

Keeping and Eye on the People's Business
Part 3 - Spotlight on Public Debt: EXTERNAL DEBT

Part 3 of *Spotlight on the Public Debt* takes a look at the following:-

- total external debt and external debt service in comparison with total public debt and total debt service
- external creditors
- commercial bonds - the amounts making up the commercial bonds and the evolution of these debts vis-a-vis restructuring
- selected external creditors

1. Total External Debt and Debt Service, 2015-2017 (EC \$mill.)

Table: Total Public Debt and External Debt Service (EC\$m)

YEAR/ DEBT	o/s 2013	o/s 2014	o/s 2015	o/s 2016	o/s 2017	Estimates 2018
Total Public Debt	2,058.23	2,121.45	2,189.54	2,174.90	1,992.28	
Total External Debt	1,580.34	1,639.03	1,595.17	1,582.22	1,392.93	
External Debt as Percentage of Total Public Debt	77%	77%	73%	73%	70%	
Total Debt Service	308.49	394.05	459.29	370.19	367.41	401.45
External Debt Service	47.91	136.63	152.75	133.14	146.96	151.25
Interest	14.11	63.06	68.10	62.80	59.38	48.08
Principal	26.87	56.23	71.17	70.33	87.57	103.16
Arrears - Principal	4.59	12.27	11.73	-	-	-
Arrears - Interest	2.33	5.05	1.73	-	-	-
External Debt Service/Total Debt Service	16%	35%	33%	36%	40%	38%
Comment:						
<ul style="list-style-type: none"> • Total External Debt: Between 2015 and 2017, there was a decline in Total External Debt. Restructuring of international <i>USD and EC\$ 2005-2025 Bonds</i> and <i>EXIM Bank</i> debt contributed to the decline. • Percentage of Total Debt: Estimated External Debt at the end of 2017 accounts for 70 percent of total public debt. • External Debt Service: Between 2014 and 2017, External Debt Service accounted for 33 to 40 percent of total debt service. In 2013, Grenada announced a default on debt servicing of its international bonds • Arrears: Restructuring negotiations required Grenada to make these “good faith” payments. 						

2. Major External Creditors:

The following table summarizes the major external creditors, amounts owing to them and purpose of the loans.

Table: Major External Creditors and Outstanding Debt (EC\$mn.)

DESCRIPTION	o/s. 2015	o/s 2016	o/s 2017	NOTES/COMMENTS
TOTAL EXTERNAL DEBT	1,595.17m	1,582.22m	1,392.93m	
Organisation of Petroleum Exporting Countries	51.49	55.52	51.12	Loans for road rehabilitation
Caribbean Development Bank	363.96	381.62m	366.28	Diverse portfolio – disaster mitigation; hurricane recovery infrastructure;; education; integrated waste management; policy loans et al
World Bank – International Development Association (IDA)	200.78	212.00	246.26	Loans contracted at interest rates of 0.75%; Diverse portfolio includes public sector modernization; OECS Education Reform; Caribbean Telecomm. & Infrastructure; Regional Disaster & Vulnerability Reduction Project; Resilience Building (support to Structural Adjustment Programme)
World Bank – Intl. Bank for Reconstruction & Development (IBRD)	40.34	37.18	34.07	Variable interest rates; Includes Education Reform; Disaster Mitigation; OECS Tourism Competitiveness Project; Telecoms; resilience building;
Kuwait Fund for Arab Economic Development	45.95	43.61	40.26	Road rehabilitation
International Monetary Fund	79.13	78.13	76.41	<ul style="list-style-type: none"> Extended credit facility- loan July 2014; Poverty Reduction and Growth Facility – obtained 2006; Extended Credit Facility – contacted in 2010
Govt. of Trinidad and Tobago	87.25m	87.25	87.25	<ul style="list-style-type: none"> Disbursement of USD 12.62m in Dec. 2005; USD3.88m disb. Sept 2006; interest 2%; repayment 28.02.2011-31.08.2020 USD15m (40.50m) – contracted 2013; interest rate 1.95%, repayment 28.06.2018-28.12.2027
International Fund for Agricultural Development	6.62	6.11	6.04	Grenada Rural Enterprise Project; Market Access and Rural Enterprise Project
Other Creditors – Exim Bank; Commercial Bonds; Paris Club; Bank of Alba et al; of which	711.39	680.77	485.21	
• International Bonds	583.87	553.82	370.02	

3. Commercial Bonds/Debt:

Table: External Debt: Outstanding Debt re Commercial Bonds & Other Loans(EC\$m)

DESCRIPTION	2013	2014	2015	2016	2017	NOTES?COMMENTS
Total International Bonds	721.36	721.36	583.87	553.82	370.02	
International Bonds as a percentage of Total External Debt	35%	34%	27%	35%	19%	Bonds restructured in 2015.
International Bonds USD100m 2002-2012	15.1	15.1	15.1m	13.5m	13.5	<ul style="list-style-type: none"> disbursed in 2002
International Bonds USD 179.17M 2015-2030 - a restructuring the following:-	-	-	483.78	459.52	303.18	<ul style="list-style-type: none"> Restructured International Bonds USD193.54 – 2005 – 2025; Interest @7% Payment May 12th, 2015- May 12th,2030
<ul style="list-style-type: none"> International Bonds USD193.54 – 2005 – 2025; restructured bonds including Grenada Dev. Co. & Garden Group of Hotels 	522.56	522.56	-	-	-	
International Bonds EC\$84.973M 2015-2030 – a restructuring of the following:-	-	-	84.97	80.71	53.25	<ul style="list-style-type: none"> Restructured 2025 Bonds; Interest rate 7%; repayment May 12, 2015-May 12, 2030
<ul style="list-style-type: none"> International Bonds EC\$183.96M 2005-2025; restructured bonds including Call Centre 	183.95	183.95	-	-	-	NIS portion part of domestic debt - 2040 NIS GOG EC\$ Bond Exchange (100.93M 2015-2040) ;
<ul style="list-style-type: none"> South Trust Bank (St. Patrick's RC School) 	0.911	0.911	0.911	0.911	0.911	<ul style="list-style-type: none"> Loan of USD 1.43m contracted in 2001

Source: Appendix F, Outstanding Debt Estimates of Revenue and Expenditure – 2013-2018

3.1. SELECTED EXTERNAL DEBT CONTRACTED BY GOVERNMENT¹:

The following contribute to the outstanding commercial bond balances and other debt noted in the above table,
External Debt: Outstanding Debt re Commercial Bonds & Other Loans (EC\$m):-

1. Bonds:			
MONTH/YEAR	AMOUNT	LENDER/AGENT	PURPOSE
March 2000	30 mn.	Royal Merchant Bank T&T	debt consolidation
	\$26 mn.	Citicorp	debt refinancing
June 2002	Notes Issue Loan Agreement for US\$100 mn. at 10 % per annum	arranged by Bear & Sterns Inc	consolidate existing commercial loans and financing capital dev. Projects; <ul style="list-style-type: none"> included the National Cricket Stadium and the Ministerial Complex.
July 2002:	USD8.9 mn. plus interest at 10.25 % re bonds issued by Garden Group (guarantee by Government)	Intercommercial Trust and Merchant Bank, T&T	refurbishing, refinancing, marketing and managing group of small, locally owned hotels.
October 2002:	US\$25 mn.	Unit Trust Corp. and First Citizens Bank, T & T	for development purposes
	EC\$6.9 mn. at 10.25%	Intercommercial Trust & Merchant Bank, T & T	for financing a Government controlled (51 %) poultry project in St. Mark's.
2. External Commercial Loans/Commercial Loan Guarantees:			
July 2001:	US\$26.5 mn.	Fincor and ING (Dutch Bank)	re financing construction of Melville Street Cruise Ship terminal
	US\$2.3 mn	South Trust Bank, Georgia, USA	construction of St. Patrick's R.C. Sch.
	EC\$12.5 mn.	Royal Merchant Bank, T & T	guarantee loan for Housing Authority of Grenada - re development of Dunfermline Housing Project
August 2001	US\$11m	International Bank of Miami	Loan guarantee for Grenada Development Company re International Bank of Miami re Levera Development Project. For development of golf course and tourist facilities at Levera Beach
October 2002	EC\$3.3 mn.	Royal Merchant Bank, T&T	guarantee of further loan for Housing Authority of Grenada for costs over runs of the Dunfermline Housing Project

¹ Ref: Grenada Today, March 22nd, 2003: NNP Borrowing Spree
http://www.belgrafix.com/gtoday/2003news/Mar03/march22/call_center_scandal.htm

4. Other External Debt:

The following table shows outstanding debt to some selected external creditors.

Table: Outstanding Debt to Selected External Creditors

DESCRIPTION	2013	2014	2015	2016	2017	NOTES/COMMENTS
Exim Bank Republic of China: <ul style="list-style-type: none"> • Loan of US\$10m at 2% repayable 2001 to 2041; • Loan of US\$6m repayable 2001 to 2012; • Loan of US\$2m repayable 2000 to 2012; • Loan of US\$10m at 4.5% repayable 2005 to 2020 	54.67	52.36	52.36	52.36	49.40	<ul style="list-style-type: none"> • Settlement Agreement Dec. 15, 2014 • Interest rate 7%; • repayment 15.06.2018-15.12.2029
EXIM Bank/Grenada - Paris Club Agreement (USD 1.53M)- 2006	7.91	7.91	7.91	3.16	2.57	Loan restructured under Paris Club 2006 - Variable interest rate
EXIM Bank/Grenada - Paris Club Agreement (USD1.53M) - 2015	-	-	-	4.12	4.12	Loan restructured under Paris Club 2015 - Variable Int Rate
Bank of ALBA	27.0	27.0	27.0	27.0	20.84	<ul style="list-style-type: none"> • Loan contracted in 2013; • interest 3%; • repayment 17.06.2016-17.12.2025
Note: Belgium Loan USD 7.275M (Paris Club Agreement) ²						<ul style="list-style-type: none"> • Loan guarantee re Intercontinental Hotel project, Mt. Hartman • Gov't debt restructured under Paris Club 2006; • Unclear where this restructured debt is reflected;

² noted in Appendix F, 2013 Estimates of Revenue and Expenditure, pg.488