



GOVERNMENT OF GRENADA

Supplementary Budget 2020

Submitted To:

The Standing Committee on Finance

Submitted By:

The Minister of Finance, Planning, Economic and Physical Development

April 2020

Supplementary Estimate

The COVID-19 pandemic continues to impact the Grenadian economy negatively and as such Cabinet at its meeting on April 6th, 2020, approved a stimulus package of expenditure measures aimed primarily at cushioning the effect of the economic fallout due to COVID-19.

The attached Supplementary Estimate totaling Fifty Million Eastern Caribbean Dollars (\$50,000,000) is submitted to the Standing Committee on Finance for approval, prior to the submission to the House of Representatives. This sum is **only** for Current Expenditure from local sources. There is **no supplementary for Capital Expenditure** since reallocation will be done within the budgeted capital expenditure to cover any spending due to COVID-19.

The Supplementary estimate will cover the following:

- \$20.0 million for payroll support to hoteliers, restaurants and bars, small travel agents and income support to public buses, taxi drivers, tourist vendors, market vendors and other identified hospitality-based businesses and contingency for other expenditure overruns;
- \$7.0 million for Small Hoteliers Facility at GDB;
- \$5.0 million for Micro/ Small and Medium Enterprises Business Soft Lending Facility at GDB;
- \$3.0 million for contribution to subsidizing the 30% reduction in electricity to consumers rates for three months
- \$5.0 million for assistance to other severely impacted groups
- \$10.0 million for additional COVID-19 related Health expenditure.

In order to facilitate the inclusions above, Section 23 of the Public Finance Management Act 17/2015 stipulates that if in a financial year it is found that the amount budgeted for a particular purpose is insufficient or there is no budgetary allocation, a Supplementary Estimate detailing the sums required should be approved by the House of Representatives.

The areas suggested for additional funding approval were deemed to be critical to government at this time.

This supplementary estimate is accompanied by the Compliance Assessment Report which shows that three of the four fiscal rules have been breached and a deviation of the public debt-to-GDP ratio from its target as a result of the impact of COVID-19. The compliance assessment report sets out the conditions for the suspension of the fiscal rules and target according to section 10 of the FRL.

PROPOSED SUPPLEMENTARY ESTIMATES RECURRENT EXPENDITURE 2020				
VOTE	PROGRAMME / ACCOUNTS	AMOUNT	PURPOSE	COMMENTS
20-Ministry of Finance, Planning, Economic & Physical Development	20-0001000-262-0000	\$20,000,000	Payroll support to hoteliers, restaurants, bars, small travel agents and income support to public buses, taxi drivers, tourist vendors, market vendors and other identified hospitality-based businesses.	Support to COVID-19 Secretariat due to the Coronavirus pandemic
20-Ministry of Finance, Planning, Economic & Physical Development	20-0001000-262-0000	\$7,000,000	Small hoteliers facility at GDB	Availability of loans to hoteliers
20-Ministry of Finance, Planning, Economic & Physical Development	20-0001000-262-0000	\$5,000,000	Small business soft lending facility at GDB	Availability of loans to small business
20-Ministry of Finance, Planning, Economic & Physical Development	20-0001000-262-0000	\$3,000,000	Contribution to subsidy	Reduction of 30% on electricity bills for domestic and some commercial customers for 3 months
20-Ministry of Finance, Planning, Economic & Physical Development	20-0001000-262-0000	\$5,000,000	Support to other severely impacted groups	Support to individuals outside of the tourism sector affected by COVID-19
Recurrent Request		\$40,000,000		
50-Ministry of Health, Social Security & International Business	50-0082444-224-0000	\$10,000,000	This amount is needed for the procurement of any items related to the fight against COVID-19 (Medication, Protective Clothing etc)	COVID-19 related Health spending
Recurrent Request		\$10,000,000		
Total Recurrent		\$50,000,000		