

PUBLIC DEBT BULLETIN QUARTER 4 2023

A PRODUCT OF THE
DEBT MANAGEMENT UNIT
MINISTRY OF FINANCE

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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

MNIB- Marketing and National Importing Board

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 Central Government and Government-guaranteed Debt

The total of Central Government's (CG's) debt at the end of 2023 was EC\$ 2,155.6 million, which was 59.1% of Gross Domestic Product (GDP)¹. There was no government-guaranteed (GG) debt at the end of 2023 as the sole state-owned enterprise (SOE) holding GG debt underwent debt restructuring. Consequently, its GG loan no longer exists. Total CG debt increased marginally above the previous quarter by 0.7% and over the same period in 2022 by 3.9% as a result of disbursements on existing external loans. Changes in external debt, in the periods under comparison (quarter 4 (Q4) 2022, Q3 2023 and Q4 2023), are depicted in Chart 1. During Q4 2022 and Q4 2023, domestic CG debt decreased whilst external CG debt increased. As a percentage of total CG debt, domestic and external debts accounted for 18.8% and 81.2% respectively at the end of 2023 (Chart 2). GG debt was EC\$0.8 million in Q4 2022 and Q3 2023.

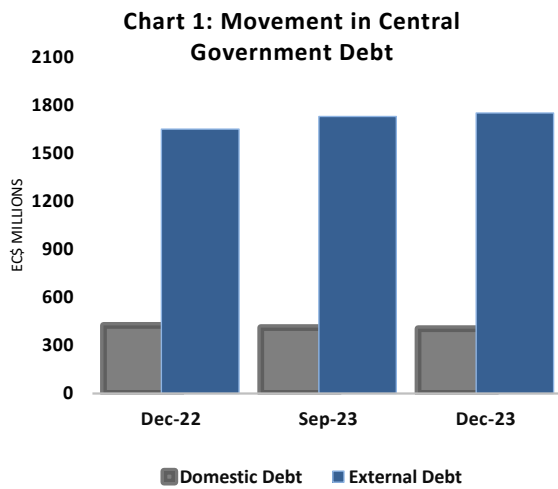
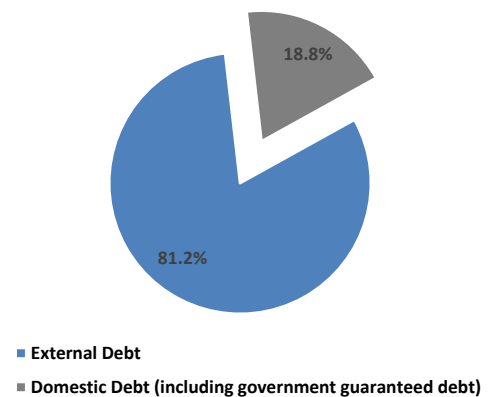


Chart 2: Central Government Debt (Q4 2023)



1.1 Central Government's External Debt

At the end of 2023, external CG debt was EC\$1,751.0 million (48.0% of GDP). Concessional loans held the highest share of Government of Grenada's (GoG's) external portfolio.

1.1.1 External Debt by Creditor Category

Multilateral creditors remained GoG's chief funding source holding 67.4% of the external portfolio. They were followed by bilateral non-Paris Club creditors holding 16.0% (Appendix 2) (Chart 3). The chief multilateral creditor was the International Development Association (IDA) and the chief bilateral creditor was the People's Republic of China.

1.1.2 External Debt by Interest Type

Chart 4 depicts external debt by interest type. Instruments contracted at fixed interest rates dominated the external portfolio (86.3%), at the end of Q4 2023. Loans at variable interest rates and interest-free loans comprised 8.3% and 5.4% respectively (Chart 4).

¹ GDP: Ministry of Finance Staff estimated Gross Domestic Product (nominal, at Market Prices) for 2023 (EC\$3,648.7 million).

Chart 3: External Debt by Creditor

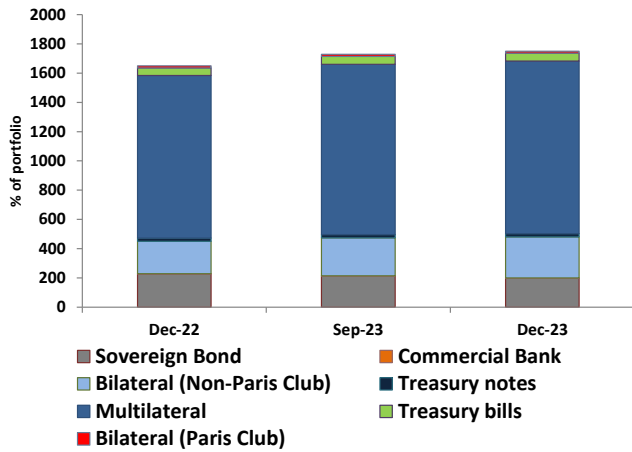
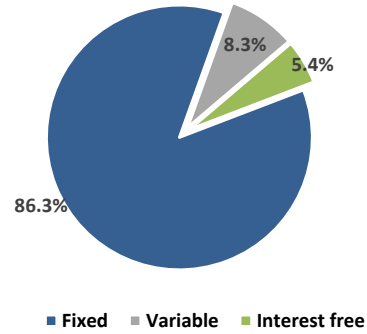


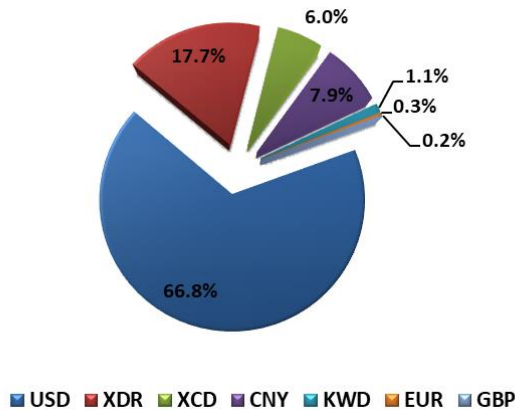
Chart 4: External Debt by Interest Type



1.1.3 Currency Composition of External Debt²

At end-2023, the external portfolio consisted primarily of instruments denominated in United States Dollars (USD) (66.8%). Instruments contracted in Special Drawing Rights (XDR) held the second highest share of 17.7%.

Chart 5: Currency Composition of External Debt



1.2 Central Government’s Domestic Debt³

At the end of 2023, CG’s domestic debt was EC\$404.6 million (11.1% of GDP).

1.2.1 Domestic Debt by Instrument Type

The dominant instrument type in GoG’s domestic portfolio was bonds (56.6%). The instrument type holding the second highest share of the portfolio was Treasury Bills (22.6%).

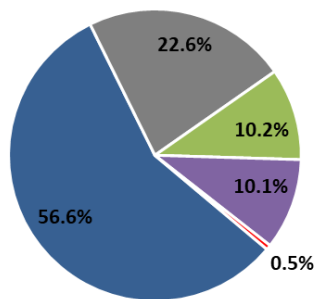
² External debt includes all debt contracted by creditors who do not reside in Grenada, a portion of which is denominated in the Eastern Caribbean Dollar (XCD)

³ Domestic debt includes all debt contracted by creditors who reside in Grenada.

1.2.2 Domestic Debt by Holder

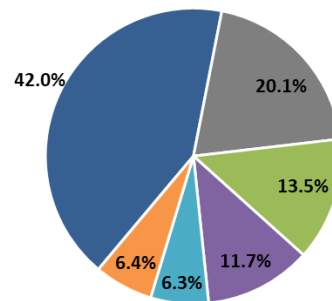
Non-bank financial institutions were the leading holders of domestic debt. At the end of 2023, they held 42.0% of the domestic portfolio (Chart 7).

Chart 6: Domestic Debt by Instrument



■ Bonds ■ Treasury Bills ■ Other ■ Treasury Notes ■ Loans

Chart 7: Domestic Debt by Holder



■ Non-Bank Financial Institutions ■ Other Public Sector Institutions
 ■ Other ■ RGSM investors
 ■ Commercial Banks ■ Private

1.2.3 Domestic Debt by Interest Type

All domestic instruments were contracted at fixed interest rates.

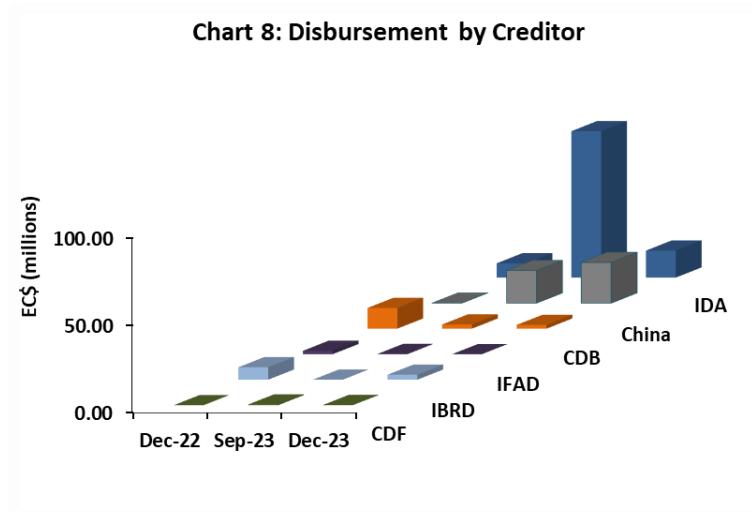
2.0 Debt of State-Owned Enterprises (SOEs)

At the end of September 2023⁴, the total SOE debt stock (unaudited), with the exclusion of three (3) SOEs, was EC\$526.4 million (14.4% of GDP). This is inclusive of the debt obligations of Petro Caribe, which was EC\$372.1 million (10.2% 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 76.4% and 23.6% respectively at end-September 2023.

⁴ SOE debt data as at end-September 2023 is the latest available.

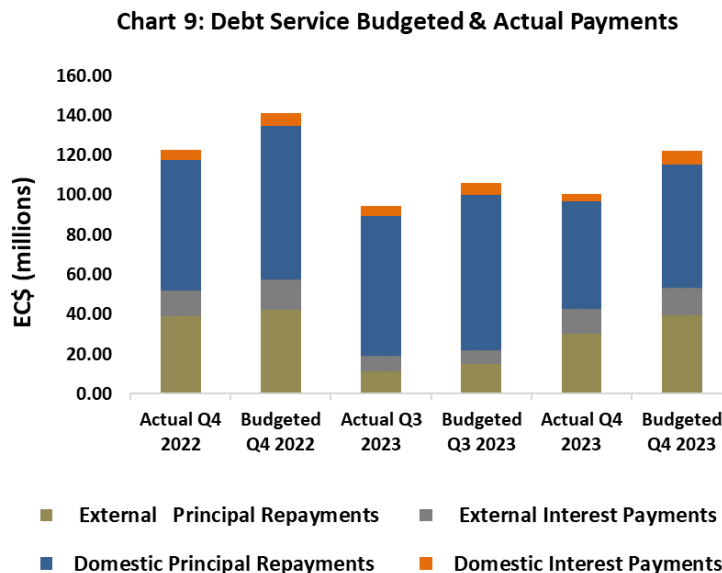
3.0 Disbursements & New Borrowing

Disbursements in the final quarter of 2023 totaled EC\$43.8 million. Multilateral creditors accounted for 46.9% and the People’s Republic of China accounted for 53.1% (Chart 8). One new loan was contracted in Q4, which was not disbursed during the quarter. Economic sectors for which funds were disbursed in Q4 consisted of agriculture, education and training, technology, healthcare, transportation/tourism, and infrastructure.



4.0 Debt Service

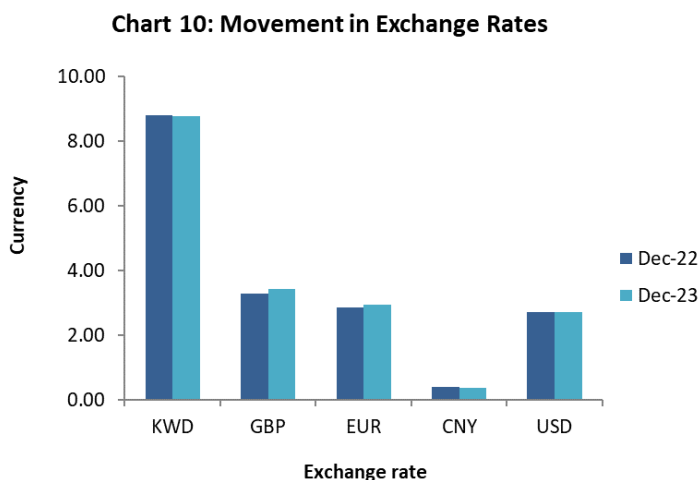
Chart 9 compares budgeted and actual debt service payments in the periods under comparison. In Q4 2023, actual debt service payments amounted to EC\$100.4 million. Amortization was EC\$84.5 million and interest payments EC\$15.9 million. Actual debt service was higher than the budgeted amount due to interest rate and exchange rate fluctuations and because a portion of GoG’s outstanding bonds budgeted for was not claimed. External and domestic debt service were 42.4% and 57.6% respectively during Q4 2023.



5.0 Risk Assessment of the Portfolio

5.1 Foreign Currency Risk

Over the period December 2022 to December 2023, the Eastern Caribbean Dollar (XCD) appreciated against the Chinese Yuan Renminbi (CNY) by 1.8% and the Kuwaiti Dinar (KWD) by 0.5%. However, it depreciated against the Great Britain Pound (GBP) by 4.0% and the Euro (EUR) by 3.1%. The rates of depreciation had no major impact on GoG’s external portfolio as the GBP and EUR collectively held 0.5% of the external portfolio at end-December 2023. Chart 10 shows movements in these exchange rates.



5.2 Average Time to Maturity (ATM⁵) & Average Time to Re-fixing (ATR⁶)

At end-2023, the ATM of the external portfolio was 11.1 years. It was 0.7 years higher than it was in the previous quarter and 0.5 years higher than it was in Q4 2022. The ATM remained in line with the Medium-term Debt Management Strategy (MTDS) benchmark of 8.0 years and above. The ATR of the external portfolio also increased when compared to the previous quarter and Q4 2022 by 0.5 years and 0.6 years respectively. The ATM and ATR of the domestic portfolio increased above the previous quarter as well, by 1.0 year but decreased when compared to Q4 2022 by 0.7 years (Charts 11 and 12).

Chart 11: ATM of Domestic & External Portfolios

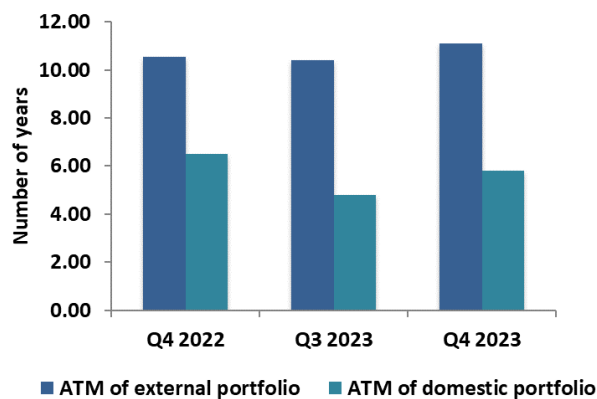
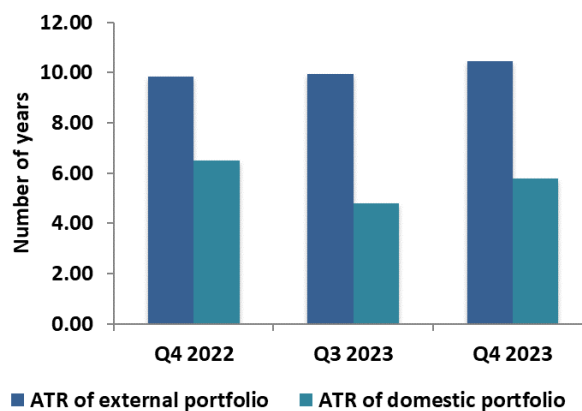


Chart 12: ATR of Domestic & External Portfolios



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

⁶ ATR indicates the average time required to reset the interest rate in the debt portfolio.

6.0 Regional Governments' Securities Market (RGSM) Activities

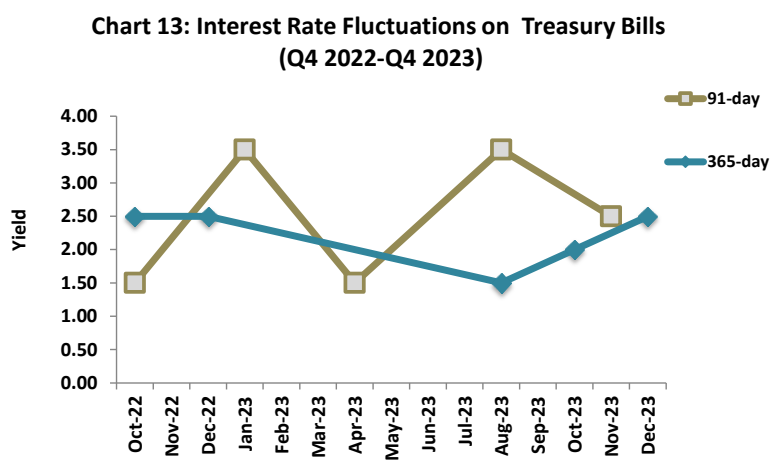
In Q4 2023, three (3) RGSM Treasury bills were reissued. One (1) 91-day of EC\$15.0 million and two (2) 365-day Treasury bills totaling EC\$20.0 million. All three (3) auctions were oversubscribed (Table 1).

Table 1: RGSM Auction Results (Q4 2023)

Instrument type	Total units offered	Competitive Bids received	Total Payment Due	Total Discount	Discount Rate (%)	Bid to Cover Ratio
<i>In millions of EC\$ unless otherwise stated</i>						
91-day T-bill	15.00	22.16	14.91	0.09	2.50	1.48
365-day T-bill	10.00	27.92	9.80	0.20	2.00	2.79
365-day T-bill	10.00	18.82	9.76	0.24	2.50	1.88
TOTAL	35.00	68.90	34.47	0.53		

6.1 Yields on RGSM Treasury Bill Auctions

Discount rates on RGSM Treasury bills during the 1-year period Q4 2022 to Q4 2023 can be seen in chart 13. Rates fluctuated throughout the period based on the competitiveness of investors during auctions. The lowest rate received on both 91-day and 365-day Treasury bills during the 1-year period was 1.5%.



7.0 Government Guarantees

GoG has restructured the debt of the Marketing and National Importing Board (MNIB) which is the sole SOE that held GG debt in the past year. Payments to the entity's suppliers were also facilitated. As a result, at the end of Q4 2023, there were no GG loans in GoG's portfolio.

Appendices

Appendix 1: Central Government & Government-guaranteed Debt

Debt Category	Dec-22	Sep-23	Dec-23
<i>In millions of EC\$</i>			
External Debt	1,650.05	1,728.57	1,750.97
Domestic Debt (including government guaranteed debt)	425.34	411.97	404.58
Total	2,075.39	2,140.54	2,155.55

Appendix 2: External Debt by Creditor

Creditor Category	Dec-22	Sep-23	Dec-23
<i>In millions of EC\$</i>			
Multilateral	1,111.45	1,164.77	1,179.76
Sovereign Bond	227.44	213.19	198.93
Bilateral (Non-Paris Club)	221.46	259.19	280.81
Treasury bills	51.47	54.28	54.82
Treasury notes	22.60	22.60	22.60
Bilateral (Paris Club)	14.73	13.63	13.14
Commercial Bank	0.91	0.91	0.91
Total	1,650.05	1,728.57	1,750.97

Appendix 3: External Debt by Currency Composition

Currency Composition	Dec-22	Sep-23	Dec-23
<i>In millions of EC\$</i>			
United States Dollar	1,122.31	1,173.58	1,169.43
Special Drawing Rights	324.19	308.45	310.19
Kuwaiti Dinar	21.86	19.00	19.09
Great Britain Pound	3.08	3.00	2.97
Chinese Yuan	67.27	112.64	138.98
Euro	5.32	5.20	5.41
Eastern Caribbean Dollar	106.02	106.70	104.90
Total	1,650.05	1,728.57	1,750.97

Appendix 4: Disbursement by Creditor

Creditor	Dec-22	Sep-23	Dec-23
<i>In millions of EC\$</i>			
Caribbean Development Bank	11.84	2.38	2.13
International Development Association	8.20	83.77	15.45
International Bank for Reconstruction & Development	7.11	0.00	2.82
International Fund for Agricultural Development	1.93	0.12	0.00
CARICOM Development Fund	0.00	0.44	0.12
Exim Bank of the Republic of China	0.00	18.65	23.24
Total	29.07	105.36	43.76

APPENDICES 2 TO 7 DO NOT REFLECT GOVERNMENT-GUARANTEED DEBT

Appendix 5: Domestic Debt by Instrument Type

Domestic Debt by Instrument	Dec-22	Sep-23	Dec-23
<i>In millions of EC\$</i>			
Bonds	238.60	232.26	228.93
Treasury Bills	95.39	91.71	91.38
Other	47.14	43.85	41.24
Treasury Notes	40.90	40.90	40.90
Loans	2.51	2.45	2.14
Total	424.54	411.16	404.58

Appendix 6: Domestic Debt by Holder

Domestic Debt by Holder	Dec-22	Sep-23	Dec-23
<i>In millions of EC\$</i>			
Non-Bank Financial Institutions	177.77	169.97	169.77
Other Public Sector Institutions	86.79	81.67	81.25
Other	56.39	59.24	54.63
RGSM investors	50.48	47.67	47.34
Commerical Banks	28.30	28.20	25.58
Private	24.81	24.41	26.01
Total	424.54	411.16	404.58

Appendix 7: Debt Service

Debt service	Actual Q4 2022	Budgeted Q4 2022	Actual Q3 2023	Budgeted Q3 2023	Actual Q4 2023	Budgeted Q4 2023
<i>In millions of EC\$</i>						
Total Debt Service	122.46	141.23	94.44	105.98	100.41	122.24
External Debt Service	51.92	57.58	19.29	22.06	42.53	53.21
<i>External Principal Repayments</i>	38.91	42.25	11.50	15.01	30.19	39.31
<i>External Interest Payments</i>	13.01	15.33	7.80	7.05	12.33	13.90
Domestic Debt Service	70.54	83.65	75.15	83.92	57.88	69.02
<i>Domestic Principal Repayments</i>	65.87	77.02	69.96	77.74	54.30	62.02
<i>Domestic Interest Payments</i>	4.67	6.63	5.18	6.18	3.58	7.00

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

Particulars	Dec-22	Sep-23	Dec-23	Qtrly change (%)	YTD change (%)
Central Government & Government-Guaranteed Debt (XCD)					
External Debt	1,650.05	1,728.57	1,750.97	1.30	6.12
Domestic Debt (including Government Guarantees)	425.34	411.97	404.58	-1.79	-4.88
SOE non-guaranteed debt	171.40	154.20	154.20	0.00	-10.04
Other Debt*	372.14	372.14	372.14	0.00	0.00
Central Government's Debt (XCD)					
External Debt	1,650.05	1,728.57	1,750.97	1.30	6.12
Domestic Debt	424.54	411.16	404.58	-1.60	-4.70
Central Government's Debt to GDP (%)					
External Debt	50.73	47.38	47.99	1.30	-5.41
Domestic Debt	13.05	11.27	11.09	-1.60	-15.05
Other Debt to GDP (%)	11.44	10.20	10.20	0.00	-10.86
Government Guarantees					
External	0.00	0.00	0.00	0.00	0.00
Domestic	0.80	0.80	0.00	-100.00	-100.00
External debt by Creditor (XCD)					
Multilateral	1,111.45	1,164.77	1,179.76	1.29	6.15
Bilateral	236.18	272.82	293.95	7.74	24.46
Regional investors	74.07	76.88	77.42	0.70	4.52
Commercial creditors	228.36	214.10	199.84	-6.66	-12.49
External Debt by Instrument (XCD)					
T-bills/ T-notes	74.07	76.88	77.42	0.70	4.52
Loans	1,347.63	1,438.50	1,474.62	2.51	9.42
Bonds	228.36	213.19	198.93	-6.69	-12.89
Domestic Debt by instrument (XCD)					
T-bills	95.39	91.71	91.38	-0.36	-4.21
T-Notes	40.90	40.90	40.90	0.00	0.00
Bonds	238.60	232.26	228.93	-1.43	-4.05
Loans	2.51	2.45	2.14	-12.80	-14.90
Other	47.14	43.85	41.24	-5.95	-12.52
Foreign Currency Risk (%)					
% of debt in USD	68.02	67.89	66.78	-1.64	-1.82
% of debt in XDR	19.65	17.84	17.72	-0.70	-9.81
% of debt in Kuwaiti Dinars	1.32	1.10	1.09	-0.79	-17.38
% of debt in GBP	0.19	0.17	0.17	-2.24	-10.70
% of debt in Chinese Yuan	4.07	6.52	7.94	21.84	95.07
% of debt in EUR	0.32	0.30	0.31	2.73	-4.14
% of debt in XCD	6.43	6.17	5.99	-2.92	-6.80
% of foreign debt	79.54	80.78	81.23	0.55	2.13
Total Debt Service (XCD)					
External	51.92	19.29	42.53	120.43	-18.09
Domestic	70.54	75.15	57.88	-22.98	-17.94
Principal	104.77	81.46	84.49	3.73	-19.36
Interest	17.69	12.98	15.91	22.60	-10.01
Disbursements	29.07	105.36	43.76	-58.46	50.54
Fiscal indicators (%)					
Total Debt Service to Revenue	48.63	28.47	28.28	-0.69	-41.86
Total Debt Service to GDP	3.77	2.59	2.75	6.32	-26.91
Interest to Revenue	7.02	3.91	4.48	14.52	-36.19
Interest to Expenditure	5.11	5.50	5.59	1.51	9.38
Total Public Sector Debt (% of GDP)	80.52	73.09	73.50	0.56	-8.72

* Includes the debt obligations of Petro Caribe

NB. FIGURES ARE SUBJECT TO CHANGE