



Government of
Grenada

2021

QUARTER 4

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

EUR- Euro

GBP- Great Britain Pound

GDP- Gross Domestic Product

GG- Government-guaranteed

GoG- Government of Grenada

IBRD- International Bank for Reconstruction and Development

IDA- International Development Association

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

Table of Contents

Acronyms & Abbreviations	ii
Table of Contents	iii
1.0 Total Public Debt	1
1.1 Central Government's External Debt	2
1.1.1 External Debt by Creditor Category	2
1.1.2 External Debt by Interest Type	2
1.1.3 Currency Composition of External Debt	3
1.2 Central Government's Domestic Debt	3
1.2.1 Domestic Debt by Instrument Type & Holder	3
1.2.2 Domestic Debt by Interest Type	4
2.0 Debt of State-Owned Enterprises (SOEs)	4
3.0 Disbursements	5
4.0 Debt Service	5
5.0 Risk Assessment of the Portfolio	6
5.1 Foreign Currency Risk	6
5.2 Average Time to Maturity (ATM) & Average Time to Re-fixing (ATR)	6
6.0 Regional Governments' Securities Market (RGSM) Activities	7
6.1 Treasury Bills Auction Yields	7
7.0 Government Guarantees	8
Appendices	9
Debt Statistics Summary	11

1.0 Total Public Debt

Over the 1-year period, quarter 4 (Q4) 2020 to Q4 2021, total public debt¹ increased from EC\$1,988.5 million to EC\$2,101.6 million, an increase of EC\$113.2 million (5.7%). This is attributable to new borrowing as a result of the Covid-19 pandemic, oversubscriptions allowed on the Regional Governments' Securities Market (RGSM), disbursements on new and existing loans and a new Government-guaranteed (GG) loan contracted by a State-owned enterprise (SOE). When compared to the previous quarter conversely, total public debt decreased by EC\$ 2.9 million (0.1%). Disbursements were received in Q4 but existing facilities were amortized which led to the slight decrease.

At the end of Q4 2021, the total stock of debt was 70.6% of Gross Domestic Product (GDP)². It comprised of Central Government's (CG) external and domestic debt and to a lesser extent domestic Government-guaranteed (GG) debt. Chart 1 compares total public debt in Q4 2021 to the previous quarter and Q4 2020. At the end of Q4 2021, external debt was a tad lower (0.1%) than it was at the end of Q3 2021. But over the 1-year period (Q4 2020 to Q4 2021) external debt increased by 6.9%, as the majority of new funding, most of which was contracted in the first half of 2021, was contracted from external sources. Domestic debt showed a similar trend when compared to Q3 2021 and Q4 2020 as it increased over the 1-year period by 1.7% but decreased when compared to Q3 by a negligible 0.3%. External and domestic debts were 77.9% and 22.1% respectively of total public debt, (Chart 2) at the end of 2021. GG debt was 0.2% of domestic debt.

Chart 1: Movement in Public Debt

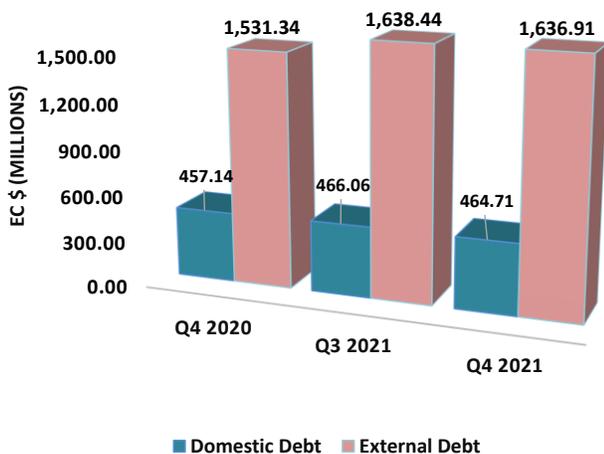
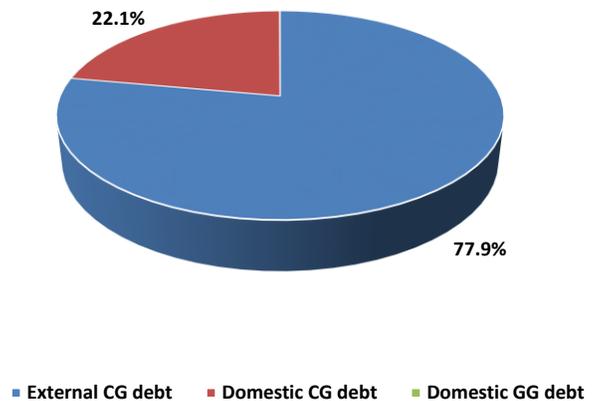


Chart 2: Central Government Debt



¹ Total public debt includes both the domestic and external debt of Central Government and the Government-guaranteed debt of Grenada's State-owned enterprises.

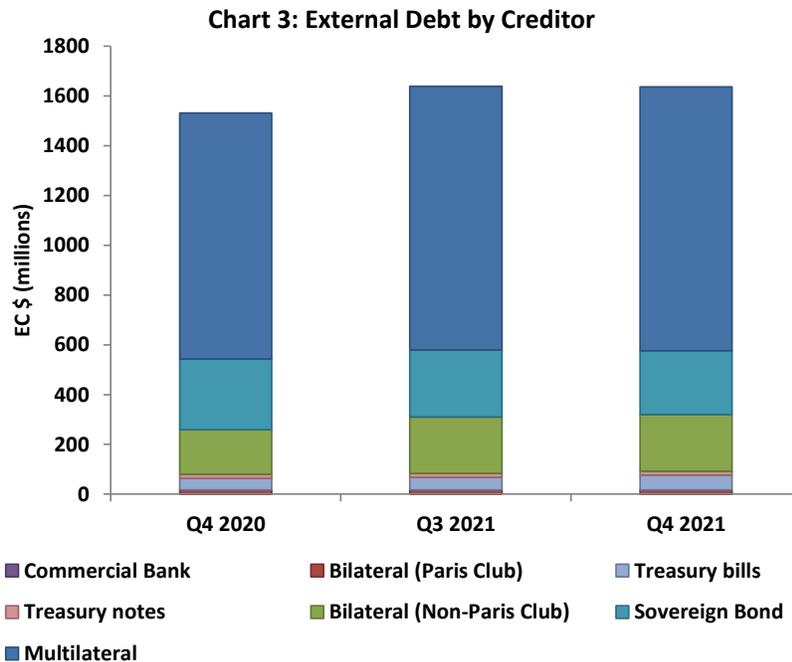
² GDP: Ministry of Finance estimated Gross Domestic Product as at end October 2021 (\$2,978.8 million).

1.1 Central Government's External Debt

In the fourth quarter of 2021, CG's external debt was EC\$1,636.9 million (55.0% of GDP).

1.1.1 External Debt by Creditor Category

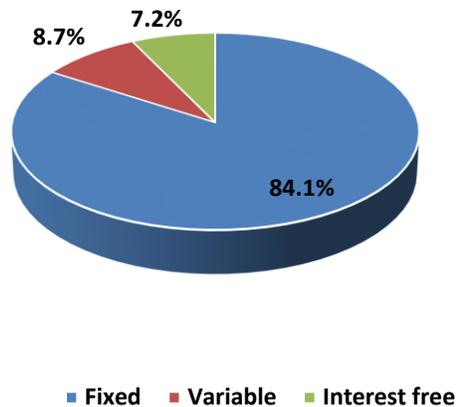
Multilateral creditors were the chief source of funding in Q4 2021 (64.8%) and the periods under comparison (Chart 3).



1.1.2 External Debt by Interest Type

Chart 4 shows the composition of external debt by interest rate type. Approximately 84.1 % of GoG's external portfolio comprised fixed interest rate loans at the end of Q4 2021 (Chart 4). Variable rate loans and interest free loans comprised 8.7% and 7.2% respectively.

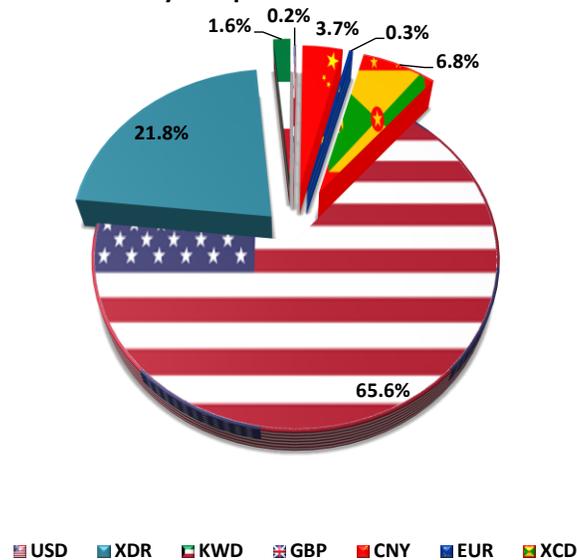
Chart 4: External Debt by Interest type



1.1.3 Currency Composition of External Debt³

The external portfolio comprises chiefly of loans contracted in the United States Dollars (USD). At the end of 2021, 65.6% of GoG's external portfolio consisted of instruments contracted in the USD. This was followed by instruments contracted in Special Drawing Rights (XDR) (21.8%). In the periods under comparison the Euro (EUR) held the smallest share of the external portfolio (0.1%). This changed in Q4 2021 as a disbursement on a new loan contracted in EUR was received. Consequently, the currency holding the smallest share of GoG's portfolio is now the Great Britain Pound (GBP) as it holds a negligible 0.2% of the external portfolio (Chart 5).

Chart 5: Currency Composition of External Debt



1.2 Central Government's Domestic Debt⁴

At the end of 2021, CG's domestic debt was EC\$463.7 million (15.6% of GDP).

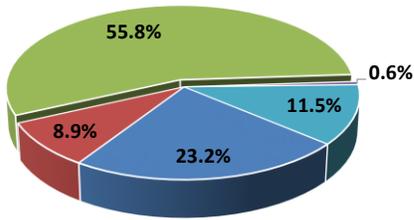
1.2.1 Domestic Debt by Instrument Type & Holder

In Q4 2021, the instrument type holding the highest share of GoG's domestic portfolio was bonds (55.8%). This was followed by Treasury Bills (23.2%) (Chart 6). Non-bank financial institutions were the chief holders of domestic debt in Q4 2021 (40.2%) (Chart 7).

³ External debt includes all debt contracted by creditors who reside outside of Grenada.

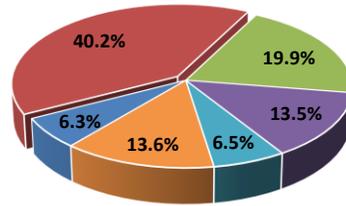
⁴ Domestic debt includes all debt contracted by creditors whose residency is Grenada.

Chart 6: Domestic Debt by Instrument



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

Chart 7: Domestic Debt by Holder



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

1.2.2 Domestic Debt by Interest Type

All domestic instruments in GoG's portfolio have been contracted at fixed interest rates.

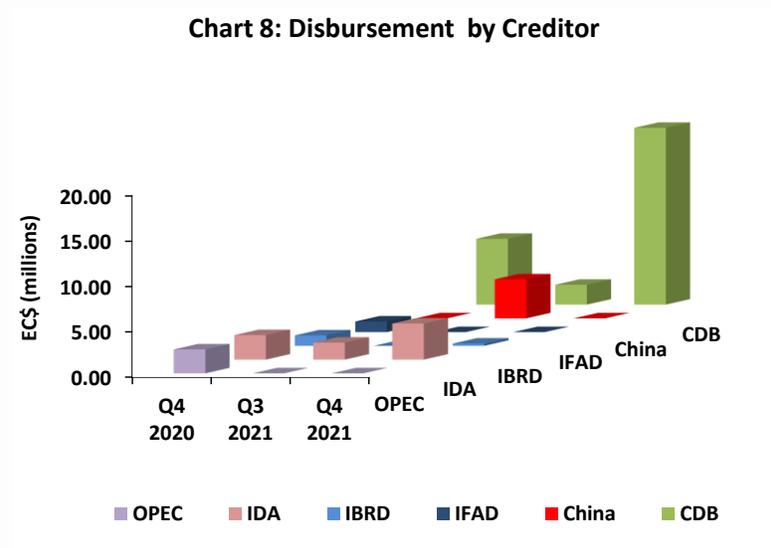
2.0 Debt of State-Owned Enterprises (SOEs)

At the end of Q3 2021⁵, the total debt stock (unaudited) of SOEs was EC\$532.3 million (17.9% of GDP). This is inclusive of the debt obligations of Petro Caribe, which was EC\$372.1 million (12.5% of GDP). All loans contracted by SOEs are long-term loans. Domestic and external SOE debts were 88.7% and 11.3% respectively at the end of Q3 2021.

⁵ Q3 2021 is the latest period for which SOE debt data is available.

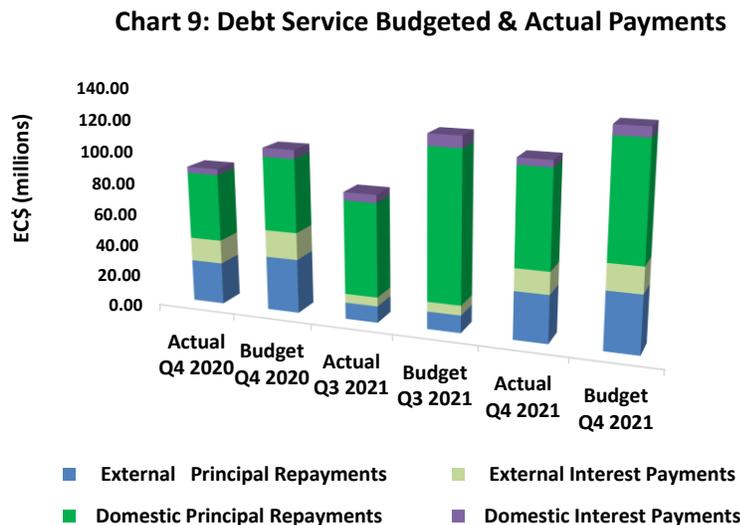
3.0 Disbursements

Total disbursements received in the final quarter of 2021 totaled EC\$ 23.6 million and were received from multilateral creditors only. When compared to the preceding quarter, disbursements increased by EC\$15.3 million and when compared to the Q4 2020 disbursements rose by EC\$8.8 million.



4.0 Debt Service

In Q4 2021, total actual debt service payments amounted to EC\$109.5 million against a budgeted EC\$131.7 million, 40.3% was external debt service and 59.7% was domestic debt service. The difference between budgeted and actual debt service was mainly on the domestic side due to the roll-over of matured Treasury Bills as an alternative to amortization, and on the external side to a lesser extent, 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 Q4 2020.

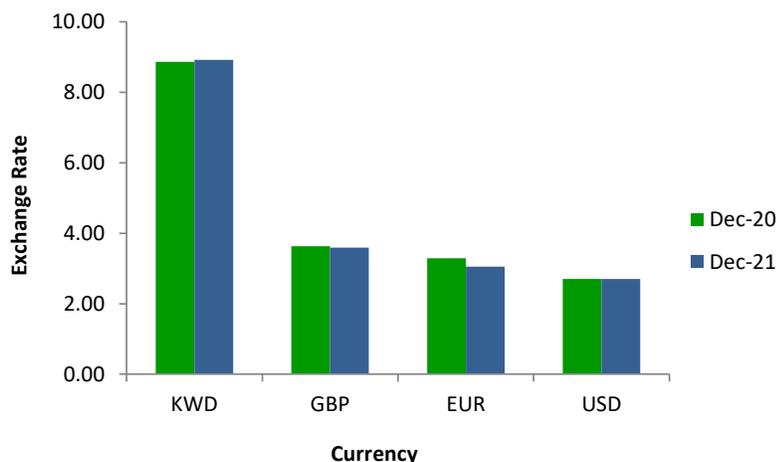


5.0 Risk Assessment of the Portfolio

5.1 Foreign Currency Risk

There was 0.7% appreciation of the Kuwaiti Dinar (KWD) against the Eastern Caribbean Dollar (XCD) during the 1-year period Q4 2020 to Q4 2021. The KWD only accounted for 1.6% of the external portfolio in Q4 2021, which renders the rate of appreciation insignificant. On the contrary, the XCD appreciated against the GBP and EUR by 1.1% and 7.3% respectively which is desirable (Chart 10).

Chart 10: Movement in Exchange Rates



5.2 Average Time to Maturity (ATM⁶) & Average Time to Re-fixing (ATR⁷)

A comparison of the ATM and ATR of both the domestic and external portfolios for the period under review, the previous quarter and Q4 2020 is shown in charts 11 and 12. The ATM of the external portfolio remained in line with the target of 8.0 years and above set out in the Medium-term Debt Management Strategy (MTDS). The ATM of the domestic portfolio was 6.7 years. It decreased from the previous quarter by 0.3 years but increased when compared to Q4 2020 by 0.6 years. The ATR of the external portfolio was 9.3 years, it decreased negligibly when compared to previous quarter and the same period in the previous year by 0.2 years and 0.1 years respectively. Of the domestic portfolio, ATR decreased when compared to Q3 2021 by 0.3 years but increased when compared to Q4 2020 by 0.6 years which is favorable. A higher ATR indicates that the interest rates of a smaller number of instruments will be reset in the near future. ATM and ATR are usually lower on domestic debt as most domestic instruments are short-termed.

⁶ ATM shows how long it takes on average to roll over or refinance the debt portfolio.

⁷ ATR indicates the average time required to reset the interest rate in the debt portfolio.

Chart 11: Average Time to Maturity (ATM) of Domestic & External Portfolio

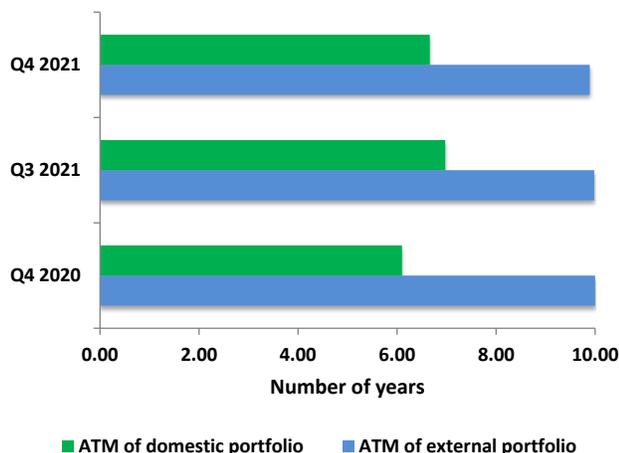
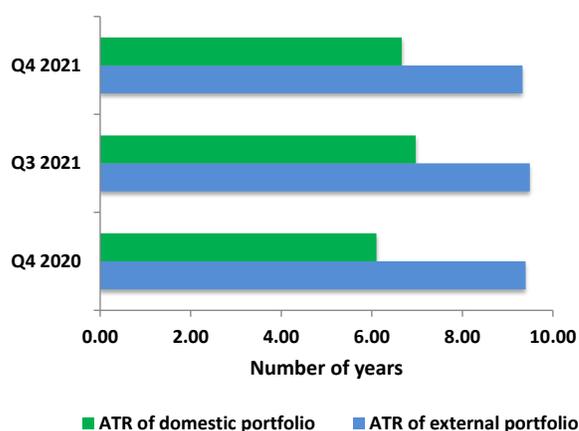


Chart 12: Average Time to Re-fixing (ATR) of Domestic & External Portfolios



6.0 Regional Governments' Securities Market (RGSM) Activities

Three (3) Treasury Bills were reissued in Q4 2021; a 91-day and two (2) 365-day Treasury Bills. Table 1 details the auctions and the bid-to-cover ratio⁸ of each.

Table 1: RGSM Auction Results (Q4 2021)

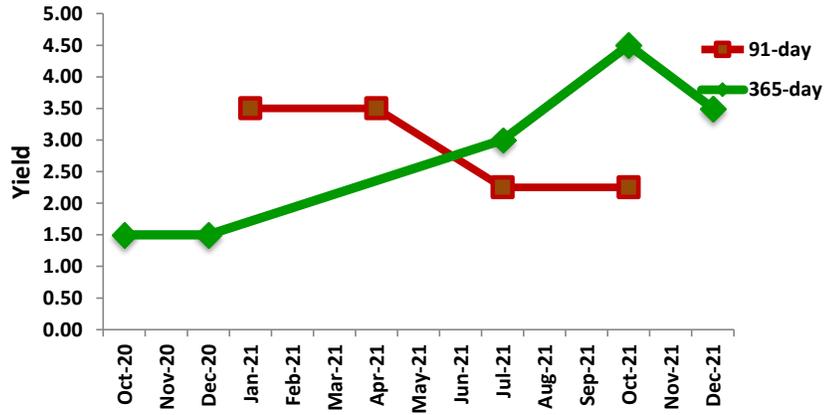
Instrument type	Issue amount	Oversubscription amount allowed	Total units offered	Total Competitive Bids received	Total Payment Due	Total Discount	Discount Rate (%)	Bid to Cover Ratio
<i>In millions of EC\$ unless otherwise stated</i>								
91-day T-bill	15.00	5.00	20.00	21.78	19.89	0.11	2.25	1.09
365 day T-bill	10.00	5.00	15.00	18.41	14.35	0.65	4.50	1.23
365 day T-bill	10.00	5.00	15.00	17.06	14.49	0.51	3.50	1.14
TOTAL	35.00	15.00	50.00	57.25	48.73	1.27		

6.1 Treasury Bills Auction Yields

Chart 13 depicts auction yields over the 1-year period Q4 2020 to Q4 2021. Interest rates on 91-day Treasury Bills in the final quarter of 2021 were lower than that of the final quarter of 2020 but the same as previous quarter. Interest rates on 365-day Treasury Bills however were lower in 2020 than in 2021 based on the competitiveness of bids during the auctions.

⁸ Bid-to-cover ratio is the ratio of the number of bids received in a Treasury security auction, to the number of bids accepted.

**Chart 13: Interest Rate fluctuations on Treasury Bills
(Q4 2020-Q4 2021)**



7.0 Government Guarantees

In December 2021, an SOE contracted a domestic GG loan in the amount of EC\$1.0 million. This is the only GG loan held by GoG since 2019.

Appendices

Appendix 1: Size of Public Debt

Debt Category	Q4 2020	Q3 2021	Q4 2021
<i>In millions of EC\$</i>			
External Debt	1,531.34	1,638.44	1,636.91
Domestic Debt (including Government guarantees)	457.14	466.06	464.71
Total	1,988.47	2,104.50	2,101.63

Appendix 2: External Debt by Creditor

Creditor Category	Q4 2020	Q3 2021	Q4 2021
<i>In millions of EC\$</i>			
Multilateral	987.83	1,058.40	1,060.81
Bilateral (Paris Club)	16.31	16.18	16.37
Bilateral (Non-Paris Club)	179.42	226.68	227.58
Commercial Bank	0.91	0.91	0.91
Sovereign Bond	284.48	270.22	255.96
Treasury bills	46.81	50.47	59.67
Treasury notes	15.59	15.59	15.59
Total	1,531.34	1,638.44	1,636.91

Appendix 3: External Debt by Currency Composition

Currency Composition	Q4 2020	Q3 2021	Q4 2021
<i>In millions of EC\$</i>			
United States Dollar	1,009.42	1,079.07	1,073.19
Special Drawing Rights	384.44	368.56	357.07
Kuwaiti Dinar	29.09	26.18	25.68
Great Britain Pound	3.75	3.69	3.71
Chinese Yuan	-	54.85	60.08
Euro	1.77	1.69	5.71
Eastern Caribbean Dollar	102.87	104.40	111.47
Total	1,531.34	1,638.44	1,636.91

Appendix 4: Disbursement by Creditor

Creditor	Q4 2020	Q3 2021	Q4 2021
<i>In millions of EC\$</i>			
Caribbean Development Bank	7.22	2.18	19.41
International Development Association	2.69	1.86	3.96
International Bank for Reconstruction & Development	1.15	0.00	0.25
International Fund for Agricultural Development	1.16	0.00	0.00
Organisation of Petroleum Exporting Countries	2.63	0.00	0.00
Exim Bank of the Republic of China	0.00	4.28	0.00
Total	14.84	8.32	23.62

Appendix 5: Domestic Debt by Instrument

Domestic Debt by Instrument	Q4 2020	Q3 2021	Q4 2021
<i>In millions of EC\$</i>			
Treasury Bills	85.21	106.55	107.38
Treasury Notes	41.18	41.21	41.21
Bonds	268.97	260.88	258.79
Loans	2.94	3.20	2.89
Other	58.85	54.22	53.44
Total	457.14	466.06	463.71

Appendix 6: Domestic Debt by Holder

Domestic Debt by Holder	Q4 2020	Q3 2021	Q4 2021
<i>In millions of EC\$</i>			
Commerical Banks	35.09	35.25	29.05
Non-Bank Financial Institutions	186.91	184.63	186.34
Other Public Sector Institutions	97.87	92.75	92.33
RGSM investors	39.14	60.48	62.79
Private	29.42	29.16	30.22
Other	68.71	63.80	62.99
Total	457.14	466.06	463.71

Appendix 7: Debt Service

Debt service	Actual Q4 2020	Budget Q4 2020	Actual Q3 2021	Budget Q3 2021	Actual Q4 2021	Budget Q4 2021
<i>In millions of EC\$</i>						
Total Debt Service	88.24	104.02	80.58	119.78	109.45	131.66
External Debt Service	41.86	51.81	16.22	17.31	44.11	52.87
<i>External Principal Repayments</i>	26.76	34.53	10.49	11.11	30.11	36.54
<i>External Interest Payments</i>	15.10	17.28	5.72	6.20	14.00	16.33
Domestic Debt Service	46.38	52.21	64.36	102.48	65.34	78.79
<i>Domestic Principal Repayments</i>	42.47	46.62	59.17	95.06	60.98	72.62
<i>Domestic Interest Payments</i>	3.91	5.59	5.19	7.42	4.36	6.17

APPENDICES 2 TO 7 REFLECT CENTRAL GOVERNMENT'S DEBT ONLY

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

Particulars	Dec-20	Sep-21	Dec-21	Qtrly change (%)	YTD change (%)
Total Public Debt (XCD)					
External Debt (including Government Guarantees)	1,531.34	1,638.44	1,636.91	-0.09	6.89
Domestic Debt (including Government Guarantees)	457.14	466.06	464.71	-0.29	1.66
Central Government's Debt (XCD)					
External Debt	1,531.34	1,638.44	1,636.91	-0.09	6.89
Domestic Debt	457.14	466.06	463.71	-0.50	1.44
Central Government's Debt to GDP (%)					
External Debt	54.36	55.00	54.95	-0.09	1.10
Domestic Debt	16.23	15.65	15.57	-0.50	-4.06
Other Debt*	372.14	372.14	372.14	0.00	0.00
Other Debt to GDP	13.21	12.49	12.49	0.00	-5.42
Government Guarantees					
External	0.00	0.00	0.00	0.00	0.00
Domestic	0.00	0.00	1.00	0.00	0.00
External debt by Creditor (XCD)					
Multilateral	987.83	1,058.40	1,060.81	0.23	7.39
Bilateral	195.73	242.86	243.96	0.45	24.64
Domestic instruments contracted from external creditors	62.40	66.06	75.26	13.94	20.62
Other	285.39	271.13	256.87	-5.26	-9.99
External Debt by Instrument (XCD)					
T-bills/ T-notes	62.40	66.06	75.26	13.94	20.62
Loans	1,184.47	1,302.17	1,305.68	0.27	10.23
Bonds	284.48	270.22	255.96	-5.28	-10.02
Domestic Debt by instrument (XCD)					
T-bills	85.21	106.55	107.38	0.78	26.02
T-Notes	41.18	41.21	41.21	0.00	0.09
Bonds	268.97	260.88	258.79	-0.80	-3.78
Loans	2.94	3.20	2.89	-9.79	-1.71
Other	58.85	54.22	53.44	-1.43	-9.18
Foreign Currency Risk (%)					
% of debt in USD	65.92	65.86	65.56	-0.45	-0.54
% of debt in XDR	25.10	22.49	21.81	-3.03	-13.11
% of debt in Kuwaiti Dinars	1.90	1.60	1.57	-1.82	-17.42
% of debt in GBP	0.24	0.23	0.23	0.64	-7.45
% of debt in Chinese Yuan	0.00	3.35	3.67	9.64	0.00
% of debt in EUR	1.77	1.69	0.35	-79.36	-80.29
% of debt in XCD	6.83	6.48	6.81	5.17	-0.34
% of foreign debt	77.01	77.85	77.92	0.09	1.19
Total Debt Service (XCD)					
External	41.86	16.22	44.11	171.99	5.39
Domestic	46.38	64.36	65.34	1.51	40.88
Principal	69.23	69.67	91.10	30.76	31.58
Interest	19.00	10.92	18.36	68.14	-3.41
Disbursements	14.84	8.32	23.62	183.94	59.10
Fiscal indicators (%)					
Total Debt Service to Revenue	40.08	32.17	38.77	20.53	-3.26
Total Debt Service to GDP	3.16	2.71	3.67	35.83	16.24
Interest to Revenue	8.55	4.36	6.50	49.17	-23.95
Interest to Expenditure	8.86	4.64	5.83	25.46	-34.21
Total Public Sector Debt (% of GDP)	70.58	70.65	70.55		

* Includes the debt obligations of Petro Caribe

N.B. FIGURES ARE SUBJECT TO CHANGE