GOVERNMENT OF VANUATU

DEPARTMENT OF FINANCE AND TREASURY

Prepared by the Debt Management Unit (DMU)

Issue 008 **Quarterly Debt Bulletin** **March 2024**

1. INTRODUCTION

This 2024 1st quarter debt bulletin presents a concise public debt brief for the quarter. The bulletin presents activities that have taken place to effect debt composition in both domestic and external debt stock.

This bulletin was reviewed by multiple partners, including the World Bank and ADB. DMU has been working with partners to enhance debt transparency. Reporting on debt transparency is crucial and significant in debt management. Responsible debt management is crucial for fostering sustainable development and economic growth.

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

Public debt occurs when the government borrows money to fund its regular development activities. By borrowing, the government can spend more than it collects in tax revenue to stabilize the economy 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

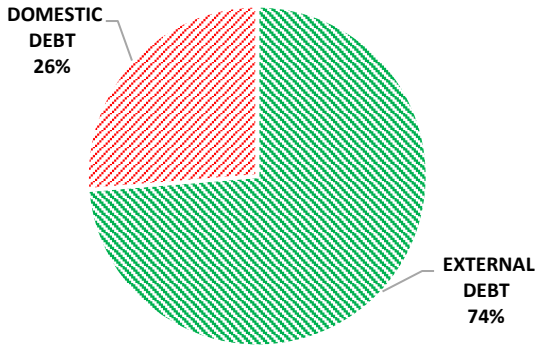
2.1 Total Public Debt

At the end of March 2024, total public debt was VUV 56.4 billion, equivalent to 40% of GDP[1]. The total amount outstanding comprised public external loans of VUV 40.6 billion, public domestic Bonds of VUV 13.7 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)

	MARCH_2024			
	External Loans	*Domestic Bonds*	*Government Guarantees*	*Total Public Debt*
Drawdowns	*467*	*1,000*	*0*	*1,467*
Amortization	*597*	*0*	*3*	*600*
Interest payments	*135*	*14*	*NA*	*149*
Debt Stock Outstanding	*40,658*	*13,710*	*1,921*	**56,289**
Nominal debt as percent of GDP	*28.7%*	*9.7%*	*1.4%*	*39.8%*

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



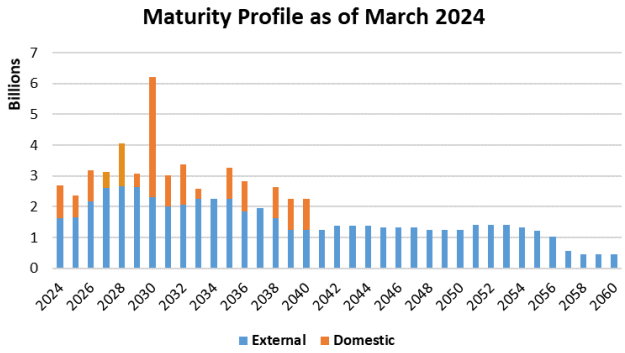
2.2 Total Disbursement

The government's drawdowns on external loans and domestic bonds this quarter totaled VUV 1.5 billion.

2.3 Total Debt Service Payment

This quarter, the total debt service was VUV 749 million (Principal repayment VUV 600 million/Interest Rate payment VUV 149 million).

2.4 Maturity Profile



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

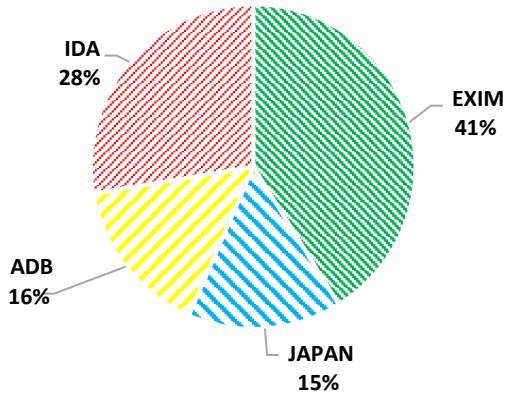
3. EXTERNAL LOAN

3.1 Total Public External Loan

The public external loan outstanding at the end of March 2024 was VUV 41 billion, equivalent to 29% of GDP.

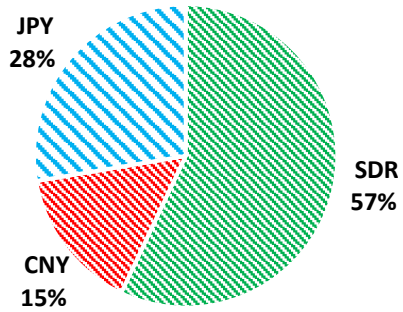
3.2 Creditors Composition of External Loan

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



3.3 Currency Composition of External Loans

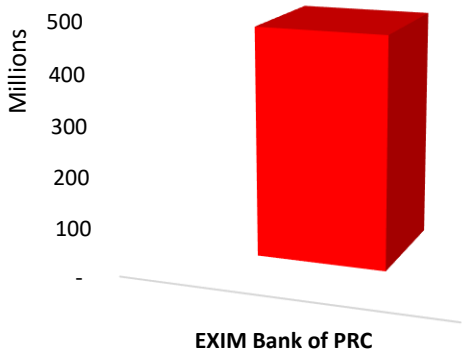
Chart 3.3: % of External Debt Outstanding by currency as at March 2024



3.4 Disbursement of external loans

The total loan Disbursements in this quarter amount to VUV 467 billion.

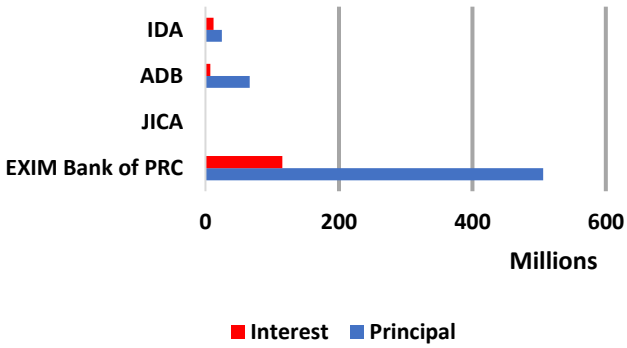
Graph 3.4: Disbursement of External Loan by creditors (Million of VATU) as of March 2024



3.5 Debt Service payment of external loans

The total External Debt service in this quarter amounts to VUV 749 million. This figure includes principal repayments amounting to VUV 600 million and interest rate payments amounting to VUV 149 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) March 2024



3.6 New Loan Contracted during the quarter

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

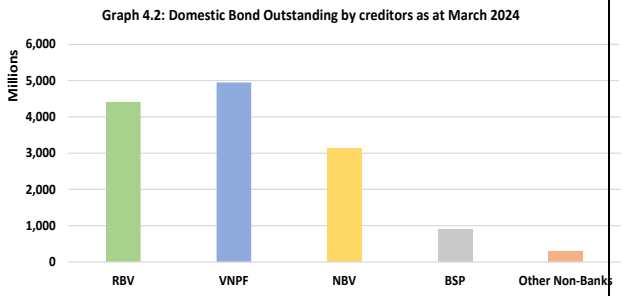
4. DOMESTIC BOND

4.1 Total Public Domestic Bond

The total Public domestic bond outstanding at the end of March 2024 was VUV 13.7 billion, equivalent to 9.7% of GDP.

4.2 Creditors Composition of Domestic Bond

VNPF (36%) and RBV (32%) 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

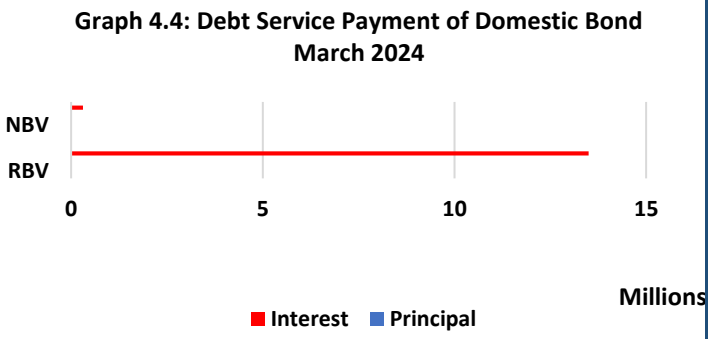


4.3 Issuance of Domestic Bond

The government has issued VUV 1 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 14 million. No bond has been matured this quarter.



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 March 2024 was VT 1,9 Billion

