



GOVERNMENT OF  
GRENADA



QUARTER I

2019

# PUBLIC DEBT 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

CDF- CARICOM Development Fund

EUR- Euro

GBP- Great Britain Pound

GDP- Gross Domestic Product

GOG-Government of Grenada

IBRD- International Bank for Reconstruction & Development

IDA- International Development Association

IFAD- International Fund for Agricultural Development

IMF- International Monetary Fund

KWD- Kuwaiti Dinar

MTDS- Medium-Term Debt Strategy

OPEC- Organisation of Petroleum Exporting Countries

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

Chart 1 shows total public debt (domestic and external) which includes Central Government's debt and the Government guaranteed debt of Government of Grenada's (GOGs) state-owned enterprises. It compares debt in quarter 1 (Q1) of 2019 with that of the previous quarter and Q1 2018. External debt fluctuated as a result of disbursements and debt service payments whereas domestic debt decreased over the period, in line with GOG's Medium-Term Debt Strategy (MTDS) which advocates the issuance of fewer short-termed instruments. At the end of Q1 2019, the stock of total public debt was EC\$1,960.5 million (60.7% of GDP<sup>1</sup>). It comprised 25.1% domestic debt and 74.9% external debt. Government guaranteed debt was negligible at 0.01% of external debt and there was no domestic Government guaranteed debt.

Chart 1: Movement in Public Debt

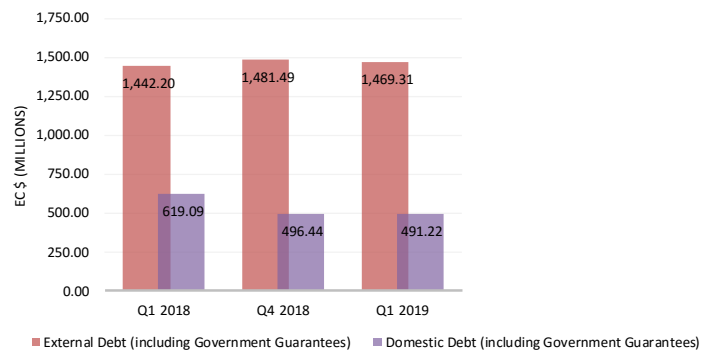
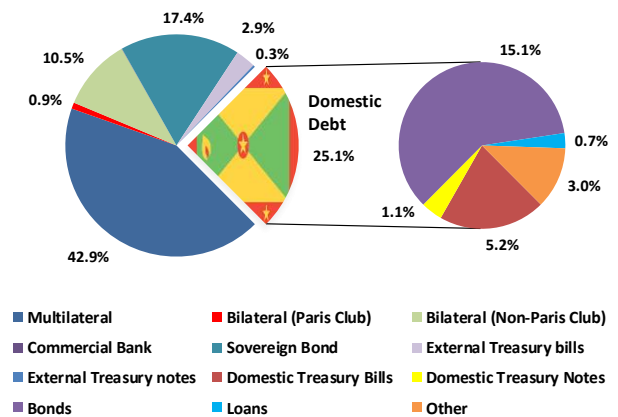


Chart 2: Central Government debt



## 2.0 Central Government Debt

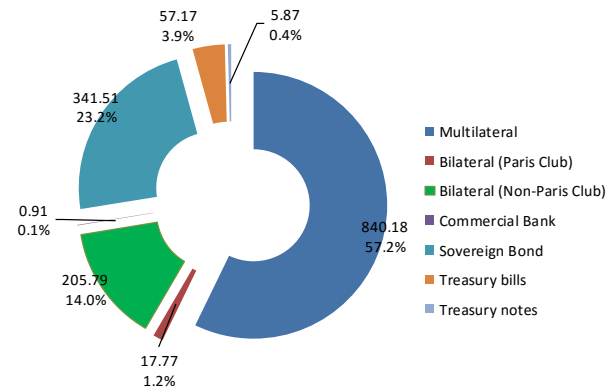
Central Government debt is primarily comprised of debt from external creditors. At the end of Q1 of 2019, the stock of central Government debt totaled EC\$ 1,960.4 million (60.7% of GDP). It comprised 74.9% external debt and 25.1% domestic debt (Chart 2).

### 2.1 External Debt

#### 2.1.1 External Debt by Creditor Category

The stock of external debt at the end of Q1 2019 totaled EC\$ 1,469.2 million (45.5% of GDP) and consisted primarily of debt contracted from multilateral creditors. (Chart 3)

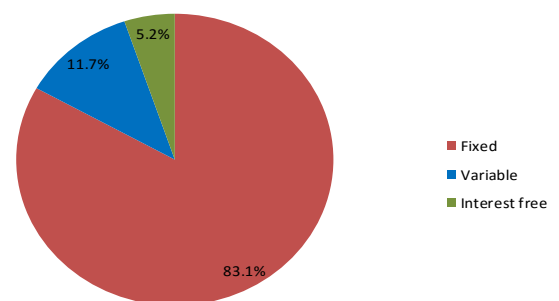
Chart 3: External debt by Creditor



#### 2.1.2 External Debt by Interest Type

The external portfolio is dominated by loans contracted at fixed interest rates. (Chart 4)

Chart 4: External Debt by Interest type

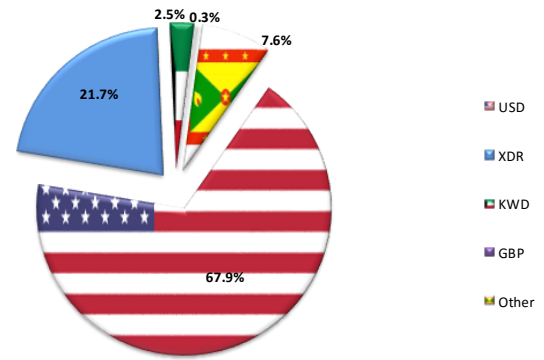


<sup>1</sup> GDP: Ministry of Finance projected Gross Domestic Product as at April 30<sup>th</sup>, 2019.

### 2.1.3 Currency Composition of External Debt

In Q1 2019, the external portfolio consisted primarily of loans contracted in United States Dollars (USD) followed by loans contracted in Special Drawing Rights (SDR). (Chart 5)

Chart 5: Currency Composition of External Debt



## 2.2 Domestic Debt<sup>2</sup>

At the end of Q1 2019, the stock of domestic debt stood at EC\$491.2 million (15.2% of GDP).

### 2.2.1 Domestic Debt by Instrument Type & Holder

The domestic portfolio is dominated by bonds. Non-bank financial institutions are the leading holders of domestic debt.

Table 1: Domestic Debt Q1 2019

Instrument type	%	Holder	%
Treasury Bills	20.72	Commerical Banks	8.52
Treasury Notes	4.21	Non-Bank Financial Institutions	42.26
Bonds	60.16	Other Public Sector Institutions	21.70
Loans	2.94	RGSM	8.56
Other	11.98	Private	4.73
		Other	14.22

### 2.2.2 Domestic Debt by Interest Type

All Government of Grenada (GOG) domestic instruments have been contracted at fixed interest rates.

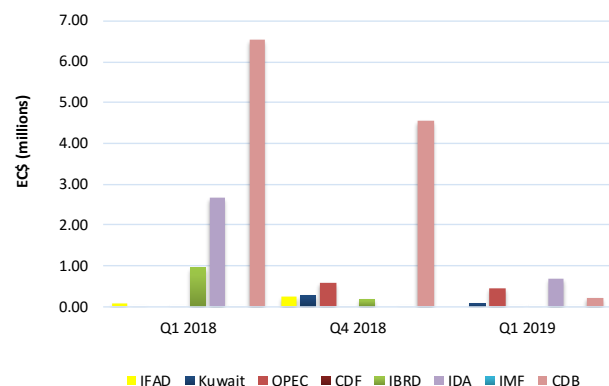
## 3.0 Debt of State-Owned Enterprises

As at the end of 2018,<sup>3</sup> the total debt stock of SOEs was EC\$ 513.0 million (15.9% of GDP), of which on-lent funds accounted for EC\$ 30.0 million. The total debt stock includes the debt obligations of Petro Caribe, which amounted to EC\$ 372.1 million (11.5% of GDP).

## 4.0 Disbursements

In Q1 of 2019, total loan disbursements amounting to EC\$ 1.4 million were received, 93.6% of which were from multilateral creditors and 6.4% from a bilateral (non-Paris club) creditor. In the preceding quarter, disbursements amounted to EC\$ 5.9 million and in Q1 of 2018 disbursements amounted to EC\$ 10.2 million (Chart 6).

Chart 6: Disbursement by Creditor

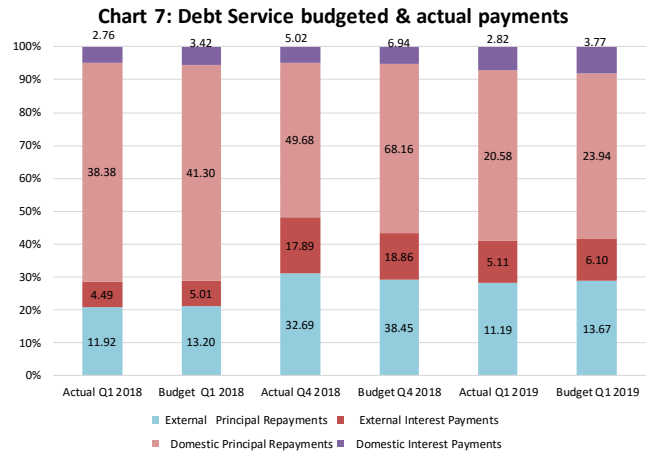


<sup>2</sup> Domestic debt includes all debt contracted by creditors whose residency is Grenada.

<sup>3</sup> 2018 is the latest period for which data on total SOE debt is available.

## 5.0 Debt Service

Chart 7 compares debt service budgeted and actual payments in the period under review with that of the preceding quarter and Q1 2018. In Q1 of 2019, total debt service payments amounted to EC\$ 39.7 million against a budgeted EC\$ 47.5 million. Total debt service consisted primarily of domestic amortization. There are differences between budgeted and actual debt service figures primarily due to exchange rate fluctuations.

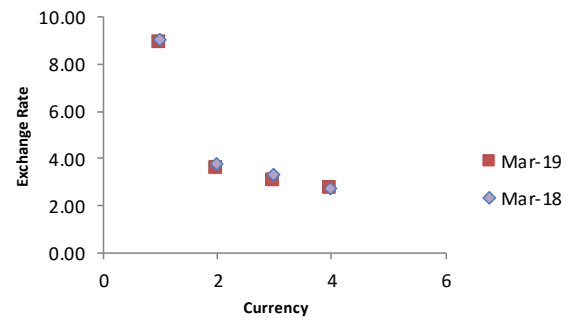


## 6.0 Risk Assessment of the Portfolio

### 6.1 Foreign Currency Risk

In Q1 2019, the Eastern Caribbean Dollar (XCD) appreciated against the Euro (EUR), Great Britain Pound (GBP) and Kuwaiti Dinar (KWD) by 8.4%, 5.6% and 1.2% respectively in comparison to Q1 2018. The EUR accounted for only 0.1 % of the external debt stock and the GBP 0.3% in Q1 2019. This rendered the impact of the rates of appreciation of the XCD against the EUR & GBP insignificant (Chart 8). Since the USD is pegged to the XCD it posed no risk to the external portfolio.

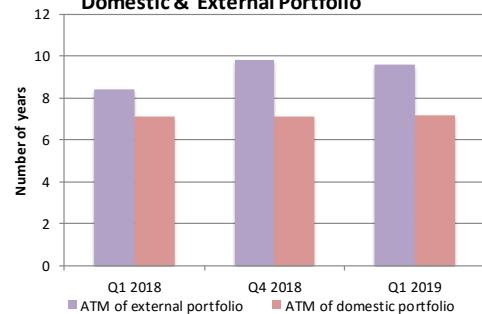
**Chart 8: Movement in Exchange Rate**



### 6.2 Average Time to Maturity (ATM<sup>4</sup>)

The ATM of the external portfolio in Q1 2019 was 9.6 years, which is in line with GOG's target ATM of 8 years and above. It decreased slightly by 0.2 years when compared to the previous quarter but increased when compared to Q1 2018 by 1.2 years. The ATM of the domestic portfolio in Q1 2019 was 7.2 years. It increased by 0.1 years when compared to both the first and final quarters of 2018. (Chart 9)

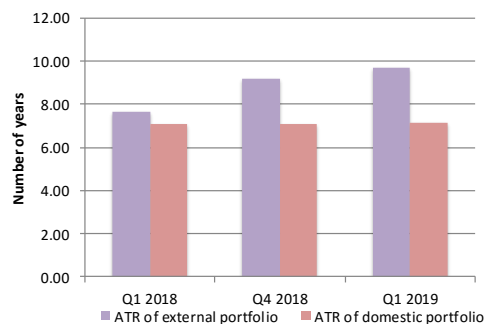
**Chart 9: Average Time to Maturity (ATM) of Domestic & External Portfolio**



### 6.3 Average Time to Re-fixing (ATR<sup>5</sup>)

The ATR of the external portfolio was 9.7 years in Q1 2019. When compared to the corresponding quarter in 2018 and the preceding quarter, the ATR increased by 2.0 and 0.5 years respectively (Chart 10). This increase indicates that a smaller number of instruments will have their interest rates reset in the near future. The ATR of the domestic portfolio was 7.2 years. It increased by 0.1 years when compared to the first and final quarters of 2018.

**Chart 10: Average Time to Re-fixing (ATR) of Domestic & External Portfolios**



<sup>4</sup> ATM shows how long it takes on average to rollover or refinance the debt portfolio.

<sup>5</sup> ATR indicates the average time required to reset the interest rate in the debt profile.

## 7.0 Regional Governments Securities Market (RGSM) Activities

In Q1 2019, one (1) treasury bill was re-issued in the amount of EC\$15.0 million. Table 2 shows details on this treasury bill and its bid-to-cover ratio<sup>6</sup>.

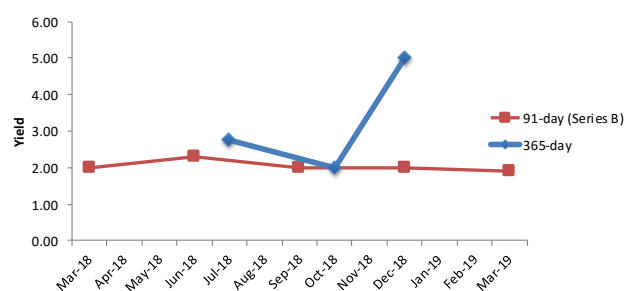
**Table 2: RGSM Auction Results (Q1 2019)**

Instrument	Total Units offered	Total Competitive Bids received	Total Payment Due	Total Discount	Discount Rate (%)	Bid to Cover Ratio
<i>Instrument</i>						
91-day T-bill (series B)	15.00	26.44	14.93	0.07	1.90	1.76
<b>TOTAL</b>	<b>15.00</b>	<b>26.44</b>	<b>14.93</b>	<b>0.07</b>		

### 7.1 Treasury Bills Auction Yields

Chart 11 shows interest rates on GOG's Treasury bills from March 2018 to March 2019. Rates on 91-day Treasury bills were relatively stable whereas rates on 365-day Treasury bills fluctuated significantly over the period, based on the competitiveness of the bids made in this type of auction.

**Chart 11: Interest Rate fluctuations on Treasury Bills (Q1 2018-Q1 2019)**



## 8.0 Government Guarantees

Total outstanding Government guarantees amounted to EC\$ 0.1 million at the end of Q1 2019. The guaranteed debt stock decreased by an immense 99.8% when compared to the previous year. It comes as a result of the decision made by an SOE, which held the majority of the Government guaranteed debt stock, to consolidate and refinance its debt. As a result, this debt is no longer Government guaranteed. There were no new issues of Government guaranteed debt in Q1 2019.

**Table 3: Guaranteed Debt by Creditor Type as at Q1 2019**

Creditor	Mar-18	Dec-18	Mar-19	% Qtrly change	% YTD change
<i>In millions of EC\$</i>					
Multilateral	1.07	0.19	0.12	-39.43	-88.97
Commercial	34.20	0.00	0.00	0.00	-100.00
Social Security	35.99	0.00	0.00	0.00	-100.00
Statutory body	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>71.26</b>	<b>0.19</b>	<b>0.12</b>	<b>-39.43</b>	<b>-99.83</b>

### 8.1 Guaranteed Debt by Creditor type

In quarter 1 of 2019, multilateral creditors were the only source of Government guaranteed debt (Table 3).

### 8.2 Guaranteed Debt by Exchange Rate & Interest Type

All debt currently guaranteed by GOG has been contracted in the USD at fixed interest rates. As such, Government guaranteed debt is not exposed to any foreign currency risk.

<sup>6</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.



## Appendix

### Appendix 1: Size of Public Debt

Debt Category	Q1 2018	Q4 2018	Q1 2019
<i>In millions of EC\$</i>			
External Debt (including Government Guarantees)	1,442.20	1,481.49	1,469.31
Domestic Debt (including Government Guarantees)	619.09	496.44	491.22
<b>Total</b>	<b>2,061.28</b>	<b>1,977.93</b>	<b>1,960.53</b>

### Appendix 2: External Debt by Creditor

Creditor Category	Q1 2018	Q4 2018	Q1 2019
<i>In millions of EC\$</i>			
Multilateral	800.51	848.81	840.18
Bilateral (Paris Club)	21.70	19.41	17.77
Bilateral (Non-Paris Club)	213.77	207.12	205.79
Commercial Bank	0.91	0.91	0.91
Sovereign Bond	370.02	341.51	341.51
Treasury bills	0.00	57.67	57.17
Treasury notes	0.00	5.87	5.87
<b>Total</b>	<b>1406.92</b>	<b>1481.30</b>	<b>1469.19</b>

### Appendix 3: External Debt by currency composition

Currency Composition	Q1 2018	Q4 2018	Q1 2019	% share of External Debt Q1 2019
<i>In millions of EC\$</i>				
United States Dollar	956.72	1004.15	997.54	67.90
Special Drawing Rights	344.79	320.16	319.00	21.71
Kuwaiti Dinar	41.13	37.92	36.59	2.49
Great Britain Pound	5.25	4.37	4.03	0.27
Other currencies	59.03	114.70	112.03	7.63
<b>Total</b>	<b>1,406.92</b>	<b>1,481.30</b>	<b>1,469.19</b>	<b>100.00</b>

### Appendix 4: Disbursement by Creditor

Creditor	Q1 2018	Q4 2018	Q1 2019
<i>In millions of EC\$</i>			
Caribbean Development Bank	6.54	4.54	0.23
International Development Association	2.68	0.00	0.67
International Bank for Reconstruction & Development	0.95	0.19	0.00
International Fund for Agricultural Development	0.06	0.26	0.00
International Monetary Fund	0.00	0.00	0.00
Organisation of Petroleum Exporting Countries	0.00	0.60	0.43
Kuwait Fund for Arab Economic Development	0.00	0.27	0.09
CARICOM Development Fund	0.00	0.00	0.00
<b>Total</b>	<b>10.24</b>	<b>5.87</b>	<b>1.43</b>



**Appendix 5: Domestic Debt by Instrument**

Domestic Debt by Instrument	Q1 2018	Q4 2018	Q1 2019
<i>In millions of EC\$</i>			
Treasury Bills	185.25	103.39	101.77
Treasury Notes	14.00	22.61	20.67
Bonds	302.89	295.60	295.50
Loans	22.51	15.99	14.43
Other	58.442	58.85	58.85
<b>Total</b>	<b>583.10</b>	<b>496.44</b>	<b>491.22</b>

**Appendix 6: Domestic Debt by Holder**

Domestic Debt by Holder	Q1 2018	Q4 2018	Q1 2019
<i>In millions of EC\$</i>			
Commerical Banks	43.16	41.87	41.87
Non-Bank Financial Institutions	222.32	209.16	207.61
Other Public Sector Institutions	110.60	110.60	106.60
RGSM	82.91	41.57	42.07
Private	54.12	23.40	23.24
Other	69.98	69.83	69.83
<b>Total</b>	<b>583.10</b>	<b>496.44</b>	<b>491.22</b>

**Appendix 7: Debt Service**

	Actual Q1 2018	Budget Q1 2018	Actual Q4 2018	Budget Q4 2018	Actual Q1 2019	Budget Q1 2019
<i>In millions of EC\$</i>						
<b>Total Debt Service</b>	<b>57.49</b>	<b>62.93</b>	<b>105.27</b>	<b>132.41</b>	<b>39.69</b>	<b>47.47</b>
<b>External Debt Service</b>	<b>16.42</b>	<b>18.20</b>	<b>50.58</b>	<b>57.31</b>	<b>16.29</b>	<b>19.76</b>
<i>External Principal Repayments</i>	11.92	13.20	32.69	38.45	11.19	13.67
<i>External Interest Payments</i>	4.49	5.01	17.89	18.86	5.11	6.10
<b>Domestic Debt Service</b>	<b>41.08</b>	<b>44.72</b>	<b>54.69</b>	<b>75.10</b>	<b>23.40</b>	<b>27.71</b>
<i>Domestic Principal Repayments</i>	38.38	41.30	49.68	68.16	20.58	23.94
<i>Domestic Interest Payments</i>	2.70	3.42	5.02	6.94	2.82	3.77

**Appendix 8: Risk Indicators**

Risk Indicators (years)	Q1 2018	Q4 2018	Q1 2019	MTDS Target
ATM of external portfolio	8.43	9.80	9.61	>= 8 yrs
ATR of external portfolio	7.65	9.20	9.68	-
ATM of domestic portfolio	7.10	7.10	7.16	-
ATR of domestic portfolio	7.10	7.10	7.16	-

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

Particulars	Mar-18	Dec-18	Mar-19	Qtrly change (%)	YTD change (%)
<b>Total Public Debt (XCD)</b>					
External Debt (including Government Guarantees)	1,442.20	1,481.49	1,469.31	-0.82	1.88
Domestic Debt (including Government Guarantees)	619.09	496.44	491.22	-1.05	-20.65
<b>Total Public Debt to GDP (%)</b>					
External Debt to GDP	44.99	45.87	45.49	-0.82	1.12
Domestic Debt to GDP	19.31	15.37	15.21	-1.05	-21.25
<b>Central Government Debt (XCD)</b>					
External Debt	1,406.92	1,481.30	1,469.19	-0.82	4.43
Domestic Debt	583.10	496.44	491.22	-1.05	-15.76
<b>Central Government Debt to GDP (%)</b>					
External Debt	43.89	45.86	45.49	-0.82	3.65
Domestic Debt	18.19	15.37	15.21	-1.05	-16.39
<b>Other Debt</b>	372.14	372.14	372.14	0.00	0.00
<b>Other Debt to GDP</b>	11.61	11.52	11.52	0.00	-0.75
<b>Government Guarantees</b>					
External	35.27	0.19	0.12	-39.43	-99.67
Domestic	35.99	-	-	0.00	-100.00
<b>External debt by Creditor</b>					
Multilateral	800.51	848.81	840.18	-1.02	4.96
Bilateral	235.47	226.53	223.55	-1.31	-5.06
Domestic instruments contracted from external creditors	-	63.54	63.04	-0.79	0.00
Other	370.93	342.42	342.42	0.00	-7.69
<b>External Debt by Instrument</b>					
T-bills/ T-notes	-	63.54	63.04	-0.79	0.00
Loans	1,036.90	1,076.25	1,064.65	-1.08	2.68
Bonds	370.02	341.51	341.51	0.00	-7.71
<b>Domestic Debt by instrument</b>					
T-bills	185.25	103.39	101.77	-1.57	-45.06
T-Notes	14.00	22.61	20.67	-8.59	47.64
Bonds	302.89	295.60	295.50	-0.03	-2.44
Loans	22.51	15.99	14.43	-9.75	-35.91
Other	58.44	58.85	58.85	0.00	0.69
<b>Foreign Currency Risk (%)</b>					
% of debt in USD	68.00	67.79	67.90	0.16	-0.15
% of debt in XDR	24.51	21.61	21.71	0.45	-11.41
% of debt in Kuwaiti Dinars	2.92	2.56	2.49	-2.73	-14.82
% of debt in GBP	0.37	0.30	0.27	-8.48	-27.66
% of debt in other currency	4.20	7.74	7.63	-1.46	81.85
% of foreign debt	70.70	74.90	74.94	0.06	6.00
<b>Total Debt Service</b>					
External	16.42	50.58	16.29	-67.79	-0.75
Domestic	41.08	54.69	23.40	-57.21	-43.03
Principal	50.30	82.36	31.77	-61.43	-36.84
Interest	7.19	22.91	7.93	-65.41	10.18
<b>Disbursements</b>	10.24	5.87	1.43	-75.68	-86.07
<b>Fiscal indicators</b>					
Total Debt Service to Revenue	27.98	44.89	19.38	-56.82	-30.72
Total Debt Service to GDP	1.79	3.26	1.23	-62.29	-31.47
Interest to Revenue	3.50	9.77	3.87	-60.39	10.56
Interest to Expenditure	4.31	12.16	5.17	-57.46	20.10
<b>Total Public Sector Debt (% of GDP)</b>	<b>64.30</b>	<b>61.24</b>	<b>60.70</b>		

N.B. FIGURES ARE SUBJECT TO CHANGE