

International Monetary Fund

[Grenada](#) and the IMF

Grenada: Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding

Press Release:

[IMF Executive Board
Completes Third
Review Under
Extended Credit
Facility Arrangement
for Grenada, and
Approves US\\$2.7
Million Disbursement](#)
July 31, 2015

November 3, 2015

The following item is a Letter of Intent of the government of Grenada, which describes the policies that Grenada intends to implement in the context of its request for financial support from the IMF. The document, which is the property of Grenada, is being made available on the IMF website by agreement with the member as a service to users of the [IMF](#) website.

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Letter of Intent

November 3, 2015

Ms. Christine Lagarde
Managing Director
International Monetary Fund
Washington, D.C. 20431
USA

Dear Madame Lagarde,

Grenada has continued the steadfast implementation of its Homegrown Programme. We have met all quantitative performance criteria and have made progress to restore fiscal and debt sustainability.

In 2015, we expect to achieve the first primary surplus in a decade, while completion of a comprehensive debt restructuring will result in a major reduction in the stock of Grenada's public debt. Substantive legislative reforms have helped to overhaul Grenada's fiscal policy framework and, with the ongoing fiscal consolidation, Grenada is cementing a return to sustainability and growth. We are excited about shifting now to a new phase of reform that will reinforce the macro gains achieved, while advancing reforms to raise productivity, strengthen external competitiveness, and boost employment and growth. Our Government remains fully committed to the programme objectives and is looking forward to following through on the reform agenda.

We request modifications to performance criteria to align the existing adjustor for debt restructuring costs (floor on primary balance and ceiling on primary spending) with updated cost estimates and to include the existing adjustor on the indicative ceiling on the net change in central government and central government guaranteed debt for the reimbursement of CLICO and BAICO policyholders on the floor on primary balance and the ceiling on primary spending to ensure consistency across fiscal performance criteria. Attachment 1 to this letter is a supplement to the June 2014 Memorandum of Economic and Financial Policies that presents performance under the programme and updates the specific policies to meet the programme's ultimate objectives, including the associated quantitative targets and structural benchmarks. Attachment 2 is the updated Technical Memorandum of Understanding.

On the basis of our performance under the programme thus far and our commitment to continued implementation of the programme, our Government requests that the Executive Board of the IMF complete the third review of the arrangement under the ECF and the financing assurances review, as well as approve the proposed new performance criteria for December 2016, the proposed

modifications to performance criteria, the proposed structural benchmarks, and the fourth disbursement under the arrangement of the equivalent of SDR 2 million.

We are confident that the policies described in the attached MEFP will serve to achieve our programme's objectives. However, if necessary, our Government stands ready to take any additional measures that may be required. We will consult with the Fund on the adoption of such measures and in advance of revisions to the policies contained in the MEFP, in accordance with the Fund's policies on such consultation. Our Government will also provide the Fund staff with all the relevant information required to complete programme reviews and monitor performance on a timely basis.

We consent to the publication of this letter, and its attachments as well as the related staff report.

Yours truly,

/s/

Dr. The Rt. Hon. Keith C. Mitchell
PRIME MINISTER AND MINISTER OF FINANCE

Attachment I. Memorandum of Economic and Financial Policies for 2015-17

- 1. Grenada continues to make important progress to address its fiscal and economic crisis.** On June 29th, 2015, the IMF's Executive Board completed the Second Review of the three-year arrangement under the Extended Credit Facility in support of Grenada's home-grown economic reform programme. Subsequently, overall programme implementation has remained strong. All quantitative targets were met for the third review and progress was made on the structural reform agenda, most notably we have increased the transparency of our citizenship-by-investment (CBI) programme through the publication of detailed programme statistics, put in place the governance framework for the National Transformation Fund (NTF) by approving the NTF regulations, and strengthened public finance management by bringing into force the regulations for the 2015 PFM Act.
- 2. The Government remains fully committed to the reform strategy and programme objectives.** The policies outlined in the June 2014 MEFP and the December 2014 and June 2015 Supplements remain valid in full, unless modified below. The quantitative targets that serve as performance criteria and indicative targets under the programme have been extended through December 2016 (Table 1). The structural conditionality under the programme, incorporating modifications and additions as discussed below, is presented in Table 2.

Fiscal Consolidation

- 3. The Government achieved the first primary surplus in a decade in the first half of 2015.** At 1.2 percent of GDP, the primary surplus during the first six months of 2015 outperformed the programme target by a large margin. The overperformance was driven by continued adjustment efforts with strong tax performance across all categories supported by the stronger than expected recovery in output and employment. At the same time, primary spending was kept within the programmed envelope through strict budget controls and expenditure savings, with capital spending successfully aligned with the revised budget allocations agreed during the second programme review. Notably, public employment and the wage bill were also both below their monitored targets for the first half of 2015. As of June 2015, the Government has undertaken a total fiscal adjustment of 5½ percent of GDP, completing about two-thirds of the total consolidation contemplated under our home-grown programme.
- 4. The strong fiscal performance in the first half of 2015 will facilitate achievement of the end-2015 programme targets.** All fiscal adjustment measures for 2015 have been implemented and, as demonstrated by the strong performance in the first half of 2015, have started to yield important revenue gains. As a result, we are on track to achieve the 2015 fiscal targets, with the primary surplus achieved over the first half of 2015 only marginally below the 1.3 percent of GDP primary surplus targeted for the year as a whole. Our main task for the remainder of 2015 will be to continue to closely monitor and manage execution of the capital budget to safeguard the early

gains, secure the 2½ percent of GDP fiscal adjustment programmed for 2015 and achieve the first annual primary surplus in a decade.

5. **While we have made significant progress with our efforts to restore fiscal sustainability, a further fiscal consolidation will be required in 2016 to achieve the 3½ percent of GDP primary surplus target.** Specifically, a fiscal adjustment of 1.9 percent of GDP will be required for 2016. We have already taken important steps to put in place the required fiscal adjustment measures and are committed to completing the adjustment by fully implementing our fiscal adjustment package consisting of:

- **Annual stamp tax increase.** Parliament approved a change to the stamp tax (levied on annual gross receipts of businesses) rate schedule and an increase in the VAT threshold (from EC\$120,000 to EC\$300,000) in June 2015, to facilitate tax compliance by small businesses. Effective from the 2016 tax year, small businesses with annual gross receipts less than the new VAT threshold will be taxed at the new stamp tax rate of 0.5% (compared to 0.25% before the change) and will be exempted from taxes on business income. Businesses with annual gross receipts larger than or equal to the new VAT threshold will be taxed at a new stamp tax rate of 0.75% (compared to 0.5% before the change). The increase in the stamp tax is expected to generate 0.1 percent of GDP in revenues.
- **VAT on St. George’s University on-campus housing.** Full implementation of the new VAT (at 10 percent) introduced on private accommodation (mostly dormitories) at the offshore medical school began in August 2015. This is expected to provide additional revenue of about 0.1 percent of GDP a year.
- **VAT on fee-based financial intermediation services.** While most of financial services are exempt from the VAT, the ones that are remunerated by an explicit fee are taxable. As the recent VAT Act amendment passed by Parliament in June 2015 clarifies the applicability of VAT on fee-based financial intermediation services, the Government is committed to registering all qualified financial institutions and ensuring their tax compliance. We expect this will increase VAT revenue by 0.1 percent of GDP in 2016.
- **Petrol tax increase.** We increased the Petrol tax on diesel and gasoline by EC\$1 per imperial gallon in September 2015 and by a further EC\$0.50 per imperial gallon in October 2015. The combined tax increase is expected to generate 0.6 percent of GDP in revenues.
- **Government telecommunication cost savings.** The Government negotiated a new telecommunication contract, which was finalized and signed in September 2015 and will result in savings on the Government’s telecommunication bill of about 0.1 percent of GDP starting in 2016.
- **Wage freeze and waste reduction.** The Government remains committed to the public sector wage freeze during the programme period and will continue its efforts to reduce wastage in

goods and services spending. Together, these efforts are expected to reduce the Government's recurrent spending by 0.4 percent of GDP.

- **Streamlining capital spending.** Further steps will be taken to streamline the Government's non-grant financed capital expenditure, which will contribute to an expenditure saving of 0.7 percent of GDP.

6. **As a proposed new structural benchmark for end-December 2015, we will adopt the measures required to fully implement our fiscal adjustment package for 2016.** We will submit the proposed 2016 budget to Parliament in November which will comprise all the measures noted above, including the remaining one: VAT on fee-based financial intermediation services.

7. **To ensure that the fiscal consolidation remains on track in the face of an uncertain outlook, the Government has identified a number of contingent fiscal measures.** These measures are outlined in the June 2014 MEFP and its December 2014 Supplement and we remain committed to enacting them should fiscal risks materialize.

Debt Restructuring and Regularization of Arrears

8. **The Government has made significant progress in its efforts to finalize agreement across all creditor groups on a comprehensive restructuring of Grenada's public debt.**

Debt to private creditors:

- **2025 International Bonds.** The Government is close to finalizing the restructuring of its U.S. and E.C. Dollar 2025 bonds held by private creditors. The formal bond exchange opened on October 5, 2015 and is scheduled to close on November 12, 2015. The creditor committee announced on October 7 that all of its members will participate, which will ensure universal participation. The restructuring, once fully executed, will result in a 50 percent nominal principal reduction. Half of the principal reduction is to be provided immediately upon closing of the formal exchange and the latter half will be provided in 2017, contingent upon completion of the sixth review of the IMF ECF arrangement. Upon completion of the exchange, the stock of public debt immediately declined by 6 percent of GDP and is expected to decline by a further 5½ percent of GDP when the remainder of the principal reduction is granted. The new bonds have an annual coupon rate of 7 percent and a maturity of 15 years. Interest arrears on the 2025 bonds and interest due in 2015 on the new bonds are capitalized and will not receive a haircut as part of the restructuring agreement.
- Bondholders will receive a portion of revenues that may be generated by Grenada's CBI programme after the expiry of the IMF ECF arrangement. The amount of CBI sharing will depend on the magnitude of the CBI revenue received, but will be capped at 35 percent of the face value of the new bonds (in NPV terms). The revenue sharing will begin only after the second haircut is completed.

- The agreement also includes a hurricane clause which will be triggered by any natural disaster covered by Grenada's CCRIF Policy if the calculated loss to Grenada from an event is greater than US\$15 million. If such an event occurs, Grenada may elect to defer payment (either one or two payments depending on the severity of the loss suffered); however, the deferred payment amount will continue to be repayable and will continue to accrue interest.
- **Other private creditors:** Alongside the completion of the debt exchange with the 2025 bondholders, the Government is re-engaging with outstanding creditors of the original commercial bonds that did not participate in the 2005 debt exchange.¹ In particular, the Government, through the fiscal agent for the bonds, is contacting its creditors to restructure the outstanding claims of US\$5.6 million.

Bilateral official debt. The Government has tentatively agreed to discuss the treatment of its claims with the Paris Club in mid-November. All other non-Paris Club bilateral official creditors are being contacted to request a comprehensive restructuring of their claims on Grenada.

9. **The Government remains committed to clearing its domestic and external arrears during the programme period:**

- **Debt arrears.** In the context of the ongoing debt restructuring negotiations, the Government is negotiating with its creditors a clearance framework for the existing stock of Government debt arrears. Notably, interest arrears on the 2025 bonds will be capitalized as part of the debt restructuring underway and expected to conclude on November 12. Outside the restructuring process, the Government has not incurred additional arrears and remains committed to staying current on all obligations going forward.
- **Budget expenditure arrears.** The Government has reduced budget expenditure arrears in line with programme targets. Between December 2014 and June 2015, the Government reduced budget expenditure arrears by half, lowering outstanding arrears to EC\$33.5 million, almost EC\$10 million below the end-June 2015 programme ceiling. In particular, the Government completed an on-lending agreement with the Grenada Solid Waste Management Authority (GSWMA) on June 29, 2015, which resulted in a reduction in budget expenditure arrears of EC\$15.7 million.² We are committed to clearing all arrears by end-2015, as agreed under the programme. In support of this commitment, we will transfer the first EC\$24 million of the annual inflows received by the National Transformation Fund in 2015 to the central government for the settlement of arrears. We are also working to strengthen cash management, including flow forecasting in support of budget execution, implementation of commitment control and our arrears clearance strategy.

¹ In 2005 debt restructuring, a small portion of bonds (US\$5.6 million, or ¾ percent of GDP) was unclaimed and did not participate in the 2005 debt restructuring agreement.

² The Government obtained a loan from the Caribbean Development Bank in the sum of EC\$29 million (US\$10.7 million) in June, 2015, of which EC\$15.7 million was used to clear the government's budget expenditure arrears to the GSWMA. The remainder of the CDB loan will be lent to GSWMA for the Integrated Solid Waste Management Project.

- **Membership fees** to regional and international organization arrears. The Government has finalized a strategy to repay membership arrears to regional and international organizations. The strategy will involve seeking restructuring agreements with some of the main organizations.

Fiscal Structural Reforms

10. **Our fiscal policy framework has undergone a fundamental transformation to ensure fiscal discipline and lock-in the gains from fiscal consolidation.** Going forward our reform strategy will focus on implementing our new strengthened fiscal policy framework and the reform strategy for state-owned enterprises (SOEs) and statutory bodies (SBs), strengthening tax administration, ensuring the sustainable management of CBI revenue, and completing the modernization of the public sector.

11. **We are focused on strong implementation of our new fiscal policy framework.** To this end, we will:

- Ensure that the 2016 budget is aligned with our commitments under our IMF-supported program as detailed in Table 1 and the new rule-based fiscal policy framework outlined in the Fiscal Responsibility Act of 2015 (proposed new **structural benchmark** for end-December 2015). Specifically, as required by the rules-based framework, the 2016 Budget will target a primary balance of 3.5 percent of GDP and will cap real expenditure growth at 2 percent. Moreover, consistent with the requirement in the legislation to ensure that the ratio of expenditure on the wage bill shall not exceed 9 percent of GDP, the public sector wage freeze will remain in effect and the attrition policy operational. These commitments are consistent with our efforts to reduce debt to a prudent and sustainable level, as required under the new rules-based framework, which establishes a debt ceiling of 55 percent of GDP.
- Adhere to the regulations for the National Transformation Fund (NTF), put in place in August 2015 (implementing the **structural benchmark** for end-February 2015). Specially, as required by the regulations, forty percent of the monthly inflows into the NTF will be saved for general budget financing purposes, including contingency spending, natural disasters and debt reduction. All NTF-financed capital spending will be fully integrated into the Government's public sector investment programme (PSIP) and the central government Budget.
- Put in place the regulations needed to support implementation of the 2015 Public Debt Management (PDM) Act. We will seek technical assistance from the IMF to draft the regulations required for the 2015 PDM Act.
- Strengthen public finance management. The regulations for the 2015 PFM Act, drafted with technical assistance from the IMF, were finalized and brought into force in September 2015 (implementing the **structural benchmark** for end-June 2015). Looking ahead, an important challenge to effective implementation of the new PFM legislation, approved by Parliament in June 2015, will be to strengthen our accounting and auditing framework for public accounts and to prepare a PFM manual to help guide compliance with the new Act. In particular, the 2016

Budget will be prepared in the context of a medium-term fiscal framework based on estimates for the fiscal year and two consecutive years thereafter, which will take into account the economic and development policies consistent with the Government's medium-term economic and fiscal objectives.

- Implement the new Chart of Accounts. We also remain committed to implementing the new Chart of Accounts (COA), which was updated with technical assistance from CARTAC, for the 2016 Budget (end-December 2015 **structural benchmark**). Implementation of the new COA will facilitate fiscal reporting under both the old and new COA to ensure consistency throughout the programme period.

12. **We are focused on implementation of the strategic plan approved by Cabinet in February 2015 to strengthen the financial position of SOEs and SBs.** To this end, we have established a committee to oversee implementation of the strategy—comprised of representatives from the Ministry of Finance and managers of SOEs—and contribute to the monitoring of SOEs. Accordingly, we have delegated the Policy Unit, within the Ministry of Finance, oversight responsibility over SOEs and SBs, including for monitoring compliance with the new reporting requirements that have been established for these entities (including under the 2015 PFM Act) and for implementation of the reform agenda. We are committed to allocating sufficient resources to the Policy Unit to fulfill these important functions. We have made important progress in implementation of the reform agenda:

- **SOE and SB framework reforms.** We have strengthened the regulatory environment in which SOEs/SBs operate. Reporting requirements, including those mandated under the new PFM Act, have been strengthened and clarified to SOEs/SBs in a detailed directive. Moreover, quarterly reporting templates have been distributed to all SOEs/ SBs and quarterly reporting of these entities' critical nonfinancial and financial information to the Ministry of Finance has commenced. To ensure the adoption of sustainable wage bill management practice by SOEs/SBs, the Government has also issued a guidance note on salary negotiation, prepared with technical assistance from CARTAC, to these entities to clarify the employment and compensation practices to which these institutions must adhere. Notably, all statutory bodies receiving subventions from Government are required to adhere to the ongoing public sector wage freeze. We are also committed to issuing a dividend policy, applicable to commercial SOEs by end-2015.
- **Institution-specific reforms.** We have also commenced restructuring of individual SOEs. We anticipate receiving US\$5 million in financing from the World Bank to complete the restructuring of Gravel, Concrete and Emulsion Production Corporation and the Grenada Postal Corporation. In addition to our institution-specific reform strategy approved by Cabinet and laid out in the June 2015 MEFP, we are also committed to revamping the tariff-setting regime of the National Water and Sewerage Authority and the Solid Waste Management Authority to resolve revenue weaknesses in these institutions and to provide these institutions with greater revenue certainty given their large forward capital commitments.

13. **We will expeditiously complete the reform of the tax incentive regime to make it more rules-based and transparent and eliminate discretion.** Parliament approved, in June 2015, amendments to the income tax, value added tax, and property transfer tax acts required to implement the new tax incentive regime. We will continue efforts to remove all discretion in our tax incentive regime and, in particular, will remove discretion from the granting of customs duty exemptions after coordination with CARICOM— given our regional commitments on external tariffs. Parliament also approved the Investment Act in November 2014 and the accompanying regulations are expected to be approved by March 2016. We will bring the new tax incentive regime into full force—specifically, the amendments to the income tax, value added, property transfer tax and property tax acts, as well as the 2014 Investment Act—by end-December 2015 (**a proposed new structural benchmark**).

14. **We will continue our efforts to ensure the transparent and sustainable management of CBI receipts.** As of end-June 2015, we have set aside EC\$9.4 million of the associated revenues for arrears clearance in line with our commitment to prioritize NTF revenues for arrears clearance. Receipts from Grenada’s CBI programme are an asset of the Grenadian people and the Government is committed to ensuring that they are effectively, transparently, and sustainably managed to promote national development. We have started to publish on the Ministry of Finance website all CBI-related statistics, as outlined in the TMU (¶120), on a quarterly basis starting July 31, 2015 (meeting the associated **quarterly structural benchmark**).

15. **We will continue our efforts to strengthen tax and customs administration.** A new Tax Administration Act drafted with technical assistance from the IMF is being finalized and is expected to be approved by Parliament in line with the **end-November 2015 structural benchmark**. In addition to strengthening the legislative environment for tax administration, we are reforming the Inland Revenue Department (IRD) — with technical assistance from CARTAC and the IMF—to strengthen tax administration. Thus far, our efforts have concentrated on establishing a Large and Medium Taxpayer Service (LMTS) unit to strengthen IRD’s capacity and facilitate tax compliance by the largest taxpayers and on strengthening performance management systems and improving information technology. We will complete the establishment and operationalization of the LMTS and Small Taxpayers Service Units by end-December 2015 as a proposed **new structural benchmark**.

16. **Civil service reforms remain critical to improving the efficiency, quality and cost effectiveness of the public sector.** In the context of public sector modernization, the Government has been focused on a comprehensive corporate planning exercise, reviewing the new employment arrangement framework as well as the attrition policy. This has been a significant agenda for the Department of Public Administration and, given capacity constraints, we are now focusing on the key priorities that will produce the highest impact in terms of strengthening public sector organization and effectiveness. In this regard, we intend to enact a new Public Service Bill by mid-2016 and aim to finalize a strategic plan in line with the **end-March 2016 structural benchmark**, although mid-2016 appears a more realistic timeframe.

Structural Reforms to Support Competitiveness and Growth

17. **Strengthening Grenada's competitiveness to improve prospects for growth and job creation remains the main focus of the Government's economic programme.** Our efforts toward a higher, sustainable and more equitable growth path continue to be guided by our Growth and Poverty Reduction Strategy (GPRS) for 2014-18. We have made important progress in implementing our strategy. Notably, the GPRS is being used as the main guiding policy document for all Ministries, with its implementation centered on the Government's PSIP, which is being fully aligned with GPRS priorities. We have also taken steps to strengthen the monitoring and evaluation framework for the GPRS, with the Department of Economic and Technical Cooperation within the Ministry of Finance now responsible for ensuring the consistency of the PSIP with the GPRS. Finally, the GPRS will be a key input into Grenada's planned new long-term development plan, the National Sustainable Development Plan 2030, which is expected to be finalized by end-June 2016. A national steering committee, composed of key stakeholders across all segments of Grenadian society, has been constituted to guide development of the plan and is being supported by a technical working group.

18. **Further actions to improve the business environment are critical to enhancing Grenada's growth prospects.** Consistent with the GPRS emphasis on strengthening the business environment, we are committed to unlocking the critical impediments to private sector investment and activity. In this regard, we will:

- Introduce new insolvency legislation. A new Bankruptcy and insolvency bill has been drafted with the assistance of a consultant from the Commonwealth Fund for Technical Cooperation (CFTC). We expect the bill to be approved by parliament by end-2015.
- Reform Grenada Industrial Development Corporation (GIDC). With assistance from the IFC, we have now completed an assessment of GIDC. Based on these findings, we will implement a strategic realignment and corporate restructuring of GIDC that will focus on reinforcing GIDC's executive capacity as an economic development corporation, with investment promotion to be repositioned as a key function of GIDC's mandate. We will revise the GIDC Act, with assistance from the IFC, to align it with the new functions of the corporation. The parliamentary approval of the revised act is proposed as a new **structural benchmark** for end-June 2016. We believe that the restructuring of GIDC will play a fundamental role in reducing the time and cost of obtaining investment approval and strengthening overall investment allocation in Grenada.
- Support the creation of an ECCU-wide credit bureau (see below). In line with our GPRS, we are committed to improving access to finance to facilitate investment and growth by strengthening Grenada's financial infrastructure. As such, we are committed to the regional initiative to create an ECCU-wide credit bureau, supported by the ECCB Monetary Council, to strengthen banks' ability to assess credit risk and help improve access to credit. Once

approved by the ECCB Monetary Council, we would present the legislation required to create the regional credit bureau to Grenada's Parliament for immediate consideration.

19. **At this stage of our programme, we are elevating our attention to the labour market as a key element of overall efforts to strengthen price competitiveness and growth.** In line with our commitment to modernize the public sector and reduce associated costs (f116), we will also introduce reforms aimed at promoting employment and lowering labour costs. We will:

- Finalize revisions to the Labour Code. We conducted an extensive review of the 1999 Grenada Labour Code and assessed it against the International Labour Standards and Conventions with the aim of introducing a new, updated Grenada Labour Code consisting of the Employment Act and the Labour Relations Act. The new Labour Code aims to enhance labour mobility and reduces impediments to hiring while ensuring that the system provides adequate protection of workers' rights. The review identified in particular the need to clarify the Labour Code provisions related to the termination of employment, the types of employment contracts, the working week, and specific provisions on overtime, as priority areas to be addressed in the new Labour Code that could contribute to job creation and lowering unemployment. As a proposed new **structural benchmark**, we will seek Parliamentary approval of a new Grenada Labour Code by end-August 2016.
- Strengthen labour market statistics. In support of our efforts to address labour market rigidities, we are continuing our efforts to strengthen labour market statistics in recognition of the important role such statistics serve as an input to policy decisions. In 2013, we introduced a new annual Labour Force Survey (LFS) (conducted also in 2014) and are committed to continuing the survey on an annual basis. In 2015, we will incorporate a new section on multidimensional poverty indicators (including education, health and employment), compiled with assistance from the Oxford Poverty and Human Development Initiative, into the survey, which is expected to be launched in September, with final results expected by the first quarter of 2016. As part of the Regional Labour Market Information System project with the ILO, we will also introduce, in 2015, a new labour demand survey, the Job Opening and Labour Turnover Study, with results expected by year-end. Despite these enhanced efforts, we recognize that a critical gap remains with respect to the availability of information on labour costs and will seek technical assistance from our development partners to address this gap, beginning with the 2016 LFS. To complement efforts to strengthen data availability, we are strengthening the capacity of the Central Statistics Office and are receiving technical assistance from the World Bank to process and analyze labour market data.

20. **Reforms to the regulatory environment for energy remain vital to strengthening Grenada's price competitiveness.** Amendments to the Public Utilities Regulatory Commission Act and a new Electricity Supply Act have been drafted and underwent public consultations in February 2015. Subsequent to the consultations, public comments have been incorporated into the draft legislation, which has been published for a subsequent round of public consultation. We expect the new legislation to be approved in early 2016. The legislation will put in place a new regulatory authority responsible for tariff-setting by establishing a new national regulator, to be supported by

the regional advisory authority (the Eastern Caribbean Energy Regulatory Authority (ECERA) when established, and set the legislative framework to encourage competition in the electricity sector and guide Grenada's transition to renewable energy.

21. **We believe that changes are needed in the agricultural sector to expand capacity, raise productivity, and unlock important growth opportunities for Grenada.** Our efforts to transform the agriculture sector include:

- Integration of the agricultural supply chain into the tourism sector. We recognize the important role that stronger integration of the agricultural supply chain into the tourism sector could play to reduce food imports. Our efforts in this area continue to be spearheaded by the Marketing and National Importing Board (MNIB) and, to this end, Cabinet has approved a policy to strengthen tourism and agribusiness linkages by transforming MNIB into a service provider of information on markets, product quality, and standards. Going forward, our objective is to promote further integration of the agriculture sector with the tourism industry by enhancing the attractiveness of Grenada's agricultural products through further improvements in product quality and the reliability of supply through enhanced production planning.
- Commercialization of government-owned agricultural estates. To enhance production efficiency and improve the supply response to growing market demand, we have focused efforts on the commercialization of about 500 acres of land in four main estates which are being leased to the private sector for strategic agricultural production. We have completed the commercialization of two of the four estates, with the remaining estates expected to be commercialized by 2016. These efforts have already begun to yield dividends in terms of increasing our production base, strengthening the diversification of our products, and increasing exports of nontraditional agricultural products.

22. **We will accelerate our efforts to strengthen social protection.** We have made progress in advancing the reforms of our largest social assistance programme—Support for Education Empowerment and Development (SEED). The new beneficiary system is now installed and undergoing final testing and we have developed a strategy for implementing the system, which was approved by Cabinet in August 2015. Because of system delays, the processing of new applications into the beneficiary pool was delayed and, as a result, we may miss the end-December 2015 indicative floor on social spending. We have resumed the processing of new applicants in September 2015, which would allow for a gradual recovery in spending under the programme. With the reforms to the SEED programme now complete and systems problems addressed, we are committed to maintaining SEED spending at or above the programmed floor for the remainder of the ECF-supported programme in line with our commitment to provide strong social support during the ongoing period of fiscal adjustment.

Financial Sector Reforms

23. **We remain committed to the ECCU regional strategy to strengthen the banking sector and, together with our regional partners, have made significant progress in implementation of the strategy:**

- To promote the stability of the banking system over the medium-term, the ECCB Monetary Council, in February 2015, approved a new legislative framework for bank regulation, supervision, and resolution. Subsequently, Grenada's Parliament, in April 2015, approved the revised Banking Act. As part of the overall package of legislative reforms, we are also committed to the new ECCB Agreement Amendment Act, which must be approved on a country-by-country basis, and will present the Act to Parliament for consideration and approval as soon as the draft legislation is received by the ECCB. With these elements of the legislative framework now in place, the Monetary Council has committed to drafting regionally harmonized legislation to introduce deposit-insurance and reform foreclosure proceedings. In line with our regional commitment, Grenada is committed to putting in place these additional elements of the overall framework for bank supervision, regulation, and resolution as soon as they are approved by the Monetary Council.
- The regional asset quality review (AQR) of indigenous banks, the viability assessments of individual banks, and the regional assessment of potential mergers and/or grouping of assets and liabilities across banks that could be attractive for potential investors are now complete. The results are currently being considered holistically by the ECCB, in conjunction with national authorities, to assess the financial strength of individual banks and determine the final estimated capital needs of each institution. Subsequently, these assessments will be utilized to further elaborate the regional strategy to address banking sector weaknesses on an institution-by-institution basis.
- We remain committed to taking immediate action as necessary to strengthen the financial position of commercial banks operating in Grenada while safeguarding fiscal sustainability. In this regard, we will work with the ECCB to determine an appropriate strategy, in the context of a sustainable fiscal framework consistent with commitments under the IMF-supported programme and resumption of debt sustainability, to address weaknesses identified in the Grenadian banking sector. Private sector solutions will be considered as a first best option to address any weaknesses identified in Grenadian banks.

24. **We continue to strengthen regulation and supervision of the nonbank financial sector.**

An independent evaluation of the Grenada Authority for the Regulation of Financial Institutions' (GARFIN) operations and supervisory practices was undertaken by CARTAC in early 2015. The results and recommendations from the assessment of GARFIN will be used to guide our continued efforts to strengthen regulation and supervision of the nonbank financial sector. The draft report acknowledges the significant progress made in strengthening regulation and supervision of the nonbank financial sector since GARFIN was established in 2007, and identifies the need to continue

these efforts by increasing staffing at GARFIN to vest it with sufficient resources to be able to adequately fulfill its oversight responsibilities. We are committed to addressing this resource gap.

25. **We fully support the establishment of the Eastern Caribbean Financial Services Regulatory Commission as the regional regulator and supervisor of the proposed single insurance market in the ECCU.** The process is moving forward as planned with the projected launch date for the single insurance market and single regulator being the first quarter of 2017. We are committed to enacting the new uniform ECCU Insurance legislation once it is finalized. In the interim, GARFIN has continued to strengthen supervision of the sector. On-site examination of insurance companies is ongoing and revised quarterly reporting forms have recently been introduced. GARFIN continues to enhance cooperation with home country regulators in an effort to strengthen consolidated supervision.

26. **GARFIN has taken important steps to enhance supervision in the credit union sector.** This includes implementing risk-based supervision and, with technical assistance from CARTAC, conducting credit quality reviews. To complement these efforts, we are committed to strengthening the legislative framework for regulation and supervision by revising the Cooperative Societies Act in 2016 to enhance credit unions' capital adequacy, among other things. Moreover, we are also committed to issuing the uniform ECCU regulations for the credit union sector which will provide support for the Cooperatives Societies Act. In cooperation with the Caribbean Association of Credit Union Supervisors, CARTAC, and our regional counterparts, we are giving consideration to developing a risk-weighted capital adequacy framework for credit unions.

27. **With regard to pensions, GARFIN has completed registering most of the pension plans in Grenada.** Offsite supervision of pension plans is now ongoing through review of audited financial statements and actuarial reports. Detailed interim reporting forms will be introduced before year end. A training workshop for trustees is also planned in the next coming months. On-site supervision covering areas such as asset/investment quality and corporate governance will commence in 2016.

Programme Monitoring

28. **The programme will be subject to semiannual reviews and semiannual performance criteria, indicative targets and structural benchmarks, as well as continuous performance criteria.** This is set out in Tables 1-2 and in the attached Technical Memorandum of Understanding (TMU). We anticipate that the fourth, fifth, and sixth reviews will take place on or after March 31, 2016, September 30, 2016 and March 31, 2017, respectively, and will require observance of the continuous performance criteria and of the conditionality for end-December 2015, end-June 2016, and end-December 2016, respectively. To facilitate programme monitoring, we are committed to providing detailed statistical information as specified in the TMU. Progress in the implementation of the policies under the programme may be monitored on a quarterly basis through staff visits.

Table 1. Grenada: Quantitative Programme Targets

	2013		2014			2015				2016		
	Dec.	Jun.	Dec.	Jun.	Dec.	Jun.			Dec.	Jun.	Dec.	
	Act.	Act.	Status	Act.	Status	Prog.	Prog. 1/ Adj.	Act.	Status	Prog.	Prog.	Propo sed
Performance criteria												
A. Cumulative floor on central government primary balance (EC\$ mln) 2/	-90	-2	Met	-28	Met	9	26	34	Met	31	39	94
B. Cumulative ceiling on central government primary spending (EC\$ mln) 2/	564	285	Met	630	Met	281	301	284	Met	550	268	526
C. Ceiling on stock of central government budget expenditure arrears (EC\$ mln)	86	80	Met	66	Met	43	43	34	Met	0	0	0
D. Ceiling on accumulation of external debt arrears (continuous)		0	Met	0	Met	0	0	0	Met	0	0	0
E. Ceiling on contracting of non-concessional external debt by the central government (continuous, US\$ mln)		0	Met	10	Not met	0	0	0	Met	0	0	0
Indicative targets												
F. Cumulative ceiling on net change in central government and central government guaranteed debt (EC\$ mln) 2/ 3/		73	Met	48	Met	39	38	-30	Met	66	13	15
G. Floor on social spending by central government (EC\$ mln)		6.2	Not met	11.4	Not met	6.7	6.7	5.4	Not met	13.4	7.0	14.0
Monitoring												
H. Wage bill target	227	111	Met	219	Met	110	110	109	Met	220	110	219
I. Public employment target	7755	7168	Met	7515	Met	7534	7534	7096	Met	7484	7434	7384
Memorandum item												
Projected new concessional external debt (US\$ mln) 4/										21	10	10

1/ Adjusted for the shortfall in SEED spending, the revenue overperformance, and the capital grant shortfall compared to the program as applicable according to the TMU.

2/ From end-December of the previous year.

3/ Actual does not include financing from CDB on behalf of GSWMA because the loan had not been disbursed.

4/ Debt with a grant element that exceeds a minimum threshold of 35 percent.

Table 2. Grenada: Structural Programme Conditionality

Measure	Timing	Implementation Status
Structural Benchmarks		
Growth- Enhancing Reforms		
1. Parliamentary approval of the revised Investment Promotion Act	November 30, 2014	Met
Fiscal Adjustment Measures		
1. Parliamentary approval of 2015 budget consistent with program commitments	December 31, 2014	Not met, but corrective action taken
2. Parliamentary approval of 2016 Budget consistent with program commitments and Fiscal Responsibility Legislation	December 31, 2015	Proposed
3. Parliamentary approval of fiscal adjustment measures for 2016	December 31, 2015	Proposed
Fiscal Structural Reforms		
1. Parliamentary approval of the revised PFM legislation	August 31, 2014	Met
2. Cabinet approval of a strategic plan for the statutory bodies	October 31, 2014	Met in February 2015
3. Parliamentary approval of the revised legislation on tax incentive regime	November 30, 2014	Met in June 2015
4. Parliamentary approval of the legislation for the fiscal policy framework	December 31, 2014	Met in June 2015
5. Minister of Finance approval of regulations for the National Transformation Fund	February 28, 2015	Met in August 2015
6. Parliamentary approval of a public debt management law	March 31, 2015	Met in June 2015
7. Minister of Finance approval of regulations for the revised PFM legislation	June 30, 2015	Met in September 2015
8. Publication of all citizenship-by-investment statistics on a quarterly basis	Quarterly, beginning July 31, 2015	Met
9. Parliamentary approval of a tax administration act	November 30, 2015	
10. Implementation of the new Chart of Accounts for the 2016 Budget	December 31, 2015	
11. Establishment and operationalization of the LMTS and Small Taxpayers Service	December 31, 2015	Proposed
12. Signing into force of the new tax incentive regime and Investment Act 2014	December 31, 2015	Proposed
13. Cabinet approval of a strategic plan to modernize the public sector	March 31, 2016	
14. Parliamentary approval of the revised GIDC Act	June 30, 2016	Proposed
15. Parliamentary approval of a new Grenada Labor Code	August 31, 2016	Proposed

Attachment II. Technical Memorandum of Understanding

1. This Technical Memorandum of Understanding (TMU) sets out the understandings between the Grenada authorities and the IMF regarding the definitions of quantitative performance criteria and indicative targets for the programme supported by the arrangement under the ECF. It also describes the modalities for assessing performance under the programme and the information requirements for monitoring this performance. In addition, the TMU specifies the requirements under the continuous structural benchmark with respect to the publication of citizenship-by-investment statistics.

2. **Definitions.** For the purpose of the programme, central government will cover all items included in the government budget. The definition of debt is set out in the Guidelines on Performance Criteria with Respect to External Debt in Fund Arrangement Executive Board Decision No. 6230-(79/140), as subsequently amended. External debt is defined as central government contracted or guaranteed debt owed to creditors residing outside of Grenada, while domestic debt covers central government contracted or guaranteed debt owed to residents of Grenada. Debt is considered contracted when it is signed by the Executive and ratified by Parliament. For ease of monitoring, all securities issued at the Regional Government Securities Market (RGSM) and debt owed to ECCB will be considered domestic debt.

I. PERFORMANCE CRITERIA

A. Cumulative Floor on the Central Government Primary Balance

3. The central government primary balance will be measured from above the line, as: (a) total revenue and grants of the central government, less (b) total non-interest expenditure of the central government:

- Total revenues and grants will record (i) project grants only to the extent that they have been spent; (ii) half of the budgetary grants (grants not earmarked for capital outlays) will be recorded when received and will be saved to settle supplier arrears (see below), with the remaining budgetary grants treated as project grants and recorded when spent on capital outlays; and (iii) transfers from the National Transformation Fund (NTF) for the settlement of arrears will be recorded as non-tax revenue and treated similarly to the CBI receipts.

- Expenditures will be recorded on an accrual basis, with: (a) budget execution data as reported by the Ministry of Finance (MOF); supplemented by (b) data on unprocessed claims to be collected and reported by the MOF.
4. The central government primary balance will also be monitored from below the line, as the negative sum of:
- i. Net domestic bank financing, which will be measured by the change in the domestic banking system credit to the central government minus government deposits in the banking system, as reported in the monetary survey. Domestic banking system credit to the central government is defined as the sum of ECCB and commercial banks' financing to the central government.
 - ii. Net nonbank financing, which will be measured by the: (a) net changes in holdings of government securities by nonbanks; and (b) net borrowing from nonbank institutions. Items (a) and (b) will be reported by the MOF and GARFIN respectively.
 - iii. Net government issuance of securities in the Regional Government Securities Market (RGSM) excluding holdings by the domestic banking and nonbanking system as captured in point (i) and (ii) above.
 - iv. Net external financing of the central government, defined as the sum of: (a) net disbursements of project and non-project loans, including securitization; (b) net proceeds from issuance of external debt; and (c) reduction in cash deposits held outside the domestic financial system. The data will be reported by the MOF on a monthly basis.
 - v. The change in the stock of arrears of the central government, measured as the net change in (a) unpaid checks issued, (b) unprocessed claims, (c) pending invoices, (d) interest payments past due, and (e) other forms of expenditures recorded above the line but not paid, such as contributions to the National Insurance Scheme (NIS). The data will be reported by Ministry of Finance on a monthly basis.
 - vi. Gross receipts from divestment, defined as proceeds received from any privatization/divestment and sale of assets; and
 - vii. Any exceptional financing (including rescheduled principal and interest).
 - viii. Less domestic and external interest payments on a due basis.

- ix. Less grants received but unutilized.

If the difference between the primary balance measured from above the line and from below the line is larger than EC\$6 million in 2015 and EC\$3 million in 2016 the MOF will consult with IMF staff.

5. The floor on the central government primary balance will be adjusted as follows:
 - i. Upward by the amount of fees received (non-tax revenues in the budget) from the citizenship-by-investment (CBI) programme and by the amount of transfers from the NTF for the settlement of arrears.
 - ii. In the event that revenues (excluding the fees from the CBI programme and transfers from the NTF) exceed those projected under the programme, the primary balance target will be adjusted upward by one half of the excess during January-June, to allow for additional capital spending while safeguarding compliance with the annual fiscal targets. The following table shows the accumulated projected revenue and budgetary grants for 2015-16, as well as capital spending, to which the actual outcomes will be compared.

Grenada: Programmed revenues and grants, 2015-16			
	2015 ¹		2016 ¹
	Dec.	Jun.	Dec.
(EC\$ millions)			
Non grant revenue	504.4	284.7	565.9
Budgetary grants	0	0	0
Capital spending	176.5	76.5	148.8
o.w. financed by capital grants	77.1	27.9	55.9

¹ Cumulative from end of the previous year.

- iii. Upward by half of the amount of budgetary grants received in excess of those projected under the programme.
- iv. Upward for any shortfall in the targeted cash transfers (SEED) from their indicative target.
- v. Downward for the cost of technical assistance related to public sector modernization reforms less the amount of any grants received for this purpose (up to a cumulative maximum of US\$300 thousand).
- vi. Downward for the advisor fees related to debt restructuring less the amount of any grants received for this purpose (up to a cumulative maximum of US\$5 million) for the end-December 2015 target.

- vii. Downward for the cost of severance payments associated with the restructuring of Grenada Concrete Emulsion and Production Corporation and the Grenada Postal Corporation (up to a cumulative maximum of US\$4 million).
- viii. Downward by the amount paid by the government to reimburse the policy holders of the failed regional insurance companies BAICO and CLICO, less the grant-financed share of these payments.

6. The authorities will consult with IMF staff on corrective measures in the event of shortfalls in government revenue and financing. The Government will safeguard the over-performance in revenue achieved in the first half of any year by increasing the capital budget allocations for the last two quarters of the year only up to 2/3 of the over-performance.

B. Cumulative Ceiling on Central Government Primary Spending

7. The primary spending of the central government will be calculated as the sum of revenues and grants that have been utilized minus the primary balance of the central government as measured above in section A. The performance criterion on primary spending will be subject to the same adjustors as applied to the primary balance target as applicable with the exceptions of the adjustors specified in ¶5 points (v), (vi) and (vii). An additional adjustor would apply to the primary spending target to allow for the full use of available project grants and half of the amount of budgetary grants: the target will be adjusted upward by the full amount of additional capital grants, and by the amount of budgetary grants, received and spent on capital outlays in excess of programmed levels (but only up to half of the total budgetary grants received) and will be adjusted downward by half of the shortfall in capital grants compared to the programmed levels to safeguard the fiscal targets (table above). The target will also be adjusted upward by: (i) the cost of technical assistance related to public sector modernization reforms (up to a cumulative maximum of US\$300 thousand); (ii) advisor fees related to the debt restructuring, for the end-December 2015 targets only (up to a cumulative maximum of US\$5 million); (iii) the cost of severance payments associated with the restructuring of Grenada Concrete Emulsion and Production Corporation and the Grenada Postal Corporation (up to a cumulative maximum of US\$4 million), and (iv) the amount paid by government to reimburse the policy holders of BAICO and CLICO.

C. Ceiling on the Stock of Central Government Budget Expenditure Arrears

8. A ceiling is set on the stock of central government budget expenditure arrears equal to EC\$0 million at each of end-December 2015, end-June 2016 and end-December 2016. Budget

expenditure arrears are defined as the sum of: (i) any invoice that has been received by a spending agency from a supplier of goods, services, and capital goods delivered and verified, and for which payment has not been made within the contractually agreed period (taking into account any applicable contractual grace period), or in the absence of a grace period, within 60 days after the due date; (ii) wages, pensions, or transfers (including to the Solid Waste Company), for which payment has been pending for longer than 60 days to domestic or foreign residents; and (iii) interest and amortization payments on domestic debt for which payment has not been made within the contractually agreed period (taking into account any applicable contractual grace period). Arrears resulting from the nonpayment of debt service for which a clearance framework has been agreed or a rescheduling agreement is being sought are excluded from this definition. The data will be reported by the Accountant General's office.

D. Non-Accumulation of External Debt Arrears (Continuous)

9. The central government will not incur new arrears in the payment of their external obligations (contracted or guaranteed) at any time during the arrangement. Arrears are defined as a payment of debt which has not been made within the contractually agreed period (taking into account any applicable contractual grace period). Overdue membership fees to regional and international organizations as well as arrears resulting from the nonpayment of debt service for which a clearance framework has been agreed or for which the government or the institution with government guaranteed debt is actively and in good faith pursuing a debt restructuring are excluded from this definition. The performance criterion will be applied on a continuous basis under the programme.

E. Ceiling on Contracting of Non-Concessional External Debt by the Central Government (Continuous)

10. The ceiling on non-concessional borrowing will be applied to the contracting or guaranteeing by the central government of medium and long-term external debt (maturity greater than one year). Excluded from the ceiling is borrowing from regional financial institutions or markets (Caribbean Development Bank, the World Bank, and the RGSM) and debt instruments to be issued as part of a debt restructuring. The contracting and guaranteeing of non-concessional external debt will be monitored and reported to the Fund staff by the Debt Management Unit (DMU), after reconciliation with the Accountant General's office, on a monthly basis. The government will undertake to consult with IMF staff on the terms and concessionality of any proposed new debt in advance of contracting such external debt. The performance criterion will be applied on a continuous basis under the programme.

11. A debt is non-concessional if the grant element in net present value (PV) terms relative to face value is less than 35 percent. The discount rate used for this purpose is 5 percent.

12. For debts carrying a variable interest rate in the form of a benchmark interest rate plus a fixed spread, the PV of the debt would be calculated using a program reference rate plus the fixed spread (in basis points) specified in the debt contract. The program reference rate for the six-month USD LIBOR is 3.34 percent and will remain fixed for the duration of the program. The spread of six-month Euro LIBOR over six-month USD LIBOR is -250 basis points. The spread of six-month JPY LIBOR over six-month USD LIBOR is -300 basis points. The spread of six-month GBP LIBOR over six-month USD LIBOR is -100 basis points. For interest rates on currencies other than Euro, JPY, and GDP, the spread over six-month USD LIBOR is -200 basis points.¹ Where the variable rate is linked to a benchmark interest rate other than the six-month USD LIBOR, a spread reflecting the difference between the benchmark rate and the six-month USD LIBOR (rounded to the nearest 50 bps) will be added.

II. INDICATIVE TARGETS

F. Cumulative Ceiling on Net Change in Central Government and Central Government Guaranteed Debt

13. The net change in central government and central government guaranteed debt is defined as the difference in the stock of central government and central government guaranteed debt between two specified periods. For programme purposes, the stock of central government and central government guaranteed debt is measured under the disbursement basis.

14. In cases where the government facilitates the financing of Public-Private Partnership (PPP) projects by concessionaires, the debt of the central government will be increased by the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement excluding those payments that cover the operation, repair or maintenance of the property.

15. The ceiling on the net change in central government and central government guaranteed debt will be adjusted as follows:

¹ The program reference rate and spreads are based on the "average projected rate" for the six-month USD LIBOR over the following 10 years from the October 2014 World Economic Outlook (WEO).

- Upward by the amount paid by the government to reimburse the policy holders of the failed regional insurance companies BAICO and CLICO, less the grant-financed share of these payments.
- Upward to a maximum amount of 5 percent of GDP to accommodate PPP related expenditures.
- Downward by the amount of nominal debt forgiveness in the case of debt restructuring
- Upward for the cost of technical assistance related to public sector modernization reforms less the amount of any grants received for this purpose (up to a cumulative maximum of US\$300 thousand).
- Upward for the advisor fees related to debt restructuring less the amount of any grants received for this purpose (up to a cumulative maximum of US\$5 million).
- Upward for the cost of severance payments associated with the restructuring of Grenada Concrete Emulsion and Production Corporation and the Grenada Postal Corporation (up to a cumulative maximum of US\$4 million).

16. The data used to monitor the net change in central government and central government guaranteed debt will be provided by the DMU, after reconciliation with the Accountant General's office, on a monthly basis.

G. Indicative Floor on the Social Spending by the Central Government

17. The indicative floor on social spending of the central government will apply only to expenditures incurred by the central government on the SEED programme (Support for Education Empowerment and Development). Spending under the SEED programme will be reported by the Ministry of Finance on a quarterly basis.

H. Memorandum Item: Wage Bill Target

18. The wage bill of the central government will include expenditures incurred by the central government towards the payment of wages, salaries and personnel allowances. This will be reported by the Ministry of Finance on a quarterly basis.

I. Memorandum Item: Public Employment

19. The public employment of the central government will include the established (permanent), unestablished (temporary) workers, and project workers. This will be reported by the Ministry of Finance on a quarterly basis.

III. PUBLICATION OF CITIZENSHIP-BY-INVESTMENT STATISTICS

20. The Ministry of Finance on a quarterly basis beginning July 31, 2015 will supply to the IMF and publish on its external website all CBI-related statistics including, but not limited to: (i) the number of CBI applications received, by type of application (National Transformation Fund (NTF) donation or investment option), (ii) the number of CBI-programme applications approved (NTF donation or investment option), (iii) the number of new citizens under the CBI programme, (iv) the number of CBI-programme applications rejected, (v) the total amount of revenues received into the NTF, (vi) the total amount of CBI programme application fees received by the central government, (vii) total transfers of NTF funds from the NTF to the central government, (viii) total central government spending financed by CBI-programme related revenue (direct central government financing and NTF-financed projects).The data will be reported as outlined in Table 1.

IV. PROGRAMME REPORTING REQUIREMENTS

21. Performance under the programme will be monitored from data supplied to the IMF by the Ministry of Finance and the Central Statistics Office as outlined in Table 1. The authorities will transmit promptly to IMF staff any data revisions as well as other information necessary to monitor the arrangement with the IMF.

Table 1: Summary of Data to be Reported to the IMF

Information	Frequency	Reporting Deadline	Responsible
Citizenship-by-Investment Program			
1. Number of CBI-program applications received by type of application (NTF donation and investment options)	Quarterly	30 days after the end of quarter	MOF
2. Number of CBI-program applications approved (NTF donation and investment options)	Quarterly	Same as above	MOF
3. Number of new citizens under the CBI program	Quarterly	Same as above	MOF
4. Number of CBI-program applications rejected	Quarterly	Same as above	MOF
5. Total amount of revenues received into the NTF	Quarterly	Same as above	MOF
6. Total amount of CBI program application fees received by the central	Quarterly	Same as above	MOF
7. Total transfers of NTF funds from the NTF to the central government	Quarterly	Same as above	MOF
8. Total central government spending financed by CBI-program related revenue (by direct central government financing and NTF-financed projects)	Quarterly	Same as above	MOF
Fiscal Sector			
1. Central Government budget and outturn	Monthly	30 days after the end of month	AG ^{1/} /Budget Office
2. Grants	Monthly	Same as above	AG
Budgetary grants	Monthly	Same as above	AG
Project grants	Monthly	Same as above	AG
3. Spending on SEED program	Monthly	Same as above	AG
4. Employment data for established and un-established workers	Quarterly	30 days after the end of quarter	AG
5. Financial statements of all statutory bodies	Annually	Within 12 months after year end	AG
6. Change in the stock of domestic arrears by creditor	Monthly	30 days after the end of month	AG
Unpaid claims	Monthly	Same as above	AG
Interest arrears	Monthly	Same as above	AG
Financial Sector			
1. Consolidated balance sheet for all credit unions	Quarterly	30 days after the end of quarter	GARFIN ^{2/}
2. Consolidated balance sheet for all insurance companies	Quarterly	By the end of subsequent quarter	GARFIN
Real and External Sector			
1. Updates on annual National Accounts: by sector	Annually	Within 6 weeks after availability	CSO/MOF ^{3/}
2. Tier 1 high frequency indicators ^{4/}	Monthly	60 days after the end of month	CSO/MOF
3. Tier 2 high frequency indicators ^{5/}	Monthly	6 weeks after the end of quarter	CSO/MOF
4. Balance of Payments data	Annually	Within 3 months after year end	CSO/MOF
5. Details of exports breakdown	Quarterly	By the end of subsequent quarter	Customs Dept.
6. Details of imports breakdown	Quarterly	Same as above	Customs Dept.
7. Details of tourism data	Quarterly	Same as above	CSO
8. Customs revenue foregone	Monthly	30 days after the end of month	Customs Dept.
9. CPI	Monthly	Same as above	CSO
Debt			
1. External and domestic debt and guaranteed debt (by creditor) ^{6/}	Monthly	30 days after the end of month	DMU ^{7/}
Disbursements	Monthly	Same as above	DMU
Amortization	Monthly	Same as above	DMU
Interest payments	Monthly	Same as above	DMU
Stock of external debt	Monthly	Same as above	DMU
Stock of domestic debt	Monthly	Same as above	DMU
Arrears on interest and principal	Monthly	Same as above	DMU
2. Financial statement of Petrocaribe Grenada	Monthly	Same as above	DMU/AG
3. Gross receipts from divestment	Monthly	Same as above	Budget Office
4. Exceptional domestic financing	Monthly	Same as above	DMU
5. Proceeds from bonds issued abroad	Monthly	Same as above	DMU
6. Copies of any new loan agreements	As occurring		DMU

1/ Accountant General's Office.

2/ Grenada Authority for the Regulation of Financial Institutions.

3/ Central Statistics Office/Ministry of Finance.

4/ The following are defined as Tier 1 high frequency indicators: retail sales; imports of construction materials; agricultural production; manufactured production; production of water and electricity.

5/ The following are defined as Tier 2 high frequency indicators: building permits; registration of vehicles; cargo and aircraft statistics.

6/ For Central Government and Public Sector Enterprises.

7/ Debt Management Unit.