shortages, and high input costs, while cruise tourism has rebounded strongly and stay-over arrivals are gradually normalising. Private education also remains stable, anchored by activity from St George's University, though external financing conditions have moderated growth.

Figure 1: Projected Sectoral Growth Performances for 2025 (%)



Broader macroeconomic conditions remain supportive. Inflation eased modestly, owing to a slower rise in import costs and stable energy prices. Labour-market conditions continued to improve, and the financial system remained stable and liquid. Fiscal policy has played a catalytic role in sustaining reconstruction and infrastructure investment, stimulating activity across the productive sectors while Government maintained its commitment to medium-term debt reduction under the Fiscal Resilience Act. On the external front, the current account deficit widened moderately, in line with higher import demand linked to rebuilding and investment.

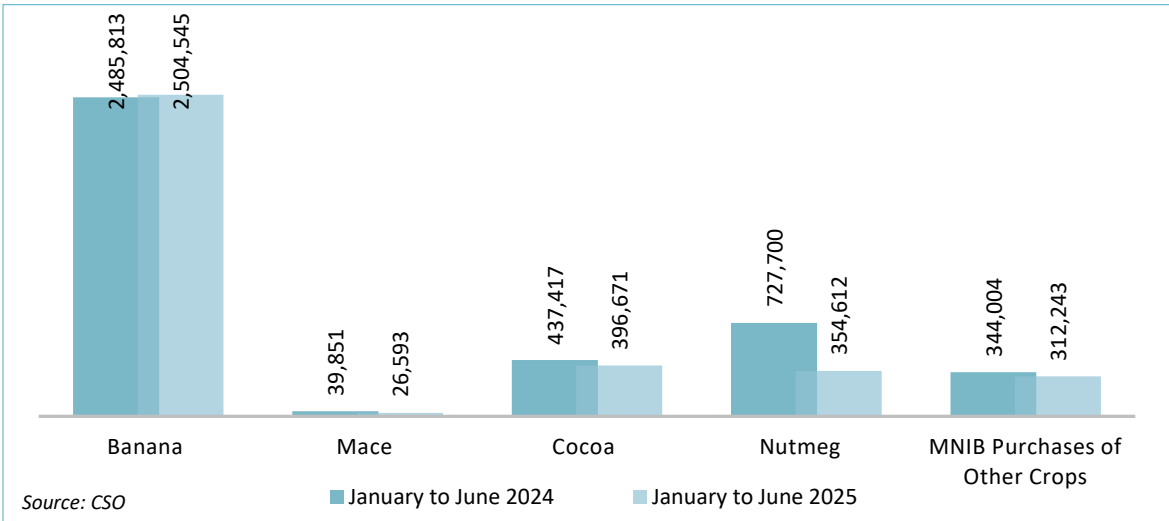
Overall, Grenada’s real-sector performance in 2025 demonstrates continued recovery and resilience, anchored in firm domestic demand, active public-sector investment, and steady progress across key productive sectors. Even so, the outlook remains subject to downside risks stemming from global economic uncertainty through rising geopolitical tensions, commodity-price volatility, and the country’s inherent vulnerability to natural hazards.

1.1.1 Agriculture

In just over a year since the passage of Hurricane Beryl, Grenada’s agriculture sector—one of the hardest hit—remains in recovery. The hurricane caused extensive damage to tree crops and farmlands, with rehabilitation efforts further hampered by sustained rainfall, high input costs and limited skilled workers. Between January and June 2025, overall crop production weakened relative to the same period of 2024.

Nutmeg and mace recorded the steepest declines—51.3 percent and 33.3 percent, respectively—as a result of the loss of mature tree stock and prolonged wet conditions that delayed rehabilitation. Cocoa output contracted by 9.3 percent, while banana purchases increased modestly by 0.8 percent, signalling gradual stabilisation among short-cycle crops.

Figure 2: Crop Production: Jan – Jun (2024 vs. 2025) (lbs)



To support recovery, the Government of Grenada implemented targeted interventions during the first half of 2025, including the provision of new farming equipment, seedlings, and continued investment in replanting and modernisation initiatives. These measures are expected to strengthen farm operations and facilitate output recovery during the latter half of the year and over the medium-term.

Despite these efforts, the sector continues to face persistent structural and climatic challenges—including poor seed quality, inadequate market information, limited skilled labour, and high production costs. These constraints continue to weigh on productivity and delay full recovery.

While the sector’s rebound remains gradual, the outlook for 2025 has strengthened relative to earlier Medium-Term projections. Total agricultural output is now projected to increase by 11.9 percent, up from 5.9 percent previously, as improved crop yields and a recovery in livestock production, supported the ongoing rehabilitation and replanting efforts, that has strengthened sector-wide performance.

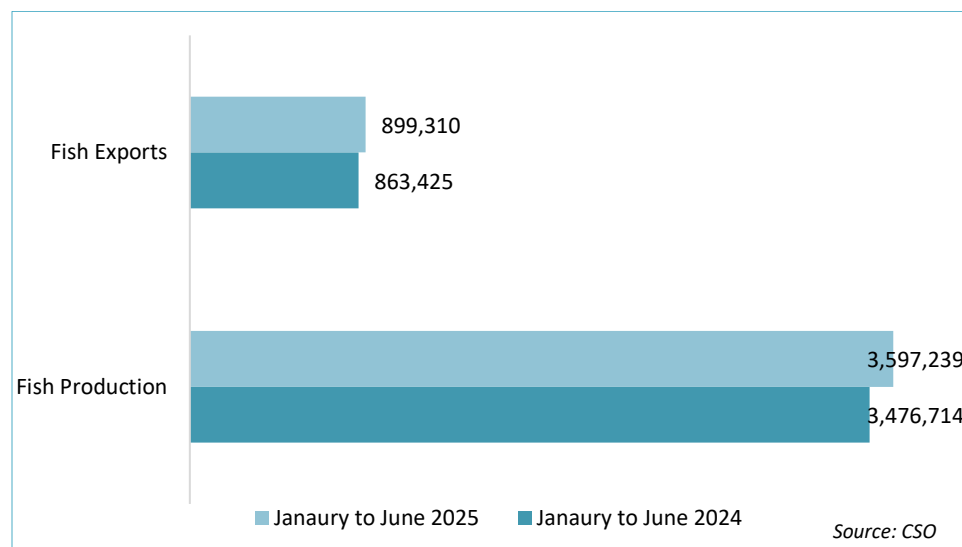
1.1.2 Fishing

The fisheries sector was among the hardest hit by Hurricane Beryl in 2024, as extensive damage to boats, gear, and coastal infrastructure severely disrupted production and livelihoods. Reef-restoration efforts were also set back, delaying the recovery of marine ecosystems and reducing the availability of high-value fish species.

In the first half of 2025, however, the sector began to recover, supported by Government interventions and external assistance. These included livelihood support under the CCRIF COAST insurance facility, a dedicated vessel-repair programme, and expanded technical and safety training for fisherfolk. An estimated 279 fishers benefited directly from these measures, which helped sustain participation in fishing activities and accelerate the resumption of operations.

Production data indicate a marked improvement in fish output during the first half of 2025. Total landings for the period January to June 2025 increased by 120,525 pounds, representing a 3.5 percent rise compared with the same period in 2024. This growth was largely the result of intensified fishing operations by fisherfolk to recover earnings after Hurricane Beryl. Fish exports also expanded, rising by 4.2 percent to 899,310 lbs, up from 863,425 lbs in the corresponding period of 2024.

Figure 3: Fish Production & Exports (lbs.) (Jan – Jun) (2024 vs. 2025)



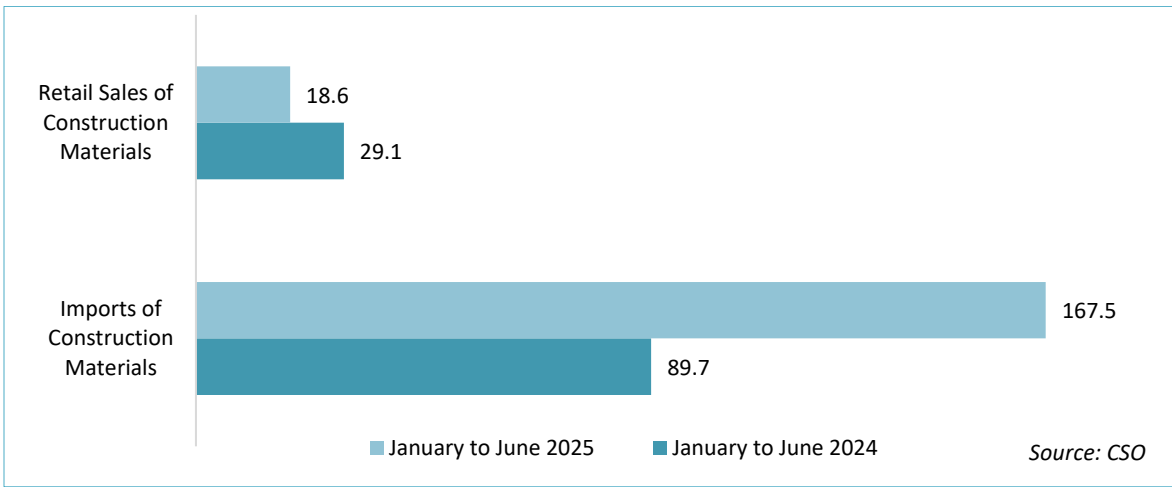
Despite these gains, the sector continues to face structural and operational challenges, including limited airlift capacity, shortages of fisheries specialists, and data reliability issues that constrain effective monitoring and policy design. A growing concern is the underreporting of production and exports, as direct fish sales to neighbouring territories bypass official recording systems, reducing the accuracy of trade statistics and complicating resource management.

Amid continued recovery efforts and sustained Government support, the fisheries sector is now projected to expand by 20.6 percent in 2025, a significant upward revision from the 11.9 percent projected in the MTFF. The improved outlook is attributed to a stronger-than-expected rebound in fish production, effective post-disaster recovery programmes, and the gradual restoration of critical marine and coastal infrastructure.

1.1.3 Construction

The construction sector was the fastest-growing industry in the first half of 2025, driven by post-disaster reconstruction activity and new public and private investment projects. As at June 2025, the quantity of imported construction materials rose by 32.3 percent to 86.7 million kilograms, up from 65.5 million kilograms in the corresponding period of 2024. Imports totaled EC\$167.5 million, representing year-on-year growth of 86.7 percent. The sharp rise in imports reflects heightened demand associated with major projects such as the InterContinental Hotel at La Sagesse, the Grenada National Resort, the Grenada Climate-Resilient Water Sector (G-CREWS) Project, the Lacalome Agro-Processing Plant, and several institutional upgrades—including renovations to SGU’s Small Animal Clinic, construction of a new lecture hall, and the reconstruction of public schools across Carriacou, St. Andrew, and St. David.

Figure 4: Construction Sector Indicators (Jan – June) (2024 vs. 2025) (EC\$ million)



Despite the strong import demand, **retail sales of construction materials declined by 36.3 percent** relative to the same period of 2024. Surveillance Reports attribute this to **bulk direct procurement** by contractors and developers rather than weaker domestic demand. Structural challenges, however, remain pronounced. Shortages of skilled workers such as carpenters, masons, and steel fixers, along with limited availability of general labourers, continue to constrain project delivery. Rising costs for key inputs such as steel and elevated freight charges could further increase project expenses and delay implementation later in the year.

Nevertheless, overall sectoral performance remains strong. Construction output is now projected to expand by 27.2 percent in 2025, a substantial upward revision from the 8.6 percent forecast in the MTFF. The revision follows intensified rebuilding efforts, large-scale public investments, and continued private-sector engagement in tourism, manufacturing, and commercial infrastructure development. These developments reinforce the sector’s position as a key driver of economic recovery and medium-term growth.

1.1.4 Tourism

Tourism activity in the first half of 2025 moderated following the exceptional outturn of 2024, a landmark year. Between January and June 2025, total stayover arrivals declined by 10.5 percent to 92,201, down from 103,027 in the corresponding period of 2024 (Table 1). This moderation is explained by base effects, as the previous year's performance was unusually elevated.

Table 1: Tourism Statistics (Jan – June) (2024 vs. 2025)

Tourism Statistics on Stayover Arrivals	January to June 2024	January to June 2025	% Change
United States	55,393	49,475	-10.7
Europe	4,248	3,112	-26.7
United Kingdom	15,129	14,004	-7.4
Caribbean	14,384	13,165	-8.5
Canada	11,251	9,607	-14.6
Other	2,622	2,838	8.2
Total Stayover Arrivals	103,027	92,201	-10.5
Cruise Passengers	193,394	227,377	17.6
Yacht Passengers			
Of which: Carriacou	6,851	1,261	-81.6
Of which: Grenada	5,866	4,492	-23.4
Yacht Calls			
Of which: Carriacou	1,410	332	-76.5
Of which: Grenada	1,330	1,145	-13.9

Source: GTA

By source market, performance was broadly weaker across traditional markets. Arrivals from the United States fell by 10.7 percent, Canada by 14.6 percent, the United Kingdom by 7.4 percent, Europe by 26.7 percent, and the Caribbean by 7.4 percent. In contrast, emerging markets categorised as “Other”—including Africa, Asia, and South America—registered growth of 1.5 percent, highlighting new possibilities for diversification in the medium-term. Hotel occupancy also softened, with approximately 74,000 guests hosted as of June 2025, compared with 83,236 in the same period of 2024.

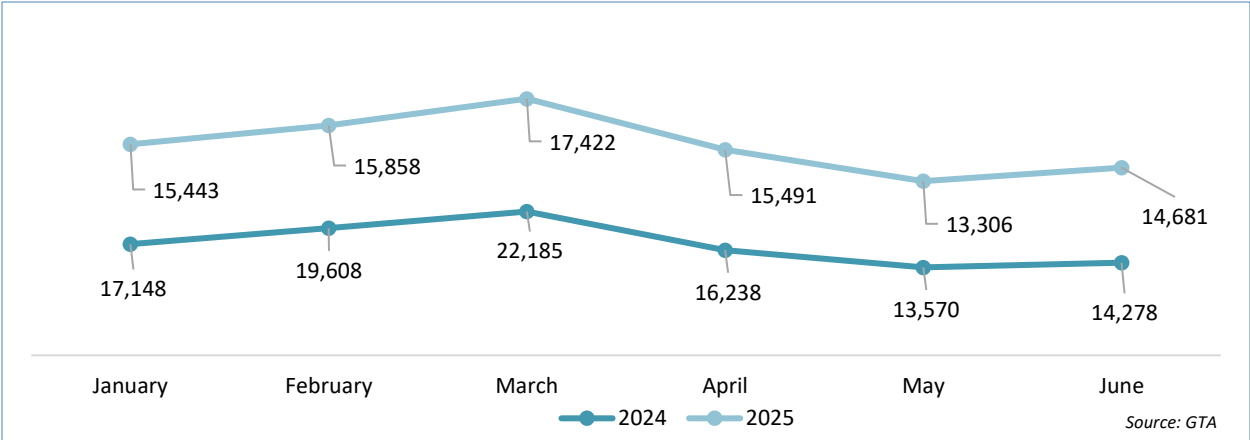
Despite the slower performance in stayovers, cruise tourism remained bouyant. Passenger arrivals increased by 17.6 percent to 227,377, up from 193,394 in the first half of 2024, surpassing pre-pandemic levels. The expansion was supported by a fuller cruise schedule and intensified regional operations, which provided an important offset to softer stayover demand.

In parallel, the sector continued to advance its sustainability agenda. Six hotel properties attained Green Globe Certification, while several others are actively pursuing certification through investments in solar energy, electric vehicle fleets, and rainwater-harvesting systems. In addition, industry-wide initiatives—such as waste reduction programmes led by the Grenada Hotel and Tourism Association (GHTA) in collaboration with the Grenada Green Group (G3)—are improving the sector's environmental

performance and market competitiveness. These efforts are expected to strengthen Grenada’s positioning among environmentally conscious travellers.

The yachting subsector, however, continued to experience significant challenges following Hurricane Beryl. Damage to vessels and marinas, combined with higher insurance and maintenance costs, resulted in a sharp contraction in yacht arrivals. Yacht calls fell by 76.5 percent in Carriacou and 13.9 percent in Grenada, while yacht passengers declined by 81.6 percent and 23.4 percent, respectively. Addressing these competitiveness gaps through improved marina facilities, streamlined immigration procedures, and maintenance support will be critical to restoring the subsector’s performance.

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



Looking ahead, prospects for the second half of 2025 are cautiously optimistic. Improved forward bookings and several events—including the AfriCaribbean Trade and Investment Forum and a West Indies test cricket match—are expected to bolster arrivals. Additionally, seasonal peaks during the summer Carnival period and the winter travel season are projected to further lift visitor numbers in the second half of the year.

Overall, tourism output is projected to expand by 0.3 percent in 2025, down from earlier estimates in the Medium-Term Fiscal Framework (MTFF). The revised outlook is shaped by the continued normalisation in stayover arrivals following the record 2024 performance, partly offset by gains in cruise tourism, though to a lesser extent than initially anticipated.

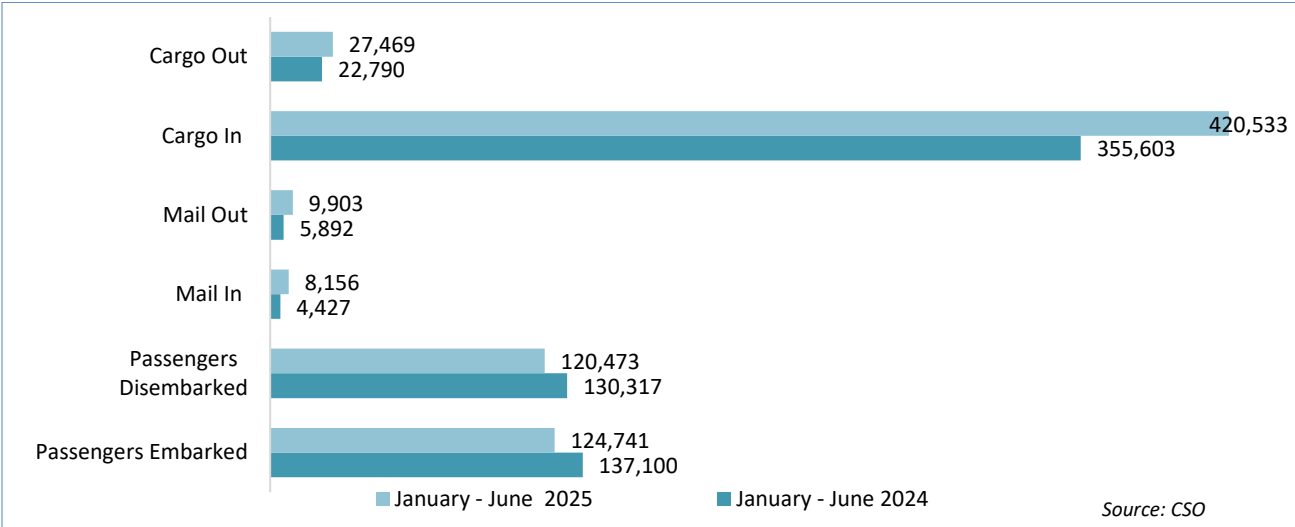
1.1.5 Transport and Storage

The transport and storage sector recorded mixed performance in the first half of 2025. While aircraft and passenger movements softened, cargo and mail flows strengthened remarkably, buoyed by reconstruction activity, trade expansions, and increased e-commerce activity.

Cargo throughput remained the main driver of growth. By the end of June 2025, total cargo handled at the Port reached 420,533 tons, an 18.3 percent increase over the same period in 2024. Outbound cargo volumes rose sharply, supported by higher exports of food products—particularly fish—and stronger import demand for construction materials and consumer goods linked to post-disaster rebuilding. Mail volumes also expanded, rising by 4.2 percent in the first six months of the year as business recovery, digital trade, and cross-border activity intensified.

In contrast, air passenger movements moderated following the exceptional tourism outturn in 2024. Embarked passengers declined by 9.0 percent to 124,741, while disembarked passengers fell by 7.6 percent to 120,473. Aircraft movements registered a marginal 0.2 percent contraction, with notable declines in flights operated by Air Canada (–26.2 percent) and JetBlue (–33.1 percent). These reductions mirrored the normalisation of visitor arrivals from unusually high levels in 2024, rather than a structural decline in travel demand.

Figure 6: Transport and Storage Activity (Jan - Jun) (2024 vs. 2025)



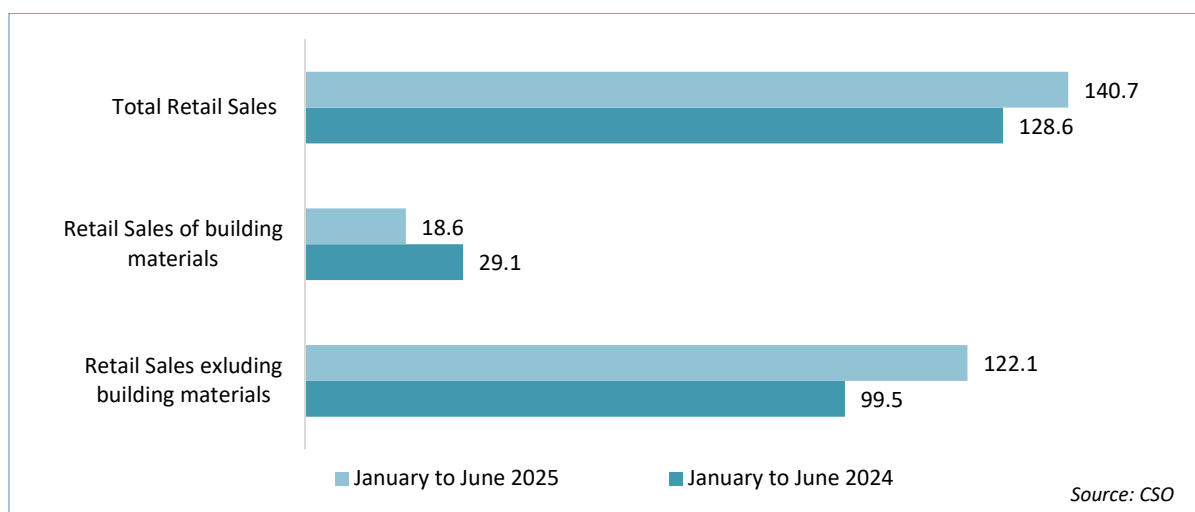
Overall, the sector is now projected to expand by 6.0 percent in 2025, representing an upward revision from the 3.4 percent growth estimated in the Medium-Term Fiscal Framework (MTFF). The stronger projection reflects the sustained momentum in cargo handling, mail processing, and logistics activity linked to large-scale reconstruction and private investment. Looking ahead, continued demand from the construction, agriculture, fishing, and manufacturing sectors—alongside planned infrastructure upgrades and port-capacity enhancements—is expected to bolster growth through 2026 and over the medium term.

1.1.6 Wholesale and Retail Trade

The wholesale and retail trade sector continued to perform strongly during the first half of 2025, underpinned by resilient household demand and steady wholesale supply to businesses across the economy. Total retail sales amounted to EC\$70.8 million at the end of June 2025, representing a 13.3 percent increase from EC\$62.5 million in the same period of 2024. Growth was shaped by higher sales of household goods, agricultural produce, food items, vehicles, and building materials. Excluding construction materials, retail sales recorded robust year-on-year growth of 25.7 percent, illustrating broad-based consumer spending and the sector’s critical role in supporting domestic demand.

By contrast, retail sales of construction materials declined from EC\$14.1 million in the first half of 2024 to EC\$9.9 million in 2025- despite a 77.0 percent rise in construction material imports over the same period. This divergence points to a shift in purchasing behaviour, as contractors and households increasingly source materials directly from overseas suppliers, bypassing local retailers—a trend consistent with the activity observed in the construction sector.

Figure 7: Total Retail Sales (Jan - June) (2024 vs. 2025) (EC\$ million)



Overall, total retail sales grew by 9.4 percent at the end of June 2025, underscoring the sector's continued strength and contribution to domestic demand. Activity in wholesale and retail trade has also reinforced demand for goods distribution, strengthening linkages with the transport and storage sector. For 2025, output is projected to expand by 8.2 percent, a notable upward revision from the 5.0 percent growth forecast in the MTFF, in line with stronger-than-expected consumption and trade activity.

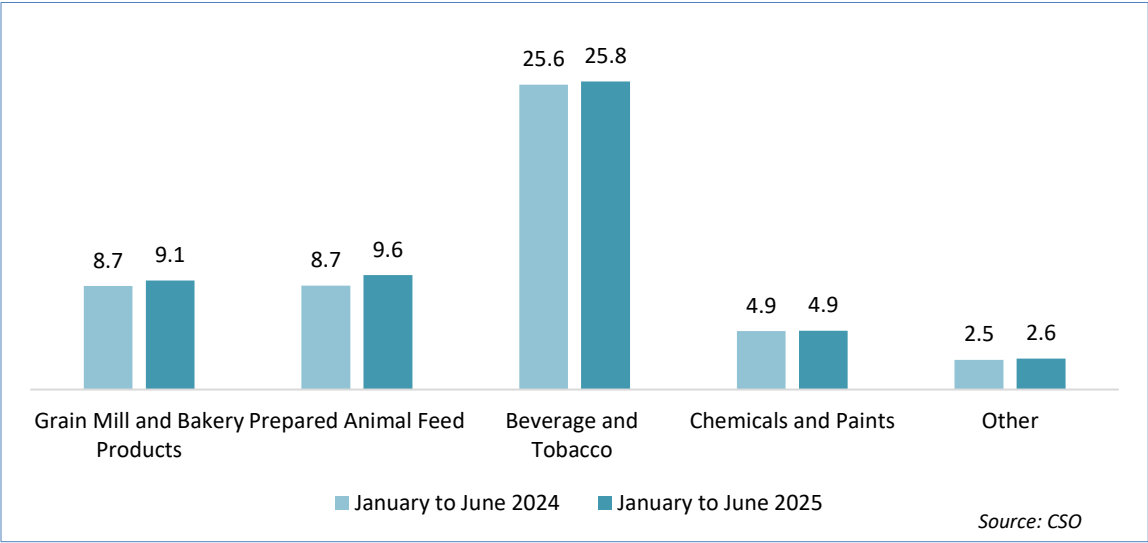
Nevertheless, risks remain from higher global prices for imported goods and potential pressures on consumer confidence, which could temper purchasing power in the second half of the year. Even so, the sector's scale, adaptability, and resilience are expected to sustain its contribution to growth through 2025.

1.1.7 Manufacturing

The manufacturing sector continued to expand in the first half of 2025, demonstrating stronger industrial capacity and deeper linkages with agriculture, construction, and regional trade. Growth during the review period was led by prepared animal feed. This development moves in tandem with the Government's significant investments made in livestock production, which has fuelled local demand for prepared animal feed, lifting production by 10.3 percent. Grain Mill and Bakery Products grew by 5.2 percent to EC\$9.7 million, buoyed by flour exports to regional partners such as Belize, Dominica, St. Kitts and Nevis, and St. Lucia. Other areas of manufacturing also registered gains: toilet paper production increased by 4.4 percent, while beverages and tobacco and chemicals and paints rose by 1.1 percent and 0.2 percent,

respectively. Despite slower growth, beverages and tobacco remained the largest contributor to the sector and a key source of export earnings

Figure 8: Industrial Production (Jan - June) (2024 vs. 2025) (EC\$ million)



New capacity additions are further strengthening the sector’s foundation. Investments in a coconut processing plant, a chill room, and an upcoming agro-processing facility are expected to enhance value addition and deepen integration with agriculture. These initiatives align with the Government’s broader industrial policy to reduce import dependence and stimulate manufacturing-based employment.

Nonetheless, the sector continues to face constraints from volatile commodity prices, supply-chain bottlenecks, and limited access to raw materials. Shipping delays and shortages of skilled labour have also affected some producers, particularly in beverages and tobacco, and chemical and paints. These factors, if prolonged, could dampen output growth and delay the benefits of recent investments.

Even with these challenges, the overall outlook for manufacturing remains positive. Broader sub-sectoral growth, rising regional demand, and new capacity investments are expected to sustain momentum through the remainder of the year. Manufacturing output is projected to expand by 2.4 percent in 2025, consistent with improved supply-chain efficiency and enhanced port operations. Over the medium term, industrial production is expected to remain stable, underpinned by continued investment and the progressive strengthening of domestic value chains.

1.1.8 Private Education

St. George’s University (SGU) remains the main driver of Grenada’s private education sector, generating steady foreign exchange earnings and broad economic activity across housing, transportation, retail, and related services.

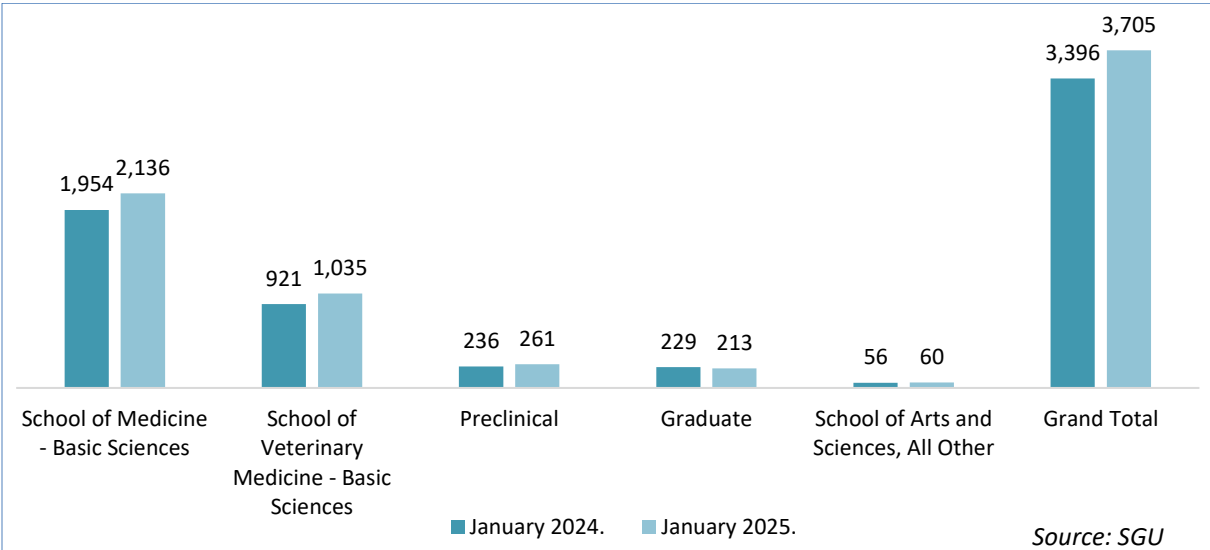
During the first half of 2025, SGU recorded enrolment growth of 9 percent compared with the same period in 2024. Growth was broad-based across its major schools: the School of Medicine (Basic Sciences) increased by 9.3 percent, the School of Veterinary Medicine (Basic Sciences) by 12.4 percent, and the Preclinical Programme by 10.6 percent.

For the August 2025 term, student numbers are projected to rise by 2.6 percent to 4,803, consistent with continued international demand for SGU’s programmes.

The outlook, however, remains tempered by external vulnerabilities. The One Big Beautiful Act, passed in July 2025, restricts access to key student-loan facilities and eliminates Pell Grant eligibility for study-abroad programmes. Given that a large share of SGU’s students originate from the United States, these measures could limit financing options for its core enrolment group — and, in turn, moderate future intake — unless alternative arrangements are established. To mitigate these risks, SGU is exploring partnerships with private lenders to preserve student access to financing and safeguard enrolment levels.

Against this backdrop, private education output is projected to expand by 0.4 percent in 2025, supported by SGU’s enrolment gains in the first half of the year.

Figure 9: Year-on-Year Total Foreign Enrolment (January) (2024 vs. 2025)



1.1.9 Inflation

1.1.9.1 Period Average Inflation

During the first half of 2025, **the period-average inflation rate was estimated at 0.5 percent, indicating a continued moderation in consumer prices.** Grenada’s Consumer Price Index (CPI) rose marginally from 119.7 in the first half of 2024 to 120.3 in the corresponding period of 2025. This modest increase reflects the combined effects of lower fuel prices and a moderate rise in food prices.

Fuel prices declined by 0.4 percent at the end of June 2025, consistent with the global softening of oil and gas prices. The reduction was largely attributable to higher global oil production and weaker demand, amid persistent geopolitical tensions and slower international trade activity. In contrast, food prices increased by 1.4 percent, with the food price index rising from 140.6 in mid-2024 to 142.5 in mid-2025. This increase stemmed from ongoing pressures in global food markets.

Recent trade policy shifts, the Russia–Ukraine conflict, instability in the Red Sea affecting shipping routes, and lingering supply-chain constraints since the pandemic have all contributed to sustained cost pressures internationally, raising the likelihood that food prices may remain elevated in the near term.

Table 2: Period Average Consumer Price Index (January to June) (2024 vs. 2025)

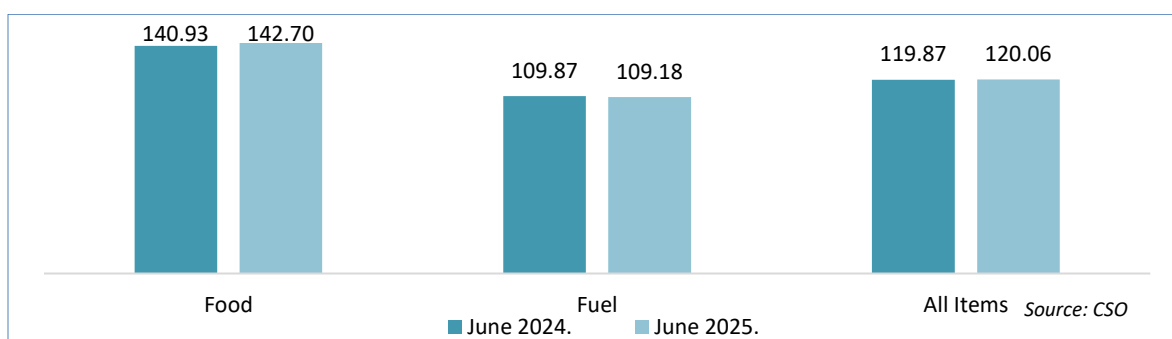
	January to June 2024	January to June 2025	Rate of Change (Inflation %)
Food	140.6	142.5	1.4
Fuel	109.9	109.4	- 0.4
All Items	119.7	120.3	0.5

Source: CSO

1.1.9.2 Year on Year Inflation

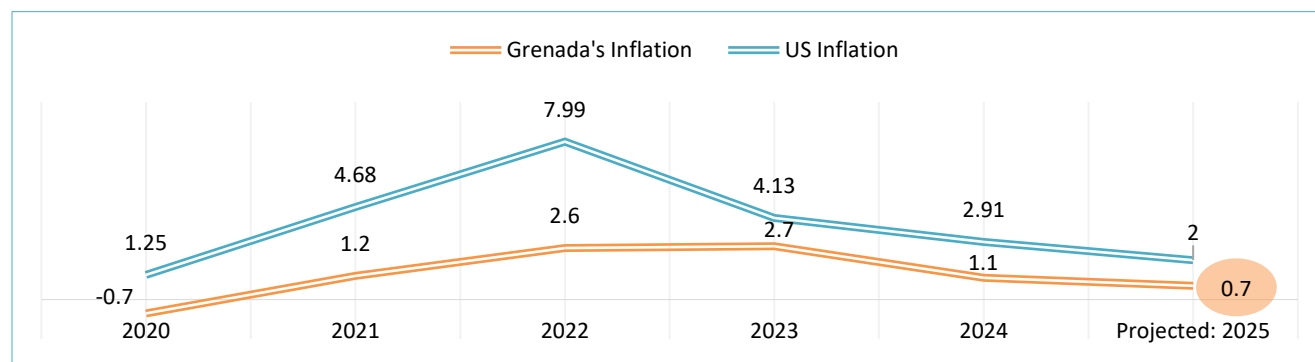
On a year-on-year basis, comparing June 2025 to June 2024, fuel prices fell by 0.6 percent, while food prices rose by 1.3 percent, pushing the food price index to 142.7 from 140.9 a year earlier. Overall, these movements produced **an end-of-period inflation rate of 0.2 percent in June 2025, broadly consistent with the contained period-average outturn.** Together, these results underscore the ongoing stabilisation of domestic prices amid easing global energy costs and a gradual normalisation of food supply conditions.

Figure 10: Consumer Price Index (Year on Year) June 2024 vs. June 2025



Grenada's Consumer Price Index statistics are consistent with international developments; though easing food and commodity prices remain an area of vulnerability for the domestic economy. The Ministry of Finance will continue to monitor domestic and global trends throughout the year and into the medium term to support timely policy responses and maintain macroeconomic stability.

Figure 11: Grenada and US Inflation Rate (2020 – 2025p)



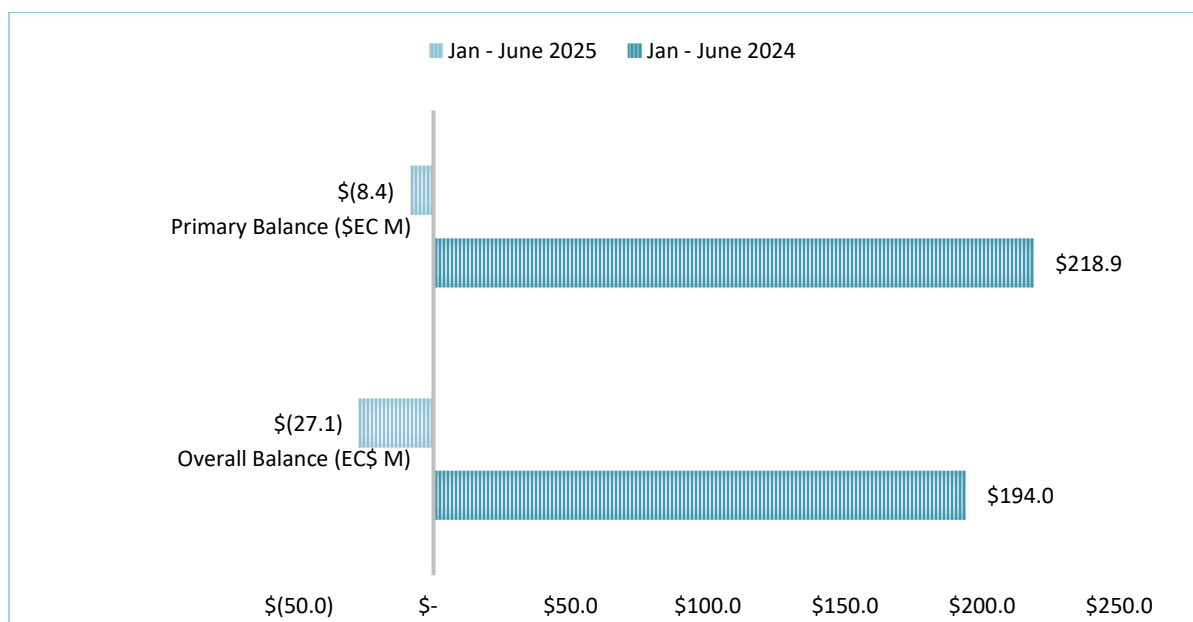
For the full year, Grenada's inflation is projected at 0.7 percent (period average).

1.2 Central Government Operations

Grenada's central government fiscal performance softened during the first six-months of 2025, relative to the corresponding period in 2024, but performed strongly against the budgeted targets. This outcome was shaped in-part by increased spending on reconstruction and recovery efforts, alongside a moderation in revenue from the Investment Migration Agency (IMA)¹ due to the clearance of a substantial application backlog.

The primary deficit for January to June 2025 was recorded at EC\$8.4 million, down from the EC\$218.9 million surplus recorded during the same period in 2024. Similarly, the overall fiscal balance shifted from a surplus of EC\$194 million in the same period of 2024, to a deficit of EC\$27.1 million in 2025.

Figure 12: Fiscal Balances (January to June) (2024 vs. 2025) (EC\$ million)



Source: Ministry of Finance

For the first half of the year, total revenue and grants amounted to EC\$636.4 million, comprising EC\$608.2 million in total revenue and EC\$28.2 million in grants. This resulted in a 14 percent decline in total revenue and grants, relative to the same period in 2024, and was largely due to a contraction in non-tax revenue. Grant receipts, however, increased by 141.0 percent over the period to EC\$28.2 million, but not significantly enough to offset the overall decline in revenue.

Despite this decline, tax revenue increased by 18.5 percent year-on-year, reaching EC\$463.2 million. Within this category, taxes on income and profit rose by 10.0 percent, taxes on international transactions by 7.0 percent, and taxes on domestic transactions by 4.0 percent. In contrast, taxes on property registered a 32.0 percent decline compared to the same period in 2024. This decline is the result of the lower intake of Property Transfer Tax collected during the first six months of 2025 in comparison to 2024, as well as the waiver on property taxes for household and businesses in Carriacou and Petite Martinique and, to a more limited extent, on mainland Grenada which were impacted by Hurricane Beryl.

¹ Previously known as the Citizenship by Investment (CBI) Programme

Non-tax revenue fell markedly by 49.0 percent to EC\$145.0 million, accounted for by a 58.0 percent decline in IMA receipts. Revenues from the IMA dropped from EC\$247.7 million in 2024, to EC\$103.2 million in 2025, as inflows moderated and returned to more typical levels.

Finally, comparing the actual outturn for the period January to June 2025 against the budgetary targets, total revenue and grants surpassed expectations by EC\$14.4 million. Revenue collection alone outperformed the target by EC\$15.9 million, driven primarily by higher-than-expected revenues from the IMA and Customs Department (Taxes on international transactions).

Table 3: Total Revenue and Grants (January to June) (2025 vs. 2024)

	2025 Target	2025 Actual	2024 Actual	Variance 2025 Actual vs Target		Variance 2025 Actual vs 2024 Actual	
	<i>In EC\$M</i>	<i>EC\$M</i>	<i>EC\$M</i>	<i>EC\$M</i>	%	<i>In EC\$M</i>	%
Total Revenue and Grants	622.0	636.4	740.3	14.4	2%	-103.9	-14%
Total Revenue	592.3	608.2	728.6	15.9	3%	-120.4	-17%
Tax Revenue	452.5	463.2	444.7	10.7	2%	18.5	4%
Taxes on Income and Profit	97.2	99.4	90.3	2.2	2%	9.1	10%
Taxes on Property	23.1	19.0	28.0	(4.1)	-18%	(9.0)	-32%
Taxes on Domestic Transactions	105.6	107.6	103.8	2.0	2%	3.8	4%
Taxes on International Transactions	226.6	237.2	222.6	10.6	5%	14.6	7%
Non-Tax Revenue	139.8	145.0	283.9	5.2	4%	(138.9)	-49%
Of which IMA Revenues	79.1	103.2	247.7	24.1	30%	(144.5)	-58%
Total Grants	29.7	28.2	11.7	-1.5	-5%	16.5	141%

Source: Ministry of Finance

Total expenditure for the first six months of 2025 amounted to EC\$663.5 million, compared to EC\$546.3 million during the same period in 2024, an increase of 21.0 percent. This expansion was mainly due to higher capital spending to support recovery efforts following Hurricane Beryl and increased transfers.

Recurrent expenditure grew by 5.0 percent compared to the same period in 2024, reaching EC\$451.0 million. Of that amount, employee compensation totalled EC\$167.3 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, but more significantly retroactive payments related to the Police Officers' pay and grade adjustments which were completed in May 2025. Spending on goods and services also increased, rising by 15.0 percent to EC\$92.7 million, while current transfers recorded the largest growth, expanding by 35.0 percent to EC\$172.3 million over the January to June 2025 period.

On the capital side, expenditure nearly doubled in 2025 compared to the same period in 2024, increasing by 82 percent. This substantial growth is primarily linked to ongoing post-Beryl reconstruction efforts (EC\$48.0 million) and the expansion of infrastructural projects, in particular- phase two of the Grenada Climate Resilient Water Sector (G-CREWS) project (EC\$13.7 million) and the Grenada Home Improvement and Resilience Project (\$7.5 million). Major road construction and maintenance activities (EC\$23.6 million) and maintenance and renovation of schools (EC\$3.3 million), as part of the Government's broader

infrastructure development and strengthening strategy, also catalysed capital spending during the period January to June 2025.

Finally, when comparing actual performance against targets for the corresponding period, total expenditure for the six months was 5.0 percent lower than budgeted. Notwithstanding the overall lower-than-planned spending, capital expenditure exceeded target by 10.0 percent, signaling a gradual acceleration in the pace of capital formation and project execution as recovery and development activities gain momentum.

Table 4: Total Expenditure (January to June) (2024 vs. 2025)

	2025 Target	2025 Actual	2024 Actual	Variance 2025 Actual vs Target		Variance 2025 Actual vs 2024 Actual	
	<i>In EC\$M</i>	<i>In EC\$M</i>	<i>In EC\$M</i>	<i>EC\$M</i>	%	<i>EC\$M</i>	%
Total Expenditure	701.0	663.5	546.3	(37.5)	-5%	117.2	21%
Recurrent Expenditure	508.1	451.0	429.4	(57.1)	-11%	21.6	5%
Employee Compensation	204.1	167.3	159.3	(36.8)	-18%	8.0	5%
Goods and Services	114.8	92.7	80.6	(22.1)	-19%	12.1	15%
Interest Payments	23.8	18.7	24.8	(5.1)	-21%	(6.1)	-25%
Current Transfers	165.4	172.3	127.4	6.9	4%	44.9	35%
Capital Expenditure	192.9	212.5	116.9	19.6	10%	95.6	82%

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, as tax collections strengthened and expenditure growth remained contained. Total revenue and grants are estimated at EC\$1,273.3 million, greater than the budget expectation by EC \$8.3 million. This performance was underpinned by higher-than-expected revenue collections, particularly from IMA and the Customs Division, despite a lower than budgeted performance from Grants and Inland Revenue collections.

Tax revenue for the full year is estimated to be EC\$931.9 million or 0.5 percent below target. This performance is due to lower collections on taxes by the Inland Revenue Department (income, property and domestic goods and services) on account of the Hurricane Beryl suite of fiscal incentives which rolled over into 2025. Taxes on international trade and transactions collected by the Customs and Excise Division are expected to surpass target by EC\$7.5 million.


Non-tax revenue is on track to exceed the budgeted amount by EC\$14.9 million. Within this category, the IMA is estimated to collect an additional EC\$25.5 million more than initially targeted. Despite this stronger-than-expected outturn relative to the budget, IMA receipts 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.

Total expenditure is estimated to reach EC\$1,552.5 million for the full year of 2025, which is 3.1 percent below the planned spending envelope. These efficiencies are on account of lower current outlays for employee compensation and goods and services, which were contained by 21.0 percent and 18.8 percent respectively. In contrast, Interest Payments is forecast to be greater than budgeted by 18.6 percent due to higher-than-expected bonus interest payments to the 2030 bondholders on account of the extraordinary performance of the CBI Programme in 2024.

Given the pace of current project implementation, Capital Expenditure is also likely to be 4.8 percent above the budgeted allocation.

The overall fiscal deficit for 2025 is estimated at EC\$279.1 million, which is EC\$58.3 million better than the Budget forecast, on account of stronger non-tax revenue performance and lower current expenditure. As a result of these fiscal efficiencies, the primary balance (including grants) is estimated to close the year moderately better than projected with a deficit of EC\$126.4 million.

Table 5: Central Government's Estimated 2025 Fiscal Performance – Full Year

	2025			
	Estimated Outturn	Budget	Variance	
	EC\$M	EC\$M	EC\$M	%
Total Revenue & Grants	1,273.3	1,265.0	8.3	0.7
Total Revenue	1,202.8	1,192.5	10.3	0.9
Tax Revenue	931.9	936.4	(4.5)	(0.5)
Taxes on Income	200.1	204.1	(4.0)	(2.0)
Taxes on Property	34.2	41.0	(6.8)	(16.5)
Taxes on Domestic Goods & Consumption	201.3	202.5	(1.2)	(0.6)
Taxes on International Trade & Transactions	496.3	488.8	7.5	1.5
Non - Tax Revenue	270.9	256.0	14.9	5.8
o/w IMA Revenues	165.9	140.4	25.5	18.2
Grants	70.5	72.5	(2.0)	(2.7)
Total Expenditure	1552.5	1,602.4	(49.9)	(3.1)
Primary Expenditure	1,399.7	1,473.6	(73.8)	(5.0)
Current Expenditure	1,032.2	1,105.9	(73.7)	(6.7)
Employee compensation	324.8	411.0	(86.2)	(21.0)
o/w wages, salaries & allowances	303.4	377.6	(74.2)	(19.7)
Goods and Services	187.5	231.1	(43.6)	(18.8)
Interest Payments	152.7	128.8	23.9	18.6
Transfers	367.2	335.0	32.2	9.6
Capital Expenditure	520.2	496.5	23.8	4.8
o/w Grant financed	44.3	59.2	(14.9)	(25.2)
Overall balance	(279.1)	(337.4)	58.3	(17.3)
Primary balance (including grants)	(126.4)	(208.6)	82.2	(39.4)
Source: Ministry of Finance				

1.3 Fiscal Operations of State-owned Enterprises and Statutory Bodies

Twenty-seven (27) Statutory Bodies and State-owned Enterprises were monitored by the Ministry of Finance at the end of June 2025. The Consolidated Fiscal Performance presented in Table 7 excludes Petro Caribe Grenada and the Marketing and National Importing Board (MNIB), the latter of which is currently undergoing a restructuring process. The reporting framework has, however, been expanded to include two additional entities during the reporting period, namely, the National Sports Council and the Investment Migration Agency².

The consolidated unaudited quarterly reports of SOEs and SBs for the second quarter of 2025, indicates a continued improvement in the financial performance of most entities compared to the corresponding period in 2024. Aggregate revenue rose by 35.1 percent, increasing from EC\$310.5 million at the end of June 2024, to EC\$419.6 million at the end of June 2025. Government assistance expanded sharply by 162.5 percent, from EC\$21.0 million to EC\$55.1 million, owing to budgetary transfers to support strategic projects.

Total expenditure grew by 13.6 percent, a pace significantly slower than revenue growth. Within this category, interest expenditure rose marginally by 2.7 percent, from EC\$2.7 million to EC\$2.8 million, while employee-related costs increased by 9.3 percent, moving from EC\$51.6 million to EC\$56.4 million. Consequently, the sector's overall net surplus more than doubled, climbing from EC\$43.2 million in June 2024 to EC\$115.8 million in June 2025.

On the balance sheet, the consolidated financial position as of June 2025 continued to strengthen. Total assets increased by 36.5 percent, rising from EC\$2,061.8 million to EC\$2,815.3 million, while liabilities grew by 11.1 percent. Importantly, non-guaranteed debt declined by 7.0 percent signifying prudent debt management and ongoing repayments by several public entities. Aggregate equity rose by 41.2 percent, underscoring strengthened balance sheets and reduced leverage across the sector.

These marked improvements in the consolidated financial performance for the period are largely attributable to the inclusion of the Investment Migration Agency (IMA) in the SOE/SB monitoring framework in 2025. The Agency's operations contributed substantially to the aggregate increase in revenue and surplus, given its strong cash-generating capacity and high operating margins. This adjustment, therefore, enhanced the overall revenue outturn, surplus position and equity growth across the monitored public entities. While underlying improvements were observed among several existing SOEs and SBs, the addition of the IMA was the dominant factor behind the sharp year-on-year increases in revenue by 35.1 percent and net surplus by 168.1 percent, underscoring the importance of broadening the coverage of fiscal risk monitoring to capture all significant public sector operations.

² Three (3) of the twenty-seven (27) entities did not comply with stipulated reporting timelines as per the PFM Act, as such, the data presented is representative of only twenty-four (24) statutory entities.

Table 6: SOEs and SBS Consolidated Fiscal Performance (January to June) (2024 vs. 2025) (EC\$ million)

Description	June 2024	June 2025	% Change
Revenue	310.5	419.6	35.1
<i>Of which, Government Assistance</i>	21.0	55.1	162.5
Expenditure	267.3	303.8	13.6
<i>Of which, Interest expenditure</i>	2.7	2.8	2.7
<i>Employee Related Expenditure</i>	51.6	56.4	9.3
Surplus/ Deficit	43.2	115.8	168.1
 Assets	 2,061.8	 2,815.3	 36.5
Liabilities	322.4	358.3	11.1
<i>Of which, Non- Non-Guaranteed Debt</i>	164.0	152.5	-7.0
Equity	1,739.5	2,456.97	41.2

Source: Ministry of Finance

1.4 Public Sector Debt

Public sector debt is projected to decline to 67.3 percent of GDP by end-2025, down from 71.3 percent at end-2024. This outperforms earlier forecasts of 70.8 percent, driven by stronger-than-anticipated GDP growth in 2025 and lower-than-planned disbursements on new and existing loan facilities. Public sector debt is projected at EC\$2,724.1 million as at December 2025. The debt profile remains firmly on a downward path and is expected to achieve the Fiscal Resilience Act's (FRA) target of 60.0 percent of GDP by 2035.

The 2025 Budget and New Hospital Loan Authorization Act, 2025 approved borrowing totalling \$825.0 million, comprising \$420.0 million for budget support and \$405.0 million for the new hospital project. Budget financing authorization was largely met during the period, while that of the new hospital lags due to ongoing negotiations.

1.4.1 Central Government Debt

The stock of Central Government (CG) debt is projected at EC\$2,199.5 million (or 54.3 percent of GDP) at end-December 2025.

Some variability in the debt stock is anticipated over the medium term, on account of new disbursements for major capital investments, including the new hospital. Nonetheless, the CG debt-to-GDP ratio is expected to remain contained and is projected to peak at 56.7 percent in 2028 before resuming its downward trajectory.

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

The non-guaranteed debt stock (contingent liabilities) of Statutory Bodies and State-Owned Enterprises is projected at EC\$152.5 million at the end of December 2025. These loans are owed by nine (9) SOEs, of which the majority are domestic loans with long-term durations. The inclusion of the debt owed by Petro Caribe (\$372.1 million), brings the total non-guaranteed SOEs debt stock to EC\$524.6 million. This represents roughly 13.0 percent of nominal GDP.

1.5 Monetary and Financial Sector Developments

The monetary and financial sector remains broadly stable, supported by sustained macroeconomic expansion, low inflation, and an evolving regulatory landscape aimed at strengthening financial resilience and inclusion across the Eastern Caribbean Currency Union (ECCU). The sector is further characterised by adequate capitalization of commercial banks, steady credit union growth, and supportive regulatory reforms led by the ECCB. Strong linkages with the real economy continue to drive credit demand, particularly in construction, real estate, and transport.

1.5.1 Monetary Survey

Over the twelve months to June 2025, Grenada's monetary system showed steady expansion, with broad money (M2) increasing by 7.0 percent to EC\$3.44 billion. This increase was largely influenced by a 9.8 percent rise in Net Foreign Assets (NFA) to EC\$2.8 billion, reflecting stronger external balances and enhancing the economy's capacity to absorb external shocks.

Net Domestic Assets (NDA) fell by 4.2 percent to EC\$622.8 million, as higher government deposits in commercial banks were sterilised/withdrawn from circulation at the central bank, reducing liquidity in the financial system for lending. Although, domestic credit grew by 4.9 percent, with private sector lending up 7.9 percent to EC\$2.2 billion.

Narrow money (M1) rose 10.9 percent to EC\$1.7 billion, driven by growth in both transferable deposits (up 10.4 percent) and currency in circulation (up 11.4 percent). Notably, currency held by the public increased 13.6 percent, highlighting sustained demand for cash. Quasi-money expanded more moderately, rising 3.4 percent to EC\$1.7 billion, indicating relatively steady savings behaviour.

For households and businesses, these developments demonstrate robust transactional activity and spending. At the same time, the modest growth in quasi-money suggests that savings behaviour has remained stable, reflecting depositors' well-balanced approach to meeting present needs while preparing for future obligations.

For the medium-term period, Grenada's monetary system is expected to remain broadly stable, underpinned by continued foreign asset inflows and robust private sector credit. However, potential risks may arise from rising credit demand that could outpace deposit growth, particularly in high-demand sectors such as construction and real estate. Sustained monitoring of liquidity conditions, credit concentration, and external vulnerabilities will therefore be essential to safeguard financial stability and ensure that monetary expansion remains aligned with the overall macroeconomic performance through 2026-2028.

Table 7: Monetary Survey Extract (June 2024 vs. June 2025)

Indicator	June 2024	June 2025	% Var
Net Foreign Assets (NFA)	2,566.44	2,817.85	9.8
Net Domestic Assets (NDA)	650.26	622.84	-4.2
Domestic Claims	1,198.33	1,257.15	4.9
– Net Claims on General Government	-816.90	-917.63	12.3
– Claims on Private Sector	2,015.23	2,174.78	7.9
Broad Money (M2)	3,216.70	3,440.70	7.0
Narrow Money (M1)	1,532.39	1,698.82	10.9
– Transferable Deposits	1,328.57	1,467.29	10.4
– Currency in Circulation	272.48	303.52	11.4
– <i>Cash at Commercial Banks</i>	68.66	71.99	4.8
– <i>Currency with the Public</i>	203.82	231.53	13.6
Quasi Money	1,684.31	1,741.88	3.4
– Other Deposits (EC\$)	1,372.38	1,423.56	3.7
– Foreign Currency Deposits	311.93	318.32	2.0

1.5.2 Commercial Banking Sector Developments

As of June 2025, Grenada's commercial banking sector continued to demonstrate adequate capitalisation and liquidity under the ECCB's regulatory standards- though profitability weakened relative to the previous year due to rising overhead costs.

The Capital Adequacy Ratio (CAR) improved by 1.3 percentage points to 14.3 percent, remaining comfortably above the ECCB's prudential minimum of 8.0 percent. The Tier 1 capital ratio also rose slightly (0.6 percentage points) to 9.61 percent, signalling stronger core capital buffers against risk-weighted assets. Overall, these ratios suggest that Grenada's commercial banks maintain a solid capital position and are well-placed to absorb financial shocks or unexpected losses.

Liquidity conditions also remained stable, confirming the sectors' ability to meet day-to-day obligations to depositors. Liquid assets to short-term liabilities increased by 1.5 percentage points to 57.9 percent and liquid assets to total assets also increased by 0.7 percentage points to 51.2 percent.

Despite gains in capital and liquidity, profitability declined. The return on average assets (ROA) fell from 1.3 percent to 0.7 percent, while the return on equity (ROE) also dropped sharply by 6.8 percentage points to 7.1 percent. These profits have come under pressure from higher overhead costs, as shown by the ratio of non-interest expenses to gross income, which surged by 12.5 percentage points to 80.4 percent. Effectively, while banks remain financially stable, rising operating costs now consume over 80 percent of the income they generate, placing significant strain on profitability.

Asset composition also shifted modestly over the period. The share of residential real estate loans to total loans declined by 2.8 percentage points to 43.5 percent, while commercial real estate loans rose slightly to 12.6 percent. Meanwhile, large exposures as a share of capital rose by 1.5 percentage points to 20.4 percent, reflecting greater concentration risk, as larger portions of Commercial Banks' Capital is now committed to a few major borrowers.

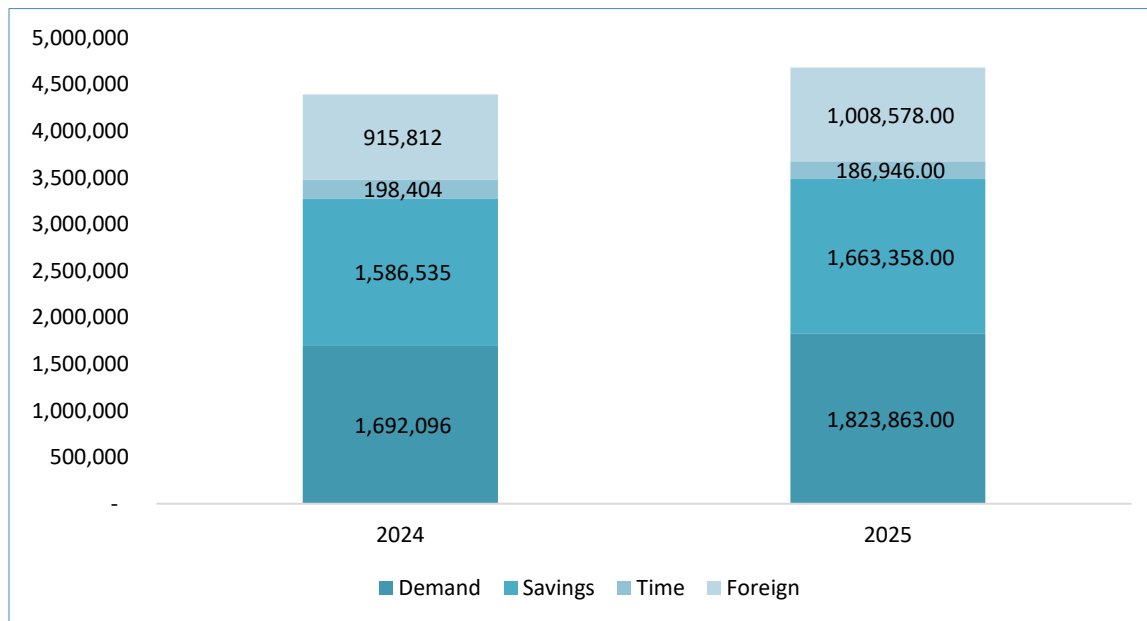
Table 8: ECCB Financial Soundness Indicators (June 2024 vs. June 2025)

Indicators (%)	June 2024	June 2025	Variance
Liquid Assets to Short-Term Liabilities	56.42	57.94	1.52
Regulatory Capital to Risk-Weighted Assets (CAR)	12.94	14.28	1.34
Regulatory Tier 1 Capital to Risk-Weighted Assets	9.01	9.61	0.60
Return On Average Assets (Annualised)	1.33	0.68	-0.65
Return On Average Equity (Annualised)	13.86	7.06	-6.80
Noninterest Expenses to Gross Income (Annualised)	67.87	80.36	12.49
Liquid Assets to Total Assets	50.49	51.21	0.72
Capital to assets	9.51	10.06	0.55
Large exposures to capital	18.89	20.41	1.52
Residential real estate loans to total gross loans	46.29	43.53	-2.76
Commercial real estate loans to total gross loans	12.05	12.57	0.52

Source: Eastern Caribbean Central Bank

As of June 2025, total commercial bank deposits increased to EC\$4,682.7 million from EC\$4,392.8 million a year earlier. This expansion was driven by higher demand and foreign currency deposits which rose by 7.8 percent and 10.1 percent respectively. Savings deposits also grew moderately by 4.8 percent, while time deposits fell by 5.8 percent, indicating a continued preference for more liquid savings instruments.

Figure 13: Commercial Bank Deposits by Type, Jan -Jun (2024 vs. 2025) (EC\$)



Commercial Loans expanded more strongly in 2025, rising from EC\$2,243.8 million to EC\$2,512.6 million over the same period, representing a 12.0 percent increase. Consequently, the loan-to-deposit ratio increased from 51.1 percent in June 2024 to 53.7 percent in June 2025, pointing to a stronger pace of credit growth, relative to deposit mobilisation. Lending remained concentrated in construction and land development, which reached EC\$725.2 million, and real estate activities, which grew to EC\$786.3 million.

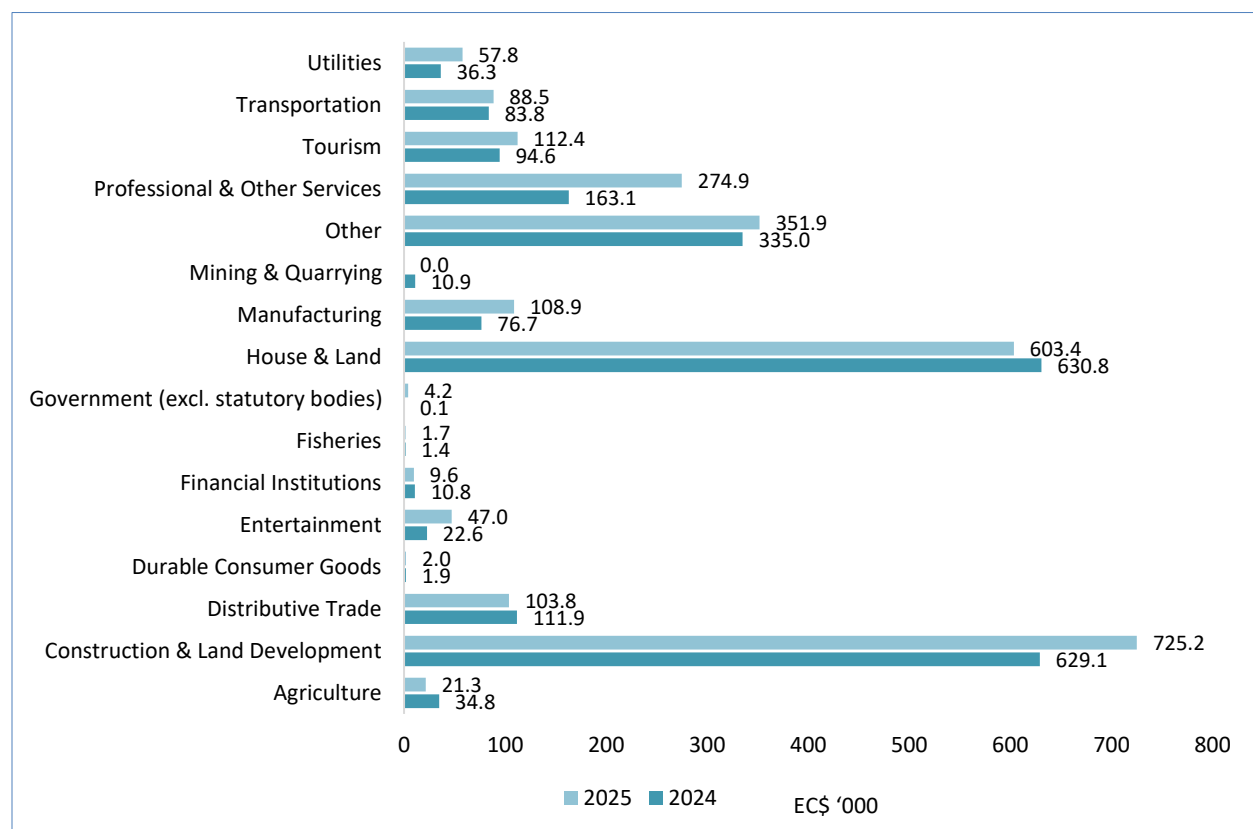
Private household loans grew to EC\$340.1 million, largely on account of higher borrowing for medical (20.0 percent) and personal vehicle loans (11.0 percent), while loans for personal travel fell by 4.0 percent.

Loans to public administration and social security increased markedly, from EC\$0.1 million to EC\$4.1 million, while lending to arts, entertainment, and recreation more than doubled from EC\$22.6 million to EC\$47.0 million over the same period. Additionally, demand for credit for professional services, manufacturing and utilities (electricity, gas, air conditioning, water, and waste management) showed meaningful increases, supporting both business activity and infrastructure development.

Conversely, credit to agriculture, forestry, and fishing declined by 36.0 percent to EC\$23.0 million, while lending to mining and quarrying fell to zero. Credit to the wholesale and retail trade (distributive trade) and to financial institutions also recorded modest declines of 7.0 and 10.0 percent, respectively.

Overall, loans continue to be heavily concentrated in construction, real estate, and household consumption, while priority sectors such as agriculture and manufacturing could benefit from targeted incentives to stimulate credit growth, particularly in light of recent hurricane recovery and infrastructure needs.

Figure 14: Commercial Bank Loans by Economic Sector (2024 vs. 2025)



Finally, interest rates on loans, savings, and fixed-time deposits remained unchanged over the 12-month period, with regular savings accounts earning up to 3.0 percent and banks' prime lending rates continuing to peak at 10.0 percent. These stable rates supported steady borrowing and deposit conditions between June 2024 and June 2025.

Table 9: Prevailing Interest Rates at Commercial Banks

June 2025 Interest Rates	Minimum (percent)	Maximum (percent)
Banks' Prime Loan Rate	0.0	10.0
Residential Mortgage Rate	2.0	12.0
Commercial Mortgage Rate	4.1	14.8
Savings Deposit Rate	2.0	3.0
Time Deposit Rate (12 months)	0.0	2.0

1.5.3 Non-Bank Financial Sector Developments

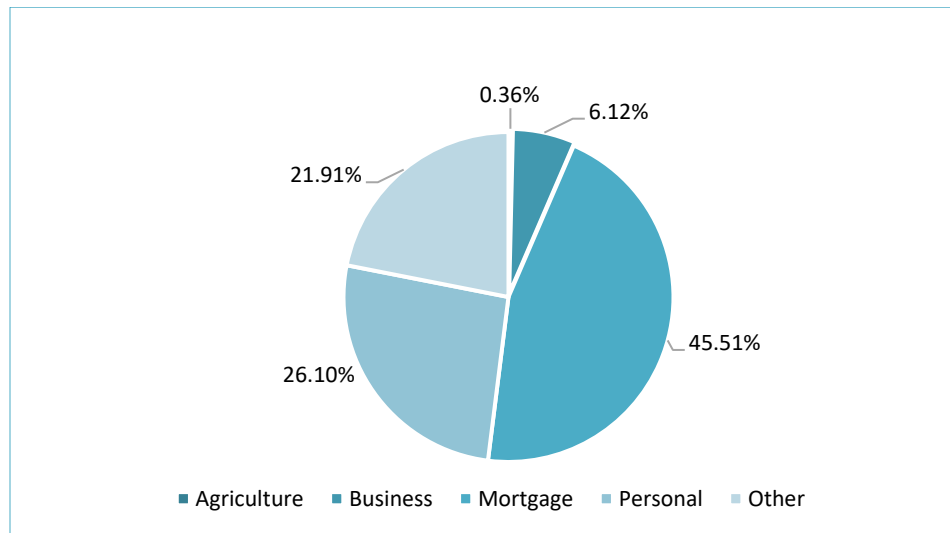
For the year ending June 2025, Grenada's non-bank financial sector which includes credit unions, pension funds, insurance companies, and money service businesses continues to demonstrate resilience and financial stability. The sector maintained strong capitalization and reported zero cyber incidences under the supervision of the Grenada Authority for the Regulation of Financial Institutions (GARFIN), reflecting robust risk management and regulatory oversight. Looking ahead, the sector is expected to remain stable and continue supporting economic activity; however, risks persist. Potential liquidity pressures, concentrated exposures in specific segments, and external shocks, such as slower remittance inflows, economic downturns, or natural hazards, could affect credit quality and operational performance. Sustained regulatory vigilance, risk monitoring, and continued adoption of digital and operational resilience measures will be critical to safeguarding stability and promoting inclusive growth across Grenada's non-bank financial system.

1.5.3.1 Credit Unions

The credit union sector in Grenada continued to demonstrate steady growth between June 2024 and June 2025. Total assets rose by 8.2 percent to EC\$1.6 billion, dominated by net loans (72.0 percent). This growth was supported by a 7.8 percent rise in member deposits to EC\$1.3 billion. Membership also expanded by 4.2 percent to 92,393, underscoring the sector's growing role in financial intermediation.

Gross loans grew 9.5 percent year-on-year, from EC\$1.1 billion to EC\$1.2 billion, pushing the loan-to-deposit ratio up 1.5 percentage points to 93.0 percent, when compared to June 2024. Credit quality showed gradual improvement, as the delinquency ratio for loans over 90 days past-due declined from 6.8 percent to 6.2 percent, while the nominal value of delinquent loans remained broadly stable at EC\$115 million.

Figure 15: Credit Union Loans by Type, June 2025



Looking ahead to 2026–2028, the sector is forecasted to sustain moderate growth in assets, deposits, and lending, underpinned by ongoing demand from households and businesses. Although cash balances declined by 14 percent to EC\$138 million at end-June 2025, the sector’s PEARLS Liquid Ratio of 20.7 percent signals a sound liquidity position. Some institutions, however, hold excess funds that could be deployed more productively through investments. Overall, the sector demonstrates solid growth, improved asset quality, and adequate liquidity, though continued risk management will be essential to maintain financial stability and support Grenada’s broader economic activity.

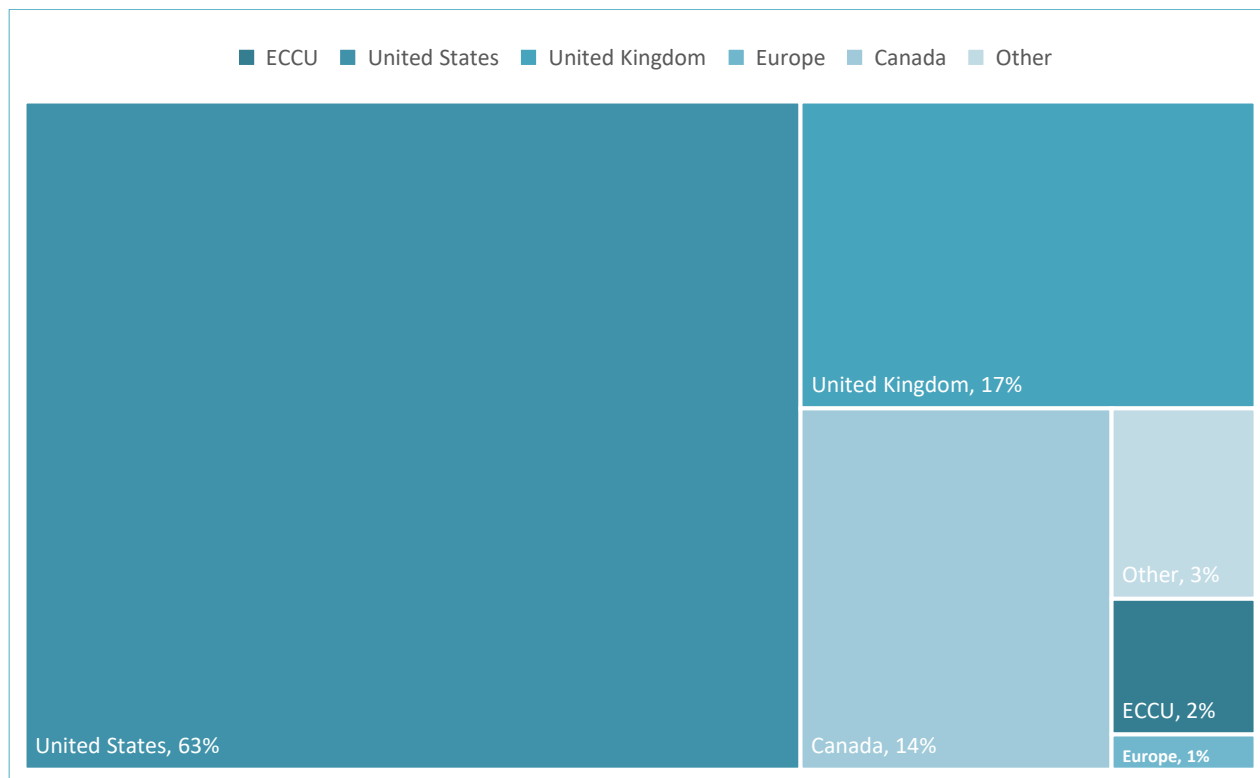
1.5.3.2 Money Service Businesses

Grenada’s money service businesses (MSBs) continue to play a critical role in facilitating international remittances, which remain a key source of household income and foreign exchange. As of June 2025, there were seven registered MSBs in the country, with two licensed for cross-border money transmission.

Total remittance inflows for Q2 2025 reached EC\$55.6 million, marking a modest year-on-year increase of 0.4 percent relative to Q2 2024. Remittance outflows rose by 3.8 percent, from EC\$14.2 million to EC\$14.7 million, resulting in a slight decline in net inflows by 0.1 percent.

On the upside, MSB operations remain broadly stable due to strong diaspora engagement and increasing intra-regional transfers. The main downside risk revolves around the 1.0 percent remittance tax implemented in the United States, effective January 1, 2026, which is expected to increase the cost of cash-based transfers. This can potentially reduce inflows and impact household consumption and the balance of payments over the medium term. Notably, the United States remains the dominant remittance corridor, accounting for 63.0 percent of inbound remittances and 27.0 percent of outflows. Additional risks include global economic uncertainty and regional growth deceleration, which may moderate remittance growth from other corridors, including the UK, CARICOM, Panama, the Dominican Republic, and the Philippines where the rest of remittances are concentrated.

Figure 16: Remittances Received by Source Region, Apr - June 2025



Nonetheless, the MSB sector is expected to remain stable in the near term with moderate growth in remittance inflows, underpinned by sustained diaspora engagement. Diversification of remittance sources and further adoption of digital channels will be important to mitigate the impact of policy changes in major sending countries and to enhance resilience in household income flows.

1.5.3.3 Insurance and Pension Sector

As of June 2025, the consolidated balance sheet of Grenada's insurance companies expanded to EC\$600.0 million, up from EC\$561.7 million in June 2024. Capital and reserves remained strong at EC\$273.8 million, supported by liquid cash holdings of EC\$131.5 million and prudent investments in government securities. Overall, the sector is growing, and this should give policyholders confidence that their coverage is secure and reliable. Grenada's pension sector comprised 50 registered plans, of which 45 were active and 5 inactive, with total assets valued at EC\$296.0 million. This figure excludes the newly established Public Sector Pension Plan, which is currently not under GARFIN's purview. Reforms in the insurance and pensions legislative framework, coordinated through the ECCB, are expected to be advanced during the medium term. A legislative consultant has been engaged to finalise the draft laws, which aim to:

- Reform the regulation of insurance and pension industries;
- Enhance supervision and risk management standards;
- Promote competition and efficiency;
- Strengthen consumer protection; and
- Facilitate a single financial space across the ECCU.

Once implemented, the framework is expected to increase transparency, improve solvency oversight, and encourage innovation in insurance and pension products. These reforms will also strengthen financial sector resilience against climate-related and external shocks, which remain key vulnerabilities for small island economies like Grenada.

1.5.4 Regional Financial Sector Developments

In 2025, Grenada advanced key financial regulatory reforms to strengthen digital resilience and consumer protection. The Eastern Caribbean Asset Management Corporation (Amendment) Bill, the Payment Systems and Services Bill, and the Eastern Caribbean Deposit Insurance Corporation Agreement Bill were all passed by the House of Representatives and received assent from the Governor-General.

1. **The Eastern Caribbean Asset Management Corporation (Amendment) Bill:** Updates the regional asset management framework to enhance the resolution of distressed financial institutions, improving financial sector stability.
2. **The Payment Systems and Services Bill:** Expands regulatory oversight to include non-bank payment service providers, aiming to ensure a safe, efficient, and inclusive digital payments environment.
3. **The Eastern Caribbean Deposit Insurance Corporation Agreement Bill:** Establishes a regional deposit insurance scheme providing coverage up to EC\$50,000 per depositor to protect small depositors and reinforce public confidence in the banking system.
4. At the regional level, the Eastern Caribbean Central Bank (ECCB) is advancing consultations to operationalise two key institutions: the Office for Financial Consumer Interests (OFCI) and the Eastern Caribbean Financial Services Board (ECFSB). These entities are poised to strengthen consumer protection, foster regulatory consistency, and enhance financial stability across the Eastern Caribbean Currency Union (ECCU). The ECCB has also put forward the following strategic priorities for the medium-term which are expected to further bolster the stability of Grenada's financial institutions.
 - **Public Access and Inclusion:** Continued public education and outreach on the Basic Bank Account initiative aim to improve financial inclusion and reduce the number of unbanked citizens across the ECCU.
 - **AML/CFT/CPF Policy:** The ECCB is finalising a comprehensive policy to strengthen risk identification, monitoring, and management for anti-money laundering, counter-terrorist financing, and counter-proliferation financing. This will improve institutional compliance, due diligence, and integrity across the financial system.
 - **Basel II/III Implementation:** The ongoing operationalisation of the Basel II/III capital adequacy framework, including Pillar 2 (Supervisory Review) and Pillar 3 (Market

Discipline), will enhance capital buffers and risk management practices across licensed financial institutions.

- **Payment System Oversight:** The ECCB is finalising oversight manuals and data templates for Financial Market Infrastructures (FMIs) to strengthen systemic risk mitigation.

These reforms, amongst others, are expected to collectively support a safer, more efficient, and more transparent financial system, while ensuring compliance with global standards in financial stability, capital adequacy, and anti-financial-crime measures.

1.5.5 Monetary Conditions and Outlook

Monetary conditions are expected to remain accommodative through 2028, on account of high liquidity and stable interest rates. The ECCB's foreign reserve position remains strong, underpinning the credibility of the EC dollar peg and providing a buffer against external shocks.

With moderate credit growth, low inflation, and improving financial regulation, the sector is positioned to support sustained private sector activity and macroeconomic resilience. However, continued attention is warranted to:

1. Managing potential credit quality risks as lending expands and remains concentrated in the construction and real estate sectors which are susceptible to supply-side and climate-related shocks.
2. Ensuring compliance with existing and emerging regional and international standards.

Overall, the outlook for Grenada's monetary and financial sector remains positive, with the continued support of the ECCB and the due diligence of local institutions expected to further strengthen depositor confidence and ensure financial resilience.

1.6 External Sector

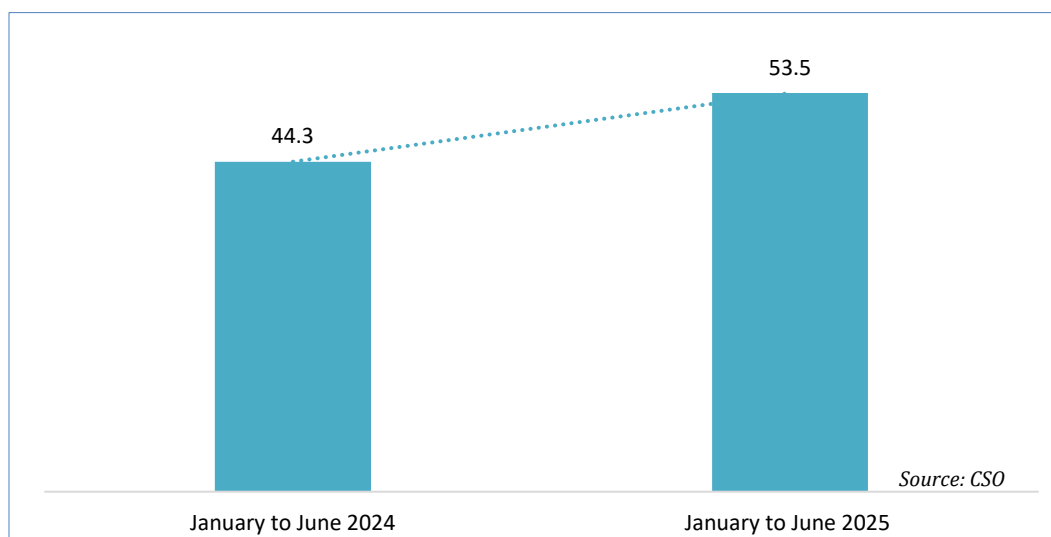
The first half of 2025 unfolded amid heightened global uncertainty, marked by persistent geopolitical tensions, evolving trade policies, and uneven global growth. Against this backdrop, Grenada's external sector remained broadly stable, supported by reconstruction-related activity, steady inflows, and an adequate reserve position. While the external balance continued to absorb strong import-demand associated with post-disaster recovery, overall conditions remained resilient. As Grenada progresses, maintaining this stability will depend on the pace of export diversification, the recovery of tourism, and continued access to concessional financing and private investment.

1.6.1 Current Account

1.6.1.1 Merchandise Trade Performance: Exports

Advancements in real-sector performance—particularly in manufacturing, agriculture, and fisheries—contributed to stronger export activity in the first half of 2025. Total exports reached EC\$53.5 million, a 20.8 percent increase compared with the same period in 2024.

Figure 17: Total Exports (Domestic & Re – Exports) (January - June) (2024 vs. 2025) - EC\$ million



Food exports grew by 42.1 percent to EC\$27.1 million, largely explained by greater supplies of fish and other agricultural produce. Beverages exports expanded by 42.2 percent to EC\$9.3 million, with notable performances in exported animal feed and flour. Three categories recorded declines: Crude Materials (-86.6 percent), Chemicals and Related Products (-12.0 percent), and Machinery and Transport Equipment (-13.4 percent), largely due to lower re-export and trans-shipment activity following post-disaster disruptions. However, as reconstruction and investment cycles advance, activity in these categories is expected to normalise, bringing trade flows closer to pre-disaster levels. Strengthened export performance supported external receipts and provided partial relief to current account pressures during the period.

Table 10: Grenada Exports (Domestic & Re-Exports) (January to June) (2024 vs 2025) (EC \$'000)

CODE	Export Item	January to June 2024	January to June 2025	% change
0	Food	19,068.9	27,093.8	42.1
1	Beverages & Tobacco	6,562.3	9,330.9	42.2
2	Crude Materials, Inedible, except Fuels	1,153.3	154.5	-86.6
3	Mineral Fuel, Lubricants & Related Materials	0.0	1.7	n/a
4	Animals & Vegetable Oils, Fats & Waxes	0.0	0.2	n/a
5	Chemicals & Related Products, N.E. S	5,794.0	5,099.4	-12.0
6	Manufactured Goods Classified Chiefly by Material	2,852.7	3,531.8	23.8
7	Machinery & Transport Equipment	8,395.5	7,267.1	-13.4
8	Miscellaneous Manufactured Articles	264.0	811.1	207.2
9	Commodities & Transactions Not Classified Elsewhere in the SITC	198.3	211.3	6.6
	TOTAL	44,289.0	53,501.8	20.8

Source: CSO

1.6.1.2 Merchandise Trade Performance: Import Bill

Total imports increased by 13.1 percent to EC\$928.5 million in the first half of 2025, consistent with elevated reconstruction needs and firm domestic consumption. The largest increases were recorded in crude materials (up 42.1 percent), animal and vegetable oils (up 43.8 percent), manufactured goods (up 28.4 percent), and machinery and transport equipment (up 26.6 percent). Food imports rose by EC\$17.9 million to EC\$192.3 million, reflecting higher global commodity prices and stable domestic demand. Conversely, imports of mineral fuels (-12.2 percent), chemicals (-0.5 percent), and beverages and tobacco (-0.4 percent) declined marginally, consistent with stabilising energy prices and moderating demand in select categories.

The overall increase in import activity illustrates Grenada's active reconstruction and investment cycle, with continued inflows of capital and intermediate goods supporting production across key sectors, though contributing to current account pressures.

Table 11: Grenada's Imports (January to June) (2024 vs 2025) (EC \$'000)

CODE	Import Item	January to June 2024	January to June 2025	% change
0	Food	174,451.7	192,282.9	10.2
1	Beverages & Tobacco	23,654.0	23,558.1	-0.4
2	Crude Materials, Inedible, Except Fuels	19,283.7	27,395.6	42.1
3	Mineral Fuel, Lubricants & Related Materials	152,081.8	133,500.1	-12.2
4	Animals & Vegetable Oils, Fats & Waxes	3,077.1	4,425.7	43.8
5	Chemicals & Related Products, N.E.S	65,634.0	65,280.6	-0.5
6	Manufactured Goods Classified Chiefly by Material	121,934.8	156,572.0	28.4
7	Machinery & Transport Equipment	169,644.5	214,850.0	26.6
8	Miscellaneous Manufactured Articles	91,021.3	108,778.6	19.5
9	Commodities & Transactions Not Classified Elsewhere in the SITC	13.1	1,903.5	14,430.5
	TOTAL	820,796.0	928,547.1	13.1

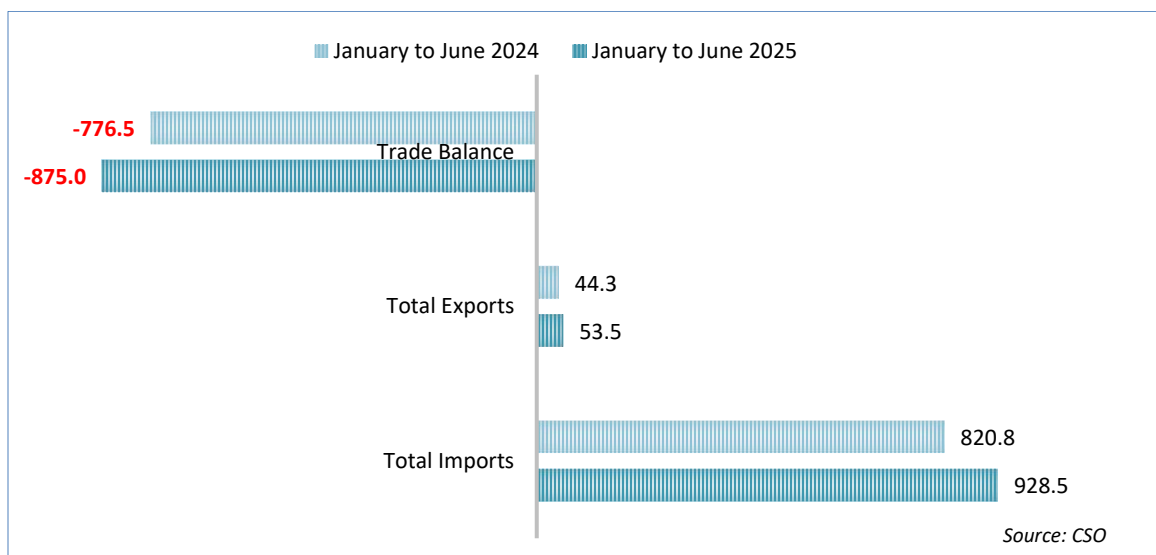
Source: CSO

1.6.2 Merchandise Trade Balance

As imports grew faster than exports, the merchandise trade deficit widened to EC\$875.0 million during January–June 2025, up from EC\$776.5 million in the same period of 2024. The widening gap mirrors strong reconstruction-related imports and the limited near-term ability to scale up exports.

While the deficit is projected to remain elevated in the near term, growth in non-traditional exports—particularly processed foods and manufactured goods—indicates gradual diversification within the export base. Sustained competitiveness in these areas will be essential to narrowing the external gap over the medium term.

Figure 18: Balance of Merchandise Trade (2024 vs. 2025) (January to June) - EC\$ million



1.6.2.1 Trade in Services

Services trade performance was mixed during the first half of 2025, shaped by divergent trends across tourism subsectors. Stayover arrivals fell by 10.5 percent, reflecting base effects from 2024's exceptional performance. In contrast, cruise arrivals rose by 17.6 percent—a gain of nearly 34,000 passengers—supporting activity in retail and transport-related services. Yacht arrivals, however, declined by 54.8 percent, and overall visitor expenditure fell by 8.7 percent to EC\$469.1 million. These mixed developments contributed to a weaker services surplus, partially offsetting gains in transport and travel-related receipts.

Table 12: Grenada's Travel Receipts (January to Jun) (2024 vs. 2025)

Arrivals	Jan – June 2024	Jan – June 2025	Absolute Change	% Change
Stay – Over Visitors	103,027	92,201	-10,826	-10.5
Cruise Visitors	193,394	227,377	33,983	17.6
Yacht Visitors	12,717	5,753	-6,964	-54.8
Total Visitor Expenditure in EC\$M	513.58	469.06	-44.52	-8.67

Source: GTA

Overall trade developments showed a similar pattern, with merchandise imports increasing as services receipts softened. The combined effect of lower tourism earnings and stronger import demand widened the current account deficit in the first half of 2025. Over the medium term, the current account balance is expected to improve gradually as export capacity in agriculture, manufacturing, and fisheries strengthens and tourism performance stabilises.

1.6.3 Income and Transfers

Remittance inflows rose 0.4 percent, while outflows increased 3.8 percent to EC\$14.7 million, in line with active household and business transfers. Foreign interest payments declined by 37.4 percent, mainly due to the activation of the hurricane clause, which temporarily suspended certain external interest obligations. These developments partially offset the widening current account deficit and contributed to a more balanced external financing position.

Secondary income flows—particularly remittances and current grants—remain key stabilisers, sustaining household consumption and moderating external pressures.

1.6.4 Capital and Financial Account: Monetary Interactions

The capital and financial account recorded net inflows during the first half of 2025, reflecting increased donor disbursements, sustained private inflows under the Investment Migration Programme, and moderate external borrowing for project financing. These developments contributed to a 9.8 percent rise in net foreign assets to EC\$2.9 billion, signalling stronger external buffers. The external financing mix continues to favour grants and non-debt inflows, maintaining Grenada’s external position within sustainable limits. To safeguard external stability, policy efforts should focus on securing concessional financing, preserving investor confidence in the Citizenship-by-Investment Programme, and improving the pace and efficiency of project execution

Table 13: Summary of Grenada's Monetary Interaction Indicators (January to June) (2024 vs. 2025) – EC\$ million

Monetary Interactions	Jan – June 2024	Jan – June 2025	% Change
IMA Receipts	247.70	103.20	-58.3
Current Grants	2.10	8.70	314.3
Capital Grants	9.70	19.50	101.0
Interest Payment	24.80	18.73	-24.5
<i>Domestic</i>	5.10	6.40	25.5
<i>Foreign</i>	19.70	12.33	-37.4
External Debt	1,725.02	1,843.14	6.8

Source: MOF and ECCB

1.6.5 External Sector: 2025 and Medium-Term Outlook

Developments across the current, capital, and financial accounts point to a broadly stable external position in the first half of 2025. The current account deficit widened due to reconstruction-related imports and lower stayover earnings but was partly offset by strong capital inflows, steady remittances, and higher foreign assets.

For the remainder of 2025, import demand is expected to stay elevated, driven by ongoing infrastructure projects, while export earnings should benefit from stronger food and manufactured goods exports and continued cruise activity. Over the medium term, expansion in agro-processing, fisheries, and manufacturing is expected to strengthen Grenada’s external competitiveness and narrow the current account deficit.

Although global financial volatility and geopolitical risks remain, Grenada’s external liquidity position is assessed as adequate, supported by steady foreign exchange inflows and prudent external debt management.

1.7 Social Context

According to the 2023 Human Development Report (HDR), Grenada recorded a Human Development Index (HDI) of 0.791, ranking 80th out of 193 countries and territories. With this score, Grenada is classified as a “high human development” country, based on performance across three key dimensions (Table 14):

Table 14: Human Development Index Categories (2023)

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 EC\$38,742.3 at 2021 purchasing power parity prices.

As of mid-2025, Grenada’s social conditions remained broadly favourable, supported by an active labour market. The labour force expanded by 7.5 percent in the second quarter of 2025, reaching 57,379 persons at the end of June, compared with 53,376 in March. This expansion was accompanied by a slight increase in the national unemployment rate, which rose from 9.8 percent in the first quarter to 10.8 percent in the second quarter. Female unemployment rose from 11.2 percent to 15.1 percent, while male unemployment declined from 8.5 percent to 7.3 percent, slightly widening the gender gap.

The participation rate increased from 61.5 percent in Q1 to 63.9 percent in Q2, contributing to an uptick in youth unemployment, which reached 26.3 percent. Notably, the female participation rate rose sharply to 34.4 percent in Q2, up from 18.3 percent in Q1 2025.

While short-term fluctuations in the labour market persist, the ongoing investments in education, vocational training, and job creation—together with growing domestic productivity—are expected to strengthen social resilience and promote inclusive development over the medium term.

2 MEDIUM-TERM FISCAL POLICY OBJECTIVES AND FORECASTS

Grenada's medium-term fiscal policy aims to responsibly transition from post-Hurricane Beryl recovery to a more sustainable and growth-oriented path. The priority is to redirect fiscal resources from short-term reconstruction toward advancing national development priorities under the National Sustainable Development Plan (2020–2035), the Medium-Term Debt Strategy, and Vision 75. As recovery-spending tapers, Government will focus on growth-enhancing investment, social protection, and climate adaptation, reinforced by stronger public financial management and targeted revenue measures. This strategy seeks to preserve fiscal sustainability, reinforce macroeconomic stability, and maintain adequate buffers to respond to future shocks, including climate-related events and external economic pressures.

The fiscal stance remains expansionary in 2026 as Government channels resources toward economic revitalisation. The fiscal position is projected to improve steadily as expenditure growth is contained over the medium term, enabling a return to a positive primary balance by 2027, in line with the fiscal rule requiring a primary surplus of no less than 1.5 percent of GDP. The Government also remains firmly committed to its long-term fiscal anchor of reducing public debt to 60 percent of GDP by 2035. This calibrated approach balances short-term recovery needs with long-term development objectives and is intended to foster resilience, safeguard sustainability, and enable an inclusive and transformative growth path through 2028.

2.1 Government's Medium-term Revenue Objectives

The Government of Grenada will continue to pursue an aggressive revenue mobilisation strategy over the medium term. A central component of this strategy is the Inland Revenue Department's (IRD) ongoing rollout of the G-Tax system, which aims to streamline tax administration and improve revenue collection efficiency. Once fully implemented, the platform is expected to achieve a compliance rate of 80 percent. During this period, the IRD will continue to prioritise improving compliance across all tax types through targeted stakeholder consultations and intensified public outreach, 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 and 2025, the Customs and Excise Division (CED) will continue to enhance operational efficiency and strengthen compliance throughout the medium-term. Ongoing efforts to modernise customs procedures, improve revenue collection, and reinforce regulatory oversight at ports of entry remain key to supporting the Government's fiscal objectives and facilitating trade.

Effective 2026, the property tax waiver granted in response to Hurricane Beryl, along with ongoing needs-based incentives provided to households and businesses, will be phased out. In addition, a new concessions policy for State-Owned Enterprises and Statutory Bodies will be introduced; this will ensure that concessions are granted only for major transformative initiatives, thereby curbing discretionary or non-strategic exemptions. This reduction in tax expenditures, together with strengthened enforcement and improved collections from delinquent taxpayers, is anticipated to stabilise tax revenue collections and strengthen the overall revenue base underpinning medium-term revenue mobilisation efforts and supporting long-term fiscal sustainability.

2.2 Government's Medium-term Expenditure Objectives

Building on the Government's post-Hurricane Beryl recovery strategy, the 2026 expenditure framework will balance ongoing recovery requirements with the pursuit of broader national development objectives. The framework emphasises synergy between immediate recovery priorities and long-term transformation goals, ensuring that reconstruction spending contributes directly to sustainable growth and resilience-building.

Although immediate recovery needs have largely been met, strategic investments will aim to consolidate gains, strengthen resilience, and advance transformative development across social, economic, and infrastructural programmes. Recurrent expenditure will continue to fund essential social programmes in education, health, and social protection, alongside higher employee compensation arising from the phased implementation of the public service regularisation policy. Capital spending will remain elevated in 2026 before tapering in 2027.

Major expenditure priorities for 2026, which will extend into the medium term, include:

- **Education and youth development:** School infrastructure including under the Grenada Education Enhancement Project (GEEP).
- **Infrastructure development** Continued implementation of the Grenada Climate-Resilient Water Sector (G-CREWS) Project, and the commencement of construction works on the coastal Protection for the Shoreline of Sauteurs Bay project and the Grenada Resilient Improvement Project
- **Economic development and innovation:** Implementation of the Unleashing the Blue Economy of the Caribbean (UBEC) initiative and establishment of a special purpose vehicle to oversee construction of the new climate-smart teaching hospital (Project Polaris).
- **Security infrastructure:** Procurement of a new Coast Guard vessel to strengthen maritime protection and response capabilities.

The Government will continue to strengthen public expenditure management by enhancing procurement practices, reinforcing the monitoring and evaluation framework under the Public Sector Investment Programme (PSIP), and building institutional and staff capacity to ensure timely and effective project implementation.

The Suspension Clause under the Fiscal Resilience Act (FRA) 2023 will remain in effect to accommodate exceptional recovery-related spending, while maintaining the Government's commitment to fiscal prudence, efficiency, and a return to compliance with the primary balance rule by 2027.

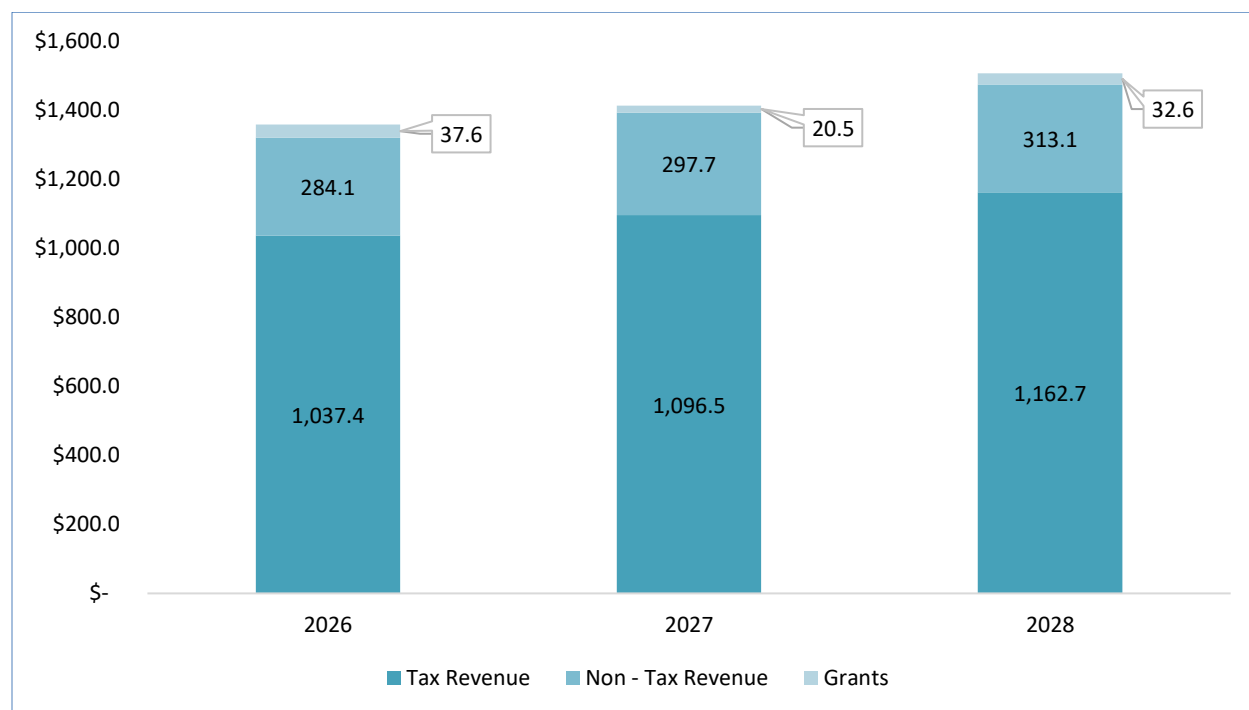
Over the medium term, expenditure policy will focus on strategic investments that integrate recovery and transformation, advancing inclusive growth, strengthening human development outcomes, and sustaining Grenada's long-term development trajectory. The Ministry of Finance will continue to monitor these measures closely to assess their impact and ensure a fiscally responsible transition back to the fiscal rules and targets by 2027.

2.3 Medium-term Baseline Fiscal Forecasts

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, total revenue and grants are projected at EC\$1,359.2 million (32.0 percent of GDP) in 2026, EC\$1,414.7 million (31.5 percent of GDP) in 2027, and EC\$1,508.3 million (31.7 percent of GDP) in 2028. Tax revenue is projected to account for 24.4 percent of GDP in the medium term, while non-tax revenue is expected to average around 6.6 percent of GDP in 2026 to 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 0.7 percent of GDP over the medium term.

Figure 19: Revenue Forecast (2026-2028) (EC\$ million)



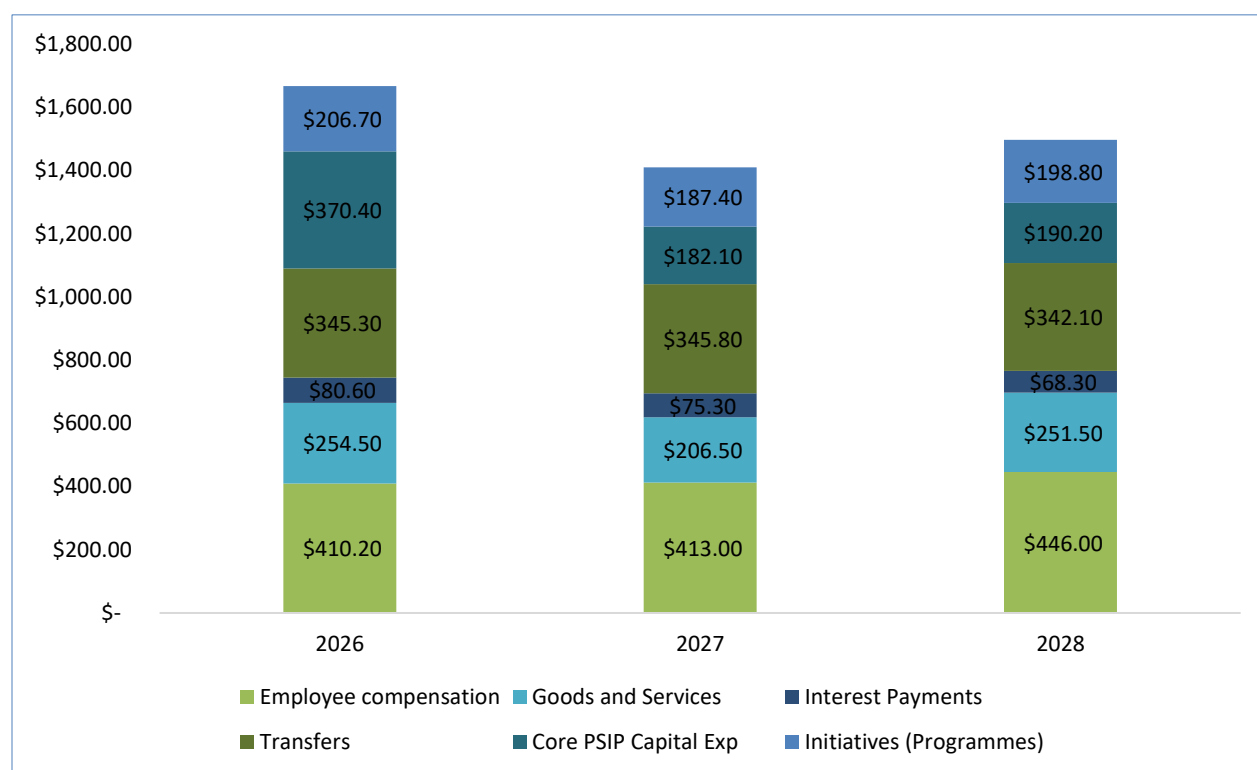
Total expenditure is projected to moderate in the medium term, at EC\$1,668.9 million (39.3 percent of GDP) in 2026, EC\$1,410.0 million (31.4 percent of GDP) in 2027, and EC\$1,496.9 million (31.5 percent of GDP) in 2028. Capital expenditure, now disaggregated in accordance with the International Public Sector Accounting Standards (IPSAS) 2016, distinguishes between project-related capital outlays (Core PSIP Capital Expenditure) and other programmatic capital expenditures, which are now classified as 'Initiatives'. Cumulatively Capital Expenditure is expected to decline from 13.6 percent of GDP in 2026 to 8.2 percent of GDP by 2028, while Primary expenditure is forecasted to decline from 37.4 percent of GDP in 2026 to 30.0 percent of GDP by 2028 to accommodate reinstatement of the fiscal rules. Employee

compensation (not including salary increases for the period 2026-2028) is projected to average 9.4 percent of GDP over the medium term.

Notably, the statutorisation of health care services under the Grenada Hospital Authority (GHA), as well as the planned roll-out of the National Health Insurance (NHI) (presumably as a statutory entity), will have implications for the composition of Government expenditure over the medium-term, should the enabling legislations be brought into force. Specifically, employee compensation is expected to decline while transfer payments are projected to increase due to higher subventions to newly established statutory bodies as staffing responsibilities are gradually transferred.

Conversely, the regularisation of public sector employment will generate an offsetting shift toward employee compensation, as previously non-established workers become incorporated into the central government payroll. Expenditure on goods and services is projected to moderate over time as these adjustments take effect. Collectively, 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 constitute a redistribution within existing expenditure lines.

Figure 20: Expenditure Forecast (2026-2028) (EC\$ million)



In line with the Central Government's medium-term strategy to transition from exceptional recovery spending toward the fiscal rules, the overall balance is projected to improve from a deficit of EC\$309.8 million in 2026 to a surplus of EC\$11.4 million in 2028. The primary balance, including grants, is expected to shift from a deficit of EC\$229.2 million in 2026, to a surplus of EC\$79.7 million in 2028, marking a return to sustainable fiscal operations. This trajectory positions the Government to achieve compliance with the fiscal rule requiring a primary balance of no less than 1.5 percent of GDP by 2027.

Figure 21: Fiscal Balances, 2026-2028 (EC\$ million)

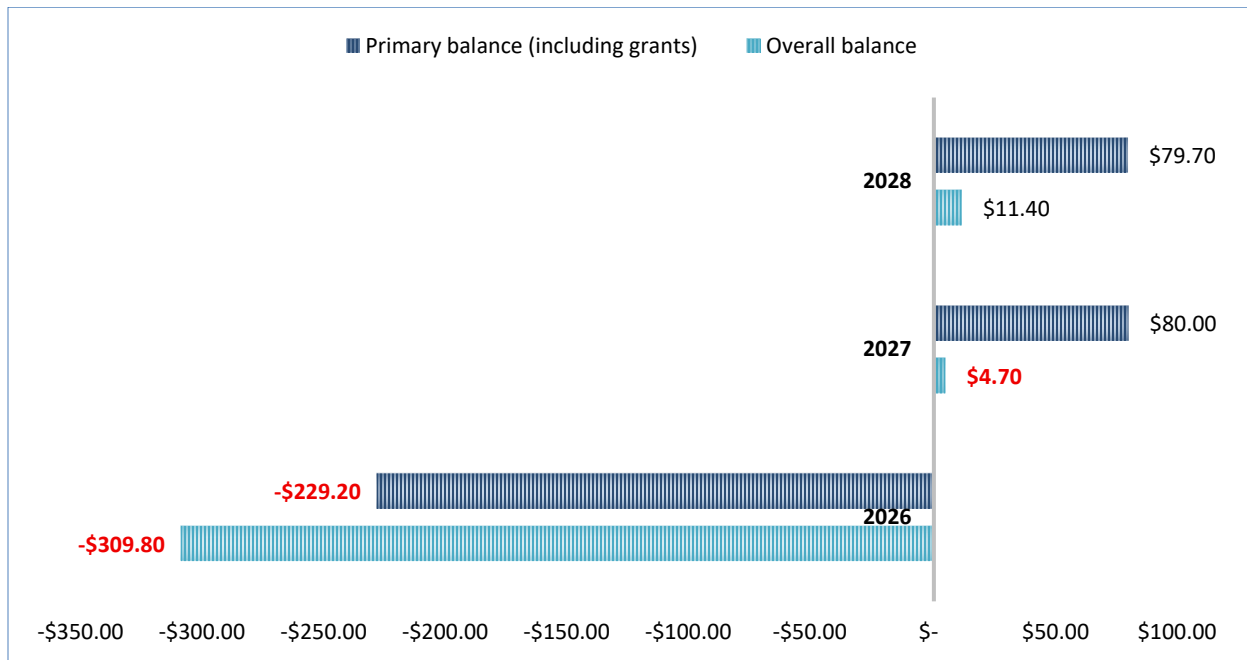
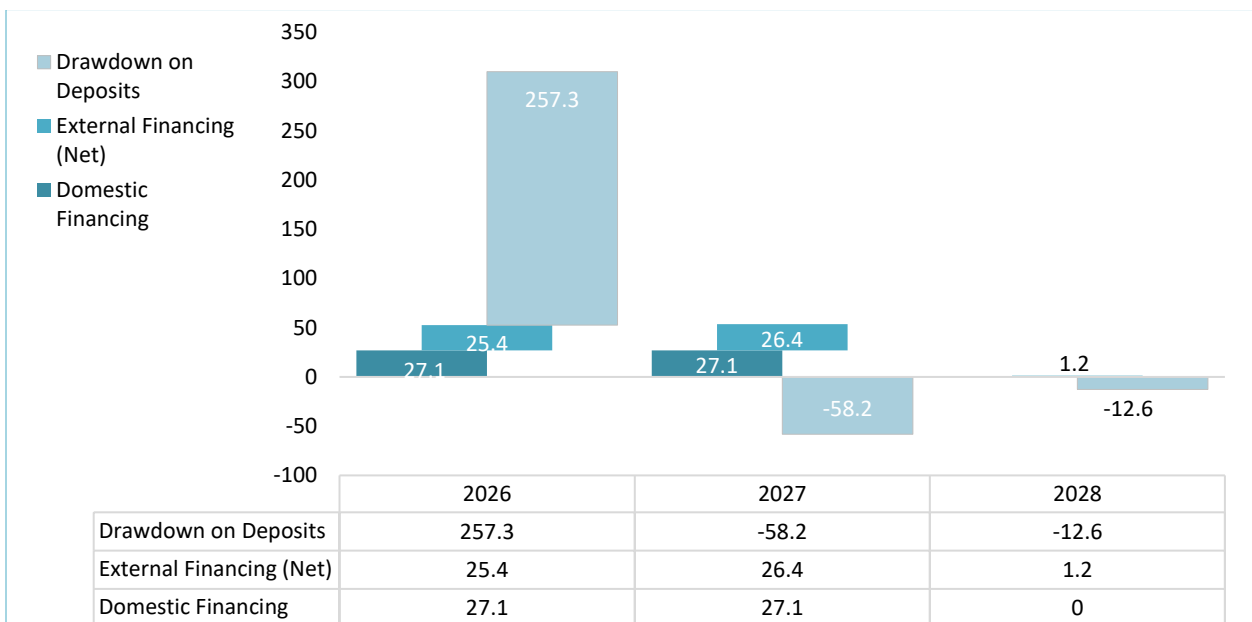


Table 16 presents the Medium-Term Fiscal Framework (MTFF), which outlines the baseline fiscal projections for the period 2026-2028. These fiscal projections illustrate the Government's fiscal position assuming no change in current policies.³ The MTFF 2026-2028 is expected to be fully financed through a mix of external and domestic financing sources including through a drawdown of accumulated fiscal buffers. See below the medium-term financing structure.⁴

Figure 22: Medium-Term Financing Structure (EC\$M)




³ Appendix 3 provides the assumptions underlying the baseline fiscal projections.

⁴ Appendix 4 provides detailed breakdown of the sources of financing for medium-term

Table 15: Medium- Term Fiscal Framework 2026-2028

In millions of Eastern Caribbean Dollars, unless stated otherwise

	2026		2027		2028	
	Projected	% GDP	Projected	% GDP	Projected	% GDP
Total Revenue & Grants	1,359.2	32.0%	1,414.7	31.5%	1,508.3	31.7%
Total Revenue	1,321.5	31.1%	1,394.2	31.1%	1,475.8	31.0%
Tax Revenue	1,037.4	24.4%	1,096.5	24.4%	1,162.7	24.4%
Non - Tax Revenue	284.1	6.7%	297.7	6.6%	313.1	6.6%
Grants	37.6	0.9%	20.5	0.5%	32.6	0.7%
Total Expenditure	1,668.9	39.3%	1,410.0	31.4%	1,496.9	31.5%
Primary Expenditure	1,588.4	37.4%	1,334.7	29.8%	1,428.6	30.0%
Current Expenditure	1,091.8	25.7%	1,040.5	23.2%	1,107.9	23.3%
Employee compensation	410.2	9.7%	413.0	9.2%	446.0	9.4%
<i>Wages, salaries & allowances</i>	387.2	9.1%	389.7	8.7%	421.7	8.9%
<i>Social Contribution to employees</i>	23.0	0.5%	23.2	0.5%	24.3	0.5%
Goods and Services	254.5	6.0%	206.5	4.6%	251.5	5.3%
Interest Payments	80.6	1.9%	75.3	1.7%	68.3	1.4%
Transfers	346.6	8.2%	345.8	7.7%	342.1	7.2%
Cumulative Capital Expenditure	577.2	13.6%	369.5	8.2%	389.0	8.2%
o/w: Core PSIP Capital Expenditure	370.4	8.7%	182.1	4.1%	190.2	4.0%
o/w: Initiatives	206.7	4.9%	187.4	4.2%	198.8	4.2%
o/w: Grant financed	37.6	0.9%	20.5	0.5%	32.6	0.7%
Overall balance	-309.8	-7.3%	4.7	0.1%	11.4	0.2%
Primary balance (excluding grants)	-266.9	-6.3%	59.4	1.3%	47.1	1.0%
Primary balance (including grants)	-229.2	-5.4%	80.0	1.8%	79.7	1.7%
Memo Item						
GDP (Nominal market Prices)		4,244.5		4,486.2		4,757.1
Real GDP growth (%)		4.1%		4.9%		5.3%

Source: Ministry of Finance

2.4 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.

2.5 Medium-term Economic Outlook

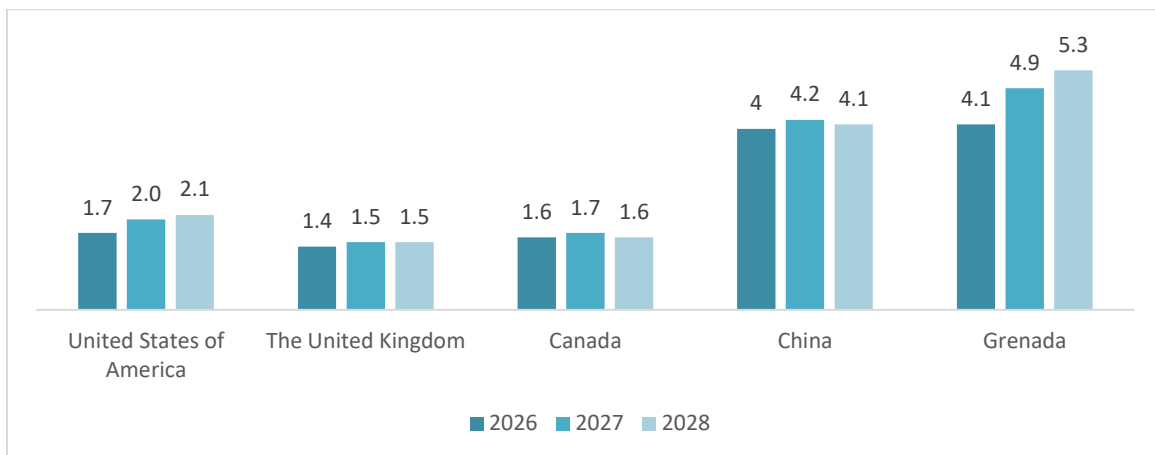
Grenada's medium-term outlook remains cautiously optimistic, amid heightened global uncertainty stemming from geopolitical tensions, evolving trade policies, tighter financial conditions, and commodity-price volatility. Sustained recovery from Hurricane Beryl, together with ongoing public and private investment, will be central to growth prospects. Over the forecast horizon, the economy is poised to benefit from resilience-building initiatives, stronger institutional capacity, and a supportive international environment.

Global conditions are projected to stabilise gradually. According to the IMF's July 2025 World Economic Outlook, global growth is expected to reach 3.0 percent in 2025 and 3.1 percent in 2026, supported by improving financial conditions, a softer U.S. dollar, moderate fiscal expansion in key economies, and generally favourable trade dynamics following recent tariff adjustments. Global headline inflation is projected to ease to 4.2 percent in 2025 and 3.6 percent in 2026, consistent with earlier expectations.

Growth among Grenada's principal trading partners in particular, is forecast to remain steady. Real GDP in 2026 is projected to expand by;

- 1.7 percent in the United States
- 1.4 percent in the United Kingdom,
- 1.6 percent in Canada, and
- 4.1 percent in China

Figure 23: Medium-Term Real GDP Projections for Grenada and Major Trading Partners in % of GDP



Domestically, economic activity is expected to remain robust over the medium term. Real GDP is projected to accelerate to 6.2 percent in 2025, before moderating to 4.1 percent in 2026, 4.9 percent in 2027, and 5.3 percent in 2028 as post-disaster reconstruction transitions into a broader phase of development and resilience-building. Growth over the period will be anchored by sustained public and private investment, which will propel activity in construction, tourism, manufacturing, and transport. The medium-term sectoral growth projections and expectations are summarised below:

- The construction sector is projected to remain the primary engine of growth over the medium term, with output forecast to expand by an average of 13.9 percent through 2028.** Activity will remain buoyant, supported by major public investment initiatives and sustained private development. Key projects under the Build Back Better Programme, the Road Rehabilitation Programme, and the UK-CIF Water Expansion Project will continue to drive activity through 2026. These will be complemented by new undertakings such as Project Polaris — the US\$250 million Climate-Smart Teaching Hospital — as well as other capital-intensive government programmes focused on modernising infrastructure and strengthening climate resilience. Alongside these public initiatives, private construction is expected to moderate slightly in value, particularly among tourism-related developments, even as complementary housing and commercial investments continue. Persistent challenges, including supply-chain bottlenecks, rising material costs, and shortages of skilled labour, could constrain delivery capacity and elevate project costs. Sustaining the sector’s strong performance will therefore depend on prudent project management, efficient resource allocation, and strengthened oversight to ensure timely and cost-effective implementation. Collectively, these efforts are expected to maintain construction output well above pre-pandemic levels and reinforce linkages with manufacturing, transport, and wholesale and retail trade, solidifying the sector’s role as a key catalyst for medium-term economic expansion.
- The tourism sector, traditionally a key driver of economic growth, is projected to expand modestly over the medium term, with average growth of 2.1 percent over 2026–2028.** Short-term activity will be stimulated by flagship events such as the annual Carnival Festival, the newly introduced Lobster Festival in Carriacou, and the hosting of the 53rd CARIFTA Games in 2026, all

of which are expected to boost visitor arrivals and related spending. Additional impetus is expected in 2027 and 2028 from the implementation of Project Polaris, which is likely to attract temporary inflows of non-resident workers and increase demand for accommodation and ancillary services. Beyond these near-term drivers, medium-term expansion will be supported by the completion of major hotel developments—including the InterContinental Grenada Resort, True Blue Beach Hotel & Residences, and Silversands Legacy—which will increase room capacity and improve the overall tourism product. Enhanced international connectivity, particularly through Delta Airline’s Atlanta–Grenada route, is also expected to strengthen market access and sustain growth in stay-over arrivals.

- Following a period of contraction between 2022 and 2024, **Grenada’s agriculture sector is expected to regain strength, with growth averaging around 9.0 percent over 2026–2028.** The rebound is being supported by rehabilitation works after Hurricane Beryl and renewed investment across key value chains. In 2026, output is likely to rise with expanded cocoa production and the development of cocoa-based products, while further gains in 2027 and 2028 will stem from the maturation of newly planted nutmeg and cocoa trees under the World Bank’s Food Security Programme and the National Spice Rehabilitation Project. Additional measures to boost agricultural production include the near completion of Phase I of the Land Tenure Regularisation Programme, the establishment of a new coconut nursery in Belair, Carriacou, and the distribution of 2,000 pineapple plants to local farmers to enhance food security and expand income opportunities.
- **The wholesale and retail trade sector is expected to grow by 8.2 percent in 2025, fuelled by increased consumer demand for motor vehicles and household goods.** This pace of activity is expected to continue over the medium term, aided by fiscal incentives aimed at stimulating demand for hybrid and electric vehicles. Additional gains are anticipated from indirect economic activity associated with Project Polaris, particularly through heightened retail sales of building materials and related goods during the hospital’s construction phase. From 2026 to 2028, the sector is projected to record average growth of 6.6 percent, consistent with steady domestic consumption and investment-driven demand.
- After two consecutive years of decline, **Grenada’s fishing sector is expected to rebound strongly in 2025, with growth of 20.5 percent, supported by intensified recovery efforts following the losses sustained from Hurricane Beryl.** From 2026 to 2028, growth is anticipated to average around 6.2 percent as the industry stabilises and new export opportunities are developed through ongoing investment in processing and cold storage facilities. However, the sector remains vulnerable to external risks, particularly the potential imposition of trade restrictions that could constrain export activity and dampen growth prospects. Continued efforts to diversify export markets and strengthen value-added processing will therefore be essential to safeguard the sector’s medium-term recovery.

Several additional sectors are projected to contribute positively to Grenada’s medium-term (2026-2028) economic performance:

- **The manufacturing sector is expected to record average growth of 1.5 percent over the medium term.** Expansion will be supported by increased production of beverages and toilet paper, the

establishment of new manufacturing facilities, and higher output of prepared animal feed. Growth in sub-sectors such as chemicals, paints, and other construction materials will also remain firm, reflecting continued demand from major public and private building projects.

- **The transport and storage sector is expected to grow at an average rate of 7.6 percent over the medium term, driven by heightened road transport activity and ongoing improvements in land and air transport infrastructure.** To address connectivity gaps, the Government is launching a major Roads and Bridges Development, Rehabilitation, and Maintenance Programme, which includes upgrades to the Point Salines–Woodlands and Cliff–Egmont Junction roads, improvements from Tempe to Mt. Cuma, reconstruction of the Mabouya road, and bridge works at Marquis, Madeys, Morne Fendue, and Mt. Rich. These interventions will enhance mobility, support trade and tourism, and strengthen the overall transport network.
- **Activity in the real estate, renting and business services is expected to increase moderately, averaging 3.4 percent growth over 2026–2028.** Performance will be influenced by higher demand for rental properties, machinery, and equipment, particularly in connection with construction works under Project Polaris and other large-scale investments.
- **The financial sector⁵ is expected to grow by around 3.5 percent on average over the medium term, supported by higher levels of banking and insurance activity.** Elevated insurance claims and settlements following Hurricane Beryl are expected to boost transactions within the insurance sub-sector, while the revised Condominium Act and the implementation of the Government’s Project 500 Homes initiative are likely to generate new demand for mortgage financing and home insurance coverage. Banking activity is also expected to strengthen with increased deposits and loan disbursements
- **Private Education Sector:** The private education sector is expected to record modest growth, averaging around 0.7 percent over the medium term. Activity is likely to remain subdued in the near term amid global economic headwinds and evolving student-financing conditions. However, performance is expected to strengthen by 2028, supported by St. George’s University’s (SGU) enhanced recruitment strategies targeting new international markets, which are expected to sustain enrolment levels, diversify the student base, and reinforce the sector’s contribution to the domestic economy.

Broader macroeconomic conditions are expected to remain stable over the medium term, supported by steady inflation at 1.0 percent, a gradual improvement in labour market outcomes, and continued investment in human capital. Employment prospects are anticipated to strengthen in line with increased activity in construction, tourism, and related service industries, while price pressures are expected to stay subdued amid stable international commodity markets and sound domestic policy management.

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

⁵ Classified as financial intermediation

3 THE STRATEGIC PROGRAMME FOR FISCAL YEAR 2026

3.1 Budget Priorities

The strategic focus for the 2026 Budget and the medium term is anchored in the National Sustainable Development Plan (NSDP) 2020-2035 and guided by the Fiscal Resilience Act (2023) and the 2026–2028 Medium-Term Fiscal Framework. In this context, a counter-cyclical fiscal policy will be implemented. This approach provides for a temporary expansionary stance in 2026 to sustain reconstruction efforts, followed by a more restrained fiscal position from 2027 onward to strengthen fiscal discipline and ensure debt sustainability.

With the 2023-2025 Medium-Term Action Plan (MTAP) reaching its conclusion, the Governor General's Throne Speech delivered on September 12, 2025, under the theme "Delivering a Better Future Together," will guide policy direction for the 2026 fiscal year pending completion of the new MTAP.

The key priorities include:

1. Completion of Hurricane Beryl Recovery
2. Education and Skills Development.
3. Building a Youth Economy.
4. Sports Development.
5. Healthcare
6. Affordable Housing
7. Renewable Energy
8. Enhancing Key Productive Sectors
 - Agriculture, Forestry and the Blue Economy
 - Tourism, the Creative Economy and Culture
 - Building a Digital Economy
9. Resilient Physical Infrastructure, Transportation, and Public Utilities
10. Investing in Carriacou and Petite Martinique
11. Advancing Public Service Excellence through Performance Management and Regularisation.
12. Citizen safety and Security.

These priorities are expected to accelerate recovery and reconstruction while preserving the fiscal space needed to invest in economic diversification, social inclusion, and national resilience over the long term. The 2026 Budget Statement will further outline the specific strategic actions designed to stimulate economic activity, generate employment, and advance the national transformation agenda.

3.2 Gender Responsive Budgeting

The Government recognises that public expenditure, through projects, programmes, and policies, can have differing impacts on women and men. Accordingly, the 2026 Budget integrates gender considerations across key sectors, incorporating related priorities and associated costs in the Budget Estimates. Further details will be presented in the 2026 Gender Budget Statement.

3.3 Climate Change Budget Tagging

The Government, in collaboration with the World Bank, continues to advance Climate Change Budget Tagging to categorise, measure, and monitor climate-related public expenditure. This initiative supports the strategic objective of identifying and mobilising fiscal resources to strengthen climate resilience. Following the successful pilot in selected ministries under the 2023 Budget and its subsequent expansion, the 2026 Budget further scales up the initiative across additional ministries and programmes to enhance climate mainstreaming in public financial management.

3.4 Expenditure Efficiencies for Fiscal Year 2026

The strategic management and prioritization of expenditure remain key fiscal objectives for the Government in Budget Year 2026 and the forward years 2027 and 2028, as outlined in the Medium-Term Fiscal Framework (MTFF). To achieve greater efficiency, the Government will:

1. Enhance Public Procurement – The procurement process will be further strengthened to ensure value for money, guided by the 3-Year Action Plan (2023-2025) for public procurement reforms. Systematic implementation of these recommendations will improve transparency, efficiency, and cost-effectiveness.
2. Manage the Wage Bill Sustainably – Forward-looking wage negotiations and strategic human resource management will be central to ensuring a sustainable wage bill, aligning with long-term fiscal sustainability goals.
3. Control Discretionary Expenditure – Stronger expenditure controls will be enforced across all phases of the budget execution cycle, ensuring that actual spending remains within budgeted limits.
4. Strengthen Oversight of State-Owned Enterprises (SOEs) and Statutory Bodies (SBs) – Fiscal risks associated with SOEs, and SBs will be managed through the revised performance monitoring guidelines outlined in the Governance and Fiscal Management Handbook.
5. Improve Contract Management Amid Rising Costs – Given persistently high global construction costs, contract management will be strengthened to contain expenditure where feasible, ensuring cost-effective public investments.
6. Enhance Public Financial Management (PFM) and Fiscal Transparency – The Government will continue strengthening PFM systems and institutional arrangements, with a strong emphasis on fiscal transparency and accountability. This includes the regular publication of fiscal reports to enhance public trust and policy credibility.

By maintaining a disciplined approach to expenditure management, the Government aims to optimize resource allocation, mitigate fiscal risks, and reinforce long-term economic resilience.

3.5 Resource Envelope for Fiscal Year 2026

The following are the indicative expenditure ceilings for the 2026 Budget that are derived from the MTFF for the period 2026-2028:

- ❖ Total Expenditure is programmed at EC\$1,668.9 million.
- ❖ Recurrent Expenditure is programmed at EC\$1,091.8 million:
 - Total Employee Compensation: EC\$410.2 million
 - Goods and Services: EC\$254.5 million
 - Transfers: EC\$346.6 million
 - Interest Payments: EC\$80.6 million
- ❖ Cumulative Capital Expenditure is programmed at EC\$577.2 million
 - Capital Project Expenditure: 370.4 million
 - Initiatives: 206.7 million
- ❖ Amortisation is programmed at \$313.1 million.

4 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, the 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\$121.0 million was spent by central Government, with additional sums expended by NAWASA and GRENLEC 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 September 2025, EC\$74.7 million has been spent by Central Government, with total Hurricane Beryl-related expenditure for the year projected to be EC\$114.3 million.

With the recovery and reconstruction expected to extend into 2026, a return to the fiscal rules and targets in 2026 could significantly constrain the near-term response efforts 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 show that the following fiscal indicators are expected to improve over the medium term;

- Central Government Debt is projected to increase from 54.3 percent of GDP in 2025 to 56.7 percent by 2028.
- Statutory Bodies and State-Owned Enterprises Debt is expected to fall from 13.0 percent to 10.8 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 present updated assessments as fiscal conditions evolve.

Figure 24: FRA Compliance Matrix (Medium – Term)

	2026		2027		2028	
	Proj.	Compliance	Proj.	Compliance	Proj.	Compliance
Total Employee Compensation “Wage bill” (percent of GDP) Not Exceeding 13%	9.7%	Yes.	9.2%	Yes	9.4%	Yes
Primary Balance (percent of GDP) Not less than 1.5%	-5.4%	Suspended	1.8%	Yes	1.7%	Yes
Public Sector Debt (percent of GDP):	65.7%	On track	68.0%	On track	67.5%	On track
Sixty % by 2035 Central Gov’t:	53.4%		56.5%		56.7%	
SOEs & SBs:	12.3%		11.5%		10.8%	

Source: Ministry of Finance

5 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 (including Statutory Bodies and State-Owned Enterprise Risks); (ii) Institutional Risks (Policy Implementation); (iii) Specific Risks (Environmental Risks, Financial Sector Risks, PPP).

5.1 Macroeconomic Risks

Grenada's medium-term fiscal projections remain highly susceptible to global and regional economic risks that could adversely affect public finances. Geopolitical tensions, including the ongoing conflicts in Ukraine and the Middle East, continue to disrupt global trade and financial markets, heightening uncertainty for small, open economies. These developments could intensify inflationary pressures, particularly through higher food and fuel import costs, which remain critical to domestic consumption and energy supply in Grenada.

Any slowdown in key source markets — particularly the United States and the United Kingdom — would have serious implications for Grenada's economic performance. Tourism receipts, remittances, and foreign direct investment remain critical pillars of the economy, and any disruption in these flows could significantly affect national development and financial stability. The recent increase in geopolitical tensions in Latin America and the wider North Atlantic region also raises concerns about the potential implications for regional stability and investor confidence.

At the same time, intensified international scrutiny of the Citizenship by Investment (CBI) Programme by organisations such as the Organisation for Economic Co-operation and Development (OECD) and the Financial Action Task Force (FATF) presents additional risks. These developments could constrain non-tax revenue performance, posing challenges to fiscal stability and underscoring the importance of continued efforts to strengthen revenue mobilisation and diversify economic activity.

The increasing frequency and severity of climate-related events, as evidenced by the recent impact of Hurricane Beryl, have further heightened macroeconomic uncertainty. These shocks reinforce the urgency of sustained investment in climate resilience and the continued strengthening of fiscal buffers to safeguard against future disasters.

In response to these emerging risks, the Government may face increased pressure to expand public spending and subsidies to mitigate the impact on vulnerable populations and preserve social stability. Such pressures highlight the need for fiscal prudence, diversified revenue sources, and resilient policy frameworks to navigate external shocks and maintain economic sustainability.

The sensitivity of the primary balance to changes in key economic variables is illustrated below in Table 11. These scenarios highlight the degree to which baseline fiscal indicators remain exposed to external shocks and underscore the importance of maintaining adequate fiscal space and contingency planning.

Under scenario 1, in which real economic growth in 2026 is two percentage points (pp) below the baseline forecast, tax revenues decline *ceteris paribus*, causing the primary balance as a ratio of GDP to worsen relative to the baseline projection, deviating away from the fiscal targets stipulated in the FRA.

Under Scenario 2, The export shock results in a decline of goods and services which in turn contracts GDP growth. Primary Balances would worsen due to lower export revenues.

Under Scenario 3, which shows the impact of a natural-disaster shock on the primary balance, the deviation from the baseline and the shortfall from the FRA targets are the largest. These scenarios reinforce the need for the Government to monitor and manage fiscal risks, build fiscal buffers, and maintain fiscal prudence.

<i>Economic Assumptions</i>	<i>Estimated Impact (2026)</i>	
	<i>Primary Balance</i>	
	<i>% of GDP</i>	<i>Difference from Baseline (% of GDP)</i>
Scenario 1: Growth Shock	-5.8	Lower by 0.4pp
Real GDP 2pp lower than the 2026 forecast		
Scenario 2: Export Shock	-17.4	Lower by 12.0pp
Inflation 2pp higher than the 2026 forecast		
Scenario 3: Disaster Shock	-18.1	Lower by 12.7pp
Combined Real GDP and Inflation Shock from scenarios above.		
<i>Source: Ministry of Finance</i>		

5.1.1 Statutory Bodies and State-Owned Enterprises Risks

In the context of fiscal risks, the operations of State-Owned Enterprises (SOEs) and Statutory Bodies (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 types 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.

5.1.1.1 Explicit Contingent Liabilities - Guaranteed Debt

As at June 30th, 2025, Central Government holds no guaranteed debt within its loan portfolio.

5.1.1.2 Implicit Contingent Liabilities- Non- Guaranteed Debt

As at June 30th, 2025, nine State-Owned Enterprises (SOEs) held non-guaranteed debt instruments totalling \$152.5 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. To ensure fiscal risk reduction and mitigation, the Government will continue to maintain regular monitoring and evaluation of the performance of SOEs and 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.

5.2 Institutional 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. These institutional constraints remain a structural challenge, affecting the pace and quality of project implementation across ministries and departments.

Immediately following Hurricane Beryl, staff capacity was briefly redirected toward emergency reconstruction efforts, causing short-term delays to planned projects; however, operations have since normalised. While not a continuing risk, the experience highlights how future shocks could temporarily disrupt institutional operations and project execution.

There is also a shortage of skilled contractors and labourers available to private sector firms engaged in public sector capital projects, adding further pressure on project timelines. To address these challenges, the Government continues to invest in targeted training programmes aimed at strengthening technical expertise and improving project delivery capacity 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.

5.2.1 Risks to Budget Execution

Another 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.

5.3 Specific Risks

5.3.1 Environmental 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 showcases 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, once specific conditions are met.

5.3.2 Financial Sector

While liquidity and capital adequacy remain stable and not a primary concern, Grenada's financial sector faces notable concentration risks, with most of the 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.

5.3.3 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 30 June 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 capital lease and budgeted for on an annual basis.
- **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 loss of

capital investment/ return on investment, both of which are dependent on the success of the commercial project and rental income generated.

Table 16: Risk Assessment Summary and Mitigation Measures

Risk Description	Source of Risk	Risk Rating	Measures to Manage/Mitigate Risks
Macroeconomic Fiscal Risks from State-Owned Enterprises	Global economic slowdown. High global inflation. Global protectionist trade policies Contingent liabilities of SOEs.		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. 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.
Institutional	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.
Specific: Environmental	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

6 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	<p>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–</p> <p>(a) a major economic shock resulting from–</p> <ul style="list-style-type: none"> (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. <p>(b) a cumulative decline in real GDP equal to or greater than three percent over the two consecutive preceding fiscal years.</p> <p>(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.</p>
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 & <u>All</u> 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	11.9	8.5	9.4	9.2
Fishing	-13.0	17.6	0.0	-4.0	-13.1	20.5	-12.6	6.2	6.3
Mining & Quarrying	-8.0	18.8	11.0	-27.0	5.0	21.4	3.5	7.7	9.2
Manufacturing	-10.2	11.1	8.3	12.0	4.6	2.4	1.1	1.2	2.2
Electricity & Water	-6.4	-0.8	6.7	4.3	7.6	-0.6	3.7	5.2	3.2
Construction	-20.5	25.7	25.5	-11.7	7.4	27.2	12.1	13.9	15.6
Wholesale & Retail Trade	-15.4	6.5	0.1	17.2	2.5	8.2	7.2	5.8	6.6
Hotels & Restaurants	-68.2	37.6	60.9	19.3	9.4	0.3	1.8	1.9	2.7
Transport and Storage	-33.1	-13.5	26.7	13.5	3.2	6.0	5.7	8.7	8.5
Communications	-6.3	0.7	0.2	8.3	2.0	1.0	2.4	3.8	5.5
Financial Intermediation	4.3	4.1	4.5	6.4	4.6	5.0	3.4	3.6	3.6
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	6.2	4.3	5.3	5.8
Real Gross Domestic Product	-13.8	4.7	7.3	4.5	3.3	6.2	4.1	4.9	5.3
Other key indicators									
Nominal GDP (% Change)	-14.0	7.6	9.1	9.2	5.0	6.8	4.9	5.7	6.0
Nominal GDP (EC\$ Millions)	2,817.21	3,030.00	3,304.82	3,608.33	3,789.88	4,047.66	4,244.47	4,486.17	4,757.09

Appendix 3: Baseline Medium-Term Assumptions

Categories	2026	2027	2028
Recurrent Revenue	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 capture the various strategies expected to be implemented to enhance the Programme’s attractiveness over the medium term.		
Recurrent Expenditure			
Personal Emoluments, Wages, Salaries and Allowances	These expenditure categories account for projected costs influenced by inflation and the ongoing staff regularization process.	These categories account for anticipated personnel related cost adjustments in 2027, along with projected inflationary impacts in 2028	
Social contributions to employees			
Goods & Services	Items under these categories are adjusted for inflation, except for transfers abroad. Expenditures on Goods and Services captures 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 phased introduction of e-learning capacities within the education system, will contribute to a modest increase in the cost of goods and services. Furthermore, provisions for changes in both expenditure categories over the period 2026 to 2028 have been incorporated into the framework.		
Current transfers	External and domestic interest payments are determined by the conditions outlined in the contractual agreements.		
Interest payment			
Capital Expenditure & Net Lending			
Grant financed	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.		
Non-Grant financed			

Appendix 4: Detailed Breakdown of Financing

	2025 Actual Provisional	2025 Budget	2026	2027	2028
Financing	279.1	337.4	309.8	(4.7)	(11.4)
Domestic Financing	40.0	0.0	27.1	27.1	0.0
Net financing from the ECCB	0.0	0.0	0.0	0.0	0.0
Net financing from Commercial Banks	0.0	0.0	27.1	27.1	0.0
Other domestic financing, net (RGSM)	40.0	0.0	0.0	0.0	0.0
External Financing	(29.3)	39.9	25.4	26.4	1.2
Net	(29.3)	39.9	25.4	26.4	1.2
Disbursements	37.1	124.4	130.6	131.9	107.3
Capital Projects Disbursements	37.1	56.5	76.3	77.6	53.0
Budget Support (US\$20M WB DPC)	0.0	67.9	54.3	54.3	54.3
Amortization/Loan Repayment	66.4	84.5	105.2	105.5	106.1
Other (net)	268.4	297.5	257.3	(58.2)	(12.6)
Drawdown of Deposits	268.4	297.5	257.3	(58.2)	(12.6)
Disposal of Assets	0.0	0.0	0.0	0.0	0.0
Financing Gap (-)/Surplus (+)	0.0	0.0	0.0	0.0	0.0

Appendix 5: 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	1,273.3	31.5	1,359.2	32.0	1,414.7	31.5	1,508.3	31.7
Total Revenue	863.9	26.1	1,302.9	36.1	1,628.3	43.0	1,202.8	29.7	1,321.5	31.1	1,394.2	31.1	1,475.8	31.0
Tax Revenue	714.9	21.6	848.1	23.5	890.5	23.5	931.9	23.0	1,037.4	24.4	1,096.5	24.4	1,162.7	24.4
Nontax Revenue	149.0	4.5	454.7	12.6	737.8	19.5	270.9	6.7	284.1	6.7	297.7	6.6	313.1	6.6
Grants	224.4	6.8	18.2	0.5	20.1	0.5	70.5	1.7	37.6	0.9	20.5	0.5	32.6	0.7
Total Expenditure	1,057.6	32.0	1,037.6	28.8	1,397.6	36.9	1,552.5	38.4	1,668.9	39.3	1,410.0	31.4	1,496.9	31.5
Primary Expenditure	1,003.9	30.4	984.2	27.3	1,273.3	33.6	1399.7	34.6	1,588.4	37.4	1,334.7	29.8	1,428.6	30.0
Current Expenditure	717.4	21.7	702.2	19.5	944.5	24.9	1032.2	25.5	1,091.8	25.7	1,040.5	23.2	1,107.9	23.3
Employee Compensation	279.7	8.5	291.5	8.1	319.4	8.4	324.8	8.0	410.2	9.7	413.0	9.2	446.0	9.4
Wages, Salaries & Allowances	263.5	8.0	274.8	7.6	299.0	7.9	303.4	7.5	387.2	9.1	389.7	8.7	421.7	8.9
Social Contribution to Employees	16.2	0.5	16.8	0.5	20.3	0.5	21.4	0.5	23.0	0.5	23.2	0.5	24.3	0.5
Goods & Services	128.0	3.9	141.7	3.9	174.4	4.6	187.5	4.6	254.5	6.0	206.5	4.6	251.5	5.3
Interest Payments	53.7	1.6	53.3	1.5	124.3	3.3	152.7	3.8	80.6	1.9	75.3	1.7	68.3	1.4
Current Transfers	256.1	7.7	215.6	3.0	245.7	6.5	367.2	9.1	346.6	8.2	345.8	7.7	342.1	7.2
Capital Expenditure	340.2	10.3	335.4	9.3	453.1	12.0	520.2	12.9	577.2	13.6	369.5	8.2	389.0	8.2
o/w: Grant-financed	116.5	3.5	17.4	0.5	18.1	0.5	44.3	1.1	37.6	0.9	20.5	0.5	32.6	0.7
Curr. Account Balance b/f Grants	146.5	4.4	600.0	16.6	683.9	18.0	170.6	4.2	229.7	5.4	353.7	7.9	367.9	7.7
Primary balance (after grants)	84.4	2.6	336.1	9.3	375.1	9.9	(126.4)	-3.1	(229.2)	-5.4	80.0	1.8	79.7	1.7
Overall Balance	30.7	0.9	282.8	7.8	250.9	6.6	(279.1)	-6.9	(309.8)	-7.3	4.7	0.1	11.4	0.2
Nominal GDP		3304.8		3608.3		3789.2		4,047.7		4,244.5		4,486.2		4,757.1

Source: Ministry of Finance

Appendix 6: 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
<i>Credit</i>	2,319.2	2,287.5
<i>Debit</i>	2,674.6	2,452.8
Goods	-1,326.8	-1,350.1
<i>Credit</i>	190.1	193.5
<i>Debit</i>	1,516.9	1,543.6
Services	971.4	1,184.8
<i>Credit</i>	2,129.0	2,094.0
<i>of which: Travel</i>	1,813.3	1,889.2
<i>Debit</i>	1,157.7	909.2
<i>of which: Travel</i>	79.1	84.7
INCOME	-375.7	-257.7
Primary Income	-358.8	-226.7
<i>Credit</i>	87.0	90.3
<i>of which: Investment Income</i>	82.9	85.9
<i>of which: Compensation of Employees</i>	4.1	4.4
<i>of which: Interest (on other investment)</i>	16.7	17.1
<i>Debit</i>	445.8	317.0
<i>of which: Investment Income</i>	354.1	224.6
<i>of which: Compensation of Employees</i>	91.7	92.4
<i>of which: Interest (on other investment)</i>	29.9	31.1
Secondary Income	-16.9	-31.0
<i>of which: Worker's Remittances</i>	125.8	125.3
<i>Credit</i>	181.8	185.3
<i>Debit</i>	56.0	60.0
CAPITAL ACCOUNT	594.3	191.8
Capital transfers	594.3	191.8
<i>General government</i>	588.0	185.0
<i>of which: Credit (Capital Grants)</i>	588.0	185.0
Financial corporations, non-financial 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