MINISTRY OF FINANCE
GOVERNMENT OF GRENADA

MEDIUM-TERM FISCAL FRAMEWORK
2027-2029

FINANCE.GD

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LIST OF ABBREVIATIONS

Abbreviation	Meaning
CBI	Citizenship-by-Investment
CED	Customs and Excise Division
CPI	Consumer Price Index
CSC	Customs Service Charge
CSO	Central Statistical Office
ECCB	Eastern Caribbean Central Bank
ECCU	Eastern Caribbean Currency Union
EVL	Environmental Levy
FRA	Fiscal Resilience Act
GARFIN	Grenada Authority for the Regulation of Financial Institutions
GDB	Grenada Development Bank
GDP	Gross Domestic Product
GHTA	Grenada Hotel and Tourism Association
GTA	Grenada Tourism Authority
HDI	Human Development Index
HDR	Human Development Report
IMA	Investment Migration Agency
IMF	International Monetary Fund
IRD	Inland Revenue Division
MIT	Ministry of Mobilisation, Implementation and Transformation
MNIB	Marketing and National Importing Board
MTAP	Medium-term Action Plan
MTDS	Medium-term Debt Management Strategy
MTFF	Medium-term Fiscal Framework
NBFS	Non-bank Financial Sector
NDA	Net Domestic Assets
NPL	Non-performing loan
NFA	Net Foreign Assets
NSDP	National Sustainable Development Plan
PAYE	Pay As You Earn
pp	percentage points
PPP	Public-Private Partnerships
PSIP	Public Sector Investment Programme
SB	Statutory Body
SGU	St. George’s University
SIC	Standard Industrial Classification
SITC	Standard International Trade Classification
SOE	State-Owned Enterprise
VAT	Value Added Tax
WEO	World Economic Outlook

EXECUTIVE SUMMARY

The Medium-Term Fiscal Framework (MTFF) sets out the Government of Grenada's macroeconomic and fiscal strategy for the period 2027–2029. It provides the fiscal framework for implementing the Government's medium-term development priorities, as articulated in the National Sustainable Development Plan (NSDP) 2020–2035 and Vision 75.

The medium-term macroeconomic outlook is expected to unfold against an increasingly uncertain global backdrop. Heightened geopolitical tensions, trade disruptions, elevated commodity prices and weaker global growth prospects are expected to weigh on global trade, investment, tourism and international supply chains. For Grenada, these developments are expected to result in higher import costs, softer external demand and increased uncertainty over the medium term.

Despite the more challenging global environment, Grenada's economy is expected to remain robust in 2026 as the economy transitions from post-Hurricane Beryl reconstruction to a broader phase of economic expansion and transformation. Real GDP is estimated to grow by 3.3 percent in 2026. Growth is expected to strengthen to 4.3 percent in 2027 before moderating to 3.6 percent in 2028 and 3.1 percent in 2029, remaining well above Grenada's long-term growth trend of 3.0 percent. Over the medium term, economic activity is expected to become increasingly broad-based, supported by growth in tourism, agriculture, fisheries, transport, real estate and other key sectors of the economy, alongside sustained public and private investment.

The 2026 fiscal outturn is projected to be weaker than originally budgeted. This largely reflects softer-than-expected revenue performance, faster expenditure execution of capital investments including road infrastructure development-Design Finance Build projects, and higher current transfers, reflecting in large part temporary measures to cushion the impact on electricity, food, and fuel associated with the current global fuel price shock. Over the medium term, revenue performance is expected to strengthen, supported by sustained economic activity and continued improvements in tax administration and compliance. Public expenditure will remain focused on priority investments that strengthen productivity and support inclusive growth. These include education and skills development, healthcare, affordable housing and renewable energy.

The broader macroeconomic environment is expected to remain stable. Inflation is projected to remain subdued over the medium term, although the outlook remains subject to external risks. The monetary and financial sector is expected to remain well capitalised, supported by ample liquidity and continued expansion in private sector credit. Meanwhile, the external sector is expected to remain broadly stable, supported by strong tourism receipts, sustained investor confidence and continued access to external financing.

Looking ahead, fiscal policy will remain focused on preserving macroeconomic stability and promoting robust inclusive growth while strengthening fiscal and debt sustainability. This approach will support the gradual rebuilding of fiscal buffers following the fiscal impacts of Hurricane Beryl, while creating the conditions for sustainable economic growth and enhancing the country's capacity to respond to future economic and climate-related shocks.

INTRODUCTION

The 2027 Medium-Term Fiscal Framework (MTFF), prepared pursuant to Section 12A of the Public Finance Management Act No. 17 of 2015 (as amended), sets out the Government of Grenada's fiscal strategy for the period 2027–2029.

The MTFF provides the medium-term framework for fiscal policy, resource allocation and budget preparation. It sets out the Government's macroeconomic outlook, fiscal policy priorities and medium-term fiscal projections, providing the basis for the 2027 Budget while establishing the fiscal direction for the outer years 2028 and 2029.

The analysis focuses on three interrelated components:

1. The prevailing macroeconomic and fiscal conditions, and its medium-term outlook;
2. Fiscal policy objectives, including medium-term fiscal projections; and
3. Fiscal risks, focused on the Government's strategies to strengthen resilience and safeguard sound public finances.

The MTFF is guided by the Government's broader development priorities as outlined in the National Sustainable Development Plan (NSDP) 2020–2035 and Vision 75. It also reflects the Government's commitment to strengthening climate resilience, supporting economic transformation, enhancing productivity, and promoting sustainable and inclusive growth through strategic public investment and prudent fiscal management.

Fiscal policy over the medium term will continue to be guided by the Fiscal Resilience Act (FRA) 2023 and the Government's Medium-Term Debt Management Strategy (MTDS). Together, these frameworks provide the foundation for revenue, expenditure, financing and borrowing decisions, while promoting fiscal discipline and prudent debt management.

The MTFF presents the Government's strategic fiscal outlook for:

- The performance of the first quarter of 2026;
- The 2027 Budget year; and
- The outer years 2028 and 2029.

The document is structured as follows:

- **Section 1:** Macroeconomic and Social Context;
- **Section 2:** Medium-Term Fiscal Policy Objectives and Forecasts;
- **Section 3:** Compliance with the Fiscal Resilience Act, 2023; and
- **Section 4:** Fiscal Risk Management.

The Currency used in this document is EC dollars unless otherwise stated.

1 MACROECONOMIC AND SOCIAL CONTEXTS

1.1 Real Sector

During the first quarter of 2026, Grenada's economic activity moderated amid heightened geopolitical tensions, global trade disruptions, and persistent global and domestic inflationary pressures. These challenges, coupled with the strong performance recorded in 2025, particularly within the construction sector, resulted in lower-than-anticipated growth during the first three months of the year.

Grenada's tourism sector performed strongly in Q1 2026, with total stayover and yachting arrivals surpassing 2025 levels. This performance was supported by events such as the inaugural Lambie & Lobster Festival, “Kayak Mas” and Grenada Spice Island Billfish Tournament. Continued stellar performance is expected to be bolstered by the 2026 CARIFTA Games and “Reggae Fest” alongside increased airlift capacity from Canada and the United States market.

Growth within the construction sector continued, supported by ongoing public and private sector investment, although activity moderated slightly from the elevated levels recorded in 2025. Even so, the sector remained an important source of economic activity and contributed to increased tax collections, particularly taxes on international transactions.

In contrast, growth in the agriculture sector remained constrained by the lingering effects of Hurricane Beryl. Production of key crops, namely; bananas and cocoa, remained subdued. Nevertheless, initiatives such as the National Spice Replanting Programme and the World Bank-funded Food Security Enhancement Programme are expected to support improvements in domestic agricultural production.

Manufacturing activity moderated during the first quarter of 2026, with lower export earnings from key products, particularly prepared animal feed and flour, relative to the corresponding period of 2025. At the same time, ongoing geopolitical tensions and disruptions to global supply and value chains contributed to higher import costs and shipping delays, which constrained activity within the wholesale and retail trade sector. On the upside, the transport and storage sector continued to benefit from increased imports of construction materials, strong tourism-related passenger movements, and modest activity in the manufacturing and agricultural sectors.

Navigating this mixed economic performance will require economic tenacity and increased efforts from both the public and private sectors. Nonetheless, Grenada's outlook for 2026 remains cautiously optimistic, with economic growth projected at 3.3 percent, a 0.8 percentage point downward revision from the 2026-2028 Medium-Term Economic and Fiscal Strategy Report.

1.1.1 Agriculture

Drawing on data from the Central Statistical Office (CSO) and anecdotal evidence gathered at the April - May 2026 Macroeconomic Surveillance, the agriculture sector is projected to grow by a moderate 2.5 percent in 2026; down from an initial 8.4 percent. This tempered outlook reflects the combined drag of a decline in MNIB total purchases of 12.4 percent, an intense dry season, a shrinking MNIB farmer base, elevated input costs, and volatile geopolitical tensions resulting in exorbitant fertiliser prices despite government mitigation efforts.

First-quarter performance was generally below 2025 levels for key crops, including banana. Banana production, proxied by MNIB purchases, contracted by 32.8 percent in Quarter 1 2026, falling from 70,338 lbs to 47,226 lbs. This decline was mainly because of the persistent structural issues plaguing production though remedial work is underway.

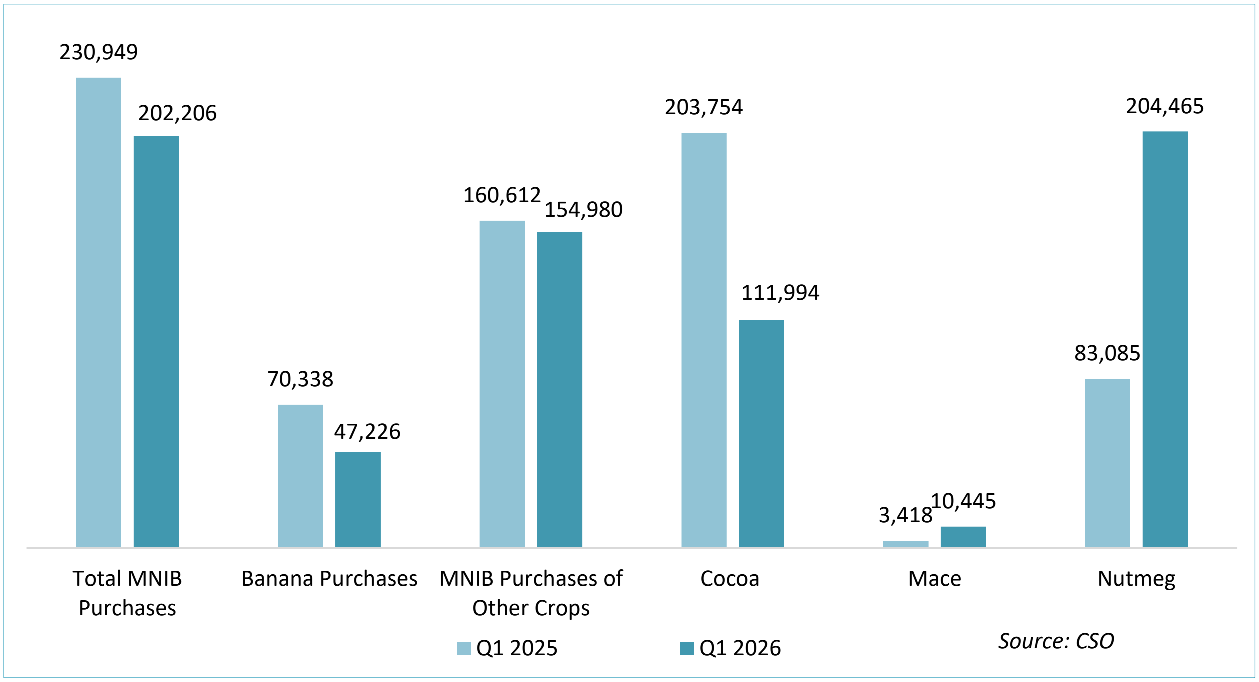
Nutmeg and mace production, by contrast, recorded a marked improvement in the first quarter of 2026 relative to the same period in 2025, with nutmeg output rising by 146.1 percent to 204,465 lbs and mace increasing by 205.6 percent to 10,445 lbs. Despite the strong first-quarter performance, growth is expected to moderate over the remainder of the year. While interventions such as the National Spice Replanting Programme are underway, their impact on production will take time to materialise given the prolonged maturation period required for nutmeg trees to bear fruit. Accordingly, nutmeg and mace production are projected to grow by 1.5 percent and 3.7 percent, respectively, for the full year of 2026. Meaningful increases in production from replanted stock are expected as trees reach maturity.

Further to this, cocoa production declined by 45.0 percent in Quarter 1 2026 compared to Quarter 1 2025. Phase 1 of the Cocoa Rehabilitation Project was executed in 2024; however, given that cocoa trees require more than five years to reach full productive maturity, the investment's impact on output volumes will be observed over the medium-term. In this regard, cocoa production is projected to record moderate growth of 2.8 percent.

Output for other crops is projected to grow at a moderate 2.3 percent in 2026, supported by the World Bank-funded Food Security Enhancement Project (FSEP), which is actively promoting intercropping and the distribution of subsidised inputs including fertiliser, land clearing, and mechanical ploughing. The livestock sub-sector is expected to be the standout performer, with output set to increase significantly following the 2025 importation of 466 purebred, high-yielding breeding animals — comprising sheep, goats, and pigs. As these animals progress through their first full reproductive cycle, domestic meat yields are projected to rise materially, directly advancing Grenada's contribution to CARICOM's regional food import reduction targets. The capitalization of the potential of soursop and golden apple production also presents an emerging diversification opportunity within the other-crops category.

Full-year production is projected to remain flat, with meaningful recovery contingent on the maturation of FSEP-distributed plantlets and improved rainfall conditions in the second half of the year.

Figure 1: Production in Agriculture (lbs) Q1 2026 vs Q1 2025



1.1.2 Fishing

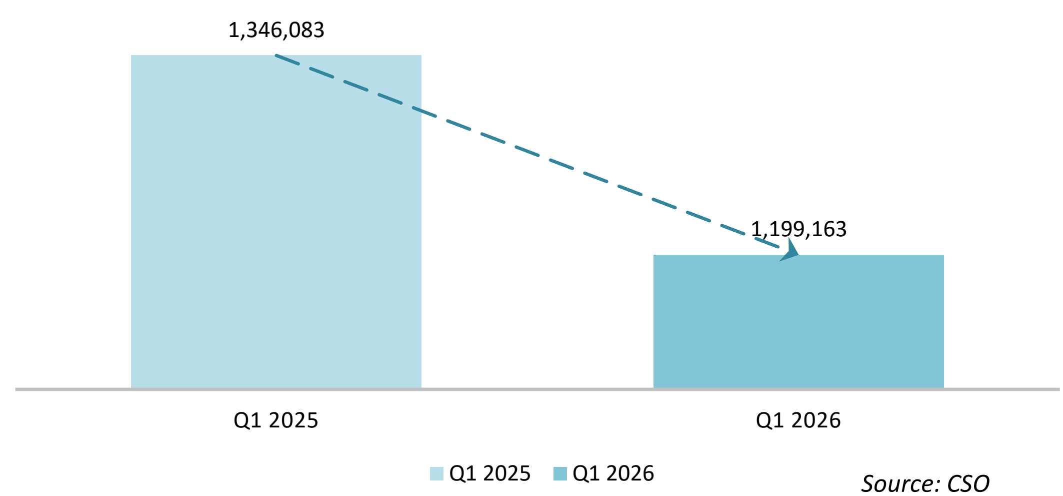
The fishing sector faced an unprecedented setback during the first Quarter of 2026 primarily due to an export ban placed on Grenada's fish and seafood products by the United States, which remains the country's largest export market. This external shock, combined with persistent structural challenges; such as data inefficiencies, weak international market prices, production leakages, and an aging labour force led to a reduction in both production and export volumes.

Production is estimated at 1.2 million pounds in the first quarter of 2026, down from the 1.3 million pounds recorded during the corresponding period of 2025. Despite the impact of the export ban, the projected contraction for the year is not expected to be severe, as fisherfolk have undertaken concerted efforts to restore relationships with buyers and strengthen market access. Following the lifting of the ban through concerted efforts by the Government, production has accelerated as fisherfolk seek to recover lost output and capitalize on robust external demand. From a socioeconomic perspective, industry reports indicate that the surge in production during the final quarter of 2025 provided an important financial cushion, mitigating the immediate effects of the ban on domestic supply and preserving the cash reserves of fisherfolk.

The Government continues to provide targeted support to maintain sector viability, utilizing instruments such as subsidized fuel, duty concessions on fishing gear, and regular technical meetings with fisherfolk. Concurrently, foundational groundwork is being laid for the rollout of the World Bank's Unleashing the Blue Economy of the Caribbean (UBEC) project. This initiative is structured to modernize the sector through strategic capital injections and enhanced operational oversight, focusing on fleet upgrades, landing site improvements, and improved refrigeration.

Given the currently unstable geopolitical climate, these collective efforts are expected to build essential economic resilience and bolster the sector throughout 2026 and into the medium-term. Hence, performance is expected to decline by a modest 2.7 percent in 2026; up from an original 12.6 percent decline.

Figure 2: Fish Production (lbs.) Q1 2026 vs Q1 2025



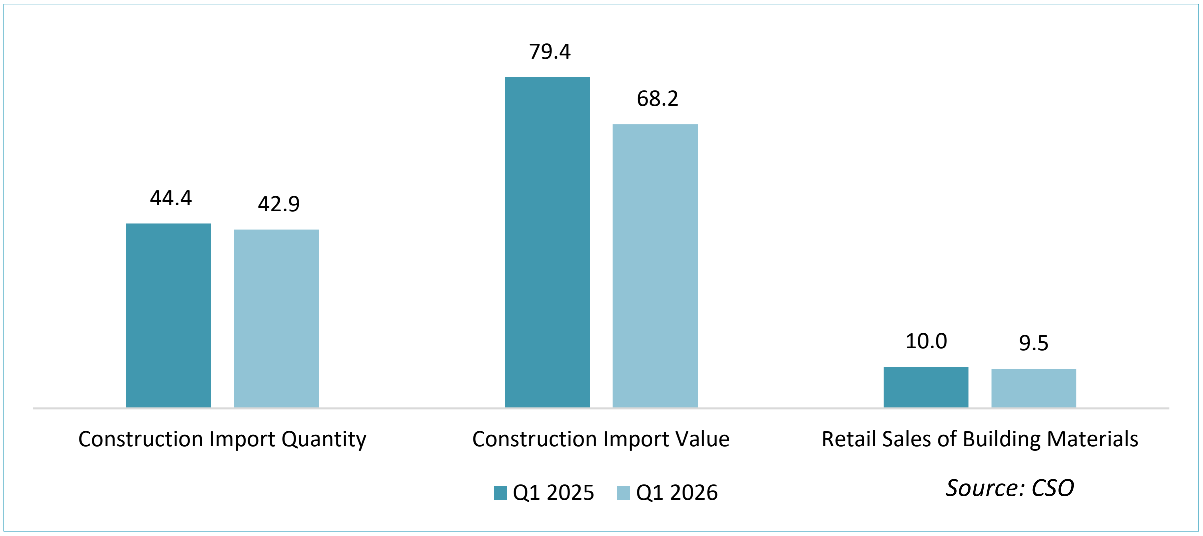
Source: CSO

1.1.3 Construction

Construction activity within the first quarter of 2026, proxied by real imports of construction materials and retail sales of building materials, eased, relative to the elevated levels recorded in the corresponding period of 2025. This outturn largely reflects base effects following the exceptional performance in 2025. Construction activity during 2025 was propelled by post-Beryl reconstruction efforts and the implementation of large-scale public sector investment projects, including the Grenada Climate Resilience Water Sector Project (G-Crews) and the Southern Water Supply Expansion Project.

In addition to base effects, higher raw material prices and increased shipping and fuel costs may have also weighed on activity. Rising input costs have prompted adjustments to procurement practices and inventory cycles, among local suppliers and contractors. Moreover, ongoing supply chain disruptions have delayed the delivery of certain shipments, contributing to longer lead times for selected materials. Given these developments, as at the end of March 2026, the import quantity and value of construction materials declined by 3.3 and 14.2 percent respectively, while retail sales of building materials fell by 4.8 percent.

Figure 3: Construction Sector Indicators EC$M – Q1 2026 vs Q1 2025



Nevertheless, the current performance is expected to improve in the coming months as activity associated with ongoing Government capital projects gathers pace. Key projects currently under implementation include the Marquis Bridge (to be completed Q4 2026), the Willis Road Rehabilitation Project (to be completed by Q4 2026), the Cliff Retaining Wall and Road Rehabilitation project (to be completed mid 2026) and other Government capital projects in progress.

Private sector investment is also expected to boost momentum in 2026, as the construction of a new mall within the Grand Anse area proceeds, alongside hotel construction activity and renovations. Additionally, residential renovation activity has reportedly increased in response to the growing demand for Airbnb accommodation. Collectively, these activities are expected to underpin the projected expansion in the construction sector in 2026.

Notwithstanding these favourable developments, project execution risks remain. An escalation in geopolitical tensions and further increases in raw material prices could result in project delays and higher construction costs. In addition, shortages of skilled labour, particularly carpenters, steel benders, masons and quantity surveyors, continue to pose challenges to the sector. Taking these factors into account, construction activity is projected to expand by 3.0 percent in 2026 – down by 9.1 percentage points from earlier estimates[1].

Looking ahead, Grenada's construction landscape will be marked by the development of Grenada's US$ 250 million climate-smart teaching hospital, which is expected to become one of the country's most significant infrastructure projects and the catalyst for economic activity over the medium term.

1.1.4 Tourism

Grenada's tourism sector posted a solid performance in the January–March period of 2026, with total stayover arrivals reaching 54,565, an increase of 5,842 visitors, or 12.0 percent, relative to the 48,723 recorded in the same period of 2025. Total visitor arrivals (Stayover, Cruise and Yachting) registered a

[1] 2026-2028 Medium-Term Economic and Fiscal Strategy Report (MTEFSR)

slight decline of approximately 4.0 percent to 245,830 visitors which is largely attributable to a reduction in cruise ship calls and passenger volumes rather than a softening in underlying stayover demand.

Table 1: Stayover Arrivals Q1 2026 vs Q1 2025

Main Market	January to March 2025	January to March 2026	2026/2025 % Change
United States	25,468	28,811	13.1
United Kingdom	8,137	8,756	7.6
Caribbean	5,352	5,758	7.6
Canada	6,242	7,479	19.8
Europe	2153	2,291	6.4
Latin America	353	389	10.2
Other Countries	1,018	1,081	6.2
Grand Total	**48,723**	**54,565**	12.0
			Source: GTA

The recovery in stayover arrivals was broad-based across all major source markets. The United States, which accounts for approximately 52.8 percent of the stayover market, realised a 13.1 percent growth, relative to the previous year, an absolute gain of 3,343 visitors. A most notable contributor to this growth, was the restoration of Delta's non-stop service to Grenada via Atlanta which recorded more than 90 inbound flights over the period, further fortifying the position of the country's biggest source market. The Caribbean market posted a more measured rise of 7.6 percent to 5,758 from 5,352 in 2025, though numbers are expected to increase spurred by the CARIFTA Games carded to take place in April.

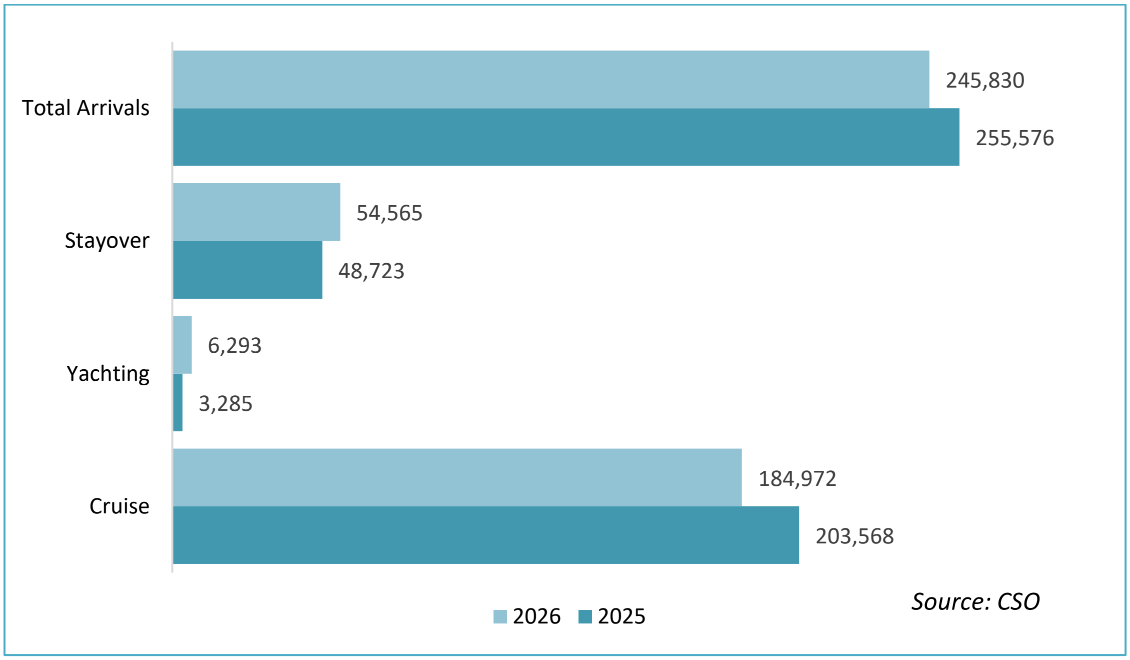
Canada recorded 7,479 arrivals, up by 19.8 percent, while the United Kingdom contributed 8,756 arrivals, a gain of 7.6 percent from 8,137 in 2025. Collectively, these four markets accounted for 93.1 percent of total stayover arrivals over the period, underscoring the continued concentration of demand among Grenada's core source markets.

In contrast to stayover performance, the cruise sub-sector contracted over the January–March period. Passenger arrivals fell 9.1 percent from 203,568 to 184,972, with ship calls declining from 113 to 100. March recorded the sharpest monthly drop, with passengers falling from 56,925 to 43,103 (down by 24.3 percent) and calls from 29 to 24. Notwithstanding this near-term softening, the medium-term outlook remains positive given GTA's ongoing marketing initiatives.

The yachting sub-sector registered a notable rebound, with vessel arrivals increasing 91.6 percent from 3,285 to 6,293. This recovery is encouraging given the less favourable numbers in the previous year following Hurricane Beryl, which prompted diversion of yacht traffic to competing hubs. While arrivals have not yet fully returned to pre-Beryl levels, the direction of travel is positive, and sustained investment in marina upgrades and improvements to immigration procedures for yacht visitors will be critical to consolidating this momentum.

Average length of stay edged up slightly to 8.3 days in January–March 2026, from 8.2 days in the comparable period of 2025. Among source markets, UK visitors recorded the highest average at 11.3 days, followed by Swedish visitors at 10.2 days, reflecting the need for targeted marketing to the latter group as more spend translates to more economic activity. By accommodation type, private home stays remained the highest at around 10.8 days, providing sustained support for local retail, transport, and service businesses beyond the formal hospitality sector.

Figure 4: Total Arrivals Q1 2026 vs Q1 2025



The sector enters the second quarter of 2026 with strong economic momentum. However, ongoing geopolitical tensions and their spillover effects on global aviation are expected to increase airfare costs. This, in turn, could constrain discretionary spending and reduce disposable income among prospective visitors, particularly those from the North American market.

Notwithstanding the above downside risks, full-year growth is projected to be 1.9 percent[2], with stayover arrivals bolstered by a bumper Carnival season, the Diaspora Homecoming event and the inaugural Tropical Bloom Festival in November. On the supply side, physical capacity will expand through the anticipated opening of the 120-room InterContinental Hotel in late 2026, broadening the island's premium accommodation offering and supporting higher-value visitor segments.

[2] A 0.1 percentage point upward revision to the MTEFSR's estimates

1.1.5 Transport and Storage

In the first Quarter of 2026, Grenada's transport and storage sector demonstrated resilience despite global and domestic challenges. Performance has been notably mixed. While passenger movement and inbound cargo recorded robust growth, outbound cargo activity and mail movement fell behind.

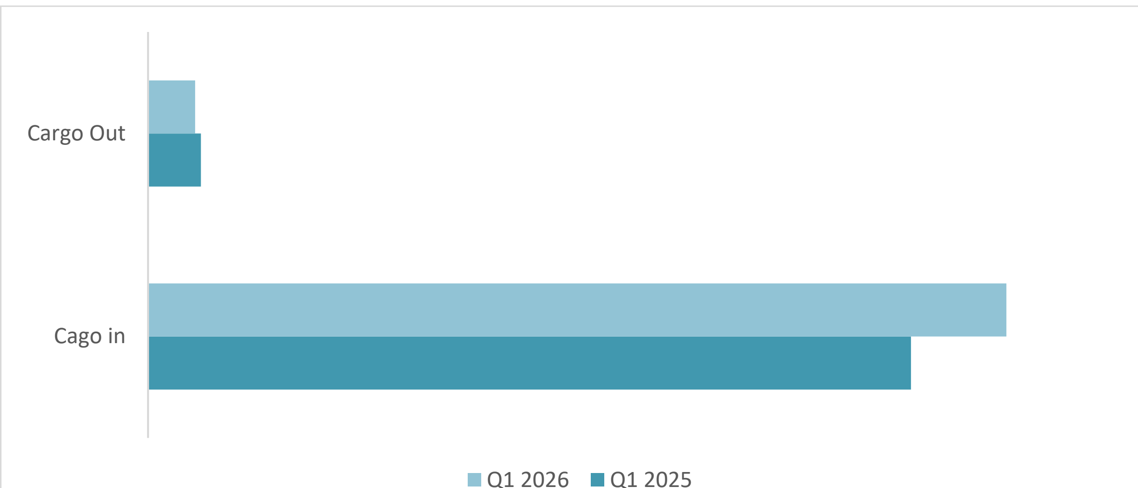
Fuelled by a 6.7 percent growth in import activity, Grenada's inbound cargo recorded a robust 12.5 percent growth at the end of Quarter 1 2026 compared with the same period in 2025. In detail, inbound cargo by containers at the Port and at the airport grew by 12.5 and 25.4 percent respectively.

Despite the ongoing geopolitical tensions, Grenada's heavy reliance on imported goods continues to anchor cargo throughput at the Port. However, elevated global prices, particularly fuel costs, together with shipping delays and ongoing supply chain disruptions, may result in some moderation in activity in the coming months.

Moreover, slower-than-anticipated domestic activity in Grenada's key sectors, such as, manufacturing, agriculture and fishing, has resulted in an 11.3 percent decline in total outbound cargo. Although outbound cargo through the Airport expanded by 25.8 percent, this increase was more than offset by a sharp 12.1 percent decline in outbound cargo by Port. Lower manufacturing output and weaker fishing exports contributed to reduced export receipts and, consequently, lower outbound cargo volumes during the first three months of 2026.

Looking ahead, outbound activity is expected to regain pace in the coming months as manufacturing exports to the OECS strengthen, and fishing exports normalise following the lifting of the United States fish ban.

Figure 5: Total Cargo Handled (in Tons) Q1 2026 vs Q1 2025



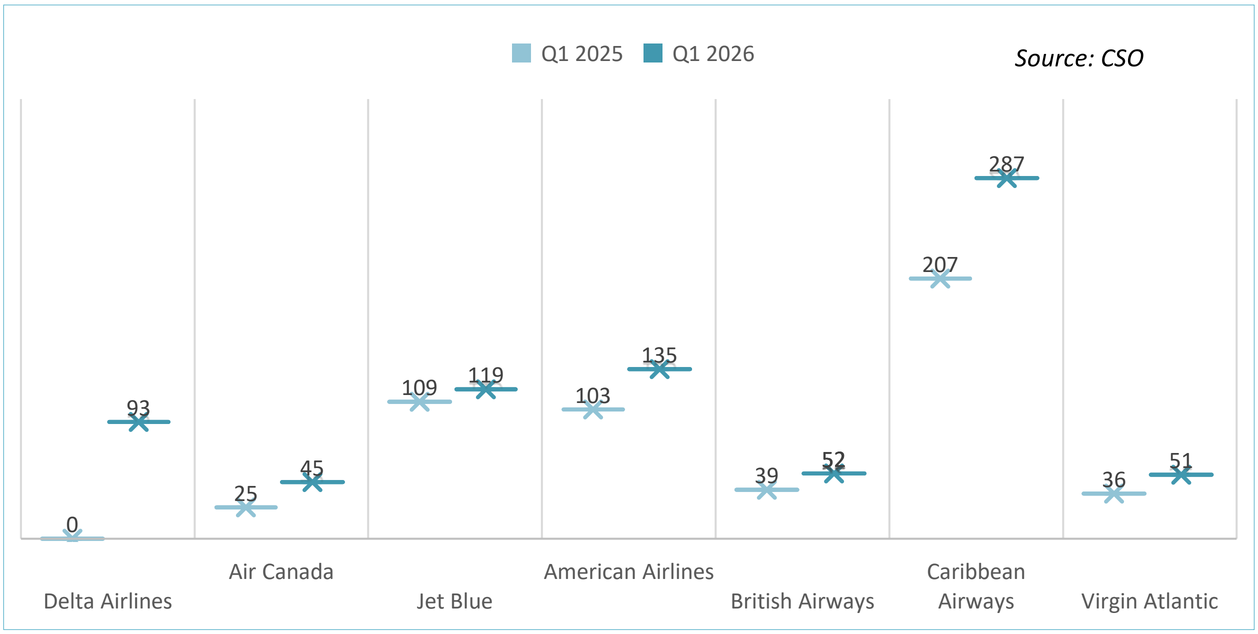
Source: CSO

Mail movement declined by 50.8 percent in the first three months of 2026 compared with the same period last year. This sharp reduction was driven by higher prices for online purchases, compounded by elevated shipping costs, which reduced both inbound and outbound mail activity.

In contrast, the strong growth in stayover arrivals during the first quarter of 2026 boosted Grenada's passenger movement. The quantity of both embarked and disembarked passengers increased by

8.7 and 9.8 percent respectively. This performance was supported by several key developments, notably, the introduction of Air Canada flights – to accommodate the growing demand from the Canadian market, and the return of Delta airlines, whose service recorded 93 aircraft landings in the first three months of 2026. Several airlines also recorded growth in the number of aircraft landings, including Virgin Atlantic (up by 41.7 percent), Caribbean Airlines (up by 38.6 percent), British Airways (up by 33.3 percent) and American Airlines (up by 31.1 percent).

Figure 6: Aircraft Landing (Q1 2026 vs Q1 2025)



Given the above, Grenada's transport and storage sector is projected to grow by 3.1 percent in 2026 – a 2.6 percentage point downward revision from the 2026 – 2028 Medium-Term Economic and Fiscal Strategy Report. This revision reflects the current downside risks to productive sectors, along with, structural labour market challenges, inefficiencies at the Port and limited availability of empty containers which may hinder the sector's growth.

1.1.6 Wholesale and Retail Trade

Total retail sales fell by a sharp 3.7 percent within the first Quarter of 2026 compared to the same period of 2025, reflecting the sector's susceptibility to external shocks.

On the supply side, local retailers have sustained the direct effects of the recent trade-related developments. Anecdotal information collected through the 2026 Macroeconomic Surveillance exercise indicates, that prices for several food items increased substantially amid recent disruptions and heightened uncertainty surrounding global supply chains. Meanwhile, on the demand side, these elevated import costs would continue to weaken consumer purchasing power, resulting in anticipated reduction in discretionary spending.

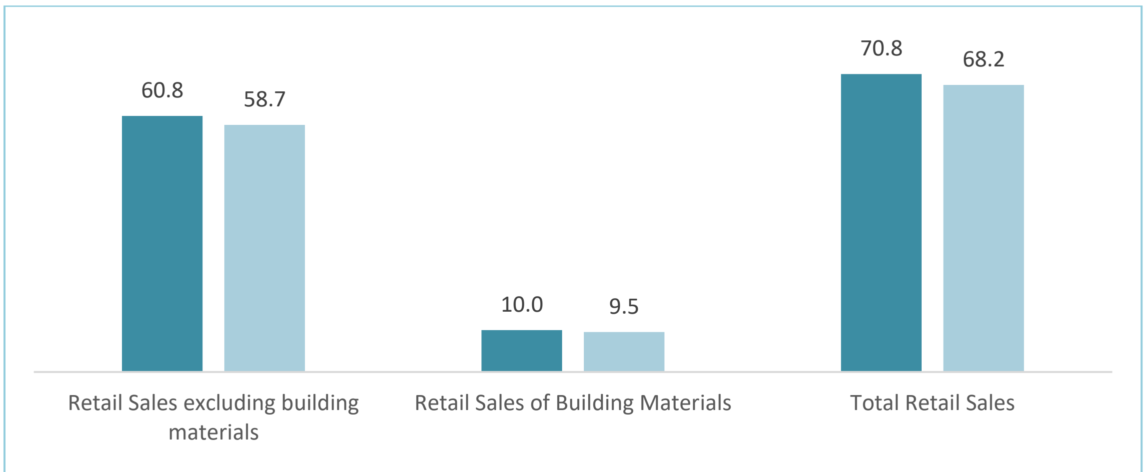
Retail Sales excluding building materials[3] recorded a 3.5 percent reduction in the first Quarter of 2026 compared to 2025. This performance signals an early softening of consumer spending within the economy.

Retail sales of building materials also declined by 4.8 percent relative to the corresponding period of 2025, consistent with lower demand and the moderation in construction activity. This performance, however, is expected to be temporary as Government advances the implementation of major capital projects, particularly road and bridge rehabilitation works, the School Infrastructure Enhancement Project and other large-scale transformational initiatives.

Even with these encouraging developments, longstanding structural constraints continue to weigh on the performance of the sector. Labour shortages, particularly among drivers and warehouse attendants, and the limited availability of skilled professionals, including accountants, marketing managers and supply chain managers, continue to constrain the sector. In addition, inconsistencies in domestic agricultural production, limited supplies of local chicken and the recent decline in egg production have affected the availability of locally produced goods.

Accordingly, the wholesale and retail trade sector's growth is projected to be a moderate 2.1 percent in 2026, a 5.1 percentage point downward revision compared to the MTEFSR, on account of current global and domestic activity.

Figure 7: Retail Sales (Q1 2026 vs Q1 2025) – EC$ Million



Source: CSO

1.1.7 Manufacturing

In the absence of official data from the Central Statistical Office (CSO), quarterly projections were derived using anecdotal information collected during the April–May 2026 Macroeconomic Surveillance exercise, and export data for the first quarter of 2026. Manufacturing production is estimated to total EC$ 26.6 million, a modest decline of EC$180,994.8 when compared to the first quarter of 2025.

[3] Comprising the sale of household items, agricultural produce, food items, and motor vehicles

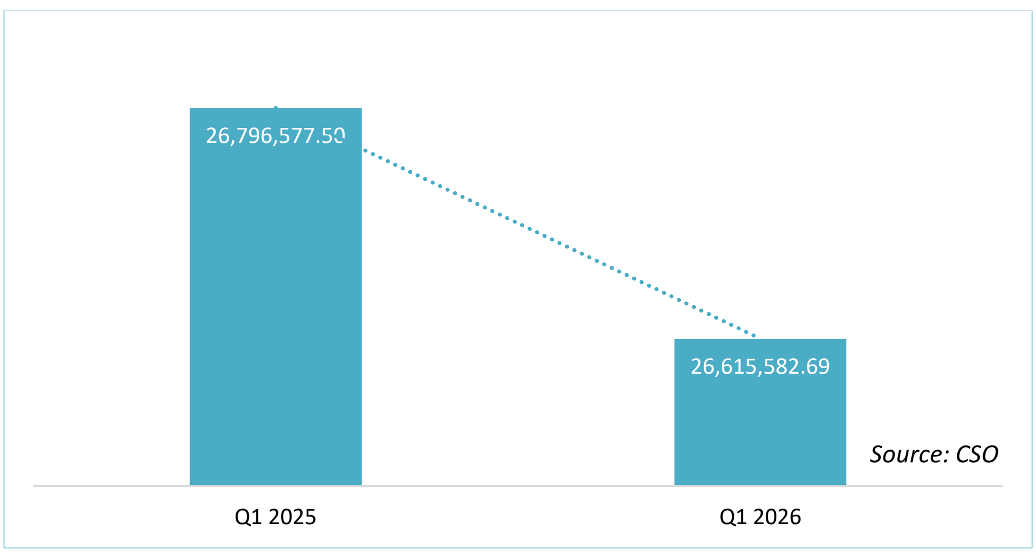
In detail, production during the first quarter was sustained mainly by growth in the category labelled 'Chemicals and Paints', which recorded a 63.0 percent increase in export sales and is projected to register a 10.4 percent growth in production overall. As building activity winds down, it is anticipated that this significant growth would be maintained, with this subsector leading manufacturing growth within 2026.

Anecdotally, during the first three months of 2026 the Beverage and Tobacco category – which consistently anchors overall industrial production – recorded a weaker performance compared to the same period in 2025. This performance was the result of lower domestic demand due to a moderate slowdown in local events and activity. However, this subsector is expected to accelerate modestly in the coming months driven by continued momentum in tourism and anticipated robust activity during the Christmas season.

Furthermore, proxied by a reported 4.1 percent reduction in export sales, domestic production of Prepared Animal Feed is projected to decline by 1.0 percent in the first quarter of 2026, compared to the same period last year. Similarly, the production of the Grain Mill and Bakery Product category, reported weak performance when compared to the same period of 2025, reflecting shifts in consumer health preferences. Yet the category labelled 'other' – which represents mainly paper products such as toilet paper – has recorded an 11.2 percent increase in export sales.

Given the above, Grenada's manufacturing sector is projected to grow by 0.4 percent in 2026, a slight downward revision by 0.7 percentage points from the MTEFSR's estimates. This revision reflects the current downside risks within the global and regional market, together with the current domestic context which includes; Port–related and labour market challenges.

Figure 8: Industrial Production – Q1 2026 (estimates) vs Q1 2025



1.1.8 Private Education

Grenada's private education sector continued to benefit from the contribution of St. George's University, which remained stable despite ongoing global economic volatility.

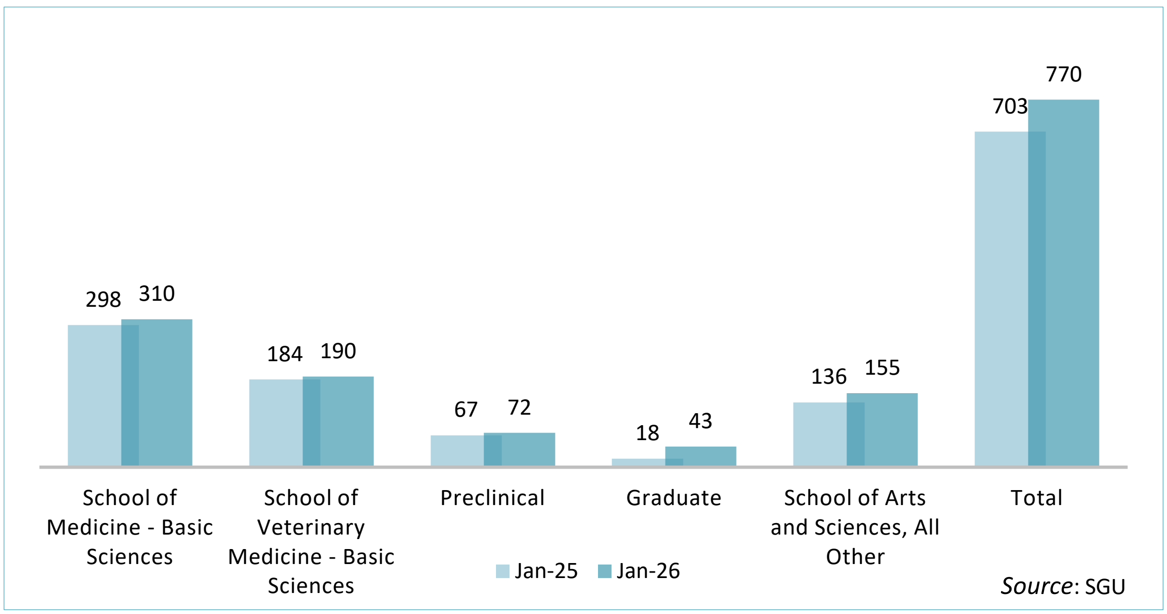
Within the January 2026 semester, SGU recorded a 9.5 percent increase in total enrolment of new students, underpinned by robust growth of 138.9 percent in graduate programs. Interest in the SGU's Master of Public Health graduate program attracted 43 new students within the January semester 2026, compared to 18 students in the same semester of 2025.

Observed growth in new enrolment has been broad-based, with increases across all schools underscoring a sustained pursuit of higher education with the SGU;

- School of Arts and Science (and all others) (up by 14.0 percent),
- Preclinical (up by 7.5 percent) and,
- School of Medicine– Basic Sciences (up by 4.0 percent).

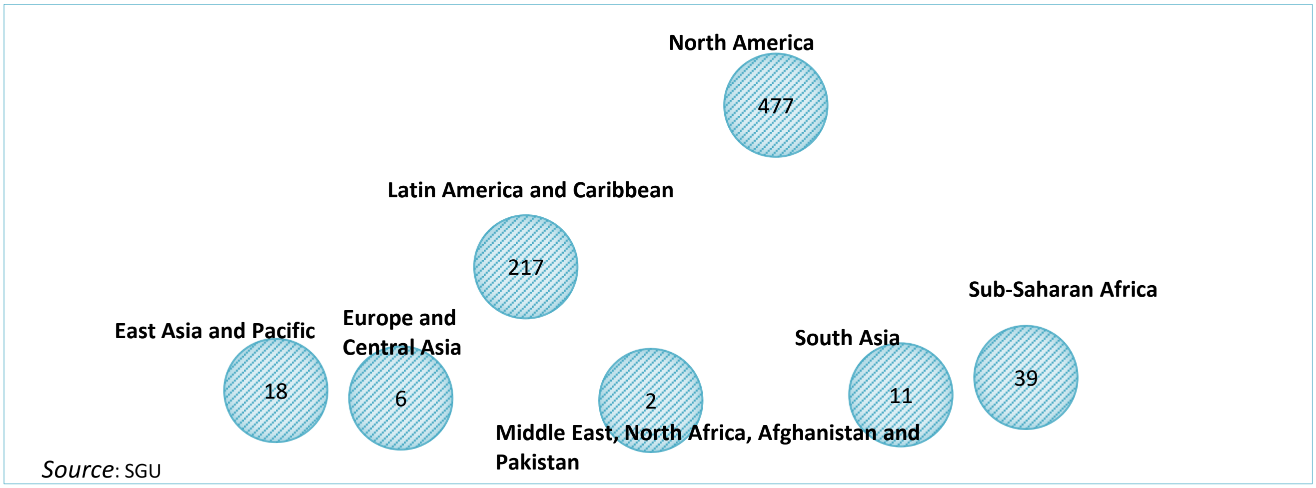
St. George's University's School of Veterinary Medicine has also recorded a sound growth of 3.3 percent; however, performance is likely to ease due to the limitations arising from the current enrolment cap.

Figure 9: Number of New Student Enrolment at SGU- January semester (2026 vs 2025)



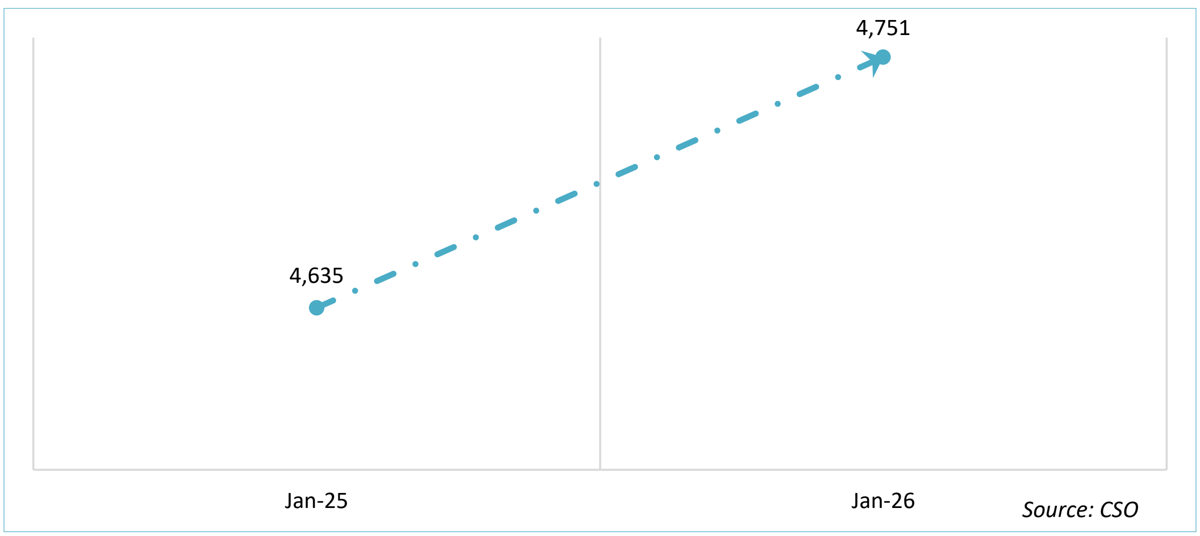
The distribution of new student enrolment for the January 2026 semester remained heavily concentrated in the North American region, which accounted for 477 new students. New enrolment from the Caribbean, Sub-Saharan Africa and South Asia amounted to 217, 39 and 11 students, respectively, indicating a more moderate expansion in these markets.

Figure 10: St. George's University New Enrolment by Region (January 2026 semester)



Total Enrolment at St. George's University increased by a solid 2.5 percent, reaching 4,751 students at the end of January semester relative to 4,635 students at the end of January 2025. School of Medicine and School of Veterinary Medicine continue to account for the largest share of overall enrolment, with students totalling 2,100 and 1,116 respectively.

Figure 11: Total Enrolment at St. George's University - January semester (2026 vs 2025)



Notwithstanding its resilience, the St. George's University continues to face several challenges. In detail, student enrolment growth may slow, as students contend with financial pressures stemming from the 2025's One Big Beautiful Act, alongside limited availability of clinical positions within the United States. Moreover, the current enrolment cap on St. George's University's Veterinary school presents an additional downside risk to enrolment growth.

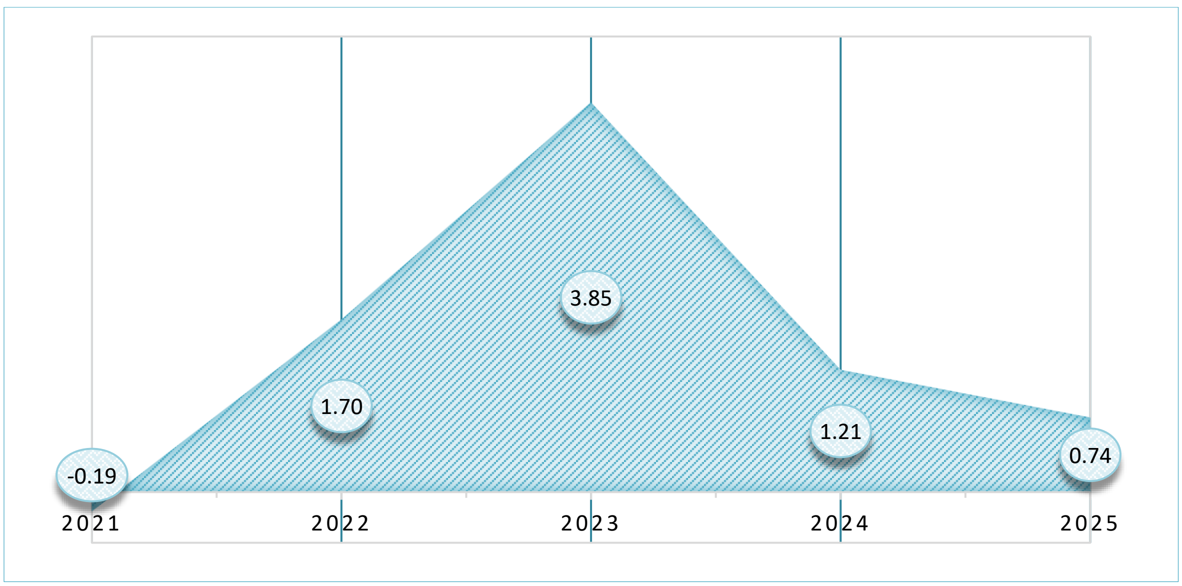
Looking ahead, with modest growth of 0.5 percent projected for 2026 and sustained expansion over the medium-term, the private education sector is expected to maintain its contribution to economic growth. Real estate activity is anticipated to expand to accommodate increase demand for off-campus services, including additional apartments and restaurants, meanwhile foreign exchange inflows is predicted to continue. Furthermore, private consumption by students is anticipated to contribute to growth in local retail sales, yet to sustain this consumption, local suppliers will be required to further diversify goods and service offerings, to keep pace with the change in consumer preference.

1.1.9 Inflation

1.1.9.1 Period Average Inflation

Grenada's inflation has been driven mainly by rising costs in food, energy, housing, and transport commodities. This rise is congruent with the high inflation rate in the United States which stood at 3.3 percent at the end of March 2026, and global headline inflation which is projected at 4.4 percent for 2026. In Grenada, the highest inflation rate over the past five years was recorded in Quarter 1 of 2023 at 3.9 percent, driven by significant inflationary pressures linked to global supply chain disruptions and commodity surges.

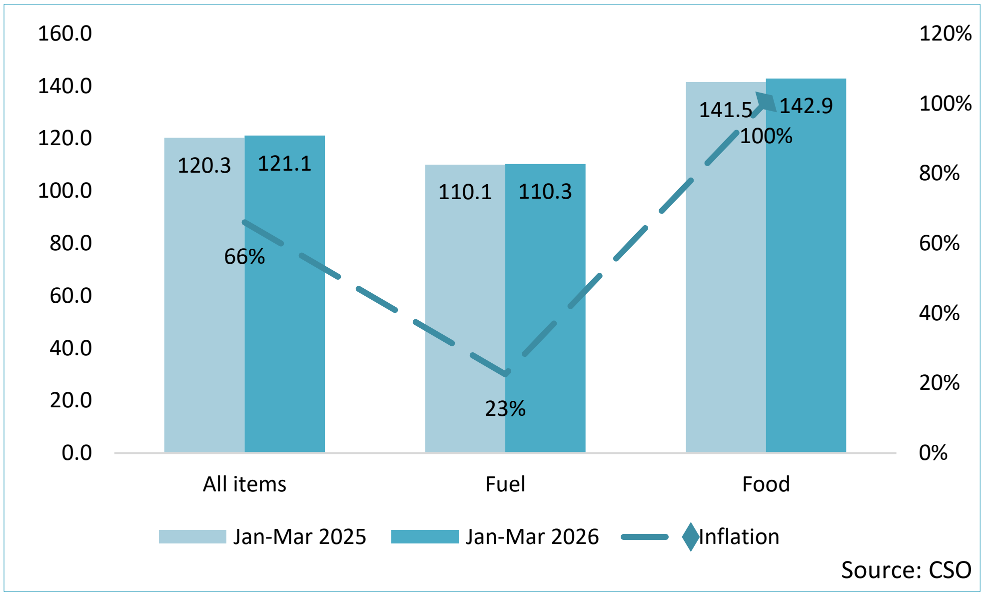
Figure 12: January to March Period Average Inflation (2021 - 2025)



By the end of the first quarter of 2026, the period-average inflation rate for all items had moderated to 0.7 percent, underscoring the significant easing in inflationary pressures since the peak recorded in 2023[4]. The key drivers of this increase were food and fuel. Food inflation rose to 1.0 percent, compared to the same period in 2025, while, fuel inflation, which was negligible in 2025, increased to 0.2 percent in 2026, signalling renewed upward pressure from global energy markets. Together, these factors highlight a modest but notable shift in inflationary dynamics between the two periods.

[4] the Consumer Price Index (CPI) increased from 120.3 in Quarter 1 of 2025 to 121.1 in Quarter 1 of 2026

Figure 13: Period Average CPI and Inflation Q1 2026 vs Q1 2025



1.1.9.2 Year on Year Inflation

Grenada's year-on-year inflation rate stood at 0.7 percent in March 2026, up 0.1 percentage point from the corresponding period in 2025. Food inflation rose to 0.9 percent, while fuel inflation rose modestly to 0.4 percent. Additional price increases were recorded in miscellaneous goods and services [5], Health[6], Clothing and footwear, and Recreation and Culture. Despite the government's continued implementation of VAT exemptions on selected essential goods[7], households continued to face cost-of-living pressures.

Looking ahead, inflation is expected to remain relatively low, although the outlook remains subject to risks associated with the uncertain global economic environment. For the full year 2026, inflation is projected to average 1.1 percent, compared with an inflation rate of 0.6 percent in 2025. The Government is currently contemplating a package of additional measures to help mitigate the impact of the current global fuel price shock on electricity, food, and fuel prices on the domestic population.

Table 2: Consumer Price Index (Year on Year) March 2026 vs March 2025

CPI (YOY)	Mar-25	Mar-26	Inflation (%)
Food	141.55	142.82	0.90
Fuel	110.45	110.91	0.42
All items	120.52	121.37	0.71

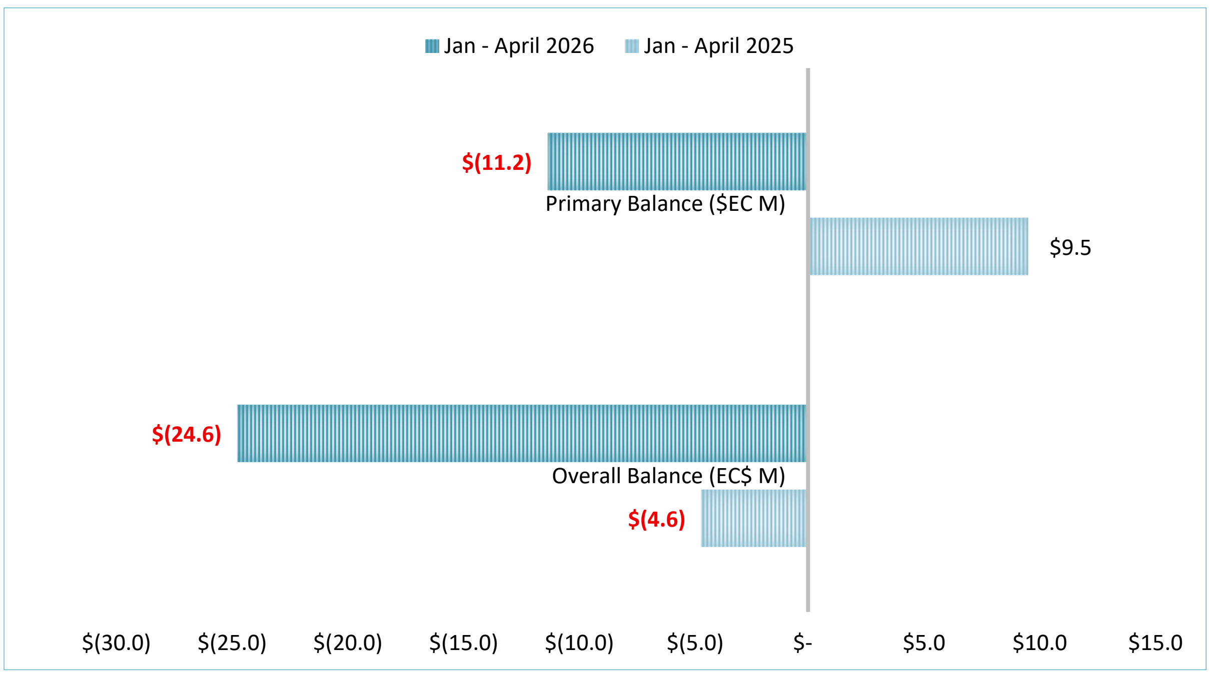
[5] Which includes personal care and other services saw price increases, adding to overall inflation
[6] medical goods and services
[7] 20 basic food and essential items including cooking oils, baby products and female sanitary napkins

1.2 Central Government Operations

With the suspension of the primary balance rule extended through 2026, Central Government maintained an expansionary fiscal policy stance during the first four months of the year. This approach reflected the need to support ongoing post-Beryl recovery efforts while advancing key development priorities. It was also consistent with the fiscal strategy outlined in the Government's 2026 National Budget, which anticipated a fiscal deficit financed largely through the use of accumulated fiscal buffers. Against this backdrop, the weaker fiscal outturn recorded during the first four months of 2026, relative to the same period in 2025, was broadly in line with budget expectations and reflected the deliberate fiscal expansion envisaged in the Budget. Comparisons with the previous year should, however, be interpreted with caution, as expenditure during the first quarter of 2025 was constrained by the limits imposed under the Provisional General Warrant.

The primary balance shifted from a surplus of EC$9.5 million in the first four months of 2025, to a deficit of EC$11.2 million in 2026. Likewise, the overall fiscal deficit widened from EC$4.6 million to EC$24.6 million over the same period.

Figure 14: Primary Balance and Overall Balance after Grants, 2026 vs 2025 (January –April)



Source: Ministry of Finance

Total revenue and grants declined slightly by 0.3 percent year-on-year to EC$433.8 million. This outturn reflected a 2.9 percent increase in total revenue, which was more than offset by a 52.3 percent decline in total grants.

Tax revenue increased by 5.9 percent to EC$334.0 million, with all tax types recording higher collections relative to the same period in 2025. In particular, taxes on international transactions increased in tandem with post-hurricane-beryl construction activity, and the expansion of the wholesale and retail trade sectors. Taxes on income and profits, and taxes on domestic goods and services, increased by 2.7 percent and 6.4 percent respectively, following the implementation of the G-tax system, which improved taxpayer compliance and strengthened the accuracy of collection records. Taxes on property increased by 2.4 percent year-on-year, continuing the gradual recovery in collections following the post-hurricane tax waivers, which were granted in 2024 and 2025.

In contrast, non-tax revenue declined by 7.2 percent, as IMA receipts[8] fell from EC$69.4 million in 2025 to EC$60.7 million in 2026. Capital grants also fell by 22.1 percent in 2026, as major grant-funded projects, including the G-CREWS Project, the Southern Water Expansion Project and BNTF Phase X, neared completion following the comparatively high level of grant inflows recorded during the peak phase of implementation in 2025.

Against budget, total revenue and grants underperformed by EC$19.0 million during the January–April 2026 period. Tax revenue receipts were EC$9.4 million below target, despite improving relative to the same period in 2025. Non-tax revenue also fell short of its target by EC$12.1 million, while Grant receipts, in contrast, exceeded expectations by EC$2.5 million, partially offsetting the overall revenue shortfall.

Table 3: Total Revenue and Grants, 2026 vs 2025 (January-April)

	January - April						
	2026	**2026**	**2025**	**Variance**			
	Target	**Actual**	**Actual**	**2026 Target vs 2026 Actual**		**2026 Actual vs 2025 Actual**	
	EC$M			**EC$M**	**%**	**EC$M**	**%**
Total Revenue and Grants	452.8	433.8	435.3	(19.0)	-4.2	(1.5)	-0.3
Total Revenue	443.1	421.6	409.7	(21.5)	-4.9	11.9	2.9
Tax Revenue	343.4	334.0	315.3	(9.4)	-2.7	18.7	5.9
Taxes on Income and Profit	73.4	72.0	70.1	(1.4)	-1.9	1.9	2.7
Taxes on Property	12.9	12.7	12.4	(0.2)	-1.6	0.3	2.4
Taxes on Goods & Services	79.8	81.0	76.1	1.2	1.5	4.9	6.4
Taxes on International Transactions	177.1	168.3	156.7	(8.8)	-5.0	11.6	7.4
Non-Tax Revenue	99.7	87.6	94.4	(12.1)	-12.1	(6.8)	-7.2
Of which IMA Revenues	61.1	60.7	69.4	(0.4)	-0.7	(8.7)	-12.5
Total Grants	9.7	12.2	25.6	2.5	25.8	(13.4)	-52.3

Source: Ministry of Finance

Total expenditure increased by 4.9 percent, from EC$439.9 million during the first four months of 2025 to EC$461.5 million over the same period in 2026. The increase was mainly attributed to higher recurrent expenditure.

Recurrent expenditure grew by 17.9 percent compared to the same period in 2025, reaching EC$361.5 million. Within this category, employee compensation totalled EC$118.7 million, an increase of 8.7

[8] The largest contributor to non-tax revenue.

percent, following the accelerated implementation of the employee regularisation policy and the completion of salary negotiations for several bargaining units.

Furthermore, current transfers increased from EC$119.4 million to EC$128.2 million, largely due to higher subventions and transfers to public sector entities.

Spending on goods and services recorded the largest increase among the major expenditure categories, expanding by 82.9 percent to EC$101.1 million over the January–April 2026 period. Higher spending on accommodation facilities associated with the relocation of key government offices, together with the procurement of information and communication technology licences, accounted for much of the increase.

On the capital expenditure side, spending declined by 25.0 percent in 2026 compared to the same period in 2025. This outturn was consistent with the winding down of reconstruction activity following Hurricane Beryl and the completion of major capital projects, including the refurbishment and lighting of the National Cricket Stadium and the implementation of the Embarkation and Disembarkation Card System.

When assessed against budget targets, total expenditure for the first four months of 2026 was EC$36.3 million lower than expected. This shortfall was concentrated in capital expenditure, where project implementation progressed at a slower pace than initially anticipated.

Table 4: Total Expenditures, 2026 vs 2025 (January – April)

	January - April						
	2026	2026	2025	Variance			
	Target	Actual	Actual	2026 Target vs 2026 Actual		2026 Actual vs 2025 Actual	
	EC$M			EC$M	%	EC$M	%
Total Expenditure	497.8	461.5	439.9	(36.3)	-7.3	21.6	4.9
Recurrent Expenditure	349.0	361.5	306.6	12.5	3.6	54.9	17.9
Employee Compensation	136.0	118.8	109.3	(17.2)	-12.7	9.5	8.7
Wages, Salaries & Allowances	128.4	103.4	101.8	(25.0)	-19.5	1.6	1.6
Social Contributions	7.6	8.1	7.4	0.5	6.5	0.7	9.4
Goods and Services	83.8	101.1	55.3	17.3	20.7	45.8	82.9
Interest Payments	15.2	13.4	14.1	(1.8)	-11.7	(0.7)	-4.8
Current Transfers	113.9	128.3	119.4	14.3	12.5	8.8	7.4
IMA Subvention		10.0		10.0		10.0	
Cumulative Capital Expenditure	129.5	100.0	133.3	(29.5)	-22.8	(33.3)	-25.0
Of which Initiatives	53.3	40.4		(12.9)	-24.3		

Source: Ministry of Finance

Taken together, fiscal performance during the first four months of 2026 was stronger than budget expectations, despite remaining weaker than the corresponding period in 2025. Total revenue and grants underperformed against the budget target. Expenditure, however, remained well contained, ending 7.3 percent below target, and more than offsetting the revenue shortfall. As a result, both the primary and overall fiscal balances outperformed their respective budget targets by 62.4 percent and 45.3 percent, respectively.

Notwithstanding the stronger-than-budget performance recorded during the first four months of the year, the full-year fiscal position is projected to be weaker than budgeted, marked by lower-than-anticipated revenue collections and higher expenditure, driven in part by Government's response to the global fuel price shock.

Total revenue and grants are projected to reach EC$1,341.8 million at the close of 2026, representing a shortfall of 1.3 percent relative to the budget estimate. Lower collections from taxes on international trade and transactions, particularly petrol tax, are expected to weigh on revenue performance. Petrol tax collections are projected to fall 1.9 percent below target, as Government maintains the fuel price cap amid higher global fuel prices.

Non-tax revenue is estimated at EC$278.8 million in 2026, compared with the original budget provision of EC$284.1 million. This represents a shortfall of EC$5.3 million. Within this category, IMA revenues are projected at EC$173.6 million, marginally below the budget estimate by EC$0.4 million.

Grant receipts are expected to partially offset the revenue shortfall and are projected to exceed the budget estimate by 7.2 percent, following the stronger-than-anticipated performance of current grants.

Total expenditure is projected to reach EC$1,753.1 million in 2026, representing an increase of 5.0 percent relative to the budgeted allocation. The revised expenditure outlook incorporates additional expenditure to support ongoing post-Hurricane Beryl recovery efforts, the accelerated implementation of priority infrastructure projects, including road infrastructure development-Design Finance Build projects, further cost-of-living assistance measures to cushion the impact of the global fuel price shock, and Government's contributions to regional institutions. Consequently, recurrent expenditure is projected to exceed the budget by EC$41.5 million, while cumulative capital expenditure is expected to outturn EC$42.7 million, or 7.4 percent, above the budget estimate.

Consequently, both the primary and overall fiscal balances are projected to weaken relative to the budget target by the end of 2026. The overall fiscal deficit is projected at EC$411.3 million, while the primary deficit is expected to reach EC$332.6 million, consistent with the revised revenue and expenditure outlook.

Table 5: Central Government's Estimated 2026 Fiscal Performance

	2026			
	Estimated Outturn	Budget	Variance	
	EC$M	EC$M	EC$M	%
Total Revenue & Grants	**1,341.8**	**1,359.8**	**(18.0)**	**-1.3**
Total Revenue	**1,301.4**	**1,322.2**	**(20.8)**	**-1.6**
Tax Revenue	**1022.6**	**1,038.0**	**(15.4)**	**-1.5**
Taxes on Income	210.4	212.5	(2.0)	-1.0
Taxes on Property	30.2	35.9	(5.7)	-15.9
Taxes on Domestic Goods & Services	212.2	211.1	1.1	0.5
Taxes on International Trade & Transactions	569.8	578.6	(8.8)	-1.5
Non - Tax Revenue	**278.8**	**284.1**	**(5.3)**	**-1.9**
o/w IMA Revenues	173.6	174.0	(0.4)	-0.2
Grants	**40.4**	**37.6**	**2.7**	**7.2**
Total Expenditure	**1,753.1**	**1,668.9**	**84.1**	**5.0**
Primary Expenditure	**1,674.3**	**1,588.4**	**85.9**	**5.4**
Current Expenditure	**1,133.2**	**1,091.8**	**41.5**	**3.8**
Employee compensation	399.9	410.2	(10.3)	-2.5
o/w wages, salaries & allowances	376.5	387.2	(10.7)	-2.8
Goods and Services	275.9	254.5	21.5	8.4
Interest Payments	78.8	80.6	(1.8)	-2.2
Transfers	378.7	346.6	32.1	9.3
Cummulative Capital Expenditure	619.9	**577.2**	**42.7**	**7.4**
o/w Core PSIP Capital Expenditure	378.8	332.8	46.0	13.8
o/w Initiatives	203.2	206.7	(3.5)	-1.7
o/w Grant financed	37.9	37.6	0.2	0.6
Overall balance	**(411.3)**	**(309.1)**	**(102.2)**	**33.1**
Primary balance (including grants)	**(332.6)**	**(228.6)**	**(104.0)**	**45.5**

Source: Ministry of Finance

The projected overall fiscal deficit of EC$411.3 million is expected to be fully financed from a combination of domestic and external financing sources including the mobilization of an additional US$32 million from the World Bank.

1.3 Fiscal Operations of State-owned Enterprises and Statutory Bodies

At the end of March 2026, the Ministry of Finance monitored twenty-eight (28)[9] Statutory Bodies (SBs) and State-Owned Enterprises (SOEs). For the purposes of this analysis, the Marketing and National Importing Board (MNIB)[10] and Petro Caribe Grenada[11] were excluded. In addition, the Investment Migration Agency (IMA), which was included in the previous reporting period, has since been reclassified and is therefore no longer reflected in this section.

The consolidated unaudited financial statements indicate that the financial performance of SOEs and SBs moderated during the first quarter of 2026. While operating performance softened relative to the corresponding period in 2025, the sector maintained a broadly stable financial position, despite emerging operational pressures.

Aggregate revenue declined by 1.1 percent, from EC$153.8 million in March 2025 to EC$152.1 million in March 2026. Government assistance, however, increased by 17.9 percent, rising from EC$11.3 million to EC$13.3 million. This increase was driven primarily by additional support provided to the Grenada Tourism Authority (GTA), which received EC$5.0 million to strengthen its diversified global marketing programme and integrated communications strategy. The additional funding was intended to maintain destination confidence following the issuance of a Level 2 travel advisory.

Total expenditure increased marginally by 0.2 percent, from EC$145.3 million to EC$145.5 million. Similarly, employee-related expenditure edged up by 0.9 percent, from EC$27.5 million to EC$27.7 million. This relative stability in compensation follows the settlement of retroactive salary adjustments in prior periods. Consequently, Public entities recorded a consolidated net surplus of EC$6.6 million in the first quarter of 2026, down from EC$8.5 million in the corresponding period of 2025. This decline was driven primarily by the National Insurance Scheme (NIS), whose outturn shifted to a net loss of EC$2.0 million in the first quarter of 2026 as lower revenue collections coincided with expenditure commitments that remained largely unchanged.

Compared with March 2025, the sector's consolidated balance sheet remained broadly stable at the end of March 2026. Total assets increased by 1.1 percent, from EC$2,144.6 million to EC$2,169.3 million, while total liabilities increased by 5.4 percent, from EC$359.2 million to EC$378.7 million. Notwithstanding the increase in liabilities, non-guaranteed debt declined by 8.3 percent, from EC$155.8 million to EC$142.8 million, indicating continued deleveraging across much of the sector. However, the debt profile remained uneven across entities, with increased loan disbursements by one entity contributing to a 4.5 percent increase in consolidated interest payments despite the overall reduction in outstanding debt. Aggregated equity increased by 0.3 percent, from EC$1,785.4 million to EC$1,790.6 million, indicating that the sector maintained a stable capital position.

Overall, the analysis suggests that the sector continues to maintain a sound financial position. However, ageing infrastructure and entity-specific capital requirements are beginning to place pressure on

[9] In 2026, one (1) of the twenty-eight (28) entities did not comply with stipulated reporting timelines as per the PFM Act, as such, the data presented is representative of only twenty-seven (27) public entities.
[10] Currently undergoing restructuring.
[11] Activities associated with Petro Caribe have been largely wound up.

operational surpluses and financing needs. This is illustrated by the Grenada Ports Authority's (GPA) EC$5.8 million dock repair project at Tyrrel Bay.

More broadly, sector reporting compliance improved significantly, with the number of non-submissions declining from four entities during the previous reporting period to one entity in the current period. Building on this progress, the Ministry of Finance will continue targeted training and capacity-building initiatives aimed at strengthening financial reporting, monitoring and institutional capacity across SOEs and SBs, thereby enhancing transparency, accountability and fiscal oversight across the sector.

Table 6: SOEs and SBs Consolidated Fiscal Performance

Description	Mar, 2025	Mar, 2026	2025/2026
	in EC$ millions		% Change
Revenue	**153.8**	**152.1**	**-1.1**
Of which, Government Assistance	11.3	13.3	17.9
Expenditure	**145.3**	**145.5**	**0.2**
Of which, Interest expenditure	1.3	1.4	4.5
Employee Related Expenditure	27.5	27.7	0.9
Surplus/ Deficit	**8.5**	**6.6**	**-22.9**
			-
Assets	**2,144.6**	**2,169.3**	**1.1**
Liabilities	**359.2**	**378.7**	5.4
Of which, Non- Non-Guaranteed Debt	155.8	142.8	**-8.3**
Equity	**1,785.4**	**1,790.6**	**0.3**

Source: Ministry of Finance

1.4 Public Sector Debt

Public sector debt stood at 69.5 percent of GDP at the end of 2025. At the end of March 2026, the debt-to-GDP ratio declined to 67.3 percent, marking continued progress towards the Fiscal Resilience Act (FRA) target of reducing public debt to 60.0 percent of GDP by 2035.

1.4.2 Central Government Debt

The stock of disbursed outstanding Central Government debt stood at EC$2,306.0 million at the end of March 2026, equivalent to 54.5 percent of GDP. This represents an increase from EC$2,218.2 million recorded at the end of March 2025. Despite the increase in the nominal stock of debt, the debt-to-GDP ratio remained broadly stable, supported by continued growth in nominal GDP.

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

The total non-guaranteed debt stock of monitored SOEs and SBs stood at EC$527.9 million, or 12.8 percent of nominal GDP at the end of March 2025. This stock was held by nine entities, including Petro Caribe[12],

[12] Petro Caribe Debt Stock: EC$372.1 million

and consisted primarily of long-term domestic loans. By the end of the first quarter of 2026, the debt stock declined to EC$514.9 million, representing 12.2 percent of nominal GDP.

1.5 Financial Sector

Grenada's financial sector demonstrated continued resilience in the first Quarter of 2026, with broad-based growth recorded across both the commercial banking and non-bank financial sectors. Deposit accumulation remained robust while credit expansion continued at a measured pace. Improved profitability within the credit union and insurance sub sectors are also noteworthy. Notwithstanding this positive outturn, the sector's outlook for the remainder of 2026 is cautious.

Prevailing geopolitical tensions, including ongoing trade policy uncertainty and its ripple effects on global financial markets, worsened volatility of external financing conditions, commodity pricing, and investor sentiment. These pressures, if sustained, could temper credit demand, weigh on remittance inflows, and compress household disposable income in ways that affect deposit growth and loan repayment capacity.

The sector's regulatory anchors, namely; The ECCB and GARFIN continue to underpin institutional stability. Ongoing legislative modernisation is expected to further strengthen the supervisory framework and support continued financial stability over the medium-term.

1.5.2 Monetary Survey Analysis

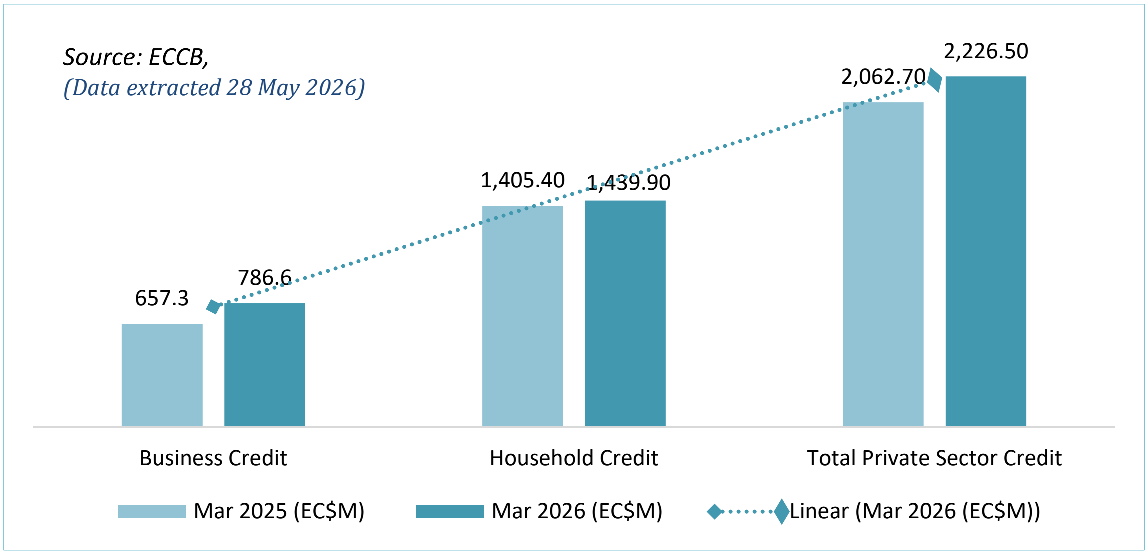
As at March 2026, Grenada's monetary conditions reflected strengthening domestic credit activity alongside a contraction in Net Foreign Assets and a marked expansion in Net Domestic Assets.

Net Foreign Assets (NFA) declined by 8.4 percent year-on-year to EC$2,685.4 million from EC$2,930.7 million in March 2025. In detail, total claims on non-residents fell modestly by 3.4 percent to EC$3,521.5 million while liabilities to non-residents rose by 17.1 percent to EC$836.0 million — reflecting increased external obligations of commercial banks.

In contrast, Net Domestic Assets (NDA) expanded significantly, rising by 68.5 percent from EC$550.9 million to EC$928.2 million at the end of March 2026. The primary driver was a 26.3 percent reduction in Central Government deposits held at the banking system, which fell from EC$1,045.0 million to EC$769.8 million, consistent with increased drawdowns to finance public sector expenditure commitments.

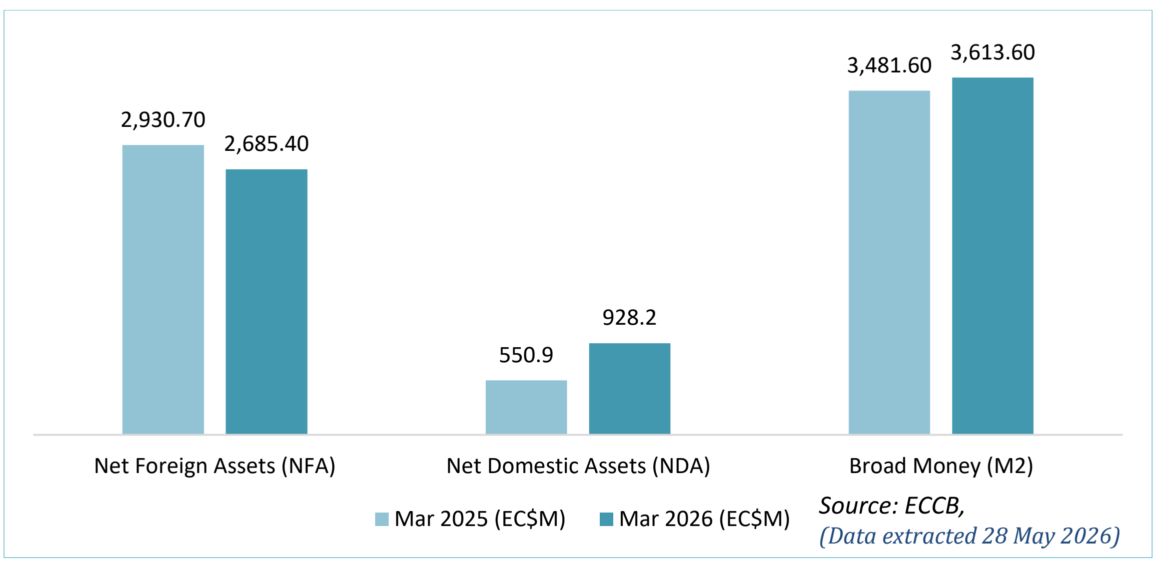
Credit to the private sector grew by 7.9 percent from EC$2,062.7 million to EC$2,226.5 million, underpinned by sustained lending to both households and businesses. Business credit expanded at a significantly faster pace of 19.7 percent, rising from EC$657.3 million to EC$786.6 million, while household credit grew more modestly by 2.4 percent from EC$1,405.4 million to EC$1,439.9 million. As a result, the share of business credit within total private sector credit rose from 31.9 percent to 35.3 percent, suggesting a gradual shift from consumption-driven borrowing toward more productive investment activity — a trend that, if sustained, could support stronger medium-term growth outcomes.

Figure 15: Distribution of Private Sector Credit Q1 2026 vs Q1 2025



Broad money (M2) expanded by 3.8 percent year-on-year from EC$3,481.6 million to EC$3,613.6 million, underpinned by growth in quasi money of 5.8 percent to EC$1,853.4 million and a 13.2 percent increase in foreign currency deposits from EC$336.5 million to EC$380.9 million. Narrow money (M1) rose by 1.7 percent from EC$1,730.5 million to EC$1,760.2 million, with currency outside depository institutions increasing by 5.1 percent from EC$234.7 million to EC$246.7 million.

Figure 16 Broad Money Q1 2026 vs Q1 2025



1.5.3 Performance of the Commercial Banking Sector

Grenada's commercial banking sector, comprising three licensed banks operating under the regulatory oversight of the ECCB, recorded a strengthening in both asset quality and profitability in the first Quarter of 2026. The sector's total asset base expanded modestly by 0.8 percent year-on-year to EC$5,713.6 million from EC$5,670.1 million in March 2025. Growth was led by a 12.5 percent increase in investments to EC$1,824.9 million and an 8.4 percent expansion in the gross loan portfolio to EC$2,637.3 million, which together accounted for 31.9 percent and 46.2 percent of total assets respectively. Cash holdings declined marginally by 4.5 percent to EC$81.1 million. Specific provisions for impaired assets rose by 24.5 percent to EC$105.0 million, reflecting a more conservative provisioning stance even as overall credit quality improved.

On the liabilities side, total deposits stood at EC$4,654.5 million, a decline of 2.7 percent from EC$4,786.0 million in March 2025, further validated by anecdotal data obtained from the 2026 Macroeconomic Surveillance. The deposit base remained diversified, composed of demand deposits (41.2 percent), savings deposits (38.4 percent), foreign currency deposits (16.6 percent), and time deposits (3.8 percent), with resident deposits accounting for 89.6 percent of the total, marginally down from 90.7 percent in March 2025.

Commercial bank deposit accounts are tracked across tiers, ranging from accounts holding up to EC$5,000 at the base, to accounts holding EC$100,000 to EC$500,000, and the largest holding over EC$1 million. In aggregate, the total number of deposit accounts rose by 2,161 to 150,257 between March 2025 and March 2026, yet total deposit value declined by 2.7 percent to EC$4,654.5 million.

At the top of the distribution, the number of deposit accounts holding over EC$1 million grew by 56, from 548 to 604, yet aggregate balances within this group fell by 8.6 percent, from EC$2,433.3 million to EC$2,225.2 million. In other words, more account holders surpassed the EC$1 million mark, while those already above it drew down their balances. Mid-tier accounts between EC$100,000 and EC$500,000 recorded growth in both number and value, reflecting steady accumulation among established savers and businesses.

At the base of the distribution, accounts holding up to EC$5,000 recorded the largest absolute increase in account numbers — growing by 1,489 from 109,616 to 111,105. These accounts now represent nearly 74 percent of all deposit accounts in the system, yet the aggregate value held across all 111,105 of them amounts to just EC$77.3 million — a stark contrast to the EC$2,225.2 million held across the 604 accounts in the over EC$1 million tier. This disparity underscores the significant concentration of deposit wealth at the top of the distribution, even as the base continues to broaden incrementally.

The total loan portfolio expanded to EC$2,637.3 million, an increase of 9.5 percent from EC$2,409.5 million in March 2025. The loan-to-deposit ratio rose accordingly from 51.1 percent to 56.7 percent — meaning that for every EC$100 held on deposit, EC$56.70 was lent out, compared to EC$51.10 a year earlier. Higher ratios reflect more active financial intermediation, though they also imply a narrowing buffer between deposits and credit exposures. Lending activity remained heavily concentrated in real estate and construction, with Construction and Land Development growing 12.6 percent to EC$799.9 million and Real Estate Activities rising 15.5 percent to EC$880.5 million — together accounting for 63.7

percent of the total loan portfolio. Residential real estate loans as a share of total gross loans rose to 47.3 percent from 44.3 percent a year earlier. This concentration is consistent with the qualitative data obtained from the surveillance meeting, which identified residential and commercial mortgages, personal demand loans, and commercial lending as the dominant credit categories. Transport and Storage credit expanded by 8.8 percent to EC$91.3 million validating an uptick in the transport sector. Agriculture and Fishing recorded a 15.1 percent increase to EC$25.5 million. Accommodation and Food Services credit contracted by 9.1 percent to EC$104.2 million, while Manufacturing declined by 5.4 percent to EC$99.2 million. One bank noted challenges in the Call Centre sector specifically, where job losses contributed to elevated credit risk, though this did not manifest as a broad sectoral deterioration in the aggregate data. Reports confirmed an increase in business loan applications, consistent with the 19.7 percent growth in business credit observed in the monetary survey.

On asset quality, the ECCB’s published Financial Soundness Indicators place the non-performing loans to gross loans at 4.07 percent as at March 2026, down from 4.5 percent in March 2025 and comfortably below the 5.0 percent prudential benchmark. This is, however, an aggregate figure across all three commercial banks and masks variances at the institutional levels which may indicate a higher ratio disaggregated but expected to improve in the near-term. The implied coverage ratio — specific provisions as a percentage of estimated NPLs — rose from approximately 77 percent in March 2025 to 98 percent in March 2026, reflecting the 24.5 percent increase in provisions to EC$105.0 million and indicating that the sector is now almost fully provisioned against its non-performing exposures. NPLs net of provisions as a share of capital fell sharply from 6.9 percent to 1.5 percent, further underscoring the adequacy of the sector’s risk buffers.

The sub sector's financial resilience strengthened over the period. Capital adequacy — which measures how much of a bank's own money backs its lending, acting as a buffer against potential losses — improved. Total regulatory capital rose from 14.3 percent to 15.4 percent of risk-weighted assets, while Tier 1 capital, the highest quality component consisting of core shareholder equity, increased from 10.1 percent to 11.2 percent. Both figures remain well above the regulatory minimums, leaving banks in a strong position to absorb shocks without threatening depositor funds.

Profitability improved, for every EC$100 of assets held, the banks earned EC$1.2 in profit compared to EC$0.7 in the prior year (ROA). Shareholders fared similarly well, with return on equity (ROE) rising from 7.7 percent to 11.4 percent, reflecting a more rewarding outcome for bank owners and a stronger overall earnings position.

Liquidity—the banking system's ability to meet withdrawal demands and short-term obligations at any given moment — remained healthy but eased slightly. Liquid assets as a share of total assets declined from 52.7 percent to 50.4 percent, and the coverage of short-term liabilities moved from 58.9 percent to 57.4 percent. This modest tightening is consistent with loans growing faster than deposits, as more funds were put to work in the economy rather than held in reserve. Both measures nonetheless remain comfortably above prudential thresholds.

On pricing, the interest rate spread — the difference between what banks charge borrowers and what they pay depositors, stayed constant at a 2 percent minimum in terms of savings deposits while the maximum decreased to 2.15 from 3 percent. Residential mortgage rates remained unchanged, ranging between 2 and 12 percent. Conversely however, commercial minimum lending rates eased from 4.5 to 4.1 percent with the maximum rate holding at 14.75 percent. The net effect is a pricing environment that remains broadly favourable to the banks' core intermediation business.

1.5.4 Grenada Development Bank

As at March 2026, the Grenada Development Bank reported total assets of EC$117.3 million, a 5.2 percent decline from EC$123.8 million in March 2025. This contraction was driven primarily by a significant drawdown in cash holdings from EC$19.2 million to EC$4.0 million as liquidity was deployed into new lending activity rather than held in reserve.

The loan portfolio expanded by 11.7 percent to EC$103.9 million, with Business loans recording the strongest growth at 33.3 percent to EC$31.6 million. Education loans grew 14.2 percent to EC$14.8 million and Mortgage loans increased modestly by 4.3 percent to EC$55.6 million. New loan disbursements for the quarter totalled EC$3.3 million, up 5.8 percent from EC$3.1 million in Q1 2025, reflecting continued demand for development financing across key sectors.

The Bank remained profitable, recording a net surplus of EC$243,575 for the quarter, though this represents a 22.7 percent decline from the EC$315,171 posted in the same period of 2025. The moderation reflects higher operating costs and a 60.3 percent increase in loan loss provisions to EC$3.6 million — a prudent response to emerging credit quality pressures. Capital and reserves nonetheless strengthened by 8.7 percent to EC$41.2 million, providing a solid buffer against near-term risks.

On asset quality, the NPL position showed signs of deterioration. Total non-performing loans rose from EC$5.6 million to EC$12.7 million year-on-year, with loans over 365 days in arrears accounting for EC$8.7 million of that total — up from EC$2.3 million in March 2025. This migration of borrowers from short-term arrears into longer-term default categories is the primary driver of the deterioration, rather than a broad-based increase in new delinquencies. The Bank has initiated operational reviews and loan-granting policy reforms to address portfolio quality, and the strengthened provisioning posture suggests awareness of the challenge. Meaningful improvement in NPL ratios is nonetheless expected to materialise gradually as these measures take effect.

1.5.5 Performance of the Non-Bank Financial Sector

Grenada’s non-bank financial sector expanded in the first quarter of 2026, with total assets rising by 5.3 percent year-on-year from EC$2.6 billion in March 2025 to EC$2.7 billion in March 2026. Growth was recorded across most sub-sectors, with insurance companies posting the strongest asset expansion at 11.2 percent to EC$639.2 million. This was followed by pension plans at 5.8 percent growth, credit unions at 3.6 percent, the Grenada Building and Loan Association at 2.9 percent and School Savings Unions by 3.5 percent

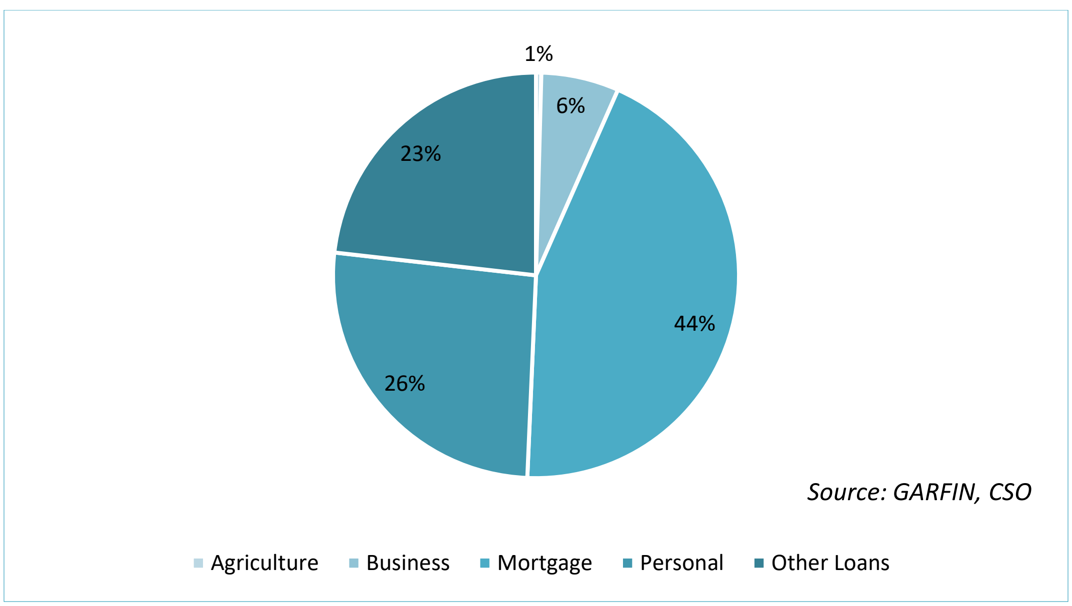
The exceptions were the Grenada Development Bank, whose assets declined by 5.3 percent to EC$117.3 million, and micro-lenders, which contracted by 7.9 percent to EC$17.6 million. Credit unions and insurance companies remain the dominant segments, together accounting for approximately EC$2.3 billion or 83 percent of total non-bank sector assets. Profitability improved across most entities: credit union surplus rose 47.8 percent to EC$8.8 million, insurance companies more than doubled their surplus to EC$8.5 million from EC$3.6 million, while the Grenada Building and Loan Association narrowed its deficit from EC$0.07 million to EC$0.04 million. The GDB recorded a modest decline in surplus from EC$0.30 million to EC$0.20 million.

1.5.5.1 Credit Unions

There are ten registered credit unions in Grenada, tiered into four large, two medium, and four small institutions. As at March 31, 2026, the consolidated credit union sector recorded total assets of EC$1,659.3 million, a 3.6 percent increase from EC$1,602.2 million in March 2025. Total deposits grew modestly from approximately EC$1,309 million to EC$1,379.6 million, while total net loans expanded from approximately EC$1,235 million to EC$1,255.5 million, signalling steady credit demand. Net surplus rose 47.8 percent from EC$5.9 million in Q1 2025 to EC$8.8 million in Q1 2026, driven primarily by higher loan interest income which grew 13.2 percent to EC$24.5 million.

Total membership grew from 91,422 in March 2025 to 94,993, a 3.9 percent increase. The top three loan categories remained unchanged year-on-year: property acquisition (home construction, renovations, and house and land purchases), personal loans, and private vehicle financing. The delinquency rate for loans over 90 days in arrears edged up to 6.4 percent from 6.1 percent in March 2025, though it remains well below the 8.6 percent recorded two years prior, reflecting a continued structural improvement in credit quality. The sector is cautiously optimistic that full integration with the Credit Bureau which is expected for the four largest institutions by end of Q2 2026 will sharpen underwriting discipline and drive delinquency toward the 5.0 percent prudential benchmark over the medium-term. Growth in credit union savings has been partly fuelled by urbanisation of other financial institutions and robust marketing initiatives by credit unions.

Figure 17 Credit Union Loans by Type, March 2026



1.5.5.2 Money Service Businesses

As of the first quarter of 2026, the two licensed money service businesses — MoneyGram and Western Union, recorded combined remittance inflows of EC$53.92 million, a 5.0 percent increase relative to the EC$51.34 million recorded in Q1 2025. Total outflows stood at EC$14.34 million, broadly in line with the EC$14.13 million recorded in the prior year. The United States remained the dominant source of inflows, accounting for approximately 63 percent of total receipts, followed by the United Kingdom and Canada. However, the largest outflowing transactions by value were destined for the Philippines, Zimbabwe, and the Dominican Republic.

The growth in remittance inflows is notable given that the United States — Grenada's primary remittance source introduced a remittance outflow tax under the "One Big Beautiful Act," effective January 1, 2026. This tax increases the cost of transfers from the diaspora and represents a structural challenge for remittance volumes through the remainder of 2026 and into the medium-term. Its full impact on inflow volumes is likely to become more evident in subsequent quarters as the measure takes effect.

1.5.5.3 Insurance Companies

The insurance sub-sector recorded a strong improvement in profitability in Q1 2026, with net surplus more than doubling to EC$8.47 million from EC$3.66 million in March 2025 — a 131.4 percent increase. Total assets grew by 11.2 percent year-on-year from EC$575.0 million to EC$639.2 million. This growth was primarily premium-driven, reflecting higher gross direct premiums across both general and long-term insurance lines, rather than a reduction in claims — which in fact rose marginally during the quarter. The sector continued to demonstrate resilience despite elevated reinsurance costs, with strong capital positions maintained across general and long-term insurance companies.

1.5.5.4 Pension Funds

Grenada's pension sector demonstrated continued growth in Q1 2026. Total fund assets rose by 5.8 percent year-on-year from EC$295.0 million in March 2025 to EC$312.2 million in March 2026, reflecting sustained accumulation of long-term savings across the sector. As at December 31, 2025, there were 52 registered pension plans, of which 46 were active and 6 were inactive or being wound up, an increase from 50 registered plans and 4 inactive plans as of September 2024. The sector's continued expansion underscores its growing role in retirement provision and reinforces the stability of long-term institutional savings within Grenada's non-bank financial system.

1.5.6 Financial Regulatory Developments

The regulatory landscape across Grenada's financial sector saw meaningful activity in the first quarter of 2026, spanning legislative reform, supervisory tightening, and emerging technology risks.

Non-bank Financial Institutions

Within the non-bank sub-sector, the Insurance and Pensions Bills remain under active revision, with enactment targeted before the end of 2026. The Insurance Bill seeks to foster strengthened capital requirements and a fully harmonised, ECCU-aligned framework, while the Pensions Bill provides for expanded pension guidance. The Cooperative Societies Act reform, which introduces performance-based criteria for staff compensation and a dedicated consumer protection section with increased penalties for compliance violations, was mandated for completion by December 2025 but remains unpassed, with approval expected in the immediate future.

On the supervisory side, GARFIN issued a critical directive to credit union auditors highlighting systematic weaknesses in Expected Credit Loss provisioning as per IFRS 9. Going forward, credit union loan loss provisions must receive formal GARFIN approval before any institutional audit can be finalised, a significant tightening of oversight over credit quality reporting. For the insurance sector, GARFIN has enhanced oversight of broker receivables, with insurance brokers now strictly prohibited from extending credit to clients beyond six months. Additionally, GARFIN is finalising a prudential guideline on property underinsurance, an increasingly acute risk as rising construction and replacement costs have pushed real property values above existing policy limits across the island.

On the technology and cybersecurity front, the Virtual Asset Business Act enacted in 2021 currently has no registered entities operating under its framework, though GARFIN is continuously building supervisory capacity in this area. Cybersecurity risks have intensified as financial institutions deepen their digital operations, with ransomware and hacking incidents posing an elevated threat. While some group insurance companies have secured cyber insurance coverage, no local credit unions have successfully obtained coverage in 2026 due to the lengthy and costly procurement process. Within the credit union sector, Grenada Cooperative League Ltd (GCLL) secured funding from the South Korean League to support integration into the ACH clearing house network.

Commercial Banks

In the commercial banking space, the Credit Bureau, launched in August 2025 and under ECCB stewardship is now fully onboarded across all three commercial banks and one major credit union, with other credit unions to soon follow. Full optimisation, including integration of non-bank credit-extending entities is projected to take approximately two years. The ECCB is also advancing consultations on an Instant Payment System for real-time cross-border transactions across the ECCU. Domestically, the strategic shift away from physical cash continues, though fewer than 50 percent of local merchants currently possess Point of Sale systems — a structural gap that may require mandatory policy intervention to close. Active digital banking enrolment sits between 32 and 44 percent across commercial bank retail bases, with tap-to-phone payments, virtual credit cards, and super app platforms either recently introduced or in active development for 2026. The Money Lenders Act has also been flagged as urgently requiring modernisation, as its current statutory interest rate ceilings do not reflect the current realities of the financial space.

1.6 External Sector

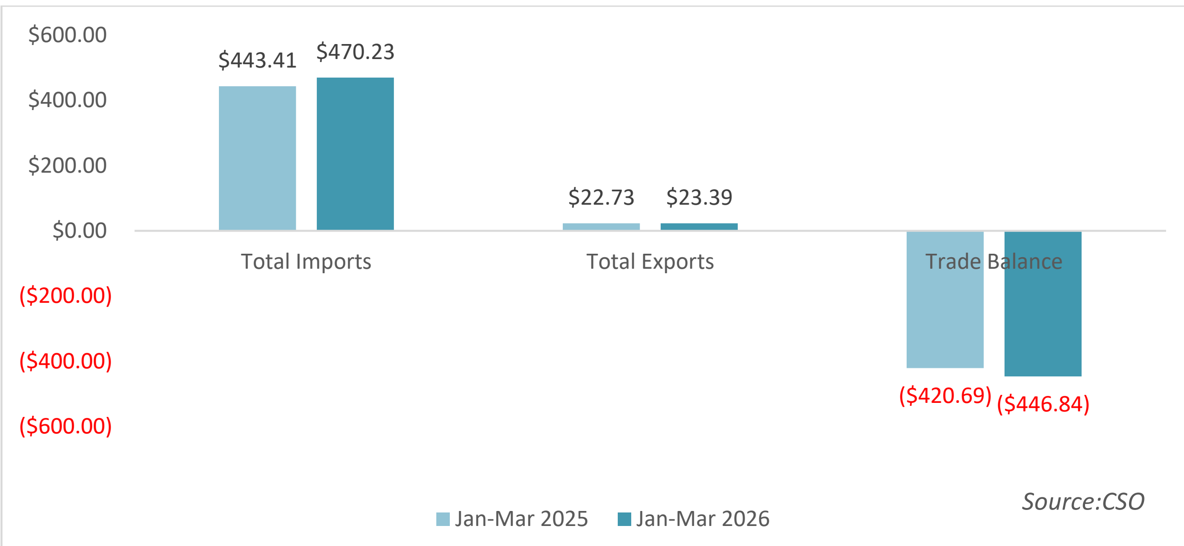
Grenada's external sector remained broadly stable during the first quarter of 2026, supported by continued growth in tourism receipts. At the same time, the merchandise trade deficit widened by 6.2 percent, increasing from EC$420.7 million to EC$446.8 million, as merchandise export growth—driven mainly by agriculture and niche manufacturing—continued to be outpaced by import demand, particularly for food, fuel and manufactured goods.

1.6.2 Current Account

1.6.2.1 Trade in Goods

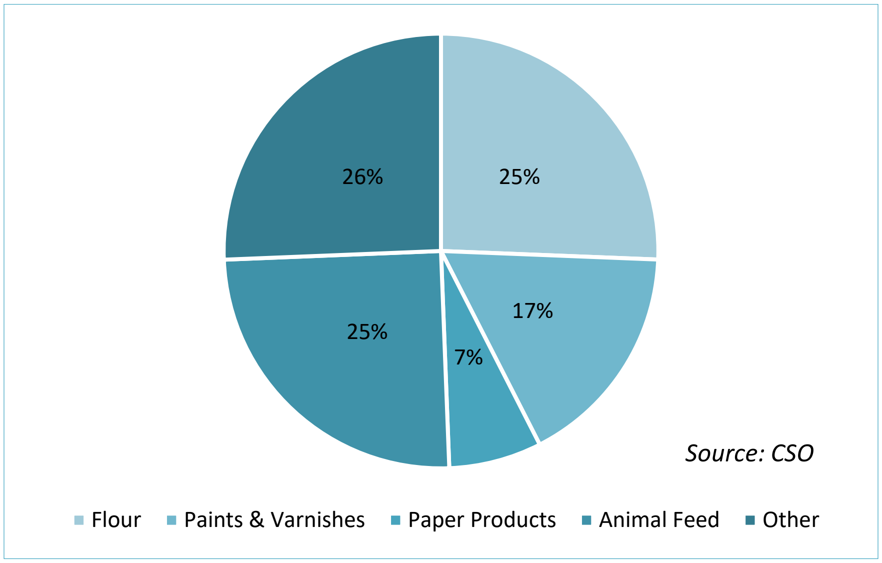
Total exports of goods grew by 2.9 percent in Quarter 1 2026 compared with Quarter 1 2025. This growth was driven primarily by an increase in exports of manufactured commodities.

Figure 18 Balance of Trade - Quarter 1 (2026 vs 2025) (EC$M)



Manufactured goods accounted for 70.6 percent of total merchandise exports during the first quarter of 2026, with animal feed, flour and related products comprising the largest share. Although manufactured exports account for a significant proportion of Grenada's export basket, the sector remains relatively small compared with regional peers. Limited product diversification and economies of scale continue to constrain export competitiveness and growth potential.

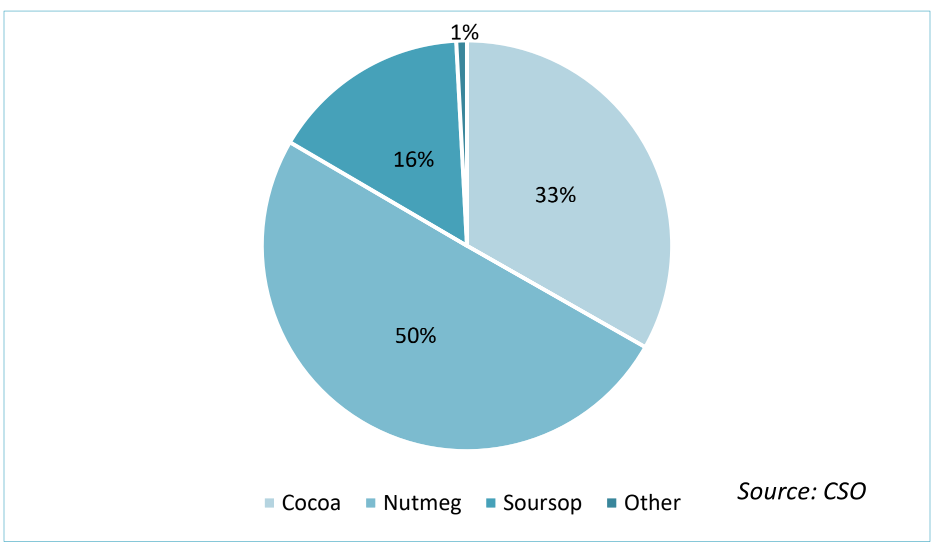
Figure 19 Percentage Share of Manufactured Goods (Jan-Mar 2026)



Despite a 33.4 percent decline in agricultural product exports in the first quarter of 2026, the sector remained an important contributor, accounting for 13.2 percent of total merchandise exports during the quarter. Nutmegs and nutmeg by-products accounted for the largest share of agricultural exports, followed by cocoa and soursop. Low productivity and the sector's inherent vulnerability to climate-related shocks continue to constrain its export potential.

Over the medium term, however, continued investment in agro-processing, presents an opportunity to strengthen linkages between the agriculture and manufacturing sectors, increase domestic value addition and create new opportunities for export diversification.

Figure 20: Percentage Share of Agricultural Exports (Jan-Mar 2026)



Total imports increased by 6.0 percent in the first quarter of 2026 compared with the same period in 2025, rising from EC$443.4 million to EC$470.2 million. Grenada continued to source the majority of its food, fuel and manufactured goods from key trading partners, including the United States, Canada, Trinidad and Tobago, the United Kingdom and China.

The import structure during the first quarter of 2026 remained dominated by machinery and transport equipment, food, and manufactured goods, highlighting continued investment in productive capacity alongside sustained domestic demand. Machinery and transport equipment accounted for the largest share of imports at EC$112.4 million, followed by food (EC$92.1 million) and manufactured goods (EC$74.9 million). The United States remained Grenada's largest supplier of food products, accounting for a significant share of total food imports during the period.

While this import structure continues to support domestic consumption and investment activity by complementing domestic agricultural and industrial production, it also highlights Grenada's continued reliance on external suppliers for essential goods. This reliance exposes the economy to global price volatility and supply chain disruptions, with potential implications for the availability and cost of imported goods in the domestic market. Over the medium term, continued investment in food security, renewable energy and domestic productive capacity will be important to mitigating these risks and reducing Grenada's exposure to external shocks.

Table 7: Value of Imports by S.I.T.C Sections

SITC SECTIONS	JAN-MAR 2025		JAN- MAR 2026		% Change
	EC$ Million				
FOOD	$	93.7	$	92.1	-1.8
BEVERAGES & TOBACCO	$	11.9	$	12.2	2.8
CRUDE MATERIALS,INEDIBLE, EXCEPT FUELS	$	16.2	$	12.3	-23.9
MINERAL FUEL, LUBRICANTS & RELATED MATERIALS	$	65.0	$	74.6	14.9
ANIMALS & VEGETABLE OILS, FATS & WAXES	$	2.6	$	2.5	-3.7
CHEMICALS & RELATED PRODUCTS, N.E.S	$	30.9	$	34.5	11.5
MANUFACTURED GOODS CLASSIFIED CHIEFLY BY MATERIAL	$	76.8	$	74.9	(2.4)
MACHINERY & TRANSPORT EQUIPMENT	$	94.7	$	112.4	18.7
MISCELLANEOUS MANUFACTURED ARTICLES	$	50.6	$	54.1	6.8
COMMODITIES & TRANSACTIONS NOT CLASSIFIED ELSEWHERE IN THE SITC	$	1.0	$	0.6	-39.6
TOTAL	**$**	**443.4**	**$**	**470.2**	6.0
					Source: CSO

1.6.2.2 Trade in services

Tourism remains the largest contributor to Grenada's net trade in services and a key source of foreign exchange earnings, supporting employment and broader economic activity. During the first quarter of 2026, overall visitor arrivals declined by 33.8 percent, while estimated visitor expenditure increased by 5.0 percent, or EC$13.2 million, relative to the same period in 2025. The increase in expenditure, despite the decline in total arrivals, was mainly supported by growth in stayover visitors, who typically generate higher average spending than cruise passengers. This favourable shift in the composition of arrivals supported increased travel receipts and strengthened Grenada's services exports during the period.

Looking ahead, the tourism sector is expected to strengthen over the remainder of 2026 and into the medium term. Ongoing marketing initiatives by the Grenada Tourism Authority, together with expanded airlift and homeporting arrangements, are expected to drive continued growth in stayover arrivals, boosting tourism receipts, enhancing services exports and strengthening the external sector. In addition, continued investment in the creative industries is expected to generate additional external inflows by increasing the export of cultural and exertainment services.

Table 8: Grenada's Visitor Arrivals & Expenditure (January to March) 2025 – 2026

Visitor Arrivals	Jan-Mar 2025	Jan-Mar 2026	Absolute Change	% Change
Stay-over	48,723	54,565	5,842	12.0
Cruise	203,568	184,972	(18,596)	-9.1
Yachting	3,285	6,293	3,008	91.6
Total Arrivals	255,576	245,830	(9,746)	-3.8
Total Visitor Expenditure in EC$M	262.2	275.4	13.2	5.0
			Source: GTA, ECCB	

1.6.2.3 Primary Income

Total interest payments by the Central Government fell by 6.2 percent in the first quarter of 2026. Foreign interest payments, which constitute outflows in the Primary Income account of the Balance of Payments, decreased by 3.5 percent owing to the maturity of loans from the Caribbean Development Bank (CDB) and the World Bank in the first quarter of 2026. As a result, debt-servicing costs were lower during the review period, contributing positively to developments in the external sector.

Table 9: Interest Payments (Jan-Mar 2025 vs Jan-Mar 2026)

Investment Income (EC$M)	Jan-Mar 2025	Jan-Mar 2026	% Change
Interest Payments	10.4	9.8	-6.2
Local	1.9	1.5	-18.4
Foreign	8.5	8.2	-3.5
			Source: MOF

1.6.2.4 Secondary Income

Net remittances rose by 6.5 percent to EC$39.6 million in the first quarter of 2026, reflecting a 5.1 percent increase in inflows to EC$53.9 million, which outpaced the 1.4 percent increase in outflows to EC$14.3 million. The increase in remittance receipts from abroad contributed positively to the current account through higher secondary income inflows and supported domestic household spending.

Table 10: Personal Transfers (Jan-Mar 2025 vs Jan-Mar 2026)

Personal Transfers (EC$M)	Jan-Mar 2025	Jan-Mar 2026	% Change
Net Remittances	37.2	39.6	6.5
Inflows	51.3	53.9	5.1
Outflows	14.1	14.3	1.4
		Source: GARFIN	

1.6.3 Capital Account

Developments in the capital account were mixed during the first quarter of 2026. Receipts from the Investment Migration Agency (IMA) declined by 25.6 percent, falling from EC$59.3 million in the first quarter of 2025 to EC$44.2 million in the corresponding period of 2026, contributing to lower capital account inflows and external receipts. This reduction largely reflects a normalization of inflows toward historical levels.

In contrast, capital grants increased by 8.4 percent to EC$7.0 million, compared with EC$6.4 million in the first quarter of 2025. The increase in grant receipts provided additional support for capital expenditure and development projects.

Table 11: Capital and Financial Account Indicators Jan-Mar 2025 vs 2026

Capital Account Indicators (EC$M)	Jan-Mar 2025	Jan-Mar 2026	% Change
IMA Receipts	59.3	44.2	-25.6
Capital Grants	6.4	7.0	8.4
			Source: MOF

1.6.4 Financial Account

One of the principal drivers of developments in the financial account during the review period was stronger external borrowing by the Central Government associated with the accelerated implementation of externally financed public investment projects. External loan disbursements increased significantly from EC$2.7 million during the review period in 2025 to EC$27.3 million in 2026, as implementation of externally financed projects accelerated. Although principal repayments also increased, from EC$11.1 million to EC$16.0 million, the increase in loan disbursements more than offset these repayments, resulting in a shift from a net external debt repayment position in 2025 to a net external loan inflow in 2026. The increase in external loan disbursements was consistent with the implementation of the Government's public investment programme, while the continued servicing of external debt demonstrated the Government's commitment to meeting its scheduled debt obligations.

Table 12: Financial Sector Indicators (Jan-Mar 2025 vs Jan-Mar 2026)

Financial Account Indicators (EC$M)	Jan-Mar 2025	Jan-Mar 2026
External Debt Disbursement	2.7	27.3
External Debt Principal Repayment	11.1	16.0
Net Disbursements	-8.4	11.3

		Source: MOF

1.6.5 Balance of Payments (BOP) Snapshot 2025 and 2026 projections

Grenada's Balance of Payments (BOP) statistics are compiled annually in collaboration with the Eastern Caribbean Central Bank (ECCB) and the Central Statistics Office (CSO). Owing to data availability constraints, final estimates are typically available with a one-year lag. Accordingly, the 2025 BOP estimates remain subject to revision and are expected to be updated in September 2026.

Based on the current BOP projections for 2025 and 2026, Grenada's external position is expected to remain broadly consistent with recent trends. The current account is projected to remain in deficit, reflecting the country's structural dependence on imported goods. These deficits are expected to continue to be financed through surpluses on the capital and financial accounts, supported by concessional financing, capital transfers and other external inflows.

Overall, Grenada is projected to remain a net borrower from the rest of the world over the near term. This position is consistent with the country's ongoing investment needs and financing requirements, while remaining broadly aligned with the medium-term macroeconomic and fiscal outlook.

Table 13: Snapshot of Balance of Payments 2026 vs 2025 projections

Description	2025 projections	2026 projections
	EC$M	
Current Account	**(850.6)**	**(861.2)**
Goods	(1,455.3)	(1,489.6)
Services	889.8	946.1
Primary Income	(200.8)	(227.9)
Secondary Income	(84.4)	(89.9)
Capital Account	**171.2**	**179.7**
Net Borrowing Balance	(679.4)	(681.6)
Financial Account		
Direct investment	(470.6)	(414.8)
Portfolio Investment	428.6	(192.8)
Other Investment	(429.9)	(15.4)
Reserves	(119.7)	7.4
		Source: ECCB

1.7 Social Context

Grenada's social context is defined by its small population, close-knit communities, and a vibrant cultural tradition. The island's economy is supported by a relatively high literacy rate and strong educational enrolment, underpinned by the Government's sustained investment in its citizens. This commitment has contributed to Grenada's high Human Development Index (HDI), positioning the nation among the leaders in the Caribbean for social progress.

1.8 Labour Force Market Conditions

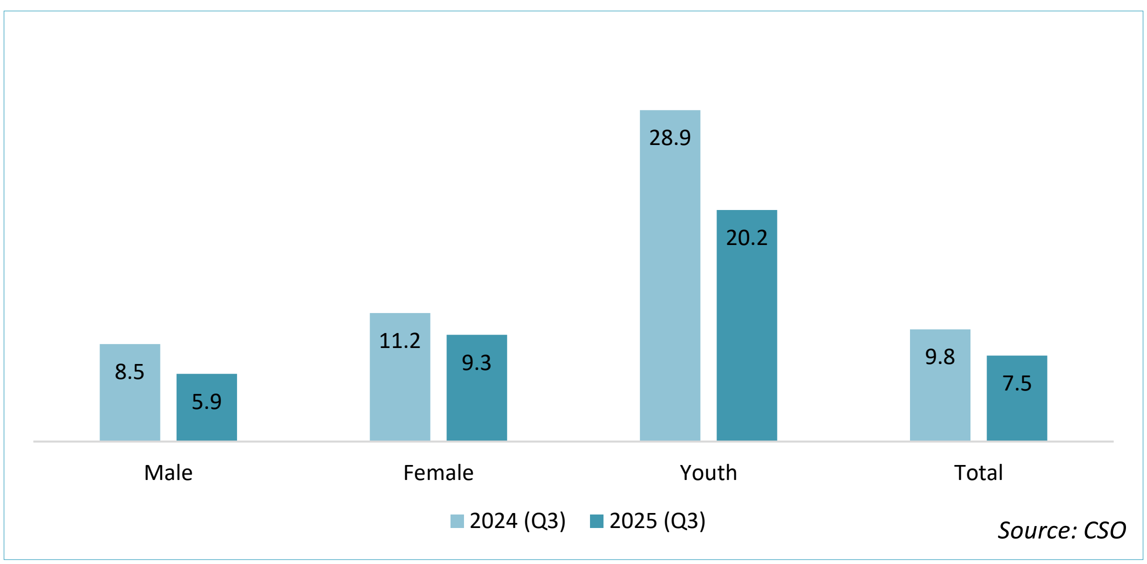
The National Labour Force Survey for the third quarter of 2025 (latest available) reported a labour force participation rate of 62.1 percent, representing a slight improvement compared with the corresponding period in 2024.

1.8.2 Unemployment

At the end of the third quarter of 2025, the unemployment rate stood at 7.5 percent, representing a 23.5 percent decline compared with the corresponding period in 2024. This continues a sustained downward trend in unemployment observed over the past five years, and points to ongoing improvements in labour market conditions.

Youth unemployment also declined significantly, falling by 30.1 percent compared with the third quarter of 2024. This improvement is associated with the Government's continued investment in youth development initiatives. Likewise, unemployment among both men and women declined by 30.5 percent and 16.9 percent, respectively. These improvements have been supported by initiatives such as M-POWER and Elevate Her, which seek to address gender-specific barriers to employment.

Figure 21: Grenada Unemployment rate Quarter 3 2025 vs Quarter 3 2024



Taken together, these developments are expected to strengthen labour market outcomes and support the continued development of Grenada's human capital. Sustained investment in skills development and targeted employment initiatives will remain important to promoting inclusive and sustainable economic growth.

1.8.2.1 Sectoral Employment

The National Labour Force Survey for the third quarter of 2025 also recorded 49,258 employed persons, equivalent to an employment rate of 92.5 percent. The findings further highlight the sectoral distribution of employment and key workforce characteristics, providing additional insight into Grenada's labour market dynamics.

Employment continued to be concentrated in five key sectors:

- Construction (6,258 workers)
- Wholesale & retail trade; repair of motor vehicles and motorcycles (5,501 workers)
- Accommodation & food services (3,570 workers)
- Education (3,079 workers)
- Human health & social work (2,873 workers)

It is notable that 13,408 persons did not report their employment sector, which may indicate informal employment arrangements or limitations in survey reporting. Nevertheless, Grenada's employment outlook for 2026 and the medium term remains positive, underpinned by sustained improvements in labour market conditions and the Government's continued focus on expanding employment opportunities and developing workforce skills.

The Government will continue to direct investment towards initiatives that promote inclusive growth, expand employment opportunities, particularly for young people, and support the development of sustainable livelihoods. To this end, continued investment in creative industries and blue economy will provide opportunities for employment and entrepreneurship in music, film, fashion, digital media, cultural and marine tourism, sustainable fisheries, aquaculture, yacht services, marine research and other ocean-based activities.

Together, these sectors can broaden the country’s economic base, stimulate innovation, increase export earnings and support sustainable economic growth.

2 MEDIUM-TERM FISCAL POLICY OBJECTIVES AND FORECASTS

As Grenada transitions from post-disaster recovery to a broader phase of sustainable and inclusive development, medium-term fiscal policy will focus on consolidating recent gains, rebuilding fiscal buffers and creating the conditions for broad-based economic growth.

Consistent with the National Sustainable Development Plan (NSDP), the Medium-Term Action Plan (MTAP) and Vision 75, fiscal policy will continue to prioritise investments that strengthen productivity, expand economic opportunities and improve living standards.

Beginning in 2027, fiscal policy will return to the rules-based framework established under the Fiscal Resilience Act. Stronger primary balances are projected over the medium term, supporting compliance with the primary balance rule while advancing the Government's long-term objective of reducing public debt to 60.0 percent of GDP by 2035.

2.1 Government's Medium-term Revenue Objectives

Over the medium term, the Government will continue to pursue measures aimed at strengthening tax and non-tax revenue performance. These efforts will focus on enhancing compliance, modernising revenue administration, and preserving the integrity and long-term viability of important non-tax revenue streams.

A key policy initiative is the introduction of the VAT on digital services legislation, which seeks to modernize Grenada's tax framework by bringing cross-border digital transactions within the VAT regime. This reform is expected to strengthen domestic revenue mobilisation, reduce revenue leakages, promote tax neutrality between local and foreign service providers, and ensure that the tax system remains responsive to the evolving digital economy.

Complementing this initiative, the Inland Revenue Department continues to expand the G-Tax system, which currently supports eight tax types, with additional categories scheduled for implementation over the medium term. These enhancements are expected to strengthen tax administration, improve compliance monitoring, and increase the accuracy and efficiency of revenue collection and reporting.

In parallel, the Customs and Excise Division will advance trade facilitation through the implementation of an Advance Rulings Regime on tariff classification and rules of origin, providing traders with greater certainty before importation. The reform is expected to strengthen compliance, reduce revenue leakages and improve the efficiency of customs administration. Building on this initiative, the Government will also implement a National Electronic Single Window to streamline border procedures and reduce the time and cost of trade.

In addition, the Government will continue to phase out temporary tax relief measures introduced in response to Hurricane Beryl, while advancing efforts to rationalise concessions and strengthen the management of tax expenditures. The Government will also seek to ensure that concessions granted to State-Owned Enterprises and Statutory Bodies are aligned with strategic priorities and limited to projects of national importance. Together, these measures are expected to strengthen the revenue base and reduce the scope for discretionary exemptions.

In respect of non-tax revenue, the Government will focus on preserving the integrity and long-term viability of the Citizenship by Investment Programme. To this end, the Government will continue to strengthen due diligence procedures, diversify source markets and support the establishment of the Eastern Caribbean Citizenship by Investment Regulatory Authority (ECCIRA). These measures are expected to enhance the credibility and sustainability of the programme while safeguarding an important source of revenue.

Collectively, these measures are expected to modernise revenue administration, strengthen compliance, and enhance the long-term sustainability of Government revenue.

2.2 Government's Medium-term Expenditure Objectives

Expenditure policy will continue to prioritise the strategic allocation of public resources to strengthen human development, improve public administration, build climate-resilient infrastructure and communities, and support economic transformation. These priorities will consolidate the gains achieved during the post-disaster recovery period while improving the quality of life of citizens and strengthening the foundations for long-term development.

On the recurrent side, expenditure policy will focus on the continued implementation of the public service regularisation policy to strengthen institutional capacity across the public service, alongside the expanded use of digital technologies to improve public service delivery. Priority will also be given to the establishment of the Grenada Hospital Authority to improve the efficiency, equity and quality of healthcare service delivery in public hospitals. The Government will also direct resources towards the establishment of the Youth Empowerment Agency to equip young people with the skills, training and opportunities needed to participate more effectively in the labour market. Recurrent expenditure will also support initiatives that promote enterprise development and the continued growth of the creative economy, creating new opportunities for employment and entrepreneurship.

On the capital side, spending priorities will shift from post-Hurricane Beryl reconstruction towards targeted investments in infrastructure and resilience. Capital investment will focus on strengthening transportation networks, improving water security, enhancing educational infrastructure, and building more resilient communities. Key projects include the widening and resurfacing of the main road from the MBIA to Westerhall Point; the St. Pauls to Morne Delice Road Rehabilitation, the Coastal Protection works at Sauteurs, Soubise and Marquis, and other major roads and bridges; the Grenada Climate-Resilient Water Sector (G-CREWS) Project, and education infrastructure initiatives under the GEEP Project. These investments will strengthen national infrastructure, improve connectivity and water security, and support the country's long-term development objectives.

In terms of expenditure management, the Government will enhance procurement practices, reinforce the monitoring and evaluation framework under the Public Sector Investment Programme (PSIP), commence the solarisation of public buildings to improve energy efficiency, and strengthen institutional capacity to support timely and effective project implementation.

Consistent with the Government's broader fiscal objectives, expenditure policy will remain focused on improving efficiency and strengthening accountability while supporting compliance with the Fiscal Resilience Act beginning in 2027.

The Ministry of Finance will continue to monitor expenditure developments and assess programme effectiveness to ensure that public resources remain aligned with national priorities.

2.3 Medium-term Baseline Fiscal Forecasts

The baseline fiscal forecasts are underpinned by macro-fiscal assumptions derived from the Government's current assessment of domestic and external economic conditions, together with its medium-term revenue and expenditure policy objectives.

Total revenue and grants are projected to increase over the medium term, with growth driven primarily by tax revenue, while non-tax revenue is expected to remain relatively stable. Medium-term baseline forecasts indicate that total revenue and grants will average 31.3 percent of GDP annually, increasing from EC$1,400.0 million in 2027 to EC$1,506.1 million in 2029. Revenue growth is expected to broadly keep pace with economic expansion and will be supported by continued activity within the tourism, construction and services sectors, alongside ongoing improvements in revenue administration and tax compliance.

Non-tax revenue is projected to remain broadly stable over the forecast horizon, averaging 6.6 percent of GDP. The outlook assumes the normalisation of IMA receipts towards historical levels while recognising the evolving international regulatory environment.

Grant inflows are projected to average 0.5 percent of GDP over the medium term, consistent with the completion of major grant-funded capital projects.

Total expenditure is projected to gradually normalise over the medium term, as disaster-related expenditure subsides and compliance with the Fiscal Resilience Act resumes.

Recurrent expenditure is projected to decline by 4.0 percentage points of GDP in 2027 before increasing gradually to EC$1,047.7 million, or 21.8 percent of GDP, by 2029. Recurrent expenditure growth over the forecast period will be driven primarily by employee compensation associated with wage and salary adjustments. Nevertheless, the wage bill is projected to remain within the Fiscal Resilience Act benchmark of 13.0 percent of GDP, supporting fiscal sustainability over the medium term.

Current transfers are projected to increase as additional resources are directed towards newly established statutory bodies. Spending on goods and services from 2027 - 2029 is expected to decline by on average by 2.4 percentage points of GDP, as post-disaster-related expenditure moderates and the Government continues to adopt energy-efficient technologies across the public sector.

While capital expenditure is projected to moderate from the elevated level recorded in 2026, this should not be interpreted as a weakening of Government's commitment to public investment. Capital spending is projected to average 8.7 percent of GDP over the medium term, as post-Hurricane Beryl reconstruction activity gradually winds down and the transition to the next phase of Government's public investment programme. In addition, several strategic infrastructure projects, including the proposed climate-smart teaching hospital, are expected to be implemented through Special Purpose Vehicle (SPV) arrangements, where applicable.

Overall, the medium-term fiscal framework remains supportive of Government's development agenda while preserving fiscal sustainability. The primary balance is projected to return to surplus from 2027, averaging approximately 1.8 percent of GDP over the medium term, providing continued support for debt reduction while creating fiscal space to respond to future economic and climate-related shocks.

Table 14: Medium- Term Fiscal Framework 2027-2029

In millions of Eastern Caribbean Dollars, unless stated otherwise								
	2027		**2028**		**2029**		**2026**	
	Projected	**% GDP**	**Projected**	**% GDP**	**Projected**	**% GDP**	**Projected**	**% GDP**
Total Revenue & Grants	**1400.0**	**31.3**	**1,466.8**	**31.3**	**1,506.1**	**31.3**	**1,341.8**	**31.7**
Total Revenue	**1,378.3**	**30.8**	**1,444.0**	**30.8**	**1,482.7**	**30.8**	**1,301.4**	**30.8**
Tax Revenue	1084.7	24.3	1,136.4	24.3	1166.9	24.3	1022.6	24.2
Non - Tax Revenue	293.6	6.6	307.6	6.6	315.8	6.6	278.8	6.6
Grants	**21.7**	**0.5**	**22.7**	**0.5**	**23.3**	**0.5**	**40.4**	**1.0**
Total Expenditure	**1,408.3**	**31.5**	**1,454.4**	**31.1**	**1,467.5**	**30.5**	**1,753.1**	**41.4**
Current Expenditure	**1,017.3**	**22.8**	**1,045.5**	**22.3**	**1047.7**	**21.8**	**1133.2**	**26.8**
Employee compensation	417.5	9.3	454.4	9.7	455.7	9.5	399.9	9.5
Wages, salaries & allowances	393.9	8.8	430.5	9.2	431.8	9.0	376.5	8.9
Social Contribution to Employees	23.6	0.5	23.9	0.5	23.9	0.5	23.4	0.6
Goods and Services	**181.8**	**4.1**	**183.6**	**3.9**	**183.6**	**3.8**	**275.9**	**6.5**
Interest Payments	**75.3**	**1.7**	**68.3**	**1.5**	**68.4**	**1.4**	**78.8**	**1.9**
Transfers	**342.9**	**7.7**	**339.2**	**7.2**	**340.0**	**7.1**	**378.7**	**8.9**
Capital Expenditure (cumulative)	**390.2**	**8.7**	**408.8**	**8.7**	**419.8**	**8.7**	**619.9**	**14.6**
o/w: Capital Expenditure	170.6	4.3	178.7	3.8	183.5	4.3	378.8	9.0
o/w: Initiatives	197.9	4.4	207.4	4.4	212.9	4.4	203.2	4.8
o/w: Grant financed	21.7	0.5	22.7	0.5	23.3	0.5	37.6	0.9
Overall balance	**(7.5)**	**-0.2**	**11.6**	**0.2**	**39.3**	**0.8**	**(411.3)**	**-9.7**
Primary balance (excluding grants)	**46.1**	**1.0**	**58.0**	**1.2**	**84.4**	**1.8**	**(372.9)**	**-8.8**
Primary balance (including grants)	**67.8**	**1.5**	**80.7**	**1.7**	**107.7**	**2.2**	**(332.0)**	**-7.9**
Memo Item								
GDP (Nominal market Prices)		4,468.6		4,681.6		4,807.0		4,231.1
Real GDP growth (%)		4.3%		3.6%		3.1%		3.3%

2.4 Government's Medium-term Debt Management Strategy

The Government of Grenada remains on track to achieve the FRA's target of reducing public debt to 60.0 percent of GDP by 2035. In line with the Medium-Term Debt Management Strategy (2026–2028), the debt portfolio will continue to be shaped by disbursements under existing financing arrangements, borrowing through the Regional Government Securities Market (RGSM) and over-the-counter instruments, and concessional financing from multilateral and bilateral development partners.

The Government's sustained efforts to resolve long-standing bilateral debt arrears have been successful, reinforcing fiscal credibility and are expected to support a more favourable assessment of Grenada's sovereign creditworthiness from its 2015 "In debt distress" status.

The debt management strategy will continue to prioritise concessional financing, the extension of debt maturities, the utilisation of committed undisbursed loan balances, and strengthened risk management practices. Together, these measures will preserve debt sustainability, strengthen the resilience of the debt portfolio, and maintain a balanced mix of domestic and external financing over the medium term.

2.5 Medium-term Economic Outlook

Grenada's medium-term economic outlook is cautiously optimistic, shaped by a robust domestic investment pipeline but tempered by a considerably more uncertain external environment. Performance over the period will hinge on the execution of both public/private sector initiatives, continuity of structural reforms, and the economy's resilience to external shocks in a climate-vulnerable setting.

According to the IMF's April 2026 World Economic Outlook, the outbreak of conflict in the Middle East at the end of February 2026 has disrupted what was otherwise a positive global trajectory. Global growth is projected at 3.1 percent in 2026 and 3.2 percent in 2027, down from about 3.4 percent in 2024–25, and well below the 2000–19 average of 3.7 percent. Global inflation is expected to rise to 4.4 percent in 2026, before easing to 3.7 percent in 2027, reflecting higher energy and commodity prices. The 2026 global growth forecast was revised down by 0.2 percentage points, relative to the January 2026 WEO Update, with the downgrade concentrated in emerging markets and developing economies, particularly commodity-importing economies with pre-existing fragilities. For Latin America and the Caribbean, growth is projected to ease to 2.3 percent in 2026 from 2.4 percent in 2025, before recovering to 2.7 percent in 2027. These developments have begun trickling down to Grenada, reflected in elevated shipping and input costs, disrupted supply chains, shipping delays, and softened consumer spending.

To date, however, the conflict's impact on the domestic economy has been relatively moderate. The principal channels of transmission, such as; higher fuel and food import bills, elevated freight costs, and softer external demand for tourism, would worsen only if disruptions prove more prolonged than the WEO's reference case assumes. Should conditions deteriorate, the WEO's adverse scenario envisages global growth slowing to 2.5 percent in 2026 with inflation reaching 5.4 percent. A more severe scenario, involving greater damage to energy infrastructure, is expected to cut global growth to around 2 percent in 2026, and push headline inflation above 6 percent by 2027, with the greater toll being on emerging and developing economies. As a commodity-importing small open economy, Grenada would be particularly more exposed under either scenario.

Amidst these circumstances, real GDP is projected to grow by 3.3 percent in 2026, a 0.8 percentage point downward revision from initial projections. Growth is expected to accelerate to 4.3 percent in 2027 as construction of the US$250 million climate-smart teaching hospital advances, before moderating to 3.6 percent in 2028 and 3.1 percent in 2029 as the investment cycle matures and activity normalises. Inflation is expected to average around 1.0 percent annually over 2026–2028 assuming no significant external shock occurs.

Tourism sector growth is projected at 1.6 percent in 2027, with medium-term (2028–2029) average growth of 1.9 percent, building toward peak performance by 2028 and sustained momentum into 2029.

On the supply side, the expansion in room stock spurred by current and already-confirmed hotel developments is expected to drive substantial gains in average length of stay, total bed nights, and visitor expenditure. Further complemented by a range of tourism enhancement projects that strengthen the destination's overall product.

On the demand side, the GTA's marketing strategy is progressively diversifying beyond traditional source markets into emerging ones such as Europe and Latin America through high-end yachting campaigns, curated branding targeted at specific visitor segments, and active participation in major international trade events. At the same time, deeper penetration of established markets is expected to bolster strong arrival numbers. Together, these supply and demand-side dynamics underpin the sector's projected acceleration over the medium term.

Agricultural output is projected to recover from 2027, with sector growth of 2.5 percent in 2027, 3.6 percent in 2028, and 3.3 percent in 2029. Banana production is expected to rebound to 3.1 percent in 2027 as replanted stock matures, before reaching 3.3 percent in 2028. Cocoa is projected to average 3.3 percent growth over the medium term as rehabilitation investments approach maturity. Nutmeg is expected to strengthen steadily, averaging 4.4 percent, as replanting with climate-resistant strains begin to yield results by 2028. Other crops and livestock are projected to average 2.9 percent and 4.1 percent respectively, supported by the maturing herd cycle. The resolution of structural marketing constraints and the operationalisation of IMEXA Ltd, which will replace the MNIB, is expected to further bolster investor and farmer confidence over the period. Climatic risks remain a key downside factor to the growth outlook; however, parametric risk-transfer such as CCRIF are expected to help cushion the sector against the fallout from extreme weather events.

The fishing sector is expected to transition to steady growth, expanding by 2.8 percent in 2027, 3.5 percent in 2028, and 4.4 percent in 2029. Capital injections from late 2026 will revitalise certain key components thus unlocking higher-value export opportunities. Early stage talks regarding export market diversification is expected to reduce single-market dependency and boost both exports and production. Assuming no catastrophic weather event and the resolution of outstanding structural issues, the sector is well positioned for robust medium-term performance, with continued investment in stronger data systems supporting more responsive sectoral monitoring and policy. In the event of adverse weather, the Caribbean Ocean and Aquaculture Sustainability Facility (COAST) will provide a lifeline for those within the sector.

Transport and storage activity is expected to record strong growth over the medium term, supported by sustained construction activity. With construction of the new climate-smart teaching hospital set to commence, road and sea transport are anticipated to perform strongly. This momentum is underpinned by stronger sector credit, which rose 8.8 percent year-on-year to EC$91.3 million in the first quarter of 2026. Air transport is likewise expected to expand as stayover arrivals rise, supported by ongoing enhancements to the country's tourist attractions. However, the outlook remains subject to downside risks, including limited container availability at the Port, anticipated disruptions to global and domestic supply chains, and elevated shipping and fuel costs. Conclusively, sector growth is projected at 2.8 percent in 2027 and an average of 3.3 percent over 2028–2029.

St. George's University (SGU) remains the anchor of the private education sector, its tuition inflows and student spending continues to spur economic activity through wholesale and retail trade, real estate and housing, transport, and the wider economy. Enrolment is expected to strengthen in the coming years as the University raises the cap on its School of Veterinary Medicine and secures additional clinical-rotation placements in the United States. Notwithstanding these efforts, tighter U.S. immigration regulations, financial-market instability and reduction in the availability of student loans could adversely affect the sector’s trajectory. Nonetheless, the sector is projected to grow by 0.2 percent in 2027, with growth averaging 1.0 percent over 2027–2029.

Construction is projected to grow by 15.2 percent in 2027, followed by more moderate growth in 2028 of 9.6 percent and 5.5 in 2029. Growth will be propelled by the continuation of major Government capital projects and private developments, and above all by the US$250 million climate-smart teaching hospital — the sector's flagship investment and a key catalyst over the medium term. This expansion is expected to lift related activity, with knock-on gains for local mining production, road transport, and retail sales of building materials. Sustaining the momentum will hinge on the resolution of structural constraints within the sector and ensuring that positive externalities are felt across the wider economy.

Unemployment, which stood at 7.5 percent at the end of Q3 2025, is expected to continue its downward trajectory over the medium term. Job creation will be anchored by the expansion in construction and wholesale and retail trade, complemented by a recovering tourism sector whose growth is expected to boost hospitality employment. Furthermore, the noted uptick in business loan applications suggests that even more job opportunities would be created, alongside continued investment by both the Government and private sector in education and skills enhancement. Ongoing skills training and expanded scholarships, particularly in medicine and agriculture-related fields will ensure citizens are poised to capitalise on in-demand employment opportunities.

Grenada's manufacturing capacity is projected to record strong and stable growth over the medium-term, averaging 1.4 percent. This performance will be anchored by sustained activity in the construction sector, namely the completion of major capital Government and private projects along with the continued rollout of Project 500. Continued robust performance is also anticipated in beverage and tobacco production, spurred by growing domestic and regional demand, alongside steady gains in value-added manufacturing such as chocolate and nutmeg-derived products. The flour and grain mill sub-sector is expected to follow a similar trend by consistently satisfying domestic and regional demand.

The real estate sector is projected to record strong growth over the medium-term, averaging 3.4 percent (2027–2029), underpinned by robust demand and sustained construction activity. Rental and residential demand will continue to be supported by the student population of St. George's University, complemented by the marked expansion of the short-term rental market, with new apartments being booked at record pace. On the supply side, momentum will be driven by the progression of the new teaching hospital alongside robust private investment in rental accommodation, hotel developments, and home renovations. Activity is expected to further accelerate in the outer years as the Government advances its affordable housing agenda under its National goals and Vision 75, with market stability further reinforced by favourable lending conditions. While input costs and shipping delays presents modest drawbacks, the sector's growth is expected to be sustained and broad-based over the medium term.

The financial sector is expected to remain resilient and favourable to economic activity over the medium-term, underpinned by the continued pegging of the national currency to the US dollar, stable interest rates, continued consumer protection measures, and ongoing reforms in the space. Private sector credit growth is projected to continue to keep pace as construction, transport and real estate maintain an upward trajectory. The banking sector's capital adequacy, liquidity, and asset quality positions are expected to remain within prudential limits aided by the progressive operationalisation of the Credit Bureau. Continued labour market improvement suggests a gradual reduction in non-performing loans across both commercial banks and non-bank financial institutions. Broader risks to the medium-term outlook include climate volatility, encompassing the potential for more severe dry seasons and the high probability of hurricanes. In addition, persistent global trade tensions and the risk of external shocks amid heightened global uncertainty remain key downside risks.

Nonetheless, Grenada's medium-term outlook remains positive, with growth anchored in construction, tourism, real estate, and the resilience of its people. Realising this outlook will depend on sustained public and private investment, disciplined fiscal management, and continued resilience-building against climate and external shocks, positioning the economy to advance steadily toward the development goals set out in the NSDP, MTAP, and Vision 75.

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

3 COMPLIANCE WITH THE FISCAL RESILIENCE ACT 2023

The Fiscal Resilience Act (FRA), 2023, establishes a framework of fiscal rules designed to promote discipline, strengthen transparency, and support long-term debt sustainability. In accordance with Section 12(2) of the Public Finance Management Act, the Medium-Term Fiscal Framework (MTFF) reports on compliance with the FRA's fiscal rules.

The FRA, 2023 establishes, the following rules and targets:

- The Wage Bill must not exceed 13.0 percent of GDP annually;
- The Primary Balance must be no less than 1.5 percent of GDP; and
- Total Public Debt must be reduced to 60.0 percent of GDP by 2035.

With the temporary suspension of the fiscal rules expected to expire at the end of 2026, the Medium-Term Fiscal Framework has been calibrated to support a return to compliance with the FRA beginning in 2027. Accordingly, the baseline projections are consistent with the fiscal rules established under the Act. The projected debt path incorporates planned loan disbursements associated with the phased implementation of Project Polaris.

Accordingly, the following fiscal indicators are expected over the medium term;

- Central Government Debt is projected to decrease from 56.6 percent of GDP in 2025 to 55.8 percent by 2029.
- Statutory Bodies and State-Owned Enterprises Debt is expected to fall from 12.9 percent to 10.5 percent of GDP over the same period.

Table 15: FRA Compliance Matrix

	2027		2028		2029	
	Proj.	Compliance	Proj.	Compliance	Proj.	Compliance
Total Employee Compensation “Wage bill” (percent of GDP) Not Exceeding 13%	9.6%	Yes.	10.0%	Yes	9.7%	Yes
Primary Balance (percent of GDP) Not less than 1.5%	1.5%	Yes	1.6%	Yes	2.0%	Yes
Public Sector Debt (percent of GDP):	64.7%	On track	68.5%	On track	66.3%	On track
Sixty % by 2035						
Central Gov’t:	53.2%		57.6%		55.8%	
SOEs & SBs:	11.5%		10.9%		10.5%	

Source: Ministry of Finance

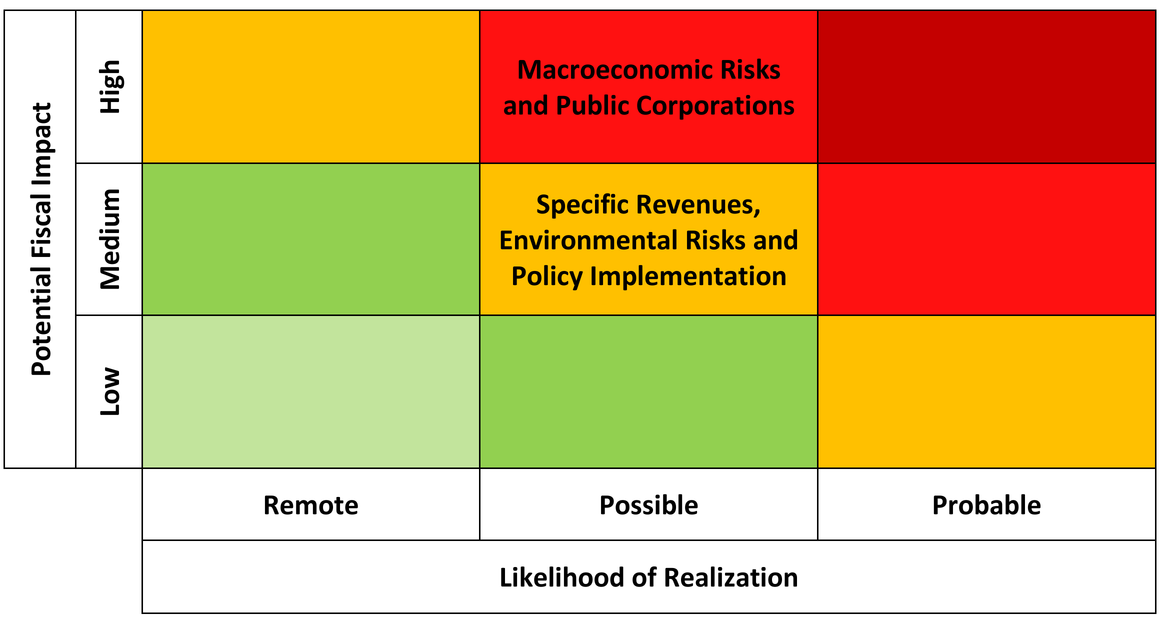
4 FISCAL RISKS MANAGEMENT

This section identifies the principal fiscal risks that could adversely affect the Government's fiscal position and the successful implementation of the Medium-Term Fiscal Framework. These risks have the potential to influence revenue performance, expenditure outcomes, financing requirements and debt sustainability over the medium term. The principal categories of fiscal risk include:

i. Macroeconomic Risks
ii. Policy Implementation Risks
iii. Climate and Natural Disasters Risks
iv. Public Corporations Risk
v. Specific Revenue Risks
vi. Other Potential Risks

The accompanying heat map indicates that macroeconomic risks and risks arising from public corporations represent the most significant fiscal threats because of their high likelihood and potential fiscal impact. Environmental risks, policy implementation risks and risks associated with specific revenues are assessed as moderate, while lower-impact risks remain subject to ongoing monitoring.

Figure 22: Summary Heatmap of Fiscal Risks



4.6 Macroeconomic Risks

Grenada’s baseline medium-term fiscal projections Grenada's baseline fiscal projections remain highly dependent on external economic conditions, consistent with the country's highly open economic structure. Any slowdown in global economic activity, particularly in key source markets such as the United States and the United Kingdom, could result in lower economic growth. While tourism receipts, remittance inflows and foreign direct investment are all important sources of economic activity, each remains closely linked to developments in the global economy.

In particular, travel disruptions, unfavourable travel advisories issued by major source markets, geopolitical tensions surrounding the Strait of Hormuz, and elevated oil and food prices could increase import costs, prolong supply chain disruptions and reduce tourism receipts over the medium term. These developments could place additional pressure on government expenditure, particularly through expanded social support measures, while increasing the risk of deviations from the baseline fiscal projections.

4.7 Sensitivity Analysis

Figure 23 presents the estimated impact of a 1.0 percentage point decline in real GDP growth and a 1.0 percentage point increase in inflation on Government revenue and expenditure. The analysis indicates that Grenada's fiscal position is more sensitive to shocks in economic growth than to inflationary pressures.

Under the GDP shock scenario, total revenue losses across all tax types increased from 12.2 percent in 2026 to 13.9 percent in 2029. Taxes on international transactions account for the largest proportion of the projected revenue losses throughout the projection period. Revenue losses associated with this tax type increased from 7.4 percent in 2026 to 8.5 percent in 2029, highlighting the sensitivity of this revenue stream to changes in economic activity. This highlights the sensitivity of Government revenue to fluctuations in domestic demand and trade flows, both of which are closely linked to overall economic activity.

On the expenditure side, a 1.0 percent increase in inflation exerts upward pressure on government expenditure, resulting in an overall increase of 7.2 percent in 2026 and, on average, over the medium term (2027–2029). Under this scenario, wage costs and current transfers are expected to account for the largest share of the increase, demonstrating the extent to which sustained inflationary pressures can place upward pressure on government expenditure and the fiscal balance.

Figure 23: Macroeconomic Sensitivity Analysis (%)

Table A. Estimated Revenue Loss from a 1 Percentage Point Decrease in Real GDP Growth:				
Revenue Category	**2026**	**2027**	**2028**	**2029**
Taxes on Income and Profits	(2.5)	(2.7)	(2.8)	(2.9)
Taxes on property	(0.2)	(0.2)	(0.2)	(0.2)
Taxes on Domestic Goods and Services	(2.1)	(2.2)	(2.3)	(2.4)
Taxes on International transactions	(7.4)	(7.9)	(8.3)	(8.5)
Total Revenue Impact	(12.2)	(12.9)	(13.5)	(13.9)
Table B. Estimated Increase in Current Expenditure from a 1 Percentage Point Increase in Inflation:				
Expenditure Category	**2026**	**2027**	**2028**	**2029**
Wages, Salaries & Allowances	3.0	3.2	3.4	3.5
Social Contribution to Employees	0.1	0.1	0.1	0.2
Current Transfers	4.1	3.8	3.7	2.7
Total Expenditure Impact	7.2	7.1	7.3	6.4

The Government employs a combination of structural reforms, fiscal buffers and fiscal rules to reduce exposure to macroeconomic risks. These measures include a minimum primary balance target, a wage bill ceiling and a long-term debt anchor, all of which support fiscal discipline and strengthen resilience to external shocks.

The Government will continue to strengthen fiscal resilience by enhancing forecasting methodologies and improving the integration of risk analysis into fiscal planning. Efforts will also focus on improving the monitoring and forecasting of volatile revenue streams, including those linked to tourism, trade, and one-off inflows, to reduce optimism bias and improve accuracy. These measures will support more realistic budgeting, enhance the credibility of the medium-term fiscal framework, and better equip the government to manage downside risks.

4.8 Policy Implementation Risks

Weaknesses in policy implementation can undermine the credibility and effectiveness of the fiscal framework. Key risks include inaccurate costing of major policy initiatives, weak expenditure commitment and payment controls, delays in implementing approved policy measures, and inadequate tax administration. These weaknesses can result in revenue shortfalls, expenditure overruns, arrears and unplanned fiscal pressures. Continued efforts to strengthen public financial management systems, improve policy costing and monitoring, and reinforce alignment between policy decisions and the budget process will remain essential to mitigating these risks.

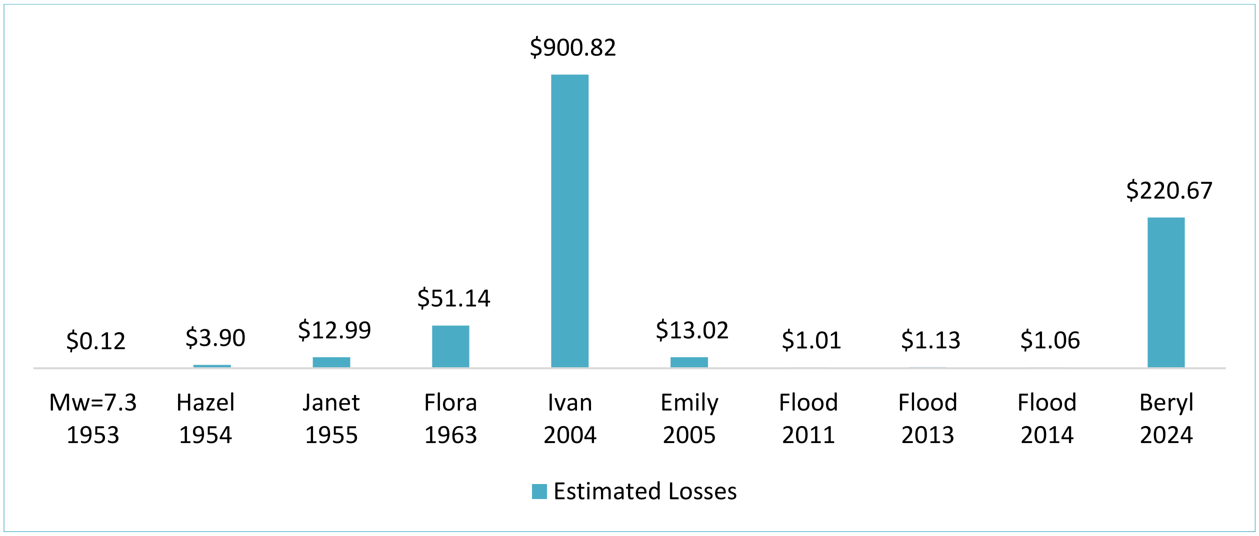
Institutional capacity constraints continue to pose significant risks to the timely delivery of public sector capital projects. Limited technical expertise within the public service, particularly in engineering, policy development and project management, together with shortages of skilled contractors and labourers in the private sector, can delay project implementation and reduce the effectiveness of the Public Sector Investment Programme.

Overall, policy implementation risks remain moderate, as the Government continues to make steady progress in advancing its reform agenda. Nevertheless, the rollout of major public financial management systems, including CloudSuite FSM, Questica and the G-Tax platform, presents transitional operational risks that require continued coordination, user support and system refinement to minimise disruptions to revenue administration, expenditure management and fiscal reporting.

4.9 Climate and Natural Disasters Risks

Grenada is highly exposed to natural hazards due to its location within the Caribbean hurricane belt and the vulnerabilities associated with its status as a small island developing state. Major events, such as Hurricanes Ivan (2004) and Emily (2005), and Hurricane Beryl (2024), have demonstrated the potential for severe economic and fiscal disruption. Storm-related events remain a persistent source of risk, and even lower-intensity systems can cause substantial damage to infrastructure, agriculture, and livelihoods. In addition, emerging risks such as prolonged dry spells and changing rainfall patterns highlight growing climate variability. These vulnerabilities are compounded by Grenada’s narrow economic base, high exposure of critical infrastructure, and dependence on climate-sensitive sectors such as tourism and agriculture. Looking ahead, climate change is expected to increase both the frequency and intensity of extreme weather events, amplifying fiscal risks and placing additional pressure on public finances, thereby underscoring the importance of strengthening resilience and disaster risk management frameworks.

Figure 24 Historical occurrence of natural disasters with estimated losses in US$M



Risk transfer instruments, including CCRIF insurance coverage and contingent financing through a Catastrophe Deferred Drawdown Option (CAT DDO), provide immediate liquidity following natural disasters. These are complemented by budget contingencies and buffer mechanisms, including the Contingency Fund established under the National Transformation Fund, which strengthen the Government's capacity to absorb shocks and respond to disaster-related fiscal pressures. Together, these measures enhance the government's capacity to mitigate, manage, and respond to fiscal risks.

4.10 Statutory Bodies and State-Owned Enterprises Risks

The operations of State-Owned Enterprises (SOEs) and Statutory Bodies (SBs) give rise to contingent liabilities and other fiscal exposures that may require Government intervention under certain circumstances. These exposures may arise from explicit liabilities, such as guaranteed debt, or implicit liabilities associated with non-guaranteed debt and other financial obligations that could require Government support during periods of financial distress or adverse external shocks. To mitigate these risks, the Government continues to strengthen oversight arrangements by mandating the timely submission of audited financial statements and enhancing performance monitoring to promote greater operational efficiency and financial sustainability across public entities.

4.10.2 Explicit Contingent Liabilities - Guaranteed Debt

As of March 31st, 2026, Central Government holds no guaranteed debt within its loan portfolio.

4.10.3 Implicit Contingent Liabilities - Non-Guaranteed Debt

As of March 31, 2026, eight State-Owned Enterprises (SOEs) held non-guaranteed debt instruments totalling EC$142.8 million, down from EC$155.8 million at the end of March 2025. Most of these loans are denominated in local currency and carry fixed interest rates and long-term amortisation schedules, which help to limit interest rate and exchange rate risks.

Debt financing for SOEs and SBs is obtained primarily through local commercial banks, lending facilities offered by larger public entities, and on-lending arrangements with the Central Government. Financing from regional institutions, including the Caribbean Development Bank, remains comparatively limited. In addition, loans extended by larger public entities to other SOEs give rise to implicit contingent liabilities, as financial stress in one entity could ultimately affect the balance sheets of other public entities and, in certain circumstances, require support from the Central Government.

The Debt-to-Assets ratio (Solvency), which measures what percentage of total assets are financed through formal debt, improved from 7.26% to 6.58% over the period. This exceptionally conservative figure indicates that nearly 93.4% of the organisations' assets are funded through equity, retained surpluses, or regular operational liabilities, leaving the risk of insolvency or asset seizure by lenders minimal. This improvement was driven by a strategic combination of 1.1% asset growth and a deliberate 8.3% reduction in core debt.

Similarly, the Debt-to-Equity ratio (Leverage) showed marked improvement, falling from 8.72% to 7.98%. This ratio highlights a robust capital structure where, for every EC$1.00 of equity held in 2025, the organisation owed only 9 cents in formal debt, a figure that decreased to roughly 8 cents by 2026. This leverage profile provides a substantial buffer, signalling to lenders that these entities are not reliant on borrowed capital to sustain core operations and possess an ample equity cushion to absorb potential financial shocks.

Overall, the analysis indicates that the majority of SOEs and SBs continue to deleverage by reducing formal debt while maintaining a stable asset and equity base. The continued improvement in both solvency and leverage indicators suggests that fiscal risks associated with the sector remain contained over the medium term.

4.1 Risks from Specific Revenue Sources

Receipts from the Citizenship by Investment (CBI) Programme, administered by the Investment Migration Agency (IMA), remain an important source of non-tax revenue for the Government, representing roughly 5 percent of GDP and 12 per cent of total revenue. However, CBI-related revenues remain exposed to heightened international scrutiny and changes in the global regulatory environment, including measures advanced by the Organisation for Economic Co-operation and Development (OECD), the Financial Action Task Force (FATF) and the United States under the AMIGOS Act.

More recently, the European Commission requested that the five Eastern Caribbean countries operating CBI programmes phase them out by June 2028, with continued operation potentially placing visa-free access to the Schengen Area at risk. This could affect the attractiveness of the Programme and constrain its revenue-generating capacity. In response, the participating Heads of Government have agreed to advance a unified regional position and engage directly with the European Union on the proposed measures. The ongoing establishment of the Eastern Caribbean Citizenship by Investment Regulatory Authority, which will be headquartered in Grenada, will also strengthen regional oversight, harmonise regulatory standards and enhance the integrity of the participating programmes. The Government will continue to enhance domestic revenue mobilisation and promote greater economic diversification to mitigate the associated fiscal risks.

4.2 Other potential sources of risks

4.2.2.1 Financial Sector

Grenada's financial sector remains generally stable, with adequate liquidity and capital buffers. However, it faces key structural risks. Lending is highly concentrated in the real estate and construction sectors. As vulnerabilities to natural disasters increase, this concentration could contribute to higher borrower defaults and elevated credit risk.

Financial inclusion is also limited, with many individuals unbanked or underbanked, highlighting the need for improved financial literacy and broader access to financial services to support economic participation.

Strengthening AML/CFT compliance remains essential to safeguarding the financial system against financial crimes, including money laundering, terrorist financing, fraud and other illicit activities that threaten fiscal integrity. Additionally, the rise in digitalisation underscores the importance of enhancing cybersecurity frameworks to protect the financial system and citizens from social engineering and other emerging threats.

The government has taken proactive steps to enhance national cybersecurity resilience. Through the Grenada Digital Workforce Initiative, citizens received training to build the skills and awareness needed to identify and respond to cyberattacks. Additionally, the Grenada National Cyber Security Incident Response Team, provides the public with timely alerts and guidance on emerging fraudulent activities to strengthen national vigilance and reduce vulnerability across the financial system.

4.2.2.2 Public-Private Partnerships (PPP)

As of March 31, 2026, the Government of Grenada maintained public-private partnership (PPP) arrangements with Digicel and the Grenville Commercial Complex. The Digicel partnership forms part of a regional digital initiative financed through concessional loans and does not give rise to explicit contingent liabilities for the Government. In contrast, the Government's 51.0 percent stake in the EC$18.8 million Grenville Commercial Complex exposes the Government to commercial risks associated with the performance of rental income and the recovery of invested capital.

Overall, PPP-related risks remain limited. However, these arrangements require continued monitoring to ensure that any potential fiscal exposures remain manageable. In addition, a potential PPP arrangement is being explored through the restructuring of the Marketing and National Importing Board (MNIB), which could give rise to additional fiscal risks over the medium term.

4.2.2.1 Design-Build-Finance (DBF) Procurement Arrangements

The Government has entered into Design-Build-Finance (DBF) arrangements valued at approximately EC$160.0 million for the rehabilitation and upgrading of priority roads, including the Maurice Bishop International Airport to Cliff Road and the Eastern Main Road from Cliff Road to Westerhall Point. These arrangements support the accelerated delivery of critical infrastructure by integrating the design, construction and financing of the works within a single contractual framework, thereby facilitating more coordinated project implementation. Upon completion, the associated costs will represent financial commitments of the Government, to be settled over an estimated five-year period in accordance with the agreed repayment terms.

While the arrangements offer an alternative means of advancing major capital projects, the final cost and timing of the repayment commitments may be affected by approved variations, changes in project scope, delays in providing access to project sites and other contractual claims. The DBF contracts incorporate safeguards to manage construction and performance-related risks, including performance securities, insurance requirements, delay damages and provisions requiring contractors to remedy defects. However, close oversight will remain necessary to manage matters that could alter the agreed project costs or implementation timelines. The Government will therefore continue to monitor project execution and contractual variations to support timely delivery and ensure that the arrangements remain within their agreed financial scope and repayment terms

4.2.2.2 Special Purpose Vehicle Arrangements

The Government has established Special Purpose Vehicles including the Grenada Asset Bank Limited and the Polaris Development Company Limited (PDCL), to facilitate the efficient structuring , financing, governance and execution of priority national development initiatives. The Polaris Development Company Limited (PDCL) for instance was established to implement Grenada's new climate-smart teaching hospital under Project Polaris. The establishment of an SPV does not, in itself, create a fiscal risk. These entities are created to undertake specific and narrowly defined activities, with the nature of any fiscal exposure determined by their mandate, financing structure, contractual commitments and capacity to operate independently of Government.

Project Polaris will be financed through an on-lending arrangement to PDCL, with the associated principal and interest obligations to be met by Central Government. The principal fiscal risks relate to potential cost overruns, implementation delays and any additional financing that may be required to complete the project. The Government will maintain oversight of the company's activities, financial commitments and project costs to ensure that the associated obligations are appropriately captured in its fiscal, budgetary and debt reporting.

Table 16: Risk Assessment Summary and Mitigation Measures

Risk Description	Source of Risk	Risk Rating	Measures to Manage/Mitigate Risks
Macroeconomic	Global economic slowdown. High global inflation and interest rates. Global protectionist trade policies	High Risk	The Government will maintain targeted support for sectors hit hardest by the economic slowdown and use the Contingency Fund prudently to manage deeper-than-expected economic challenges. In the medium term, it will pursue structural reforms to diversify the economy, enhancing competitiveness and resilience.
Policy Implementation	Lower-than-forecasted NTF receipts.	Medium Risk	The Government will focus capital spending on projects that create jobs and build resilient infrastructure through the PSIP. It will keep discretionary spending within the budget and work on improving revenue collection.
	Capacity and institutional constraints affecting project implementation.	Medium Risk	The Government will enhance the Public Investment Management System to better manage the capital budget. This includes improving project management skills, coordinating more effectively among ministries, hiring technical experts, and supporting the work of MIT to reduce risks.
Fiscal Risks from State-owned Enterprises	Contingent liabilities of SOEs.	High Risk	The Government will ensure timely submission of up-to-date audited financial statements and closely oversee the management performance of SOEs to guarantee they fulfil their mandates in the most cost-effective and efficient way. The technical capacity of the Macroeconomic Policy Unit has been expanded to better conduct this function.
Environmental	Adverse effects of natural hazards.	High Risk	A disaster risk financing strategy has been created, featuring a Contingency Fund, a Line of Credit for unexpected natural events, insurance through CCRIF, and debt instruments with Hurricane clauses.
Specific Revenues	IMA-related inflows and external grants	Medium Risk	Structural reforms recommended by the OECD (such as stricter vetting of applicants) will preserve the continuity and credibility of the programme and reduce the risk of abrupt declines.

Key	
(red)	High Risk
(amber)	Medium Risk

5 STATEMENT OF RESPONSIBILITY

I, Mike Sylvester, Permanent Secretary with responsibility for the Ministry of Finance, attest to the reliability and completeness of the information presented in this Medium-term Fiscal Framework 2027-2029 and its compliance with the FRA 2023.

…………………………….

Mike Sylvester (Mr.)
Permanent Secretary
MINISTRY OF FINANCE

6 Appendices

Appendix 1: Salient Features of the Fiscal Resilience Act, 2023

Item	2023 FRA
Fiscal Objectives	Fiscal & debt sustainability & fiscal risk management
Debt Target	60.0% of GDP by 2035
Primary Balance Rule	Floor of 1.5% of GDP
Wage Bill Rule	Ceiling of 13.0% of GDP Annually
The Suspension Clause	The Minister may, by Order subject to negative resolution, suspend the public debt target and primary balance rule at any time during a fiscal year where any of the following occurs– (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 intentional agency; or (iv) war, or any other event whether national, regional or international resulting in the declaration of a state of emergency by the Governor-General pursuant to section 17 (1) of the Constitution. (b) a cumulative decline in real GDP equal to or greater than three percent over the two consecutive preceding fiscal years. (c) the Eastern Caribbean Central Bank has certified in writing that a financial sector crisis has occurred, or is imminent, and the Minister estimates that the fiscal costs of such crisis, including the costs of any related recapitalisation of banks by the State of Grenada after all possible private sector solutions have been explored, is likely to equate or exceed four percent of nominal GDP.
Recovery Plan	Proposes measures to return to compliance with the fiscal rules which may be contained in the Mid-year Economic Report (if suspension occurs within the first half of a fiscal years) or the Medium-term Economic and Fiscal Strategy Report if suspension occurs within the second half of a fiscal year.
Reports	A single consolidated Medium-term Economic & Fiscal Strategy Report
Medium-term Fiscal Framework	Explicit provisions
Coverage	Central Gov't & All SOEs & SBs for Public Debt. Central Gov't only for fiscal flow variables
Stated–owned Enterprises (SOEs) and Statutory Bodies (SBs)	New Section with explicit provisions for all SOEs & SBs
Independent Fiscal Oversight Committee	Ex-ante and Ex-post assessments
	Source: Ministry of Finance

Appendix 2: Medium-term Growth Forecasts, Percent Change

	Actual	Actual	Est.	Est.	Forward Estimates			
	2022	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Agriculture, Livestock and Forestry	-22.5	-25.3	-23.9	3.8	2.5	2.5	3.6	3.3
Fishing	0.0	-4.0	-13.1	20.5	-2.7	2.8	3.5	4.4
Mining & Quarrying	11.0	-27.0	5.0	21.3	2.5	1.4	2.8	3.0
Manufacturing	8.3	12.0	4.6	3.8	0.4	1.0	1.4	1.9
Electricity & Water	6.7	4.3	7.6	-0.8	2.0	3.1	2.9	2.5
Construction	25.5	-11.7	7.4	20.7	3.0	15.2	9.6	5.6
Wholesale & Retail Trade	0.1	17.2	1.1	11.8	2.1	5.0	6.0	2.9
Hotels & Restaurants	60.9	19.3	9.4	0.6	1.9	1.6	1.5	2.3
Transport and Storage	26.7	13.5	3.8	6.6	0.5	4.0	5.6	2.0
Communications	0.2	8.3	2.0	1.0	2.4	2.8	3.3	2.3
Financial Intermediation	4.5	6.4	4.6	5.0	3.4	3.6	3.6	3.7
Real Estate, Renting and Business Activities	3.4	2.6	2.7	3.2	2.7	2.5	-0.9	4.9
Public Administration	3.5	-2.3	2.7	3.4	1.3	2.5	3.1	2.3
Education	-4.1	3.6	1.4	0.7	0.9	0.5	1.8	1.5
Health and Social Work	2.7	1.5	1.1	2.9	3.1	3.3	3.3	3.2
Other Community, Social & Personal Services	1.0	-5.9	1.3	0.2	0.6	0.4	0.3	1.6
Activities of Private Households as Employers	1.1	1.9	0.8	0.9	0.9	1.1	1.1	1.0
Real Gross Value added (not GDP)	6.2	2.8	2.7	5.7	1.9	4.2	3.6	3.2
Real Gross Domestic Product	**7.3**	**4.5**	**3.2**	**5.8**	**3.3**	**4.3**	**3.6**	**3.1**
Other key indicators								
Nominal GDP (% Change)	9.1	9.2	5.0	**6.7**	**4.7**	**5.6**	**4.8**	**2.7**
Nominal GDP (EC$ Millions)	3,304.82	3,608.33	3,787.24	4,039.83	**4,231.09**	**4,468.63**	**4,681.61**	**4,807.03**

Source: Ministry of Finance

Appendix 3: Baseline Medium-Term Assumptions

Categories	2027-2029
Recurrent Revenue	All categories of tax revenue are assumed to grow in line with projected nominal GDP, except for tax revenue from international transactions (IT), which is expected to grow in line with the average growth of imports. Tax collections are expected to increase over the medium term, through tax base broadening and compliance through the Inland Revenue Division's new Gtax system, which accommodates all tax types. Property tax collections are expected to return to pre–Hurricane Beryl levels over the medium term, due to the resumption of payments from Carriacou and certain parts of mainland Grenada. Non-tax revenue, except for revenue from the IMA Programme, is also projected to move in line with nominal GDP. Estimates for IMA revenue is cautiously projected by the IMA Unit, considering the potential impact of the creation of new and competitive programmes by developed countries, tighter international regulatory controls and other associated risks to the Programme. These projections also reflect the various strategies expected to be implemented to enhance the Programme's attractiveness over the medium term.
Recurrent Expenditure	
Personal Emoluments, Wages, Salaries and Allowances	These expenditure categories reflect projected costs influenced by inflation and salary adjustments over the medium term
Social contributions to employees	
Goods & Services	Items under these categories are adjusted for inflation, except for transfers abroad. Expenditures on Goods and Services reflect several key initiatives, including the solarization of government buildings, enhancements to health care facilities and education. These account for the generally high cost of goods and services. Furthermore, provisions for changes over the period 2027 to 2029 have been incorporated.
Current transfers	
Interest payment	External and domestic interest payments reflect the conditions stated in the contractual agreement.
Capital Expenditure & Net Lending	
Grant financed	Capital expenditure over the medium term is driven by the Government's new and existing public sector investment plans that aligns with the Government's transformational agenda.
Non-Grant financed	

Appendix 4: Fiscal performance for the period 2023-2025, Estimated Outturns for 2026 & the MTFF for the period 2027-2029

	2023		2024		2025		2026		2027		2028		2029	
	Actual EC$M	% of GDP	Actual EC$M	% of GDP	Est. Outturn EC$M	% of GDP	**Projected** EC$M	% of GDP	**Projected** EC$M	% of GDP	**Projected** EC$M	% of GDP	Projected EC$M	% of GDP
Total Revenue and Grants	**1,321.0**	**36.6**	**1,648.5**	**43.5**	**1,267.1**	**31.9**	**1,341.8**	**31.7**	**1400.0**	**31.3**	**1,466.8**	**31.3**	**1,506.1**	**31.3**
Total Revenue	**1,302.9**	**36.1**	**1,628.3**	**43.0**	**1,206.5**	**30.4**	**1,301.4**	**30.8**	**1,378.3**	**30.8**	**1,444.0**	**30.8**	**1,482.7**	**30.8**
Tax Revenue	848.1	23.5	890.5	23.5	949.8	23.9	1022.6	**24.2**	1084.7	24.3	1,136.4	24.3	1166.9	24.3
Nontax Revenue	454.7	12.6	737.8	19.5	256.8	6.5	278.8	**6.6**	293.6	6.6	307.6	6.6	315.8	6.6
Grants	**18.2**	**0.5**	**20.1**	**0.5**	**60.5**	**1.5**	**40.4**	1.0	**21.7**	**0.5**	**22.7**	**0.5**	**23.3**	**0.5**
Total Expenditure	**1037.6**	**28.8**	**1397.6**	**36.9**	**1554.2**	**39.1**	**1,753.1**	41.4	**1,407.5**	**31.5**	**1,454.4**	**31.1**	**1,466.7**	**30.5**
Current Expenditure	**702.2**	19.5	**944.5**	**24.9**	**1,554.2**	**26.6**	**1133.2**	**26.8**	**1,017.3**	**22.8**	**1,045.5**	**22.3**	**1047.0**	**21.8**
Employee Compensation	**291.5**	**8.1**	**319.4**	**8.4**	**379.2**	9.5	399.9	**9.5**	417.5	9.3	454.0	9.7	455.2	9.5
Wages, Salaries & Allowances	274.8	7.6	299.0	7.9	350.3	8.8	376.5	**8.9**	393.9	8.8	430.5	9.2	431.2	9.0
Social Contribution to Employees	16.8	0.5	20.3	0.5	28.9	0.7	23.4	**0.6**	23.6	0.5	23.9	0.5	23.9	0.5
Goods & Services	141.7	3.9	174.4	4.6	207.2	5.2	275.9	**6.5**	181.8	4.1	183.6	3.9	183.6	3.8
Interest Payments	53.3	1.5	124.3	3.3	125.7	3.2	78.8	**1.9**	75.3	1.7	68.3	1.5	68.4	1.4
Current Transfers	**215.6**	**3.0**	**245.7**	**6.5**	**345.0**	**8.7**	378.7	**8.9**	342.7	7.7	339.4	7.2	339.8	7.1
					-									
Cum. Capital Exp.	**335.4**	**9.3**	**453.1**	**12.0**	**497.1**	**12.5**	**619.9**	**14.6**	***390.2***	**8.7**	*408.8*	**8.7**	**419.8**	**8.7**
o/w: Initiatives							203.2	4.8	*197.9*	4.4	*207.4*	4.4	212.9	4.4
o/w: Grant-financed	17.4	0.5	18.1	0.5	49.5	1.2	37.9	0.9	*21.7*	0.5	*22.7*	0.5	23.3	0.5
Curr. Account Balance b/f Grants	**600.0**	**16.6**	**683.9**	**18.0**	**149.4**	**3.8**	**168.1**	**(4.0)**	***361.0***	**8.1**	***398.5***	**8.5**	**435.7**	**9.1**
Primary balance (after grants)	**336.1**	**9.3**	**375.1**	**9.9**	**(161.5)**	**(4.1)**	**(332.6)**	**(7.9)**	***67.8***	**1.5**	***80.7***	**1.7**	**107.7**	**2.2**
Overall Balance	**282.8**	**7.8**	**250.9**	**6.6**	**(287.2)**	**(7.2)**	**(411.3)**	**(9.7)**	**(7.5)**	**(0.2)**	***12.4***	**0.3**	**39.3**	**0.8**
Nominal GDP	**3608.3**		**3789.2**		**4,039.8**		**4,231.1**		**4,468.6**		**4,681.6**		**4,807.0**	

Source: Ministry of Finance

Appendix 4: Leading Economic Sector and Indicator – 2026 and (2027-2029)

Leading Sector	Leading Indicator	Unit	2026	2027	2028	2029
Construction Sector	**Construction Imports**	Lbs	173,803,896	190,350,519	209,032,160	210,168,411
Tourism	**Total Bed Nights**		935,018	959,840	972,683	995,193
Manufacturing	**Chemicals and Paints**	EC$	11,597,545	11,778,462	12,129,029	12,781,813
Road Transport	**Cargo Landed**	Tons	878,776	898,485	945,598	963,892
Air Transport	**Total Passenger Movements**		521,195	540,555	553,203	569,002