



**Fiscal Resilience
Oversight Committee (FROC)**

2025 Annual Report At A Glance

13 March 2026

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THE FISCAL RESILIENCE OVERSIGHT COMMITTEE (FROC)

The Fiscal Resilience Oversight Committee (FROC) is an independent 5-member committee established with a **mandate to monitor and report** to the House of Representatives on Government's compliance with the relevant fiscal legislation. In fulfilment of this mandate, the FROC prepares and submits an **annual report** to Parliament. The FROC's 2025 Annual Report assesses whether government operations were in accordance with the provisions of the Fiscal Resilience Act No 11 of 2023 which became effective 1st January 2024.

FISCAL RESILIENCE ACT (2023)



The Objective of the Fiscal Resilience Act

The Fiscal Resilience Act (FRA) (2023) together with other legislation serve to guide and anchor the conduct of fiscal policy in Grenada. The FRA establishes a rules-based framework to ensure that the government spending and financing activities are consistent with the country's ability to service its debt.

The Purpose of the Fiscal Resilience Act

The legislation governs matters relating to the management of public finances and fiscal matters pertaining to Central Government, Statutory Bodies and State-Owned Enterprises. It seeks to ensure:

- Fiscal and financial affairs are conducted in a transparent manner and in a manner that “bolsters” fiscal resilience;
- Full and timely disclosure and wide publication of all documents and decisions involving public revenues and expenditures and their implications;
- Public debt is reduced to, and then maintained at, a prudent and sustainable level by maintaining primary balances that are consistent with this; and
- Prudent management of fiscal risks.

The FRA (2023) specifies:

Two Rules:

- The annual wage bill of Central Government **should not exceed thirteen per cent (13 per cent of nominal GDP (Wage Bill Rule))**.
- The medium-term fiscal framework shall **set an annual debt-reducing primary balance of no less than one and a half per cent (1.5 per cent) of nominal GDP until the public debt target is achieved (Primary Balance Rule)**.

One Target

- The public debt target shall be **no more than sixty per cent (60 per cent) of nominal GDP to be achieved by 2035 (Debt Target)**.

Once the public debt target is achieved, the Minister is expected to take appropriate steps to ensure that primary balances are consistent with maintaining debt sustainability.

The Suspension Clause – What is this and What it Means?

The Government is required to adhere to the fiscal rules for the primary balance and the wage bill annually and to achieve the target for the public debt by 2035, except under conditions specified in Section 9 of the FRA.

Section 9 of the FRA authorises the Minister to **suspend the fiscal rule for the primary balance and debt target in clearly defined circumstances**. This empowers the Minister to suspend the primary balance rule and debt target in the event of, among other things, *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*.

CHAIRWOMAN'S MESSAGE

The Fiscal Resilience Act appropriately incorporates the concept of resilience, which is directly related to fiscal resilience. In practical terms, fiscal resilience requires the management of the public finances in a manner that avoids the rapid accumulation of debt beyond the capacity of the country to service the debt, and for the country to maintain adequate reserves as a buffer during periods of economic shocks. Consequently, the occurrence of a fiscal deficit in 2025 and the budgeted deficit for 2026 are of significance. The availability of reserves to finance the deficit minimises the impact of the fiscal deficits on the public debt. The projected return to fiscal surplus in 2027 is prudent and the fiscal and debt strategies should always be anchored in ensuring fiscal resilience.

The developments during 2025 brought to the forefront the importance of economic resilience, requiring a dynamic, competitive and flexible economy. In 2025, Grenada operated in an unstable international environment dominated by geo-political tensions and conflicts, upheavals in international trade and the adverse impact of the changing policies of the USA. In response, countries adopted policies to protect their domestic economies.

In this unpredictable environment, the country should be fully operating in the reset mode. The elements of the reset mode are hereby restated. This requires the country to be:

- i. Reflective: actions must be guided by clear vision and deep thoughts to determine and pursue the opportunities that could be derived from the ongoing challenges*
- ii. Equipped: its human resources must be capable and nimble; productive natural resources must be used effectively; and there must be social consensus on the development of a competitive and dynamic economy.*
- iii. Strategic: This involves well developed and executed plans, with clearly defined objectives, outputs and outcomes to achieve established goals.*
- iv. Energetic: all segments of the population must contribute with vigour in order to achieve the national goals.*
- v. Tactful: operating nationally and in the international environment with discernment.*

In this volatile environment, the people remain the most steady and valuable resource. As such, the reforms in the education system should be aggressively pursued. The educated population, while

CHAIRWOMAN'S MESSAGE (CONTINUED)

being innovative and productive, should be disciplined, diligent and determined. A population with these competences requires more than state intervention and the formal education system. It is also the responsibility of each individual, beginning from the home and extending into communities and throughout the country. This will provide the platform for Grenada to be resilient and well equipped to ride the waves of the unstable and unpredictable international environment.

This strategic and people focus advise is my final message in the FROC Annual Report as my Chairmanship of the Fiscal Resilience Oversight Committee concludes on 31st August 2026. I therefore extend thanks to the Committee of Privileges and the Parliament for placing confidence in me to serve the people of Grenada, which I considered an honour. The supportive role of Honourable Leo Cato, Speaker of the House of Representatives and Chairman of the Committee of Privileges, is much appreciated. I extend thanks to the Minister for Finance, past and present, namely The Honourable Dickon Mitchell and The Honourable Denis Cornwall, who readily accommodated the presentation of the findings of the FROC. I extend thanks to the Permanent Secretary, Mr. Mike Sylvester, of the Ministry of Finance and to the officers of the Macro Economic Policy Unit and the Debt Management Unit, led by Mrs. Tonya Adams-Samuel and Mr. Kerry Pierre respectively, for the support and engagements.

The cooperation and diligence of the members of the FROC ensured that, under my Chairmanship, the FROC professionally delivered on its mandate. Important also was the advice provided by Attorney Lisa Taylor to ensure that the FROC operated within its legal mandate. The technical assistance provided by Dr Juliet Melville, the technical and administrative support of Mrs. Tracy Victor and the contribution of Mr. Hajjie Charles to the Information and Communication Technology of the FROC are well appreciated.

CHAIRWOMAN'S MESSAGE (CONTINUED)

I extend best wishes to the new Chairman and the team who will carry the work of the FROC upward and forward.

On my behalf, and that of the other members of the FROC, I extend appreciation to all who contributed to the completion of the Annual Report.



Ms. Laurel Bain

Chairwoman, Fiscal Resilience Oversight Committee

OVERVIEW

This document highlights the main findings as outlined in the FROC 2025 Annual Report that is prepared for the consideration of Parliament. The report is prepared by the Fiscal Resilience Oversight Committee (FROC) in accordance with the Fiscal Resilience Act (FRA) No. 11 of 2023. It reports on the FROC's assessment of the performance of the economy in 2025 and the projected outturn for the medium term. The Government compliance with the FRA is assessed in two dimensions, namely:

- adherence to the fiscal rules and target; and
- observance of fiscal transparency.

Following the passage of Hurricane Beryl, Section 9 of the Fiscal Resilience Act was suspended in 2024. For the 2025 fiscal year, the Government operations were conducted under the extension of Section 9 of the Fiscal Resilience Act (FRA) which provides for the suspension of the fiscal rule for the primary balance and the debt target. The suspension was further extended to 2026 given the projection of further fiscal deficits.

The FROC, therefore, assessed Government's compliance with the FRA for the fiscal years 2025 and 2026 with particular reference to the activation of the Suspension Clause. For 2027 and 2028, the Government's adherence to the fiscal rules and target as detailed in its medium-term fiscal and economic strategy report is assessed.

The compliance of the government with the principles of fiscal transparency and accountability during 2025 is evaluated, with the focus on the timeliness, consistency and comprehensiveness of data and information on government finances disseminated to the public, and on the availability of various reports as stipulated in the legislation.

The report is therefore an assessment of compliance with the FRA in 2025 and the consistency of the medium-term fiscal projections with the FRA. The report is anchored in the economic development and forecast.

ECONOMIC DEVELOPMENT AND FORECAST

Key Messages



In 2025, Grenada operated in an environment of heightened geo-political tensions and conflicts, accompanied with uncertainties associated with the upheavals in the global trading environment and the changing administrative, investment and immigration policies of the USA.



In 2025, Grenada's economy registered economic growth along with a reduction in the rate of unemployment and a stable inflation rate.



Following the surplus in 2024, and in line with the approved national budget, the primary and overall balances were in deficit for 2025; and the deficit were financed mainly by the use of reserves (drawdown of deposits).



The public sector debt to GDP ratio of 67.3 per cent for 2025 declined relative to 2024 and remained within the ceiling established for 2025.



Credit extended by the commercial banks increased, accompanied by a slight reduction in liquidity and a marginal narrowing of the interest rate spread. Credit extended by the credit unions remained robust and liquidity tightened marginally.



The current account deficit on the external account was financed by capital and financial inflows, including the drawdown of official reserves.

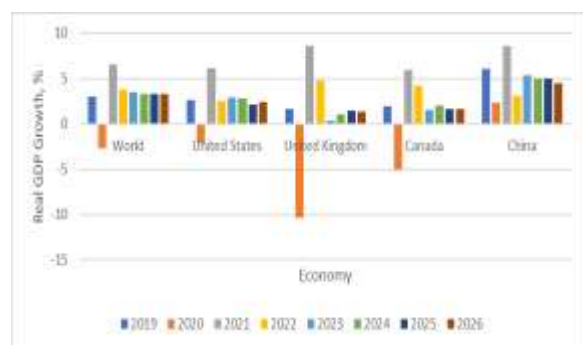
ECONOMIC DEVELOPMENT AND FORECAST (CONTINUED)

Economic Development

The International Environment

In 2025, Grenada operated in an unstable and unpredictable international environment, associated with heightened geo-political tensions and conflicts, and changes in the policies of the USA. Global Growth was estimated at 3.3 per cent for 2025, at the same rate as 2024, following the 3.5 per cent growth in 2023. Growth in Grenada's main trading partners, except for China, was lower than the global growth rate. See Chart 1.

Chart 1: The Performance of the World Economy: Percentage Change (2022 – 2026)



Source: World Economic Outlook January 2026

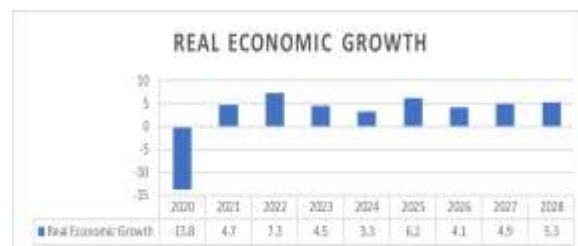
Developments in the Domestic Economy

Macro-Economic Development

Grenada's economy continued to register economic growth with output increasing by 6.2 per cent in 2025, following a revised growth rate of 3.3 per cent in 2024 and the 4.5 per cent growth in 2023. See Chart 2.

Economic growth in 2025 was fuelled primarily by developments in the construction sector, although growth was registered in all the major sectors. The economy is projected to grow, on average, by 4.8 per cent over the medium-term. The projected growth rates should be kept under constant review in light of the unstable and unpredictable international environment, particularly with the emergence of the USA/Israel/Iran war.

Chart 2: Economic Growth:

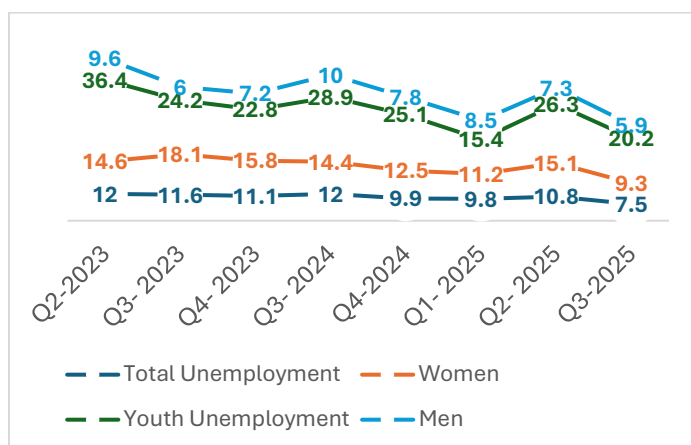


Source: Medium Term Economic and Fiscal Strategy Report 2026-2028, Ministry of Finance, Government of Grenada, 1st December, 2025

Economic growth in 2025 was accompanied with a stable inflation rate of 1.0 per cent and a lower rate of unemployment of 7.5 per cent. See Chart 3.

ECONOMIC DEVELOPMENT AND FORECAST (CONTINUED)

Chart 3: Unemployment Rate



Source: *Stats: Mgov. gov.* (2026). Retrieved January, 2026, from <https://www.gov.gd/stats>.

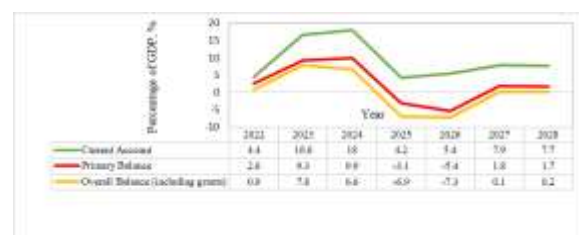
Grenada Labour-Force Survey, Department of Statistics, Grenada, November 2023; February 2024; May 2024; November 2024.

Central Government Finances

Following the surplus in 2024, the operations of the Central Government resulted in primary and overall deficits of \$126.4M (3.1 per cent of GDP) and \$279.1M (6.9 per cent of GDP) respectively in 2025, which confirmed the necessity for the extension of Section 9 of the FRA. The fiscal outturn was more favourable than the budgeted primary and overall deficits (including grants) of \$208.6M (5.1 per cent of GDP) and \$337.4M (8.3 per cent of GDP) respectively. With budgeted expenditure, and in particular capital expenditure, remaining elevated for 2026, deficits of \$229.2M (5.4 per cent of GDP) and \$309.8M (7.3 per cent of GDP) are

projected for the primary and overall balances (including grants) respectively, necessitating a further extension of Section 9 of the FRA for 2026. The primary and overall balances are projected to return to surplus in 2027 and 2028. See Chart 4.

Chart 4: Grenada's Fiscal Balances as a Percentage of GDP 2022 – 2028



Source: Medium Term Economic and Fiscal Strategy Report 2026-2028, Ministry of Finance, Government of Grenada, 1st December 2025

The Public Debt

With estimated economic growth of 6.2 per cent in 2025, the public sector debt to GDP ratio declined from 71.3 per cent of GDP (\$2,701.7M) in 2024 to 67.3 per cent of GDP (\$2,724.1M) in 2025. In 2026, the debt to GDP ratio is projected to further decline to 65.7 per cent of GDP (\$2,788.6M). With planned disbursement on new debt, the debt to GDP ratio is expected to increase to 68 per cent of GDP (\$3,050.6M) in 2027 and to be at 67.5 per cent of GDP (\$3,211M) in 2028. See Chart 5 and Chart 6.

ECONOMIC DEVELOPMENT AND FORECAST (CONTINUED)

Chart 5: Total Public Sector Debt as a Percentage of GDP 2019-2028

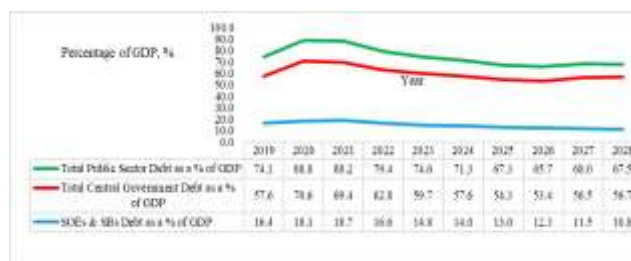


Chart 6: Total Public Sector Debt in EC\$M 2019-2028



Source: Grenada Medium-Term Fiscal Framework 2023-2025, Ministry of Finance, Grenada, 2022; Grenada 2022 Annual Economic Review, Ministry of Finance, Grenada, 2022; Medium Term Economic and Fiscal Strategy Report 2025-2027, Ministry of Finance, Government of Grenada, 7th March 2025; Medium Term Economic and Fiscal Strategy Report 2026-2028, Ministry of Finance, Government of Grenada, 1st December 2025.

The Financial Sector

In the financial system, the money supply remained virtually unchanged during 2025 as the growth in savings and time deposits was offset by the decline in currency with the public and foreign currency deposits. Both commercial banks and credit unions expanded domestic credit. Consequently, the liquidity position of the commercial banks,

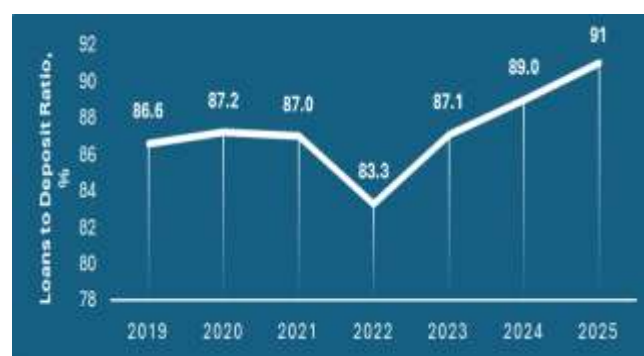
while remaining high at 56 per cent, tightened compared to the 53 per cent in 2024. The liquidity position of the credit unions decreased marginally to 91 per cent. See Chart 7 and Chart 8.

Chart 7: Commercial Banks - Total Loans to Deposit Ratio (per cent)



Source: Eastern Caribbean Central Bank, St Kitts, Website - retrieved 21 January 2026

Chart 8: Credit Unions – Total Loans to Deposit Ratio (per cent)



Source: Grenada Authority for the Regulation of Financial Institutions (GARFIN), Grenada

The External Account

On the current account, the merchandise trade deficit is estimated to have widened due to the higher import bill associated with growth in the construction sector. The surplus on the capital account, which was abnormally high in 2024 due to the inflows through the Investment Migration Agency (IMA) and the one-off receipt from the Caribbean Catastrophic Insurance Risk Facility CCRIF in 2024, contracted substantially in 2025. The deficit on the aggregated current and capital accounts was financed by inflows on the financial account, including a drawdown of \$114.47M of official reserves.

Fiscal and Debt Strategies and Risks ***Fiscal Strategy***

The Government's fiscal strategy over the medium-term is influenced by the need to continue with the rehabilitation and reconstruction following the impact of Hurricane Beryl while implementing priority economic and social projects. Therefore, the Government has stated its plan to continue the implementation of the strategy for enhancing revenue through improved tax administration and the application of technology in the collection of tax revenue. The Government reported plans to improve

the efficiency and management of expenditure, particularly by strengthening procurement practices and enhancing the monitoring and evaluation of capital projects.

Over the medium-term, the structure of the public sector is likely to be modified as the policy of the Government is to transfer some services currently provided and financed directly by the Central Government to statutory bodies. Consequently, the operations of the Central Government are expected to contract with an expansion in the services provided by statutory bodies and/or state-owned enterprises. In addition, the Central government financial transactions with the Polaris Development Company and some statutory bodies and state-owned enterprises will need to be taken into account. These policy shifts have implications for the wage bill and the primary balance fiscal rules and should be included in the medium-term fiscal projections.

Debt Strategy

The debt strategy is anchored in the fiscal rule to generate a primary balance of a minimum of 1.5 per cent of GDP to achieve the targeted debt to GDP ratio of 60 per cent by 2035. The Government has therefore stated its intention

ECONOMIC DEVELOPMENT AND FORECAST (CONTINUED)

to borrow on concessionary terms, and as necessary, to finance the budget and capital projects.

To this effect, the Parliament approved the Budget and New Hospital Project Loan Authorisation Bill 2025 which authorised the Minister of Finance to borrow up to \$825M to finance the 2025 Budget and the new Hospital Project. Further, the 2026 Budget Loan Authorisation Bill, 2025 authorises the Minister of Finance to borrow \$450M to finance the 2026 Budget.

With planned debt disbursements, the debt to GDP ratio is projected to increase in 2027. Based on the Debt Sustainability Analysis (DSA), as prepared by the IMF, the debt target of 60 per cent of GDP could be achieved by 2035.

Risks

The Government's strategy is being implemented in an increasingly turbulent global environment. Risks are associated with geo-political conflicts and tensions, global economic uncertainties as a result of the trade, investment, immigration and administrative policies of the US administration, the actions of advanced countries on the Citizenship by Investment

Programme and the ever-present climatic risk. This environment requires strategic planning and flexible response mechanisms in order to implement the strategic priorities of the Government.

COMPLIANCE OF THE GOVERNMENT WITH THE FISCAL RESILIENCE ACT

Key Messages



With projected fiscal deficits following the impact of Hurricane Beryl, the Government, in compliance with the FRA, activated Section 9 of the FRA for the 2024 fiscal year and suspended the primary balance rule and the debt target. Notwithstanding, the fiscal outturn resulted in primary and overall surpluses.



With estimated fiscal deficits, and in compliance with Section 9 of the FRA, the suspension of the primary balance rule and the debt target was extended to 2025 by the Fiscal Resilience (Suspension of the Public Debt Target and Primary Balance Rule) (Extension) Order, 2025.



The suspension of the primary balance rule and the debt target was further extended to 2026 by Fiscal Resilience (Suspension of the Public Debt Target and Primary Balance Rule) (Extension) (No. 2) Order, 2025 in light of the budgeted fiscal deficits for 2026.



Following two years of fiscal deficits (2025 and budgeted 2026), the Government is projecting to return to fiscal surpluses for 2027 and 2028, and the projections are in compliance with the fiscal rules and target.



In 2025 and 2026, the debt to GDP ratio continued on the downward trajectory due to the financing of the deficits from reserves and the growth in GDP. The debt to GDP ratio is projected to increase in 2027 and remains on track to achieve the targeted debt to GDP ratio by 2035.



The statutory bodies and state-owned enterprises should submit their audited accounts to Parliament as stipulated in the Public Finance Management Act.

Assessment of Compliance with the FRA

Compliance of the Government with the Fiscal Rules and Target

With the passage of Hurricane Beryl, Section 9 of the FRA was activated for 2024. The suspension of Section 9 of the FRA was extended to 2025 and with a budgeted primary deficit projected for 2026, the suspension was further extended to 2026.




The FROC notes that in accordance with the Fiscal Resilience Act, the suspension of the primary balance and debt target (Section 9 of the FRA) for 2025 and 2026 was approved by the House of Representatives on submission of the Fiscal Resilience (Suspension of the Public Debt Target and Primary Balance Rule) (Extension) Order, 2025 of 7th March 2025, and the Fiscal Resilience (Suspension of the Public Debt Target and Primary Balance Rule) (Extension) (No. 2) Order, 2025 of 1st December, respectively.

The FROC noted that both current and capital expenditures were elevated in 2025 and 2026, influenced, in part, by the response to the impact of Hurricane Beryl. To assess the validity for the extension of the Suspension Clause, the FROC examined the capital expenditure associated with Hurricane Beryl, as identified in the Estimates of Revenue and Expenditure, that contributed to the higher capital expenditure. The direct Hurricane-related capital expenditure amounted to \$97M in 2025 and \$27M in 2026. The expenditure, identified in the Estimates of Revenue and Expenditure, excludes Hurricane Beryl related capital expenditures that are integrated with other ongoing capital projects such as house repairs and asphalt and concrete road works and the recurrent expenditure that was associated with Hurricane Beryl. The impact of the tax relief on recurrent revenue is not detailed in the Annual Report.

The FROC concludes that the Government complied with the provisions of the FRA regarding the suspension of Section 9 for 2025 and 2026. The wage bill remains within the cap set in the FRA. See Table 1 and Table 2 on the compliance of the Government with the FRA for 2025 and 2026.

COMPLIANCE OF THE GOVERNMENT WITH THE FISCAL RESILIENCE ACT (CONTINUED)

Table 1: Fiscal Outturn for 2025 Relative to the Fiscal Rules and Target

Fiscal Rules and Target	Fiscal Rule	Budgeted	Fiscal Outturn	Compliance
Wage Bill (Percentage of GDP)	Not exceeding 13.0 per cent of GDP	10.1 per cent	8.0 per cent	
Primary Balance (Percentage of GDP)	Not less than 1.5 per cent of GDP	-5.1 per cent	-3.1 per cent	
Public Sector Debt (Percentage of GDP)	60 per cent of GDP	71.4 per cent	67.3 per cent	












Symbol	Meaning
	Compliant
	Breach
	Cannot be determined
	Suspended

Table 2: Consistency of Budget 2026 with Fiscal Rules and Target







Fiscal Rules and Target	Fiscal Rule	Budgeted	Compliance
Wage Bill (Percentage of GDP)	Not exceeding 13.0 per cent of GDP	9.7 per cent	
Primary Balance (Percentage of GDP)	Not less than 1.5 per cent of GDP	-5.4 per cent	
Public Sector Debt (Percentage of GDP)	60 per cent of GDP	65.7 per cent	




Symbol	Meaning
	Compliant
	Breach
	Cannot be determined
	Suspended

The Central Government operations are projected to be in surplus and in accordance with the fiscal rules for 2027 and 2028. The debt to GDP ratio is projected to increase in 2027 but remains on track to achieve the debt to GDP ratio by 2035. See Table 3.

COMPLIANCE OF THE GOVERNMENT WITH THE FISCAL RESILIENCE ACT (CONTINUED)

Table 3: Compliance of Government with Fiscal Rules and Target for 2027 and 2028

Fiscal Rules and Target	Fiscal Variables	Fiscal Variables	Compliance
Wage Bill of thirteen per cent of GDP	Projected 2027	9.2 per cent	
	Projected 2028	9.4 per cent	
Primary balance not less than 1.5 per cent of GDP	Projected 2027	1.8 per cent	
	Projected 2028	1.7 per cent	
Public Sector debt to GDP ratio of 60 per cent	Projected 2027	68 per cent	
	Projected 2028	67.5 per cent	

Symbol	Meaning
	Compliant
	Breach
	Cannot be determined

The policy shifts to transfer the provision of some services to statutory bodies and the impact of financial transactions with the Polaris Development Company and statutory bodies and state-owned enterprises have implications for the wage bill and the primary balance fiscal rules, and these developments should be included in the medium-term fiscal projections.

Monitoring of Statutory Bodies and State-Owned Enterprises

The FROC notes and commends the submission to Parliament of the 2024 Performance Report of statutory bodies and state-owned enterprises which was prepared in accordance with Section 73 of the Public Finance Management Act 2015 as amended. According to the performance report, the review captured consolidated financial information of twenty-five (25) entities of which seven (7) had audited financial statements, representing approximately 25 per cent of the statutory bodies and state-owned enterprises that are actively monitored by the Ministry of Finance.

For full compliance with Section 73 of the Public Finance Management Act, the performance report should be based on the audited financial statement of the statutory bodies and state-owned enterprises.

COMPLIANCE OF THE GOVERNMENT WITH THE FISCAL RESILIENCE ACT (CONTINUED)

In light of the continued delinquency of some of the statutory bodies and state-owned enterprises in submitting audited accounts to Parliament, the FROC re-states its recommendation that, consideration should be given to establishing a framework that would facilitate the imposition of penalties on the statutory bodies and state-owned enterprises for failure to submit the audited accounts to the Minister for onward submission to Parliament as stipulated in the legislation.

IMPLEMENTATION OF THE FISCAL RESILIENCE ACT

Key Messages



The FRA provides the framework for ensuring fiscal resilience and debt sustainability. The FROC therefore considers it very important that the areas recommended for review be examined in accordance with the Act.



In 2025, a major operational challenge was the non-appointment of the Economist to the FROC, a breach of the FRA. It is therefore recommended that the schedule governing the appointment of the Economist be amended. The FROC also urges the timely appointment of all members to the FROC in compliance with the FRA.



Based on the experience of the FROC in the review and implementation of the main provisions of the FRA over the two-year period 2024 and 2025, recommendations for strengthening the FRA were identified.



The FROC recommends the establishment of mechanisms to inform the FROC of the outcomes following the consideration of the Annual Report by the House of Representatives.

IMPLEMENTATION OF THE FISCAL RESILIENCE ACT (CONTINUED)

Implementing the FRA

In 2025, the main challenge in implementing the FRA was the non-appointment of the Economist to the FROC. The Economist is critical in carrying out the mandate of the FROC, requiring the prompt appointment of the Economist. The strictly legislated timeframes for the submission of reports require the timely appointment of all members of the FROC.

In the previous reports, the FROC included recommendations for consideration in reviewing the Fiscal Resilience Act.

A feedback mechanism is necessary to enhance the reporting to Parliament by the FROC. Access the previous recommendations of the FROC at Recommendations for Reforms to the Fiscal Resilience Act: https://frogrenada.gd/ova_doc/recommendations-for-reforms-to-the-fiscal-resilience-act/

ADHERENCE TO THE PRINCIPLES OF FISCAL TRANSPARENCY

Key Messages



Fiscal transparency requires the availability of timely, comprehensive, consistent, easy to understand and accessible data and information on the operations of the public sector.



The activities associated with the preparation of the 2026 national budget were executed in accordance with the financial legislation, except for some timing lags.



Beyond the legislative requirements, the FROC noted the continued use of social media platforms, press conferences, direct messages with the Prime Minister and town-hall meetings to disseminate information.



To further strengthen fiscal transparency, the FROC strongly urges the timely publication of the monthly Fiscal Summary Report and the Quarterly Debt Bulletin.



The FROC recommends an examination of the dates for the submission of all legislated reports to ensure that the legislated dates are practical, thereby avoiding timing lags in the submission of reports.



The economic, fiscal and debt reports are detailed, and over time, there have been improvements in the analysis and coverage, along with the inclusion of the supportive data resulting in more comprehensive reports.

Systems and procedures should be established to address the reporting gaps.

ADHERENCE TO THE PRINCIPLES OF FISCAL TRANSPARENCY (CONTINUED)

Fiscal Transparency











The adherence to the principles of fiscal transparency is linked with the preparation, execution and oversight and accountability of the national budget. The activities associated with the preparation of the national budget were executed in accordance with the financial legislation, except for the timing lags.




Data and information, beyond the legislative requirement, were generally disseminated to the public through Government websites, press briefings, Direct Messages with the Prime Minister, and consultative and town hall meetings. Challenges continued to be encountered with the publication of the monthly Fiscal Summary Report which is a main avenue for the dissemination of timely and regular data and information on fiscal performance.

In 2025, most of the legislated reports were published. The main exception was the Mid-Year Policy Review which, although prepared and approved by the Executive was not submitted to Parliament. The legislated reports that remained outstanding were (i) the report on tax incentives; and (ii) the audited public accounts. With the submission of the Medium-term Debt Strategy at the time of the presentation of the national budget and the submission of the 2024 Annual Debt Report, there are timing lags in the submission of these reports to Parliament. Table 4, 5 and 6 summarises the status, timeliness, and consistency and comprehensiveness of the legislated reports.

ADHERENCE TO THE PRINCIPLES OF FISCAL TRANSPARENCY (CONTINUED)

Table 4: Status of the Publication of Fiscal and Debt Reports

Name of Report	Applicable Legislation	Status
Public Finance Management Act		
Medium-term Fiscal Framework	Section 12	
Medium-term Economic and Fiscal Strategy Report	Section 15	
The Annual Budget	Section 24	
Mid-year Fiscal Policy Review	Section 25	
Tax Concession Report	Section 29	
Audited Public Accounts	Section 67	
Debt Management Act		
The Debt Management Strategy	Section 5	
The Borrowing Plan	Section 6	
Debt Bulletin	Section 24	
Annual Debt Report	Section 25	

Symbol	Meaning
	Compliant
	Partially compliant
	Not compliant

ADHERENCE TO THE PRINCIPLES OF FISCAL TRANSPARENCY (CONTINUED)

Table 5: Timeliness of the Published Fiscal and Debt Reports

Name of Report	Legislated Time for Publication	Status
Public Finance Management Act		
Medium-term Fiscal Framework	Submitted to FROC by 1 st July	●
Medium-term Economic and Fiscal Strategy Report	With budget presentation	●
The Annual Budget	Within the legislated 3 month from the beginning of the fiscal year	●
Mid-year Fiscal Policy Review	1 st September	●
Tax Concession Report	By 31 st December	●
Audited Public Accounts	31 st October	●
Debt Management Act		
The Debt Management Strategy	1 st November	●
The Borrowing Plan	1 st November	●
Debt Bulletin	Report to the Executive one month after the end of each quarter	●
Annual Debt Report ¹	With budget presentation	●

Symbol	Meaning
●	Compliant;
●	Partially compliant
●	Not compliant

¹ The Annual Debt Report is presented with a one-year lag. There is not a legislated date for the publication of the Quarterly Debt Bulletin, except that debt information should be made available to the public regularly.

ADHERENCE TO THE PRINCIPLES OF FISCAL TRANSPARENCY (CONTINUED)

Table 6: Consistency and Comprehensiveness of Fiscal and Debt Reports

Name of Report	Applicable Legislation	Status
Public Finance Management Act		
Medium-term Fiscal Framework	Section 12	●
Medium-term Economic and Fiscal Strategy Report	Section 15	●
The Annual Budget	Section 24	●
Mid-year Fiscal Policy Review	Section 25	●
Tax Concession Report	Section 29	●
Audited Public Accounts	Section 67	●
Debt Management Act		
The Debt Management Strategy	Section 5	●
The Borrowing Plan	Section 6	●
Debt Bulletin	Section 24	●
Annual Debt Report	Section 25	●

Symbol	Meaning
●	Compliant
●	Partially compliant
●	Not compliant

SUMMARY

Grenada's economy recorded growth in 2025, and growth is projected for the medium-term.

The fiscal balances are projected to return to surplus in 2027 and 2028 and are projected to be in compliance with the FRA.

The debt to GDP ratio, which declined for 2025 and 2026, is projected to increase in 2027 but remains on track to achieve the targeted debt to GDP ratio of 60 per cent by 2035.

The projections in the MTEFSR will need to be aligned with the stated policies of the Government to transfer the provision of some services to statutory bodies and the impact of financial transactions with the Polaris Development Company and some statutory bodies.

The strictly legislated timeframes for the submission of reports by the FROC require the timely appointment of the Economist and all other members of the FROC.

The legislated documents generally submitted to the House of Representatives, except for the Mid-year Policy Review, were submitted in 2025; while the reports that were never submitted to the House of Representatives remained outstanding.

RECOMMENDATIONS

Include an analysis of emerging sectors and broaden the analysis of the construction sector in the assessment of the performance of the economy.

The fiscal projections for the medium-term should be aligned with the statutorisation policy of the Government and should include the financial transactions between the Central Government and the Polaris Development Company and with some statutory bodies and state-owned enterprises.

Implement the institutional arrangements for debt management, as stipulated in Section 27 and the Second Schedule of the Debt Management Act as amended.

Improve reporting by statutory bodies and state-owned enterprises.

Consider modification to the FRA to allow for the timely appointment of members and the provision of feedback to the FROC on reports submitted to Parliament.

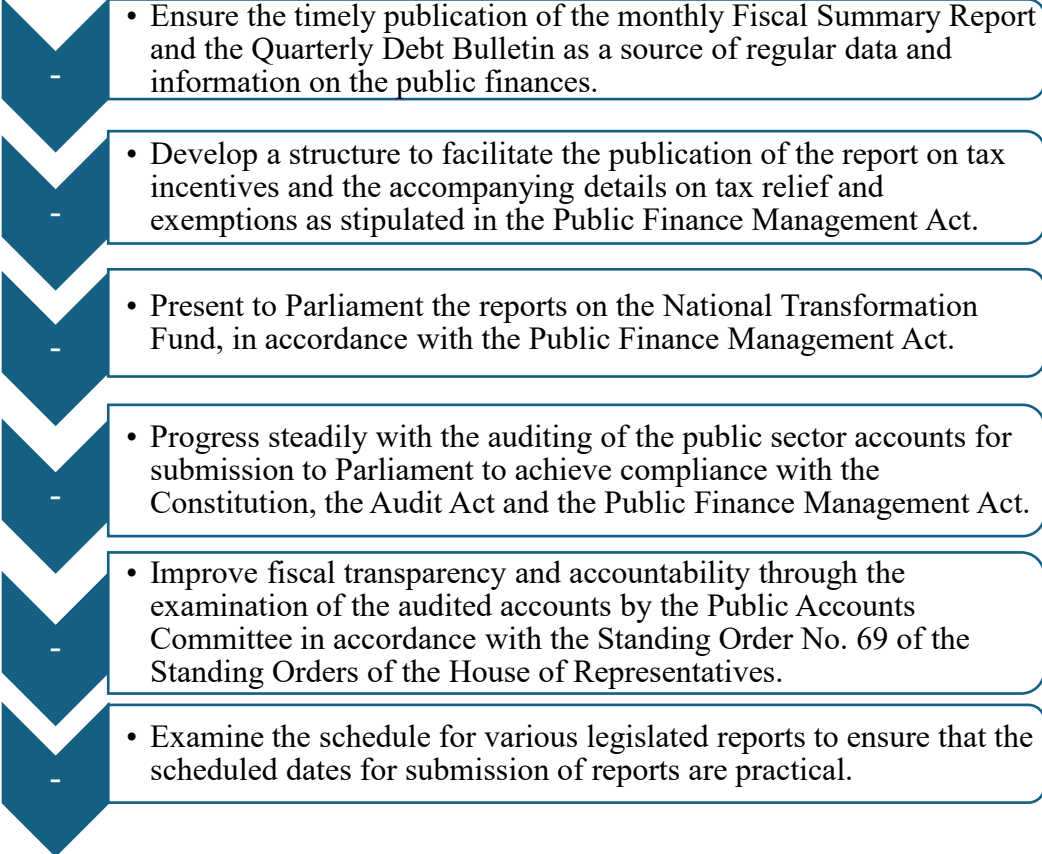
Recommendations were previously put forward for consideration in reviewing the Fiscal Resilience Act, and these were related to the wage bill and primary balance rules, the Suspension Clause and the structure of the FROC.

Examine the schedule for various legislated reports to ensure that the scheduled dates for submission of reports are practical, and institutionalise the publication of the monthly Fiscal Summary Report and the Quarterly Debt Bulletin.

RECOMMENDATIONS (CONTINUED)

The FROC outlines the recommendations, some of which were previously stated, for improving fiscal transparency as shown in the following box:

Box: Fiscal Transparency Matters

- 
- • Ensure the timely publication of the monthly Fiscal Summary Report and the Quarterly Debt Bulletin as a source of regular data and information on the public finances.
 - • Develop a structure to facilitate the publication of the report on tax incentives and the accompanying details on tax relief and exemptions as stipulated in the Public Finance Management Act.
 - • Present to Parliament the reports on the National Transformation Fund, in accordance with the Public Finance Management Act.
 - • Progress steadily with the auditing of the public sector accounts for submission to Parliament to achieve compliance with the Constitution, the Audit Act and the Public Finance Management Act.
 - • Improve fiscal transparency and accountability through the examination of the audited accounts by the Public Accounts Committee in accordance with the Standing Order No. 69 of the Standing Orders of the House of Representatives.
 - • Examine the schedule for various legislated reports to ensure that the scheduled dates for submission of reports are practical.

CONCLUSION

In accordance with its mandate, the Fiscal Resilience Oversight Committee assessed compliance with the FRA for 2025 and the consistency of the medium-term projections with the fiscal rules and target. An analysis is undertaken of the economic performance for 2025 and the fiscal and debt strategies and forecast for the medium-term.

The FROC notes the recorded growth for 2025 and the projected growth over the medium-term, driven mainly by developments in the construction sector. Central Government operations, which were in deficit in 2025 and 2026, are projected to return to surplus in 2027 and 2028. The fiscal deficits were financed mainly by the use of reserves and hence the impact on the debt was minimal. As such, the debt to GDP ratio declined in 2025 and 2026, and with new borrowing, the debt to GDP ratio is projected to increase in 2027.

With the passage of Hurricane Beryl, Section 9 of the FRA was activated for 2024. As a result of the estimated fiscal deficits, the suspension of Section 9 of the FRA was extended to 2025 and was further extended to 2026. The FROC reviewed the process for the activation of Section 9 of the FRA and the capital expenditure associated with Hurricane Beryl, and concludes that the Government complied with the provisions of the FRA regarding the suspension of Section 9 of the FRA for 2025 and 2026. The medium-term fiscal projections are in compliance with the FRA, and the public debt is on target to be achieved by 2035.

The impact of the policy shifts to transfer the provision of some services to statutory bodies and the financial transactions with the Polaris Development Company and statutory bodies and state-owned enterprises should be included in the medium-term fiscal projections.

The FROC advances that the strictly legislated timeframes for the submission of reports to the House of Representatives require the timely appointment of members of the FROC. In the previous reports, the FROC included recommendations for consideration in reviewing the Fiscal Resilience Act. A feedback mechanism is necessary to enhance the reporting to Parliament by the FROC.

The adherence to the principles of fiscal transparency is linked to the budget process. The activities associated with the preparation of the national budget were executed in accordance with the

financial legislation, except for the timing lags. The FROC strongly urges an examination of the dates for the submission of all legislated reports to ensure that the legislated dates are practical.

MEET THE FROC



Ms. Laurel Bain – Chairwoman

Ms. Laurel Bain is a former employee of the Eastern Caribbean Central Bank (ECCB) where she served in various positions, including that of Deputy Director in the Research Department, Senior Director of the Statistics Department and Senior Director in the Governor’s Office. Ms. Bain has over 25 years of central banking experience and has undertaken economic assessments of countries and considerable research on fiscal policy and tax structures. She has worked extensively with the countries of the Eastern Caribbean Currency Union, regional institutions, and international organisations and development agencies. During her career at the ECCB, Ms. Bain received the Governor’s Award on two occasions for excellent and dedicated service. Ms. Bain has published books on fiscal policy and continues to write on economic and fiscal policy issues which are published as Budget Alert. Ms. Bain is an accredited Director and served as Deputy Chair of the Grenada Authority for the Regulation of Financial Institutions, and as a Director of the Montserrat Financial Services Commission. Ms. Bain holds a Bachelor of Science (B.Sc.) and Masters of Science (M.Sc.) degrees in Economics from the University of the West Indies, Trinidad and Tobago.



Ms. Annette Henry

Ms. Annette Henry, former Registrar of the Corporate Affairs and Intellectual Property Office, Ministry of Legal Affairs, retired from the Public Service of Grenada in August 2022, having served in various capacities as a Public Servant since 6th October 1980. Ms. Henry is an Attorney-at-Law and holds a Bachelor of Laws (LLB) and Certificate in Legal Education (CLE). Ms. Henry was admitted to the Grenada Bar in November 2003. Annette Henry, former Registrar of the Corporate Affairs and Intellectual Property Office, Ministry of Legal Affairs, retired from the Public Service of Grenada in August 2022, having served in various capacities as a Public Servant since 6th October 1980. Ms. Henry is an Attorney-at-Law and holds a Bachelor of Laws (LLB) and Certificate in Legal Education (CLE). Ms. Henry was admitted to the Grenada Bar in November 2003.

MEET THE FROC (CONTINUED)



Mrs. Lisa Taylor

Mrs. Lisa Taylor is the principal of the law firm, Lisa Taylor & Co. and was admitted to the Grenada Bar on 3rd October 1996. She holds a Bachelor of Arts degree with honors in Political Science from the City University of New York, Bachelor of Laws (Ll.B) with Honours from the University of the West Indies, and Legal Education Certificate from the Hugh Wooding Law School, Trinidad. She is a past President of the Grenada Bar Association. Ms. Taylor is an accredited director (Chartered Governance Institute of Canada) and has served variously on the boards of the Physical Development Authority, Grenada Community Development Agency (GRENCODA), Bel Air Home for Children and Adolescents, Diocesan Finance Committee of the Diocese of Saint George's in Grenada and Jonas Browne & Hubbard (Grenada) Ltd. She is currently Deputy-Chairman of Grenada Co-operative Bank Ltd. and Honorary Consul of Spain in Grenada.



Mr. Hyacinth Jeremiah

Mr. Hyacinth Jeremiah is a principal partner in HLB Grenada. He is a highly skilled Accountant with an accumulation of over thirty-five years' experience in Accounting, Financial analysis and planning, Tax preparation and consultancy, Auditing, Forensic accounting, financial and management consultancy.

Mr. Jeremiah began his career with the accounting firm Pannell Kerr Forster (PKF) and also served as the Senior Internal Auditor at the CARICOM Secretariat. In 2011, Mr. Jeremiah started his own accounting practice under the business name Jeremiah Business Consulting, and in 2020 Jeremiah Business Consulting joined the HLB global network of accounting firms and currently operates as HLB Grenada. Mr. Hyacinth Jeremiah is a Certified Chartered Accountant (ACCA), Certified Internal Auditor (CIA), Certified Fraud Examiner (CFE) and Forensic CPA. In addition, he holds an MSc. Degree in Finance.

Technical and Administrative Manager to the FROC



Mrs. Tracey Victor

Mrs. Tracy Victor is a Business and Operations Consulting Specialist with more than 18 years of experience at senior and middle management levels in planning and executing initiatives with national, international and inter-governmental organisations. Her experience spans financial planning, debt management and organizational development. Mrs. Victor has managed and/or supported the design, implementation and review of organizational projects and policies in the hospitality, health, banking and finance industries. In her most recent experience, she has served as the Administrative/Operative Support on the IICA- CACCI Project in Guyana and Suriname, which is focused on strengthening national technical and institutional capacity in building climate resilience in the agriculture sector.

Mrs. Victor is the holder of a BSc in Business Administration and postgraduate training in Financial Planning, Financial Services and Project Management with certifications as a Tax Planner and Mortgage Agent.

Technical Support



Dr. Juliet A. Melville

Dr. Juliet Melville is a development practitioner with over 15 years of experience at the Caribbean Development Bank where she served as Acting Director of Economics, Chief Country Economist and Chief Research Economist. She has considerable experience working with regional countries, including Grenada, and with international and regional institutions in the design and implementation of projects and programmes to support economic governance, public debt management, financial sector strengthening and poverty reduction. Her most recent research interest includes public debt restructuring and property tax regimes. Dr. Melville was also a lecturer in the Economics Department, UWI, St. Augustine. She holds a BSc. and MSc. in Economics from UWI and a Ph.D. in Economics from the University of Kent. Dr. Melville provided technical support for the production of the 2024 FROC Annual Report and the 2024 FROC Annual Report At A Glance.

KEY TERMS

Key Term	Explanation
Capital Expenditure	Non-recurrent expenditure on goods, works and services carried out by Central Government which is aimed at accumulating new physical assets with usable value for more than one fiscal year.
Central Government	Every branch, ministry, department, agency of the Government and includes all special funds established and maintained by the Government under the Consolidated Fund.
Contingent Liabilities	Financial obligations which arise by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Central Government, and includes debt guarantees, demand or price guarantees, and termination clauses or other default provisions that could imply a transfer of liabilities to Central Government, including financial obligations arising as a result of or in connection with public-private partnerships, but excludes letters of comfort.
Current Account Balance	Total recurrent or current revenue less Total recurrent or current expenditure.
Debt Target	The debt to GDP ratio specified as the prudent level of debt in the fiscal legislation. Debt for this purpose includes (a) the Central Government debt, i.e., the total stock of public sector debt from domestic or external sources for any purpose, including the sums guaranteed by the Government including contingent liabilities assumed by the Government, but excluding contingent liabilities of public-private partnerships; (b) the debt and contingent liabilities of statutory bodies and state-owned enterprises; and (c) debt related expenses.
Disbursements	The transfer of financial resources to the Government from its creditors.
Expenditures	Expenditures of the Central Government and covered public entities and includes interest and non-interest spending, current expenditure, and capital expenditure.
Explicit Contingent Liabilities	Any legal obligations for Central Government to make payments only if particular events occur.
Fiscal Balance	The total receipts/inflows of Central Government (excluding debt receipts and unspent grants) less total outflows/disbursements (excluding repayment of debt) during the financial year.
Fiscal Risk	The possibility that actual fiscal outcomes will deviate from the fiscal outcomes expected at the time of the presentation of the annual estimates of revenue and expenditure
Fiscal Target	A specified quantitative limit against which a particular fiscal variable is measured and monitored.
Grants	Financial resources received by the Government, for which no goods were sold or services rendered, and no repayment is required.

KEY TERMS (CONTINUED)

Gross Domestic Product	The total value of goods and services produced within a country during a specified period of time, normally one year.
Gross Value Added	The value of output less the value of intermediate inputs for each sector.
Medium-Term	A period not exceeding five fiscal years.
Nominal GDP	Gross Domestic Product measured at current prices.
Primary Balance	The overall fiscal balance before interest expense.
Primary Expenditure	The total expenditure less interest payment on debt in a fiscal year.
Public Debt	All direct liabilities of Central Government, Statutory Bodies and State-Owned Enterprises, including advances, arrears, compensation claims, finance leases, Government securities, loans, overdrafts, promissory notes, and supplier's credit agreements and contingent liabilities, including explicit contingent liabilities arising as a result of or in connection with public-private partnerships;
Public Sector	Includes the Central Government, statutory bodies and state-owned enterprises.
Real GDP	Level of gross domestic product adjusted for price changes relative to a given year referred to as the base year.
Real GDP Growth Rate	Rate of change of real GDP on an annual basis.
Recurrent or Current Expenditure	Expenditures that are not capital expenditures, and includes normal overhead and administrative expenses, purchases of non-capital goods, personnel costs including salaries, emoluments and other benefits of Central Government's current and past employees, maintenance expenditure, subsidies, interest payments, and transfers to Statutory Bodies and State-Owned Enterprises.
Recurrent or Current Revenue	The sum of revenues from taxes (taxes on income and profits, property, domestic transactions and international transactions) and non-tax revenue (profits and dividends, interest and rents, fees and fines, sales from government departments and other miscellaneous receipts by the Central Government).
Revenue	All taxes, tolls, imposts, levies, rates, duties, fees, penalties, royalties, surcharges, forfeitures, rents and dues, proceeds of sale, interest earned, and all other receipts of Central Government from whatever sources arising.
Wage Bill	Total sum of payments made in respect of employees of the Central Government, including personal emoluments, wage allowances, and social contributions.

