



Annual Debt Report

2022

ACRONYMS & ABBREVIATIONS

ATM- Average Time to Maturity

ATR- Average Time to Re-fixing

BOSL-Bank of St. Lucia

CDB- Caribbean Development Bank

CG – Central Government

CUB- Committed Undisbursed Balances

ECCB- Eastern Caribbean Central Bank

FCIS- First Citizens Investment Services Ltd

GCB- Grenada Cooperative Bank

GDB-Grenada Development Bank

GDP- Gross Domestic Product

GG- Government-Guaranteed

GoG-Government of Grenada

IBRD- International Bank for Reconstruction & Development

IDA- International Development Association

IMF- International Monetary Fund

MTDS- Medium-Term Debt Management Strategy

OPEC- Organisation of Petroleum Exporting Countries

OTC- Over-the-counter

PDMA- Public Debt Management Act

PSIP – Public Sector Investment Programme

RGSM- Regional Governments Securities Market

SOE- State-owned Enterprise

USD- United States Dollar

XCD- Eastern Caribbean Dollar

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1.0 EXECUTIVE SUMMARY

This executive summary provides an overview of the Annual Debt Report for the year 2022, highlighting key insights and trends related to Grenada's debt management.

1.1 Debt Overview:

- **Total Central Government and Government Guaranteed Debt:** As of December 31, 2022, total outstanding Central Government and Government-Guaranteed debt in Grenada amounted to EC\$2,075.4 million or EC\$2.1 billion, which was 63.8 percent of GDP, an improvement both in the stock of debt and the debt to GDP ratio over the previous year.
- **Debt Composition:** The external debt accounted for 79.5 percent of the total debt, while domestic debt accounted for 20.5 percent. Multilateral creditors were the primary source of external debt, accounting for 67.4 percent. Non-bank financial institutions held most of the domestic portfolio amounting to 41.9 percent.
- **Contingent Liabilities:** Contingent liabilities, inclusive of PetroCaribe Debt, are explicit and implicit liabilities arising from loans to Statutory Bodies and State-Owned Enterprises. Total contingent liabilities as at end December 2022 amounted to EC\$551.6 million.

1.2 Debt Management Strategies:

- **Cost Optimization:** We have employed various strategies to optimize our debt costs, such as refinancing high-interest debt, negotiating favorable terms, and monitoring market conditions to take advantage of lower interest rates.
- **Concessional Borrowing:** We have focused on concessional borrowing as opposed to non-concessional borrowing to reduce credit risk and other debt vulnerabilities.

1.3 Repayment Activities:

- **Timely Repayment:** Grenada has maintained a strong repayment track record, fulfilling all scheduled debt payments promptly throughout the year.
- **Amortization Schedule:** All new borrowings were structured based on a well-defined amortization schedule, ensuring manageable and predictable repayment amounts and avoiding bunching of repayments.

1.4 Risk Management:

- **Risk Mitigation Strategies:** We implemented robust risk management practices to identify, assess, and mitigate potential risks associated with debt, including borrowing on fixed rate terms and mitigating currency risks.

1.5 Outlook:

- Grenada's Debt to GDP is projected to decline over the medium term due to consistent GDP growth and prudent debt management practices, including timely debt servicing.

Conclusion:

The Annual Debt Report for 2022 reflects Grenada's prudent debt management practices, highlighting our commitment to reducing debt vulnerabilities, ensuring least cost financing, and meeting debt obligations in a timely manner. By implementing effective strategies, monitoring market conditions, and ensuring prudent risk management, Grenada's debt to GDP ratio remains on a downward path.

2.0 MACROECONOMIC CONTEXT

Grenada's tourism-dependent economy was severely impacted by the onset of the COVID-19 pandemic in 2020, with a fall in real GDP of 13.8 percent. In 2021, real GDP grew by 4.7 percent which strengthened in 2022, to an estimated 7.4 percent (preliminary). Owing to this growth rate in 2022 are the improved performances of the Construction, Tourism and, to a lesser extent, Wholesale, and Retail Trade Sectors. The 2022 GDP growth rates are MOFs preliminary projections which are optimistic and based on full-year data received as well as economic surveillances conducted. However, these estimates will be further updated to reflect data received from the ECCB.

Based on MOF's analysis, growth in the Construction Sector for 2022 is estimated to be 31.5 percent. This was catalysed through, Government's Public Sector Investment Programme (PSIP) and substantial private sector-led activities. The Tourism Sector's recovery is indicative of increased hotel and restaurant activities given the global relaxation of COVID-19 protocols, the full resumption of cruise ships, and increased airlift for visitors to Grenada- amongst other things. Growth in this sector is estimated at 51.0 percent, but its overall performance is yet to return to the pre-COVID-19 levels in nominal terms. Notable declines in the Agricultural Sector were observed on account of significant reductions in the production of Banana, Cocoa, Fish and Other Crops. Infrastructural and climate-related issues were cited as the primary inhibitors restricting the further expansion of this sector. The Wholesale and Retail Trade Sector's rebound is by and large, a product of the correlated uptick in the Construction Sector. This Sector is estimated to have grown by 11.1 percent over 2021. Despite the resumption of in-person classes at the St. George's University in 2021, in 2022 a decline in enrollment was observed, which in part explains the estimated decline in the Education Sector by -1.7 percent. This Sector, however, is projected to improve in the financial year 2023/2024.

Inflation at the end of 2022 climbed to 2.6 percent (from -0.7 percent in 2020 and 1.2 percent in 2021) reflecting high and rising food and fuel prices internationally (occasioned by the Russia/Ukraine Crisis and the lingering effects of the COVID-19 pandemic), and higher shipping costs (on account of supply chain challenges and disruptions).

The severe disruption in economic activity in 2020 significantly weakened Government's revenues, recording primary and overall deficits of 2.6 percent and 4.5 percent of GDP, respectively. Notwithstanding, there were some strengthening in 2021 and this continued in 2022, although prolonged spillover effects of the COVID-19 pandemic continued to weigh on the fiscal performance of the Government.

Tax revenue showed some signs of bolstering with collections totaling 15.9 percent of GDP whilst Grant receipts were 6.1 percent of GDP in 2022. As the Government deepened its response in 2022 to the impact of the COVID-19 pandemic through increased health and social spending, recurrent expenditure amounted to 14.5 percent of GDP. Further measures to mitigate the adverse effects of the pandemic enabled an expansion of the PSIP which resulted in capital spending of 7.4 percent of GDP. This led to the resultant primary and overall balances for 2022 amounting to 2.8 and 3.2 percent of GDP, respectively. Table 1 presents key macroeconomic indicators for the period 2018- 2022.

Table 1: Grenada’s Key Macroeconomic Indicators 2018-2022

	2018	2019	2020	2021	2022
<u>Real Sector</u>	<i>(Annual Percentage Change Unless Otherwise Indicated)</i>				
Real GDP Growth	4.4	0.7	-13.8	4.7	7.4
Inflation (period average, %)	0.8	0.6	-0.7	1.2	2.6
Agriculture, Livestock and Forestry	3.0	-3.6	-15.0	15.0	-24.4
Construction	12.6	-3.6	-20.5	25.7	31.5
Education	-4.8	4.2	-0.3	1.8	-1.7
Hotels and Restaurants	9.9	4.1	-68.2	37.6	66.7
<u>Fiscal Account</u>	<i>(As a Percentage of GDP)</i>				
Total Revenue & Grants	27.0	26.6	28.1	31.6	25.7
Tax Revenue	22.4	21.9	22.1	20.7	15.9
Non-tax Revenue	1.6	1.8	2.4	3.4	3.6
Grants	3.0	2.9	3.7	7.6	6.1
Total Expenditure	22.1	21.6	32.7	31.3	21.9
Current Expenditure	19.3	19.0	23.1	22.7	14.5
Capital Expenditure	2.8	2.6	9.6	8.6	7.4
Primary Balance	6.9	6.8	-2.6	2.1	2.8
Overall Balance	4.9	5.0	-4.5	0.3	3.2
Nominal GDP at Market Prices (EC\$ Millions)	3149.6	3276.4	2817.2	3031.61	3318.10

3.0 CENTRAL GOVERNMENT DEBT AND GUARANTEES

The total of CG debt and GG debt was EC\$2,075.4 million or 63.8 percent of GDP¹ at the end of 2022. CG debt alone totaled EC\$2,074.6 million and GG debt was EC\$0.8 million (Figure 1). The total of CG and GG debt decreased between 2018 and 2019 on average by 4.5 percent but increased in 2020 and further in 2021 primarily due to new borrowing to combat the effects of the Covid-19 pandemic. On average, the increase between 2020 and 2021 was 6.0 percent. Despite the increase, GoG remained committed to servicing its debt and in 2022 total CG and GG debt resumed its downward trend as no new Covid-19 related loans were contracted. Also, disbursements on only one (1) new loan contracted during the year was received. Of total CG and GG debt, external and domestic debts were 79.5 percent and 20.5 percent respectively at the end of 2022. GG debt was 0.2 percent of domestic debt. The average decrease between 2021 and 2022 was 1.5 percent.

Figure 1: Central Government and Government-guaranteed Debt

Figure 1 (a)

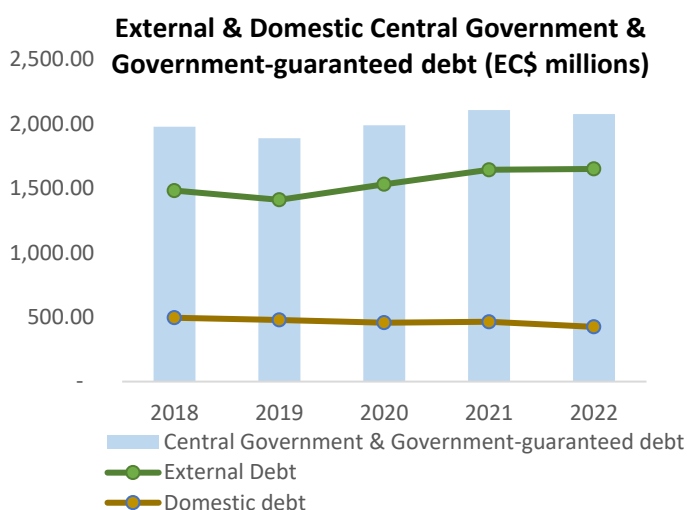
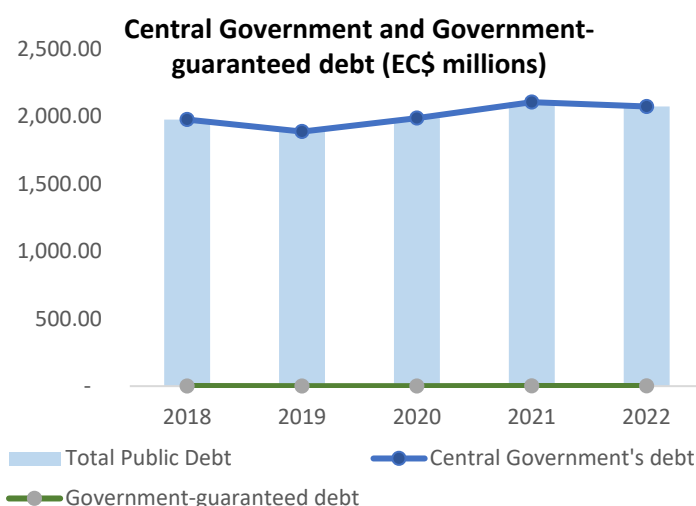


Figure 1 (b)



3.1 External CG Debt by Creditor Category

External CG debt was EC\$1,650.1 million at the end of 2022 (50.7 percent of GDP). It increased by 0.4 percent over 2021 when it was EC\$1,643.4 million. Multilateral creditors were the main source of external debt (67.4 percent), followed by commercial private investors (13.8 percent), and bilateral non-Paris Club creditors (13.4 percent). Private regional investors and Paris Club² creditors accounted for the remaining 5.4 percent of the external portfolio at the end of 2022 (Figure 2).

¹ Ministry of Finance staff projected Gross Domestic Product for 2022 - EC\$3,252.50 million.

² Paris Club creditors currently include the United Kingdom, Exim Bank of the US, Banque de France & Caisse Francaise

3.2 Domestic CG Debt by Instrument Type

Domestic CG debt decreased by 8.5 percent between 2021 and 2022. At the end of 2022, domestic CG debt was EC\$424.5 million or 13.1 percent of GDP. The chief holders were non-bank financial institutions accounting for 41.9 percent of the domestic portfolio, followed by other³, accounting for 20.4 percent. The remaining 37.7 percent of domestic CG debt consisted of Regional Governments' Securities Market (RGSM) and private investors, commercial banks and compensation claims (judgment debts).

The instrument type holding the largest share of the domestic portfolio at end 2022 was bonds (56.2 percent). Treasury bills (T/bills) followed holding 22.5 percent, and other consisting primarily of compensation claims held 11.1 percent. T-notes and loans from financial institutions accounted for 9.6 percent and 0.6 percent respectively (Figure 3). All domestic debts have been contracted in Eastern Caribbean Dollars (XCD) at fixed interest rates.

Figure 2: External debt by Creditor

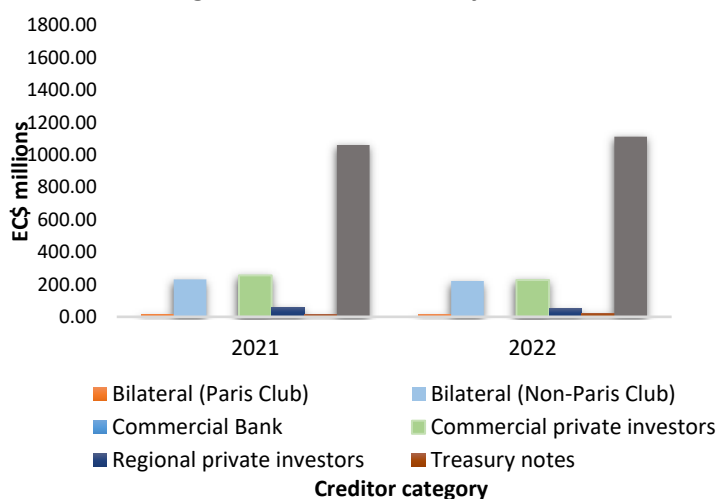
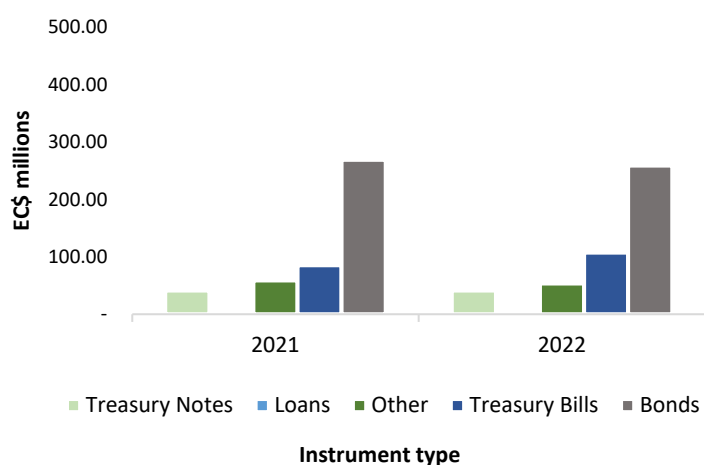


Figure 3: Domestic debt by instrument type



3.3 Regional Governments' Securities Market (RGSM) activities

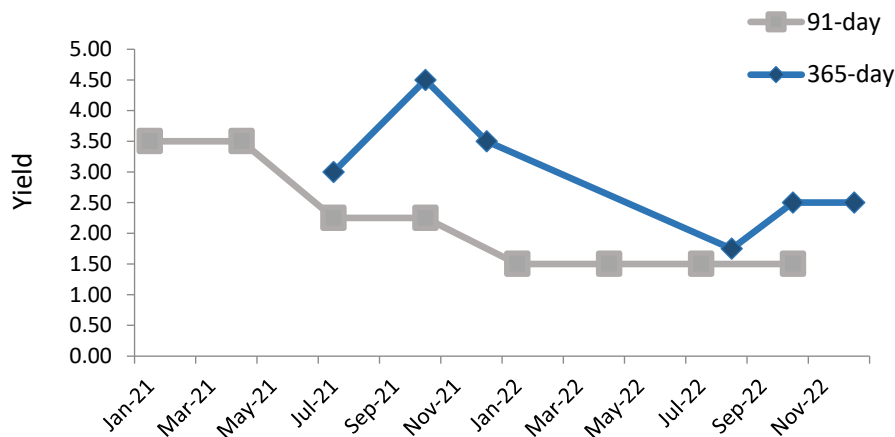
There were eight (8) auctions on the RGSM in 2022, seven (7) T/bills totaling EC\$105.0 million and a single T-note of EC\$10.0 million. GoG's sole 91-day T/bill was reissued four (4) times, each time at the same interest rate of 1.5 percent. Three (3) 365-day T/bills were also reissued, one (1) at a rate of 1.75 percent and the others at a rate of 2.5 percent each. The 2-year T-note was reissued at a rate of 4.0 percent. All instruments reissued were oversubscribed. In some cases, the oversubscription amounts were greater than the amounts of the auctions. There was no allowance to take up additional funding from the oversubscriptions⁴ in 2022 as there was in 2021.

³ Other includes the debt obligations of GoG to PetroCaribe.

⁴ Due to the pandemic, an oversubscription amount of EC\$5.0 million was allowed for each T/bill in 2021 in the event additional funding was needed.

Figure 4 shows movements in discount rates of both 91-day and 365-day T/bills during the years 2021 and 2022. Discount rates were higher in 2021 than 2022 due to the uncertainty of market conditions during the pandemic. Also, rates were higher because of the methodology used to facilitate oversubscriptions in 2021, in that, the additional EC\$5.0 million to be taken up was added as part of the auctions' issue amounts. As a result, the auctions were not as competitive as they were in 2022.

**Figure 4: Discount Rate Fluctuations on Treasury Bills
2021-2022**



4.0 CONTINGENT LIABILITIES

4.1 Government Guarantees

There is only one (1) GG loan in GoG's portfolio which was issued in 2021 in domestic currency. It was contracted from a local commercial bank. The balance on this loan was EC\$ 0.8 million at the end of 2022. GG loans are one form of explicit contingent liability that if called will directly affect CG's debt service cost. GG debt may be denominated in foreign currency as well and may also be issued by external creditors. Through the issuance of loan guarantees, the Government contributes to the reduction in credit risk by making it possible for SOEs or Statutory Bodies to access funds at a lower cost.

4.2 On-Lent Loans

The Public Debt Management Act (PDMA), 2015, Part III Section 9 (d) specifies that the Government may from time-to-time contract loans from either external or domestic sources and in turn lend these funds to Statutory Bodies or SOEs to pursue a specific public policy purpose. As such, the total disbursements of all on-lent loans to parastatals was EC\$123.3 million at the end of 2022 and the outstanding balance on all on-lent loans was EC\$113.0 million (Table 2).

Table 2: Disbursements and Balances of GoG's on-lent Loans by Creditor Category (in EC\$ Millions)

Public Body	Creditor Category	Committed Amount EC\$	Disbursements to date 2021 EC\$	Disbursements to date 2022 EC\$	Outstanding at end 2022	Economic Sector
Grenada Development Bank (GDB)	Multilateral	8.1	8.1	8.1	3.2	Multiple Sectors
Grenada Solid Waste GDB	Multilateral	28.9	10.9	17.2	17.2	Environment
GDB	Multilateral	27.0	26.3	26.3	22.6	Multiple Sectors 21/SFR-GR-OCR
Gravel and Concrete	Commercial	4.4	4.4	4.4	2.7	Restructured
Grenada Airport Authority	Bilateral	189.0	62.0	67.3	67.3	Infrastructural Development
TOTAL		257.4	111.7	123.3	113.0	

Source: Ministry of Finance

4.3 Implicit Contingent Liabilities

Contingent liabilities also comprised of borrowings by SOEs and Statutory Bodies for which no explicit Government guarantees were issued, yet still they constitute a potential implied liability. That is, there may be a moral or expected obligation of the State in the event the SOE's are unable to service their debt. At the end of September 2022, the outstanding non-guaranteed debt stock was EC\$173.6 million. It increased above end 2021 by 5.3 percent (Table 3). All non-guaranteed SOE loans are long-term loans.

Table 3: Summary of Non-Guaranteed Debt of State-owned Enterprises

Residency	2021	2022	% change
	In EC\$ millions		
External Non-Guaranteed Debt	64.2	49.5	-22.9
Domestic Non-Guaranteed Debt	100.7	124.1	23.2
TOTAL	164.9	173.6*	5.3

Source: Ministry of Finance

*Represents stock of SOE debt as at end September 2022. This is the latest period for which total SOE debt data is available.

4.4 Other Public Sector debt

The stock of other public sector debt stood at EC\$ 372.1 million or 11.4 percent of GDP at the end of 2022. This refers to debts of PetroCaribe Grenada Limited. It remained the same as it was at the end of 2021.

5.0 MEDIUM-TERM DEBT MANAGEMENT STRATEGY IMPLEMENTATION

The MTDS is prepared in fulfilment of the Requirements of Section 5(1) of the Public Debt Management (PDM) Act, No. 28 of 2015. Its objective is to ensure that Grenada designs a debt portfolio that is most suitable for government by balancing the trade-offs between the costs and risks of alternative financing options. This is done to ensure that the Government's financing requirements are met and ensures that the best borrowing pattern for the Government is selected. It also recommends the strategy where most, if not all, of the set strategic benchmarks are achieved.

The approved strategy for 2022 targets external concessional financing from GoG's traditional multilateral creditors. It also recommends that funding is received, as usual, from the drawdown of committed undisbursed balances (CUB) primarily denominated in United States Dollars (USD). CUB is received from both multilateral and bilateral sources. The lengthening of the domestic debt profile with the replacement of two short-termed instruments with a longer-termed instrument is also suggested and the re-issuance of all other securities on the domestic and regional markets will continue to meet residual financing needs.

5.1 Total Financing in 2022

Total financing⁵ raised in 2022 amounted to EC\$ 456.3 million. The ratio of external to domestic financing was 51:49. The greater portion of domestic financing was received from the reissuance of T/bills and the greater portion of external financing was received from new borrowing. Total disbursements received were EC\$124.8 million of which 45.9 percent was received from existing loans and 54.1 percent from a new multilateral loan.

5.2 External Borrowing in 2022

In 2022, in line with the MTDS, new funding was contracted solely from multilateral creditors on concessional terms in USD. Details of new external borrowing are in Table 4. There was also the drawdown of CUB during the year. Only one (1) of the new loans was disbursed. It was disbursed in full.

⁵ Financing includes new instruments contracted in 2022 (EC\$ 176.1), disbursements on existing facilities (EC\$57.3 m) and domestic instruments reissued during the year (EC\$222.9m).

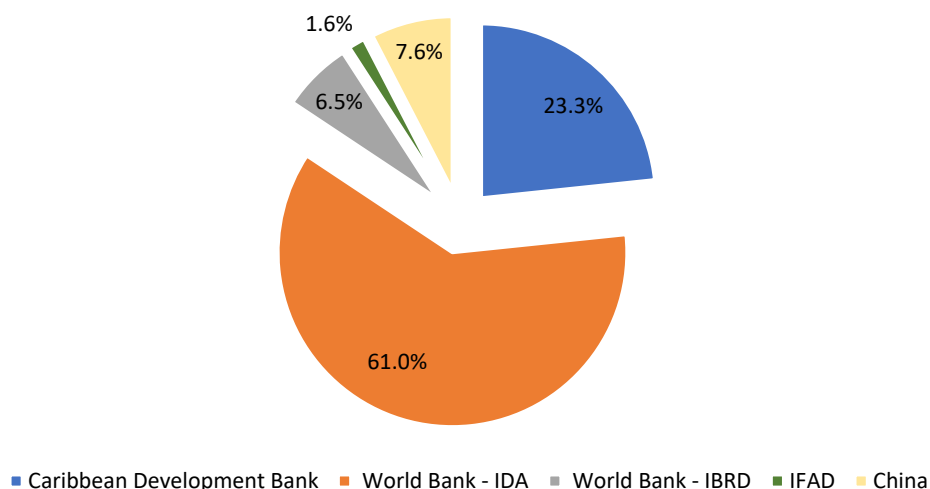
Table 4: Terms of New Borrowings (2022)

Loan Creditor	Grace period	Maturity	Interest type	Amount (EC\$ millions)	Amount Disbursed	Interest rate	Commitment charge	Sector/Purpose
OECS Data for Decision Making Project (DDM):								
IDA	10 years	40 years	Fixed	21.6	-	1.29%	-	Research/ Statistics
Grenada First Recovery & Resilience Programmatic Development Policy Financing:								
IDA	10 years	40 years	Fixed	67.5	67.5	1.29%	0.5% of CUB	Multi-purpose
Grenada Resilience Improvement Project:								
IDA	10 years	40 years	Fixed	40.5	-	1.29%	0.5% of CUB	Infrastructure
Unleashing the Blue Economy of the Caribbean Project (UBEC):								
IDA	10 years	40 years	Fixed	40.5	-	1.29%	0.5% of CUB	Environment/ Food security
The Government of Grenada Country Assistance Programme:								
CDF	3 years	13 years	Fixed	6.0	-	3.00%	-	Multi-purpose

5.2.1 Disbursements by Creditor

The International Development Association (IDA) was GoG’s chief funding source in 2022, followed by the Caribbean Development Bank. Figure 5 shows disbursements received during the year 2022 by creditor.

Figure 5: Disbursements by creditor in 2022



5.3 Domestic Borrowing in 2022

5.3.1 Regional Governments' Securities Market (RGSM) Activities

Consistent with the MTDS, in 2022, GoG maintained its activity on the RGSM. A total of EC\$115.0 million was raised. RGSM 91-day and 365-day T/bills amounted to EC\$60.0 million and EC\$45.0 million respectively. GoG's sole 2-year Treasury note on the RGSM amounted to EC\$10.0 million.

5.3.2 Non-RGSM Securities

Treasury bills

In 2022, there was no redemption of over-the-counter (OTC) T/bills. OTC's totaled EC\$45.2 million at the end of the year. All OTC instruments were reissued at the same rate of 3.0 percent. Three (3) private placement T/bills totaling EC\$41.7 million were reissued. These were First Citizens Investment Services Ltd (FCIS) T/bill reissued at a rate of 3.4 percent and two (2) Bank of St. Lucia (BOSL) T/bills each with an interest rate of 4.0 percent each.

Treasury notes & bonds

One (1) non-RGSM, 2-year T-note in the amount of EC\$14.3 million, held by BOSL matured in 2022. It was reissued at an interest rate of 5.0 percent at a value of EC\$21.0 million as there were additional investors. This contributed to the lengthening of the domestic debt profile, which is a requirement of the 2022-2025 MTDS. GoG's sole 1-year bond in the amount of EC\$4.0 million held with a local credit union was redeemed in 2022.

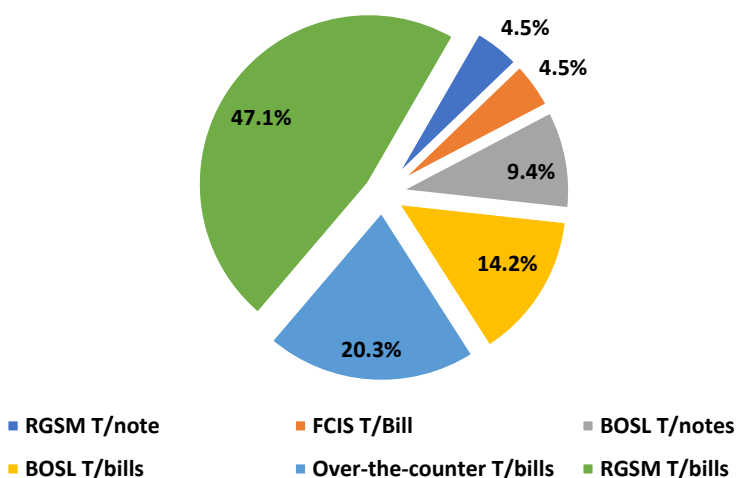
Table 5 compares domestic financing for the years 2021 and 2022. Total domestic financing was higher in 2021 primarily because of the oversubscriptions allowed on the RGSM.

Table 5: Domestic Financing (in EC\$ millions)

Domestic Instrument		
	2021	2022
RGSM (including oversubscription amounts in 2021)		
91-day	76.9	60.0
365-day	60.0	45.0
2-year note	-	10.0
<u>Sub-total</u>	<u>136.9</u>	<u>115.0</u>
<u>Non- RGSM</u>		
91-day	-	-
365-day	90.1	86.9
2-year notes	2.1	21.0
5-year notes	22.2	-
<u>Sub-total</u>	<u>114.4</u>	<u>107.9</u>
<u>Total</u>	<u>251.3</u>	<u>222.9</u>

RGSM T/bills were the chief source of domestic financing in 2022, followed by over-the-counter T/bills (Figure 6).

Figure 6: Domestic financing by creditor/ instrument type (2022)



5.3.3 Budgeted and Actual Financing for 2022

Variances in budgeted and actual financing for the year 2022 can be found in Table 6. Actual external financing exceeded the budgeted amount by EC\$32.9 million due to new borrowings. One of the new loans in the amount of EC\$67.5 million was fully disbursed. Actual domestic financing also exceeded budgeted financing by EC\$55.6 million as all Treasury bills were reissued. This was contrary to what was recommended by the MTDS as it suggested the retirement of two (2) private placement T/bills. BOSL's 2-year note also contributed to the increase as its reissuance was EC\$6.7 million higher than its value at maturity. Altogether, the total variance in budgeted and actual financing was EC\$88.5 million. Though actual financing was higher than the budgeted amount, the variance was 48.5% lower than the variance realized in 2021. This is because in 2021 EC\$81.1 million in disbursements was received on Covid-19 response loans as opposed to EC\$16.1 million in 2022.

Despite the fact that actual financing exceeded budgeted financing, borrowing was done within the broad parameters set forth by the MTDS. External borrowing was sought from multilateral creditors on concessional terms and a strong presence on the local and regional markets was maintained. There was also drawdown on CUB. Two (2) private placement T/bills were not redeemed as suggested but a private placement bond was redeemed. All interest payments and amortisation on existing loans went according to schedule. Investors maintained their confidence in the Grenadian economy, despite the temporary rise in debt level due to the pandemic. This is evident in the oversubscriptions on the RGSM, some of which are above the actual size of the T/bill auctioned.

Table 6: Summary of Financing in 2022 (in EC\$ millions)

2021	External	Domestic	Total
MTDS	200.5	167.3	367.8
Actual	233.4	222.9	456.3
Variance (+/-)	-32.9	-55.6	-88.5

5.4 Interest Payments and Amortisation

In the year 2022, total debt service was EC\$360.8 million. Interest payments and amortization were EC\$53.7 million and EC\$307.1 million respectively. Amortisation consisted of payments to domestic and external creditors/ investors and judgment debts.

6.0 COST AND RISK ANALYSIS OF THE EXISTING DEBT PORTFOLIO

Table 7 highlights the key cost and risk indicators for the years 2021 and 2022. GoG's key indicators remained consistent with the established medium-term targets set forth by the MTDS in 2022.

The target Average Time to Maturity (ATM) of the total portfolio which is 8 years or above was achieved in both 2021 and 2022. There was a negligible decrease of 0.2 years between 2021 and 2022, however. The Average Time to Re-fixing (ATR) of the total portfolio increased by 0.2 years above 2021, which is the desired movement, and the weighted average interest rate of the total portfolio was 2.8 percent in 2022, which is the same as 2021. Exchange rate risk remained subdued since the majority share of the external portfolio (68.0 percent) is denominated in USD to which the XCD is pegged.

Table 7: Cost and Risk Indicators in 2021 and 2022

Indicators	2021	2022	Indicative targets according to the strategy 2022-2024
<i>Cost of Debt</i>			
Interest payments as % of GDP	1.9	1.7	<=2.5%
Weighted Avg. (%)	2.8	2.8	No established Target
<i>Refinancing Risk</i>			
Debt maturing in 1 year (% of total)	15.0	15.7	<=20%
ATM External Portfolio (years)	10.8	10.8	No established target
ATM Domestic Portfolio (years)	5.7	5.1	No established target
ATM (years)	9.4	9.2	>=8 years
<i>Interest Rate</i>			
Debt re-fixing in 1 year (% of total)	20.7	21.4	No established target
Fixed-rate debt (% of total)	93.5	93.6	No established target
ATR (years)	9.0	9.2	>=10 years
<i>Foreign Exchange Risk</i>			
FX debt (% of total debt)	72.8	72.7	<=80%

7.0 SHORT AND MEDIUM-TERM DEBT FORECASTS

The total of CG and GG debt in 2022 was \$2,075.4 million (63.8 percent of GDP) and is projected to decline over the medium term moving from 57.1 percent of GDP in 2023 to 52.5 percent in 2025 (Table 8). This is due to the Government's commitment to repay debt on time, a forecasted rise in GDP levels over the 3-year period 2023-2025 as in 2021 and 2022, and projected increases in revenue.

The economy is vulnerable to risks and is currently recovering from the effects of the Covid-19 pandemic and the Russia/Ukraine Crisis. On the upside, there are enhanced revenue collection drives such as the tax amnesty available for 2023, drives in expanding the taxpayer base, paying emphasis to new and emerging sectors which can spark economic growth, job creation and increase public investment. On the downside there has been inflation and rising oil and food prices. Possibility of another pandemic poses downside risks to Grenada's Tourism sector, which has recently been recovering. A fiscal surplus is projected in 2023 with improvements in GoG's fiscal position expected in 2024 and further in 2025. Key Medium-term forecasts for the years 2023 to 2025 are listed in Table 8.

Table 8: Key Medium- term Projections

Debt Stock	2023	2024	2025
Real GDP Growth (%)	4.6	4.6	6.2
Total Revenue (% of GDP)	27.5	30.5	30.2
Total Expenditure (% of GDP)	29.2	29.3	28.0
Primary Balance (after grants) (% of GDP)	1.7	4.6	5.3
Overall Bal (after grants) (% of GDP)	-0.1	2.9	3.8
CG & GG Debt (% of GDP)	57.1	54.9	52.5
<i>Memo items</i>			
Nominal GDP	3,542.2	3,765.5	4,010.9

Source: Ministry of Finance as at May 2023

8.0 APPENDICES

Appendix 1

GOVERNMENT OF GRENADA STATEMENT OF PUBLIC DEBT AS AT DECEMBER 31, 2022 (includes non-guaranteed debt of SOEs)	
	Ending Balance 2022
CURRENT LIABILITIES	
<i>Bank Overdraft</i>	-
<i>Accounts Payable</i>	-
<i>Treasury Bills</i>	105,227,500.00
<i>Private Placement</i>	41,632,831.17
Total	146,860,331.17
NON-CURRENT LIABILITIES	
<i>Commercial banks</i>	911,078.25
<i>Social Security</i>	-
<i>Multilateral</i>	1,111,442,988.52
<i>Bilateral</i>	221,456,234.75
<i>Paris-Club</i>	14,731,155.88
<i>Other</i>	4,029,897.00
Total	1,351,660,276.15
SECURITIES	
<i>Treasury Notes</i>	63,497,761.62
<i>Bonds (Domestic)</i>	238,600,945.00
<i>Bonds (International)</i>	227,444,893.42
Total	529,543,600.04
OTHER	45,624,160.00
TOTAL CENTRAL GOVERNMENT	2,074,599,445.61
CONTINGENT LIABILITIES	
<i>Guaranteed Debt</i>	801,975.52
<i>Non- Guaranteed Debt (SOEs)⁶</i>	173,553,382.00
<i>Other⁷</i>	372,139,352.00
TOTAL PUBLIC SECTOR	2,621,094,155.13

⁶ Reflects SOE debt as at end September 2022 which is the latest period for which SOE debt data is available

⁷ Other refers to the debt obligations of Petro Caribe.

Appendix 2

CENTRAL GOVERNMENT DEBT SERVICE PAYMENTS 2022	
INTEREST PAYMENTS	
<i>TREASURY BILLS:</i>	
<i>Domestic</i>	1,054,635.00
<i>External</i>	1,549,807.35
<i>RGSM</i>	2,306,180.00
<i>Sub-total</i>	4,910,622.35
<i>TREASURY NOTES:</i>	
<i>Domestic</i>	73,251.70
<i>External</i>	1,208,309.47
<i>RGSM</i>	192,500.00
<i>Sub-total</i>	1,474,061.17
<i>BONDS:</i>	
<i>Domestic</i>	8,737,431.00
<i>International</i>	16,467,519.00
<i>Sub-total</i>	25,204,950.00
<i>LOANS:</i>	
<i>Domestic</i>	188,640.00
<i>External</i>	21,714,514.00
<i>Sub-total</i>	21,903,154.00
<i>Other (statutory deposits)</i>	201,453.00
<i>Total Interest Payments</i>	53,694,240.52
AMORTIZATION	
<i>TREASURY BILLS:</i>	
<i>Domestic</i>	800,000.00
<i>External</i>	40,278,024.00
<i>RGSM</i>	122,693,820.00
<i>Sub-total</i>	163,771,844.00

TREASURY NOTES:	
<i>Domestic</i>	-
<i>External</i>	14,283,816.00
RGSM	10,000,000.00
Sub-total	24,283,816.00
BONDS:	
<i>Domestic</i>	18,173,406.00
<i>International</i>	28,515,185.00
Sub-total	46,688,591.00
LOANS:	
<i>Domestic</i>	366,068.29
<i>External</i>	53,880,544.56
Sub-total	54,246,612.85
OTHER⁹	18,158,878.46
Total Amortization Payments	307,149,742.31
TOTAL DEBT SERVICE	360,843,982.83