



2022

PUBLIC DEBT BULLETIN

QUARTER I



FINANCE.GD

A PRODUCTION OF THE DEBT MANAGEMENT UNIT
MINISTRY OF FINANCE GRENADA

Acronyms & Abbreviations

ATM- Average Time to Maturity

ATR- Average Time to Re-fixing

EUR- Euro

GBP- Great Britain Pound

GDP- Gross Domestic Product

GG- Government-guaranteed

GoG- Government of Grenada

KWD- Kuwaiti Dinar

MTDS- Medium-Term Debt Management Strategy

RGSM- Regional Governments' Securities Market

SOE- State-owned Enterprise

USD- United States Dollar

XCD- Eastern Caribbean Dollar

XDR- Special Drawing Rights

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1.0 Total Public Debt

In quarter 1 (Q1) of 2022, total public sector debt¹ was EC\$2,080.1 million. It decreased when compared to the same period in the previous year and the preceding quarter by EC\$30.6 million (1.5%) and EC\$24.3 million (1.2%) respectively. The decline in public debt is chiefly attributable to amortization on existing loans during the 1-year period.

The total stock of debt was 64.0% of Gross Domestic Product (GDP)² at the end of Q1 2022. In Chart 1, total public debt is compared to that of the previous quarter and Q1 2021. Both external and domestic debt were on a downward trajectory over the 1-year period (Q1 2021 to Q1 2022). External debt decreased by 1.4% and domestic debt decreased by 1.5%. As a percentage of total public debt, external and domestic debts were 77.9% and 22.1% respectively (Chart 2). Government-guaranteed (GG) debt was 0.2% of domestic debt.

Chart 1: Movement in Public Debt

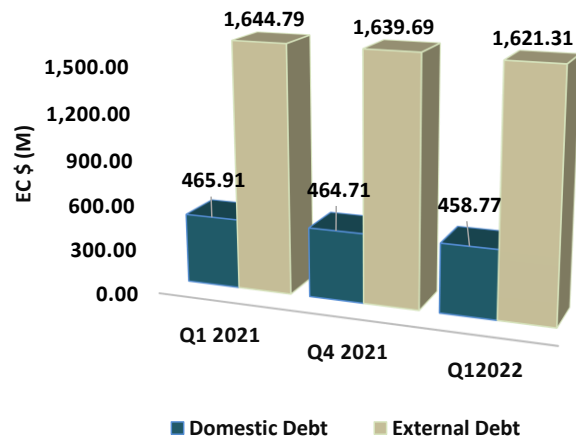
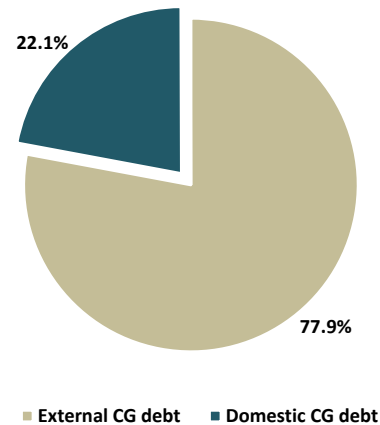


Chart 2: Central Government Debt



1.1 Central Government's External Debt

CG's external debt was EC\$1,621.3 million at the end of Q1 2022 (49.9% of GDP).

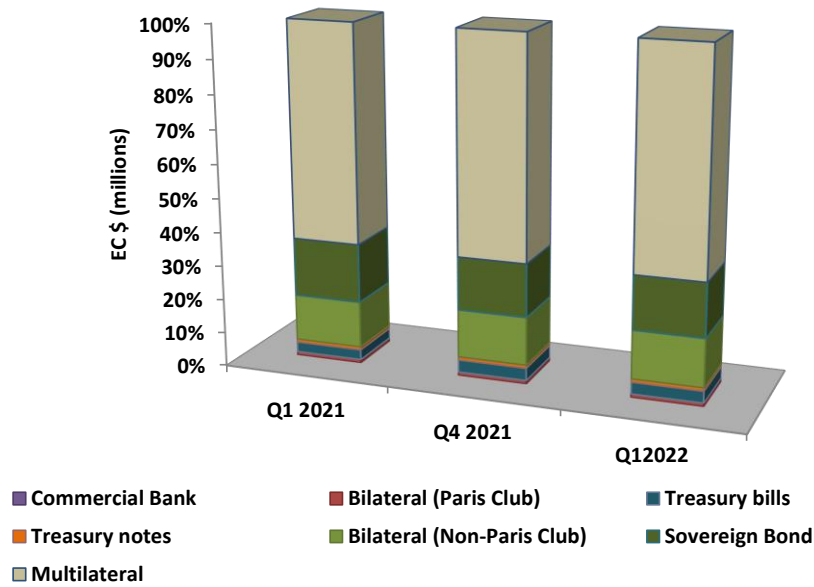
1.1.1 External Debt by Creditor Category

The chief source of funding in Q1 2022 was multilateral creditors (Appendix 2). They comprised 64.6% of the external portfolio. Multilateral creditors were also the chief source of funding for the periods under comparison (Chart 3).

¹ Total public debt includes both the domestic and external debt of Central Government and the Government-guaranteed debt of Grenada's State-owned enterprises.

² GDP: Eastern Caribbean Central Bank's projected end 2022 Gross Domestic Product for Grenada (\$3,248.67 million).

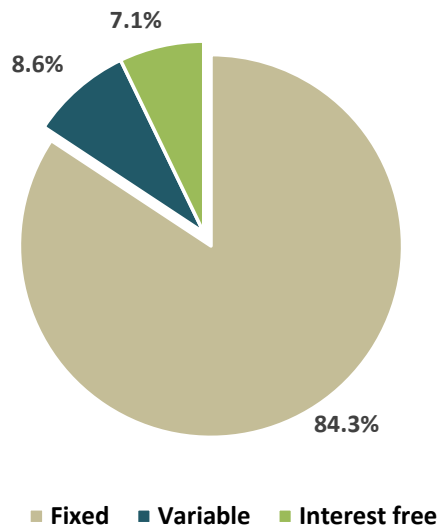
Chart 3: External Debt by Creditor



1.1.2 External Debt by Interest Type

Approximately 84.3% of Government of Grenada’s (GoG’s) external portfolio consists of instruments contracted at fixed rates of interest. Chart 4 depicts external debt by interest rate type. Variable rate loans and interest free loans comprised 8.6% and 7.1% of GoG’s external portfolio respectively.

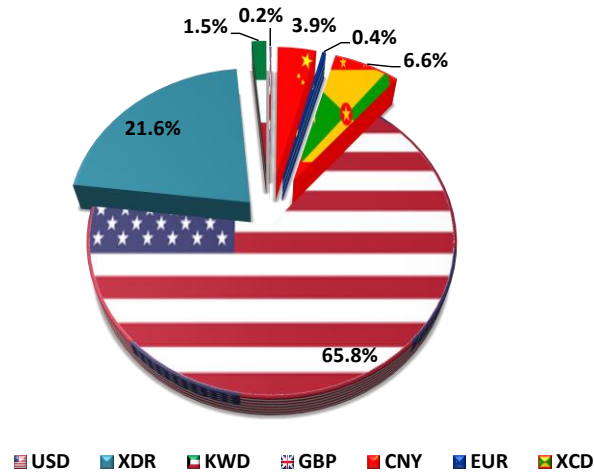
Chart 4: External Debt by Interest Type



1.1.3 Currency Composition of External Debt³

The United States Dollar (USD) remains the dominant currency in GoG's external portfolio followed by the Special Drawing Rights (XDR). At the end of Q1 2022, 65.8% of GoG's external portfolio consisted of instruments contracted in the USD. The currency which held the smallest share of GoG's external portfolio is the Great Britain Pound (GBP) (Chart 5).

Chart 5: Currency Composition of External Debt



1.2 Central Government's Domestic Debt⁴

CG's domestic debt was EC\$457.8 million (14.1% of GDP) at the end of Q1 2022.

1.2.1 Domestic Debt by Instrument Type & Holder

The instrument type which held the largest share of GoG's domestic portfolio in Q1 2022 was bonds (56.0%). This was followed by Treasury Bills (23.2%) (Chart 6). Non-bank financial institutions were the primary holders of domestic debt in Q1 2022 (39.8%) (Chart 7).

³ External debt includes all debt contracted by creditors who reside outside of Grenada, some of which is denominated in the Eastern Caribbean Dollar (XCD)

⁴ Domestic debt includes all debt contracted by creditors whose residency is Grenada.

Chart 6: Domestic Debt by Instrument

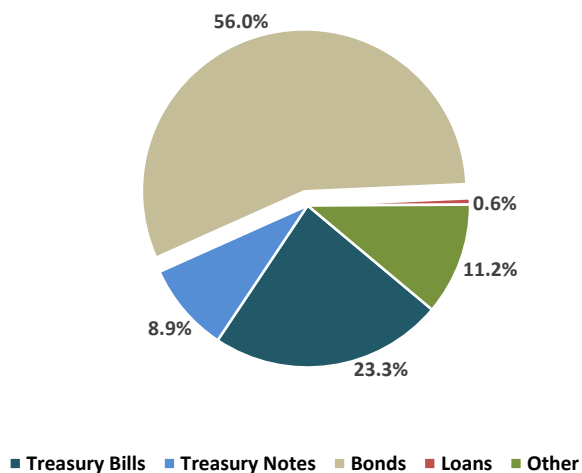
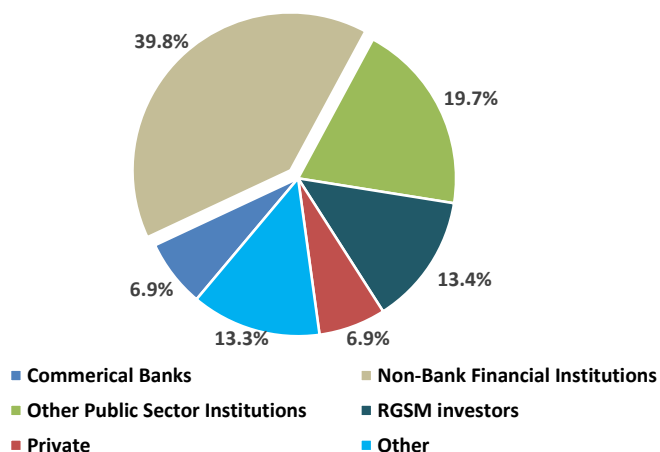


Chart 7: Domestic Debt by Holder



1.2.2 Domestic Debt by Interest Type

All domestic instruments in GoG’s portfolio have been contracted at fixed interest rates.

2.0 Debt of State-Owned Enterprises (SOEs)

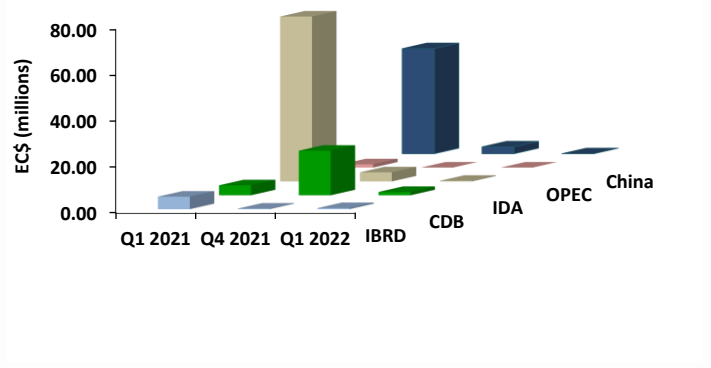
At the end of Q3 2021⁵, the total debt stock (unaudited) of SOEs was approximately EC\$503.2 million (15.5% of GDP). This is inclusive of the debt obligations of Petro Caribe, which was EC\$372.1 million (11.5% of GDP). All loans contracted by SOEs are long-term loans. Domestic and external SOE debts were 86.2% and 13.8% respectively at the end of Q3 2021.

⁵ Q3 2021 is the latest period for which SOE debt data is available.

3.0 Disbursements

In Q1 2022, only EC\$2.2 million in disbursements was received as opposed to EC\$128.8 million in Q1 2021. This is because in Q1 2021 there were disbursements, not only on existing loans as in 2022, but on Covid-19 response loans and the Airport Runway and Road Upgrade loan. In the preceding quarter, disbursements were also higher than Q1 2022 by EC\$24.4 million (Chart 8). In Q1 2022, all disbursements received were from multilateral creditors on concessional terms. Economic sectors for which funds were disbursed include infrastructure, agriculture, healthcare and education and training.

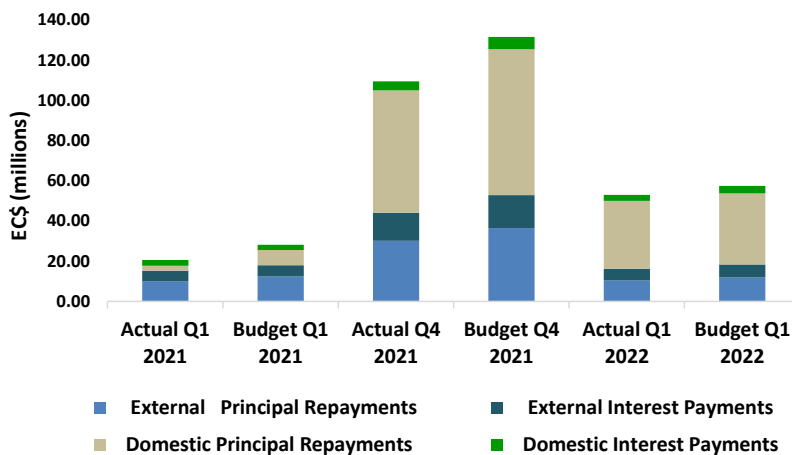
Chart 8: Disbursement by Creditor



4.0 Debt Service

Total actual debt service payments amounted to EC\$53.0 million in Q1 2022 which is EC\$4.4 million less than the budgeted amount. External debt service was 30.6% and domestic debt service was EC\$69.4% of total actual debt service. On the domestic side, there was a difference between budgeted and actual debt service payments mainly because interest rates on domestic instruments were budgeted at the ceiling rate but actual rates were lower. On the external side the difference was caused by exchange rate fluctuations. Chart 9 compares budgeted and actual debt service figures in the period under review with that of the previous quarter and Q1 2021.

Chart 9: Debt Service Budgeted & Actual Payments

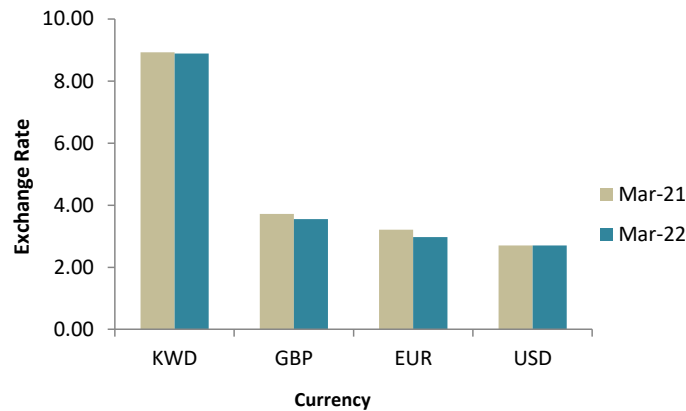


5.0 Risk Assessment of the Portfolio

5.1 Foreign Currency Risk

During the period March 2021 to March 2022 the Eastern Caribbean Dollar (XCD) appreciated against the Kuwaiti Dinar (KWD), GBP and Euro (EUR) by 0.5%, 4.4% and 7.3% respectively, which is the desired movement. Chart 10 compares the average exchange rates for March 2021 and March 2022.

Chart 10: Movement in Exchange Rates



5.2 Average Time to Maturity (ATM⁶) & Average Time to Re-fixing (ATR⁷)

Charts 11 and 12 depict a comparison of ATM and ATR for both the domestic and external portfolios for the periods under comparison. The ATM and ATR of both the domestic and external portfolios declined over the 1-year period. Although external ATM declined it remained in line with the target of 8.0 years and above set out in the Medium-term Debt Management Strategy (MTDS). The decrease in the ATR of the external portfolio was a negligible 0.2 years over the 1-year period. Since the domestic portfolio consists chiefly of short-termed instruments, its ATM and ATR are always lower than that of the external portfolio.

Chart 11: Average Time to Maturity (ATM) of Domes & External Portfolio

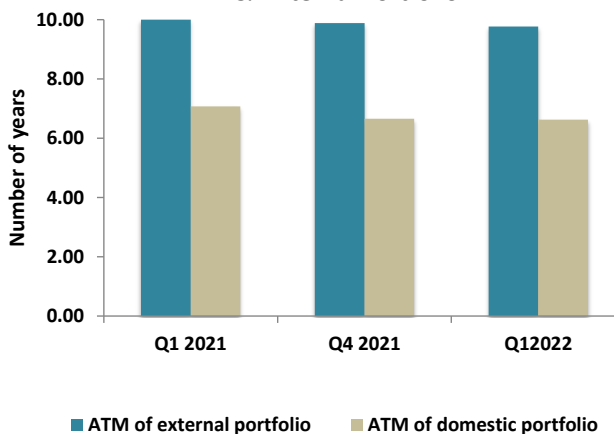
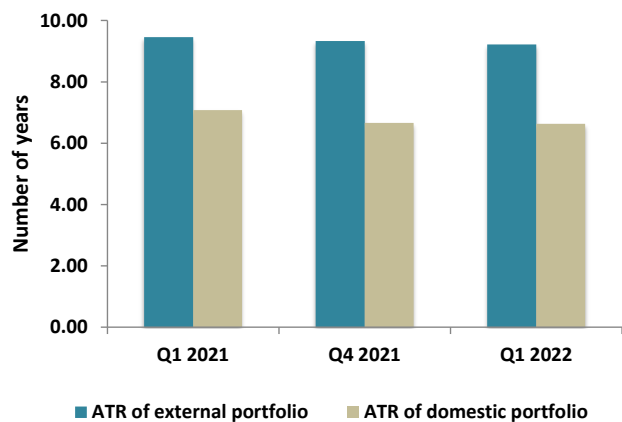


Chart 12: Average Time to Re-fixing (ATR) of Domestic & External Portfolios



⁶ ATM shows how long it takes on average to roll over or refinance the debt portfolio.

⁷ ATR indicates the average time required to reset the interest rate in the debt portfolio.

6.0 Regional Governments' Securities Market (RGSM) Activities

In Q1 2022, two instruments, including one (1) 91-day Treasury bill and one (1) 2-year Treasury note, were reissued on the RGSM. Details of the auctions and the bid-to-cover ratio⁸ of each security are listed in Table 1.

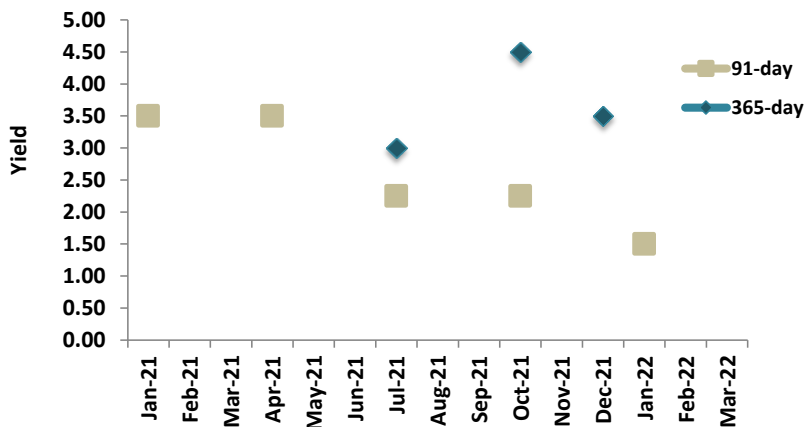
Table 1: RGSM Auction Results (Q1 2022)

Instrument type	Total units offered	Total Competitive Bids received	Total Payment Due	Total Discount	Discount Rate (%)	Interest Rate (%)	Bid to Cover Ratio
<i>In millions of EC\$ unless otherwise stated</i>							
91-day T-bill	15.00	21.85	14.94	0.06	1.50	0.00	1.46
2-year note	10.00	13.59	10.00	0.00	0.00	4.00	1.36
TOTAL	25.00	35.44	24.94	0.06			

6.1 Treasury Bills Auction Yields

During the 1-year period Q1 2021 to Q1 2022, discount rates on 91-day Treasury bills were on a downward trajectory, moving from 3.5% in January 2021 to 1.5% in January 2022. No 365-day Treasury bills were reissued in Q1 2022. Discount rates on Treasury bills are based on the competitiveness of the bids during the auction.

Chart 13: Interest Rate Fluctuations on Treasury Bills (Q1 2021-Q1 2022)



7.0 Government Guarantees

There is only one (1) Government-guaranteed (GG) loan in GoG's portfolio in the amount of EC\$1.0 million.

⁸ Bid-to-cover ratio is the ratio of the number of bids received in a Treasury security auction, to the number of bids accepted.

Appendices

Appendix 1: Size of Public Debt

Debt Category	Q1 2021	Q4 2021	Q1 2022
<i>In millions of EC\$</i>			
External Debt	1,644.79	1,639.69	1,621.31
Domestic Debt (including Government guarantees)	465.91	464.71	458.77
Total	2,110.69	2,104.40	2,080.09

Appendix 2: External Debt by Creditor

Creditor Category	Q1 2021	Q4 2021	Q1 2022
<i>In millions of EC\$</i>			
Multilateral	1,055.24	1,060.61	1,047.37
Bilateral (Paris Club)	16.27	16.37	16.23
Bilateral (Non-Paris Club)	223.50	230.57	229.25
Commercial Bank	0.91	0.91	0.91
Sovereign Bond	284.48	255.96	255.96
Treasury bills	48.81	59.67	55.66
Treasury notes	15.59	15.59	15.91
Total	1,644.79	1,639.69	1,621.31

Appendix 3: External Debt by Currency Composition

Currency Composition	Q1 2021	Q4 2021	Q1 2022
<i>In millions of EC\$</i>			
United States Dollar	1,085.94	1,072.98	1,066.82
Special Drawing Rights	375.29	357.07	350.08
Kuwaiti Dinar	27.90	25.68	24.20
Great Britain Pound	3.79	3.71	3.60
Chinese Yuan	45.27	63.07	63.23
Euro	1.73	5.71	5.60
Eastern Caribbean Dollar	104.87	111.47	107.78
Total	1,644.79	1,639.69	1,621.31

Appendix 4: Disbursement by Creditor

Creditor	Q1 2021	Q4 2021	Q1 2022
<i>In millions of EC\$</i>			
Caribbean Development Bank	4.36	19.41	1.46
International Development Association	71.80	3.96	0.27
International Bank for Reconstruction & Development	5.45	0.25	0.47
International Fund for Agricultural Development	0.00	0.00	0.00
Organisation of Petroleum Exporting Countries	1.42	0.00	0.00
Exim Bank of the Republic of China	45.76	2.99	0.00
Total	128.78	26.60	2.20

APPENDICES 2 TO 7 REFLECT CENTRAL GOVERNMENT'S DEBT ONLY

Appendix 5: Domestic Debt by Instrument

Domestic Debt by Instrument	Q1 2021	Q4 2021	Q1 2022
<i>In millions of EC\$</i>			
Treasury Bills	100.11	107.38	106.39
Treasury Notes	41.21	41.21	40.90
Bonds	266.52	258.79	256.34
Loans	2.94	2.89	2.87
Other	55.13	53.44	51.28
Total	465.91	463.71	457.77

Appendix 6: Domestic Debt by Holder

Domestic Debt by Holder	Q1 2021	Q4 2021	Q1 2022
<i>In millions of EC\$</i>			
Commerical Banks	35.09	29.05	31.69
Non-Bank Financial Institutions	186.91	186.34	182.34
Other Public Sector Institutions	95.52	92.33	89.98
RGSM investors	54.04	62.79	61.48
Private	29.36	30.22	31.47
Other	64.99	62.99	60.80
Total	465.91	463.71	457.77

Appendix 7: Debt Service

Debt service	Actual Q1 2021	Budget Q1 2021	Actual Q4 2021	Budget Q4 2021	Actual Q1 2022	Budget Q1 2022
<i>In millions of EC\$</i>						
Total Debt Service	20.57	28.17	109.45	131.66	53.02	57.42
External Debt Service	15.30	17.99	44.11	52.87	16.21	18.30
<i>External Principal Repayments</i>	10.08	12.43	30.11	36.54	10.38	11.86
<i>External Interest Payments</i>	5.23	5.55	14.00	16.33	5.83	6.43
Domestic Debt Service	5.26	10.18	65.34	78.79	36.80	39.13
<i>Domestic Principal Repayments</i>	2.47	7.52	60.98	72.62	33.82	35.46
<i>Domestic Interest Payments</i>	2.79	2.66	4.36	6.17	2.98	3.66

APPENDICES 2 TO 7 REFLECT CENTRAL GOVERNMENT'S DEBT ONLY

Debt Statistics Summary (In millions \$ unless otherwise stated)

Particulars	Mar-21	Dec-21	Mar-22	Qtrly change (%)	YTD change (%)
Total Public Debt (XCD)					
External Debt (including Government Guarantees)	1,644.79	1,639.69	1,621.31	-1.12	-1.43
Domestic Debt (including Government Guarantees)	465.91	464.71	458.77	-1.28	-1.53
Central Government's Debt (XCD)					
External Debt	1,644.79	1,639.69	1,621.31	-1.12	-1.43
Domestic Debt	465.91	463.71	458.77	-1.07	-1.53
Central Government's Debt to GDP (%)					
External Debt	52.39	55.05	49.91	-9.33	-4.73
Domestic Debt	14.84	15.57	14.12	-9.28	-4.83
Other Debt*	372.14	372.14	372.14	0.00	0.00
Other Debt to GDP	11.85	12.49	11.46	-8.31	-3.35
Government Guarantees					
External	0.00	0.00	0.00	0.00	0.00
Domestic	0.00	1.00	1.00	0.00	0.00
External debt by Creditor (XCD)					
Multilateral	1055.24	1,060.61	1,047.37	-1.25	-0.75
Bilateral	239.77	246.95	245.49	-0.59	2.39
Domestic instruments contracted from external creditors	64.40	75.26	71.57	-4.91	11.14
Other	285.39	256.87	256.87	0.00	-9.99
External Debt by Instrument (XCD)					
T-bills/ T-notes	64.40	75.26	71.57	-4.91	11.14
Loans	1295.92	1,308.46	1,293.77	-1.12	-0.17
Bonds	284.48	255.96	255.96	0.00	-10.02
Domestic Debt by instrument (XCD)					
T-bills	100.11	107.38	106.39	-0.92	6.27
T-Notes	41.21	41.21	40.90	-0.77	-0.77
Bonds	266.52	258.79	256.34	-0.95	-3.82
Loans	2.94	2.89	2.87	-0.68	-2.38
Other	55.13	53.44	51.28	-4.05	-6.98
Foreign Currency Risk (%)					
% of debt in USD	66.02	65.56	65.80	0.36	-0.34
% of debt in XDR	22.82	21.81	21.59	-1.01	-5.37
% of debt in Kuwaiti Dinars	1.70	1.57	1.49	-4.86	-12.01
% of debt in GBP	0.23	0.23	0.22	-2.03	-3.64
% of debt in Chinese Yuan	2.75	3.67	3.90	6.26	41.70
% of debt in EUR	0.10	0.35	0.35	-0.98	245.40
% of debt in XCD	6.38	6.81	6.65	-2.38	4.20
% of foreign debt	77.93	77.95	77.94	-0.01	0.02
Total Debt Service (XCD)					
External	15.30	44.11	16.21	-63.25	5.94
Domestic	5.26	65.34	36.80	-43.67	599.19
Principal	12.55	91.10	44.20	-51.48	252.29
Interest	8.02	18.36	8.81	-51.98	9.90
Disbursements	128.78	26.60	2.20	-91.72	-98.29
Fiscal indicators (%)					
Total Debt Service to Revenue	10.20	38.77	15.71	-59.48	54.04
Total Debt Service to GDP	0.66	3.67	1.63	-55.58	149.11
Interest to Revenue	3.98	6.50	2.61	-59.86	-34.35
Interest to Expenditure	4.64	5.83	3.85	-33.90	-17.05
Total Public Sector Debt (% of GDP)	67.23	70.65	64.03		

* Includes the debt obligations of Petro Caribe

N.B. FIGURES ARE SUBJECT TO CHANGE