



**Fiscal Resilience
Oversight Committee (FROC)**

**2025 Annual Report
13 March 2026**

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LETTER OF TRANSMITTAL

FISCAL RESILIENCE OVERSIGHT COMMITTEE



13th March 2026

Clerk of Parliament
Office of the Houses of Parliament
Parliament Building
Mt. Wheldale
St. George

Dear Clerk of Parliament,

RE: SUBMISSION OF THE FROC 2025 ANNUAL REPORT ON THE STATUS OF IMPLEMENTATION OF THE FISCAL RESILIENCE ACT (NO. 11 of 2023)

Pursuant to Section 12 (3) (b) of the Fiscal Resilience Act (No. 11 of 2023), and on behalf of the Fiscal Resilience Oversight Committee (FROC), I am pleased to submit herewith, the above-mentioned report, for consideration by the House of Representatives in accordance with the Fiscal Resilience Act.

The Fiscal Resilience Act (FRA) became effective 1st January 2024. This Annual Report is based on an assessment of the Government's compliance with the FRA during the 2025 fiscal year. The report also assesses the consistency of the 2026 national budget and the medium-term fiscal framework for 2026 - 2028 with the FRA.

The assessment of compliance with the FRA is anchored in the review of economic performance in 2025 and an examination of the medium-term fiscal and debt strategies and forecast. The report then addresses compliance with the FRA, and in particular, compliance with the fiscal rules and target, adherence to the principles of fiscal transparency and highlights other operational aspects of the FRA.

I shall therefore be grateful if you will bring this report to the attention of the Honourable Leo Cato, Speaker of the House of Representatives and Chairman of the Committee of Privileges, so that it shall be considered by the House of Representatives in accordance with Section 12(7) of the Fiscal Resilience Act. I thank you in anticipation of your kind co-operation.

Respectfully,

A handwritten signature in blue ink, appearing to read 'Laurel Bain', is positioned above the printed name.

Ms. Laurel Bain
Chairwoman, Fiscal Resilience Oversight Committee

ABBREVIATIONS AND ACRONYMS

APP	Awareness and Public Participation Programme
CBI	Citizenship by Investment
CPI	Consumer Price Index
CCRIF	Caribbean Catastrophe Risk Insurance Facility
DSA	Debt Sustainability Analysis
ECCB	Eastern Caribbean Central Bank
FAO	Food and Agricultural Organization
FATF	Financial Action Task Force
FRL	Fiscal Responsibility Legislation
FROC	Fiscal Resilience Oversight Committee
FRA	Fiscal Resilience Act
GDP	Gross Domestic Product
GVA	Gross Value Added
IMF	International Monetary Fund
IMA	Investment Migration Agency
MOF	Ministry of Finance
MPU	Macroeconomic Policy Unit
MTDS	Medium-Term Debt Management Strategy

ABBREVIATIONS AND ACRONYMS (CONTINUED)

MTFF	Medium-Term Fiscal Framework
MTEFSR	Medium-Term Economic and Fiscal Strategy Report
NHI	National Health Insurance
NSDP	National Sustainable Development Plan
NTF	National Transformation Fund
OECD	Organisation for Economic Cooperation and Development
PDMA	Public Debt Management Act
PFMA	Public Finance Management Act
PPP	Public-Private Partnership
PSIP	Public Sector Investment Programme
SB	Statutory Body
SOE	State-Owned Enterprise
SRO	Statutory Rules and Orders
WEO	World Economic Outlook

GLOSSARY

“Amortisation” means the payment on the outstanding debt that reduces the balance on the debt overtime;

“Arrears” means Central Government’s obligations from the current and past years that are due but have not been paid;

“Capital expenditure” means non-recurrent expenditure on goods, works and services carried out by Central Government which is aimed at accumulating new physical assets with usable value for more than one fiscal year;

“Central Government” means every branch, ministry, department, agency of the Government and includes all special funds established and maintained by the Government under the Consolidated Fund;

“Contingent liabilities” means financial obligations which arise by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Central Government, and includes debt guarantees, demand or price guarantees, and termination clauses or other default provisions that could imply a transfer of liabilities to Central Government, including financial obligations arising as a result of or in connection with public-private partnerships, but excludes letters of comfort;

“Current Account Balance” means recurrent or current revenue less recurrent or current expenditure;

“Disbursements” means the transfer of financial resources to the Government from its creditors;

“Explicit contingent liabilities” means legal obligations for Central Government to make payments only if particular events occur;

“Fiscal risk” means the possibility that actual fiscal outcomes will deviate from the fiscal outcomes expected at the time of the presentation of the annual Estimates of Revenue and Expenditure arising from matters such as -

GLOSSARY (CONTINUED)

- a. Economic outcomes differing from the assumptions made in the budget;
- b. Interest rates, exchange rates, and other variables associated with public debt;
- c. The potential call on explicit Government guarantees and the realisation of other contingent liabilities, including those associated with public-private partnerships; and
- d. The occurrence of natural disasters and other ‘acts of God’;

“Fiscal Resilience Oversight Committee” means the Fiscal Resilience Oversight Committee preserved, continued and renamed under section 12 (1) of the Fiscal Resilience Act 2023;

“Fiscal Rule” means an operational guideline to be maintained by the Central Government;

“Fiscal target” means a specified quantitative limit against which a particular fiscal variable is measured and monitored;

“Grants” means financial resources received by the Government, for which no goods were sold or services rendered, and no repayment is required;

“Gross Domestic Product” means the total value of goods and services produced within a country during a specified period of time, normally one year;

“Gross Value Added” means the value of output less the value of intermediate inputs for each sector;

“Macroeconomic Policy Unit” means the Macroeconomic Policy Unit of the Ministry of Finance and includes its successor department of Government;

“Medium term” means a period not exceeding five fiscal years;

“Medium-term fiscal framework” means the medium-term fiscal framework prepared in accordance with section 12 of the Public Finance Management Act;

“Net External Amortisation” means the difference between external debt amortization (external principal loan repayments) and external loan disbursements (receipts from external creditors);

“Nominal GDP” means the level of gross domestic product measured at current prices;

GLOSSARY (CONTINUED)

“Overall Balance” means the total receipts of the Central Government (excluding debt receipts and unspent grants (less total expenses (excluding repayment of debt) during the fiscal year;

“Primary balance” means the overall balance before interest expense in that fiscal year;

“Primary expenditure” means the total expenditure less interest payment on debt in a fiscal year;

“Public debt” includes all direct liabilities of Central Government, Statutory Bodies and State-Owned Enterprises, including advances, arrears, compensation claims, finance leases, Government securities, loans, overdrafts, promissory notes, and supplier’s credit agreements and contingent liabilities, including explicit contingent liabilities arising as a result of or in connection with public-private partnerships;

“Public-private partnership” means a long-term contract between a private party and— (a) Central Government; or (b) a Statutory Body or State-Owned Enterprise, for providing or managing a public asset and associated services, which shall be on terms and conditions as approved by Cabinet;

“Public sector” means the Central Government, Statutory Bodies and State-Owned Enterprises;

“Real GDP” means the level of gross domestic product at a base year price;

“Real GDP growth rate” means the rate of change of real GDP on an annual basis;

“Recurrent or Current Expenditure” means expenditures that are not capital expenditures, and includes normal overhead and administrative expenses, purchases of non-capital goods, personnel costs including salaries, emoluments and other benefits of Central Government’s current and past employees, maintenance expenditure, subsidies, interest payments, and transfers to Statutory Bodies and State-Owned Enterprises;

“Recurrent or Current Revenue” means the total of revenues from taxes (taxes on income and profits, property, domestic transactions and international transactions) and non-tax revenue (profits and dividends, interest and rents, fees and fines, sales from government departments and other miscellaneous receipts by the Central Government);

GLOSSARY (CONTINUED)

“Revenue” means all taxes, tolls, imposts, levies, rates, duties, fees, penalties, royalties, surcharges, forfeitures, rents and dues, proceeds of sale, interest earned, and all other receipts of Central Government from whatever sources arising;

“State-owned enterprise” means an entity whether or not incorporated under company law being:

- a. a company in which the Government or an agency of the Government by the holding of shares is in a position to direct the policy of that company through, among other things, its representation on the governing board of the entity; or
- b. a company, Board or Authority established under special legislation which recovers a significant portion of its operating costs through charges on users,

and being determined by the Minister to be a state-owned enterprise under the Public Finance Management Act;

“Statutory body” means a body set up by an enactment with statutory powers and operational autonomy to carry out Government-related functions and which is part of and under the direct control of the Government;

“Wage bill” means the total sum of payments made in respect of employees of Central Government, including personal emoluments, wages, allowances, and social contributions.

FOREWORD

This FROC 2025 Annual Report is an assessment of the implementation of the Fiscal Resilience Act (FRA) in 2025 and the consistency of the fiscal projections for 2026 to 2028 with the fiscal rules and target in the FRA. The Annual Report is submitted for consideration by the House of Representatives in accordance with Section 12 3 (b) of the FRA which mandates the Fiscal Resilience Oversight Committee (FROC) to prepare an annual report as follows:

(b) no later than three months after the end of each fiscal year, prepare and lay before the House of Representatives for consideration, an annual report on the status of implementation of this Act;

The FRA, in Section 12, specifies the content of the annual report and states:

(4) An annual report prepared pursuant to subsection (3) (b) shall include

(a) the progress made towards compliance with the fiscal rules and targets in this Act, with respect to the relevant fiscal year, including an assessment of the actual fiscal outturns compared to the medium-term fiscal framework approved with the annual budget; and

(b) outcomes and implications of the implementation of this Act.

The FRA, in Section 12 7 (b), outlines the responsibility of the House of Representatives following the submission of the Annual Report by the FROC as follows:

not later than thirty calendar days after the report is laid before the House of Representatives, the Minister shall make representations in the House of Representatives in response to the contents of the report, including any areas of non-compliance referred to in the report;

and in

(c) the House of Representatives may by Order appoint a Special Selection Committee to examine the report and the representations made by the Minister, and make recommendations to the House of Representatives on the implementation of measures to ensure compliance with the relevant provisions of this Act.

The main provisions of the FRA are i. adherence to fiscal rules and target by the Central Government; ii. the monitoring of statutory-bodies and state-owned enterprises; and iii. Ensuring fiscal transparency and accountability. According to Section 7 and Section 8 of the FRA, the Government is required to maintain the wage bill of the Central Government at less than 13 per cent of GDP and generate a minimum primary balance surplus from the operations of the Central Government of 1.5 per cent of GDP.

FOREWORD (CONTINUED)

The public debt to GDP ratio of 60 per cent is targeted to be achieved by 2035. Section 9 of the FRA, the Suspension Clause, provides guidance on the conditions under which the Government could suspend the primary balance rule and the debt target.

The outturn of the operations of the statutory bodies and state-owned enterprises could impact the public sector debt. The FRA, therefore, in Section 13, makes provisions for the monitoring of statutory bodies and state-owned enterprises.

Adherence to the principles of fiscal transparency and accountability is enshrined in the FRA as outlined in Section 4 which stipulates that the FRA is to be read and construed together with the Public Finance Management Act and the Public Debt Management Act. The requirement of the Government to adhere to fiscal transparency is specified in Section 5 of the FRA and further detailed in Section 6. Section 6 outlines the responsibility of the Minister in ensuring that the fiscal and financial affairs of the Government are conducted in a transparent manner. The requirement for fiscal transparency is further reinforced in Section 10 of the FRA which outlines the Minister's role in ensuring transparency in Central Government's fiscal operations at every stage of the budget preparation and execution cycle.

The FROC strongly urges the House of Representatives to carefully consider this Annual Report in accordance with the FRA. The consideration of the Annual Report, as mandated in the FRA, will serve to strengthen the framework for financial management to support fiscal and debt sustainability.

The 2025 Annual Report was completed by the FROC which, based on the legislation, comprises five (5) members who are appointed by the Governor General upon the nomination of the Committee of Privileges of Parliament as stipulated in the FRA. Four (4) of the members are nominated in consultation with the Director of Audit, while the fifth member is nominated on the advice of the Governor of the Eastern Caribbean Central Bank (ECCB).

FOREWORD (CONTINUED)

The Second Schedule of the Act stipulates that members of the FROC must possess expertise in the areas of accounting, business management, public administration and law while the nominee from the Governor of the ECCB is required to have expertise in economics.

Committee members Lisa Taylor and Hyacinth Jeremiah completed their service on the FROC on 31st August 2025 and were reappointed to serve for another two years. The other members of the FROC namely, Chairwoman Ms. Laurel Bain and Committee Member Ms. Anette Henry, continued their service on the FROC for another year. The Economist is to be appointed to the FROC.

Dr. Juliet Melville provided technical assistance for the completion of the Annual Report; Mrs. Tracy Victor served as the Technical and Administrative Manager to the FROC; and Mr. Hajjie Charles provided Information and Communication Technology (ICT) support.

This Annual Report is accordingly forwarded to the Speaker of the House of Representatives for consideration by the House of Representatives and for action in accordance with Section 12 of the Fiscal Resilience Act.



Ms. Laurel Bain
Chairwoman, Fiscal Resilience Oversight Committee

MEET THE FROC



Ms. Laurel Bain – Chairwoman

Ms. Laurel Bain is a former employee of the Eastern Caribbean Central Bank (ECCB) where she served in various positions, including that of Deputy Director in the Research Department, Senior Director of the Statistics Department and Senior Director in the Governor’s Office.

Ms. Bain has over 25 years of central banking experience and has undertaken economic assessments of countries and considerable research on fiscal policy and tax structures. She has worked extensively with the countries of the Eastern Caribbean Currency Union, regional institutions, international organisations and development agencies. During her career at the ECCB, Ms. Bain received the Governor’s Award on two occasions for excellent and dedicated service. Ms. Bain has published books on fiscal policy and continues to write on economic and fiscal policy issues which are published as Budget Alert. Ms. Bain is an accredited Director and served as Deputy Chair of the Grenada Authority for the Regulation of Financial Institutions, and as a Director of the Montserrat Financial Services Commission. Ms. Bain holds a Bachelor of Science (B.Sc.) and Masters of Science (M.Sc.) degrees in Economics from the University of the West Indies, Trinidad and Tobago.



Ms. Annette Henry

Ms. Annette Henry, former Registrar of the Corporate Affairs and Intellectual Property Office, Ministry of Legal Affairs, retired from the Public Service of Grenada in August 2022, having served in various capacities as a Public Servant since 6th October 1980. Ms. Henry is an Attorney-at-Law and holds a Bachelor of Laws (LLB) and Certificate in Legal Education (CLE). Ms. Henry was admitted to the Grenada Bar in

November 2003.

MEET THE FROC (CONTINUED)

Annette Henry, former Registrar of the Corporate Affairs and Intellectual Property Office, Ministry of Legal Affairs, retired from the Public Service of Grenada in August 2022, having served in various capacities as a Public Servant since 6th October 1980. Ms. Henry is an Attorney-at-Law and holds a Bachelor of Laws (LLB) and Certificate in Legal Education (CLE). Ms. Henry was admitted to the Grenada Bar in November 2003.



Mrs. Lisa Taylor

Mrs. Lisa Taylor is the principal of the law firm, Lisa Taylor & Co. and was admitted to the Grenada Bar on 3rd October 1996. She holds a Bachelor of Arts degree with honors in Political Science from the City University of New York, Bachelor of Laws (Ll.B) with Honours from the University of the West Indies, and Legal Education Certificate from the Hugh Wooding Law School, Trinidad. She is a past President of the Grenada Bar Association. Ms. Taylor is an accredited director (Chartered Governance Institute of Canada) and has served variously on the boards of the Physical Development Authority, Grenada Community Development Agency (GRENCODA), Bel Air Home for Children and Adolescents, Diocesan Finance Committee of the Diocese of Saint George's in Grenada and Jonas Browne & Hubbard (Grenada) Ltd. She is currently Deputy-Chairman of Grenada Co-operative Bank Ltd. and Honorary Consul of Spain in Grenada.



Mr. Hyacinth Jeremiah

Mr. Hyacinth Jeremiah is a principal partner in HLB Grenada. He is a highly skilled Accountant with an accumulation of over thirty-five years' experience in Accounting, Financial analysis and planning, Tax preparation and consultancy, Auditing, Forensic accounting, financial and management consultancy.

MEET THE FROC (CONTINUED)

Mr. Jeremiah began his career with the accounting firm Pannell Kerr Forster (PKF) and also served as the Senior Internal Auditor at the CARICOM Secretariat. In 2011, Mr. Jeremiah started his own accounting practice under the business name Jeremiah Business Consulting, and in 2020 Jeremiah Business Consulting joined the HLB global network of accounting firms and currently operates as HLB Grenada. Mr. Hyacinth Jeremiah is a Certified Chartered Accountant (ACCA), Certified Internal Auditor (CIA), Certified Fraud Examiner (CFE) and Forensic CPA. In addition, he holds an MSc. Degree in Finance.

Technical and Administrative Manager to the FROC



Mrs. Tracey Victor

Mrs. Tracy Victor is a Business and Operations Consulting Specialist with more than 18 years of experience at senior and middle management levels in planning and executing initiatives with national, international and inter-governmental organisations. Her experience spans financial planning, debt management and organizational development. Mrs.

Victor has managed and/or supported the design, implementation and review of organizational projects and policies in the hospitality, health, banking and finance industries.

In her most recent experience, she has served as the Administrative/Operative Support on the IICA- CACCI Project in Guyana and Suriname, which is focused on strengthening national technical and institutional capacity in building climate resilience in the agriculture sector.

Mrs. Victor is the holder of a BSc in Business Administration and postgraduate training in Financial Planning, Financial Services and Project Management with certifications as a Tax Planner and Mortgage Agent.

MEET THE FROC (CONTINUED)

Technical Assistance



Dr. Juliet A. Melville

Dr. Juliet Melville is a development practitioner with over 15 years of experience at the Caribbean Development Bank where she served as Acting Director of Economics, Chief Country Economist and Chief Research Economist. She has considerable experience working with regional countries, including Grenada, and with international and regional institutions in the design and implementation of projects and programmes to support economic governance, public debt management, financial sector strengthening and poverty reduction. Her most recent research interest includes public debt restructuring and property tax regimes. Dr. Melville was also a lecturer in the Economics Department, UWI, St. Augustine. She holds a BSc. and MSc. in Economics from UWI and a Ph.D. in Economics from the University of Kent. Dr. Melville provided technical assistance for the production of the 2025 FROC Annual Report and the 2025 FROC Annual Report At A Glance.

ACTIVITIES OF THE FISCAL RESILIENCE OVERSIGHT COMMITTEE (FROC)

The operations of the Fiscal Resilience Oversight Committee (FROC) were guided by its legislated mandate and the FROC Charter and Guidelines. The FROC submitted its 2024 Annual Report, on 24th April 2025, to the Speaker of the House of Representatives through the Clerk of Parliament. Based on Section 12 of the Fiscal Resilience Act (FRA), the FROC is mandated to submit its Annual Report by 31st March, except in the event of exigent circumstances. In light of the presentation of the national budget on 7th March 2025, the FROC requested and approval was granted for the submission of the FROC 2024 Annual Report by 30th April 2025.

Over the six-month period (April 2025 to September 2025) the FROC continued with the activities related to the Annual Report, monitored compliance of the Government with the Fiscal Resilience Act, prepared the required legislative report on the Medium-term Fiscal Framework, and pursued the Awareness and Public Participation (APP) programme.

The FROC 2024 Annual Report and a summary of the Annual Report (FROC 2024 Annual Report At A Glance) were circulated to the public on 2nd May 2025, and the FROC engaged with the media through a press briefing on 7th May 2025. The responses to the questions during the press briefing were documented and made public by posting on the FROC website.

The FROC examined the monthly ‘Fiscal Summary Reports’ of the Ministry of Finance and prepared the ‘Statement of Compliance’. The ‘Statement of Compliance’ assessed the fiscal performance during the first five months of 2025 for compliance of the Government with the FRA, based on data and information as of 30th April 2025. The ‘Statement of Compliance’ was published on 14th June 2025.

In accordance with its legislative mandate, the FROC reviewed the Medium-term Fiscal Framework (2026 - 2028) that was submitted by the Ministry of Finance on 9th July 2025. The FROC report on the MTFF was submitted to the Permanent Secretary of the Ministry of Finance on 22nd July, within the two-week period stipulated in the FRA.

ACTIVITIES OF THE FROC (CONTINUED)

The FROC focused on strengthening the Awareness and Public Participation programme through weekly posting of excerpts from the Annual Report on the FROC's Face Book and LinkedIn pages and updates on its website.

A major programme under the APP was the launch, in January 2025, of the FROC Essay Competition under the theme: "Empowering Youth to Contribute to Fiscal Sustainability and Fiscal Resilience". The topic for the essay was "The Fiscal Resilience Act: Its Origin and Its Application for Strengthening Government Operations and Improving the Standard of Living of the Population". The date for the submission of the essay was extended from 30th April 2025 to 30th September 2025. During this period, the FROC engaged the Public Utilities Regulatory Commission (PURC) on areas for collaboration on the Awareness and Public Participation programme and consulted with the principals of the secondary schools on the participation of the students in the essay competition.

With the cycle of some of the FROC members concluding on 31st August 2025, the FROC prepared a report on its activities for the period of 1st September 2024 to 31st August 2025, and the FROC budget for the 2026 fiscal year. The first of the bi-annual meeting was held with the Honourable Leo Cato, Speaker of the House of Representatives and Chairman of the Committee of Privileges. During the six-month period, October 2025 to March 2026, the work of the FROC focused on activities related to the adherence to the legislative requirement to prepare the FROC 2025 Annual Report. The FROC also continued its Awareness and Public Participation programme (APP) and finalised the arrangements for office space for the physical location of the FROC.

During the month of October, the performance of the work of the FROC was evaluated based on a self-assessment appraisal completed by each member of the FROC and by the Technical and Administrative Manager.

The FROC, under its Awareness and Public Participation programme, finalised its essay competition for secondary schools. The essay committee reviewed the essays that were submitted by 30th September 2025 and selected the winners by 30th November 2025.

ACTIVITIES OF THE FROC (CONTINUED)

The names of the winners were published on 3rd February 2026 through a press release and posting on the social media platforms. The prizes will be distributed by 31st March 2026.

As part of the Awareness and Public Participation activities, the Chairwoman highlighted the work of the FROC during the Bubb Report media programme of 30th December 2025. In November and December, the FROC engaged in discussions with the PURC on collaboration for improving public knowledge and awareness, based on the objective of the FRA of bolstering fiscal resilience. Consequently, the focus of the discussions was on Section 6 of the FRA which requires that documented public investment procedures, including climate change mitigation and adaptation considerations, be prepared for all projects to be included in the capital budget of the Central Government. The FROC and the PURC agreed on a concept note for the 2026 Essay Competition.

In keeping with its commitment to the principles of transparency, the ‘FROC Charter and Guidelines’ was reviewed by the FROC and approved at its meeting on 12th December 2025. The Charter will guide the operations of the FROC during 2026. As part of its institutional strengthening, the FROC officially commenced operations from its location at the national stadium on 1st March 2026.

The work of the FROC to fulfill its prime mandate, that is, to submit an Annual Report on the status of the implementation of the FRA to Parliament by 31st March, intensified between January and February 2026. In the process, the FROC met with the technical officers of the Macro Economic Policy Unit on 28th January 2026 to discuss and clarify technical issues that arose during the preparation of the Annual Report; and met with the Minister for Finance on 10th March 2026 to apprise the Minister of the main findings of the FROC.

During the month of March, the FROC would be engaged in activities related to the dissemination of the Annual Report and the Awareness and Public Participation programme.

ACTIVITIES OF THE FROC (CONTINUED)

These activities include i. the distribution of the Annual Report to the public, ii. the hosting of the press briefing on the Annual Report, iii. the sharing of the information from the Annual Report on social media platforms and the website, and iv. the distribution of prizes to the winners of the FROC essay competition.

The FROC 2025 Annual Report is hereby submitted, on 13th March 2026, to the Clerk of Parliament for onward transmission to the Speaker of the House of Representatives in compliance with the Fiscal Resilience Act. The Fiscal Resilience Oversight Committee looks forward to the consideration of the Annual Report by the House of Representatives in accordance with the Fiscal Resilience Act.

The activities of the FROC for the period 1st April 2025 to 31st March 2026 are outlined in Appendix 1.

CHAIRWOMAN'S MESSAGE

The Fiscal Resilience Act appropriately incorporates the concept of resilience, which is directly related to fiscal resilience. In practical terms, fiscal resilience requires the management of the public finances in a manner that avoids the rapid accumulation of debt beyond the capacity of the country to service the debt, and for the country to maintain adequate reserves as a buffer during periods of economic shocks. Consequently, the occurrence of a fiscal deficit in 2025 and the budgeted deficit for 2026 are of significance. The availability of reserves to finance the deficit minimises the impact of the fiscal deficits on the public debt. The projected return to fiscal surplus in 2027 is prudent and the fiscal and debt strategies should always be anchored in ensuring fiscal resilience.

The developments during 2025 brought to the forefront the importance of economic resilience, requiring a dynamic, competitive and flexible economy. In 2025, Grenada operated in an unstable international environment dominated by geo-political tensions and conflicts, upheavals in international trade and the adverse impact of the changing policies of the USA. In response, countries adopted policies to protect their domestic economies.

In this unpredictable environment, the country should be fully operating in the reset mode. The elements of the reset mode are hereby restated. This requires the country to be:

- i. *Reflective: actions must be guided by clear vision and deep thoughts to determine and pursue the opportunities that could be derived from the ongoing challenges*
- ii. *Equipped: its human resources must be capable and nimble; productive natural resources must be used effectively; and there must be social consensus on the development of a competitive and dynamic economy.*
- iii. *Strategic: This involves well developed and executed plans, with clearly defined objectives, outputs and outcomes to achieve established goals.*
- iv. *Energetic: all segments of the population must contribute with vigour in order to achieve the national goals.*

CHAIRWOMAN'S MESSAGE (CONTINUED)

- v. *Tactful: operating nationally and in the international environment with discernment.*

In this volatile environment, the people remain the most steady and valuable resource. As such, the reforms in the education system should be aggressively pursued. The educated population, while being innovative and productive, should be disciplined, diligent and determined. A population with these competences requires more than state intervention and the formal education system. It is also the responsibility of each individual, beginning from the home and extending into communities and throughout the country. This will provide the platform for Grenada to be resilient and well equipped to ride the waves of the unstable and unpredictable international environment.

This strategic and people focus advise is my final message in the FROC Annual Report as my Chairmanship of the Fiscal Resilience Oversight Committee concludes on 31st August 2026. I therefore extend thanks to the Committee of Privileges and the Parliament for placing confidence in me to serve the people of Grenada, which I considered an honour. The supportive role of Honourable Leo Cato, Speaker of the House of Representatives and Chairman of the Committee of Privileges, is much appreciated. I extend thanks to the Minister for Finance, past and present, namely The Honourable Dickon Mitchell and The Honourable Denis Cornwall, who readily accommodated the presentation of the findings of the FROC. I extend thanks to the Permanent Secretary, Mr. Mike Sylvester, of the Ministry of Finance and to the officers of the Macro Economic Policy Unit and the Debt Management Unit, led by Mrs. Tonya Adams-Samuel and Mr. Kerry Pierre respectively, for the support and engagements. The cooperation and diligence of the members of the FROC ensured that, under my Chairmanship, the FROC professionally delivered on its mandate. Important also was the advice provided by Attorney Lisa Taylor to ensure that the FROC operated within its legal mandate. The technical assistance provided by Dr Juliet Melville, the technical and administrative support of Mrs. Tracy Victor and the contribution of Mr. Hajjie Charles to the Information and Communication Technology (ICT) of the FROC are well appreciated.

CHAIRWOMAN'S MESSAGE (CONTINUED)

I extend best wishes to the new Chairman and the team who will carry the work of the FROC upward and forward.

On my behalf, and that of the other members of the FROC, I extend appreciation to all who contributed to the completion of the Annual Report.



Ms. Laurel Bain

Chairwoman, Fiscal Resilience Oversight Committee

ACKNOWLEDGEMENT

The Fiscal Resilience Oversight Committee (FROC) is pleased to submit to the House of Representatives the FROC 2025 Annual Report on the implementation of the Fiscal Resilience Act No. 11 (2023).

The FROC extends appreciation to the Macro Economic Policy Unit and the Debt Management Unit of the Ministry of Finance for providing the requested information for the preparation of the Annual Report and for their participation in consultations with the FROC.

The FROC commends the effort of the students who participated in the FROC Essay Competition and extends congratulation to those who were awarded prizes. Thanks are extended to Ms. Zanna Barnard and Mr. Angus Smith for their services throughout the period of the essay competition. The FROC is appreciative of the donation of prizes for the winners of the competition by the Ariza Credit Union, the Republic Bank and the Public Utilities Regulatory Commission.

The FROC extends its thanks to the Honourable Leo Cato, the Speaker of the House of Representatives, for his continued support and for transmitting the FROC 2025 Annual Report as stipulated in the Fiscal Resilience Act. The supportive role of the Clerk of Parliament and the staff of Parliament in facilitating the transmission of the Annual Report is appreciated.



Ms. Laurel Bain

Chairwoman, Fiscal Resilience Oversight Committee on behalf of the FROC

FROC ESSAY COMPETITION

The Fiscal Resilience Oversight Committee (FROC) hosted an essay competition for secondary schools under the theme: “Empowering Youth to Contribute to Fiscal Sustainability and Fiscal Resilience”. The topic for the essay was “The Fiscal Resilience Act: Its Origin and Its Application for Strengthening Government Operations and Improving the Standard of Living of the Population”.

The essay competition was designed to achieve the following objectives:

- i. Enhance Knowledge and Critical Thinking;
- ii. Improve Writing Skills;
- iii. Promote Creativity and Strategic Thinking;
- iv. Encourage Reflection and Research;
- v. Recognise Talent and Innovation; and
- vi. Promote Awareness of fiscal matters.

The competition was open to students of Forms 3, 4, and 5 from all secondary schools in the State of Grenada; with each school allowed to submit a maximum of five essays. There was a total of five (5) entries from four secondary schools. The winner of the essay competition was Jeffon Timothy Alexis, a Form 5 student of the Westerhall Secondary School. Star Haynes, another Form 5 student of the Westerhall Secondary School, placed second. In third place was Aiden Victor, a Form 5 student at the St. George’s Institute.

The Chairman’s Award for Discipline, Diligence, and Dedication went to Ms. Carmella George, a Form 3 student of the Grenada Seventh-day Adventist Comprehensive School. In recognition of initiative and her contribution, Asiah Victor in Form 3 of the Anglican High School received a meritorious award.

FROC ESSAY COMPETITION (CONTINUED)

The FROC and the Public Utilities Regulatory Commission will collaborate for the 2026 ‘FROC Essay and Creative Writing Competition’. The theme and topic chosen for the competition are:

Theme: “Fiscal and Climate Resilience: Reinforcing Grenada’s Future Through Sustainable Public Investment.”

Essay Topic: “Exploring the Fiscal Resilience Act: Leveraging Climate-Resilient Public Investment and Renewable Energy to Enhance Government Operations and Sustainable Development.”

EXECUTIVE SUMMARY

This report is prepared by the Fiscal Resilience Oversight Committee (FROC) in accordance with the Fiscal Resilience Act (FRA) No 11 of 2023, which establishes a rules-based framework to guide the operations of the Central Government and for adherence to the principles of fiscal transparency. The report is therefore an assessment of compliance with the FRA in 2025 and the consistency of the medium-term fiscal projections with the FRA.

Economic Development and Forecast

The International Environment

In 2025, Grenada operated in an unstable and unpredictable international environment, associated with heightened geo-political tensions and conflicts, and changes in the policies of the USA.

The estimated global growth rate of 3.3 per cent for 2025 was the same as that for 2024, following the 3.5 per cent growth rate in 2023. Growth in Grenada's major trading partners, except for China, was lower than the global growth rate. Specifically, growth in the USA was 2.1 per cent in 2025, for Canada the rate was 1.6 per cent, and for the UK the growth rate was 1.4 per cent. In China, the rate of growth was estimated at 5 per cent for 2025.

Developments in the Domestic Economy

Macro-Economic Development

Grenada's economy continued to register economic growth with an estimated growth of 6.2 per cent in 2025, following a revised growth rate of 3.3 per cent in 2024 and the 4.5 per cent growth in 2023. Economic growth in 2025 was accompanied by a lower rate of unemployment of 7.5 per cent and a stable inflation rate of 1.0 per cent.

EXECUTIVE SUMMARY (CONTINUED)

Economic Growth

Economic growth of 6.2 per cent in 2025 was fueled primarily by developments in the construction sector, although growth was registered in all the major sectors. The economy is projected to grow, on average, by 4.8 per cent over the medium-term (4.1 per cent in 2026, 4.9 per cent in 2027 and 5.3 per cent in 2028). The economic growth in 2025 was driven by a 27.2 per cent expansion of activities in the construction sector, with spillover effects into transport and storage and the wholesale and retail trade. Tourism, as proxied by the hotels and restaurant sector, grew marginally by 0.3 per cent in 2025, following growth of 9.4 per cent in 2024 on account of the hosting of a number of events in that year. Over the medium-term, the construction sector will be a major contributor to economic growth with the spillover effects on other sectors.

The FROC notes that the estimated growth of 6.2 per cent for 2025 was higher than the projected 4.2 per cent in the Medium-term Economic and Fiscal Strategy Report (MTEFSR) for 2025 – 2027. The higher than projected growth rate reflected a significant revision to the growth in the construction sector and the estimated rebound in the agriculture sector. Given the material revisions to the growth rates for the construction sector in 2024 and 2025, the FROC recommends that, along with the indicators currently used to measure growth in the construction sector, the estimated expenditure on public and private capital construction projects could be used to support the assessment of the performance of the sector.

The FROC continues to observe that there is no analysis of the performance of the creative and digital economy, a stated strategic priority of the Government, for which the Government continues to provide financial, technical and administrative support. The assessment of emerging sectors is important in determining the size of the economy and developments on the external accounts and in the financial system.

EXECUTIVE SUMMARY (CONTINUED)

Central Government Finances

In 2025, the operations of the Central Government resulted in primary and overall deficits of \$126.4M (3.1 per cent of GDP) and \$279.1M (6.9 per cent of GDP) respectively which confirmed the necessity for the extension of Section 9 of the FRA for 2025.

The fiscal outturn was more favourable than the budgeted primary and overall deficits (including grants) of \$208.6M (5.1 per cent of GDP) and \$337.4M (8.3 per cent of GDP) respectively. The deficit in 2025 followed a primary balance surplus of \$375.1M (9.9 per cent of GDP) and an overall surplus of \$250.9M (6.6 per cent of GDP) in 2024.

The outturn for 2024 was attributable mainly to higher receipts from the Investment Migration Agency (IMA) and the receipt of proceeds from the Caribbean Catastrophe Risk Insurance Facility (CCRIF), despite the increase in total expenditure. The fiscal deficit in 2025 was associated with a falloff in revenue and elevated expenditure. Revenues moderated following the abnormal inflows from the IMA and the one-off inflow from CCRIF. Consequently, total revenue and grants contracted from \$1,648.5M (43.5 per cent of GDP) in 2024 to \$1,273.3M (31.5 per cent of GDP) in 2025. At the same time, total expenditure remained elevated at \$1,552.5M (38.4 per cent of GDP) in 2025, compared with \$1,397.6M (36.9 per cent of GDP) in 2024.

With budgeted expenditure, and in particular capital expenditure, remaining elevated for 2026, the primary and overall balances (including grants) are estimated to be in deficit at \$229.2M (5.4 per cent of GDP) and \$309.8M (7.3 per cent of GDP), respectively, necessitating a further extension of Section 9 of the FRA for 2026. Total expenditure is budgeted at \$1,668.9M (39.3 per cent of GDP) in 2026, higher than the \$1,552.5M (38.4 per cent of GDP) in 2025. Budgeted current expenditure increased marginally to \$1,091.8M (25.7 per cent of GDP), compared to \$1,032.2M (25.5 per cent of GDP) for 2025. Capital expenditure, which was \$520.2M (12.9 per cent of GDP) in 2025, is budgeted to remain elevated at \$577.2M (13.6 per cent of GDP) in 2026.

EXECUTIVE SUMMARY (CONTINUED)

The primary and overall balances are projected to return to surplus in 2027 and 2028. This reflects a reduction in total expenditure in 2027, influenced primarily by lower capital expenditure, followed by the stabilisation of expenditure in 2028. In 2027, the primary surplus is projected at \$80.0M (1.8 per cent of GDP) and the overall surplus is projected at \$4.7M (0.1 per cent of GDP); while in 2028, the primary surplus is projected at \$79.7M (1.7 per cent of GDP) and the overall balance at \$11.4M (0.2 per cent of GDP).

The Public Debt

With the estimated economic growth of 6.2 per cent in 2025, the total public debt declined from 71.3 per cent of GDP (\$2,701.7M) in 2024 to 67.3 per cent of GDP (\$2,724.1M) in 2025. In 2026, the public debt is projected to further decline to 65.7 per cent of GDP (\$2,788.6M). With planned disbursement on new debt, the public debt is expected to increase to 68 per cent of GDP (\$3,050.6M) in 2027 and to be at 67.5 per cent of GDP (\$3,211M) in 2028.

The public debt is dominated by that of the Central Government and therefore the trend in the public debt is strongly influenced by developments related to the Central Government debt. In 2025, Central Government debt was reported at 54.3 per cent of GDP (\$2,199.5M), compared with the 57.6 per cent of GDP (\$2,182.6M) in 2024. The Central Government debt, as a percentage of GDP, is projected to decline further to 53.4 per cent (\$2,266.5M) in 2026.

As a result of new borrowing, the Central Government debt is projected to increase to 56.5 per cent of GDP (\$2,534.7M) in 2027 and 56.7 per cent of GDP (\$2,697.3M) in 2028.

The Financial Sector

In the financial system, the money supply remained virtually unchanged during 2025 as the growth in savings and time deposits was offset by the decline in currency with the public and foreign currency deposits.

EXECUTIVE SUMMARY (CONTINUED)

The liquidity position of the commercial banks, while remaining high at 56 per cent tightened relative to the 53 per cent in 2024, resulting in a reduction of external investments by the commercial banks. The liquidity position of the credit union subsector decreased marginally to 91 per cent.

The External Account

In 2025, developments on the external account, and in particular the capital and financial accounts, were gleaned from the performance of the real sector and the fiscal and financial accounts. On the current account, the merchandise trade deficit is estimated to have widened due to the higher import bill associated with growth in the construction sector. The surplus on the capital account, which was abnormally high in 2024 due to the inflows through the Investment Migration Agency (IMA) and the one-off receipt from CCRIF in 2024, contracted substantially in 2025. The deficit on the aggregated current and capital accounts was financed by inflows on the financial account, including a drawdown of \$114.47M of official reserves.

The Medium-term Economic, Fiscal and Debt Strategies

Fiscal Strategy

The Government's fiscal strategy over the medium-term is influenced by the need to continue with the rehabilitation and reconstruction following the impact of Hurricane Beryl while implementing priority economic and social projects. Therefore, the Government has stated its plan to continue the implementation of the strategy for enhancing revenue through improved tax administration and the application of technology in the collection of tax revenue. The Government reported plans to improve the efficiency and management of expenditure, particularly by strengthening procurement practices and enhancing the monitoring and evaluation of capital projects.

EXECUTIVE SUMMARY (CONTINUED)

Over the medium-term, the structure of the public sector is likely to be modified as the policy of the Government is to transfer some services currently provided and financed directly by the Central Government to statutory bodies and, in particular, that of hospital services, disaster management services, transportation services and youth development. Consequently, the operations of the Central Government are expected to contract with an expansion in the services provided by statutory bodies and/or state-owned enterprises.

In addition, the Central government financial transactions with the Polaris Development Company, established to manage the implementation of the teaching hospital project, and with some statutory bodies and state-owned enterprises will need to be taken into account. These policy shifts have implications for the wage bill and the primary balance fiscal rules and should be included in the medium-term fiscal projections.

Debt Strategy

The debt strategy is anchored in the fiscal rule to generate a primary balance of a minimum of 1.5 per cent of GDP to achieve the targeted debt to GDP ratio of 60 per cent by 2035. The Government has therefore stated its intention to borrow on concessionary terms, and as necessary, to finance the budget and capital projects.

The FROC notes the increase in the debt to GDP ratio from 65.7 per cent in 2026 to an average of 68 per cent in 2027 and 2028. Based on the IMF's debt sustainability analysis, the debt remains on track to achieve the targeted 60 per cent of GDP by 2035.

EXECUTIVE SUMMARY (CONTINUED)

Economic Strategy

The strategy of the Government, as outlined in the Throne Speech and Budget Statement, is to enhance the human resources of the country with a focus on youth through reforms to the education and health systems; transform the economic structure by upgrading and strengthening linkages among the sectors and developing the creative and digital economy; promoting environmental sustainability and transitioning to renewable energy; develop resilient social and economic infrastructure; and reform the public service.

Risks

The Government's strategy is being implemented in an increasingly turbulent global environment. Risks are associated with geo-political conflicts and tensions, global economic uncertainties as a result of the trade, investment, immigration and administrative policies of the US administration, the actions of advanced countries on the Citizenship by Investment Programme and the ever-present climatic risk. This environment requires strategic planning and flexible response mechanisms in order to implement the strategic priorities of the Government.

Compliance of the Government with the FRA

Compliance of the Government with Section 9 of the FRA

With the passage of Hurricane Beryl, Section 9 of the FRA was activated for 2024. The suspension of Section 9 of the FRA was extended to 2025 and with a budgeted primary deficit projected for 2026, the suspension was further extended to 2026.

EXECUTIVE SUMMARY (CONTINUED)

The FROC notes that in accordance with the Fiscal Resilience Act, the suspension of the primary balance rule and the debt target (Section 9 of the FRA) for 2025 and 2026 was approved by the House of Representatives on submission of the Fiscal Resilience (Suspension of the Public Debt Target and Primary Balance Rule) (Extension) Order, 2025 of 7th March 2025, and the Fiscal Resilience (Suspension of the Public Debt Target and Primary Balance Rule) (Extension) (No. 2) Order, 2025 of 1st December, respectively.

The FROC noted that both current and capital expenditures were elevated in 2025 and 2026, influenced, in part, by the response to the impact of Hurricane Beryl. The FROC examined the capital expenditure associated with Hurricane Beryl, as identified in the Estimates of Revenue and Expenditure, that contributed to the higher capital expenditure. The direct Hurricane-related capital expenditure amounted to \$97M in 2025 and \$27M in 2026.

The expenditure, identified in the Estimates of Revenue and Expenditure, excludes Hurricane Beryl related capital expenditures that are integrated with other ongoing capital projects such as house repairs and asphalt and concrete road works and the recurrent expenditure associated with Hurricane Beryl. The impact of the tax relief on recurrent revenue is not detailed in the Annual Report.

The FROC therefore concludes that the Government complied with the provisions of the FRA regarding the suspension of Section 9 for 2025 and 2026. The wage bill remains within the cap set in the FRA.

The Central Government operations are projected to be in surplus and in accordance with the fiscal rules for 2027 and 2028. The debt to GDP ratio is projected to increase in 2027 but remains on track to achieve the targeted debt to GDP ratio by 2035.

EXECUTIVE SUMMARY (CONTINUED)

Monitoring of Statutory Bodies and State-owned enterprises

The FROC notes and commends the submission to Parliament of the 2024 Performance Report of statutory bodies and state-owned enterprises which was prepared in accordance with Section (73) of the Public Finance Management Act 2015 as amended.

The FROC notes that the performance report includes only approximately 25 per cent of enterprises with audited financial statements. For full compliance with Section 73 of the Public Finance Management Act, the performance report should be based on the audited financial statement of the statutory bodies and state-owned enterprises.

Implementing the Fiscal Resilience Act

In 2025, the main challenge in implementing the FRA was the non-appointment of the Economist to the FROC. The Economist is critical in carrying out the mandate of the FROC, requiring the prompt appointment of the Economist. The strictly legislated timeframes for the submission of reports require the timely appointment of all members of the FROC.

In the 2023 Annual Report and reproduced in the 2024 Annual Report, the FROC included recommendations for consideration in reviewing the Fiscal Resilience Act. A feedback mechanism is necessary to enhance the reporting to Parliament by the FROC.

Adherence to the Principles of Fiscal Transparency

The adherence to the principles of fiscal transparency is linked to the budget process. The activities associated with the preparation of the national budget were executed in accordance with the financial legislation, except for the timing lags.

Data and information, beyond the legislative requirement, were generally disseminated to the public through Government websites, press briefings, Direct Messages with the Prime Minister and consultative and town hall meetings.

EXECUTIVE SUMMARY (CONTINUED)

The challenges continued to be encountered with the publication of the monthly Fiscal Summary Report which is a main avenue for the dissemination of timely and regular data and information on fiscal performance. There were timing lags in the publication of the Quarterly Debt Bulletin.

The main documents required by legislation prior to the submission of the national budget are the Quarterly Debt Bulletin, the Mid-year Policy Review, the Medium-term Fiscal Framework and the Medium-term Debt Management Strategy. In 2025, most of the legislated reports were published. The main exception was the Mid-Year Policy Review which, although prepared and approved by the Executive, was not submitted to Parliament. The legislated reports that remained outstanding were (i) the report on tax incentives; and (ii) the audited public accounts.

The other legislated documents were submitted to Parliament simultaneously with the presentation of the national budget namely: The Medium-term Economic and Fiscal Strategy Report (2026 – 2028) and The Annual Debt Report.

With the publication of the Annual Debt Report for 2024, there is a one-year lag in the publication of the Annual Debt Report which is not the intent of the provisions of the Debt Management Act.

The Medium-term Debt Management Strategy continues to be published simultaneously with the presentation of the national budget which is not consistent with the Debt Management Act that requires the publication of the Debt Management Strategy two months before the beginning of the fiscal year. The FROC notes that there are no reports on the National Transformation Fund (NTF) and recommends the submission of this report to Parliament.

Other Provisions of the Fiscal Resilience Act

The FROC notes the availability of documented public investment procedures and confirmed its application in 2025.

EXECUTIVE SUMMARY (CONTINUED)

The FROC notes that the wage negotiation framework to inform wage increases for the period 2026 to 2028 was finalised in 2025, representing a lag in the establishment of the framework. In going forward, the wage negotiation framework would need to be anchored in the Fiscal Resilience Act (2023) and include the specific quantitative indicators that would be used to inform the wage negotiation process.

Recommendations

Economic Growth and Medium-term Strategy

Economic Growth

It is necessary to include developments in the emerging sectors in the analysis of economic growth. In addition, more supportive information should be provided for the assessment of the performance of the construction sector.

Fiscal Forecast

With the policy to transfer services currently provided and financed directly by the Central Government to statutory bodies, the structure of the public sector is likely to be modified.

Therefore, the fiscal projections in the MTEFSR should be aligned with the stated statutorisation policy of the Government and the impact of financial transactions with the Polaris Development Company and some statutory bodies; and this should coincide with the updating of the Medium-term Strategy and Action Plan and the accompanying Public Sector Investment Programme.

Debt Management

In the context of the growth in public debt, implement the institutional arrangements for the management of the public debt as stipulated in Section 27 and in the Second Schedule of the Debt Management Act as amended.

EXECUTIVE SUMMARY (CONTINUED)

Compliance with the Fiscal Resilience Act

Monitoring of Statutory Bodies and State-owned Enterprises

Consideration could be given to establishing a framework that would facilitate the imposition of penalties on the statutory bodies and state-owned enterprises for failure to submit the audited accounts to the Minister for onward submission to Parliament.

Operation of the Fiscal Resilience Act

Consideration should be given to modifying the schedule to the FRA to allow for a consultative process in the nomination of the Economist to the FROC rather than the existing advisory requirement.

Consideration should also be given to establishing a mechanism to provide feedback to the FROC based on the examination of the reports submitted by the FROC to the House of Representatives.

The FROC makes reference to the recommendations advanced in previous reports for consideration under the following headings: (i) The wage bill rule; (ii) The primary balance rule; (iii) The Suspension Clause; and (iv) The structure and appointments to the FROC.

Fiscal Transparency Matters

The FROC outlines the recommendations, some of which were previously stated, for adherence to the legislation and to improve the information that is disseminated to the public as shown in the following box:

EXECUTIVE SUMMARY (CONTINUED)

Box 1. 1: Strengthen Fiscal Transparency

- Ensure the timely publication of the monthly Fiscal Summary Report and the Quarterly Debt Bulletin as a source of regular data and information on the public finances.
- Develop a structure to facilitate the publication of the report on tax incentives and the accompanying details on tax relief and exemptions as stipulated in the Public Finance Management Act.
- Present to Parliament the reports on the National Transformation Fund, in accordance with the Public Finance Management Act.
- Progress steadily with the auditing of the public sector accounts for submission to Parliament to achieve compliance with the Constitution, the Audit Act and the Public Finance Management Act.
- Improve fiscal transparency and accountability through the examination of the audited accounts by the Public Accounts Committee in accordance with the Standing Order No. 69 of the Standing Orders of the House of Representatives.
- Examine the schedule for various legislated reports to ensure that the scheduled dates for submission of reports are practical.

INTRODUCTION

This report is prepared by the Fiscal Resilience Oversight Committee (FROC) in accordance with the Fiscal Resilience Act No 11 of 2023, which establishes a rules-based framework to guide the operations of the Central Government and for adherence to the principles of fiscal transparency.

Based on the Fiscal Resilience Act (FRA), the Government is required to adhere to fiscal rules for the primary balance and the wage bill and a target for the public debt, except under conditions specified in the FRA. In accordance with Section 9 of the FRA and following the devastating impact of Hurricane Beryl on 1st July 2024, the Suspension Clause in the FRA was activated for that year. With primary and overall deficits estimated for 2025, the Suspension Clause was extended into 2025 and is further extended for 2026 as a result of the projected fiscal deficit for that year. The fiscal balances are projected to return to surplus in 2027 and 2028.

The report commences, in Chapter One, with an assessment of the state of the economy in 2025. In Chapter Two, the economic and fiscal performance for 2025 and the medium-term, as presented to Parliament on 1st December 2025, are compared with the prior projections in the Medium-Term Economic and Fiscal Strategy Report (MTEFSR) 2025 – 2027, and an analysis is undertaken of the fiscal and debt strategies. The chapter also identifies risks that could impact the Government’s Medium-Term economic strategy.

The compliance of the Government with the fiscal rules and target in the FRA for 2025 is assessed in Chapter Three, inclusive of the circumstances underpinning the activation of the Suspension Clause. The chapter also includes an assessment of the consistency of the 2026 national budget and the medium-term fiscal forecast (2027 and 2028) with the FRA. The adherence of the government to the principles of fiscal transparency and accountability is assessed in Chapter Four. Chapter Five highlights the main operational aspects of the FRA for review based on the experience during 2025 and the operational aspects for consideration as outlined in the Annual Report of 2024 and 2023.

INTRODUCTION (CONTINUED)

The report concludes with a summary of the findings on the implementation of the FRA and with recommendations to support compliance with the FRA, improve fiscal transparency and accountability, and strengthen the monitoring and reporting on the implementation of the FRA.

CHAPTER 1: THE ECONOMIC AND SOCIAL CONTEXT: ANALYSIS OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ECONOMY IN 2025

Key Messages



In 2025, Grenada operated in an environment of heightened geo-political tensions and conflicts accompanied with uncertainties associated with the upheavals in the global trading environment and the changing administrative, investment and immigration policies of the USA.



In 2025, Grenada's economy registered economic growth along with a reduction in the rate of unemployment and a stable inflation rate.



Following the surplus in 2024, and in line with the approved national budget, the primary and overall balances were in deficit for 2025; and the deficit were financed mainly by the use of reserves (drawdown of deposits).



The public sector debt to GDP ratio of 67.3 per cent for 2025 declined relative to 2024 and remained within the ceiling established for 2025.



Credit extended by the commercial banks increased, accompanied by a slight reduction in liquidity and a marginal narrowing of the interest rate spread. Credit extended by the credit unions remained robust and liquidity tightened marginally.



The current account deficit on the external account was financed by capital and financial inflows, including the drawdown of official reserves.

CHAPTER 1: THE ECONOMIC AND SOCIAL CONTEXT: ANALYSIS OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ECONOMY IN 2025 (CONTINUED)

Introduction

This chapter is an assessment of the performance of Grenada's economy in 2025. The assessment of the performance of the economy is anchored in the unstable and unpredictable global environment. Domestically, the economy continued to recover from the adverse impact of Hurricane Beryl.

The Chapter begins with an analysis of the external environment. This is followed by a review of developments in the domestic economy in the context of the Government's economic strategy. The assessment of the domestic economy begins with an analysis of the macro-economic indicators, followed by a review of the performance of the real sector and fiscal and debt developments. In this context, the financial sector is analysed, and the main developments on the external account are gleaned from the real, fiscal and financial sectors.

The Statutory Context

The Medium-term Economic and Fiscal Strategy Report (MTEFSR) for 2026 to 2028, as submitted to Parliament on 1st December 2025, provides an assessment of developments in the economy in 2025 with estimates for the 2026 fiscal year and projections for two forward years (2027– 2028) as stipulated in Section 12 of the Public Finance Management Act (PFMA) as amended. The PFMA stipulates as follows:

(2) The Minister shall cause to be prepared a medium-term fiscal framework based on estimates for the fiscal year and for two consecutive years thereafter, which take into account the economic and development policies that are consistent with the Government's declared medium -term economic and fiscal objectives, including the fiscal obligations under the Fiscal Resilience Act.

The PFMA specifies the content of the MTEFSR to include, in summary, real GDP growth, the outturn from Central Government operations and the public debt.

The chapter is therefore an assessment of developments in 2025, and, in particular, the GDP and the fiscal and debt performance and the activities in the interrelated external and financial sectors.

Economic Developments in 2025

External Macro-Economic Developments

The Geo-Political Context

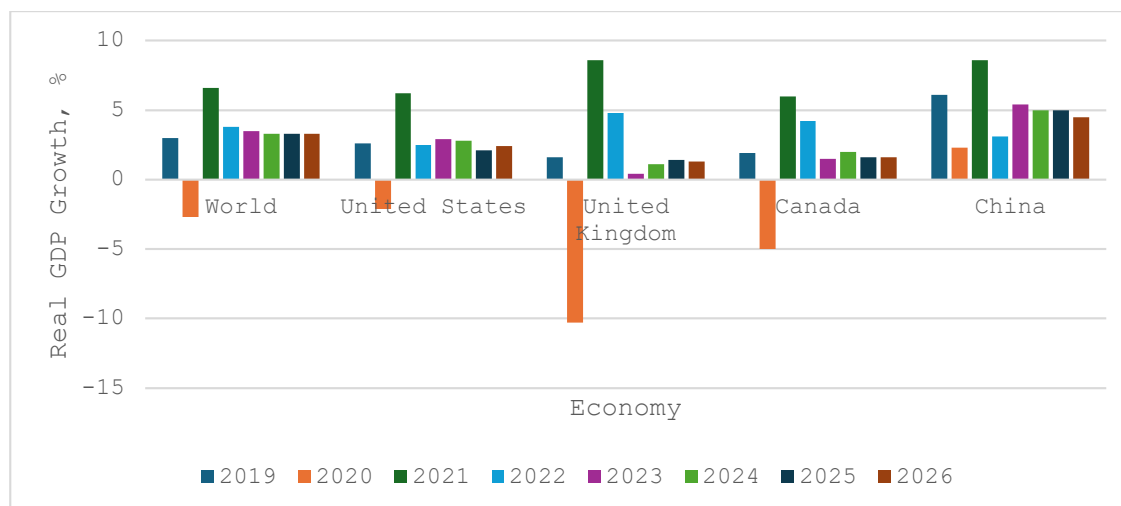
In 2025, the external environment was marked by volatility and unpredictability brought about by the upheavals in the global trading environment and the accompanying uncertainties related to the administrative, investment and immigration policies of the USA. The geo-political tensions and conflicts intensified with the continuation of the Russia/Ukraine war, the ongoing Israel and the Harakat al – Muqawama al – Islamiya (Hamas) war, intensification of aggression between Israel and Iran and the other conflicts in the Middle East, the ongoing armed conflicts in Sudan and other social and geo-political tensions and conflicts.

Global Economic Growth and Employment

Global Growth was estimated at 3.3 per cent for 2025, following a similar growth rate of 3.3 per cent in 2024 and the 3.5 per cent in 2023. Growth in Grenada’s main trading partners was lower than the global growth rate. Specifically, growth in the USA was 2.1 per cent in 2025, less than the growth rate of 2.8 per cent in 2024. After recording a marginal improvement in the growth rate of 2 per cent in Canada for 2024, the trend was reversed in 2025 resulting in a growth rate of 1.6 per cent. However, in the UK, the growth rate continued to increase gradually and moved from 1.1 per cent in 2024 to 1.4 per cent in 2025. In China, the rate of growth which exceeded the global average, was estimated at 5 per cent for both 2024 and 2025. (See Chart 1.1).

CHAPTER 1: THE ECONOMIC AND SOCIAL CONTEXT: ANALYSIS OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ECONOMY IN 2025 (CONTINUED)

Chart 1. 1: The Performance of the World Economy: Percentage Change (2022 – 2026)



Source: World Economic Outlook January 2026

In 2025, labour market conditions further tightened in Grenada’s main trading countries. In the USA, the unemployment rate exhibited an upward trend and increased to 4.2 per cent in 2025, following an unemployment rate of 4 per cent in 2024. In the UK, the unemployment rate rose to 4.7 per cent from 4.3 per cent in 2024, while in Canada, the unemployment rate rose to 6.9 per cent from 6.4 per cent in 2024. (See Table 1.1).

Table 1. 1: Unemployment Rate in Grenada’s Main Trading Countries 2019-2026

	2019	2020	2021	2022	2023	2024	Projected 2025	Projected 2026
Canada	5.7	9.6	7.4	5.3	5.4	6.4	6.9	6.6
USA	3.7	8.1	5.4	3.6	3.6	4.0	4.2	4.1
UK	3.8	4.5	4.5	3.7	4.0	4.3	4.7	4.7
China	3.6	4.2	4.0	5.5	5.2	5.1	5.1	5.1

Source: World Economic Outlook 2020, 2021, 2022, 2023, 2024, 2025.

CHAPTER 1: THE ECONOMIC AND SOCIAL CONTEXT: ANALYSIS OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ECONOMY IN 2025 (CONTINUED)

Inflation

The rate of inflation eased in 2025. Global inflation declined from 6.7 per cent in 2023 to 5.8 per cent in 2024 and further declined to 4.2 per cent in 2025, on account of lower prices for energy. (See Table 1.2).

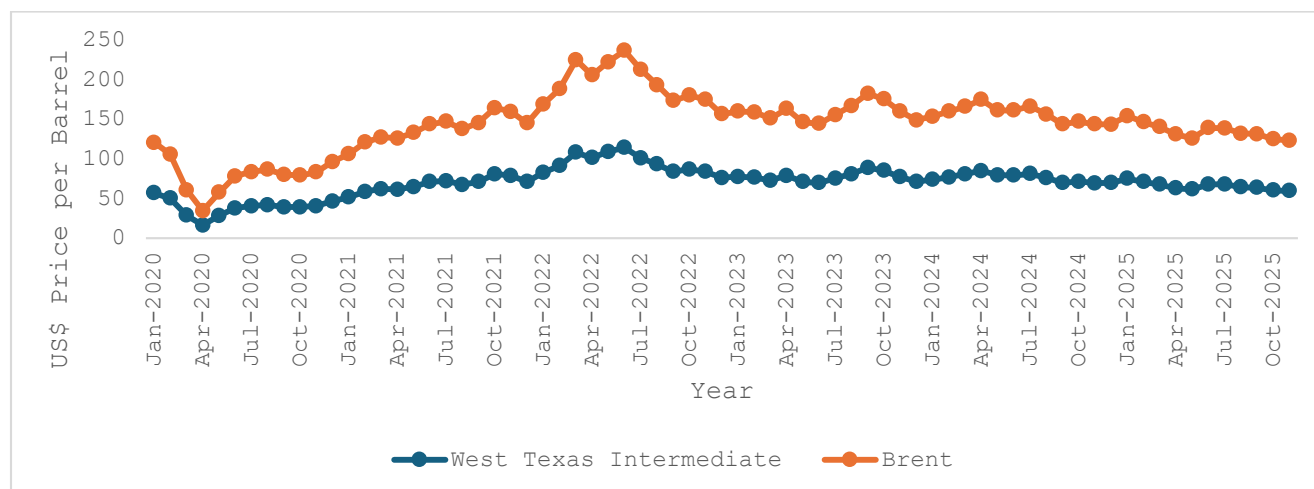
Table 1. 2: World Consumer Prices (Inflation) 2021-2026

	2021	2022	2023	2024	Projected 2025	Projected 2026
World Consumer Prices	4.7	8.7	6.7	5.8	4.2	3.7

Source: World Economic Outlook 2022, 2023, 2024, 2025.

The reduced energy prices influenced the easing of global inflation. The oil prices per barrel fell from US\$70.12 (WTI) and US\$73.86 (Brent) in 2024 to US\$60.06 (WTI) and US\$63.80 (Brent) in 2025. In contrast, the Food Price Index increased from 122 in 2024 to 125.1 in 2025. (See Charts 1.2 and 1.3).

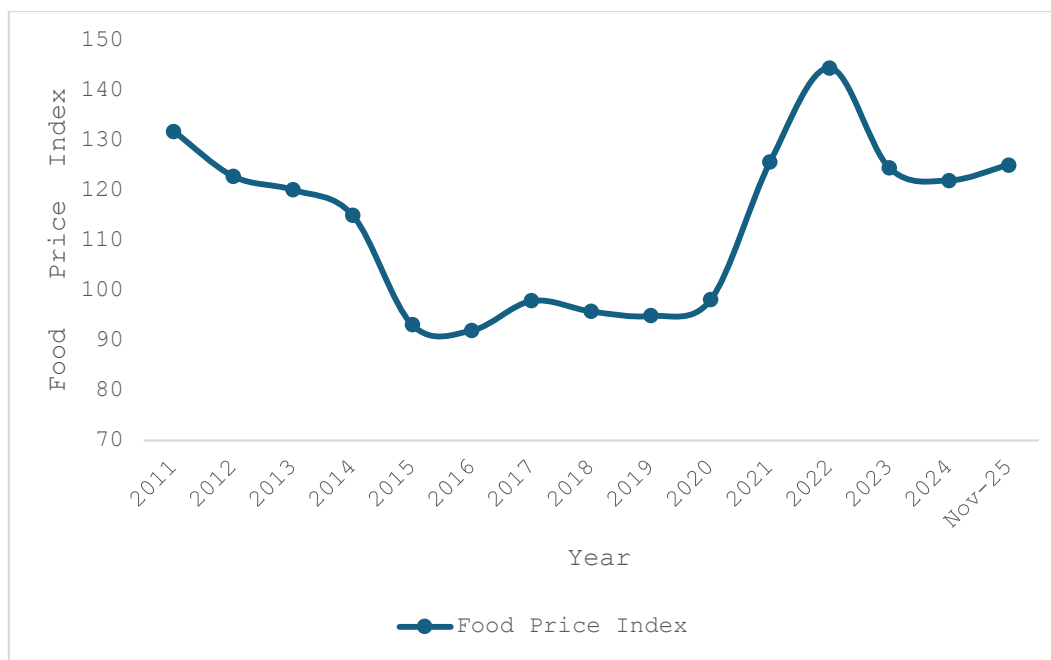
Chart 1. 2: Global Oil Prices (US\$ per barrel)



Source: U.S. Energy Information Administration

CHAPTER 1: THE ECONOMIC AND SOCIAL CONTEXT: ANALYSIS OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ECONOMY IN 2025 (CONTINUED)

Chart 1. 3: World Food Price Index



Source: Food and Agriculture Organization

Consistent with the global trend, the inflation rate among Grenada's major trading partners declined during 2025 and stood at 2 per cent in the USA (2.8 per cent in 2024), 1.2 per cent in Canada (1.6 per cent in 2024) and 4.8 per cent in China (5 per cent in 2024). The inflation rate in the UK rose from 1.1 per cent in 2024 to 1.3 per cent in 2025.

Developments in the Domestic Economy in 2025

Macro-Economic Performance

In the context of the unstable and unpredictable external environment, the FROC notes that Grenada's economy registered economic growth in 2025, accompanied by a lower rate of unemployment and an easing of the inflationary pressures.

CHAPTER 1: THE ECONOMIC AND SOCIAL CONTEXT: ANALYSIS OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ECONOMY IN 2025 (CONTINUED)

Economic Growth

Economic growth was estimated at 6.2 per cent in 2025, following a revised growth rate of 3.3 per cent in 2024 and the 4.5 per cent in 2023. Economic activity in 2025 was influenced by the continued rehabilitation and reconstruction, particularly in Carriacou and Petite Martinique, following the devastating impact of Hurricane Beryl in 2024, and the construction and upgrading of the social and economic infrastructure.

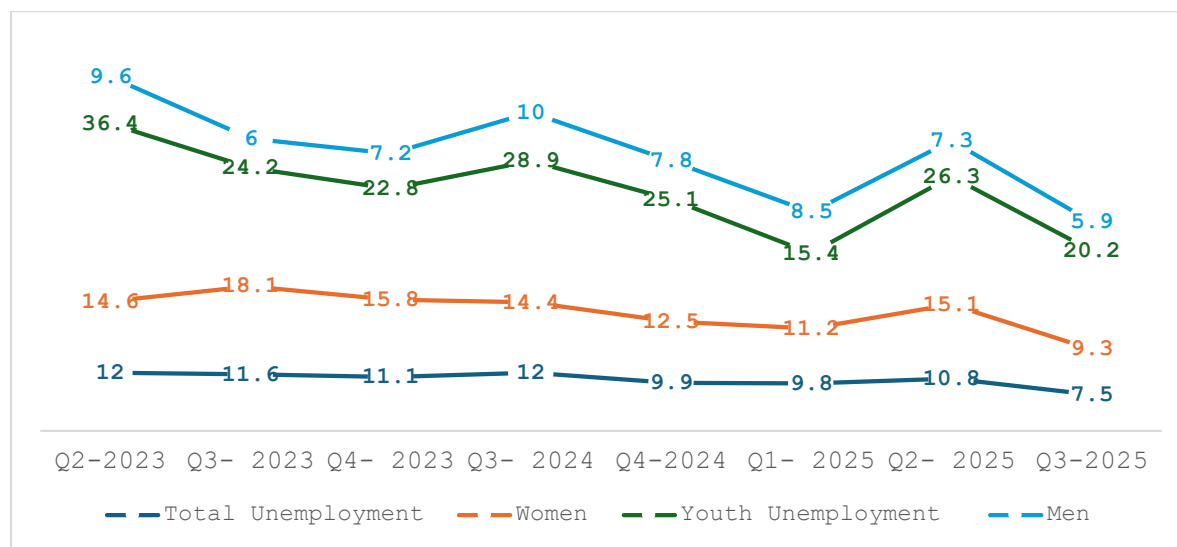
Inflation and Employment

Based on the Consumer Price Index (CPI), the rate of inflation, which trended downwards during 2024, was stable in 2025. The inflation rate was 1.07 per cent as of November 2025 relative to the 1.09 per cent in 2024, after declining from 2.7 per cent in 2023.

In 2025, Grenada registered a decline in the rate of unemployment with reductions in unemployment among the youth and female categories. Based on the labour-force survey for the third quarter of 2025, the unemployment rate was estimated at 7.5 per cent, down from the 9.9 per cent at the end of 2024. The decline in the unemployment rate was due to the fall in youth unemployment from 25.1 per cent to 20.2 per cent and among adults (age group 25-64) from 8.2 per cent to 5.6 per cent. Unemployment among female, which remained consistently above the overall unemployment rate, declined from 12.5 per cent at the end of 2024 to 9.3 per cent for the third quarter of 2025; influenced mainly by the decline in female youth unemployment to 26.6 per cent from 39.9 per cent. At the same time, unemployment among males declined from 7.8 per cent at the end of 2024 to 5.9 per cent for the third quarter of 2025. (See Chart 1.4).

CHAPTER 1: THE ECONOMIC AND SOCIAL CONTEXT: ANALYSIS OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ECONOMY IN 2025 (CONTINUED)

Chart 1. 4: Unemployment Rate



Source: *Stats: Mgov. gov.* (2026). Retrieved January, 2026, from <https://www.gov.gd/stats>. Grenada Labour-Force Survey, Department of Statistics, Grenada, November 2023; February 2024; May 2024; November 2024.

Assessment of Real Sector

The review of the assessment of the performance of the real sectors focusses on the main contributors to GDP and the sectors of strategic importance namely tourism, construction, wholesale and retail trade, education and agriculture.

The Construction Sector

The construction sector exhibit growth reflecting the continued rehabilitation and reconstruction following the devastation caused by Hurricane Beryl, the upgrade to the social and economic infrastructure and investments by the private sector. As such, the construction sector is estimated to have expanded by 27.2 per cent in 2025, following growth of 7.4 per cent in 2024. The growth in construction activity was manifested by the surge in imported construction material.

CHAPTER 1: THE ECONOMIC AND SOCIAL CONTEXT: ANALYSIS OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ECONOMY IN 2025 (CONTINUED)

In light of the reported variation between the imported construction material and the sale of construction material, attributed to changes in the method of procurement by contractors and developers, the FROC recommends the inclusion of the expenditure on construction projects in the assessment and, therefore, examined the projects in the public and private sectors that contributed to the growth in construction. These projects are listed in Appendix 2.

In addition, the direct Hurricane Beryl response expenditure, the Government supported house repair and upgrade programme and expenditure related to ongoing road maintenance and construction works would have contributed to growth in the construction sector.

Tourism

The tourism industry is estimated to have expanded moderately in 2025. This moderation followed the growth in 2024 due to the surge in stayover visitors associated with the hosting of the 50th Independence Celebrations, the 24th Caribbean Free Trade Association (CARIFTA) Games, and the 47th Regular Meeting of the Caribbean Community (CARICOM) Heads of Government.

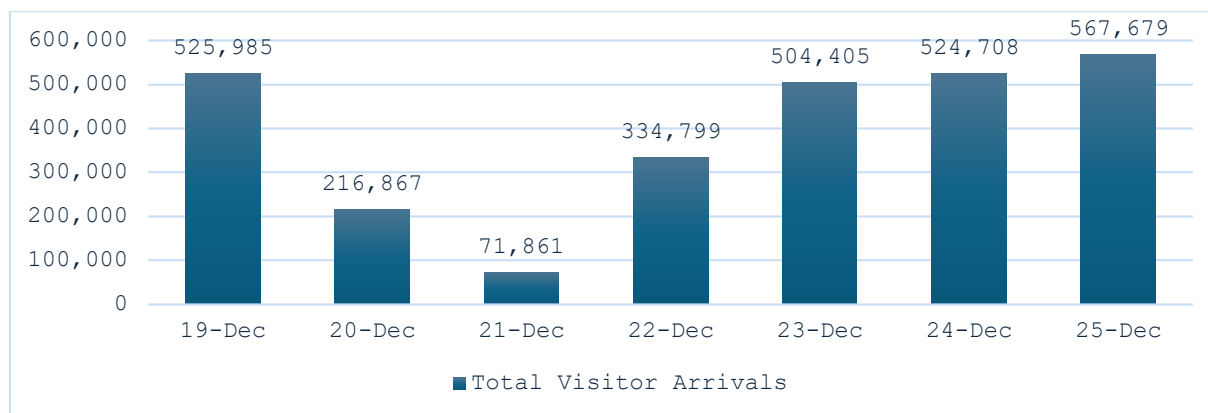
In 2025, total visitor arrivals were 567,679, 8 per cent higher than in 2024. (See Chart 1.5).

This performance followed a growth rate in total arrivals of 4 per cent in 2024, influenced by the strong growth in stayover visitors. In that year, stay over visitors increased by 9.5 per cent and cruise ship passengers by 2.8 per cent, while yacht visitors declined by 24.5 per cent.

The growth in arrivals in 2025 was due primarily to an 18 percent growth in cruise passengers as stayover visitors declined by 4 per cent and yacht by 33 percent. (See Chart 1.6).

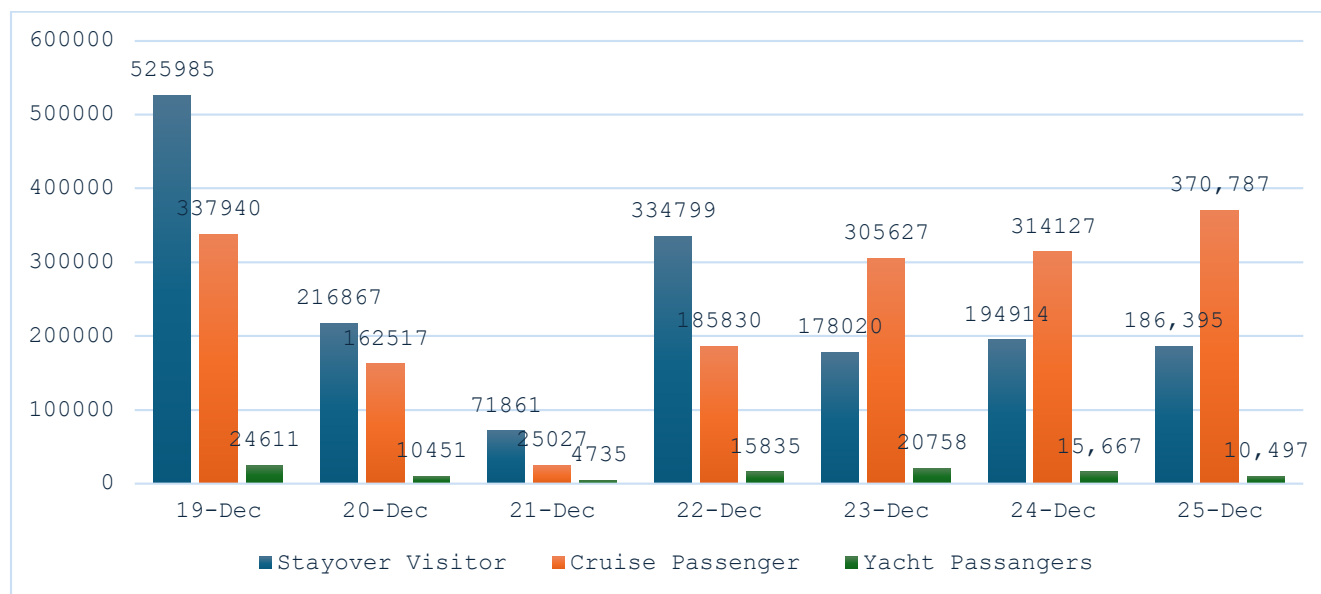
CHAPTER 1: THE ECONOMIC AND SOCIAL CONTEXT: ANALYSIS OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ECONOMY IN 2025 (CONTINUED)

Chart 1. 5: Total Visitor Arrivals



Source: Statistics Department, Grenada; Ministry of Finance, Grenada

Chart 1. 6: Visitor Arrivals by Main Category



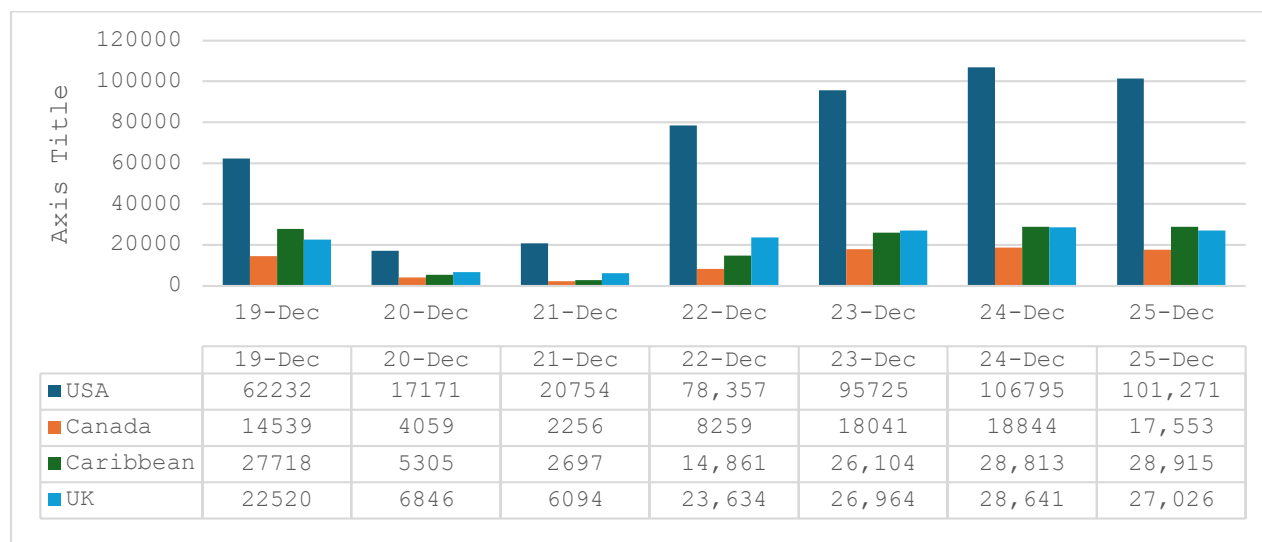
Source: Statistics Department, Grenada; Ministry of Finance, Grenada

In 2025, stayover arrivals declined from the major markets, following the growth in 2024. Stayover arrivals from the USA declined by 5 per cent compared with the 11.6 per cent growth in 2024; and arrivals from Canada fell by 7 per cent compared with the 4.5 per cent growth rate in 2024, and from the UK by 6 per cent compared with the 6.2 per cent growth in 2024.

CHAPTER 1: THE ECONOMIC AND SOCIAL CONTEXT: ANALYSIS OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ECONOMY IN 2025 (CONTINUED)

Stayover arrivals from the Caribbean grew marginally by 0.4 per cent following the 10.4 per cent growth rate in 2024. (See Chart 1.7).

Chart 1.7: Key Source Market Performance



Source: Statistics Department, Grenada; Ministry of Finance, Grenada

Education

Education is the largest contributor to GDP, accounting for 23 per cent of GVA. The education sector is estimated to have grown at a moderate rate of 0.7 per cent in 2025. As stated in the MTEFSR, the activities of the St Georges University (SGU), the major driver in the education sector, generates broad economic spillovers impact across housing, transportation, retail, and other service sectors.

In light of the significant contribution to GDP of education relative to the other sectors, consideration should be given to measuring the contribution of education to the economy. With a 23 per cent direct contribution to Gross Value added, the education sector is likely to emerge as the major pillar in the economy.

CHAPTER 1: THE ECONOMIC AND SOCIAL CONTEXT: ANALYSIS OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ECONOMY IN 2025 (CONTINUED)

Agriculture and Fishing

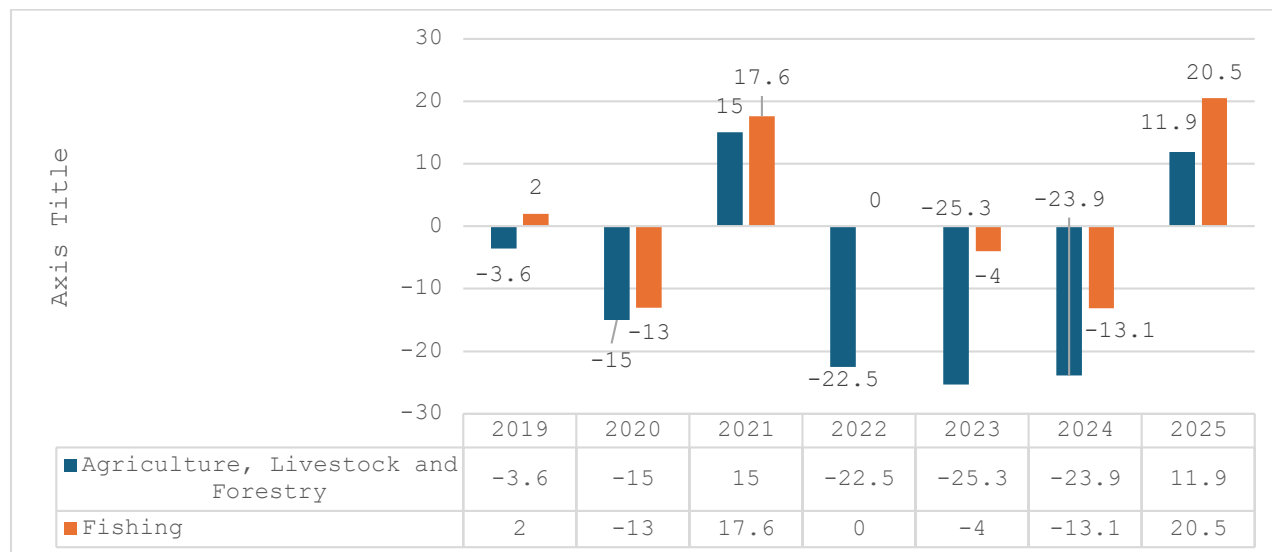
The agriculture, forestry and livestock sector; and the fishing sector are of strategic importance to the Government in support of the policy of enhancing food and nutrition security, expanding agro processing and the sectors that would further strengthen linkages in the economy. In 2025, the agriculture sector rebounded and registered growth of 11.9 per cent following three consecutive years of significant decline. The recovery of the fishing sector and increased nutmeg production contributed to the performance of the sector. Production of nutmeg increased by 6.6 per cent while that of mace declined marginally by 3.0 Percent as of November. The production of cocoa is estimated to have declined by 6.5 per cent (as of October). The production of livestock is estimated to have increased; influenced by, in part, the growth in output associated with the reproduction of livestock that were imported under the Food Security Enhancement Project.

The fishing sector, which contracted for the past two consecutive years, is estimated to have expanded by 20.5 per cent in 2025. (Chart 1.8).

The FROC notes that the agriculture sector is recovering and, with appropriate policies, should contribute to higher consumption of agriculture products in the context of Government's policy to strengthen linkages in the economy and improve food and nutrition security.

CHAPTER 1: THE ECONOMIC AND SOCIAL CONTEXT: ANALYSIS OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ECONOMY IN 2025 (CONTINUED)

Chart 1. 8: Growth Rate of the Agriculture, Livestock & Forestry Sector and the Fishing Sector (2019-2025)



Source: Medium Term Economic and Fiscal Strategy Report 2024-2026, Ministry of Finance, Government of Grenada (2023)
 Medium Term Economic and Fiscal Strategy Report 2026-2028, Ministry of Finance, Government of Grenada (2025)

Other Sectors

Consistent with the growth in the construction sector, Mining and quarrying grew by 21.4 per cent. The interrelationships among tourism, construction and education sectors and the other sectors in the economy were manifested in the positive growth in the wholesale and retail trade (8.2 per cent) and Transport and Storage (6.0 per cent). The FROC notes, however, that despite the high economic growth rate and the growth in the construction sector, growth in Electricity and Water declined by 0.6 per cent, while growth in Communications was marginal at 1.0 per cent, sectors that normally grow in line with the lead sectors.

CHAPTER 1: THE ECONOMIC AND SOCIAL CONTEXT: ANALYSIS OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ECONOMY IN 2025 (CONTINUED)

Fiscal and Debt Performance

Fiscal Performance

In line with the 2025 national budget, the fiscal outcome resulted in primary and overall deficits of \$126.4M (3.1 per cent of GDP) and \$279.1M (6.9 per cent of GDP); less than the budgeted primary deficit of \$208.6 M and the overall deficit of \$337.4M.

The 2025 fiscal outcome was preceded by primary and overall surpluses of \$375.1M (9.9 per cent of GDP) and \$ 250.9M (6.6 per cent of GDP) respectively in 2024.

The fiscal performance in 2025 was influenced by the falloff in receipts from the Investment Migration Agency and the one-off receipt from CCRIF in 2024. (See Table 1.3).

Table 1. 3: Revenue from the IMA and CCRIF in EC\$M

	2023	2024	2025
Non-tax Revenue	454.7	737.8	270.9
Of Which IMA	381.6	553.7	165.9
Of Which CCRIF	-	118.0	-

Source: Medium Term Economic and Fiscal Strategy Report 2025-2027, Ministry of Finance, Government of Grenada (2025)

Consequently, total revenue and grants contracted from \$1,648.5M (43.5 per cent of GDP) in 2024 to \$1,273.3M (31.5 per cent of GDP) in 2025. At the same time, total expenditure increased to \$1,552.5M (38.4 per cent of GDP) in 2025, compared with \$1,316.9M (34.7 per cent of GDP) in 2024. The total revenue and grants of \$1,273.3M was higher than the budgeted \$1,265M due mainly to higher than budgeted non-tax revenue. Compared with the budget, tax revenue of \$931.9M was less than the budgeted \$936.4M. Except for taxes on International Transactions which were higher than budgeted, all the categories of taxes were less than the amount the Government budgeted to collect. However, non-tax revenue of \$270.9M was higher than the budgeted \$256M.

CHAPTER 1: THE ECONOMIC AND SOCIAL CONTEXT: ANALYSIS OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ECONOMY IN 2025 (CONTINUED)

Compared with 2024, tax revenue increased moderately from \$890.5M (23.5 per cent of GDP) in 2024 to \$931.9M (23 per cent of GDP) in 2025. All tax categories increased in 2025, except property tax which declined by 11.4 per cent.

Taxes on Income and Profits increased by 4 per cent, Taxes on Domestic Transactions by 5.5 per cent and Taxes on International Transactions by 5.9 per cent. Total grants of \$70.5 M were higher than the 20.1 M in 2024 and less than the budgeted \$72.5M.

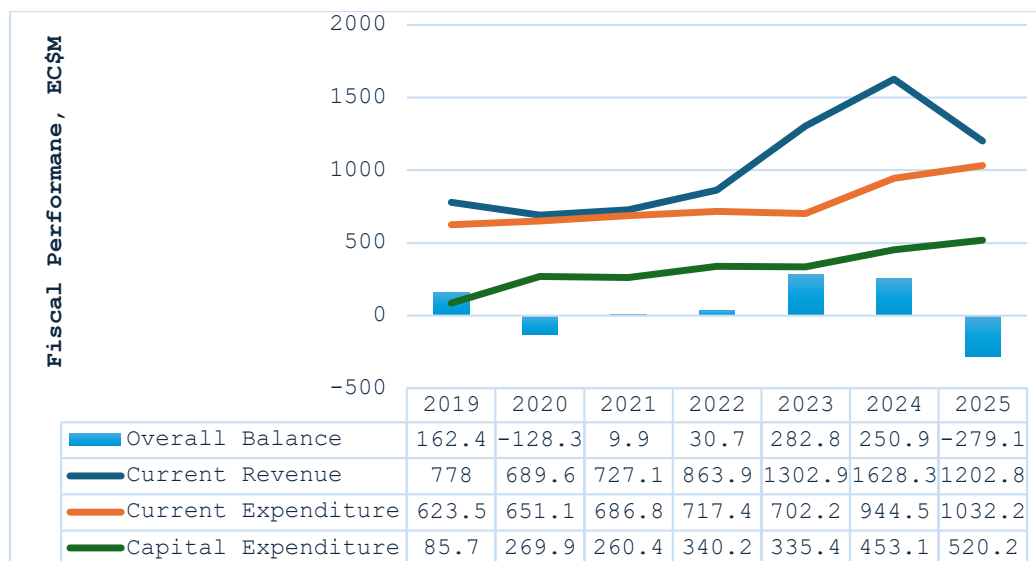
Current expenditure of \$1,032.2M was within the budgeted amount of \$1,105.9M. While expenditure on employee compensation and goods and services was within budget, expenditure on interest payment and transfers were higher than budgeted.

In 2025, current expenditure of \$1,032.2M increased by 9.3 per cent, from \$944.5M in 2024. Among the categories, compensation to employees increased by 1.7 per cent, goods and services by 7.5 per cent, interest payments by 22.9 per cent and transfers by 49.4 per cent when compared with 2024.

The total capital expenditure of \$520.2M was more than the budgeted capital expenditure of \$496.5M and was 14.8 per cent higher than the \$453.1M in 2024. The elevated capital expenditure reflected the continuation of the rehabilitation and rebuilding following the devastation caused by Hurricane Beryl. (Refer to Chart 1.9). The overall financing requirement of \$308.4M comprising the overall deficit of \$ 279.1M and net external amortization of \$29.3M was financed by borrowing \$40M and the reduction in reserves of \$268.4M.

CHAPTER 1: THE ECONOMIC AND SOCIAL CONTEXT: ANALYSIS OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ECONOMY IN 2025 (CONTINUED)

Chart 1. 9: Fiscal Performance: 2019 – 2025 (EC\$M)



Source: Grenada Medium-Term Fiscal Framework 2023-2025, Ministry of Finance, Grenada, 2022; Grenada 2022 Annual Economic Review, Ministry of Finance, Grenada, 2022; Medium Term Economic and Fiscal Strategy Report 2025-2027, Ministry of Finance, Government of Grenada, 7th March 2025; Medium Term Economic and Fiscal Strategy Report 2026-2028, Ministry of Finance, Government of Grenada, 1st December 2025.

The FROC notes the changes in the recording of the transactions of the Investment Migration Agency in 2023 and 2024. These changes, which constrained the comparison of the affected components of the account, did not affect the fiscal balances. The FROC notes, however, that the operations of the IMA were included in the assessment of the performance of statutory bodies and state-owned enterprises for 2025 as follows:

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 Agency. (MTEFSR 2026 – 2028).

In light of the inclusion of the IMA in the assessment of the performance of the statutory bodies and state-owned enterprises, the FROC recommends a review of the entities included in the assessment of the performance of statutory bodies and state-owned enterprises to ensure that all entities are appropriately classified.

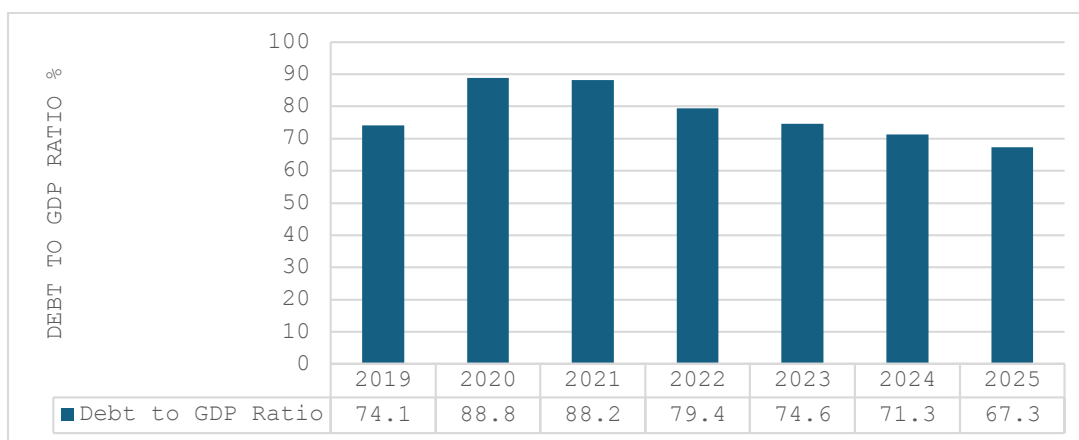
CHAPTER 1: THE ECONOMIC AND SOCIAL CONTEXT: ANALYSIS OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ECONOMY IN 2025 (CONTINUED)

Public Debt

With the estimated economic growth of 6.2 per cent in 2025, the public debt declined from 71.3 per cent of GDP (\$2,701.7M) in 2024 to 67.3 per cent of GDP (\$2,724.1M) in 2025. (See Chart 1.10). In absolute terms, the total public sector debt increased by 0.8 per cent (\$22.4M) to \$2,724.1M, compared with \$2,701.7M in 2024. The decline in the public debt as a percentage of GDP was mainly influenced by the growth in GDP.

Central government debt, which comprised 80 per cent of the total public debt, declined from 57.6 per cent of GDP in 2024 to 54.3 per cent of GDP in 2025. In absolute terms, the central government debt increased by 0.8 per cent (\$16.9M) from \$2,182.6 M in 2024 to \$2,199.5M in 2025. The debt of statutory bodies and state-owned enterprises declined from 14.0 per cent of GDP to 13 per cent of GDP. In absolute terms, the debt of statutory bodies and state-owned enterprises increased by \$5.4M from \$519.2M in 2024 to \$524.6M in 2025. The total public debt of 67.3 per cent of GDP was within the ceiling set in the MTEFSR 2025 – 2027 of 71.4 per cent of GDP.

Chart 1.10: Public Sector Debt to GDP (per cent)



Source: Medium Term Economic and Fiscal Strategy Report 2026-2028, Ministry of Finance, Government of Grenada, 1st December 2025

CHAPTER 1: THE ECONOMIC AND SOCIAL CONTEXT: ANALYSIS OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ECONOMY IN 2025 (CONTINUED)

Assessment of the Financial Sector

Developments in the financial sector in 2025 were characterised by slow growth in the money supply, growth in credit and moderate tightening of liquidity resulting in a reduction of external investments by deposit taking financial institutions.

The broad money supply (Monetary Liabilities) rose marginally by 0.1 per cent (\$4.5M) to \$3,488.6M at the end of November 2025, at a lower rate compared with the growth of 8.4 per cent (\$271.1M) as of December 2024. The virtually unchanged broad money supply was influenced by a decline in money used for transactions (M1) of \$27.4M (1.6 per cent) to \$1,697.8M; as the money held as savings (Quasi Money) increased by \$31.8M (1.8 per cent) to \$1,790.8M.

The FROC further examined the components of the money supply that contributed to the slow growth in 2025. The FROC noted that the decline in transactions-related money (M1) reflected a \$22.3M decrease in currency in circulation (7.1 per cent) to \$293.2M; and a fall in transferable deposits by \$22.1M (1.5 per cent) to \$1,464.7M. At the same time, the increase in Quasi money was due to the growth in Savings Deposits of \$43M (3.3 per cent) to \$1,330.7M and Fixed-time Non-Negotiable CDS of \$1.1 M (1.0 per cent) to \$108.6M as of November 2025. At the same time, foreign currency deposits declined by \$12.3 M (3.5 per cent) to \$336.4M as of November 2025, mainly due to a reduction in holdings of non-financial corporations.

Commercial Banks

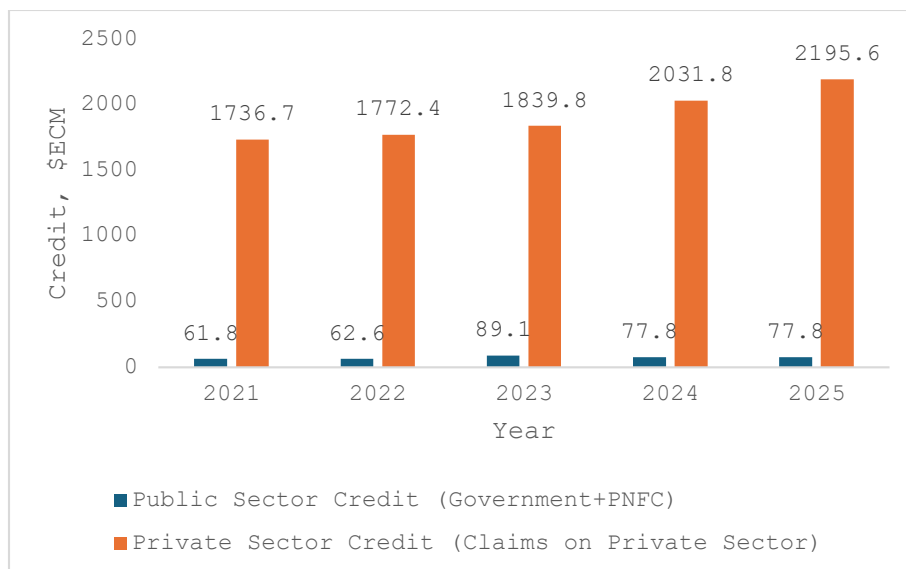
In 2025, credit extended by the commercial banks increased and this was accompanied by a slight tightening of liquidity and a marginal narrowing of the interest rate spread.

In 2025, total credit to the private sector (Claims on the Private Sector) grew by 8.1 per cent from \$2,031.8M to \$2,195.6M compared with the rate of 10.4 per cent (\$192.0M) in 2024 (Chart 1.11). The growth in private sector credit was driven by business credit, which increased by 17.7 per cent (\$114.0M) to \$757.8M, while credit to households rose by 3.6 per cent (\$50.2M) to \$1,429.3M.

CHAPTER 1: THE ECONOMIC AND SOCIAL CONTEXT: ANALYSIS OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ECONOMY IN 2025 (CONTINUED)

Credit developments in the public sector were dominated by the operations of the Central Government. The net credit position of the Central Government declined from \$849.9M to \$611.2M, consistent with the use of reserves to finance the fiscal deficit in 2025.

Chart 1. 11: Commercial Banks - Credit to the Public and Private Sectors (EC\$M)

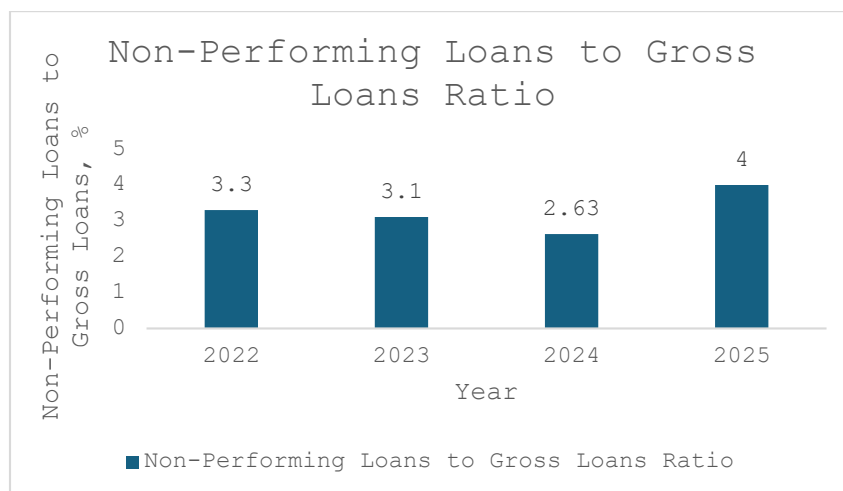


Source: Eastern Caribbean Central Bank, St Kitts, Website - retrieved 21 January 2026

The non-performing loans (NPLs) ratio increased from 2.63 per cent to 4.0 per cent as of September 2025 (Chart 1.12).

CHAPTER 1: THE ECONOMIC AND SOCIAL CONTEXT: ANALYSIS OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ECONOMY IN 2025 (CONTINUED)

Chart 1. 12: Commercial Banks - Non-Performing Loan Ratio (per cent)

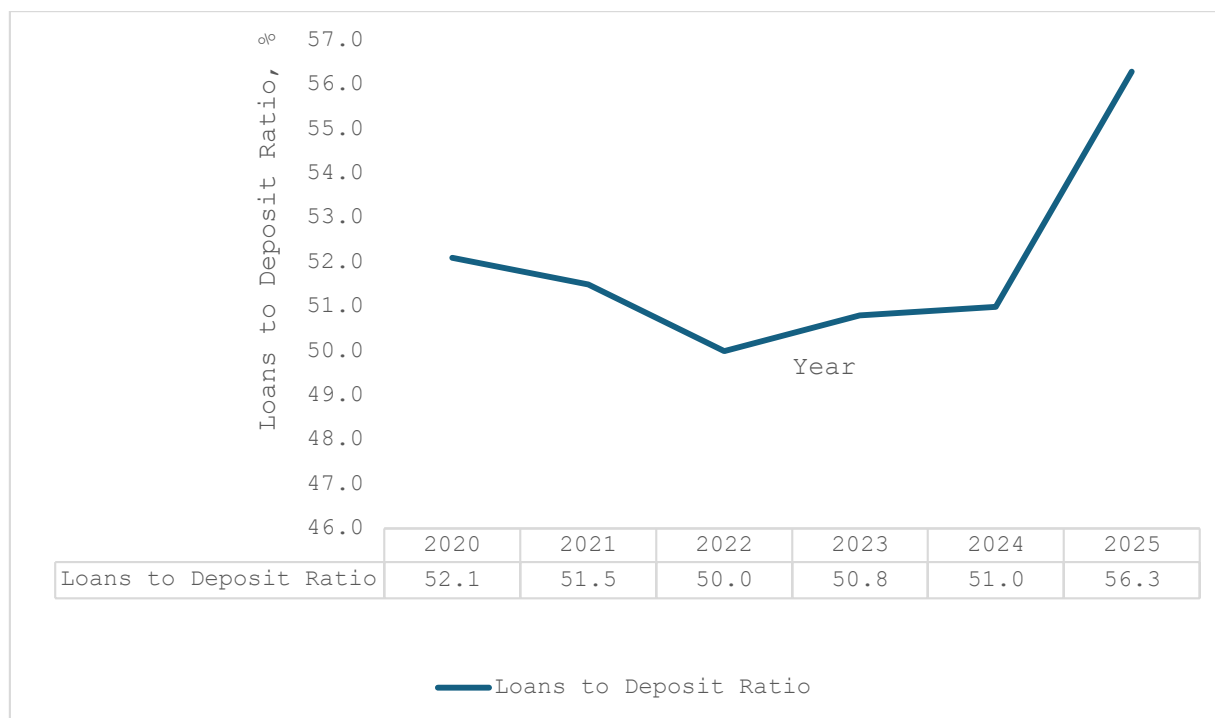


Source: Eastern Caribbean Central Bank, St Kitts, Website - retrieved 21 January 2026

The commercial banks continued to record high liquidity, although there was a slight tightening as the total loans to deposits ratio increased from 51 per cent to 56.3 per cent as of September 2025. However, the ratio remained well below the prudential guideline of the 80.0 to 85.0 per cent (Chart 1.13).

CHAPTER 1: THE ECONOMIC AND SOCIAL CONTEXT: ANALYSIS OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ECONOMY IN 2025 (CONTINUED)

Chart 1. 13: Commercial Banks - Total Loans to Deposit Ratio (per cent)



Source: Eastern Caribbean Central Bank, St Kitts, Website - retrieved 21 January 2026

The interest rate spread remained virtually unchanged in 2025. The maximum lending rates on both Residential Mortgages (12.0 per cent) and Commercial Mortgages (14.75 per cent) remained unchanged. At the same time, the average interest rate on savings increased marginally from 1.79 per cent to 1.80 per cent over the same period. With the reduction in liquidity, net foreign assets of the commercial banks declined by \$142.6M (8.0 per cent) to \$1,634.0 M.

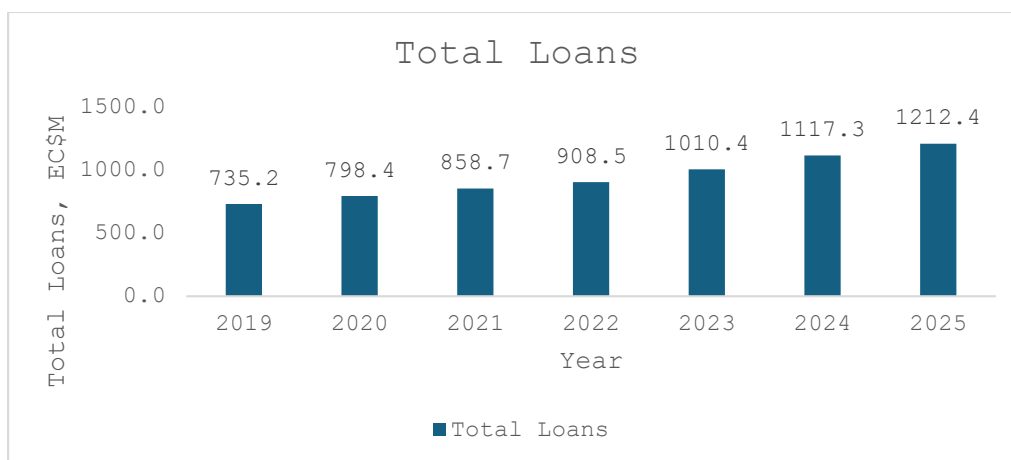
Credit Unions

In 2025, the credit unions increased the rate of credit expansion, liquidity tightened marginally and the ratio of non-performing loans remained stable.

CHAPTER 1: THE ECONOMIC AND SOCIAL CONTEXT: ANALYSIS OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ECONOMY IN 2025 (CONTINUED)

Credit extended by the credit unions continued to be robust, and total credit expanded by 8.5 per cent (\$95.1M) to \$1,212.4M as of November 2025, following growth rates of 10.6 per cent (\$106.9M) in 2024 and 11.2 per cent (\$101.9M) in 2023 (Chart 1.14).

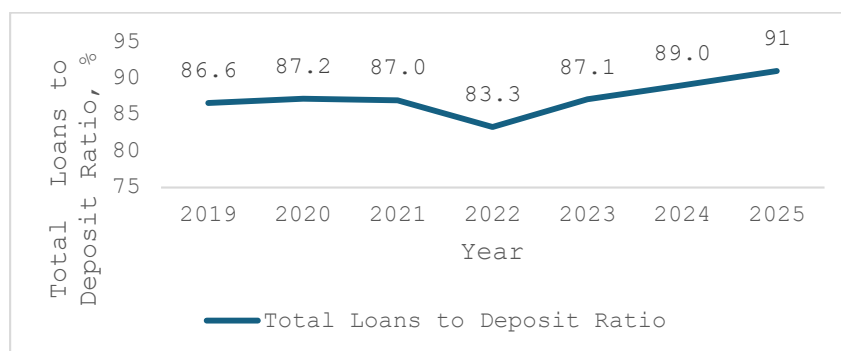
Chart 1. 14: Credit Unions – Total Loans and Deposits (EC\$M)



Source: Grenada Authority for the Regulation of Financial Institutions (GARFIN), Grenada

With the expansion in domestic credit, liquidity tightened marginally and the loans to deposit ratio of 91 per cent as of November 2025 was above the recommended benchmark of 80.0 to 85.0 per cent (Chart 1.15).

Chart 1. 15: Credit Unions – Total Loans to Deposit Ratio (per cent)



Source: Grenada Authority for the Regulation of Financial Institutions (GARFIN), Grenada

CHAPTER 1: THE ECONOMIC AND SOCIAL CONTEXT: ANALYSIS OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ECONOMY IN 2025 (CONTINUED)

Assessment of the External Sector

The transactions on the external account were gleaned from the developments in the real, fiscal and financial accounts. The FROC observed the significant variations in the reports published on the Balance of Payments, resulting in materially different assessments of developments on the external accounts (See Appendix 3). Therefore, the FROC assessed the transactions on important components of the Balance of Payment for which the movements could be supported by developments in the other sectors of the economy. In this regard, the merchandise trade deficit is estimated to have widened, the surplus on the capital account contracted and financial inflows including the drawdown of official reserves financed the aggregated deficit of the current and capital accounts.

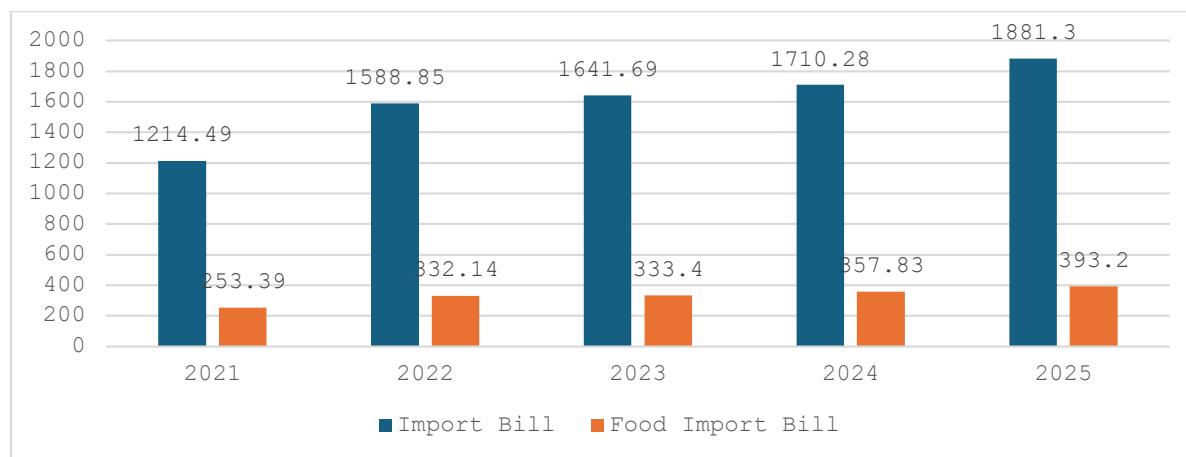
The Current Account: Trade in Goods and Services

Under the current account, the merchandise trade deficit is estimated to have widened and reflected the developments in the real sector (construction). As of September 2025, the import bill rose by 8.6 per cent and amounted to \$1359.8M compared to \$1252.6M as of September 2024. The imports of food grew by 6.9 per cent (\$17.8M), Machinery & Transport Equipment rose by 16 per cent (\$45.2M) as of September 2025. The growth rates at the end of September were applied to derive the performance for the full year 2025. (Chart 1.16)¹.

¹ Strong growth in the tourism industry is consistent with greater visible trade in goods, primarily on the import side, thereby contributing to a larger current account deficit.

CHAPTER 1: THE ECONOMIC AND SOCIAL CONTEXT: ANALYSIS OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ECONOMY IN 2025 (CONTINUED)

Chart 1. 16: Total Import and Food Import Bill (2021 – 2025)



Source: Statistics Department, Grenada; Eastern Caribbean Central Bank, St Kitts Website - retrieved 21st January 2026

Reflecting the moderation in stayover visitors, which dominates the services account, the inflows of travel receipt were estimated to increase moderately. These inflows were partially offset by payments mainly for transportation services and other business and professional services. In particular, work permits were granted for construction; hotel/tourism/catering; entertainment/arts/culture/sports; marine/yachting; and health services. See Table 1.4 on permits granted for the importation of labour and service providers.

CHAPTER 1: THE ECONOMIC AND SOCIAL CONTEXT: ANALYSIS OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ECONOMY IN 2025 (CONTINUED)

Table 1. 4: Selected Work Permit Approvals by Industry/Sector for the Period 2023-2024

Industry/Sector	2024		2025	
	Total Number of Approvals	Total Number of Exemptions	Total Number of Approvals	Total Number of Exemptions
Construction	182	137	138	92
Hotel/Tourism/Catering	163	11	103	5
Religious / Missionary / NGO's	169	164	56	56
Commercial/ Retail	85	-	28	-
Marine/Yachting	55	1	29	-
Services	13	1	18	-
Entertainment/Arts/ Culture / Sports	36	25	49	1
Health Services	28	1	7	-
Others	75	15	178	10
Total	806	356	660	164

Source: Department of Labour, Grenada; as submitted by the Ministry of Finance.

The Capital Account: Specific Types of Asset Transfers and Non-Financial Assets

The developments on the capital account reflected the movements in the financial transactions with the Central Government. Consistent with the reduction in inflows to the Central Government, the capital account surplus is estimated to have narrowed. The falloff in receipts from the IMA from \$553.7M in 2024 to \$165.9M in 2025 and the one-off receipt from CCRIF of \$118M in 2024 contributed to the significant decline in the surplus on the capital account.

The Financial Account: Investments and Financial Transactions with External Agents

The net inflows on the financial account, which closed the deficit of the aggregated current and capital accounts, were dominated by Foreign Direct Investment (FDI) inflows and the reduction of investments by financial institutions which was dampened by outflows of portfolio investments.

CHAPTER 1: THE ECONOMIC AND SOCIAL CONTEXT: ANALYSIS OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ECONOMY IN 2025 (CONTINUED)

The foreign exchange gap was closed by the drawdown of \$114.47M of official reserves as of November 2025.

Conclusion

Grenada's economy recorded economic growth in 2025 influenced mainly by the performance of the construction sector. Consistent with the 2025 budget, the primary and overall balances were in deficit, financed primarily by a reduction in reserves. The impact of the deficit on the debt was minimal and, with the growth in GDP, the debt to GDP Ratio declined.

In 2025, credit extended by the financial institutions increased, liquidity of the commercial banks fell marginally and there was a reduction in the external investments by the financial institutions. Financial inflows, including the drawdown of official reserves, financed the transactions on the current and capital accounts of the balance of payments.

In the context of an Economic Union and given the importance of the Balance of Payments to small open economies like Grenada, a more collaborative approach among the reporters on the external account should be established to synchronise the published data on the Balance of Payments and other main economic indicators such as the national accounts. The published report on strengthening data for effective policy making at *Strengthening Data Collection and Dissemination for Effective Policy Making*: https://frocgrenada.gd/ova_doc/strengthening-data-collection-and-dissemination-for-effective-policy-making/ could be used as a guide.

CHAPTER 2: THE MEDIUM-TERM ECONOMIC OUTLOOK AND THE GOVERNMENT STRATEGY

Key Messages



Economic growth for the medium-term 2026 – 2028 is projected to average 4.8 per cent; at a higher rate than the 4.2 per cent that was projected for 2025 to 2027.



The higher growth rates projected for the medium-term reflect, for the most part, growth in agriculture, construction and wholesale and retail trade.



The fiscal position for the medium-term is in line with the previous forecast of primary and overall deficits for 2026, with projections of fiscal surpluses for 2027 and 2028.



The fiscal projections for the medium-term should be aligned with the statutorisation policy of the Government. Additionally, with the establishment of the Polaris Development Company for the implementation of the teaching hospital project, the financial transactions of the Central Government with the company and with some statutory bodies and state-owned enterprises should be incorporated in the medium-term fiscal forecast.



The Government intends to finance the deficit for 2026 mainly by reducing reserves. As such, the total public debt is projected to decline as a percentage of GDP in 2026. The debt to GDP ratio is projected to increase in 2027.



Based on the debt sustainability analysis, the 60 per cent debt to GDP ratio is on target to be achieved by 2035. In light of plans to contract new debt over the medium term, the FROC urges the implementation of the institutional arrangements for the management of the public debt.

CHAPTER 2: THE MEDIUM-TERM ECONOMIC OUTLOOK AND THE GOVERNMENT STRATEGY (CONTINUED)

Introduction

In this chapter, the FROC examines the economic performance for 2025 and the projections for the medium-term, as outlined in the Medium-term Economic and Fiscal Strategy Report (MTEFSR) (2026 – 2028), as presented to Parliament on 1st December 2025, relative to the projections submitted to Parliament on 7th March 2025 in the MTEFSR (2025 – 2027). The accompanying economic, fiscal and debt strategies are also examined.

The chapter therefore begins with a comparison of the original projected economic growth for 2025 with the revised economic growth for that year, as well as for the medium-term (2026 – 2028). This is followed by an assessment of the projections for the fiscal outturn for 2026 and for the medium-term in the context of the economic, fiscal and debt strategies for 2026 – 2028. The risks to the fiscal and debt strategies are also identified. Recommendations to address economic, fiscal and debt issues are included in the chapter.

The Statutory Context

The chapter is in accordance with Section 5 of the Fiscal Resilience Act (FRA) which, among others, the objective of the Act is to ensure fiscal and debt sustainability, and the prudent management of fiscal risk as follows:

(c) to ensure that debt is reduced to, and then maintained at, a prudent and sustainable level by maintaining primary surpluses that are consistent with this object; and

(d) to ensure prudent management of fiscal risks.

The FRA, in Section 12, outlines the content of the Annual Report in relation to assessing the fiscal outturn as follows:

(4) An annual report prepared pursuant to subsection (3) (b) shall include–

(a) the progress made towards compliance with the fiscal rules and targets in this Act, with respect to the relevant fiscal year, including an assessment of the actual fiscal outturns compared to the medium-term fiscal framework approved with the annual budget;

CHAPTER 2: THE MEDIUM-TERM ECONOMIC OUTLOOK AND THE GOVERNMENT STRATEGY (CONTINUED)

Further, Section 12 of the Public Finance Management Act (as amended) identifies the real GDP as a core reporting requirement for the Medium-term Fiscal Framework (MTFF) and states:

*(3) Without prejudice to the generality of subsection (1), the medium-term fiscal framework shall contain the Government fiscal policy objectives over the medium term, a statement showing the progress made towards compliance with the fiscal rules and targets under the Fiscal Resilience Act and the strategies and priorities for achieving its fiscal objectives, setting out the medium-term macroeconomic forecasts for—
(a) real GDP growth;*

Of significance, the fiscal rules and the debt target in the FRA are presented as percentages of GDP. Therefore, it is necessary to examine developments related to the GDP which influence the accuracy of the fiscal rules and target. In addition, sustained economic growth is a prerequisite for maintaining fiscal and debt sustainability which is the core objective of the Fiscal Resilience Act.

Comparison and Analysis of Economic Developments (2025 – 2028)

Overall Real Economic Growth

The projections for economic growth over the medium-term varied and could have been influenced, in part, by the global uncertainties. The FROC notes that the forecast in the MTEFSR (2025 – 2027), presented to Parliament on 7th March 2025, was for average growth of 4.2 per cent over the medium-term (4.1 per cent in 2025, 4.5 per cent in 2026 and 4.0 per cent in 2027). According to the MTFF (2026 – 2028), as published on 28th September 2025, the average growth rate over the period 2025 - 2027 was reduced and projected to average 3.2 percent (4.2 per cent in 2025, 3.0 per cent in 2026 and 2.6 per cent in 2027). The reduced growth recorded in the MTFF was reflected in a lowering of the estimated average growth rate for most of the leading productive sectors compared to what was reported in the MTEFSR (2025 - 2027). The projections were subsequently revised.

CHAPTER 2: THE MEDIUM-TERM ECONOMIC OUTLOOK AND THE GOVERNMENT STRATEGY (CONTINUED)

Based on the MTEFSR (2026 – 2028), as presented to Parliament on 1st December 2025, the average growth rate over the period 2025 - 2027 is higher and projected to average 5.1 percent (6.2 per cent in 2025, 4.1 per cent in 2026 and 4.9 per cent in 2027) and to grow by 5.3 per cent in 2028.

The higher growth rate in 2025 was due mainly to an upward adjustment in the growth rates for Agriculture, Fishing, Construction and the Wholesale and Retail Trade. Thereafter, higher growth rate in these sectors contributed to the adjustments to the original growth rates.

Comparison of Real Growth for 2025

Based on the MTEFSR 2026 – 2028, the projection is for significantly improved growth performance for 2025 relative to 2024 (6.2 percent relative to 3.3 percent). The growth of 6.2 per cent is more than the 4.2 percent growth projected in the MTEFSR 2025 – 2027. The FROC examined the sectors that accounted for the higher growth rate in 2025 relative to the estimates presented to Parliament on 7th March 2025 and noted the increase in the growth rate for the main producing sectors. Of significance is the material modification in the performance of the construction sector. Given the importance of the construction sector in driving economic growth, the FROC recommends the inclusion of information on the estimated expenditure on public and private capital construction projects to support the estimate and analysis of the performance of the construction sector.

GDP is calculated as the sum of Gross Value Added (GVA) at basic prices plus net product taxes which are proxied by indirect taxes. The FROC noted the estimated growth of GVA and observed that there was no real growth in net indirect taxes, despite the reported growth in revenue from indirect taxes.

CHAPTER 2: THE MEDIUM-TERM ECONOMIC OUTLOOK AND THE GOVERNMENT STRATEGY (CONTINUED)

The FROC therefore urges that, for policy purposes, the analysis of GDP should examine its two components, namely the total value added of output of the various sectors, referred to as the Gross Value Added, and net indirect taxes or product taxes. (See Table 2.1)². The FROC also urges that the original estimates of economic growth along with the revised estimates and the explanation for significant deviations be presented in the subsequent Medium-term Fiscal Framework and the Medium-term Economic and Fiscal Strategy Report.

Table 2. 1: Comparative GDP, GVA and Net Product Taxes Growth Estimates

	MTEFSR 2025 - 2027			MTFF 2026 - 2028			MTEFSR 2026-2028		
	GDP	GVA	Net Product Taxes	GDP	GVA	Net Product Taxes	GDP	GVA	Net Product Taxes
2024	3.7	3.4	0.3	3.3	2.8	0.5	3.3	2.8	0.5
2025	4.1	4.4	-0.3	4.2	3.7	0.5	6.2	6.2	0
2026	4.5	4.2	0.3	3	2.9	0.1	4.1	4.3	-0.2
2027	4	4	0	2.6	2.5	0.1	4.9	5.3	-0.4
2028	-	-	-	3	3	0	5.3	5.8	-0.5
AVG 2025-2027	4.2	4.2	0.0	3.3	3.0	0.2	5.1	5.3	-0.2
AVG 2026 - 2028				2.9	2.8	0.1	4.8	5.1	-0.4

Note: GDP is Gross Domestic Product and GVA is Gross Value Added.

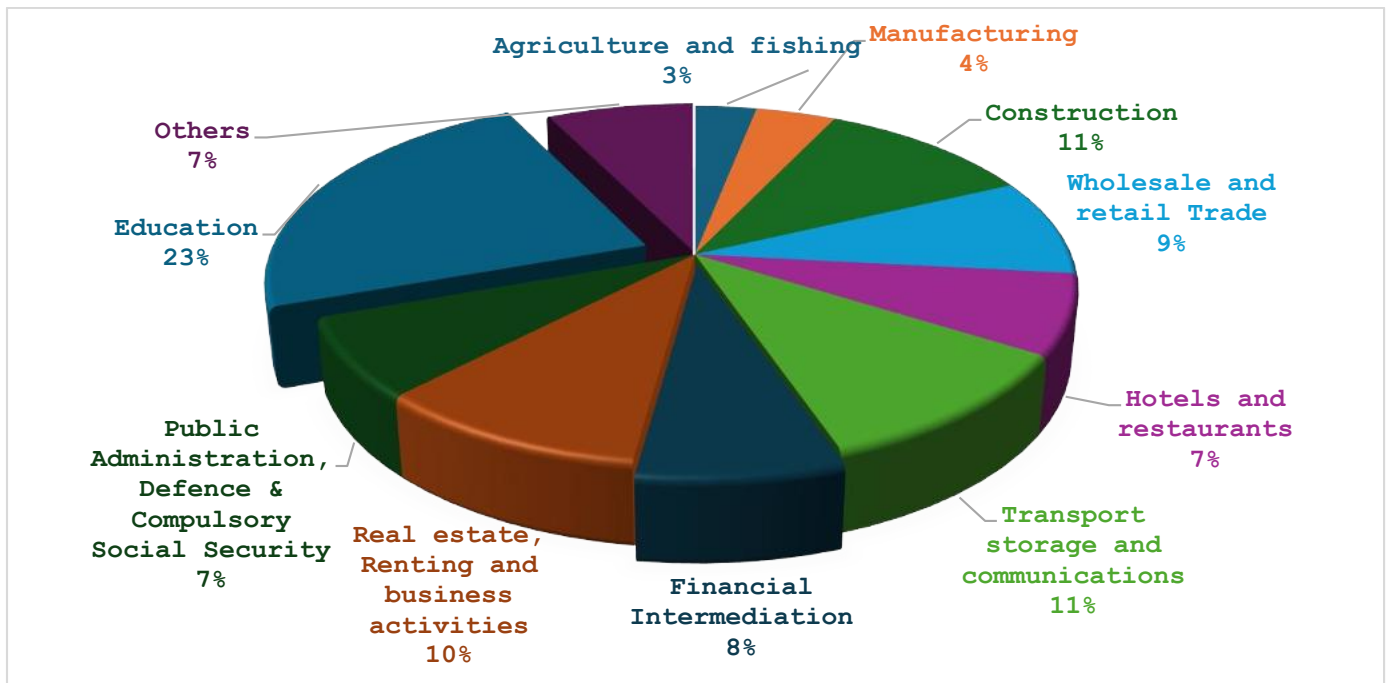
Source: Medium-Term Economic and Fiscal Strategy Report 2025 – 2027; FROC Report on the Medium-Term Fiscal Framework 2026 – 2028; Medium-Term Economic and Fiscal Strategy Report 2026- 2028

² GDP is the sum of gross value added at basic prices plus net product taxes (indirect taxes). Based on the information in the MTEFSR and the MTFF, the FROC calculated the growth rate for net product taxes.

CHAPTER 2: THE MEDIUM-TERM ECONOMIC OUTLOOK AND THE GOVERNMENT STRATEGY (CONTINUED)

The FROC notes that the growth rate for the Education sector, which accounts for the largest share of Gross Value Added, of approximately 23 per cent, decelerated relative to 2024. This sector contributes significantly more to GVA than the other main sectors as shown in Chart 2.1.

Chart 2. 1: Chart Sectoral Contribution to GVA



Source: ECCB Website Eastern Caribbean Central Bank, Basseterre, St Kitts, 6th January 2026.

Given the significance of the education sector as manifested by its leading contribution relative to the other sectors, its assessment should feature more prominently in the MTEFSR.

The FROC continues to observe that the performance of the creative and digital economy, which is a strategic priority of the Government, is not examined. The activities undertaken in support of the creative economy were highlighted in the 2026 Budget Statement as shown in Box 2.1.

CHAPTER 2: THE MEDIUM-TERM ECONOMIC OUTLOOK AND THE GOVERNMENT STRATEGY (CONTINUED)

Box 2. 1: Activities in support of the Creative Economy

Activities Undertaken	Activities Planned
<ul style="list-style-type: none"> Launched the National Cultural and Creative Industries Strategy, charting a roadmap for the development of music, film, fashion, and digital content production. 	<ul style="list-style-type: none"> Expand the Creative Economy Fund to provide targeted financial support for creative entrepreneurs and startups.
<ul style="list-style-type: none"> Established the Grenada Office of Creative Affairs, tasked with supporting creative entrepreneurs through training, financing, and access to markets. 	
<ul style="list-style-type: none"> Provided increased grants and support for artists, cultural practitioners, and event organizers—revitalizing Spicemas, and community festivals across the islands. 	<ul style="list-style-type: none"> Launch the National Art Gallery on Church Street following the renovation of the Priory Building.
<ul style="list-style-type: none"> Partnered with regional and international institutions to provide capacity building in copyright management, creative entrepreneurship, music production and digital media production. 	
<ul style="list-style-type: none"> Commenced a five-year initiative to assist in reviving the steel pan tradition in Grenada. 	<ul style="list-style-type: none"> Expand training and certification programmes in music production, film, and design, heritage and cultural studies in partnership with TAMCC and regional institutions.

In its 2024 Annual Report, the FROC noted that the creative and digital economy is a priority and a strategic focus of the Government. However, developments in that area are not included in the analysis of the performance of the economy.

The Government is providing administrative, technical and financial support to this sector. Therefore, it is important to assess the impact of the sector in the analysis of the growth performance of the economy.

The System of National Accounts makes provision for the inclusion of the emerging sectors in the GDP. However, while reforms are ongoing to integrate the emerging sectors, some indicators should be established to report on developments in the creative and digital sectors of the economy.

CHAPTER 2: THE MEDIUM-TERM ECONOMIC OUTLOOK AND THE GOVERNMENT STRATEGY (CONTINUED)

Notwithstanding the areas identified for enhancement, the FROC notes and commends the coverage in analysing the growth performance of the economy and recommends the further enhancement by including some analysis of development in the emerging sectors, and in particular, the creative economy.

Assessment of Real Growth in GDP over the Medium-term

The FROC recognises the unstable and unpredictable global environment brought about by the upheavals in international trade and the uncertainties related to the administrative, investment and immigration policies of the USA. The geo-political tensions and conflicts persist, further intensified with the emergence of the USA Israel/Iran war and, by extension, the tensions across the Middle East. The developments between the USA and Venezuela were new dimensions to the geo-political conflicts and tensions which were extended to the Caribbean.

In this environment, global growth and growth rates in Grenada main trading partners are expected to be subdued. The rate of global growth, which was 3.3 per cent in 2025 is estimated to remain at 3.3 per cent in 2026 and to decline marginally to 3.2 per cent in 2027, based on projections before the USA/Israel/Iran war. The rate of growth in Grenada's main trading partners remained lower than the global growth. Growth in the USA is projected at 2.4 per cent in 2026 and 2 per cent in 2027; growth in Canada is estimated to be at 1.6 per cent for 2026 and 1.9 per cent in 2027; and the growth rate for the UK is projected to change marginally from 1.3 per cent in 2026 to 1.5 per cent in 2027. Growth in China, continues to be above the global average, and is projected at 4.5 per cent in 2026 and 4 per cent in 2027.

The FROC observed the upward revision to the growth rate for Grenada. The FROC notes the expansionary fiscal policy for 2026, with elevated capital expenditure of 13.1 per cent of GDP, which includes expenditure directly related to the Hurricane Beryl response and the construction and renovation of schools, medical centers and police stations, along with improvements in the physical infrastructure. The financing of the deficit mainly by the use of reserves should have an expansionary impact on the economy in 2026.

CHAPTER 2: THE MEDIUM-TERM ECONOMIC OUTLOOK AND THE GOVERNMENT STRATEGY (CONTINUED)

Economic growth in 2027 and 2028 should be sustained by the construction of the teaching hospital and associated activities, and the continued upgrade to the social and economic infrastructure. Notwithstanding, the projected growth rates should be kept under constant review in light of the unstable and unpredictable international environment, particularly with the emergence of the USA Israel/Iran war.

The FROC also observed that the reported real growth rate of net product taxes, which contributes to the estimation of economic growth, was zero for 2025 and is projected to be negative between 2026 and 2028. The policies that would contribute to the decline in the real growth rate for net product taxes should be included in the analysis in the context of the projected growth in revenue from indirect taxes which is used as the proxy for net product taxes. (See table 2.2).

Table 2. 2: Trends in Revenue from Indirect Taxes/ Product Taxes

	2024	2025	2026	2027	2028
Total Indirect Taxes/ Product Taxes	659.5	729.5	818.3	864.4	915.9
Taxes On Goods and Services	190.9	484.4	533.4	563.2	596.6
Taxes on International Trade and Transaction	468.6	239.3	278.8	294.7	312.4
Other Taxes	-	5.8	6.1	6.5	6.9
Indirect Tax/ Product Tax- Growth Rate	-	10.6	12.2	5.6	6

Source: Medium Term Economic and Fiscal Strategy Report 2026-2028, Ministry of Finance, Government of Grenada, 1st December 2025

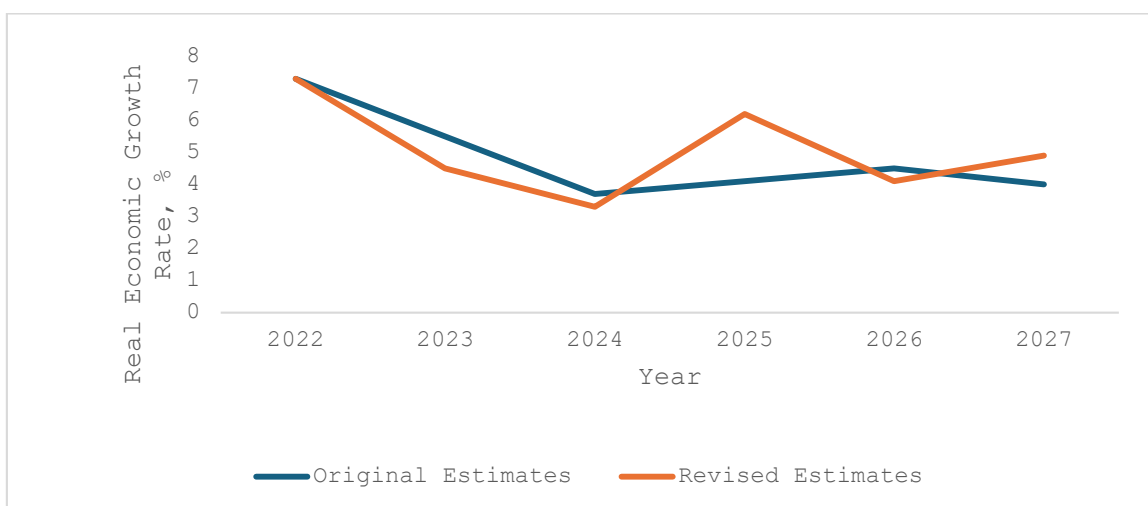
To align the medium-term growth projections with the stated policies of the Government, the FROC urges the incorporation of the impact of activities associated with the emerging sectors on the projected growth rates for the medium-term.

The inclusion of these activities in the national accounts is important for accurately measuring the size of the economy. In addition, developments in the sector have implications for transactions on the external accounts and ultimately the financial system. At the same time, the supporting indicators that informed the projections for the strategic and main sectors should be attached to the report.

CHAPTER 2: THE MEDIUM-TERM ECONOMIC OUTLOOK AND THE GOVERNMENT STRATEGY (CONTINUED)

The comparative estimates for economic growth for 2022 to 2027, based on the MTEFSR (2026-2028) and the MTEFSR (2025-2027), are shown in Chart 2.2 and Appendix 4. The data presented in Appendix 4 is a comparison of the growth estimates for the main sectors.

Chart 2. 2: Comparison of Estimates of Economic Growth Rates for 2022 to 2027



Source: Medium Term Economic and Fiscal Strategy Report 2025-2027, Ministry of Finance, Government of Grenada, 7th March, 2025
Medium Term Economic and Fiscal Strategy Report 2026-2028, Ministry of Finance, Government of Grenada, 1st December 2025

Fiscal and Debt Strategies and Analysis

Fiscal Strategy

As outlined in the MTEFRS (2026 – 2028), the Government’s fiscal strategy over the medium-term is influenced by the need to continue with the rehabilitation and reconstruction following the impact of Hurricane Beryl while implementing priority economic and social projects, guided by the need to achieve the 60 per cent debt to GDP ratio by 2035. The Government is, therefore, pursuing a strategy of generating adequate domestic revenue to finance capital projects over the medium-term.

CHAPTER 2: THE MEDIUM-TERM ECONOMIC OUTLOOK AND THE GOVERNMENT STRATEGY (CONTINUED)

In implementing the planned policies and programmes, the structure of the public sector is likely to be modified. These policies and programmes are related to the transfer of services currently provided and financed directly by the Central Government to statutory bodies and, in particular, that of hospital services, disaster management services, transportation services and youth development.

Consequently, the services provided by the Central Government are expected to be reduced with an expansion in the services supplied by statutory bodies and/or state-owned enterprises.

The FROC notes that the fiscal impact of transferring such services is not included in the MTEFSR 2026 – 2028. However, as reported in the MTEFSR, the policy is likely to result in a reduction in the wage bill and outlays for goods and services of the Central Government and could increase transfers and subsidies.

The FROC also notes the establishment of the Polaris Development Company for the implementation of the teaching hospital project. Over the medium-term, the financial transactions between the Central Government and the company and other statutory bodies and state-owned enterprises could impact on the fiscal balances.

To support the objective of fiscal and debt sustainability, the Government intends to implement both revenue and expenditure measures over the medium-term. While domestic revenue is projected to grow in line with GDP, the Government plans to continue the implementation of the strategy for enhancing revenue through improved tax administration and the application of technology in the collection of tax revenue. In particular, the strategy for improving tax administration is the continued development and expansion of the coverage of the G-Tax system and improving operations at the Customs. The Government plans to improve the efficiency and management of expenditure by strengthening procurement practices and enhancing the monitoring and evaluation of capital projects.

CHAPTER 2: THE MEDIUM-TERM ECONOMIC OUTLOOK AND THE GOVERNMENT STRATEGY (CONTINUED)

With the shift in the structure of the public sector, it is also necessary to ensure that there are well-functioning expenditure management systems for statutory bodies and state-owned enterprises.

The Government is committed to monitoring the impact of the revenue and expenditure measures which were outlined in the Medium-term Economic and Fiscal Strategy Report and are shown in Box 2.2

Box 2. 2: Fiscal Measures and Risk

Fiscal Measures

Revenue

- Enhancement of revenue collection mechanisms by the Inland Revenue Department (IRD) through a more modern digitized tax administration tool.
- Enhancement of the operational efficiency of the Customs and Excise Division (CED) through upgrades to the Automated System for Customs Data (ASYCUDA) and greater collaboration with regional entities to harmonise customs administration and strengthen regulatory compliance; supported by strengthened capacity of staff.
- Review of the legislative frameworks governing all tax types to identify gaps and opportunities for enhancing the overall effectiveness of the tax administration system.
- Review exemptions provided and rates charged on all property types based on the recently completed property revaluation exercise, which resulted in revised property values.

Expenditure

- Enhancement of the public procurement processes.
- Strengthen the monitoring and evaluation framework of the Public Sector Investment Programme (PSIP).
- Improve Contract Management Amid Rising Costs
- Strengthen Oversight of State-Owned Enterprises (SOEs) and Statutory Bodies (SBs)
- Strengthen staff and institutional capacity to formulate policies and implement key projects.

Fiscal Risk

The revenue and expenditure impact of the measures outlined were not included in the MTEF. The enhanced revenue is highly dependent on improved administrative efficiency. The implementation of the policies will need to be closely monitored to ensure that there is the intended revenue and expenditure impact. This monitoring and necessary actions will be particularly so as the government prepares to return to the fiscal rules and targets in 2027.

CHAPTER 2: THE MEDIUM-TERM ECONOMIC OUTLOOK AND THE GOVERNMENT STRATEGY (CONTINUED)

Comparison and Analysis of Fiscal Performance Over the Medium-term

In 2025, as presented in the MTEFSR (2025 – 2027), the operations of the Central Government resulted in primary and overall deficits, and primary and overall deficits are budgeted for 2026. The fiscal balances are projected to return to surpluses in 2027 and 2028.

The FROC notes that the budgeted primary and overall deficits for 2026 were influenced by the elevated expenditure, and in particular capital expenditure. Thereafter, the operations of the Central Government are projected to be stable. The stability of the fiscal projections was analysed by examining the performance relative to GDP. Total revenue and grants, estimated at \$1,359.2M (32 per cent of GDP) in 2026, are projected to average \$1,461.5 M, or 31.6 per cent of GDP over the medium-term (2026 – 2028). Current revenue is projected at \$1,321.5M (31.1 per cent of GDP) for 2026 and is estimated to average \$1,435M (31.1 per cent of GDP) over the medium-term. This reflects projections for stable tax and non-tax revenue in relation to GDP. Tax revenue is estimated at \$1,037.4M (24.4 per cent of GDP) for 2026, an increase of 11.3 per cent compared with the \$931.9M (23 per cent of GDP) for 2025. For 2027 and 2028, tax revenue is projected to increase by 6 per cent annually, in line with the growth in nominal GDP, and is projected at \$1,096.5M (24.4 per cent of GDP) in 2027 and \$1,162.7M (24.4 per cent of GDP) in 2028.

The FROC examined the trend in non-tax revenue which is dominated by inflows through the Investment Migration Agency (IMA) and which accounted for 61.2 per cent of the non-tax revenue in 2025. The FROC also noted the peak in non-tax revenue to \$737.8M (19.5 per cent of GDP) in 2024, boosted by high inflows through the IMA and the inflows from the CCRIF. The FROC notes, that consistent with the budget for 2025, the moderation in non-tax revenue to \$270.9M (6.7 per cent of GDP) in 2025, and its stabilisation at 6.6 per cent of GDP over the medium-term (6.7 per cent of GDP for 2026, 6.6 per cent of GDP for 2027, and 6.6 per cent of GDP for 2028). Notwithstanding, receipt through the IMA is an important source of revenue. Following the estimated 61.2 per cent (\$165.9 M) of the non-tax revenue in 2025, the receipt through the IMA is projected to average 62 per cent of Non- Tax Revenue over the medium-term. (See Table 2.3).

CHAPTER 2: THE MEDIUM-TERM ECONOMIC OUTLOOK AND THE GOVERNMENT STRATEGY (CONTINUED)

Table 2. 3: Revenue from IMA as Percentages of Non-Tax Revenue

	IMA Revenue	Non-Tax Revenue	IMA Revenue as a percentage of Non Tax Revenue
2024	553.9	737.8	75.1
2025	165.9	270.9	61.2
2026	174.0	284.1	61.2
2027	184.9	297.7	62.1
2028	196.0	313.1	62.6

Source: Estimates of Revenue and Expenditure 2026-2028, Medium-Term Economic and Fiscal Strategy Report 2026-2028.

The revenue through the IMA could be subject to wide fluctuations and declines, which could impact fiscal performance, requiring close monitoring and response mechanisms. Meanwhile grants are projected to remain stable at an average of 0.7 per cent of GDP over the medium-term (\$37.6M or 0.9 per cent of GDP for 2026; \$20.5M or 0.5 per cent of GDP for 2027; and \$32.6M or 0.7 per cent of GDP for 2028).

On the expenditure side, total expenditure is budgeted to remain elevated at \$1,668.9M (39.3 per cent of GDP) in 2026, as compared with the \$1,552.5M (38.4 per cent of GDP) in 2025. Total expenditure is projected to average \$1,453.5M annually, and relative to GDP to decline to 31.4 per cent in 2027 and 31.5 per cent in 2028. Both current and capital expenditures follow the trend, with current expenditure budgeted at \$1,091.8M (25.7 per cent of GDP), compared with the \$1,032.2M (25.5 per cent of GDP) for 2025. Thereafter, current expenditure is projected at \$1,074.2M annually, declining to 23.2 per cent of GDP in 2027 and 23.3 per cent of GDP in 2028. The structure of current expenditure is expected to change in light of the policy to transfer services currently provided and financed directly by the Central Government to statutory bodies. This structural change is likely to affect the developments on the wage bill, goods and services and transfers. Consequently, comparative assessment of the components of current expenditure is not undertaken.

CHAPTER 2: THE MEDIUM-TERM ECONOMIC OUTLOOK AND THE GOVERNMENT STRATEGY (CONTINUED)

Capital expenditure, which was \$520.2M (12.9 per cent of GDP) in 2025, is budgeted to remain elevated at \$577.2M (13.6 per cent of GDP) in 2026 and includes direct expenditure related to Hurricane Beryl response. Capital expenditure moderates thereafter and is projected at \$369.5M (8.2 per cent of GDP) in 2027 and \$389M (8.2 per cent of GDP) in 2028.

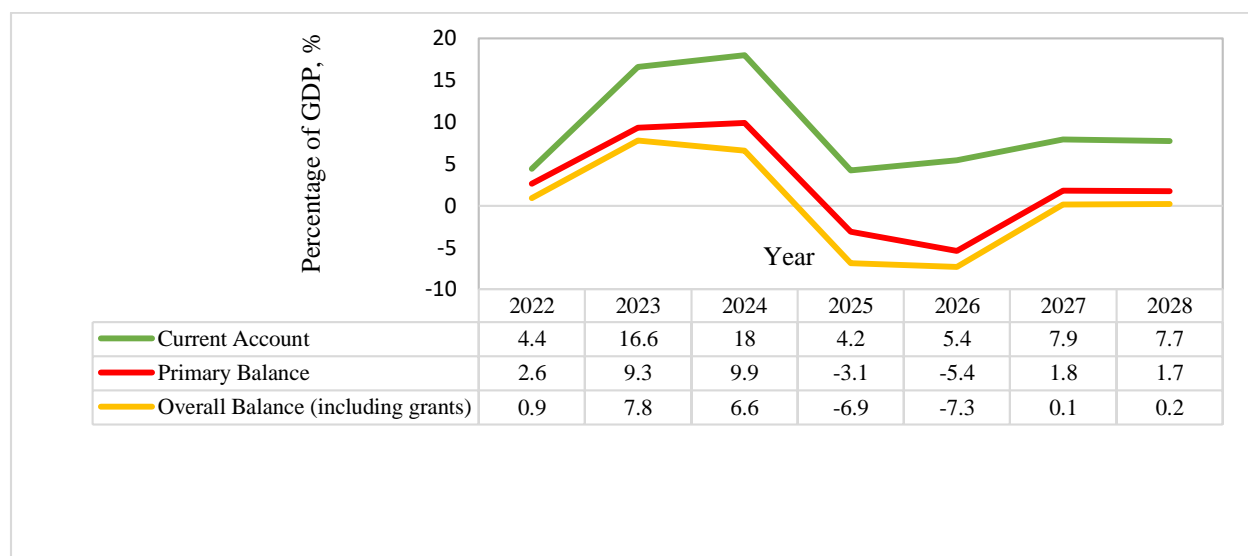
With budgeted expenditure remaining elevated for 2026, the primary and overall balances (including grants) are estimated to be in deficit at \$229.2M (5.4 per cent of GDP) and \$309.8M (7.3 per cent of GDP), respectively for 2026. Inclusive of net external amortization of \$25.4M (\$130.6M -\$105.2M), the financing requirement for 2026 is estimated at \$284.4 M, to be met primarily by a reduction of \$257.3M in reserves (drawdown of deposits) and commercial bank financing of \$27.1M. Based on the consolidated data on the financial position of the Central Government from the commercial banks³, there will be adequate reserves to contribute to the financing of the deficit in 2026.

The primary and overall balances are projected to return to surplus in 2027 and 2028. For 2027, a primary surplus of \$80M (1.8 per cent of GDP) is projected. The overall surplus of \$4.7M (0.1 per cent of GDP), when combined with external debt repayment of \$105.5M, the financing requirement for 2027 will be \$100.8M which is expected to be covered by disbursements of \$131.9M. In 2028, a primary surplus of \$79.7M (1.7 per cent of GDP) is projected. The overall surplus of \$11.4 M (0.2 per cent of GDP) when combined with external debt repayment of \$106.1M, the financing requirement will be \$94.7M which is expected to be covered by disbursements of \$107.3M. (Refer to Chart 2.3).

³ As published on the ECCB website.

CHAPTER 2: THE MEDIUM-TERM ECONOMIC OUTLOOK AND THE GOVERNMENT STRATEGY (CONTINUED)

Chart 2. 3: Grenada's Fiscal Balances as a Percentage of GDP 2022 – 2028



Source: Medium Term Economic and Fiscal Strategy Report 2026-2028, Ministry of Finance, Government of Grenada, 1st December 2025

The fiscal projections for the medium-term will need to be aligned with the statutorisation policy of the Government. Additionally, with the establishment of the Polaris Development Company for the implementation of the teaching hospital project, the financial transactions of the Central Government with the company and with some statutory bodies and state-owned enterprises will need to be incorporated in the alignment of the medium-term fiscal forecast with the stated policies of the Government. (See Box 2.3).

CHAPTER 2: THE MEDIUM-TERM ECONOMIC OUTLOOK AND THE GOVERNMENT STRATEGY (CONTINUED)

Box 2. 3: Policy Implications

The Policies	Implications of Policies	FROC Recommendation
<ul style="list-style-type: none"> • Statutorisation of the provision of some services comprising: hospital services, disaster management services, transportation services and youth development. • Establishment of the Polaris Development Company for the implementation of the teaching hospital. • Introduction of National Health Insurance. 	<ul style="list-style-type: none"> • The statutorisation policy would reduce the wage bill of Central Government and increase the wage bill of statutory bodies, requiring a review of the applicability of the wage bill rule. • The financial transactions with Polaris Development Company and some statutory bodies, classified as net lending, could increase capital expenditure and net lending category thereby reducing the projected primary and overall balances. • The impact of the NHI would depend on the net revenue and the agency responsible for its administration. 	<ul style="list-style-type: none"> • Align the medium-term projections with the stated policies of the Government

The FROC notes and commends the enhancement to the information on the Central Government operations in the MTEFSR (2026 – 2028) by the inclusion of the financing component. This served to assess the impact of Central Government operations on the public debt. The domestic financing component could be enhanced by disaggregating net domestic financing into principal repayment and disbursements and reconciling it with the net financing by financial institutions. This inclusion will allow for a comprehensive analysis of the impact of Central Government operations on the public sector debt during the fiscal year.

Given the stated strategy of the Government in the MTEFSR (2025 – 2027) to generate adequate domestic resources to contribute to financing capital expenditure, the FROC examined the current account and noted that the surplus will be more than adequate to finance capital expenditure by 2028 as outlined in Box 2.4 and shown in Chart 2.4.

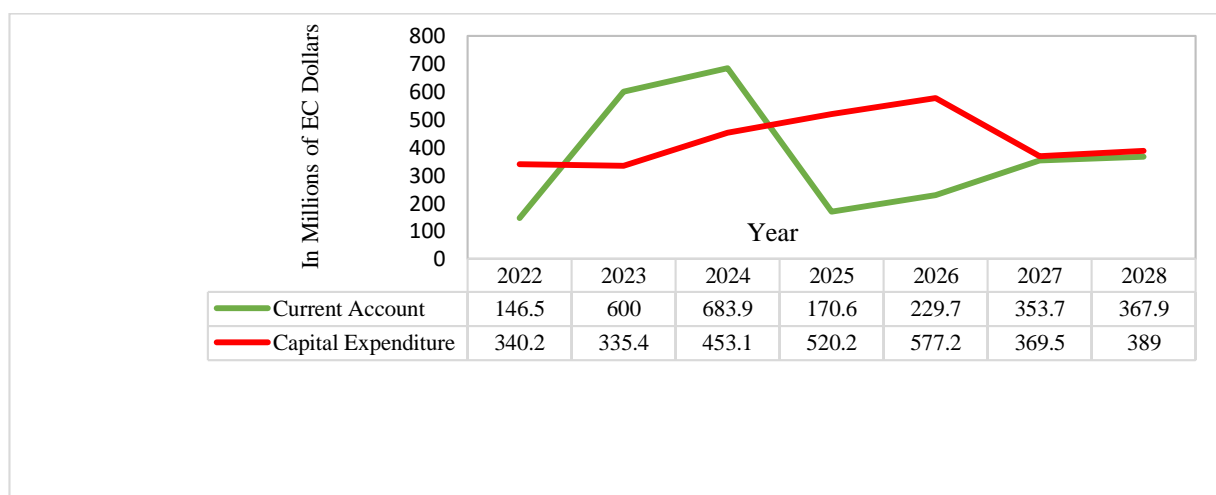
CHAPTER 2: THE MEDIUM-TERM ECONOMIC OUTLOOK AND THE GOVERNMENT STRATEGY (CONTINUED)

Box 2. 4: Domestic Resources to Finance Capital Expenditure

Domestic Resources to Finance Capital Expenditure

- The current account surplus of \$170.6M in 2025 financed 32.8 per cent of capital expenditure.
- For 2026, the budgeted current account surplus of \$229.7M will finance 39.8 per cent of capital expenditure.
- For 2027, the projected current account surplus of \$353.7M will be able to finance 95.7 per cent of capital expenditure.
- The projected current account surplus of \$507.1M for 2028 is equivalent to 130.4 per cent of capital expenditure.

Chart 2. 4: Current Account Surplus and Financing Capital Expenditure: 2023 to 2028 in EC\$M



Source: Medium Term Economic and Fiscal Strategy Report 2026-2028, Ministry of Finance, Government of Grenada, 1st December 2025

The review of the classification of the statutory bodies and state-owned enterprises should be considered during the alignment of the projections of Central Government operations over the medium-term.

CHAPTER 2: THE MEDIUM-TERM ECONOMIC OUTLOOK AND THE GOVERNMENT STRATEGY (CONTINUED)

Debt Strategy and Analysis

Debt Strategy

The Government strategy for maintaining fiscal and debt sustainability is based on the Fiscal Resilience Act (2023) which requires the Government to generate a minimum primary surplus of 1.5 per cent of GDP to achieve a public debt to GDP ratio of 60 per cent by 2035. The stated strategy of the Government is to borrow, on concessionary terms and as necessary, to finance the budget and capital projects. The Budget and New Hospital Project Loan Authorisation Bill 2025 was approved by Parliament on 7th March 2025 and authorised the Minister of Finance to borrow up to Eight Hundred and Twenty-Five Million Eastern Caribbean Dollars (EC\$825,000,000.00 to finance the 2025 Budget and the new Hospital Project. Further, the 2026 Budget Loan Authorisation Bill, 2025 authorises the Minister of Finance to borrow, from various sources, the amount of Four Hundred and Fifty Million Eastern Caribbean Dollars (EC\$450,000,000.00) for the purpose of financing the 2026 Budget.

With planned debt disbursements, the debt to GDP ratio is projected to increase in 2027. Based on the Debt Sustainability Analysis (DSA), as prepared by the IMF, the debt target of 60 per cent of GDP could be achieved by 2035.

Specifically, the Grenada Staff Report for the 2025 Article IV Consultation reports:

“The additional gross financing needs arising from overall deficits in 2025-26 are thus assumed to be met by a drawdown in government deposits, which are projected to decline to 8.6 percent of GDP by end-2026 from 25 percent in 2024. Net of these deposits, public debt will remain close to or below the 60 percent threshold enshrined in the fiscal rules over the medium term. Notwithstanding the large Project Polaris borrowing and the associated off-budget investments in the near-term, the expected resumption of the fiscal rules in 2027 would anchor a decline in gross government debt to below 60 percent of GDP by 2033, alongside a stabilization of deposits at about 7½ percent of GDP.” (See p.8 par 13). SOURCE: December 17, 2025 Grenada Staff Report for the 2025 Article IV Consultation— Debt Sustainability Analysis. Prepared by the Staffs of the International Monetary Fund and the International Development Association.

With the planned contraction of new debt, the FROC continues to urge the Government to implement the institutional arrangements for the management of the public debt as stipulated in Section 27 and in the Second Schedule of the Debt Management Act as amended.

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CHAPTER 2: THE MEDIUM-TERM ECONOMIC OUTLOOK AND THE GOVERNMENT STRATEGY (CONTINUED)

Debt Analysis

The disbursement of debt contracted under the Budget and New Hospital Project Loan Authorisation Bill 2025 and the 2026 Budget Loan Authorisation Bill, 2025 will influence the trend in the public debt over the medium-term (2026 - 2028), and in particular, in 2027 and 2028.

The public debt, which declined from 71.3 per cent of GDP (\$2,701.7M) in 2024 to 67.3 per cent of GDP (\$2,724.1M) in 2025, is projected to further decline to 65.7 per cent of GDP (\$2,788.6M) in 2026.

With the planned disbursement of debt, the public debt is expected to increase to 68 per cent of GDP (\$3,050.6 M) in 2027, and to be at 67.5 per cent of GDP (\$3,211M) in 2028 (MTEFSR 2026-2028).

The public debt is dominated by that of the Central Government which, in 2024, accounted for 80 per cent of the total public debt. Consequently, the trend in the public debt will be strongly influenced by developments related to the Central Government debt.

In 2025, Central Government debt declined to 54.3 per cent of GDP (\$2,199.5M), compared with the 57.6 per cent of GDP (\$2,182.6M) in 2024. The Central Government debt, as a percentage of GDP, is projected to decline further to 53.4 per cent (\$2,266.5M) in 2026.

With the planned disbursement of debt, the Central Government Debt, as a percentage of GDP, is projected to increase to 56.5 per cent (\$2,534.7M) in 2027 and 56.7 per cent (\$2,697.3M) in 2028. The debt of statutory bodies and state-owned enterprises is projected to remain stable at approximately \$0.5B annually, with the debt of Petro Caribe amounting to \$362M, and to decline steadily in relation to GDP from 14 per cent in 2024 to 13 per cent in 2025 and to 10.8 per cent by 2028. (See Chart 2.5 and Chart 2.6).

CHAPTER 2: THE MEDIUM-TERM ECONOMIC OUTLOOK AND THE GOVERNMENT STRATEGY (CONTINUED)

Chart 2. 5: Total Public Sector Debt as a Percentage of GDP 2019-2028

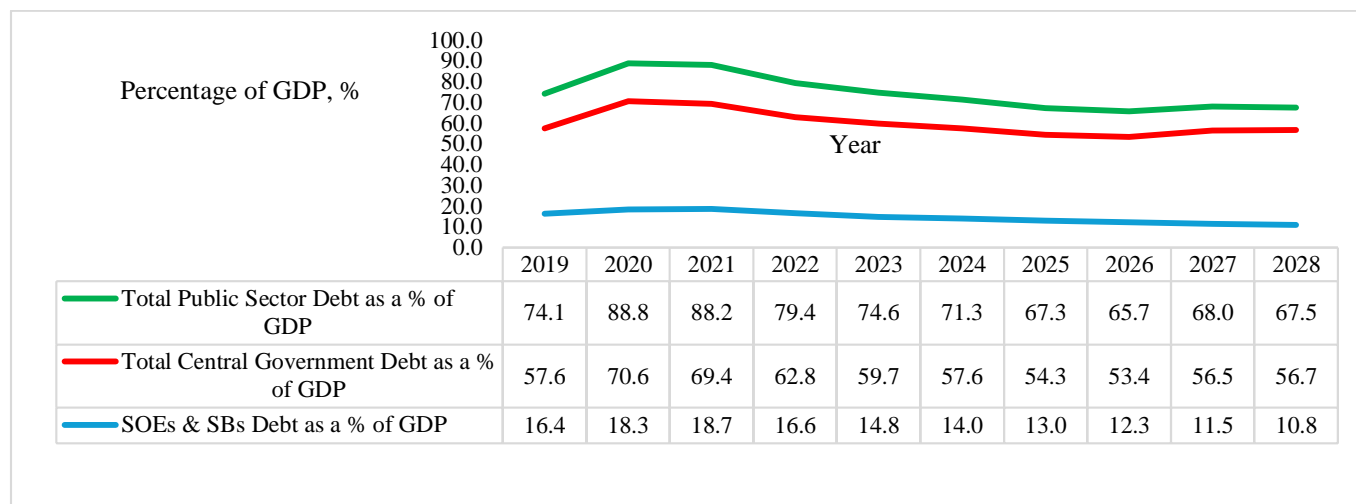
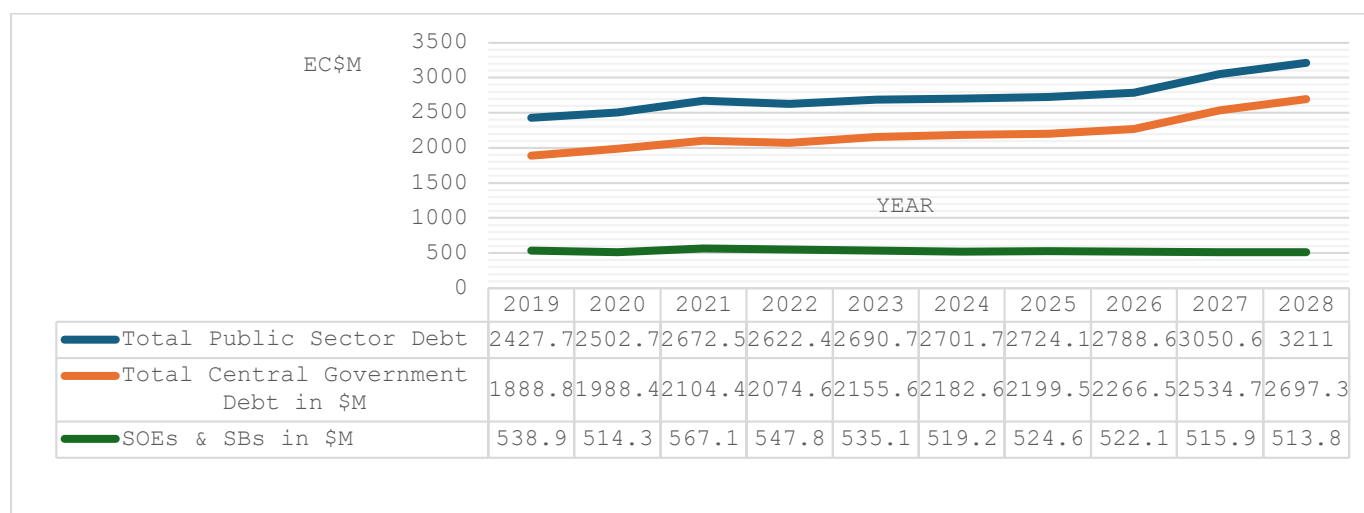


Chart 2. 6: Total Public Sector Debt in EC\$M 2019-2028



Source: Grenada Medium-Term Fiscal Framework 2023-2025, Ministry of Finance, Grenada, 2022; Grenada 2022 Annual Economic Review, Ministry of Finance, Grenada, 2022; Medium Term Economic and Fiscal Strategy Report 2025-2027, Ministry of Finance, Government of Grenada, 7th March 2025; Medium Term Economic and Fiscal Strategy Report 2026-2028, Ministry of Finance, Government of Grenada, 1st December 2025.

The Fiscal and Debt Data for 2022 to 2028 are shown in Appendix 5.

Potential Fiscal and Debt Challenges in the Medium-Term

The risk to the medium-term forecast is adequately outlined in the MTEFSR, as laid in Parliament on 1st December 2025. The FROC, however, highlights the risks associated with the geo-political conflicts and tensions, global economic uncertainties as a result of the trade, investment, immigration and administrative policies of the US administration, the actions of advanced countries on the Citizenship by Investment programme and the ever-present climatic risk. This environment requires strategic planning and flexible response mechanisms in order to implement the strategic priorities of the Government.

The Government's Strategic Priorities

The Government's stated goal is to transform the economy to “A Sustainable, Equitable and Prosperous Grenada for All”. The strategy of the Government, based on the Throne Speech and Budget Statement (2022 - 2026) is to enhance the human resources of the country with a focus on youth through reforms to the education and health systems; transform the economic structure by upgrading and strengthening linkages among the sectors and developing the creative and digital economy; promoting sustainable environment and transiting to renewable energy; developing resilient social and economic infrastructure; and reforming the public service.

The key elements of these strategic priorities for the medium-term, as outlined in the 2026 Budget Statement, are highlighted based on four themes that were established in the 2024 Budget Statement and considered to be appropriate.

i. Human Development

The programmes and projects for human development are related to education, health, housing and social development, with particular emphasis on youth. The programmes for youth development involve skills training, expanding opportunities in sports and promoting health and wellness.

CHAPTER 2: THE MEDIUM-TERM ECONOMIC OUTLOOK AND THE GOVERNMENT STRATEGY (CONTINUED)

The projects include the development of the sporting infrastructure (the Grenada National Aquatic Centre, upgrading and lighting of sporting facilities and the Physical Education and Coaching Program in primary schools). In education, the focus is on accelerating the re-orientation of the school curriculum and broadening of the skills training. As such, the intent is to establish centres of excellence for training in technical and vocational education. In health, the Government has stated that its long-term vision is to make Grenada the healthcare capital of the Eastern Caribbean. The programmes are related to improving health services through the recruitment and training of health professionals and the upgrading of the infrastructure. The key elements are the construction of the Mirabeau Rehabilitation Centre to care for individuals facing mental health challenges, the introduction of National Health Insurance, statutorisation of hospital services and the construction of the Teaching Hospital under Project Polaris.

For housing, Project 500 is a major project, along with the build back better programme.

ii. Promoting Robust Economic Growth and Job Creation

The programmes and projects for stimulating economic growth and job creation involve supporting the development of entrepreneurs, while promoting the agriculture and tourism sectors, and the creative and digital economy. The strategy is to integrate agriculture, tourism and the creative and digital economy with a strong entrepreneurial base.

In agriculture, the farmers are expected to benefit from the implementation of the ‘Food Security Enhancement Project’ which provided increased access to farm machinery and equipment, fertilisers and improved crop varieties. The farmers are also expected to benefit from better and higher quality breeds of livestock. This is intended to be supported by the operation of the tissue culture laboratory, the continued upgrade to the Mirabeau Agricultural Station and the training at the Mirabeau Farm School.

In tourism and hospitality, while the focus continues on upgrading the infrastructure and protecting the natural resources, the strategy of the Government involves the strengthening of linkages with the creative industries, integrating culture and improved marketing.

CHAPTER 2: THE MEDIUM-TERM ECONOMIC OUTLOOK AND THE GOVERNMENT STRATEGY (CONTINUED)

This is supported by programmes for strengthening the creative industries with the continuation of training and the provision of administrative and technical support.

iii. Enhancing Climate Resilience, Environmental Sustainability, and Renewable Energy

The stated policies and programmes for a sustainable environment include geothermal exploration and the expansion in solar energy usage. The strategy is to integrate renewable energy and climate resilience in the social and economic projects.

The social projects include the rehabilitation and construction of medical stations, police stations, community centers and schools. The economic/physical infrastructure projects are for the improvement to the roads and bridges network through the ‘Roads and Bridges Development, Rehabilitation, and Maintenance Programme’.

iv. Promoting Good Governance

In promoting good governance, public sector reform is a main area of focus. The stated policy is to complete the regularisation of public officers and to expand digital services. The private sector is expected to benefit from the development of the digital economy, the improvement in the economic and social infrastructure, the efficient operation of the institutional framework and financial support for priority industries and sectors. Further details on the status of the various programmes and projects are outlined in Appendix 6.

Conclusion

The economy is projected to grow at a higher rate over the medium-term than previously projected as growth in major sectors was revised upward. The fiscal projections are for deficits in 2026 and a return to surplus in 2027 and 2028. The public debt to GDP ratio is expected to decline in 2026. With loan disbursements, the public debt is projected to increase, in relation to GDP, in 2027. Notwithstanding, the targeted 60 per cent debt to GDP ratio is projected to be achieved by 2035.

CHAPTER 2: THE MEDIUM-TERM ECONOMIC OUTLOOK AND THE GOVERNMENT STRATEGY (CONTINUED)

The implementation of the Government's strategy over the medium-term is likely to change the structure of the public sector. The medium-term forecast and analysis would then need to be aligned with the strategy of the Government.

Recommendations

The following recommendations, elements of which were previously published, are put forward:

Projected Economic Growth

It is necessary to include developments in the emerging sectors in the analysis of economic growth. In addition, information on the estimated expenditure on public and private capital construction projects could be used to support the assessment of the performance of the construction sector.

Fiscal Forecast

The projections in the MTEFSR should be aligned with the stated policies of the Government to transfer the provision of some services to statutory bodies and the impact of financial transactions between the Central Government and the Polaris Development Company and some statutory bodies and state-owned enterprises.

The alignment of the fiscal projections should coincide with the updating of the Medium-term Strategy and Action Plan and the accompanying Public Sector Investment Programme.

Debt Management

In the context of increased debt obligations, implement the institutional arrangements for the management of the public debt as stipulated in Section 27 and in the Second Schedule of the Debt Management Act.

CHAPTER 3: ASSESSMENT OF COMPLIANCE OF THE GOVERNMENT WITH THE FISCAL RESILIENCE ACT: FISCAL RULES AND TARGET

Key Messages



With projected fiscal deficits following the impact of Hurricane Beryl, the Government, in compliance with the FRA, activated Section 9 of the FRA for the 2024 fiscal year and suspended the primary balance rule and the debt target. Notwithstanding, the fiscal outturn resulted in primary and overall surpluses.



With estimated fiscal deficits, and in compliance with Section 9 of the FRA, the suspension of the primary balance rule and the debt target was extended to 2025 by the Fiscal Resilience (Suspension of the Public Debt Target and Primary Balance Rule) (Extension) Order, 2025.



The suspension of the primary balance rule and the debt target was further extended to 2026 by Fiscal Resilience (Suspension of the Public Debt Target and Primary Balance Rule) (Extension) (No. 2) Order, 2025 in light of the budgeted fiscal deficits for 2026.



Following two years of fiscal deficits (2025 and budgeted 2026), the Government is projecting to return to fiscal surpluses for 2027 and 2028, and the projections are in compliance with the fiscal rules and target.



In 2025 and 2026, the debt to GDP ratio continued on the downward trajectory due to the financing of the deficits from reserves and the growth in GDP. The debt to GDP ratio is projected to increase in 2027 and remains on track to achieve the targeted debt to GDP ratio by 2035.



The statutory bodies and state-owned enterprises should submit their audited accounts to Parliament as stipulated in the Public Finance Management Act.

CHAPTER 3: ASSESSMENT OF COMPLIANCE OF THE GOVERNMENT FISCAL RESILIENCE ACT: FISCAL RULES AND TARGET (CONTINUED)

Introduction

As a result of the impact of Hurricane Beryl, the Government activated Section 9 of the Fiscal Resilience Act (FRA), the Suspension Clause, and suspended the fiscal rule for the primary balance and the debt target for the 2024 fiscal year. The suspension of the fiscal rule and target was extended into the 2025 fiscal year.

The FROC provides, in this chapter, an assessment of whether the extension of the Suspension Clause for the 2025 fiscal year was in accordance with the FRA. The status of reporting by Statutory bodies and state-owned enterprises is included in this section of the report.

Based on the approved Estimates of Revenue and Expenditure for 2026, the fiscal outturn is estimated to result in primary and overall deficits. In this regard, the FROC examines the rationale provided by the Government, in keeping with the FRA, for the further extension of the Suspension Clause in 2026. This is followed by an assessment of the adherence of the Government to the fiscal rules and the target for 2027 and 2028.

The chapter concludes with an analysis of the impact of planned debt disbursements on the achievement of the debt target in the context of the objective of the FRA to ensure fiscal and debt sustainability.

The Statutory Context

The FRA provides fiscal rules for the wage bill and primary balance and the target for the public debt as outlined in Section 7 and Section 8 of the FRA which stipulates:

7.—(1) The Minister shall take appropriate measures to ensure that the annual wage bill of Central Government does not exceed thirteen percent of nominal GDP.

8.—(1) The public debt target shall be no more than sixty percent of nominal GDP to be achieved by 2035.

(2) In respect of each annual Budget, the medium term fiscal framework shall set an annual percentage ceiling for public debt as a ratio of nominal GDP to achieve the public debt target.

CHAPTER 3: ASSESSMENT OF COMPLIANCE OF THE GOVERNMENT FISCAL RESILIENCE ACT: FISCAL RULES AND TARGET (CONTINUED)

(3) For the purposes of achieving the public debt target under subsection (1), the medium-term fiscal framework shall set an annual debt-reducing primary balance, which shall be no less than one and a half percent of nominal GDP until the public debt target is achieved.

(4) Where the public debt target specified under subsection (1) is achieved, the Minister shall take appropriate steps to ensure that primary balances are consistent with maintaining debt sustainability.

The FRA specifies the circumstances under which the fiscal rule for the primary balance and debt target could be suspended. This is outlined as follows:

9.—(1) The Minister may, by Order subject to negative resolution, suspend the public debt target and primary balance rule under section 8 at any time during a fiscal year where any of the following occurs—

(a) a major economic shock resulting from—

(i) a global economic recession or crisis as declared by the International Monetary Fund;

or

(ii) a disaster arising from a natural hazard as declared by an authorised national, regional or international agency, or any other disaster declared pursuant to section 55 of the Disaster Management Act, 2023; or

(iii) a public health epidemic, as declared by an authorised national, regional or international 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;

The conditions for the suspension of the fiscal rule and target also include a cumulative decline in real GDP equal to or greater than three percent over the two consecutive preceding fiscal years and the declaration by the Eastern Caribbean Central Bank 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.

The Act further states:

(2) An Order under subsection (1) shall be accompanied by a memorandum setting out –

(a) the manner in which implementation of the fiscal rule or target under this Act would be harmful to the public finances, macroeconomic or financial stability; and

CHAPTER 3: ASSESSMENT OF COMPLIANCE OF THE GOVERNMENT FISCAL RESILIENCE ACT: FISCAL RULES AND TARGET (CONTINUED)

(b) the estimated levels of total revenue, total expenditure, the primary balance, and public debt as a result of the relevant circumstances under subsection (1) and the implications for the projections of these fiscal aggregates in the medium-term fiscal framework required under section 12 of the Public Finance Management Act.

With projected fiscal deficits following the impact of Hurricane Beryl, the Government, in compliance with the FRA activated Section 9 and suspended the fiscal rule for the primary balance and the debt target for the 2024 fiscal year. This suspension was extended to 2025 and then further extended to 2026. The extension of the Suspension Clause is guided by Section 9 of the FRA as follows:

(5) If the Minister is satisfied that—

(a) one circumstance under subsection (1) (a), (b) or (c) applies; or (b) resumption of the application of the public debt target and primary balance rule suspended by an Order under subsection (1) would be unduly harmful to the public finances and macroeconomic or financial stability, the Minister may extend the period for the Order under subsection (1) by a second or subsequent Order subject to affirmative resolution made concurrently with the presentation of the national Budget for the new fiscal year.

(6) An Order under subsection (1) or a second or subsequent Order under subsection (5) shall apply for a period not exceeding one fiscal year.

Assessment of Compliance of the Government with the FRA

Assessment of Compliance for 2025

Compliance with Fiscal Rules and Target

In accordance with the FRA, the suspension of the fiscal rule and target which was in effect in 2024 was extended to 2025 by the Fiscal Resilience (Suspension of the Public Debt Target and Primary Balance Rule) (Extension) Order, 2025. This was in accordance with the FRA which requires affirmative resolution made concurrently with the presentation of the national budget for the new fiscal year.

In compliance, the order for the extension of the Suspension Clause was submitted to Parliament at the presentation of the national budget on 7th March 2025 as follows:

CHAPTER 3: ASSESSMENT OF COMPLIANCE OF THE GOVERNMENT FISCAL RESILIENCE ACT: FISCAL RULES AND TARGET (CONTINUED)

AND WHEREAS the Minister is satisfied that resumption of the application of the public debt target and primary balance rule that was suspended by the Fiscal Resilience (Suspension of the Public Debt Target and Primary Balance Rule) Order, SRO No. 25 of 2024 would be unduly harmful to the public finances and macroeconomic or financial stability; AND WHEREAS it is expedient that the Fiscal Resilience (Suspension of the Public Debt Target and Primary Balance Rule) (Extension) Order, 2025 which seeks to extend the suspension of the requirements referred to in section 8 of the Act for a further period of one fiscal year be approved by the House of Representatives;

The FROC notes the primary balance deficit of \$126.4M or 3.1 per cent of GDP for 2025 which was lower than the budgeted primary balance deficit of \$208.6M or 5.1 per cent of GDP.

The FROC noted that both current and capital expenditures were elevated in 2025, influenced, in part, by the response to the impact of Hurricane Beryl. Total expenditure increased by 11.1 per cent in 2025, comprising growth in current expenditure of 9.2 per cent and capital expenditure of 14.8 per cent. To assess the validity for the extension of the Suspension Clause, the FROC examined the capital expenditure associated with Hurricane Beryl, as identified in the Estimates of Revenue and Expenditure, that contributed to the deficit. The direct Hurricane-related capital expenditure amounted to \$97M as shown in Table 3.1.

CHAPTER 3: ASSESSMENT OF COMPLIANCE OF THE GOVERNMENT FISCAL RESILIENCE ACT: FISCAL RULES AND TARGET (CONTINUED)

Table 3. 1: Hurricane Beryl Response (EC\$M)

	2025	2026
Ministry of Carriacou and Petite Martinique Affairs and Local Government	44,171,722	20,000,000
Ministry of Infrastructure, Physical Development, Public Utilities, Civil Aviation and Transportation	11,717,744	5,000,000
Ministry of Education	2,574,383	800,000
Ministry of Health	10,117	500,000
Ministry of Agriculture and Lands, and Forestry	4,705,931	0
Ministry of Climate Resilience, the Environment, and Renewable Energy	1,277,728	500,000
Ministry of Mobilization, Implementation and Transformation	16,425,824	0
Ministry of Finance	789,034	0
Ministry of Social and Community Development, and Gender Affairs	13,604,555	1,000,000
Ministry of Economic Development, Planning and Co-operatives	640,781	0
Ministry of National Security, Home Affairs, Public Administration, Information, and Disaster Management	1,156,667	0
Total	97,074,486	27,800,000

Source: Estimates of Revenue and Expenditure 2026

This expenditure excludes Hurricane Beryl related capital expenditures that are integrated with other ongoing capital projects such as house repairs and asphalt and concrete road works. The recurrent expenditure that was associated with Hurricane Beryl and the impact of the tax relief on recurrent revenue are not detailed in this report.




The FROC therefore confirms the necessity of the extension of Section 9 of the FRA for 2025.





The FROC assessed compliance with the fiscal rule in relation to the wage bill. In 2025, the wage bill of 8 per cent of GDP was in compliance with the cap of 13 per cent of GDP.

CHAPTER 3: ASSESSMENT OF COMPLIANCE OF THE GOVERNMENT FISCAL RESILIENCE ACT: FISCAL RULES AND TARGET (CONTINUED)

In light of the provisions of the FRA to establish annual debt ceilings for the achievement of the debt target by 2035, the FROC examined the debt in relation to the ceiling established in the MTEFSR (2025 – 2027). The FROC notes that the public debt ratio of 67.3 percent was lower than the 71.4 percent of GDP projected in the MTEFSR (2025 – 2027). (Refer to Table 3.2).

Table 3. 2: Fiscal Outturn for 2025 Relative to the Fiscal Rules and Target

Fiscal Rules and Target	Fiscal Rule	Budgeted	Fiscal Outturn	Compliance	FROC Comments
Wage Bill (Percentage of GDP)	Not exceeding 13.0 per cent of GDP	10.1 per cent	8.0 per cent		The Government was in compliance with the wage bill rule. The wage bill rule relates to Central Government and is presented with precision and clarity in the FRA.
Primary Balance (Percentage of GDP)	Not less than 1.5 per cent of GDP	-5.1 per cent	-3.1 per cent		The primary balance rule was suspended in accordance with the activation of Section 9 of the FRA. There is scope for greater precision and coverage in the Act for the primary balance rule as discussed in Chapter 5.
Public Sector Debt (Percentage of GDP)	60 per cent of GDP	71.4 per cent	67.3 per cent		The debt target is to be achieved by 2035. The debt to GDP ratio is consistent with that of 73.3 per cent of GDP as derived from the MTFF (2024 – 2026). The debt target is presented in the FRA with precision and clarity.

Symbol	Meaning
	Compliant
	Breach
	Cannot be determined
	Suspended

Monitoring of Statutory Bodies and State-Owned Enterprises

In keeping with the coverage of the public debt, the Fiscal Resilience Act, in Section 13, makes provisions for the monitoring of statutory bodies and state-owned enterprises as follows:

- (1) *The Minister shall cause to be established Performance-Monitoring Guidelines for Statutory Bodies and State-Owned Enterprises in accordance with the objects of this Act.*
- (2) *No later than three months prior to the beginning of a fiscal year, the Minister shall—*
 - (a) *review and, where applicable, update the Performance-Monitoring Guidelines for Statutory Bodies and State-Owned Enterprises; and*

CHAPTER 3: ASSESSMENT OF COMPLIANCE OF THE GOVERNMENT FISCAL RESILIENCE ACT: FISCAL RULES AND TARGET (CONTINUED)

- (b) *where applicable, issue Statutory Bodies and State-Owned Enterprises with explicit guidelines for non-interest expenditure, new borrowings and other policies for the fiscal year, which shall be monitored by the Ministry of Finance.*

There were no revisions to the performance monitoring guidelines for statutory bodies and state-owned enterprises in 2025. The FROC notes that the Directors of statutory bodies and state-owned enterprises continued to be guided by the SBs and SOEs Handbook that was approved by Cabinet in 2024.

In relation to reporting, the SBs and SOEs Handbook makes specific provision for the application of penalties for delinquency in the submission of quarterly reports, financial statements and other financial reports to the Ministry of Finance. This provision of the SBs and SOEs Handbook would need to be enforced if it is to be used as a guide to governance and to facilitate monitoring by the Ministry of Finance.

The FROC notes and commends the submission to Parliament of the 2024 Performance Report of statutory bodies and state-owned enterprises which was prepared in accordance with Section 73 of the Public Finance Management Act 2015 as amended which states:

73. The Minister shall present a statement of the overall performance of all and each Statutory Body and State-owned enterprise based on audited financial statements for the preceding year to Parliament alongside the budget proposals for the following financial year.

The FROC notes that, according to the performance report, the review captured consolidated financial information of twenty-five (25) entities of which seven (7) were assessed based on audited financial statements. The number of statutory bodies and state-owned enterprises was gleaned from the Medium-term Fiscal Framework (2026 - 2028) which states:

among the Statutory Bodies (SBs) and State-Owned Enterprises (SOEs), the Ministry of Finance actively monitors twenty-nine (29) entities. This excludes Petro Caribe Grenada and the Marketing and National Importing Board (MNIB), the latter which is undergoing restructuring.

CHAPTER 3: ASSESSMENT OF COMPLIANCE OF THE GOVERNMENT FISCAL RESILIENCE ACT: FISCAL RULES AND TARGET (CONTINUED)

The information suggests that approximately 25 per cent of the statutory bodies and state-owned enterprises with audited financial statements were covered in the performance report. For full compliance with Section 73 of the Public Finance Management Act, the performance report should be based on the audited financial statement of the statutory bodies and state-owned enterprises. The reporting gap by the statutory bodies and state-owned enterprises needs to be urgently addressed.

In light of the continued delinquency of some of the statutory bodies and state-owned enterprises in submitting audited accounts to Parliament, the FROC re-states its recommendation that, similar to the framework for the application of penalties for non-submission of quarterly reports, financial statements and other financial reports to the Ministry of Finance, consideration should be given to establishing a framework that would facilitate the imposition of penalties on the statutory bodies and state-owned enterprises for failure to submit the audited accounts to the Minister for onward submission to Parliament as stipulated in the legislation.

Assessment of Compliance for the National Budget for 2026

The Government presented the Appropriation Bill to the House of Representatives on 1st December 2025. The primary and overall balances are projected to be in deficit for 2026.

In light of the projected negative primary balance, the Government extended the Suspension Clause of the FRA to 2026 by the Fiscal Resilience (Suspension of the Public Debt Target and Primary Balance Rule) (Extension) (No. 2) Order, 2025. In this Order, the Minister for Finance stated as follows:

AND WHEREAS the Minister is again satisfied that resumption of the application of the public debt target and primary balance rule that was suspended by the Fiscal Resilience (Suspension of the Public Debt Target and Primary Balance Rule) (Extension) Order, SRO No. 40 of 2025 would be unduly harmful to the public finances and macroeconomic or financial stability; AND WHEREAS it is expedient that the Fiscal Resilience (Suspension of the Public Debt Target and Primary Balance Rule) (Extension) (No. 2) Order, 2025 which seeks to further extend the suspension of the requirements referred to in section 8 of the Act for a further period of one fiscal year be approved by the House of Representatives;

CHAPTER 3: ASSESSMENT OF COMPLIANCE OF THE GOVERNMENT FISCAL RESILIENCE ACT: FISCAL RULES AND TARGET (CONTINUED)

The Order was presented to Parliament on 1st December 2025, in accordance with the FRA which requires affirmative resolution made concurrently with the presentation of the national budget for the new fiscal year.

The FROC noted that expenditures are budgeted to remain elevated in 2026. Total expenditure is budgeted to further increase by 7.5 per cent, compared with 2025, as current expenditure is projected to be 5.8 per cent higher and capital expenditure is projected to increase by 11 per cent in 2026.

In assessing the validity for the further extension of the Suspension Clause, the FROC is cognizant that overtime, due to the extent of the devastation caused by Hurricane Beryl, expenditures related to rehabilitation and reconstruction will be integrated in ongoing and new programmes and projects. As such, it would be difficult to extract the hurricane related expenditures. The FROC, on examination of the Estimates of Revenue and Expenditure for 2026, identified \$27M in capital expenditures classified as Hurricane Beryl Response.

Therefore, the FROC noted the continuation of capital expenditure directly associated with Hurricane Beryl into 2026. Among the major Ministries, expenditure related to the response to hurricane Beryl was more pronounced in the Ministry of Carriacou and Petite Martinique Affairs and Local Government and, to a lesser extent, the Ministry of Infrastructure, Physical Development, Public Utilities, Civil Aviation and Transportation. (Refer to Table 3.1).

The FROC concludes that the further extension of the Suspension Clause to the 2026 fiscal year is in accordance with the provisions of the FRA.

CHAPTER 3: ASSESSMENT OF COMPLIANCE OF THE GOVERNMENT FISCAL RESILIENCE ACT: FISCAL RULES AND TARGET (CONTINUED)




The FROC assessed compliance with the fiscal rule for the wage bill. For 2026, the projected wage bill of 9.7 per cent of GDP is in compliance with the cap of 13 per cent of GDP. Meanwhile, consistent with the extension of the Suspension Clause, the fiscal outturn is projected to result in a primary balance deficit of 5.4 per cent of GDP for the Central Government, which deviates from the legislated minimum primary balance surplus of 1.5 per cent of GDP, as the fiscal rule remains suspended in 2026.





The FROC examined the annual debt ceiling as outlined in the MTEFSR (2025 – 2027) which established the path to the achievement of the debt target and compared it with the debt ceiling in the MTEFSR (2026 - 2028). The FROC notes that the debt to GDP ratio of 65.7 per cent projected for 2026 is less than the ceiling of 66.5 per cent of GDP that was established for 2026 in the MTEFSR (2025 – 2027). The planned financing of the fiscal deficit mainly by reserves limited the impact of the deficit on the public debt.

In compliance with Section 12 (1) (C) of the FRA, the Economic and Fiscal Strategy Report included the Compliance Assessment Report for 2026, which is an evaluation of the 2026 budget for consistency with the fiscal rules and target as shown in Table 3.3.

CHAPTER 3: ASSESSMENT OF COMPLIANCE OF THE GOVERNMENT FISCAL RESILIENCE ACT: FISCAL RULES AND TARGET (CONTINUED)

Table 3. 3: Consistency of Budget 2026 with Fiscal Rules and Target

Fiscal Rules and Target	Fiscal Rule	Budgeted	Compliance	FROC Comments
Wage Bill (Percentage of GDP)	Not exceeding 13.0 per cent of GDP	9.7 per cent		The Government was in compliance with the wage bill rule. The wage bill rule relates to Central Government and is presented with precision and clarity in the FRA.
Primary Balance (Percentage of GDP)	Not less than 1.5 per cent of GDP	-5.4 per cent		The primary balance rule was suspended in accordance with the activation of Section 9 of the FRA. There is scope for greater precision and coverage in the Act for the primary balance rule as discussed in Chapter 5.
Public Sector Debt (Percentage of GDP)	60 per cent of GDP	65.7 per cent		The debt target is to be achieved by 2035. The debt to GDP ratio is consistent with that of 71.9 per cent of GDP as outlined in the MTEF (2024 – 2026). The debt target is presented in the FRA with precision and clarity.

Symbol	Meaning
	Compliant
	Breach
	Cannot be determined
	Suspended

The FROC concludes that the Government complied with its statutory obligations for the suspension of Section 9 of the FRA relating to the primary balance and the debt target for 2026.

The Medium-Term Fiscal Framework

The Medium-term Economic and Fiscal Strategy Report (2026-2028) sets out the Government's fiscal policy strategy and objectives for the Budget year 2026 and the two forward years, 2027 and 2028.

The Central Government operations are projected to be in accordance with the fiscal rules for 2027 and 2028 as outlined in the Fiscal Resilience Act. The wage bill is below the cap of 13 per cent of GDP and is projected at 9.2 per cent of GDP and 9.4 per cent of GDP for 2027 and 2028 respectively.

CHAPTER 3: ASSESSMENT OF COMPLIANCE OF THE GOVERNMENT FISCAL RESILIENCE ACT: FISCAL RULES AND TARGET (CONTINUED)

The primary balance surplus is projected at 1.8 per cent of GDP for 2027 and 1.7 per cent of GDP for 2028, compared with the legislated minimum primary balance of 1.5 per cent of GDP. In the Medium-term Economic and Fiscal Strategy Report (2026 – 2028), the public debt is projected to increase as a percentage of GDP from 65.7 per cent in 2026 to 68 per cent in 2027 and to moderate slightly to 67.5 per cent in 2028. The trend in the debt to GDP ratio from 2027 was higher than the original forecast due to planned additional borrowing by the Central Government. For 2027, the debt to GDP ratio was originally established MTEFSR (2025- 2027) at 65.2 per cent. Based on the debt sustainability analysis, as prepared by the IMF, the public debt is projected to be at the targeted 60 percent of GDP by 2035. The compliance of the Government with the fiscal rules and targets is shown in Table 3.4, based on the information presented to Parliament on 1st December 2025:

Table 3. 4: Compliance of Government with Fiscal Rules and Target for 2027 and 2028

Fiscal Rules and Target	Fiscal Variables	Fiscal Variables	Compliance	FROC Comments
Wage Bill of thirteen per cent of GDP	Projected 2027	9.2 per cent		The Government is compliant with the wage bill rule. The wage bill rule relates to Central Government and is presented with precision and clarity in the Act.
	Projected 2028	9.4 per cent		
Primary balance not less than 1.5 per cent of GDP	Projected 2027	1.8 per cent		The Government is compliant with the primary balance rule. There is scope for precision and coverage in the Act for the primary balance rule as discussed in Chapter 5.
	Projected 2028	1.7 per cent		
Public Sector debt to GDP ratio of 60 per cent	Projected 2027	68 per cent		The debt target is to be achieved by 2035. The debt to GDP ratio for 2026 is consistent with that outlined in the MTEFSR (2024 – 2026) of 70.5 per cent of GDP for 2026. The total public debt target, inclusive of the debt of statutory bodies and state-owned enterprises is presented with precision and clarity in the Act.
	Projected 2028	67.5 per cent		

Symbol	Meaning
	Compliant
	Breach
	Cannot be determined

CHAPTER 3: ASSESSMENT OF COMPLIANCE OF THE GOVERNMENT FISCAL RESILIENCE ACT: FISCAL RULES AND TARGET (CONTINUED)

For the medium-term, the fiscal projections should be aligned with the statutorisation policy of the Government and to incorporate financial transactions of the Central Government with that of statutory bodies and state-owned enterprises. The review of the classification of the statutory bodies and state-owned enterprises should be considered in the alignment of the medium-term projections.

Implications of Implementing the Fiscal Resilience Act

The Statutory Context

The implications for implementing the Fiscal Resilience Act are outlined in relation to the object of the Act, that is, to maintain debt sustainability. This is specified in Section 5 of the Fiscal Resilience Act where, among others, the objective of the Act is to ensure fiscal and debt sustainability, and the prudent management of fiscal risk as follows:

The objects of this Act are–

(c) to ensure that debt is reduced to, and then maintained at, a prudent and sustainable level by maintaining primary surpluses that are consistent with this object; and

(d) to ensure prudent management of fiscal risks.

Fiscal and Debt Sustainability

In relation to the fiscal performance and forecast, the FROC notes that after two years of fiscal deficits, the Government is projecting to return to fiscal surpluses for 2027 and 2028. The FROC also notes that during the year of fiscal deficit (2025) and the budgeted fiscal deficit (2026), the debt to GDP ratio continued on the downward trajectory due primarily to the financing of the deficits from reserves and the growth in GDP.

The FROC notes the Budget and New Hospital Project Loan Authorisation Bill, 2025 which authorised the Minister to borrow Eight Hundred and Twenty-Five Million Eastern Caribbean Dollars (EC\$825,000,000.00) in 2025.

CHAPTER 3: ASSESSMENT OF COMPLIANCE OF THE GOVERNMENT FISCAL RESILIENCE ACT: FISCAL RULES AND TARGET (CONTINUED)

Then, the 2026 Budget Loan Authorisation Bill, 2025 authorises the Minister of Finance to borrow from various sources, the amount of Four Hundred and Fifty Million Eastern Caribbean Dollars (EC\$450,000,000.00) for the purpose of financing the 2026 Budget. The FROC noted the growth in the debt to GDP ratio from 65.7 per cent in 2026 to an average of 68 per cent of GDP for 2027 and 2028. The debt ceilings established in the MTEFSR (2025 – 2027) have changed and higher debt ceilings have been established. Based on the debt sustainability analysis, as prepared by the IMF, the debt target is projected to be achieved by 2035.

The Relevance of the Wage Bill Rule

The changing structure of the public service would impact on the relevance of the wage bill rule. With the announcement of the statutorisation of hospital services, disaster management services, transportation services and youth development, the operations of the Central Government are expected to contract while that of statutory bodies and state-owned enterprises are likely to expand. As such, there should be a reduction in the wage bill of the Central Government and an increase in the wage bill of the statutory bodies and state-owned enterprises. As the wage bill rule is restricted to the Central Government, the effectiveness of the wage bill rule of 13 per cent of GDP would need to be examined. The financing model for statutorisation, not yet presented, could lead to higher transfers and subsidies which are not monitored under the FRA.

The FROC, in its Annual Report indicated that any of the components of expenditure whether it is expenditure on goods and services, transfers and subsidies or interest payments could have a negative impact on fiscal balances. Given the practical ineffectiveness of the wage bill rule and its potential for the wage bill rule to introduce distortions in employment in the public service, the FROC, in its Annual Report recommended the elimination of the wage bill rule.

CHAPTER 3: ASSESSMENT OF COMPLIANCE OF THE GOVERNMENT FISCAL RESILIENCE ACT: FISCAL RULES AND TARGET (CONTINUED)

The Coverage of the Primary Balance Rule

The legislated minimum primary surplus of 1.5 per cent of GDP is required by the Central Government to reduce the public debt comprising Central Government debt and that of statutory bodies and state-owned enterprises. The transfer of the provision of some services from Central Government to statutory bodies could increase the share of these entities in the public debt. The primary balance rule for the Central Government to generate a surplus of 1.5 per cent of GDP to reduce the total public debt should be reviewed for its precision and coverage.

Conclusion

The Government was in compliance with the obligations under the FRA for the extension of the suspension of the fiscal rule for the primary balance and the debt target for 2025 and 2026. In these years, the Government was in compliance with the wage bill rule. The fiscal balances return to surpluses in 2027 and 2028, and the operations of the Government are projected to be in compliance with the FRA. The public debt target is to be achieved by 2035. During the years of actual and projected fiscal deficits, the debt to GDP ratio continued on the downward trajectory. With disbursements under the Budget and New Hospital Project Loan Authorisation Bill 2025 and other borrowings approved by Parliament, the debt to GDP ratio increases to 68 per cent in 2027. Based on the IMF's debt sustainability analysis, the debt to GDP ratio is projected to be within target by 2035.

Recommendations

The FROC recommends that:

- During the year (2026), detailed quantitative analysis be undertaken to determine the impact on the structure of the public sector of Government policies to transfer some of the services provided by Central Government to statutory bodies, and the impact of financial transactions with the Polaris Development Company and some statutory bodies.

CHAPTER 3: ASSESSMENT OF COMPLIANCE OF THE GOVERNMENT FISCAL RESILIENCE ACT: FISCAL RULES AND TARGET (CONTINUED)

- Rigorous debt sustainability analysis be undertaken continuously to monitor debt developments and to ensure that the trend in the public debt is in line with achieving the debt to GDP ratio by 2035.
- The submission of audited public accounts of the statutory bodies and state-owned enterprises to Parliament should be accelerated.

Therefore, the FROC restates its recommendation that consideration should be given to establishing a framework for the imposition of penalties on the statutory bodies and state-owned enterprises for not submitting the audited accounts to the Minister for onward submission to Parliament as required by the legislation.

CHAPTER 4: THE COMPLIANCE OF GOVERNMENT WITH THE FISCAL RESILIENCE ACT: FISCAL TRANSPARENCY

Key Messages



Fiscal transparency requires the availability of timely, comprehensive, consistent, easy to understand and accessible data and information on the operations of the public sector.



The activities associated with the preparation of the 2026 national budget were executed in accordance with the financial legislation, except for some timing lags.



Beyond the legislative requirements, the FROC noted the continued use of social media platforms, press conferences, direct messages with the Prime Minister and town-hall meetings to disseminate information.



To further strengthen fiscal transparency, the FROC strongly urges the timely publication of the monthly Fiscal Summary Report and the Quarterly Debt Bulletin.



The FROC recommends an examination of the dates for the submission of all legislated reports to ensure that the legislated dates are practical, thereby avoiding timing lags in the submission of reports.



The economic, fiscal and debt reports are detailed, and over time, there have been improvements in the analysis and coverage, along with the inclusion of the supportive data resulting in more comprehensive reports.

Systems and procedures should be established to address the reporting gaps.

CHAPTER 4: THE COMPLIANCE OF GOVERNMENT WITH THE FISCAL RESILIENCE ACT: FISCAL TRANSPARENCY (CONTINUED)

Introduction

In this Chapter, the FROC assesses whether the Government adhered to the principles of fiscal transparency and accountability during 2025, in accordance with the Fiscal Resilience Act, the Public Finance Management Act as amended, and the Debt Management Act as amended.

The FROC assessed fiscal transparency in terms of i. transparency of the budgetary process for the 2026 national budget; ii. the adherence of the Government to the dissemination of timely, consistent and comprehensive data and information affecting government finances to the public; and iii. the availability, consistency and comprehensiveness of economic, fiscal and debt reports at the legislated time. Based on this assessment, areas for improving fiscal transparency and accountability are highlighted.

In addition, compliance of the Government with other provisions of the FRA is assessed, including compliance with the procedures for the mitigation of climate risk for projects included in the capital budget and the establishment of the wage negotiating framework.

The Chapter concludes with recommendations for improving fiscal transparency and accountability.

Assessment of Compliance with Fiscal Transparency

The Statutory Context

Fiscal transparency requires the operations of the public sector with clarity of government objectives, policies, rules, regulations and decisions and the process of their formulation and implementation. This is facilitated by the availability of timely, comprehensive, consistent, easy to understand and accessible data and information on the operations of the public sector. The principles of fiscal transparency are enshrined in the Fiscal Resilience Act, the Public Finance Management Act as amended, and the Debt Management Act as amended. The scope of fiscal transparency is outlined in Section 4 of the FRA which stipulates that:

CHAPTER 4: THE COMPLIANCE OF GOVERNMENT WITH THE FISCAL RESILIENCE ACT: FISCAL TRANSPARENCY (CONTINUED)

This Act shall be read and construed together with the Public Finance Management Act and the Public Debt Management Act.

The requirement of the Government to adhere to fiscal transparency is specified in Section 5 of the FRA as follows:

Objects of this Act:

- (a) to ensure that fiscal and financial affairs are conducted in a transparent manner;*
- (b) to ensure full and timely disclosure and wide publication of all transactions and decisions involving public revenues and expenditures and their implications;*

Further, Section 6 instructs as follows:

The Minister shall take appropriate measures to ensure compliance with this Act, including taking appropriate measures to ensure the following –

- (a) that the fiscal and financial affairs of the Government are conducted in a transparent manner with full and timely disclosure and wide publication of all transactions and decisions involving public revenues and expenditures and the implications for finances;*

The requirement for fiscal transparency is further emphasised in Section 10 of the Fiscal Resilience Act which states:

- 10. (1) *The Minister—*
 - (a) *shall take appropriate measures to ensure transparency in Central Government's fiscal operations at every stage of the budget preparation and execution cycle, unless it is reasonably required to withhold publication of information in the interest of national security;*

As a result, the legislation place responsibility on the Minister to ensure compliance with fiscal transparency through the full and timely disclosure of consistent and comprehensive fiscal and financial information of Central Government, Statutory Bodies and State-Owned Enterprises.

The practical actions to be taken to ensure fiscal transparency are detailed in the Public Finance Management Act as amended, which provides the procedures for the preparation, implementation and monitoring of the national budget, and for oversight and accountability.

CHAPTER 4: THE COMPLIANCE OF GOVERNMENT WITH THE FISCAL RESILIENCE ACT: FISCAL TRANSPARENCY (CONTINUED)

The Debt Management Act as amended provides guidelines for contracting, managing and monitoring the public debt. Embedded in these Acts of Parliament are the provisions for the publication of reports on the economy, government finances, the financial position of statutory bodies and state-owned enterprises, and on the public debt.

Based on the provisions of the legislation, the FROC assessed the adherence of the Government in 2025 with the principles of fiscal transparency.

Preparation of the 2026 National Budget

The cycle of fiscal transparency commences with the preparation of the national budget. The annual budget process is the main mechanism through which the Government outlines its policies, programmes and projects for spending, collecting revenue and the financing of deficits or the disposal of a surplus in the fiscal year. The budget preparation process was in accordance with the financial legislation, except for some timing lags.

Specifically, the Public Finance Management Act as amended stipulates that:

16. The budget preparation cycle shall consist of the following two phases—

(a) preparation of a medium-term fiscal framework, in accordance with the rules and targets under the Fiscal Resilience Act; and

(b) preparation of the budget circular and the detailed annual budget that addresses the policies and priorities set out in the medium-term fiscal framework.

Based on the Public Finance Management Act, the budget preparation process began with the approval of the Medium-term Fiscal Framework (2026-2028) and the issue of the Budget Call Circular. Guided by the legislation, the MTFF was submitted to the FROC for its review, with a one-week lag, on 9th July 2025. The report from the review of the MTFF was submitted by the FROC to the Ministry of Finance within a two-week period on 22nd July 2025. The MTFF was approved by the Executive on 15th September 2025. The MTFF and the FROC's report on the review of the MTFF were both published on 28th September 2025, in support of fiscal transparency. The Budget Call Circular was issued on 22nd August 2025.

CHAPTER 4: THE COMPLIANCE OF GOVERNMENT WITH THE FISCAL RESILIENCE ACT: FISCAL TRANSPARENCY (CONTINUED)

There were some timing lags in the finalisation and approval of the MTFF. However, the process was in accordance with the legislation.

In keeping with the Public Finance Management Act, the opportunity was given to the public to contribute to the national budget through the convening of budget consultations. These consultations were held with sector and interest groups and with communities in each of the parishes and in Carriacou. The FROC examined the list with the groups that were included in the consultation and noted the broad coverage of the consultative process. In addition, the establishment of a portal provided a system to facilitate broad-based input to the budget. To anchor the consultations in the MTFF, consideration should be given to publishing the MTFF before the commencement of the consultations.

The proposed estimates of revenue and expenditure for 2026 were presented to the Standing Committee on Finance, with a two-weeks lag, at the meeting of 14th November 2025. The budget was then presented to the House of Representatives on 1st December 2025, debated through the Parliamentary process and then enacted. The implementation of the budget was effective from 1st January 2026.

The activities associated with the preparation of the budget were executed in accordance with the financial legislation, except for the timing lags. The legislated dates for the activities and processes associated with the national budget should be examined to determine whether the legislated dates are practical.

Dissemination of General Data and Information not Stipulated by Legislation

Beyond the legislative requirements, fiscal transparency requires the provision of timely and regular information on matters affecting government finances.

CHAPTER 4: THE COMPLIANCE OF GOVERNMENT WITH THE FISCAL RESILIENCE ACT: FISCAL TRANSPARENCY (CONTINUED)

The FROC noted the continued use of social media platforms to disseminate information mainly through publication on Government websites, press briefings, direct messages with the Prime Minister and consultative and town hall meetings.

At the consultative and town hall meetings, programmes and projects which have implications for the public finances were discussed and included i. The report by the technical working group on the activities related to the assessment of Grenada's hydrocarbon potential; ii. Report from the technical working group established to assist the government with the creation of a public-private partnership for the management of the Marketing and National Importing Board; iii. Report Under Project Polaris for the construction of a teaching hospital; and iv. Reports on programmes and projects in Carriacou (Windward Fishing Market, the medical facilities, schools and road development and maintenance) for Carriacou and Petit Martinique.

The hosting of public discussions on programmes and projects that have a significant impact on the public finances strengthens fiscal transparency.

The monthly Fiscal Summary Report is a main avenue for the dissemination of timely and regular data and information on fiscal performance. Challenges continued to be encountered in the timely publication of these reports, and as of 1st December 2025, the Fiscal Summary Report for July was the latest report available on the Ministry of Finance website. The publication of the Quarterly Debt Bulletin has lagged, and two reports were published for the year. To strengthen fiscal transparency, the FROC strongly urges the timely publication of the monthly Fiscal Summary Report and the Quarterly Debt Bulletin, as the publication of timely and regular fiscal and debt data and information is an important element of fiscal transparency. The FROC reiterates the need to establish a 'Release Calendar' to allow for predictability of the dates for the publication of the fiscal and debt reports.

CHAPTER 4: THE COMPLIANCE OF GOVERNMENT WITH THE FISCAL RESILIENCE ACT: FISCAL TRANSPARENCY (CONTINUED)

Publication of Fiscal Reports as Legislated

The FROC examined the timeliness of the publication of legislated reports and the comprehensiveness of such reports. The published reports were generally comprehensive, however, there were lags in the timeliness of the publication of some of the reports.

The FROC strongly urges an examination of the dates for the submission of all legislated reports to ensure that the legislated dates are practical, in order to avoid breaches in the timelines. Also, systems and procedures must be established to commence the preparation of legislated reports that have never been published.

Status of Legislated Publications

The main documents required by legislation prior to the submission of the national budget are the Quarterly Debt Bulletin, the Mid-year Policy Review, the Medium-term Fiscal Framework and the Medium-term Debt Management Strategy. The major legislated documents to be submitted to Parliament simultaneously with the presentation of the national budget include: The Medium-term Economic and Fiscal Strategy Report (2026 – 2028) and the Annual Debt Report. These requirements are outlined in Section 12 of the Public Finance Management Act as amended and Section 25 of the Debt Management Act as amended. (Refer to Box 4.1).

CHAPTER 4: THE COMPLIANCE OF GOVERNMENT WITH THE FISCAL RESILIENCE ACT: FISCAL TRANSPARENCY (CONTINUED)

Box 4. 1: Legislative Requirement for the Submission of Reports with the National Budget

Public Finance Management Act

12A. (1) The Minister shall cause to be prepared a medium-term economic and fiscal strategy report to be—

- *(a) laid before the House of Representatives for approval along with the presentation of the annual budget;*

Debt Management Act

25.— (2) The Minister shall, simultaneously with the submission of the annual budget, furnish Parliament with—

- *(a) an annual report on public debt management activities, Government guarantees and Government lending, which shall include a statement on the extent to which the Government's debt management activities in the fiscal year conformed with the approved debt management strategy and debt management objectives, and reasons for any deviations.*

In 2025, most of the legislated reports were published. The main exception was the submission to Parliament of the Mid-Year Policy Review which, based on Section 25 (1) of the Public Finance Management Act, requires that:

The Minister shall, no later than two months after the end of the first six-months of the fiscal year, prepare and submit to Cabinet a mid-year fiscal policy review...

The Mid-Year Policy Review was prepared by the Ministry of Finance and approved by the Executive. However, by omission, the report was not submitted to the House of Representatives. The FROC also notes that the preparation of the Mid-Year Policy Review coincides with the period for the publication of the Medium-term Fiscal Framework.

CHAPTER 4: THE COMPLIANCE OF GOVERNMENT WITH THE FISCAL RESILIENCE ACT: FISCAL TRANSPARENCY (CONTINUED)

These two publications are likely to contain similar information. Therefore, consideration should be given to integrating the publication of these two reports, while institutionalising the publication of the monthly Fiscal Summary Report and the regular publication of the Quarterly Debt Bulletin.

During the year, two of the required three Quarterly Debt Bulletin were published.

The submission of the Annual Debt Report to Parliament with a one-year lag has become entrenched. Therefore, the Annual Debt Report for 2025 was not submitted to Parliament as stipulated in the Debt Management Act. Instead, the Annual Debt Report for 2024 was submitted to Parliament at the time of the presentation of the national budget. The FROC reiterates that the one-year lag in the submission of the Annual Debt Report is not the intent of the provision of the Debt Management Act.

The audited public accounts for 2016 to 2019 were submitted to the House of Representatives on 26th November 2024. The FROC notes that the auditing of the public sector accounts has progressed. Based on the report from the Ministry of Finance, the 2020 – 2023 audited public sector accounts should be completed by December 2026, and the 2024 – 2026 accounts should be completed by September 2027. The FROC commends the acceleration of the auditing of the public sector accounts.

The FROC notes that the Public Accounts Committee has not examined the audited accounts that were submitted to Parliament in compliance with the Standing Order No. 69 of the Standing Orders of the House of Representatives.

The Public Accounts Committee has the responsibility to examine the audited accounts and report to the House of Representatives in pursuit of the principles of transparency and accountability.

The FROC notes that reports on tax incentives have never been submitted to Parliament. The FROC therefore recommends the establishment of systems and procedures to operationalise the section of the Public Finance Management Act related to reporting on tax incentives as follows:

CHAPTER 4: THE COMPLIANCE OF GOVERNMENT WITH THE FISCAL RESILIENCE ACT: FISCAL TRANSPARENCY (CONTINUED)

29.—(1) The Minister shall cause to be maintained a public record of any waiver, exemptions, or revisions granted by the government.

(2) Within six months after the coming into force of this Act and every 3 years thereafter, the Minister shall cause to be prepared and submitted to Parliament, a report analyzing the rationale, cost and benefits of existing tax incentives and recommendations for retaining or removing such incentives.

The FROC notes that records of the tax incentives/relief are maintained by the Ministry of Finance. It is necessary to extend this to the preparation of the report to Parliament. As this provision of the Public Finance Management Act has never been implemented, it is important that systems and procedures be established to activate this section of the Public Finance Management Act.

The status of the publication of fiscal reports is outlined in Table 4.1.

Table 4. 1: Status of the Publication of Fiscal and Debt Reports

Name of Report	Applicable Legislation	Status
Public Finance Management Act		
Medium-term Fiscal Framework	Section 12	●
Medium-term Economic and Fiscal Strategy Report	Section 15	●
The Annual Budget	Section 24	●
Mid-year Fiscal Policy Review	Section 25	●
Tax Concession Report	Section 29	●
Audited Public Accounts	Section 67	●
Debt Management Act		
The Debt Management Strategy	Section 5	●
The Borrowing Plan	Section 6	●
Debt Bulletin	Section 24	●
Annual Debt Report	Section 25	●

Symbol	Meaning
●	Compliant
●	Partially compliant
●	Not compliant

CHAPTER 4: THE COMPLIANCE OF GOVERNMENT WITH THE FISCAL RESILIENCE ACT: FISCAL TRANSPARENCY (CONTINUED)

Timeliness of Legislated Reports

The FROC reiterates the need to examine the financial legislation to ensure that the dates for the submission of legislated reports are practical, to avoid delays in the submission of the reports. The documents to be submitted simultaneously with the national budget were presented within the legislated time. The main reports were the Medium-term Economic and Fiscal Strategy Report and the Annual Debt Report. With the publication of the Annual Debt Report for 2024, there is a one-year lag in the publication of the Annual Debt Report which is not the intent of the provision of the Debt Management Act.

During 2025, there were challenges in the timeliness of the publication of some of the legislated reports. There were lags with the timely publication of the Quarterly Debt Bulletin which is in variance with Section 25 of the Debt Management Act which states as follows:

25.—(1) The Debt Management Unit shall, no later than one month after the end of every quarter of the fiscal year, prepare for approval by Cabinet, a debt management strategy implementation report which shall outline the outstanding stock of public sector debt, its size and currency composition, interest rate mix, maturity profile and consistency with the approved medium-term debt management strategy.

There was a one-week delay in the submission of the Medium-term Fiscal Framework to the FROC and a lag in its approval by the Executive. The very tight legislative requirement for the preparation and approval of the Medium-term Fiscal Framework may contribute to continuous lags in the preparation and approval of the report. According to the Public Finance Management Act, the MTFF should be submitted to the FROC for review by 1st July with timelines for completion and approval as follows:

(5) Prior to the finalisation of the medium-term fiscal framework and no later than six months before the commencement of the new fiscal year, the Minister shall cause a draft of the medium-term fiscal framework to be submitted to the Fiscal Resilience Oversight Committee for review.

(6) Within two weeks of receipt of the draft of the medium-term fiscal framework submitted in accordance with subsection (5), the Fiscal Resilience Oversight Committee shall prepare and submit to the Permanent Secretary a written assessment of the draft.

Section 12 of the Public Finance Management Act further requires:

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CHAPTER 4: THE COMPLIANCE OF GOVERNMENT WITH THE FISCAL RESILIENCE ACT: FISCAL TRANSPARENCY (CONTINUED)

(7) No later than five months before the commencement of the new fiscal year, the Minister shall submit the medium-term fiscal framework to Cabinet for approval.

The Medium-term Fiscal Framework was submitted to the FROC on 9th July and the report of the FROC was submitted to the Permanent Secretary on 22nd July. The MTFF was then approved by Cabinet on 15th September 2025. Such a tight schedule for the preparation, review and approval of the MTFF could compromise the quality of the report. In addition, the Public Finance Management Act stipulates that the Mid-year Policy Review should be submitted to Cabinet by 1st September and then submitted to Parliament. This report, although prepared by the Ministry of Finance and approved by Cabinet, was not submitted to Parliament in 2025. Notwithstanding the completion of the Mid-year Policy Review by the Ministry of Finance, there is the need to review the timelines for the publication of the reports to ensure that these timelines are practical.

The Medium-term Debt Management Strategy continues to be published simultaneously with the presentation of the national budget. This practice has become entrenched and is not consistent with the Debt Management Act which requires the publication of the Debt Management Strategy two months before the beginning of the fiscal year as stated in Section 5 of the Debt Management Act as amended as follows:

(3) The Minister shall lay the medium-term debt management strategy document before Parliament, no later than two months prior to the commencement of every fiscal year.

The legislated date for the submission of the Medium-term Debt Management Strategy to Parliament should therefore be changed to synchronise with the presentation of the national budget to avoid this continuous breach.

The report on tax incentives has never been published, and the audited public accounts are outstanding. There are practical challenges in publishing some of the reports as scheduled in the legislation. The FROC strongly urges an examination of the scheduled dates for the publication of the legislated reports as it is necessary to correct the ongoing breaches in the dates for the submission of the legislated reports.

CHAPTER 4: THE COMPLIANCE OF GOVERNMENT WITH THE FISCAL RESILIENCE ACT: FISCAL TRANSPARENCY (CONTINUED)

Consequently, the FROC presents the following, which highlights the legislated dates for the production of various fiscal reports which may need to be reviewed to determine whether they are practical.

Box 4. 2: Legislated Schedule for Fiscal Reports

Legislated Schedule for Fiscal Reports

- Quarterly Debt Management Report to the Executive one month after the end of the quarter (April, July and October)
- Draft Medium-term Fiscal Framework submitted to the FROC by 1st July for review within two weeks
- A statement on the Supplementary Appropriation Bill within two weeks of approval by Parliament to be prepared by the FROC
- Mid- year Fiscal Policy Review by the 1st September
- The Medium-term Debt Management Strategy to be submitted to Parliament by 1st November
- The submission of the annual estimates for the next fiscal year to the Standing Committee on Finance by 1st November
- National Budget report to be submitted to Parliament by 31st December
- Medium-term Economic and Fiscal Strategy Report report to be submitted to Parliament by 31st December
- Annual Debt report to be submitted to Parliament by 31st December
- Tax Concession Report to be submitted to Parliament by 31st December (every three years)

The assessment of the timeliness of reports is summarised in Table 4.2.

CHAPTER 4: THE COMPLIANCE OF GOVERNMENT WITH THE FISCAL RESILIENCE ACT: FISCAL TRANSPARENCY (CONTINUED)

Table 4. 2: Timeliness of the Published Fiscal and Debt Reports

Name of Report	Legislated Time for Publication	Status
Public Finance Management Act		
Medium-term Fiscal Framework	Submitted to FROC by 1 st July	●
Medium-term Economic and Fiscal Strategy Report	With budget presentation	●
The Annual Budget	Within the legislated 3 month from the beginning of the fiscal year	●
Mid-year Fiscal Policy Review	1 st September	●
Tax Concession Report	By 31 st December	●
Audited Public Accounts	31 st October	●
Debt Management Act		
The Debt Management Strategy	1 st November	●
The Borrowing Plan	1 st November	●
Debt Bulletin	Report to the Executive one month after the end of each quarter	●
Annual Debt Report ⁴	With budget presentation	●

Symbol	Meaning
●	Compliant;
●	Partially compliant
●	Not compliant

Consistency and Comprehensiveness of Reports

The fiscal and debt reports are detailed, and over time, there have been improvements in the analysis and coverage, and the inclusion of more supporting data. The reports are therefore generally comprehensive. The monthly Fiscal Summary Report and the Quarterly Debt Bulletin continue to be comprehensive, and their relevance could be enhanced by regular publication.

⁴ The Annual Debt Report is presented with a one-year lag. There is not a legislated date for the publication of the Quarterly Debt Bulletin, except that debt information should be made available to the public regularly.

CHAPTER 4: THE COMPLIANCE OF GOVERNMENT WITH THE FISCAL RESILIENCE ACT: FISCAL TRANSPARENCY (CONTINUED)

The comprehensive coverage of the Medium-term Economic and Fiscal Strategy Report and the Medium-term Fiscal Framework is manifested by the inclusion of the longer data series and the financing of Central Government Operations, the continued reporting on the operations of the statutory bodies and state-owned enterprises, improved analysis of the external sector, broad coverage of the financial sector, insights into the medium-term strategy and the publication of supporting data.

The FROC notes and commends the inclusion of the financing of the Central Government operations in the analysis and the inclusion of the longer data series for the Central Government operations in the appendix, particularly in absolute amount and as percentages of GDP. The FROC, however, notes that a data series on the total public sector debt, subdivided by Central Government debt and the debt of statutory bodies and state-owned enterprises, is not included in the MTEFSR (2026–2028). Given the debt sustainability objective of the FRA and Section 8.3 of the FRA which requires the medium-term fiscal framework to establish an annual percentage ceiling for public debt as a ratio of nominal GDP, the FROC recommends:

1. Throughout the analysis, there should be consistency by always including the absolute amount of the debt along with the debt as a percentage of GDP.
2. A table on the public debt disaggregated by Central Government and the rest of the public sector would support the analysis.

(Extracted from the FROC Report on the Medium-term Fiscal Framework (2026- 2028) as submitted to the Ministry of Finance on 22 July 2025).

This approach is consistent with the recommendation in the FROC 2024 Annual Report which states:

To make it easier for users to gauge the trend in the data series and facilitate ease of analysis, particularly for the fiscal and debt data, there is the need to consistently include, in the same table, absolute figures and as percentages of GDP, and provide information on, at least, the past two years, the year under review and the projected period.

CHAPTER 4: THE COMPLIANCE OF GOVERNMENT WITH THE FISCAL RESILIENCE ACT: FISCAL TRANSPARENCY (CONTINUED)

On reviewing the Estimates of Revenue and Expenditure for 2026, which includes the two forward years, the FROC notes that the document is very detailed and comprehensive. For ease of analysis of Estimates of Revenue and Expenditure, the FROC recommends as follows:

1. A disaggregation of the tax and non-tax revenue into the standard classification throughout the document.
2. The inclusion of the detailed expenditure by Votes for the previous year for ease of comparison of the provisional outturn with the actual outturn of the previous year.
3. With the introduction of a category of expenditure classified as ‘Expenditure Initiative’, it is necessary to clearly categorise total capital expenditure into the two components, that is, expenditure initiative and core capital expenditure.

The assessment of consistency and comprehensiveness of the reports is shown in Table 4.3.

Table 4. 3: Consistency and Comprehensiveness of Fiscal and Debt Reports

Name of Report	Applicable Legislation	Status
Public Finance Management Act		
Medium-term Fiscal Framework	Section 12	●
Medium-term Economic and Fiscal Strategy Report	Section 15	●
The Annual Budget	Section 24	●
Mid-year Fiscal Policy Review	Section 25	●
Tax Concession Report	Section 29	●
Audited Public Accounts	Section 67	●
Debt Management Act		
The Debt Management Strategy	Section 5	●
The Borrowing Plan	Section 6	●
Debt Bulletin	Section 24	●
Annual Debt Report	Section 25	●

Symbol	Meaning
●	Compliant
●	Partially compliant
●	Not compliant

CHAPTER 4: THE COMPLIANCE OF GOVERNMENT WITH THE FISCAL RESILIENCE ACT: FISCAL TRANSPARENCY (CONTINUED)

Gaps in the Publication of Legislated Reports

Report on Special Fund

The FROC notes that there have been no reports on the National Transformation Fund (NTF), which is a Special Fund established by an Act of Parliament. The non-reporting on the NTF is entrenched. The FROC notes and applauds the continuous reporting to Parliament on the Contingency Fund. The FROC therefore recommends the submission of the report on the NTF to Parliament in accordance with Section 45 of the Public Finance Management Act.

Other Reporting Gaps

The reports not submitted to Parliament are i. the report on tax incentives and ii. The audited public accounts.

Compliance with Other Provisions of the Fiscal Resilience Act

The following is the status of compliance of the Government with other provisions of the FRA:

Documented Public Investment Procedures

The FROC notes the availability of documented public investment procedures as stated in Section 6 of the Fiscal Resilience Act which stipulates:

(e) that, in respect of all projects submitted for inclusion in the capital expenditure programmes of the Central Government, documented public investment procedures are prepared, include climate change mitigation and adaptation considerations and are made available for submission and approval.

The FROC confirms the activities associated with the implementation of the documented structure and procedures, and encourages the further strengthening of the process.

CHAPTER 4: THE COMPLIANCE OF GOVERNMENT WITH THE FISCAL RESILIENCE ACT: FISCAL TRANSPARENCY (CONTINUED)

Compensation Settlement for Persons Employed by the Government

The FROC notes that the wage negotiation framework to inform wage increases for the period 2026 to 2028 was finalised in 2025, representing a lag in the establishment of the framework. The timeframe for the establishment is specified in Section 7 of the FRA as follows:

(2) Subject to subsection (4), the compensation settlement for persons employed by Central Government shall be subject to a compensation negotiating cycle of three fiscal years.

(3) In respect of a compensation negotiation cycle, the Minister shall—

(a) no later than one year before the compensation negotiation cycle commences and in consultation with the Minister responsible for Public Administration, cause to be established a Wage Negotiation Framework to guide the conduct and arrangements for negotiations concerning the compensation of employees of Central Government in accordance with the ceiling under subsection (1), section 8 and the policies and plans set out in the mediumterm fiscal framework;

The FROC examined the Wage Negotiation Framework and recommends, that in the future, the framework be anchored in the Fiscal Resilience Act (2023) and consideration be given to the timing of the completion of the framework and its content, particularly for the inclusion of the specific quantitative indicators that would inform the wage increases during the applicable period.

Conclusion

Fiscal transparency requires the publication of timely, consistent and comprehensive data and information; and these should be easy to access and understand.

The Government continued to disseminate information on Government websites, public platforms, Direct Messages with the Prime Minister and held consultative and town hall meetings. There continued to be challenges with the timely publication of the monthly Fiscal Summary Report which is a mechanism for providing regular information to the public. There was also a challenge in the timely publication of the Quarterly Debt Bulletin.

The events associated with the preparation of the 2026 budget were in accordance with the legislation, although there were some timing lags.

CHAPTER 4: THE COMPLIANCE OF GOVERNMENT WITH THE FISCAL RESILIENCE ACT: FISCAL TRANSPARENCY (CONTINUED)

In 2025, most of the legislated reports were published. The main exception was the Mid-Year Policy Review; and the Annual Debt Report was submitted to the House of Representatives with a one-year lag.

The legislated reports, as published, were generally comprehensive. However, there were timing lags in the publication of some of the reports, based on the requirement of the legislation. The FROC observed that there is need for a re-examination of the legislated schedule for various reports to ensure that the dates for the submission of the reports are practical.

Systems and procedures should be established to address the reporting gaps, particularly for the report on tax incentives, the National Transformation Fund and the audited public accounts.

Recommendations

For adherence to the legislation and to further improve the information that is disseminated to the public, the following are recommended:

- Ensure the timely publication of the monthly Fiscal Summary Report and the Quarterly Debt Bulletin as a source of regular data and information on the public finances.
- Develop a structure to facilitate the publication of the report on tax incentives and the accompanying details on tax relief and exemptions as stipulated in the Public Finance Management Act.
- Present to Parliament the reports on the National Transformation Fund, in accordance with the Public Finance Management Act.
- Progress steadily with the auditing of the public sector accounts for submission to Parliament to achieve compliance with the Constitution, the Audit Act and the Public Finance Management Act.

**CHAPTER 4: THE COMPLIANCE OF GOVERNMENT WITH THE FISCAL RESILIENCE ACT:
FISCAL TRANSPARENCY (CONTINUED)**

- Improve fiscal transparency and accountability through the examination of the audited accounts by the Public Accounts Committee in accordance with the Standing Order No. 69 of the Standing Orders of the House of Representatives.
- Examine the schedule for various legislated reports to ensure that the scheduled dates for submission of reports are practical.

CHAPTER 5: OPERATIONALISING THE FISCAL RESILIENCE ACT (2023)

Key Messages



The FRA provides the framework for ensuring fiscal resilience and debt sustainability. The FROC therefore considers it very important that the areas recommended for review be examined in accordance with the Act.



In 2025, a major operational challenge was the non-appointment of the Economist to the FROC, a breach of the FRA. It is therefore recommended that the schedule governing the appointment of the Economist be amended. The FROC also urges the timely appointment of all members to the FROC in compliance with the FRA.



Based on the experience of the FROC in the review and implementation of the main provisions of the FRA over the two-year period 2024 and 2025, recommendations for strengthening the FRA were identified.



The FROC recommends the establishment of mechanisms to inform the FROC of the outcomes following the consideration of the Annual Report by the House of Representatives.

Introduction

The Fiscal Resilience Act No. 11 of 2023 became effective from 1st January 2024. The Fiscal Resilience Oversight Committee (FROC) therefore experienced the practical implementation of the main provisions of the Fiscal Resilience Act (FRA) over the two-year period 2024 and 2025.

The FRA provides the framework for ensuring fiscal resilience and debt sustainability. The FROC therefore considers it very important that the areas recommended for review in the FRA be considered and the appropriate actions be taken to strengthen the framework for financial management. This chapter highlights the main challenges encountered in implementing certain provisions of the FRA, for review, based on the experience during 2025 and refers to the operational provisions for consideration previously outlined in the Annual Reports of 2023 and 2024.

Operational Challenges in 2025

In 2025, the main challenge was the non-appointment of the Economist to the FROC. The FRA is specific on the composition of the FROC. The schedule to Section 12 of the FRA provides as follows: *(1) The Fiscal Resilience Oversight Committee shall consist of five members which shall be appointed by the Governor General. (2) The Governor-General shall appoint each member, upon the nomination of the Committee of Privileges of Parliament– (b) in the case of one member who shall have expertise in economics, on the advice of the Governor of the Eastern Caribbean Central Bank.*

Apart from the legislative imperative, the expected contribution and skillset of the Economist is critical to FROC in carrying out its statutory mandate, warranting prompt action to appoint the Economist. Currently, the appointment of the Economist singularly rests on the advice of the ECCB Governor. Going forward, consideration may be given to amending the legislation to enable an alternative consultative process in the nomination of the Economist to the FROC, rather than the existing advisory requirement. This will be consistent with the process for the nomination of the other four members of the FROC which is as follows:

CHAPTER 5: OPERATIONALISING THE FISCAL RESILIENCE ACT (2023) (CONTINUED)

(a) in the case of four members, in consultation with the Director of Audit, having qualifications in the following areas(i) accounting;(ii) business management, having not less than ten years of experience;(iii) public administration, having not less than ten years of experience; or(iv) law;

Notwithstanding any lags in the appointment of members to the FROC or shortfalls in its constitution as legally mandated, the FRA establishes strict deadlines for the submission of reports. Specifically, the Annual Report must be submitted to Parliament by 31st March, with provision for an extension to 30th April. The FRA, in Section 12 (3) (b), mandates the FROC as follows:

(b) no later than three months after the end of each fiscal year, prepare and lay before the House of Representatives for consideration, an annual report on the status of implementation of this Act;

The FRA makes provision, in Section 12, for the extension of the date for the submission of the Annual Report in the following terms:

(5) Notwithstanding subsection (3) (b), in the event of exigent circumstances and upon the request of the Fiscal Resilience Oversight Committee, the Speaker of the House of Representatives may grant an extension of time for the annual report to be laid before the House of Representatives, which shall not exceed thirty calendar days.

The legislated dates for the submission of other reports stipulated by the FRA are also firmly established. The FROC is required to prepare a report on any Supplementary Appropriation Bill in accordance with Section 12(3) of the FRA which states:

(d) no later than two weeks after the approval of any supplementary budget, prepare and lay before the House of Representatives for consideration, a statement on the impact of the supplementary budget on the compliance with the fiscal rules and targets in this Act;

For the report on the Medium-term Fiscal Framework, Section 12 of the Public Finance Management Act stipulates:

(6) Within two weeks of receipt of the draft of the medium-term fiscal framework submitted in accordance with subsection (5), the Fiscal Resilience Oversight Committee shall prepare and submit to the Permanent Secretary a written assessment of the draft.

CHAPTER 5: OPERATIONALISING THE FISCAL RESILIENCE ACT (2023) (CONTINUED)

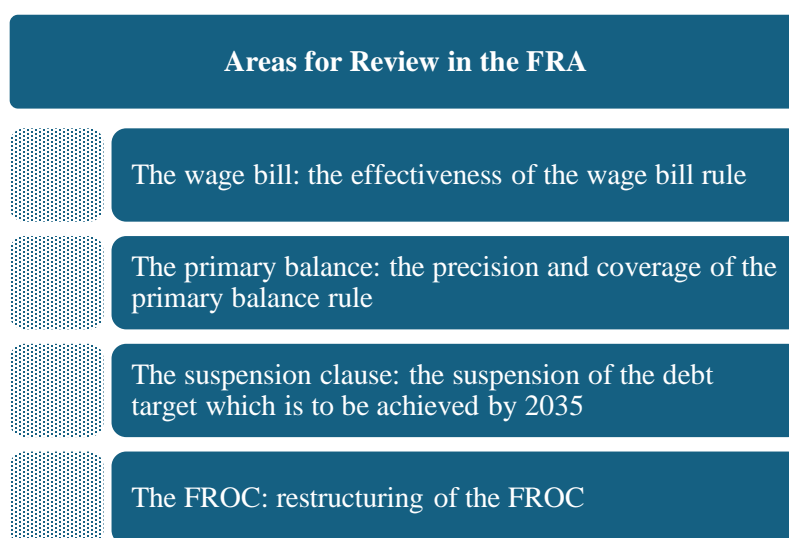
Given these strict legislated timeframes, the FROC underscores the need for the timely appointment of all members of the FROC to facilitate the effective implementation of its mandate under the FRA.

Provisions in the Fiscal Resilience Act for Consideration

In the 2023 Annual Report and re-stated in the 2024 Annual Report, the FROC included recommendations for consideration in reviewing the Fiscal Resilience Act.

These recommendations were related to i. The wage bill rule; ii. The primary balance rule; iii. The Suspension Clause; iv. The monitoring of statutory bodies and state-owned enterprises; and v. The structure of the Fiscal Resilience Oversight Committee. The main areas highlighted are shown in Box 5.1, and could be accessed at *Recommendations for Reforms to the Fiscal Resilience Act*: https://frogrenada.gd/ova_doc/recommendations-for-reforms-to-the-fiscal-resilience-act/

Box 5. 1: Areas for Review in the FRA



The FROC notes that Section 12 7 (b) of the FRA outlines the responsibility of the House of Representatives following the submission of the Annual Report by the FROC to be as follows:

CHAPTER 5: OPERATIONALISING THE FISCAL RESILIENCE ACT (2023) (CONTINUED)

not later than thirty calendar days after the report is laid before the House of Representatives, the Minister shall make representations in the House of Representatives in response to the contents of the report, including any areas of non-compliance referred to in the report;

and

(c) the House of Representatives may by Order appoint a Special Selection Committee to examine the report and the representations made by the Minister, and make recommendations to the House of Representatives on the implementation of measures to ensure compliance with the relevant provisions of this Act.

The FROC urges due consideration of this Annual Report in accordance with the provisions of the FRA. This will serve to strengthen the framework for financial management to support fiscal and debt sustainability as the FRA contemplates.

The FROC notes, however, that there are no legislated or any other mechanisms pursuant to which the FROC may receive feedback concerning any of its recommendations in the Annual Report after its review by the House of Representatives. Absent these mechanisms, the FROC is constrained to continuously repeat its recommendations, once it considers that they may remain relevant. Importantly, if any recommendations are known not to be accepted, these may not bear repetition and may be left to historical record in the Annual Reports.

The FROC accordingly recommends consideration of establishing such mechanisms for feedback by way of appropriate amendment to the FRA. Any such amendment could be made applicable to all the legislated reports that are submitted by the FROC to the House of Representatives.

Conclusion

During the operational phase of the FRA, the FROC has identified areas for consideration in reviewing the FRA namely, i. The wage bill rule; ii. The primary balance rule; iii. The Suspension Clause; and iv. The structure and appointments to the FROC. In the view of the FROC, due consideration of these areas and, where appropriate, establishing effective methods for implementing any accepted recommendations will contribute to enhancing the operations of the FROC and the implementation of the FRA.

CHAPTER 6: SUMMARY AND RECOMMENDATIONS

SUMMARY

Overall Summary



Introduction

The FROC assessed compliance with the FRA in 2025 and the consistency of the medium-term fiscal projections with the FRA. The assessment is anchored in the economic and social context by reviewing the performance of the economy in 2025; and undertaking comparisons of the economic and fiscal forecasts in the Medium-term Economic and Fiscal Strategy Reports.

Summary and Conclusion

The following are the summary and conclusion from the assessment.

Sustained Economic Growth

Grenada's economy continued to register growth, with an estimated growth rate of 6.2 per cent in 2025, following a revised growth rate of 3.3 per cent in 2024 and the 4.5 per cent growth in 2023. The economy is projected to grow, on average, by 4.8 per cent over the medium-term.

Suspension of Fiscal Rule and Target

In light of the projected primary balance deficit for 2024, Section 9 of the FRA was activated, and the primary balance rule and the debt target were suspended. Notwithstanding the suspension, the operations of the Central Government resulted in a primary balance surplus in 2024, due to the significant receipt through the IMA and the proceeds from the CCRIF. With the falloff in receipt from the IMA and the one-off receipt from CCRIF in 2024, along with the elevated expenditure, primary and overall deficits were budgeted for 2025, necessitating the extension of the suspension of the primary balance rule and the debt target for 2025. In that year, the operations of the Central Government resulted in primary and overall deficits of \$126.4M (3.1 per cent of GDP) and \$279.1M (6.9 per cent of GDP) respectively. With budgeted expenditure, and in particular capital expenditure, remaining elevated for 2026, the primary and overall balances (including grants) are estimated to be in deficit at \$229.2M (5.4 per cent of GDP) and \$309.8M (7.3 per cent of GDP), respectively, necessitating a further extension of Section 9 of the FRA for 2026. The Central Government operations are projected to be in surplus for 2027 and 2028.

CHAPTER 6: SUMMARY AND RECOMMENDATIONS (CONTINUED)

Public sector debt to GDP ratio is projected to increase in 2027 but the public debt target remains on track to be achieved by 2035.

With the estimated economic growth of 6.2 per cent in 2025, the public sector debt to GDP ratio declined from 71.3 per cent of GDP (\$2,701.7M) in 2024 to 67.3 per cent of GDP (\$2,724.1M) in 2025. In 2026 the public sector debt to GDP ratio is projected to further decline to 65.7 per cent of GDP (\$2,788.6M).

With the planned contraction and disbursement of new debt, the debt to GDP ratio is expected to increase to 68 per cent of GDP (\$3,050.6 M) in 2027, and to be at 67.5 per cent of GDP (\$3,211M) in 2028.

Strategy to generate fiscal surplus and to borrow on concessionary terms

The Government's strategy is to generate adequate revenue to finance its current operations and contribute to financing capital spending, and to borrow, as necessary, on concessionary terms. The revenue enhancing programmes, as outlined by the Government, involve the continued implementation of the strategy for increasing revenue through improved tax administration and the application of technology in the collection of tax revenue. The Government has also included, in its strategy, plans to improve the efficiency and management of expenditure, particularly by strengthening procurement practices and enhancing the monitoring and evaluation of capital projects.

Over the medium-term, the structure of the public sector is likely to be modified with the transfer of services currently provided and financed directly by the Central Government to statutory bodies, which is likely to result in a reduction in the wage bill and outlays for goods and services of the Central Government and could increase transfers and subsidies. In addition, the Central government financial transactions with the Polaris Development Company and some statutory bodies and state-owned enterprises will need to be taken into account. These policy shifts have implications for the wage bill and the primary balance fiscal rules and should be included in the medium-term projections.

CHAPTER 6: SUMMARY AND RECOMMENDATIONS (CONTINUED)

Risks

Risks are associated with the geo-political conflicts and tensions, global economic uncertainties as a result of the trade, investment, immigration and administrative policies of the US administration, the actions of advanced countries on the Citizenship by Investment Programme and the ever-present climatic risk. This environment requires strategic planning and flexible response mechanisms in order to implement the strategic priorities of the Government.

Compliance with FRA in suspending the fiscal rule and target

In accordance with the FRA, the suspension of the primary balance and debt target (Section 9 of the FRA), which was activated in 2024, was extended in 2025 and further extended to 2026. The extension of the suspension of Section 9 of the FRA was approved by the House of Representative on submission of the Fiscal Resilience (Suspension of the Public Debt Target and Primary Balance Rule) (Extension) Order, 2025 of 7th March 2025, and the Fiscal Resilience (Suspension of the Public Debt Target and Primary Balance Rule) (Extension) (No. 2) Order, 2025 of 1st December 2025, respectively.

To assess the validity for the extension of the Suspension Clause, the FROC examined the Estimates of Revenue and Expenditure for 2026 and identified capital expenditure directly related to Hurricane Beryl response. The direct Hurricane Beryl related capital expenditure amounted to \$97M in 2025 and \$27M in 2026. These expenditures exclude Hurricane Beryl related capital expenditures that are integrated into other ongoing capital projects and recurrent expenditure that was associated with Hurricane Beryl. The impact of the tax relief on recurrent revenue is not detailed in this Annual Report.

The FROC therefore concludes that the Government complied with the provisions of the FRA regarding the suspension of Section 9 for 2025 and 2026. The wage bill remains within the cap set in the FRA.

CHAPTER 6: SUMMARY AND RECOMMENDATIONS (CONTINUED)

The Central Government operations are projected to be in accordance with the fiscal rules for 2027 and 2028. The debt to GDP ratio is projected to increase in 2027, and based on the Debt Sustainability Analysis (DSA), as prepared by the IMF, remains on track to achieve the targeted debt to GDP ratio by 2035.

Strengthening the operation of the FRO

The non-appointment of the Economist was the main challenge encountered by the FRO in the conduct of its business in 2025. The Economist is critical in carrying out the mandate of the FRO, therefore requiring the prompt appointment. The strictly legislated timeframes for the submission of reports require the timely appointment of all members of the FRO.

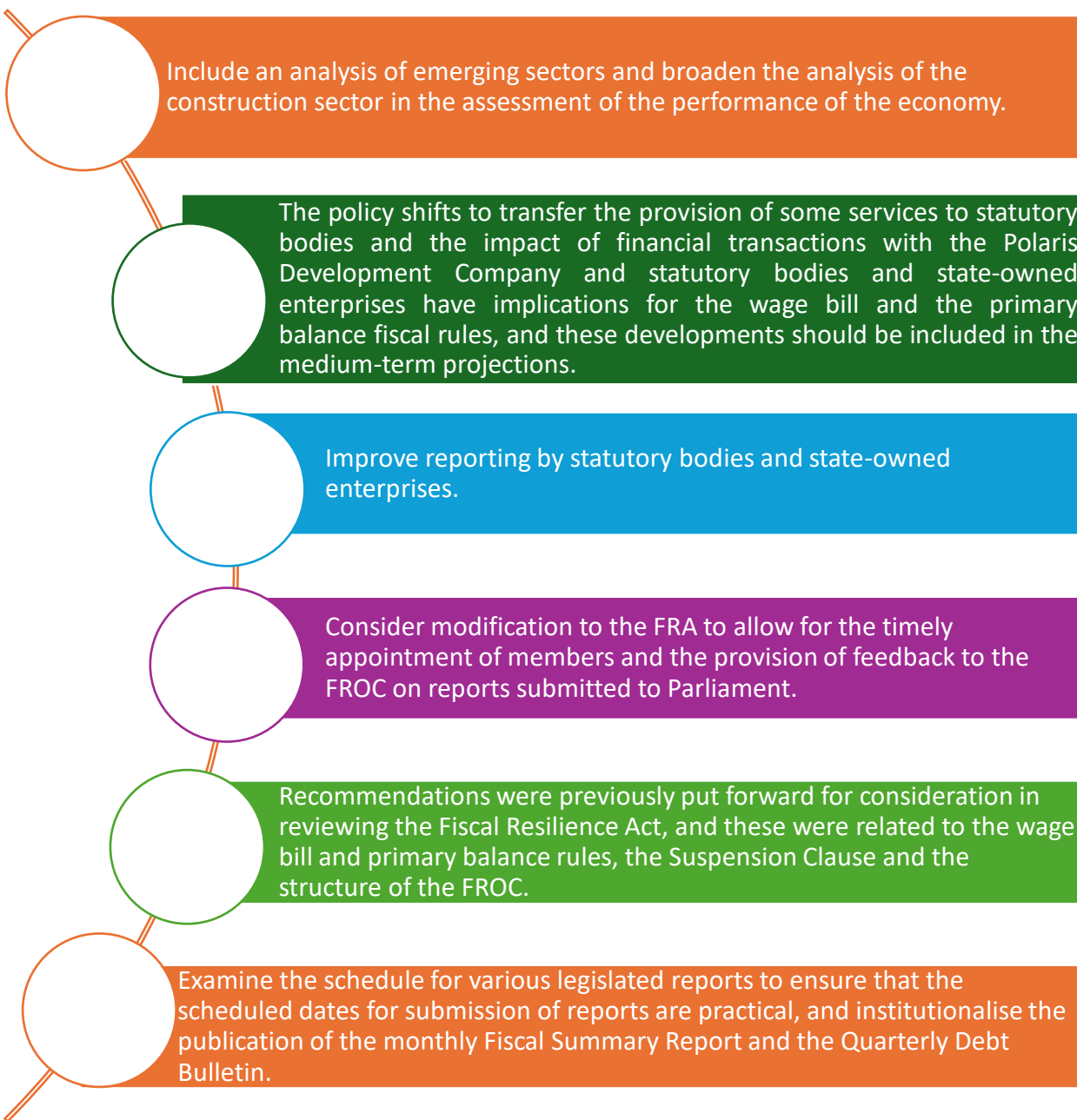
Improving fiscal transparency

The adherence to principles of fiscal transparency is linked with the preparation, execution and oversight and accountability of the national budget and the regular publication of information on the public finances. Beyond the legislative requirement, data and information were generally disseminated to the public through Government websites, press briefings, Direct Messages with the Prime Minister, and consultative and town hall meetings. Challenges were encountered in the publication of the monthly Fiscal Summary Report and the Quarterly Debt Bulletin.

The activities associated with the preparation of the budget were executed in accordance with the financial legislation. The legislated required documents were published except for the Mid-year Policy Review. The Medium-term Debt Management Strategy was submitted to Parliament simultaneously with the annual budget instead of the legislated date of two months prior to the beginning of the fiscal year. The Annual Debt Report was submitted with a one-year lag which is not the intent of the legislation. Published reports on tax concessions and the National Transformation Fund remained outstanding; and there are outstanding audited public accounts to be submitted to the House of Representatives.

RECOMMENDATIONS

Main Recommendations



Introduction

The Fiscal Resilience Oversight Committee (FROC) reviewed the analysis of the performance of the economy for 2025 and the projections for the medium-term, and provided recommendations related to economic growth and the economic and debt strategies. The FROC assessed compliance with the FRA, with particular focus on compliance with Section 9 of the FRA, which provides for the suspension of the fiscal rule and target. The FROC also assessed the adherence to the principles of fiscal transparency, identified gaps and proposed measures for improving fiscal transparency.

The FROC had the experience of the practical implementation of the main provisions of the FRA and identified provisions of the FRA for review based on the experience during 2025 and highlights the operational provisions for consideration that were outlined in previous reports.

Recommendations

The Economic and Social Context

Economic Growth

The creative and digital economy is of strategic priority to the Government. It is therefore necessary to include developments in this emerging sector in the assessment of economic performance.

The construction sector is a main contributor to economic growth. As such, more supportive information should be provided for the assessment of the performance of the sector. Specifically, the inclusion of information on the estimated expenditure on public and private capital construction projects would support the assessment of the performance of the construction sector.

The Medium-term Outlook and Government Strategy

Fiscal Projections

With the policy to transfer services currently provided and financed directly by the Central Government to statutory bodies, the structure of the public sector is likely to be modified. In addition, the financial transactions between the Central Government and the **Polaris** Development Company and some of the statutory bodies need to be taken into account. The fiscal projections should therefore be realigned for consistency with the stated policies of the Government; and this should coincide with the updating of the Medium-term Strategy and Action Plan and the accompanying Public Sector Investment Programme.

Debt Management

With the planned contraction of new debt, the debt to GDP ratio is expected to increase in 2027 and remain at that level in 2028. It is, therefore, considered necessary to implement the institutional arrangements for the management of the public debt as stipulated in Section 27 and in the Second Schedule of the Debt Management Act as amended.

Compliance with the Fiscal Resilience Act

Monitoring of Statutory Bodies and State-owned Enterprises

The 2024 Performance Report of statutory bodies and state-owned enterprises was submitted to the House of Representative in accordance with Section 73 of the Public Finance Management Act 2015 as amended. The performance report includes only approximately 25 per cent of enterprises with audited financial statements.

Therefore, consideration may be given to establishing a framework that would facilitate the imposition of penalties on the statutory bodies and state-owned enterprises for failure to submit the audited accounts to the Minister for onward submission to Parliament.

CHAPTER 6: SUMMARY AND RECOMMENDATIONS (CONTINUED)

Implementing the Fiscal Resilience Act

To ensure the timely appointment of the Economist to the FROC, it is recommended that consideration be given to modifying the schedule to the FRA to allow for a consultative process in the nomination of the Economist to the FROC rather than the existing advisory requirement.

The FROC makes reference to recommendations in the previous Annual Report and recommends that consideration be given to establishing a mechanism to provide feedback to the FROC based on the examination of the reports submitted by the FROC to the House of Representatives.

Compliance with Fiscal Transparency

For adherence to the legislation and to further improve the information that is disseminated to the public, the FROC re-states the following recommendations in Box 6.1.

CHAPTER 6: SUMMARY AND RECOMMENDATIONS (CONTINUED)

Box 6. 1: Strengthening Fiscal Transparency

- Ensure the timely publication of the monthly Fiscal Summary Report and the Quarterly Debt Bulletin as a source of regular data and information on the public finances.
- Develop a structure to facilitate the publication of the report on tax incentives and the accompanying details on tax relief and exemptions as stipulated in the Public Finance Management Act.
- Present to Parliament the reports on the National Transformation Fund, in accordance with the Public Finance Management Act.
- Progress steadily with the auditing of the public sector accounts for submission to Parliament to achieve compliance with the Constitution, the Audit Act and the Public Finance Management Act.
- Improve fiscal transparency and accountability through the examination of the audited accounts by the Public Accounts Committee in accordance with the Standing Order No. 69 of the Standing Orders of the House of Representatives.
- Examine the schedule for various legislated reports to ensure that the scheduled dates for submission of reports are practical.

APPENDIX

Appendix 1: FROC Activities: 1 April 2025 To 31 March 2026

DATE	ACTIVITY/ENGAGEMENTS	PURPOSE
April 2025	Meeting with Minister for Finance.	To apprise the minister of the content of the FROC 2024 Annual Report
	Submission of the 2024 Annual Report to the Speaker of the House of Representatives through the Clerk of Parliament.	In compliance with the Fiscal Resilience Act
	The date for the submission of the FROC Essay Competition was extended to 30 th September.	Awareness and Public Participation
May 2025	Distribution to the public and publication in local newspapers of the FROC 2024 Annual Report and the accompanying documents.	Awareness and Public Participation
	Press Briefing on the FROC 2024 Annual Report	Public communication of the Annual Report
	Documented the responses from the press briefing on the annual report and made public by posting on the FROC website.	Awareness and Public Participation
June 2025	Preparation of 'Statement of Compliance' as of 30 th April 2025 and submission to the Speaker of the House of Representatives, Minister for Finance, and distribute to the general public through local newspapers.	Monitoring and assessment of compliance with the FRA
	Contract for the Services of Mr. Hajjie Charles as the FROC website developer.	Technical Support

DATE	ACTIVITY/ENGAGEMENTS	PURPOSE
July 2025	The Fiscal Resilience Oversight Committee (FROC) submitted the final Report on the Medium-term Fiscal Framework (2026–2028) to the Permanent Secretary of the Ministry of Finance in accordance with Section 12 (3) of the Fiscal Resilience Act.	Legislative Mandate
	The FROC held its bi-annual consultation with the Honourable Leo Cato, Speaker of the House of Representatives. The press release titled “Bi-Annual Consultation between the Honourable Leo Cato, Speaker of the House of Representatives and Chairman of the Committee of Privileges, and the Fiscal Resilience Oversight Committee” was uploaded to the FROC website and circulated to news outlets.	Technical and administrative matters
	Meeting of the FROC for the approval of the 2026 Budget and review of the activities of the FROC for 2024 to 2025.	Technical and administrative matters
August 2025		
September 2025	The updated Medium-Term Fiscal Framework (MTFF) 2026–2028, which the Committee reviewed, was published, along with the report of the FROC.	Compliance with the Fiscal Resilience Act.
	Preparation of the Activities, Responsibilities and Timelines document to guide the work of the FROC for 2025-2026.	Planning and documentation
	Preparation of the outline for the 2025 Annual Report.	In preparation for the 2025 Annual Report

FROC 2025 Annual Report

DATE	ACTIVITY/ENGAGEMENTS	PURPOSE
	Preparation of the data and information required for the 2025 Annual Report.	In preparation for the 2025 Annual Report
	Review of the FROC Charter and Guidelines.	FROC administration
	A reminder to all secondary schools informing them of the upcoming deadline for the FROC Essay Competition and encouraging students to participate.	Awareness and Public Participation
October 2025	The performance of the members of the FROC and the overall work of the FROC was evaluated through a structured self-assessment appraisal completed by each Committee Member, as well as by the Technical and Administrative Manager.	Technical and Administrative matters
November 2025	The Essay Competition Committee, comprising Ms. Zanna Barnard and Mr. Angus Smith reviewed the submitted essays and selected the winners of the essay competition.	Awareness and Public Participation
	The Chairwoman participated on the Bubb Report programme to discuss the fiscal position and the work of the FROC.	Awareness and Public Participation
	A meeting between the Public Utilities Regulatory Commission (PURC) and FROC was held to discuss collaboration plans for the 2026 Essay Competition.	Awareness and Public Participation
	Participation in IMF Article 4 mission	Consultation
December 2025	Preparation and finalisation of the Concept Notes for the 2026 essay competition.	Awareness and Public Participation

FROC 2025 Annual Report

DATE	ACTIVITY/ENGAGEMENTS	PURPOSE
	A lease agreement for the FROC Office space was secured for the office at the National Stadium.	Administrative matters
	The FROC approved the following documents: 1. Activities, Responsibilities, and Timeline document 2. Outline for the 2025 Annual Report 3. Data and Information Request 4. the FROC Charter and Guidelines	Technical and administrative matters
	The FROC submitted the Data and Information Request to the Ministry of Finance.	In preparation for the Annual Report
	The FROC commenced review of reports that were submitted to parliament on 1 st December 2025.	In preparation for the Annual Report
January – February 2026	Preparation of the FROC 2025 Annual Report	Technical matters in preparation for the annual report
	Meeting with the technical officers of the Ministry of Finance.	Technical matters in preparation for the annual report
	Announcement of the Winners of the FROC Essay Competition.	Awareness and Public Participation
	Submission of the Concept Notes for the essay competition to the Ministry of Education.	Awareness and Public Participation
	The FROC Charter and Guidelines was shared on Facebook and LinkedIn and placed on the FROC Website.	Awareness and Public Participation

DATE	ACTIVITY/ENGAGEMENTS	PURPOSE
March 2026 - Planned Activities	A meeting with the Minister for Finance.	Apprise the Minister of the content of the Annual Report Awareness and Public Participation
	Submission of the Annual Report to the Clerk of Parliament	In compliance with the FRA
	The FROC officially commenced operations from its location at the National Stadium	Administrative matters
	Distribution of FROC 2025 Annual Report to the public and publication in local newspapers and the accompanying documents	Awareness and Public Participation
	Press Briefing on the FROC 2025 Annual Report	Awareness and Public Participation
	Documentation of the responses from the press briefing on the annual report and publish by posting on the FROC website	Awareness and Public Participation
	Distribution of prizes to the winners of the FROC essay competition.	Awareness and Public Participation

Appendix 2: Construction Activities in the Public and Private Sectors

Public Sector	Private Sector
<ul style="list-style-type: none"> • School Infrastructure Enhancement • Grenada Education Enhancement Project (GEEP) • General Hospital Upgrades • Grenada Home Improvement and Resilience Project • Project 500 • Seamoon Cultural Centre (preparatory works) • Construction, Refurbishment & Ext. of Gov't Bldg. • Renovation and Extension Programme- Schools • Western Main Road Corridor Upgrade • Molinere Landslip Rehabilitation Project • The Cliff Rehabilitation Project Springs/ Woodlands to Upper Woburn/ Morne Jaloux • Feeder Roads Project • Bridges Rehabilitation • Grenada Climate-Resilient Water Sector Project (G-CREWS) • United Kingdom Caribbean Infrastructure Fund (UNCIF) 	<ul style="list-style-type: none"> • Range Developments 2 (G'da) – Intercontinental • Range Developments 2 (G'da) – Apartments • Heng Sheng: The G'da National Resort • JDC: Silversands (12 Unit Apt. Expansion) • JDC: Silversands - (New Entrance) • JDC: The Hub (Merveilles) • Ruby Investments Ltd. • REMCACCS • Laux Flats Inc. • Golden Pear MSV • Bohemian Heights Limited.
<p><u>Carriacou</u></p> <ul style="list-style-type: none"> • GOG Road Rehabilitation Project • Windward Fish Centre • Road Rehabilitation Petite Martinique 	

Source: Estimates of Revenue and Expenditure 2026, Ministry of Finance, Grenada. Data submitted by the Ministry of Finance
11th January, 2026

Appendix 3: Comparative Balance of Payment Data (EC\$M)

	2024		2025	
	MTESFR	MTESFR	ECCB	IMF
Current Account	-731.1	-423.1	-850.6	-692.3
Balance on Goods and Services	-355.4	-165.3	-565.4	-310.5
Goods and Services Credit (Exports)	2319.2	2287.5	2204.6	1839.8
Goods and Services Debit (Imports)	2674.6	2452.8	2770.0	2660.6
Balance on Goods	-1326.8	-1350.1	-1455.3	
Goods Credit (Exports)	190.1	193.5	178.5	
Goods Debit (Imports)	1516.9	1543.6	1633.8	
Balance on Services	971.3	1184.8	889.9	1015.7
Services Credit (Exports)	2129	2094	2026.0	
Servies Debit (Imports)	1157.7	909.2	1136.2	
of which: Balance on Travel Services	1734.2	1804.5	1713.6	
Income	-375.7	-257.7	-285.2	-344.2
Balance on Capital Account	594.3	191.8	171.2	167.7
Balance on Current and Capital Accounts	-136.8	-231.3	-679.4	-524.6
Balance on Financial Account	-233.4	-230.9	-591.6	-524.6
Of which				
Net Foreign Direct Investment	-282.5	-298.6	-470.6	-506.5
Net Portfolio Investment	87.2	75.2	428.6	315.1
Other Investment	-63.7	-85.8	-429.9	-292.7
Reserve Assets	25.6	78.2	-119.7	-40.5
Net Errors and Omissions	-2.2	-1.9	87.8	0

Sources: ECCB Balance of Payments Data as at January 13, 2026.

IMF Grenada January 2026 2025 Article IV Consultation—Press Release and Staff Report, January 21, 2026. Medium Term Economic and Fiscal Strategy Report 2026 – 2028.

Appendix 4: Comparison of Medium-term Economic and Fiscal Strategy Report 2025-2027 and Medium Term Economic and Fiscal Strategy Report 2026-2028

		MEDIUM TERM ECONOMIC AND FISCAL STRATEGY REPORT 2025 – 2027				MEDIUM TERM ECONOMIC AND FISCAL STRATEGY REPORT 2026- 2028				
	GVA	GROWTH ESTIMATES								
	Share of	Est.	Forward Estimates			Est.	Est.	Forward Estimates		
Sector	2024	2024	2025	2026	2027	2024	2025	2026	2027	2028
Agriculture, Livestock and Forestry	2.40	-20.3	2.9	2.2	3	-23.9	11.9	8.5	9.4	9.2
Fishing	1.15	-6.4	1.8	2.8	3.9	-13.1	20.5	-12.6	6.2	6.3
Mining & Quarrying	0.21	5	4.3	4.1	4.5	5	21.4	3.5	7.7	9.2
Manufacturing	4.58	5.9	4.8	5.2	5.5	4.6	2.4	1.1	1.2	2.2
Electricity & Water	3.61	6.6	3.4	4.7	5.5	7.6	-0.6	3.7	5.2	3.2
Construction	9.86	2.7	9.3	7.3	6.6	7.4	27.2	12.1	13.9	15.6
Wholesale & Retail Trade	8.77	9.8	5.7	5.1	4	2.5	8.2	7.2	5.8	6.6
Hotels & Restaurants	7.63	9.8	5.7	5.1	4	9.4	0.3	1.8	1.9	2.7
Transport and Storage	8.07	7.8	6.1	4.9	4	3.2	6.0	5.7	8.7	8.5
Communications	2.52					2	1.0	2.4	3.8	5.5
Financial Intermediation	7.38	4.6	5	4.8	4.8	4.6	5	3.4	3.6	3.6
Real Estate, Renting and Business Activities	10.20	2.7	3.1	3.8	4.9	2.7	3.2	3.7	4.4	2.2

		MEDIUM TERM ECONOMIC AND FISCAL STRATEGY REPORT 2025 – 2027				MEDIUM TERM ECONOMIC AND FISCAL STRATEGY REPORT 2026- 2028				
	GVA	GROWTH ESTIMATES								
	Share of	Est.	Forward Estimates			Est.	Est.	Forward Estimates		
Public Administration	7.57	2.7	2.2	2.3	2.1	2.7	3.4	3.1	2.5	2.6
Education	22.90	1.4	1.5	1.6	1.6	1.4	0.7	0.9	0.5	1.8
Health and Social Work	2.19	1.1	2.9	3.1	3.1	1.1	2.9	3.1	3.3	3.3
Other Community, Social & Personal Services	1.16	1.3	0.2	0.6	0.4	1.3	0.2	0.6	0.4	0.3
Activities of Private Households as Employers	0.75	0.8	0.9	0.9	1.1	0.8	0.9	0.9	1.1	1.1
Real Gross Value Added (not GDP)		3.4	4.4	4.2	4	2.8	6.2	4.3	5.3	5.8
Real Gross Domestic Product		3.7	4.1	4.5	4	3.3	6.2	4.1	4.9	5.3
Other key indicators										
Nominal GDP (% Change)		6.1	6.1	6.6	5.9	5	6.8	4.9	5.7	6.0
Nominal GDP (EC\$ Millions)		3830.1	4061.8	4329	4584,1	3789.9	4047.7	4244.5	4486.2	4757.1

Note: GVA is Gross Value Added. Education comprises of 19.15% in private and 3.75% in public for GVA shares of 2024.

Source: Grenada Central Statistical Office: Grenada Contribution of Gross Value Added By Economic Activity (Industry) In Constant 2006 Prices (%), 2010 to 2023.
<https://stats.gov.gd/subjects/gross-domestic-product/grenada-contribution-of-gross-value-added-by-economic-activity-industry-in-constant-2006-prices>.

Ministry of Finance: Medium-term Economic and Fiscal Strategy Report 2025 – 2027. 7th March 2025.

Ministry of Finance: Medium-term Economic and Fiscal Strategy Report 2026-2028. 1st December 2025.

Appendix 5: Fiscal Data

Appendix 5.1 - Grenada's Central Government Fiscal Accounts in EC\$M

Grenada Central Government Fiscal Data										
In millions of Eastern Caribbean Dollars										
	Actual						Estimated Outturn	Budgeted	Projected	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total Revenue and Grants	871.52	792.69	957.09	1088.34	1321.00	1648.50	1273.30	1359.2	1414.7	1508.3
Current Revenue	777.99	689.57	727.11	863.90	1302.90	1628.30	1202.80	1321.5	1394.2	1475.8
Tax Revenue	718.57	622.76	625.42	714.93	848.10	890.50	931.90	1037.4	1096.5	1162.7
Non-tax Revenue	59.42	66.81	101.70	149.00	454.70	737.80	270.90	284.1	297.7	313.1
Total Grants	93.53	103.12	229.97	224.43	18.20	20.10	70.50	37.6	20.5	32.6
Total Expenditure	709.10	920.98	947.23	1057.60	1037.60	1397.60	1552.50	1668.9	1410	1496.9
Primary Expenditure	648.50	865.09	893.04	1003.91	984.20	1273.30	1399.70	1588.4	1334.7	1428.6
Current Expenditure	623.47	651.08	686.82	717.44	702.20	944.50	1032.20	1091.8	1040.5	1107.9
Employee Compensation	266.66	276.37	307.64	279.71	291.50	319.40	324.80	410.2	413	446
<i>Of which Personal emoluments, wages & Allowances</i>	253.28	261.59	291.67	263.50	274.80	299.00	303.40	387.2	389.7	421.7
<i>Of which social contribution to employees</i>	13.38	14.78	15.97	16.25	16.80	20.30	21.40	23	23.2	24.3
Goods & Services	132.82	132.95	153.95	128.00	141.70	174.40	187.50	254.5	206.5	251.5
Interest payments	60.64	55.90	54.20	53.70	53.30	124.30	152.70	80.6	75.3	68.3
Transfers and subsidies	163.35	185.86	171.03	256.10	215.60	245.70	367.20	346.6	345.8	342.1
Capital Expenditure and Net lending	85.68	269.90	260.41	340.20	335.40	453.10	520.20	577.2	369.5	389
<i>Financed by Grants</i>	75.70	84.80	182.90	116.50	17.40	18.10	44.30	37.6	20.5	32.6

Grenada Central Government Fiscal Data										
In millions of Eastern Caribbean Dollars										
	Actual						Estimated Outturn	Budgeted	Projected	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Current Account Balance (before budgetary grants)	154.58	38.49	40.30	146.50	600.00	683.90	170.60	229.7	353.7	367.9
Primary Balance (after grants)	223.06	-72.40	64.05	84.43	336.10	375.1	-126.40	-229.2	80	79.7
Overall Balance (after grants)	162.42	-128.29	9.85	30.73	282.80	250.90	-279.10	-309.8	4.7	11.4

Source: Ministry of Finance: Medium-term Economic and Fiscal Strategy Report 2025 – 2027. 7th March 2025.

Ministry of Finance: Medium-term Economic and Fiscal Strategy Report 2026-2028. 1st December 2025.

Appendix 5.2- Grenada's Central Government Fiscal Accounts percentage of GDP

Grenada Central Government Fiscal Data							
% of GDP							
	Actual			Estimated Outturn	Budgeted	Projected	
	2022	2023	2024	2025	2026	2027	2028
Total Revenue and Grants	32.90	36.60	43.50	31.50	32	31.5	31.7
Current Revenue	26.10	36.10	43.00	29.70	31.1	31.1	31
Tax Revenue	21.60	23.50	23.50	23.00	24.4	24.4	24.4
Non-tax Revenue	4.50	12.60	19.50	6.70	6.7	6.6	6.6
Total Grants	6.80	0.50	0.50	1.70	0.9	0.5	0.7
Total Expenditure	32.00	28.80	36.90	38.40	39.3	31.4	31.5
Primary Expenditure	30.40	27.30	33.60	34.60	37.4	29.8	30
Current Expenditure	21.70	19.50	24.90	25.50	25.7	23.2	23.3
Employee Compensation	8.50	8.10	8.40	8.00	9.7	9.2	9.4
<i>Of which Personal emoluments, wages & Allowances</i>	8.00	7.60	7.90	7.50	9.1	8.7	8.9
<i>Of which social contribution to employees</i>	0.50	0.50	0.50	0.50	0.5	0.5	0.5
Goods & Services	3.90	3.90	4.60	4.60	6	4.6	5.3
Interest payments	1.60	1.50	3.30	3.80	1.9	1.7	1.4
Transfers and subsidies	7.70	3.00	6.50	9.10	8.2	7.7	7.2
Capital Expenditure and Net lending	10.30	9.30	12.00	12.90	13.6	8.2	8.2
<i>Financed by Grants</i>	3.50	0.50	0.50	1.10	0.9	0.5	0.7
Current Account Balance (before budgetary grants)	4.40	16.60	18.0	4.20	5.4	7.9	7.7
Primary Balance (after grants)	2.60	9.30	9.9	-3.10	-5.4	1.8	1.7
Overall Balance (after grants)	0.90	7.80	6.6	-6.90	-7.3	0.1	0.2

Source: Ministry of Finance: Medium-term Economic and Fiscal Strategy Report 2025 – 2027. 7th March 2025.
Ministry of Finance: Medium-term Economic and Fiscal Strategy Report 2026-2028. 1st December 2025.

Appendix 5.3 - Public Debt Data in EC\$M

Format for public debt data										
In millions of Eastern Caribbean Dollars										
	Actual						Preliminary	Projected		
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total Public Sector Debt	2427.7	2502.7	2672.5	2622.4	2690.7	2739	2724.1	2788.6	3050.6	3211
Total Central Government Debt	1888.80	1988.4	2104.4	2074.6	2155.6	2203.9	2199.5	2266.5	2534.7	2697.3
<i>Of which Central Government</i>	1888.80	1988.48	2104.40	2074.6	2155.6	2203.9	2199.5	2266.5	2534.7	2697.3
<i>Of which Government Guarantee</i>	0.00	0	1.00	0.84	0	0	0	0	0	0
Statutory bodies and SOEs (non-guarantee)	\$538.90	\$514.30	\$567.10	\$547.80	\$535.10	\$535.10	\$524.60	\$522.10	\$515.90	\$513.80

Source: Ministry of Finance: Medium-term Economic and Fiscal Strategy Report 2026-2028. 1st December 2025.

Appendix 6: Government's Strategic Priorities

The updated Medium-term Strategy (2026 – 2028) should be in effect in 2026. The status of the implementation of the strategic priorities was outlined in the FROC Annual Report (2023 and 2024). With the beginning of the cycle for a new medium-term strategy, the strategic priorities as outlined in the 2026 National Budget are highlighted based on the following four themes: i. Human Development; ii. Promoting Robust Economic Growth and Job Creation; iii. Promoting Good Governance; and iv. Enhancing Climate Resilience, Environmental Sustainability, and Renewable Energy.

Human Development

The programmes and projects for human development are in education, health, housing and social protection, with particular emphasis on youth development.

The programmes for education, health, housing and social protection are displayed in Box 1.

Box 1: Human Development: Education, Health, Housing and Social Protection

<p><i>Education</i></p> <ul style="list-style-type: none"> • Development of centres of excellence in technical and vocational training • The rehabilitation of schools and the construction of new schools • The establishment of the Youth Empowerment Agency <p><i>Social Development</i></p> <ul style="list-style-type: none"> • Improvement to the SEED program • Implementation of the National Disability Policy and Action Plan • Development of a comprehensive Gender-Based Violence Strategy and Action Plan • Development of a National Rural Development Plan, which will be supported by projects such as the Basic Needs Trust Fund (BNTF). 	<p><i>Health and Wellness</i></p> <ul style="list-style-type: none"> • Universal access to quality health care • Digitalisation of health records • Revisiting the reestablishment of the Grenada Nursing School • Rehabilitation of hospitals, clinics and community health centres • Statutorisation of hospital services • Implementation of Project Polaris — the construction of a new state-of-the-art, climate smart, teaching hospital • Introduction of National Health Insurance • Construction of the Mirabeau Rehabilitation Centre to care for individuals facing mental health challenges <p><i>Housing</i></p> <ul style="list-style-type: none"> • Project 500 • Grenada home improvement programme • Build back better programme • Water Access and Sanitation in Homes (WASH) programmes
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Promoting Robust Economic Growth and Job Creation

The programmes and projects for stimulating economic growth and job creation involve supporting the development of entrepreneurs, while promoting the agriculture and tourism sectors, and the creative and digital economy. The strategy of the Government is to integrate agriculture, tourism and the creative and digital economy with a strong entrepreneurial base.

Box 2: Promoting Robust Economic Growth and Job Creation

<p><i>Agriculture Food and Nutrition Security</i></p> <ul style="list-style-type: none"> • Establishment of the agro processing plant at La Calome • Enhanced food security by planting high value climate resistant varieties of crops and the rearing of high breed pigs, sheep and goats under the Food Security Enhancement Project • Support to livestock farmers for the construction of pens • Upgrade infrastructure: Irrigation systems, access to farm roads, storage facilities, digital tools and green house production • Acceleration of the spice planting project • Support to agro processors <p><i>Tourism</i></p> <ul style="list-style-type: none"> • Roll out a National Tourism Development Plan (2026–2030) • Completion of three new tourism sites, namely the Fort George, Bathway/Levera Recreational Facility and the Grand Etang Shoreline Trail. • Strengthen digital tourism platforms to enhance visitor experience and improve data-driven decision-making • Expand air connectivity through continued negotiations with regional and international carriers <p><i>Oil and Gas</i></p> <ul style="list-style-type: none"> • Technical and economic evaluation of potential hydrocarbon • Updating of the regulatory legal and fiscal framework and establishing a legal regulatory body. 	<p><i>Blue Economy</i></p> <ul style="list-style-type: none"> • Expansion of the Melville Street Fishing Port Development Project • Implementation of the Sustainable Technologies for Adaptation and Resilience in Fisheries (STAR-Fish) Project and the Road to Resilience (R2R) Project (ecosystem-based climate adaptation and; Expansion of mariculture ventures in sea moss, bait, and shrimp farming) <p><i>The creative and digital economy and culture</i></p> <ul style="list-style-type: none"> • Expansion of the Creative Economy Fund • The renovation of the Priory Building on Church Street and launch the National Art Gallery • Expansion in training and certification programmes in music production, film, and design, heritage and cultural studies • Integration of cultural heritage preservation into community development programmes • Strengthening international marketing and export promotion of Grenadian creative products and services • Launch of Electronic Embarkation and Departure Cards • Programmes for driving Grenada toward a seamless digital economy
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Promoting Good Governance

In promoting good governance, public sector reform is a main area of focus. The stated policy is to complete the regularisation of public officers and to expand digital services. The Government's plans for promoting good governance involves the revision of the laws of Grenada and the construction of the Halls of Justice.

Box 3: Promoting Good Governance

Promoting Good Governance

- Regularisation of public offices
- Digitalisation of the provision of public service
- Revision of the laws of Grenada
- Modernization of the Road Traffic Act to address traffic congestion and improve flow
- Construction of Halls of Justice
- Acquisition of coastal vessel

Sustainable Environment and Transitioning to Renewable Energy

The stated policies and programmes for a sustainable environment include geothermal exploration and the expansion in Solar energy. The strategy is to integrate renewable energy and climate resilience in the social and economic projects.

Box 4: Sustainable Environment and Transiting to Renewable Energy

<p><i>Renewable Energy</i></p> <ul style="list-style-type: none"> • Solar for all programme • Limlair Solar PV Hybrid /Battery Storage Project • Geothermal energy • Renewable energy installation in Government buildings and a battery storage at the MBIA <p><i>Solid Waste Management</i></p> <ul style="list-style-type: none"> • Improved waste management • Expansion of recycling • Processing of Sargassum for use in agriculture and manufacturing 	<p><i>Social Infrastructure</i></p> <ul style="list-style-type: none"> • Rehabilitation and construction of medical stations, police stations, community centers and schools <ul style="list-style-type: none"> ○ The schools include the Grenada Christian Academy, the St. David’s Catholic Secondary School, the St. Andrews Anglican Primary School and the Florida Government School. ○ The health facilities include the Sauteurs Health Centre, St. David’s Health Centre, Mt. Carmel Health Center, Grand Bras Health Centre, Paraclete, Hermitage, River Sallee, New Hampshire, Grand Roy, Vincennes, Gouyave (repairs), Woburn, Perdmontemps, La Borie, Grand Anse medical stations, and St. George’s Health Centre • The economic/physical infrastructure projects include the improvement to the roads and bridges network through the ‘Roads and Bridges Development, Rehabilitation, and Maintenance Programme’ which include: the Point Salines to Woodlands Road upgrade, The Cliff to Egmont Junction Road rehabilitation, Tempe to Mt. Cuma Road improvement, the Mabouya road reconstruction, and major bridges including Marquis, Madeys, Morne Fendue, and Mt. Rich. • Coastal Protection of the Sauteurs Bay Project • Roads and infrastructure in Carriacou including the windward Jetty • Upgrading of sporting facilities
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The Private Sector

The private sector is expected to benefit from the development of the digital economy, the improvement in the economic and social infrastructure, the efficient operation of the institutional framework and financial support for priority industries and sectors.

