

Grenada to auction US\$1.85m bond

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THE Grenada government yesterday said that it would be auctioning a EC\$5 million (US\$1.85 million) retail bond on the St Kitts-based Eastern Caribbean Securities Exchange (ECSE) as part of a partnership with the Eastern Caribbean Central Bank (ECCB) aimed at encouraging citizens to invest instead of growing their savings at commercial and indigenous financial institutions.

Finance Minister Dennis Cornwall told a news conference that this initial retail auctioning bond will be part of a pilot project of the ECCB that also involves St Kitts and Nevis.

'We are one of two pilots, St Kitts and Nevis being the other one,' he said announcing the terms and condition of the bond as well as the date and time period it will be auctioned.

The finance minister said that such an initiative is important because it will provide citizens with an opportunity to invest.

'Our government recognises that it's simply not enough to tell people that they must save; we must give them the tools, and more importantly, the opportunity to develop financial literacy and to grow their wealth,' he said.

The bonds will be auctioned from October 31 to November 21 and will be assigned on a first-come, first-serve format for citizens of the Eastern Caribbean Currency Union (ECCU), namely Antigua and Barbuda, Dominica, Grenada, St Kitts and Nevis, St Lucia, and St Vincent and the Grenadines.

The brokers will be those already approved by the ECSE that provide their services for the Regional Government Securities Market (RGSM).

The minimum investment will be EC\$500 and the maximum will be EC\$50,000 (US\$18,500). All applicants must pre-register via a portal on the Ministry of Finance website, and the broker for each island will then contact the applicant during the due diligence process.

The two-year government-backed bond offers a fixed annual interest rate of 4.25% with semi-annual payments in May and November of each year.

Permanent secretary in the Ministry of Finance Mike Sylvester said the bonds are meant for households and not financial institutions such as banks and credit unions.

'It's for ordinary folks, ordinary families to be able to start that investment journey and to be able to invest in safe and secure investments,' he said, adding that the initiative is not for the government to raise financing but is an opportunity for empowering people.

A prospectus for the EC\$5 million bond will

be published separately from the prospectus which provides information about the auctions of the government's treasury bills and bonds through the ECSE scheduled for 2025.

According to Grenada's 2025 prospectus on the exchange, the government's plan is to raise EC\$60 million (US\$22.2 million) through 91-day Treasury Bills and EC\$45 million (US\$16.65 million) through 365-day Treasury Bills at different dates during the months of February, May, August, September, October and December.

So far, most of the auctions have been oversubscribed. The EC\$15 million (US\$5.55 million) Treasury Bill auctioned by the Regional Government Securities Market on September 2 was oversubscribed and raised EC\$5 million (US\$1.85 million) more than the targeted amount.