



## Quarterly Debt Bulletin | Q4 2022

### Overview of Current Debt Profile

In comparison to the previous quarter, as at the end of Q4 2022, the total debt stock as a percentage of GDP increased from 63% to 65%, equivalent to a SCR 398m increase. This mainly reflects disbursements on new external loans, namely the IBRD loan for Seychelles Second Fiscal Sustainability and Climate Resilience Development Policy, IMF- Extended Fund Facility, Exim Bank of India-Line of Credit, as well as other minor disbursements under ongoing projects. As illustrated in Table 1, the majority of the debt stock is represented by domestic debt, accounting for almost 55% of the stock.

The debt to GDP ratio was initially forecasted to reach around 67% of GDP by the end of December 2022. The lower and more favorable ratio is attributed to the delay in receiving a USD 25m loan from the ADB that was supposed to materialized in December. Additionally, there has been a lower intake on Government securities than anticipated following the healthy cashflow position.

**Table 1: Total Debt by residency of creditors**

Description	Q3 2022 (SCR' M)	Q4 2022 (SCR' M)	% Diff	Q4 2022 % of GDP
<b>Domestic</b>	<b>9,796</b>	<b>9,815</b>	<b>0.2</b>	<b>35.3</b>
o.w. Government	9,017	9,085	0.8	32.7
o.w. Guarantees	779	730	-6.3.	2.6
<b>External</b>	<b>7,761</b>	<b>8,140</b>	<b>4.9</b>	<b>29.3</b>
o.w. Government	7,642	8,023	5.0	28.9
o.w. Guarantees	119	117	-1.7	0.4
<b>Total Debt</b>	<b>17,557</b>	<b>17,955</b>	<b>2.3</b>	<b>64.6</b>

Source: Ministry of Finance, National Planning & Trade

Table 2 below summarizes the total amount of Government and Government Guaranteed debt for Q4 in vis-a-vis Q3. Similar to the third quarter, Government debt remains the main component of the total debt stock, at 95.3%, and guarantees makes up for the remaining portion.

**Table 2: Comparison of Total Debt by Guarantee Status**

Description	Q3 2022 (SCR' M)	Q4 2022 (SCR' M)	% Diff
Government	16,659	17,108	2.7
Guarantees	898	847	-5.7
<b>Total Debt</b>	<b>17,557</b>	<b>17,955</b>	<b>2.3</b>

Source: Ministry of Finance, National Planning & Trade

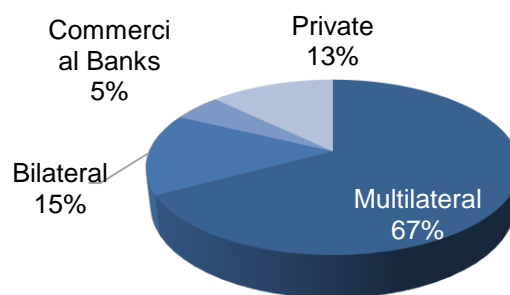
## External Debt Profile

As illustrated below, the country's total external debt increased from SCR 7.8bn in Q3 to SCR 8.1bn as at the end of Q4. The main contributors to this stems from multilateral loans, which increased by SCR 430m, or 8.5% in the same period. This was mainly due to two major disbursements during December 2022, from the IBRD under Seychelles Second Fiscal Sustainability and Climate Resilience program and the IMF-Extended Fund Facility, worth USD 25m and USD 8.6m respectively. On the other hand, the remaining components of external debt experienced a decline, as a result of ongoing repayments despite some additional disbursements under ongoing projects and under the credit line with Exim Bank of India. As further illustrated in Figure 1, multilateral loans represent the majority of the stock at 67%, whereas Commercial Banks accounts for the least at only 5%.

**Table 3: Total debt by Creditor Category**

Description	Q3 2022 (SCR' M)	Q4 2022 (SCR' M)	% Diff
<b>Multilateral</b>	<b>5,035</b>	<b>5,465</b>	<b>8.5</b>
<b>Bilateral o.w.</b>	<b>1,229</b>	<b>1,222</b>	<b>-0.6</b>
<i>Paris Club</i>	590	600	1.7
<i>Non-Paris Club</i>	639	622	-2.7
<b>Commercial Banks</b>	<b>429</b>	<b>407</b>	<b>-5.1</b>
<b>Private</b>	<b>1,068</b>	<b>1,047</b>	<b>-2.0</b>
<b>Total</b>	<b>7,761</b>	<b>8,140</b>	<b>4.9</b>

**Figure 1: Percentage distribution by Creditor Category**



Source: Ministry of Finance, National Planning & Trade

Table 4 summarizes the External debt by instrument type. The majority of external debt comprises of loans. Debt under this category increased by SCR 402m, reflecting the new loans undertaken as stated above. On the other hand, the stock of securities decreased by SCR 22m, or 1.9%, as a result of more favorable exchange rate in the fourth quarter.

**Table 4: External Debt by Instrument Type**

Description	Q3 2022 (SCR' M)	Q4 2022 (SCR' M)	% Diff
Loans	6,627	7,029	6.1
Securities	1,134	1,112	-1.9
<b>Total Debt</b>	<b>7,761</b>	<b>8140</b>	<b>4.9</b>

Source: Ministry of Finance, National Planning & Trade

## Domestic Debt Profile

Table 5 provides a detailed overview of the Domestic debt, whereby an increase of SCR 19m, or 0.2%, was observed. This is mainly attributed to the new T-bonds issued within the last quarter of the year, which increased by SCR 176m, or 3%. On the other hand, loans, stock of T-bills, deposits and Other Debt Liabilities saw an overall reduction in the stock as repayments effected. T-bonds remains the main component of the total domestic debt stock.

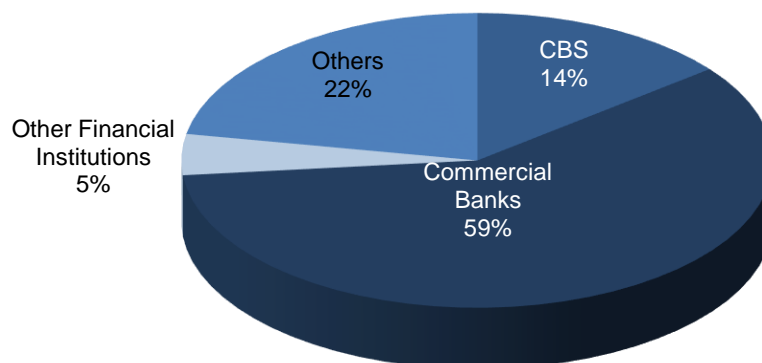
**Table 5: Domestic Debt by Instrument Type**

Description	Q3 2022 (SCR' M)	Q4 2022 (SCR' M)	% Diff
<b>Loans</b>	<b>1,014</b>	<b>978</b>	<b>-3.6</b>
<b>Securities of which;</b>	<b>8,610</b>	<b>8,694</b>	<b>1.0</b>
<i>T-bills</i>	2,339	2,292	-2.0
<i>T-bonds</i>	5,926	6,102	3.0
<i>Deposits</i>	45	0.0	-100.0
<i>Others</i>	300	300	0.0
<b>Other Debt Liabilities</b>	<b>171</b>	<b>143</b>	<b>-16.4</b>
<b>Total Debt</b>	<b>9,796</b>	<b>9,815</b>	<b>0.2</b>

Source: Ministry of Finance, National Planning & Trade

Figure 2 depicts an in depth view of the distribution of Government Securities at the end of December 2022. Commercial Banks are the main holders of Government securities at 59%, followed by 'Others' category at 22%. This category comprises of private individuals and others. CBS on the other hand, holds 14% of the shares in the form of marketable securities, whereas Other Financial Institutions accounts for the remaining 5%.

**Figure 2: Percentage distribution of Government Securities**



Source: Ministry of Finance, National Planning & Trade

**Interest Rates on T-bills**

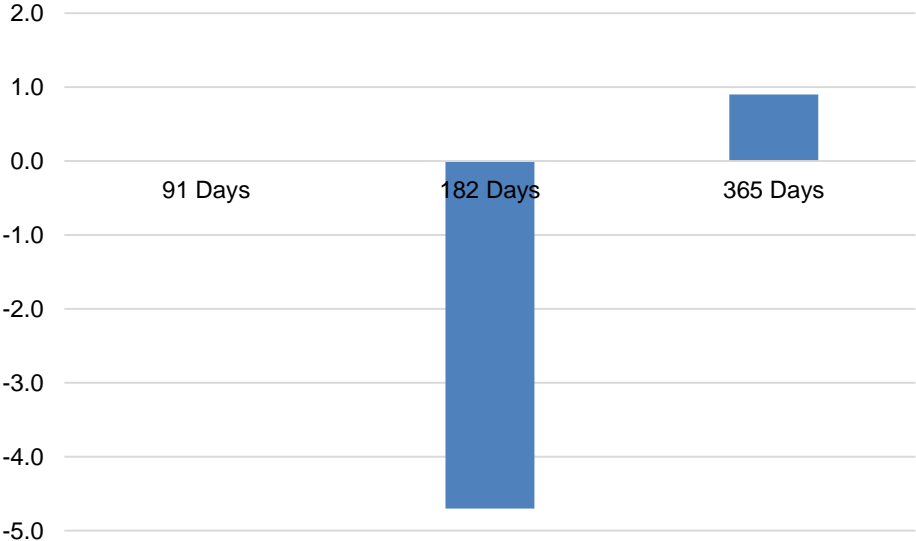
Table 6 below illustrates the fluctuations in regards to the interest rates of T-bills as at the end of the fourth quarter of 2022. The deviations were relatively minor, especially for the 91 and 365 days T-bills, which moved by less than 1 percentage points. However, for the 182 days T-bills, there was a slight fall of 4.7%, which may be attributed to more competitive bidding on such bills in comparison to the 91 and 365 days.

**Table 6: Interest Rates on T-bills**

T-bills	Interest Rates (%)		% Change
	Q3 2022	Q4 2022	
91 Days	0.88	0.88	0
182 Days	1.48	1.41	-4.7
365 Days	2.18	2.20	0.9

Source: Ministry of Finance, National Planning & Trade

**Figure 3: % change in average T-bills Rate (Q4 2022 vs Q3 2022)**



Source: Ministry of Finance, National Planning & Trade

## New Debt in Q4

During the last quarter of 2022, the government continued with its quarterly issuance of T-bonds as part of its strategy to lengthen the maturity of the domestic portfolio. As at the end of October 2022, three T-bonds were auctioned with the usual tenor of 3-years, 5-years and 7-years. The bonds were fully subscribed and SCR 201m was raised as depicted in the table below.

**Table 7: New Debt accumulated in Q4**

Description	Amount (SCR' M)	Coupon Rate (%)
3-yr T-bond	65.6	3.15
5-yr T-bond	34.2	4.65
7-yr T-bond	101.3	6.15
<b>Total</b>	<b>201.1</b>	

Source: Ministry of Finance, National Planning & Trade

In terms of external borrowings, three new loans were disbursed in the fourth quarter as per Table 8 below.

**Table 8: New External borrowings as at December 2022**

Description	Loan Amount (USD' M)	Amount Disbursed (USD' M)	% of GDP
Exim Bank of India-Line of Credit (SPTC)	2.84	0.284	0.01
Project Loans	64.4	0.997	0.05
IBRD-Sey Second Fiscal Sustainability and climate Resilience Development Policy Loan	25.0	25.0	1.3
IMF-Extended Fund Facility	107.00	8.6	0.4
<b>Total</b>		<b>34.9</b>	<b>1.8</b>

Source: Ministry of Finance, National Planning & Trade

## New Developments during Q4 of 2022

During the last quarter of 2022, the settlement of one of the country's long outstanding debt was finalized. The loan is in reference to the Settlement Agreement signed between the State of Libya and the Republic of Seychelles on the 15<sup>th</sup> February 2010, for a loan of USD 3,000,000.00. A mutual agreement was reached in October 2022 and on Monday 12<sup>th</sup> December, the discussion was formalized through the signing of a settlement agreement between the counterparts. The Government of Seychelles agreed to settle the USD 3,665,000 outstanding amount and a 3% penalty interest. The fund was kept in a special account with the CBS since 2014 and was awaiting a mutual understanding before effective payment.

Furthermore, a new loan agreement with the African Development Bank worth USD 25 million was gazetted within the fourth quarter. The main purpose of the loan is to assist with the second phase of financing the Governance and Economic Support Program, which aims to strengthen the economic governance reforms to sustain inclusive green growth and support post-COVID-19 recovery whilst enforcing environmental and climate resilience. Given some unforeseen delays in the administrative procedures, the loan will be disbursed in February 2023.