



Government of
Grenada

2021

QUARTER 1

PUBLIC DEBT QUARTERLY BULLETIN

A PRODUCTION OF THE DEBT MANAGEMENT UNIT
MINISTRY OF FINANCE GRENADA



Acronyms & Abbreviations

ATM- Average Time to Maturity

ATR- Average Time to Re-fixing

CDB- Caribbean Development Bank

CNY- Chinese Yuan

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

RGSM- Regional Governments Securities Market

SOE- State-owned Enterprise

USD- United States Dollar

XCD- Eastern Caribbean Dollar

XDR- Special Drawing Rights

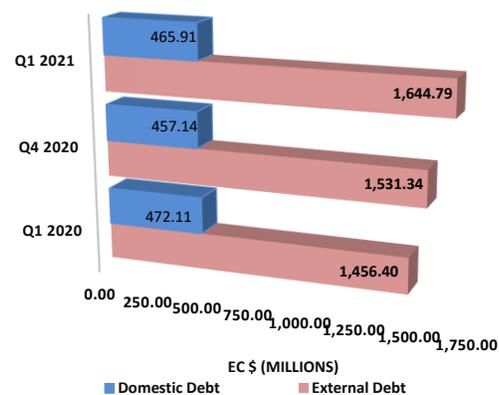
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1.0 Total Public Debt

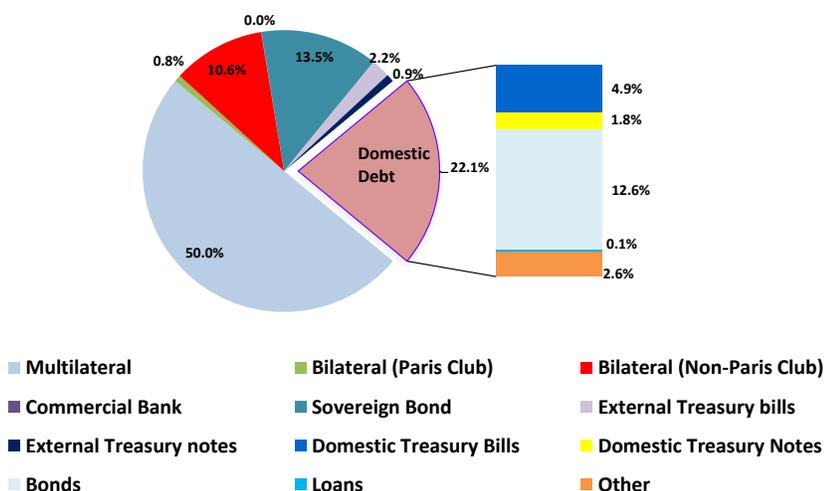
Total public debt¹ increased during 2020 and further in the first quarter (Q1) of 2021 primarily due to new borrowing to finance emergency spending, as a result of the Covid-19 crisis. It also increased to a lesser extent due to disbursements received on existing facilities. Total public debt at the end of Q1 comprised principally of Central Government’s (CG) external and domestic debt which totaled EC\$2,110.7 million (67.2% of GDP²). Chart 1 depicts a comparison of total public debt at the end of Q1 2021 relative to end Q4 2020, and end Q1 2020.

Chart 1: Movement in Public Debt



External debt increased between Q1 2020 and Q1 2021 as the majority of new funding was contracted from external creditors. Domestic debt, on the other hand, decreased between Q1 2020 and Q4 2020 due to domestic amortization but increased between Q4 2020 and Q1 2021 due to 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 77.9% and 22.1% respectively at the end of Q1 2021. (Chart 2).

Chart 2: Central Government Debt



1.1 External Debt

At the end of Q1 2021 external debt stood at EC\$1,644.8 million (52.4% of GDP).

¹ 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.

² GDP: Eastern Caribbean Central Bank’s (ECCB’s) 2021 estimated Gross Domestic Product (\$3,139.73 million) for Grenada.

Chart 3: External Debt by Creditor

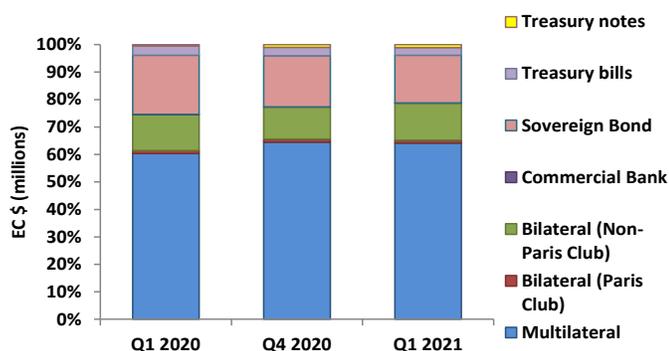
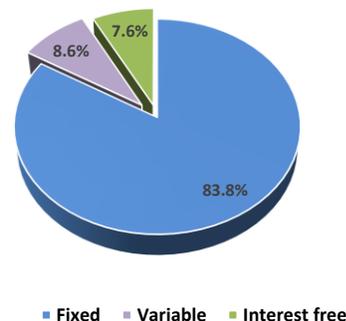


Chart 4: External Debt by Interest type



1.1.1 External Debt by Creditor Category

At the end of Q1 2021, multilateral creditors were the principal source of external debt, comprising 64.2% of the external portfolio. This was also the case in the periods under comparison (Chart 3).

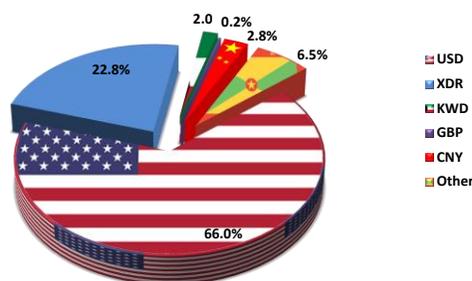
1.1.2 External Debt by Interest Type

Loans contracted at fixed interest rates continued to dominate the external portfolio in Q1 2021 (83.8%) (Chart 4).

1.1.3 Currency Composition of External Debt

For the first time, the Chinese Yuan (CNY) is a currency component of GoG’s external portfolio (2.8%) as a loan from the Republic of China was partially disbursed in Q1 2021 for the St. George’s Airport Runway and Road Upgrade and Rehabilitation Project. Irrespective, the United States Dollars (USD) remained the dominant currency contributing 66.0% of the external portfolio. It was followed by instruments contracted in Special Drawing Rights (XDR) (22.8%) (Chart 5).

Chart 5: Currency Composition of External Debt



1.2 Domestic Debt³

At end March 2021, domestic debt stood at EC\$465.9 million (14.8% of GDP).

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 main holders of domestic debt (Chart 7).

³ Domestic debt includes all debt contracted by creditors whose residency is Grenada.

Chart 6: Domestic Debt by Instrument

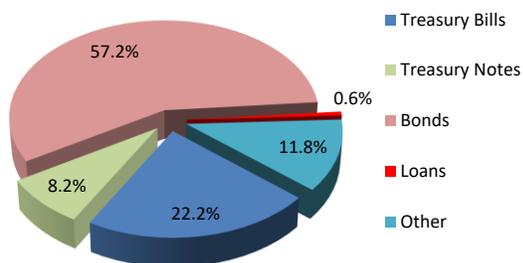
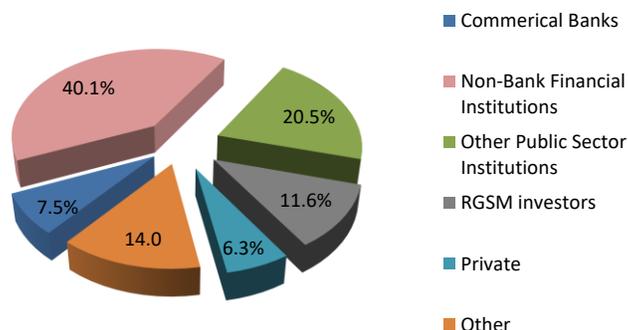


Chart 7: Domestic Debt by Holder



1.2.2 Domestic Debt by Interest Type

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

2.0 Debt of State-Owned Enterprises

At the end of Q3 2020⁴, with the exception of one (1) state-owned enterprise (SOE), 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 (11.9% 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

In Q1 2021, total disbursements received amounted to EC\$127.9 million, 55.3% of which was received on new concessional loans contracted in 2021 as a result of the Covid-19 crisis. When compared to the preceding quarter and the same quarter in 2020, disbursements increased by EC\$113.1 million and EC\$69.5 million respectively. All disbursements received in 2020 were from multilateral creditors and those received in Q1 2021 were from multilateral creditors along with a sole bilateral, non-Paris Club creditor which was the Export-Import Bank of China (Chart 8).

Chart 8: Disbursement by creditor

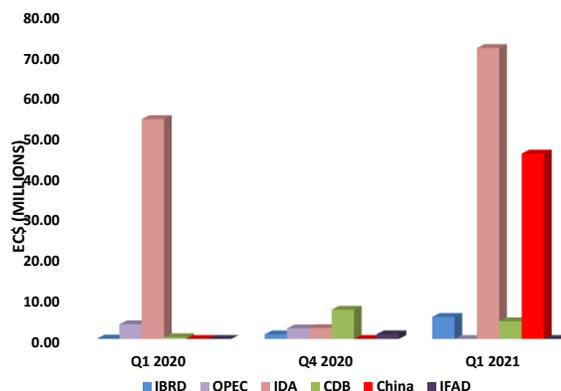
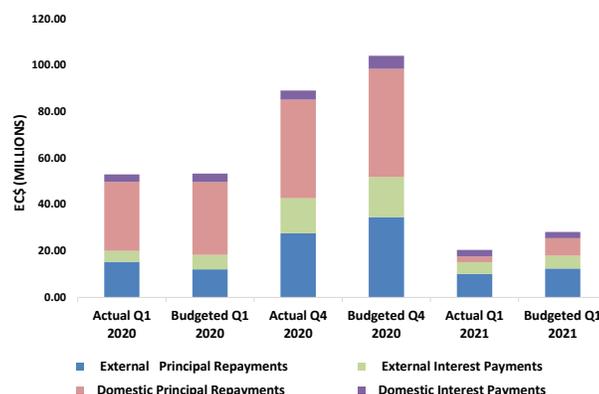


Chart 9: Debt Service Budgeted & Actual Payments



4.0 Debt Service

Total actual debt service payments amounted to EC\$20.4 million against a budgeted EC\$28.2 million in Q1 2021, 74.2% was external debt service and 25.8% domestic debt service. Differences in budgeted and actual payments can be attributed primarily to interest rate and exchange rate fluctuations. Chart 9 compares budgeted and actual debt service figures in the period under review with that of the previous quarter and Q1 2020. It is noteworthy that

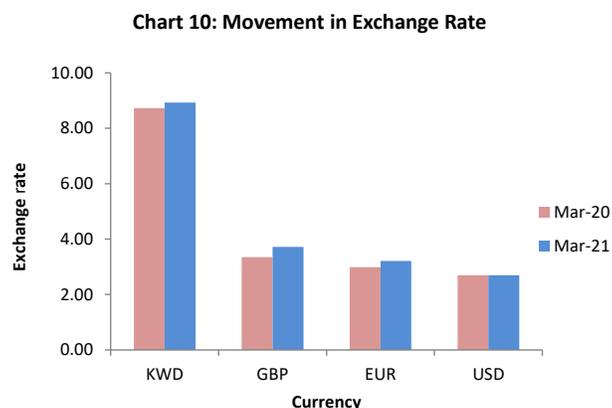
⁴ September 2020 is the latest period for which SOE debt data is available.

the Debt Service Suspension Initiative (DSSI) ended on December 30th, 2020. GoG now has a grace period of one (1) year after which debt service payments on suspended loans will recommence.

5.0 Risk Assessment of the Portfolio

5.1 Foreign Currency Risk

During the period Q1 2020 to Q1 2021, the Eastern Caribbean Dollar (XCD) depreciated against the Kuwaiti Dinar (KWD) by 2.3%, the Euro (EUR) by 7.4% and Great Britain Pound (GBP) by 11.1%. The KWD only accounted for 1.7% of the external portfolio, the GBP only 0.2% and the EUR 0.1%. This rendered the rate of depreciation of the XCD against these currencies insignificant (Chart 10).



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

Table 1 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 Q1 2020. The ATM of the external portfolio remained in line with Government's target of 8 years and above. The ATM of the domestic portfolio was 7.1 years which was a one (1) year increase from the previous quarter but decreased by 0.5 years when compared to Q1 2020. The ATR of the external portfolio was 9.5 years in Q1 2021. It increased by a negligible 0.1 years when compared to the previous quarter and by 0.7 years when compared to the same period in 2020. Of the domestic portfolio, ATR also increased when compared to Q4 2020 by one (1) year but decreased by 0.5 years when compared to the same period in 2020. A higher ATR indicates that the interest rates of a smaller number of instruments will be reset in the near future.

Table 1: Risk Indicators

Risk Indicators (years)	Q1 2020	Q4 2020	Q1 2021
ATM of external portfolio	9.44	10.00	10.00
ATR of external portfolio	8.81	9.40	9.46
ATM of domestic portfolio	7.59	6.10	7.08
ATR of domestic portfolio	7.59	6.10	7.08

6.0 Regional Governments' Securities Market (RGSM) Activities

In Q1 2021, there was only one auction of a 91-day Treasury Bill on the RGSM. Table 2 shows details of the auction and its bid-to-cover ratio⁷.

Table 2: RGSM Auction Results (Q1 2021)

Instrument type	Total Units offered	Oversubscription Amount allowed	Total		Discount Rate (%)	Bid to Cover Ratio
			Competitive Bids received	Total Payment Due		
<i>In millions of EC\$ unless otherwise stated</i>						
91d-day T-bill	15.00	5.00	16.90	16.75	0.15	1.00
TOTAL	15.00	5.00	16.90	16.75	0.15	

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

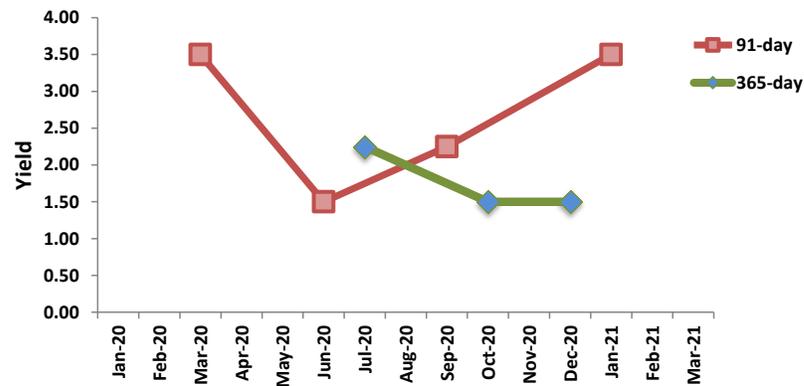
⁶ ATR indicates the average time required to reset the interest rate in the debt profile.

⁷ 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

Chart 11 shows interest rates on GoG's Treasury Bills for the period Q1 2020 to Q1 2021. 2020 gave rise to the lowest discount rate ever received on a 365-day Treasury bill in the final quarter but there were no new issues in Q1 2021. The rate on 91-day Treasury bills, however, was the same in Q1 2021 as in Q1 2020 but lower in Q2 and Q3 2020 based on the competitiveness of investors at the time, in this type of auction.

**Chart 11: Interest Rate fluctuations on Treasury Bills
(Q1 2020-Q1 2021)**



7.0 Government Guarantees

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

Appendices

Appendix 1: Size of Public Debt

Debt Category	Q1 2020	Q4 2020	Q1 2021
<i>In millions of EC\$</i>			
External Debt	1,456.40	1,531.34	1,644.79
Domestic Debt	472.11	457.14	465.91
Total	1,928.52	1,988.47	2,110.69

Appendix 2: External Debt by Creditor

Creditor Category	Q1 2020	Q4 2020	Q1 2021
<i>In millions of EC\$</i>			
Multilateral	879.19	987.83	1,055.24
Bilateral (Paris Club)	15.77	16.31	16.27
Bilateral (Non-Paris Club)	190.54	179.42	223.50
Commercial Bank	0.91	0.91	0.91
Sovereign Bond	312.99	284.48	284.48
Treasury bills	49.38	46.81	45.71
Treasury notes	7.62	15.59	18.69
Total	1456.40	1531.34	1644.79

Appendix 3: External Debt by Currency Composition

Currency Composition	Q1 2020	Q4 2020	Q1 2021
<i>In millions of EC\$</i>			
United States Dollar	1010.93	1009.42	1085.94
Special Drawing Rights	308.23	384.44	375.29
Kuwaiti Dinar	30.52	29.09	27.90
Great Britain Pound	3.39	3.75	3.79
Chinese Yuan	0.00	0.00	45.27
Other currencies	103.33	104.64	106.60
Total	1456.40	1531.34	1644.79

Appendix 4: Disbursement by Creditor

Creditor	Q1 2020	Q4 2020	Q1 2021
<i>In millions of EC\$</i>			
Caribbean Development Bank	0.44	7.22	4.36
International Development Association	54.25	2.69	71.80
International Bank for Reconstruction & Development	0.11	1.15	5.45
International Fund for Agricultural Development	0.00	1.16	0.00
Organisation of Petroleum Exporting Countries	3.64	2.63	0.56
Exim Bank of the Republic of China	0.00	0.00	45.76
Total	58.44	14.84	127.92

Appendix 5: Domestic Debt by Instrument

Domestic Debt by Instrument	Q1 2020	Q4 2020	Q1 2021
<i>In millions of EC\$</i>			
Treasury Bills	83.53	85.21	103.21
Treasury Notes	41.15	41.18	38.11
Bonds	280.69	268.97	266.52
Loans	7.90	2.94	2.94
Other	58.85	58.85	55.13
Total	472.11	457.14	465.91

Appendix 6: Domestic Debt by Holder

Domestic Debt by Holder	Q1 2020	Q4 2020	Q1 2021
<i>In millions of EC\$</i>			
Commerical Banks	38.48	35.09	35.09
Non-Bank Financial Institutions	196.16	186.91	186.91
Other Public Sector Institutions	101.06	97.87	95.52
RGSM investors	44.30	39.14	54.04
Private	22.84	29.42	29.36
Other	69.27	68.71	64.99
Total	472.11	457.14	465.91

Appendix 7: Debt Service

Debt service	Actual Q1 2020	Budgeted Q1 2020	Actual Q4 2020	Budgeted Q4 2020	Actual Q1 2021	Budgeted Q1 2021
<i>In millions of EC\$</i>						
Total Debt Service	52.93	53.34	88.24	104.02	20.41	28.17
External Debt Service	20.00	18.28	41.86	51.81	15.15	17.99
<i>External Principal Repayments</i>	15.30	12.05	26.76	34.53	10.08	12.43
<i>External Interest Payments</i>	4.70	6.24	15.10	17.28	5.07	5.55
Domestic Debt Service	32.93	35.06	46.38	52.21	5.26	10.18
<i>Domestic Principal Repayments</i>	29.77	31.35	42.47	46.62	2.46	7.52
<i>Domestic Interest Payments</i>	3.17	3.71	3.91	5.59	2.79	2.66

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

Particulars	Mar-20	Dec-20	Mar-21	Qtrly change (%)	YTD change (%)
Total Public Debt (Central Government's Debt) (XCD)					
External Debt	1,456.40	1,531.34	1,644.79	7.41	12.93
Domestic Debt	472.11	457.14	465.91	1.92	-1.31
Total Public Debt (Central Government's Debt) to GDP (%)					
External Debt	50.03	54.19	52.39	-3.33	4.72
Domestic Debt	16.22	16.18	14.84	-8.27	-8.49
Other Debt*	372.14	372.14	372.14	0.00	0.00
Other Debt to GDP	12.78	13.17	11.85	-10.00	-7.28
External debt by Creditor					
Multilateral	879.19	987.83	1,055.24	6.82	20.02
Bilateral	206.31	195.73	239.77	22.50	16.22
Domestic instruments contracted from external creditors	57.00	62.40	64.40	3.21	12.98
Other	313.90	285.39	285.39	0.00	-9.08
External Debt by Instrument					
T-bills/ T-notes	57.00	62.40	64.40	3.21	12.98
Loans	1,086.41	1,184.47	1,295.92	9.41	19.28
Bonds	312.99	284.48	284.48	0.00	-9.11
Domestic Debt by instrument					
T-bills	83.53	85.21	103.21	21.12	23.56
T-Notes	41.15	41.18	38.11	-7.44	-7.37
Bonds	280.69	268.97	266.52	-0.91	-5.05
Loans	7.90	2.94	2.94	0.00	-62.86
Other	58.85	58.85	55.13	-6.32	-6.32
Foreign Currency Risk (%)					
% of debt in USD	69.41	65.92	66.02	0.16	-4.88
% of debt in XDR	21.16	25.10	22.82	-9.11	7.83
% of debt in Kuwaiti Dinars	2.10	1.90	1.70	-10.71	-19.23
% of debt in GBP	0.23	0.24	0.23	-5.90	0.18
% of debt in Chinese Yuan	0.00	0.00	2.75	0.00	0.00
% of debt in other currency	7.09	6.83	6.48	-5.15	-8.59
% of foreign debt	75.52	77.01	77.93	1.19	3.19
Total Debt Service					
External	20.00	41.86	15.15	-63.81	-24.24
Domestic	32.93	46.38	5.26	-88.66	-84.04
Principal	45.07	69.23	12.54	-81.89	-72.17
Interest	7.86	19.00	7.87	-58.61	0.05
Disbursements	58.33	14.84	127.92	761.72	119.31
Fiscal indicators					
Total Debt Service to Revenue	23.32	40.08	10.12	-74.75	-56.60
Total Debt Service to GDP	1.82	3.15	0.65	-79.37	-64.24
Interest to Revenue	3.46	8.55	3.90	-54.37	12.66
Interest to Expenditure	4.61	8.86	4.56	-48.55	-1.11
Total Public Sector Debt (% of GDP)	66.24	70.37	67.23		

* Includes the debt obligations of Petro Caribe

N.B. FIGURES ARE SUBJECT TO CHANGE