

Government of St. Vincent and the Grenadines



1st Quarter Debt Bulletin March 31, 2023

1.0 Introduction

The purpose of this Bulletin is to provide timely and transparent information to the general public and other key stakeholders as to the performance of the Government's public debt management operations for the 1st Quarter ended March 31, 2023.

The Bulletin provides a summary of the country's total public debt position as at March 31, 2023 with comparative analysis to previous quarters. It further analyzes information on the central government debt stock: - by residency, creditor type, currency, instruments, interest rates and residual maturity. Debt flows in terms of principal and interest payments and other debt indicators such as debt ratios and other key risk indicators are also stated.

The Government of St. Vincent and the Grenadines has also maintained its B3 rating on its Credit Analysis Report for 2022 issued by Moody's Investor Services¹.

In summary, the Government undertakes its debt management operations to achieve the following objective:

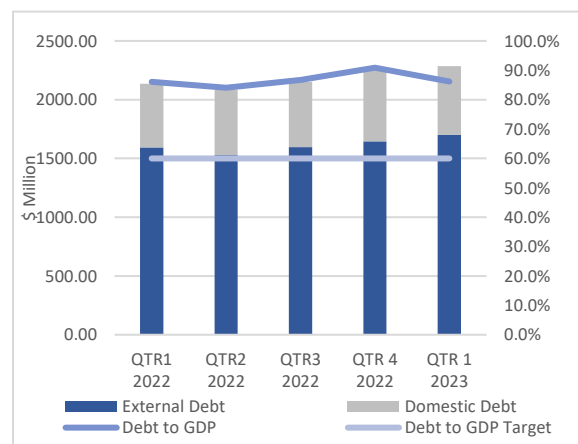
"To satisfy the financing needs of the public sector at minimum cost over the medium to long-term, in a prudent and sustainable manner thereby, limiting the exchange rate risk and promote the development of an efficient functioning money and capital market in the Eastern Caribbean Currency Union".

¹ <https://finance.yahoo.com/news/st-vincent-grenadines-govt-moodys->

2.0 Total Public Debt

Preliminary data shows that total public debt as at March 31, 2023 stood at \$2.284 billion or 86.1 percent of GDP², comprised of \$2.246 billion in Central Government debt and \$38.2 million in Public Corporation debt, representing 84.7 percent and 1.4 percent of GDP respectively. Total public debt marginally increased by 1.7 percent over year end (2022) and by 12.8 percent over the corresponding Qtr 1, 2022 as shown in chart 1, driven primarily by the growth in the external central government debt portfolio. The debt to GDP ratio decreased from 90.9 percent in QTR1 2022 to 86.1 percent in QTR1 2023 due to a 6.2 growth in nominal GDP, despite the rise in the level of disbursed outstanding debt.

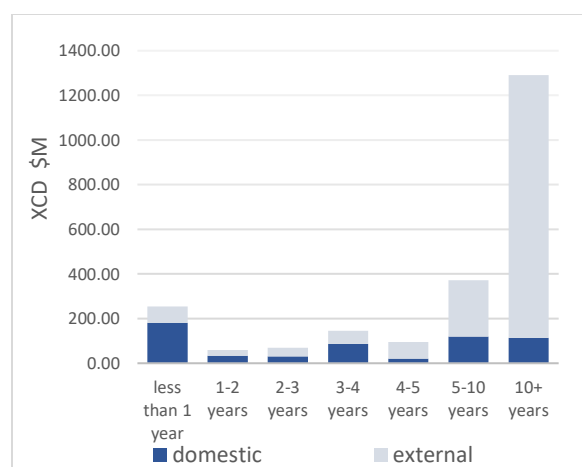
Chart 1: Total debt to GDP



Source: DMU, Ministry of Finance

² Preliminary 2023 Medium term Economic and Fiscal outlook GDP is \$2652.8 million as at QTR 1 2023

Chart 2: Total Debt by Remaining Maturity



Source: DMU, Ministry of Finance

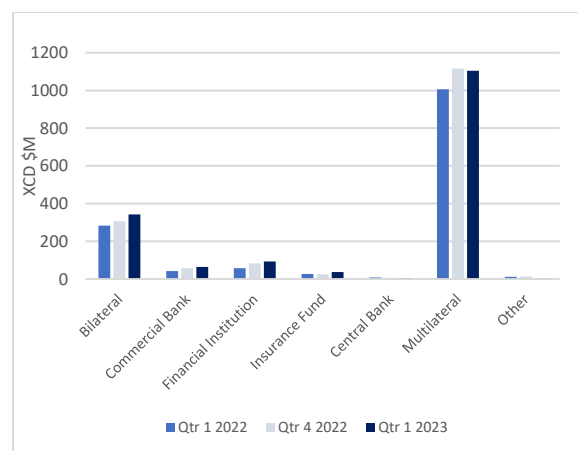
As depicted in chart 2 above, 56.4 percent of total debt is due to mature in over 10 years, 17.9 percent between 5 to 10 years with 11.6 percent of the debt being due in less than one year.

Instruments of less than 1 year within the domestic debt portfolio continue to comprise the largest proportion of debt due to mature in the short-term. Whereas, maturities falling due in the medium to long-term is concentrated in external debt.

2.0 External Debt

Total external debt stood at \$1.698 billion (64.0 percent of GDP, see chart 1). Central government debt increased by 3.3 percent to 1.686 billion while public corporation debt decreased by 6.9 percent to 12.6 million when compared with year end 2022. Multilateral creditors accounted for 65.0 percent of total external debt whereas bilateral creditors accounted for 20.2 percent.

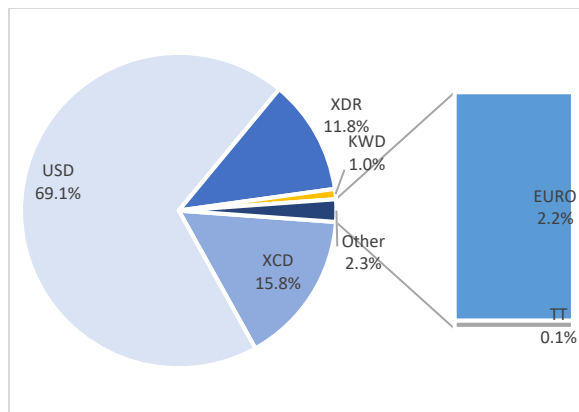
Chart 3: External debt by Creditor Category



Source: DMU, Ministry of Finance

The United States dollar (USD) is the dominant currency in the portfolio with 69.1 percent of all external debt being denominated in this currency. Other major currencies in the portfolio are the SDR and the XCD representing 11.8 and 15.8 percent of the outstanding debt. The remaining currencies; the Kuwait Dinars, Euro and TT dollars cumulatively represent 3.3 percent. Added together, with the Special Drawing Rights (SDR) currency, they accounted for 15.1 percent which is a proxy for the level of foreign currency (exchange rate) risk exposure in the total debt portfolio.

Figure 4: External Debt by Currency

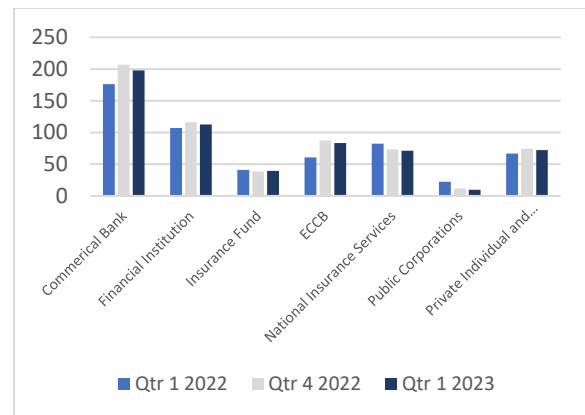


Source: DMU, Ministry of Finance

3.0 Domestic Debt

Total domestic debt stood at \$586.2 million (22.1 percent of GDP, chart 1) and increase of 5.4 percent from year end 2022. All domestic debt is denominated in Eastern Caribbean dollars. Commercial banks comprised the largest creditor category (33.8 percent); followed by Financial Institutions (19.2 percent); ECCB (14.2 percent); NIS (12.1 percent); Private individuals and businesses (12.3 percent); Life Insurance Companies (6.7 percent) and Public Corporations (1.6 percent).

Figure 5: Domestic Debt by Creditor

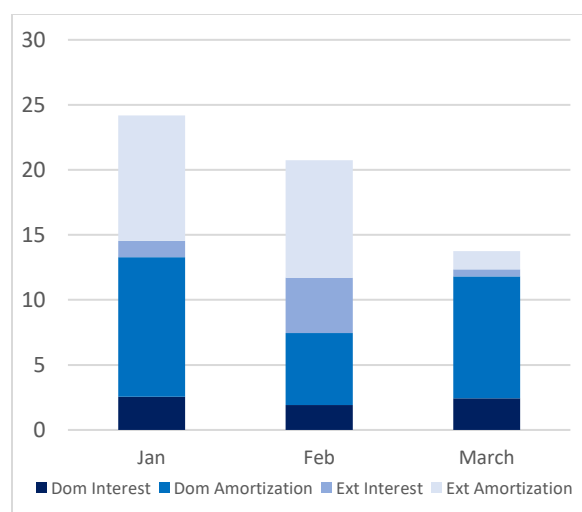


Source: DMU, Ministry of Finance

4.0 Total Debt Service

Central Government debt service amounted to \$58.7 million, which represented 37.3 percent of current revenue and 34.7 percent of current expenditure. External and domestic debt service represented \$26.1 million and \$32.5 million of total respectively. Total interest payments was \$13.0 million and total amortization was \$45.7 million respectively. Debt servicing for each of the months in the quarter: - January, February and March represented 41.2 percent, 35.3 percent and 23.4 percent respectively of the total debt servicing for the quarter under review.

Figure 6: Debt Servicing by Month

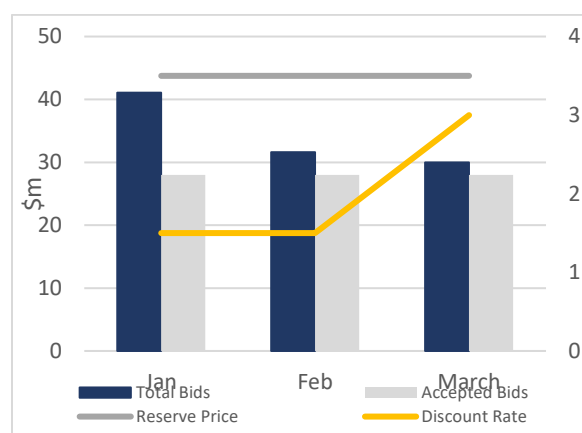


Source: DMU, Ministry of Finance

5.0 Treasury Bill Performance for the Quarter

An amount of \$84.0 million (\$28 M re-issuance monthly) was issued during the quarter. The average discount (interest rate) achieved was 2.0 percent (versus the ceiling benchmark of 3.5 percent) with an average bid to cover ratio of 1.2.

Figure 7: Treasury Bill Performance by Month



Source: DMU, Ministry of Finance

6.0 Loans and Securities Disbursed

A total of \$37.99 million was disbursed in loans;

- \$27.0 million from EXIM
- \$2.5 million from NIS
- \$4.0 million from CDB
- \$2.6 million from IDA
- \$0.751 million from OPEC Fund for International Development.
- \$0.06 million from Kuwait

Bonds and notes issued during the period was \$25.4 million. A line of credit totaling US \$2.2 million was secured from the Demerara Bank of Guyana to finance the construction of pre-fabricated timber houses.

7.0 Guaranteed Debt

Government Guaranteed debt outstanding totaled \$38.2 million. The largest of which are:

National Student Loan Company - \$20.9 million;
 BOSVG - \$12.3 million;
 National Lotteries - \$2.2 million; and
 SVG Postal Corporation (overdraft): \$1.2 million