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SCHEDULE – FISCAL RESILIENCE OVERSIGHT COMMITTEE



GRENADA

**ACT NO. 11 OF 2023****I assent,***6th November, 2023.*

CÉCILE E. F. LA GRENADES  
*Governor-General.*

AN ACT to reform the rules-based fiscal responsibility framework and strengthen fiscal resilience in Grenada, to guide and anchor fiscal policy during the budget process to ensure that Government finances are sustainable over the short, medium, and long term, consistent with a sustainable level of public debt, and for related matters.

*[ 6th November, 2023 ].*

BE IT ENACTED by the King's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives and by the authority of the same as follows—

**1.** This Act may be cited as the

Short title.

**FISCAL RESILIENCE ACT, 2023.**

**2.** In this Act—

Interpretation.

“arrears” means Central Government's obligations from the current and past years that are due but have not been paid;

“borrowing” means the creation of debt obligations by the public sector through any means including advances, loans, overdrafts, Government securities, payment arrears, finance leases, suppliers’ credit agreement, and other borrowing from commercial banks, and “borrow” shall be construed accordingly;

“capital expenditure” means non-recurrent expenditure on goods, works and services carried out by Central Government which is aimed at accumulating new physical assets with usable value for more than one fiscal year;

“Central Government” means every branch, ministry, department, agency of the Government and includes all special funds established and maintained by the Government under the Consolidated Fund;

“commitment” means a legally binding agreement that will result in payments or other liabilities for the Central Government;

“contingent liabilities” means financial obligations which arise by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Central Government, and includes debt guarantees, demand or price guarantees, and termination clauses or other default provisions that could imply a transfer of liabilities to Central Government, including financial obligations arising as a result of or in connection with public-private partnerships, but excludes letters of comfort;

“expenditures” means expenditures of the Central Government, and includes—

- (a) current spending under the Recurrent Expenditure Chart of Accounts; and
- (b) capital spending under the Capital Expenditure Chart of Accounts;

“explicit contingent liabilities” means legal obligations for Central Government to make payments only if particular events occur;

“fiscal balance” means the total receipts of the Central Government (excluding debt receipts and unspent grants) less total expenses (excluding repayment of debt) during the fiscal year;

“fiscal risk” means the possibility that actual fiscal outcomes will deviate from the fiscal outcomes expected at the time of the presentation of the annual Estimates of Revenue and Expenditure arising from matters such as—

- (a) economic outcomes differing from the assumptions made in the budget;
- (b) interest rates, exchange rates, and other variables associated with public debt;
- (c) the potential call on explicit Government guarantees and the realisation of other contingent liabilities, including those associated with public-private partnerships; and
- (d) the occurrence of natural hazards and other ‘acts of God’;

“Fiscal Resilience Oversight Committee” means the Fiscal Resilience Oversight Committee preserved, continued and renamed under section 12 (1);

“fiscal target” means a specified quantitative limit against which a particular fiscal variable is measured and monitored;

“Macroeconomic Policy Unit” means the Macroeconomic Policy Unit of the Ministry of Finance and includes its successor department of Government;

“medium term” means a period not exceeding five fiscal years;

“medium-term economic and fiscal strategy report” means the medium-term economic and fiscal strategy report prepared in accordance with section 12A of the Public Finance Management Act;

“medium-term fiscal framework” means the medium-term fiscal framework prepared in accordance with section 12 of the Public Finance Management Act;

“Minister” means the Minister of Finance;

“nominal GDP” means the level of gross domestic product measured at market prices;

“primary balance” means the fiscal balance before interest expenditure;

“primary balance rule” means the fiscal rule under section 8 (3);

“public-private partnership” means a long-term contract between a private party and–

(a) Central Government; or

(b) a Statutory Body or State-Owned Enterprise,

for providing or managing a public asset and associated services, which shall be on terms and conditions as approved by Cabinet;

“public debt” includes all direct liabilities of Central Government, Statutory Bodies and State-Owned Enterprises, including advances, arrears, compensation claims, finance leases, Government securities, loans, overdrafts, promissory notes, and supplier’s credit agreements and contingent liabilities, including explicit contingent liabilities arising as a result of or in connection with public-private partnerships;

“Public Debt Management Act” means the Public Debt Management Act, 2015;

“public debt target” means the public debt target specified under section 8 (1);

“Public Finance Management Act” means the Public Finance Management Act, 2015;

“public sector” means the Central Government, Statutory Bodies and State-Owned Enterprises;

“real GDP” means the level of gross domestic product at base year;

“real GDP growth rate” means the rate of change of real GDP on an annual basis;

“recurrent expenditures” means expenditures that are not capital expenditures, and includes normal overhead and administrative expenses, purchases of non-capital goods, personnel costs including salaries, emoluments and other benefits of Central Government’s current and past employees, maintenance expenditure, subsidies, interest payments, and transfers to Statutory Bodies and State-Owned Enterprises;

“revenue” means all taxes, tolls, imposts, levies, rates, duties, fees, penalties, royalties, surcharges, forfeitures, rents and dues, proceeds of sale, interest earned, and all other receipts of Central Government from whatever sources arising;

“State-Owned Enterprise” means an entity whether or not incorporated under company law, being—

- (a) a company in which the Government or an agency of the Government, by the holding of shares, is in a position to direct the policy of that company through, among other things, its representation on the governing board of the entity; or
- (b) a company, Board or Authority established under special legislation that recovers a significant proportion of its operating costs through charges on users,

and being determined by the Minister to be a State-Owned Enterprise under the Public Finance Management Act;

“Statistical Office” means the Statistical Office established pursuant to section 3 of the Statistics Act, Chapter 311;



“Statutory Body” means a body set up by an enactment with statutory powers and operational autonomy to carry out Government-related functions and which is part of and under the direct control of the Central Government;

“supplier’s credit agreement” means credit arrangements by which goods or services are supplied on credit for payment at future dates agreed between the supplier and purchaser;

“wage bill” means the total sum of payments made in respect of employees of Central Government, including personal emoluments, wages, allowances, and social contributions.

**3.—(1)** This Act governs matters relating to the management of public finances and fiscal matters relating to the Central Government, Statutory Bodies and State-Owned Enterprises.

Scope and application of this Act.

(2) For the avoidance of doubt, this Act shall apply in respect of the fiscal year commencing on the 1st day of January 2024.

**4.** This Act shall be read and construed together with the Public Finance Management Act and the Public Debt Management Act.

Act to be read in conjunction with other legislation.

**5.** The objects of this Act are—

Objects of this Act.

- (a) to ensure that fiscal and financial affairs of the public sector are conducted transparently and in a manner that bolsters fiscal resilience;
- (b) to ensure full and timely disclosure and wide publication of all documents and decisions involving public revenues and expenditures and their implications;

- (c) to ensure that public debt is reduced to, and then maintained at, a prudent and sustainable level by maintaining primary balances that are consistent with this object; and
- (d) to ensure prudent management of fiscal risks.

## **PART II**

### **FISCAL RESILIENCE FRAMEWORK**

Duty of the Minister relating to compliance with fiscal rules.

**6.** The Minister shall take appropriate measures to ensure compliance with this Act, including taking appropriate measures to ensure the following—

- (a) that the fiscal and financial affairs of Central Government, Statutory Bodies and State-Owned Enterprises are conducted in a transparent manner with full and timely disclosure of fiscal and financial information;
- (b) that the principle of fiscal sustainability is observed by ensuring that public debt is reduced to, and then maintained at, a prudent and sustainable level in accordance with section 8, by maintaining primary balances that are consistent with this objective;
- (c) that there are no announcements or implementation of any new revenue and expenditure policy initiative unless measures that offset the impact of the policy initiative on the primary balance or overall level of spending have been identified;
- (d) that fiscal risks are identified and managed in accordance with regulations and guidelines to be issued by the Minister; and

- (e) that, in respect of all projects submitted for inclusion in the capital expenditure programmes of the Central Government, documented public investment procedures are prepared, include climate change mitigation and adaptation considerations and are made available for submission and approval.

7.—(1) The Minister shall take appropriate measures to ensure that the annual wage bill of Central Government does not exceed thirteen percent of nominal GDP. Wage rule.

(2) Subject to subsection (4), the compensation settlement for persons employed by Central Government shall be subject to a compensation negotiating cycle of three fiscal years.

(3) In respect of a compensation negotiation cycle, the Minister shall—

- (a) no later than one year before the compensation negotiation cycle commences and in consultation with the Minister responsible for Public Administration, cause to be established a Wage Negotiation Framework to guide the conduct and arrangements for negotiations concerning the compensation of employees of Central Government in accordance with the ceiling under subsection (1), section 8 and the policies and plans set out in the medium-term fiscal framework;
- (b) take appropriate measures to ensure that negotiations concerning the compensation of employees of Central Government are—

- (i) conducted in a manner consistent with the ceiling under subsection (1), section 8 and the policies and plans set out in the medium-term fiscal framework; and
- (ii) concluded within the compensation negotiation cycle; and
- (c) take appropriate measures to ensure that no multi-year commitment shall be entered during a period in which Parliament is dissolved.

(4) The Minister may, by Order subject to negative resolution, adjust the duration of the compensation negotiating cycle under subsection (2).

Prudent debt,  
public debt  
target, and  
primary balance  
rule.

**8.—**(1) The public debt target shall be no more than sixty percent of nominal GDP to be achieved by 2035.

(2) In respect of each annual Budget, the medium-term fiscal framework shall set an annual percentage ceiling for public debt as a ratio of nominal GDP to achieve the public debt target.

(3) For the purposes of achieving the public debt target under subsection (1), the medium-term fiscal framework shall set an annual debt-reducing primary balance, which shall be no less than one and a half percent of nominal GDP until the public debt target is achieved.

(4) Where the public debt target specified under subsection (1) is achieved, the Minister shall take appropriate steps to ensure that primary balances are consistent with maintaining debt sustainability.

9.—(1) The Minister may, by Order subject to negative resolution, suspend the public debt target and primary balance rule under section 8 at any time during a fiscal year where any of the following occurs—

Suspension  
clause.

- (a) a major economic shock resulting from—
  - (i) a global economic recession or crisis as declared by the International Monetary Fund; or
  - (ii) a disaster arising from a natural hazard as declared by an authorised national, regional or international agency, or any other disaster declared pursuant to section 55 of the Disaster Management Act, 2023; or
  - (iii) a public health epidemic, as declared by an authorised national, regional or intentional agency; or
  - (iv) war, or any other event whether national, regional or international resulting in the declaration of a state of emergency by the Governor-General pursuant to section 17 (1) of the Constitution;
- (b) a cumulative decline in real GDP equal to or greater than three percent over the two consecutive preceding fiscal years;
- (c) the Eastern Caribbean Central Bank has certified in writing that a financial sector crisis has occurred, or is imminent, and the Minister estimates that the fiscal costs of such crisis, including the costs of any related recapitalisation of banks by the

State of Grenada after all possible private sector solutions have been explored, is likely to equate or exceed four percent of nominal GDP,

if the Minister determines that implementation of the public debt target and primary balance rule in the fiscal year would be unduly harmful to the public finances and macroeconomic or financial stability.

(2) An Order under subsection (1) shall be accompanied by a memorandum setting out—

- (a) the manner in which implementation of the fiscal rule or target under this Act would be harmful to the public finances, macroeconomic or financial stability; and
- (b) the estimated levels of total revenue, total expenditure, the primary balance, and public debt as a result of the relevant circumstances under subsection (1) and the implications for the projections of these fiscal aggregates in the medium-term fiscal framework required under section 12 of the Public Finance Management Act.

(3) Where the Order under subsection (1) is published in the *Gazette* within the first half of the fiscal year, the mid-year review report laid in accordance with section 25 of the Public Finance Management Act shall include the measures proposed to facilitate compliance with the public debt target and primary balance rule at the end of the

suspension, including the size and nature of the revenue and expenditure measures.

(4) Subject to an extension under subsection (5), where the Order under subsection (1) is published in the *Gazette* within the second half of the fiscal year, the medium-term economic and fiscal strategy report accompanying the national Budget for the new fiscal year shall include the measures proposed to facilitate compliance with the public debt target and primary balance rule in the new fiscal year, including the size and nature of the revenue and expenditure measures for the national Budget for the new fiscal year.

(5) If the Minister is satisfied that—

- (a) one circumstance under subsection (1) (a), (b) or (c) applies; or
- (b) resumption of the application of the public debt target and primary balance rule suspended by an Order under subsection (1) would be unduly harmful to the public finances and macroeconomic or financial stability,

the Minister may extend the period for the Order under subsection (1) by a second or subsequent Order subject to affirmative resolution made concurrently with the presentation of the national Budget for the new fiscal year.

(6) An Order under subsection (1) or a second or subsequent Order under subsection (5) shall apply for a period not exceeding one fiscal year.

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**PART III****RESPONSIBILITIES FOR IMPLEMENTATION  
AND MONITORING OF THE FISCAL RESILIENCE  
FRAMEWORK**

Duties and  
powers of the  
Minister for  
implementation  
and reporting.

**10.—(1) The Minister—**

- (a) shall take appropriate measures to ensure transparency in Central Government's fiscal operations at every stage of the budget preparation and execution cycle, unless it is reasonably required to withhold publication of information in the interest of national security;
- (b) may request information from any legal person or legal entity and may request that any legal person or legal entity comply with any relevant provision of this Act;
- (c) shall ensure that the medium-term economic and fiscal strategy report prepared and submitted to Parliament along with the presentation of the annual budget under the Public Finance Management Act includes the matters set out in subsection (2) (a) to (c); and
- (d) shall prepare and submit to Parliament, along with the presentation of any supplementary budget, a statement showing the progress made towards compliance with the fiscal rules and targets in this Act, in the relevant fiscal year.

**(2) A statement under subsection (1) (d) shall include—**

- (a) a review of fiscal performance for the first half of the fiscal year and an assessment of the estimated fiscal outturns for the entire fiscal year in comparison with the fiscal rules and targets in this Act; and



- (b) the manner in which the supplementary budget laid before Parliament complies with the fiscal rules and targets, and reflects improvement required for full compliance.

(3) The Minister in fulfilling his or her responsibilities under subsection (1), may—

- (a) request any financial statement, data, or information associated with fiscal risks from any economic entity, any entity in the public sector or any entity receiving guarantees and loans from Central Government; and
- (b) request information from any domestic or regional authority, including the Eastern Caribbean Central Bank, Eastern Caribbean Securities Exchange, the Grenada Authority for the Regulation of Financial Institutions and any other supervisory entity responsible for the supervision of financial institutions or other business undertakings, about fiscal risks associated with any entity in Grenada under supervision by the domestic or regional authority.

**11.**—(1) The Ministry of Finance shall produce all fiscal data necessary for compliance with the provisions of this Act on a timely and regular basis as may be prescribed by the Minister pursuant to section 15. Statistical data.

(2) The macroeconomic data for the purposes of this Act shall be produced by the Statistical Office on a timely and regular basis.

(3) Where the Statistical Office is unable to produce the macroeconomic data in a timely manner, the Minister may rely on available estimates which in the opinion of the Minister are most credible and accurate in the circumstances.

(4) Where the Minister relies upon any estimate provided pursuant to subsection (2), the Minister shall disclose the source of the estimate in any communication or report that reflects the estimate.

Fiscal  
Resilience  
Oversight  
Committee.

**12.—**(1) The body constituted under section 14 of the Fiscal Responsibility Act No. 29 of 2015 known as the Fiscal Responsibility Oversight Committee is hereby preserved, continued and renamed as the Fiscal Resilience Oversight Committee for the purposes of this Act.

(2) The composition of the Fiscal Resilience Oversight Committee and related matters are set out in the Schedule.

(3) The Fiscal Resilience Oversight Committee shall—

- (a) monitor, assess and report on the implementation of this Act;
- (b) no later than three months after the end of each fiscal year, prepare and lay before the House of Representatives for consideration, an annual report on the status of implementation of this Act;
- (c) provide a written assessment to the Ministry of Finance on the draft of the medium-term fiscal framework prepared in accordance with section 12 of the Public Finance Management Act;
- (d) no later than two weeks after the approval of any supplementary budget, prepare and lay before the House of Representatives

for consideration, a statement on the impact of the supplementary budget on the compliance with the fiscal rules and targets in this Act;

- (e) where an Order under section 9 has been made, prepare and lay before the House of Representatives a written assessment on the compliance with this Act and the adequacy of the measures proposed to facilitate compliance with the public debt target and primary balance rule at the end of the suspension; and
- (f) advise on measures that ensure compliance in accordance with the provisions of this Act.

(4) An annual report prepared pursuant to subsection (3) (b) shall include—

- (a) the progress made towards compliance with the fiscal rules and targets in this Act, with respect to the relevant fiscal year, including an assessment of the actual fiscal outturns compared to the medium-term fiscal framework approved with the annual budget; and
- (b) outcomes and implications of the implementation of this Act.

(5) Notwithstanding subsection (3) (b), in the event of exigent circumstances and upon the request of the Fiscal Resilience Oversight Committee, the Speaker of the House of Representatives may grant an extension of time for the annual report to be laid before the House of Representatives, which shall not exceed thirty calendar days.

(6) The Fiscal Resilience Oversight Committee may request any additional data, information or documents from the Ministry of Finance for the purposes of carrying out its responsibilities under this section.

(7) Where the Fiscal Resilience Oversight Committee lays before the House of Representatives a report prepared pursuant to subsection (3) (b) or (5), as the case may be—

- (a) the House of Representatives shall cause a copy of the report of the Fiscal Resilience Oversight Committee to be served on the Minister within seven days of receipt of the report and cause a copy to be published in the Gazette within seven days of receipt of the report;
- (b) not later than thirty calendar days after the report is laid before the House of Representatives, the Minister shall make representations in the House of Representatives in response to the contents of the report, including any areas of non-compliance referred to in the report; and
- (c) the House of Representatives may by Order appoint a Special Selection Committee to examine the report and the representations made by the Minister, and make recommendations to the House of Representatives on the implementation of measures to ensure compliance with the relevant provisions of this Act.

**13.—**(1) The Minister shall cause to be established Performance-Monitoring Guidelines for Statutory Bodies and State-Owned Enterprises in accordance with the objects of this Act.

Monitoring  
of Statutory  
Bodies and  
State-Owned  
Enterprises.

(2) No later than three months prior to the beginning of a fiscal year, the Minister shall—

- (a) review and, where applicable, update the Performance-Monitoring Guidelines for Statutory Bodies and State-Owned Enterprises; and
- (b) where applicable, issue Statutory Bodies and State-Owned Enterprises with explicit guidelines for non-interest expenditure, new borrowings and other policies for the fiscal year, which shall be monitored by the Ministry of Finance.

## **PART IV**

### **MISCELLANEOUS**

**14.—**(1) In furtherance of this Act, the Minister may reserve any information which, in the opinion of the Minister—

Confidentiality.

- (a) is confidential commercial information; or
- (b) if disclosed, could prejudice national security or defence or have a substantial adverse effect on the Grenadian economy or Central Government's ability to manage the Grenadian economy.

(2) A person with responsibility for or involved in management of public finances who discloses any information to any unauthorised person shall be subject to disciplinary action by the Public Service Commission, including dismissal, and prosecution where appropriate, demotion, suspension, or other sanctions applicable to breach of any public financial management requirements under the Public Finance Management Act or other relevant law or administrative code of conduct.

Regulations.

**15.**—(1) The Minister may make regulations for the purpose of giving effect to the provisions of this Act.

(2) Without prejudice to the generality of subsection (1), the Minister may make regulations—

- (a) relating to the methodologies and procedures for the computation of the fiscal and other ratios to be used in the preparation of the reports required for measuring compliance with this Act;
- (b) relating to the discharge of the responsibilities of accountable officers;
- (c) prescribing the operational guidelines for the preparation, submission and approval of public investment projects; and
- (d) relating to projects submitted for inclusion in the capital expenditure programmes of Central Government.

Repeal  
of Fiscal  
Responsibility  
Act, 2015.

**16.** The Fiscal Responsibility Act No. 29 of 2015 is hereby repealed.

**17.**—(1) Unless the contrary appears, a reference to the “Fiscal Responsibility Act, 2015”, the “Fiscal Responsibility Act No. 29 of 2015” or the “Fiscal Responsibility Act” in any other enactment shall be construed as this Act. Transitional provisions.

(2) Notwithstanding section 16, the appointment of a member of the Fiscal Responsibility Oversight Committee in accordance with the Fiscal Responsibility Act No. 29 of 2015 shall be valid as an appointment of a member of the Fiscal Resilience Oversight Committee until its expiration or its termination in accordance with paragraph 2 of the Schedule.

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## SCHEDULE

### **Fiscal Resilience Oversight Committee**

*(section 12)*

**1. Composition.**—(1) The Fiscal Resilience Oversight Committee shall consist of five members which shall be appointed by the Governor-General.

(2) The Governor-General shall appoint each member, upon the nomination of the Committee of Privileges of Parliament—

- (a) in the case of four members, in consultation with the Director of Audit, having qualifications in the following areas—
  - (i) accounting;
  - (ii) business management, having not less than ten years of experience;
  - (iii) public administration, having not less than ten years of experience; or
  - (iv) law; and
- (b) in the case of one member who shall have expertise in economics, on the advice of the Governor of the Eastern Caribbean Central Bank.

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**2. Tenure and revocation.**—(1) The Governor-General shall appoint as Chairperson of the Fiscal Resilience Oversight Committee one of the four members nominated by the Committee of Privileges of Parliament upon the Committee of Privileges nominating that member to be the Chairperson.

(2) A member of the Committee shall hold office for a period not exceeding three years and shall be eligible for re-appointment subject to subparagraph (3).

(3) In no case shall a person hold office as a member of the Committee for a period exceeding four consecutive years, but a person who has served for a period of four consecutive years may become eligible for re-appointment after the expiration of two years.

(4) The Governor-General may revoke the appointment of a member of the Committee, if the member—

- (a) is unable to perform the functions of his or her office by reason of mental or physical infirmity;
- (b) is adjudged bankrupt;
- (c) is convicted of an offence under—
  - (i) the Criminal Code, Chapter 72A; or
  - (ii) the Prevention of Corruption Act, Chapter 252A,or an offence involving dishonesty;
- (d) is convicted outside of the State of Grenada of an offence consisting of acts or omissions which would constitute an offence under paragraph (c); or
- (e) is absent from three consecutive sittings of the Committee without the permission of the Committee.

(5) A member of the Committee may at any time resign from office by notice in writing to the Governor-General, which shall take effect on the date specified by the notice or on the date the notice is received by the Governor-General, whichever is later.

(6) Where the Governor-General appoints a new member of the Committee in place of a member of the Committee whose appointment has been terminated or revoked by reason of death, resignation or circumstances under subparagraph (4), the term of the new member shall be the remainder of the term of office of the former member.

**3. Support Services.**—(1) Notwithstanding subparagraph (2), the Fiscal Resilience Oversight Committee shall appoint such staff on a temporary basis and as shall be necessary for the efficient technical and administrative operations of the Committee.



(2) The Policy Unit shall provide support relating to the supply of data and any supplementary information requested by the Committee, in order to facilitate the discharge of its functions.

**4. Meetings.**—(1) The Fiscal Resilience Oversight Committee shall meet as often as is necessary but at a minimum of four times a year.

(2) Subject to the provisions of this Act, the Committee shall regulate its own procedure.

**5. Costs.** The costs incurred for, and in relation to, the performance of the functions of the Fiscal Resilience Oversight Committee shall be a direct charge on the Consolidated Fund.

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Passed by the House of Representatives this 24th day of October, 2023.

ANDREW AUGUSTINE  
*Clerk to the House of Representatives.*

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Passed by the Senate this 26th day of October, 2023.

ANDREW AUGUSTINE  
*Clerk to the Senate.*