

# PUBLIC DEBT BULLETIN QUARTER 1 2023

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## **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

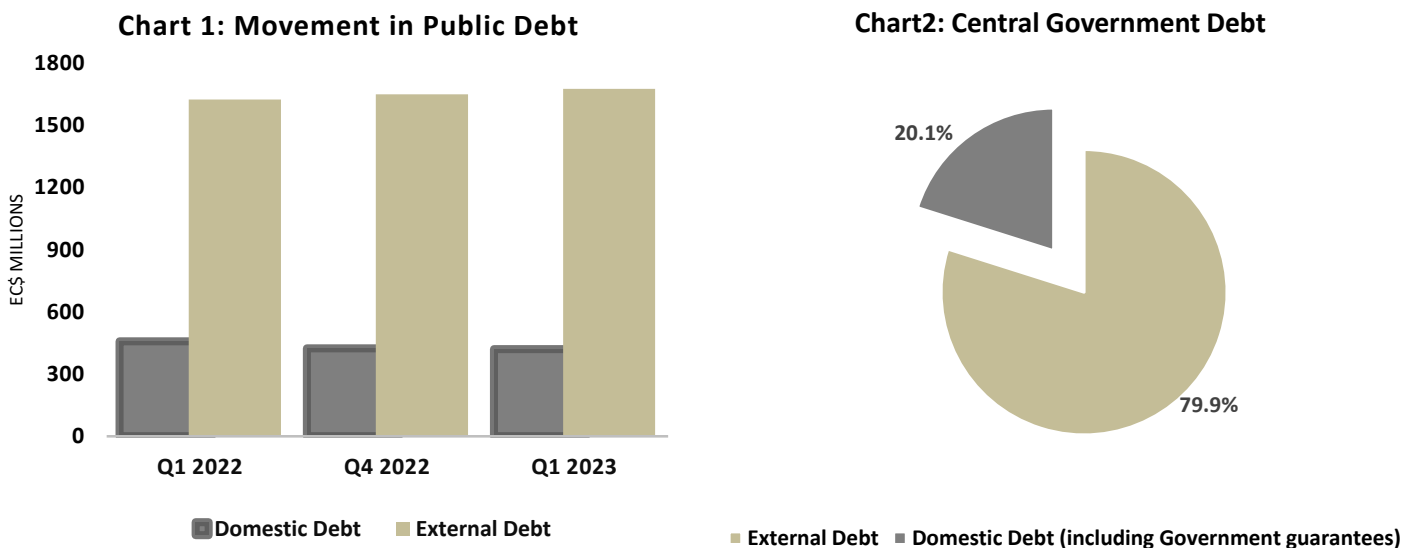
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## Central Government and Government-guaranteed Debt

At the end of the first quarter (Q1) of 2023, the stock of Central Government (CG) and Government-guaranteed (GG) debt was EC\$2,097.2 million, 59.1% of Gross Domestic Product (GDP)<sup>1</sup>. There was a 1.1% increase in total CG and GG debt when compared to the previous quarter and a 0.7% increase when compared to the same period in the previous year. The increase was primarily due to disbursements from the Republic of China on the St George's Airport Runway and Road Upgrade loan. During the 1-year period (Q1 2022 to Q1 2023), domestic debt decreased by 8.0% but external debt increased by 3.1%. Chart 1 compares public debt in the periods under comparison, Q1 2022, Q4 2022 and Q1 2023.

As a percentage of the total of CG and GG debt, domestic and external debts were 20.1% and 79.9% respectively at the end of Q1 2023 (Chart 2). GG debt remained at 0.2% of domestic debt.



### 1.1 Central Government's External Debt

External CG debt consists primarily of loans. It was EC\$1,675.4 million (47.2% of GDP) at the end of Q1 2023.

#### 1.1.1 External Debt by Creditor Category

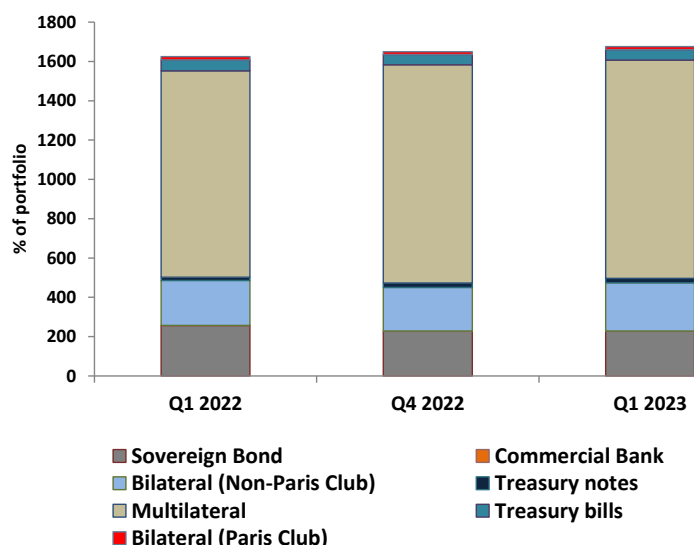
As usual, multilateral creditors held the highest share of GoG's external portfolio (66.3%) (Appendix 2). Bilateral Non-Paris Club creditors now hold the second highest share of 14.7% (Chart 3). Prior to this, investors in GoG's sovereign bond held the second highest share of the external portfolio.

#### 1.1.2 External Debt by Interest Type

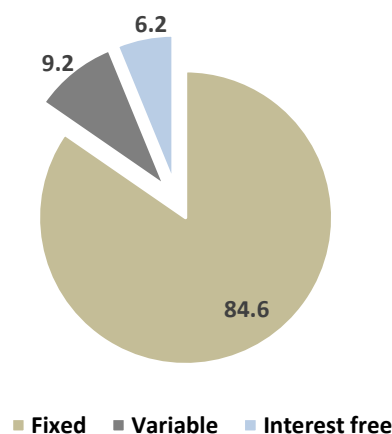
GoG's external portfolio is dominated by instruments contracted at fixed rates of interest. In Q1 2023, these comprised 84.6% of the external portfolio. Loans at variable interest rates comprised 9.2% and interest free loans comprised 6.2% (Chart 4).

<sup>1</sup> GDP: Eastern Caribbean Central Bank's estimated nominal Gross Domestic Product for Grenada for 2023 (EC\$3,547.88 million).

**Chart 3: External Debt by Creditor**



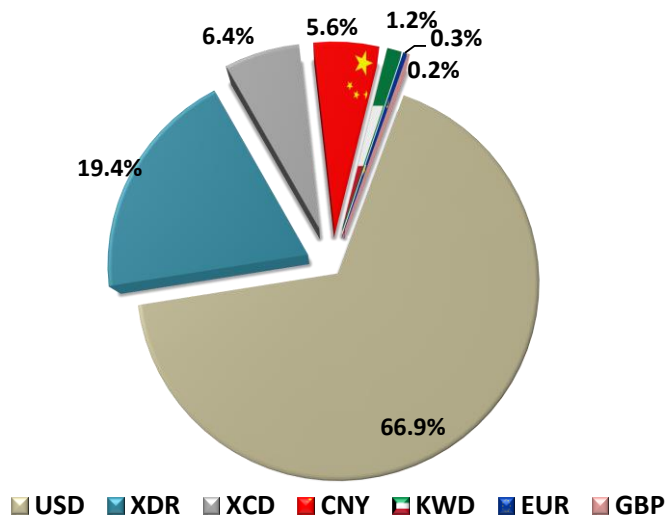
**Chart 4: External Debt by Interest Type**



### 1.1.3 Currency Composition of External Debt<sup>2</sup>

Instruments denominated in United States Dollars (USD) held the highest share of GoG’s external portfolio in 2023 and throughout 2022. In Q1 2023, these instruments accounted for 66.9% of the portfolio and were followed by instruments contracted in Special Drawing Rights (XDR) (19.4%). Chart 5 shows the breakdown of GoG’s external instruments by currency.

**Chart 5: Currency Composition of External Debt**



### 1.2 Central Government’s Domestic Debt<sup>3</sup>

Domestic CG debt was EC\$421.0 million (11.9% of GDP) at the end of Q1 2023.

<sup>2</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>3</sup> Domestic debt includes all debt contracted by creditors who reside in Grenada.

### 1.2.1 Domestic Debt by Instrument Type

Bonds held the highest share of the domestic portfolio at the end of Q1 2023 (56.7). Treasury Bills held the second highest share of 22.1% (Chart 6).

Chart 6: Domestic Debt by Instrument

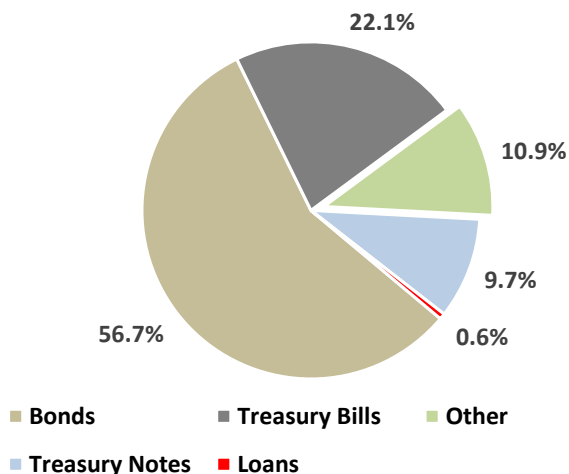
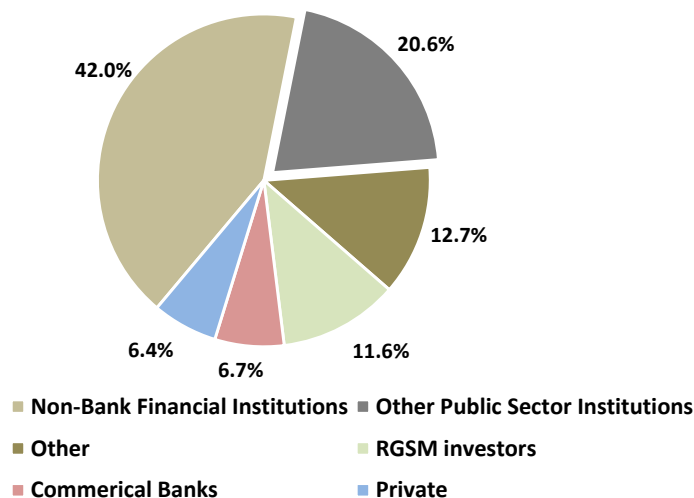


Chart 7: Domestic Debt by Holder



### 1.2.2 Domestic Debt by Holder

The chief holders of domestic debt are non-bank financial institutions. In Q1 2023 they held 42.0% of the domestic portfolio (Chart 7).

### 1.2.3 Domestic Debt by Interest Type

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

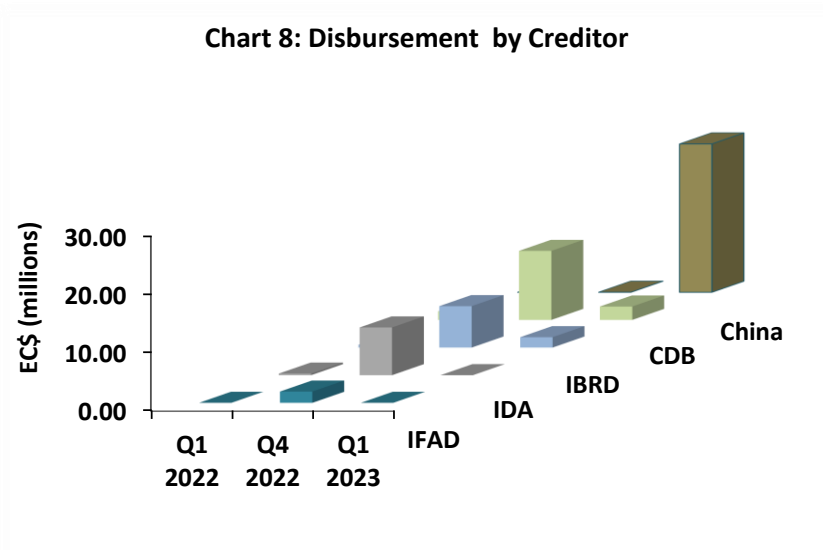
## 2.0 Debt of State-Owned Enterprises (SOEs)

At the end of Q3 2022<sup>4</sup>, the total debt stock (unaudited) of SOEs was approximately EC\$545.7 million (15.4% of GDP). This is inclusive of the debt obligations of Petro Caribe, which was EC\$372.1 million (10.5% of GDP). All non-guaranteed instruments contracted by SOEs are long-term loans and the major creditor is a local commercial bank. Domestic and external SOE debts were 71.5% and 28.5% respectively at the end of Q3 2022.

<sup>4</sup> Q3 2022 is the latest period for which SOE debt data is available.

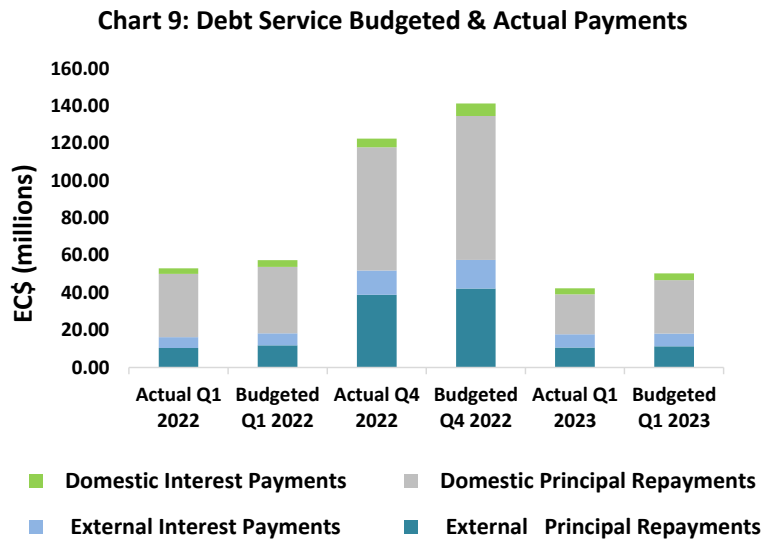
### 3.0 Disbursements & New Borrowing

Total disbursements received in Q1 2023 was EC\$29.6 million, 86.2% came as a result of disbursements on GoG’s loan from the Republic of China in January and March 2023 totaling EC\$25.5 million. The remaining 13.8% was received from multilateral creditors (Chart 8). When compared to the previous quarter, disbursements increased marginally by 1.6% but when compared to Q1 2022 when disbursements totaled EC\$2.2 million only, there was a significant increase. Economic sectors for which funds were disbursed include infrastructure, agriculture, healthcare, tourism and education.



### 4.0 Debt Service

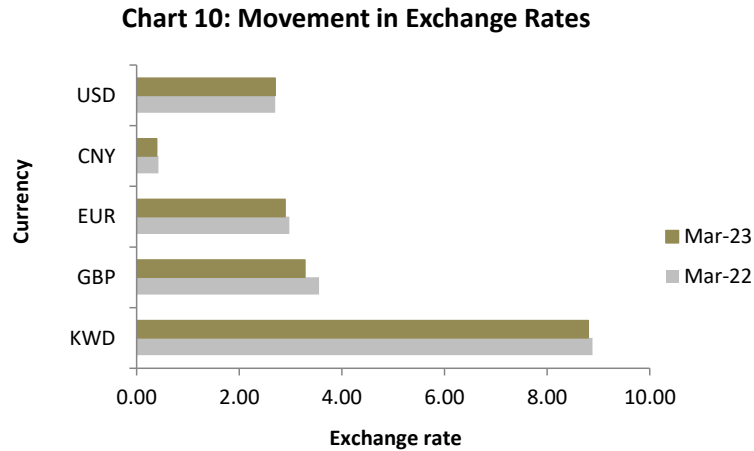
In the first quarter of 2023, total actual debt service payments was EC\$42.4 million. Interest payments amounted to EC\$10.3 million and was 3.5% of current revenue. Amortization was EC\$32.1 million. Chart 9 compares budgeted and actual debt service figures for the periods under review. Budgeted debt service payments were higher than actual debt service payments in each period due to exchange rate depreciation and interest rate fluctuations. External and domestic debt service were 41.9% and 58.1 % respectively.



## 5.0 Risk Assessment of the Portfolio

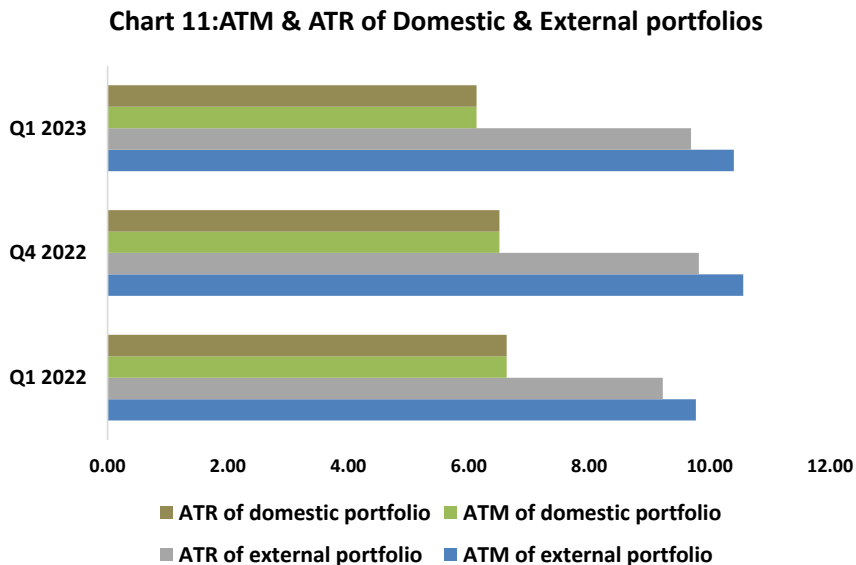
### 5.1 Foreign Currency Risk

A comparison of exchange rates in March 2022 and March 2023 revealed that the Eastern Caribbean Dollar (XCD) appreciated against the Kuwaiti Dinar (KWD), GBP, Chinese Yuan Renminbi (CNY) and Euro (EUR) by 1.0%, 7.7%, 8.0% and 2.9% respectively (Chart 10). This is the desired movement as lower exchange rates decrease the cost of debt.



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

There were no significant changes in ATM and ATR during the periods under comparison as depicted in Chart 11. 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 negligible decrease below the previous quarter of 0.1 years but was higher than it was in Q1 2022 by 0.5 years. On the domestic side, ATM and ATR decreased from Q1 2022 by 0.5 years and from the previous quarter by 0.4 years.



<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.



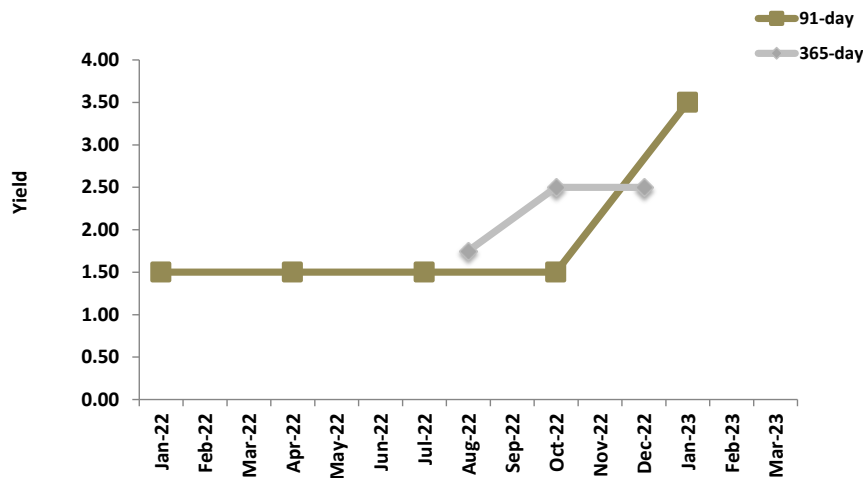
## 6.0 Regional Governments' Securities Market (RGSM) Activities

There was only one (1) RGSM Treasury bill auctioned in Q1 2023. It was an EC\$15.0 million, 91-day Treasury bill reissued at a discount rate of 3.5%. The auction was oversubscribed by EC\$1.3 million and its bid to cover ratio was 1.1.

### 6.1 Treasury Bills Auction Yields

Chart 12 shows the movement in discount rates on the RGSM. Throughout 2022, GoG's sole 91-day Treasury bill was reissued at 1.5%. In Q1 2023 however, it was reissued at a rate of 3.5%. Discount rates on 365-day treasury bills on the other hand, fluctuated during 2022 and the lowest rate recorded was 1.75%. Discount rates on Treasury bills are based on the competitiveness of bidders during the auctions.

Chart 12: Interest Rate Fluctuations on Treasury Bills  
(Q1 2022-Q1 2023)



## 7.0 Government Guarantees

There is only one (1) GG loan in GoG's portfolio. It was contracted from a local commercial bank by an SOE. The balance on this loan at the end of Q1 2023 was EC\$ 0.8 million.

## Appendices

### Appendix 1: Central Government & Government-guaranteed Debt

Debt Category	Q1 2022	Q4 2022	Q1 2023
<i>In millions of EC\$</i>			
External Debt	1,625.04	1,650.05	1,675.42
Domestic Debt (includes government-guaranteed debt)	458.57	425.34	421.76
<b>Total</b>	<b>2,083.61</b>	<b>2,075.39</b>	<b>2,097.18</b>

### Appendix 2: External Debt by Creditor

Creditor Category	Q1 2022	Q4 2022	Q1 2023
<i>In millions of EC\$</i>			
Multilateral	1,051.11	1,111.45	1,110.71
Sovereign Bond	255.96	227.44	227.44
Bilateral (Non-Paris Club)	229.25	221.46	245.95
Treasury bills	55.66	51.47	52.97
Treasury notes	15.91	22.60	22.60
Bilateral (Paris Club)	16.23	14.73	14.84
Commercial Bank	0.91	0.91	0.91
<b>Total</b>	<b>1,625.04</b>	<b>1,650.05</b>	<b>1,675.42</b>

### Appendix 3: External Debt by Currency Composition

Currency Composition	Q1 2022	Q4 2022	Q1 2023
<i>In millions of EC\$</i>			
United States Dollar	1,070.55	1,122.31	1,120.86
Special Drawing Rights	350.08	324.19	324.81
Kuwaiti Dinar	24.20	21.86	20.47
Great Britain Pound	3.60	3.08	3.16
Chinese Yuan	63.23	67.27	93.15
Euro	5.60	5.32	5.45
Eastern Caribbean Dollar	107.78	106.02	107.52
<b>Total</b>	<b>1,625.04</b>	<b>1,650.05</b>	<b>1,675.42</b>

### Appendix 4: Disbursement by Creditor

Creditor	Q1 2022	Q4 2022	Q1 2023
<i>In millions of EC\$</i>			
Caribbean Development Bank	1.46	11.85	2.30
International Development Association	0.27	8.20	0.00
International Bank for Reconstruction & Development	0.47	7.11	1.78
International Fund for Agricultural Development	0.00	1.93	0.00
Exim Bank of the Republic of China	0.00	0.00	25.48
<b>Total</b>	<b>2.20</b>	<b>29.09</b>	<b>29.55</b>

APPENDICES 2 TO 7 DO NOT REFLECT GOVERNMENT-GUARANTEED DEBT

## Appendix 5: Domestic Debt by Instrument Type

Domestic Debt by Instrument	Q1 2022	Q4 2022	Q1 2023
<i>In millions of EC\$</i>			
Bonds	256.34	238.60	238.50
Treasury Bills	106.39	95.39	93.02
Other	51.28	47.14	46.20
Treasury Notes	40.90	40.90	40.90
Loans	2.87	2.51	2.35
<b>Total</b>	<b>457.77</b>	<b>424.54</b>	<b>420.96</b>

## Appendix 6: Domestic Debt by Holder

Domestic Debt by Holder	Q1 2022	Q4 2022	Q1 2023
<i>In millions of EC\$</i>			
Non-Bank Financial Institutions	182.34	177.77	176.89
Other Public Sector Institutions	89.98	86.79	86.79
Other	60.80	56.39	53.28
RGSM investors	61.48	50.48	48.98
Commerical Banks	31.69	28.30	28.30
Private	31.47	24.81	26.72
<b>Total</b>	<b>457.77</b>	<b>424.54</b>	<b>420.96</b>

## Appendix 7: Debt Service

	Actual Q1 2022	Budgeted Q1 2022	Actual Q4 2022	Budgeted Q4 2022	Actual Q1 2023	Budgeted Q1 2023
<i>In millions of EC\$</i>						
<b>Total Debt Service</b>	<b>53.10</b>	<b>57.42</b>	<b>122.46</b>	<b>141.23</b>	<b>42.36</b>	<b>50.30</b>
<b>External Debt Service</b>	<b>16.21</b>	<b>18.30</b>	<b>51.92</b>	<b>57.58</b>	<b>17.73</b>	<b>18.11</b>
<i>External Principal Repayments</i>	10.38	11.86	38.91	42.25	10.68	11.28
<i>External Interest Payments</i>	5.83	6.43	13.01	15.33	7.06	6.83
<b>Domestic Debt Service</b>	<b>36.88</b>	<b>39.13</b>	<b>70.54</b>	<b>83.65</b>	<b>24.63</b>	<b>32.20</b>
<i>Domestic Principal Repayments</i>	33.82	35.46	65.87	77.02	21.44	28.57
<i>Domestic Interest Payments</i>	3.06	3.66	4.67	6.63	3.18	3.63

APPENDICES 2 TO 7 DO NOT REFLECT GOVERNMENT-GUARANTEED DEBT

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

Particulars	Mar-22	Dec-22	Mar-23	Qtrly change (%)	YTD change (%)
<b>Total Public Debt (XCD)</b>					
External Debt	1,625.04	1,650.05	1,675.42	1.54	3.10
Domestic Debt (including Government Guarantees)	458.57	425.34	421.76	-0.84	-8.03
SOE non-guaranteed debt*	159.20	173.56	173.56	0.00	9.02
Other Debt**	372.14	372.14	372.14	0.00	0.00
<b>Central Government's Debt (XCD)</b>					
External Debt	1,625.04	1,650.05	1,675.42	1.54	3.10
Domestic Debt	457.77	424.54	420.96	-0.84	-8.04
<b>Central Government's Debt to GDP (%)</b>					
External Debt	49.96	50.73	47.22	-6.92	-5.48
Domestic Debt	14.07	13.05	11.87	-9.10	-15.70
<b>Other Debt to GDP (%)</b>	11.44	11.44	10.49	-8.33	-8.33
<b>Government Guarantees</b>					
External	0.00	0.00	0.00	0.00	0.00
Domestic	1.00	0.80	0.80	0.00	-20.00
<b>External debt by Creditor (XCD)</b>					
Multilateral	1,051.11	1,111.45	1,110.71	-0.07	5.67
Bilateral	245.49	236.18	260.79	10.42	6.23
Regional investors	71.57	74.07	75.57	2.03	5.58
Commercial creditors	256.87	228.36	228.36	0.00	-11.10
<b>External Debt by Instrument (XCD)</b>					
T-bills/ T-notes	71.57	74.07	75.57	2.03	5.58
Loans	1,297.51	1,347.63	1,372.41	1.84	5.77
Bonds	255.96	228.36	227.44	-0.40	-11.14
<b>Domestic Debt by instrument (XCD)</b>					
T-bills	106.39	95.39	93.02	-2.49	-12.57
T-Notes	40.90	40.90	40.90	0.00	0.00
Bonds	256.34	238.60	238.50	-0.04	-6.96
Loans	2.87	2.51	2.35	-6.53	-18.05
Other	51.28	47.14	46.20	-2.01	-9.91
<b>Foreign Currency Risk (%)</b>					
% of debt in USD	65.80	67.89	66.90	-1.45	1.67
% of debt in XDR	21.59	19.73	19.39	-1.72	-10.21
% of debt in Kuwaiti Dinars	1.49	1.33	1.22	-8.15	-18.15
% of debt in GBP	0.22	0.19	0.19	0.64	-15.06
% of debt in Chinese Yuan	3.90	4.09	5.56	35.82	42.56
% of debt in EUR	0.35	0.32	0.33	0.48	-5.82
% of debt in XCD	6.65	6.45	6.42	-0.52	-3.46
% of foreign debt	78.02	79.54	79.92	0.48	2.43
<b>Total Debt Service (XCD)</b>					
External	16.21	51.92	17.73	-65.85	9.37
Domestic	36.88	70.54	24.63	-65.09	-33.24
Principal	44.20	104.77	32.12	-69.34	-27.33
Interest	8.89	17.69	10.24	-42.11	15.10
<b>Disbursements</b>	2.20	29.09	29.55	1.59	1240.85
<b>Fiscal indicators (%)</b>					
Total Debt Service to Revenue	15.73	48.63	14.24	-70.72	-9.49
Total Debt Service to GDP	1.63	3.77	1.19	-68.29	-26.86
Interest to Revenue	2.61	7.02	3.44	-51.01	31.83
Interest to Expenditure	3.85	5.11	4.47	-12.42	16.10
<b>Total Public Sector Debt (% of GDP)</b>	<b>80.40</b>	<b>80.59</b>	<b>74.49</b>	<b>-7.56</b>	<b>-7.35</b>

\*EC\$173.56 million reflects SOE debt as at September 2022

\*\* Includes the debt obligations of Petro Caribe

NB.FIGURES ARE SUBJECT TO CHANGE