



2022

# PUBLIC DEBT BULLETIN

## QUARTER 2



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

The total stock of public sector debt<sup>1</sup> at the mid-year mark of 2022 was EC\$2,092.7 million. This was a reduction of 1.0% from the same period the previous year but an increase when compared to quarter 1 (Q1) 2022 of 0.6%. The increase between Q1 and Q2 2022 is chiefly attributable to the full disbursement of a new external loan contracted in Q2.

Total public sector debt was 64.4% of Gross Domestic Product (GDP)<sup>2</sup> at the end of Q2 2022. Chart 1 shows the movement in total public debt in the periods under comparison (Q2 2021, Q1 2022 and Q2 2022). Domestic debt showed a downward trend whereas external debt decreased between Q2 2021 and Q1 2022 but increased in Q2 2022. As a percentage of total public debt, external and domestic debts were 78.4% and 21.6% respectively (Chart 2). Government-guaranteed (GG) debt was 0.2% of domestic debt.

Chart 1: Movement in Public Debt

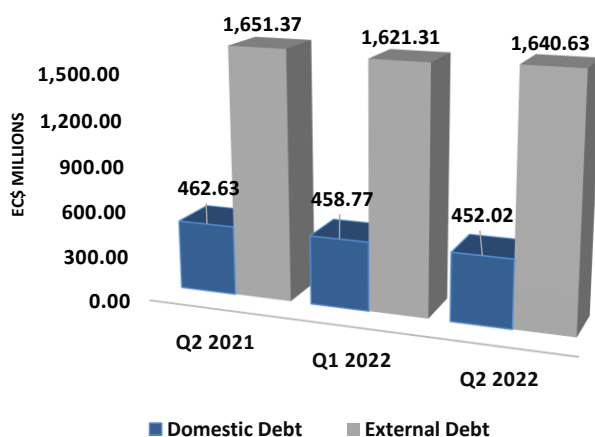
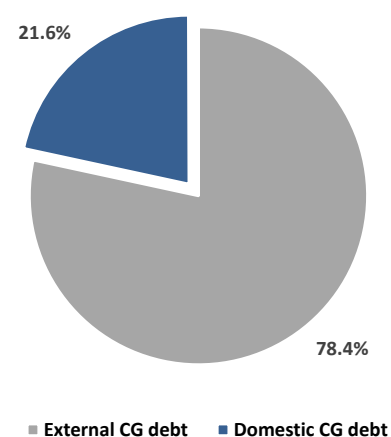


Chart 2: Central Government Debt



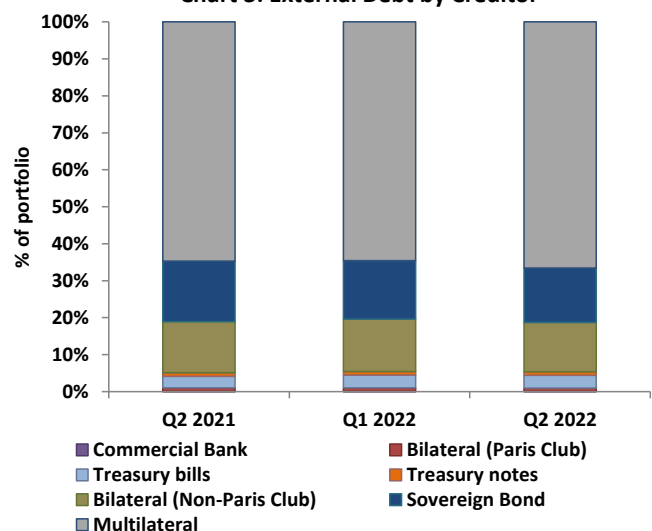
### 1.1 Central Government's (CG's) External Debt

CG's external debt was EC\$1,640.6 million at the end of Q2 2022 (50.5% of GDP).

#### 1.1.1 External Debt by Creditor Category

Multilateral creditors were the principal source of funding in the periods under comparison (Appendix 2). They comprised 66.6% of the external portfolio (Chart 3) in Q2. They were followed by holders of Government of Grenada's (GoG's) international bond (14.7%).

Chart 3: External Debt by Creditor



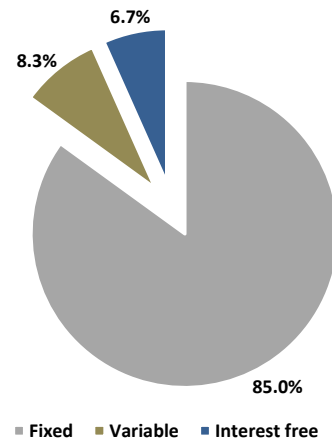
<sup>1</sup> Total public debt includes both the domestic and external debt of Central Government and the Government-guaranteed debt of Grenada's State-owned enterprises.

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

### 1.1.2 External Debt by Interest Type

GoG's external portfolio consists primarily of instruments contracted at fixed interest rates (85.0%). Loans at variable interest rates and interest free loans comprised 8.3% and 6.7% of GoG's external portfolio respectively.

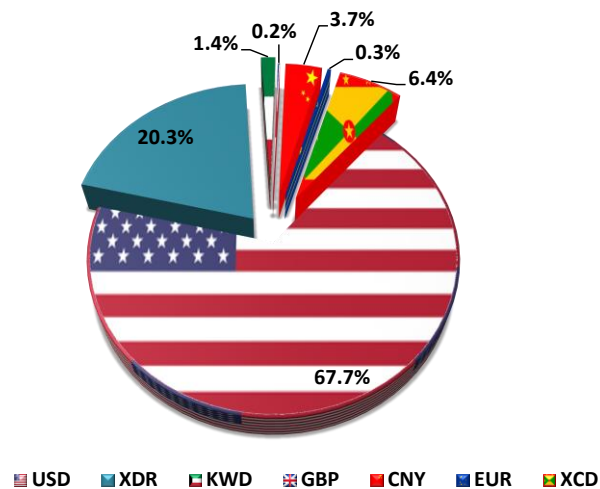
Chart 4: External Debt by Interest Type



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

At the end of Q2 2022, the highest share of GoG's external portfolio (67.7%) consisted of instruments contracted in United States Dollars (USD). This was followed by instruments contracted in Special Drawing Rights (XDR) (20.3%). In the previous quarter and the same period of the previous year, the USD and XDR were also the dominating currencies. At the mid-year mark of 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>

At the end of Q2, CG's domestic debt was EC\$451.2 million (13.9% of GDP).

<sup>3</sup> External debt includes all debt contracted by creditors who reside outside of 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

Bondholders constitute the highest share of GoG's domestic portfolio as they held 55.7 % at the end of Q2 2022. Treasury Bills hold the second highest share of 23.6% (Chart 6). Non-bank financial institutions were the primary holders of domestic debt in Q2 2022 (40.8%) and the other periods under comparison (Chart 7).

Chart 6: Domestic Debt by Instrument

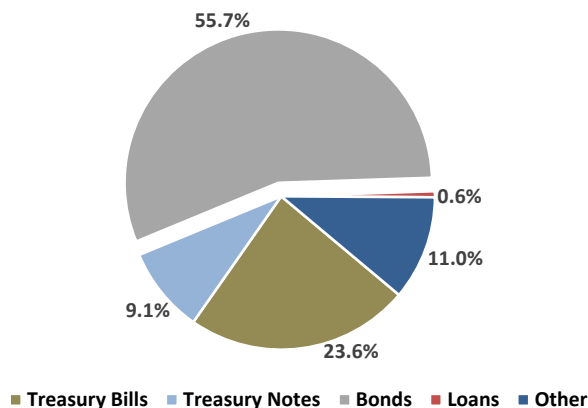
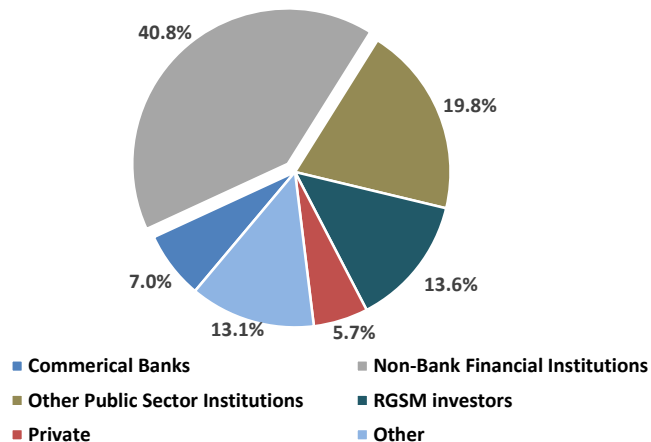


Chart 7: Domestic Debt by Holder



### 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)

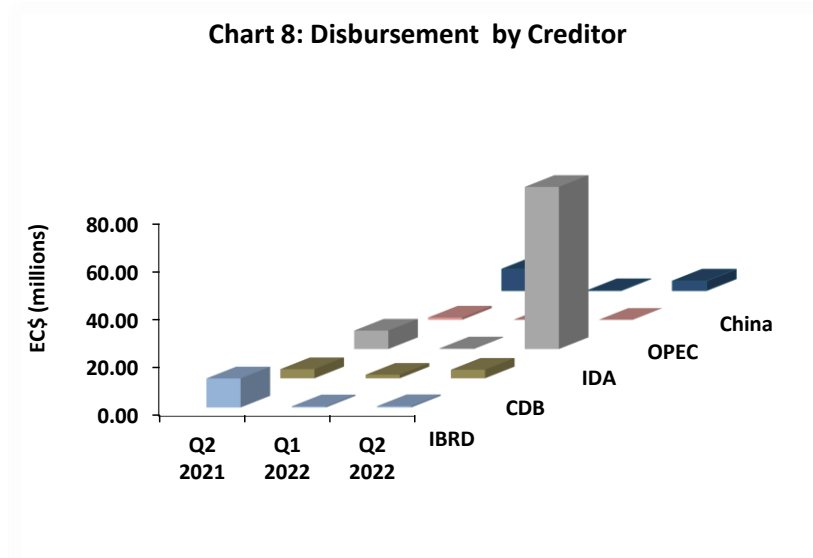
At the end of Q1 2022<sup>5</sup>, with the exception of three (3) SOEs, the total debt stock (unaudited) of SOEs was approximately EC\$466.0 million (14.3% of GDP). This is inclusive of the debt obligations of Petro Caribe, which was EC\$372.1 million (11.5% of GDP). All non-guaranteed loans contracted by SOEs are long-term loans. Domestic and external SOE debts were 60.6% and 39.4% respectively at the end of Q1 2022.

<sup>5</sup> Q1 2022 is the latest period for which SOE debt data is available.



### 3.0 Disbursements & new borrowing

In Q2 2022, disbursements totaling EC\$75.7 million were received. One (1) new concessional loan, Grenada’s First Recovery and Resilience Programmatic Development Policy Financing, totaling EC\$67.5 million was fully disbursed and the remaining EC\$8.2 million was received from existing facilities. In the preceding quarter and the same period in 2021, disbursements were lower than in Q2 2022 (Chart 8). Of total disbursements, 94.7% was received from multilateral creditors and 5.3% was disbursed by a bilateral creditor. Economic sectors for which funds were disbursed include infrastructure, agriculture, healthcare and education and training. The terms of borrowing on new loans contracted in the second quarter of 2022 are listed in Table 1.

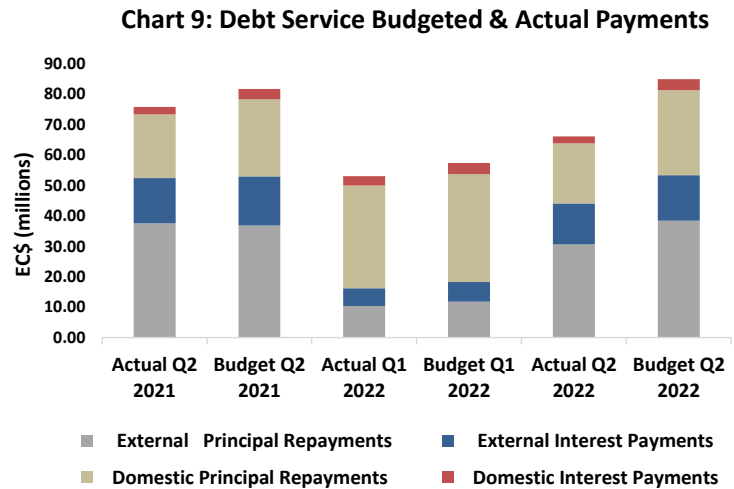


**Table 1: New loans contracted in Q2 2022**

Creditor	Grace period	Maturity	Interest type	Amount (EC\$ millions)	Amount Disbursed (EC\$ millions)	Interest rate	Currency	Commitment charge
<b>OECS Data for Decision Making Project (DDM)</b>								
IDA	10 years	40 years	Fixed	21.60	0.00	1.29%	USD	0.50%
<b>Grenada First Recovery and Resilience Programmatic Development Policy Financing</b>								
IDA	10 years	40 years	Fixed	67.50	67.50	1.29%	USD	0.50%
<b>Grenada Resilience Improvement Project</b>								
IDA	10 years	40 years	Fixed	40.50	0.00	1.29%	USD	0.50%
<b>Unleashing the Blue Economy of the Caribbean Project (UBEC)</b>								
IDA	10 years	40 years	Fixed	40.50	0.00	1.29%	USD	0.50%

## 4.0 Debt Service

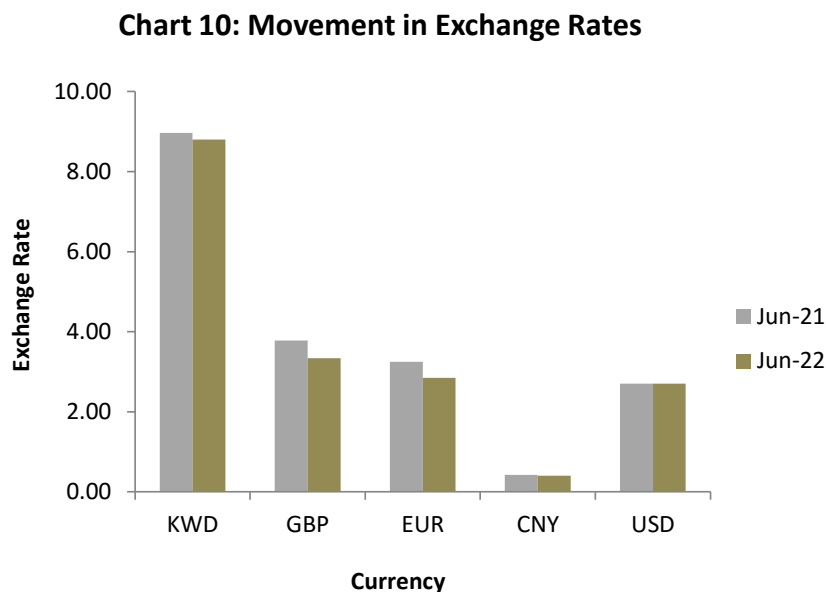
In Q2 2022, total actual debt service payments amounted to EC\$66.2 million. External and domestic debt service were 66.7% and 33.3% respectively of total actual debt service. There were differences between budgeted and actual debt service payments due to interest rate and exchange rate fluctuations on the external side, but as usual, payments went according to schedule. On the domestic side Treasury bills were reissued as opposed to being redeemed. 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

The Eastern Caribbean Dollar (XCD) appreciated against the Kuwaiti Dinar (KWD), GBP, Chinese Yuan Renminbi (CNY) and Euro (EUR) by 1.9%, 11.6%, 4.1% and 12.3% respectively from June 2021 to June 2022 (Chart 10).

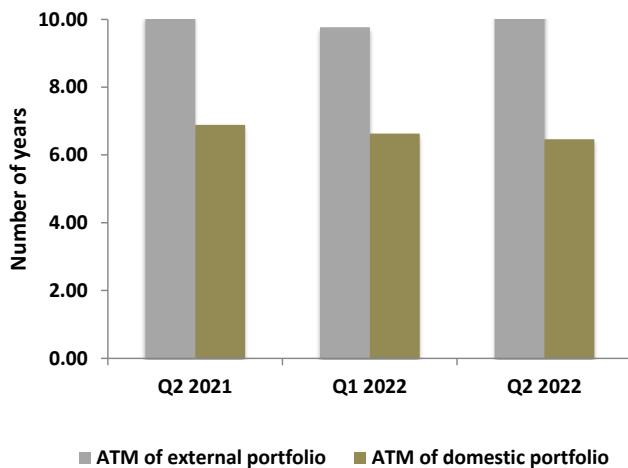




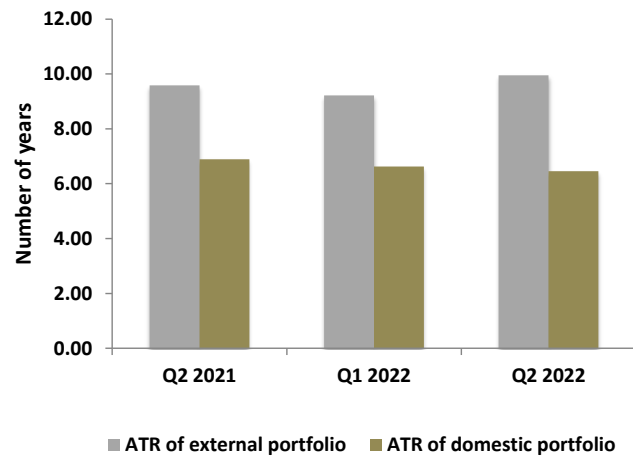
## 5.2 Average Time to Maturity (ATM<sup>6</sup>) & Average Time to Re-fixing (ATR<sup>7</sup>)

The ATM and ATR of both the domestic and external portfolios for the periods under comparison are depicted in Charts 11 and 12. The ATM and ATR of the external portfolio increased above the previous quarter and the previous year, which is a movement in the desired direction. This was due to new borrowing in Q2 on concessional terms with maturity periods of up to 40 years. Also, external ATM remained in line with the target of 8.0 years and above set out in the Medium-term Debt Management Strategy (MTDS). On the domestic side however, there weren't any new issuances of long-termed instruments in 2022. There was a slight decrease in ATM and ATR when compared to Q2 2021 and Q1 2022. Overall, domestic ATM and ATR are usually lower than external ATM and ATR due to the short life span of domestic instruments.

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



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



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

In Q2 2022, only one (1) 91-day Treasury bill was reissued on the RGSM. Details of the auction and the instrument's bid-to-cover ratio<sup>8</sup> are listed in Table 2.

**Table 2: RGSM Auction Results (Q2 2022)**

Instrument type	Total units offered	Total		Total Discount	Discount Rate (%)	Bid to Cover Ratio
		Competitive Bids received	Total Payment Due			
91-day T-bill	15.00	41.93	14.94	0.06	1.50	2.80
<b>TOTAL</b>	<b>15.00</b>	<b>41.93</b>	<b>14.94</b>	<b>0.06</b>		

*In millions of EC\$ unless otherwise stated*

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

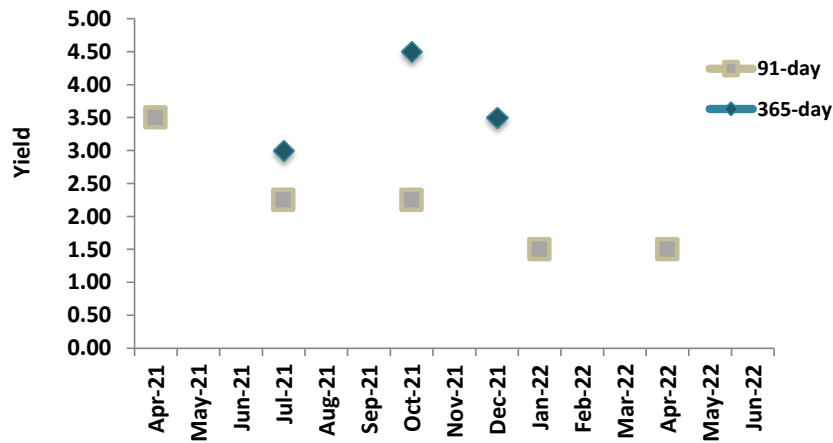
<sup>7</sup> ATR indicates the average time required to reset the interest rate in the debt portfolio.

<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.

## 6.1 Treasury Bills Auction Yields

During the period Q2 2021 to Q2 2022, discount rates on 91-day Treasury bills were on a downward trajectory, moving from 3.5% in April 2021 to 1.5% in April 2022. No 365-day Treasury bills were reissued in the first half of 2022. Discount rates on Treasury bills are based on the competitiveness of bids during the auction.

Chart 13: Interest Rate Fluctuations on Treasury Bills  
(Q2 2021-Q2 2022)



## 7.0 Government Guarantees

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

## Appendices

### Appendix 1: Size of Public Debt

Debt Category	Q2 2021	Q1 2022	Q2 2022
<i>In millions of EC\$</i>			
External Debt	1,651.37	1,621.31	1,640.63
Domestic Debt (including Government guarantees)	462.63	458.77	452.02
<b>Total</b>	<b>2,114.00</b>	<b>2,080.09</b>	<b>2,092.65</b>

### Appendix 2: External Debt by Creditor

Creditor Category	Q2 2021	Q1 2022	Q2 2022
<i>In millions of EC\$</i>			
Multilateral	1,068.89	1,047.37	1,091.97
Bilateral (Paris Club)	16.30	16.23	15.40
Bilateral (Non-Paris Club)	228.11	229.25	219.07
Commercial Bank	0.91	0.91	0.91
Sovereign Bond	270.22	255.96	241.70
Treasury bills	51.36	55.66	55.66
Treasury notes	15.59	15.91	15.91
<b>Total</b>	<b>1,651.37</b>	<b>1,621.31</b>	<b>1,640.63</b>

### Appendix 3: External Debt by Currency Composition

Currency Composition	Q2 2021	Q1 2022	Q2 2022
<i>In millions of EC\$</i>			
United States Dollar	1,083.17	1,066.82	1,110.18
Special Drawing Rights	374.94	350.08	332.88
Kuwaiti Dinar	27.58	24.20	23.55
Great Britain Pound	3.80	3.60	3.24
Chinese Yuan	54.88	63.23	59.91
Euro	1.71	5.60	5.22
Eastern Caribbean Dollar	105.29	107.78	105.65
<b>Total</b>	<b>1,651.37</b>	<b>1,621.31</b>	<b>1,640.63</b>

### Appendix 4: Disbursement by Creditor

Creditor	Q2 2021	Q1 2022	Q2 2022
<i>In millions of EC\$</i>			
Caribbean Development Bank	3.79	1.46	3.55
International Development Association	7.68	0.27	67.52
International Bank for Reconstruction & Development	12.11	0.47	0.55
International Fund for Agricultural Development	0.00	0.00	0.00
Organisation of Petroleum Exporting Countries	0.94	0.00	0.00
Exim Bank of the Republic of China	8.98	0.00	4.03
<b>Total</b>	<b>33.50</b>	<b>2.20</b>	<b>75.66</b>

APPENDICES 2 TO 7 REFLECT CENTRAL GOVERNMENT'S DEBT ONLY

## Appendix 5: Domestic Debt by Instrument

Domestic Debt by Instrument	Q2 2021	Q1 2022	Q2 2022
<i>In millions of EC\$</i>			
Treasury Bills	100.66	106.39	106.39
Treasury Notes	41.21	40.90	40.90
Bonds	263.33	256.34	251.40
Loans	3.22	2.87	2.85
Other	54.21	51.28	49.66
<b>Total</b>	<b>462.63</b>	<b>457.77</b>	<b>451.20</b>

## Appendix 6: Domestic Debt by Holder

Domestic Debt by Holder	Q2 2021	Q1 2022	Q2 2022
<i>In millions of EC\$</i>			
Commerical Banks	34.99	31.69	31.59
Non-Bank Financial Institutions	184.63	182.34	184.05
Other Public Sector Institutions	95.10	89.98	89.56
RGSM investors	54.59	61.48	61.48
Private	29.26	31.47	25.62
Other	64.08	60.80	58.89
<b>Total</b>	<b>462.63</b>	<b>457.77</b>	<b>451.20</b>

## Appendix 7: Debt Service

Debt service	Actual Q2 2021	Budget Q2 2021	Actual Q1 2022	Budget Q1 2022	Actual Q2 2022	Budget Q2 2022
<i>In millions of EC\$</i>						
<b>Total Debt Service</b>	<b>75.83</b>	<b>81.73</b>	<b>53.10</b>	<b>57.42</b>	<b>66.15</b>	<b>84.93</b>
<b>External Debt Service</b>	<b>52.45</b>	<b>53.01</b>	<b>16.21</b>	<b>18.30</b>	<b>44.10</b>	<b>53.42</b>
<i>External Principal Repayments</i>	37.60	36.90	10.38	11.86	30.61	38.47
<i>External Interest Payments</i>	14.85	16.11	5.83	6.43	13.49	14.95
<b>Domestic Debt Service</b>	<b>23.38</b>	<b>28.72</b>	<b>36.88</b>	<b>39.13</b>	<b>22.05</b>	<b>31.51</b>
<i>Domestic Principal Repayments</i>	20.93	25.33	33.82	35.46	19.74	27.93
<i>Domestic Interest Payments</i>	2.45	3.39	3.06	3.66	2.30	3.58

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

Particulars	Jun-21	Mar-22	Jun-22	Qtrly change (%)	YTD change (%)
<b>Total Public Debt (XCD)</b>					
External Debt	1,651.37	1,621.31	1,640.63	1.19	-0.65
Domestic Debt (including Government Guarantees)	462.63	458.77	452.02	-1.47	-2.29
<b>Central Government's Debt (XCD)</b>					
External Debt	1,651.37	1,621.31	1,640.63	1.19	-0.65
Domestic Debt	462.63	457.77	451.20	-1.44	-2.47
<b>Central Government's Debt to GDP (%)</b>					
External Debt	54.56	49.91	50.50	1.19	-7.44
Domestic Debt	15.29	14.09	13.89	-1.44	-9.14
<b>Other Debt*</b>	372.14	372.14	372.14	0.00	0.00
<b>Other Debt to GDP</b>	12.30	11.46	11.46	0.00	-6.84
<b>Government Guarantees</b>					
External	0.00	0.00	0.00	0.00	0.00
Domestic	0.00	1.00	0.83	-17.00	0.00
<b>External debt by Creditor (XCD)</b>					
Multilateral	1,068.89	1,047.37	1,091.97	4.26	2.16
Bilateral	244.41	245.49	234.47	-4.49	-4.06
Domestic instruments contracted from external creditors	66.95	71.57	71.57	0.00	6.91
Other	271.13	256.87	242.61	-5.55	-10.52
<b>External Debt by Instrument (XCD)</b>					
T-bills/ T-notes	66.95	71.57	71.57	0.00	6.91
Loans	1,314.21	1,293.77	1,327.36	2.60	1.00
Bonds	270.22	255.96	241.70	-5.57	-10.55
<b>Domestic Debt by instrument (XCD)</b>					
T-bills	100.66	106.39	106.39	0.00	5.69
T-Notes	41.21	40.90	40.90	0.00	-0.77
Bonds	263.33	256.34	251.40	-1.93	-4.53
Loans	3.22	2.87	2.85	-0.69	-11.56
Other	54.21	51.28	49.66	-3.15	-8.39
<b>Foreign Currency Risk (%)</b>					
% of debt in USD	65.58	65.80	67.67	2.84	3.18
% of debt in XDR	22.71	21.59	20.29	-6.03	-10.66
% of debt in Kuwaiti Dinars	1.67	1.49	1.44	-3.83	-14.08
% of debt in GBP	0.23	0.22	0.20	-11.06	-14.21
% of debt in Chinese Yuan	3.32	3.90	3.65	-6.37	9.85
% of debt in EUR	0.10	0.35	0.32	-7.88	0.00
% of debt in XCD	6.38	6.65	6.44	-3.13	0.91
% of foreign debt	78.12	77.98	78.43	0.58	0.40
<b>Total Debt Service (XCD)</b>					
External	52.45	16.21	44.10	172.05	-15.92
Domestic	23.38	36.88	22.05	-40.22	-5.70
Principal	58.53	44.20	50.36	13.93	-13.96
Interest	17.30	8.81	15.79	79.21	-8.76
<b>Disbursements</b>	33.50	2.20	75.66	3333.14**	125.87
<b>Fiscal indicators (%)</b>					
Total Debt Service to Revenue	37.21	15.73	27.78	76.62	-25.33
Total Debt Service to GDP	2.51	1.63	2.04	24.60	-18.73
Interest to Revenue	8.49	2.61	6.63	154.05	-21.88
Interest to Expenditure	8.82	3.85	6.35	64.81	-28.03
<b>Total Public Sector Debt (% of GDP)</b>	<b>69.85</b>	<b>64.03</b>	<b>64.42</b>		

\* Includes the debt obligations of Petro Caribe

\*\*A newly contracted multilateral loan was fully disbursed in Q2 2022

N.B. FIGURES ARE SUBJECT TO CHANGE