



GOVERNMENT OF  
GRENADA



QUARTER 2

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

Total public debt<sup>1</sup> is depicted in chart 1. It compares total public debt at the end of quarter 2 (Q2) 2019 with that of the previous quarter and Q2 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 Q2 2019, the stock of total public debt was EC\$1,924.1 million (59.6% of GDP<sup>2</sup>). It comprised 25.4% domestic debt and 74.6% external debt. Government guaranteed debt was negligible at less than 0.01% of external debt and there was no domestic Government guaranteed debt.

## 2.0 Central Government Debt

At the end of Q2 2019, the stock of central Government (CG) debt totaled EC\$1,924.0 million (59.6% of GDP). It consisted primarily of debt contracted from external creditors (74.6%). 25.4% of CG debt was domestic debt (Chart 2).

### 2.1 External Debt

#### 2.1.1 External Debt by Creditor Category

At the end of Q2 2019 external debt was EC\$ 1,434.7 million (44.4% of GDP). Multilateral creditors were the chief source of external debt. (Chart 3)

#### 2.1.2 External Debt by Interest Type

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

Chart 1: Movement in Public Debt



Chart 2: Central Government debt

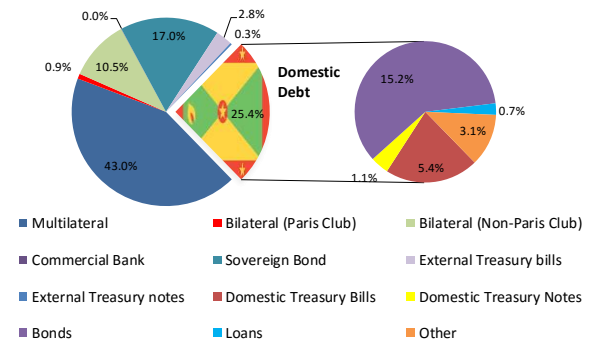


Chart 3: External debt by creditor

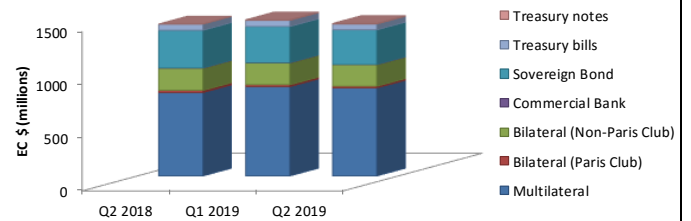
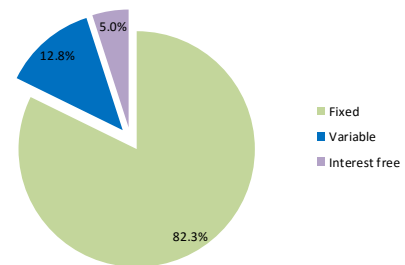


Chart 4: External Debt by Interest type

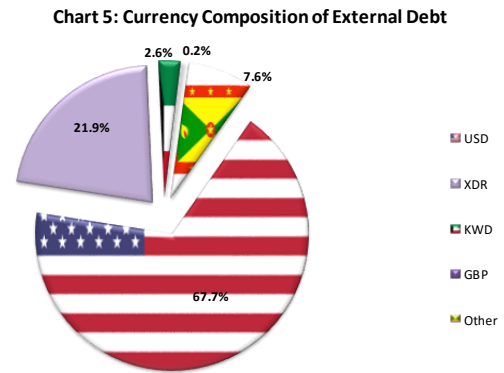


<sup>1</sup> Total public debt includes both the domestic and external debt of Central Government and the Government guaranteed debt of Grenada's state-owned enterprises.

<sup>2</sup> GDP: Ministry of Finance projected Gross Domestic Product as at June 30<sup>th</sup>, 2019.

### 2.1.3 Currency Composition of External Debt

The external portfolio consisted primarily of loans contracted in United States Dollars (USD) followed by loans contracted in Special Drawing Rights (XDR), in Q2 2019. (Chart 5)



## 2.2 Domestic Debt<sup>3</sup>

At the end of Q2 2019, domestic debt stood at EC\$489.3 million (15.2% of GDP).

### 2.2.1 Domestic Debt by Instrument Type & Holder

In Q2 2019, the domestic portfolio was dominated by bonds. Non-bank financial institutions are the leading holders of domestic debt.

**Table 1: Domestic Debt Q2 2019**

Instrument type	%	Holder	%
Treasury Bills	21.42	Commerical Banks	8.54
Treasury Notes	4.22	Non-Bank Financial Institutions	41.51
Bonds	59.70	Other Public Sector Institutions	21.79
Loans	2.63	RGSM	9.22
Other	12.03	Private	5.05
		Other	13.90

### 2.2.2 Domestic Debt by Interest Type

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

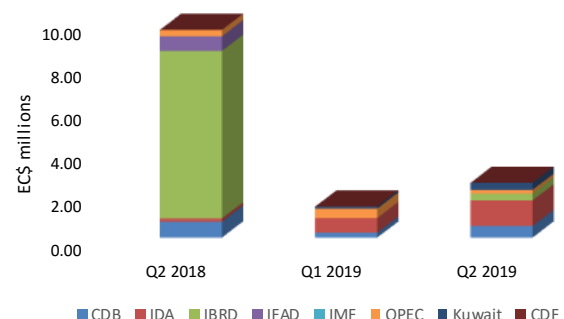
## 3.0 Debt of State-Owned Enterprises

As at end March 2019,<sup>4</sup> with the exception of one SOE, the total debt stock of SOEs was EC\$ 490.9 million (15.2% of GDP). The total debt stock includes the debt obligations of Petro Caribe which amounted to EC\$ 372.1 million (11.5% of GDP). On-lent funds amounted to EC\$ 28.3 million at the end of Q2 2019.

## 4.0 Disbursements

In Q2 of 2019, disbursements amounting to EC\$ 2.5 million were received, the majority (87.4%) of which came from multilateral creditors. In the preceding quarter, disbursements amounted to EC\$ 1.4 million and in Q2 of 2018 disbursements amounted to EC\$ 9.6 million (Chart 6).

**Chart 6: Disbursement by creditor**



<sup>3</sup> Domestic debt includes all debt contracted by creditors whose residency is Grenada.

<sup>4</sup> March 2019 is the latest period for which data on total SOE debt is available.

## 5.0 Debt Service

Debt service budgeted and actual payments in the period under review are compared to that of the preceding quarter and Q2 2018 in chart 7. In Q2 of 2019, total debt service payments amounted to EC\$ 72.3 million against a budgeted EC\$ 87.2 million. Total debt service consisted primarily of external amortization. There are differences between budgeted and actual debt service figures due to late disbursements resulting in changes in forecasted payment dates, delays in payment of arrears under negotiation with bilateral creditors, and due to exchange rate fluctuations.

Chart 7: Debt Service budgeted & actual payments

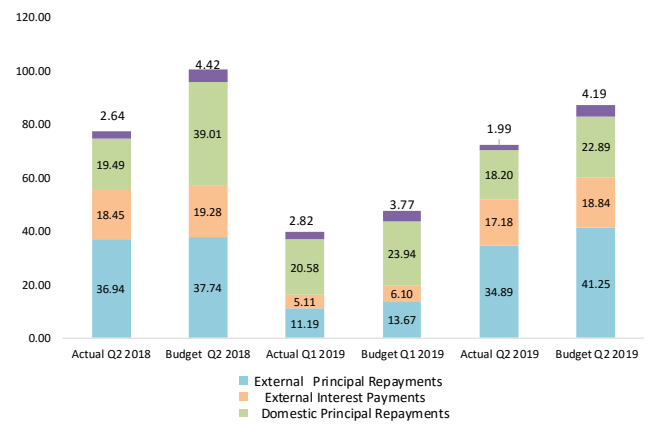
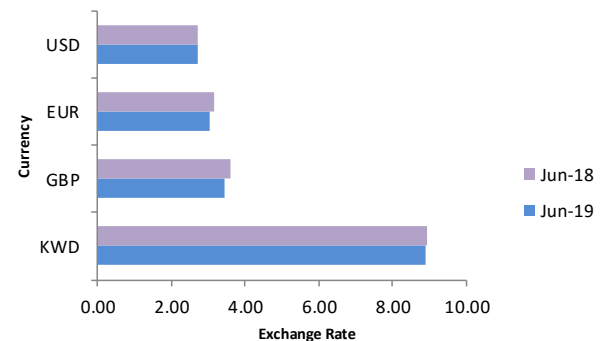


Chart 8: Movement in Exchange Rate



## 6.0 Risk Assessment of the Portfolio

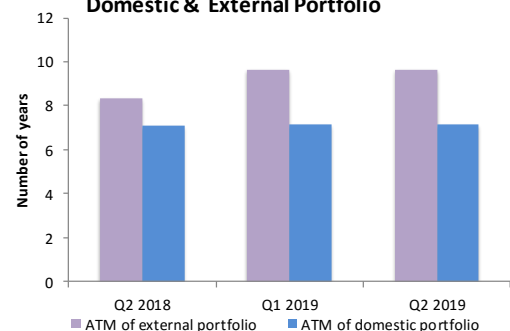
### 6.1 Foreign Currency Risk

The Eastern Caribbean Dollar (XCD) appreciated against the Euro (EUR), Great Britain Pound (GBP) and Kuwaiti Dinar (KWD) by 3.4%, 4.7% and 0.5% respectively, between Q2 2018 to Q2 2019. The EUR accounted for only 0.1 % of the external debt stock and the GBP 0.2% in Q2 2019. This rendered the impact of the rates of appreciation of the XCD against the EUR & GBP insignificant (Chart 8). Since the XCD is pegged to the USD it posed no risk to the external portfolio.

### 6.2 Average Time to Maturity (ATM<sup>5</sup>)

The ATM of the external portfolio in Q2 2019 was 9.6 years, which is in line with GOG's target ATM of 8 years and above. It increased slightly by 1.3 years when compared to Q2 2018 but remained the same as the previous quarter. The ATM of the domestic portfolio in Q2 2019 was 7.2 years. It increased by a negligible 0.1 years when compared to Q2 2018 and also remained the same as the previous quarter. (Chart 9)

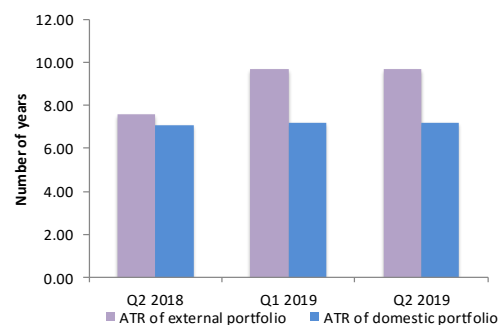
Chart 9: Average Time to Maturity (ATM) of Domestic & External Portfolio



### 6.3 Average Time to Re-fixing (ATR<sup>6</sup>)

The ATR of the external portfolio was 9.7 years in Q2 2019. When compared to the corresponding quarter in 2018 it increased by 2.1 years but remained the same as the previous quarter (Chart 10). The increase indicates that a smaller number of instruments will have their interest rates reset in the same period in 2019 as opposed to 2018. The ATR of the domestic portfolio was 7.2 years. It increased by 0.1 years when compared to the same quarter in 2018 but remained the same as the previous quarter.

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



<sup>5</sup> ATM shows how long it takes on average to rollover or refinance the debt portfolio.

<sup>6</sup> ATR indicates the average time required to reset the interest rate in the debt profile.

## 7.0 Regional Governments Securities Market (RGSM) Activities

On June 17, 2019, GOG reissued a 91-day treasury bill in the amount of EC\$15.0 million and recorded its lowest discount rate ever of 1.75% on the RGSM. This comes as a result of increased investors' confidence in the management of Grenada's finances and the awareness of prudent financial management and reduced risk of investing in Grenada. The auction was oversubscribed by EC\$14.2 million and a total of sixteen (16) bids were received. Table 2 shows details on this auction and its bid-to-cover ratio<sup>7</sup>. It was the only auction in Q2 2019.

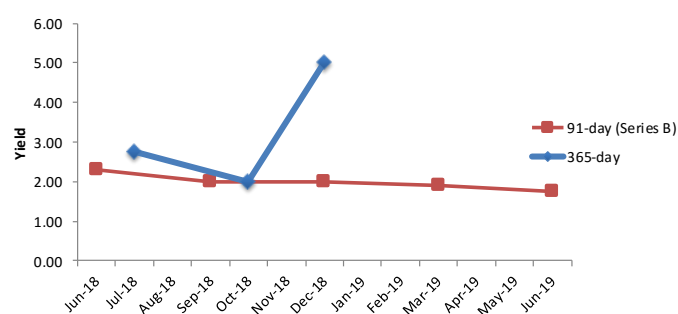
**Table 2: RGSM Auction Results (Q2 2019)**

Instrument type	Total Units offered	Total Competitive Bids received	Total Payment Due	Total Discount	Discount Rate (%)	Bid to Cover Ratio
91-day T-bill	15.00	29.16	14.93	0.07	1.75	1.94
<b>TOTAL</b>	<b>15.00</b>	<b>29.16</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 for the period June 2018 to June 2019. Rates on 91-day treasury bills were relatively stable and lowest in June 2019 whereas rates on 365-day treasury bills fluctuated significantly during the period, based on the competitiveness of the bids made in this type of auction.

**Chart 11: Interest Rate fluctuations on Treasury Bills (Q2 2018-Q2 2019)**



## 8.0 Government Guarantees

At the end of Q2 2019, total outstanding Government guarantees amounted to less than EC\$ 0.1 million. There were no new issues of Government guaranteed debt.

### 8.1 Guaranteed Debt by Creditor type

Multilateral creditors were the only source of Government guaranteed debt in Q2 2019 (Table 3).

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

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

**Table 3: Guaranteed Debt by Creditor Type as at Q2 2019**

Creditor	Jun-18	Mar-19	Jun-19	% Qtrly change	% YTD change
<i>In millions of EC\$</i>					
Multilateral	0.78	0.12	0.08	-34.41	-89.89
Commercial	33.74	0.00	0.00	0.00	-100.00
Social Security	32.63	0.00	0.00	0.00	-100.00
Statutory body	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>67.16</b>	<b>0.12</b>	<b>0.08</b>	<b>-34.41</b>	<b>-99.88</b>

<sup>7</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.

## Appendices

### Appendix 1: Size of Public Debt

Debt Category	Q2 2018	Q1 2019	Q2 2019
<i>In millions of EC\$</i>			
External Debt (including Government Guarantees)	1,464.27	1,469.31	1,434.81
Domestic Debt (including Government Guarantees)	551.56	491.21	489.31
<b>Total</b>	<b>2,015.83</b>	<b>1,960.53</b>	<b>1,924.12</b>

### Appendix 2: External Debt by Creditor

Creditor Category	Q2 2018	Q1 2019	Q2 2019
<i>In millions of EC\$</i>			
Multilateral	784.39	840.18	827.84
Bilateral (Paris Club)	20.58	17.77	16.61
Bilateral (Non-Paris Club)	208.87	205.79	202.10
Commercial Bank	0.91	0.91	0.91
Sovereign Bond	355.76	341.51	327.25
Treasury bills	56.98	57.17	54.14
Treasury notes	2.25	5.87	5.87
<b>Total</b>	<b>1429.75</b>	<b>1469.20</b>	<b>1434.73</b>

### Appendix 3: External Debt by currency composition

Currency Composition	Q2 2018	Q1 2019	Q2 2019	% share of External Debt Q2 2019
<i>In millions of EC\$</i>				
United States Dollar	958.94	997.54	971.73	67.73
Special Drawing Rights	313.22	319.01	313.49	21.85
Kuwaiti Dinar	39.88	36.59	36.61	2.55
Great Britain Pound	4.91	4.03	3.48	0.24
Other currencies	112.80	112.03	109.42	7.63
<b>Total</b>	<b>1,429.75</b>	<b>1,469.20</b>	<b>1,434.73</b>	<b>100.00</b>

### Appendix 4: Disbursement by Creditor

Creditor	Q2 2018	Q1 2019	Q2 2019
<i>In millions of EC\$</i>			
Caribbean Development Bank	0.73	0.23	0.53
International Development Association	0.15	0.67	1.18
International Bank for Reconstruction & Development	7.72	0.00	0.31
International Fund for Agricultural Development	0.68	0.00	0.00
International Monetary Fund	0.00	0.00	0.00
Organisation of Petroleum Exporting Countries	0.29	0.43	0.17
Kuwait Fund for Arab Economic Development	0.00	0.09	0.32
CARICOM Development Fund	0.00	0.00	0.00
<b>Total</b>	<b>9.56</b>	<b>1.43</b>	<b>2.52</b>



**Appendix 5: Domestic Debt by Instrument**

Domestic Debt by Instrument	Q2 2018	Q1 2019	Q2 2019
<i>In millions of EC\$</i>			
Treasury Bills	128.65	101.77	104.80
Treasury Notes	11.75	20.67	20.67
Bonds	299.88	295.50	292.12
Loans	19.40	14.43	12.87
Other	59.25	58.85	58.85
<b>Total</b>	<b>518.93</b>	<b>491.21</b>	<b>489.31</b>

**Appendix 6: Domestic Debt by Holder**

Domestic Debt by Holder	Q2 2018	Q1 2019	Q2 2019
<i>In millions of EC\$</i>			
Commerical Banks	43.16	41.87	41.80
Non-Bank Financial Institutions	216.28	207.61	203.12
Other Public Sector Institutions	110.60	106.60	106.60
RGSM investors	55.42	42.07	45.09
Private	22.95	23.24	24.69
Other	70.51	69.83	68.01
<b>Total</b>	<b>518.93</b>	<b>491.21</b>	<b>489.31</b>

**Appendix 7: Debt Service**

	Actual Q2 2018	Budget Q2 2018	Actual Q1 2019	Budget Q1 2019	Actual Q2 2019	Budget Q2 2019
<i>In millions of EC\$</i>						
<b>Total Debt Service</b>	<b>77.53</b>	<b>100.45</b>	<b>39.69</b>	<b>47.47</b>	<b>72.26</b>	<b>87.17</b>
<b>External Debt Service</b>	<b>55.39</b>	<b>57.02</b>	<b>16.29</b>	<b>19.76</b>	<b>52.07</b>	<b>60.09</b>
<i>External Principal Repayments</i>	36.94	37.74	11.19	13.67	34.89	41.25
<i>External Interest Payments</i>	18.45	19.28	5.11	6.10	17.18	18.84
<b>Domestic Debt Service</b>	<b>22.13</b>	<b>43.44</b>	<b>23.40</b>	<b>27.71</b>	<b>20.19</b>	<b>27.08</b>
<i>Domestic Principal Repayments</i>	19.49	39.01	20.58	23.94	18.20	22.89
<i>Domestic Interest Payments</i>	2.64	4.42	2.82	3.77	1.99	4.19

**Appendix 8: Risk Indicators**

Risk Indicators (years)	Q2 2018	Q1 2019	Q2 2019	MTDS Target
ATM of external portfolio	8.34	9.61	9.61	>= 8 yrs
ATR of external portfolio	7.58	9.68	9.68	-
ATM of domestic portfolio	7.10	7.16	7.16	-
ATR of domestic portfolio	7.10	7.16	7.16	-

APPENDICES 2 TO 7 REFLECT CENTRAL GOVERNMENT DEBT FIGURES ONLY

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

Particulars	Jun-18	Mar-19	Jun-19	Qtrly change (%)	YTD change (%)
<b>Total Public Debt (XCD)</b>					
External Debt (including Government Guarantees)	1,464.27	1,469.31	1,434.81	-2.35	-2.01
Domestic Debt (including Government Guarantees)	551.56	491.21	489.31	-0.39	-11.29
<b>Total Public Debt to GDP (%)</b>					
External Debt to GDP	46.05	45.49	44.42	-2.35	-3.54
Domestic Debt to GDP	17.35	15.21	15.15	-0.39	-12.67
<b>Central Government Debt (XCD)</b>					
External Debt	1,429.75	1,469.20	1,434.73	-2.35	0.35
Domestic Debt	518.93	491.21	489.31	-0.39	-5.71
<b>Central Government Debt to GDP (%)</b>					
External Debt	44.97	45.49	44.42	-2.35	-1.22
Domestic Debt	16.32	15.21	15.15	-0.39	-7.18
<b>Other Debt*</b>	372.14	372.14	372.14	0.00	0.00
<b>Other Debt to GDP</b>	11.70	11.52	11.52	0.00	-1.56
<b>Government Guarantees</b>					
External	34.52	0.12	0.08	-33.33	-99.77
Domestic	32.63	-	-	0.00	-100.00
<b>External debt by Creditor</b>					
Multilateral	784.39	840.18	827.84	-1.47	5.54
Bilateral	229.45	223.55	218.72	-2.16	-4.68
Domestic instruments contracted from external creditors	59.23	63.04	60.01	-4.81	1.32
Other	356.67	342.42	328.16	-4.16	-7.99
<b>External Debt by Instrument</b>					
T-bills/ T-notes	59.23	63.04	60.01	-4.81	1.32
Loans	1,014.75	1,064.65	1,047.47	-1.61	3.22
Bonds	355.76	341.51	327.25	-4.17	-8.01
<b>Domestic Debt by instrument</b>					
T-bills	128.65	101.77	104.80	2.98	-18.54
T-Notes	11.75	20.67	20.67	0.00	75.91
Bonds	299.88	295.50	292.12	-1.14	-2.59
Loans	19.40	14.43	12.87	-10.80	-33.64
Other	59.25	58.85	58.85	0.00	-0.68
<b>Foreign Currency Risk (%)</b>					
% of debt in USD	67.07	67.90	67.73	-0.25	0.98
% of debt in XDR	21.91	21.71	21.85	0.65	-0.27
% of debt in Kuwaiti Dinars	2.79	2.49	2.55	2.48	-8.54
% of debt in GBP	0.34	0.27	0.24	-10.17	-28.66
% of debt in other currency	7.89	7.63	7.63	-0.04	-3.34
% of foreign debt	73.37	74.94	74.57	-0.50	1.63
<b>Total Debt Service</b>					
External	55.39	16.29	52.07	219.60**	-6.00
Domestic	22.13	23.40	20.19	-13.73	-8.77
Principal	56.43	31.77	53.08	67.08	-5.94
Interest	21.10	7.93	19.18	142.01	-9.09
<b>Disbursements</b>	9.56	1.43	2.52	76.46	-73.68
<b>Fiscal indicators</b>					
Total Debt Service to Revenue	38.98	19.38	33.50	72.84	-14.06
Total Debt Service to GDP	2.44	1.23	2.24	82.04	-8.25
Interest to Revenue	10.61	3.87	8.89	129.78	-16.17
Interest to Expenditure	12.49	5.17	11.01	112.84	-11.85
<b>Total Public Sector Debt (% of GDP)</b>	<b>63.40</b>	<b>60.70</b>	<b>59.57</b>		

\* Includes the debt obligations of Petro Caribe

\*\*Payments to commercial creditors led to an increase in external debt service payments between Q1& Q2 2019 of over 200%.

N.B. FIGURES ARE SUBJECT TO CHANGE