



Quarterly Debt Bulletin | Q2 2023

Overview of Current Debt Profile

As per Table 1 below, as at the end of the second quarter of 2023 the country's total debt to GDP stood at 63.9% in comparison to 64.2% in the previous quarter. This slight improvement is mainly attributed to repayments of government and government guaranteed debt on the domestic side. The former decreased by SCR 190m whilst the latter fell by SCR 58m in comparison to the end of March 2023. On the other hand, external debt stock increased by SCR 175m. This is related to a depreciation in Seychelles Rupee against the US Dollar, from SCR 13.68 to SCR 13.80 at the end of June 2023. Additionally, there were some new disbursements during the second quarter of 2023. Domestic debt remains the main component of the total debt stock at approximately 54% and external debt accounts for the remaining 46%.

Table 1: Total Debt by residency of creditors

Description	Q1 2023 (SCR' M)	Q2 2023 (SCR' M)	% Diff	Q2 2023 % of GDP
Domestic	9,708	9,460	-2.6	34.2
o.w. Government	9,022	8,832	-2.1	31.9
o.w. Guarantees	686	628	-8.5	2.3
External	8,044	8,219	2.2	29.7
o.w. Government	7,926	8100	2.2	29.3
o.w. Guarantees	118	119	0.8	0.4
Total Debt	17,752	17,679	-0.4	63.9

Source: Ministry of Finance, National Planning & Trade

Table 2 below provides a summary in relation to the total government and government guaranteed debt for the second quarter of 2023. In general, government guaranteed debt experienced a greater decline of SCR 57m compared to government debt, which fell by only SCR 16m. This is attributed to the new debt acquired by the government and also the depreciation in exchange rate highlighted above which has offset the ongoing repayments. Government debt represents the majority of debt stock at 96% of the total debt stock.

Table 2: Comparison of Total Debt by Guarantee Status

Description	Q1 2023 (SCR' M)	Q2 2023 (SCR' M)	% Diff
Government	16,948	16,932	-0.1
Guarantees	804	747	-7.1
Total Debt	17,752	17,679	-0.4

Source: Ministry of Finance, National Planning & Trade

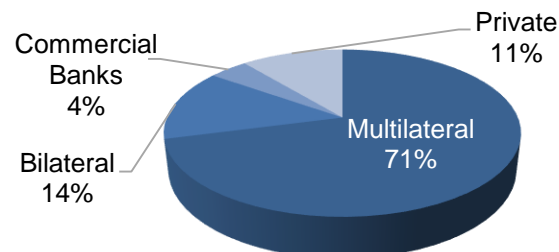
External Debt Profile

As at the end of June 2023, the overall external debt stock increased by SCR 175m, or 2.2%, as illustrated in Table 3 below. The depreciation in the SCR/USD rate in the second quarter combined with new disbursements, mainly from multilateral creditors, explains the increase in the overall external debt. The new disbursements include funds from IBRD under the Strengthening Quality of the Social Protection System and under the SWIOFISH3 Project as well as fund from the IMF under the Extended Fund Facility arrangement. As it can be observed in Figure 1, the pattern of distribution for the creditor categories follows the same trend as in the first quarter. The majority of the external debt are with multilateral creditors, at 71%, followed by bilateral and private creditors, at 14% and 11% respectively. Commercial banks represent the smallest share at 4%.

Table 3: Total debt by Creditor Category

Description	Q1 2023 (SCR' M)	Q2 2023 (SCR' M)	% Diff
Multilateral	5,615	5,829	3.8
Bilateral o.w.	1,181	1,140	-3.5
Paris Club	584	555	-5.0
Non-Paris Club	598	585	-2.2
Commercial Banks	349	344	-1.4
Private	898	906	-0.9
Total	8,044	8,219	2.2

Figure 1: Percentage distribution by Creditor Category



Source: Ministry of Finance, National Planning & Trade

Table 4 below illustrates the total external debt categorized by instrument type as at the end of Q2 compared to Q1. As can be seen, loans make up approximately 88% of the total external debt stock whereas securities represents the remaining 12%. The external loans increased by SCR 166m, or 2.3%, as a result of the new disbursements and the depreciation previously mentioned. The external securities saw a less significant increase of SCR 9m, associated with the fluctuation in the exchange rate.

Table 4: External Debt by Instrument Type

Description	Q1 2023 (SCR' M)	Q2 2023 (SCR' M)	% Diff
Loans	7,083	7,249	2.3
Securities	961	970	0.9
Total Debt	8,044	8,219	2.2

Source: Ministry of Finance, National Planning & Trade

Domestic Debt Profile

Table 5 below summarizes the total domestic debt stock as at the end of the second quarter of 2023 compared to the previous quarter. The domestic debt decreased by a further SCR 248m, or 2.6% in the second quarter mainly due to the repayment of a T-bond maturing worth approximately SCR 477m. Furthermore, there has been ongoing repayments of Loans and Other Debt Liabilities. The decrease was partially offset by the issuance of a new 10-year T-bond at the end of June 2023, worth SCR 134.9m and following additional T-bills taken during the same quarter.

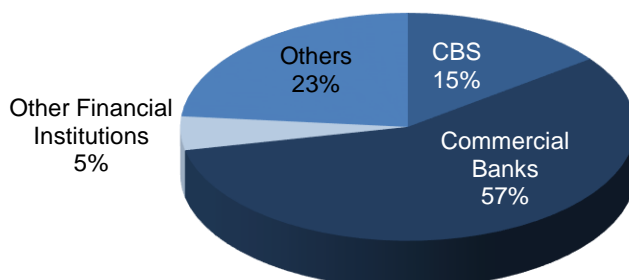
Table 5: Domestic Debt by Instrument Type

Description	Q1 2023 (SCR' M)	Q2 2023 (SCR' M)	% Diff
Loans	964	937	-2.8
Securities of which;	8,613	8,434	-2.1
<i>T-bills</i>	2,052	2,077	1.2
<i>T-bonds</i>	6,216	6,012	-3.3
<i>Deposits</i>	44.9	45.0	0.2
<i>Others</i>	300	300	0.0
Other Debt Liabilities	131	89	-32.1
Total Debt	9,708	9,460	-2.6

Source: Ministry of Finance, National Planning & Trade

Figure 2 below provides a representation of how government securities are distributed across investors. A similar pattern can be identified from the previous quarter whereby Commercial Banks remains the main holders of government securities at 57% of the share. On the other hand, the 'others' category, which refers to private individuals as well as others, currently holds the second largest share at 23%. The CBS and Other Financial Institutions category respectively holds the remaining 15% and 5% of the total securities.

Figure 2: Percentage distribution of Government Securities



Source: Ministry of Finance, National Planning & Trade

Interest Rates on T-bills

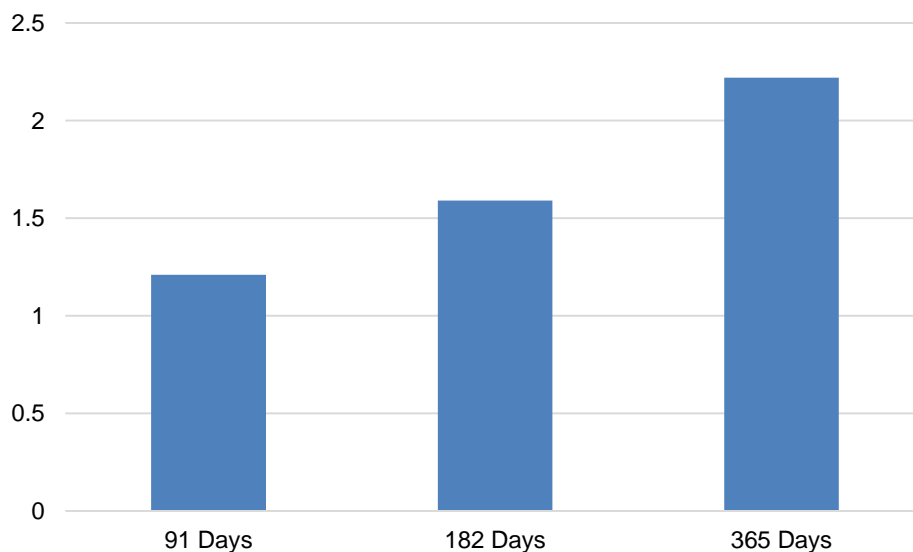
Table 6 below provides an overview of the interest rates on T-bills. All three categories of T-bills observed an overall increase in rates, with the highest being for the 91 days by 0.3 percentage point. For the 182 and 365 days T-bills, the rates increased by about 0.2 and 0.1 percentage points respectively. The rise in interest rates occurred as a result of a fall in the tender prices during the auction.

Table 6: Interest Rates on T-bills

T-bills	Interest Rates (%)		% Change
	Q1 2023	Q2 2023	
91 Days	0.92	1.21	31.5
182 Days	1.43	1.59	11.2
365 Days	2.15	2.22	3.3

Source: Ministry of Finance, National Planning & Trade

Figure 3: % change in average T-bills Rate (Q2 2023 vs Q1 2023)



Source: Ministry of Finance, National Planning & Trade

New Debt in Q2

At the end of June 2023, the government issued a 10-year T-bond worth SCR 100m, taking into consideration investors' appetite for longer tenor bonds. The issuance was successful and the Bond was fully subscribed at SCR 134.9m as shown in Table 7 below.

Table 7: T-bond issued in Q2

Description	Amount (SCR' M)	Coupon Rate (%)
10-yr T-bond	134.9	8.3
Total	134.9	

Source: Ministry of Finance, National Planning & Trade

The table below provides a summary of funds disbursed during the second quarter of 2023 on the external side. These includes the IMF Extended Fund Facility, IBRD-Strengthening Quality of the Social Protection System, Saudi Fund-Electrification of South Mahe and the ADB Mahe Sustainable. An amount of USD 8.1m was disbursed under the new IMF Extended Fund Facility program and USD 4.9m under the Strengthening Quality of the Social Protection System as depicted below.

Table 8: New External borrowings as at June 2023

Description	Loan Amount (USD' M)	Amount Disbursed (USD' M)	% of GDP
IMF-Extended Fund Facility	107.0	8.1	24.7
ADB-Mahe Sustainable	20.6	0.3	15.57
IBRD-SWIOFish 3	5.0	0.2	10.79
IBRD-Strengthening Quality of the Social Protection System	30.0	4.9	
Total		13.5	

Source: Ministry of Finance, National Planning & Trade