

**CARIBBEAN DEVELOPMENT BANK**

**POLICY-BASED LOAN SUMMARY**

**FOR**

**THIRD GROWTH AND RESILIENCE BUILDING POLICY-BASED LOAN  
GRENADA**

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**POLICY-BASED LOAN SUMMARY**

**THIRD GROWTH AND RESILIENCE BUILDING POLICY-BASED LOAN**  
**GRENADA**

Financial Terms and Conditions			
<b>Borrower and Implementing Agency:</b> Government of Grenada (GOGR)		<b>Disbursement Date:</b> December 31, 2016	
<b>Operation Type:</b> Programmatic (third of three operations), Single Tranche Policy-Based Loan (PBL)			
<b>Source:</b> Caribbean Development Bank (CDB) – Special Development Fund Unified Resources	<b>Amount:</b> Four million United States dollars (USD4 mn)	<b>Interest Rate:</b>	2% per annum (p.a.).
CDB – Ordinary Capital Resources (OCR)	USD6 mn	<b>Amortisation Period:</b>	20 years (following grace period).
		<b>Grace Period:</b>	10 years.
		<b>Interest Rate:</b>	2.97% p.a., variable.
		<b>Amortisation Period:</b>	8 years (following grace period).
		<b>Grace Period:</b>	2 years.
<b>Resource Availability:</b> At October 31, 2016, the amount outstanding on Policy-Based Operations stood at USD485.7 mn or 32% of total loans outstanding. Funds are available within CDB’s existing resources.		<b>Commitment Fee:</b> 1% p.a. on the OCR Portion unwithdrawn, commencing from the sixtieth day after the date of the Loan Agreement.	
Risk Management			
<b>Country Rating:</b> } [REDACTED]		<b>Overall Project/Entity Score:</b>	[REDACTED]
<b>Outlook:</b> } [REDACTED]			
<b>Limit:</b> } [REDACTED]			
<b>CDB Lending to Country:</b> As at October 31, 2016		<b>Undisbursed Balances:</b> USD45.6 mn	
<b>Approvals:</b> } [REDACTED]		<b>Outstanding Loans:</b> USD130.5 mn	
<b>Disbursements:</b> } [REDACTED]		<b>Availability (Adjusted for Approvals):</b> } [REDACTED]	
<b>Repayments:</b> } [REDACTED]		<b>Availability (Adjusted for Approvals and Disbursements):</b> } [REDACTED]	
<b>Incremental Capital Adequacy Charge:</b> [REDACTED]			

[REDACTED] This information is withheld in accordance with one or more of the exceptions to disclosure under the Bank’s Information Disclosure Policy.

**Office of Risk Management Commentary:**

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**Project at a Glance****Project Objective/Description:**

This is the third PBL in the three-series operation that together constitute a USD30 mn programmatic loan to GOGR, with each PBL being of equal amount. The programmatic operation supports the implementation of GOGR's 36-month SAP of institutional and policy reforms to restore macroeconomic stability and accelerate economic growth, social development and poverty reduction.

This proposed third PBL (PBL 3) backs policy measures implemented in the second half of 2015 and first half of 2016, which build on the progress achieved under the first PBL (PBL 1) approved in July 2014, and the second PBL (PBL 2) approved in October 2015. Several fiscal and structural reforms implemented since 2014, coupled with the restructuring of external commercial debt and domestic debt, have contributed to a marked improvement in Grenada's economic and fiscal situation, relative to the 2011-13 period. In 2015, growth of 6.2% ranked Grenada as the fastest growing country of CDB's 19 borrowing members and, for the first time since 2005, GOGR achieved a primary surplus.

CDB's programmatic operation has complemented support from other development partners, including IMF's 36-month ECF Programme and WB's three-series programmatic operation. Collectively, these facilities have provided the fiscal space to allow GOGR to maintain essential spending on services and social programmes while undertaking an ambitious reform effort.

The appraisals of the PBLs have taken into account lessons that are essential for results, including: (a) strong government ownership; (b) selectivity aligned with high-priority reforms; and (c) active donor collaboration. The programmatic operation is a core component of CDB's Country Strategy for Grenada (2014-18), approved in May 2014. CDB's financial support will provide low-cost funds (relative to commercial borrowing) to help meet GOGR's financing needs in the short term, as well as to help improve its debt dynamics over the medium term when taken in the context of the total amount of resources provided by all development partners.

**Special Contractual Clauses:** None.

**Exceptions to CDB's Policies:**

Waiver of CDB's Lending Policies to vary the lending terms applicable to Grenada as a Group 2 country to permit the Special Funds Resources portion of the loan to be lent on terms applicable to a Group 3 country.

**GENDER MARKER SUMMARY**

<b>Gender Marker</b>	<b>Analysis</b>	<b>Data</b>	<b>Engagement</b>	<b>Response</b>	<b>Score</b>	<b>Code</b>
	1.0	0.5	0.5	1.0	3.0	GM <sup>1</sup>

<sup>1</sup> GM - Gender Mainstreamed. The project has the potential to contribute significantly to gender equality.