



GOVERNMENT OF  
GRENADA

# PUBLIC DEBT QUARTERLY BULLETIN

QUARTER 3  
2018



# 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

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

USD- United States Dollar

XCD- Eastern Caribbean Dollar

XDR- Special Drawing Rights

# Table of Contents

1.0 Total Public Debt.....	1
2.0 Central Government debt.....	1
2.1 External Debt.....	2
2.1.1 External Debt by Creditor Category.....	2
2.1.2 External Debt by Interest Type.....	2
2.1.3 Currency Composition of External debt.....	2
2.2 Domestic Debt.....	3
2.2.1 Domestic Debt by Instrument.....	3
2.2.2 Domestic Debt by Holder.....	3
2.2.3 Domestic Debt by Interest type.....	3
3.0 Other debt.....	3
4.0 Disbursements.....	3
5.0 Debt Service.....	4
6.0 Risk Assessment of the Portfolio.....	4
6.1 Foreign Currency Risk.....	4
6.2 Average Time to Maturity (ATM).....	4
6.3 Average Time to Re-fixing (ATR).....	4
7.0 Regional Government Securities Market (RGSM) Activities.....	5
7.1 Treasury Bills Auction Yields.....	5
8.0 Government Guarantees.....	6
8.1 Guaranteed debt by Creditor type.....	6
Appendix.....	7
Debt Statistics Summary.....	9

## 1.0 Total Public Debt

Total public debt, which comprises Central Government’s debt and Public Corporations’ government guaranteed debt, stood at EC\$ 2,058.9 million or 63.7% of Gross Domestic Product (GDP<sup>1</sup>) at the end of the third quarter of 2018. There was a decrease in total public debt of EC\$ 179.1 million (8.0%) when compared to quarter 3 of 2017 and an increase of EC\$ 43.1 million (2.1%) when compared to the previous quarter. Domestic debt levels declined marginally during the period September 2017 to September 2018 with the exception of December 2017 when it rose above the previous quarter. External debt fluctuated during the period with an increase in the third quarter of 2018 when Government of Grenada (GOG) received new disbursements from a multilateral creditor. Total public debt comprised of 25.3% domestic debt and 74.7% external debt. Government guaranteed debt as a proportion of total public debt was 2.0%, of which domestic and external guaranteed debt were 0.3% and 1.7 % respectively (Charts 1 & 2).

Chart 1: Movement in Public Debt

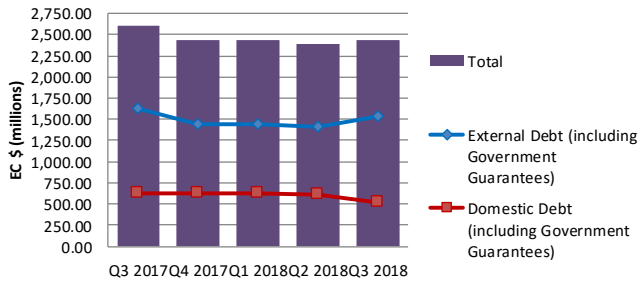
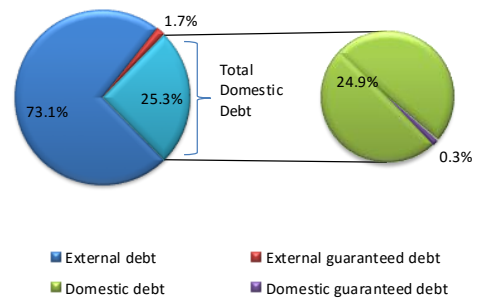


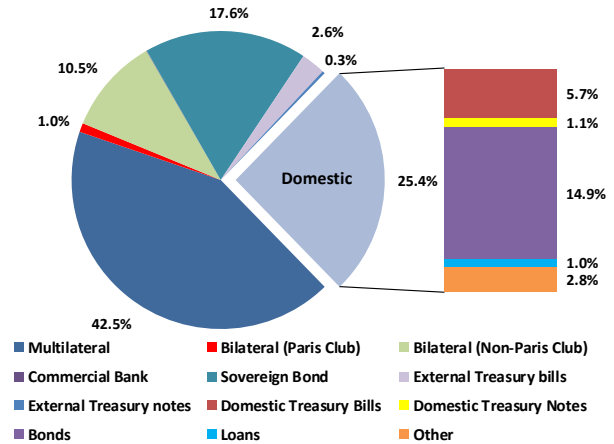
Chart 2: Composition of Public Debt



## 2.0 Central Government Debt

At the end of quarter 3, 2018 Central Government debt totaled EC\$ 2,017.7 million (62.4% of GDP) of which 25.4% was domestic debt and 74.6% was external debt (Chart 3).

Chart 3: Central Government debt



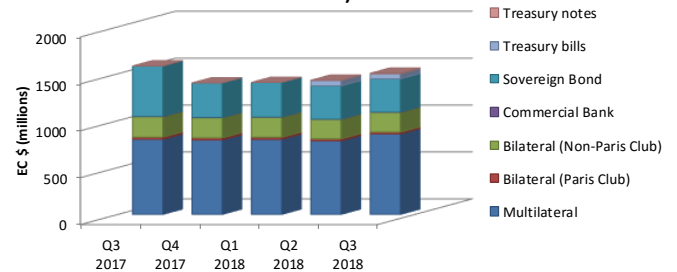
<sup>1</sup> GDP: Ministry of Finance 2018 projected Gross Domestic Product as at October 29<sup>th</sup>, 2018.

## 2.1 External Debt

### 2.1.1 External Debt by Creditor Category

At the end of the third quarter of 2018, external debt held by the Central Government amounted to EC\$ 1,504.3 million (46.6% of GDP). Multilaterals accounted for the largest portion. This was also the case at the end of September 2017 and the preceding quarter. At the end of September 2018, the composition of external Central Government debt was as follows: multilateral loans 57.0% (EC\$ 858.0m); International Sovereign Bond 23.6% (EC\$ 355.8m); bilateral Non-Paris Club loans 14.1% (EC\$ 211.4m), bilateral loans from Paris Club member countries 1.3% (EC\$ 19.5m); Treasury bills and Treasury notes 3.9% (EC\$ 58.7m) and commercial debt 0.1 % (EC\$ 0.9m) (Chart 4).

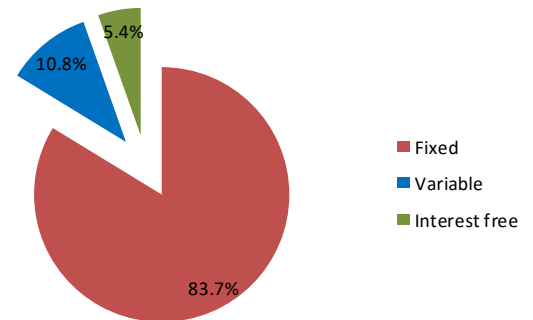
Chart 4: External Debt by Creditor Category (Q3 2017- Q3 2018)



### 2.1.2 External Debt by Interest Type

At the end of the third quarter of 2018, the external portfolio consisted primarily of loans contracted at fixed interest rates. These accounted for 83.7% of the portfolio. Loans contracted at variable interest rates and those contracted interest free, from the International Monetary Fund (IMF) and Libya, accounted for 10.8% and 5.4% of the portfolio respectively (Chart 5).

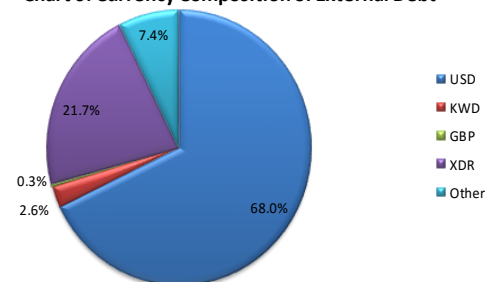
Chart 5: External Debt by Interest type



### 2.1.3 Currency Composition of External Debt

In the third quarter of 2018, USD loans accounted for 68.0% (US\$ 378.7m) of the external debt stock, the Special Drawing Rights (XDR) accounted for 21.7%, loans denominated in the Kuwaiti Dinars (KWD), Great Britain Pound (GBP) and other currencies<sup>2</sup>, accounted for 2.6%, 0.3% and 7.4% of the external portfolio respectively (Chart 6).

Chart 6: Currency Composition of External Debt



<sup>2</sup> Other currencies include the Eastern Caribbean dollar (XCD) & the Euro (EUR).

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

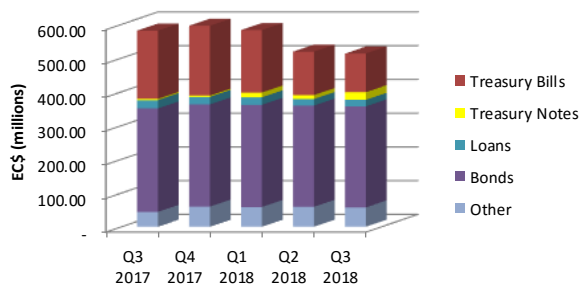
### 2.2.1 Domestic Debt by Instrument

Domestic debt stood at EC\$ 513.4 million (15.9% of GDP) at the end of September 2018. Bonds dominated the domestic portfolio, followed by treasury bills (Chart 7). This was also the case in the corresponding quarter in 2017 and the preceding quarter in 2018.

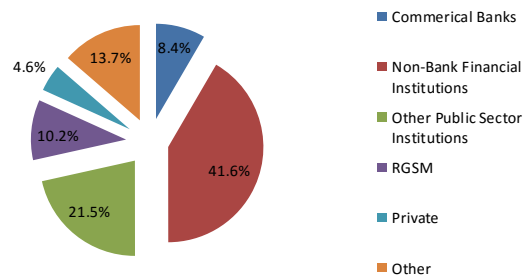
### 2.2.2 Domestic Debt by Holder

At the end of quarter 3 2018, non-bank financial Institutions remained the leading holders of domestic debt. They were followed by public sector institutions, other creditors<sup>4</sup>, investors in the Regional Government Securities Market (RGSM), commercial banks and private individuals and companies (Chart 8).

**Chart 7: Domestic debt by instrument (Q3 2017-Q3 2018)**



**Chart 8: Domestic Debt by Holder**



### 2.2.3 Domestic Debt by Interest type

All of GOG's domestic instruments have been contracted at fixed interest rates.

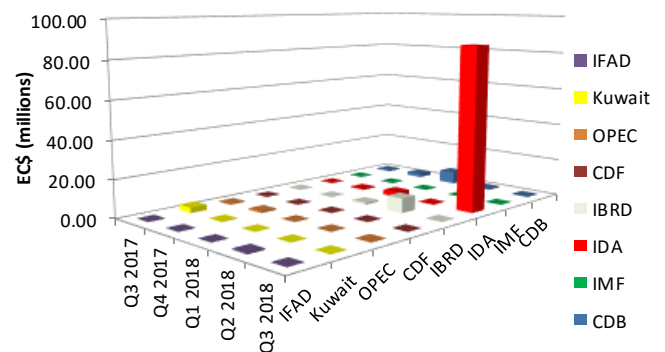
## 3.0 Other Debt

Other debt consists of the debt obligations of Petro Caribe. The decision was made to capture other debt as it is an implicit contingent liability to Government. In quarter 3 of 2018, other debt totaled EC\$ 372.1 million (11.5% of GDP). If included in public debt, the total debt stock figure would be EC\$ 2,431.0 million.

## 4.0 Disbursements

In the third quarter of 2018, total disbursements amounting to EC\$ 86.9 million were received from multilateral creditors. In the preceding quarter, disbursements amounted to EC\$9.3 million and in the third quarter of 2017 disbursements amounted to EC\$ 4.2 million (Chart 9). The high increase in disbursements came primarily from a new concessional loan contracted from the World Bank in June of 2018 for which a disbursement was received in the third quarter in the amount of EC\$ 81.0 million.

**Chart 9: Disbursement by Creditor**



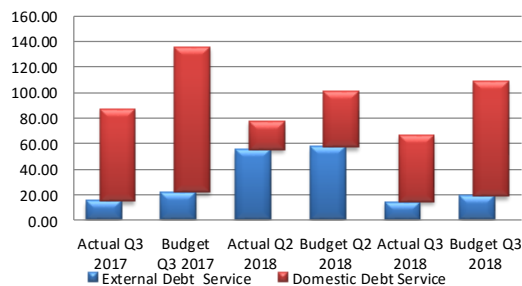
<sup>3</sup> Domestic debt refers to all debt contracted in XCD from domestic creditors.

<sup>4</sup> Other creditors includes outstanding liabilities and compensation claims.

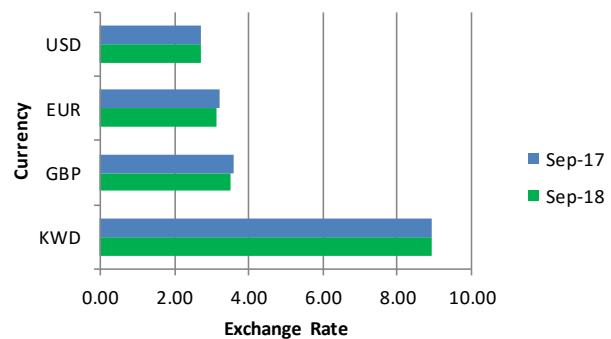
## 5.0 Debt Service

In the third quarter of 2018, total debt service payments amounted to EC\$ 66.8 million against a budgeted EC\$ 108.7 million. Principal repayments amounted to EC\$ 54.2 million, of which EC\$ 9.9 million was external amortisation and EC\$ 44.3 million domestic. Interest payments totaled EC\$ 12.5 million, of which external interest payments accounted for EC\$ 4.4 million and domestic payments EC\$ 8.1 million. Chart 10 compares debt service budgeted and actual payments in quarter 3 of 2018 with the corresponding period in 2017 and quarter 2 of 2018. Differences in budgeted and actual figures are due to exchange rate fluctuations and variations between actual and scheduled disbursements.

**Chart 10: Debt Service Q3 2017, Q2 2018 & Q3 2018**



**Chart 11: Movement in Exchange Rate**



## 6.0 Risk Assessment of the Portfolio

### 6.1 Foreign Currency Risk

The XCD appreciated against the GBP by 1.9% and the KWD by 0.4%. GBP only accounted for only 0.3 % of the external debt stock at the end of the third quarter, which rendered insignificant, the impact of the rate of appreciation of the XCD against the GBP (Chart 11).

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

The ATM of the external portfolio as at end September 2018 was 9.8 years, which is in line with GOG's target ATM of 8 years and above. When compared to the corresponding quarter in 2017 and the previous quarter in 2018 the ATM increased by 2.3 years and 1.5 years respectively (Chart 12). The ATM of the domestic portfolio was 7.1 years in the third quarter. When compared to the previous quarter the ATM remained the same but when compared to the third quarter of 2017 the ATM of the domestic portfolio increased by 0.3 years.

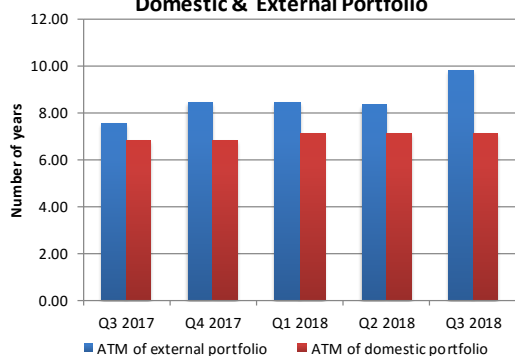
### 6.3 Average Time to Re-fixing (ATR<sup>6</sup>)

The ATR of the external portfolio as at September 30th, 2018 was 9.2 years. When compared to the preceding quarter and the corresponding quarter in 2017 the ATR increased by 2.3 years and 1.5 years respectively (Chart 13). This increase indicates that a smaller number of instruments will have their interest rates reset in the near future. It comes as a result of new borrowing with longer terms to maturity. The ATR of the domestic portfolio was 7.1 years. There was no change in ATR of the domestic portfolio between quarters 2 and 3 of 2018 but when compared to quarter 3 of 2017 the ATR of the domestic portfolio increased by 0.3 years.

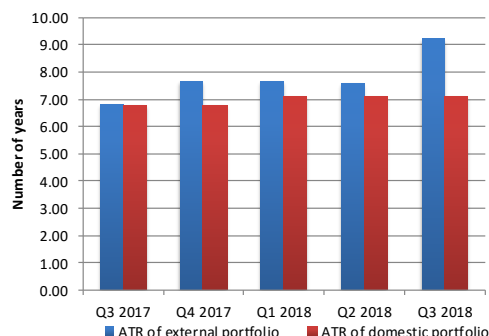
<sup>5</sup> ATM shows how long it takes on average to rollover or refinance the debt portfolio.

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

**Chart 12: Average Time to Maturity ATM (years) of Domestic & External Portfolio**



**Chart 13: Average Time to Re-fixing ATR (years) of Domestic & External Portfolio**



## 7.0 Regional Government Securities Market (RGSM) Activities

In the third quarter of 2018 two (2) Treasury bills were re-issued. Table 1 shows details on these Treasury bills and the bid-to-cover ratio<sup>7</sup> of each. Both issues were oversubscribed.

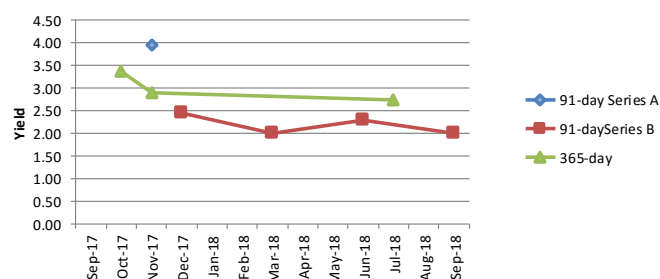
**Table 1: RGSM Auction Results (Q3 2018)**

Instrument	Total Units offered	Total Competitive Bids received	Total Payment Due	Total Discount	Discount Rate (%)	Bid to Cover Ratio
<i>Instrument</i>						
365-day T-bill	25.00	38.94	24.33	0.67	2.75	1.56
91-day T-bill (series B)	15.00	30.48	14.93	0.07	1.99	2.03
<b>TOTAL</b>	<b>40.00</b>	<b>69.42</b>	<b>39.26</b>	<b>0.74</b>		

### 7.1 Treasury Bills Auction Yields

Chart 14 shows interest rates on GOG's Treasury bills from September 2017 to September 2018. In November 2017 the final Series A<sup>8</sup> Treasury bill was issued. Series A issues have been discontinued in keeping in line with GOG's Medium Term Debt Management Strategy (MTDS). Series B<sup>9</sup> rates, on the other hand, fluctuated during the period whereas rates on 365-day treasury bills declined due to the competitiveness of the bids made by investors in these securities.

**Chart 14: Interest Rate fluctuations on Treasury Bills (Q3 2017-Q3 2018)**



<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.

<sup>8</sup> Series A treasury bills are valued at EC\$ 10.0 million.

<sup>9</sup> Series B treasury bills are valued at EC\$ 15.0 million.



## 8.0 Government Guarantees

In Quarter 3 of 2018, total outstanding Government guarantees was EC\$ 41.2 million (1.3% of GDP). When compared to the third quarter of 2017 and the previous quarter in 2018, the stock of guaranteed debt decreased by 45.8% and 38.6% respectively. There were no new issues of Government guaranteed debt in the third quarter of 2018.

### 8.1 Guaranteed Debt by Creditor Type

In quarter 3 of 2018, debt contracted from commercial banks accounted for the largest portion of Government's guaranteed debt (81.9%). They were followed by debt contracted from social security (16.9%) and loans from multilateral creditors (1.2%) (Table 2).

**Table 2: Guaranteed Debt by Creditor Type as at Q3 2018**

<b>Creditor</b>	<b>Sep-17</b>	<b>Jun-18</b>	<b>Sep-18</b>	<b>% Qtrly change</b>	<b>% YTD change</b>
<i>In millions of EC\$</i>					
Multilateral	1.94	0.78	0.49	-37.48	-74.92
Commercial	35.69	33.74	33.74	0.00	-5.45
Social Security	38.40	32.63	6.98	-78.62	-81.83
Statutory body	0.01	0.00	0.00	0.00	-100.00
<b>Total</b>	<b>76.04</b>	<b>67.16</b>	<b>41.21</b>	<b>-38.64</b>	<b>-45.81</b>

## Appendix

### Appendix 1: Size of Public Debt

Debt Category	Q3 2017	Q2 2018	Q3 2018
<i>In millions of EC\$</i>			
External Debt (including Government Guarantees)	1,619.19	1,405.04	1,538.51
Domestic Debt (including Government Guarantees)	618.76	610.79	520.37
<b>Total</b>	<b>2,237.95</b>	<b>2,015.83</b>	<b>2,058.89</b>

### Appendix 2: External Debt by Creditor

Creditor Category	Q3 2017	Q2 2018	Q3 2018
<i>In millions of EC\$</i>			
Multilateral	800.75	784.39	857.98
Bilateral (Paris Club)	22.92	20.58	19.53
Bilateral (Non-Paris Club)	218.29	208.87	211.37
Commercial Bank	0.91	0.91	0.91
Sovereign Bond	539.56	355.76	355.76
Treasury bills	0.00	56.98	52.85
Treasury notes	0.00	2.25	5.87
<b>Total</b>	<b>1582.43</b>	<b>1429.75</b>	<b>1504.28</b>

### Appendix 3: External Debt by currency composition

Currency Composition	Q3 2017	Q2 2018	Q3 2018	% share of External Debt	
				Q3 2018	MTDS Target
<i>In millions of EC\$</i>					
USD	1097.03	958.94	1022.62	67.98	≥75%
XDR	340.79	313.22	326.66	21.72	≤25%
KWD	42.75	39.88	38.50	2.56	
GBP	5.40	4.91	4.46	0.30	
Other	96.46	112.80	112.04	7.45	
<b>Total</b>	<b>1,582.43</b>	<b>1,429.75</b>	<b>1,504.28</b>		

### Appendix 4: Disbursement by Creditor

Creditor	Q3 2017	Q2 2018	Q3 2018
<i>In millions of EC\$</i>			
CDB	0.67	0.73	0.32
IDA	0.07	0.15	86.21
IBRD	0.04	7.72	0.16
IFAD	0.17	0.68	0.00
IMF	0.00	0.00	0.00
OPEC	0.40	0.00	0.17
Kuwait	2.84	0.00	0.00
CDF	0.00	0.00	0.00
<b>Total</b>	<b>4.19</b>	<b>9.27</b>	<b>86.86</b>

**Appendix 5: Domestic Debt by Instrument**

Domestic Debt by Instrument	Q3 2017	Q2 2018	Q3 2018
<i>In millions of EC\$</i>			
Treasury Bills	202.23	128.65	114.40
Treasury Notes	4.00	11.75	22.61
Bonds	306.68	299.88	299.70
Loans	24.36	19.40	19.36
Other	44.18	59.25	57.33
<b>Total</b>	<b>581.45</b>	<b>518.93</b>	<b>513.40</b>

**Appendix 6: Domestic Debt by Holder**

Domestic Debt by Holder	Q3 2017	Q2 2018	Q3 2018
<i>In millions of EC\$</i>			
Commerical Banks	43.78	43.16	43.16
Non-Bank Financial Institutions	226.81	216.28	213.45
Other Public Sector Institutions	110.60	110.60	110.60
RGSM	88.03	55.42	52.58
Private	56.23	22.95	23.50
Other	56.00	70.51	70.11
<b>Total</b>	<b>581.45</b>	<b>518.93</b>	<b>513.40</b>

**Appendix 7: Debt Service**

	Actual Q3 2017	Budget Q3 2017	Actual Q2 2018	Budget Q2 2018	Actual Q3 2018	Budget Q3 2018
<i>In millions of EC\$</i>						
<b>Total Debt Service</b>	<b>87.03</b>	<b>135.21</b>	<b>77.53</b>	<b>100.45</b>	<b>66.76</b>	<b>108.68</b>
<b>External Debt Service</b>	<b>15.12</b>	<b>21.82</b>	<b>55.39</b>	<b>57.02</b>	<b>14.30</b>	<b>18.72</b>
<i>Principal Repayments</i>	10.74	16.81	36.94	37.74	9.88	13.79
<i>Interest Payments</i>	4.39	5.01	18.45	19.28	4.41	4.94
<b>Domestic Debt Service</b>	<b>71.90</b>	<b>113.39</b>	<b>22.13</b>	<b>43.44</b>	<b>52.46</b>	<b>89.95</b>
<i>Principal Repayments</i>	64.24	105.32	19.49	39.01	44.33	82.02
<i>Interest Payments</i>	7.67	8.07	2.64	4.42	8.13	7.93

**Appendix 8: Risk Indicators**

Risk Indicators (years)	Q3 2017	Q2 2018	Q3 2018	MTDS Target
ATM of external portfolio	7.55	8.34	9.80	<b>&gt;= 8 yrs</b>
ATR of external portfolio	6.84	7.58	9.20	-
ATM of domestic portfolio	6.80	7.10	7.10	-
ATR of domestic portfolio	6.80	7.10	7.10	-

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

Particulars	Sep-17	Jun-18	Sep-18	Qtrly change (%)	YTD change (%)
<b>Total Public Debt (XCD)</b>					
External Debt (including Government Guarantees)	1,619.19	1,405.04	1,538.51	9.50	-4.98
Domestic Debt (including Government Guarantees)	618.76	610.79	520.37	-14.80	-15.90
<b>Total Public Debt to GDP (%)</b>					
External Debt to GDP	53.90	44.19	47.63	7.79	-11.63
Domestic Debt to GDP	20.60	19.21	16.11	-16.14	-21.79
<b>Central Government Debt (XCD)</b>					
External Debt	1,582.43	1,429.75	1,504.28	5.21	-4.94
Domestic Debt	581.45	518.93	513.40	-1.07	-11.70
<b>Central Government Debt to GDP (%)</b>					
External Debt	52.68	44.97	46.57	3.57	-11.59
Domestic Debt	19.36	16.32	15.89	-2.61	-17.88
<b>Other Debt</b>	370.13	372.14	372.14	0.00	0.54
<b>Other Debt to GDP</b>	12.32	11.70	11.52	-1.56	-6.49
<b>Government Guarantees</b>					
External	36.75	34.52	34.23	-0.84	-6.85
Domestic	37.31	32.63	6.98	-78.62	-81.30
<b>External debt by Creditor</b>					
Multilateral	800.75	784.39	857.98	9.38	7.15
Bilateral	241.21	229.45	230.90	0.63	-4.27
Domestic	0.00	59.23	58.72	-0.86	0.00
Other	540.47	356.67	356.67	0.00	-34.01
<b>External Debt by Instrument</b>					
T-bills/ T-notes	-	59.23	58.72	-0.86	0.00
Loans	1,042.87	1,014.75	1,089.79	7.39	4.50
Bonds	539.56	355.76	355.76	0.00	-34.06
<b>Domestic Debt by instrument</b>					
T-bills	202.23	128.65	114.40	-11.08	-43.43
T-Notes	4.00	11.75	22.61	92.43	465.25
Bonds	306.68	299.88	299.70	-0.06	-2.28
Loans	24.36	19.40	19.36	-0.18	-20.54
Other	44.18	59.25	57.33	-3.24	29.76
<b>Foreign Currency Risk (%)</b>					
% of debt in USD	69.33	67.07	67.98	1.36	-1.95
% of debt in XDR	21.54	21.91	21.72	-0.89	0.81
% of debt in Kuwaiti Dinars	2.7	2.79	2.56	-8.27	-5.21
% of debt in GBP	0.34	0.34	0.30	-12.80	-12.80
% of debt in other currency	6.09	7.89	7.45	-5.60	22.30
% of foreign debt	73.13	73.37	74.56	1.61	1.95
<b>Total Debt Service</b>					
External	15.12	55.39	14.30	-74.19	-5.48
Domestic	71.90	22.13	52.46	137.05	-27.04
Principal	74.98	56.43	54.21	-3.93	-27.69
Interest	12.05	21.10	12.55	-40.54	4.08
<b>Disbursements</b>	4.19	9.27	86.86	836.96	1973.04
<b>Fiscal indicators</b>					
Total Debt Service to Revenue	46.34	38.98	32.02	-17.86	-30.91
Total Debt Service to GDP	2.90	2.44	2.07	-15.24	-28.66
Interest to Revenue	6.42	10.61	6.02	-43.27	-6.25
Interest to Expenditure	7.17	12.49	7.58	-39.28	5.72
<b>Total Public Sector Debt (% of GDP)</b>	<b>163.74</b>	<b>63.40</b>	<b>63.74</b>		

N.B. FIGURES ARE SUBJECT TO CHANGE