



INTERNATIONAL MONETARY FUND



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### **IMF Executive Board Completes Fifth Review Under the Extended Credit Facility Arrangement for Grenada and Approves US\$2.9 Million Disbursement**

The Executive Board of the International Monetary Fund (IMF) today completed the Fifth Review of Grenada's economic performance under a program supported by a three-year arrangement under the Extended Credit Facility (ECF). The completion of the Review enables the disbursement of the equivalent of SDR 2 million (about US\$2.9 million), bringing total resources made available to Grenada under the arrangement to the equivalent of SDR 12.04 million (about US\$17.5 million). The ECF arrangement in the amount equivalent to SDR 14.04 million (then about 120 percent of Grenada's quota at the IMF) was approved by the Executive Board on June 26, 2014 (see [Press Release No. 14/310](#)). The Board's decision on the fifth review was taken on a lapse of time basis.<sup>1</sup>

The government met all performance criteria for end-June 2016 and most structural benchmarks for the Fifth Review. The government made further progress restructuring public debt. Grenada's debt-to-GDP ratio declined to 84.3 percent at end-June from 107 percent in 2013. Together with Grenada's strengthened fiscal framework, including the Fiscal Responsibility Act, Public Debt Management Act, and Public Finance Management Act, the prospects for debt sustainability and durable growth are improving. Real GDP growth (at market prices) is projected to moderate to about 3.0 percent in 2016 and 2017, reflecting strong construction activity and steady external demand for Grenada's tourism services.

Management of the public sector wage bill is a priority reform in the near term and the government continues to focus on strengthening the financial system to ensure stability and help it contribute more effectively to promoting private sector investment and growth. The government is also focusing efforts on programs to improve the quality of labor supply and the business environment to lower unemployment and encourage broad based growth.

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<sup>1</sup> The Executive Board takes decisions without a meeting when it is agreed by the Board that a proposal can be considered without convening formal discussions.

<b>Grenada: Selected Economic and Financial Indicators</b>							
	2012	2013	2014	2015	2016	2017	2018
	Proj.						
	(Annual percentage change, unless otherwise specified)						
<b>National income and prices</b>							
GDP at constant prices	-1.2	2.4	7.3	6.2	3.1	2.7	2.7
GDP deflator	3.9	2.9	0.8	1.6	1.5	3.2	2.3
Consumer prices, end of period	1.8	-1.2	-0.6	1.0	2.1	2.6	2.0
<b>Exchange rate</b>							
Real effective exchange rate (annual average, depreciation)	-1.0	-1.9	-0.3	0.3	...	...	...
<b>Money and credit, end of period</b>							
Credit to private sector	0.2	-5.7	-5.1	-3.8	3.3	3.5	5.1
Broad money (M2)	0.7	4.1	4.1	5.2	4.7	6.0	5.1
Lending rate (in percent)	9.2	9.1	9.0	8.7	...	...	...
Deposit rate (in percent)	2.7	2.5	2.2	1.6	...	...	...
	(In percent of GDP, unless otherwise specified)						
<b>Central Government</b>							
Revenue	20.8	20.9	24.5	24.8	25.1	24.6	24.5
Expenditure	26.7	28.1	29.2	26.0	23.5	23.3	22.7
o.w. capital expenditure	5.0	7.1	9.2	8.4	3.4	3.3	3.8
Primary balance 1/	-2.5	-3.9	-1.1	2.2	4.8	4.1	4.0
<b>Overall balance</b>	-5.9	-7.3	-4.7	-1.2	1.6	1.3	1.8
<b>Public debt (incl. guaranteed) 2/</b>	103.3	108.1	101.8	91.7	84.3	72.9	67.2
Domestic	35.8	37.3	34.1	29.1	24.4	21.0	19.8
External	67.6	70.8	67.7	62.6	59.9	51.9	47.4
<b>Savings-Investment balance</b>	-21.1	-23.2	-16.5	-16.5	-14.5	-15.2	-15.7
Savings	-4.7	-3.2	1.8	1.4	-3.1	-3.7	-3.6
Investment	16.3	20.0	18.3	18.0	11.4	11.6	12.1
<b>External sector</b>							
Gross international reserves (millions of dollars)	104.0	135.4	158.3	188.5	191.4	194.1	203.3
GIR (in months of imports)	2.9	4.1	4.6	5.4	5.0	4.7	4.6
Current account balance, o/w:	-21.1	-23.2	-16.5	-16.5	-14.5	-15.2	-15.7
Exports of goods and services	28.9	28.5	28.0	27.2	28.2	27.8	27.9
Imports of goods and services	49.5	50.4	43.6	42.0	40.7	41.9	42.9
External debt (gross)	141.0	144.7	144.8	137.1	132.8	122.5	116.8
Sources: Ministry of Finance; Eastern Caribbean Central Bank; and IMF staff projections. World Bank WDI 2007; and Fund staff estimates and projections. 1/ Includes 0.7 percent of GDP CBI-related non-tax revenue in 2015. 2/ Includes the impact of the debt restructuring agreements that have already been reached.							