DEBT PORTFOLIO REVIEW

2018 – 2022

January 2024

MINISTRY OF FINANCE

WWW.GOV.AI


ANGUILLA
Atlantic Ocean
Scrub Island
Seal Island
Prickly Pear Cays
Shoal Bay East
Scilly Cay &
Island Harbour
The Fountain
Badcox Pond
Grey Pond
Little Bay
Caul's Pond
Sandy Island
The Valley
Sea Feather
Bay
Sandy
Ground
Wallblake Airport
Rendesvous
Salt Pond
Meads Bay
Blowing
Point
Maunday's
Bay
Caribbean Sea
0
4 km
0
2 miles

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

ACRONYMS

ACC	Anguilla Community College
ASSB	Anguilla Social Security Board
ATB	Anguilla Tourist Board
ATM	Average Time to Maturity
ATR	Average Time to Re-fixing
BGs	Borrowing Guidelines
CariCRIS	Caribbean Information and Credit Rating Services
CCB	Caribbean Commercial Bank Anguilla Ltd
CDB	Caribbean Development Bank
COVID-19	Coronavirus disease
DMU	Debt Management Unit
DPR	Debt Portfolio Review
DPT	Depositors' Protection Trust
DSA	Debt Sustainability Assessment
ECCB	Eastern Caribbean Central Bank
ECCU	Eastern Caribbean Currency Union
EIB	European Investment Bank
FAA	Financial Administration and Audit Act
FFSD	Framework for Fiscal Sustainability and Development
GoA	Government of Anguilla
GDP	Gross Domestic Product
GST	Goods and Services Tax
NBA	National Bank of Anguilla Ltd
NCBA	National Commercial Bank of Anguilla
NDAC	National Debt Advisory Committee
m	million
MoFH	Ministry of Finance and Health
MTDS	Medium Term Debt Strategy

OCR	Ordinary Capital Resources
PAS	Principal Assistant Secretary
PBL	Policy-Based Loan
PPPs	Public Private Partnerships
PS	Permanent Secretary
SFR	Special Fund Resources
SOEs	State-Owned Enterprises
UKG	United Kingdom Government
USD	United States dollars

Currency and Indicative Exchange Rates

Local Currency = Eastern Caribbean Dollar (EC$)

Exchange Rate December 2022

1 United States Dollar (USD) = EC$2.70
1 Euro (€) = EC$2.89035

Fiscal Year

1 January to 31 December 2022

FOREWORD

Welcome to the fourteenth Debt Portfolio Review (DPR) for Anguilla, and the seventh to be published on the Government of Anguilla (GoA) website. By making this report accessible, we aim to uphold our commitment to transparency, accountability, and adherence to international best practices in debt reporting and monitoring for the residents of Anguilla, our stakeholders, and regional partners.

This DPR provides a detailed analysis of the public and publicly guaranteed (both external and domestic) debt portfolios over the period 2018-2022. It underscores the GoA's unwavering commitment to debt sustainability and transparency. The report offers an in-depth view of Anguilla's debt situation, covering Central Government activities as well as Government Guaranteed and Non-Guaranteed Debt of State-Owned Enterprises (SOEs). It chronicles the evolution of the total public debt stock over this historic five-year period, analysing key factors influencing its movement. Furthermore, the government's performance relative to the Framework for Fiscal Sustainability and Development (FFSD) ratios is highlighted throughout the reporting period.

In the last seven years, Anguilla faced significant challenges, including the Banking Resolution in 2016, Hurricane Irma in 2017, and the COVID-19 pandemic in 2020. These crises took a toll on our economy and fiscal performance. Yet, despite these setbacks, the government consistently met its debt obligations without fail. As our economy recovers, the GoA is steadfast in its commitment to prudent debt management, ensuring our public debt remains on a sustainable trajectory.

We extend our gratitude to the dedicated teams from the Ministry of Finance's Debt Management, Economic Planning and Budget Units, and the Department of Information Technology and E-Government Services for their invaluable contribution to this report.

We are proud to present the DPR for 2018 – 2022. It's our aspiration that this report enlightens all readers on the trajectory of public debt in Anguilla. For further insights, the DPR is available on the Government of Anguilla's website: [https://www.gov.ai}

Dr Ellis L Webster, MD
Hon Premier and Minister of Finance
Government of Anguilla

Kathleen Rogers, Mrs
Permanent Secretary,
Ministry of Finance

EXECUTIVE SUMMARY

The Anguilla Debt Portfolio Review, 2022 is compiled by the Debt Management Unit (DMU), Ministry of Finance and Health (MoFH) with support from the Budget and the Economic Planning Units of the same ministry. The DPR presents the most up to date statistics for the period 2018 to 2022 at the time of publication, and discusses the evolution of the public debt portfolio. As at end December 2022, the total public debt stock stood at EC$409.86m or 36.03 per cent of Gross Domestic Product (GDP), which comprised of public and publicly guaranteed and non-guaranteed external and domestic debt. The report aims to provide a detailed overview of the total public debt portfolio, along with an analysis of the movements in the debt stock over the specified review period.

Encapsulated in the review is an exploration of how: (1) public financial management has impacted debt sustainability through an assessment of the debt ratios as set out in the FFSD, and (2) financial instability and the subsequent banking resolution has affected the public debt portfolio.

The DPR is divided into three sections as outlined below:

SECTION 1: provides an overview of the economy in terms of the economic and fiscal developments over the period 2018-2022. It also analyses how these developments impact both the level and composition of the debt portfolio.

SECTION 2: examines the evolution of total public sector debt; that is - its composition, costs and risks inherent in the current portfolio, debt sustainability indicators and the FFSD borrowing benchmarks/ratios.

SECTION 3: concludes with the key observations in the current debt portfolio and proposes policy recommendations.

SECTION 1.0 OVERVIEW OF ANGUILLA'S ECONOMY

1.1 Introduction

In 2022, Anguilla faced a complex socio-economic landscape. The conflict between the Russian Federation and Ukraine exacerbated geopolitical tensions, dampened economic growth, reduced global food availability, and increased energy prices. These issues magnified inflationary pressures already present because of supply shocks brought on by the coronavirus disease (COVID-19) pandemic. With the Anguillian economy heavilly reliant on a narrow economic base, it felt the ripple effects of these global factors acutely. The severe worsening of economic circumstances after adverse global events indicates a lack of economic diversification, which leads to shock susceptibility, public uncertainty and unstable growth rates.

Anguilla is a United Kingdom (UK) Overseas Territory and is internally self-governing with executive powers invested in the British Crown through an appointed Governor. This relationship requires the Government of Anguilla (GoA) to conduct fiscal and debt[1] operations within the ambit of the FFSD, which has been enshrined in law under the Fiscal Responsibility Act (FRA), 2013.

Anguilla is also a member of the Eastern Caribbean Currency Union (ECCU) and ranks as the second smallest economy within this group. At the end of 2022, Anguilla accounted for 4.49 per cent of the Union's total GDP[2]. Similar to the previous year, the growth rate of the Anguillian economy outpaced regional counterparts – noting that Anguilla had the most severe contraction from the COVID-19 pandemic. This can be attributed to the restart of activity in Hotels and Restaurants, amongst other industries.

[1] Anguilla's borrowing is constrained by borrowing ratios agreed to in the Framework for Fiscal Sustainability and Development signed in April 2013 and legislated in October via the Fiscal Responsibility Act 2013 (which replaced the 2003 Borrowing Guidelines Agreement): (i) Net debt not to exceed 80.0 per cent of recurrent revenue; (ii) Debt service not to exceed 10.0 per cent of recurrent revenue; and (iii) Liquid Assets should be sufficient to cover at least 25.0 per cent or 90 days of recurrent expenditure.

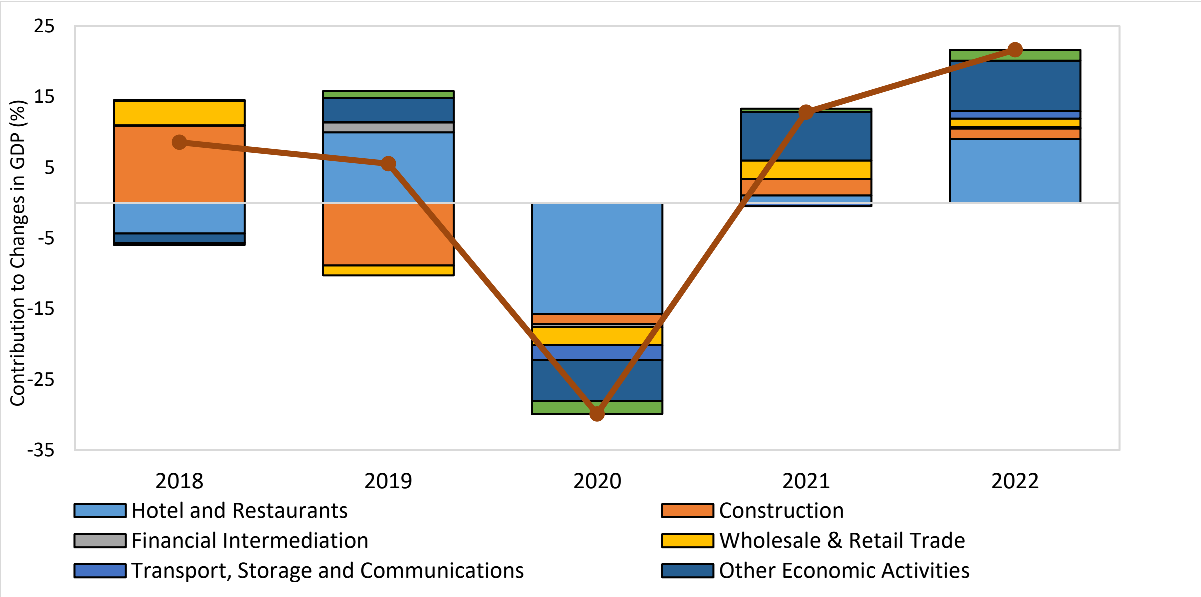
[2] GDP in constant prices. Data source is the Eastern Caribbean Central Bank.

1.2 Macroeconomic Developments

Despite the intricate socio-economic challenges in 2022, Anguilla's economic performance surpassed expectations, particularly bolstered by a robust tourism upswing in the year's final quarter. Preliminary estimates of activity in the ECCU area indicate an overall improvement in regional performance. Mirroring the previous year, Anguilla's growth rate eclipsed its regional peers, against a pronounced economic slump during the COVID-19 pandemic.

Following strong growth of 12.82 per cent in real GDP in 2021, preliminary estimates indicate a real economic expansion of 21.63 per cent in 2022; but a slowdown is anticipated in 2023. As industries continue to rebound from the pandemic's adverse effects, real sector performance continues to improve **(see Figure 1)**. The positive impacts of a recovering tourism industry carried over into other major industries, such as "Transport, Storage and Communications" (↑22.26 per cent) and "Wholesale and Retail Trade" (↑13.39 per cent). The completion of the UKG-funded Anguilla Programme, as well as the expansion of privately funded commercial and residential projects, resulted in a 15.97 per cent increase in Construction activity.

Figure 1: Contributions of Selected Industries to Real GDP Growth Performance, 2018-2022 (in per cent)



Source: (data) Anguilla Statistics Department and Eastern Caribbean Central Bank

Global inflationary pressures triggered by supply shocks brought on by the coronavirus disease (COVID-19) pandemic were exacerbated by the conflict between the Russian Federation and Ukraine. These geopolitical tensions dampened economic growth, reduced food availability, and increased energy prices. The effects of adverse global events were transmitted to the domestic economy and are indicative of a lack of economic diversification, which leads to shock susceptibility, public uncertainty and unstable growth rates.

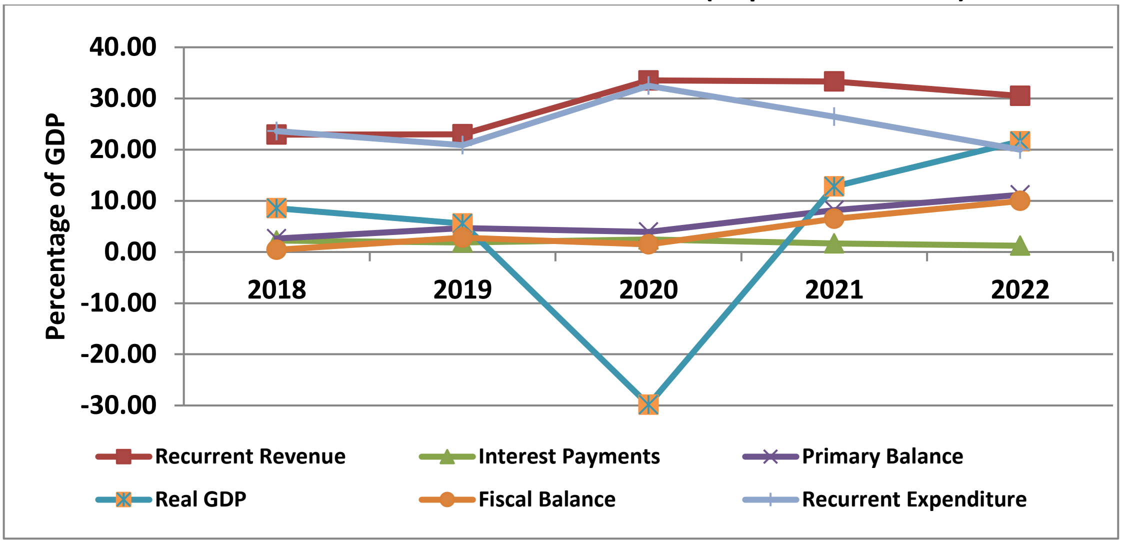
As a small, open economy with limited local production and a heavy reliance on imports, Anguilla is vulnerable to inflationary pressures arising from higher global commodity prices and rising transport costs. Aside from imported inflation, the implementation of the final phase of the Goods and Services Tax (GST) in July 2022 would led to varied pricing outcomes due to adjustments by traders and service providers; and due to GST replacing other taxes or levies.

For the review period, Anguilla’s Consumer Price Index is at a record level, and the rate of change is at its highest of 10.28 per cent over the previous year (December 2022/ December 2021). Upward inflationary pressures are not concentrated in a specific category and higher prices are recorded across several categories of goods and services. The intensity and duration of this inflationary shock remains uncertain and if prolonged higher prices may become more entrenched.

1.3 Public Finance Trends

Figure 2 shows the trend in the central government's fiscal position for the period under review.

Figure 2: Central Government Fiscal Position 2018-2022 (as per cent of GDP)



Source: Debt Management Unit & Budget Unit

The 2022 fiscal year for the GoA ended with an overall balance (surplus) of EC$113.23m (9.96 per cent of GDP).

Recurrent revenue collections in 2022 performed above the budgeted revenue collections of EC$237.66m with total revenue collections of EC$346.80m (30.49 per cent of GDP) and an increase of EC$15.98m when compared to the 2021 revenue collections of EC$270.51m. In the latter half of the year, various major revenue heads were repealed and replaced with the Goods and Services Tax (GST), which came into effect July 2022. Repealed revenue accounts included Accommodation Tax, Communication Levy, Interim Goods Tax, Environmental Levy and Public Entertainment Tax.

In the first half of the year, revenue collections were driven by increased levels of tourist arrivals from late 2021, where variances in Accommodation tax were approximately EC$23.34m above the 2021 actual collections. Another revenue head, which performed above, is Property Tax, which performed above 2021 actual by EC$1.91m, where many persons took advantage of the discount offered. In addition, Interim Goods Tax also performed above 2021 actuals in the first half of the year by approximately 40 per cent or EC$5.76m, collecting EC$20.09m.

Recurrent expenditure for 2022 was approved to spend EC$224.58m, however an actual expenditure of EC$227.30m (19.98 per cent of GDP) was realised, compared to expenditure of EC$215.02m (26.46 per cent of GDP) in 2021. This increased expenditure of EC$2.72m above budget, was facilitated through two Supplementary Appropriations. This was mainly to address critical needs, facilitating a cost of living support package, which alleviated electricity charges to with an EC$1,000 credit in first instance. The supplementary appropriation also allowed for an increase of 25 per cent in public assistance transfers for three months, and EC$500 food vouchers for senior citizens 70 years and above. Ministries and Departments remained relatively prudent in their spending, keeping recurrent expenditure significantly below recurrent revenue, amassing a recurrent surplus of EC$119.49m (10.51 per cent of GDP), while the recurrent balance in 2021 amassed a surplus of EC$55.49m (6.83 per cent of GDP)

1.4 Credit Rating

The Caribbean Information and Credit Rating Services (CariCRIS) credit rating is an objective assessment of an entity's creditworthiness relative to other debt issuing entities. The CariCRIS regional scale rating compares an entity's creditworthiness to all debt-issuing entities in a defined Caribbean region.
CariCRIS conducts an annual surveillance, and provides a credit rating that reflects its opinion of Anguilla’s ability to meet its financial obligations. Between 2007 and 2013, Anguilla's rating slid from CariAA to CariBBB+ and has since remained at CariBBB+

Outlined in its Credit Rating Report for the GoA, September 2022, CariCRIS has reaffirmed the assigned ratings of CariBBB+ (Foreign and Local Currency) on the regional rating scale to the notional debt of USD 25.0 m of the GoA. These ratings include a 6-notch uplift for the high likelihood of support from the UK. The notched-up regional scale ratings indicate that the level of creditworthiness of this obligation, adjudged in relation to other obligations in the Caribbean is adequate.

Also stated in this report is that a stable outlook on the ratings has been maintained. The stable outlook is based on the strong fiscal and debt management support from the UK, notwithstanding the dampening impacts of the COVID-19 pandemic on the tourism industry and economic activity. Below is the breakdown of CariCRIS rating drivers as documented in the report:

The factors supporting the reaffirmation of the CariBBB+ rating were:

- GoA's status as a British Overseas Territory and the likelihood of support from the UK Government in the event of financial distress;
- The continued rebuilding of the economy and infrastructure following the passage of hurricane Irma, although temporarily derailed due to COVID-19; and
- Fiscal performance remains carefully managed to control debt accumulation.

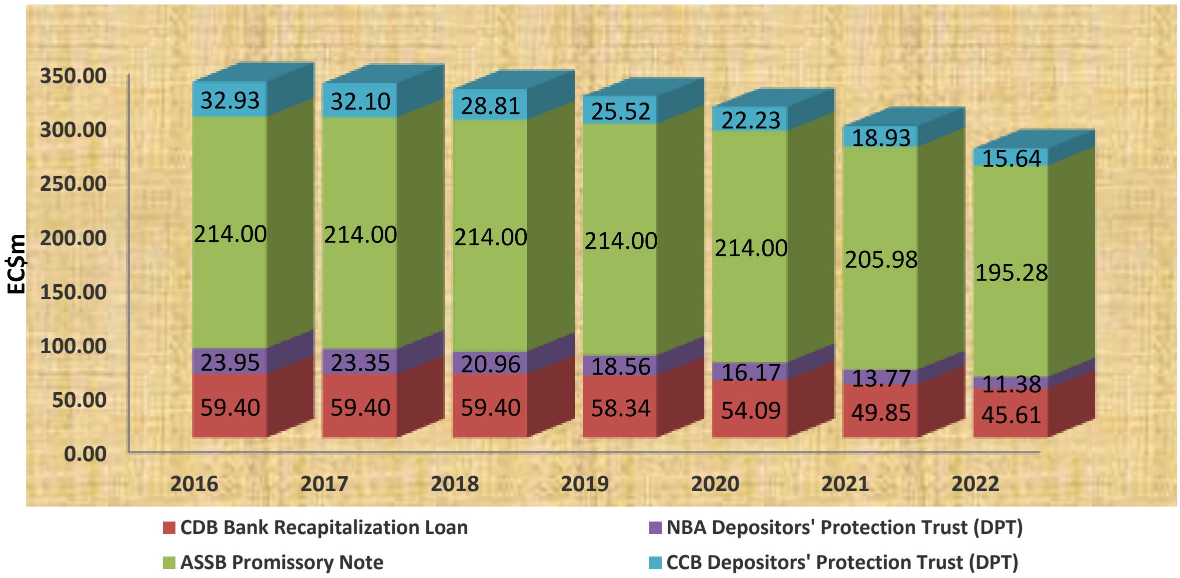
On the other hand, factors constraining the rating are:

- Small size of the country along with significant capacity constraints;
- Continued breach of its debt management performance benchmarks alongside increased debt servicing requirements although there are improvements; and
- Financial sector is characterised by high non-performing loans and low capitalization.

1.5 The 2016 Banking Resolution Debt

At the end of 2022, debt associated with the banking resolution stood at EC$267.90m a decline of EC$20.63m or 7.15 per cent over the outstanding balance at the end of 2021. This amounted to a principal repayment of EC$62.38m or 18.89 per cent contraction from the total amount of the GoA's intervention at the end of 2016 (see Figure 3). At the end of 2022, debt associated with the banking resolution accounted for 68.07 per cent and 65.36 per cent of central government debt and total public debt stocks, respectively.

Figure 3: Bank Resolution Debt, 2016 - 2022 (EC$m)



Source: Debt Management Unit

SECTION 2.0 PUBLIC DEBT STRUCTURE AND RATIOS

2.1 Total Public Debt

Anguilla's total public debt comprises central government debt, government guaranteed and non-guaranteed debt of statutory bodies from domestic and external sources (see Table 1).

Table 1: Total Public Debt 2018-2022 (EC$m)

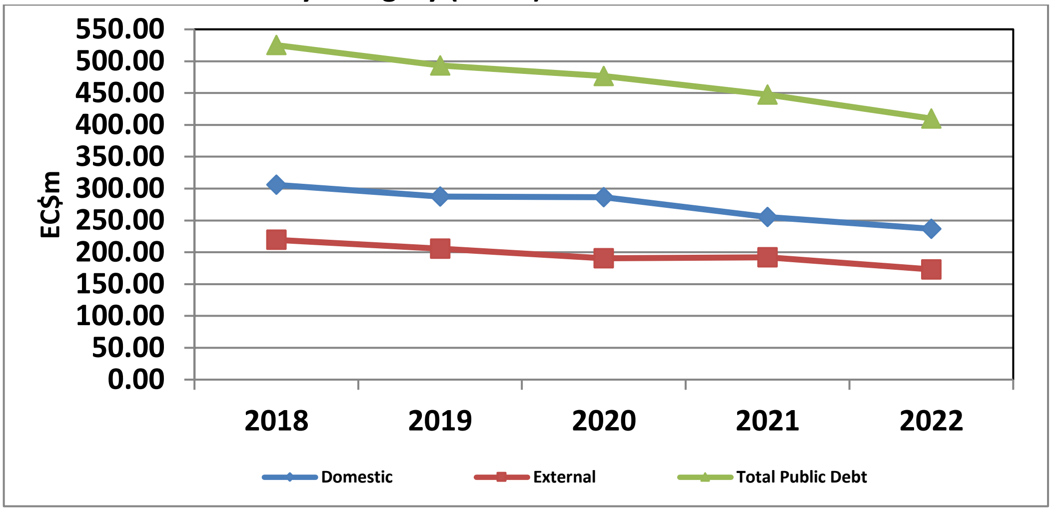
	2018	2019	2020	2021	2022
Central Government Debt	**516.69**	**486.53**	**452.80**	**427.92**	**393.55**
Domestic	304.06	286.26	266.58	238.68	222.29
External	212.63	200.27	186.22	189.24	171.26
Government Guaranteed Debt	**8.48**	**6.62**	**4.71**	**3.04**	**1.80**
Domestic	1.70	1.09	0.42	-	-
External	6.78	5.54	4.29	3.04	1.80
Non-Guaranteed Debt	-	-	**19.41**	**16.76**	**14.52**
Domestic	-	-	19.41	16.76	14.52
External	-	-	-	-	-
Total Public Debt	**525.17**	**493.16**	**476.92**	**447.73**	**409.86**
Domestic	305.76	287.35	286.41	255.44	236.81
External	219.41	205.80	190.51	192.29	173.06
Percentage Share of Total Public Debt					
Domestic	58.22%	58.27%	60.06%	57.05%	57.78%
External	41.78%	41.73%	39.95%	42.95%	42.22%
Central Government	98.38%	98.66%	94.94%	95.58%	96.02%
Government Guaranteed	1.62%	1.34%	0.99%	0.68%	0.44%
Non-Guaranteed	0.00%	0.00%	4.07%	3.74%	3.54%

Source: Debt Management Unit

At the end of 2022, total disbursed outstanding public sector debt stock stood at EC$409.86m or 36.03 per cent of GDP as depicted in Table 1 above. Over the period of review, total public debt declined by 21.96 per cent moving from EC$525.17m in 2018 to EC$409.86m in 2022. At year-end 2022 the debt stock decreased by 8.46 per cent (EC$37.87m) moving from EC$447.73m in 2021 to EC$409.86m. This decrease is due to higher debt service payments associated with the expiration of the grace period on one of CDB loans contracted in 2018 and the ASSB Promissory Note contracted in 2016 as part of the banking resolution, along with scheduled amortization exceeding disbursements on existing debt.

Between 2018 and 2022, domestic debt dominated Anguilla's total debt composition. At the end of 2022, domestic debt accounted for 57.78 per cent (EC$236.81m) of the total debt portfolio, while external debt accounted for the remaining 42.22 per cent (EC$173.06m). (**See Table 1 above and Figure 4).**

Figure 4: Total Public Debt by Category (EC$m)



Source: Debt Management Unit

As shown in Table 1 above and Figure 5 below, central government debt stood at EC$393.55m (96.02 per cent of the total debt stock) at the end of 2022. Over the five years, central government debt declined by 23.83 per cent moving from EC$516.69m in 2018 to EC$393.55m at end 2022.

For the same period, the government guaranteed debt[3] stock stood at EC$1.80m (0.44 per cent of the total debt stock) declining by 31.80 per cent at end 2022.

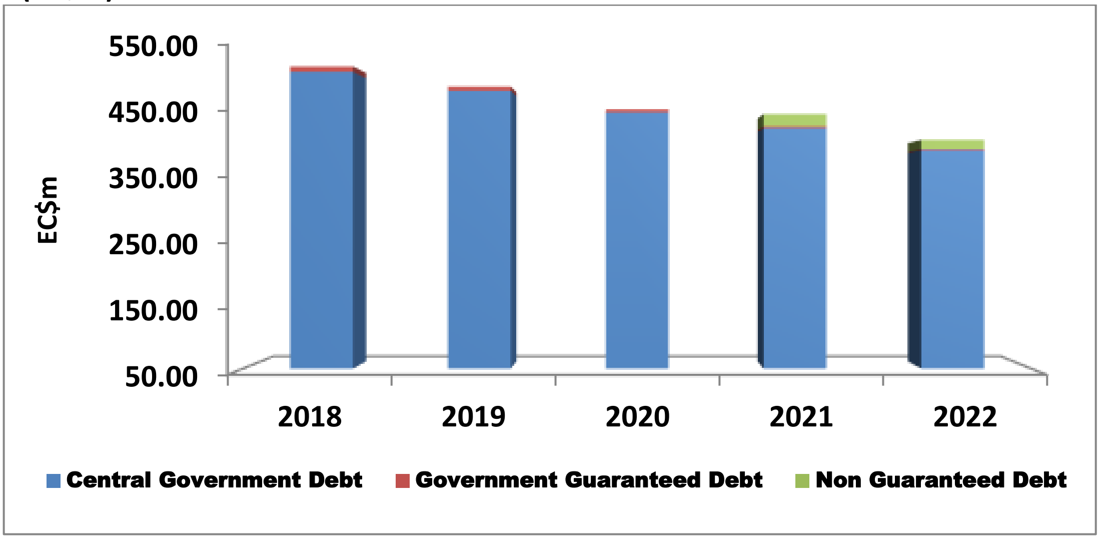
Non-guaranteed SOEs debt[4] stock stood at EC$14.52m (3.54 per cent of the total debt stock) declining by 13.37 per cent over the 2021 debt stock of EC$16.76m.

[3] Up to 2016, guarantees were extended to two statutory bodies, the Anguilla Development Board and the Anguilla Tourist Board. In 2016, the Anguilla Air and Sea Ports Authority contracted debt that was also guaranteed.

[4] Non-guaranteed debt at the end of 2022 includes a Public Private Partnership entered into by the Water Corporation of Anguilla (WCA) that was not guaranteed by the GoA.

In summary, at the end of 2022 central government debt stock decreased by 8.03 per cent (EC$34.37m), government guaranteed debt stock declined by 40.97 per cent (EC$1.25m) and non-guaranteed debt stock declined by 13.37 per cent (EC$2.24m) over the 2021 debt stock levels.

Figure 5: Central Government, Government Guaranteed and Non-Guaranteed Debt, 2018-2022 (EC$m)

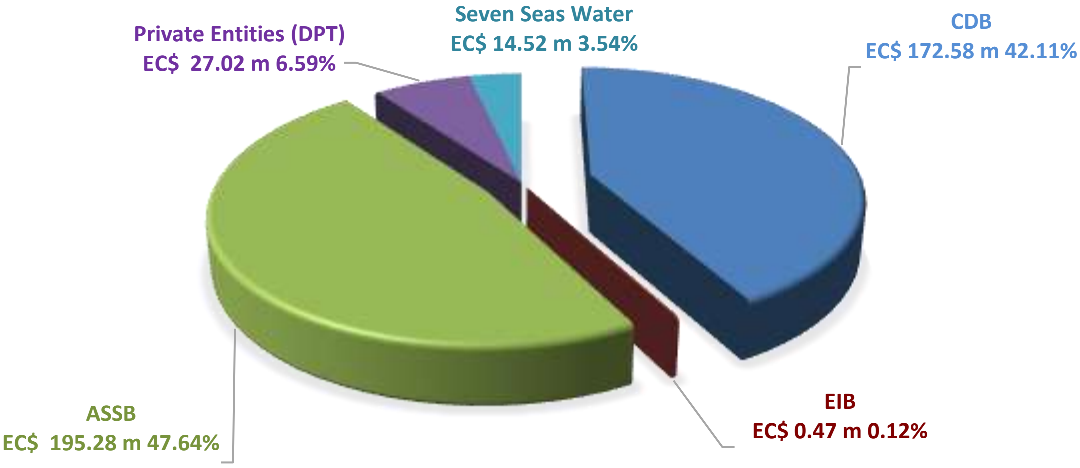


Source: Debt Management Unit

2.2 Public Debt Composition

Figure 6 shows that at the end of 2022, the ASSB was the largest creditor holding 47.64 per cent (EC$195.28m) of total debt.. The shares of debt owed to the other creditors, in descending order, were as follows; - CDB at 42.11 per cent (EC$172.58m); Private Entities (DPT) at 6.59 per cent (EC$27.02m); Seven Seas Water at 3.54 per cent (EC$14.52m); and the European Investment Bank (EIB) at 0.12 per cent (EC$0.47m). There was no outstanding debt owed to ECCB and NCBA (short-term credit facilities) at the end of fiscal year, 2022. See appendix 2 for trend in debt by creditor category for the period 2018 to 2022.

Figure 6: Public Debt by Creditor Category, 2022 (EC$m)



Source: Debt Management Unit

2.2.1 External Debt[5]

For the year in review, the external debt portfolio consisted entirely of loans. Over the period 2018 to 2022 external debt declined by approximately 21.12 per cent; moving from EC$219.41m in 2018 to EC$173.06m at the end of 2022. This decrease in external debt over the period of review (2018-2022) is due to scheduled amortization payments exceeding disbursements. At the end of 2022, external debt decreased by 10.00 per cent (EC$19.23m) over the 2021 debt stock level of EC$192.29m.

External Debt by Creditor Category

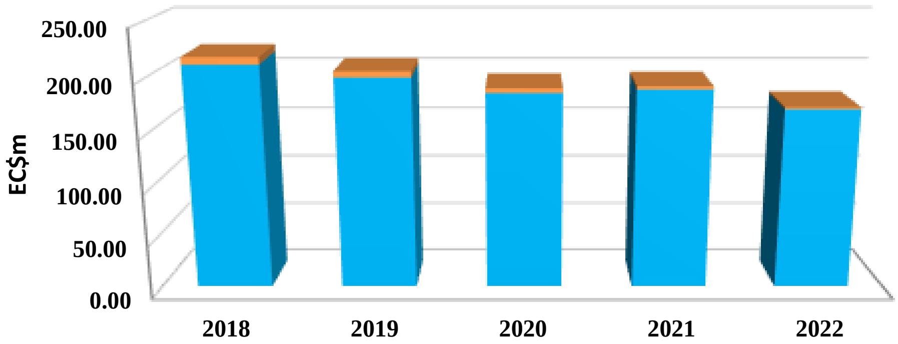
Anguilla's external debt over the period reviewed was owed to two multilateral creditors, the EIB and CDB. The latter was the dominant holder with a five-year average annual share of 99.69 per cent. At the end of 2022, CDB accounted for a share of 99.73 per cent (EC$172.58m) of the external debt portfolio and EIB the remaining 0.27 per cent share (EC$0.47m).

[5] External debt is classified by residency of creditors

External Debt by Borrower Category

As shown in Figure 7 below at the end of 2022 central government external debt stock stood at EC$171.26m (98.96 per cent) of the external debt portfolio. Government guaranteed SOE external debt stock stood at EC$1.80m (1.04 per cent) of the external debt portfolio. There was no non-guaranteed external debt of SOEs. At the end of 2022 central government and government guaranteed external debt stock declined by EC$17.98m (9.50 per cent) and EC$1.25m (40.97 per cent) over the 2021 external debt stock levels of EC$189.24m and EC$3.04m respectively. Over the period of review, central government and government guaranteed external debt stocks declined on average by 20.55 per cent and 27.73 per cent, respectively.

Figure 7: External Debt by Borrower Category (EC$m)



	2018	2019	2020	2021	2022
Government Guaranteed	6.78	5.54	4.29	3.04	1.80
Central Government	212.27	200.27	186.23	189.24	171.26

Source: Debt Management Unit

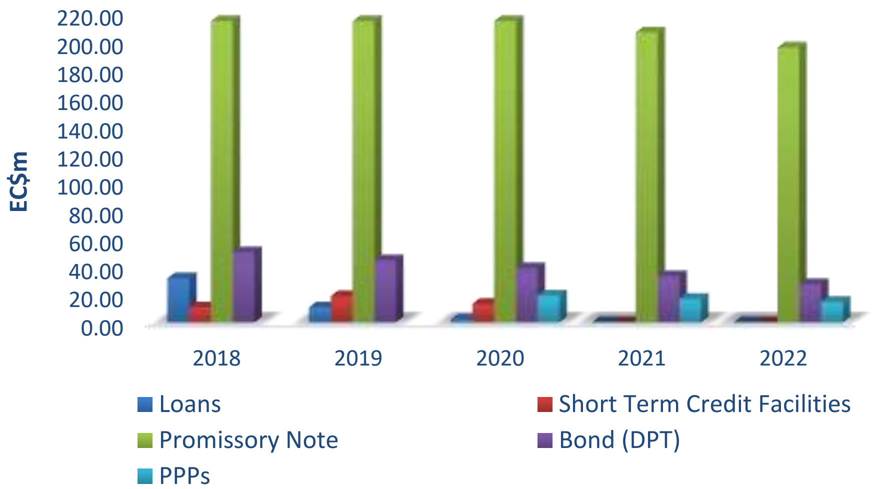
2.2.2 Domestic Debt

Domestic debt in 2018 and 2022 stood at EC$305.76m and EC$236.81m, respectively. The stock fluctuated over the five-year period largely due to end- of- year balances on the two short-term credit facilities (the NCBA overdraft and the ECCB operating account). At the end of 2022, the domestic debt stock decreased by EC$18.63m or 7.29 per cent when compared to the 2021 domestic debt stock of EC$255.44m. This decrease is due to payments being made on the ASSB Promissory note in 2021, after the expiration of the grace period. At the end of 2022, both short-term credit facilities (the NCBA overdraft and the ECCB operating account) had nil balances. This has been the trend for the past two years as the Government did not utilise the short-term credit faciltiies due to robust revenue performance.

Domestic Debt by Instrument Type

The domestic debt portfolio consisted of a Promissory Note, Bond (DPT), PPPs, loans and short-term credit facilities over the review period (see Figure 8).

Figure 8: Domestic Debt by Instrument Type (EC$m)



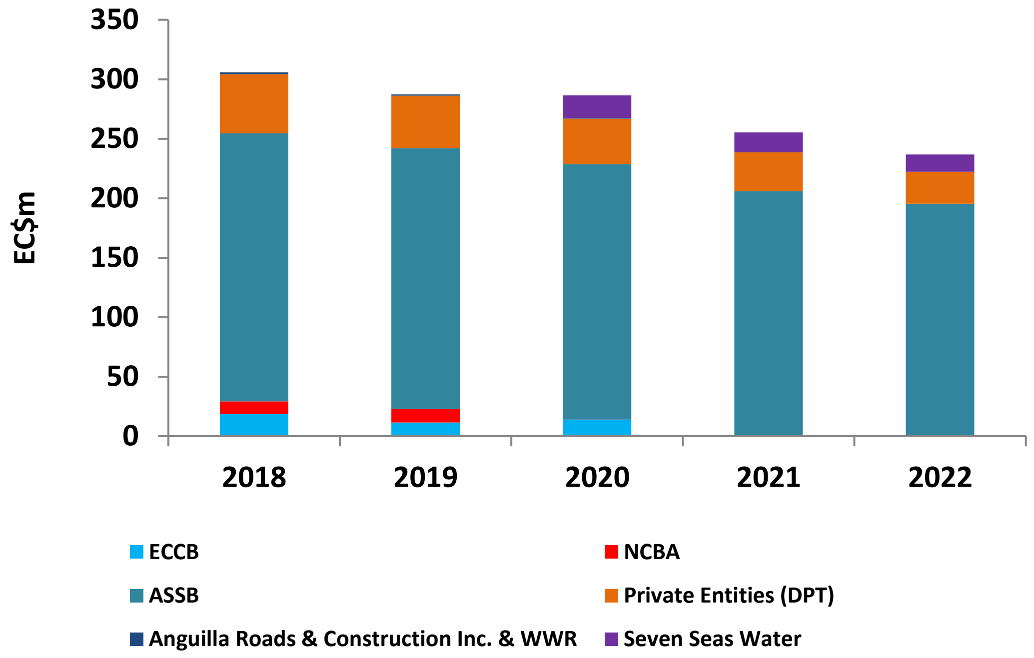
Source: Debt Management Unit

At the end of 2022, the Promissory Note accounted for EC$195.28m or 82.46 per cent of the domestic debt portfolio. In addition, of the domestic debt portfolio, the Bond (DPT) accounted for EC$27.02m or 11.41 per cent and the PPPs accounted for EC$14.52m or 6.13 per cent. There was no outstanding debt on the short-term credit facilities (NCBA Overdraft and ECCB Operating Account).

Domestic Debt by Creditor Category

As depicted in Figure 9, the ASSB has been the dominant holder in the domestic debt portfolio. At the end of 2022, debt owed to the ASSB stood at EC$195.28m (82.46 per cent) of total domestic debt. Other domestic debt holders included Private Entities (DPT) with an amount of EC$27.02m (11.41 per cent) and Seven Seas Water with an amount of EC $14.52m (6.13 per cent).

Figure 9: Domestic Debt by Creditor Category (EC$m)



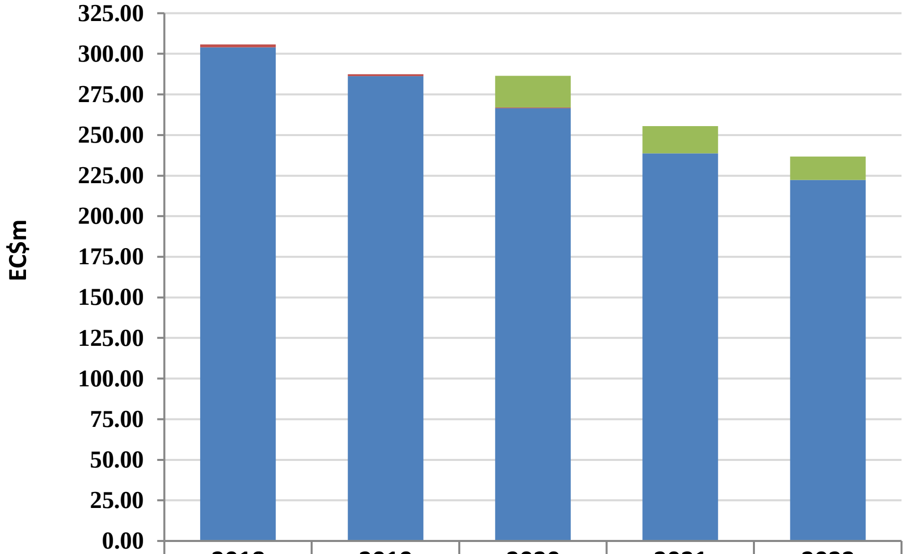
Source: Debt Management Unit

Domestic Debt by Borrower Category

As shown in Figure 10 below at the end of 2022 central government domestic debt stock stood at EC$222.29m (93.87 per cent) of the domestic debt portfolio. There was no government guaranteed SOEs debt in the domestic debt portfolio. Non-guaranteed SOEs debt stood at EC$14.52m (6.13 per cent) of the domestic debt portfolio.

At the end of 2022 central government and government non-guaranteed SOEs domestic debt stock levels declined by EC$16.39m (6.87 per cent) and EC$2.24m (13.37 per cent) over the 2021 domestic debt stock levels of EC$238.68m and EC$16.76m respectively. Over the review period, central government and government non-guaranteed domestic debt stocks declined on average by 7.51 per cent and 13.52 per cent respectively.

Figure 10: Domestic Debt by Borrower Category (EC$m)



	2018	2019	2020	2021	2022
Non-Guaranteed (SOEs)	0.00	0.00	19.41	16.76	14.52
Government Guaranteed	1.70	1.09	0.42	0.00	0.00
Central Government	304.06	286.26	266.58	238.68	222.29

Source: Debt Management Unit

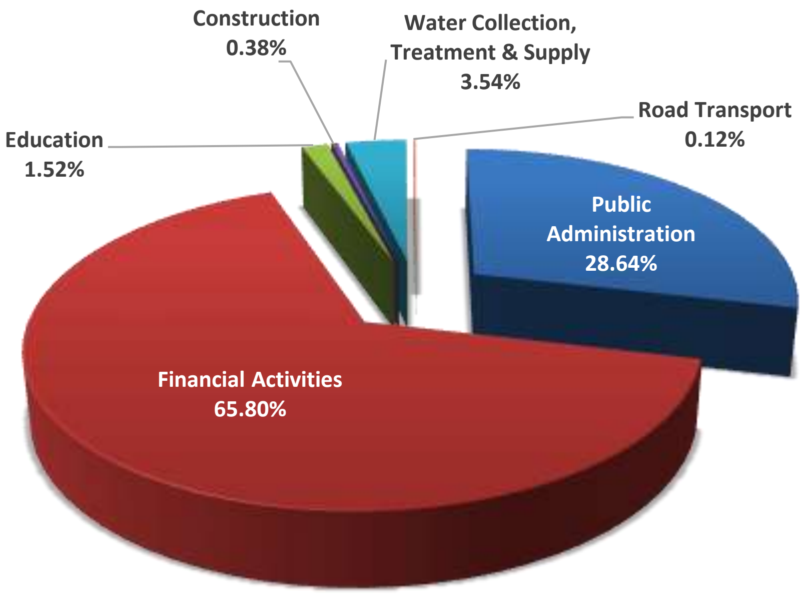
2.3 Debt by Economic Sector[6]

Figure 11 below captures Anguilla's total public debt by economic sector. At the end of 2022, Financial Intermediation Activities accounted for the largest proportion of public debt with a share of 65.80 per cent (EC$269.70m). Within this sector, activities were primarily related to the 2016 banking resolution. Public Administration and Water Collection followed with shares of 28.64 per cent (EC$117.37m), and 3.54 per cent (EC$14.52m), respectively. The remainder of the portfolio, 2.02 per cent (EC$8.28m), was shared among three other

[6] Economic Sector revised and updated using the International Standard Industrial Classification of All Economic Activities (ISIC), Rev.4

economic sectors; namely, - Education, Construction and Road Transport. Appendix 3 shows the trend of the public debt by economic sectors under the period of review.

Figure 11: Public Debt by Economic Sector (EC$m)



Source: Debt management Unit

2.4 New Borrowing, Disbursements and Debt Service Payments

New Borrowing and Disbursements

Table 2: New Borrowing and Disbursements 2018-2022 (EC$m)

New Financing (EC$m)	2018	2019	2020	2021	2022
Total	**40.41**	**1.67**	**3.29**	**21.09**	**1.20**
External	**40.41**	**1.67**	**3.29**	**21.09**	**1.20**
Multilateral	40.41	1.67	3.29	21.09	1.20
Domestic	**-**	**-**	**-**	**-**	**-**
Loans	-	-	-	-	-

Source: Debt Management Unit

In 2022, no new debt was contracted, however, disbursements totalled EC$1.20m. These represented disbursements on the Anguilla Community College (ACC) Project Loan contracted in 2014 from CDB. At the end of 2022, approximately EC$7.77m has been disbursed on the ACC Project Loan with an undisbursed balance of approximately EC$915k. There were no new borrowings or disbursements associated with the Government Guarantees and Non-Guarantees.

Debt Service Payments

Anguilla's total public sector debt service showed an increasing trend over the period of review. The annual debt service increased on average by 2.33 per cent over the period of review moving from EC$48.42m in 2018 to EC$52.95m in 2022 (**see Table 3**).

Table 3: Total Public Sector Debt Service 2018-2022 (EC$m)

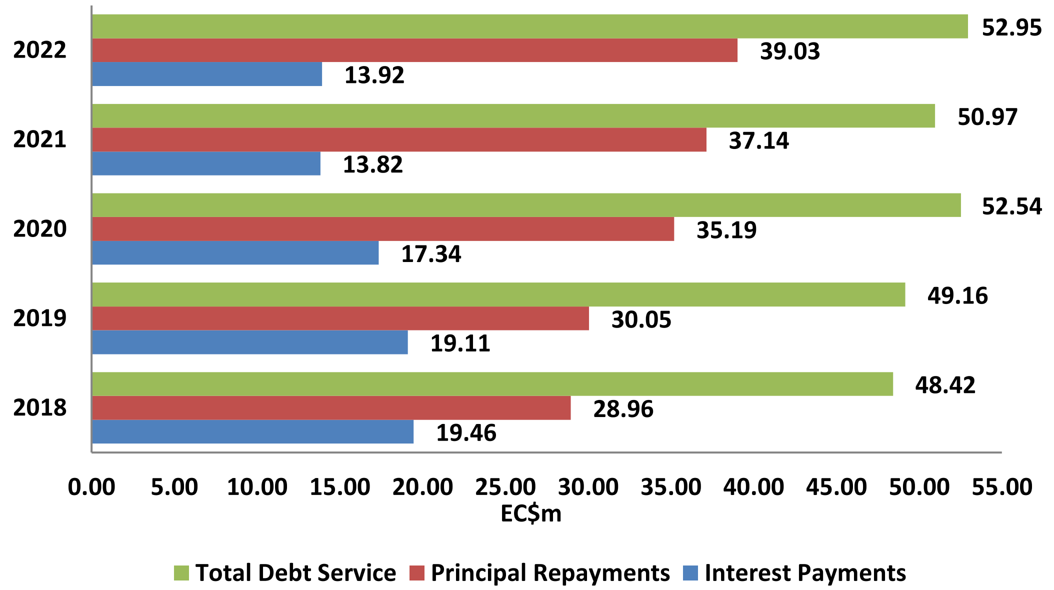
Debt Service Payments (EC$m)	*2018*	*2019*	*2020*	*2021*	*2022*
Total Debt Service	***48.42***	***49.16***	***52.54***	***50.97***	***52.95***
Principal Repayments	*28.96*	*30.05*	*35.19*	*37.14*	*39.03*
Interest Payments	*19.46*	*19.11*	*17.34*	*13.82*	*13.92*
External Debt Service	***21.76***	***25.51***	***27.57***	***25.70***	***26.86***
Principal Repayments	*14.24*	*15.27*	*18.65*	*19.27*	*20.40*
Interest Payments	*7.52*	*10.24*	*8.93*	*6.43*	*6.46*
Domestic Debt Service	***26.66***	***23.65***	***24.96***	***25.26***	***26.09***
Principal Repayments	*14.72*	*14.78*	*16.55*	*17.88*	*18.63*
Interest Payments	*11.94*	*8.87*	*8.42*	*7.39*	*7.46*

Source: Debt Management Unit

The average annual increase in debt service from 2018 to 2022 was due to interest payments and increased principal repayments to holders of both existing and new external debt instruments and the inclusion of the non-guaranteed SOE's debt at the end of fiscal year 2020.

As shown in Table 3, total principal repayments moved from EC$28.96m in 2018 to EC$39.03m in 2022. For the same period, total interest payments moved from EC$19.46m in 2018 to EC$13.92m in 2022 with a peak of EC$19.46m in 2018 due to the debt contracted in the aftermath of Hurricane Irma (2017). In 2021, interest payments declined by 20.30 per cent (EC$3.52m) and principal payments increased by 5.54 per cent (EC$1.95m) over the 2020 debt service payments. In 2022, there was a slight increase in interest payments of 0.72 per cent (EC$0.10m) and an increase of 5.09 per cent (EC$1.89m) in principal payments over the 2021 debt service payments. Accounting for this slight rise in interest payments is the increase in CDB's variable interest rate, which is re-fixed every three months, moving from 3.30 per cent at the beginning of the year to 4.10 per cent at the end of the year. The increase in principal payments is attributable to the expiration of the grace period on the ASSB Promissory Note in the second quarter of 2021 and CDB Hurricane Recovery Support Loan in the fourth quarter of 2021. There were no debt related arrears at the end of fiscal year 2022. Figure 12 below illustrates the trend in debt servicing for the period under review.

Figure 12: Debt Service 2018 - 2022 (EC$m)



Source: Debt Management Unit

2.5 Risk/Cost Analysis

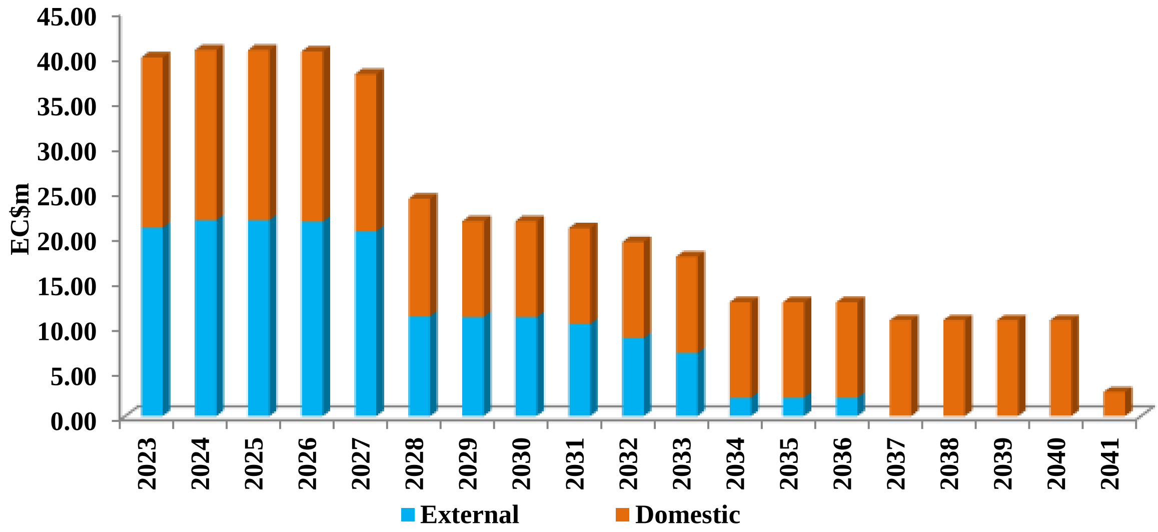
Risk in relation to debt costs, refers to the potential for the actual cost of debt to deviate from its expected cost due to variations of different economic variables such as interest rates and exchange rates. Exposure of Anguilla's debt portfolio to risk is assessed using the following risk indicators: refinancing risk, interest rate risk and exchange rate risk.

Refinancing Risk

Refinancing risk (rollover risk) refers to the risk a borrower faces when the actual cost of refinancing or rolling over existing debts may exceed the projected cost of financing the existing debt. Two measures used to assess Anguilla's exposure to refinancing risk are the maturity/redemption profile of debt and the Average Time to Maturity (ATM).

The maturity profile refers to the amount of debt that is falling due in each period. This indicator shows the specific points of a country's vulnerability which is manifested by high debt service payments (principal repayments) in the debt repayment schedule. Figure 13 depicts the maturity structure of Anguilla's debt given the stock of debt as at the end of 2022.

Figure 13: Maturity Profile of Public Debt at end 2022



Source: Debt Management Unit

The proportion of debt with a remaining maturity of 1 year or less (short-term) is 9.74 per cent (EC$39.94m) of total debt. The amount due in external payments in 2023 is EC$21.13m, and is due mainly to CDB. Domestic payments amount to EC$18.81m, comprising of EC$10.70m for the ASSB Promissory Note, EC$5.69m for the DPT, and EC$2.42m for the PPPs.

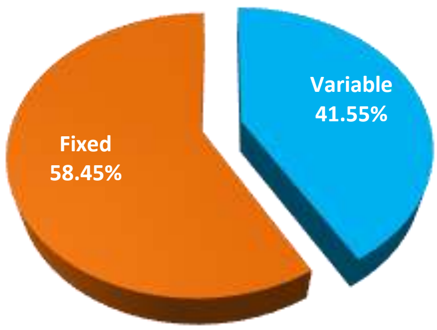
Debt falling due within 2 to 5 years (medium term) accounts for 39.08 per cent (EC$160.18m) of maturing debt. External payments account for EC$86.38m (53.92 per cent) with payments to CDB totalling EC$86.14m. Domestic payments averaging EC$18.45m are due largely to payments related to the DPT and the ASSB Promissory Note.

The proportion of debt with a remaining maturity exceeding 5 years (long term) accounts for 51.18 per cent (EC$209.77m) of outstanding debt. Principal outlays of EC$144.19m domestically and EC$65.57m externally are primarily due to ASSB (Promissory Note) and to CDB respectively.

The analysis shows that Anguilla's public debt susceptibility to refinancing risk is moderate. This is substantiated by the refinancing risk indicator, the average time to maturity (ATM), which measures the sum of redemptions weighted by the time to maturity. It shows how long it takes on average to rollover the debt portfolio. The ATM of Anguilla's public debt stock is 6.58 years. Notably, the debt portfolio is predominantly made up of longer-term instruments, as presently the government does not issue short-term securities, which are the contributing factors to the favourable length of the ATM.

Interest Rate Cost and Risk[7]

Figure 14: Interest Rate Composition



Source: Debt Management Unit

At the end of the period under review, 41.55 per cent of the debt stock equivalent to EC$170.29m accounted for variable interest rate, while 58.45 per cent equivalent to EC$239.57m represented fixed rate. (**See Figure 14**). All domestic debt had fixed interest rates, with rates ranging between 2.0 and 6.75 per cent. External debt had a mixture of both fixed and variable interest rates. The fixed interest rates

[7] The potential risk to the debt portfolio if there is a change in market interest rates

related to the loan with the EIB, which carried a rate of 0.75 per cent per annum, and the Special Funds Resources (SFR) portion of CDB debt, with a rate of 4.0 per cent. The variable interest rate debt was associated with the Ordinary Capital Resources (OCR)[8] share of CDB loans.

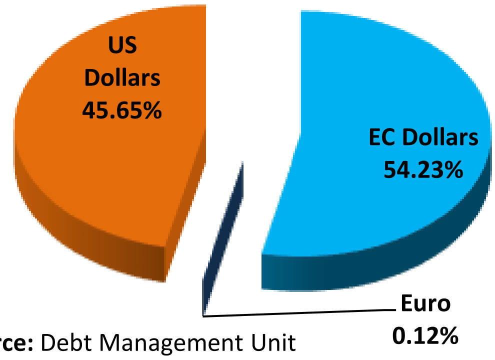
At the end of 2022, the cost of the debt portfolio increased by 0.50 percentage points when compared to 2021. The average interest rate stood at 3.40 per cent when compared to 2.90 per cent at the end of 2021. The domestic and external average interest rates stood at 2.70 per cent and 3.73 per cent respectively. The domestic interest rate increased by 0.12 percentage points over the 2021 average interest rate of 2.58 per cent. The external average interest rate increased by 0.35 percentage points in comparison to that of 2021 average interest rate of 3.36 per cent. (See Appendix 1).

Interest rate risk refers to risk associated with movements of the interest rate on domestic regional and international markets. Changes in interest rates affect debt service payments, as costs increase when interest rates rise and debt has to be refinanced. The average time to refixing (ATR) indicator measures interest rate risk. At the end of 2022, Anguilla's public debt had an average time to interest rate re-fixing (ATR)[9] of 4.82 years, which suggests that an equitable proportion of the public debt will be subject to interest rate changes within this time period, thus posing moderate risk to the portfolio.

[8] OCR is the less concessional share of CDB loan portfolio. The rate is re-fixed every three months and stood at 4.75 per cent at 31st December 2022.
[9]The average time until the interest rate is reset on the outstanding debt.

Exchange Rate Risk

Figure 15: Currency Composition of Total Debt



Source: Debt Management Unit

Figure 15 shows the currency composition of the public debt profile at the end of 2022. It shows that 45.65 per cent (EC$187.10m) of Anguilla's debt stock was denominated in US dollars. The share of EC dollar denominated debt stood at 54.23 per cent (EC$222.29m) and Euro currency debt accounted for 0.12 per cent (EC$0.4756m).

Exchange rate risk refers to risk associated with movements in the exchange rate; the volatility to debt servicing cost owing to exchange rate movements. Given that all of Anguilla's domestic debt is denominated in local currency, the exchange rate risk is only applicable to the external portion of public debt.

However, the impact of foreign exchange fluctuations to the external debt portfolio is minimal based on two main factors. Firstly, the 45.65 percentage share of US dollar denominated debt acts as a buffer to the currency risk owing to the official exchange rate parity between the EC dollar and US dollar. Secondly, the exchange rate exposure with the Euro is low, as it constitutes less than 1.0 per cent of the total debt portfolio.

2.6 Debt Sustainability Indicators

Debt ratios are measures of potential debt-related risks in the portfolio which when combined with other macroeconomic variables, in particular expected growth and interest rates can provide some insight as to the: (1) major risks facing the economy; (2) conditions under which the debt level can stabilise; and (3) possible need for policy adjustment.

In 2003, the Monetary Council of the ECCB agreed on the establishment of fiscal benchmarks to guide the fiscal operations of member countries. The objectives of these benchmarks are to play an important role in strengthening public finances, support fiscal consolidation and ensure debt sustainability in the Eastern Caribbean. Two key fiscal benchmarks are for member states to achieve a debt to GDP ceiling of 60 per cent[10], as well as to attain a primary balance that would meet the debt to GDP criterion by 2020. Later, in February 2015, the ECCB Monetary Council extended the target date to 2030. Subsequently, in January 2021, the target date was extended to 2035 due to the impact of the COVID-19 pandemic on the economies of the ECCU member countries.

Table 4 shows some core debt sustainability indicators over the period 2018-2022.

Table 4: Debt Sustainability Indicators (in per cent)

Sustainability Indicators	2018	2019	2020	2021	2022
Public Sector Debt to GDP	**60.32**	**48.48**	**68.35**	**55.09**	**36.03**
External Debt to GDP	*25.20*	*20.23*	*27.30*	*23.66*	*15.21*
Domestic Debt to GDP	*35.12*	*28.25*	*41.05*	*31.43*	*20.82*
Public Sector Debt Service to Revenue	**24.26**	**21.00**	**22.45**	**18.84**	**15.27**
External Debt Service Ratio	*10.90*	*10.90*	*11.79*	*9.50*	*7.74*
Domestic Debt Service Ratio	*13.36*	*10.10*	*10.67*	*9.34*	*7.52*
Interest Service Ratio	**9.75**	**8.16**	**7.41**	**5.11**	**4.01**
External Interest Service Ratio	*3.77*	*4.37*	*3.82*	*2.38*	*1.86*
Domestic Interest Service Ratio	*5.98*	*3.79*	*3.60*	*2.73*	*2.15*
External Debt Service to Exports	**155.36**	**75.79**	**398.23**	**137.54**	**66.40**

Source: Debt Management Unit

The movement of the Public sector debt to GDP indicator has been sporadic over the period of review as highlighted in Table 4 above and Figure 16 below, although the year 2019 recorded the lowest debt/GDP ratio of 48.48 per cent. In 2018, the debt/GDP ratio stood at 60.32 per cent; this highlighted the impact of the debt contracted in 2016 (banking resolution)

[10] The debt to GDP ratio (ranging between 60-75 per cent of debt to GDP) was viewed as an international debt sustainability benchmark, adopted by the European Union under the Maastricht Treaty, West African Economic and Monetary Union (WAEMU) and Central African Economic and Monetary Community (CEMAC)

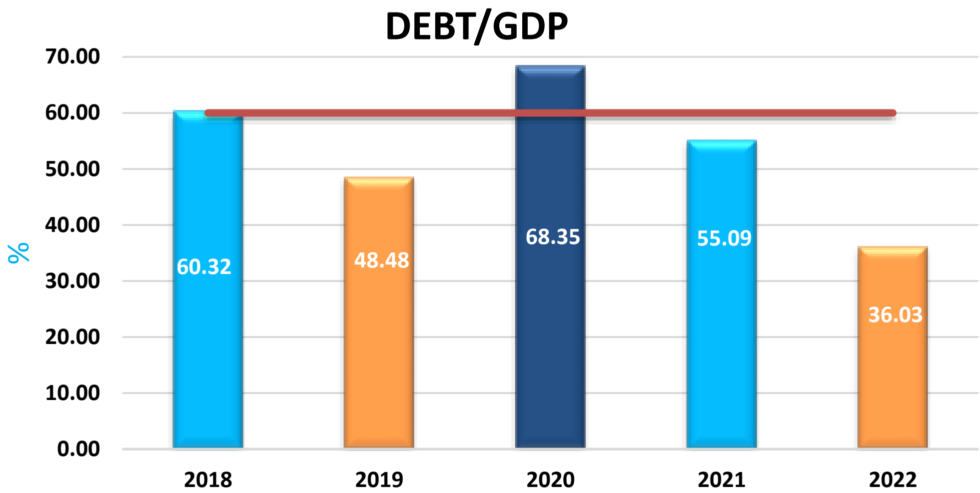
and 2017 (Hurricane Irma) to mitigate the effects of the two major crises. The ratio peaked in 2020, at 68.35 per cent due to the impact of COVID -19 pandemic on the economy; and thereafter on a downward trajectory as the economy continued to rebound from the three major shocks exposed to over the last seven years. Public sector debt to GDP declined by 19.06 percentage points moving from 55.09 per cent in 2021 to 36.03 per cent in 2022. This decrease is due primarily to improvement in Anguilla's economy as evidenced by the growth in GDP. This current position signifies that the country's debt level is more sustainable and the economy is more than capable to pay off its debt. At the end of 2022, domestic debt to GDP and external debt to GDP showed a decrease of 10.61 and 8.45 percentage points respectively when compared to 2021.

The public sector debt service to revenue ratio improved by 3.26 percentage points over the period 2018 to 2019. In 2020, the ratio showed signs of deterioration to 22.45 per cent compared to 21.00 per cent in 2019 and improved in 2021 moving to 18.84 per cent. This increase is due to the impact of the COVID-19 pandemic on revenue. In 2022, the ratio improved significantly by 3.57 percentage points over the 2021 ratio. This improvement in the debt service ratio is mainly, as a result of, revenue performance outpacing debt service payments.

At the end of 2022, there was a decrease in the interest service ratio of 1.10 percentage points over the 2021 ratio of 5.41 per cent of revenue. This decrease is due primarily to the reduction in the debt stock during the fiscal year 2021.

After peaking in 2020 at 398.23 per cent, the debt service-to-exports ratio improved significantly by 260.69 percentage points moving to 137.54 per cent in 2021. At the end of 2022, the ratio stood at 66.40 per cent and continued to show signs of improvement by 71.14 percentage points over that of 2021. The halt in tourism activities and closure of Anguilla's borders due to the global pandemic – COVID-19 contributed to this substantial decline in 2020; whereas the improvement in tourism related activities and the rebounding of the various sectors affected by the pandemic contributed to the improvement in the ratio at the end of 2021 and 2022 respectively.

Figure 16: Debt-to-GDP, 2018 - 2022



Source: Debt Management Unit

2.7 FFSD Ratios

In addition to the ECCB Monetary Council fiscal benchmarks, the GoA must comply with the Fiscal Responsibility Act 2013, which incorporates the FFSD agreement with the United Kingdom Government (UKG). The FFSD requires that the Government of Anguilla manages its debt operations within the corridor of three parameters, which are that:

1. the net debt ratio should not exceed 80.0 per cent of recurrent revenue;
2. the debt service ratio should not exceed 10.0 per cent[11] of recurrent revenue; and
3. liquid assets should be sufficient to cover 25 per cent (90 days) of recurrent expenditure.

On a breach in any one of the ratios, explicit approval, to borrow is required from the UKG on a case-by-case basis. Since 2008, the government has been in breach of the benchmarks in the FFSD and was required to be in compliance by the end of 2017. In 2016 with the UKG's

[11] Under the 2003 Borrowing Guidelines (BGs) the debt service target was 8% (up to 2012); the target was increased to 10% under the 2013 FFSD. The FFSD also requires that the risk-weighted debt service cost of government guarantees be included in the calculation of the debt service ratio which was not the case under the BGs.

approval for the GoA to borrow in support of a banking resolution, an implicit arrangement was made to extend the date to comply with the limits to 2025. Subsequently, following the impacts of Hurricane Irma in 2017, the time to comply with the fiscal ratios was extended from 2025 to 2030.

Table 5 shows the GoA's performance against the UKG debt benchmarks over the period 2018-2022.

Table 5: FFSD Ratios - 2018-2022

Debt Indicators (%)	Targets	2018	2019	2020	2021	2022
Net Debt/Recurrent Revenue	≤80%	260.08	208.46	202.08	164.40	100.30
Variance		180.08	128.46	122.08	84.40	20.30
Debt Service/Recurrent Revenue	≤10%	23.57	20.42	21.87	18.37	14.95
Variance		13.57	10.42	11.87	8.37	4.95
Liquid Assets/Recurrent Expenditure	≥25%	0.17	0.24	0.23	0.26	26.65
Variance		-24.83	-24.76	-24.77	-24.74	1.65
Liquid Assets/Recurrent Expenditure	90 days	0.62	0.88	0.82	0.92	95.92
Variance		-89.38	-89.12	-89.18	-89.08	5.92

Source: Debt Management Unit

As depicted in the table 5 above the GoA has been in breach of the net debt and debt service indicators throughout the period under review. The liquid assets ratio was in compliance at the end of 2022. At the end of 2022, the Government remained in breach of the other two ratios; however, the following changes were noted in comparison to fiscal year 2021. The net debt to recurrent revenue ratio improved significantly by 64.10 percentage points moving from 164.40 per cent in 2021 to 100.30 per cent in 2022. This improvement is due to the strong performance of revenue along with the reduction in the debt stock level during fiscal year 2022. The debt service to recurrent revenue ratio improved by 3.42 percentage points moving to 14.95 per cent when compared to 18.37 per cent in 2021. The liquid assets ratio at the end of 2022 saw significant improvements and attained compliance with the target when compared to that of 2021. The ratio moved from 0.26 per cent (approximately 1 day) in 2021 to 26.65 percent (approximately 96 days) at end of 2022.

SECTION 3.0 CONCLUSION

From 2018 to 2022, Anguilla's public debt consistently declined due to limited debt contracted and the regular amortization outpacing disbursements. While in 2019, the debt to GDP ratio fell below the 60.0 per cent ECCU prudential debt level benchmark, the ratio increased significantly in 2020 due to the economic repercussions of the COVID -19 pandemic. At the end of 2022, the debt to GDP ratio was recorded at 36.03 per cent due to the rebound of the various sectors of the economy that were dampened by the COVID-19 pandemic. Despite this progress, the GoA continues to be in breach of two of the FFSD ratios/borrowing benchmarks, which have notwithstanding shown significant signs of improvement due to the improved fiscal performance.

A pivotal shift in Anguilla's debt structure occurred in 2016, rooted in the contraction of debt for banking resolutions. This has led to domestic debt with fixed interest rates dominating the portfolio, while also offering more concessional terms. This restructured debt also extended the maturity profile and brought down the debt cost. While public, publicly guaranteed, and non-guaranteed debts decreased, the government vigilantly manages debt risks and monitors the portfolio.

The contracted debt lengthened the maturity profile and reduced the cost of debt significantly. The assessment shows that Anguilla's public and publicly guaranteed and non-guaranteed debt declined significantly. The Government continues to monitor and manage the risk embedded in the portfolio by strengthening debt management and monitoring the debt levels closely.

While the cost of the portfolio declined and risk indicators have improved, the debt service to revenue ratio continues to be of major concern due to cash flow constraints. The continued breach of the FFSD ratios/borrowing benchmarks requires the GoA to seek UKG approval for all new borrowing, thus, limiting the GoA's discretion in financing sources and posing a major challenge in the alternative options in the development and implementation of the Medium Term Debt Strategy (MTDS). It is a requirement that the MTDS be updated on an annual basis but the update did not take place for the 2022 fiscal year. The DMU continues to monitor the debt performance over time and commits to updating the MTDS on an annual basis to accommodate a changing macro-economic and fiscal climate.

APPENDICES

Appendix 1: Selected Fiscal & Economic Indicators 2018-2022

Selected Economic Indicators	2018	2019	2020	2021	2022
Total Revenue and Grants	233.80	250.75	244.25	273.23	347.64
Current Revenue	199.58	234.10	233.97	270.51	346.80
Total Expenditure	230.10	222.26	233.98	218.97	234.41
Current Expenditure	205.69	212.18	226.57	215.02	227.31
Interest Payments	19.13	18.78	17.07	13.68	13.82
Domestic	11.91	8.83	8.36	7.37	7.46
External	7.22	9.95	8.71	6.32	6.37
Capital Revenue	18.39	16.78	10.28	2.72	0.84
Capital Expenditure	8.58	10.09	8.26	3.95	7.10
Primary Balance before grants	22.83	47.27	27.34	67.94	127.06
Overall Balance (before grants)	3.70	28.49	10.27	54.26	113.23
Overall Balance (after Financing)	44.09	30.14	35.19	75.34	114.43
Current Balance	(6.11)	21.92	7.40	55.49	119.50
Liquid Assets	0.36	0.52	0.52	0.55	60.57
Financing	40.39	1.65	24.91	21.08	1.20
Memo Items					
Nominal GDP at Market Prices (EC$M)	870.63	1,017.18	697.79	812.64	1,137.41
Merchandise Exports (EC$M)	14.01	33.66	6.92	18.69	40.45
Merchandise Imports (EC$M)	789.45	766.62	400.67	552.58	585.08
Real GDP (%)	8.54	5.53	(29.87)	12.82	21.63
Average Interest Rate (%)	3.76	3.64	3.51	2.90	3.40
External	3.89	4.67	4.30	3.38	3.73
Domestic	3.69	2.90	2.93	2.58	2.70
As % of GDP					
Total Expenditure	24.61	21.85	33.65	26.95	20.61
Non Interest Primary Expenditure	21.99	17.20	29.74	18.58	9.44
Current Revenue	22.92	23.01	33.53	33.29	30.49
Interest Payments	2.20	1.85	2.45	1.68	1.22
Primary Balance	2.62	4.65	3.92	8.36	11.17
Fiscal Balance	0.43	2.80	1.47	6.68	9.96
Real GDP	8.54	5.53	(29.87)	12.82	21.63
Public Debt (% of GDP)	60.32	48.48	68.35	55.09	36.03
Public Debt	525.17	493.16	476.93	447.73	409.86
Domestic Debt	305.76	287.35	286.41	255.44	236.81
External Debt	219.41	205.80	190.51	192.29	173.06

Appendix 2: Creditor Category of Public Debt (EC$m)

Creditor Category	2018	2019	2020	2021	2022
CDB	218.68	205.14	189.85	191.73	172.58
EIB	0.73	0.66	0.67	0.56	0.47
ECCB	18.48	11.49	14.19	-	-
Commercial Banks	10.85	11.22	0.00	-	-
ASSB	225.11	219.56	214.42	206.06	195.28
Anguilla Roads & Construction Inc. & WWR	1.56	1.01	0.42	-	-
Private Entities (DPT)	49.77	44.08	38.39	32.71	27.02
Seven Seas Water	-	-	19.00	16.67	14.52
Total	**525.17**	**493.16**	**476.93**	**447.73**	**409.86**

Appendix 3: Public Debt by Economic Sector (EC$m)

Economic Sector	2018	2019	2020	2021	2022
Public Administration	188.75	164.32	137.95	131.26	117.37
Financial Activities	329.95	321.96	310.78	291.58	269.70
Education	0.81	2.38	5.38	5.67	6.24
Construction	3.24	2.74	2.32	1.90	1.57
Water Collection, Treatment & Supply	-	-	19.41	16.76	14.52
Sea Transport	1.56	1.01	0.42	-	-
Road Transport	0.73	0.66	0.67	0.56	0.47
Accommodation & Food Services	0.15	0.08	0.00	-	-
Total	**525.18**	**493.16**	**476.93**	**447.73**	**409.86**

Appendix 4: Disbursements by Selected Creditors (EC$m)

Creditors	2018	2019	2020	2021	2022
Caribbean Development Bank	40.41	1.67	3.29	21.09	1.20
Total	**40.41**	**1.67**	**3.29**	**21.09**	**1.20**

Appendix 5: Principal Repayments by Selected Creditors (EC$m)

Creditors	2018	2019	2020	2021	2022
Anguilla Roads & Construction Inc. & WWR	0.55	0.55	0.59	0.42	0.00
Anguilla Social Security Board	5.56	5.56	5.87	8.36	10.79
Caribbean Development Bank	14.11	15.21	18.59	19.21	20.35
Private Entities (DPT)	5.69	5.69	5.69	5.69	5.69
Eastern Caribbean Central Bank	2.86	2.90	2.98	1.09	0.00
European Investment Bank	0.06	0.06	0.06	0.06	0.06
National Commercial Bank of Anguilla	0.06	0.07	0.07	0.00	0.00
Seven Seas Water			1.34	2.32	2.16
Total	**28.89**	**30.04**	**35.21**	**37.13**	**39.03**

Appendix 6: Statement of Existing Debt Stock - Central Government, Government Guaranteed & Non-Guaranteed SOEs Debt (EC$m)

CENTRAL GOVERNMENT DEBT

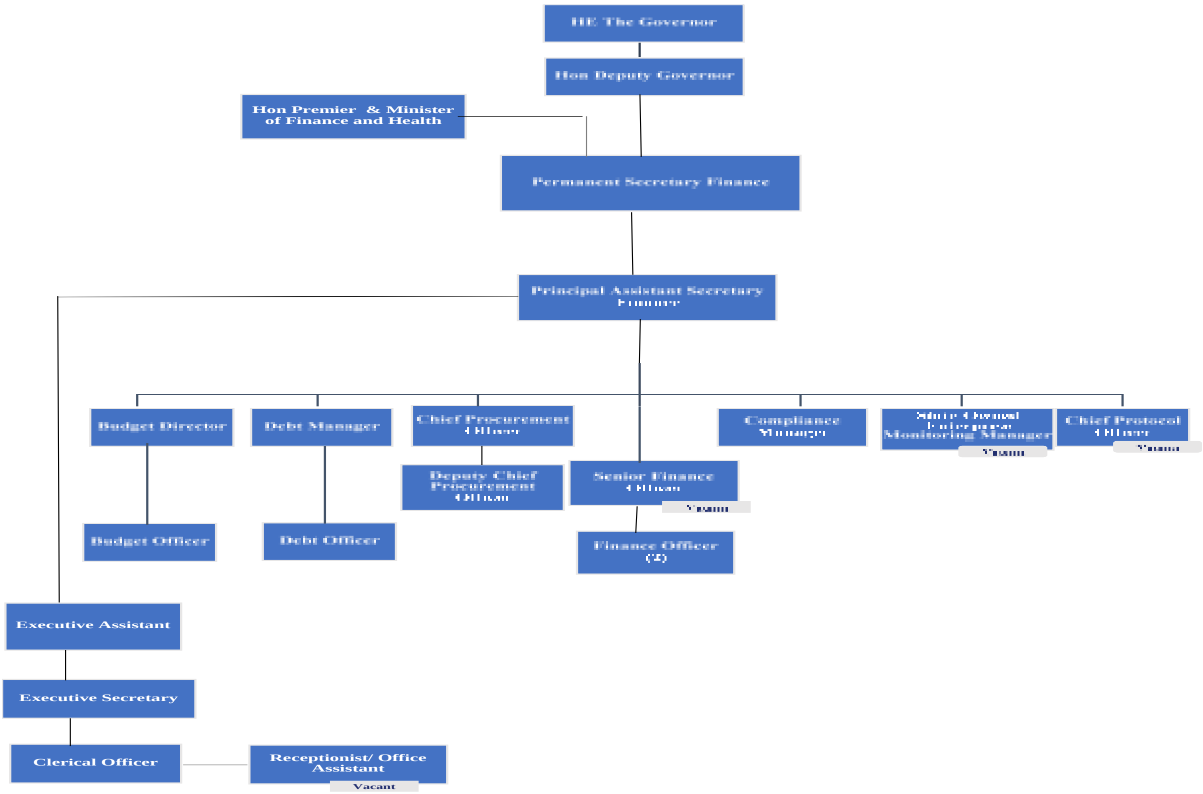
Instrument Reference/Purpose	Borrower	Creditor	Currency	Original Loan Amount	Agreement Date	Date of First Disbursement	Grace Period	Maturity Date	Disbursements		Interest Rate Structure		Outstanding Balance (in Original Currency) as at 31/12/22	Outstanding Balance (XCD) as at 31/12/22
									Amount Disbursed	Amount Undisbursed	Fixed or Variable	Interest Rate		
FOREIGN DEBT														
80338 - Road Development Phase I	GoA	EIB	EURO	534,000.00	22 February 1991	12 December 1991	10	1 July 2031	534,000.00	-	Fixed	0.75%	163,617.58	472,912.07
06/SFR-OR-ANL - 11306-002 - Natural Disaster Management - Rehabilitation - Hurricane Lenny	GoA	CDB	USD	2,128,711.79	23 January 2001	15 December 2001	5	1 October 2027	2,128,711.79	-	Fixed	4.00%	503,411.47	1,359,210.89
7/SFR-ANL - 11302 -Hurricane Lenny Immediate Response	GoA	CDB	USD	477,252.07	7 July 2000	2 December 2001	5	1 January 2026	477,252.07	-	Fixed	4.00%	77,553.52	209,394.30
4/OR-ANL - Policy-Based Loan	GoA	CDB	USD	55,000,000.00	23 August 2010	31 August 2010	5	1 July 2027	55,000,000.00	-	Variabe	CDBOCR	21,770,833.43	58,781,250.29
05/OR-ANL - Community College Development Project	GoA	CDB	USD	3,215,000.00	4 April 2014	1 July 2014	5	1 April 2031	2,876,191.58	338,808.42	Variabe	CDBOCR	2,309,557.40	6,235,804.98
07/OR-ANL 11307 - Anguilla Bank Resolution - Bridge Bank Capitalisation	GoA	CDB	USD	22,000,000.00	19 September 2016	23 Decemebr 2016	3	01 July 2033	22,000,000.00	-	Variable	CDBOCR	16,892,857.18	45,610,714.36
10/OR-ANL 11309 - First Programmatic Stability & Resilience Building - Policy-Based Loan	GoA	CDB	USD	9,300,000.00	26 September 2018	11 October 2018	5	01 October 2033	9,300,000.00	-	Variable	CDBOCR	9,300,000.00	25,110,000.00
09/OR-ANL 11310 - Hurricane Recovery Support Loan	GoA	CDB	USD	5,600,000.00	31 July 2018	1 October 2018	3	01 July 2031	5,600,000.00	-	Variable	CDBOCR	4,900,000.00	13,230,000.01
11/OR-ANL - 11311 - Second Fiscal Programmatic Stability & Resilience Building - Policy-Based Loan	GoA	CDB	USD	7,500,000.00	28 October 2021	23 December 2021	5	01 October 2036	7,500,000.00	-	Variable	CDBOCR	7,500,000.00	20,250,000.00
TOTAL FOREIGN DEBT														**171,259,286.90**
DOMESTIC DEBT														
Cash Advance - Eastern Caribbean Central Bank	GoA	ECCB	ECD	15,000,000.00	December 2008	-	0	-	-		Fixed	6.50%	-	-
Overdraft Facility - National Commercial Bank of Anguilla	GoA	CCB	ECD	20,000,000.00	1 October 2021	1 October 2022	0	30 September 2023	20,000,000.00		Fixed	5.75%	-	-
Anguilla Social Security Board - Bank Resolution Promissory Note	GoA	ASSB	ECD	214,000,000.00	22 April 2016		5	30 March 2041	214,000,000.00		Fixed	3.00%	205,975,000.00	195,275,000.00
Depositors Protection Trust - CCB Bank Resolution	GoA	DPT	ECD	32,927,506.46	22 April 2016		0	30 March 2028	32,927,506.46		Fixed	2.00%	18,933,316.07	15,640,565.39
Depositors Protection Trust - NBA Bank Resolution	GoA	DPT	ECD	23,951,106.26	22 April 2016		0	31 March 2028	23,951,106.26		Fixed	2.00%	13,771,886.04	11,376,775.40
TOTAL DOMESTIC DEBT														**222,292,340.79**
TOTAL CENTRAL GOVERNMENT DEBT														**393,551,627.69**
GUARANTEED & NON-GUARANTEED SOEs DEBT														
FOREIGN DEBT														
5/SFR-OR-AG - 11252-002 - 4th Consolidated Line of Credit	ADB	CDB	USD	784,205.40	14th September 1998	1 October 2000	5	1 October 2025	784,205.40	-	Fixed	4.00%	107,828.07	317,602.72
7/SFR-OR-ANL - 11453-001 - 5th Consolidated Line of Credit	ADB	CDB	USD	4,700,000.00	30 May 2006	4 December 2006	5	1 October 2023	4,699,936.46	63.54	Variable	CDBOCR	397,458.90	1,073,139.22
7/SFR-OR-ANL - 11453-002 - 5th Consolidated Line of Credit	ADB	CDB	USD	300,000.00	30 May 2006	2 April 2012	5	1 October 2029	300,000.00		Fixed	4.00%	150,000.00	405,000.00
TOTAL FOREIGN DEBT														**1,795,741.94**
DOMESTIC DEBT														
Seven Seas Water - PPP Contract: Water Supply	WCA	Seven Seas Water	USD	-	4 October 208	4 October 2018	0	4 October 2028	-	-	-	-	5,376,400.00	14,516,280.00
TOTAL DOMESTIC DEBT														**14,516,280.00**
TOTAL GOVERNMENT GUARANTEED & NON-GUARANTEED DEBT														**16,312,021.94**
TOTAL PUBLIC DEBT														**409,863,649.63**
Foreign Debt														173,055,028.84
Domestic Debt														236,808,620.79

Appendix 7: Legal and Institutional Framework

Institutional Framework

Debt management functions are shared across various departments and an inter-ministerial committee, the National Debt Advisory Committee (NDAC)[12]. The main debt management activities reside in the Ministry of Finance and Health. Key personnel included the Permanent Secretaries responsible for Finance and Economic Development, staff of Treasury Department, Budget and the Debt Management Unit (DMU)[13]. The organisational structure of the Ministry of Finance and Health (Finance division), as at end December 2022, is shown in Figure 19 below.

Figure 17: Organisation Chart: Ministry of Finance and Health (Finance Division)



[12] The committee comprises PS Finance, PS Economic Development, PAS Finance, Debt Officer, Accountant General and Budget Officer among others. The committee has not met regularly and some of its functions are sometimes subsumed by the Fiscal and Economic Recovery Team.

[13] DMU staff complement at the end of 2022 stood at one.

The Permanent Secretary of Finance is largely responsible for front office functions. These functions are shared with the Permanent Secretary for Economic Development who is responsible for mobilizing funds for capital projects. Middle office functions are undertaken by the Debt Manager. Back office functions are performed by the Debt Officer. There is a National Debt Advisory Committee (NDAC) whose functions are, inter alia, to review debt and financing options for government through analysis of current debt stock against U.K benchmarks.

Legal Framework

The legal framework which guides borrowing in Anguilla includes the Fiscal Responsibility Act, the Financial Administration and Audit Act (FAA), the Treasury Bill Act, the Development Bonds Act and the Loans (Caribbean Development Bank) Act.

The Fiscal Responsibility Act, 2013 embodies government's commitment to responsible fiscal management, improved fiscal transparency and incorporates the Framework for Fiscal Sustainability and Development (FFSD)[14] agreement signed on 5 April 2013 between the GoA and UKG. It establishes guidelines and principles for prudent fiscal management, as well as procedures for the management of public debt to ensure that the level of debt is sustainable and consistent with macroeconomic and fiscal sustainability and financial stability in the short, medium and long term.

The FAA, 2010 authorises the Minister of Finance to borrow, provided that borrowing is approved through a resolution of the House of Assembly.

The Treasury Bill Act, 2009 governs the issuance of treasury bills. It authorises the Minister of Finance to borrow money by issuing treasury bills subject to the requirement that the principal sum of treasury bills outstanding at any one time shall not exceed 10.0 per cent of the estimated revenue of the Government of Anguilla (GoA) during the financial year.

The Development Bond Act, 2009 gives authority to the Minister of Finance to borrow using development bonds. The Act specifies the purposes for which the Minister may use the funds borrowed, namely for:

(a) The repayment of money granted to the Government by statutory corporations;
(b) The financing of projects approved in the estimates prepared in accordance with the appropriation act;
(c) The repayment of public debt;
(d) The meeting of expenses incurred in raising and administering loans.

The Loans (Caribbean Development Bank) Act, 2000 gives authority to the Minister of Finance to borrow from CDB. It stipulates that borrowing can only be undertaken after approval of a Secretary of State and a Resolution of the House of Assembly.

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