DEBT PORTFOLIO REVIEW

2019 - 2023

AUGUST 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

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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 2023

1 United States Dollar (USD) = EC$2.70
1 Euro (€) = EC$2.98053

Variable Interest Rate December 2023

CDB OCR – 4.90%

Fiscal Year

1 January to 31 December 2023

FOREWORD

Welcome to the fifteenth Debt Portfolio Review (DPR) for Anguilla, and the eighth 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 2019-2023. 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 eight 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 2019 – 2023. It is 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	Marisa Harding-Hodge, Ms
Hon Premier and Minister of Finance	Permanent Secretary,
Government of Anguilla	Ministry of Finance

EXECUTIVE SUMMARY

The Anguilla Debt Portfolio Review, 2023 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 2019 to 2023 at the time of publication, and discusses the evolution of the public debt portfolio. As at end December 2023, the total public debt stock stood at EC$371.03m or 25.67 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 2019-2023. 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

Anguilla is the most northerly of the Leeward Islands in the Caribbean. Constitutionally, it is a British Overseas Territory which comprises the island of Anguilla and several uninhabited islands and cays. To instil fiscal discipline and support the Territory's efforts to achieve sustainable economic development, the United Kingdom Government and the Government of Anguilla signed the Framework for Fiscal Sustainability and Development (FFSD) in 2013.

The Territory is internally self-governing and seeks to cooperate with other Caribbean governments to advance regional goals, evidenced by its membership and association with regional organisations.

The economy of Anguilla is heavily dependent on the success of tourism services. While successive territorial governments have made great efforts to diversify the Territory's economy through development of infrastructure, investment in human capital and attracting international companies, the desired level of diversification has not yet been achieved. The lack of diversification means the economy is less able to absorb the effect of shocks to which the small island is vulnerable. Albeit, Anguilla continues to undergo targeted structural reforms to reinforce growth in productivity and debt sustainability.

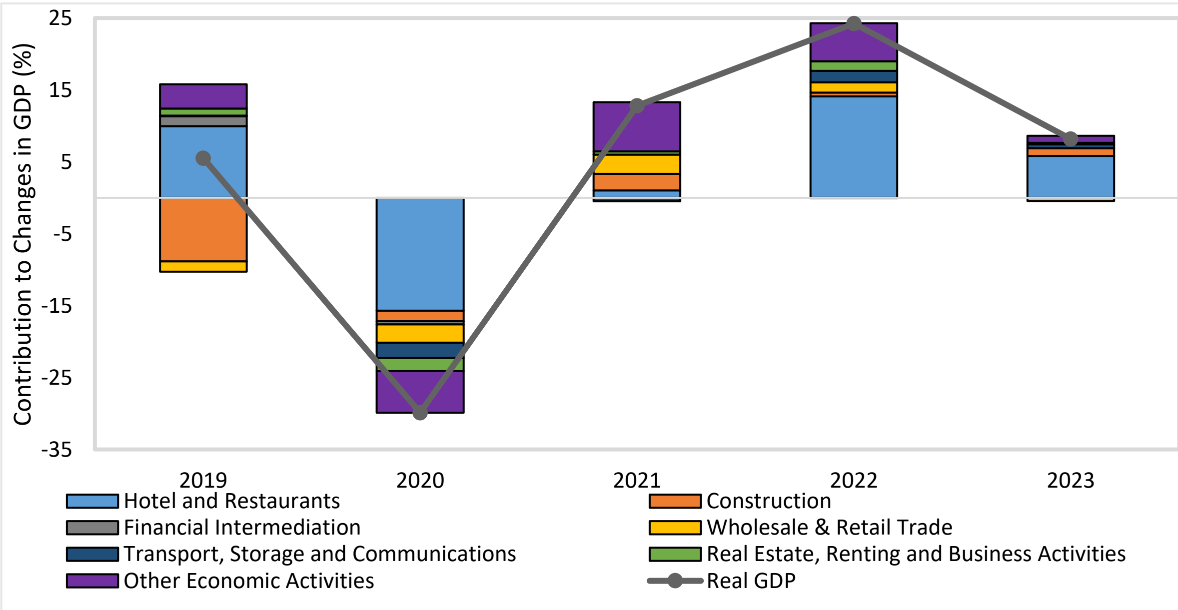
1.2 Macroeconomic Developments

Economic recovery following the adverse impacts of the COVID-19 pandemic, geopolitical shocks, and the cost-of-living crisis has proved to be surprisingly swift and sustained. From its 2022 peak, domestic inflation has slowed. From a global perspective, this can be attributed to favourable supply-side developments and central banks' monetary tightening, which would have stabilised inflation expectations. Global growth is estimated to have been stronger than expected as government spending, along with real disposable income gains, supported consumption.

Anguilla is a member of the Eastern Caribbean Currency Union (ECCU) and ranks as the second smallest economy within this group. At the end of 2023, Anguilla accounted for 4.66 per cent of the Union's total Gross Domestic Product (GDP)[1]. Similar to the previous year, the growth rate of the Anguillian economy outpaced regional counterparts. This can be primarily attributed to the continued recovery in 'Hotels and Restaurants', with visitor arrivals in 2023 amassing to record levels.

Real GDP is expected to expand by 8.21 percent in 2023 after a robust 24.23 percent growth in 2022; and additional slowing is predicted in 2024. The tourism sector is the main driver of Anguilla's economy, and the island's recovery from its largest recorded recession is basically complete. Rebounding tourism has favourably impacted real activity along with complementing a number of other industries. For instance, 'Real Estate, Renting, and Business Activities' had strong performance in 2023 accounting for 13.40 per cent of real economic activity, moving in sync with the growth in 'Hotels and Restaurants'. This was driven by increased demand for services like heavy equipment, car hire, and villa rentals brought on by an increase in tourists and ongoing construction. 'Construction' was still brisk with the renovation and expansion of several tourism plants and the ongoing growth of residential construction. This industry accounted for 10.23 percent of economic activity.

Figure 1: Contributions of Selected Industries to Real GDP Growth Performance, 2019-2023 (in per cent)



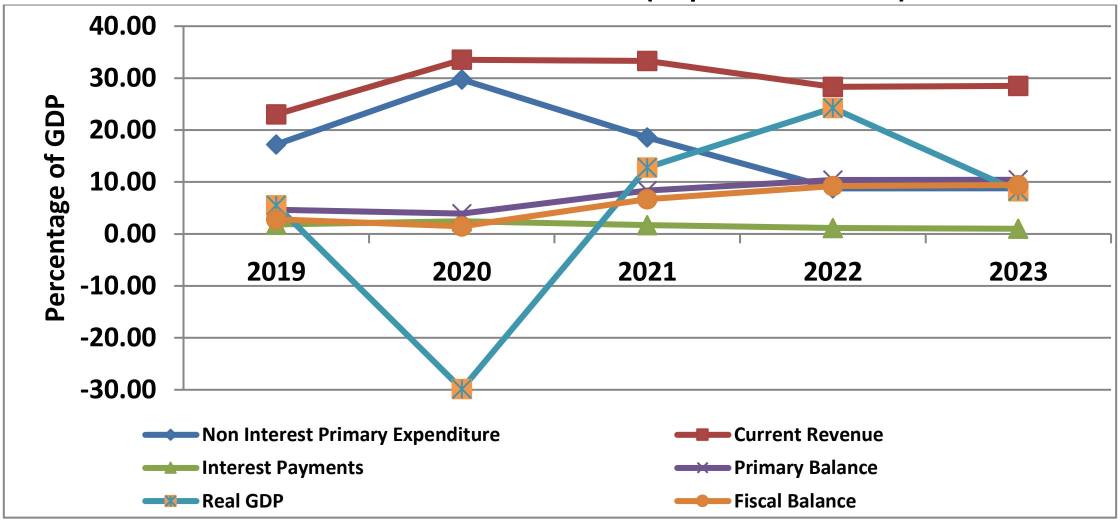
[1] GDP in constant prices. Data source is the Eastern Caribbean Central Bank.

The Territory is in a transitional period, as difficult circumstances presented are improving. These include the stronger focus on the exploitation of available resources, budgetary room for necessary investments, and a shrinking debt load, among other things. When combined, these elements have created an optimistic environment for Anguilla's development and progress. Although, natural disasters remain a looming issue as they are expected to occur more frequently and with greater intensity.

1.3 Fiscal Operations

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

Figure 2: Central Government Fiscal Position 2019-2023 (as per cent of GDP)



Source*:* Debt Management Unit & Budget Unit

The GoA 2023 financial year concluded with an overall balance (surplus) of EC$99.95m (6.92 per cent of GDP) after amortization.

The 2023 recurrent revenue performed significantly above the budgeted revenue collections of EC$288.23m with revenue collections of EC$411.72m (28.49 per cent of GDP) an increase of EC$64.92m in comparison to revenue collections of EC$346.80m (23.99 per cent of GDP) in 2022.

Taxes on payroll and the workforce budgeted amount for 2023 was EC$18.5m, at the closed of the year collections amounted to EC$20.22m. Goods and Services tax performed above estimate, which was approved at EC$90.66 million and it exceeded this estimate by EC$64.26m, collecting a total of EC$154.93m. In addition, Domain Name Registration performed sizeably above the budgeted estimate of EC$24.00m, with collections of EC$86.34m.

The Recurrent expenditure for 2023 closed at EC$247.26m (17.11 per cent of GDP) an overspend of EC$1.33m of the originally approved budget of EC$245.93m. However, the budget was increased through two supplementary appropriations to a revised budget amount of EC$253.75m. When compared to 2022 expenditure of EC$227.30m (18.57 per cent of GDP) resulted in an increase in expenditure of EC$19.96m. The Supplementary Appropriations were mainly to address recurring costs as it relates to personal emoluments due to the reinstitution of salary levels to 2008 levels. In addition, the supplementary funds also facilitated urgent capital expenditure as well as funding for medical treatment overseas and areas in education.

Personal Emoluments was estimated at EC$95.92 million and performed above at EC$106.03m due to ex gratia payments made to all civil servants. Furthermore, Goods and Services was budgeted at EC$57.88 million, however, it came in under budget with an actual of EC$52.20m. Grants and Contributions was budgeted at EC$47.95m, incurred expenditure of EC$63.60m due to increases via supplementary appropriations; this increase in expenditure was due mainly to electricity costs related to the Water Corporation.

Interest Payments totalled EC$14.45m (1.00 per cent of GDP) or 5.84 per cent of recurrent expenditure at the end of fiscal year 2023. When compared to 2022, interest payments of 13.82m (1.13 per cent of GDP) resulted in an increase of EC$0.63m at end 2023. External interest payments accounted for EC$8.21m (0.57 per cent of GDP) or 3.32 per cent of recurrent expenditure, while domestic interest payments accounted for the remaining EC$6.24m (0.43 per cent of GDP) or 2.52 per cent of recurrent expenditure at the end of fiscal year 2023.

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 14, 2023, 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 and continued flow of capital investments following the pandemic
- Fiscal performance remains carefully managed to control debt accumulation and improved debt servicing capacity.

On the other hand, factors constraining the rating are:

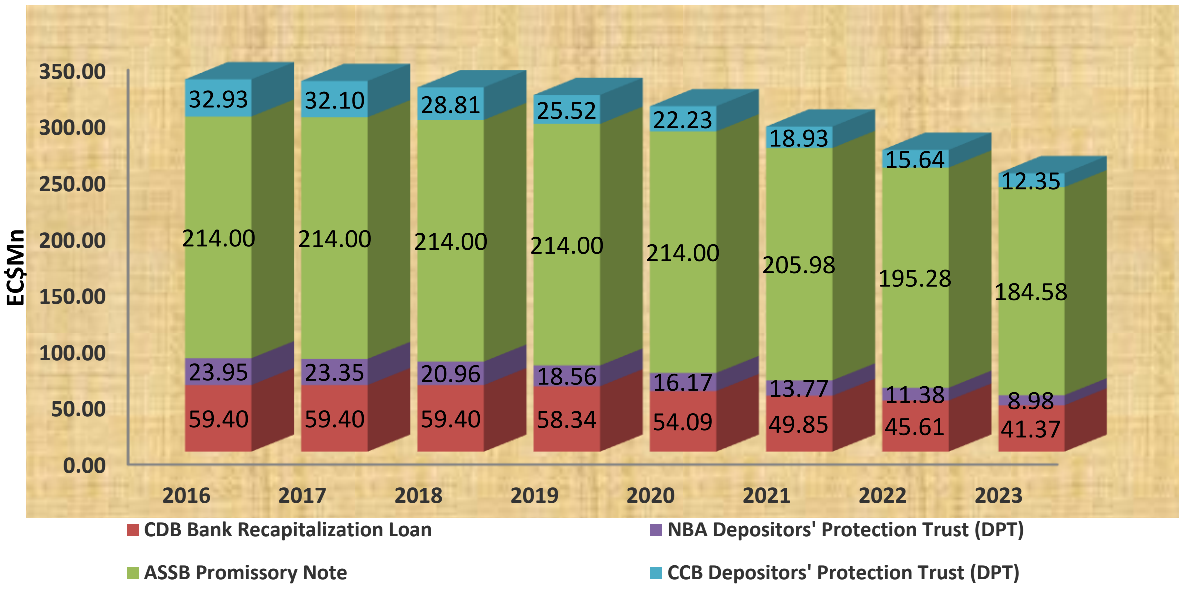
- Small size of the country along with significant capacity constraints;

- Continued breach of its debt management performance 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 2023, debt associated with the banking resolution stood at EC$247.27m (17.11 per cent of GDP) a decline of EC$20.63m or 7.70 per cent over the outstanding balance of EC$267.90m (21.88 per cent of GDP) at the end of 2022. This amounted to a principal repayment of EC$83.01m or 25.13 per cent contraction from the total amount of the GoA's intervention at the end of 2016 (see Figure 3). At the end of 2023, debt associated with the banking resolution accounted for 69.21 per cent and 66.64 per cent of central government debt and total public debt stocks, respectively.

Figure 3: Bank Resolution Debt, 2016 - 2023 (EC$m)



Source: Debt Management Unit

SECTION 2.0 PUBLIC DEBT STRUCTURE

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 2019-2023 (EC$m)

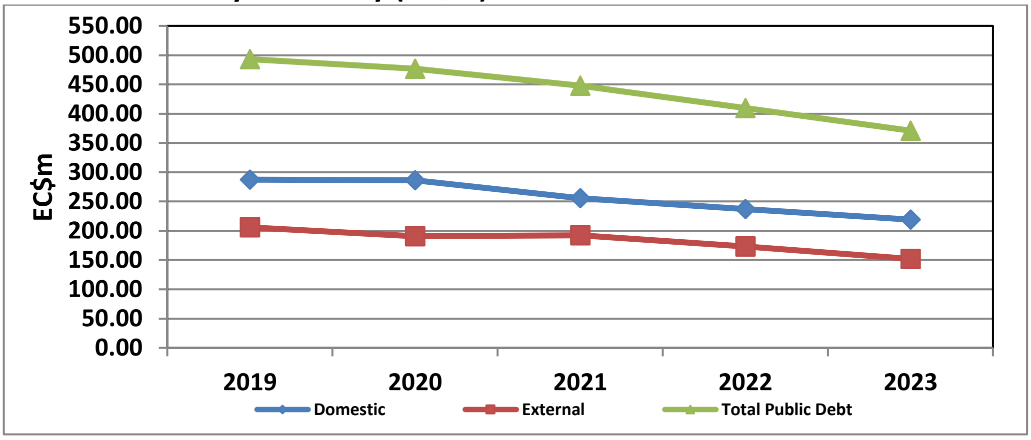
	2019	2020	2021	2022	2023
Central Government Debt	**486.53**	**452.80**	**427.92**	**393.55**	**357.30**
Domestic	286.26	266.58	238.68	222.29	205.90
External	200.27	186.22	189.24	171.26	151.39
Government Guaranteed Debt	**6.62**	**4.71**	**3.04**	**1.80**	**0.56**
Domestic	1.09	0.42	-	-	-
External	5.54	4.29	3.04	1.80	0.56
Non-Guaranteed Debt	**-**	**19.41**	**16.76**	**14.52**	**13.17**
Domestic	-	19.41	16.76	14.52	13.17
External	-	-	-	-	-
Total Public Debt	**493.16**	**476.93**	**447.72**	**409.86**	**371.03**
Domestic	287.35	286.41	255.44	236.81	219.08
External	205.80	190.51	192.29	173.06	151.95
Percentage Share of Total Public Debt					
Domestic	58.27%	60.05%	57.05%	57.78%	59.05%
External	41.73%	39.95%	42.95%	42.22%	40.95%
Central Government	98.66%	94.94%	95.58%	96.02%	96.30%
Government Guaranteed	1.34%	0.99%	0.68%	0.44%	0.15%
Non-Guaranteed	0.00%	4.07%	3.74%	3.54%	3.55%

Source: Debt Management Unit

At the end of 2023, total disbursed outstanding public sector debt stock stood at EC$371.03m or25.67 per cent of GDP as depicted in Table 1 above. Over the period of review, total public debt declined by 24.76 per cent moving from EC$493.16m in 2019 to EC$371.03m in 2023. At year-end 2023 the debt stock decreased by 9.47 per cent (EC$38.83m) moving from EC$409.86m in 2022 to EC$371.03m. 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.

Throughout the period under review, 2019-2023, domestic debt dominated Anguilla's total debt portfolio with a five-year average of 57.28 per cent and external debt the remaining 42.72 per cent. At the end of 2023, domestic debt accounted for 59.05 per cent (EC$219.08m) of the total debt portfolio, while external debt accounted for the remaining 40.95 per cent (EC$151.95m). (**See Table 1 above and Figure 4).**

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



Source: Debt Management Unit

As shown in Table 1 above and Figure 5 below, at the end of 2023, central government debt stood at EC$357.30m (96.30 per cent of the total debt stock). Over the five years, central government debt declined by 26.56 per cent moving from EC$486.53m in 2019 to EC$357.30m at end 2023.

For the same period, the government guaranteed debt[2] stock stood at EC$0.56m (0.15 per cent of the total debt stock). At the end of 2023 government guaranteed debt stock declined by 91.54 per cent when compared to the debt stock of EC$1.60m at the end of fiscal year 2022.

Non-guaranteed SOEs debt[3] stock stood at EC$13.17m (3.55 per cent of the total debt stock) declining by 9.30 per cent over the 2022 debt stock of EC$14.52m.

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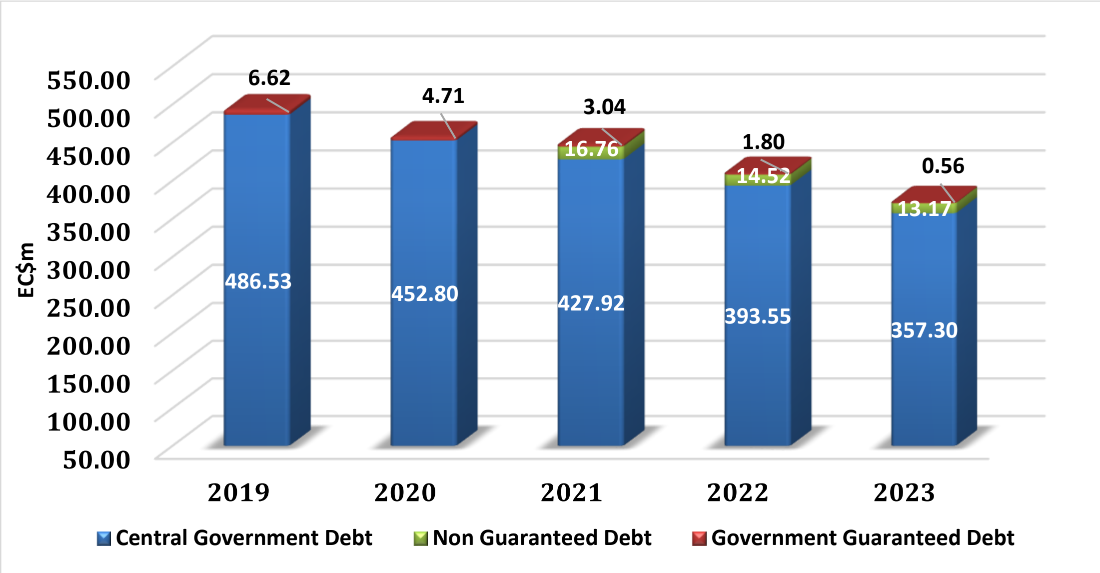
[2] Up to 2016, guarantees were extended to two statutory bodies, the Anguilla Development Board and the Anguilla Tourist Board. In 2016, the Anguilla Air and Sea Ports Authority contracted debt that was also guaranteed.

[3] Non-guaranteed debt at the end of 2023 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 2023 central government, government guaranteed and non-guaranteed SOEs debt stocks declined by 9.21 per cent (EC$36.25m), 68.89 per cent (EC$1.24m) and 9.30 per cent (EC$1.35m) respectively, over the 2022 debt stock levels.

Figure 5: Central Government, Government Guaranteed and Non-Guaranteed Debt, 2019-2023 (EC$ m)

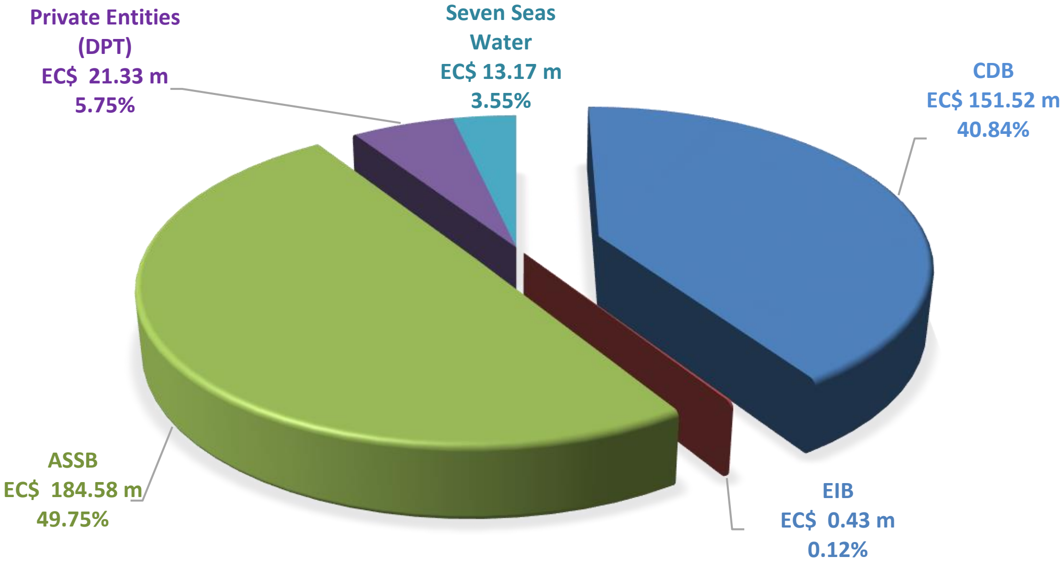


Source: Debt Management Unit

2.2 Public Debt Composition

Figure 6 shows that at the end of 2023, the ASSB was the largest creditor holding 49.75 per cent (EC$184.58m) of total debt. The shares of debt owed to the other creditors, in descending order, were as follows; - CDB at 40.84 per cent (EC$151.52m); Private Entities (DPT) at 5.75 per cent (EC$21.33m); Seven Seas Water at 3.55 per cent (EC$13.17m); and the European Investment Bank (EIB) at 0.12 per cent (EC$0.43m). There was no outstanding debt owed to Eastern Caribbean Central Bank (ECCB) and NCBA (short-term credit facilities) at the end of fiscal year, 2023. See appendix 2 for trend in debt by creditor category for the period 2019 to 2023.

Figure 6: Public Debt by Creditor Category, 2023 (EC$m)



Source: Debt Management Unit

2.2.1 External Debt[4]

For the year in review, the external debt portfolio consisted entirely of loans. Over the period 2019 to 2023 external debt declined by approximately 26.17 per cent; moving from EC$205.80m in 2019 to EC$151.95m at the end of 2023. This decrease in external debt over the period of review (2019-2023) is due to scheduled amortization payments exceeding disbursements. At the end of 2023, external debt decreased by 12.20 per cent (EC$21.11m) over the 2022 debt stock level of EC$173.06m.

External Debt by Creditor Category

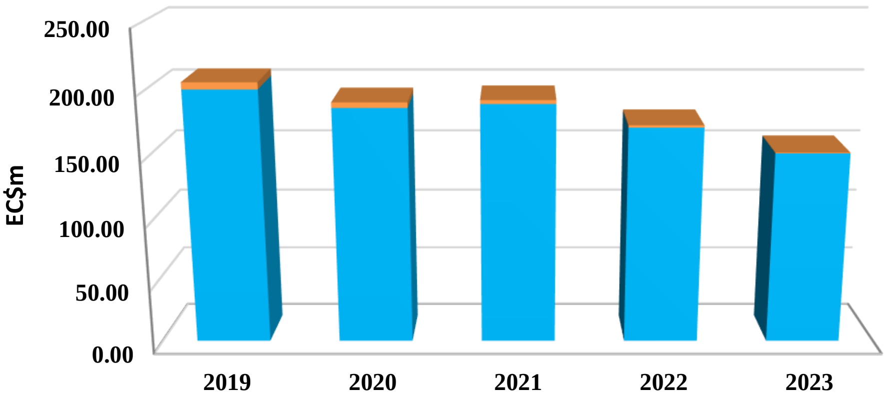
Anguilla's external debt over the period reviewed was owed to two multilateral creditors, the EIB and CDB. The latter was the dominant holder with a five-year average annual share of 99.70 per cent. At The end of 2023, CDB accounted for a share of 99.72 per cent (EC$151.52m) of the external debt portfolio and EIB the remaining 0.28 per cent share (EC$0.43m).

[4] External debt is classified by residency of creditors

External Debt by Borrower Category

As shown in Figure 7 below at the end of 2023 central government external debt stock stood at EC$151.39m (99.63 per cent) of the external debt portfolio. Government guaranteed SOE external debt stock stood at EC$0.56m (0.37 per cent) of the external debt portfolio. There was no external debt associated with that of the non-guaranteed SOEs. At the end of 2023 central government and government guaranteed external debt stock declined by EC$19.87m (11.60 per cent) and EC$1.24m (68.89 per cent) over the 2022 external debt stock levels of EC$171.26m and EC$1.80m respectively. Over the period of review, central government and government guaranteed external debt stocks declined on average by 6.62 per cent and 40.36 per cent, respectively.

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



	2019	2020	2021	2022	2023
Government Guaranteed	5.54	4.29	3.04	1.80	0.56
Central Government	200.27	186.23	189.24	171.26	151.39

Source: Debt Management Unit

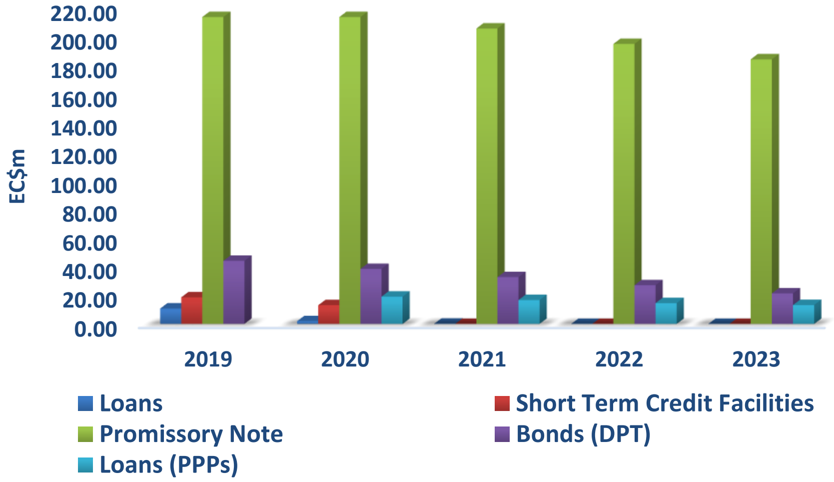
2.2.2 Domestic Debt

Domestic debt stood at EC$219.08m and comprised debt owed by the Central Government and SOEs (specifically the Water Corporation of Anguilla (WCA)) at end 2023. The debt 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 2023, the domestic debt stock decreased by EC$68.27 or 23.76 per cent and EC$17.73m or 7.49 per cent when compared to the 2019 and 2022 domestic debt stock levels respectively. This decrease is due to scheduled repayments exceeding disbursements and in the latter years, payments made on the ASSB Promissory note commencing in 2021, after the expiration of the grace period. At the end of 2023, both short-term credit facilities (the NCBA overdraft and the ECCB operating account) had nil balances. This has been the trend for the past three years, as the Government did not utilise the short-term credit facilities due to robust revenue performance.

Domestic Debt by Instrument Type

The domestic debt portfolio consisted of a Promissory Note, Bond (DPT), loans (Public Private Partnerships (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

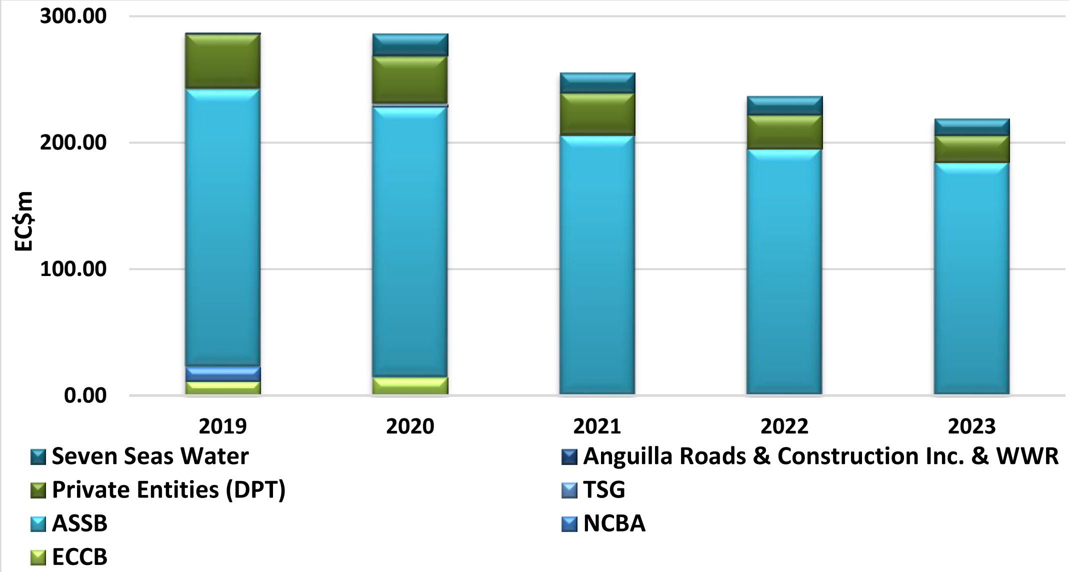
At the end of 2023, the Promissory Note accounted for EC$184.58m or 84.25 per cent of the domestic debt portfolio. In addition, of the domestic debt portfolio, the Bond (DPT) accounted for EC$21.33m or 9.74 per cent and loans, specifically PPPs, accounted for EC$13.17m or 6.01 per cent. There was no outstanding debt associated with the short-term credit facilities.

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 2023, debt owed to the ASSB stood at EC$184.58m (84.25 per cent) of total domestic debt.

Other domestic debt holders included Private Entities (DPT) with an amount of EC$21.33m (9.74 per cent) and Seven Seas Water with an amount of EC $13.17m (6.01 per cent).

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



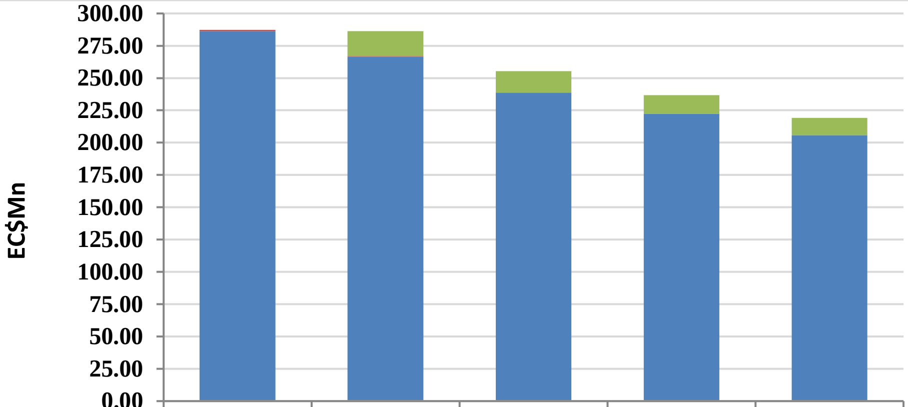
Source: Debt Management Unit

Domestic Debt by Borrower Category

As shown in Figure 10 below at the end of 2023 central government domestic debt stock stood at EC$205.90m (93.99 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$13.17m (6.01 per cent) of the domestic debt portfolio.

At the end of 2023 central government and non-guaranteed SOEs domestic debt stock levels declined by EC$16.39m (7.37 per cent) and EC$1.34m (9.30 per cent) over the 2022 domestic debt stock levels of EC$222.29m and EC$14.52m respectively. Over the review period, central government and non-guaranteed SOEs domestic debt stocks declined on average by 7.90 per cent and 11.32 per cent respectively.

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



	2019	2020	2021	2022	2023
Non-Guaranteed (SOEs)	0.00	19.41	16.76	14.52	13.17
Government Guaranteed	1.09	0.42	0.00	0.00	0.00
Central Government	286.26	266.58	238.68	222.29	205.90

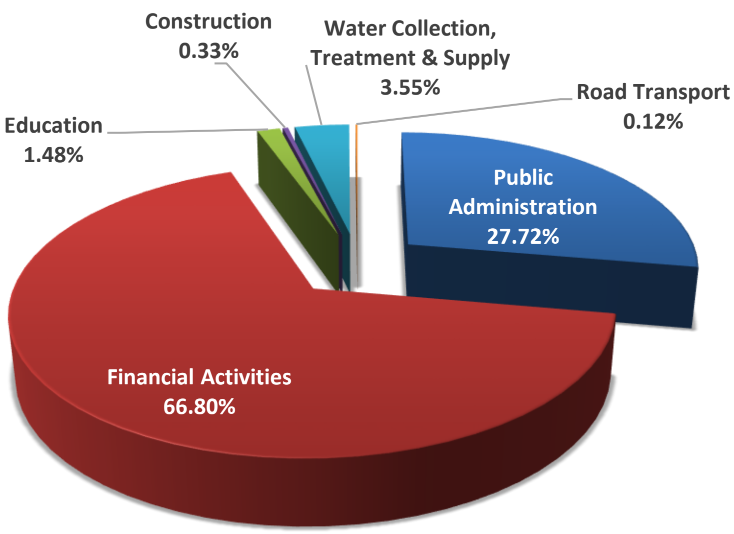
Source: Debt Management Unit

2.3 Debt by Economic Sector[5]

Figure 11 below captures Anguilla's total public debt by economic sector. At the end of 2023, Financial Intermediation Activities accounted for the largest proportion of public debt with a share of 66.80 per cent (EC$247.83m). Within this sector, activities were primarily related to the 2016 banking resolution. Public Administration and Water Collection followed with shares of 27.72 per cent (EC$102.86m), and 3.55 per cent (EC$13.17m), respectively. The remainder of the portfolio, 1.93 per cent (EC$7.16m), was shared among three other 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.

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

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 2019-2023 (EC$m)

New Financing (EC$m)	2019	2020	2021	2022	2023
Total	**1.67**	**3.29**	**21.09**	**1.20**	**-**
External	**1.67**	**3.29**	**21.09**	**1.20**	**-**
Multilateral	1.67	3.29	21.09	1.20	-
Domestic	**-**	**-**	**-**	**-**	**-**
Loans	-	-	-	-	-

Source: Debt Management Unit

In 2023, there were no new borrowings or disbursements in relation to the outstanding debt stocks of Central Government, Government Guarantees and Non-Guarantees SOEs.

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 2.13 per cent over the period of review moving from EC$49.16m in 2019 to EC$53.34m in 2023 (**see Table 3**).

Table 3: Total Public Sector Debt Service 2019-2023 (EC$m)

Total Debt Service Payments (EC$m)	*2019*	*2020*	*2021*	*2022*	*2023*
Total Debt Service	***49.16***	***52.54***	***50.97***	***52.95***	***53.34***
Principal Repayments	*30.05*	*35.19*	*37.14*	*39.03*	*38.85*
Interest Payments	*19.11*	*17.34*	*13.82*	*13.92*	*14.49*
External Debt Service	***25.51***	***27.57***	***25.70***	***26.86***	***29.37***
Principal Repayments	*15.27*	*18.65*	*19.27*	*20.40*	*21.12*
Interest Payments	*10.24*	*8.93*	*6.43*	*6.46*	*8.25*
Domestic Debt Service	***23.65***	***24.96***	***25.26***	***26.09***	***23.97***
Principal Repayments	*14.78*	*16.55*	*17.88*	*18.63*	*17.73*
Interest Payments	*8.87*	*8.42*	*7.39*	*7.46*	*6.24*
Of which Central Government Debt Service Payments (ECSm)					
Total Debt Service	**46.90**	**48.66**	**46.48**	**49.36**	**50.70**
Principal Repayments	28.19	31.63	32.82	35.54	36.27
Interest Payments	18.71	17.03	13.66	13.82	14.43
External Debt Service	**23.97**	**26.11**	**24.32**	**25.52**	**28.08**
Principal Repayments	14.02	17.40	18.02	19.15	19.88
Interest Payments	9.95	8.71	6.29	6.36	8.19
Domestic Debt Service	**22.93**	**22.55**	**22.16**	**23.85**	**22.62**
Principal Repayments	14.17	14.22	14.80	16.39	16.39
Interest Payments	8.76	8.33	7.36	7.46	6.24

Source: Debt Management Unit

The average annual increase in debt service from 2019 to 2023 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.

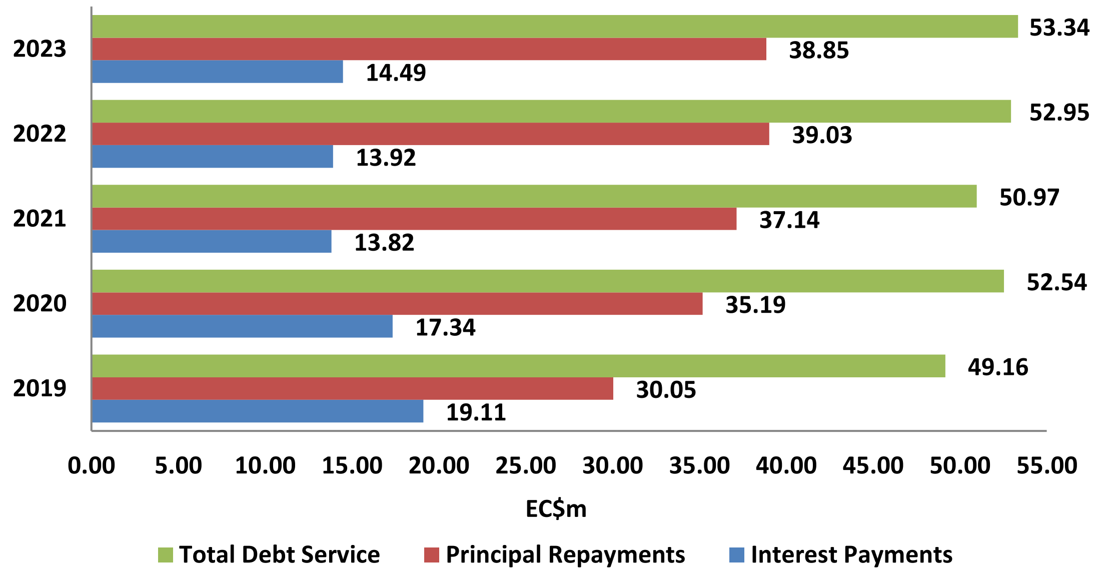
As shown in Table 3, total principal repayments moved from EC$30.05m in 2019 to EC$38.85m in 2023. For the same period, total interest payments moved from EC$19.11m in 2019 to EC$14.49m in 2023 with a noticeable decline in 2021 of EC$13.82m due to the reduced interest rates offered by creditors due to the impact of the COVID-19 pandemic on the economy. 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, CDB Hurricane Recovery Support Loan in the fourth quarter of 2021, and CDB First Programmatic Stability and Resilience Building Policy-Based Loan in the fourth quarter of 2023.

Fiscal year 2023 saw an increase in interest payments of 4.09 per cent (EC$0.57m) due to the increase in the CDB OCR variable interest rate moving from 4.75 per cent at the beginning of the year to 4.90 per cent at the end of the year. A decrease in principal repayments of 0.46 per cent (EC$0.18m) was also noticeable due to the maturity of an instrument in the latter part of 2023. At the end of fiscal year 2023 central government accounted for 95.05 per cent (EC$50.70m) of the total debt service. Central government principal repayments and interest payments accounted for 93.36 per cent (EC$36.27m) and 99.59 per cent (EC$14.43m) of total principal repayments and interest payments respectively.

There were no debt related arrears at the end of fiscal year 2023. Figure 12 below illustrates the trend in debt servicing for the period under review.

Figure 12: Debt Service 2019 - 2023 (EC$m)



Source: Debt Management Unit

2.5 Risk/Cost Analysis

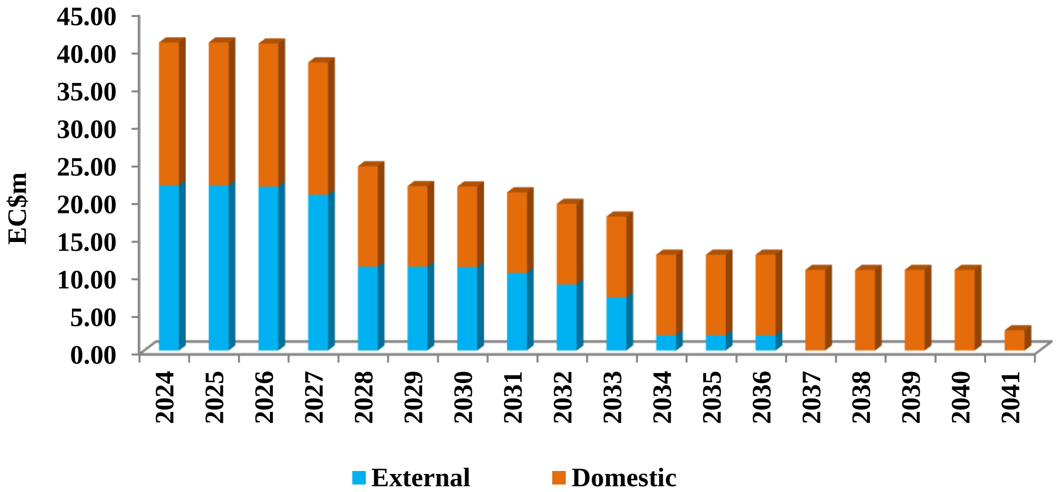
Risk in relation to debt costs, refers to the potential for the actual cost of debt to deviate from its expected cost due to variations of different economic variables such as interest rates and exchange rates. Exposure of Anguilla's debt portfolio to risk is assessed using the following risk indicators: 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 2023.

Figure 13: Maturity Profile of Public Debt at end 2023



Source: Debt Management Unit

The proportion of debt with a remaining maturity of 1 year or less (short-term) is 11.04 per cent (EC$40.95m) of total debt. The amount due in external payments in 2024 is EC$21.93m, and is due mainly to CDB. Domestic payments amount to EC$19.02m, comprising of EC$10.70m for the ASSB Promissory Note, EC$5.69m for the DPT, and EC$2.63m for the PPPs.

Debt falling due within 2 to 5 years (medium term) accounts for 38.95 per cent (EC$144.52m) of maturing debt. External payments account for EC$75.54m (52.27 per cent) with payments to CDB totalling EC$75.31m. Domestic payments averaging EC$17.24m are due largely to payments related to the DPT and the ASSB Promissory Note.

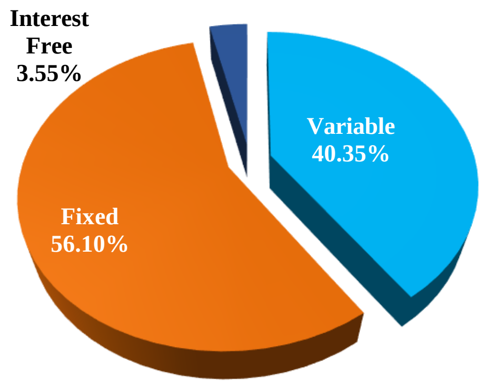
The proportion of debt with a remaining maturity exceeding 5 years (long term) accounts for 50.01 per cent (EC$185.55m) of outstanding debt. Principal outlays of EC$131.08m domestically and EC$54.47m externally are primarily due to ASSB (Promissory Note) and to CDB respectively.

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 6.23 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[6]

At the end of the period under review, 40.35 per cent of the debt stock equivalent to EC$149.73m accounted for variable interest rate, while 56.10 per cent equivalent to EC$208.13m represented fixed rate and the remaining 3.55 per cent represents interest free debt. (**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 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)[7] share of CDB loans.

Figure 14: Interest Rate Composition



Source: Debt Management Unit

At the end of 2023, the cost of the debt portfolio increased by 0.43 percentage points when compared to 2022. The average interest rate stood at 3.54 per cent when compared to 3.11 per cent at the end of 2022. The domestic and external average interest rates stood at 2.63 per cent and 3.54 per cent respectively. The domestic interest rate decreased by 0.29 percentage points over the 2022 average interest rate of 2.92 per cent. The external average interest rate increased by 1.41 percentage points in comparison to that of 2022 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

[6] The potential risk to the debt portfolio if there is a change in market interest rates
[7] OCR is the less concessional share of CDB loan portfolio. The rate is re-fixed every three months and stood at 4.90 per cent at 31st December 2023.

measures interest rate risk. At the end of 2023, Anguilla's public debt had an average time to interest rate re-fixing (ATR)[8] of 4.71 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.

Exchange Rate Risk

Figure 15: Currency Composition of Total Public Debt

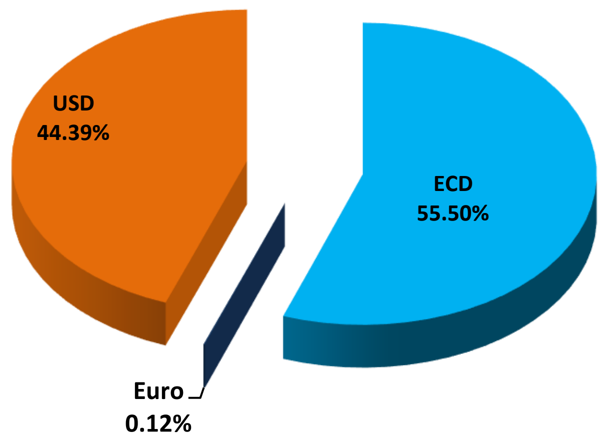


Figure 15 shows the currency composition of the public debt profile at the end of 2023. The EC dollar denominated debt continued to hold the higher share of Anguilla's debt stock at 55.50 per cent (EC$205.90m). The US dollar denominated debt is the second largest currency in the debt portfolio, accounting for 44.39 per cent (EC$164.69m) and finally, the Euro currency debt accounted for 0.12 per cent (EC$0.43m).

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 44.39 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.

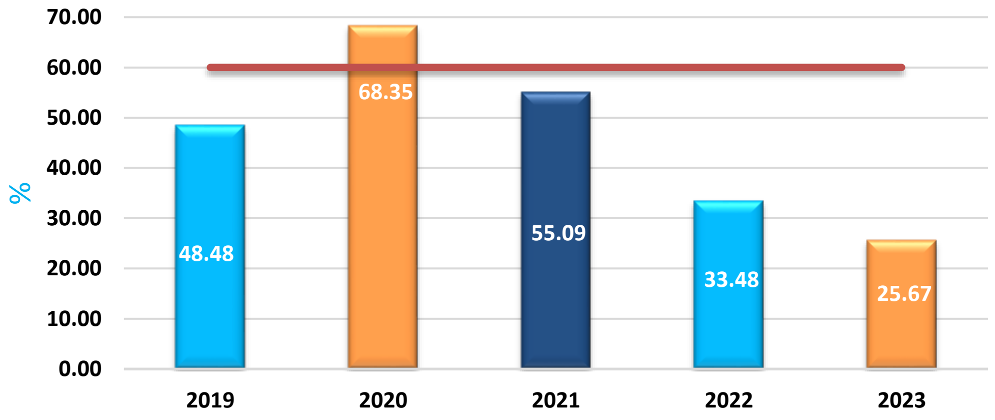
[8]The average time until the interest rate is reset on the outstanding debt.

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[9], 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.

Figure 16: Debt-to-GDP, 2019 – 2023



Source: Debt Management Unit

[9] 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)

The movement of the public sector debt to GDP indicator has been sporadic over the period of review as highlighted in Figure 16 above and Table 4 below. In the year 2019 the debt to GDP ratio was recorded at 48.48 per cent, 11.52 percentage points within the target. 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 7.81 percentage points moving from 33.48 per cent in 2022 to 25.67 per cent in 2023. This decrease is due primarily to improvements 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 2023, domestic debt to GDP and external debt to GDP showed a decrease of 4.18 and 3.62 percentage points respectively when compared to 2022.

The public sector debt service to revenue ratio stood at 12.96 per cent at the end of fiscal year 2023. In 2020, the ratio deteriorated by 1.45 percentage points moving 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 2023, the ratio improved significantly by 2.31 percentage points over the 2022 ratio. This improvement in the debt service ratio is mainly, as a result of, revenue performance outpacing debt service payments.

At the end of 2023, there was a decrease in the interest service ratio of 0.49 percentage points over the 2022 ratio of 4.01 per cent of revenue. This decrease is due primarily to the reduction in the debt stock during the fiscal year 2023.

After peaking in 2020 at 410.34 per cent, the external debt service-to-exports ratio improved significantly by 272.90 percentage points moving to 137.54 per cent in 2021. At the end of 2022, the ratio continued to show signs of improvement by 42.23 percentage points and stood at 95.21 per cent. Fiscal year 2023 saw a significant deterioration in the ratio by 62.70 percentage points moving to 157.91 per cent. 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.

At the end of fiscal year 2023, the share of short-term debt to long term debt stood at 0/100; the share of foreign currency debt to domestic debt stood at 47/53; and the share of fixed rate debt to floating debt stood at 58/42.

Table 4 shows some core debt sustainability indicators over the period 2019-2023.

Table 4: Debt Sustainability Indicators (in per cent)

Sustainability Indicators	2019	2020	2021	2022	2023
Public Sector Debt to GDP	**48.48**	**68.35**	**55.09**	**33.48**	**25.67**
External Debt to GDP	*20.23*	*27.30*	*23.66*	*14.13*	*10.51*
Domestic Debt to GDP	*28.25*	*41.05*	*31.43*	*19.34*	*15.16*
Public Sector Debt Service to Revenue	**21.00**	**22.45**	**18.84**	**15.27**	**12.96**
External Debt Service Ratio	*10.90*	*11.79*	*9.50*	*7.74*	*7.13*
Domestic Debt Service Ratio	*10.10*	*10.67*	*9.34*	*7.52*	*5.82*
Interest Service Ratio	**8.16**	**7.41**	**5.11**	**4.01**	**3.52**
External Interest Service Ratio	*4.37*	*3.82*	*2.38*	*1.86*	*2.00*
Domestic Interest Service Ratio	*3.79*	*3.60*	*2.73*	*2.15*	*1.51*
External Debt Service to Exports	**75.79**	**410.34**	**137.44**	**95.21**	**157.91**
Share of Short Term Debt to Long Term Debt	***2/98***	***2/98***	***2/98***	***3/97***	***0/100***
Share of Foreign Currency to Domestic Currency	***37/63***	***42/58***	***42/58***	***44/56***	***47/53***
Share of Fixed Rate Debt to Floating debt	***64/36***	***59/41***	***59/41***	***61/39***	***58/42***

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[10] of recurrent revenue; and
3. liquid assets should be sufficient to cover 25 per cent (90 days) of recurrent expenditure.

[10] 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.

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 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 2019-2023.

Table 5: FFSD Ratios - 2019-2023

Debt Indicators (%)	Targets	2019	2020	2021	2022	2023
Net Debt/Recurrent Revenue	≤80%	208.46	202.08	164.40	100.30	46.34
Variance		128.46	122.08	84.40	20.30	-33.66
Debt Service/Recurrent Revenue	≤10%	20.42	21.87	18.37	14.95	12.70
Variance		10.42	11.87	8.37	4.95	2.70
Liquid Assets/Recurrent Expenditure	≥25%	0.24	0.23	0.26	26.65	72.72
Variance		-24.76	-24.77	-24.74	1.65	47.72
Liquid Assets/Recurrent Expenditure	90 days	0.88	0.82	0.92	95.92	261.79
Variance		-89.12	-89.18	-89.08	5.92	171.79

Source: Debt Management Unit

As depicted in the table 5 above the GoA has been in breach of the debt service indicator throughout the period under review. The liquid assets to recurrent expenditure was in compliance at the end of 2022 and remained in compliance at end of 2023. The net debt to recurrent revenue ratio has been in breach for the past 4 years under review (2019-2022) and achieved compliance at end of 2023. At the end of 2023, the Government remained in breach of the debt service to recurrent revenue ratio; however all the ratios showed major improvements at the end of 2023 and the following changes were noted in comparison to fiscal year 2022:-

i. The net debt to recurrent revenue ratio improved significantly by 53.96 percentage points moving from 100.30 per cent in 2022 to 46.34 per cent in 2023. This improvement is due to the continued strong performance of revenue, the buildup of reserves and the reduction in the debt stock level during fiscal year 2023.

ii. The debt service to recurrent revenue ratio improved by 2.25 percentage points moving to 12.70 per cent when compared to 14.95 per cent in 2022.

iii. The liquid assets ratio at the end of 2023 saw vast improvements and remained in compliance with the target. The ratio moved from 26.65 per cent (approximately 96 days) in 2022 to 72.72 percent (approximately 262 days) at end of 2023.

SECTION 3.0 CONCLUSION

From 2018 to 2023, Anguilla's public debt consistently declined due to limited debt contracted and the scheduled 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 33.48 per cent due to the rebound of the various sectors of the economy that were dampened by the COVID-19 pandemic. At the end of 2023, because of the continued improvements in the fiscal outturns, the ratio improved significantly by 7.81 percentage points, moving to 25.67 per cent. Despite this progress, the GoA continues to be in breach of one 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 the 2016 banking resolution. This has led to domestic debt with fixed interest rates dominating the portfolio, while also offering more concessional terms. This contracted debt also lengthened the maturity profile and reduced the debt cost significantly. The assessment shows that while Anguilla's public and publicly guaranteed and non-guaranteed debt declined significantly, the government vigilantly manages the embedded debt risks and monitors 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 the expiration of the grace period on multiple loan instruments. 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 2023 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 2019-2023

Selected Economic Indicators	2019	2020	2021	2022	2023
Total Revenue and Grants	250.75	244.25	273.23	347.64	413.70
Current Revenue	234.10	233.97	270.51	346.80	411.72
Total Expenditure	222.26	233.98	218.97	234.41	277.47
Current Expenditure	212.18	226.57	215.02	227.31	247.26
Interest Payments	18.78	17.07	13.68	13.82	14.45
Domestic	8.83	8.36	7.37	7.46	6.24
External	9.95	8.71	6.32	6.37	8.21
Capital Revenue	16.78	10.28	2.72	0.84	1.97
Capital Expenditure	10.09	8.26	3.95	7.10	30.21
Primary Balance before grants	47.27	27.34	67.94	127.06	150.68
Overall Balance (before grants)	28.49	10.27	54.26	113.23	136.23
Overall Balance (after Financing)	30.14	35.19	75.34	114.43	136.23
Current Balance	21.92	7.40	55.49	119.50	164.46
Overall Balance (after Amortization)	1.95	3.56	42.52	78.89	99.95
Liquid Assets	0.52	0.52	0.55	60.57	179.81
Financing	1.65	24.91	21.08	1.20	-
Amortization	28.19	31.63	32.82	35.54	36.27
Memo Items					
Nominal GDP at Market Prices (EC$M)	1,017.18	697.79	812.64	1,224.31	1,445.36
Merchandise Exports (EC$M)	33.66	6.72	18.70	28.21	18.60
Merchandise Imports (EC$M)	767.72	399.43	551.88	673.32	663.91
Real GDP (%)	5.53	(29.87)	12.82	24.23	8.21
Average Interest Rate (%)	3.64	3.52	2.90	3.11	3.54
External	4.67	4.34	3.38	3.36	4.77
Domestic	2.90	2.93	2.58	2.92	2.63
As % of GDP					
Total Expenditure	21.85	33.65	26.95	19.15	19.20
Non Interest Primary Expenditure	17.20	29.74	18.58	8.77	8.77
Current Revenue	23.01	33.53	33.29	28.33	28.49
Current Expenditure	20.86	32.47	26.46	18.57	17.11
Interest Payments	1.85	2.45	1.68	1.13	1.00
Primary Balance	4.65	3.92	8.36	10.38	10.42
Fiscal Balance	2.80	1.47	6.68	9.25	9.43
Real GDP	5.53	(29.87)	12.82	24.23	8.21
Public Debt					
Public Debt (% of GDP)	48.48	68.35	55.09	33.48	25.67
Public Debt	493.16	476.93	447.73	409.86	371.03
Domestic Debt	287.35	286.41	255.44	236.81	219.08
External Debt	205.80	190.51	192.29	173.06	151.95

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

Creditor Category	2019	2020	2021	2022	2023
Anguilla Roads & Construction Inc. & WWR	1.01	0.42	-	-	-
ASSB	219.56	214.42	206.06	195.28	184.58
CDB	205.14	189.85	191.73	172.58	151.52
Commercial Banks	11.22	0.00	-	-	-
ECCB	11.49	14.19	-	-	-
EIB	0.66	0.67	0.56	0.47	0.43
Private Entities (DPT)	44.08	38.39	32.71	27.02	21.33
Seven Seas Water	-	17.20	15.86	14.52	13.17
TSG	-	1.79	0.81	-	-
Total	**493.16**	**476.93**	**447.73**	**409.86**	**371.03**

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

Economic Sector	2019	2020	2021	2022	2023
Accommodation & Food Services	0.08	0.00	-	-	-
Construction	2.74	2.32	1.90	1.57	1.23
Education	2.38	5.38	5.67	6.24	5.50
Financial Activities	321.96	310.78	291.58	269.70	247.83
Public Administration	164.32	137.95	131.26	117.37	102.86
Road Transport	0.66	0.67	0.56	0.47	0.43
Sea Transport	1.01	0.42	-	-	-
Water Collection, Treatment & Supply	-	19.41	16.76	14.52	13.17
Total	**493.16**	**476.93**	**447.73**	**409.86**	**371.03**

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

Creditors	2019	2020	2021	2022	2023
Caribbean Development Bank	1.67	3.29	21.09	1.20	-
Total	**1.67**	**3.29**	**21.09**	**1.20**	**-**

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

Creditors	2019	2020	2021	2022	2023
Anguilla Roads & Construction Inc. & WWR	0.55	0.59	0.42	-	-
Anguilla Social Security Board	5.56	5.87	8.36	10.79	10.70
Caribbean Development Bank	15.21	18.59	19.21	20.35	21.06
Eastern Caribbean Central Bank	2.90	2.98	1.09	-	-
European Investment Bank	0.06	0.06	0.06	0.06	0.06
National Commercial Bank of Anguilla	0.07	0.07	0.00	-	-
Private Entities (DPT)	5.69	5.69	5.69	5.69	5.69
Seven Seas Water	-	1.34	2.32	2.16	1.34
TSG	-		0.98	0.81	-
Total	**30.04**	**35.21**	**38.11**	**39.86**	**38.85**

Appendix 6: Statement of Existing Debt Stock - Central Government, Government Guaranteed & Non-Guaranteed SOEs Debt (XCD) as at 31 December 2023

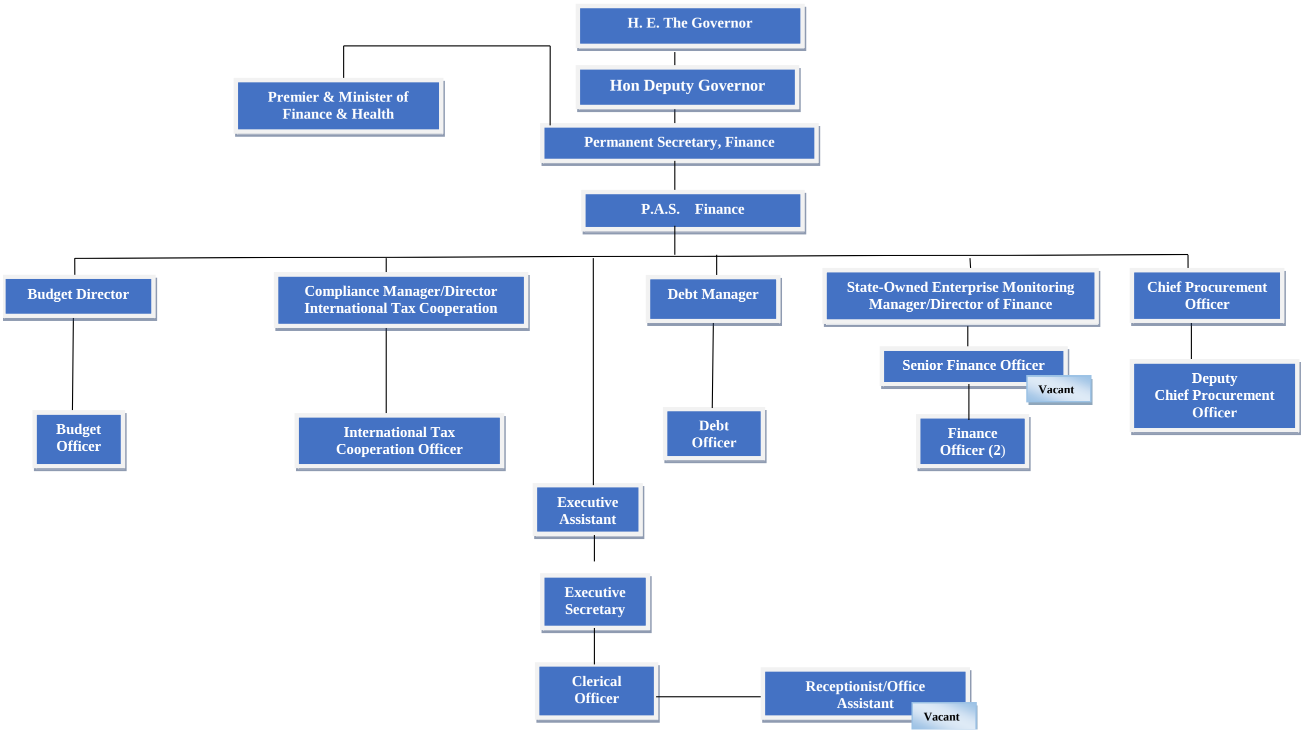
Instrument Reference/Purpose	Borrower	Creditor	Currency	Original Loan Amount	Maturity Date	Disbursements		Interest Rate Structure		Outstanding Balance (Original Currency) as at 31/12/23	Outstanding Balance (XCD) as at 31/12/23
						Amount Disbursed	Amount Undisbursed	Fixed or Variable	Interest Rate		
CENTRAL GOVERNMENT DEBT											
FOREIGN DEBT											
80338 - Road Development Phase I	GoA	EIB	EURO	534,000.00	1 July 2031	534,000.00	-	Fixed	0.75%	144,874.17	431,801.81
06/SFR-OR-ANL - 11306-002 - Natural Disaster Management - Rehabilitation - Hurricane Lenny	GoA	CDB	USD	2,128,711.79	01/10/2027	2,128,711.79	-	Fixed	4.00%	402,729.17	1,087,368.67
7/SFR-ANL - 11302 -Hurricane Lenny Immediate Response	GoA	CDB	USD	477,252.07	1/1/2026	477,252.07	-	Fixed	4.00%	53,690.90	144,965.22
4/OR-ANL - Policy-Based Loan	GoA	CDB	USD	55,000,000.00	01/07/2027	55,000,000.00	-	Variabe	CDBOCR	17,187,500.09	46,406,250.27
05/OR-ANL - Community College Development Project	GoA	CDB	USD	3,215,000.00	01/04/2031	2,876,191.58	338,808.42	Variabe	CDBOCR	2,309,557.40	5,502,180.86
07/OR-ANL 11307 - Anguilla Bank Resolution - Bridge Bank Capitalisation	GoA	CDB	USD	22,000,000.00	01/07/2033	22,000,000.00	-	Variable	CDBOCR	15,321,428.62	41,367,857.24
10/OR-ANL 11309 - First Programmatic Stability & Resilience Building - Policy-Based Loan	GoA	CDB	USD	9,300,000.00	01/10/2033	9,300,000.00	-	Variable	CDBOCR	9,067,500.00	24,482,250.00
09/OR-ANL 11310 - Hurricane Recovery Support Loan	GoA	CDB	USD	5,600,000.00	01/07/2031	5,600,000.00	-	Variable	CDBOCR	4,340,000.00	11,718,000.01
11/OR-ANL - 11311 - Second Fiscal Programmatic Stability & Resilience Building - Policy-Based Loan	GoA	CDB	USD	7,500,000.00	01/10/2036	7,500,000.00	-	Variable	CDBOCR	7,500,000.00	20,250,000.00
TOTAL FOREIGN DEBT											**151,390,674.08**
DOMESTIC DEBT											
Cash Advance - Eastern Caribbean Central Bank	GoA	ECCB	ECD	15,000,000.00	-	-		Fixed	6.50%	-	-
Overdraft Facility - National Commercial Bank of Anguilla	GoA	CCB	ECD	20,000,000.00	30/09/2023	20,000,000.00		Fixed	5.75%	-	-
Anguilla Social Security Board - Bank Resolution Promissory Note	GoA	ASSB	ECD	214,000,000.00	30/03/2041	214,000,000.00		Fixed	3.00%	184,575,000.00	184,575,000.00
Depositors Protection Trust - CCB Bank Resolution	GoA	DPT	ECD	32,927,506.46	30/03/2028	32,927,506.46		Fixed	2.00%	12,347,814.71	12,347,814.71
Depositors Protection Trust - NBA Bank Resolution	GoA	DPT	ECD	23,951,106.26	31/03/2028	23,951,106.26		Fixed	2.00%	8,981,664.76	8,981,664.76
TOTAL DOMESTIC DEBT											**205,904,479.47**
TOTAL CENTRAL GOVERNMENT DEBT											**357,295,153.55**
GUARANTEED & NON-GUARANTEED SOEs DEBT											
FOREIGN DEBT											
5/SFR-OR-AG - 11252-002 - 4th Consolidated Line of Credit	ADB	CDB	USD	784,205.40	1/10/2025	784,205.40	-	Fixed	4.00%	78,420.42	211,735.13
7/SFR-OR-ANL - 11453-002 - 5th Consolidated Line of Credit	ADB	CDB	USD	300,000.00	1/10/2029	300,000.00		Fixed	4.00%	128,571.41	347,142.82
TOTAL FOREIGN DEBT											**558,877.95**
DOMESTIC DEBT											
Seven Seas Water - PPP Contract: Water Supply	WCA	Seven Seas Water	USD	-	4/10/2028	-	-	-	-	4,900,000.00	13,172,180.00
TOTAL DOMESTIC DEBT											**13,172,180.00**
TOTAL GOVERNMENT GUARANTEED & NON-GUARANTEED DEBT											**13,731,057.95**
TOTAL PUBLIC DEBT											**371,026,211.50**
Foreign Debt											**151,949,552.03**
Domestic Debt											**219,076,659.47**

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)[11]. 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)[12]. The organisational structure of the Ministry of Finance and Health (Finance division), as at end December 2023, is shown in Figure 17 below.

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



[11] 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.

[12] DMU staff complement at the end of 2023 stood at two.

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)[13] 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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