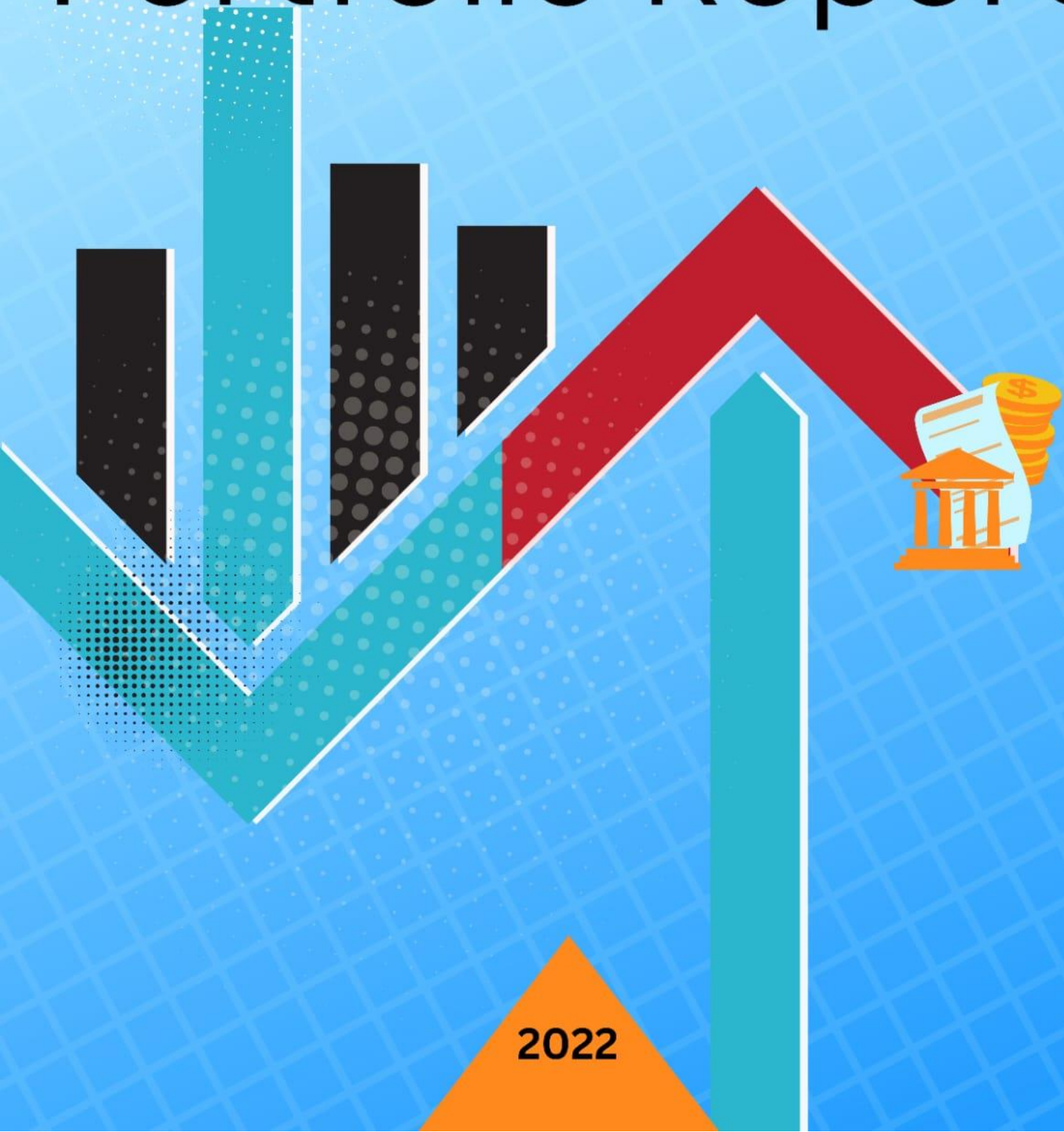


Government  
of  
Saint Lucia

# Annual Debt Portfolio Report



2022

## Table of Contents

Acronyms.....	3
List of Figures .....	4
List of Tables .....	4
Executive Summary .....	4
Overview of Saint Lucia’s Economy.....	5
Fiscal Operations of the Central Government.....	5
1. Public Sector Debt.....	6
1.1 Public Debt by Residency .....	6
1.2 Public Debt by Borrower Category .....	7
1.3 Public Debt by Instrument Portfolio.....	7
2. Public Domestic Debt.....	8
2.1 Public Domestic Debt by Borrower Category .....	8
2.2 Public Domestic Debt by Instrument .....	8
2.3 Public Domestic Debt by Creditor Category .....	9
3. Public External Debt .....	9
3.1 Public External Debt by Borrower Category .....	9
3.2 Public External Debt by Currency Composition .....	10
3.3 Public External Debt by Interest Type .....	10
3.4 Public External Debt by Creditor Category.....	11
3.5 Public External Debt by Instrument .....	11
3.6 Public External Debt by Economic Sector .....	11
4. Central Government Debt.....	12
4.1 Central Government Debt by Residency .....	12
4.2 Central Government Debt by Instrument .....	12
4.3 Central Government Loans .....	13
4.4 Central Government by Currency Composition .....	14
5. RGSM and Private Placement Security Activity .....	14
5.1 Regional Government Securities Market (RGSM) Securities .....	14
5.2 Private Placement Securities .....	15
6. Central Government Debt Service and Disbursements .....	16
6.1 Central Government Total Debt Service .....	16
6.2 Central Government Principal and Interest Payments .....	16
6.3 Central Government Disbursements.....	17
7. Risk Indicator Evaluation .....	17
7.1 The Average Time to Maturity (ATM) .....	17
7.2 The Average Time to Re-fixing (ATR).....	18
7.3 The Weighted Average Cost of Debt (WACD).....	18
7.4 Currency Composition and Risk .....	19
7.5 Interest Rate Composition and Risk .....	19
7.6 Percentage of Debt maturing in 1 year .....	20

7.7 Redemption Profile .....	20
8. Contingent Liabilities .....	21
8.1 Contingent Liabilities by Guarantee Status .....	21
8.2 Contingent Liabilities by Residency .....	21
8.3 Contingent Liabilities by Creditor.....	22
9. Financing in 2022/23.....	22
Annex.....	23

## Acronyms

<b>ATM</b>	Average Time to Maturity
<b>ATR</b>	Average Time to Re-fixing
<b>CDB</b>	Caribbean Development Bank
<b>CIP</b>	Citizenship by Investment Programme
<b>DIU</b>	Debt and Investment Unit
<b>DPR</b>	Debt Portfolio Review
<b>ECCB</b>	Eastern Caribbean Central Bank
<b>ECSE</b>	Eastern Caribbean Securities Exchange
<b>EUR</b>	Euro
<b>EXIM Bank</b>	Export-Import Bank of the Republic of China
<b>FY</b>	Fiscal Year
<b>GDP</b>	Gross Domestic Product
<b>GOSL</b>	Government of Saint Lucia
<b>HIARDP</b>	Hewanorra International Airport Redevelopment Project
<b>IBRD</b>	International Bank for Reconstruction and Development
<b>IDA</b>	International Development Association
<b>IMF</b>	International Monetary Fund
<b>KWD</b>	Kuwaiti Dinar
<b>MTDS</b>	Medium-Term Debt Strategy
<b>NIC</b>	National Insurance Corporation
<b>RGSM</b>	Regional Government Securities Market
<b>ROCT</b>	Republic of China on Taiwan
<b>SDR</b>	Special Drawing Rights
<b>SLASPA</b>	St. Lucia Air and Sea Ports Authority
<b>SOFR</b>	Secured Overnight Financing Rate
<b>USD</b>	United States Dollar
<b>WB</b>	World Bank
<b>WACD</b>	Weighted Average Cost of Debt
<b>XCD</b>	Eastern Caribbean Dollar

## List of Figures

Figure 1: Public Sector Debt 2018-2022 .....	6
Figure 2: Public Debt by Borrower Category 2018-2022 .....	7
Figure 3: Public Debt by Instrument Portfolio 2018-2022.....	7
Figure 4: Domestic Debt by Borrower Category 2018-2022 .....	8
Figure 5: Domestic Debt by Instrument 2018-2022.....	8
Figure 6: Domestic Debt by Creditor Category 2022 .....	9
Figure 7: External Debt by Borrower Category 2018-2022.....	9
Figure 8: External Debt by Currency Composition 2018-2022 .....	10
Figure 9: External Debt by Interest Type 2018-2022 .....	10
Figure 10: External Debt by Creditor Category 2022 .....	11
Figure 11: External Debt by Instrument 2018-2022 .....	11
Figure 12: External Debt by Economic Sector 2022.....	11
Figure 13: Central Government Debt by Residency 2018-2022 .....	12
Figure 14: Central Government Debt by Instrument 2018-2022 .....	12
Figure 19: Central Government Total Debt Service 2018-2022 .....	16
Figure 20: Central Government Principal and Interest Payments 2018-2022 .....	16
Figure 21: Central Government Loan Disbursements 2022.....	17
Figure 22: ATM and ATR Progression 2018-2022 .....	18
Figure 23: Currency Composition 2022 .....	19
Figure 24: Interest Rate Composition 2022.....	19

## List of Tables

Table 1 Weighted Average Cost of Debt 2018-2022.....	18
Table 2: Financing in 2022/2023.....	22
Table 3: Fiscal and Real Sector Indicators .....	23
Table 4: Saint Lucia - RGSM Auction Results For 2022.....	23
Table 5: Debt Portfolio Risk Indicators 2018-2022.....	25

## Executive Summary

The main objective of Saint Lucia's public debt management is meeting Government financing requirements at a minimum cost with a prudent degree of risk. In keeping with this objective, the Ministry of Finance, Economic Development, and Youth Economy are committed to pursuing a debt management strategy to fulfil this objective. The Debt and Investment Unit of the Department of Finance is the primary agent responsible for managing its public debt portfolio.

This issue of the Annual Debt Portfolio Review (DPR) analyses the Government of Saint Lucia's debt stock, flows, and risk over the year (January - December) of 2022, debt management operations in 2022, and trend analysis of portfolio changes comparing the previous five years 2018-2022. The composition and the risks embedded in the debt portfolio form the core of this review. The details of debt holders by residency, creditor categories, instrument types, currency composition, maturity profile, and types of risks are in this report. The risk indicators examined include exchange rate, interest rate, and refinancing risk (the average time to maturity and the

average time to re-fixing). This report also shows the maturity profile of the central government debt over the next decade and examines the fiscal and debt sustainability indicators of the Government of Saint Lucia over the previous five years. The scope of the DPR is public debt comprising central government debt and contingent liability debt.

### **Overview of Saint Lucia's Economy**

Despite external challenges, Saint Lucia macroeconomic conditions improved during 2022. The economy showed a sharp recovery from the fallow Covid-19 inspired through in 2020 showing annual growth of 18.1 percent in 2022. The full repeal of Covid-19 travel restrictions enabled the tourism sector to lead the country's economic performance in 2022. The cruise sector led the charge in reinvigorating the economy, almost tripling to 349,922 visitors. Total visitor arrivals doubled to 736,955 in 2022 over pre-pandemic levels.

The manufacturing industry expanded by 11.4 percent in 2022 boosted by increased demand in domestic and external markets. This is despite increases in costs of production, electricity and fuel. The agricultural sector also showed marked improvement in 2022 (9.8 percent) despite supply chain bottlenecks resulting in increased costs of key inputs such as fertilizers, fuel and feed. Price increases and material shortages in 2022 led to a decline of 12.6 percent in the construction industry. Central government spending on physical infrastructure in 2022 fell 31.5 percent following five consecutive years of increases. This was mostly due to the completion of major projects in 2021 and 2022 and the slow implementation of the Millennium Highway/West Coast Road Upgrade.

A sharp surge in inflation and supply chain issues exacerbated by the Russia-Ukraine war saw increases in import prices that passed onto domestic consumers. St. Lucia's inflation rate was its highest, 6.4 percent in 2022 since 1991. The government attempted to cushion the deleterious effects of higher import prices by the temporary waiver of the 6.0 percent customs service charge on price controlled items for five months between June and October 2022.

### **Fiscal Operations of the Central Government**

Despite the challenges posed by the external environment in 2022, macro-economic conditions within the domestic economy improved over the previous year. The Saint Lucian economy

recovered from the unprecedented and sharp decline in 2020, marked by the COVID19 pandemic. Following annual growth of 12.2 percent in 2021, preliminary estimates suggest that real GDP grew by 18.1 percent in 2022, resulting in the stock of real GDP being only 1.1 percent below pre-pandemic levels. Amidst increased economic activity, higher revenue intake (increased by 20.7 percent to \$1,356.6 million or 21.2 percent of GDP) resulted in a decline in the overall fiscal deficit of \$97.3 million or 1.5 percent of GDP in 2022/23 from \$287.6 million or 5.5 percent of GDP in 2021/22. Total expenditure increased by 3.0 percent to \$1,453.9 million in 2022/23 (22.7 percent of GDP) while current expenditure increased by 4.7 percent to \$1,239.4 million led by an increased wage bill due to the payment of differed salary increases and retroactive payments from 2020/21 and 2021/22. The Debt Portfolio Review details the improvement in government fiscal operations in the subsequent sections.

## 1. Public Sector Debt

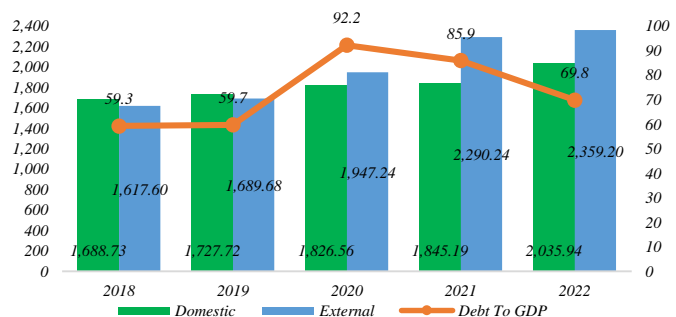
### 1.1 Public Debt by Residency

Public sector debt at the end of December 2022 was \$4,395.14 million increasing by \$259.71 million or 6.3 percent over December 2021 and by an average of 6.7 percent over the previous five years. Public domestic and external debt has trended upwards over the five year review period.

Public domestic debt stock was \$2,035.94 million or 46.3 percent of the total public sector debt, increasing by an average of 5.7 percent over the previous five years, and by 10.3 percent from 2021 to 2022. This upturn in 2022 was mainly due to an increase in central government debt, particularly bonds &

notes and treasury bills. The public external debt stock at the end of 2022 was \$2,359.20 million or 53.7 percent of the total public sector debt, increasing by an average of 7.9 percent from 2018 to 2022, and by 3.01 percent from 2021 to 2022. Redemptions of maturing treasury bonds exerted cash flow pressures and necessitated more borrowing. A deceleration in the total stock of public debt led to a reduction in the central government’s overall fiscal deficit, principally owing to an

Figure 1: Public Sector Debt 2018-2022

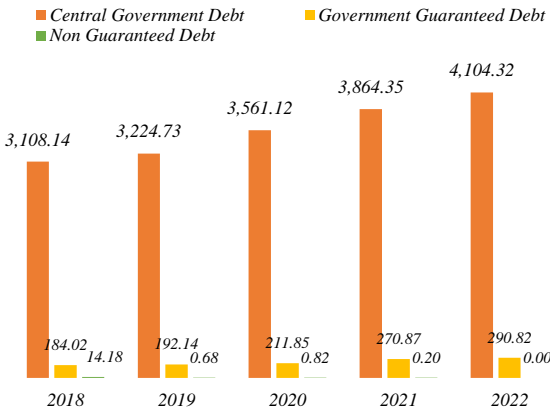


improvement in revenue performance and lower spending for the management of COVID-19. Lower borrowing requirements in 2022 led to lower redemption rates for the central government’s maturing treasury notes and bonds from 13.5 percent in 2021 to 5.4 percent in 2022. These developments, combined with the ongoing recovery in economic activity in 2022, led to the public debt to GDP ratio falling, from 85.9 percent at the end of December 2021 to 69.8 percent at the end of December 2022. (Figure 1)

**1.2 Public Debt by Borrower Category**

Central Government debt was \$4,104.32 million, or 93.4 percent of public sector debt at the end of 2022, while government-guaranteed debt was \$290.82 million or 6.6 percent of public sector debt. Non-guaranteed debt was non-existent as the only loan (WASCO) matured during the year. Central government debt increased by an average of 6.62 percent over the previous five years and by \$239.98 million or 6.2 percent over 2021 due to increased loan drawdowns and securities activity. (Figure 2)

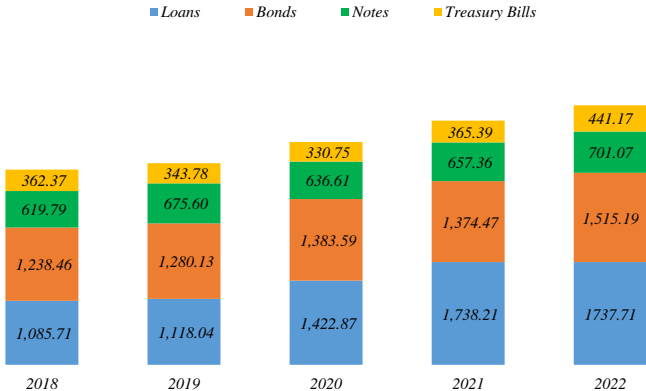
Figure 2: Public Debt by Borrower Category 2018-2022



**1.3 Public Debt by Instrument Portfolio**

The stock of loans had the greatest share of Public debt for 2022 represented by 39.5 percent, decreasing 0.03 percent over end 2021. This is in comparison to marked increases in 2020 and 2021 due to the influx of COVID-19 loans from various bilateral and multilateral sources, which the Gov’t of Saint Lucia used to mitigate the disastrous effects of the pandemic. Bonds had a 34.4 percent share of public debt increasing by 10.24 percent in 2022 over the previous year. Medium-term notes (1-5 year tenors) had a share of 15.9 percent of public debt while short-term (91-day – 1 year) Treasury bills totalled 10.0 percent. The stock of bonds increased markedly by \$140.72 million or 10.2 percent

Figure 3: Public Debt by Instrument Portfolio 2018-2022



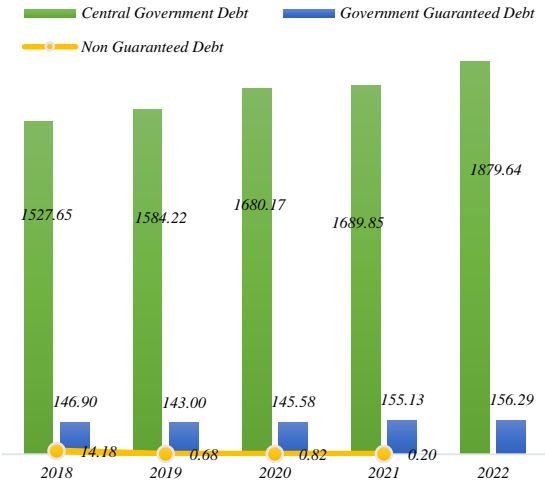
due to increased investor appetite for medium term instruments and a concerted effort by the GOSL as stated in their Medium Term Debt Strategy (MTDS) to lengthen the maturity profile thereby favouring these instruments types over shorter term T-Bills. Treasury bill stock however increased by \$75.78 million or 20.74 percent in 2022 making up for shortfalls in the rollover of bonds/notes during the year. (Figure 3)

## 2. Public Domestic Debt

### 2.1 Public Domestic Debt by Borrower Category

Public domestic debt peaked in 2022 at \$2,035.94 million or 46.3 percent of public debt, increasing by \$190.75 million or 10.32 percent over 2021. At the end of 2022, domestic central-government debt contributed \$1879.64 million (92.3 percent), an 11.2 percent increase over 2021. Domestic guaranteed debt contributed \$156.29 million (7.7 percent) of the public domestic debt portfolio, an increase of 0.8 percent over 2021. The remaining Non-Guaranteed debt was paid off during the year (Figure 4)

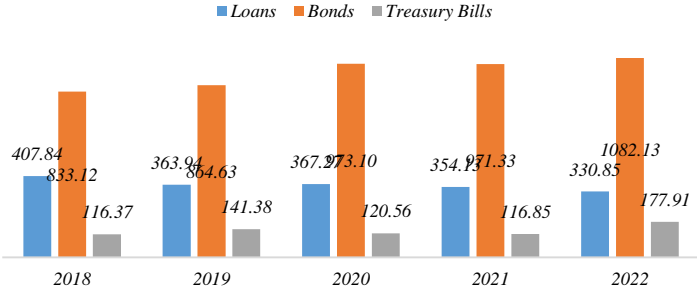
Figure 4: Domestic Debt by Borrower Category 2018-2022



### 2.2 Public Domestic Debt by Instrument

In 2022, bonds dominated the public domestic debt portfolio with \$1,082.13 million or 53.2 percent of the portfolio increasing by \$110.80 million or 10.2 percent over 2021. Domestic notes totalled \$445.06 million or 21.9 percent of the portfolio. Bonds and notes increased 10.2 percent and 9.5 percent respectively due to domestic investors continuing to favour medium-term securities and the GOSL focusing on increasing medium to long-term financing. Treasury bills however, increased by \$61.06 million or 34.3

Figure 5: Domestic Debt by Instrument 2018-2022

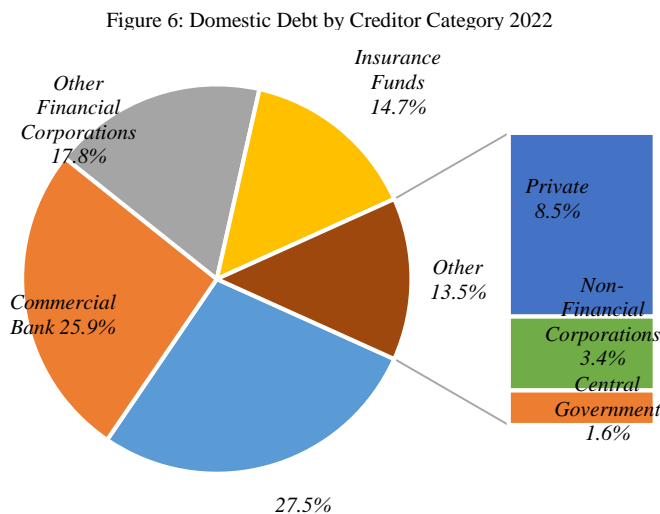




percent over 2021. The domestic loans portfolio at the end of 2022 was \$330.85 million, decreasing by 7.0 percent over 2021 due to continued principal repayments. The public domestic portfolio comprises only fixed interest rate instruments. (Figure 5)

### 2.3 Public Domestic Debt by Creditor Category

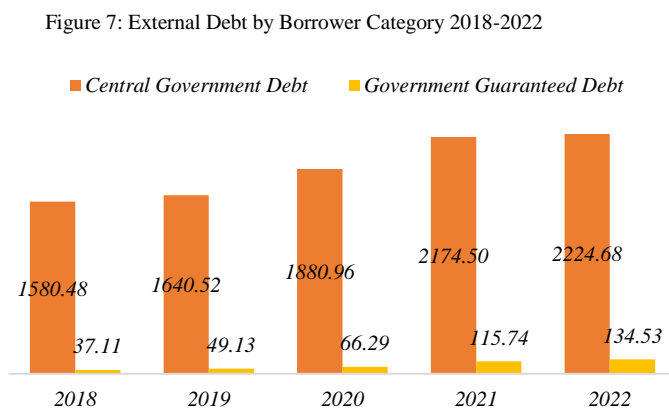
At the end of 2022, Social Security (NIC) continue to be the GOSL’s main holder of domestic debt with \$648.68 million or 27.5 percent of the portfolio. Commercial Banks (FCIB, BOSL and 1<sup>st</sup> National Bank) were the second largest domestic debt holders in 2022 with \$611.59 million or 25.9 percent. Other significant creditor categories included Other Financial Corporations (\$415.76 million), Insurance Funds (\$344.19 million), and Private Individuals (\$197.96). (Figure 6)



## 3. Public External Debt

### 3.1 Public External Debt by Borrower Category

The external debt stock increased to \$2,359.20 million or 53.7 percent of public debt during 2022 due to increases in central and government-guaranteed borrower categories. External central government debt increased by \$50.18 million or 2.3 percent and External Government



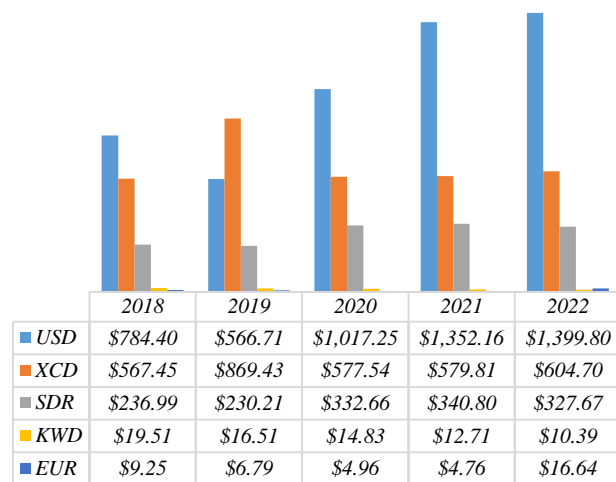
Guaranteed debt increased by \$18.78 million or 16.2 percent from 2021. All external debt instrument categories increased in 2022 compared to 2021. External central government debt was the main contributor to the external public debt stock with a 94.3 percent share. External government-guaranteed debt contributed a minuscule portion of total external debt with \$134.53

million or 5.7 percent in 2022, which increased slightly from 2021 due to a new EIB Covid-19 loan exclusively based on health sector support. Projects such as Intensive care unit capacity for patients with respiratory diseases (respiration equipment etc.), lab capacities for testing, IT and other equipment and software for logistics, stockpiling of medical equipment and medicine, transport, surveillance and logistics addressed the gaps in the public health infrastructure. (Figure 7)

### 3.2 Public External Debt by Currency Composition

The external debt portfolio carried a minuscule foreign exchange risk due to the continued domination of the USD and the XCD. At the end of 2022, the United States dollar dominated the external debt portfolio with \$1,399.80 million or 59.3 percent. XCD contributed \$604.70 million or 25.6 percent further insulating the portfolio against foreign exchange risk. The sharp increase in the USD currency stock from 2020 was due to the addition of five Covid-19 response loans. The EUR increased 249.7 percent to \$16.6 million mostly due to the new EIB Covid-19 government-guaranteed loan. (Figure 8)

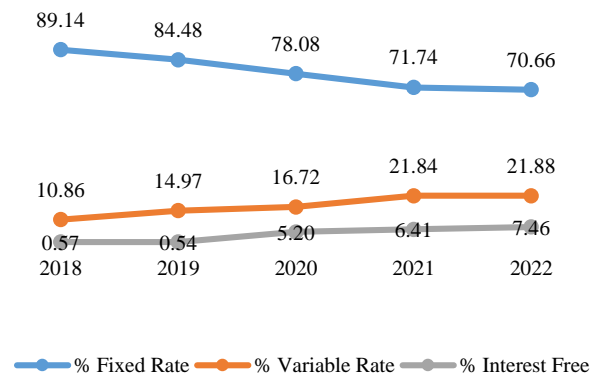
Figure 8: External Debt by Currency Composition 2018-2022



### 3.3 Public External Debt by Interest Type

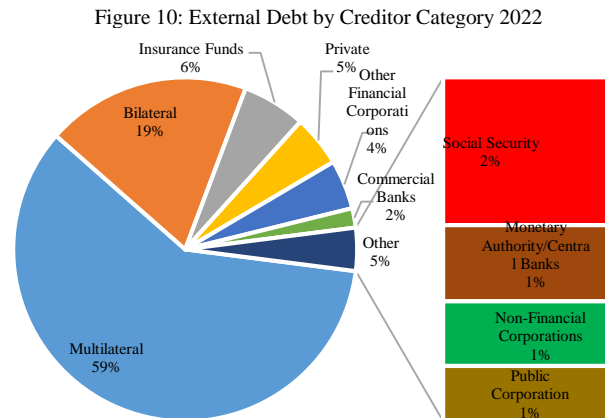
Interest rate risk shows the debt portfolio's vulnerability to re-pricing at higher market interest rates when instruments mature. At the end of 2022, fixed-rate debt (70.7 percent) dominated the external debt portfolio, averaging 78.8 percent over the five years. Variable rate debt remains steady with 21.9 percent while the stock of interest-free debt increased by 16.3 percent in 2022 owing mostly to an increase in the number of CIP Bonds issued. (Figure 9)

Figure 9: External Debt by Interest Type 2018-2022



### 3.4 Public External Debt by Creditor Category

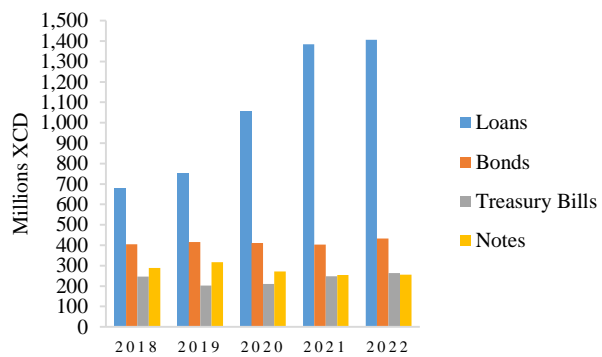
At the end of 2022, multilateral creditors formed the largest creditor category with a share of \$909.7 million (59.0 percent) of the public external debt. Bilateral creditors were the second largest contributor with 19.0 percent, followed by insurance funds with 5.9 percent. No other category totalled over 10.0 percent of the external debt portfolio. (Figure 10)



### 3.5 Public External Debt by Instrument

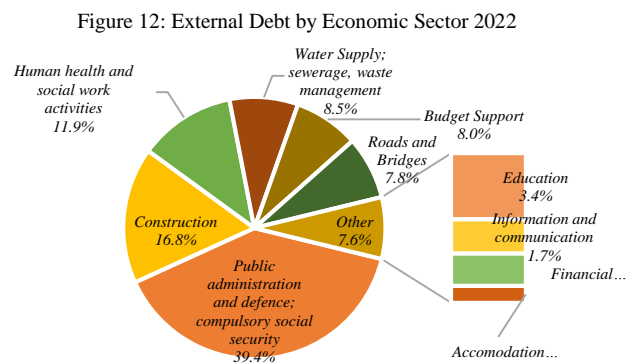
At the end of 2022, loans dominated the external debt portfolio with \$1,406.86 million a 59.6 percent share, increasing by \$22.79 million or 1.6 percent over 2021. This is due mainly to drawdowns on loans in the previous year. Bonds, Notes and Treasury bills made up 18.4 percent, 10.9 percent and 11.2 percent respectively of the external portfolio. The stock of external bonds increased 6.9 percent over 2021, treasury bills increased 5.6 percent and notes increased 0.6 percent. External securities totalled \$952.34 million compared to \$906.17 million at the end of 2021. (Figure 11)

Figure 11: External Debt by Instrument 2018-2022



### 3.6 Public External Debt by Economic Sector

At the end of December 2022, the largest share of outstanding government borrowings from external sources was in public administration (38.6 percent). The construction industry had the second-greatest share of external debt with 16.6 percent (Figure 12)

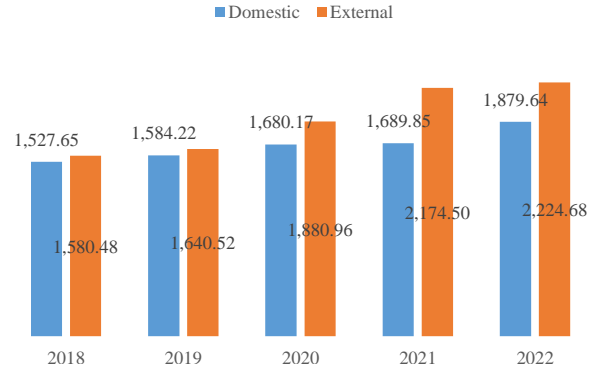


## 4. Central Government Debt

### 4.1 Central Government Debt by Residency

Central government debt totalled \$4,104.32 million at the end of December 2022, increasing by \$239.98 million or 6.2 percent from December 2021. At the end of December 2022, the domestic debt portfolio stood at \$1,879.64 million or 45.8 percent of the central government debt stock increasing by \$189.79 million or 11.2 percent over

Figure 13: Central Government Debt by Residency 2018-2022

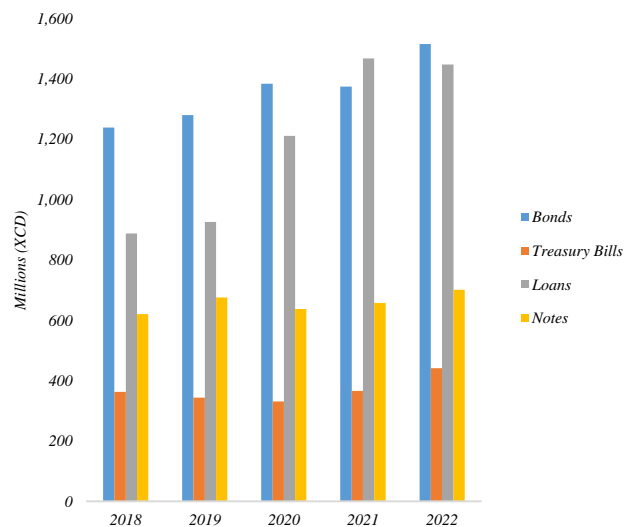


December 2021. Domestic central government debt stock has trended upwards over the last five years by an average of 5.4 percent with the greatest increase between 2021 and 2022. External debt stood at \$2,224.68 million at the end of December 2022, representing 54.2 percent of the central government debt stock increasing by \$50.19 million (2.3 percent) over December 2021. As with the domestic central government debt stock, the external debt stock has trended upwards over the last five years at an average of 9.1 percent. The debt categories responsible for this trend will be explored in the next section. (Figure 13)

### 4.2 Central Government Debt by Instrument

In 2022, the GOSL increased their use of bond & note financing to cover the fiscal gap. Bonds and notes totalled \$2,216.26 million (54.0 percent of the central government debt stock), increasing by \$184.44 million or 16.9 percent over December 2021. Bonds and notes have trended upwards by an average of 4.3 percent over the last five years. Loans had the second largest share of the central government debt portfolio with \$1,446.89 million (35.3 percent). The share of loans

Figure 14: Central Government Debt by Instrument 2018-2022



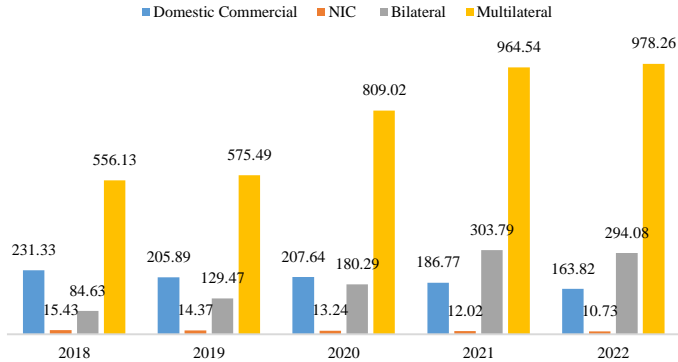
decreased by 1.4 percent from December 2021 due to principal repayments. The stock of loans

however, have increased by an average of 13.7 percent over the previous five years. The years 2020 and 2021 saw the largest increases 30.8 and 21.2 percent respectively owing to the numerous Covid-19 loans contracted by the government of Saint Lucia. Treasury Bills were 10.8 percent of the portfolio increasing to \$441.17 million from \$365.39 million in 2021, a 20.7 percent increase. Treasury bills increased by an average of 5.6 percent over the previous five years. (Figure 14)

**4.3 Central Government Loans**

The loans portfolio totalled \$1,446.89 million in 2022, which was 35.3 percent of the central government portfolio. The stock of loans decreased \$20.24 million or 1.4 percent in 2022 owing to continued principal repayments and the lack of newly contracted loans over the year. The

Figure 15: Central Government Loans 2018-2022

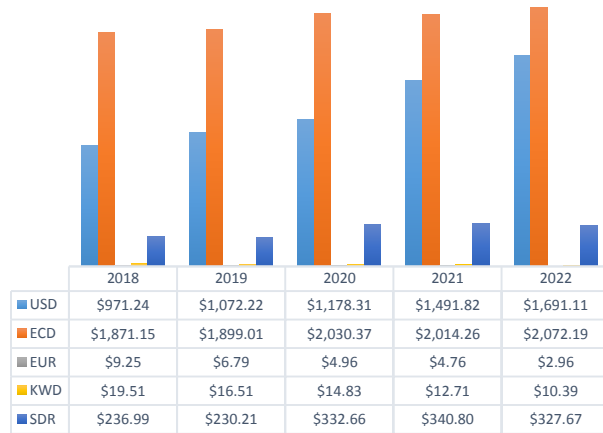


The multilateral loan (\$978.26 million, 67.6 percent) category continues to have the greatest share of the portfolio increasing by \$13.72 million or 1.4 percent in 2022. Multilateral loans have averaged 65.0 percent of the portfolio over the previous five years. The stock of commercial debt declined by \$22.95 million or 12.3 percent in 2022 due to continued principal repayments. Bilateral loans have the second highest share with 20.3 percent of the portfolio. (Figure 15)

#### 4.4 Central Government by Currency Composition

XCD dominated the central government debt portfolio between 2018 and 2022 and at the end of 2022 totalling \$ 2,072.19 million or 50.5 percent. The USD had the second-largest share with \$ 1,691.11 million or 41.2 percent. SDR, \$327.67 million (7.9 percent), EUR, \$2.96 million (0.1 percent) and KWD 10.39 million (0.3 percent) are the other currencies present in the portfolio. The continued domination of the XCD and USD insulates the central government portfolio from foreign exchange risk due to the XCD 1= USD 2.70 peg between the two currencies in place since 1976. (Figure 16)

Figure 16: Central Government Debt by Currency Composition 2018-2022

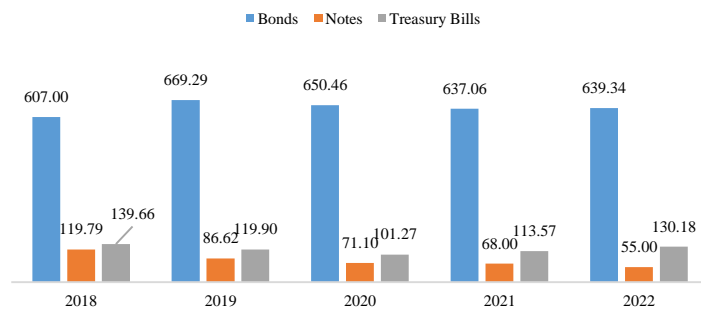


### 5. RGSM and Private Placement Security Activity

#### 5.1 Regional Government Securities Market (RGSM) Securities

The RGSM averaged 35.5 percent of the entire security portfolio from 2018 to 2022, peaking in 2018 at 39.0 percent. RGSM Instruments made up 31.0 percent of the entire instrument portfolio. RGSM securities increased in 2022 by \$5.90

Figure 17: RGSM Securities 2017-2021



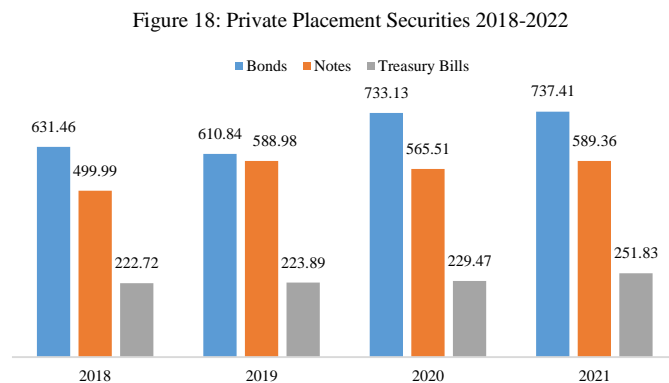
million or 0.7 percent from 2021 showing that the GOSL continued to maintain a steady presence in the regional securities market. However, the stock of RGSM securities has trended downwards of the last five years, averaging a decrease of 1.2 percent. The stock of RGSM issued bonds and notes, which made up 84.2 percent of the portfolio decreased by 1.5 percent in 2022. Short-term Treasury Bills stood at 15.8 percent of the RGSM portfolio in 2022 increasing by 14.6 percent over the year. The share of Treasury Bills averaged 14.4 percent of the portfolio in the previous five years.

The GOSL uses the RGSM platform as a vital price discovery tool and is committed to a continued dominant presence on the RGSM. There were 20 GOSL auctions on the RGSM platform in 2022, four (4) bond issues, and sixteen (16) Treasury bill issues. The GOSL auctioned a total of \$388.00 million, garnering a total bid value of \$413.28 million, and a total oversubscription of \$25.28 million. There were 12 oversubscriptions in 2022, 10 treasury bills and 2 bond auctions.

The bid-to-cover ratio is the dollar amount of bids received in an auction versus the amount sold. The bid-to-cover ratio is an indicator of the demand for a country’s securities. A high ratio ( $\geq 1.0$ ) is an indication of strong demand. In 2022, the GOSL’s average bid-to-cover ratio was 1.26, indicating a high demand for its paper. (Figure 17)

## 5.2 Private Placement Securities

The private placement portfolio increased by \$254.32 million over 2021 to \$1,832.91 million or 16.1 percent in 2022. Bonds and notes dominated the Private Placement Securities portfolio in 2022 totalling \$1,521.93 million or 83.0 percent, while Treasury bills totalled \$310.99 million or a 17.0



percent share. Bonds and notes increased by \$195.16 million or 14.7 percent in 2022 while Treasury bills increased by \$59.16 million or 23.5 percent. Private-placement securities dominated the securities platform with 69.0 percent of the securities portfolio at the end of 2022. Private placement securities averaged 64.5 percent of the securities portfolio from 2018 to 2022 increasing by an average of 8.1 percent over the last five years due partly to the relative ease of garnering funds for budget purposes. (Figure 18)

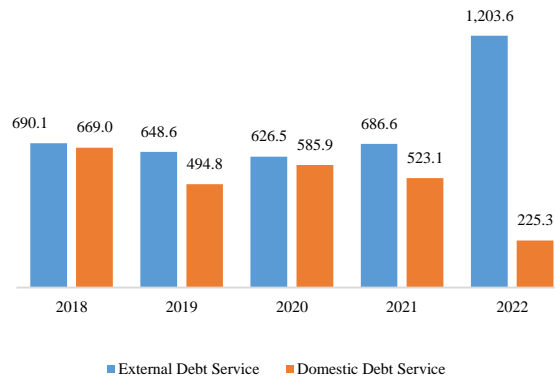
## 6. Central Government Debt Service and Disbursements

### 6.1 Central Government Total Debt Service<sup>1</sup>

At the end of 2022, central government debt service totalled \$1,428.9 million, increasing 18.1 percent or \$219.27 million over 2021. Total debt service increased by an average of only 2.0 percent between 2018 and 2022. External debt service increased by \$517.04 million or 75.3 percent from 2021 owing to

increased principal repayments of the numerous Covid-19 loans, which the GOSL contracted in 2020 and 2021. Domestic debt service, declined by \$297.77 million or 56.9 percent in 2022. (Figure 19)

Figure 15: Central Government Total Debt Service 2018-2022

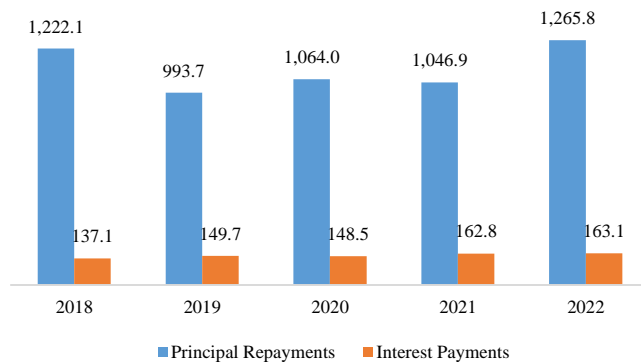


### 6.2 Central Government Principal and Interest Payments

Central Government principal repayments totalled \$1,265.82 million for 2022, an increase of 20.9 percent over 2021 due to increased rollovers and loan repayments. Principal repayments averaged 87.9 percent of the total debt service for the previous five years. External principal repayments increased

by 73.3 percent over 2021, while domestic repayments decreased by 15.2 percent in 2022. Interest payments for 2021 were only 13.5 percent of the total debt service, increasing by 56.8 percent over 2021. External interest payments accounted for 73.7 percent of total interest payments in 2022, while domestic repayments represented 26.3 percent of total interest payments for 2022. (Figure 20)

Figure 16: Central Government Principal and Interest Payments 2018-2022



<sup>1</sup>Debt service in the Debt Portfolio Review is on an accrual basis. The analysis includes rollover security financing.

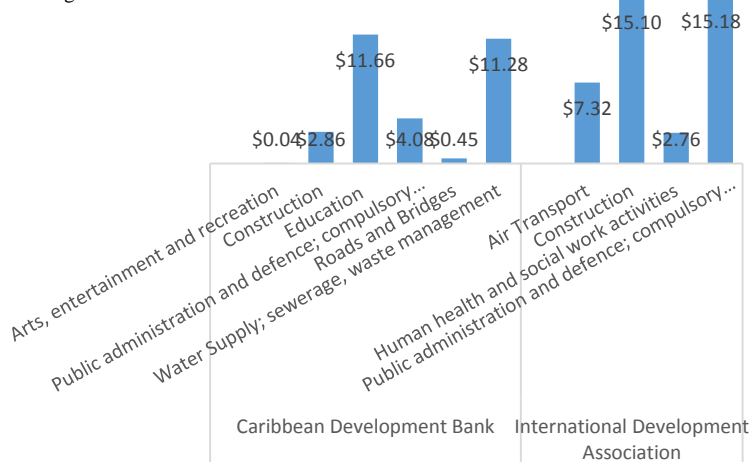


### 6.3 Central Government Disbursements

The GOSL received loan disbursements from two external multilateral creditors for 2022 totalling \$70.73 million. There were no domestic loan disbursements in 2022. The International Development Association (IDA) of the World Bank was the leading source of loan disbursements for 2022 with

\$40.36 million (57.0 percent). The Caribbean Development Bank (CDB) disbursed \$30.37 million (43.0 percent). The majority of CDB loan disbursements sourced in 2022 came from loans targeting the Education and Water Supply sector. IDA loan disbursements originated from loans geared towards the Public Administration sector. (Figure 21)

Figure 17: Central Government Loan Disbursements 2022



### 7. Risk Indicator Evaluation

Over the medium term, The GOSL’s risk management targets include:

- extending the average time to maturity to greater than eight (8) years,
- reduction of short-term debt to less than 15 percent of the total debt and,
- attracting low-cost borrowing to reduce the weighted average cost of debt to less than 4 percent.

#### 7.1 The Average Time to Maturity (ATM)

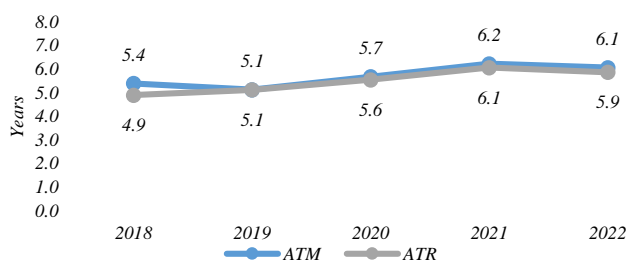
The ATM is the average remaining time to maturity for each security or contract composing a debt instrument and is one of the most commonly used measures for assessing interest rate sensitivity. The ATM at the end of December 2022 decreased slightly to 6.07 years from 6.23 the previous year. The government seeks to lengthen the ATM by reissuing short-term instruments at medium and long terms, thereby reducing the portfolio’s refinancing risk and allowing the timely payments of short-term obligations, and cushioning of possible exchange and interest rate fluctuations in the exchange and interest rates.

## 7.2 The Average Time to Re-fixing (ATR)

The ATR measures the weighted average time until all principal payments in the debt portfolio become subject to a new interest rate. At the end of 2022, the ATR decreased to 5.9 years from 6.1 years for 2021, a slight 4.2 percent decrease. The ATR averaged

5.5 years from 2018 to 2022 and increased by an average of 5.5 percent over the previous five years. The GOSL is committed to decreasing the refinancing risk of the portfolio by increasing the ATR. (Figure 22)

Figure 18: ATM and ATR Progression 2018-2022



## 7.3 The Weighted Average Cost of Debt (WACD)

The portfolio's weighted average cost of debt increased from 4.5 percent in 2021 to 4.8 percent in 2022. This upturn is due to increases in the interest cost of variable rate loans on the ROCT bi-lateral loans and increases in the OCR variable rate on CDB loans. Over the previous five years, the WACD averaged 4.9 percent peaking in 2018 and 2019 at 5.2 percent, and declined by an average of 1.6 percent. (Table 1)

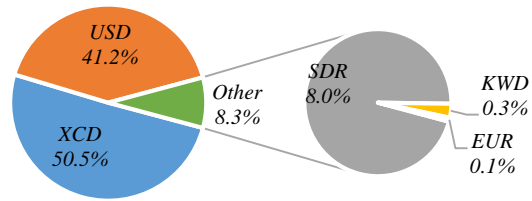
Table 1 Weighted Average Cost of Debt 2018-2022

WACD by Instrument	2018	2019	2020	2021	2022
	%	%	%	%	%
Treasury Bills	4.2	3.7	3.7	3.8	3.9
Bonds	6.5	6.4	6.4	6.2	6.1
Loans	3.3	3.3	2.6	2.3	3.1
Total	5.2	5.2	4.8	4.5	4.8
percent Change	0.76	-2.69	-6.16	-7.23	7.11

### 7.4 Currency Composition and Risk

The foreign exchange risk inherent in the portfolio at the end of 2022 was minuscule because the XCD (50.5 percent) and the USD (41.2 percent) were the dominant currencies in the portfolio. The Kuwait Dinar (0.25 percent), Euro (0.07 percent), and Special Drawing Rights (7.9 percent) presented minimal foreign currency risk to the portfolio combining for only 8.3 percent of the central government portfolio. The other currency category averages 2.9 percent of the central government portfolio over the previous five years. (Figure 23)

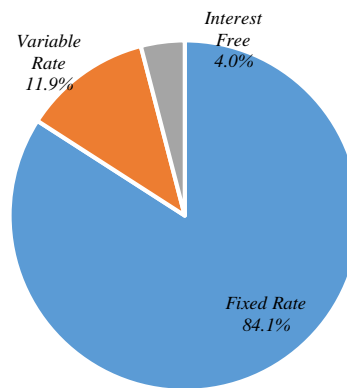
Figure 19: Currency Composition 2022



### 7.5 Interest Rate Composition and Risk

At the end of December 2022, the interest rate risk embedded in the debt portfolio was minimal due to fixed interest rate debt accounting for \$3,451.54 million (84.1 percent) of central government debt. Variable-rate debt, subject to interest rate changes every six months, held by the EXIM Bank, the CDB, and the IBRD was \$486.80 million (11.9 percent) of the total portfolio. Interest-free instruments (CIP bonds and IMF Loans) accounted for \$165.99 million (4.0 percent) of central government debt. (Figure 24)

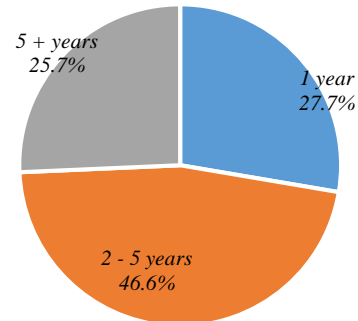
Figure 20: Interest Rate Composition 2022



## 7.6 Debt maturing in 1 year

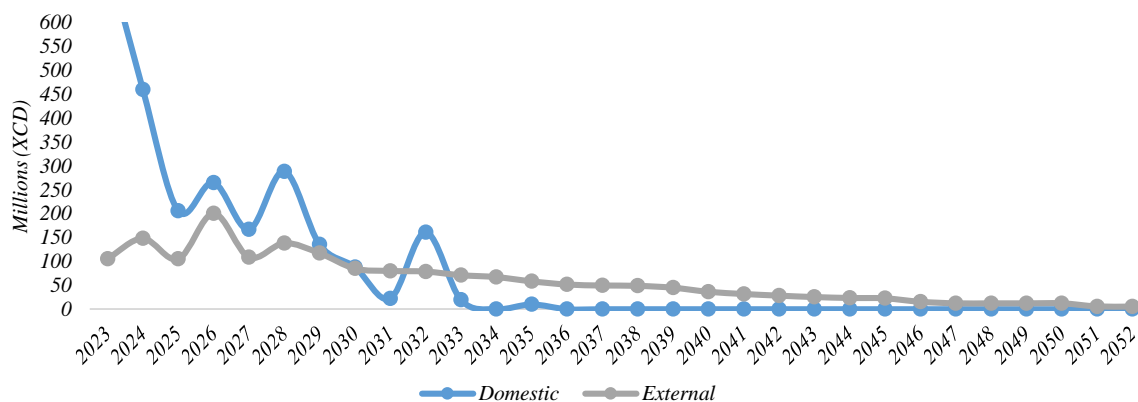
The percentage of debt maturing in one year measures the share of principal repayments falling due within the year. In 2023, 27.7 percent of the central government debt portfolio will mature within one year. The majority of debt maturing falls within the two to five years category due to the GOSL's strategy of rolling over shorter-term instruments into medium-term notes commencing in FY2018/19 as stated in the 2018/19 MTDS. (Figure 25)

Figure 25: Percentage of Debt maturing within 1 year



## 7.7 Redemption Profile<sup>2</sup>

A maturity (redemption) profile shows the evolution of GOSL's debt stock based on the time remaining before the scheduled maturity. Large debt service payments during 2023 dominate the



<sup>2</sup> Excluding government guarantees

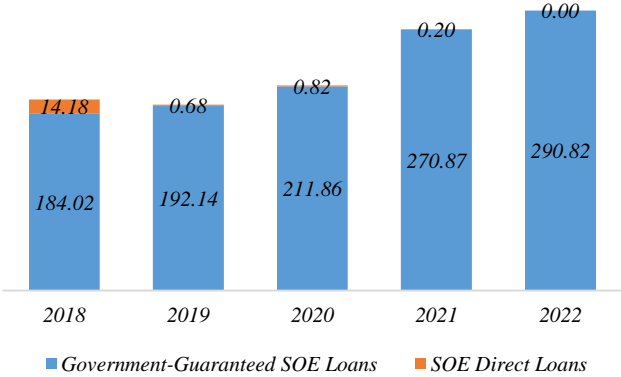
redemption profile due to the 27.7 percent of debt maturing within the year including the entire Treasury bill stock maturing. There is a uniform distribution from 2024 to 2052 (Figure 26)

### 8. Contingent Liabilities<sup>3</sup>

#### 8.1 Contingent Liabilities by Guarantee Status

At the end of 2022, the government-guaranteed debt stock was 100 percent of the contingent liability portfolio because the last non-guaranteed loan matured during the year. The stock of contingent liabilities increased slightly by 7.2 percent in 2022 owing to increases in the stock of EXIM Bank HIARDP loan contracted by SLASPA (14.3 percent) and domestic Bank of St. Lucia (11.5 percent) loans.

Figure 27: Contingent Liabilities by Guarantee Status 2018-2022

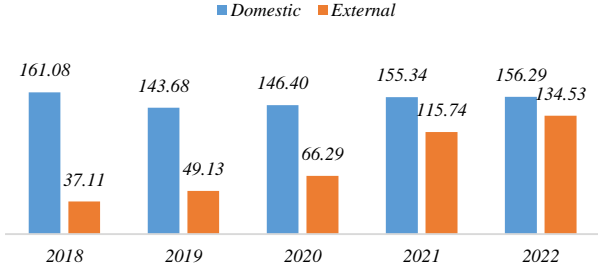


Contingent liabilities averaged 6.1 percent of the Public sector debt stock from 2018 to 2022 continuing to be a minuscule contributor to the public debt stock. (Figure 27)

#### 8.2 Contingent Liabilities by Residency

Domestic government-guaranteed debt amounted to \$156.3 million (53.7 percent) of the contingent liability portfolio in 2022 while external guarantees totalled \$134.53 (46.3 percent). The 16.2 percent increase in the external guarantees was mostly due to the addition of an EIB Covid-19 loan. (Figure 28)

Figure 28: Contingent Liabilities by Residency 2018-2022

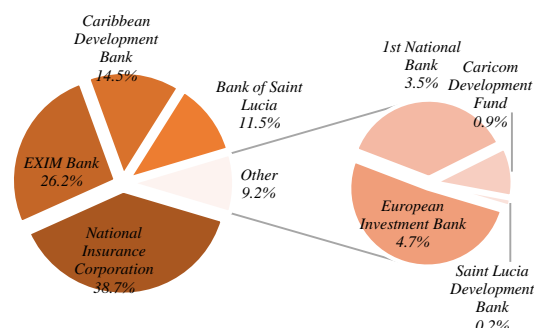


<sup>3</sup> Guaranteed debt is not included in the central government debt portfolio and risk indicator analysis.

### 8.3 Contingent Liabilities by Creditor

The National Insurance Corporation (NIC) held the majority share of the domestic government-guaranteed debt portfolio in 2022 with \$112.39 million. The Export-Import Bank of the Republic of China was the second-largest creditor at \$76.01 million. The Caribbean Development Bank (CDB) and the Bank of Saint Lucia held \$42.09 million and \$33.34 million respectively. The 1<sup>st</sup> National Bank of Saint Lucia contributed \$10.12 million while the CARICOM Development Fund contributed \$2.75 million. (Figure 29)

Figure 29: Contingent Liabilities by Creditor 2022



## 9. Financing in 2022/23<sup>4</sup>

As of March 2023, the government contracted \$1, 108.01 million in debt financing. \$113.14 million was disbursements from bilateral and multilateral creditors (IMF, EXIM Bank, IDA, and CDB). Of the new securities issued, \$121.51 million were short-term treasury bills, while bonds ranging from six to 10 years in maturity totalled \$117.57 million. Reissued bonds and notes totalled \$328.39 million of the approved \$357.6 million. The entire amount approved \$427.40 million of Treasury bills was re-issued. The financing gap at the fiscal year-end was \$182.07 million. (Table 2)

Table 2: Financing in 2022/2023

Financial year 2022/2023			
	Approved Funding (\$M)	April-March 2023(\$M)	Variance (\$M)
<b>New Financing</b>			
<b>Bonds/Notes</b>	79.70	117.57	37.87
<b>Treasury Bills</b>	0.00	121.51	121.51
<b>Loans</b>	425.38	113.14	-312.24
<b>Sub-Total</b>	<b>505.08</b>	<b>352.22</b>	<b>-152.86</b>

<sup>4</sup> Information on government financing is on a fiscal-year basis.

<b>Rollover Financing</b>			
<b>Bonds/Notes</b>	357.60	328.39	-29.21
<b>Treasury Bills</b>	427.40	427.40	0.00
<b>Sub-Total</b>	<b>785.00</b>	<b>755.79</b>	<b>-29.21</b>
<b>Grand Total</b>	<b>1290.08</b>	<b>1108.01</b>	<b>-182.07</b>

## Annex

Table 3: Fiscal and Real Sector Indicators

<b>Fiscal and Real Sector Indicators</b>					
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Total Revenue and Grants</b>	1,235.1	1,221.1	932.2	1,125.6	1,257.0
<b>Current Revenue</b>	1,067.8	1,155.5	1,144.1	870.7	1,041.4
<b>Total Expenditure</b>	1,293.1	1,420.6	1,432.0	1,432.7	1,571.7
<b>Current Expenditure</b>	991.1	1,052.1	1,177.9	1,150.7	1,177.2
<b>Current Account Balance</b>	76.7	103.4	-33.8	-279.9	-135.8
<b>Primary Balance</b>	51.3	108.4	-22.9	-328.8	-175.8
<b>Overall Balance</b>	-111.1	-57.3	-193.7	-493.2	-345.3
<b>Memo items</b>					
<b>Nominal GDP at Market Prices (EC\$M)</b>	5,431.90	5,579.10	5,264.10	4,211.50	4,692.9
<b>Merchandise Exports (EC\$M)</b>	206.70	253.80	221.60	149.10	156.4
<b>Merchandise Imports (EC\$M)</b>	1,482.20	1,565.10	1,421.60	1,198.70	1,429.00

Table 4: Saint Lucia - RGSM Auction Results For 2022

<b>SAINT LUCIA - RGSM AUCTION RESULTS FOR 2022</b>								
<b>Auction Date</b>	<b>Issue</b>	<b>Tenor</b>	<b>Issue Amount (EC\$m)</b>	<b>Value of Bids (EC\$m)</b>	<b>Amount Accepted (EC\$m)</b>	<b>Over/Under Subscription</b>	<b>Interest Rate (%)</b>	<b>Bid to cover ratio</b>
							<b>Coupon Rate</b>	
January 19, 2022	LCB190722	180 days	25,000,000.00	14,989,000.00	14,989,000.00	(10,011,000.00)	4.00	1.00
January 21, 2022	LCB250422	91 days	16,000,000.00	14,211,000.00	14,211,000.00	(1,789,000.00)	3.50	1.00
February 1, 2022	LCB040522	91 days	16,000,000.00	14,580,000.00	14,580,000.00	(1,420,000.00)	3.50	1.00
February 7, 2022	LCB070822	180 days	30,000,000.00	36,303,000.00	30,000,000.00	6,303,000.00	2.50	1.63
February 21, 2022	FLG060228	6 year Bond	20,000,000.00	20,000,000.00	20,000,000.00	-	6.75	1.13
March 23, 2022	LCG100332	10 year Bond	10,000,000.00	15,253,000.00	10,000,000.00	5,253,000.00	6.99	2.00
March 25, 2022	FLG060328	6 year bond	5,000,000.00	5,954,000.00	5,954,000.00	954,000.00	7.00	1.00

April 14, 2022	LCB161022	180 day T-Bill	20,000,000.00	28,795,000.00	20,000,000.00	8,795,000.00	2.50	1.91
April 26, 2022	LCB270722	91 day T-Bill	16,000,000.00	20,507,000.00	16,000,000.00	4,507,000.00	3.00	1.19
May 5, 2022	LCB050822	91 day T-bill	16,000,000.00	19,663,000.00	16,000,000.00	3,663,000.00	2.50	1.45
June 28, 2022	LCB261222	180 day T-Bill	25,000,000.00	20,951,000.00	20,951,000.00	(4,049,000.00)	4.00	1.00
July 22, 2022	LCB170123	180 day T-Bill	25,000,000.00	40,661,000.00	25,000,000.00	15,661,000.00	3.50	1.44
July 28, 2022	LCB281022	91 day T-bill	16,000,000.00	17,779,000.00	16,000,000.00	1,779,000.00	2.50	1.27
August 8, 2022	LCB081122	91 day T-bill	16,000,000.00	14,980,000.00	14,980,000.00	(1,020,000.00)	3.50	1.00
August 9, 2022	LCB060223	180 day T-Bill	30,000,000.00	35,360,000.00	30,000,000.00	5,360,000.00	2.50	1.21
October 17, 2022	LCB160423	180 day T-Bill	20,000,000.00	22,690,000.00	19,750,000.00	2,690,000.00	2.50	1.38
October 31, 2022	LCB310123	91 day T-Bill	16,000,000.00	20,332,000.00	16,000,000.00	4,332,000.00	2.00	1.67
November 9, 2022	LCB090223	91 day T-Bill	16,000,000.00	14,433,000.00	14,433,000.00	(1,567,000.00)	3.50	1.00
December 19, 2022	LCG101232	10 year Bond	25,000,000.00	7,389,000.00	7,389,000.00	(17,611,000.00)	7.5	1.00
December 28, 2022	LCB270623	180 day T-Bill	25,000,000.00	28,453,000.00	25,000,000.00	3,453,000.00	4.00	1.00



Table 5: Debt Portfolio Risk Indicators 2018-2022

Table 5: Debt Portfolio Risk Indicators 2018-2022						
Particulars	2018	2019	2020	2021	2022	Annual Change %
<b>Total Public Debt by Residency (XCD)</b>	<b>3,306.33</b>	<b>3,417.40</b>	<b>3,773.80</b>	<b>4,135.43</b>	<b>4,395.14</b>	✗ 6.28
External Debt	1,617.60	1,689.68	1,947.24	2,290.24	2,359.20	✗ 3.01
Domestic Debt	1,688.73	1,727.72	1,826.56	1,845.19	2,035.94	✗ 10.34
<b>Total Domestic Debt by Instrument (XCD)</b>	<b>1,688.73</b>	<b>1,727.90</b>	<b>1,826.57</b>	<b>1,845.19</b>	<b>2,035.94</b>	✗ 10.34
Loans	407.84	363.94	367.27	354.13	330.85	✓ -6.57
Bonds	833.12	864.63	973.10	971.33	1,082.13	✗ 11.41
Notes	331.40	357.95	365.63	402.87	445.06	✗ 10.47
Treasury Bills	116.37	141.38	120.56	116.85	177.91	✗ 52.26
<b>Total External Debt by Instrument (XCD)</b>	<b>1,617.60</b>	<b>1,689.65</b>	<b>1,947.24</b>	<b>2,290.24</b>	<b>2,359.20</b>	✗ 3.01
Loans	677.87	754.10	1,055.59	1,384.07	1,406.86	✗ 1.65
Bonds	405.34	415.49	410.48	403.14	433.06	✗ 7.42
Notes	288.38	317.65	270.98	254.48	256.02	✗ 0.60
Treasury Bills	246.00	202.40	210.19	248.54	263.26	✗ 5.92
<b>Central Government Debt by Residency(XCD)</b>	<b>3,108.14</b>	<b>3,224.73</b>	<b>3,561.12</b>	<b>3,864.35</b>	<b>4,104.32</b>	✗ 6.21
External Debt	1,580.48	1,640.52	1,880.96	2,174.50	2,224.68	✗ 2.31
Domestic Debt	1,527.65	1,584.22	1,680.17	1,689.85	1,879.64	✗ 11.23
<b>Central Government Debt by Instrument (XCD)</b>	<b>3,108.14</b>	<b>3,224.73</b>	<b>3,561.12</b>	<b>3,864.35</b>	<b>4,104.32</b>	✗ 6.21
Loans	887.51	925.22	1,210.18	1,467.13	1,446.89	✓ -1.38
Bonds	1,238.46	1,280.13	1,383.59	1,374.47	1,515.19	✗ 10.24
Notes	619.79	675.60	636.61	657.36	701.07	✗ 6.65
Treasury Bills	362.37	343.78	330.74	365.39	441.17	✗ 20.74
<b>Contingent Liabilities by Residency (XCD)</b>	<b>198.19</b>	<b>192.82</b>	<b>212.69</b>	<b>271.08</b>	<b>290.82</b>	✗ 7.28
External Debt	37.11	49.13	66.29	115.74	134.53	✗ 16.23
Domestic Debt	161.08	143.68	146.40	155.34	156.29	✗ 0.61
<b>Foreign Currency Risk (%)</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	
ECD	60.20%	58.89%	57.01%	52.12%	50.49%	✗ -3.14
USD	31.25%	33.25%	33.09%	38.60%	41.20%	✓ 6.73
EUR	0.30%	0.21%	0.14%	0.12%	0.07%	✓ -41.42
KWD	0.63%	0.51%	0.42%	0.33%	0.25%	✓ -23.01
SDR	7.62%	7.14%	9.34%	8.82%	7.98%	✓ -9.47
<b>Total Debt Service (XCD)</b>	<b>1,359.13</b>	<b>1,143.39</b>	<b>1,212.47</b>	<b>1,209.67</b>	<b>1,428.94</b>	✗ 18.13
External	690.13	648.60	626.54	686.58	1,203.62	✗ 75.31
Domestic	669.00	494.79	585.93	523.09	225.32	✓ -56.93
Interest	137.07	149.73	148.45	162.81	163.12	✗ 0.19
Principal	1,222.06	993.66	1,064.02	1,046.86	1,265.82	✗ 20.92
<b>Interest Rate Structure (%)</b>						
Fixed Rate	92.89	91.97	89.10	83.90	84.10	✓ 0.24
Variable Rate	6.70	7.62	8.30	12.70	11.86	✓ -6.61
Interest Free	0.42	0.41	2.60	3.40	4.04	✓ 18.82
<b>Risk Indicators</b>						
ATM (Years)	5.40	5.13	5.68	6.23	6.07	✗ -2.58
Maturing in 1 year (%)	18.3%	18.2%	22.3%	16.0%	15.3%	✓ -4.23
ATR (Years)	4.90	5.13	5.55	6.07	5.87	✗ -3.26
WACD (%)	5.2%	5.2%	4.9%	4.5%	4.8%	✗ 7.13