

*Government of St. Vincent and the Grenadines*



*2<sup>nd</sup> Quarter Debt Bulletin June 30, 2024*

## 2.0 Total Public Debt

### 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 2<sup>nd</sup> Quarter ended June 30, 2024.

The Bulletin provides a summary overview of the country's total public debt position as at June 30, 2024 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; 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 2023 issued by Moody's Investor Services<sup>1</sup>.

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”.*

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<sup>1</sup>[https://finance.gov.vc/finance/images/PDF/Credit\\_Analysis\\_for\\_St\\_Vincent\\_18Apr2023.pdf](https://finance.gov.vc/finance/images/PDF/Credit_Analysis_for_St_Vincent_18Apr2023.pdf)

Preliminary total public debt as at June 30, 2024 stood at \$2.756 billion 96.0 percent of GDP<sup>2</sup>, comprised of \$2.705 billion in Central Government debt and \$51.4 million in Public Corporation debt, representing 94.2 percent and 1.8 percent of GDP respectively. Total public debt marginally increased by 2.8 percent over Qtr 1 and by 13.5 percent over the corresponding Qtr 2, 2023. Central Government debt stock increased by 2.8 percent while Government Guaranteed debt decreased by 3.0 percent. External debt increased by 3.4 percent to \$1.955 billion while domestic debt increased by 1.4 percent to \$801.0 million.

The debt continues to be driven primarily by the growth in the external central government component of stemming from disbursements on new and existing loans.

The portfolio has an average time to maturity (ATM) of 8.47 years and an average time to re-fixing (ATR) of 7.88 years. Twenty-six (26.0) percent of the debt is concentrated in instruments with a remaining maturity of 4 years or less with the remaining 73.9 percent being longer term instruments of at least 5 years. 15.9 percent or \$438.3 million<sup>3</sup> of the total debt is maturing in one year or less.

Fixed rate and floating rate debt accounted for 78.0 and 13.0 percent respectively. Discount rate

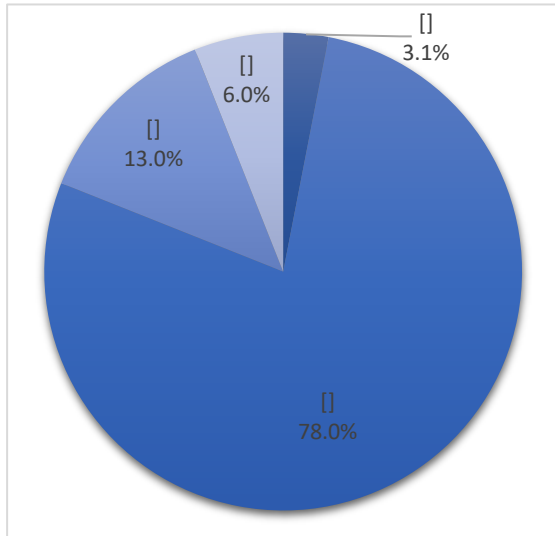
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<sup>2</sup> Preliminary 2023 Medium term Economic and Fiscal outlook GDP is \$2870.2 million

<sup>3</sup> This includes the Overdraft Facility, Insurance Deposits, Treasury Bills and Accounts Payables

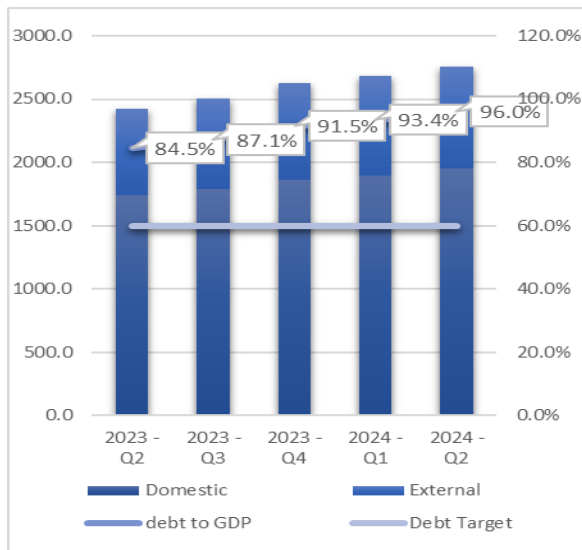
debt (treasury bills) accounted for 3.1 percent, while interest free debt (IMF loans, accounts payables and LIAT loans) accounted for 6.0 percent.

**Chart 1 Total debt by Interest Rate Type**



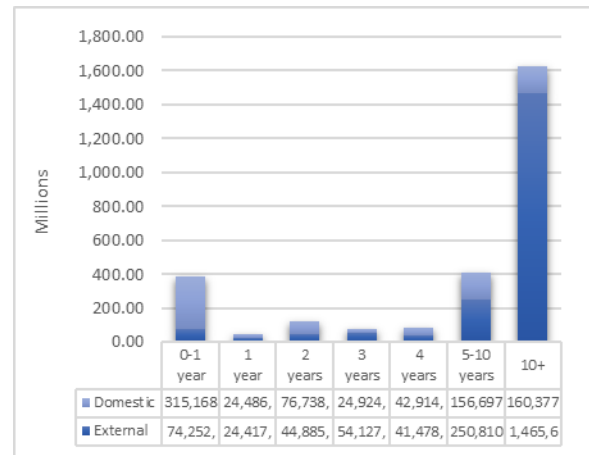
Source: CIDMU, Ministry of Finance

**Chart 2: Total debt to GDP**



Source: CIDMU, Ministry of Finance

**Chart 3: Total Debt by Remaining Maturity**

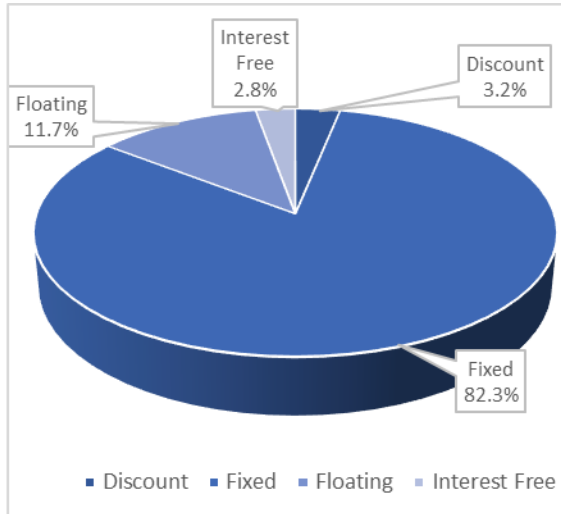


Source: CIDMU, Ministry of Finance

As depicted in chart 2 above, 59.2 percent of total debt is due to mature in over 10 years, 14.7 percent in 5 to 10 years with 15.9 percent of the debt being due in less than one year.

Short-term domestic debt continues to comprise the largest proportion of debt due to mature, (39.5) percent of total domestic debt is due to mature in less than one year, of which the overdraft facility accounts for 21.0 percent, treasury bills 10.5 percent and accounts payables 8.0 percent. Whereas, maturities falling due in the medium to long-term range is concentrated in external concessional debt.

**Figure 3: Total debt by Interest Rate Type**

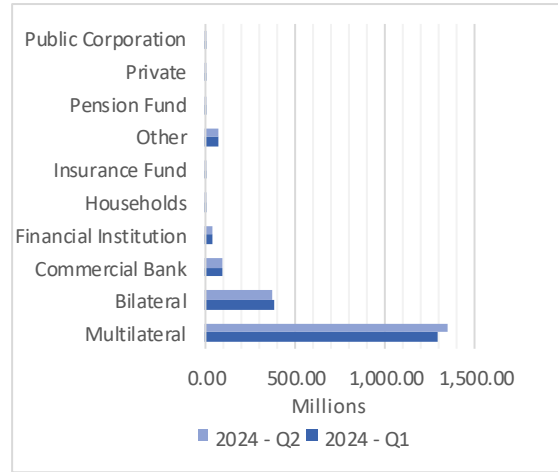


Source: DMU, Ministry of Finance

**2.0 External Debt**

Total external debt stood at \$1.955 billion (68.1 percent of GDP, see chart 1), which increased by 3.4 percent when compared with \$1.891 billion (revised) in Qtr 1, 2024. Central Government debt increased by 3.4 percent to \$1.945 billion while public corporation debt decreased by 4.6 percent to 10.2 million when compared to Qtr 1 2024. Multilateral creditors’ share of debt increased from 68.5 percent to 69.4 percent. Debt owed to bilateral creditors decreased from 20.1 percent to 19.2 percent.

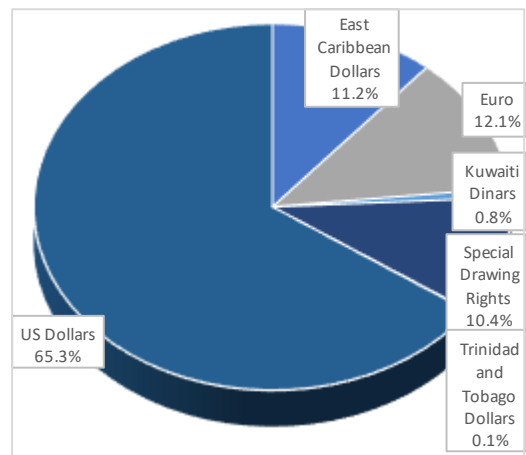
**Chart 3: External debt by Creditor Category**



Source: CDIMU, Ministry of Finance

The United States dollar (USD) is the dominant currency in the portfolio with 65.3 percent of all external debt being denominated in this currency. Other major currencies are the Euro, XCD and SDR representing 12.1 percent, 11.2 percent and 10.4 percent respectively. The remaining currencies in the portfolio are: the Kuwait Dinars and the TT dollars cumulatively represent 0.9 percent.

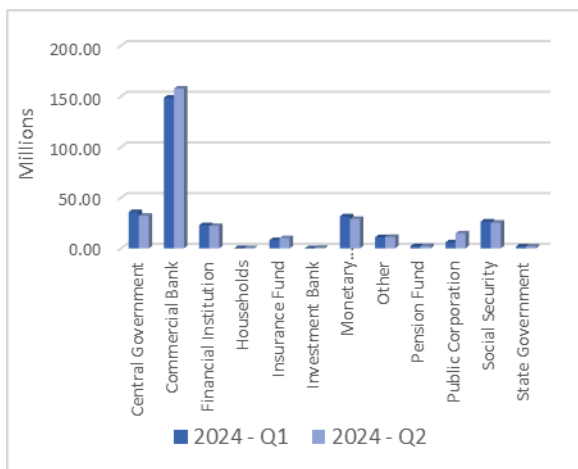
**Figure 4: External Debt by Currency**



### 3.0 Domestic Debt

The preliminary figure for total domestic debt stood at \$801.0 million (27.9 percent of GDP, chart 1) an increase of 1.4 percent from QTR1 2024. Central Government debt increased by 1.2 percent from \$751.0 million to \$760.1 million. Public Corporation debt increased by 5.1 percent from \$39.2 million (Qtr 1 2024) to \$41.2 million (Qtr 2 2024). The domestic debt is denominated in Eastern Caribbean dollars (98.5 percent) and USD dollars (1.5 percent). The interest rate composition of this portfolio is fixed rate debt (76.7 percent), interest free debt (21.0 percent) and discounted instruments (2.3 percent). A further disaggregation shows that domestic debt is primarily concentrated in debt owed to Commercial Banks (51.3 percent), followed by debt owed to private individuals 10.5 percent, Monetary Authority; the ECCB 9.5 percent and Social Security 8.2 percent.

Figure 5: Domestic Debt by Creditor

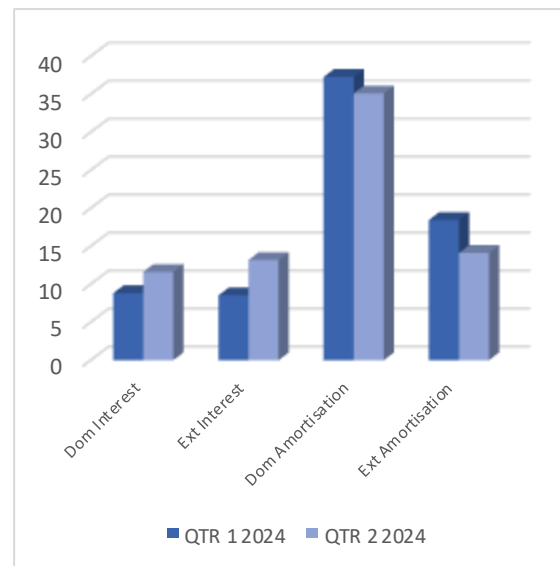


Source: DMU, Ministry of Finance

### 4.0 Total Debt Service

Central Government debt service amounted to \$74.0 million from \$73.1 million in Qtr 1 2024, an increase of 1.2 percent. External and domestic debt service represented \$27.3 million and \$46.7 million of total respectively. Interest payments amounted to \$24.8 million and amortization was \$49.2 million.

Figure 6: Debt Servicing by QTR

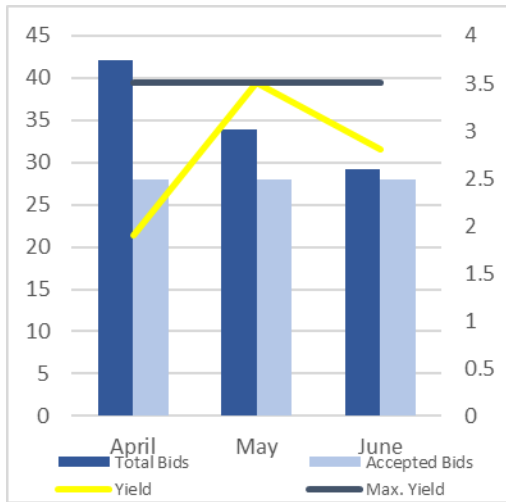


Source: DMU, Ministry of Finance

### 5.0 Treasury Bill Performance for the Quarter

An amount of \$84.0 million (\$28m re-issued/rollover monthly) was raised during the quarter. The average discount (interest rate) achieved was 2.7 percent (versus the ceiling benchmark of 3.5 percent) with an average bid to cover ratio of 1.3:1.

**Figure 7: Treasury Bill Performance by Month**



Source: DMU, Ministry of Finance

**6.0 Loans and Securities Disbursements**

A total of \$76.6 million was disbursed in external loans;

- \$54.1 million from CDB
- \$21.2 million from IDA
- \$0.47 million from Kuwait
- \$0.82 million from Demerara

Bonds and notes issued during the quarter amounted to \$45.2 million.

**7.0 Guaranteed Debt**

Total Guaranteed debt amounted to \$51.4 million, up from \$41.7 million in Qtr 1, representing an increase of 23.2 percent.

During the period two (2) domestic government guaranteed bonds were added to the portfolio totaling \$10.5 million. The value of domestic and external guaranteed debt amounted to \$41.2 and \$10.1 million respectively.