



# ANNUAL DEBT REPORT 2025

A PRODUCT OF THE  
DEBT MANAGEMENT UNIT  
MINISTRY OF FINANCE

# ACRONYMS & ABBREVIATIONS

ATM - Average Time to Maturity  
ATR - Average Time to Re-fixing  
BOSL - Bank of St. Lucia  
CAT-DDO - Catastrophe Deferred Drawdown Option  
CBI - Citizenship by Investment  
CDB - Caribbean Development Bank  
CG - Central Government  
CUB - Committed Undisbursed Debt  
FCIS - First Citizens Investment Services Ltd  
FX - Foreign Exchange  
GARFIN - Grenada Authority for the Regulation of Financial Institutions  
GCB - Grenada Cooperative Bank  
GDB -Grenada Development Bank  
GDP - Gross Domestic Product  
GEEP – Grenada Education Enhancement Project.  
GG - Government-Guaranteed  
GoG - Government of Grenada  
IBRD - International Bank for Reconstruction & Development  
IDA - International Development Association  
IMA - Investment Migration Agency  
IMF - International Monetary Fund  
MOF - Ministry of Finance  
MTDS - Medium-Term Debt Management Strategy  
OTC - Over the counter  
PDMA - Public Debt Management Act  
PRC - People’s Republic of China  
RGSM - Regional Governments Securities Market  
SOE - State-owned Enterprise  
SB - Statutory Body  
USD - United States Dollar  
XCD - Eastern Caribbean Dollar

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## 1.0 EXECUTIVE SUMMARY

Grenada's economic and debt position in 2025 reflects a shift from strong post-pandemic growth to a more moderate and uneven expansion, alongside a weakening fiscal position. Real GDP grew by 5.8 percent, supported mainly by strong activity in construction and transport. Growth in tourism slowed significantly. Wholesale and retail trade improved, highlighting uneven performance across sectors. Inflation fell to 0.6 percent, driven by improved global price conditions and softer domestic demand.

Despite continued economic growth, fiscal performance weakened. Total revenue declined to 30.4 percent of GDP, largely due to a drop in non-tax revenues, while total expenditure rose to 39.1 percent of GDP as government increased spending on both current operations and capital investment. As a result, Grenada recorded a primary deficit of 4.1 percent of GDP and an overall deficit of 7.2 percent, reversing the strong surpluses achieved in previous years. At the end of 2025, total public debt stood at EC\$2.81 billion, equivalent to 69.6 percent of GDP, while Central Government debt reached EC\$2.29 billion, 56.6 percent of GDP. The debt portfolio remains heavily concentrated in external debt, which accounts for 83 percent of the total and is sourced primarily from multilateral and bilateral creditors on concessional terms. This structure continues to support relatively low borrowing costs and helps limit foreign exchange risk, given the Eastern Caribbean dollar peg to the US dollar.

Domestic debt represents a smaller share of the portfolio and consists mainly of bonds. T/bills and notes are held by financial institutions, public entities, and private investors. Activity in the domestic market remained strong, with most government securities being oversubscribed. The introduction of a retail (Household) bond was an important step toward expanding investor participation, although rising Treasury bill yields suggest tighter liquidity conditions and increased market caution.

Borrowing operations during the year were broadly aligned with the Government's Medium-Term Debt Management Strategy, with continued reliance on concessional external financing and the reissuance of domestic instruments. Total financing exceeded budgeted levels, reflecting higher-than-planned external borrowing commitments. Notably, all debt obligations due in 2025 were met, with only limited deferrals related to hurricane recovery arrangements.

The cost of the debt portfolio improved significantly, with interest payments declining to 1.9 percent of GDP, well below established benchmarks. At the same time, some risks have increased moderately, in particular, refinancing risk has risen due to a higher share of short-term debt, and the average maturity of domestic debt has shortened. Interest rate exposure has also increased slightly, although the high proportion of fixed-rate debt continues to provide stability.

Looking ahead, Central Government debt is expected to increase slightly in the short term before gradually declining, supported by continued economic growth and improved fiscal performance. However, the outlook remains subject to risks, including global economic uncertainty, commodity price volatility, and Grenada's vulnerability to climate-related shocks. Overall, Grenada's debt remains sustainable, supported by prudent debt management and continued access to concessional financing. Maintaining fiscal discipline and carefully managing emerging risks will be key to preserving long-term debt sustainability.

## 2.0 INTRODUCTION & BACKGROUND

This report provides an analysis of Grenada's total public debt for the fiscal year 2025, which according to Part II, Section 5 of the Public Debt Management Act (PDMA), No. 28, enacted in June 2015 and further amended in November 2023 (Act 13), includes all the direct liabilities of Grenada's Central Government (CG), Statutory Bodies (SBs) and State-Owned Enterprises (SOEs). In addition, this report gives insight on Government of Grenada's (GoG's) debt management practices and provides a summary of Grenada's macroeconomic performance for the year 2025.

GoG's debt is contracted from both domestic and external creditors. At the close of 2025, the debts of SBs and SOEs were all non-government guaranteed. The ratio of external to domestic CG debt was 83:17. External debt consisted mainly of long-term, multilateral loans, which are on highly concessional<sup>1</sup> terms, followed by bilateral loans. Domestic instruments, on the other hand, consisted mainly of bonds, with Treasury notes (T/notes) holding the second highest share of the domestic portfolio. Since interest rates on most debt instruments are fixed, the portfolio is susceptible to moderate interest rate risk. In addition, the highest share of external CG debt, 64.3 percent, was contracted in United States Dollars (USD) to which the Eastern Caribbean Dollar (XCD) is pegged, and 8.39 percent of external debt is denominated in XCD. This minimizes foreign exchange risks.

In 2025, GoG's borrowing was in line with its approved Medium-Term Debt Management Strategy (MTDS) for the period 2025 to 2027. Strategic benchmarks set forth were achieved and all debt obligations were met.

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<sup>1</sup> A loan is considered concessional when it has a grant element of at least 35.0 percent. Grant element is calculated as the difference between the face value and the net present value of the loan, expressed as a percentage of the face value.

### 3.0 MACROECONOMIC CONTEXT

Grenada's economy continued on a positive trajectory in 2025 with estimated Real GDP growth of 5.8 percent, driven mainly by construction and tourism (*Table 1*).

The construction sector stood out as the main driver of growth, expanding by 20.7 percent. This strong performance reflects increased activity in both public infrastructure projects and private developments, including housing and tourism-related investments. Construction was also supported by continued rebuilding efforts and played an important role in boosting imports and government revenues.

The tourism sector remained central to economic activity, but growth slowed compared to previous years. Activity in hotels and restaurants increased marginally by 0.6 percent, following the strong post-pandemic rebound in preceding years. This suggests that the sector is now stabilizing after the initial recovery phase, continuing to support jobs and related industries such as transport and retail trade.

The transport and storage sector performed well, growing by 6.5 percent, supported by increased passenger movements and higher volumes of imported goods, especially construction materials. Similarly, manufacturing recorded moderate growth of 3.8 percent, driven largely by domestic demand, although higher input costs and weaker exports limited stronger expansion.

The wholesale and retail sector grew by 11.8 percent in 2025. This reflects a renewed increase in activity compared to 2024. This growth is mirrored by activities in the construction sector.

The agriculture sector showed some signs of recovery, growing by 3.8 percent after several years of steep decline. While this is a positive development, the sector is still recovering from previous shocks, particularly hurricane-related damage, and output remains below its earlier levels.

Inflation eased further in 2025, averaging 0.6 percent, down from 1.1 percent in 2024. Lower inflation reflects improved global price conditions, especially for food and fuel. However, the relatively low rate also reflects weak domestic demand in some areas of the economy.

Fiscal performance in 2025 reflected normalization following two years of exceptionally strong revenue outturns. Total revenue moderated to 30.4 percent of GDP, largely due to a decline in non-tax revenues after the surge in citizenship-by-investment receipts in prior years.

At the same time, expenditure increased to 39.1 percent of GDP, driven by higher current spending (26.6 percent of GDP) and expanded capital investment (12.5 percent of GDP), particularly to support post-Hurricane Beryl recovery and ongoing development priorities.

As a result, Grenada recorded a fiscal deficit in 2025, with the primary balance at -4.1 percent of GDP and the overall balance at -7.2 percent of GDP. This shift reflects a deliberate scaling up of public spending to support economic resilience and infrastructure rebuilding.

Despite these fiscal developments, nominal GDP continued to expand, underpinned by steady economic growth and stable price conditions. Economic activity remained uneven but positive overall, with strong performance in construction and transport, while other sectors recorded more moderate gains. Inflation remained low, contributing to a stable macroeconomic environment.

Overall, 2025 can be characterized as a year of transition, marked by sustained growth, targeted public investment, and a return to more typical revenue levels following an exceptional period.

Table 1: Grenada's Key Macroeconomic Indicators 2021-2025

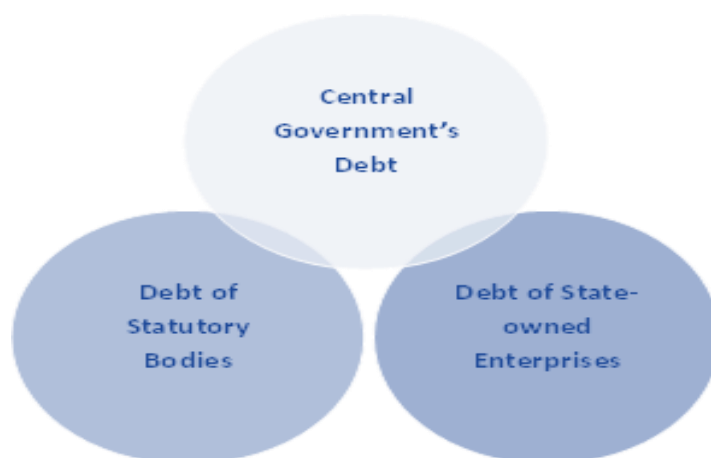
	2021	2022	2023	2024	2025
<b><u>Real Sector</u></b>	<i>(Annual Percentage Change Unless Otherwise Indicated)</i>				
<b>Real GDP Growth</b>	4.7	7.3	4.5	3.2	5.8
<b>Inflation (period average, %)</b>	1.2	2.6	2.7	1.1	0.6
<b>Agriculture, Livestock and Forestry</b>	15.0	-22.5	-25.3	-23.9	3.8
<b>Construction</b>	25.7	25.5	-11.7	7.4	20.7
<b>Education</b>	1.7	-4.1	3.6	1.4	0.7
<b>Hotels and Restaurants</b>	37.6	60.9	19.3	9.4	0.6
<b>Transport and Storage</b>	-13.5	26.7	13.5	3.8	6.6
<b>Manufacturing</b>	11.1	8.3	12.0	4.6	3.8
<b>Wholesale and Retail Trade</b>	6.5	0.1	17.2	1.1	11.8
<b><u>Fiscal Account</u></b>	<i>(As a Percentage of GDP)</i>				
<b>Total Revenue &amp; Grants</b>	<b>31.6</b>	<b>32.9</b>	<b>36.1</b>	<b>43.0</b>	<b>30.4</b>
<b>Tax Revenue</b>	20.6	21.6	23.5	23.5	23.9
<b>Non-tax Revenue</b>	3.4	4.5	12.6	19.5	6.5
<b>Grants</b>	7.6	6.8	<b>0.5</b>	<b>0.5</b>	<b>1.5</b>
<b>Total Expenditure</b>	<b>31.3</b>	<b>32.0</b>	<b>28.8</b>	<b>36.9</b>	<b>39.1</b>
<b>Current Expenditure</b>	22.7	21.7	19.5	24.9	26.6
<b>Capital Expenditure</b>	8.6	10.3	9.3	12.0	12.5
<b>Primary Balance</b>	2.1	2.6	9.3	9.9	-4.1
<b>Overall Balance</b>	0.3	0.9	7.8	6.6	-7.2
<b>Nominal GDP at Market Prices (EC\$ Millions)</b>	<b>3030.0</b>	<b>3304.8</b>	<b>3608.3</b>	<b>3787.2</b>	<b>4039.89</b>

Source: Ministry of Finance (MOF)

## 4.0 PUBLIC DEBT OVERVIEW

According to the Public Debt Management Act (PDMA), No. 28 as amended, Public Debt includes all direct liabilities of Central Government (CG), Statutory Bodies (SBs) and State-Owned Enterprises (SOEs), 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. Based on this definition, at the end of 2025, public debt, was EC\$2,809.57 million, which was 69.6 percent of GDP<sup>2</sup>.

*Figure 1: Composition of Public Debt*



## 5.0 CENTRAL GOVERNMENT & GOVERNMENT-GUARANTEED DEBT

At the end of 2025, Central Government (CG) debt stood at EC\$2,288.1 million, equivalent to 56.6 percent of GDP. External debt<sup>3</sup> accounted for the majority of the portfolio at 83.0 percent, while domestic debt represented 17.0 percent.

Nominally, CG debt grew at an average rate of 2.8 percent per year over the five-year period, 2021 to 2025. The most significant increase occurred in 2021, when debt rose by 5.9 percent, largely driven by disbursements associated with COVID-19 response financing. In 2022, total debt declined by 1.5 percent, before gradually increasing through the end of 2025 (*Figure 2*). This more recent upward trend reflects a combination of new borrowing and disbursements on existing loan facilities<sup>4</sup>.

All CG debt obligations due in 2025 were serviced on time. However, there were two instruments for which payments were deferred under arrangements triggered by Hurricane Beryl.

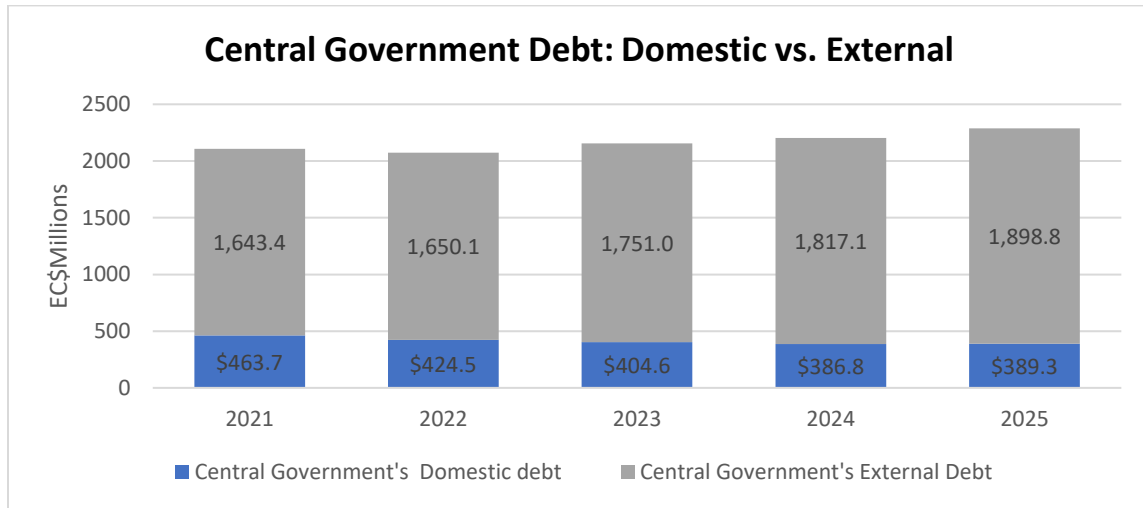
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<sup>2</sup> 2025 GDP had been revised slightly downwards relative to initial projections in 2025

<sup>3</sup> Debt is classified as external when the residency of the creditor is outside the state of Grenada.

<sup>4</sup> Drawdown began on the new IDA loan (Caribbean Efficient and Green Energy Buildings Project) as well as the CDB loan for the Grenada Education Enhancement Program (amended).

**Figure 2: Central Government & Government Guaranteed Debt 2021-2025**



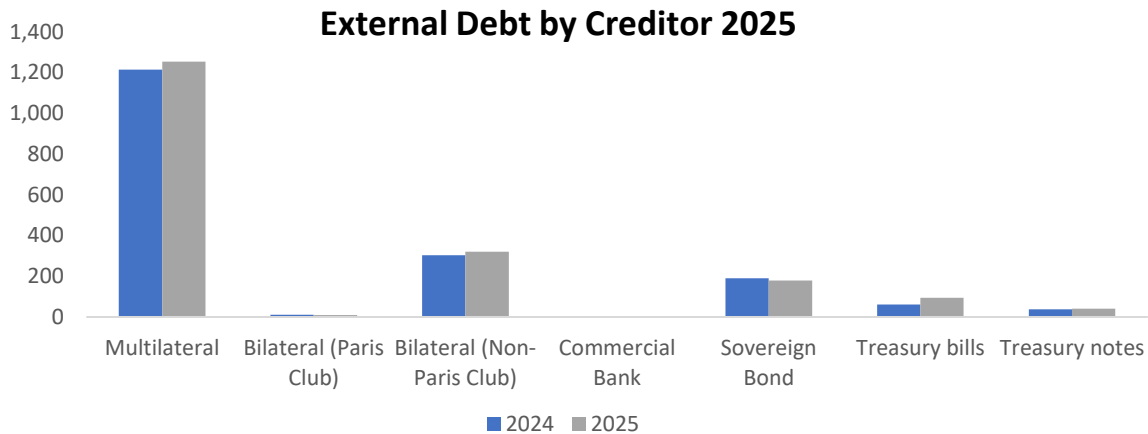
### 5.1 External CG Debt by Creditor Category

At the end of 2025, Central Government’s (CG) external debt stood at EC\$1,898.8 million, representing 47.0 percent of the Debt to GDP. This reflected a 0.7 percent increase compared to the EC\$1,817.1 million recorded at the end of 2024.

Multilateral institutions remained the Government of Grenada’s (GoG) primary source of external financing during the year, accounting for 66.1 percent of the total external debt portfolio. This was followed by bilateral non-Paris Club creditors, which made up 16.9 percent. Commercial private investors contributed 9.4 percent, while the small remaining share was held by regional investors and Paris Club creditors (*Figure 3*).

Within the portfolio, the World Bank’s International Development Association (IDA) continued to be the Government’s largest multilateral creditor, while the People’s Republic of China (PRC) remained its principal bilateral creditor.

**Figure 3: External Debt by Creditor**



*Source: MoF*

## 5.2 Domestic CG Debt<sup>5</sup> by Holder & Instrument Type

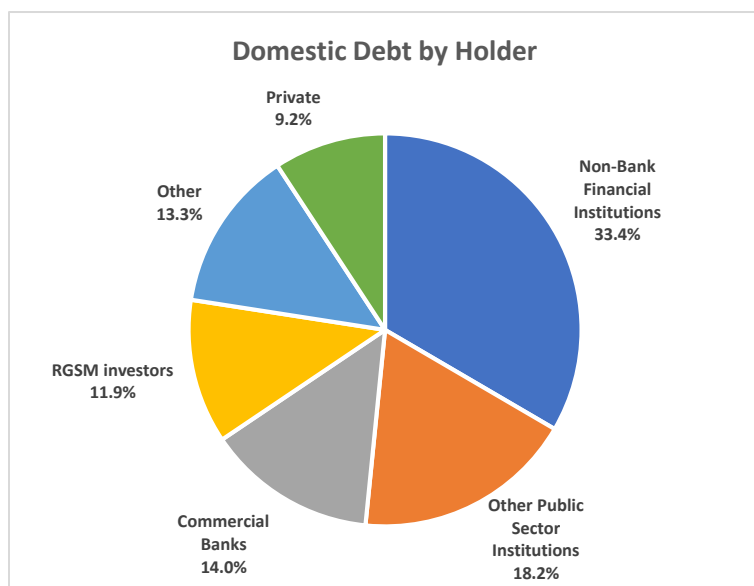
By the end of 2025, central government domestic debt stood at EC\$389.3 million, representing 9.9 percent of GDP. This reflected a modest increase of 0.7 percent compared to 2024, when domestic debt totalled EC\$386.8 million.

The largest share of this debt was held by non-bank financial institutions, which accounted for 33.3 percent of the total. Public sector institutions were the second-largest holders, with 18.1 percent, followed by commercial banks at 13.9 percent and investors in the Regional Government Securities Market at 11.8 percent. The remaining 22.5 percent was held by private investors and individuals with compensation claims, including judgment debts (*Figure 4*).

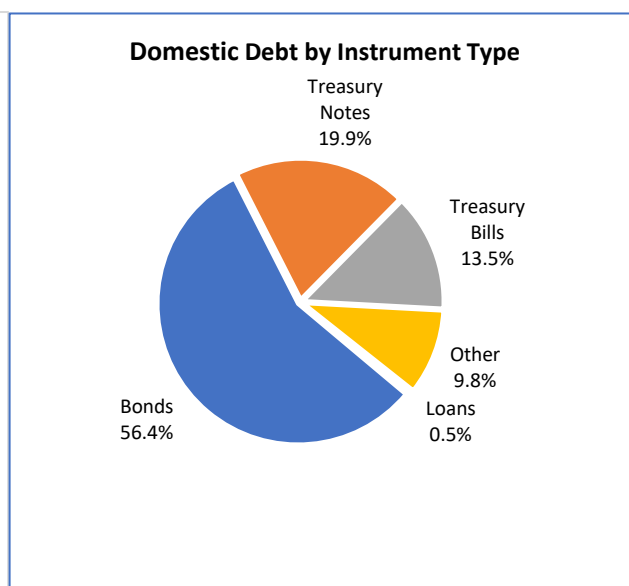
Government of Grenada’s domestic debt portfolio at the end of 2025 was composed primarily of bonds, which accounted for 56.5 percent of the total. Treasury Notes represented the second-largest share at 19.9 percent, followed by Treasury Bills at 13.5 percent. Other instruments, mainly compensation claims, accounted for 9.7 percent, while loans made up the remaining 0.5 percent (*Figure 5*).

All domestic debt instruments were denominated in Eastern Caribbean Dollars and carried fixed interest rates.

*Figure 4: Domestic Debt by Holder*



*Figure 5: Domestic Debt by Type*



### 5.2.1 Regional Governments’ Securities Market auctions

There were eight (8) auctions on the Regional Government’s Security Market (RGSM) in 2025. GoG’s sole 91-day T/bill of EC\$15.0 million was reissued four (4) times, while three (3) 365-day T/bills totalling EC\$70.0 million were reissued during the year. Additionally, the GoG introduced its first 2-year Retail (Household) Bond to broaden investment opportunities for citizens and encourage greater public participation in the domestic capital market.

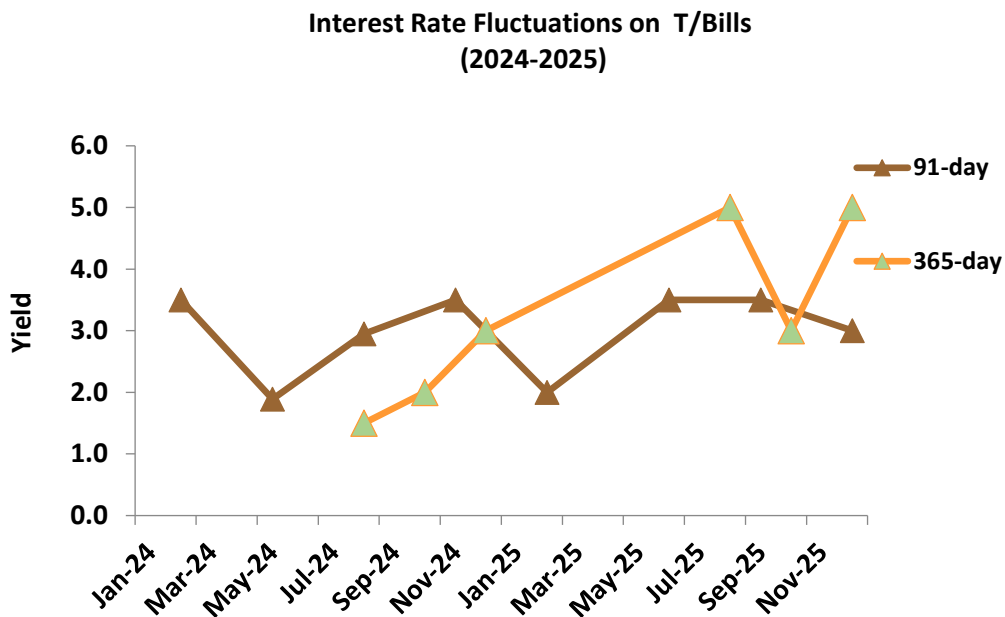
<sup>5</sup> Domestic debt is debt contracted from creditors who reside in Grenada

The lowest discount rate on the 91-day T/bill in 2025 was 2.0 percent, slightly higher than minimum rate of 1.9 percent in 2024, while the lowest rate on the 365-day T/bills was 3.0 percent, compared to 1.5 percent in 2024. The interest rate on the Retail Bond was fixed at 4.25 percent.

Six of the eight auctions conducted during the period were oversubscribed, reflecting generally strong investor demand for Government securities. While the inaugural Retail (Household) Bond fell short of its \$5.0 million target, successfully raising \$4.3 million, the outcome was encouraging for a first-time offering. Reports indicate that the subscription period may not have provided sufficient time to onboard the large number of new investors seeking to participate. Preliminary data further suggest that investor interest exceeded the number of individuals who were ultimately able to complete registration and take part in the issue, pointing to strong underlying demand for future retail offerings.

The highest bid-to-cover<sup>6</sup> ratio was 1.9 on a 91-day T/bill. *Figure 5* compares discount rates on RGSM T/bills in 2024 and 2025. The chart shows that Grenada’s Treasury bill yields rose noticeably between 2024 and 2025, while also highlighting a shift in the market’s pricing of risk and maturity. In 2024, both 91-day and 365-day rates were relatively low and moved within a narrow range, suggesting comfortable liquidity conditions and limited concern about holding longer-term instruments. By contrast, in 2025 there was a clear upward movement in yields, especially on the 365-day bills, which climbed to around 5 percent, while 91-day rates stayed closer to 3 percent. Overall, the pattern suggests a more discerning market environment, with investors placing greater emphasis on maturity risk and longer-term commitments.

*Figure 5: Discount Rate Fluctuations on T/Bills*



Source: MoF

<sup>6</sup> Bid-to-cover ratio is the total amount of bids received in a Treasury security as opposed to the amount sold/ accepted.

## 5.2.2 non-RGSM activities

### 5.2.2.1 Treasury bills

The total of non-RGSM T/bills at the end of 2025 was EC\$49.4 million. Over-the-counter T/bills totalling EC\$4.4 million were reissued at the same rate of 3.0 percent. Three (3) private placement T/bills were also reissued, two (2) held with BOSL totalling EC\$35.1 million upon reissue, and one (1) held with FCIS in the amount of EC\$10.0 million. The interest rate on BOSL's T/bills was 4.0 percent and the interest rate on FCIS' T/bill was 3.5 percent.

### 5.2.2.2 Treasury notes

The total OTC T/ notes held was EC 103.5 million of which EC 80.4 million being 5-year notes. One 5-year T/note was re-issued to the Bank of St Lucia, EC\$ 8.20 million, with an interest rate of 6.0 percent.

## 6.0 CONTINGENT LIABILITIES

### 6.1 Government-Guaranteed Debt of SOEs

GG loans are explicit contingent liabilities to Government and once the SOE holding GG debt defaults, GoG will honour the said SOE's debt obligations to the lender. Like CG's debt, GG debt can be contracted in local or foreign currency and may be contracted from external or domestic creditors. As at the end of-2025, there was no GG debt in GoG's portfolio.

### 6.2 On-Lent Loans

The total disbursements on all on-lent loans to parastatals as at the end of 2025 was EC\$241.8 million and the total outstanding balance on all on-lent loans was EC\$227.47 million *Table 2*.

**Table 2: Disbursements and balances of on-lent loans by Creditor Category (in EC\$ Millions)**

Public Body	Creditor Category	Committed Amount EC\$	Disbursements to date 2024 EC\$	Disbursements to date 2025 EC\$	Outstanding balance as at end-2025	Economic Sector
<b>Grenada Development Bank (GDB)</b>	Multilateral	8.1	8.1	8.1	0.5	Multiple Sectors
<b>Grenada Solid Waste</b>	Multilateral	28.9	19.3	21.5	26.0	Environment
<b>GDB</b>	Multilateral	27.0	26.3	26.3	16.8	Multiple Sectors 21/SFR-GR-OCR
<b>Gravel and Concrete</b>	Commercial	4.4	4.4	4.4	2.6	Restructured
<b>Grenada Airport Authority</b>	Bilateral	181.5	158.1	181.5	181.5	Infrastructural Development
<b>TOTAL</b>		<b>249.9</b>	<b>216.2</b>	<b>241.8</b>	<b>227.47</b>	

*Source: MoF*

### 6.3 Non-Guaranteed Debt of SOEs

All non-guaranteed SOE debt is made up entirely of long-term loans. As at the end of 2025, and excluding two SOEs, the total outstanding stock of non-guaranteed debt stood at EC\$149.4 million. This represents a decline of 3.7 percent compared to the EC\$155.1 million recorded at the end of 2024, also excluding those same two entities *Table 3*. Overall, this reduction suggests a gradual easing in SOE debt exposure outside of the guaranteed framework, pointing to some improvement in balance sheet positions for the majority of state-owned enterprises.

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

<b>Creditor</b>	<b>2024</b>	<b>2025</b>	<b>% change</b>
	In EC\$ millions		
<b>External Non-Guaranteed Debt</b>	39.4	37.5	-4.8
<b>Domestic Non-Guaranteed Debt</b>	115.7	111.9	-3.2
<b>TOTAL</b>	<b>155.1</b>	<b>149.4</b>	<b>-3.7</b>

*Source: MoF*

#### 6.4 Other Public Sector debt<sup>7</sup>

The stock of other public sector debt stood at EC\$ 372.1 million or 9.4 percent of GDP at the end of 2025. This figure remains unchanged from the previous year.

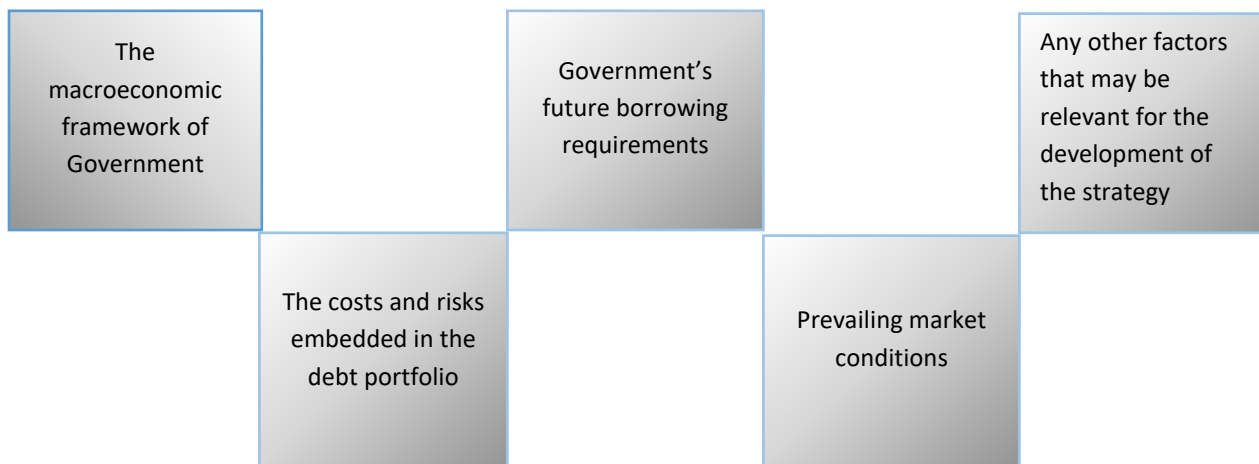
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<sup>7</sup> Other Public Sector debt refers to the debt obligations of Petrocaribe Grenada Ltd.

## 7.0 MEDIUM-TERM DEBT MANAGEMENT STRATEGY IMPLEMENTATION

The MTDS is also in fulfilment of the PDMA, which requires it to consider the following: *Figure 6*

*Figure 6: MTDS Considerations*



GoG's MTDS provides three (3) alternative financing options within the context of its macroeconomic and budget framework, and through cost/risk analysis along with the other considerations, the financing option which provides the most suitable borrowing plan for Government, over the medium term, is chosen. The chosen strategy usually meets strategic benchmarks and ensures a suitable debt portfolio is designed. The MTDS indicates how much of the total gross financing need will be met from external and domestic creditors, the currency composition of debt and the instrument types to be issued and/or reissued.

In 2025, the chosen strategy remained broadly consistent with Government's established borrowing approach. Financing was sourced primarily from multilateral and bilateral creditors on concessional terms, supported by drawdowns on committed undisbursed balances and the continued reissuance of maturing domestic instruments, including those on the RGSM. *Table 4*. The strategy also allowed for limited new domestic borrowing. Implementation was largely successful, although outcomes differed from the strategy with respect to external borrowing.

### 7.1 External Borrowing in 2025

External borrowing activity in 2025 remained consistent with the terms of Government's medium-term debt strategy. Concessional financing continued to dominate new borrowing, in line with the MTDS (2024–2026) objectives of minimizing cost and risk *Table 5*. The amount of borrowing surpassed the levels recommended by the strategy.

Although limited new disbursements were recorded, previously contracted loans, including concessional facilities from multilateral and bilateral partners, continued to support financing needs. Previously contracted loans from CDB had significant disbursement, (GEEP)

Table 4: Terms of new external borrowing proposed by MTDS (2025-2027)

Creditor/Instrument	Maturity (Years)	Grace (Years)	Interest Type	Currency
Multilateral Regional Development Bank	20 - 25	10.	Fixed	USD
Multilateral- International Institutions	36 - 40	10	Fixed	USD
Bilateral Institutions	25 - 30	5	Fixed	USD
Domestic & Regional investors	1 - 5	0	Fixed	XCD

Source: MoF

Table 5: Actual terms of new external borrowing (2025)

Grace (Years)	Maturity (Years)	Loan Currency	Amount (EC\$ mils)	Amount Disbursed (EC\$ mils)	Interest Rate (%)	Interest Type	Commitment Charge (%)	Service Charge (%)
<b>IDA-Caribbean Efficient and Green Energy-Energy Building Project</b>								
10.0	40.0	USD	108.0	1.2		Fixed	0.5	0.75 +ba <sup>8</sup>
<b>CTF-Caribbean Efficient and Green Energy-Energy Building Project</b>								
10.0	40.0	USD	23.0	0.1	-	Fixed		0.25
<b>Caribbean Resilient Renewable Energy Infrastructure Investment Facility Project</b>								
10.0	40.0	USD	78.6	0.1			0.5	0.75+ba
<b>NDM- Hurricane Beryl</b>								
5.0	20.0	USD	13.5			Fixed		0.75

Source: MoF

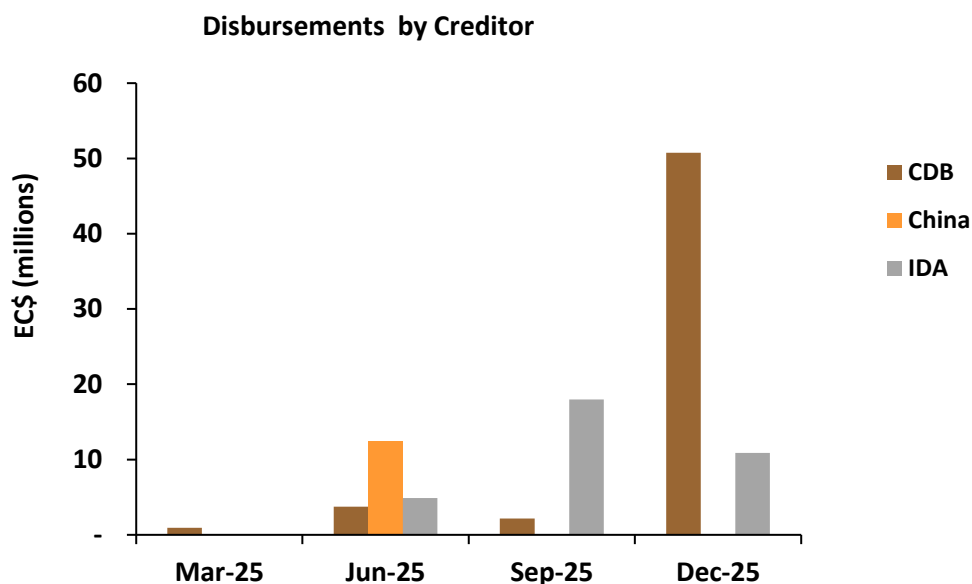
## 7.2 Disbursements by Creditor

In addition to new external financing, the MTDS 2025–2027 also recommended drawing on the CUB to help meet financing needs. In 2025, total disbursements reached EC\$105.6 million, made up mainly of funds from existing loans. Most of this came from multilateral creditors, which disbursed EC\$93.2 million<sup>9</sup>. Bilateral disbursement contributed EC\$12.4 million. Figure 7 shows how these disbursements were distributed across creditors in 2025.

<sup>8</sup> Basis adjustments due to currency conversion

<sup>9</sup> CDB: EC\$57.6 million; IDA: EC\$33.8 million IFAD EC\$1.8 million

Figure 7: Disbursements by Creditor



## 7.3 Domestic Borrowing in 2025

### 7.3.1 Regional Governments' Securities Market (RGSM) auctions

All RGSM instruments that matured during the year were successfully reissued. In the final quarter of 2025, a new retail bond was also introduced, with the primary aim of increasing public awareness of, and participation in, RGSM auctions. The bond was well received, achieving an 85.5 percent uptake and attracting 350 participants, more than 75 percent of whom were first-time investors.

### 7.3.2 Non-RGSM Securities

The MTDS recommended that, similar to RGSM instruments, all maturing non-RGSM instruments be reissued. This was largely achieved, as all creditors' requests for reinvestment were accommodated. As a result, total OTC Treasury bills at the end of 2025 remained low at EC\$4.4 million. In addition, one 5-year Treasury Note was reissued for EC\$8.2 million.

Table 6 compares domestic financing in 2025 to that of 2024. Total domestic financing was higher in 2025, reflecting the greater number of maturing instruments that were reissued compared to 2024. Furthermore, some maturing instruments, notably BOSL instruments and Treasury bills, were reissued at higher values. In addition, the instruments issued to replace redeemed Treasury bills were collectively valued at significantly higher amounts, due to oversubscription in some auctions.

Table 6: Domestic Financing 2024-2025 (in EC\$ million)

Domestic Instrument	2024 (EC\$M)	2025(EC\$M)
<b><u>RGSM</u></b>		
91-day T/bills	60.0	70.0
365-day T/bills	45.0	70.0
2-year T-notes	10.0	4.3
<b><u>Sub-total</u></b>	<b><u>115.0</u></b>	<b><u>144.3</u></b>
<b><u>Non- RGSM</u></b>		
<b><u>Over-the counter</u></b>		
365-day T/bills	4.4	4.4
<b><u>Private Placement</u></b>		
365-day T/bills	45.0	45.1
2-year T-notes	21.0	2.1
5-year T-notes	50	8.2
<b><u>Sub-total</u></b>	<b><u>120.4</u></b>	<b><u>120.4</u></b>
<b><u>Total</u></b>	<b><u>235.4</u></b>	<b><u>264.7</u></b>

Source: MOF

#### 7.4 Budgeted vs Actual Financing in 2025

For the year 2025, budgeted financing amounted to EC\$425.0 million. Actual financing exceeded the budgeted figure by EC\$147.0 million; however, this outturn includes significant new borrowing totalling EC\$203.5 million, which has not yet been disbursed.

The MTDS 2025 identified gross financing needs of EC\$425.0 million and recommended that these requirements be met primarily through traditional multilateral and bilateral creditors offering concessional terms, long maturities, and denominated in USD. Total financing in 2025 amounted to EC\$572.0 million.

As part of the MTDS framework, an Annual Borrowing Plan (ABP) is prepared to guide borrowing operations. In 2025, the actual external-to-domestic financing ratio was 54:46, compared with the ABP's indicative ratio of 47:53. While domestic borrowing, in nominal terms, remained broadly consistent with the ABP, external borrowing exceeded the recommended levels.

Notwithstanding this deviation, the majority of MTDS recommendations were adhered to, including the selection of creditors, the terms and conditions of borrowing, such as maturity profiles, grace periods, and currency composition, as well as the continued reissuance of instruments in both local and regional markets. Furthermore, the Government of Grenada's debt position remained sustainable, as all interest payments and amortization obligations were serviced in accordance with agreed schedules. In instances where payments were deferred, these will be honoured in line with the revised terms.

## 8.0 COST AND RISK ANALYSIS OF THE EXISTING DEBT PORTFOLIO

The debt portfolio experienced a marked improvement in cost conditions between 2024 and 2025, while maintaining broadly manageable risk levels. The most notable development was the sharp decline, return to historical levels, in interest payments as a share of GDP, which fell from 4.6 percent to 1.9 percent, placing it well below the MTDS benchmark.

Despite these gains, some risks have edged upward. Refinancing risk remains within acceptable limits, as the share of debt maturing within one year is still below the 20 percent threshold. However, its increase from 10.9 percent to 15.4 percent shows a gradual buildup of short-term obligations, *Table 7*. This is further reflected in the decline in the average time to maturity of the domestic portfolio. While the overall maturity profile remains strong and above target, this trend may expose the portfolio to higher rollover risk if not carefully managed.

Interest rate risk remains largely contained, supported by the high proportion of fixed-rate debt, which continues to provide stability against market fluctuations. However, the increase in the share of debt re-fixing within one-year points to a moderate rise in rollover risk. In addition, the Average Time to Re-fixing has reached the minimum target level, indicating limited room for further deterioration without increasing vulnerability.

Foreign exchange risk continues to be adequately managed, with the share of FX-denominated debt declining slightly and remaining within the established ceiling. The fixed exchange rate US to EC dollars remains firmly backed at the Central Bank, providing stability to the FX denominated debt with its largest portion denominated in US dollars.

Overall, the portfolio reflects a favourable cost–risk trade-off, with substantial improvements in borrowing costs and continued compliance with key risk indicators. However, possible pressures, particularly in refinancing and interest rate risks, highlight the importance of sustaining prudent debt management strategies, including efforts to lengthen maturity.

*Table 7: Cost and Risk Indicators in 2024 and 2025*

Indicators	2024	2025	Indicative targets according to the MTDS
<b><i>Cost of Debt</i></b>			
Interest payments as % of GDP	4.6	1.9	<=2.5%
Weighted Avg. (%)	8.0	3.6	No established Target
<b><i>Refinancing Risk</i></b>			
Debt maturing in 1 year (% of total)	10.9	15.4	<=20.0%
ATM External Portfolio (years)	12.2	12.3	No established target
ATM Domestic Portfolio (years)	5.3	4.4	No established target
ATM Total Portfolio (years)	10.6	10.4	>=8.0 years
<b><i>Interest Rate</i></b>			
Debt re-fixing in 1 year (% of total)	16.2	20.6	No established target
Fixed-rate debt (% of total)	94.1	94.2	No established target
ATR (years)	10.2	10.0	>=10.0 years
<b><i>Foreign Exchange (FX) Risk</i></b>			
FX debt (% of total debt)	76.9	75.0	<=80.0%

Source: MOF

## 9.0 SHORT AND MEDIUM-TERM DEBT FORECASTS

As at end-2025, Central Government debt stood at \$2,288.1 million, equivalent to 56.6 percent of GDP. Over the medium term, the debt stock is projected to rise modestly, reaching 57.6 percent of GDP by 2028, before declining to 55.8 percent in 2029 *Table 8*. This near-term increase reflects Government’s planned investments in priority sectors, particularly health, which are expected to influence disbursement patterns. Nonetheless, strong projected GDP growth is anticipated to help contain pressures on the debt-to-GDP ratio and support a gradual downward trajectory over time.

The Government remains firmly committed to sound debt management practices, guided by prudent borrowing decisions, timely debt servicing, and a robust legal and institutional framework. These efforts continue to underpin fiscal resilience and support long-term debt sustainability.

Grenada’s economy remains highly open and therefore exposed to both climatic and external economic shocks. Overall, risks to the outlook are balanced. On the upside, continued improvements in the fiscal position, supported by stronger revenue mobilisation and increased public and private investment, could boost job creation and sustain economic growth. On the downside, vulnerabilities persist, particularly from global oil and food price volatility, as well as geopolitical tensions in key source markets, which could generate inflationary pressures. In addition, Grenada’s high susceptibility to natural disasters and the effects of climate change continues to pose significant risks to critical sectors such as agriculture and tourism, with potential implications for productivity and long-term growth.

**Table 8: Key Medium- term Projections**

<b>Debt Stock</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>Real GDP Growth (%)</b>	4.7	5.6	4.8
<b>Total Revenue (incl grants) (% of GDP)</b>	31.7	31.3	31.3
Total Expenditure (% of GDP)	38.6	31.5	31.1
<b>Primary Balance (Including grants) (% of GDP)</b>	-5.0	1.5	1.7
<b>Overall Bal (including grants) (% of GDP)</b>	-9.8	-0.2	0.2
<b>CG Debt (% of GDP)</b>	56.6	57.6	55.8
<b>Public Debt (% of GDP)</b>	65.7	68.5	66.3
<i>Memo items</i>			
<b>Nominal GDP</b>	4,231.1	4,468.6	4,681.6

Source: MOF

## 10.0 APPENDICES

### Appendix 1

GOVERNMENT OF GRENADA STATEMENT OF PUBLIC DEBT AS AT DECEMBER 31, 2025	
	Ending Balance 2025
<b>CURRENT LIABILITIES</b>	
<b><u>SECURITIES</u></b>	
<i>Treasury Bills</i>	
<i>o/w RGSM</i>	85.00
<i>o/w Over- the-counter</i>	4.35
<i>o/w Private Placements</i>	56.74
<i>Private Placement Treasury Notes</i>	23.53
<i>Multilateral Loans</i>	
<b>Total</b>	<b>169.62</b>
<b>LONG TERM LIABILITIES</b>	
<b><u>Treasury Notes</u></b>	
<i>o/w RGSM</i>	14.28
<i>o/w Private Placements</i>	80.43
<b>Total</b>	<b>94.70</b>
<b><u>Bonds</u></b>	
<i>Domestic Bonds</i>	216.02
<i>International Bonds</i>	179.14
<b>Total</b>	<b>395.16</b>
<b><u>Loans</u></b>	
<i>Multilateral</i>	1,254.86
<i>Bilateral (non-Paris Club)</i>	320.12
<i>Bilateral (Paris-Club)</i>	9.28
<i>Domestic Commercial banks</i>	5.67
<i>External Commercial banks</i>	0.91
<i>Other<sup>10</sup></i>	1.52
<b>Total</b>	<b>1,592.36</b>
<b><u>OTHER<sup>11</sup></u></b>	<b>36.36</b>
<b>TOTAL CENTRAL GOVERNMENT DEBT</b>	<b>2,288.12</b>
<b>CONTINGENT LIABILITIES</b>	
<i>Guaranteed Debt</i>	-
<i>Non- Guaranteed Debt</i>	149.40

<sup>10</sup> Other refers to a domestic loan with a maturity period of greater than one (1) year

<sup>11</sup> OTHER refers to compensation claims

<i>Other Public Sector</i>	372.14
<b>TOTAL PUBLIC SECTOR DEBT</b>	<b>2,809.60</b>

Source: MOF

## Appendix 2

### CENTRAL GOVERNMENT DEBT SERVICE 2025

Category	Domestic	External	RGSM	Other	Sub-total
<b>INTEREST PAYMENTS</b>					
<i>Treasury Bills</i>	0.10	1.67	1.41	-	<b>3.18</b>
<i>Treasury Notes</i>	0.04	1.53	0.33	-	<b>1.89</b>
<i>Bonds</i>	8.86	7.92	-	-	<b>16.78</b>
<i>Loans</i>	0.00	24.88	-	-	<b>24.88</b>
<i>Other<sup>12</sup></i>	-	-	-	99.76	<b>99.76</b>
<b>Total Interest Payments</b>	<b>9.00</b>	<b>36.00</b>	<b>1.73</b>	<b>99.76</b>	<b>146.49</b>
<b>AMORTIZATION PAYMENTS</b>					
<i>Treasury Bills</i>	4.19	40.62	93.77	-	<b>138.58</b>
<i>Treasury Notes</i>	-	-	8.20	-	<b>8.20</b>
<i>Bonds</i>	6.10	17.72	-	-	<b>23.82</b>
<i>Loans</i>	0.30	49.81	-	-	<b>50.11</b>
<i>Other<sup>13</sup></i>	-	-	-	0.27	<b>0.27</b>
<b>Total Amortization Payments</b>	<b>10.59</b>	<b>116.35</b>	<b>93.77</b>	<b>0.27</b>	<b>220.98</b>
<b>TOTAL DEBT SERVICE</b>					<b>367.47</b>

Source: MOF

<sup>12</sup> Bank charges, Statutory deposit & 2030 bond CBI clause payment to bondholders

<sup>13</sup> Compensation claims

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