



Quarterly Debt Bulletin | Q3 2021

Overview of Current Debt Profile

As at the end of September 2021, the total Government and Government guaranteed debt amounted to SCR 17.4bn, representing about 69.5% of GDP. As illustrated in Table 1 below, the total stock of domestic debt amounted to SCR 10.6bn, or 60.7% of the total debt stock, whilst the external debt stock amounted to about SCR 6.8bn, equivalent to 39.3% of the total debt stock. In comparison to the end of Q2 2021, domestic and external debt have decreased by SCR 475m and SCR 185m respectively.

Table 1: Total Debt by residency of creditors

Description	Q2 2021 (SCR' M)	Q3 2021 (SCR' M)	% Diff	Q3 2021 % of GDP
Domestic	11,025	10,550	-4.3	42.1
o.w. Government	10,154	9,737	-4.1	38.9
o.w. Guarantees	871	813	-6.7	3.2
External	7,023	6,838	-2.6	27.3
o.w. Government	6,871	6,704	-2.4	26.8
o.w. Guarantees	152	134	-11.8	0.5
Total Debt	18,048	17,388	-3.7	69.5

Source: Ministry of Finance, Economic Planning & Trade

Table 2 below provides the nature of total public debt. The Central Government debt accounts for the majority of the total debt, representing about 94.6% of the total debt stock. By the end of the third quarter of 2021, Central Government and Government guaranteed debt have decreased by 3.4% and 7.4% respectively compared to the second quarter.

Table 2: Comparison of Total Debt by Guarantee Status

Description	Q2 2021 (SCR' M)	Q3 2021 (SCR' M)	% Diff
Government	17,025	16,441	-3.4
Guarantees	1,023	947	-7.4
Total Debt	18,048	17,388	-3.7

Source: Ministry of Finance, Economic Planning & Trade

External Debt Profile

As at the end of September 2021, the total stock of external debt amounted to SCR 6.8bn, equivalent to 27.3% of GDP. This represents a decrease of SCR 185m, or 2.6% in comparison to the second quarter of 2021. This is mainly attributed to a decrease on the Private external debt, of SR 241m, or 15.3%, which can be explained by a SCR 140m repayment on the Euro Bond. Additionally, the appreciation in the exchange rate over the quoted period also contributed towards the decrease in external debt stock within the different categories. By the end of September, the Seychelles Rupees had appreciated by 7.4 per cent vis-à-vis the US dollar.

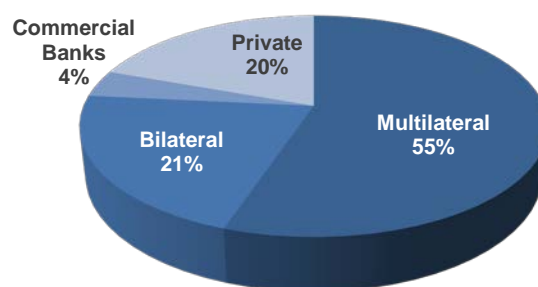
Although the total external debt stock decreased compared to the second quarter, there were additional borrowings in the third quarter. At the end of July, the executive Board of the International Monetary Fund (IMF) approved a 32-month extended arrangement, whereby the fund agreed to assist the Government of Seychelles with USD 107m under the Extended Fund Facility (EFF). Upon approval of the program, the Government received the first disbursement equivalent to USD 34m, or 2.1% of GDP.

As depicted in Figure 1, outstanding debt to multilateral creditors accounts for the largest share of the total external debt stock, representing about 55%. Private and Bilateral debt make up for 20% and 21% of the total external debt stock respectively. Debt owed to Commercial Banks accounts for the smallest share of the total external debt at only 4%.

Table 3: Total debt by Creditor Category

Description	Q2 2021 (SCR' M)	Q3 2021 (SCR' M)	% Diff
Multilateral	3,569	3,776	5.8
Bilateral o.w.	1,588	1,457	-8.3
<i>Paris Club</i>	852	773	-9.3
<i>Non-Paris Club</i>	735	684	-6.9
Commercial Banks	289	268	-7.3
Private	1,577	1,336	-15.3
Total	7,023	6,838	-2.6

Figure 1: Percentage distribution by Creditor Category



Source: Ministry of Finance, Economic Planning & Trade

Table 4 below shows the external debt by instrument type where the majority of the external debt stock remains in the form of loans.

Table 4: External Debt by Instrument Type

Description	Q2 2021 (SCR' M)	Q3 2021 (SCR' M)	% Diff
Loans	5,373	5,434	1.1
Securities	1,650	1,404	-14.9
Total Debt	7,023	6,838	-2.6

Source: Ministry of Finance, Economic Planning & Trade

Domestic Debt Profile

As at end of the third quarter of 2021, the total domestic debt amounted to SCR 10.6bn, representing a SCR 474m, or 4.3% decrease compared to the second quarter domestic debt stock. This is attributed to a significant decrease of SCR 344m in T-bills' issuance during the third quarter compared to the second quarter following the Liability Management Operation (LMO). The LMO was a strategy implemented by the Government through the Central Bank to lower financial risk exposures in order to achieve a more sustainable debt profile. Through the operation, the Government converted SCR 1.22bn of outstanding 182-Days and 365-Days T-Bills into either a 3-year, 5-year or 7-year T-Bonds. The additional decrease reflects continuous repayments on the domestic debt.

Securities and loans are the main components of domestic debt, accounting for 86.4% and 11.3% of the domestic debt stock respectively. The securities category is mostly made up of T-Bills and T-Bonds, which each account for around 42% of the total domestic debt.

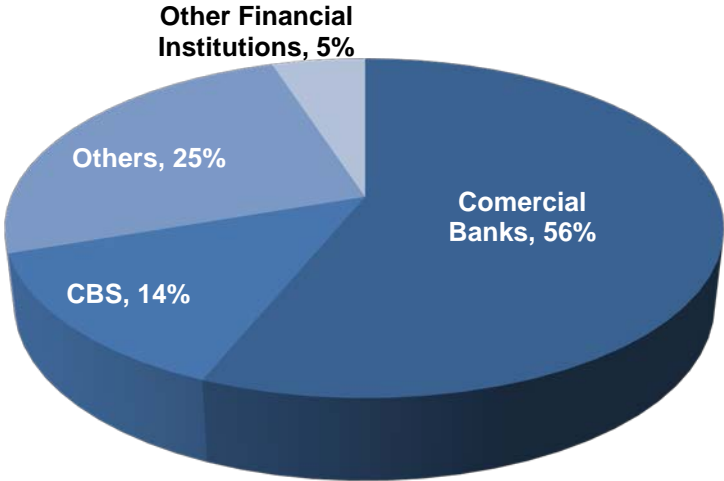
Table 5: Domestic Debt by Instrument Type

Description	Q2 2021 (SCR' M)	Q3 2021 (SCR' M)	% Diff
Loans	1,259	1,193	-5.2
Securities of which;	9,502	9,113	-4.1
<i>Treasury Bills</i>	6,056	4,449	-26.5
<i>Treasury Bonds</i>	3,241	4,459	37.6
<i>Deposits</i>	46	47	2.2
<i>Others</i>	158	158	
Other Debt Liabilities	264	245	-7.2
Total Debt	11,025	10,551	-4.3

Source: Ministry of Finance, Economic Planning & Trade

Figure 2 shows the breakdown of the distribution of Government securities. As can be seen, commercial banks holds the majority of securities, about 56% of the stock. The 'Others' category, which includes private individuals and others, holds 25% of the securities.

Figure 2: Percentage distribution of Government Securities



Source: Ministry of Finance, Economic Planning & Trade

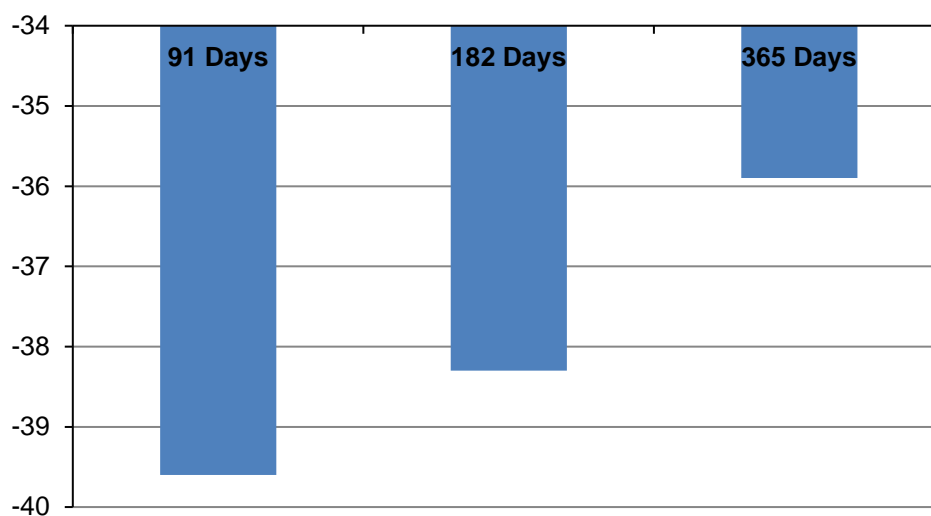
Interest Rates on Treasury Bills

As mentioned overhead, Government reduced the level of T-bills significantly in the third quarter and this consequently impacted the T-bills interest rate. In the second quarter of 2021, the average interest rates for the 91,182- and 365-Days T-bills were higher in comparison to the third quarter of 2021. As depicted in Table 6 and Figure 3 below, the interest rates decreased by 39.6%, 38.3% and 35.9% on the 91-, 182- and 365-Days bills respectively. This is equivalent to 164 basis points, 225 basis points and 224 basis points on the respective bills.

Table 6: Interest Rates on Treasury Bills

Treasury Bills	Interest Rates (%)		% Change
	Q2 2021	Q3 2021	
91 Days	4.14	2.50	-39.6
182 Days	5.88	3.63	-38.3
365 Days	6.24	4.00	-35.9

Source: Ministry of Finance, Economic Planning & Trade

Figure 3: % change in average T-Bills Rate (Q3 2021 vs Q2 2021)

Source: Ministry of Finance, Economic Planning & Trade

New Borrowings in Q3

The table below shows the new external borrowing in the third quarter of 2021. A total of USD 34m was disbursed under the IMF-EFF program out of the committed sum of USD 107m.

Table 7: New External Borrowings as at the end of September 2021

Description	Loan Amount (USD' M)	Amount Disbursed (USD' M)	% of GDP
IMF- EA- EFF ¹	107.00	34.00	2.1
Total		34.00	2.1

Source: MoFEPT, Debt Management Office

On the domestic side, Government converted SCR 1.2bn of its T-bills into T-bonds through the LMO as previously stated. This is depicted in the Table 8 below.

Table 8: T-bills converted into T-bonds through the LMO

Description	Amount (SCR' M)	% of GDP
3-yr 5.75% Bond	462.14	1.8
5-yr 7.0% Bond	397.63	1.6
7-yr 8.25% Bond	357.57	1.4
Total	1,217.34	4.8

Source: MoFEPT, Debt Management Office