GOVERNMENT OF VANUATU

DEPARTMENT OF FINANCE AND TREASURY

Prepared by the Debt Management Unit (DMU)

Issue 009 **Quarterly Debt Bulletin** **June 2024**

1. INTRODUCTION

Our 2024 2nd quarter debt bulletin is important for not only debt transparency but is so important that it is featured in a few national development policy matrixes' enabling the Country to receive budget support including disaster recovery funding from partners such as ADB and the World Bank (more development partners have signed up for a joint policy framework).

Responsible debt management is imperative for driving sustainable development and fostering economic growth. During this second quarter DMU has actively collaborated with partners to significantly enhance debt transparency.

The Debt Management Unit (DMU) ensures accountability in borrowing and managing public debt while promoting sustainable professional capacity and developing policies for emerging debt issues.

Public debt occurs when the government borrows money (domestic and external) to fund development activities. By borrowing, the government can spend more than it collects in tax revenue to stabilize the economy especially from the ramifications from the and fund public investments.

This quarterly Debt Bulletin covers the central government debt and central government-guaranteed debt. All securities holders for the Government Bond are residents.

2. CENTRAL GOVERNMENT DEBT

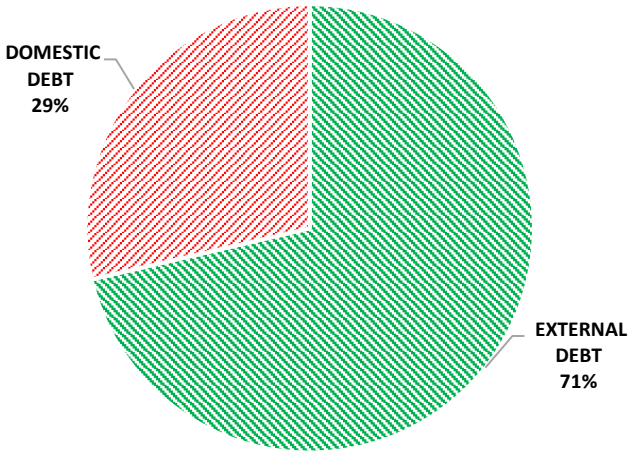
2.1 Total Public Debt

At the end of June 2024, total public debt was VUV 59 billion, equivalent to 41.7% of GDP[1]. The total amount outstanding comprised public external loans of VUV 40.5 billion, public domestic Bonds of VUV 16.6 billion, and Government Guarantees of VUV 1.9 billion. Continuous disbursement for external loans, domestic Bonds issuance, and depreciation of VATU against all the foreign loan currencies were the main contributors to the increases.

Table 1. Government's Debt Flow and Stock (in VT million)

JUNE_2024	External Loans	Domestic Bonds	Government Guarantees	Total Public Debt
Drawdowns	*0*	*2,929*	*0*	*2,929*
Amortization	*167*	*0*	*0*	*167*
Interest payments	*125*	*100*	*NA*	*224*
Debt Stock Outstanding	*40,491*	*16,638*	*1,921*	**59,051**
Nominal debt as percent of GDP	*28.6%*	*11.8%*	*1.4%*	*41.7%*

Chart 2.1: Share of Total Public Debt as of June 2024



2.2 Total Disbursement

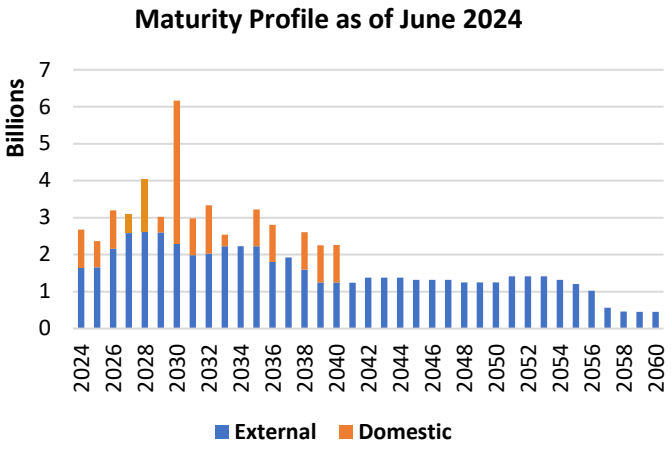
The government's drawdowns on external loans and domestic bonds this quarter totals VUV 2.9 billion (all have been domestic issuances).

2.3 Total Debt Service Payment

This quarter, the total debt service was VUV 392 million (Principal repayment VUV 167 million/Interest Rate payment VUV 224 million.

[1] Provisional: The 2nd Macroeconomic Committee (MEC) 2024 GDP Figures

2.4 Maturity Profile



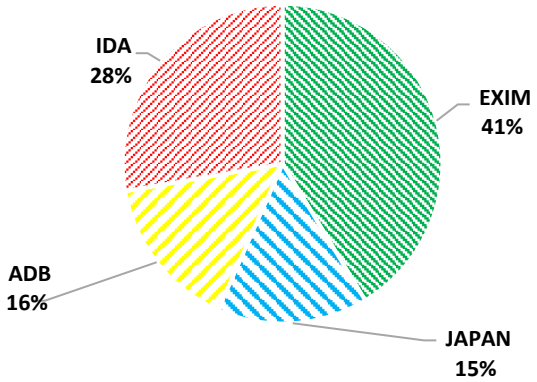
3. EXTERNAL LOAN

3.1 Total Public External Loan

The public external loan outstanding at the end of June 2024 was VUV 40.4 billion, equivalent to 28.6% of GDP.

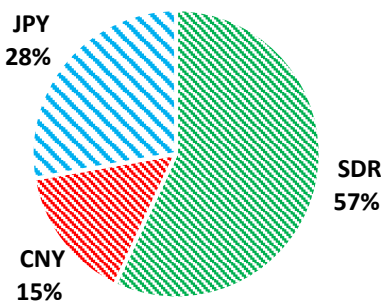
3.2 Creditors Composition of External Loan

Chart 3.2: % of External Debt Outstanding by creditors as at June 2024



3.3 Currency Composition of External Loans

Chart 3.3: % of External Debt Outstanding by currency as at June 2024



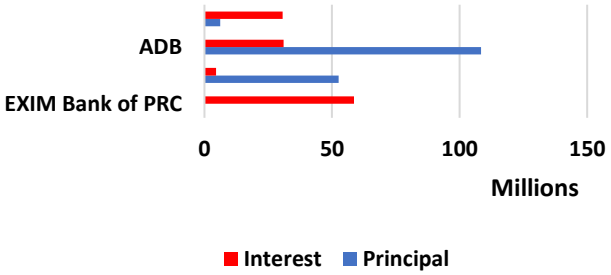
3.4 Disbursement of external loans

This quarter, no external loans have been drawn down.

3.5 Debt Service payment of external loans

The total External Debt service in this quarter amounts to VUV 292 million. This figure includes principal repayments amounting to VUV 167 million and interest rate payments amounting to VUV 125 million. As shown below (Graph 3.5): EXIM Bank of PRC, ADB, and IDA are the creditors that the Government repaid some of its outstanding Principal this quarter.

Graph 3.5 : Debt Service Payment of External Loan (Million of VATU) June 2024



3.6 New Loan Contracted during the quarter

During this quarter, the government has not contracted any new external loans.

4. DOMESTIC BOND

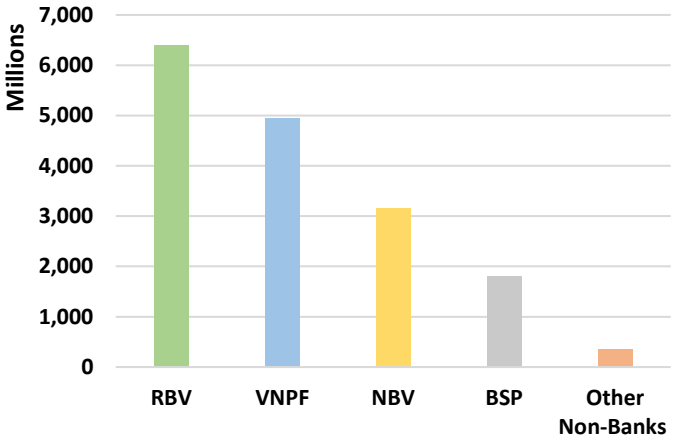
4.1 Total Public Domestic Bond

The total Public domestic bond outstanding at the end of June 2024 was VUV 16.6 billion, equivalent to 11.8% of GDP.

4.2 Creditors Composition of Domestic Bond

VNPF (30%) and RBV (38%) are the bondholders in the Domestic Debt portfolio. There are also other smallholders comprised of commercial banks and other non-banks as shown in the Graph below.

Graph 3.2: Domestic Bond Outstanding by creditors as at June 2024



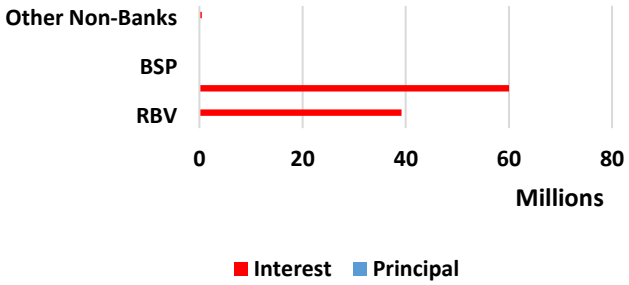
4.3 Issuance of Domestic Bond

The government has issued VUV 2.9 billion in the domestic market in this quarter of 2024.

4.4 Debt Service Payment of Domestic Bond

The Government paid interest payments amounting to VUV 100 million. No bond has been matured this quarter.

Graph 4.4: Debt Service Payment of Domestic Bond June 2024



5. GOVERNMENT GUARANTEES

The Government has guaranteed loans for some Government Business Enterprise Units and an intergovernmental authority.
The total outstanding Government Guarantees at the end of June 2024 was VT 1,9 Billion.

Chart 5.1: Government Guarantees Outstanding by Creditors (%): June 2024

