



GOVERNMENT OF  
GRENADA

2020  
QUARTER 4

PUBLIC DEBT  
QUARTERLY  
BULLETIN

A PRODUCTION OF THE DEBT MANAGEMENT UNIT  
MINISTRY OF FINANCE

# Acronyms & Abbreviations

ATM- Average Time to Maturity

ATR- Average Time to Re-fixing

CDB- Caribbean Development Bank

DPC- Development Policy Credit

DSSI- Debt Service Suspension Initiative

EUR- Euro

GBP- Great Britain Pound

GDP- Gross Domestic Product

GoG-Government of Grenada

IBRD- International Bank for Reconstruction and Development

IDA- International Development Association

IMF- International Monetary Fund

KWD- Kuwaiti Dinar

MTDS- Medium-Term Debt Management Strategy

OPEC- Organisation of Petroleum Exporting Countries

RCF- Rapid Credit Facility

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

Total public debt<sup>1</sup> comprised solely of Central Government's (CG) debt at the end of the final quarter (Q4) of 2020 and stood at EC\$1,988.5 million (70.4% of GDP<sup>2</sup>). It is compared in Chart 1 with that of the previous quarter and the same period in 2019. External debt increased over the period due to disbursements, primarily on new loans, from multilateral creditors throughout 2020. The majority of these disbursements was received to finance emergency spending as a result of the Covid-19 crisis. Domestic debt decreased due to domestic amortization and the redistribution of investors on the Regional Governments' Securities Market (RGSM), based on their residency. Of total public debt, external and domestic CG debts were 77.0% and 23.0% respectively at end 2020. (Chart 2).

Chart 1: Movement in Public Debt

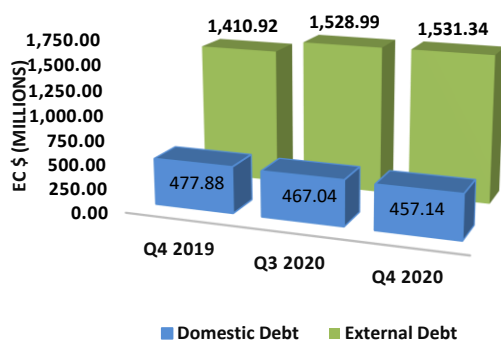
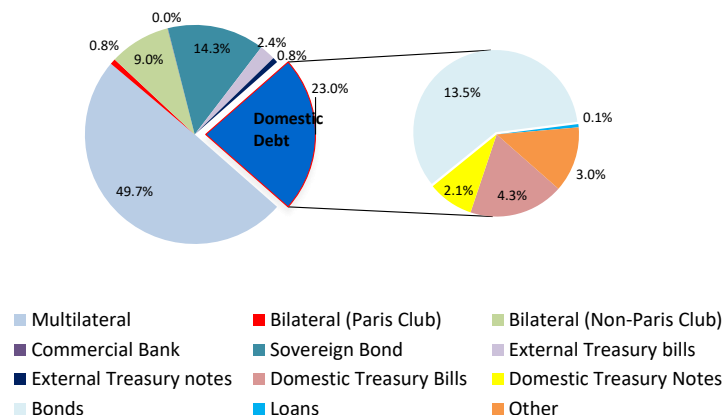


Chart 2: Central Government Debt



## 1.1 External Debt

External debt stood at EC\$ 1,531.3 million (54.2% of GDP) at the end of Q4 2020.

Chart 3: External Debt by Creditor

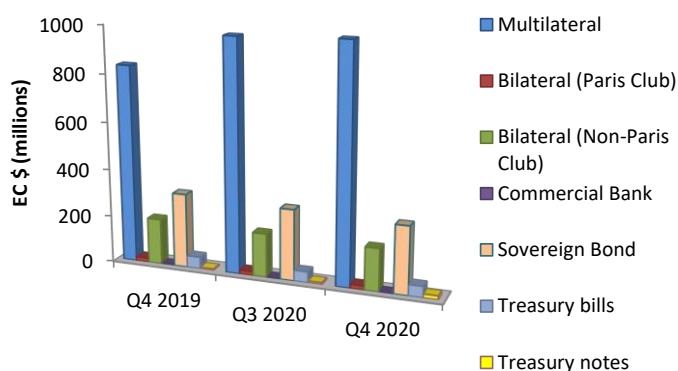
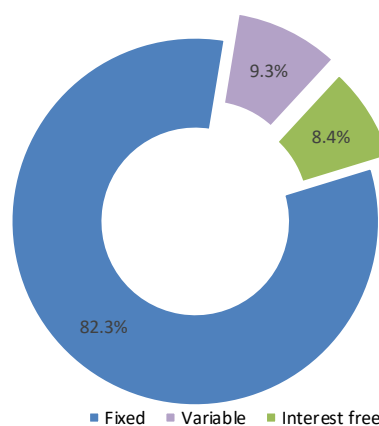


Chart 4: External Debt by Interest type



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

<sup>2</sup> GDP: Ministry of Finance staff estimated Gross Domestic Product (\$2,825.89 million) as at October 2020.

### 1.1.1 External Debt by Creditor Category

Chart 3 compares external debt at the end of Q4 2020 with that of the previous quarter and Q4 2019. At the end of 2020, like the other periods under comparison, multilateral creditors were the principal source of external debt. They comprised 64.5% of the external portfolio in Q4 2020.

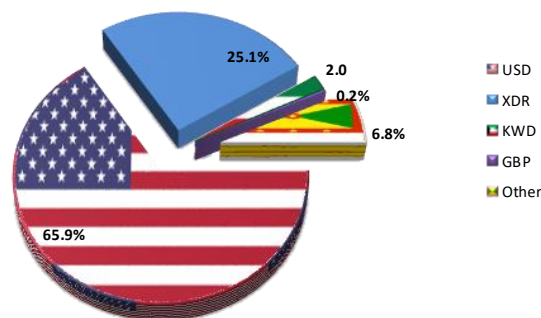
### 1.1.2 External Debt by Interest Type

In Q4 of 2020, loans contracted at fixed interest rates continued to dominate the external portfolio (82.3%) (Chart 4).

### 1.1.3 Currency Composition of External Debt

The external portfolio comprised primarily of instruments contracted in United States Dollars (USD) (65.9%) in Q4 2020. This was followed by instruments contracted in Special Drawing Rights (XDR) (25.1%) and other currencies<sup>3</sup> (6.8%). (Chart 5).

Chart 5: Currency Composition of External Debt



## 1.2 Domestic Debt<sup>4</sup>

Domestic debt stood at EC\$457.1 million (16.2% of GDP) at the end of Q4 2020.

### 1.2.1 Domestic Debt by Instrument Type & Holder

Bonds dominate the domestic portfolio, followed by Treasury Bills (Chart 6) and non-bank financial institutions are the chief holders of domestic debt (Chart 7).

Chart 6: Domestic Debt by Instrument

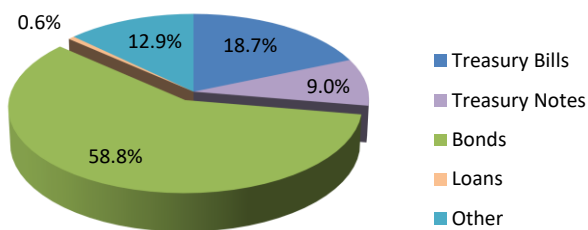
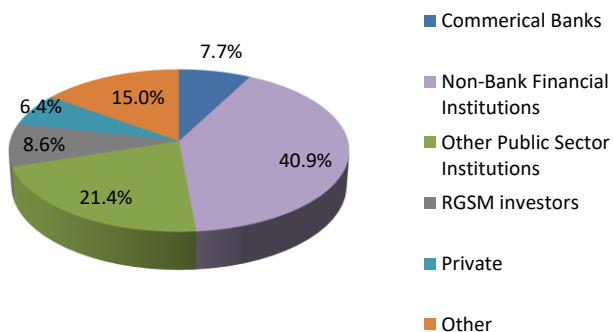


Chart 7: Domestic Debt by Holder



### 1.2.2 Domestic Debt by Interest Type

GOG's domestic instruments have all been contracted at fixed interest rates.

<sup>3</sup> "Other currencies" consists mainly of the Eastern Caribbean Dollar and to a lesser extent, the Euro.

<sup>4</sup> Domestic debt includes all debt contracted by creditors whose residency is Grenada.

### 1.2.3 New Instruments Issued

On the domestic market, three (3) new private placements were issued in Q4, two (2) 365- day Treasury Bills and one (1) 5-year note. Details of these instruments can be found in Table 1.

**Table 1: New instruments issued (Q4 2020)**

Instrument type	Creditor	Issue amount	Interest rate
<i>In millions of EC\$ unless otherwise stated</i>			
365-day Treasury bill	Bank of St. Lucia	3.80	4.00%
365-day Treasury bill	First Citizens Investment Services	9.62	3.38%
5-year note	Bank of St. Lucia	8.20	6.00%

## 2.0 Debt of State-Owned Enterprises

At the end of Q3 2020<sup>5</sup>, with the exception of two (2) state-owned enterprises (SOEs), the total debt stock of SOEs was EC\$512.9 million (18.2% of GDP). This is inclusive of the debt obligations of Petro Caribe which is EC\$372.1 million (13.2% of GDP). All loans contracted by SOEs are long-term loans. Domestic and external SOE debt stood at 71.2 % and 28.8% respectively at the end of Q3 2020.

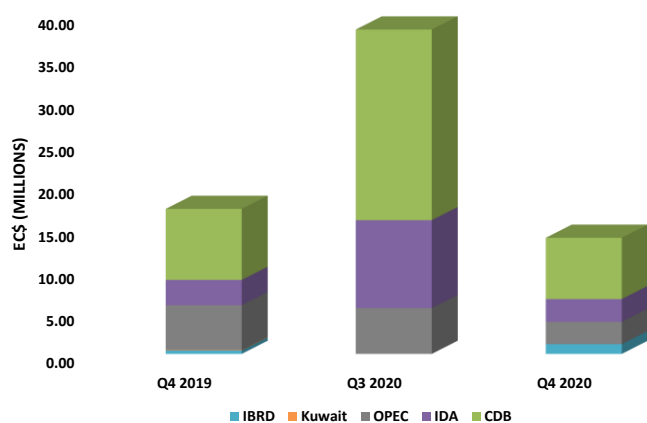
## 3.0 Disbursements

Total disbursements received in the final quarter of 2020 amounted to EC\$13.7 million. All of which came from multilateral creditors. In the preceding quarter, disbursements amounted to EC\$ 38.2 million and in Q4 2019 disbursements amounted to EC\$17.1 million (Chart 8).

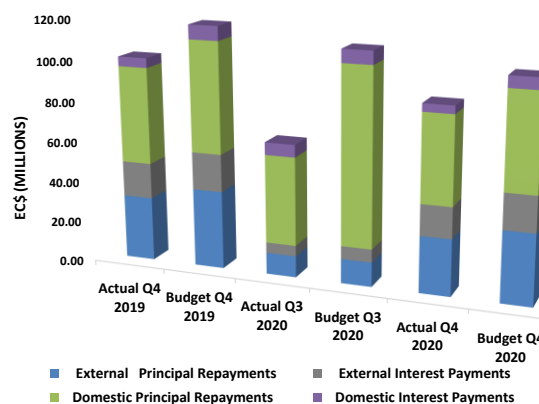
## 4.0 Debt Service

In the final quarter of 2020, total actual debt service payments amounted to EC\$89.1 million against a budgeted EC\$104.0 million, 47.9% was external debt service and 52.1% domestic debt service. Differences in budgeted and actual payments can be attributed primarily to late disbursements resulting in changes to forecasted payment schedules, the Debt Service

**Chart 8: Disbursement by creditor**



**Chart 9: Debt Service Budgeted & Actual Payments**



<sup>5</sup> September 2020 is the latest period for which SOE debt data is available.

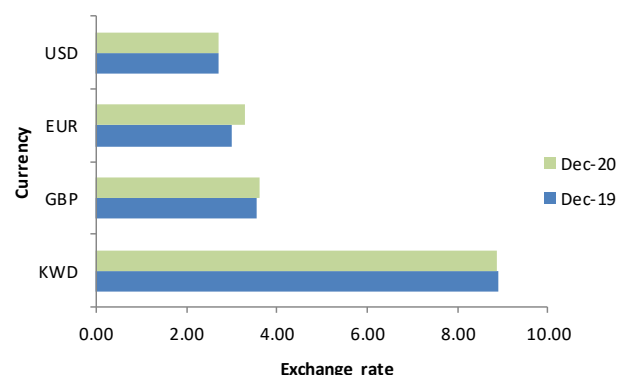
Suspension Initiative (DSSI) (section 8) and to a lesser extent, interest rate and exchange rate fluctuations. Chart 9 compares budgeted and actual debt service figures in the period under review with the previous quarter and Q4 2019.

## 5.0 Risk Assessment of the Portfolio

### 5.1 Foreign Currency Risk

During the period Q4 2019 to Q4 2020, the Eastern Caribbean Dollar (XCD) appreciated against the Kuwaiti Dinar (KWD) by 0.4% but depreciated against the Euro (EUR) and Great Britain Pound (GBP) by 9.7% and 2.5% respectively. The GBP only accounted for only 0.3% of the external portfolio and the EUR 0.1% in Q4 2020, which rendered the rate of depreciation of the XCD against both currencies insignificant (Chart 10).

Chart 10: Movement in Exchange Rate



### 5.2 Average Time to Maturity (ATM<sup>6</sup>) & Average Time to Re-fixing (ATR<sup>7</sup>)

Table 2 shows the ATM and ATR of both the domestic and external portfolios for the period under review and compares them to that of the previous quarter and Q4 2019. The ATM of the external portfolio remained in line with Government's target of 8 years and above. The ATM of the domestic portfolio remained the same as the previous quarter but decreased by 0.4 years when compared to Q4 2019. The ATR of the external portfolio remained the same as in Q3 2020 but decreased by a negligible 0.1 years when compared to same period in 2019. Of the domestic portfolio, ATR also decreased when compared to Q4 2019 by 0.4 years and remained the same as Q3 2020. A higher ATR indicates that the interest rates of a smaller number of instruments will be reset in the near future.

Table 2: Risk Indicators

Risk Indicators (years)	Q4 2019	Q3 2020	Q4 2020
ATM of external portfolio	10.1	10.00	10.00
ATR of external portfolio	9.5	9.40	9.40
ATM of domestic portfolio	6.5	6.10	6.10
ATR of domestic portfolio	6.5	6.10	6.10

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

Table 3: RGSM Auction Results (Q4 2020)

Instrument type	Total Units offered	Total		Total Discount	Discount Rate (%)	Bid to Cover Ratio
		Competitive Bids received	Total Payment Due			
<i>In millions of EC\$ unless otherwise stated</i>						
365-day T-bill	10.00	24.73	9.85	0.15	1.50	2.47
365-day T-bill	10.00	28.25	9.85	0.15	1.50	2.83
<b>TOTAL</b>	<b>20.00</b>	<b>52.98</b>	<b>19.70</b>	<b>0.30</b>		

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

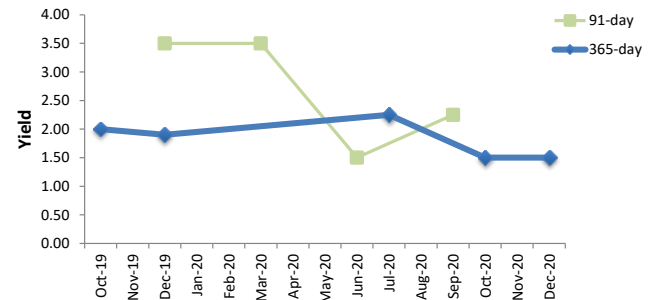
<sup>7</sup> ATR indicates the average time required to reset the interest rate in the debt profile.

In the final quarter of 2020, two (2) 365-day Treasury Bills were reissued on the RGSM. They were both oversubscribed and had the same discount rate of 1.5%, which is the lowest discount rate GoG ever received on a 365-day Treasury Bill. Table 3 shows details of the auctions and the bid-to-cover ratio<sup>8</sup> of each instrument.

### 6.1 Treasury Bills Auction Yields

Chart 11 shows interest rates on GoG’s Treasury Bills for the period Q4 2019 to Q4 2020. Discount rates on 91-day Treasury Bills were significantly lower in Q4 2020 when compared to Q4 2019. Rates on 365-day Treasury Bills fluctuated but were also lower in Q4 2020 as opposed to Q4 2019. The decrease in discount rates between Q4 2019 and Q4 2020 suggests that there has been increased investors’ confidence in the management of Grenada’s public finances.

Chart 11: Interest Rate fluctuations on Treasury Bills (Q4 2019-Q4 2020)



## 7.0 Government Guarantees

As of Q2 2019, GoG is free of guaranteed debt obligations.

## 8.0 Covid-19 Relief Efforts

### 8.1 Debt Service Suspension Initiative (DSSI)

Due to the Covid-19 pandemic, many countries across the world have been faced with unprecedented challenges. Consequently, on April 15, 2020, G-20 Finance Ministers endorsed the G20-DSSI, which came in response to the call by the World Bank and the IMF to grant amortization and interest payment suspension to all International Development Association (IDA) countries, from bilateral creditors. Debt service is suspended once there is a formal request from countries that are benefitting from the IMF’s Rapid Credit Facility (RCF). This has been done to help manage the severe impact of the pandemic. As a result, debt service payments to three (3) of GoG’s bilateral creditors were suspended for the duration of the DSSI, which was May 1<sup>st</sup> to December 30<sup>th</sup>, 2020. The total agreed debt service suspended was EC\$ 4.1 million.

### 8.2 IMF’s Rapid Credit Facility

The IMF, in response to calls for emergency financing during the pandemic, provided financing to many countries, Grenada included, as part of its RCF. The RCF provides low-access, rapid and concessional financial assistance to low-income countries facing urgent balance of payment needs, without ex-post conditionality. It can provide support in a wide variety of circumstances, including shocks, natural disasters and emergencies resulting from fragility.<sup>9</sup> XDR 16.4 million was received from the facility.

### 8.3 World Bank’s Grenada Covid-19 Response and Fiscal Management Development Policy Credit (DPC)

The development objective of the DPC is to support Grenada’s response to the COVID-19 crisis in the short-term and enhance long-term sustainability and resilience. This will be done through strengthening the Government’s health and social protection responses to COVID-19, saving jobs and protecting livelihoods of households and firms, as well as

<sup>8</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.

<sup>9</sup> IMF, “IMF Factsheet”, April 9, 2020, <https://www.imf.org/en/About/Factsheets/Sheets/2016/08/02/21/08/Rapid-Credit-Facility>.



strengthening fiscal management and transparency. The DPC was approved in December 2020 in the amount of USD \$25.0 million and will be disbursed fully in January of 2021.

## Appendices

### Appendix 1: Size of Public Debt

Debt Category	Q4 2019	Q3 2020	Q4 2020
<i>In millions of EC\$</i>			
External Debt	1,410.92	1,528.99	1,531.34
Domestic Debt	477.88	467.04	457.14
<b>Total</b>	<b>1,888.80</b>	<b>1,996.03</b>	<b>1,988.47</b>

### Appendix 2: External Debt by Creditor

Creditor Category	Q4 2019	Q3 2020	Q4 2020
<i>In millions of EC\$</i>			
Multilateral	832.81	975.78	987.83
Bilateral (Paris Club)	16.02	16.00	16.31
Bilateral (Non-Paris Club)	192.95	184.27	179.42
Commercial Bank	0.91	0.91	0.91
Sovereign Bond	312.99	298.73	284.48
Treasury bills	49.37	45.68	46.81
Treasury notes	5.87	7.62	15.59
<b>Total</b>	<b>1410.92</b>	<b>1528.99</b>	<b>1531.34</b>

### Appendix 3: External Debt by Currency Composition

Currency Composition	Q4 2019	Q3 2020	Q4 2020
<i>In millions of EC\$</i>			
United States Dollar	959.87	1020.30	1009.42
Special Drawing Rights	312.90	378.28	384.44
Kuwaiti Dinar	32.93	29.29	29.09
Great Britain Pound	3.61	3.52	3.75
Other currencies	101.61	97.60	104.64
<b>Total</b>	<b>1,410.92</b>	<b>1,528.99</b>	<b>1,531.34</b>

### Appendix 4: Disbursement by Creditor

Creditor	Q4 2019	Q3 2020	Q4 2020
<i>In millions of EC\$</i>			
Caribbean Development Bank	8.37	22.47	7.22
International Development Association	2.98	10.37	2.69
International Bank for Reconstruction & Development	0.40	0.00	1.15
Organisation of Petroleum Exporting Countries	5.29	5.40	2.63
Kuwait Fund for Arab Economic Development	0.05	0.00	0.00
<b>Total</b>	<b>17.09</b>	<b>38.23</b>	<b>13.68</b>

## Appendix 5: Domestic Debt by Instrument

Domestic Debt by Instrument	Q4 2019	Q3 2020	Q4 2020
<i>In millions of EC\$</i>			
Treasury Bills	83.54	87.43	85.21
Treasury Notes	42.90	40.92	41.18
Bonds	283.14	275.05	268.97
Loans	9.46	4.79	2.94
Other	58.85	58.85	58.85
<b>Total</b>	<b>477.88</b>	<b>467.04</b>	<b>457.14</b>

## Appendix 6: Domestic Debt by Holder

Domestic Debt by Holder	Q4 2019	Q3 2020	Q4 2020
<i>In millions of EC\$</i>			
Commerical Banks	38.48	38.38	35.09
Non-Bank Financial Institutions	197.72	190.76	186.91
Other Public Sector Institutions	103.41	98.29	97.87
RGSM investors	46.06	48.21	39.14
Private	22.94	22.42	29.42
Other	69.27	68.99	68.71
<b>Total</b>	<b>477.88</b>	<b>467.04</b>	<b>457.14</b>

## Appendix 7: Debt Service

Debt service	Actual Q4 2019	Budget Q4 2019	Actual Q3 2020	Budget Q3 2020	Actual Q4 2020	Budget Q4 2020
<i>In millions of EC\$</i>						
<b>Total Debt Service</b>	<b>100.72</b>	<b>118.06</b>	<b>64.83</b>	<b>111.05</b>	<b>89.05</b>	<b>104.02</b>
<b>External Debt Service</b>	<b>48.80</b>	<b>56.68</b>	<b>15.69</b>	<b>18.30</b>	<b>42.67</b>	<b>51.81</b>
<i>External Principal Repayments</i>	31.46	38.31	10.49	11.95	27.57	34.53
<i>External Interest Payments</i>	17.34	18.36	5.20	6.34	15.10	17.28
<b>Domestic Debt Service</b>	<b>51.92</b>	<b>61.39</b>	<b>49.14</b>	<b>92.75</b>	<b>46.38</b>	<b>52.21</b>
<i>Domestic Principal Repayments</i>	47.23	54.37	43.06	86.26	42.47	46.62
<i>Domestic Interest Payments</i>	4.68	7.02	6.08	6.49	3.91	5.59

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

Particulars	Dec-19	Sep-20	Dec-20	Qtrly change (%)	YTD change (%)
<b>Total Public Debt (Central Government's Debt) (XCD)</b>					
External Debt	1,410.92	1,528.99	1,531.34	0.15	8.53
Domestic Debt	477.88	467.04	457.14	-2.12	-4.34
<b>Total Public Debt (Central Government's Debt) to GDP (%)</b>					
External Debt	42.79	54.11	54.19	0.15	26.64
Domestic Debt	14.49	16.53	16.18	-2.12	11.62
<b>Other Debt*</b>	372.14	372.14	372.14	0.00	0.00
<b>Other Debt to GDP</b>	11.29	13.17	13.17	0.00	16.68
<b>Government Guarantees</b>					
External	0.00	0.00	0.00	0.00	0.00
Domestic	0.00	0.00	0.00	0.00	0.00
<b>External debt by Creditor</b>					
Multilateral	832.81	975.78	987.83	1.23	18.61
Bilateral	208.97	200.27	195.73	-2.27	-6.34
Domestic instruments contracted from external creditors	55.24	53.30	62.40	17.06	12.95
Other	313.90	299.64	285.39	-4.76	-9.08
<b>External Debt by Instrument</b>					
T-bills/ T-notes	55.24	53.30	62.40	17.06	12.95
Loans	1,042.69	1,176.95	1,184.47	0.64	13.60
Bonds	312.99	298.73	284.48	-4.77	-9.11
<b>Domestic Debt by instrument</b>					
T-bills	83.54	87.43	85.21	-2.54	2.00
T-Notes	42.90	40.92	41.18	0.63	-4.01
Bonds	283.14	275.05	268.97	-2.21	-5.00
Loans	9.46	4.79	2.94	-38.68	-68.95
Other	58.85	58.85	58.85	0.00	-0.01
<b>Foreign Currency Risk (%)</b>					
% of debt in USD	68.02	66.73	65.92	-1.22	-3.09
% of debt in XDR	22.19	24.74	25.10	1.47	13.15
% of debt in Kuwaiti Dinars	2.34	1.92	1.90	-0.84	-18.65
% of debt in GBP	0.26	0.23	0.24	6.37	-4.34
% of debt in other currency	7.21	6.38	6.83	7.05	-5.16
% of foreign debt	74.70	76.60	77.01	0.53	3.09
<b>Total Debt Service</b>					
External	48.80	15.69	42.67	171.91	-12.56
Domestic	51.92	49.14	46.38	-5.62	-10.67
Principal	78.69	53.55	70.05	30.79	-10.99
Interest	22.03	11.28	19.00	68.51	-13.72
<b>Disbursements</b>	17.09	38.23	13.68	-64.21	-19.93
<b>Fiscal indicators</b>					
Total Debt Service to Revenue	42.05	35.37	40.08	13.31	-4.70
Total Debt Service to GDP	3.05	2.29	3.15	37.36	3.16
Interest to Revenue	9.20	6.15	8.55	38.95	-7.04
Interest to Expenditure	11.58	6.02	8.86	47.16	-23.52
<b>Total Public Sector Debt (% of GDP)</b>	<b>57.28</b>	<b>70.63</b>	<b>70.37</b>		

\* Includes the debt obligations of Petro Caribe

N.B. FIGURES ARE SUBJECT TO CHANGE