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**PRESS RELEASE**

**GRENADA TO RECEIVE \$22.4 MILLION IN EMERGENCY SUPPORT FROM THE IMF**

**April 29, 2020** – Grenada will receive US \$22.4 million in emergency support from the International Monetary Fund (IMF).

The emergency financial assistance for Grenada was approved by the IMF Executive Board on Tuesday, for disbursement under the Rapid Credit Facility. The amount payable represents 100% of Grenada's quota under the RCF which is intended to support "macroeconomic stability and facilitate the subsequent economic recovery".

Prime Minister and Minister of Finance, Dr. the Right Honourable Keith Mitchell has welcomed news of the imminent disbursement saying, "the money will be used as budgetary support, given the adverse impact of the COVID-19 pandemic on the local economy coupled with increased expenditure to mitigate the impact of the disease."

Dr. Mitchell said, "Even as we faced the prospect of a significant drop in revenue collection due to COVID-19, Government moved rapidly to announce measures intended to bring relief to the population. The uncertainty about the potential duration of the crisis meant that we also had to begin looking at funding options. Therefore, confirmation of Grenada's approval under the IMF Rapid Credit Facility is indeed welcome news."

Grenada's OECS counterparts, St. Lucia and Dominica have also been approved for funding under the RCF. A press release on the IMF website stated that these countries have been particularly hard-hit because of their dependence on tourism.

It stated that, "A drop in fiscal revenues, combined with additional direct health and social expenditures will temporarily increase the fiscal deficit and financing needs. IMF support will help cover some of these needs and allow the governments to ease the impact on the population, such as upgrading public health facilities and providing social assistance to the vulnerable and adversely affected sectors."

The IMF press release further quotes Deputy Managing Director, Mr. Tao Zhang, as saying, "Protection of the financial system will help cushion the economic impact of the pandemic. Measures have also been taken by the Eastern Caribbean Central Bank to facilitate the provision of credit and safeguard financial stability."

The Prime Minister said Grenada will continue to examine all options for economic relief during this crisis. He said, "Despite the remarkable performance of Grenada's

economy in recent years, the magnitude of the COVID-19 pandemic threatens to erode much of those gains. Therefore, as a matter of priority, Government is exploring options that will create additional fiscal space while we continue to provide relief for those most affected and initiate measures to stimulate economic activity."

The IMF financing is being provided to Grenada as a loan, but with very concessionary terms. The Prime Minister has indicated that the support of the international community will be paramount to the financing of Grenada's fiscal operations this year, in light of the impact of COVID-19.

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