



GOVERNMENT OF GRENADA

PROSPECTUS FOR GOVERNMENT SECURITIES

FOR THE PERIOD

DECEMBER 2020 – DECEMBER 2021

EC\$60 MILLION 91-DAY TREASURY BILLS

EC\$45 MILLION 365-DAY TREASURY BILLS

MINISTRY OF FINANCE
FINANCIAL COMPLEX
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DATE OF PROSPECTUS: DECEMBER 2020

Grenada Carriacou and Petite Martinique



ABOUT THE STATE OF GRENADA

The State of Grenada consists of three islands; Grenada, Carriacou and Petit Martinique situated between the Caribbean Sea and the Atlantic Ocean, 12.7 degrees north latitude and 61.4 degrees west longitude. The Grenada Constitutional Order of 1973, which established the Constitution of Grenada, granted Grenada independence from the United Kingdom on 07 February 1974. A Governor-General (Grenada's Head of State), is appointed by and represents the British Monarch and a Prime Minister is the leader of the majority party and the Head of Government. The Parliament is a bicameral legislature, consisting of an elected House of Representatives and an appointed Senate. The last general election was held in March 2018 and the New National Party (NNP), which was in power for the preceding five years contested and won 15 out of the 15 seats in the House of Assembly. Grenada's judicial system is based on the English system, including the principles and practice of English common law. Table 1 sets out selected social indicators for Grenada.

Table 1: Grenada Selected Social Development Indicators

<i>Human development rank out of 189 countries (2018)</i>	<i>78</i>
<i>Life expectancy at birth in years (2017)</i>	<i>72.4</i>
<i>Share of seats in Parliament held by women. (2018)</i>	<i>47.8 percent</i>
<i>Gross National Income (GNI) per capita (2011 PPP\$) (2017)</i>	<i>14,711.9</i>
<i>Population Estimate (2018)</i>	<i>111,959</i>
<i>Population rate of growth (per cent)(2018)</i>	<i>0.4</i>
<i>Infant mortality per 1,000 live births (2019)</i>	<i>14.7</i>
<i>Labour force participation rate (2018)</i>	<i>67.1 per cent</i>

Source: World Bank (WDI 2018), UNDP HDR 2019 and Ministry of Finance

NOTICE TO INVESTORS

The Government of Grenada is issuing this prospectus to provide information to the public. The Government accepts full responsibility for the accuracy of the information given and confirms having made all reasonable inquiries to ensure the accuracy of this. To the best of its knowledge and belief, there are no other facts, the omission of which would make any statement in this Prospectus misleading.

The Prospectus has been drawn up as per the rules of the Regional Government Securities Market. The Regional Debt Coordinating Committee and Eastern Caribbean Central Bank accept no responsibility for the content of this Prospectus, make no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss whatsoever arising from or reliance upon the whole or any part of the contents of this Prospectus.

This Prospectus and its content are issued to cover the series of Government securities to be issued over the period December 2020 to December 2021. If in need of financial or investment advice, please consult a person licensed under the Securities Act or any other duly qualified person who specializes in advising on the acquisition of Government instruments or other securities.

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1. ABSTRACT

During the period December 2020 to December 2021, the Government of Grenada is seeking to issue the following Government securities on the Regional Governments Securities Market to refinance its existing Treasury bills and notes currently on the market as follows:

91 Day Treasury bills

- Fifteen million (EC\$15.0M) in 91-day Treasury bills on December 31, 2020.
- Fifteen million (EC\$15.0M) in 91-day Treasury bills on April 06, 2021.
- Fifteen million (EC\$15.0M) in 91-day Treasury bills on July 08, 2021.
- Fifteen million (EC\$15.0M) in 91-day Treasury bills on October 11, 2021.

The maximum coupon rate of the new bills being 3.5 percent per annum.

365 Day Treasury Bills

- Twenty-five million (EC\$25.0M) in 365-day Treasury bills on July 29, 2021.
- Ten million (EC\$10.0M) in 365-day Treasury bills on October 21, 2021.
- Ten million (EC\$10.0M) in 365-day Treasury bills on December 09, 2020.

The maximum coupon rate of the new bills being 5 percent per annum.

In this Prospectus, references to “Grenada” are to the State of Grenada and references to the “Government” are to the Government of Grenada. The Treasury bill issues are being raised under the authority of the Public Debt Management Act 2015, Part 3 Section 13, Laws of Grenada. The Constitution of Grenada stipulates that Principal and Interest payments are direct charges on the Consolidated Fund.

All Government of Grenada treasury bills will be opened for bidding at 9:00 a.m. and close at 12:00 noon on the respective auction dates.

A competitive uniform price auction will be used.

2. INFORMATION ABOUT THE 2020-2021 SECURITY ISSUANCE

Table 2: Securities Details

SYMBOL	AUCTION DATES	ISSUE/SETTLEMENT DATE	MATURITY DATE	ISSUE AMT. EC\$M	OVER SUBSCRIPTION AMT. ALLOWED EC\$M	TENOR	INTEREST RATE CEILING %
GDB050421	31-Dec-20	04-Jan-21	05-Apr-21	15	5	91 Days	3.5%
GDB070721	06-Apr-21	07-Apr-21	07-Jul-21	15	5	91 Days	3.5%
GDB081021	08-Jul-21	09-Jul-21	08-Oct-21	15	5	91 Days	3.5%
GDB300722	29-Jul-21	30-Jul-21	30-Jul-22	25	5	365 Days	5%
GDB110122	11-Oct-21	12-Oct-21	11-Jan-22	15	5	91 Days	3.5%
GDB221022	21-Oct-21	22-Oct-21	22-Oct-22	10	5	365 Days	5%
GDB101222	09-Dec-21	10-Dec-21	10-Dec-22	10	5	365 Days	5%

ALL ISSUES ON THE MARKET ARE IN EC DOLLARS

SUBJECT TO REVISION BASED ON FINANCING METHOD EMPLOYED

3. GENERAL INFORMATION

Issuer:	Government of Grenada
Address:	Ministry of Finance Financial Complex Carenage St. George's Grenada
Email:	financegrenada@financegrenada.com
Telephone No.:	473-440-2731 / 440-2928
Facsimile No.:	473-440-4115
Contact Persons:	Honourable Gregory Bowen, Minister for Finance finance@gov.gd Mr. Mike Sylvester, Permanent Secretary Ag. psfinancegrenada@gmail.com Mrs. Isha Abraham, Deputy Permanent Secretary Ag. psfinancegrenada@gmail.com Mr. Philbert Charles, Accountant General philbertcharles@gov.gd Mr. Kerry Pierre, Head Debt Management Unit kerrypierre@gmail.com ; kerrypierre@dmu.gov.gd
Date of Issue:	December 2020 – December 2021
Type of Security:	Treasury bills
Amount of Issue:	EC\$105 million
Purpose Security Issue:	The Treasury bills are being issued as part of the Government's Debt Management Strategy to lower the cost of Government's borrowing by reducing reliance on the overdraft facility.
Legislative Authority:	Public Debt Management Act 2015, Part 3 Section 13, Laws of Grenada.
Bidding Period:	9:00 am to 12:00 noon on auction days

Method of Issue:	The price of the issue will be determined by a Competitive Uniform Price Auction with open bidding.
Listing:	The Treasury Bills will be issued on the Regional Government Securities Market (RGSM) and traded on the Secondary Market trading platform of the Eastern Caribbean Securities Exchange (ECSE).
Placement of Bids:	Investors will participate in the auction through the services of licensed intermediaries who are members of the Eastern Caribbean Securities Exchange.
Maximum Bid Price:	\$95.00 (5.0 per cent).
Minimum Bid:	EC\$5,000
Bid Multiplier:	EC\$1,000
Bids per Investor:	Each investor is allowed one (1) bid with the option of increasing the amount being tendered for until the close of the bidding period.
Taxation:	Yields will not be subject to any tax, duty or levy by the Participating Governments of the Eastern Caribbean Currency Union (ECCU). The countries are Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, Saint Lucia, St. Kitts and Nevis and St. Vincent and the Grenadines.
Licensed Intermediaries:	<p>Investors will participate in the auction through the services of licensed intermediaries that are members of the Eastern Caribbean Securities Exchange.</p> <ul style="list-style-type: none"> • Bank of Nevis Limited • Bank of Saint. Lucia Ltd. • Bank of St Vincent and the Grenadines Ltd. • St. Kitts Nevis Anguilla National Bank Limited • First Citizens Investment Services Ltd. (Saint Lucia) • Grenada Co-operative Bank Ltd.
Currency:	All currency references will be the Eastern Caribbean dollar unless otherwise stated.

4. EXECUTIVE SUMMARY

Preliminary data for the first half of 2020 reflect signs of the economic downturn due to the impact of the COVID-19 pandemic on the local economy. Inflation for the period is negative largely due to a fall in oil prices globally. Public finances are anticipated to be weakened, based on the outturns for the first half of the year, given the onset of the COVID-19 pandemic. Primary and Overall balances are provisionally estimated at \$82.2 million (2.9 percent of projected GDP) and \$(26.6) million (0.9 percent of projected GDP) respectively.

Public debt to GDP ratio has progressively declined from 106.1 percent in 2014 to 57.7 percent at the end of 2019. Central Government's debt stock is estimated to uptick this year relative to last year reflective of the adverse effects of the COVID-19 crises. The debt path is projected to return to a downtrend next year as the economy returns to growth. Despite the COVID-19 pandemic, the Financial and Monetary sectors continue to strengthen, and the trade deficit is projected to widen at end of 2020 due to restrictions emanating from the viral outbreak. The rate of recovery is hinged on developments relating to the pandemic with economic conditions expected to improve gradually over the medium term with real GDP growth averaging 4.5 percent.

The Debt Management Unit (DMU), which resides in the Ministry of Finance, has responsibility for the management of Central Government's public debt to enable greater efficiencies and reduce the cost of debt servicing. The DMU is also responsible for developing and publishing the Medium-Term Debt Strategy (MTDS) that provides the Government with a plan to achieve the desired debt portfolio consistent with its debt management objectives.

5. FINANCIAL ADMINISTRATION & MANAGEMENT

The Public Finance Management Act 17 was enacted in 2015. In June of that same year, the Public Debt Management Act was passed by Parliament, as well as a Fiscal Responsibility Act which sets the public debt target at 55% of GDP.

The 2015 Public Debt Management Act which was enacted in August 2016 outlines in some detail the functions and deliverables of the DMU, which reports, through the Minister of Finance, to the Parliament and people of Grenada. The Act also puts into law requirements such as the preparation and implementation of a Medium-Term Debt Strategy, Debt Sustainability Analysis and Annual Borrowing Plans. Further, it constitutes the Public Debt Coordinating Committee, which is a technical committee that monitors the cash flow and assists with the planning and execution of debt payments and debt contraction decisions.

5.1 Debt Management Objectives

Part I Section (4) of the 2015 Public Debt Management Act outlines Grenada's debt management objectives as follows;

- (a) ensuring that the financing needs of the Government are met on a timely basis and that its debt service obligations are met at the lowest cost over the medium-to-long term, in a manner that is consistent with an acceptable and prudent degree of risk;
- (b) providing a framework for the management of public debt in a manner that achieves and maintains sustainable debt; and
- (c) ensuring that public debt management operations support the establishment of a well-developed domestic debt market in the medium to long term.

As part of its mandate, the DMU is therefore committed to continue striving towards actively managing Grenada's debt portfolio by adopting debt management objectives principally aimed at reducing public debt to its Fiscal Responsibility Legislation (FRL)

target and keeping it on a sustainable path over the medium to long term. This objective is to be met by:

- ❖ Reducing the cost of debt servicing by borrowing primarily on concessional terms;
- ❖ Reorganizing the structure of the debt portfolio to increase efficiency, avoid bunching and ensure effective utilization of the proceeds;
- ❖ Supporting the development of the Regional Government Securities Market; and
- ❖ Managing the risk and financial cost associated with borrowing choices by refinancing higher-cost debt and in so doing, adjusting the maturity profile of the portfolio, which will ultimately lead to lower debt service costs.

5.2 Risk Management Framework

The Government, to minimize its risk, has adopted an integrated approach to the management of Government finances and debt management. Some of these measures include:

- ❖ The requirement for Parliament to approve new debt contracted by Government except for Treasury Bills;
- ❖ The legal authority for borrowing in any one year is the loan authorization Bill for that year;
- ❖ The legal authority for the issuance of Treasury Bills is the Public Debt Management Act 2015, Part 3 Section 13, Laws of Grenada;
- ❖ The 2015 Public Finance Management Act and the 2015 Financial Responsibility Legislation, which authorize only the Minister of Finance to contract debt on the country's behalf and sets a public debt to GDP target;
- ❖ In-house monitoring of macroeconomic variables, debt sustainability indicators as well as evaluating new loan contracts;
- ❖ An ex-ante analysis of new public debt by the DMU in the Ministry of Finance

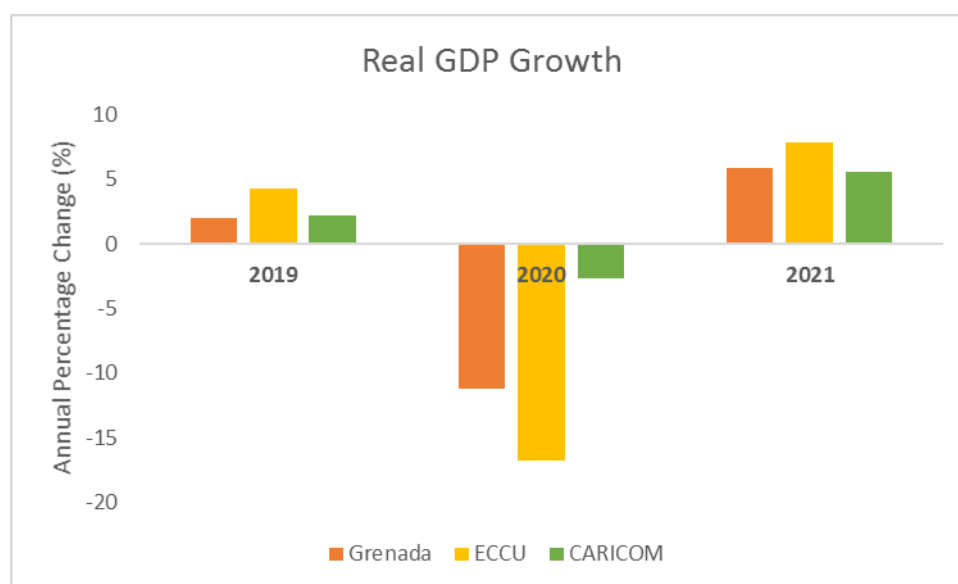
6. MACRO-ECONOMIC PERFORMANCE

Appendix II is a six-year (2015-2020) trend analysis of selected macroeconomic indicators.

6.1 Regional Developments

Average GDP growth in the independent countries of CARICOM reflects the impact of the coronavirus pandemic on those economies. Growth fell from an average of 2.2 percent in 2019 to -2.7 in 2020. Strong growth in Guyana, estimated to average 52.8 percent in 2020, associated with the commencement of oil production, is the largest contributor to the regional average, despite the effects of COVID-19. In the ECCU, growth is estimated to average -16.8 percent after experiencing growth of 4.3 percent in 2019. In 2020, the starkest declines in real GDP are projected for more tourism-dependent economies such as Anguilla, Antigua and Barbuda and St. Lucia (Figure 1).

Figure 1: Real GDP Growth Rates - Regional



Source: IMF's World Economic Outlook, April 2020

Risks to the regional growth outlook are on the downside. With COVID-19 changing the nature of travel globally, new challenges arise for the more tourism-dependent nations

which must balance economic benefits and health risks associated with reopening borders to visitors. Additionally, the region is still vulnerable to increased risks associated with natural disasters and other weather-related events due to climate change.

6.2 Performance of the Domestic Economy

Preliminary data for the first half of 2020 highlights the negative impact of the COVID-19 pandemic on the local economy. Despite being relatively diverse, most sectors of the economy recorded reduced activity from January to June compared to the same period in 2019. After seven consecutive years of growth averaging 4.4 percent, the economy is projected to register a double-digit decline of 12.2 percent in 2020, with notable declines in Tourism, Transport, Wholesale and Retail Trade, and Manufacturing. Prices fell an average of 0.6 percent during the first half of 2020 and inflation is projected to be -1.0 percent for the year, reflecting the steep decline in fuel prices due to the pandemic.

Agriculture & Fishing

Data for the first six months of 2020¹ shows varying levels of decline among crop categories in the agriculture sector. After reduced production of 7.3 percent in 2019, preliminary estimates indicate agriculture production will again fall in 2020 by 13.1 percent. The volume of nutmegs harvested fell by 11.8 percent relative to the corresponding period of 2019 while mace production decreased by 14.7 percent. These decreases are consistent with the reduced harvesting effort as a result of restricted movement imposed for a period due to COVID-19. No nutmegs or mace are recorded as being harvested in April when lockdown measures were in place. Exports of nutmeg and mace for the first half of 2020 were 47.3 and 28.2 percent less than the same period in 2019 respectively. With similar harvesting challenges being faced by farmers, cocoa production for the period January to June 2020 declined by 16.5 percent relative to the corresponding

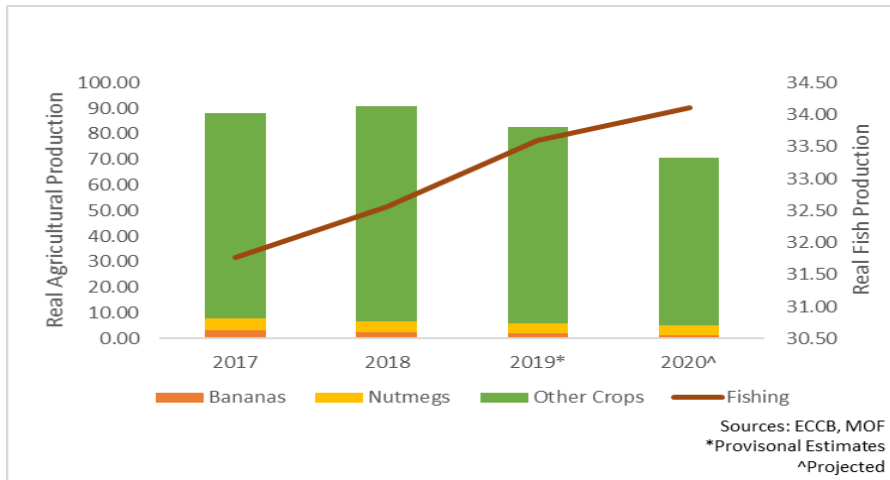
¹ Latest period for which data is available.

period in 2019. Additionally, cocoa production was affected by border closures to air traffic and cruise ships. Since a fair quantity of cocoa is processed into chocolate on the island for purchase by tourists and locals alike, reduced demand for chocolate and reduced business operating hours in the second quarter also negatively affected cocoa production. Sales on the international market also fell by 40.5 percent in the first six months of 2020 compared to the same period in 2019 though prices remained fairly stable in the period under review.

From January to June 2020², the quantity of Marketing and National Importing Board's (MNIB) purchases of "other crops" fell by 16.0 percent compared to the corresponding period in 2019. MNIB's purchases of other crops are the main indicator of the production of fresh fruits, vegetables, and root crops. However, it should be noted that an increased number of farmers and farmers' co-operatives also market their produce independently, which affects the correlation between MNIB's purchases and production in the "other crops" sub-sector. The temporary closure of hotels, restaurants, and the SGU campus affected demand for these crops during the period under review, which resulted in farmers exploring various options for marketing their produce locally. However, reduced demand affected supply and farmers adjusted cultivation to match the prevailing demand.

² Latest period for which data is available

Figure 2: Production in Agriculture and Fishing



Source: Ministry of Finance

After recording growth of 3.2 percent in 2019, preliminary data indicates that for the first quarter of 2020³, fish production rose by 1.5 percent compared to the same period in 2019. The shut-down implemented in the United States as a response to COVID-19 reduced the external demand for fish to almost zero for a while. As the U.S. is our main export market for fish, these events created a glut of fish on the local market, which caused prices to fall by as much as 50.0 percent. Despite the price challenges, and the temporary interruption of fishing activities due to local restrictions on movement, fish supply on the island remains consistent while external demand is steadily recovering. However, more stringent quality standards being utilized in the U.S. could frustrate efforts to bring exports back to pre-COVID levels.

³ Latest period for which data is estimated.

Tourism

The tourism sector is the sector most affected by the coronavirus pandemic to date. Stay over arrivals plummeted 54.8 percent for the first 6 months of 2020 compared to the same

Table 3: Visitor Arrivals

	2019	2020	% Change
	Jan-Jun	Jan-Jun	
United States	37,112	17,086	-54.0
Europe	4,866	2,826	-41.9
United Kingdom	13,882	6,857	-50.6
Canada	10,226	4,210	-58.8
Caribbean	13,819	5,060	-63.4
Other	2,494	1,234	-50.5
Stay-Over Arrivals	82,399	37,273	-54.8
Cruise Passengers	223,051	162,517	-27.1

period in the previous year (Table 3).

Before March 2020, stayover arrivals were up 2.1 percent and hotels reported increased activity at their respective establishments compared to the same period in 2019. However, travel restrictions imposed from March 2020 as a

Source: Grenada Tourism Authority

response to COVID-19 brought activity in the sector to a virtual halt. Hotels reported mass cancellations of bookings and existing guests left the island before the closure of the Airport to commercial traffic. With no tourist traffic entering Grenada since the end of March 2020, most hotels on the island shut their doors and temporarily sent their staff home as they tried to navigate through this crisis. The Government has provided support to the sector in the form of payroll assistance which should allow the hotels to retain most of their staff until activity restarts in the sector. Additionally, some properties and other tourism-related businesses have implemented special products catered to locals to generate additional revenue during this time.

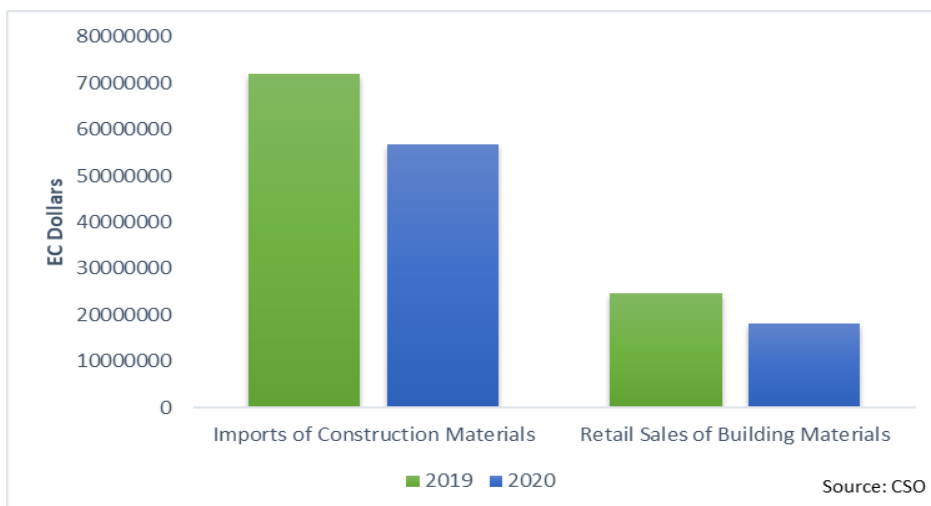
Construction

Construction-related imports is the main indicator used for activity in the Construction sector. Preliminary data indicates a 21.2 percent decline in the value of imports of construction materials for the first six months of 2020 compared to the same period in

2019. Furthermore, there was a similar decline in the secondary indicator, retail sales of building materials, of 26.2 percent during the same period (Figure 3). It is important to

note that imports of construction material increased 8.0 percent in the first quarter, before the effects of COVID-19 being experienced locally. COVID-19 restrictions put in place from March to May 2020 froze all construction activity for several weeks and resulted in a loss of productivity in the sector. Construction has since resumed under new COVID-19 protocols to ensure the safety of workers on the job as far as possible.

Figure 3: Construction Indicators



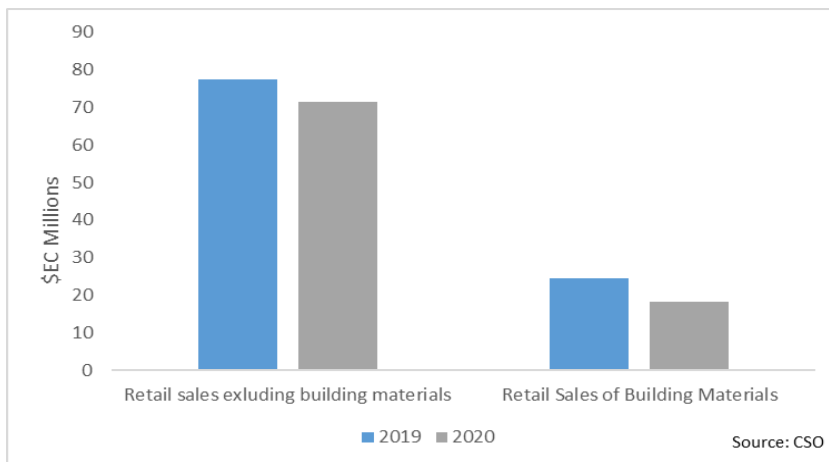
Major private sector projects are still ongoing, including the Kawana Bay Resort and Six Senses Resort. Additionally, public sector projects continue, including low-income housing projects in several parishes and the Gouyave Health Centre.

Wholesale and Retail Trade

Preliminary data for the Wholesale and Retail Trade sector indicates a decline of 12.2 percent in January to June 2020 compared to the same period in 2019. Retail sales of

building material fell 26.2 percent and there was a 7.7 percent drop in retail sales excluding building materials (Figure 4). It should be noted that before the effects of the pandemic, retail sales excluding building materials were 12.9 percent higher than the same period in 2019. The sector recorded double-digit growth numbers in January and February 2020, which was a good start to the year. With the impact of COVID-19 being felt from March 2020, the sector was still able to record growth due to panic buying and persons stocking up on food during the mandatory lockdown. Though the grocery aspect of wholesale and retail trade continued during the pandemic, the sector was impacted by reduced operating hours. The temporary closure of hotels and SGU, the cancellation of carnival and the overall slow-down in the economy, would reduce demand for products in the sector, including consumer durables. Though some improvement is expected in the fourth quarter during the festive season, a decline is expected in the sector for the year.

Figure 4: Retail Sales Jan -Jun 2019 vs 2020



Inflation

The consumer price index for January to June 2020 indicates a period average inflation rate of -0.6 percent compared to the same period in 2019. Local fuel prices fell 1.9 percent during the period reflective of international oil prices which plummeted in the immediate

aftermath of the global economic shutdowns. Conversely, food prices increased 1.0 percent also reflective of international pricing conditions (Figure 5).

Figure 5: Consumer Price Index

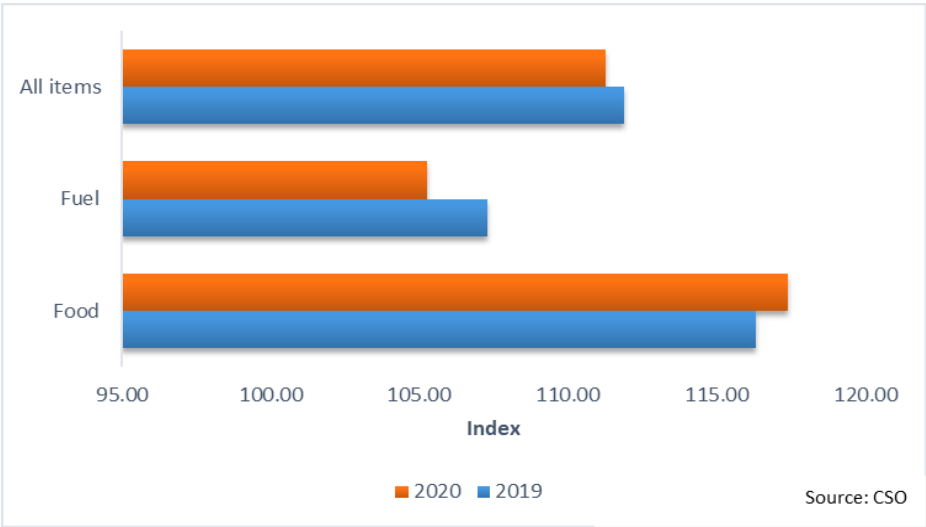
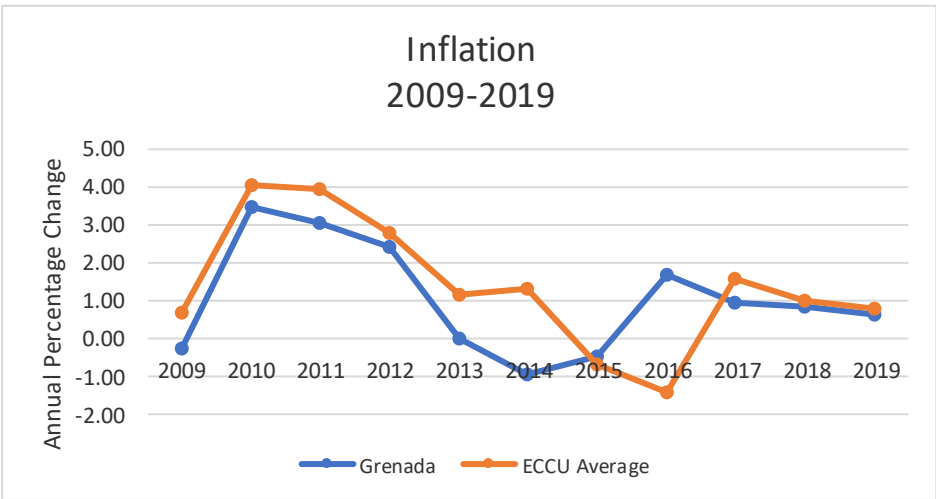


Figure 6: Inflation 2009-2019



Source: Ministry of Finance, CSO

7. GOVERNMENT FISCAL PERFORMANCE

Grenada's fiscal account continued to perform positively over the last three years, however, given the current COVID-19 pandemic, public finances have weakened in 2020. Highlights of the financial results achieved over the past three years (2017 - 2019) and the estimated 2020 performance (as at September) are summarized in Table 4.

Table 4: Fiscal Performance 2017-2020(e)

	2017	2018	2019	2020 (e)
	<i>In EC \$ millions</i>			
Total Revenue & Grants	778.1	850.2	871.5	768.8
Total Revenue	700.0	755.9	778.0	654.2
Tax Revenue	651.8	704.1	718.6	594.8
Non-Tax Revenue	48.2	51.8	59.4	59.4
Total Grants	78.1	94.3	93.5	114.6
Total Expenditure	686.5	695.3	709.2	742.2
Recurrent Expenditure	605.9	608.5	623.5	620.1
Capital Expenditure	80.6	86.8	85.7	122.1
Primary Balance (after Grants)	172.6	218.1	223.1	82.2
Overall Balance (after Grants)	91.6	154.9	162.4	26.6

e-estimated

Source: Ministry of Finance

A primary surplus (including grants) of \$82.2 million (2.9 percent of projected GDP) is estimated for 2020. The Overall Balance for 2020 is estimated at \$26.6 million (0.9 percent of projected GDP). Total Revenue and Grants for 2020 are estimated at \$768.8 million of which Total Revenue is \$654.2 million and Total Grants \$114.6 million. Given the additional spending by the Government as a result of the COVID-19 pandemic, the total expenditure for 2020 is estimated at \$742.2 million. This weakened fiscal performance relative to 2019 was mainly because of the COVID-19 pandemic.

8. PUBLIC DEBT ANALYSIS

As of the end of September 2020, the total public debt which comprised only of the Central Government's debt stood at \$1,996.0 million (71.4 percent of projected GDP). This marks an increase of 4.5 percent from the same period in 2019 when public debt was \$1,910.4

million (58.4 percent of GDP). The increase in public debt is chiefly attributable to the negative impact of the Covid-19 pandemic as GoG received disbursements from new borrowings including a disbursement from the IMF of EC\$60.2 million as part of its Rapid Credit Facility (RCF). Government's amortization and interest payments to three (3) of its bilateral creditors were suspended as well, as part of the Debt Service Suspension Initiative (DSSI).

8.1 Central Government External Debt

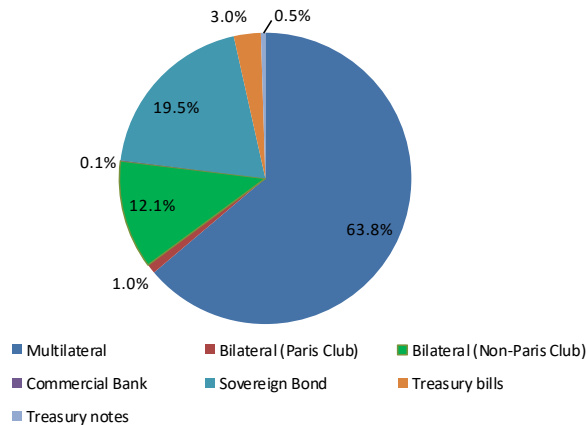
As of the end of September 2020, external debt held by Central Government stood at \$1,529.0 million or 54.7 percent of projected GDP. Compared to the same period in 2019, external debt increased by 7.2 percent.

External Debt by Creditor Type and Interest Rate Type

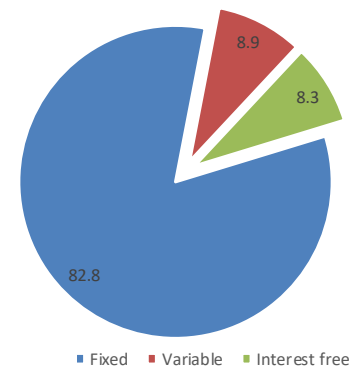
In the lender category, multilateral lenders continued to dominate the external portfolio at 63.8 percent (\$975.8 m), followed by commercial debt which accounted for 19.6 percent (\$299.6m). Non-Paris Club bilateral loans accounted for 12.1 percent (\$184.3 m), Paris Club bilateral loans for 1.0 percent (\$16.0m) and Treasury bills and Treasury notes for which investors have external residency 3.5 percent (\$53.3 m) of the external portfolio as shown in (Figure 8).

Debt contracted at fixed interest was the principal interest type of debt in the external portfolio and accounted for \$1,265.4 million (82.8 percent) at the end of September 2020. Variable interest rate and interest-free debt accounted for \$136.3 million (8.9 percent) and \$127.3 million (8.3 percent) respectively (Figure 9).

**Figure 8: External Debt by Creditor Type
as at end September 2020**



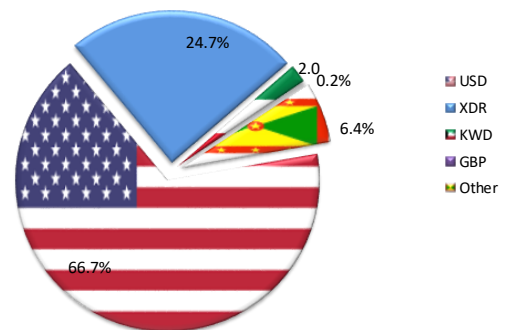
**Figure 9: Interest Type of External Debt
as at September 2020**



Currency Composition of External Debt

The dominant currency in the external portfolio is USD. Loans contracted in USD accounted for 66.7 percent (\$1,020.3 million), followed by SDRs (XDR), which accounted for 24.7 percent (\$378.3 million), Kuwaiti Dinar (KWD) accounted for 2.0 percent (\$29.3 million), Sterling (GBP) 0.2 percent (\$3.5 million), and other currencies 6.4 percent (\$97.6 million) (Figure 10).

**Figure 10: External Debt by
Currency as at September 2020**

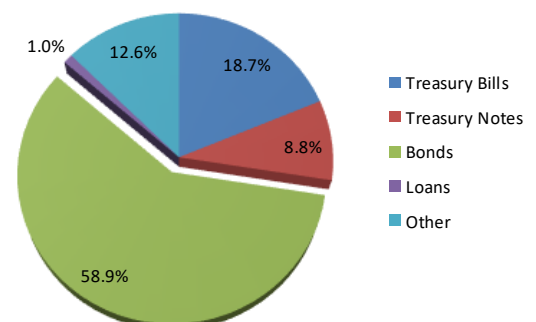


Central Government Domestic Debt

Domestic Debt by Instrument

Domestic debt as at the end of September 2020 was \$467.0 million (16.7 percent of GDP) whereas for the corresponding period in 2019, domestic debt was \$484.2 million (3.6 percent decline). As

**Figure 11: Domestic Debt by Instruments as at
September 2020**

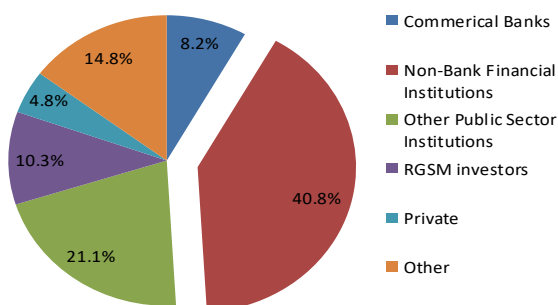


illustrated in figure 11, the majority of domestic debt is held as bonds accounting for 58.9 percent or \$275.0 million, followed by Treasury bills which amounted to 18.7 percent or \$87.4 million, T-notes amounted to 8.8 percent or \$40.9 million, loans 1.0 percent or \$4.8 million, and other domestic liabilities amounted to 12.6 percent or \$58.9 million.

Domestic Debt by Holder

Non-bank financial institutions were the majority holders of the Government of Grenada's domestic debt accounting for \$190.8 million (40.8 percent). They were followed by public sector institutions which accounted for \$98.3 million (21.1 percent) and investors on the Regional Government Securities Market which accounted for \$ 48.2 million (10.3 percent). The residual of government domestic liabilities was shared between Commercial Banks 38.4 million (8.2 percent), private individuals \$ 22.4 million (4.8 percent) and other holders accounted for \$ 69.0 million (14.8 percent) of the domestic portfolio (Figure 12).

Figure 12: Domestic Debt by Holder as at September 2020



Debt of State-Owned Enterprises

At the end of Q2 2020⁴, except for two (2) State-owned enterprises (SOEs), the total debt stock of SOEs was EC\$543.4 million (19.2% of GDP). This is inclusive of the debt obligations of Petro Caribe which is EC\$372.1 million (13.2% of GDP). All loans contracted by SOEs are long-term loans and the majority are denominated in XCD.

⁴ Q2 2020 is the latest period for which SOE debt data is available

Debt Service

Debt service from January to September of 2020 amounted to \$183.5 million, a 0.5 percent decrease compared to the same period in 2019 when debt service was \$184.5 million. External debt service was \$79.2 million (6.7 percent decline from 2019) while domestic debt service was \$104.3 million (4.7 percent increase from 2019).

Credit Rating

Since 2012 Standard & Poor's has lowered Grenada's foreign currency sovereign credit rating to "SD," or selective default, from "B-/B," and has also lowered its local currency sovereign credit ratings to "CCC+/C" from "B-/B." Grenada has not had another international credit rating since then and has not issued any new debt on the international capital market. Notwithstanding the shortfall in revenue created by the onset of the COVID-19 pandemic, the Government has continued to service its external and domestic debt obligations including the US & EC Bonds due 2030 and Treasury Bills on the Regional Governments Securities Market (RGSM) as they fall due. Existing external arrears with three bilateral creditors (Libya, Algeria, Trinidad and Tobago) means that Grenada's overall debt rating remains **"in debt distress"**. Negotiations were completed with Algeria and the Government is awaiting payment instructions from authorities whilst payments were made into an escrow account that was set up for Trinidad and Tobago.

Medium-Term Debt Strategy

Grenada's Medium-Term Debt Strategy (MTDS⁵) 2020-2021 is a plan aimed at achieving the desired debt portfolio that is consistent with debt management objectives. Government debt management, therefore, is the process of establishing and executing a strategy for managing public sector debt. Effective debt management ensures that the Government's funding needs are met with due consideration of its risk and cost objectives and any additional debt management goals such as developing and maintaining an efficient

⁵ IMF and World Bank (2009). *"Developing a Medium-Term Debt Management Strategy – Guidance Note for Country Authorities"* <http://www.imf.org/external/np/pp/eng/2009/030309a.pdf>.

market for Government securities. The MTDS 2020-2022 is expected to bring into effect these objectives.

Cost and Risk Indicators of the Existing Portfolio

With regards to the risks of the existing portfolio, the interest rate is subject to moderate risk with an Average Time to Re-Fixing of 8.6 years in which 21.2 percent of the portfolio is subject to a change in interest rates in one year. This risk resides predominantly in the domestic portfolio in which 33.7 percent of this debt is subject to re-fixing in one year due to short-term treasury bills in the portfolio. The refinancing risk profile of the portfolio has an Average Time to Maturity of 9.0 years which slightly exceeds the set target of greater than 8 years (Table 5). The current portfolio is moderately subjected to foreign exchange risk as most of the foreign currency debt is denominated in USD to which the EC dollar is currently pegged.

Table 5 Cost and Risk Indicator of Central Government Debt Portfolio as at end 2019⁶

		Foreign Currency Debt	Domestic Currency Debt	Total Debt
Risk Indicators				
Amount (in millions of XCD)		1,271.0	568.9	1,840.0
Amount (in millions of USD)		470.7	210.7	681.5
⁷ Central Government Debt as % GDP		39.3	17.6	56.9
PV as % of GDP		32.3	17.6	49.9
Cost of debt	Interest payment as % GDP	1.2	0.6	1.8
	Weighted Av. IR (%)	3.2	3.3	3.2
Refinancing risk	ATM (years)	10.1	6.5	9.0
	Debt maturing in 1yr (% of total)	6.5	33.7	14.9
	Debt maturing in 1yr (% of GDP)	2.6	5.9	8.5
Interest rate risk	ATR (years)	9.5	6.5	8.6
	Debt re-fixing in 1yr (% of total)	15.7	33.7	21.2
	Fixed rate debt (% of total)	89.8	100.0	92.9
FX risk	FX debt (% of total debt)			69.1
	ST FX debt (% of reserves)			15.3

Source: Ministry of Finance

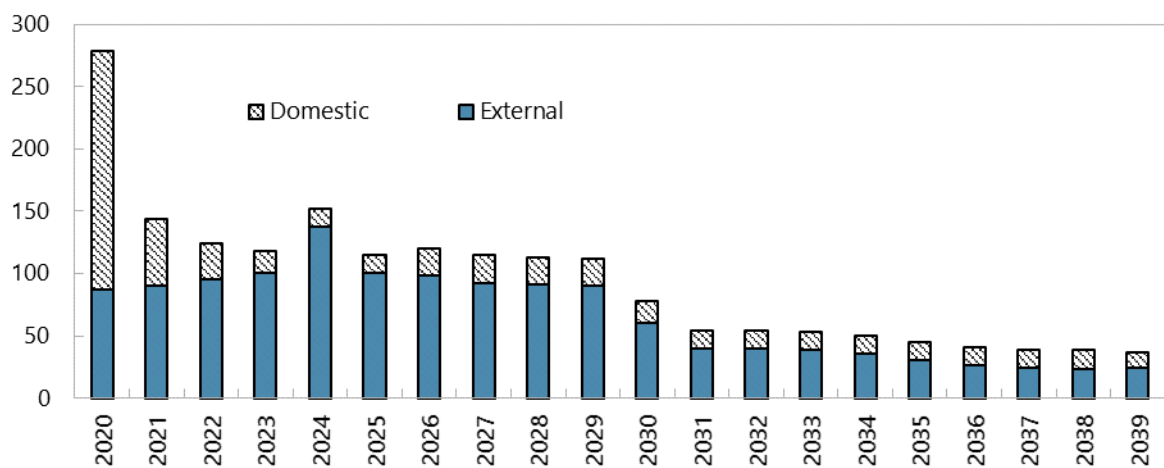
⁶ Adopted from Government of Grenada Medium-Term Debt Management Strategy 2020-2022.

⁷ The scope of debt utilized for the MTDS analysis represents Central Government debt. Government Guaranteed debt of public entities was not used in this analysis.

Redemption Profile

The redemption profile depicts the amortization of outstanding debt and it reflects the risks inherent in the structure of the existing debt portfolio. A high portion of domestic debt is due within one year for redemption. This is affected by short term debt maturing within one year. Also, Government has signalled its intention to settle a portion of outstanding claims in 2020. External debt has a relatively smooth redemption profile and a longer maturity period. It is characterised by concessional loans from multilateral and bilateral creditors. Debt service is delayed until 2024 with selected creditors to conclude negotiations on outstanding liabilities, hence the spike in the debt amortization in that year.

Figure 13 Grenada Redemption Profile as at end December 2019 (EC\$M)



Source: Ministry of Finance

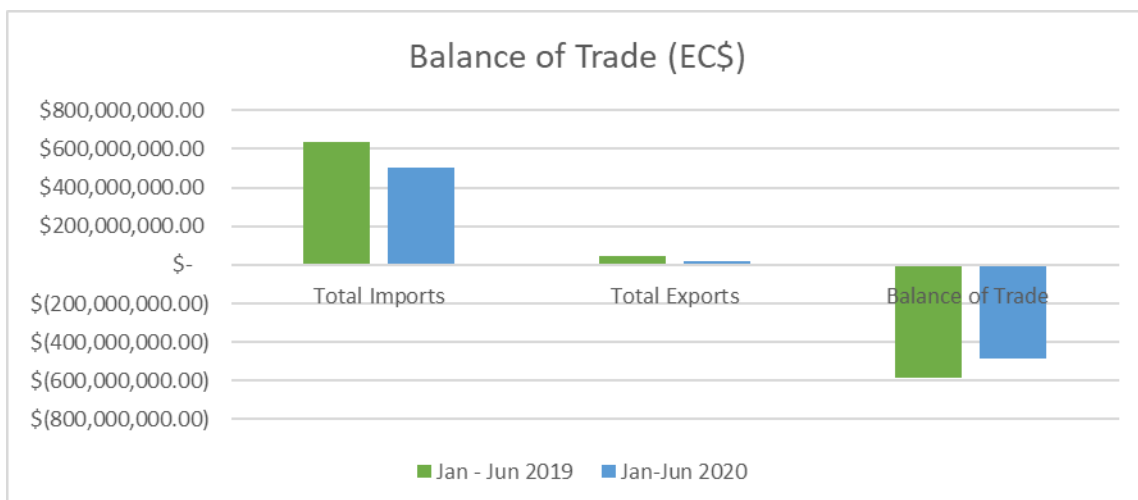
Selected Strategy

The selected strategy for 2020-2022 targets external concessional financing, domestic market development and the extension of the maturity of the domestic portfolio by gradually introducing longer-dated securities. Consistent with this Strategy, identified financing is restricted to securities denominated in domestic currency and concessional funds secured from external creditors as well as the drawdown of committed undisbursed funds from multilateral/ bilateral organizations that are primarily denominated in USD.

The strategy assumes that the financing gap will be filled by assigning 44.8 percent of financing from multilateral and bilateral partners over the medium term while 55.2 per cent will be apportioned to domestic financing mainly through the RGSM. Various stress scenarios including interest and exchange rate shocks of moderate and extreme degrees were applied to the strategy during analysis. This strategy represented the most feasible strategy for financing Government needs whilst adhering to the debt management targets and objectives as outlined in the Public Debt Management Act 2015.

9. EXTERNAL ACCOUNT

Figure 14: Balance of Trade Jan-Mar (2019 vs 2020)



Source: ECCB and Ministry of Finance

A comparison of the data for the first half of 2020 (the latest period for which data is available), shows some disparities when compared to the first half of 2019. Total imports, for example, decreased by -20.2 percent in the first half of 2020, decreasing from a value of \$634.0 million to \$506.0 million (Figure14). The value of total exports decreased from \$47.4 million at the end of June 2019 to \$21.2 million at the end of June 2020. The decrease in both imports and exports can be attributed to the COVID-19 pandemic, which affected international trade and the external sector of Grenada. The decrease in the trade balance of -17.4 percent, was influenced by a decrease in imports for the first half of 2020. The contraction in the overall trade deficit was partially moderated by lower exports. This figure is likely to continue decreasing as COVID-19 continues to affect international trade. A closer look at the category of imports for the first quarter of 2020 compared to the first quarter of 2019 revealed a significant decrease in imports. This was contributed by the declines in the importation of commodities and transactions of \$8,900 to \$3,400 or 61.8 percent, machinery & transport equipment by 11.0 percent, and chemicals and related products by 6.6 percent. Despite these decreases, there were increases in the importation of crude material, inedible, except fuels by 27.9 percent, manufactured goods classified chiefly by material by 3.4 percent, and beverage and tobacco by 2.2 percent (Table 6).

Table 6: Imports by Category (EC\$M)

CODE	SITC SECTIONS	Jan -Mar 2019	Jan - Mar 2020	Percentage Change
O	FOOD	60.6	58.9	-2.8
1	BEVERAGES & TOBACCO	8.1	8.2	2.2
2	CRUDE MATERIALS, INEDIBLE, EXCEPT FUELS	6.5	8.3	27.9
3	MINERAL FUEL, LUBRICANTS & RELATED MATERIALS	53.4	51.3	-3.8
4	ANIMALS & VEGETABLE OILS, FATS & WAXES	1.1	1.1	0.2
5	CHEMICALS & RELATED PRODUCTS, N.E.S	22.7	21.2	-6.6
6	MANUFACTURED GOODS CLASSIFIED CHIEFLY BY MATERIAL	49.7	51.4	3.4
7	MACHINERY & TRANSPORT EQUIPMENT	70.0	62.3	-11.0
8	MISCELLANEOUS MANUFACTURED ARTICLES	35.9	36.3	0.9
9	COMMODITIES & TRANSACTIONS NOT CLASSIFIED ELSEWHERE IN THE SITC	0.0	0.0	-61.8
	TOTAL	308.0	299.1	-2.9

Source: Ministry of Finance, CSO

The value of domestic exports fell by 21.0 percent, which was the major contributor to the decrease in total exports. A deeper look shows declines in the exportation of animal & vegetable oils, fats & waxes by 100.0 percent, machinery & transport equipment by 76.9 percent, and miscellaneous manufacturing articles by 75.4 percent (Table 7). The only increase in exports realized, was that of food items, which rose by 3.6 percent.

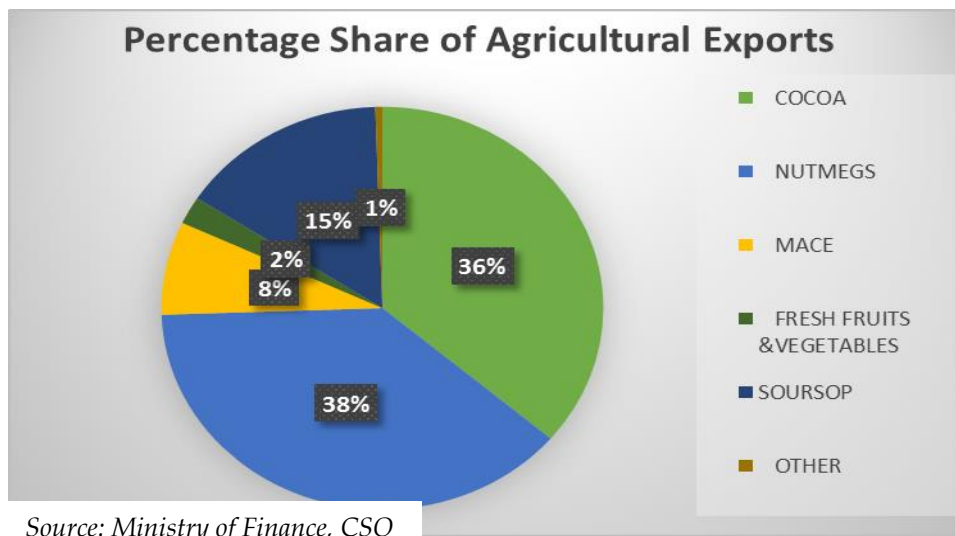
Table 7: Domestic Exports by Category (EC\$ M)

CODE	SITC SECTIONS	Jan -Mar 2019	Jan - Mar 2020	Percentage Change
O	FOOD	9.1	9.4	3.6
1	BEVERAGES & TOBACCO	3.1	2.1	-33.7
2	CRUDE MATERIALS, INEDIBLE, EXCEPT FUELS	0.4	0.1	-71.7
3	MINERAL FUEL, LUBRICANTS & RELATED MATERIALS	0.0	0.0	0.0
4	ANIMALS & VEGETABLE OILS, FATS & WAXES	0.0	0.0	-100.0
5	CHEMICALS & RELATED PRODUCTS, N.E.S	1.7	0.5	-67.2
6	MANUFACTURED GOODS CLASSIFIED CHIEFLY BY MATERIAL	1.5	1.1	-26.3
7	MACHINERY & TRANSPORT EQUIPMENT	1.0	0.2	-76.9
8	MISCELLANEOUS MANUFACTURED ARTICLES	0.5	0.1	-75.4
9	COMMODITIES & TRANSACTIONS NOT CLASSIFIED ELSEWHERE IN THE SITC	0.0	0.0	0.0
	TOTAL	17.2	13.6	-21.0

Source: Ministry of Finance, CSO

Agricultural Exports for the first half of 2020, made up 40.9 percent of domestic exports. A decline in Agriculture exports for the first half of 2020 by -72.0 percent compared to the same period in 2019, was recorded. This decline was a result of the reduction in Cocoa exports (-41.8), Nutmegs (-56.6), Mace (-28.5), Fresh Fruits & Vegetables excluding Soursop (-19.6), Soursop (-67.8), Fish (-100) and other products (-60.3) percent. For the first half of 2020, Exports in nutmeg occupied the largest share in total agricultural exports. Cocoa represented 36.0 percent, Soursop 15.0 percent, and Mace 8 percent (Figure 15). No exports in fish and bananas were recorded at the end of June 2020.

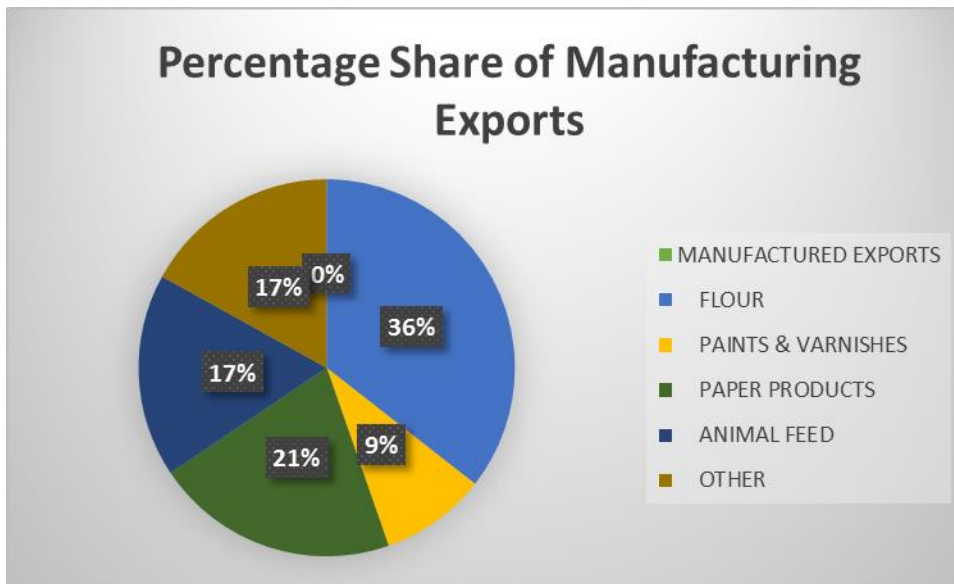
Figure 15: Share of Agricultural Exports (Jan-Jun 2020)



At the end of the second quarter of 2020, manufacturing products made up

59.1 percent of total domestic exports for the period. A -44.2 percent decline in total manufacturing exports at the end of June 2020, was realized when compared to the end of June 2019. Clothing recorded the largest decrease in manufacturing exports of -72.3 percent. Furthermore, declines in other exports were seen in Flour (-36.0), paints and varnishes (-25.6), animal feed (-41.9), and products classified as “other” (-71.9). On the other hand, two increases in manufacturing exports were seen in nutmeg products which increased by 46.2 percent, and paper products by 3.9 percent. Of the total manufacturing exports recorded between January to June 2020, flour represented the largest percentage share of 35 percent, whilst paper products occupied 21 percent, animal feed 17 percent, and “other” products 17 percent (Figure 16). Despite the increase in nutmeg exports at the end of June 2020, these products represented a small share of total manufacturing products of 0.02 percent, and clothing represented 0.5 percent.

Figure 16: Share of Manufacturing Exports (Jan-Jun 2020)

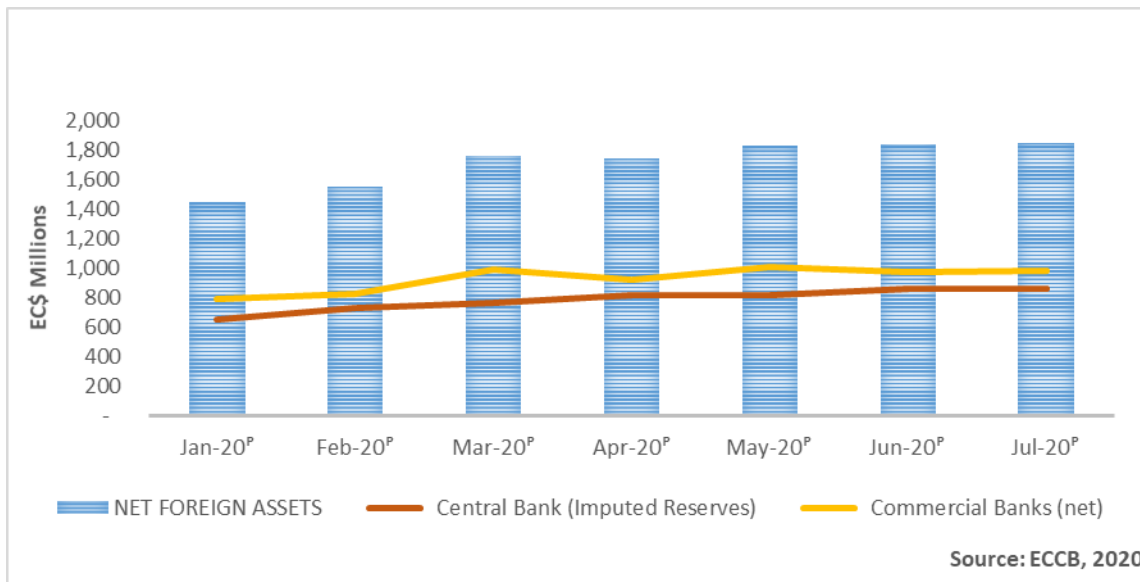


Source: Ministry of Finance, CSO

10. MONETARY AND FINANCIAL SECTOR ANALYSIS

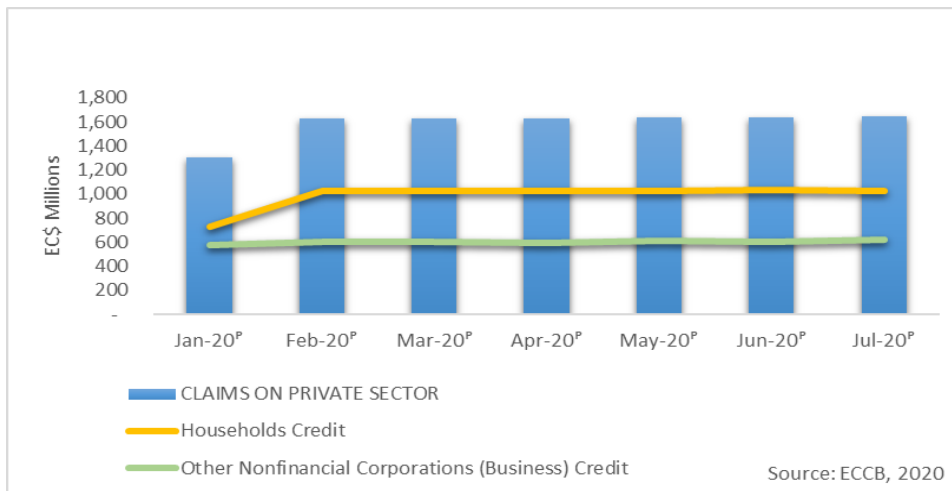
The Monetary and Financial System analyzed through the Bank and Non-Bank Financial Institutions continue to see improvements in its Assets. Despite COVID-19 financial pressures, deposits continue to increase at a faster rate than that of loans, further increasing already-high liquidity in the Sector. Domestic credit fell, but overall, the sector remains stable, with Non-Performing Loans remaining below the prudential benchmark. Net Foreign Assets at end-September 2020 increased to \$395.6 million, a 27.3 percent improvement from the start of the year. This increase was driven by strong improvements in both Central Bank (Imputed Reserves) and Commercial Banks (net), which improved by 31.3 percent and 24.0 percent, respectively (Figure 17).

Figure 17: Net Foreign Assets for the Period Jan-Jul 2020



Net Domestic Assets within the system continued a downward trajectory, moving from \$972.0 million at the start of 2020 to \$670 million at the end of July 2020 (31.1 percent decline). This decline was driven by a 3.7 percent or \$39.3 million contraction in domestic credit, chiefly motivated by a 99.7 percent decline in claims on other financial corporations. Notably, private sector credit improved by 26.6 percent during the first 7 months of 2020. The improvement is mainly due to a 41.6 percent and 7.6 percent uptick in household credit and Other Nonfinancial Corporations (Business) Credit respectively (Figure 18) but was insufficient to sway a decline of overall domestic credit.

Figure 18: Components (some) of Private Sector Credit for the period Jan-Jul 2020



Monetary Liabilities for the banking sector showed modest improvements during the first 7 months of 2020, by \$93.0 million. During the same period, the money supply expanded by 4.1 percent to \$772.0 million, propelled by a 65.0 percent increase in “other” subcategories, which include Public and Private Corporations’ Demand Deposits and EC Cheques and Drafts Issued (Table 8). Quasi money also registered slight improvement throughout January- July 2020 (3.7 percent). The sharp decline of Other Financial Corporations EC Dollar Deposits by 90.4 percent was offset by sustained improvements in other subcategories, resulting in the moderate uptick in Quasi money.

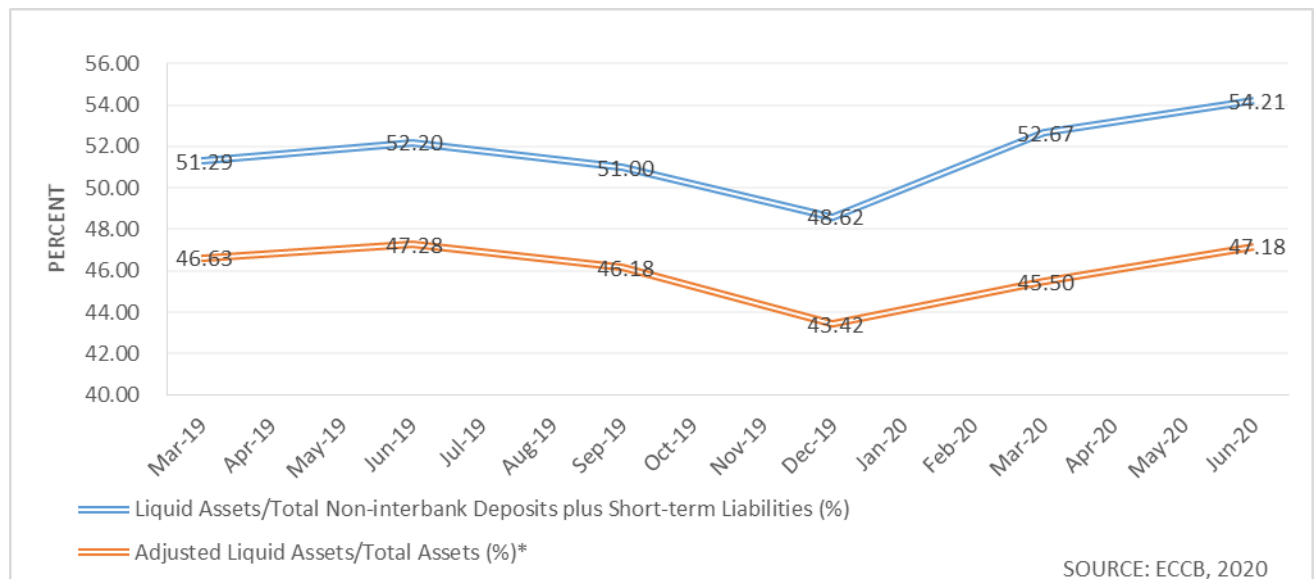
Table 8: Monetary Liabilities Jan-Jul 2020 in EC\$ Millions

	Jan-20P	Jul-20P	Variance
MONETARY LIABILITIES (M2)	2,420	2,513	3.9%
MONEY SUPPLY (M1)	742	772	4.1%
Currency with the Public	141	149	5.9%
Private Sector Demand Deposits and EC Cheques and Drafts	533	511	-4.2%
Other	68	112	65.0%
QUASI MONEY	1,678	1,741	3.7%
Other Deposits (EC\$)	1,450	1,517	4.6%
Other Financial Corporations EC Dollar Deposits	317	31	-90.4%
Private Sector Deposits	1,131	1,482	31.1%
Foreign Currency Deposits	229	224	-1.9%

Source: ECCB, 2020

Despite the financial strain placed on the economy as a result of the COVID-19 pandemic, liquidity continues to be excessively high in the commercial banking system. Liquid Assets/ Total non-interbank deposits plus short-term liabilities and Adjusted Liquid Assets to Total Assets continued on an upward trajectory, moving from 52.2 percent to 54.2 percent and 47.3 percent to 47.2 percent, respectively over the one year, June 2019-June 2020 (Figure 19). Deposits in the banking system continued on an upward trend at the end of July 2020, total deposits in the system stood at \$3,363 million, a 3.4 percent improvement from the start of the year. Savings deposits saw a 4.0 percent increase over the first 7 months of the year.

Figure 19: Liquidity Ratios (Mar 2019 - Jun 2020)



Commercial Banks' credit marginally improved by 0.9 percent over the first half of 2020. Credit remained buoyant because of increased loans to the Private Households (3.4 percent), Construction and Land Development (0.5 percent), Professional or Scientific and Technical Services (5.3 percent), and Accommodation and Food Services (5.0 percent). Notable declines were in the sectors of Public Administration and Social Security (\$1.03 million), Real Estate (\$9.7 million), and Wholesale and Retail Trade or Repair - of Motor Vehicles and Motorcycles (\$2.5 million), which all contributed to the dampening of the performance of the sector (Table 9).

Table 9: Credit by Sectors during Jan-Jun 2020 (EC\$ Millions)

Sector	Mar-20 P	Jun-20 P	Variance
Agriculture or Forestry and Fishing	28.5	30.7	7.7%
Manufacturing	26.2	32.5	23.9%
Electricity or Gas or Steam and Air Conditioning	36.8	35.6	-3.2%
Construction and Land Development	426.7	428.7	0.5%
Wholesale and Retail Trade or Repair - of Motor Vehicles and Motorcycles	68.3	65.9	-3.6%
Accommodation and Food Service Activities	82.3	86.5	5.0%
Real Estate Activities	576.2	566.6	-1.7%
Professional or Scientific and Technical Services	102.4	107.8	5.3%
Public Administration and Social Security	41.6	40.6	-2.5%
Private Households	299.8	309.9	3.4%
Other	42.8	42.0	-1.9%
Total Commercial Banking Sector Loans	1731.6	1746.6	0.9%

Source: Ministry of Finance

P- Provisional

Non-Bank Financial Sector

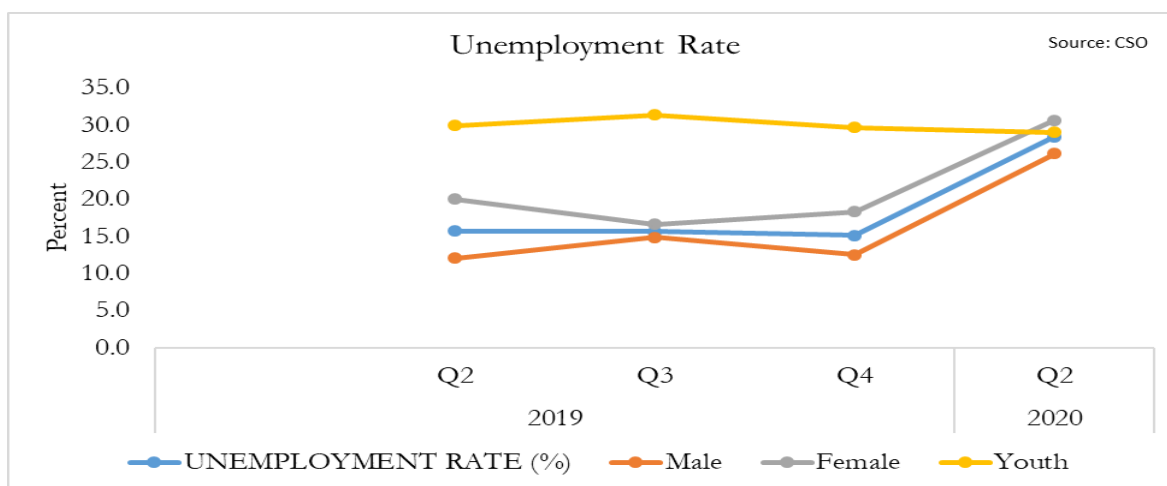
Credit unions continued to register moderate improvement in assets of 3.9 percent for the first half of 2020. Amid the pandemic, cash in hand and bank at the end of June 2020 increased by 30.0 percent to \$91.4 million, total loans rose to \$ 751.3 million (2.2 percent), while investments for the period contracted by 9.2 percent to \$103.5 million. Deposits rose to \$881.3 million (3.8 percent) and capital and reserves rose by 7.3 percent to \$134.9 million.

Non-performing loans in the sector averaged 3.9 percent at the end of June 2020, just shy of the prudential guideline of 5.0 percent. Additionally, the system remains quite liquid despite the financial strain faced by members due to the pandemic. Deposits to total assets for the period averaged 80.7 percent, slightly above the prudential guideline of 80 percent.

11. UNEMPLOYMENT

The economic shock occasioned by the COVID-19 pandemic caused an implosion of the labour market, which saw the loss of close to 14,000 jobs from the employed labour force in Q2 2020 relative to the number in Q4 2019. This, based on a Labour Force Survey conducted for Q2 2020, translated to a spike in the unemployment rate to 28.4 percent, reversing the persistent downtrend witnessed since Q2 2019 in which the unemployment rate reached a historic low of 15.1 percent in Q4. The unemployment rate remains higher for women than for men, though the rates for both sexes were falling pre-COVID-19. Similarly, though still high, the youth employment had been on a downtrend pre-COVID-19 (Figure 20).

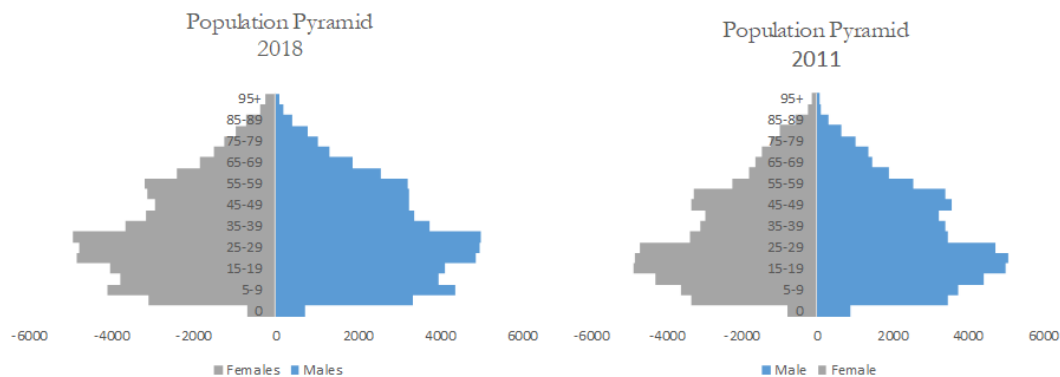
Figure 20: Quarterly Unemployment Rate



Source: Ministry of Finance, CSO

The population pyramids shown in Figure 21 illustrate that the age group with the largest contribution to population in 2011 was the 20-24 age group with 9,914 persons followed by the age groups 15-19 and 25-29 respectively with 9,888 and 9,417 persons. However, the situation differed in the 2018 pyramid. The modal age group was the 30-34 age group with 9,915 persons followed by the 25-29 and 20-24 age groups respectively with 9,742 and 9,685 persons.

Figure 21: Population Pyramids, 2011 & 2018



Source: CSO, Ministry of Finance

12. PROSPECTS FOR 2021-2023

The rate of economic recovery over the medium-term will be hinged on global developments as it relates to the COVID-19 pandemic. The timeline for the availability of a vaccine could dictate how quickly economies can return to 'normal'. Though the spread of COVID-19 has been contained on the island, the virus persists in developed countries such as the United States. With the United States being Grenada's main tourism market, a cautious and strategic approach to reopening the nation's borders to commercial traffic is paramount to minimize the risk of a second wave of the virus making its way to Grenada's shores. Additionally, COVID-19 has changed the nature of global travel which has implications for tourism-based economies like those in the Caribbean. For these reasons, recovery in the local tourism sector is expected to be gradual, taking several years to return to pre-COVID levels. However, there is some optimism that the likely reopening of the SGU campus in 2021 and the commencement of several public and private sector construction projects will jumpstart the economy and speed up the rate of recovery. Moreover, the effective implementation of measures by the Government to boost economic activity should further stimulate growth.

Meanwhile, inflation is expected to strengthen over the medium term with forecasted increases in Grenada's top imports, namely, food and fuel. As economies recover, oil prices are expected to rise while global production and trade issues could see food prices rise in the coming years.

Fiscal performance is expected to improve in the short-to-medium term although it will not be back to pre-COVID levels. The Primary balance and Overall balance are projected to average 3.8 percent and 1.8 percent of GDP respectively over the medium term.

Table 10: Medium-Term Projections

	2021	2022	2023
Real GDP Growth (%)	6.0	4.8	3.0
Nominal GDP (EC\$M)	3036.1	3259.6	3417.2
Total Revenue & Grants (% of GDP)	30.2	28.1	26.6
Total Expenditure (% of GDP)	30.8	26.5	21.9
Overall Balance after grants (% of GDP)	-0.6	1.6	4.7
Primary Balance after grants (% of GDP)	1.5	3.5	6.4
Public Debt (% of GDP)	65.7	63.7	62.7

Source: Ministry of Finance

12.1 Risks to Outlook

A mix of upside and downside risks can affect Grenada's macroeconomic outlook, but risks are firmly tilted to the downside. On the upside, if Grenada's fiscal position strengthens more than anticipated and if concessional donor funding is accessed, public investment can be boosted significantly to support growth and job creation. On the downside, risks are linked to the current COVID-19 pandemic and its effects on the local economy should there be a second wave in Grenada that necessitates lockdowns and repression of economic activity. Additionally, should there be a worsening of the current second wave of the virus in the economies of Grenada's main trading partners, tourist arrivals, remittances and foreign direct investment would be acutely affected and take a longer time to recover. Furthermore, uncertainties regarding a vaccine could adversely

affect the private education and tourism sectors in particular. Anticipated rising international oil and food prices are also significant risks to the economic outlook. Grenada's vulnerability to natural hazards is an inherent risk; adverse effects of climate change can significantly affect agricultural output (in particular) over the medium term as well as the fiscal outlook.

13. SECURITY ISSUANCE PROCEDURES AND SETTLEMENT AND SECONDARY MARKET ACTIVITIES

The Treasury bills will be issued on the Regional Government Securities Market using the Eastern Caribbean Securities Exchange trading platform for both primary issuance and secondary trading. The pricing methodology to be used for selling the securities will be that of a competitive uniform price auction with open bidding. The ECSE and its subsidiaries are responsible for processing, clearance and settlement of securities and providing the intermediaries with access to their settlement projections report, which indicates the obligations of the intermediary. Intermediaries are responsible for interfacing with prospective creditors, collecting applications for subscription and processing bids on the ECSE platform. A list of licensed intermediaries is provided in Appendix I.

Successful investors will be informed of their payment obligations and funds deducted from their respective accounts with the intermediaries. As an issuer on the RGSM, the Government of Grenada will be subject to the rules and procedures established by the Regional Debt Coordinating Committee for the operation of the market including ongoing reporting and disclosure requirements.

14. CURRENT ISSUES OF GOVERNMENT SECURITIES ON THE REGIONAL GOVERNMENT SECURITIES MARKET

RGSM TREASURY BILLS AND BONDS

Issues Outstanding	EC\$ 60.0M
Type of Issue	Government of Grenada Treasury Bills and Bonds
Maturity in Days	91 and 365 Days
Maturity in Years	2 Years
Date of Issues	February 2020 to October 2020
Yields	Max 3.85 percent
Discount Price	EC\$96.15

Treasury Bills and bonds outstanding as of October 31st, 2020 are listed in Table 11.

Table 11: Outstanding Treasury Bills and bonds listed on RGSM as of October 31st, 2020

Auction Name	Issue Date	Maturity Date	Tenor	Value of Bids (EC\$M)	Issue amount (EC\$M)	Yield (%)	Total Bids	Successful Bids
GDN11022	11-Feb-20	11-Feb-22	2 Years	20.6	10.0	3.85	23	9
GDB280721	28-Jul-20	28-Jul-21	365 Days	47.5	25.0	2.25	28	10
GDB301220	30-Sep-20	30-Dec-20	91 Days	28.9	15.0	2.25	12	6
GDB201021	20-Oct-20	20-Oct-21	365 Days	24.7	10.0	1.5	13	4

Source: Ministry of Finance

Secondary Market Activities on the RGSM

Table 12: Value of Trades on the secondary market (ECSE platform only) in EC\$ millions 2016-2020⁸

Country	2016	2017	2018	2019	2020	Total
Antigua & Barbuda	9.4	3.4	1.1	9.5	3.5	26.9
Commonwealth of Dominica	2.1	0.0	1.2	0.0	0.0	3.3
Grenada	0.0	0.0	0.0	0.0	0.0	0.0
St. Kitts & Nevis	2.5	1.8				4.3
St. Lucia	2.2	17.3	17.8	9.8	20.3	67.3
St. Vincent and the Grenadines	0.0	0.0	9.1	2.2	0.0	11.2
Grand Total	16.2	22.5	29.2	21.4	23.8	113.1

Source: ECSE, ECCB

15. UPCOMING ISSUES OF GOVERNMENT SECURITIES ON REGIONAL MARKET 2020 -2021

SYMBOL	AUCTION DATES	ISSUE/SETTLEMENT DATE	MATURITY DATE	ISSUE AMT. EC\$M	OVER SUBSCRIPTION AMT. ALLOWED EC\$M	TENOR	INTEREST RATE CEILING %
GDB050421	31-Dec-20	04-Jan-21	05-Apr-21	15	5	91 Days	3.5%
GDB070721	06-Apr-21	07-Apr-21	07-Jul-21	15	5	91 Days	3.5%
GDB081021	08-Jul-21	09-Jul-21	08-Oct-21	15	5	91 Days	3.5%
GDB300722	29-Jul-21	30-Jul-21	30-Jul-22	25	5	365 Days	5%
GDB110122	11-Oct-21	12-Oct-21	11-Jan-22	15	5	91 Days	3.5%
GDB221022	21-Oct-21	22-Oct-21	22-Oct-22	10	5	365 Days	5%
GDB101222	09-Dec-21	10-Dec-21	10-Dec-22	10	5	365 Days	5%

**ALL ISSUES ON THE MARKET ARE IN EC DOLLARS
SUBJECT TO REVISION BASED ON FINANCING METHOD EMPLOYED**

⁸ Data for 2020 are for the period January to November 5th only

APPENDICES

APPENDIX I⁹: LIST OF LICENSED ECSE MEMBER BROKER DEALERS

Territory	Institution	Name of Licensee	Type of License
GRENADA	Grenada Co-operative Bank Ltd	Allana Joseph	Principal
		Aaron Logie	Principal
		Kishel Francis	Representative
ST KITTS AND NEVIS	St Kitts-Nevis-Anguilla National Bank Ltd	Anthony Galloway	Principal
		Petronella Edmeade-Crooke	Principal
		Marlene Nisbett	Representative
		Angelica Lewis	Representative
	The Bank of Nevis Ltd	Monique Williams	Principal
		Judy Claxton	Principal
		Denicia Small	Representative
		Nikesia Pemberton	Representative
SAINT LUCIA	Bank of St Lucia Ltd	Medford Francis	Principal
		Lawrence Jean	Principal
		Cedric Charles	Principal
		Deesha Lewis	Representative
	First Citizens Investment Services Limited	Omar Burch-Smith	Principal
		Tamelia Providence	Representative
ST VINCENT AND THE GRENADINES	Bank of St Vincent and the Grenadines Ltd	Laurent Hadley	Principal
		Monifa Latham	Principal
		Chez Quow	Representative
		Patricia John	Representative

⁹ Revised

APPENDIX II: SELECTED MACROECONOMIC INDICATORS 2015-2020(e)

	2015	2016	2017	2018	2019	2020 (e)
Real Sector	<i>(Annual Percentage Change Unless Otherwise Indicated)</i>					
Real GDP Growth	6.4	3.7	5.1	4.1	2.0	-12.2
Inflation (period average, %)	-0.6	1.7	0.9	0.8	0.6	-1.0
Agriculture, Livestock and Forestry	44.9	-13.9	-19.5	3.1	-7.3	-13.1
Construction	7.0	13.1	29.1	12.3	-0.6	-18.5
Education	5.2	3.1	4.6	-5.1	4.2	-5.9
Hotels and Restaurants	0.5	10.7	5.0	9.5	0.6	-51.0
Fiscal Account	<i>(As a Percentage of GDP)</i>					
Total Revenue & Grants	24.1	26.2	25.6	26.9	26.7	27.2
Tax Revenue	19.0	20.9	21.4	22.3	22.0	21.0
Non-tax Revenue	2.2	1.8	1.6	1.6	1.7	2.1
Grants	2.9	3.5	2.6	3.0	3.0	4.1
Total Expenditure	25.6	23.9	22.6	21.6	21.7	26.3
Current Expenditure	17.4	19.7	19.9	18.9	19.1	21.9
Capital Expenditure	8.2	4.2	2.7	2.8	2.6	4.3
Primary Balance (including grants)	1.9	5.2	5.7	6.9	6.8	2.9
Overall Balance (including grants)	-1.5	2.3	3.0	5.3	5.0	0.9
2020 Real Sector and Fiscal Account data preliminary estimate as at end June						
Public Sector Debt (% of GDP)	86.4	79.0	68.9	63.9	57.7	68.6
Principal Repayments (EC\$ million)	261.7	294.4	292.2	244.3	224.6	257.8
Interest Payments (EC\$ million)	91.7	82.3	75.3	63.2	60.6	55.6
External Account	<i>(As a percentage of GDP)</i>					
Current Account Balance	-12.2	-11.0	-14.4	-15.9	-15.8	-27.4
Exports of Goods & Services	51.2	49.4	51.4	53.2	51.9	29.0
Imports	50.9	49.9	54.7	58.6	57.6	46.1
Foreign Direct Investment (percent of GDP)	-13.8	-8.8	-13.5	-14.2	-10.6	-7.1
Money and Banking	<i>In EC\$ Millions</i>					
Net Foreign Assets (EC\$ million)	837.8	975.1	1,053.5	1,315.0	1,400.3	n.a
Domestic Credit (EC\$ million)	1,320.1	1,240.9	1,206.8	1,101.8	1,072.0	n.a
o/w Households (EC\$ million)	1,073.6	1,054.6	1,038.0	1,055.9	1,040.0	n.a
Firms (EC\$ million)	469.5	485.3	514.1	539.2	583.4	n.a
Non-Bank Institutions (EC\$ million)	9.3	8.7	6.4	6.9	0.7	n.a
Other Public Sector (net, EC\$ million)	(166.4)	(248.9)	(231.1)	(298.9)	(329.5)	n.a
Central Government (EC\$ million)	(65.9)	(58.8)	(120.6)	(201.3)	(222.6)	n.a
Currency with the public (EC\$ million)	131.6	135.7	151.4	143.9	138.6	n.a
Commercial Banks Prime Lending Rate (%)	6.0	6.0	6.0	6.0	6.0	n.a
Commercial Banks Savings Rate (Maximum) (%)	4.2	4.2	4.2	4.2	4.2	n.a
Commercial Banks Savings Rate (Minimum) (%)	2.0	2.0	2.0	2.0	2.0	n.a
Sources and notes: Ministry of Finance, CSO, ECCB, IMF Commercial Banks Prime Lending and Savings Rates excludes weighted average rates						

(e) – Estimate

n.a – Not Available

APPENDIX III: OUTSTANDING DEBT 2015 -2020(e)

	2015	2016	2017	2018	2019	2020 (e)
<i>In EC\$M unless stated otherwise</i>						
Total Public Debt						
External Debt (incl. Gov't Guarantees)	1648.7	1620.3	1437.3	1418.0	1410.9	1341.7
Domestic Debt (incl. Gov't Guarantees)	647.9	633.4	632.0	560.0	477.9	564.9
Total Public Debt to GDP (%)						
External Debt to GDP	61.2	56.5	47.3	44.9	43.1	47.5
Domestic Debt o GDP	24.1	22.1	20.8	17.7	14.6	20.0
Central Government Debt						
External Debt	1595.2	1582.2	1401.3	1417.8	1410.9	1341.7
Domestic Debt	594.4	592.7	595.9	560.0	477.9	564.9
Central Government Debt to GDP (%)						
External Debt	59.3	55.2	46.1	44.9	43.1	47.5
Domestic Debt	22.1	20.7	19.6	17.7	14.6	20.0
Total Debt Service	353.4	377.8	381.7	307.5	285.2	313.4
External	108.4	142.8	149.7	136.7	133.7	123.6
<i>Principal</i>	47.1	83.5	90.3	91.4	89.1	82.7
<i>Interest</i>	61.3	59.3	59.4	45.2	44.6	40.9
Domestic	245.0	235.0	232.0	170.9	151.5	189.8
<i>Principial</i>	214.6	212.0	210.4	152.9	135.5	175.1
<i>Interest</i>	30.4	23.0	21.5	18.0	16.0	14.7
Memo Item: Nominal GDP (EC\$M)	2691.9	2866.4	3039.4	3155.5	3271.4	2825.9

Source: Eastern Caribbean Central Bank & Ministry of Finance

APPENDIX IV: REAL GDP GROWTH RATES AND MEDIUM TERM PROJECTIONS

	Actual 2015	Actual 2016	Actual 2017	Actual 2018	Prelim 2019	Proj 2020	Forward Estimates		
							2021	2022	2023
Agriculture, Livestock and Forestry	44.9	-13.9	-19.5	3.1	-7.3	-13.1	2.7	3.9	3.1
Fishing	-3.1	6.3	1.4	2.5	3.2	1.5	7.2	7.1	7.7
Mining & Quarrying	40.7	-25.6	5.4	3.3	4.8	8.0	5.4	5.4	5.9
Manufacturing	3.7	4.5	2.7	9.4	6.9	-12.0	4.8	4.3	4.0
Electricity & Water	2.3	5.4	1.1	5.4	3.1	-5.9	5.0	4.5	3.6
Construction	7.0	13.1	29.1	12.2	-0.6	-18.5	17.1	12.9	11.6
Wholesale & Retail Trade	9.5	-3.3	9.3	7.5	1.6	-12.3	8.5	7.9	4.7
Hotels & Restaurants	0.5	10.7	5.0	9.5	0.6	-51.0	9.1	7.8	7.5
Transport and Storage	4.7	10.5	10.9	7.9	9.2	-26.4	11.4	7.0	6.5
Communications	-12.1	-7.0	-6.2	10.0	2.0	7.3	3.2	2.8	2.6
Financial Intermediation	12.0	4.7	2.4	5.3	3.0	-6.2	2.1	2.2	2.3
Real Estate, Renting and Business Activities	2.0	1.9	2.5	1.8	1.6	-4.4	2.3	2.0	2.0
Public Administration	0.2	-0.8	-1.0	-1.7	1.3	-5.0	1.6	1.8	1.7
Education	5.2	3.1	4.6	-5.1	4.2	-5.9	5.0	4.9	4.6
Health and Social Work	-2.0	-0.3	0.9	0.4	1.3	7.3	-1.0	1.9	2.3
Other Community, Social & Personal Service	-1.0	5.5	1.5	1.2	1.9	1.8	2.3	1.7	1.8
Activities of Private Households as Employ	0.6	0.8	0.4	0.6	0.7	0.6	0.6	0.6	0.6
Real Gross Value added (not GDP)	5.6	2.2	4.0	3.5	2.4	-11.8	5.9	5.1	4.6
Real Gross Domestic Product	6.4	3.7	4.4	4.1	2.0	-12.2	6.0	4.8	3.0
Nominal GDP (EC\$ Millions)	2691.9	2866.4	3039.4	3155.5	3271.4	2825.9	3036.1	3259.6	3417.2
Consumer Price Index	-0.6	1.7	0.9	0.8	0.6	-1.0	1.8	2.0	1.5

*Percent growth unless indicated

Source: Ministry of Finance, ECCB