



2022

# PUBLIC DEBT BULLETIN

QUARTER 3



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

CG – Central Government

CYN - Chinese Yuan Renminbi

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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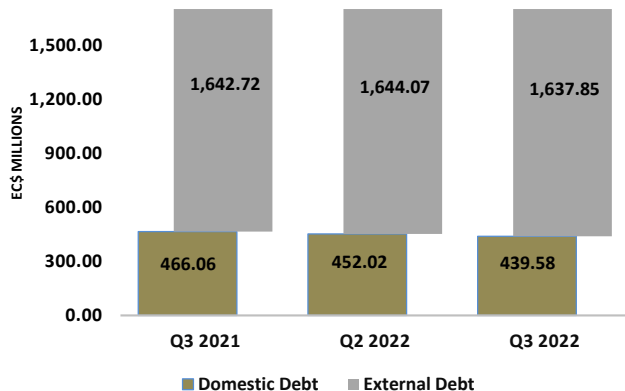
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## 1.0 Total Public Debt

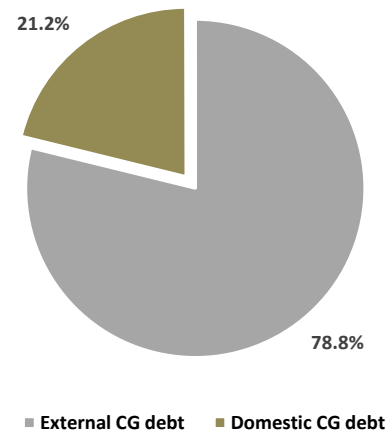
In the third quarter (Q3) of 2022, Grenada's total stock of public sector debt<sup>1</sup> was EC\$2,077.4 million (63.9% of Gross Domestic Product (GDP)<sup>2</sup>). This was a reduction from the previous quarter and the same period in 2021 of 0.9% and 1.5% respectively, as Government of Grenada (GoG) continues to honor its debt obligations.

Chart 1 depicts the movement in public debt in the periods under comparison (Q3 2021, Q2 2022 and Q3 2022). Domestic debt showed a downward trend whereas external debt showed a slight increase between Q3 2021 and Q2 2022 but decreased in Q3 2022. Domestic and external debts were 21.2% and 78.8% respectively of total public debt at the end of Q3 (Chart 2). Government-guaranteed (GG) debt was 0.2% of domestic debt.

**Chart 1: Movement in Public Debt**



**Chart 2: Central Government Debt**



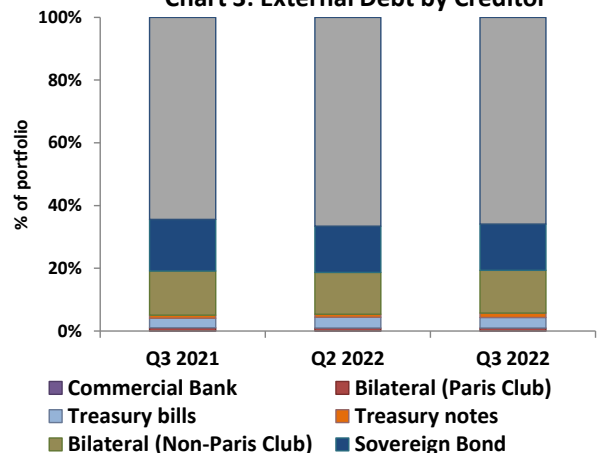
### 1.1 Central Government's (CG's) External Debt

At the end of Q3 2022, CG's external debt was EC\$1,637.9 million (50.4% of GDP).

#### 1.1.1 External Debt by Creditor Category

Multilateral creditors hold the highest share of the external portfolio (Appendix 2). In Q3 2022, debt contracted from multilateral creditors comprised 65.9% (Chart 3). Investors in GoG's international bond held the second highest share of 14.8%.

**Chart 3: External Debt by Creditor**



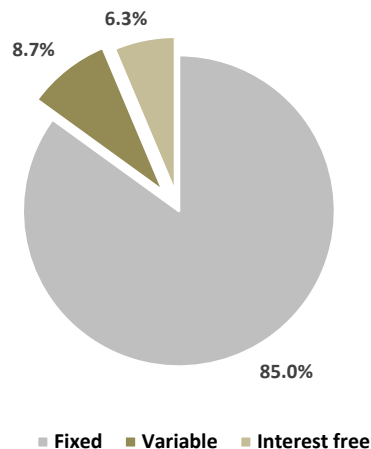
<sup>1</sup> Total public debt includes both the domestic and external debt of Central Government and the Government-guaranteed debt of Grenada's State-owned enterprises.

<sup>2</sup> GDP: Ministry of Finance staff projected Gross Domestic Product for 2022 (\$3,252.50 million).

### 1.1.2 External Debt by Interest Type

GoG's external portfolio consists chiefly of instruments contracted at fixed rates of interest (85.0%). Loans at variable interest rates comprised 8.7% and interest free loans comprised 6.3% at the end of Q3 2022 (Chart 4).

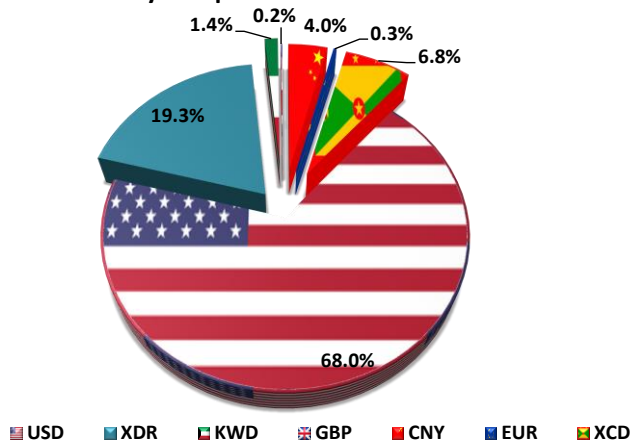
Chart 4: External Debt by Interest Type



### 1.1.3 Currency Composition of External Debt<sup>3</sup>

Instruments contracted in United States Dollars (USD) held the highest share of GoG's external portfolio (68.0%) at the end of Q3 2022 and also in the other periods under review. This was followed by instruments contracted in Special Drawing Rights (XDR) (19.3%). At the end of Q3 2022, the currency holding the smallest share of GoG's external portfolio was the Great Britain Pound (GBP) (0.2%) (Chart 5).

Chart 5: Currency Composition of External Debt



## 1.2 Central Government's Domestic Debt<sup>4</sup>

CG's domestic debt was EC\$438.7 million (13.5% of GDP) at the end of Q3 2022.

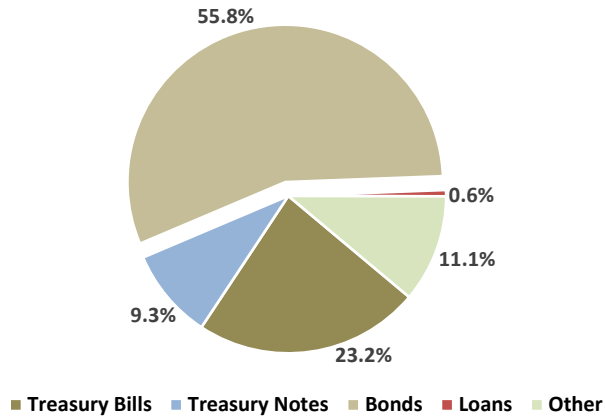
<sup>3</sup> External debt includes all debt contracted by creditors who do not reside in Grenada, a portion of which is denominated in the Eastern Caribbean Dollar (XCD)

<sup>4</sup> Domestic debt includes all debt contracted by creditors who reside in Grenada.

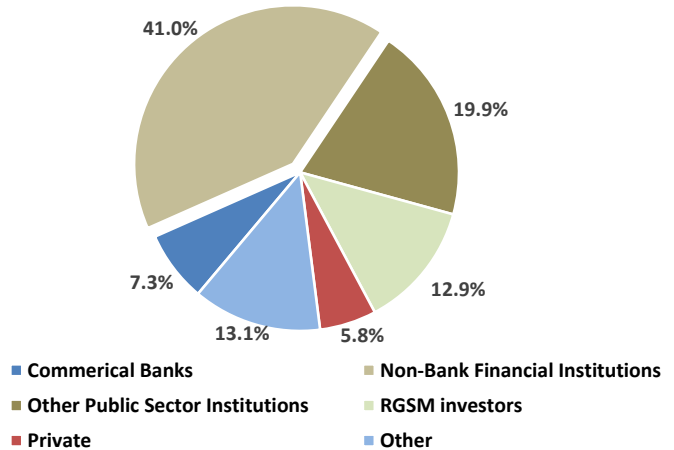
### 1.2.1 Domestic Debt by Instrument Type & Holder

At the end of Q3 2022, the instrument type which constituted the highest share of the domestic portfolio was bonds (55.8%). Treasury bills held the second highest share of 23.2% (Chart 6). Non-bank financial institutions were the primary holders of domestic debt (41.0%) in Q3 2022 and the other periods under comparison (Chart 7).

**Chart 6: Domestic Debt by Instrument**



**Chart 7: Domestic Debt by Holder**



### 1.2.2 Domestic Debt by Interest Type

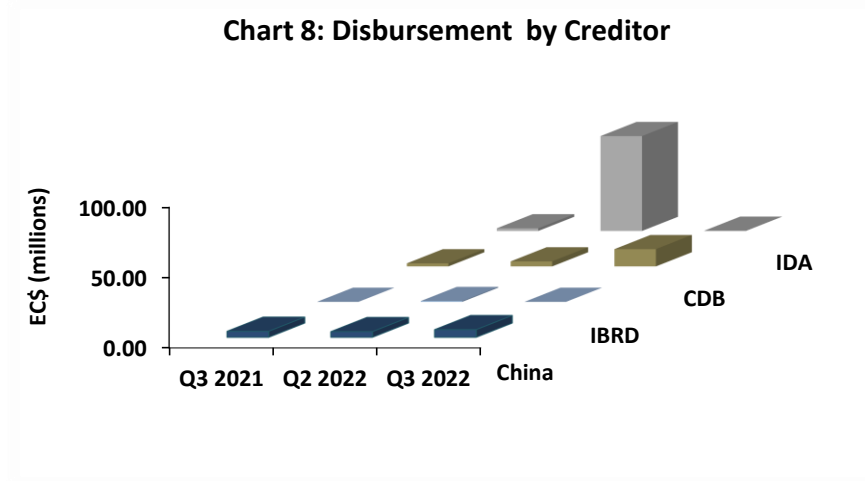
All domestic instruments in GoG’s portfolio have been contracted at fixed interest rates.

## 2.0 Debt of State-Owned Enterprises (SOEs)

At the end of Q3 2022, with the exception of three (3) SOEs, the total debt stock (unaudited) of SOEs was approximately EC\$547.1 million (16.8% of GDP). This is inclusive of the debt obligations of Petro Caribe, which was EC\$372.1 million (11.4% of GDP). All non-guaranteed loans contracted by SOEs are long-term loans. Domestic and external SOE debts were 71.1% and 28.9% respectively at the end of Q3 2022.

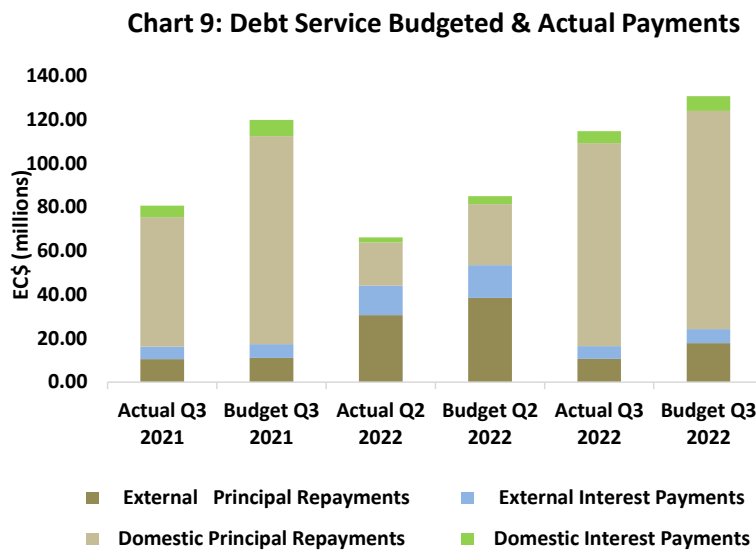
### 3.0 Disbursements & new borrowing

Total disbursements received in Q3 of 2022 was EC\$17.9 million, all of which was received from existing loans, 69.5% from multilateral creditors and 30.5% from a bilateral creditor. Disbursements were significantly higher in the previous quarter as a concessional loan, Grenada’s First Recovery and Resilience Programmatic Development Policy Financing, totaling EC\$67.5 million was fully disbursed. In Q3 2021, disbursements were EC\$8.3 million (Chart 8). Economic sectors for which funds were disbursed include infrastructure, agriculture, healthcare and education and training. No new loans were contracted in Q3 2022.



### 4.0 Debt Service

Total actual debt service payments in Q3 2022 were EC\$114.7 million. External and domestic debt service were 14.3% and 85.7% respectively. Budgeted debt service payments were higher than actual debt service payments due to exchange rate depreciation and interest rate fluctuations. Chart 9 compares budgeted and actual debt service figures in the periods under review.

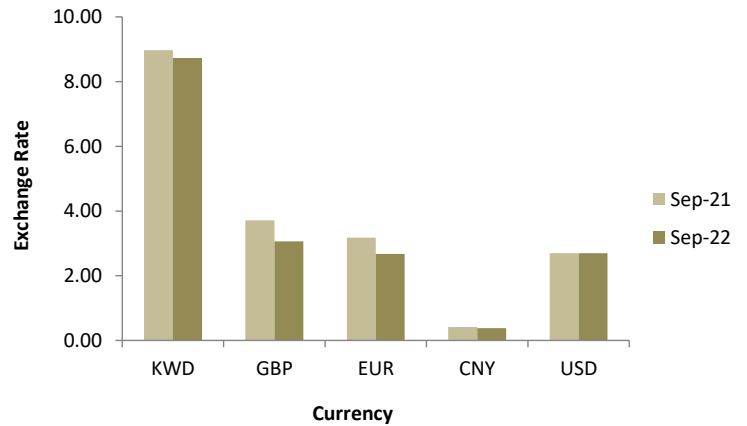


## 5.0 Risk Assessment of the Portfolio

### 5.1 Foreign Currency Risk

A comparison of exchange rates for September 2021 and September 2022 showed that the Eastern Caribbean Dollar (XCD) appreciated against the Kuwaiti Dinar (KWD), GBP, Chinese Yuan Renminbi (CNY) and Euro (EUR) by 2.6%, 17.5%, 8.0% and 15.9% respectively (Chart 10).

Chart 10: Movement in Exchange Rates



### 5.2 Average Time to Maturity (ATM<sup>5</sup>) & Average Time to Re-fixing (ATR<sup>6</sup>)

Charts 11 and 12 show the ATM and ATR of both the domestic and external portfolios for the periods under comparison. The ATM of the external portfolio remained above the Medium-term Debt Management Strategy (MTDS) target of 8.0 years. The ATR of the external portfolio showed a slight increase of 0.3 years over the previous year but decreased below Q2 by a negligible 0.2 years. On the domestic side, ATM and ATR have been declining. Overall, domestic ATM and ATR are usually lower than external ATM and ATR due to the short life span of domestic instruments.

Chart 11: ATM of Domestic & External Portfolios

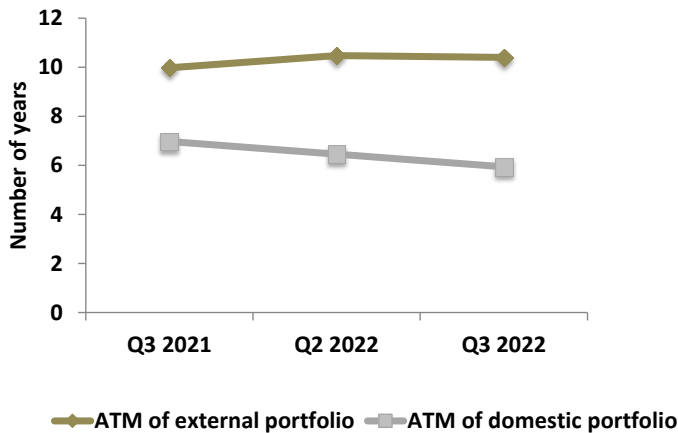
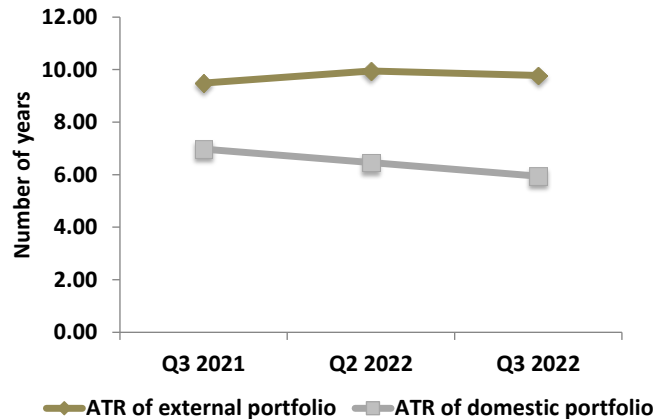


Chart 12: ATR of Domestic & External Portfolios



<sup>5</sup> ATM shows how long it takes on average to roll over or refinance the debt portfolio.

<sup>6</sup> ATR indicates the average time required to reset the interest rate in the debt portfolio.



## 6.0 Regional Governments' Securities Market (RGSM) Activities

Two (2) Treasury bills were reissued on the RGSM in Q3 2022. Details of the auctions and the bid-to-cover ratio<sup>7</sup> for each Treasury bill can be found in Table 1 below.

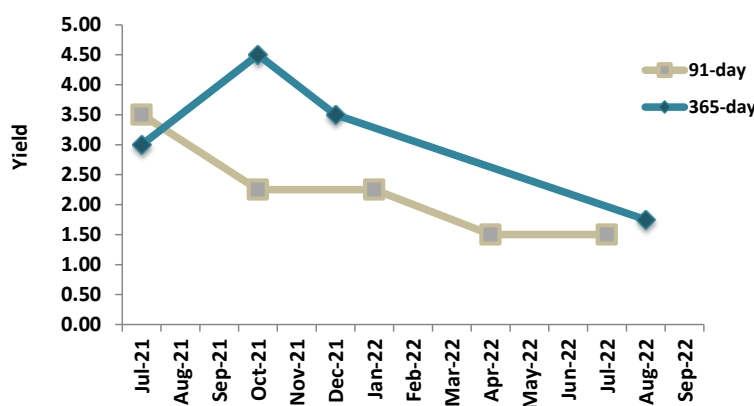
**Table 1: RGSM Auction Results (Q3 2022)**

Instrument type	Total units offered	Total		Total Payment Due	Total Discount	Discount Rate (%)	Bid to Cover Ratio
		Competitive Bids received	Total				
<i>In millions of EC\$ unless otherwise stated</i>							
91-day T-bill	15.00	27.66		14.94	0.06	1.50	1.84
365-day T-bil	25.00	44.02		24.57	0.43	1.75	1.76
<b>TOTAL</b>	<b>40.00</b>	<b>71.68</b>		<b>39.51</b>	<b>0.49</b>		

### 6.1 Treasury Bills Auction Yields

Chart 13 shows the movement in discount rates on RGSM Treasury bill auctions. Rates tend to fluctuate based on the competitiveness of bidders during the auctions. During the period Q3 2021 to Q3 2022, discount rates on 91-day Treasury bills were on a decline, moving from 3.5% in July 2021 to 1.5% in September 2022. The first reissuance of a 365-day Treasury bill for the year 2022 took place in August and its rate was significantly lower than other rates during the 1-year period.

**Chart 13: Interest Rate Fluctuations on Treasury Bills (Q3 2021-Q3 2022)**



## 7.0 Government Guarantees

There is only one (1) GG loan in GoG's portfolio. The balance on this loan at the end of September 2022 was EC\$ 0.8 million.

<sup>7</sup> 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	Q3 2021	Q2 2022	Q3 2022
<i>In millions of EC\$</i>			
External Debt	1,642.72	1,644.07	1,637.85
Domestic Debt (including Government guarantees)	466.06	452.02	439.58
<b>Total</b>	<b>2,108.78</b>	<b>2,096.09</b>	<b>2,077.43</b>

### Appendix 2: External Debt by Creditor

Creditor Category	Q3 2021	Q2 2022	Q3 2022
<i>In millions of EC\$</i>			
Multilateral	1,058.40	1,091.97	1,078.92
Bilateral (Paris Club)	16.18	15.40	15.06
Bilateral (Non-Paris Club)	230.96	222.51	223.47
Commercial Bank	0.91	0.91	0.91
Sovereign Bond	270.22	241.70	241.70
Treasury bills	50.47	55.66	55.19
Treasury notes	15.59	15.91	22.60
<b>Total</b>	<b>1,642.72</b>	<b>1,644.07</b>	<b>1,637.85</b>

### Appendix 3: External Debt by Currency Composition

Currency Composition	Q3 2021	Q2 2022	Q3 2022
<i>In millions of EC\$</i>			
United States Dollar	1,079.07	1,109.60	1,114.40
Special Drawing Rights	368.56	332.88	315.81
Kuwaiti Dinar	26.18	23.55	22.01
Great Britain Pound	3.69	3.24	2.98
Chinese Yuan	59.13	63.93	65.85
Euro	1.69	5.22	4.93
Eastern Caribbean Dollar	104.40	105.65	111.87
<b>Total</b>	<b>1,642.72</b>	<b>1,644.07</b>	<b>1,637.85</b>

### Appendix 4: Disbursement by Creditor

Creditor	Q3 2021	Q2 2022	Q3 2022
<i>In millions of EC\$</i>			
Caribbean Development Bank	2.18	3.55	12.27
International Development Association	1.86	67.52	0.16
International Bank for Reconstruction & Development	0.00	0.55	0.00
Exim Bank of the Republic of China	4.28	4.03	5.45
<b>Total</b>	<b>8.32</b>	<b>75.66</b>	<b>17.88</b>

APPENDICES 2 TO 7 REFLECT CENTRAL GOVERNMENT'S DEBT ONLY

## Appendix 5: Domestic Debt by Instrument

Domestic Debt by Instrument	Q3 2021	Q2 2022	Q3 2022
<i>In millions of EC\$</i>			
Treasury Bills	106.55	106.39	101.66
Treasury Notes	41.21	40.90	40.90
Bonds	260.88	251.40	244.79
Loans	3.20	2.85	2.83
Other	54.22	49.66	48.55
<b>Total</b>	<b>466.06</b>	<b>451.20</b>	<b>438.74</b>

## Appendix 6: Domestic Debt by Holder

Domestic Debt by Holder	Q3 2021	Q2 2022	Q3 2022
<i>In millions of EC\$</i>			
Commerical Banks	35.25	31.59	31.78
Non-Bank Financial Institutions	184.63	184.05	180.05
Other Public Sector Institutions	92.75	89.56	87.21
RGSM investors	60.48	61.48	56.75
Private	29.16	25.62	25.36
Other	63.80	58.89	57.58
<b>Total</b>	<b>466.06</b>	<b>451.20</b>	<b>438.74</b>

## Appendix 7: Debt Service

Debt service	Actual Q3 2021	Budget Q3 2021	Actual Q2 2022	Budget Q2 2022	Actual Q3 2022	Budget Q3 2022
<i>In millions of EC\$</i>						
<b>Total Debt Service</b>	<b>80.58</b>	<b>119.78</b>	<b>66.13</b>	<b>84.93</b>	<b>114.68</b>	<b>130.67</b>
<b>External Debt Service</b>	<b>16.22</b>	<b>17.31</b>	<b>44.10</b>	<b>53.42</b>	<b>16.45</b>	<b>24.26</b>
<i>External Principal Repayments</i>	10.49	11.11	30.61	38.47	10.59	17.85
<i>External Interest Payments</i>	5.72	6.20	13.49	14.95	5.85	6.41
<b>Domestic Debt Service</b>	<b>64.36</b>	<b>102.48</b>	<b>22.03</b>	<b>31.51</b>	<b>98.24</b>	<b>106.41</b>
<i>Domestic Principal Repayments</i>	59.17	95.06	19.74	27.93	92.74	99.69
<i>Domestic Interest Payments</i>	5.19	7.42	2.28	3.58	5.49	6.72

APPENDICES 2 TO 7 REFLECT CENTRAL GOVERNMENT'S DEBT ONLY

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

Particulars	Sep-21	Jun-22	Sep-22	Qtrly change (%)	YTD change (%)
<b>Total Public Debt (XCD)</b>					
External Debt	1,642.72	1,644.07	1,637.85	-0.38	-0.30
Domestic Debt (including Government Guarantees)	466.06	452.02	439.58	-2.75	-5.68
<b>Central Government's Debt (XCD)</b>					
External Debt	1,642.72	1,644.07	1,637.85	-0.38	-0.30
Domestic Debt	466.06	451.20	438.74	-2.76	-5.86
<b>Central Government's Debt to GDP (%)</b>					
External Debt	54.19	50.61	50.36	-0.50	-7.07
Domestic Debt	15.37	13.89	13.49	-2.88	-12.26
<b>Other Debt*</b>	372.14	372.14	372.14	0.00	0.00
<b>Other Debt to GDP</b>	12.28	11.46	11.44	-0.12	-6.79
<b>Government Guarantees</b>					
External	0.00	0.00	0.00	0.00	0.00
Domestic	0.00	0.84	0.84	0.00	0.00
<b>External debt by Creditor (XCD)</b>					
Multilateral	1,058.40	1,091.97	1,078.92	-1.20	1.94
Bilateral	247.14	237.91	238.53	0.26	-3.48
Domestic instruments contracted from external creditors	66.06	71.57	77.79	8.68	17.76
Other	271.13	242.61	242.61	0.00	-10.52
<b>External Debt by Instrument (XCD)</b>					
T-bills/ T-notes	66.06	71.57	77.79	8.68	17.76
Loans	1,306.44	1,330.80	1,318.36	-0.93	0.91
Bonds	270.22	241.70	241.70	0.00	-10.55
<b>Domestic Debt by instrument (XCD)</b>					
T-bills	106.55	106.39	101.66	-4.44	-4.59
T-Notes	41.21	40.90	40.90	0.00	-0.77
Bonds	260.88	251.40	244.79	-2.63	-6.17
Loans	3.20	2.85	2.83	-0.46	-11.43
Other	54.22	49.66	48.55	-2.24	-10.45
<b>Foreign Currency Risk (%)</b>					
% of debt in USD	65.69	67.67	68.04	0.55	3.58
% of debt in XDR	22.44	20.29	19.28	-4.97	-14.06
% of debt in Kuwaiti Dinars	1.59	1.44	1.34	-6.38	-15.68
% of debt in GBP	0.22	0.20	0.18	-7.87	-19.00
% of debt in Chinese Yuan	3.60	3.65	4.02	10.10	11.70
% of debt in EUR	0.10	0.32	0.30	-5.40	192.58
% of debt in XCD	6.36	6.44	6.83	6.07	7.47
% of foreign debt	77.90	78.47	78.87	0.52	1.25
<b>Total Debt Service (XCD)</b>					
External	16.22	44.10	16.45	-62.70	1.41
Domestic	64.36	22.05	98.24	345.58	52.63
Principal	69.67	50.36	103.34	105.20	48.33
Interest	10.92	15.79	11.35	-28.13	3.94
<b>Disbursements</b>	8.32	75.66	17.88	-76.37	114.92
<b>Fiscal indicators (%)</b>					
Total Debt Service to Revenue	32.17	27.78	45.08	62.26	40.14
Total Debt Service to GDP	2.66	2.04	3.53	73.17	32.66
Interest to Revenue	4.36	6.63	4.46	-32.74	2.32
Interest to Expenditure	4.64	6.35	4.88	-23.13	5.08
<b>Total Public Sector Debt (% of GDP)</b>	<b>69.56</b>	<b>64.52</b>	<b>63.87</b>	-1.01	-8.18

\* Includes the debt obligations of Petro Caribe

NB. FIGURES ARE SUBJECT TO CHANGE