



2022

PUBLIC DEBT BULLETIN

QUARTER 4



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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1.0 Total Public Debt

Grenada's total debt¹ stock at the end of 2022 was EC\$2,070.3 million (63.7% of Gross Domestic Product (GDP)²), a 1.6% decrease relative to the stock at the end of quarter 4 (Q4) 2021. The reduction was chiefly on the domestic side and was primarily because the option to take up an additional EC\$5.0 million of oversubscriptions on the Regional Government's Securities Market (RGSM) for budget support in 2021, was removed in 2022. Domestic debt decreased by 8.6% during the 1-year period but external debt increased by 0.3%. Chart 1 compares public debt in the periods under comparison, (Q4) 2021, Q3 2022 and Q4 2022.

Domestic and external debts were 20.5% and 79.5% respectively of total public debt at the end of Q4 (Chart 2). Government-guaranteed (GG) debt remained at 0.2% of domestic debt.

Chart 1: Movement in Public Debt

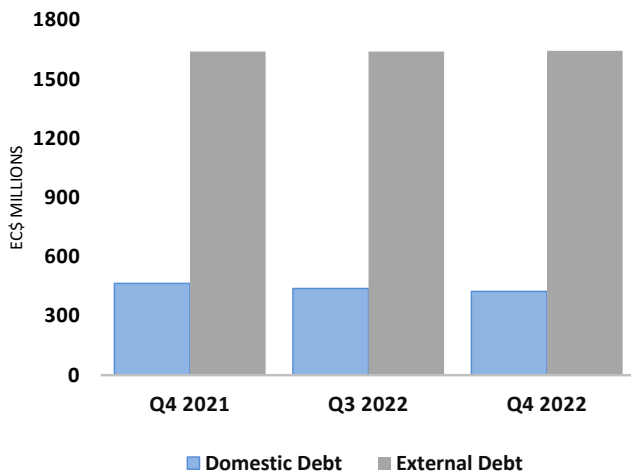
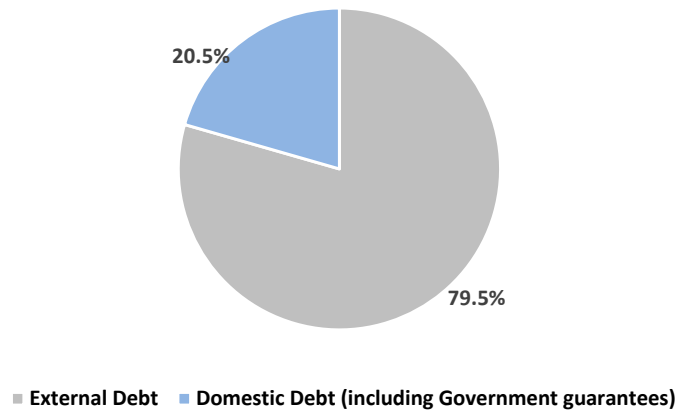


Chart 2: Central Government Debt



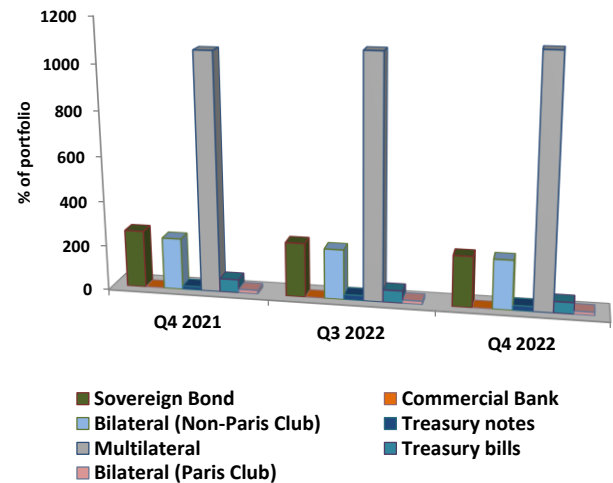
1.1 Central Government's (CG's) External Debt

CG's external debt stock was EC\$1,645.3 million (50.6% of GDP) at the end of 2022.

1.1.1 External Debt by Creditor Category

At the end of Q4 2022, multilateral creditors held the highest share of the external portfolio (67.3%) (Appendix 2). Investors in Government of Grenada's (GoG's) international bond held the second highest share of 13.8% (Chart 3).

Chart 3: External Debt by Creditor



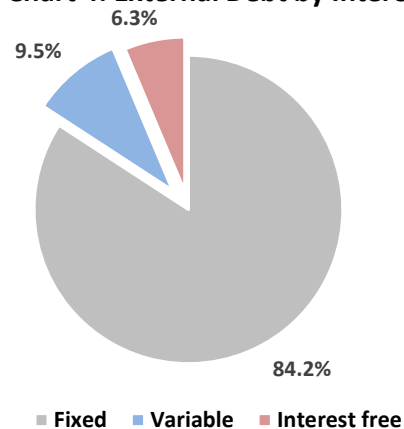
¹ Total public debt includes both the domestic and external debt of Central Government and the Government-guaranteed debt of Grenada's State-owned enterprises.

² GDP: Ministry of Finance staff estimated nominal Gross Domestic Product for 2022 (\$3,252.50 million).

1.1.2 External Debt by Interest Type

At the end of 2022, GoG's external portfolio consisted primarily of instruments contracted at fixed interest rates (84.2%). This was also the case in the other periods under comparison. Loans at variable interest rates comprised 9.5% and interest free loans comprised 6.3% (Chart 4).

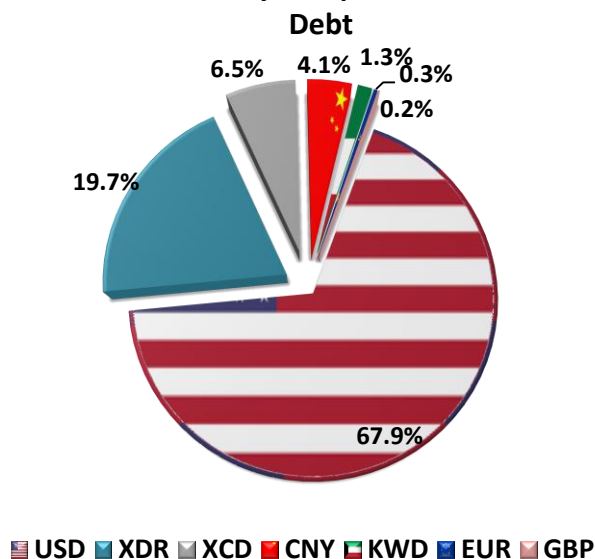
Chart 4: External Debt by Interest Type



1.1.3 Currency Composition of External Debt³

Instruments denominated in United States Dollars (USD) held the highest share of GoG's external portfolio throughout 2022. In Q4 2022, these instruments accounted for 67.9% of the portfolio and were followed by instruments contracted in Special Drawing Rights (XDR) (19.7%). At the end of Q4 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 Debt⁴

CG's domestic debt was EC\$424.2 million (13.0% of GDP) at the end of Q4 2022.

³ 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)

⁴ Domestic debt includes all debt contracted by creditors who reside in Grenada.

1.2.1 Domestic Debt by Instrument Type & Holder

The instrument type that held the highest share of the domestic portfolio at the end of 2022 was bonds (56.2%). Treasury Bills held the second highest share of 22.5% (Chart 6). Non-bank financial institutions were the chief holders of domestic debt (41.9%) in Q4 2022 and the other periods under comparison (Chart 7).

Chart 6: Domestic Debt by Instrument

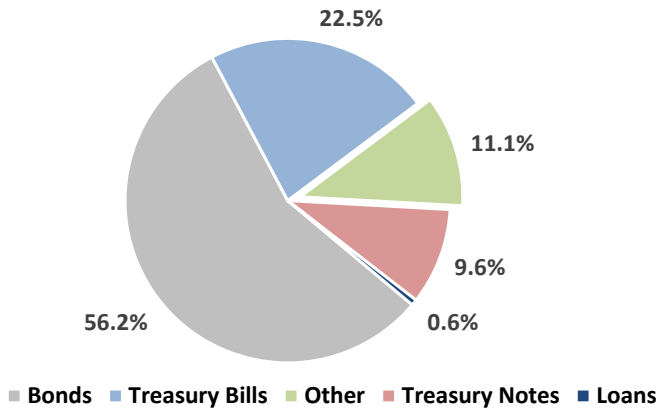
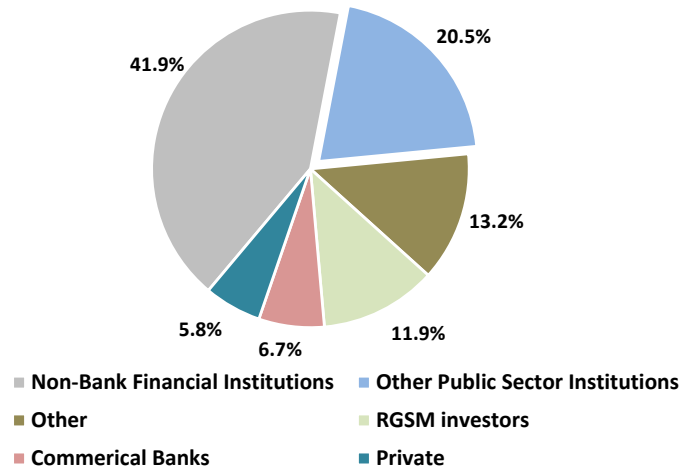


Chart 7: Domestic Debt by Holder



1.2.2 Domestic Debt by Interest Type

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

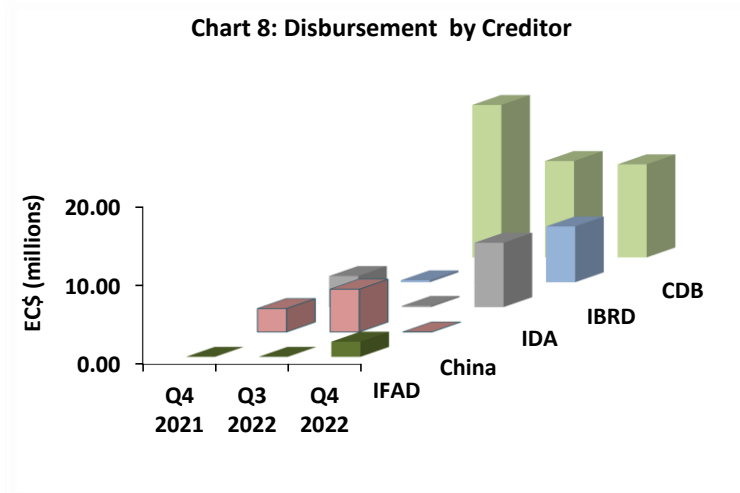
2.0 Debt of State-Owned Enterprises (SOEs)

At the end of Q3 2022⁵, with the exception of one (1) SOE, the total debt stock (unaudited) of SOEs was approximately EC\$547.0 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 instruments contracted by SOEs are long-term loans. The major creditor is a local commercial bank. Domestic and external SOE debts were 71.0% and 29.0% respectively at the end of Q3 2022.

⁵ Q3 2022 is the latest period for which SOE debt data is available.

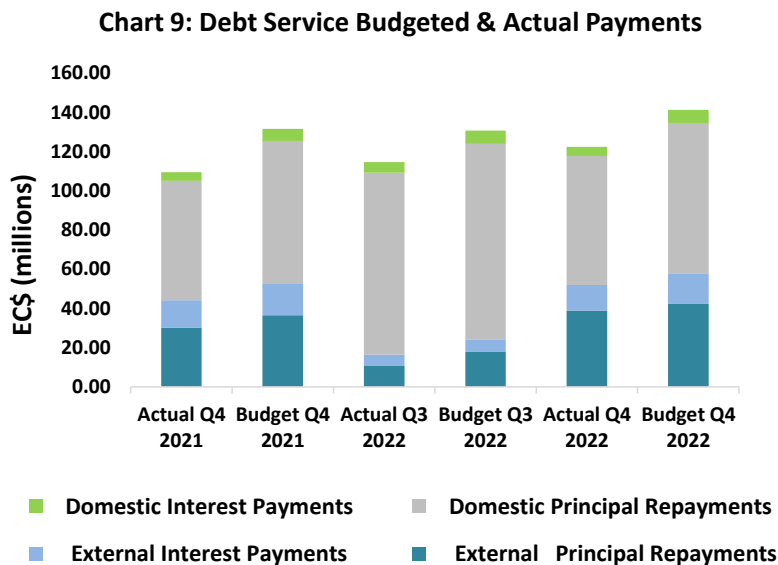
3.0 Disbursements & New Borrowing

In the fourth quarter of 2022, total disbursements received by GoG was EC\$29.1 million, all of which was received from multilateral creditors. When compared to Q4 2021, disbursements increased by 9.3% but when compared to the previous quarter (Q3 2022) there was a 62.7% increase (Chart 8). Economic sectors for which funds were disbursed include infrastructure, agriculture, healthcare, tourism, education and technology. One (1) new loan was contracted in Q4 2022 in the amount of USD \$2.2 million, at an interest rate of 3.0%. The loan was contracted from a multilateral creditor and will mature in 2036. It will begin disbursing in June of 2023.



4.0 Debt Service

Total actual debt service payments in Q4 2022 was EC\$122.5 million. External and domestic debt service were 42.4% and 57.6 % respectively. Budgeted debt service payments were higher than actual debt service payments due to exchange rate depreciation and interest rate fluctuations. There is also a percentage of outstanding bonds that were budgeted for that haven't been claimed. Chart 9 compares budgeted and actual debt service figures for the periods under review.

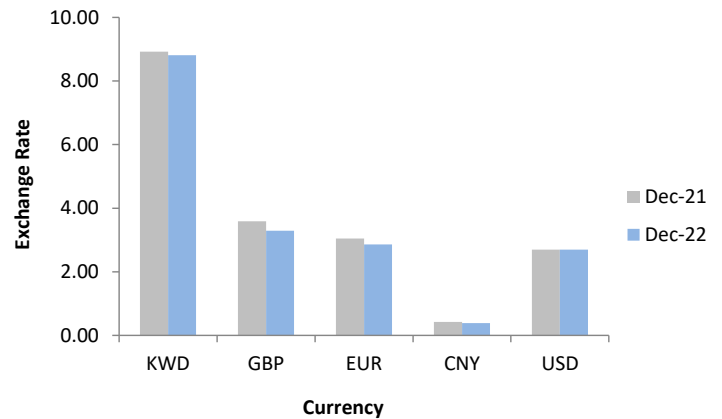


5.0 Risk Assessment of the Portfolio

5.1 Foreign Currency Risk

The Eastern Caribbean Dollar (XCD) appreciated against the Kuwaiti Dinar (KWD), GBP, Chinese Yuan Renminbi (CNY) and Euro (EUR) by 1.2%, 8.4%, 8.7% and 6.2% respectively over the period December 2021 to December 2022 (Chart 10). This is the desired movement as the cost of debt denominated in these currencies will be lower.

Chart 10: Movement in Exchange Rates



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

A comparison of the ATM and ATR of both the domestic and external portfolios for the periods under review can be found in Charts 11 and 12. 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 marginal increase over Q4 2021 and the previous quarter of 0.5 years and 0.04 years respectively. On the domestic side, ATM and ATR decreased from Q4 2021 by 0.2 years but increased over the previous period by 0.6 years. Overall, there were no significant changes in ATM and ATR.

Chart 11: ATM of Domestic & External Portfolios

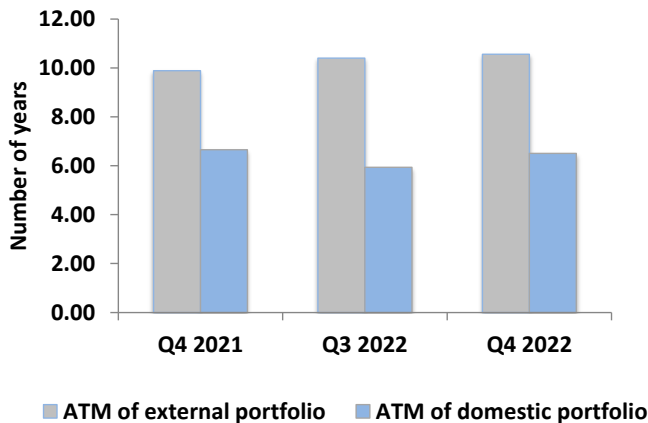
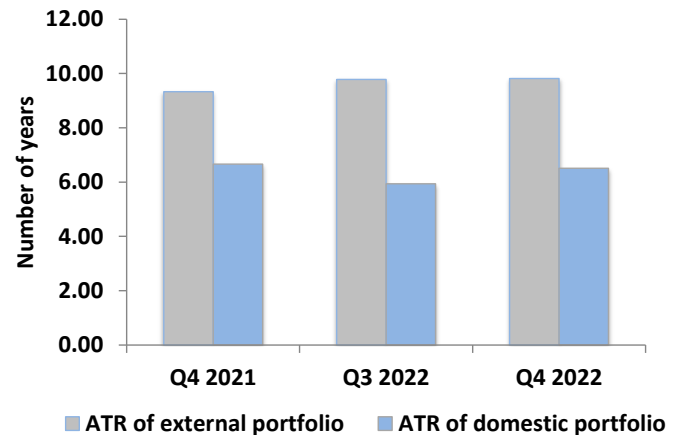


Chart 12: ATR of Domestic & External Portfolios



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 the final quarter of 2022, three (3) Treasury bills were reissued on the RGSM, one (1) 91-day and two (2) 365-day Treasury bills. Table 1 shows the auctions and the bid-to-cover ratio⁸ for each Treasury bill.

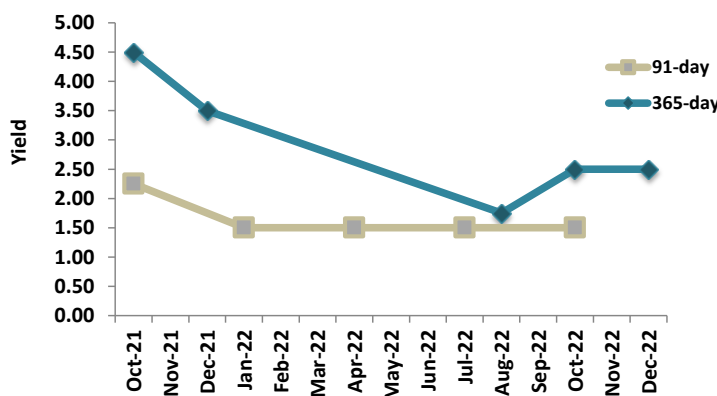
Table 1: RGSM Auction Results (Q4 2022)

Instrument type	Total		Total Payment Due	Total Discount	Discount Rate (%)	Bid to Cover Ratio
	Total units offered	Competitive Bids received				
<i>In millions of EC\$ unless otherwise stated</i>						
91-day T-bill	15.00	33.62	14.94	0.06	1.50	2.24
365-day T-bill	10.00	26.29	9.76	0.24	2.50	2.63
365-day T-bill	10.00	20.80	9.76	0.24	2.50	2.08
TOTAL	35.00	80.71	34.46	0.54		

6.1 Treasury Bills Auction Yields

Chart 13 shows the movement in discount rates on the RGSM. The discount rate on GoG's sole 91-day Treasury bill was 2.25% in Q4 2021 but decreased and remained at 1.5% throughout 2022. Discount rates on 365-day treasury bills fluctuated during the period Q4 2021 to Q4 2022, the lowest rate being recorded in August of 2022. Discount rates on Treasury bills are based on the competitiveness of bidders during the auctions.

Chart 13: Interest Rate Fluctuations on Treasury Bills (Q4 2021-Q4 2022)



7.0 Government Guarantees

As of Q4 2022, there was only one (1) GG loan in GoG's portfolio. It was contracted from a local commercial bank. The balance on this loan as at end Q4 was EC\$ 0.8 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	Q4 2021	Q3 2022	Q4 2022
<i>In millions of EC\$</i>			
External Debt	1,639.69	1,639.12	1,645.31
Domestic Debt (including Government guarantees)	464.71	439.48	425.00
Total	2,104.40	2,078.60	2,070.31

Appendix 2: External Debt by Creditor

Creditor Category	Q4 2021	Q3 2022	Q4 2022
<i>In millions of EC\$</i>			
Multilateral	1,060.61	1,080.19	1,106.71
Sovereign Bond	255.96	241.70	227.44
Bilateral (Non-Paris Club)	230.57	223.47	221.46
Treasury bills	59.67	55.19	51.47
Treasury notes	15.59	22.60	22.60
Bilateral (Paris Club)	16.37	15.06	14.73
Commercial Bank	0.91	0.91	0.91
Total	1,639.69	1,639.12	1,645.31

Appendix 3: External Debt by Currency Composition

Currency Composition	Q4 2021	Q3 2022	Q4 2022
<i>In millions of EC\$</i>			
United States Dollar	1,072.98	1,115.67	1,117.57
Special Drawing Rights	357.07	315.81	324.19
Kuwaiti Dinar	25.68	22.01	21.86
Great Britain Pound	3.71	2.98	3.08
Chinese Yuan	63.07	65.85	67.27
Euro	5.71	4.93	5.32
Eastern Caribbean Dollar	111.47	111.87	106.02
Total	1,639.69	1,639.12	1,645.31

Appendix 4: Disbursement by Creditor

Creditor	Q4 2021	Q3 2022	Q4 2022
<i>In millions of EC\$</i>			
Caribbean Development Bank	19.41	12.27	11.85
International Development Association	3.96	0.16	8.20
International Bank for Reconstruction & Development	0.25	0.00	7.11
International Fund for Agricultural Development	0.00	0.00	1.93
Exim Bank of the Republic of China	2.99	5.45	0.00
Total	26.60	17.88	29.09

APPENDICES 2 TO 7 REFLECT CENTRAL GOVERNMENT'S DEBT ONLY

Appendix 5: Domestic Debt by Instrument Type

Domestic Debt by Instrument	Q4 2021	Q3 2022	Q4 2022
<i>In millions of EC\$</i>			
Bonds	258.79	244.69	238.26
Treasury Bills	107.38	101.66	95.39
Other	53.44	48.55	47.14
Treasury Notes	41.21	40.90	40.90
Loans	2.89	2.83	2.51
Total	463.71	438.64	424.20

Appendix 6: Domestic Debt by Holder

Domestic Debt by Holder	Q4 2021	Q3 2022	Q4 2022
<i>In millions of EC\$</i>			
Non-Bank Financial Institutions	186.34	180.05	177.77
Other Public Sector Institutions	92.33	87.21	86.79
Other	62.99	57.58	56.05
RGSM investors	62.79	56.75	50.48
Commerical Banks	29.05	31.78	28.30
Private	30.22	25.26	24.81
Total	463.71	438.64	424.20

Appendix 7: Debt Service

	Actual Q4 2021	Budgeted Q4 2021	Actual Q3 2022	Budgeted Q3 2022	Actual Q4 2022	Budgeted Q4 2022
<i>In millions of EC\$</i>						
Total Debt Service	109.45	131.66	114.68	130.67	122.46	141.23
External Debt Service	44.11	52.87	16.45	24.26	51.92	57.58
<i>External Principal Repayments</i>	30.11	36.54	10.59	17.85	38.91	42.25
<i>External Interest Payments</i>	14.00	16.33	5.85	6.41	13.01	15.33
Domestic Debt Service	65.34	78.79	98.24	106.41	70.54	83.65
<i>Domestic Principal Repayments</i>	60.98	72.62	92.74	99.69	65.87	77.02
<i>Domestic Interest Payments</i>	4.36	6.17	5.49	6.72	4.67	6.63

APPENDICES 2 TO 7 REFLECT CENTRAL GOVERNMENT'S DEBT ONLY

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

Particulars	Dec-21	Sep-22	Dec-22	Qtrly change (%)	YTD change (%)
Total Public Debt (XCD)					
External Debt	1,639.69	1,639.12	1,645.31	0.38	0.34
Domestic Debt (including Government Guarantees)	464.71	439.48	425.00	-3.29	-8.55
Central Government's Debt (XCD)					
External Debt	1,639.69	1,639.12	1,645.31	0.38	0.34
Domestic Debt	463.71	438.64	424.20	-3.29	-8.52
Central Government's Debt to GDP (%)					
External Debt	54.09	50.40	50.59	0.38	-6.47
Domestic Debt	15.30	13.49	13.04	-3.29	-14.74
Other Debt*	372.14	372.14	372.14	0.00	0.00
Other Debt to GDP	12.28	11.44	11.44	0.00	-6.79
Government Guarantees					
External	0.00	0.00	0.00	0.00	0.00
Domestic	1.00	0.84	0.80	-4.76	-20.00
External debt by Creditor (XCD)					
Multilateral	1,060.61	1,080.19	1,106.71	2.45	4.35
Bilateral	246.95	465.17	236.18	-49.23	-4.36
Domestic instruments contracted from external creditors	75.26	15.97	74.07	363.80	-1.59
Other	256.87	77.79	228.36	193.57	-11.10
External Debt by Instrument (XCD)					
T-bills/ T-notes	75.26	77.79	74.07	-4.78	-1.59
Loans	1,308.46	1,318.72	1,342.89	1.83	2.63
Bonds	255.96	242.61	228.36	-5.88	-10.78
Domestic Debt by instrument (XCD)					
T-bills	107.38	101.66	95.39	-6.17	-11.17
T-Notes	41.21	40.90	40.90	0.00	-0.77
Bonds	258.79	244.69	238.26	-2.63	-7.93
Loans	2.89	2.83	2.51	-11.30	-12.92
Other	53.44	48.55	47.14	-2.91	-11.79
Foreign Currency Risk (%)					
% of debt in USD	65.56	68.04	67.89	-0.23	3.55
% of debt in XDR	21.81	19.28	19.73	2.31	-9.57
% of debt in Kuwaiti Dinars	1.57	1.34	1.33	-1.02	-15.21
% of debt in GBP	0.23	0.18	0.19	3.01	-17.31
% of debt in Chinese Yuan	3.67	4.02	4.09	1.81	11.53
% of debt in EUR	0.35	0.30	0.32	7.55	-7.20
% of debt in XCD	6.81	6.83	6.45	-5.55	-5.26
% of foreign debt	77.95	78.89	79.50	0.78	1.99
Total Debt Service (XCD)					
External	44.11	16.45	51.92	215.67	17.69
Domestic	65.34	98.24	70.54	-28.19	7.96
Principal	91.10	103.34	104.77	1.39	15.01
Interest	18.36	11.35	17.69	55.85	-3.66
Disbursements	26.60	17.88	29.09	62.70	9.33
Fiscal indicators (%)					
Total Debt Service to Revenue	38.77	45.08	48.63	7.88	25.44
Total Debt Service to GDP	3.61	3.53	3.77	6.78	4.28
Interest to Revenue	6.50	4.46	7.02	57.46	8.01
Interest to Expenditure	5.83	4.88	5.11	4.64	-12.37
Total Public Sector Debt (% of GDP)	69.42	63.91	63.65	-0.40	-8.30

* Includes the debt obligations of Petro Caribe

N.B. FIGURES ARE SUBJECT TO CHANGE