International Monetary Fund

Grenada and the IMF

Press Release:
IMF Executive Board Completes Third Review Under PRGF Arrangement with Grenada, and Approves US$6.8 Million Increase in Financial Assistance and US$6 Million Disbursement
June 4, 2009

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

May 19, 2009

St. George's, Grenada
May 19, 2009

Mr. Dominique Strauss-Kahn
Managing Director
International Monetary Fund
Washington, D.C. 20431

Dear Mr. Strauss-Kahn:

We have made significant progress with our economic program since the second review of our arrangement under the PRGF in December 2008. Implementing the large fiscal adjustment in the second half of 2008 was challenging, but we are as a result better placed to deal with global turbulence. In light of the sharp slowdown in global growth and the continuing global financial crisis, we have decided to review our policy framework for 2009.

The attached Supplementary Memorandum of Economic Policies (SMEP) discusses progress in implementing our PRGF-supported program, and outlines policies, objectives, and macroeconomic framework for 2009 and beyond. It gives priority to mitigating the impact of the global economic slowdown, putting our debt on a sustainable trajectory, undertaking reforms to improve the business environment, and strengthening our capacity for economic and fiscal management.

Reflecting the strong measures taken after our government took office in July 2008, we have met all of our end-December 2008 quantitative performance criteria, and in particular met our target on domestic arrears older than 60 days by a large margin. We were able to reduce our primary deficit excluding grants from 5.1 percent of GDP in the first half of the year to 2.4 percent in the second half. Given the significant downward revision in projected revenues for 2009, we are proposing to revise the end-June 2009 target for the primary balance excluding grants.

Regarding the resolution of Capital Bank, the High Court has not yet acted on our petition for liquidation on November 13, 2008, pending several legal challenges by the bank's owner. Once the court has ruled on these challenges and on the liquidation petition, we will move rapidly to resolve the bank through liquidation.

We have also made significant progress with other structural reforms. We have announced an introduction date for the VAT of February 1, 2010, which will allow sufficient time for businesses, consumers, and the government to prepare, and we will soon begin our public education campaign. In addition, in January 2009 we established a Debt Management Unit in the Ministry of Finance, which aims at improving the effectiveness of and developing a strategy for our debt management.

We are considering seeking a US$50–80 million (7–12 percent of GDP) concessional loan from the Export-Import Bank of China to build a luxury hotel in a joint venture, although this loan is not accommodated under our program ceiling on bilateral concessional debt. We have given no further consideration to a loan for a marina and port project. We have asked the Paris Club to grant an extension of debt relief for 2009 in line with the debt relief that the Paris Club extended in 2006–08. We have also maintained our best efforts to complete the restructuring of our bilateral debt. We will continue good faith efforts to reach collaborative agreements with the few remaining nonparticipating commercial creditors.

Even with our ongoing efforts explained in detail in the attached SMEP, the global downturn is expected to have large adverse effects on economic activity and the external position of Grenada in 2009. To support our adjustment, we request an augmentation of access under the PRGF-supported program of 37.5 percent of quota, corresponding to SDR 4.39 million, to be disbursed at the conclusion of the third and fourth reviews.

The attached SMEP presents our policies for 2009 and beyond. Proposed quantitative performance criteria and indicative targets are indicated in Table 1 of the SMEP, and proposed structural benchmarks are indicated in Table 2. We are committed to working to achieve these program targets, including the fiscal targets. On this basis, the Government of Grenada hereby requests the completion of the third review under the PRGF arrangement and financing assurances review and the release of the associated disbursement in an amount equivalent to SDR 3.875 million.

The government will continue to provide the Fund with such information as the Fund may request in connection with progress in implementing the economic and financial policies. The government believes that the policies and measures set forth in our previous MEP and the attached SMEP will achieve the program's objectives. The government also stands ready to take additional policy measures as appropriate to ensure the attainment of these objectives. We will consult with the Fund on the adoption of these measures, and in advance of revisions to the policies contained in the MEP and SMEP, in accordance with the Fund's policies on such consultations.

The government authorizes the Fund to make public the contents of this letter and the attached SMEP, as well as the accompanying staff report, to facilitate wider access to our policies and to signal the seriousness of our commitment to the program to civil society and the international community.

Yours faithfully,

________/s/_____________

Honorable V. Nazim Burke
Minister for Finance

Supplementary Memorandum of Economic Policies

1. **Grenada's economic strategy is focused on coping with external shocks while laying the groundwork for broad-based economic growth.** Achieving these goals will require implementing policies to address the impact of the global economic slowdown and financial spillovers; putting public finances and debt on a sustainable trajectory; improving the climate for private investment; reducing vulnerabilities; and alleviating poverty through more effective social safety nets. This supplement to our Memorandum of Economic Policies dated March 21, 2006 sets forth these economic objectives in greater detail and our plan for achieving them.

I. Recent Developments and Outlook

2. **Economic growth has decelerated sharply reflecting the global slowdown.** Real GDP growth slowed to 0.3 percent in 2008, from 4.5 percent in 2007, reflecting weakening tourism receipts and FDI. Inflation fell to 2.8 percent by March 2009, after peaking at 9.3 percent in July 2008, reflecting the passthrough of declining world fuel and food prices.

3. **External conditions are placing pressure on the balance of payments.** Stayover arrivals declined by 5 percent in 2008 after strong Cricket World Cup-related performance in 2007, and the decline is expected to be more pronounced in 2009. Weaker tourism receipts and FDI turned the overall balance of payments into deficit in 2008.

4. **Looking forward, real GDP is now expected to decline by 0.7 percent in 2009, as a result of a deeper and more prolonged global slowdown.** Stayover arrivals are expected to decline further, by about 10 percent, and private remittances are also expected to decline. The current account balance will narrow sharply as tourism receipts and FDI continue to fall, while the overall balance is projected to deteriorate further.

5. **The banking sector, which is dominated by subsidiaries of international banks, has continued to remain resilient notwithstanding the global financial turmoil.** Private sector credit growth slowed to 9.3 percent at end-February, reflecting the weaker economic activity. As at end-December 2008, the ratio of nonperforming loans to total loans remained low at 3.5 percent. However, banks report increases in the ratio in 2009, as some nonresident and resident borrowers are experiencing repayment difficulties.

6. **The financial difficulties of the Trinidad and Tobago-based CL Financial Group are creating significant uncertainties**. The group has a number of linkages to the Grenadian economy, significantly through the presence of insurance subsidiaries which have been offering deposit-like products. Available information suggests that Grenada does not have any direct exposure to the Stanford Financial Group.

II. Program Performance

7. **We met all of our end-2008 quantitative program targets.** We were able to reduce our primary deficit excluding grants (measured above-the-line) from EC$88 million (5.1 percent of GDP) in the first half of the year to EC$41 million (2.4 percent of GDP) in

the second half. The improvement was a reflection of the strong measures we put in place in the second half of 2008, including a finance circular issued in September 2008 to limit capital expenditure, bringing forward the date after which expenditure commitments for nonessential expenditures could not be made, and reinstating the EC$3 per gallon fuel tax and the automatic fuel price mechanism in October 2008.

- **Capital expenditure of EC$215 million (12.5 percent of GDP) in 2008 was higher than the programmed EC$184 million (10.7 percent of GDP).** Nevertheless, we were able to reduce capital expenditure by 3 percentage points of GDP in the second half of the year.

- **We achieved a current surplus of 2.4 percent of GDP (above the line) for 2008, higher than the program target of 1.8 percent of GDP**. The second half-year revenue outturn exceeded projections by 0.6 percent of GDP.

- **The overall balance narrowed sharply (below the line) in the second half of the year.** We lowered expenditure arrears from EC$33 million (1.9 percent of GDP) at end-June 2008 to EC$9.7 million (0.6 percent of GDP) at end-2008. We also rolled over late principal payments on treasury bills. Together, this reduced arrears older than 60 days to only EC$8.4 million (0.5 percent of GDP), meeting this performance criterion by a significant margin.

8. **We have made significant progress with structural reforms, but the implementation of some of our structural benchmarks for the third review will be delayed.**

- We petitioned the High Court for liquidation of Capital Bank on November 13, 2008 (performance criterion), acting on the recommendation of the receiver and following consultation with the ECCB. However, the High Court has not yet acted on our petition pending several legal challenges by the bank's owner.

- We established a Debt Management Unit in the Ministry of Finance in January 2009 (structural benchmark), which we expect will improve the quality of our debt management and our capacity to critically assess proposals for further borrowing.

- We have announced an introduction date for the VAT of February 1, 2010. We have set up all implementation committees and finalized policy issues, and are beginning the public education campaign, and working on updating the tax administration information system. We submitted the VAT Bill to Parliament in April 2009, and expect to submit the new Excise Bill in August 2009 (proposed structural benchmark).

- The Office of Private Sector Development has spearheaded the work of a multi-sectoral Investment Policy Review Committee on the new draft Investment Act. The IMF Legal Department and the International Finance Corporation (IFC) provided technical assistance on the legislation, which will provide a transparent and level regime for domestic and foreign investors and replace tax holidays with investment allowances. We plan to submit the new Investment Act, the amended Income Tax Act, and repeal of tax incentives to Parliament by end-May 2009 (structural benchmark).

- As a result of delays in completing the technical work and report compilation, we are proposing to push back the expected completion date for the Country Poverty Assessment until August 2009 (proposed structural benchmark).

III. Policies for 2009

9. **We remain committed to strong, sound economic and fiscal management.** Our policy framework is aimed at reducing our high public debt levels, primarily through fiscal consolidation. Addressing the adverse effects of the global economic slowdown is a near-term priority. Enhancing the business and investment environment, in partnership with the private sector, is a key objective. A major restructuring in the Ministry of Finance to support these objectives is underway, which has included establishment of a Waste Reduction Unit, a Division of Economic Planning and Management, and, as noted above a Debt Management Unit and an Office of Private Sector Development.

10. **To address the impact of the global slowdown on our economy, we will accelerate capital spending programs that provide the greatest stimulus to economic activity and will undertake well-targeted spending to protect vulnerable groups**. A set of priority projects, approved by Cabinet, has been selected, based on the criteria of highest employment generation potential, equitable geographic distribution, economic visibility to boost confidence and availability of funding. However, given the more constrained financing outlook, our revised target for capital expenditure will be EC$160 million (8.9 percent of GDP). The public assistance program will be expanded, and a new road maintenance and debushing program (EC$4 million), which will provide a direct safety net for poor households, will be implemented in August and December 2009. Other recurrent expenditure would remain within budgeted levels.

11. **We are considering special temporary measures to help the tourism sector weather the adverse external shock.** This could include an additional allocation of EC$10 million to the Ministry of Tourism for marketing and airline support, and would be partly offset by expenditure savings elsewhere. We are also considering some temporary reductions in taxes on hotels' food imports, which would have a limited fiscal impact.

12. **Total revenue and grants for 2009 are now projected to be lower than budgeted as a result of the changed global environment.** The sharp decline in imports has already reduced revenue from import-related taxes. In addition, PetroCaribe grants are projected to fall sharply in 2009, reflecting lower world fuel prices, the lower share of the fuel import bill which is financed concessionally, and our decision to transfer 35 percent rather than 65 percent of the amounts financed to the budget as grants.

13. **To achieve our fiscal objectives for 2009, we plan to undertake the following fiscal measures:**

- Maintaining the specific fuel tax at EC$3 per gallon and continuing application of the automatic fuel price adjustment mechanism.

- Intensifying the successful program of collecting tax and nontax arrears and enhancing use of tax enforcement measures including garnishing income and seizing assets, following the completion of the tax amnesty, which yielded EC$7.5 million (0.4 percent of GDP). The tax amnesty was extended from end-March to end-April only for taxpayers who had already applied by the end of March. We have also reestablished the Tax Tribunal, a specialized court to hear tax cases.

- Freezing wages for public service workers in 2009, except for the police, for whom an agreement had been completed in 2008.

- Targeting capital expenditure of EC$160 million (8.9 percent of GDP), and minimizing use of special warrants. Capital spending will, however, be slightly frontloaded in the first half of the year, in order to accelerate the stimulus to economic activity.

- Reducing spending on goods and services to EC$74 million (4.1 percent of GDP), through bulk procurement internally and in cooperation with other ECCU members. The new Waste Reduction Unit in the Ministry of Finance is expected to achieve savings on fuel for government vehicles, fleet insurance and electricity costs.

- Reviewing eligibility for public assistance, while increasing the monthly transfer from EC$150 to EC$200 per month and accommodating increased demand for assistance in the difficult economic environment. This would entail a net increase in transfers and subsidies of EC$2 million (0.1 percent of GDP).

14. **Nevertheless, given the significant downward revision in projected revenues, it will not be possible to meet our target for end-June 2009 through deeper cuts in capital expenditure.** Further cuts would jeopardize our medium-term growth objectives and the social consensus for reform. Therefore, we propose to revise the target for the primary deficit (excluding grants) for end-June 2009. The targeted deficit would be increased from EC$28 million (1.6 percent of GDP) to EC$53 million (2.9 percent of GDP). We are committed to meeting our revised program target and will take offsetting measures as needed in case of further shortfalls in revenue. **We are also proposing an end-November 2009 target of EC$78 million (4.3 percent of GDP) in line with this framework.**

15. **We plan to keep the stock of domestic arrears older than 60 days close to the low level achieved at end-2008.** These arrears declined from EC$29 million (1.7 percent of GDP) at end-September 2008 to EC$8.4 million (0.5 percent of GDP) at end-2008.

16. **We have decided to increase the frequency of adjustments in retail fuel prices from an eight-week to a four-week cycle to reduce the magnitude of each adjustment.** It will also limit periods of margin losses or gains by fuel importers which are ultimately borne by the budget. We have cleared arrears to fuel importers resulting from incomplete passthrough of world fuel prices in 2007–08 through an agreement with these importers under which we remitted back 50 percent of the fuel tax to reduce these claims. We do not expect to accumulate any further arrears to importers through consistent use of the automatic fuel price mechanism.

17. **Our fiscal program for 2009 is fully financed.** Divestment proceeds from the Four Seasons hotel project, which would have been the main source of financing projected for 2009, will not be received this year in the adverse global environment for financing and tourism. We have requested that the Paris Club extend the debt relief that it extended in 2006–08 through 2009. We have also approached the World Bank and Caribbean Development Bank for budget support during 2009–10 seeking a high level of concessionality to support our adjustment to the external shock to tourism and foreign direct investment. In addition, we are negotiating an EC$20 million (1.1 percent of GDP) loan from a consortium of commercial banks. We also intend to limit recourse to expensive sources of financing, such as the overdraft facility. We now expect to reach the 60 percent debt-to-GDP target by 2024, four years after the ECCU's 2020 benchmark for the region.

18. **The government believes that the policies and measures set forth above will be sufficient to achieve our fiscal targets.** We would undertake contingent measures if needed to reduce spending, including limiting grants and subventions while protecting vulnerable groups, and further rationalizing capital spending.

19. **We are laying the foundation for a broadening of the tax base beginning in 2010.** The VAT, which will be introduced in February 2010, is a broader and more efficient tax and, as in other ECCU countries, we would expect to see revenue gains of 0.5 to 1 percent of GDP. The VAT will have a 15 percent rate for goods and services, with a limited list of basic food items and chronic disease drugs zero-rated, and a 10 percent rate for hotel accommodation. We are also moving toward introduction of a market-based property tax. We completed the cadastral survey in December 2008, except in Carriacou, as a basis for reassessing the value of property. The new valuations would be applied in January 2011.

20. **We intend to accelerate structural reforms focusing on tax and customs reform, economic management, and laying the groundwork for a comprehensive poverty reduction strategy.**

- We will develop and begin implementing a customs Fraud Control Plan by August 2009. This will provide for risk profiles as a basis for risk-based inspections, in conjunction with the introduction of ASYCUDA World.

- A summary of key findings of the Country Poverty Assessment (CPA) was submitted to Cabinet in May 2009, and we expect to complete the assessment in August 2009. The CPA will provide information to help improve targeting of social programs. We will build on this assessment, together with our earlier National Development Strategy, to finalize a full PRSP by November 2009.

- Preparations to introduce a VAT are proceeding well**.** We have already begun efforts on public awareness and education. We plan to recruit and begin training staff and to adopt transitional procedures for bonded warehouses by May 2009. CARTAC is providing technical assistance on implementation, drawing on the successful experiences in other ECCU countries.

- We are developing an action plan to improve Doing Business Indicators, with technical assistance from the World Bank, to improve the business and investment environment. Five priority areas have been identified, and objectives determined: starting a business, trading across borders, paying taxes, registering property and enforcement of contracts. Appointment of a separate Registrar of Companies, an important component of a one-stop shop for business start-up, has been identified from the Action Plan as a structural benchmark for the fourth review (October 2009).

- We plan to establish a Public Procurement Authority by September 2009 as mandated by Parliament, in order to realize gains in efficiency, uniformity of procedures, and savings for government purchases. We intend to implement several pieces of public financial management legislation enacted in 2007–08, including the Integrity in Public Life, Prevention of Corruption, Public Finance Management, Audit, and Public Procurement and Contract Administration Acts. We will also work with the World Bank to establish bulk procurement procedures with another OECS country, extending the existing successful procedure with pharmaceuticals to other products such as textbooks, agricultural inputs, fleet insurance and tires.

21. **The resolution of Capital Bank will proceed once the High Court has ruled on the legal challenges by the bank's owner.** We petitioned the High Court for liquidation on November 13, 2008, following consultation with the ECCB. We have stated publicly that we do not intend to compensate depositors. We intend to proceed directly to liquidation as soon as the court permits.

22. **We are considering seeking a US$50–80 million (7–12 percent of GDP) concessional loan from the Export-Import Bank of China to build a luxury hotel in a joint venture with private investors.** Currently this loan is not accommodated under our program ceiling on bilateral concessional debt through the end of 2009. We may propose to revise upward our program's ceiling on bilateral concessional borrowing for a project that does not jeopardize debt sustainability and has significant net positive benefits. We have not given further consideration to a loan for a marina and port project.

23. **We are prudently managing the concessional financing from PetroCaribe.** In January 2009, we increased the share of PetroCaribe financing set aside in the special account to ensure sufficient funds for repayment from 35 to 65 percent, with the remainder transferred to the budget as grants. PetroCaribe Grenada Ltd. will begin repaying the long-term debt obligations to PDVSA in October 2009 when the two-year grace period on the first borrowing expires.

24. **We are continuing best efforts to conclude bilateral agreements with Paris Club (the Russian Federation) and non-Paris Club creditors.** We will continue to seek an out-of-court settlement with the Export-Import Bank of Taiwan Province of China, and pursue good faith efforts to reach a collaborative agreement with Grenada's external commercial creditors that did not participate in the 2005 debt exchange. We have cleared or restructured all but EC$1 million arrears on unrestructured domestic debt to the nonbank public incurred in June 2007 and there are EC$1.7 million arrears on 90-day treasury bills held by domestic commercial banks.

Program Monitoring

25. **We are improving our capability to monitor economic developments and program performance.** We have designated a Ministry of Finance official as the PRGF program coordinator, with responsibility for overseeing the monitoring of macroeconomic and structural program targets. We have put in place a system of monthly monitoring of domestic arrears and below-the-line financing of the central government overall balance, and will update this on a monthly basis.

IV. Other Issues

Reducing Financial Sector and Natural Disaster Vulnerabilities

26. **We intend to continue monitoring the impact of developments with the troubled Trinidad and Tobago-based CL Financial Group.** We are determining the economy's exposure to the subsidiaries Clico Life Insurance and British American Insurance. An appropriate regional approach is being taken to assessing the liquidity and solvency positions of the companies, and to developing a resolution plan that will contribute to maintaining confidence in the financial system while limiting the costs for the governments.

27. **We are continuing with efforts to strengthen nonbank financial sector supervision by the Grenada Authority for the Regulation of Financial Institutions (GARFIN).** We are building its capacity while pursuing an ambitious agenda of enhancing legislation, producing regulations, and developing and implementing supervisory practices (reporting, offsite and onsite monitoring) for each type of institution. We submitted the Money Services and Insurance Acts to Parliament in March 2009, and will submit the Cooperative Societies Act in June 2009.

28. **We will continue to participate in the World Bank's Caribbean Catastrophic Risk Insurance Facility.** In June 2007, we began purchasing parametric insurance that pays the government a predetermined amount in case of hurricane or earthquake. An IDA credit has financed Grenada's insurance premium in the first two years and half the premium for the next year. The CDB has agreed to provide support for the remaining half of the premium payments for the year beginning June 2009.

Fiscal transparency

29. **We are continuing our efforts to improve fiscal transparency**. We will begin disseminating to the public quarterly information with a lag of one quarter on the overall fiscal situation and gross financing needs starting May 2009 and publishing information on public enterprise finances. In line with the new Public Finance Management Act of 2007, we will require public enterprises to submit audited financial statements within four months after the close of the financial year. We will continue to publish newly granted or extended tax concessions on a quarterly basis.

Table 1. Grenada: Quantitative Performance Criteria and Indicative Targets, 2008-09

	End-Dec. 2008			2009				
				End-March	End-June		End-Sept.	End-Nov.
	Prog.	Adjusted	Actual	Prog. 1/	Prog.	Prop.	Proposed 1/	Proposed
Performance Criteria:	(In millions of Eastern Caribbean dollars)							
Central government primary balance excluding grants (floor) 2/3/	-110.0	-110.0	-107.5	-14.0	-28.0	-52.5	-67.8	-77.9
Stock of central government domestic arrears (ceiling)	25.0	25.0	8.4	20.0	15.0	15.0	13.5	12.5
	(In millions of U.S. dollars)							
Contracting and guaranteeing of nonconcessional external debt by the central government with maturity of at least one year (ceiling) 2/	4.0	4.0	0.0	4.0	4.0	4.0	4.0	4.0
Stock of external short term debt (ceiling) 4/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contracting and guaranteeing of bilateral concessional external debt by the central government with maturity of at least one year (ceiling) 2/5/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Central government or guaranteed external arrears accumulation (ceiling) 4/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indicative Target:	(In millions of Eastern Caribbean dollars)							
Change in net credit of the banking system to the public sector (ceiling) 2/3/	24.0	45.0	16.9	0.0	0.0	26.9	31.9	35.2

1/ Indicative target.
2/ Cumulative within each calendar year.
3/ See the TMU and supplementary TMU for a description of adjustors.
4/ To be monitored on a continuous basis.
5/ Excludes PetroCaribe.

Table 2. Grenada: Structural Measures

	Target Date	Comment	Macroeconomic Criticality
Third Review			
Reorganize or initiate liquidation of Capital Bank	November 2008	Performance criterion. Met	To increase confidence in the financial system by having a clear bank resolution strategy
Submit to Parliament the Investment Act, the amended Income Tax Act, and repeal of tax incentives	December 2008	Benchmark. Not met	To improve the investment climate and reform the tax concessions regime
Complete the Country Poverty Assessment	December 2008	Benchmark. Not met	To strengthen the ability of the government to develop effective and well-targeted poverty reduction measures
Establish a Debt Management Unit at the Ministry of Finance	February 2009	Benchmark. Met	To enable more effective debt management including better monitoring of payment obligations and effective debt sustainability analysis
Submit new VAT and Excise Bills to Parliament	April 2009	Benchmark. Partially met	To increase the efficiency and effectiveness of revenue collection
Fourth Review			
Recruit and begin training staff and adopt transitional procedures for bonded warehouses	May 2009	Benchmark	To ensure smooth implementation of the VAT
Submit new Excise Bill to Parliament	August 2009	Proposed benchmark	To increase the efficiency and effectiveness of revenue collection
Complete the Country Poverty Assessment	August 2009	Proposed benchmark	To strengthen the ability of the government to develop effective and well-targeted poverty reduction measures
Develop and begin implementing a customs Fraud Control Plan	August 2009	Benchmark	To enhance customs administration and revenue collection for sustainable financing of the budget
Establish a Public Procurement Authority	September 2009	Benchmark	To enhance transparency and governance in procurement and facilitate donor monitoring
Appoint a separate Registrar of Companies	October 2009	Proposed benchmark	To further improve the investment climate

Supplementary Technical Memorandum of Understanding

The Technical Memorandum of Understanding (TMU) associated with the LOI and MEP of March 21, 2006, as modified by the Supplemental TMUs of June 20, November 26, and December 9, 2008, remains the operative document for monitoring and reporting requirements and for defining how the quantitative performance criteria and indicative targets, specified in Table 1 of the SMEP, will be interpreted, except as follows:

The end-June and end-November 2009 targets for the primary balance excluding grants and for net credit to the public sector will be revised downward and upward respectively by the amount of support to the insurance sector, with a maximum adjustment of EC$5 million.

Substitute Table 1 in the TMU with the following table:

Table 1. Programmed Disbursements of Concessional Loans and Grants, 2009
(In millions of Eastern Caribbean dollars, cumulative)

	2009			
	End-Mar. Prel.	End-June Prog.	End-Sept. Prog.	End-Nov. Prog.
Concessional loans	2.0	9.1	13.6	32.8
Grants disbursements	3.4	16.9	25.3	42.7
Divestment proceeds	0.0	1.2	1.8	2.2