

Government of St. Vincent and the Grenadines



1st Quarter Debt Bulletin March 31, 2024

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, 2024.

The Bulletin summarizes an overview of the country’s total public debt position as at March 31, 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 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”.

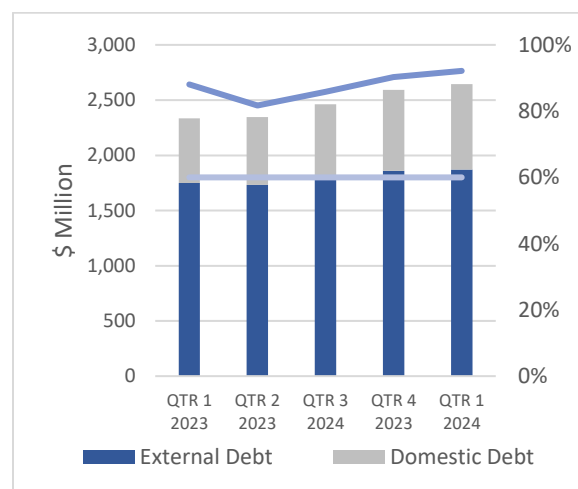
¹https://finance.gov.vc/finance/images/PDF/Credit_Analysis_for_St_Vincent_18Apr2023.pdf

2.0 Total Public Debt

Preliminary data indicates that the total public debt as at March 31, 2024 stood at \$2.633 billion 91.8 percent of GDP², comprised of \$2.592 billion in Central Government debt and \$41.7 million in Public Corporation debt, representing 90.3 percent and 1.5 percent of GDP respectively.

Total public debt marginally increased by 0.7 percent over year end (2023) and by 16.0 percent over the corresponding Qtr 1, 2023. The debt continues to be driven primarily by the net increase in external central government disbursements (drawdowns) associated with new and existing loans.

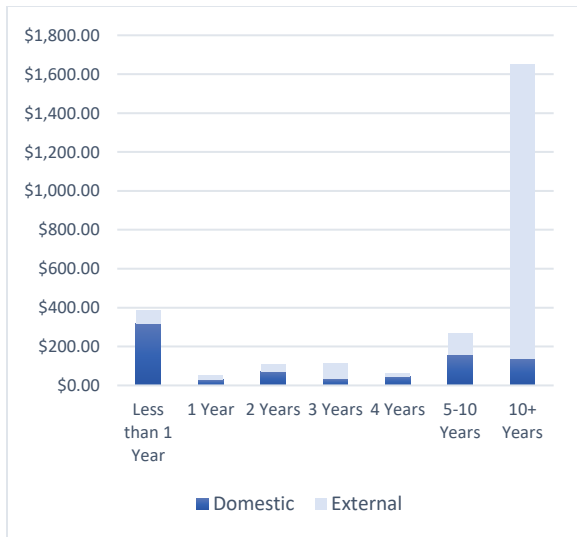
Chart 1: Total debt to GDP



Source: DMU, Ministry of Finance

² Preliminary 2023 Medium term Economic and Fiscal outlook GDP is \$2870.2 million

Chart 2: Total Debt by Remaining Maturity



Source: CIDMU, Ministry of Finance

As depicted in chart 2 above, 62.5 percent of total debt is due to mature in over 10 years, 10.1 percent in 5-10 years with 14.6 percent of the debt being due in less than one year.

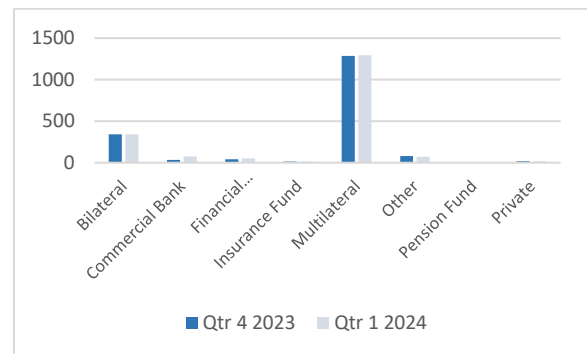
Short-term domestic debt continues to make up the largest proportion of debt due to mature in the less than one year, of which the overdraft facility accounts for 43.6 percent and treasury bills 21.7 percent. Whereas, maturities falling due in the medium to long-term is concentrated in external concessional debt.

2.0.1 External Debt

Total external debt stood at \$1.851 billion (64.5 percent of GDP, see chart 1), which decreased by 0.7 percent when compared with \$1.864 billion in Qtr 4, 2023. Central government debt decreased by 0.7 percent to \$1.841 billion while public corporation debt decreased by 4.6 percent to \$10.6 million when compared to Qtr 4 2023.

Multilateral creditors’ share of debt increased from 68.6 percent to 69.2 percent. Debt owed to bilateral creditors decreased from 19.3 percent to 18.2 percent of the outstanding debt.

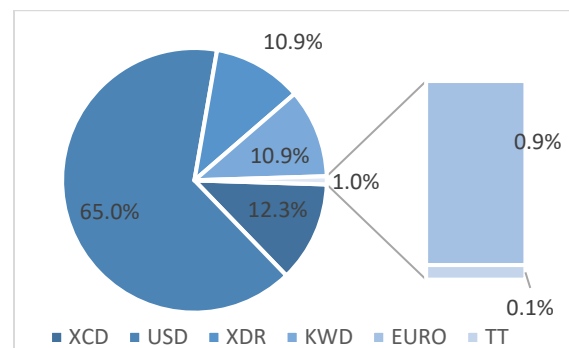
Chart 3: External debt by Creditor Category



Source: CDIMU, Ministry of Finance

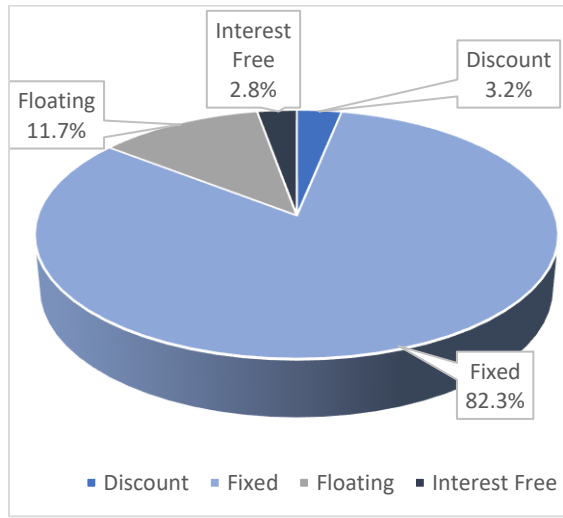
The United States dollar (USD) is the dominant currency in the portfolio with 65.0 percent of all external debt being denominated in this currency. Other major currencies are the XCD, SDR and the Euro representing 12.3 percent, 10.9 percent and 10.9 percent of the outstanding debt. The remaining currencies; the Kuwait Dinars and the TT dollars cumulatively represent 0.98 percent. There have been no disbursements on loans denominated in Saudi Riyals to date.

Figure 4: External Debt by Currency



The portfolio consists of treasury bills; fixed; floating; and interest free instruments. A total of 82.3 percent of the portfolio is fixed rate instruments.

Figure 2: Total debt by Interest Rate Type



Source: DMU, Ministry of Finance

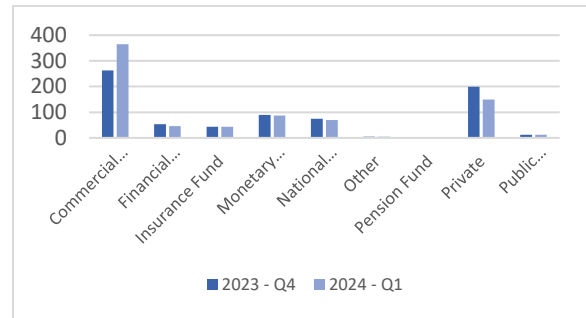
2.0.2 Domestic Debt

Preliminary data shows that total domestic debt stood at \$782.2 million (27.3 percent of GDP, chart 1), an increase of 4.0 percent from Qtr 4 2023. Central Government debt increased by 3.7 percent from \$751.9 million to \$782.2 million. Public Corporation debt increased by 12.1 percent from \$27.7 million to \$31.0 million when compared to Qtr 4 2023.

All domestic debt is denominated in Eastern Caribbean dollars. The majority of the debt is due to commercial banks 46.8 percent; followed by private individuals 19.2 percent; the ECCB 11.1

percent; and the NIS 9.0 percent. During the quarter, a loan in the amount of \$10.0 million was contracted from 1st National Bank of St. Lucia (St. Vincent Branch office) to facilitate work on the Arnos Vale Sporting Complex for ICC T20 World Cup Cricket 2024.

Figure 5: Domestic Debt by Creditor

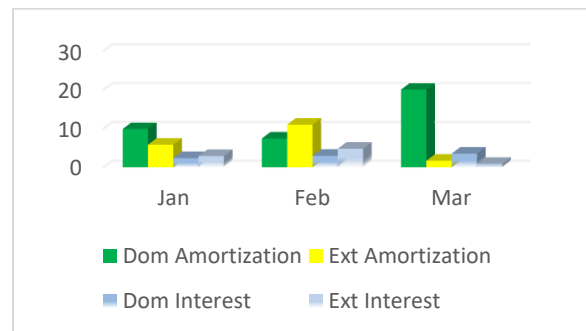


Source: DMU, Ministry of Finance

3.0 Total Debt Service

Central Government debt service amounted to \$73.1 million from \$59.0 million in Qtr 1 2024, an increase of 23.9 percent. External and Domestic debt service represented \$27.0 million and \$46.1 million respectively. Interest payments were \$17.4 million and amortization \$55.7 million.

Figure 6: Debt Servicing by Month



Source: DMU, Ministry of Finance

4.0 Treasury Bill Auctions for the Quarter

An amount of \$84.0 million (\$28m re-issued/roll-over monthly) was raised during the quarter. The average discount (interest rate) achieved was 3.2 percent (versus the ceiling benchmark of 3.5 percent) with an average bid to cover ratio of 1.2:1

- \$12.4 million from CDB
- \$6.7 million from CDF
- \$5.2 million from IDA
- \$1.8 million from OPEC Fund for International Development.
- \$0.45 million from Kuwait
- \$0.4 million from BOSVG

Figure 7: Treasury Bill Performance by Month



Source: DMU, Ministry of Finance

5.0 Loans and Securities Disbursed

A total of \$27.06 million was disbursed in loans. An amount of \$26.6 million is related to external central government loans and \$0.4 million is a new loan from BOSVG for the Carnival Development Corporation. The following shows a detail break-down of the disbursements during the quarter:

Two bonds were issued during the quarter:

- i. \$4.5 M in February to NIS.
- ii. \$25M on 28th March via private placement to BOSVG, which remained open to investors up to one month after the issue date.

6.0 Guaranteed Debt

Total guaranteed debt amounted to \$41.7 million as at the end of Qtr 1. During the period three (3) domestic government guaranteed debt were contracted and added to the public debt portfolio. The domestic portion of the guaranteed debt stood at \$10.7 million, while the external guaranteed debt is \$31.0 million.