



## Ministry of Finance

# Government Debt Report Quarter 2, 2023-2024

### 1.0 GOVERNMENT DEBT STOCK

Total Government debt stood at \$10,019.6 million equivalent to 75.9 percent of Gross Domestic Product (GDP) at the end of January 2024. This is projected to reach 80 percent of GDP at the end of this fiscal year FY2023/2024. As compared to the last quarter, total debt stock increase by a 0.3 percent and a 7.3 percent increase when compared to the same period last year.

As a percentage of total debt, domestic debt accounted for 64.8 percent (\$6,492.1 million) while external debt accounted for the remaining 35.2 percent (\$3,527.5 million).

On 8 November, Government issued its first ever \$20.0 million Fiji Sovereign Blue Bonds (FSBB) for the terms of 3 years and 15 years. Government received overwhelming support from financial institutions and stakeholders with an oversubscription three times more than the amount issued. Total of 18 projects have been selected for funding under the FSBB which are expected to yield multiplier economic benefits focusing on four key thematic areas: coastal protection, aquaculture sector, developing sustainable towns and cities with blue town concepts and enhancing solid waste management.

During the quarter, Government had accessed a total of \$254.3 million in borrowings of which \$17.3 million were sourced from

external loans and \$237.0 million from domestic sources while total debt servicing amounted to \$267.1 million (\$131.7 million in principal repayments and \$135.4 million in interest payments).

### 2.0 DOMESTIC DEBT

Total domestic debt stood at \$6,492.1 million at the end of January 2024, increasing by 1.9 percent from the previous quarter and 10.5 percent from the same period last year. Domestic debt comprises Viti Bonds, Fiji Infrastructure Bonds (FIB) and FSBB amounting to \$6,142.1 million while Treasury bills recorded at \$350.0 million.

Total amount of \$237.0 million or 30.97 percent of the approved domestic borrowing limit for FY2024 was utilised during the quarter consisting of \$214.1 million in FIB, \$20.0 million in FSBB and \$2.9 million in Viti Bonds while T-Bills financing totalling \$88 million to rollover the maturing T-Bills. Investors demand in Viti Bonds increased significantly from new and existing investors, with 94.1 percent of the approved limit utilised at the end of January 2024.

Total domestic debt servicing amounted to \$190.9 million (\$98.7 million in principal repayments and \$92.2 million in interest payments), increased by 31.9 percent when compared to last quarter and by 28.5 percent when compared to the same period last year.

Government bond yields remained constant for the 3 months and 10 years, however there was an increase for the 6 months, 12 months and 20 years by 1 basis point, 2 basis points and 10 basis points, respectively. A decrease was recorded for the 15 year tenors by 2 basis points. High banking system liquidity remains above \$2.0 billion which has kept interest rates low and the Central Bank has maintained an accommodative monetary policy stance to support growth.

## 2.1 EXTERNAL DEBT

Total external debt stood at \$3,527.5 million, decreasing by 2.4 percent over the quarter and increasing by 1.9 percent over the year.

The Asian Development Bank (ADB) remains the largest external lender at 39.7 percent of the total external debt portfolio in terms of composition by lender, followed by the World Bank Group at 31.2 percent, Japan International Cooperation Agency at 10.9 percent, EXIM Bank of China at 9.5 percent and Asian Infrastructure Investment Bank (AIIB) at 6.2 percent. The Australian Infrastructure Financing Facility for the Pacific (AIFFP) and the European Investment Bank (EIB) at 1.9 percent and 0.5 percent, respectively.

Total external borrowing was \$17.3 million and financed various infrastructural projects with \$14.9 million facilitating the water supply and wastewater sanitation and roads infrastructure and \$2.4 million for the COVID-19 related emergency and support projects.

Debt servicing was recorded at \$76.2 million (\$33.0 million in principal repayments and \$43.2 million in interest payments).

## 3.0 COST AND RISK INDICATORS

A comparison of quarterly movement of the cost and risk indicators as at January 2024 together with the Medium Term Debt Management Strategy (MTDS) targets set for the next 3 years (FY2026) is provided in Table 1.

**Table 1: End Target Indicators vs Results**

<u>Cost and Risk Indicators</u>		<u>Oct-23</u>	<u>MTDS Target FY2026</u>	<u>Jan-24</u>
Nominal debt as percentage of GDP		75.6	77.1	75.9
Cost of Debt	Weighted Av. IR (percent)	4.9	4.8	5.0
	ATM (years)	10.7	9.9	10.4
Interest rate risk	ATR (years)	10.6	9.1	9.1
FX risk	FX debt (percent of total debt)	34.1	33.6	35.2

The average interest rate of Government debt portfolio increases to 5.0 when compared to the last quarter, attributed to the slight increase in interest rates for Government bonds issued during the quarter.

Average time to maturity (ATM) as at quarter 2 of FY2024 is recorded at 10.4 years attributed to the increased issuance of short-term bonds in the domestic market. Finally, the average time to refixing (ATR) has declined to 9.1 years compared to 11 years in the last quarter allowing Government time to adjust to change in interest rate after every redemption or principal payment is made.

Foreign currency risks exposure increased by 11 basis points to 35.2 percent when compared to the last quarter as Government focused less on domestic borrowings over the reporting period.

#### **4.0 GOVERNMENT GUARANTEES**

Government guaranteed debt stood at \$999.6 million, representing 7.6 percent of GDP at the end of January 2024. This is a decrease of 2.7 percent over the last quarter and 12.1 percent over the year, attributed to the settlement of guaranteed loans from guaranteed entities.

Government will continue to monitor costs and risks associated with Government guarantees to ensure that fiscal risks are prudently minimised.

**Debt Management Unit  
March 2024**

## Appendix

<b>CENTRAL GOVERNMENT DEBT STATISTICS (FJ\$ MILLIONS)</b>					
<b>Particulars</b>	<b>Jan-23</b>	<b>Apr-23</b>	<b>Jul-23</b>	<b>Oct-23</b>	<b>Jan-24</b>
<b>Total Government Debt to GDP</b>	<b>77.6% (r)</b>	<b>79.5%</b>	<b>80.0%</b>	<b>75.3%</b>	<b>75.9%</b>
<b>TOTAL GOVERNMENT DEBT</b>	<b>9,445.5</b>	<b>9,676.2</b>	<b>9,747.6</b>	<b>9,986.4</b>	<b>10,019.6</b>
<b>DOMESTIC DEBT</b>	<b>5,983.9</b>	<b>6,133.8</b>	<b>6,170.5</b>	<b>6,373.8</b>	<b>6,492.1</b>
<b>BONDS:</b>	<b>5,706.9</b>	<b>5,861.7</b>	<b>5,905.4</b>	<b>6,003.8</b>	<b>6,142.1</b>
FNPF	3,404.0	3,517.9	3,571.1	3,618.8	3,717.2
FNPF Retirement Income Fund	345.9	351.8	355.9	358.7	354.8
FNPF Special Death Benefit Fund	68.5	68.5	69.4	72.3	70.2
Insurance companies	822.7	845.5	855.0	869.9	881.4
Commercial Banks	224.0	234.0	259.6	284.8	283.6
RBF	695.2	695.6	694.3	694.7	725.2
Trust Fund	21.5	21.5	19.3	19.8	20.6
Unit Trust of Fiji	20.4	20.4	20.2	20.1	24.1
Merchant Finance	3.0	2.1	0.8	0.8	0.8
Kontiki Finance Limited	50.6	50.6	7.4	7.6	7.6
Others	51.3	54.1	52.5	56.4	56.7
<b>T-BILLS:</b>	<b>277.0</b>	<b>272.1</b>	<b>265.1</b>	<b>370.0</b>	<b>350.0</b>
Commercial Banks	277.0	272.1	265.1	370.0	350.0
Others	0.0	0.0	0.0	0.0	0.0
<b>% of Domestic Debt to Total Debt</b>	<b>63.4%</b>	<b>63.4%</b>	<b>63.3%</b>	<b>63.8%</b>	<b>64.8%</b>
<b>% Domestic Debt to GDP</b>	<b>49.1%</b>	<b>50.4%</b>	<b>50.7%</b>	<b>48.0%</b>	<b>49.1%</b>
<b>EXTERNAL DEBT</b>	<b>3,461.6</b>	<b>3,542.4</b>	<b>3,577.0</b>	<b>3,612.5</b>	<b>3,527.5</b>
<b>LOANS:</b>	<b>3,461.6</b>	<b>3,542.4</b>	<b>3,577.0</b>	<b>3,612.5</b>	<b>3,527.5</b>
Asian Development Bank (USD)	1,359.6	1,417.4	1,419.1	1,439.3	1,400.5
Asian Infrastructure Investment Bank (USD)	217.8	224.6	224.5	231.0	219.9
Exim Bank of China (CNY)	400.6	374.9	363.0	338.0	336.8
Japan International Cooperation Agency (JPY)	419.4	420.2	398.5	388.1	383.3
World Bank - International Bank for Reconstruction & Development (USD)	388.8	407.6	408.1	426.5	411.6
World Bank - International Development Association (USD)	656.9	678.8	680.6	703.9	690.0
European Investment Bank (USD)	18.4	19.0	18.3	18.9	17.8
Australian Infrastructure Financing Facility for the Pacific (USD)	0.0	0.0	65.0	66.8	67.5
<b>% of External Debt to Total Debt</b>	<b>36.6%</b>	<b>36.6%</b>	<b>36.7%</b>	<b>36.2%</b>	<b>35.2%</b>
<b>% External Debt to GDP</b>	<b>28.4%</b>	<b>29.1%</b>	<b>29.4%</b>	<b>27.2%</b>	<b>26.7%</b>
<b>DEBT SERVICING</b>					
	<b>Jan-23</b>	<b>Apr-23</b>	<b>Jul-23</b>	<b>Oct-23</b>	<b>Jan-24</b>
<b>TOTAL</b>	<b>190.8</b>	<b>185.7</b>	<b>184.7</b>	<b>225.5</b>	<b>267.1</b>
<b>Domestic Bonds &amp; Loans</b>	<b>148.6</b>	<b>126.7</b>	<b>127.7</b>	<b>144.8</b>	<b>190.9</b>

Principal	58.8	36.3	35.7	51.1	98.7		
Interest	89.8	90.4	92.0	93.7	92.2		
<b>External Loans</b>	<b>42.2</b>	<b>59.0</b>	<b>57.1</b>	<b>80.7</b>	<b>76.2</b>		
Principal	20.1	37.2	25.0	55.3	33.0		
Interest	22.1	21.8	32.1	25.4	43.2		
<b>BORROWING</b>							
<b>TOTAL</b>	<b>211.7</b>	<b>223.2</b>	<b>172.9</b>	<b>167.3</b>	<b>254.3</b>		
FIB Bonds/Viti Bonds/COVID/FSBB	172.1	191.2	79.3	149.5	237.0		
External loans (Includes Cap. Interest)	39.6	32.1	93.6	17.8	17.3		
<b>YIELDS ON GOVERNMENT SECURITIES</b>							
3 months	0.03	0.03	0.03	0.03	0.03		
6 months	0.08	0.08	0.07	0.07	0.08		
12 months	0.14	0.14	0.13	0.15	0.17		
10 year	3.95	3.90	3.90	3.90	3.90		
15 year	4.13	4.15	4.17	4.17	4.15		
20 year	4.56	4.59	4.61	4.65	4.75		
<b>GOVERNMENT GUARANTEES</b>							
<b>% of Government Guarantees to GDP</b>	<b>9.3%</b>	<b>8.4%</b>	<b>8.9%</b>	<b>7.7%</b>	<b>7.6%</b>		
<b>Total Government Guarantees</b>	<b>1,137.4</b>	<b>1,028.6</b>	<b>1,088.5</b>	<b>1,027.3</b>	<b>999.6</b>		
Air Pacific Limited trading as Fiji Airways	470.6	369.6	423.8	447.8	440.7		
Fiji Development Bank	289.9	284.3	274.6	248.1	227.6		
Fiji Sugar Corporation	267.0	264.5	280.2	233.1	243.9		
Housing Authority	109.1	109.1	109.1	94.8	86.1		
Pacific Fishing Company Limited	0.8	1.1	0.8	3.5	1.6		
<b>RISK INDICATORS</b>							
		<b>Oct-23</b>			<b>Jan - 24</b>		
		<b>External debt</b>	<b>Domestic debt</b>	<b>Total debt</b>	<b>External debt</b>	<b>Domestic debt</b>	<b>Total debt</b>
Amount (in millions of FJD)		3,612.5	6,373.8	<b>9,986.4</b>	3,527.5	6,492.1	<b>10,019.6</b>
Amount (in millions of USD)		1,563.9	2,759.2	<b>4,323.1</b>	1,561.6	2,874.1	<b>4,435.7</b>
Nominal debt as percent of GDP		27.3	48.3	<b>75.6</b>	26.7	49.1	<b>75.9</b>
Refinancing risk	ATM (years)	11.1	10.4	<b>10.7</b>	10.1	10.5	<b>10.4</b>
	Debt maturing in 1 year (percent of total)	3.0	7.9	<b>6.2</b>	5.2	5.6	<b>5.5</b>
Interest rate risk	ATR (years)	10.9	10.4	<b>10.6</b>	6.7	10.5	<b>9.1</b>
	Debt re-fixing in 1 year (percent of total)	5.7	10.1	<b>8.6</b>	56.9	5.6	<b>24.4</b>
	Weighted Av. IR (percent)	3.3	5.8	<b>4.9</b>	3.4	5.9	<b>5.0</b>
Foreign Exchange rate ('FX') risk	FX debt (percent of total debt)	<b>34.1</b>			<b>35.2</b>		