DEBT PORTFOLIO REVIEW

2017 – 2021

August 2022

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

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
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 2021

1 United States Dollar (USD) = EC$2.70

Fiscal Year

1 January to 31 December 2021

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FOREWORD

This is the thirteenth Debt Portfolio Review (DPR) for Anguilla and the sixth published on the Government of Anguilla (GoA) website to ensure that the government is being accountable for its debt management operations to the residents of Anguilla. This report is made readily available to our stakeholders and regional partners and serve to improving transparency and accountability of the GoA's debt situation, and is in keeping with international best practices of debt reporting and monitoring.

The DPR is an analytical report of developments in the total public external and domestic debt portfolios over a 5-year period (2017-2021). This report highlights the GoA's continued commitment to debt accountability and transparency. It provides a comprehensive look at the debt situation of Anguilla and covers activity for Central Government and Government Guaranteed and Non-Guaranteed Debt of State-Owned Enterprises (SOEs). Underlining the evolution of the total public debt stock over a historic five-year period with analysis of the drivers in the movement of the debt stock. It also highlights the government's performance against the Framework for Fiscal Sustainability and Development (FFSD) ratios over the reporting period.

During the review period, Anguilla experience a number of major crises, which have adversely affected various sectors of the economy and the fiscal performance, namely: - Hurricane Irma in 2017 and the ongoing coronavirus disease (COVID-19) pandemic since 2020. Despite these major shocks, the government was able to maintain its unblemished record of never defaulting on its debt obligations. This government continues to meet its scheduled debt obligations in a timely manner. Despite these challenges, GoA remains committed to pursuing prudent debt management strategies to ensure that the public debt remains within debt sustainability thresholds.

I am pleased to share the DPR for the period 2017 – 2021. It is our hope that this publication serves to inform all stakeholders, including the wider public, of the evolution of public debt in

Anguilla. The DPR can be accessed on the Government of Anguilla's website: https://www.gov.ai.

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

EXECUTIVE SUMMARY

The Anguilla Debt Portfolio Review, 2021 is compiled by the Debt Management Unit (DMU), Ministry of Finance and Health (MoFH) with support from the Budget Unit, MoFH and the Economic Planning Unit, Ministry of Economic Development, Commerce, Information Technology and Natural Resources. The DPR presents the most up to date data and statistics for the period 2017 to 2021 at the time of publication and discusses the evolution of the public debt portfolio. As at end December 2021, the total public debt stock stood at EC$447.73m or 56.51 per cent of Gross Domestic Product (GDP), which comprised of public and publicly guaranteed external and domestic debt. Also included in this report is the non-guaranteed debt of SOEs from end of fiscal year 2020. 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.

The review also explores debt related issues as identified in Anguilla's medium-term debt management strategy; debt sustainability analysis including the FFSD borrowing ratios; and the impact of the banking resolution on the debt portfolio.

The DPR is divided into three other sections as outlined below:

SECTION 1: provides an overview of the economy in terms of the economic and fiscal developments over the period 2017-2021, and their impact on 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 policy recommendations.

SECTION 1.0 OVERVIEW OF ANGUILLA'S ECONOMY

1.1 Introduction

The devastating impacts of disasters (natural and man-made) have worsened economic conditions in Anguilla. The stressors triggered several recessions in Anguilla's small open economy with its heavy reliance on a narrow economic base. Key economic drivers include luxury tourism, construction, and, to a much lesser extent, international financial services. The international economic climate greatly influences economic performance, particularly that of the United States, the island's largest trade partner. The considerable impacts of global and localised events have prevented and perhaps reversed development gains in this new millennium and increased indebtedness. A lack of economic diversification and the associated vulnerability to shocks are reflected in the deep deterioration of economic conditions post impact and volatile growth rates, with the most recent hard-hitting event being the COVID-19 pandemic.

Anguilla is a United Kingdom (UK) Overseas Territory and is internally self-governing with executive powers invested in the British Crown through an appointed Governor. This relationship requires the GoA, inter alia, to exercise fiscal and debt[1] operations within the context of the FFSD enshrined in law under the Fiscal Responsibility Act (FRA), 2013. 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 2021, Anguilla accounted for 4.04 per cent of the Union's total GDP[2].

1.2 Macroeconomic Developments

In 2021, Anguilla's economy began to experience a tepid recovery in visitor arrivals despite case surges from new variants of COVID-19 (see Figure 1). The upturn in economic activity was mostly because of improved global economic activity and breakthroughs in pandemic control and immunisation. These factors allowed for the easing of travel restrictions and greater mobility of people. The reopening of the island's luxury accommodation properties and other

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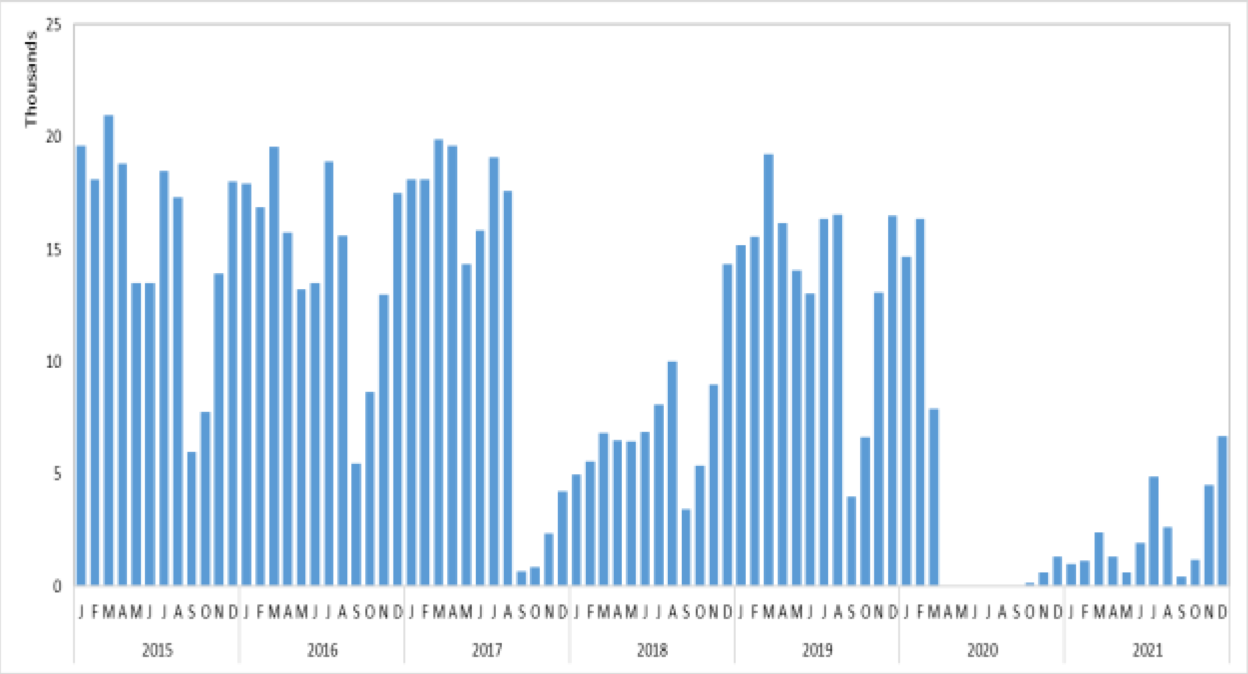
[1] Anguilla's borrowing is constrained by borrowing ratios agreed to in the Framework for Fiscal Sustainability and Development signed in April 2013 and legislated in October via the Fiscal Responsibility Act 2013 (which replaced the 2003 Borrowing Guidelines Agreement): (i) Net debt not to exceed 80.0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

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

enterprises has resulted in lower unemployment and increased spending. Following the largest recorded economic contraction of 29.87 per cent in real GDP in 2020, preliminary estimates indicate a real economic expansion of 11.09 per cent in 2021, and continued growth is anticipated in 2022. Beyond the progress on vaccines, underlying economic structures and inward investment will determine the strength and pace of recovery.

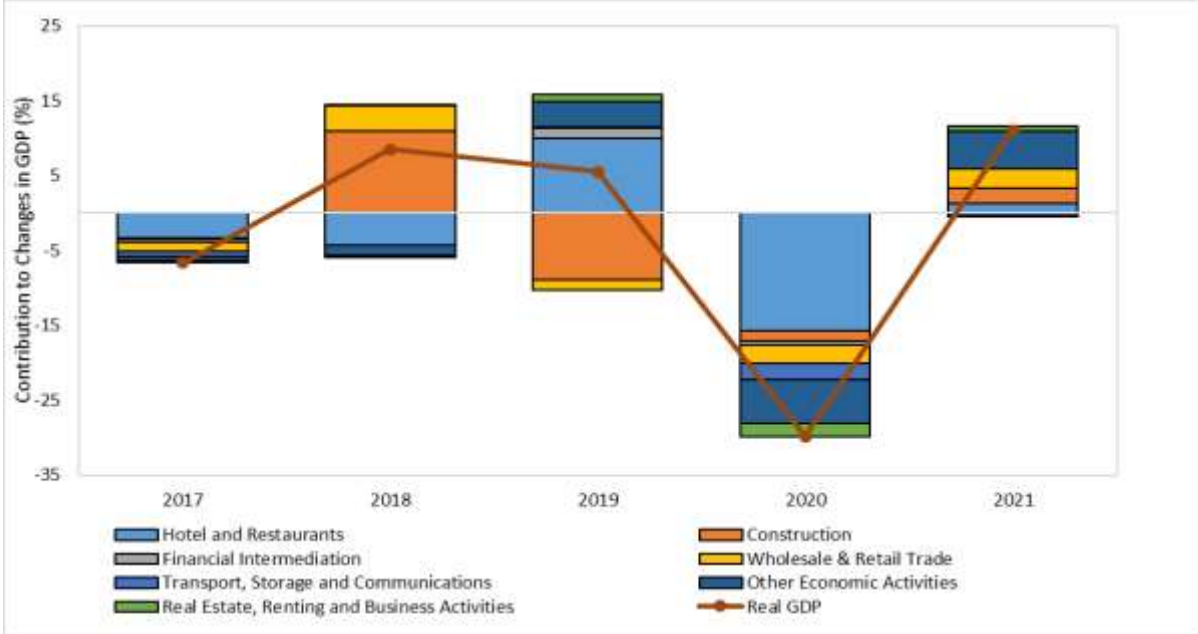
Figure 1: Monthly Visitor Arrivals, 2015-2021(thousands)



Source: (data) Anguilla Statistics Department

In 2021, real sector performance improved (see Figure 2), as industries began to rebound from the pandemic's negative effects. The return of international visitors resulted in a 13.77 per cent increase in the Hotel & Restaurant activity. The positive impacts of a recovering tourism industry carried over into other major industries, such as Wholesale and Retail Trade (33.80 per cent) and the Real Estate, Renting and Business Activities (4.24 per cent). Works on projects under the UKG-funded Anguilla Programme, as well as other residential construction activities, resulted in a 25.48 per cent increase in Construction.

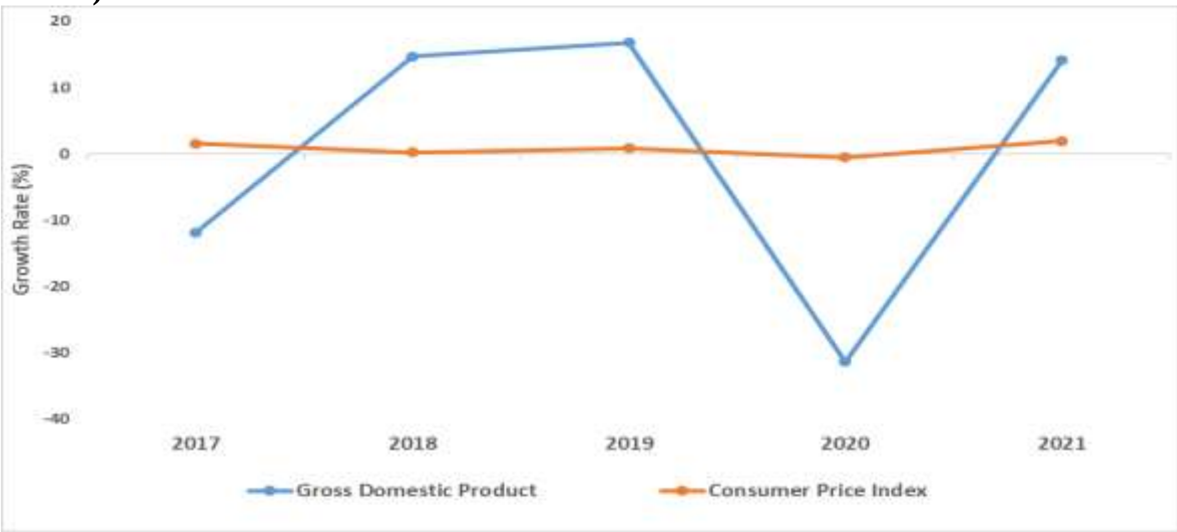
Figure 2: Contributions of Selected Industries to Real GDP Growth Performance, 2017-2021 (in percent)



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

GDP rebounded to EC$796.56m in nominal terms in 2021. This statistic shows a considerable increase over the 2020 level, while still not achieving pre-pandemic levels. When compared to the nominal GDP of EC$697.79m in 2020, this performance reflected an increase of EC$98.77m, or 14.15 per cent (see Figure 3). In the 12 months to December 2021, the Consumer Price Index increased by 1.94 per cent, compared to a 0.51 per cent decrease in 2020. The upward pressure in the inflation rate is mostly due to higher prices across several categories of goods and services. The sharpest price increases were seen in Health; Food and Non-Alcoholic Beverages; and Housing, Water, Electricity, Gas and Other fuels, the latter being principally due to increased electricity and gas prices. It is expected that price pressures may become more entrenched.

Figure 3: Nominal GDP and Consumer Price Index Growth Rates, 2017-2021 (in percent)

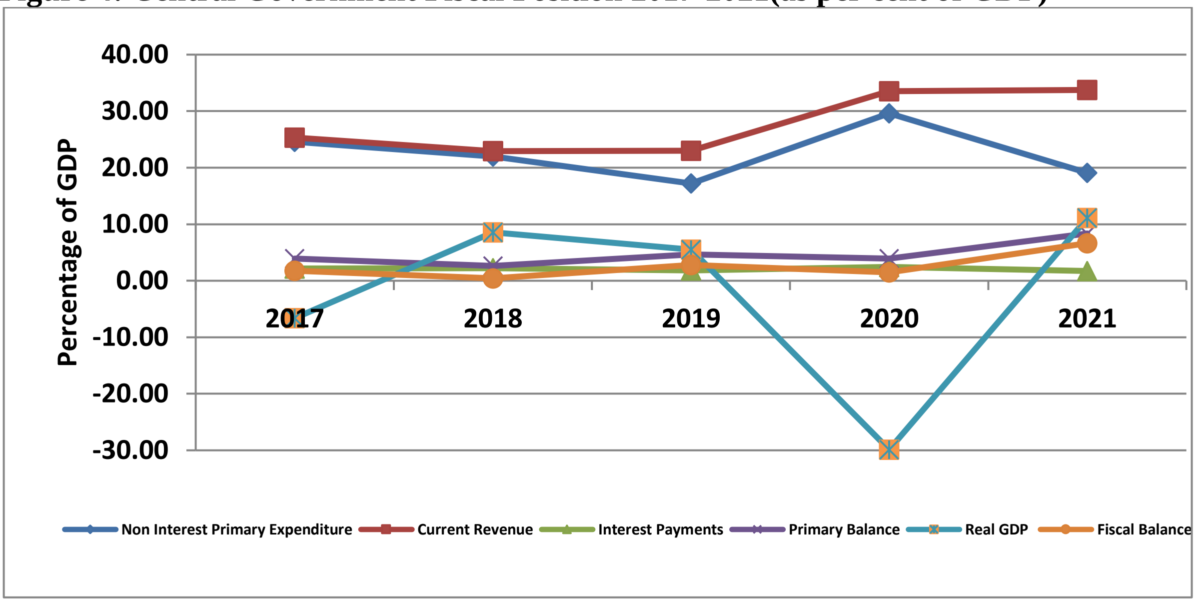


Source: (data) Anguilla Statistics Department and Eastern Caribbean Central Bank

1.3 Public Finance Trends

Figure 4 shows the trend in the central government's fiscal position for the period under review.

Figure 4: Central Government Fiscal Position 2017-2021(as per cent of GDP)



Source*:* Debt Management Unit & Budget Unit

The 2021 fiscal year for the GoA ended with an overall balance after amortization of EC$19.14m (surplus). As opposed to the budgeted end of year overall balance with amortization of negative EC$2.72m (deficit).

In the first half of the year, actual recurrent revenue collections were below estimated collections, due to low economic activity as a result of the COVID-19 pandemic, especially in the case of a lockdown in late April into May due to a COVID cluster outbreak. Major revenue heads that were gravely impacted and underperforming included Taxes on Payroll, Taxes on International Trade and Excises. Tourism had not peaked when compared to that of 2019 due to restrictions entering the country and most establishments were not opened. However, in the latter half of the year with the country restrictions relaxing and the reopening of hotels and businesses, there was an uptick in economic activity. This resulted in revenue performing over the budget, with overall collections of EC$268.85m (33.75 per cent of GDP), of which EC$16.25m were grant receipts from the UKG. The overall recurrent revenue collection is EC$9.03m or 3.48% over the approved budget of EC$259.82m.

As it relates to recurrent expenditure, the approved budget was estimated at EC$219.18m, with an actual expenditure of EC$214.76m (26.96 per cent of GDP), an underspend of EC$4.42m or 2.02%. During the latter half of the year, two supplementary appropriations were approved to reallocate savings to priority areas in the public sector, such as health, education and personal emoluments. The supplementary appropriation also addressed Government arrears with payment towards the civil servants deferred salaries and to the Anguilla Civil Service Pension Fund. Ministries and Departments remained prudent in spending, especially in the first half of the year where revenues were depressed.

Total outstanding public debt at the end of the 2021 fiscal year stood at 56.21 per cent of GDP. **See Appendix 1**.

1.4 Credit Rating

A 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 their opinion of Anguilla's ability to meet its financial obligations. Annual rating actions from 2007 to 2013 saw Anguilla being downgraded from CariAA to CariBBB+; and thereafter, maintained at CariBBB+.

Outlined in its Credit Rating Report for the GoA, September 2021, 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:

Supporting factors in the reaffirmation of the rating are:

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

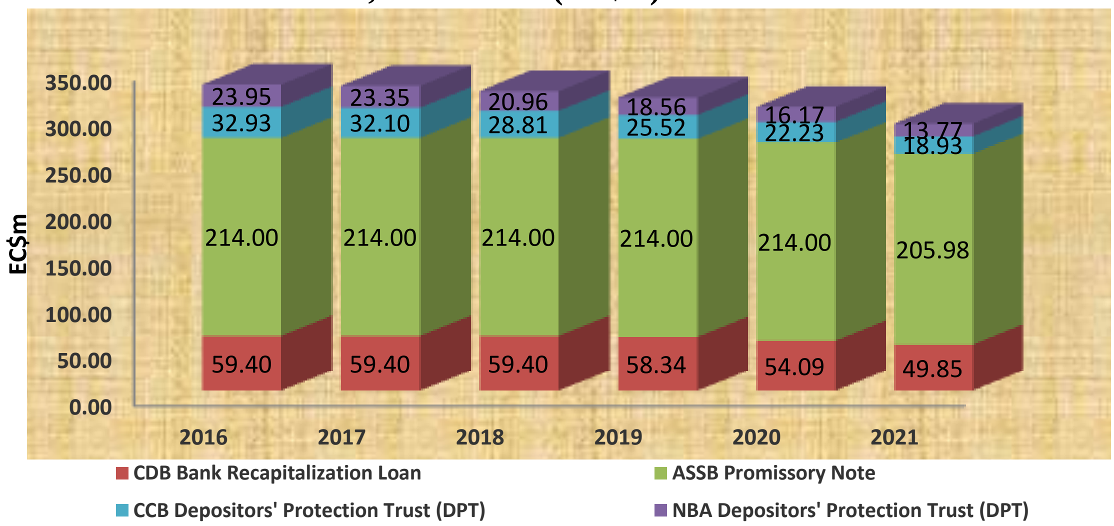
On the other hand factors constraining the rating are:

- Small size of the country along with significant capacity constraints, compounded by the negative impacts of COVID-19;
- Continued breach of its debt management performance benchmarks alongside increased debt servicing requirements; and
- Financial sector is characterised by high non-performing loans and low capitalization.

1.5 The 2016 Banking Resolution

Anguilla experienced a banking crisis that posed risks and uncertainty for Anguilla's banking sector. The crisis remained localised with no signals of contagion in the rest of the ECCU. This crisis culminated in 2013 with the two indigenous banks, National Bank of Anguilla Ltd. (NBA) and Caribbean Commercial Bank (Anguilla) Ltd (CCB), entering into receivership under the supervision of the Eastern Caribbean Central Bank (ECCB). In 2016, the GoA accepted the implicit contingent liability through the capitalization of a bridge bank named the National Commercial Bank of Anguilla ("NCBA" or the "Bridge Bank"). Financing instruments employed included a Depositors' Protection Trust (DPT) Fund (EC$56.88m); a Promissory Note with the ASSB (EC$214.00m); and an interim loan from the ECCB (EC$20.00m) which was transferred to budgetary support when the Caribbean Development Bank (CDB) Bridge Bank Recapitalization loan (EC$59.4m) was disbursed. The intervention amounted to EC$330.28m, excluding the interim loan.

Figure 5: Bank Resolution Debt, 2016 – 2021 (EC$m)



Source: Debt Management Unit

At the end of the 2021 fiscal year, debt associated with the banking resolution stood at EC$288.53m a decline of EC$17.96m or 5.86 per cent over the outstanding balance at the end of 2020. This amounted to a principal repayment of EC$41.75m or a 12.64 per cent contraction from the total amount of the GoA's intervention at the end of 2016 (See Figure 5). At the end of 2021, debt associated with the banking resolution accounted for 64.44 per cent of the total public debt stock.

SECTION 2.0 PUBLIC DEBT STRUCTURE AND RATIOS

2.1 Total Public Debt

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

Table 1: Total Public Debt 2017-2021 (EC$m)

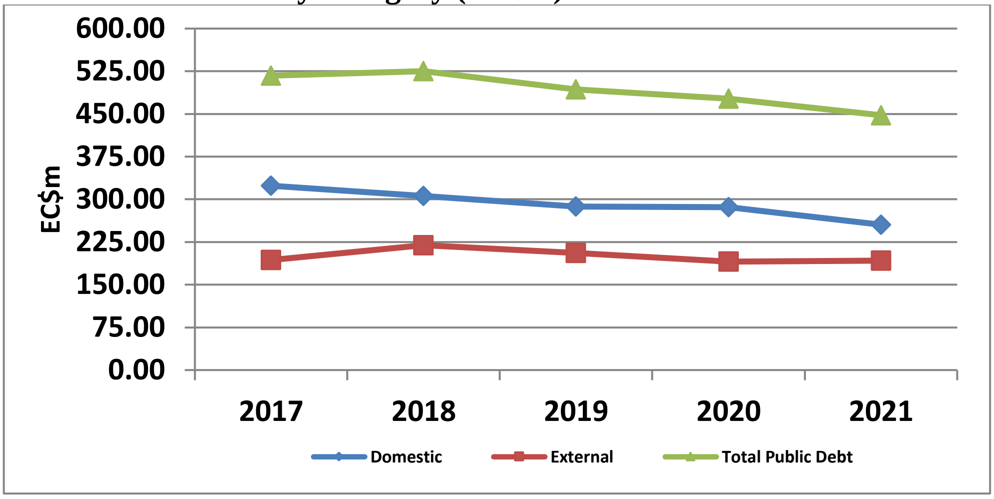
	2017	2018	2019	2020	2021
Central Government Debt	**506.76**	**516.69**	**486.53**	**452.80**	**427.92**
Domestic	321.52	304.06	286.26	266.58	238.68
External	185.24	212.63	200.27	186.22	189.24
Government Guaranteed Debt	**10.34**	**8.48**	**6.62**	**4.71**	**3.04**
Domestic	2.31	1.70	1.09	0.42	0.00
External	8.03	6.78	5.54	4.29	3.04
Non-Guaranteed Debt	**-**	**-**	**-**	**19.41**	**16.76**
Domestic	-	-	-	19.41	16.76
External	-	-	-	-	-
Total Public Debt	**517.10**	**525.17**	**493.16**	**476.93**	**447.73**
Domestic	323.83	305.76	287.35	286.41	255.44
External	193.27	219.41	205.80	190.51	192.29
Percentage Share of Total Public Debt					
Central Government	98.00%	98.38%	98.66%	94.94%	95.58%
Government Guaranteed	2.00%	1.62%	1.34%	0.99%	0.68%
Non-Guaranteed	0.00%	0.00%	0.00%	4.07%	3.74%

Source: Debt Management Unit

At the end of 2021, total disbursed outstanding public sector debt stood at EC$447.73m or 56.21 per cent of GDP as depicted in Table 1 above. Over the period of review total public debt declined on average by 13.90 per cent moving from EC$517.10m in 2017 to EC$447.73m in 2021. At the end of 2018, the debt stock increased by 1.56 per cent (EC$8.07m) when compared to the debt stock at end of 2017. This increase was due primarily to new debt contracted in 2018 to aid in fiscal stability and resilience building in the aftermath of Hurricane Irma (2017) and disbursements exceeding scheduled amortization. At year-end 2021 the debt stock decreased by 6.12 per cent (EC$29.20m) moving from EC$476.93m to EC$447.73m. This decrease is due to the expiration of the grace period on one of CDB loans contracted in 2018 and the ASSB Promissory Note, along with scheduled amortization exceeding new debt contracted and disbursements on existing debt.

Over the period under review 2017-2021, the structure of the debt composition was characterised by domestic debt accounting for the majority of the total debt portfolio. At the end of 2021, domestic debt accounted for 57.05 per cent (EC$255.44m) of the total debt portfolio while external debt accounted for the remaining 42.95 per cent (EC$192.29m). **(see Figure 6).**

Figure 6: Total Public Debt by Category (EC$m)



Source: Debt Management Unit

Central Government, Government Guaranteed Debt and Non-Guaranteed Debt

As shown in Table 1 above and Figure 7 below, central government debt stood at EC$427.92m (95.58 per cent of the total debt stock) of the total disbursed outstanding debt at the end of 2021. For the period of review central government debt declined by 4.08 per cent moving from EC$506.76m in 2017 to EC$427.92m at end 2021.

For the same period, government guaranteed debt[3] stood at EC$3.04m (0.68 per cent of the total debt stock) declining by 26.05 per cent moving from EC$10.34m in 2017 to EC$3.04m at end 2021.

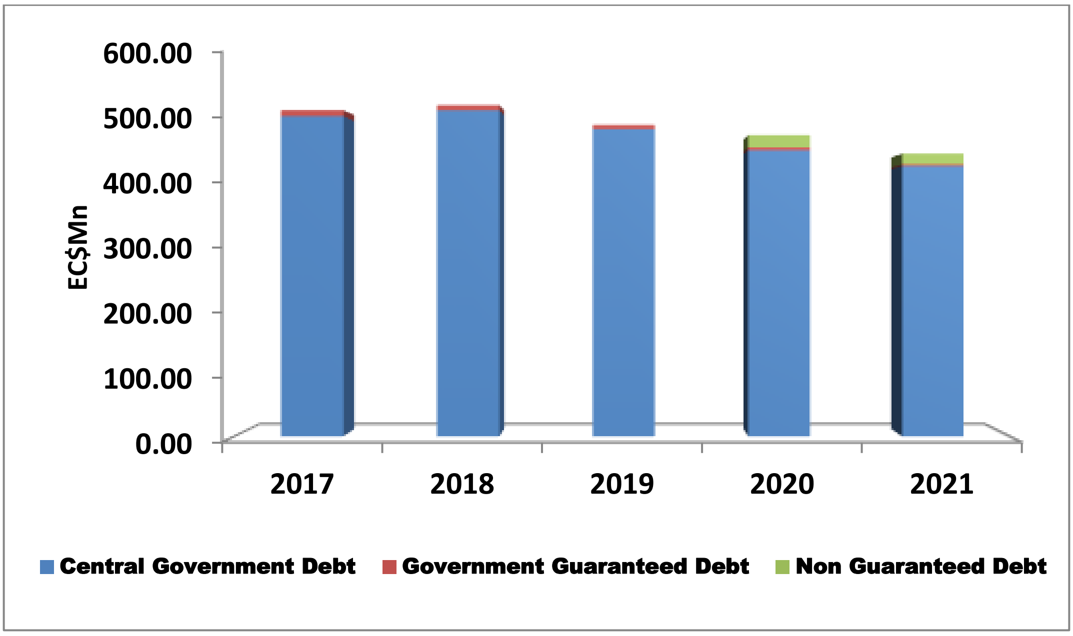
At the end 2021, non-guaranteed debt[4] of the SOEs stood at EC$16.76m (3.74 per cent of the total debt stock) declining by 13.66 per cent over the 2020 debt stock of EC$19.41m. .

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

[4] Non guaranteed debt includes a loan and two PPPs contracted by the Water Corporation of Anguilla (WCA) that was not guaranteed by GoA.

At the end of 2021, central government debt stock decreased by 5.49 per cent (EC$24.88m); government guaranteed debt stock declined by 35.43 per cent (EC$1.67) and non-guaranteed debt stock declined by 13.66 per cent (EC$2.65m) over the 2020 debt stock level.

Figure 7: Central Government, Government Guaranteed and Non-Guaranteed Debt (EC$m)

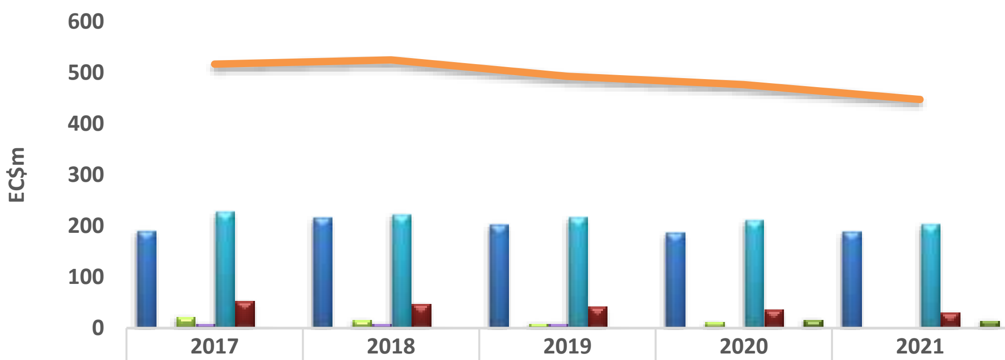


Source: Debt Management Unit

2.2 Public Debt Composition

Figure 8 shows that at the end of 2021, the ASSB was the creditor holding the largest share of total debt at 46.02 per cent (EC$206.06m) of the portfolio. The shares of debt owed to the other creditors, in descending order, were as follows; - CDB at 42.82 per cent (EC$191.73m); DPT at 7.31 per cent (EC$32.71m); Public Private Partnerships (PPPs) at 3.72 per cent (EC$16.67m); and the European Investment Bank (EIB) at 0.13 per cent (EC$0.56m). There was no outstanding debt owed to ECCB and NCBA (short-term credit facilities) at the end of the fiscal year, 2021.

Figure 8: Creditor Category of Public Debt (EC$m)



	2017	2018	2019	2020	2021
CDB	192.45	218.68	205.14	189.85	191.73
EIB	0.82	0.73	0.66	0.67	0.56
ECCB	24.72	18.48	11.49	14.19	-
Commercial Banks	10.89	10.85	11.22	0.00	-
ASSB	230.67	225.11	219.56	214.42	206.06
DPT	55.46	49.77	44.08	38.39	32.71
Private	2.10	1.56	1.01	0.42	-
PPPs				19.00	16.67
Total Public Debt	517.10	525.17	493.16	476.93	447.73

Source: Debt Management Unit

External Debt[5]

For the year in review, the external debt portfolio consisted entirely of loans. Over the period 2017 to 2021 external debt declined by approximately 0.20 per cent; moving from EC$193.27m in 2017 to EC$192.29m at the end of 2021. This slight decrease in external debt over the period of review (2017-2021) is due to scheduled amortization payments exceeding disbursements. At the end of 2021, external debt increased slightly by 0.93 per cent (EC$1.77m) over the 2020 debt stock level of EC$190.51m. The increase is due primarily to disbursements exceeding scheduled amortization payments in 2021.

External Debt by Creditor

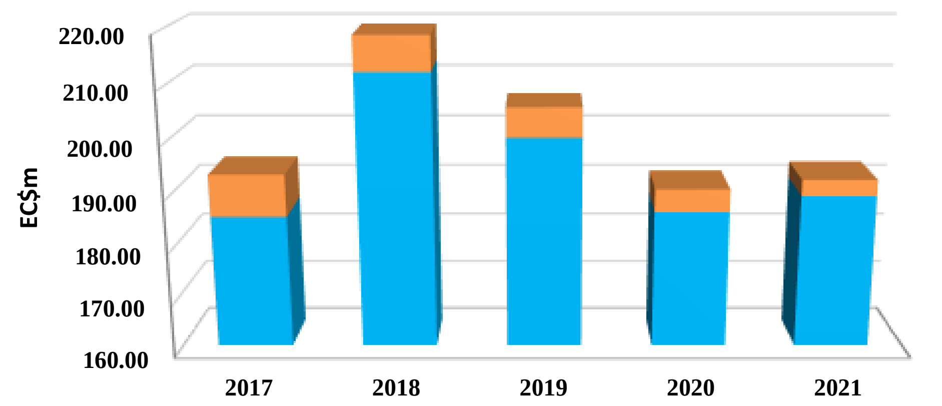
Anguilla's external debt over the period reviewed was owed to two multilateral creditors, the EIB and CDB. The latter was the dominant holder with a five-year average annual share of 99.66 per cent. At the end of 2021 CDB accounted for a share of 99.71 per cent (EC$191.73m) of the external debt portfolio and EIB the remaining 0.34 per cent share (EC$0.56m).

[5] External debt is classified by residency of creditors

External Debt by Borrower

As shown in Figure 9 below at the end of 2021 central government external debt stock stood at EC$189.24m (98.42 per cent) of the external debt portfolio. Government guaranteed SOE external debt stock stood at EC$3.04m (1.58 per cent) of the external debt portfolio. There was no non-guaranteed external debt of SOEs. At the end of 2021 central government external debt stock increased by EC$3.01m (1.62 per cent), while government guaranteed external debt stock declined by EC$1.25m (29.14 per cent) over the 2020 external debt stock levels of EC$186.23m and EC$4.29m respectively. Over the period of review, central government external debt stock grew on average by 3.54 per cent. On the other hand, government guaranteed external debt stock declined on average by 21.37 per cent for the same period.

Figure 9: External Debt by Borrower (EC$m)



	2017	2018	2019	2020	2021
Government Guaranteed	8.03	6.78	5.54	4.29	3.04
Central Government	185.24	212.27	200.27	186.23	189.24

Source: Debt Management Unit

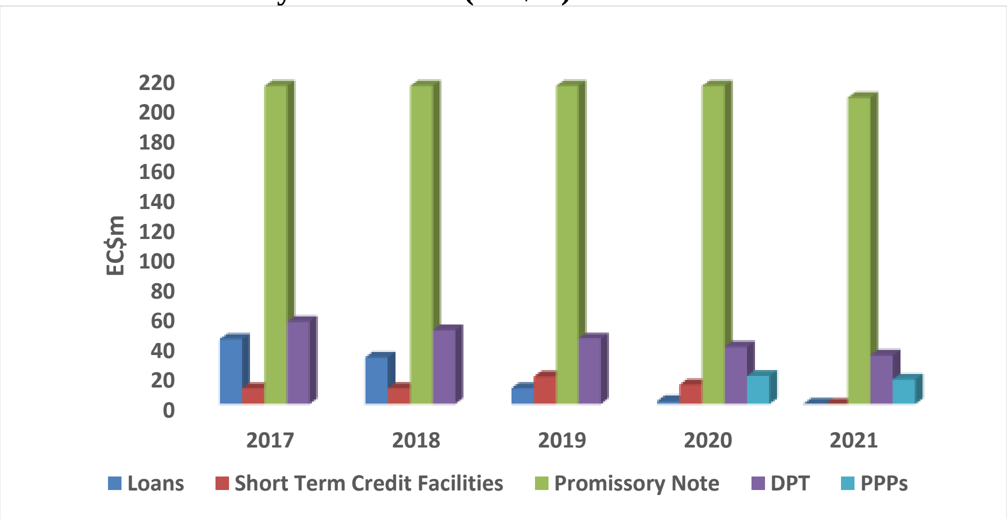
Domestic Debt

Domestic debt in 2017 and 2021 stood at EC$323.83m and EC$255.44m, respectively. The stock fluctuated over the five-year period largely due to end- of- year balances on the two short-term credit facilities (the NCBA overdraft and the ECCB operating account). At the end of 2021, the domestic debt stock decreased by EC$30.91m or 4.48 per cent when compared to the 2020 domestic debt stock of EC$286.41m. This decrease is due primarily to the expiration of the grace period on the ASSB Promissory note. At the end of 2021, both short term credit facilities (the NCBA overdraft and the ECCB operating account) stood at EC$0.00m compared to 2020 year-end balances of EC$13.10m (the NCBA overdraft (EC$0.00m) and the ECCB operating account (EC$13.10m)).

Domestic Debt by Instrument

The domestic debt portfolio consisted of a Promissory Note, DPT, PPPs, loans and short-term credit facilities over the review period (see Figure 10).

Figure 10: Domestic Debt by Instrument (EC$m)



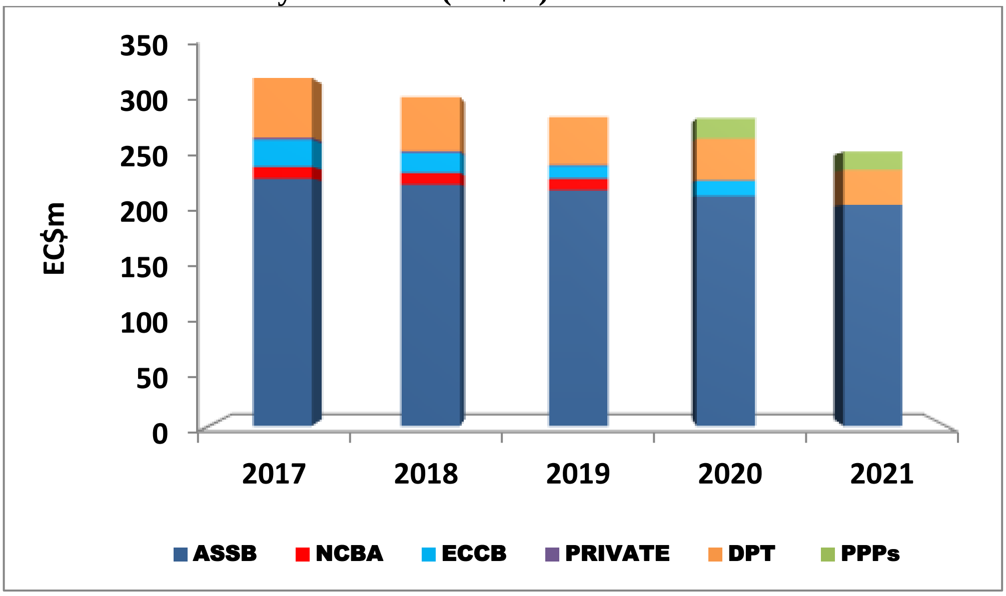
Source: Debt Management Unit

At the end of 2021, the Promissory Note accounted for EC$205.98m or 80.64 per cent of the domestic debt portfolio. In addition, of the domestic debt portfolio, the DPT accounted for EC$32.71m or 12.80 per cent; the PPPs accounted for EC$16.67m or 6.53 per cent and loans accounted for EC$0.09m or less than 1 per cent. There was no outstanding debt on the short-term credit facilities (NCBA Overdraft and ECCB Operating Account).

Domestic Debt by Creditor

As depicted in Figure 11, the ASSB has been the dominant holder in the domestic debt portfolio. At the end of 2021, debt owed to the ASSB stood at EC$206.06m (80.67 per cent) of total domestic debt. Other domestic creditors included the DPT with an amount of EC$32.71m (12.81 per cent) and PPPs with an amount of EC $16.67m (6.52 per cent).

Figure 11: Domestic Debt by Creditors (EC$m)



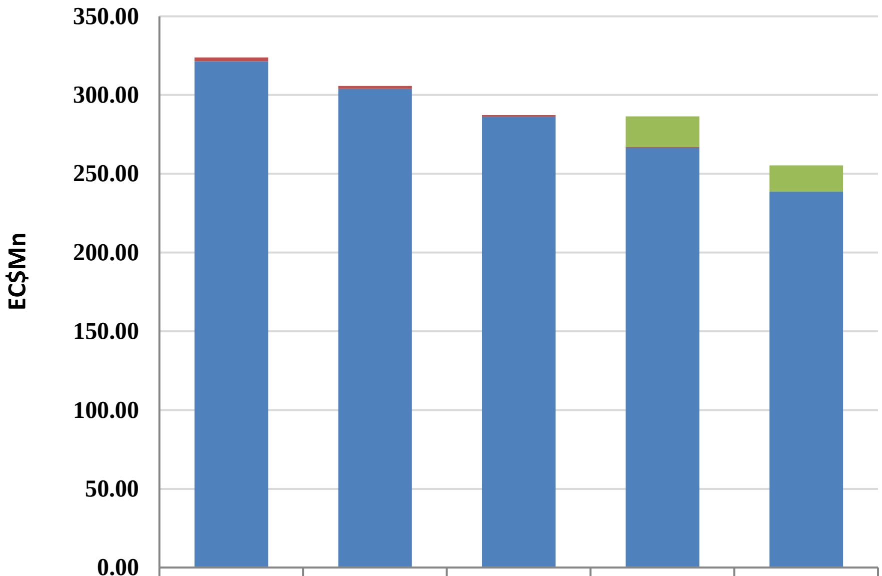
Source: Debt Management Unit

Domestic Debt by Borrower

As shown in Figure 12 below at the end of 2021 central government domestic debt stock stood at EC$238.68m (93.44 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$16.76m (6.56 per cent) of the domestic debt portfolio.

At the end of 2021 central government, government guaranteed and government non-guaranteed SOEs domestic debt stock levels declined by EC$27.90m (10.47 per cent), EC$0.42m (100 per cent) and EC$2.65m (13.65 per cent) over the 2020 domestic debt stock levels of EC$266.58m, EC$0.42m and EC$19.41m respectively. Over the review period, central government, government guaranteed and government non-guaranteed domestic debt stocks declined on average by 7.16 per cent, 55.92 per cent and13.66 per cent respectively.

Figure 12: Domestic Debt by Borrower (EC$m)



	2017	2018	2019	2020	2021
Non-Guaranteed (SOEs)	0.00	0.00	0.00	19.41	16.76
Government Guaranteed	2.31	1.70	1.09	0.42	0.00
Central Government	321.52	304.06	286.26	266.58	238.68

Source: Debt Management Unit

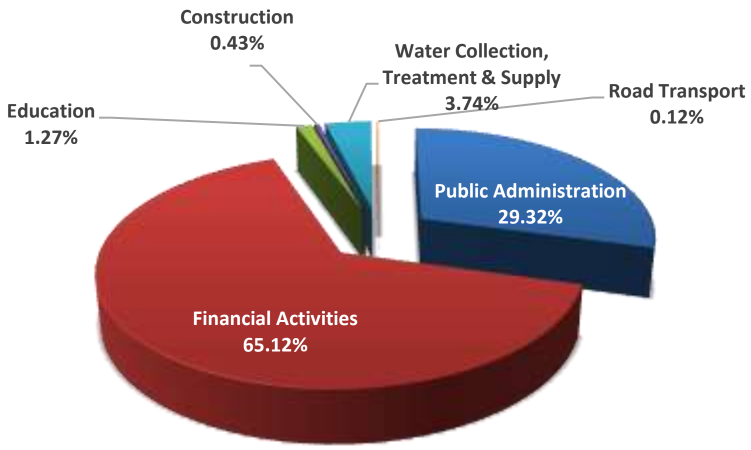
2.3 Debt by Economic Sector[6]

Figure 13 below captures Anguilla's total public debt by economic sector. At the end of 2021, Financial Activities accounted for the largest proportion of public debt with a share of 65.12 per cent (EC$291.58m). Within this sector, activities were primarily related to the 2016 banking resolution. Public Administration and Water Collection followed with shares of 29.32 per cent (EC$131.26m), and 3.74 per cent (EC$16.76m) respectively. The remainder of the

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

portfolio, 1.82 per cent (EC$8.13m), 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.

Figure 13: 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 2017-2021 (EC$m)

New Financing (EC$m)	2017	2018	2019	2020	2021
Total	**0.08**	**40.41**	**1.67**	**3.29**	**21.09**
External	**0.08**	**40.41**	**1.67**	**3.29**	**21.09**
Multilateral	0.08	40.41	1.67	3.29	21.09
Domestic	-	-	-	-	-
Loans	-	-	-	-	-

Source: Debt Management Unit

In 2021, EC$20.25m was raised in new borrowings from CDB. All new borrowings were attributable to Central Government and related to a single loan instrument. The new instrument contracted was the Second Programmatic Fiscal Stability and Resilience Building – Policy Based Loan to aforementioned amount or the equivalent of US$7.5m, which was fully disbursed in the last quarter of 2021. The instrument has a five-year grace period and a maturity of 15 years (matures in 2036) to be paid back in 40 equal/approximately equal instalments after the expiration of the grace period with the applicable interest rate being CDB OCR rate.

At the end of 2021, disbursements totalled EC$21.09m. There were disbursements totalling EC$20.25m on the afore-detailed new instrument and disbursements of approximately EC$0.84m on the Anguilla Community College (ACC) Project Loan contracted in 2014 from CDB. At the end of 2021, approximately EC$6.57m has been disbursed on the ACC Project Loan with an undisbursed balance of EC$2.11m. There were no new borrowings or disbursements associated with the Government Guarantees and Non-Guarantees.

Debt Service Payments

Anguilla's total public sector debt service showed an increasing trend over the period of review. The annual debt service increased on average by 5.74 per cent over the period of review moving from EC$41.11m in 2017 to EC$50.97m in 2021 (**see Table 3**).

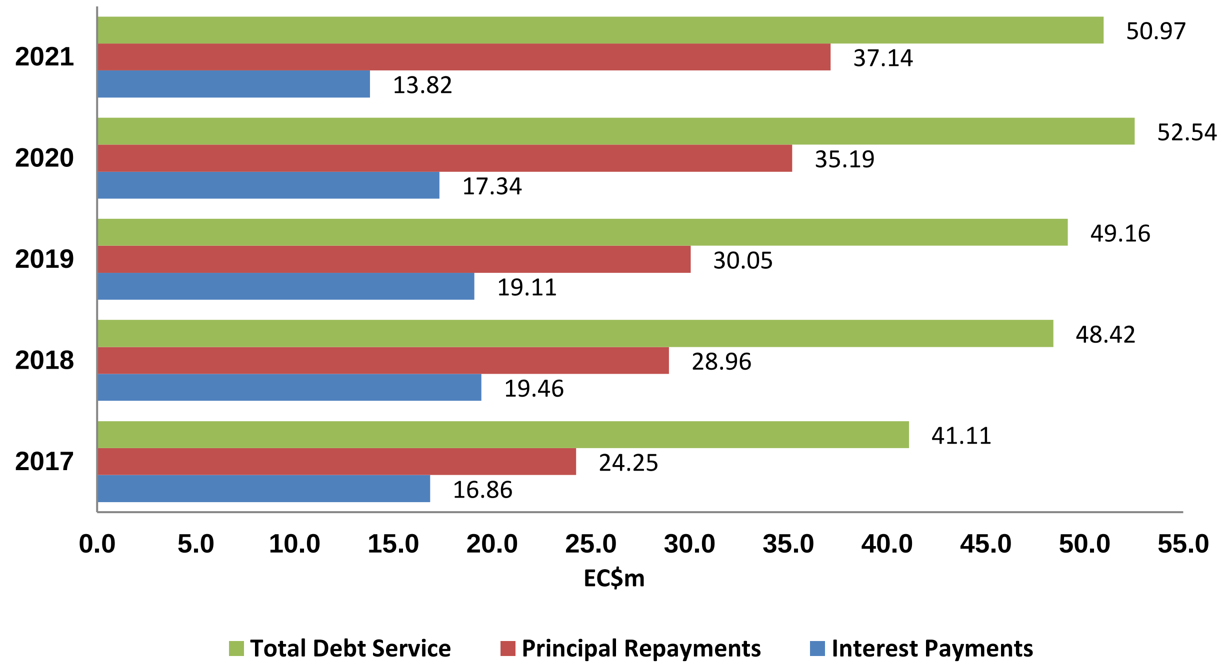
Table 3: Total Public Sector Debt Service 2017-2021 (EC$m)

Debt Service Payments (EC$m)	2017	2018	2019	2020	2021
Total Debt Service	**41.11**	**48.42**	**49.16**	**52.54**	**50.97**
Principal Repayments	*24.25*	*28.96*	*30.05*	*35.19*	*37.14*
Interest Payments	*16.86*	*19.46*	*19.11*	*17.34*	*13.82*
External Debt Service	**21.07**	**21.76**	**25.51**	**27.57**	**25.70**
Principal Repayments	*14.46*	*14.24*	*15.27*	*18.65*	*19.27*
Interest Payments	*6.60*	*7.52*	*10.24*	*8.93*	*6.43*
Domestic Debt Service	**20.05**	**26.66**	**23.65**	**24.96**	**25.26**
Principal Repayments	*9.79*	*14.72*	*14.78*	*16.55*	*17.88*
Interest Payments	*10.26*	*11.94*	*8.87*	*8.42*	*7.39*

Source: Debt Management Unit

The annual year-on-year increase in debt service from 2017 to 2021 was due to increased principal repayments and interest payments 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$24.25m in 2017 to EC$37.14m in 2021. For the same period, total interest payments moved from EC$16.86m in 2017 to EC$13.82m in 2021 with a peak of EC$19.46m in 2018 due to the debt contracted in the aftermath of Hurricane Irma (2017). In 2021, interest payments declined by 20.30 per cent (EC$3.52m) and principal payments increased by 5.54 per cent (EC$1.95m) over the 2020 debt service payments. Accounting for the decline in interest payments is the reduction in CDB's variable interest rate, which is re-fixed every three months, moving from 3.75 per cent at the beginning of the year to 3.30 per cent at the end of the year. On the other hand, the increase in principal payments is attributable to the expiration of the grace period on the ASSB Promissory Note in the second quarter of 2021 and CDB Hurricane Recovery Support Loan in the fourth quarter of 2021. There were no debt related arrears at the end of fiscal year 2021. Figure 14 below illustrates the trend in debt servicing for the period under review.

Figure 14: Debt Service 2017-2021 (EC$m)



Source: Debt Management Unit

2.5 Risk/Cost Analysis

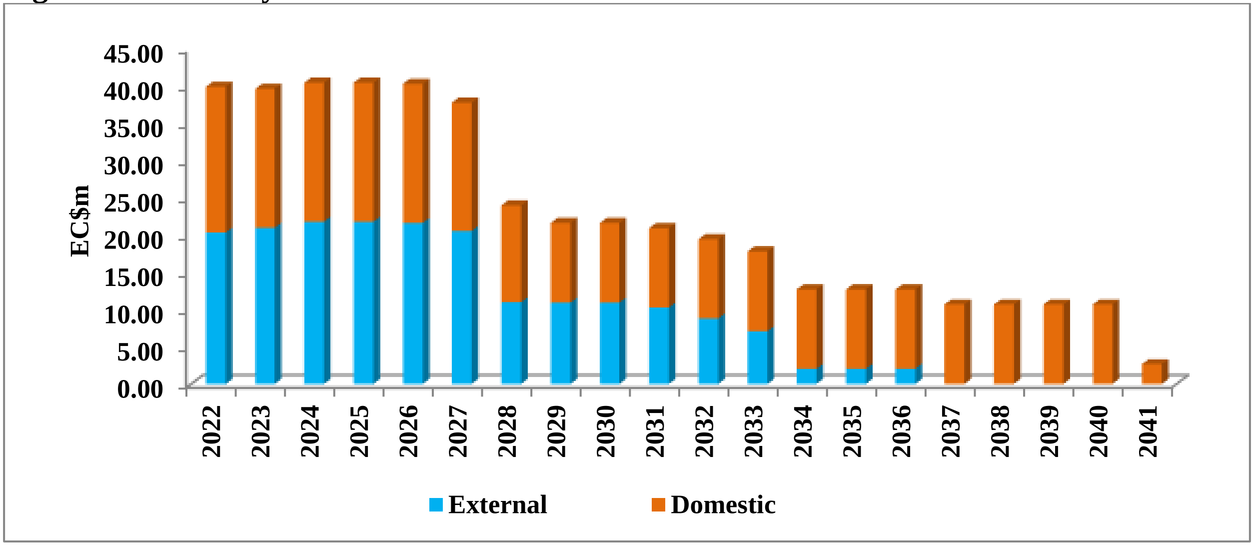
Risk in relation to debt costs, refers to the potential for the actual cost of debt to deviate from its expected cost due to variations of different economic variables such as interest rates and exchange rates. Exposure of Anguilla's debt portfolio to risk is assessed using the following risk indicators: 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 15 depicts the maturity structure of Anguilla's debt given the stock of debt as at the end of 2020.

Figure 15: Maturity Profile of Public Debt at end 2021



Source: Debt Management Unit

The proportion of debt with a remaining maturity of 1 year or less (short-term) is 8.92 per cent (EC$39.92m) of total debt. The amount due in external payments in 2022 is EC$20.37m, which is due mainly to CDB. Domestic payments amount to EC$19.55m, comprising of EC$10.70m for the ASSB Promissory Note, EC$5.69m for the DPT, and EC$3.16 for the PPPs.

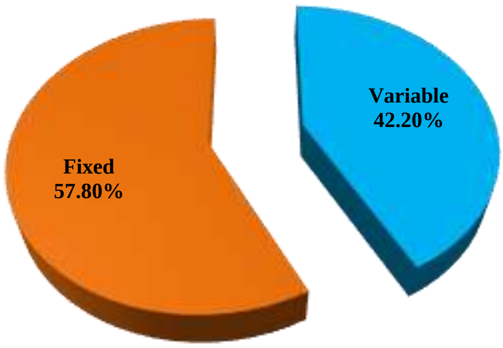
Debt falling due within 2 to 5 years (medium term) accounts for 35.93 per cent (EC$160.87m) of maturing debt. External payments account for EC$86.26m (53.62 per cent) with payments to CDB totalling EC$86.02m. Domestic payments averaging EC$18.65m are due largely to payments related to the DPT and the ASSB Promissory Note.

The proportion of debt with a remaining maturity exceeding 5 years (long term) was 55.15 per cent (EC$246.94m) of outstanding debt. Principal outlays of EC$161.27m domestically and EC$85.66m 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 6.96 years. Notably, the debt portfolio is predominantly made up of longer-term instruments, as presently the government does not issue short-term securities, which are the contributing factors to the favourable length of the ATM.

Interest Rate Cost and Risk[7]

Figure 16: Interest Rate Composition



Source: Debt Management Unit

At the end of the period under review, 42.20 per cent (EC$188.93m) of disbursed outstanding debt was attributed to instruments with variable interest rates and 57.80 per cent (EC$258.80m) to fixed rate instruments (see Figure 16). All domestic debt had fixed interest rates, with rates ranging between 2.0 and 8.5 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)[8] share of CDB loans.

At the end of 2021, the cost of the debt portfolio decreased by 0.61 percentage points when compared to 2020. The average interest rate stood at 2.90 per cent when compared to 3.51 per cent at the end of 2020. The domestic and external average interest rates stood at 2.58 per cent

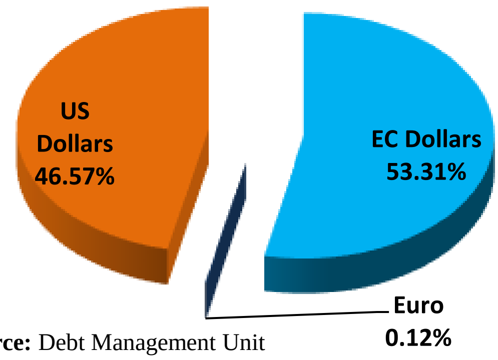
[7] The potential risk to the debt portfolio if there is a change in market interest rates
[8] OCR is the less concessional share of CDB loan portfolio. The rate is re-fixed every three months and stood at 3.30 per cent at 31st December 2021.

and 3.38 per cent respectively. The change in domestic and external interest rates decreased 0.35 and 0.92 percentage points, respectively, in comparison to 2020. (See Appendix 1).

Interest rate risk refers to risk associated with movements of the interest rate on domestic regional and international markets. Changes in interest rates affect debt service payments, as costs increase when interest rates rise and debt has to be refinanced. The average time to refixing (ATR) indicator measures interest rate risk. At the end of 2020, Anguilla's public debt had an average time to interest rate re-fixing (ATR)[9] of 5.00 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 17: Currency Composition of Total Debt



Source: Debt Management Unit

Figure 17 shows the currency composition of the public debt profile at the end of 2021. It shows that 46.57 per cent (EC$208.49m) of Anguilla's debt stock was denominated in US dollars. The share of EC dollar denominated debt stood at 53.31 per cent (EC$238.68m) and Euro currency debt accounted for 0.12 per cent (EC$0.56m).

Exchange rate risk refers to risk associated with movements in the exchange rate. 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 46.57 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.

[9]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[10], as well as to attain a primary balance that would meet the debt to GDP criterion by 2022. Later, in February 2015, the ECCB Monetary Council extended the target date to 2030. Subsequently, in January 2021, the target date was extended to 2035 due to the impact of the COVID-19 pandemic on the economies of the ECCU member countries.

Table 4 shows some core debt sustainability indicators over the period 2017-2021.

Table 4: Debt Sustainability Indicators (in per cent)

Sustainability Indicators	2017	2018	2019	2020	2021
Public Sector Debt to GDP	**68.14**	**60.32**	**48.48**	**68.35**	**56.21**
External Debt to GDP	*25.47*	*25.20*	*20.23*	*27.30*	*24.14*
Domestic Debt to GDP	*42.67*	*35.12*	*28.25*	*41.05*	*32.07*
Public Sector Debt Service to Revenue	**21.41**	**24.26**	**21.00**	**22.45**	**18.96**
External Debt Service Ratio	*10.97*	*10.90*	*10.90*	*11.79*	*9.56*
Domestic Debt Service Ratio	*10.44*	*13.36*	*10.10*	*10.67*	*9.40*
Interest Service Ratio	**8.78**	**9.75**	**8.16**	**7.41**	**5.14**
External Interest Service Ratio	*3.44*	*3.77*	*4.37*	*3.82*	*2.39*
Domestic Interest Service Ratio	*5.34*	*5.98*	*3.79*	*3.60*	*2.75*
External Debt Service to Exports	**173.66**	**155.36**	**75.79**	**398.23**	**137.54**

Source: Debt Management Unit

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

The movement of the Public sector debt to GDP indicator has been sporadic over the period of review, although the year 2019 recorded the lowest debt/GDP ratio of 48.48 per cent. The brunt of the banking crisis coupled with the effects of Hurricane Irma was felt in 2017 resulting in a worsening of the debt/GDP ratio, which climbed to 68.14 per cent. Public sector debt to GDP declined by 12.14 percentage points moving from 68.35 per cent in 2020 to 56.21 per cent in 2021. This decrease is due primarily to improvement in Anguilla's economy as evidenced by the growth in GDP. At the end of 2021, domestic debt and external debt showed a decrease of 8.98 and 3.16 percentage points respectively when compared to 2020.

The public sector debt service to revenue ratio deteriorated by 2.85 percentage points over the period 2017 to 2018. In 2019, the ratio showed signs of improvement moving to 21.00 per cent compared to 24.26 per cent in 2018 and worsened slightly in 2020 moving to 22.45 per cent. This increase is due to the impact of the Covid-19 pandemic on revenue. In 2021, the ratio improved by 3.49 percentage points over the 2020 ratio. This improvement in the debt service ratio is mainly as a result of revenue performance outpacing debt service payments.

At the end of 2021, there was a decrease in the interest service ratio of 2.27 percentage points over the 2020 ratio of 7.41 per cent of revenue. This decrease is due primarily to the reduction in the debt stock and the downward movement of the CDB variable interest rate during the fiscal year 2021.

After peaking in 2020 at 398.23 per cent, the debt service-to-exports ratio improved significantly by 260.69 percentage points moving to 137.54 per cent in 2021. 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.

2.7 FFSD Ratios

Further 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 manage its debt operations within the corridor of three parameters, which are that:

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

On a breach in any one of the ratios, explicit approval, to borrow is required from the UKG on a case-by-case basis. Since 2008, the government has been in breach of the benchmarks in the FFSD was required compliance by the end of 2017. In 2016 with the UKGs approval for the Government of Anguilla 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 Government of Anguilla's performance against the UKG debt benchmarks over the period 2017-2021.

Table 5: FFSD Ratios - 2017-2021

Debt Indicators (%)	Targets	2017	2018	2019	2020	2021
Net Debt/Recurrent Revenue	≤80%	257.60	259.38	208.54	201.95	165.42
Variance		177.60	179.38	128.54	121.95	85.42
Debt Service/Recurrent Revenue	≤10%	20.63	23.57	20.42	22.16	18.49
Variance		10.63	13.57	10.42	12.16	8.49
Liquid Assets/Recurrent Expenditure	≥25%	8.03	0.85	0.17	0.23	0.26
Variance		-16.97	-24.15	-24.83	-24.77	-24.74
Liquid Assets/Recurrent Expenditure	90 days	28.91	3.07	0.60	0.82	0.93
Variance		-61.09	-86.93	-89.40	-89.18	-89.07

Source: Debt Management Unit

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

As depicted in the table 5 above the GoA has been in breach of the net debt, debt service and liquid asset ratio targets throughout the period under review. At the end of 2021, the Government remained in breach of the three ratios however; the following changes were noted when compared to 2020. The net debt to recurrent revenue ratio improved significantly by 36.53 percentage points moving from 201.95 per cent in 2020 to 165.42 per cent in 2021. This improvement is due to the strong performance of revenue for fiscal year 2021. The debt service to recurrent revenue ratio improved by 3.67 percentage points moving to 18.49 per cent when compared to 22.16 per cent in 2020. This improvement is due to the reduction of the CDB OCR Variable interest rate during the year despite the increase in amortization payments as a result of the expiration of the grace period on two of the GoA's debt instruments. The liquid assets ratio at the end of 2020 and 2021 stood at 0.23 per cent (approximately 1 day) and 0.26 per cent (approximately 1 day) respectively with no notable change.

SECTION 3.0 CONCLUSION

The five-year review of Anguilla's debt portfolio shows the movement in the size of the public sector debt portfolio from 2017 to 2021. Over the review period, GoA outstanding debt stock declined with a slight increase in 2018. This slight increase was to address liquidity challenges post Hurricane Irma, resulting in new borrowing and disbursements exceeding amortization payments. 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 impact of the COVID -19 pandemic on GDP. In 2021, the debt to GDP ratio was recorded at 56.21 per cent due to the rebound of the various sectors of the economy. The GoA continues to be in breach of the FFSD ratios/borrowing benchmarks, which have notwithstanding showed significant signs of improvement due to the improved fiscal performance.

In 2016, there was a structural change in the composition of Anguilla's public debt since the debt contracted to aid in the banking resolution was mostly domestic and with fixed interest rates significantly lower than the market rate. The contracted debt lengthened the maturity profile and reduced the cost of debt significantly. The assessment shows that Anguilla's public debt presents a moderate risk portfolio. The Government continues to monitor and manage the risk embedded in the portfolio by strengthening debt management and monitoring the debt levels closely.

While the cost of the portfolio declined and risk indicators have improved, the debt service to revenue ratio continues to be of major concern due to cash flow constraints. The continued breach of the FFSD ratios/borrowing benchmarks requires the GoA to seek UKG approval for all new borrowing, thus, limiting the GoA's discretion in financing sources and posing a major challenge in the alternative options in the development and implementation of the Medium Term Debt Strategy (MTDS). The latest MTDS (2018-2020) seeks to source most of the financing from external semi-concessional sources to aid in the reduction of the cost and risk of the portfolio. The MTDS is updated on an annual basis but the update did not take place for the 2021 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 2017-2021

Selected Economic Indicators	2017	2018	2019	2020	2021
Total Revenue and Grants	229.89	233.80	250.75	244.25	271.57
Current Revenue	191.99	199.58	234.09	233.97	268.85
Total Expenditure	216.45	230.10	222.26	233.98	218.71
Current Expenditure	195.43	205.69	212.18	225.69	214.76
Interest Payments	16.42	19.13	18.78	17.07	13.68
Domestic	10.12	11.91	8.83	8.36	7.37
External	6.30	7.22	9.95	8.71	6.32
Capital Revenue	37.90	18.39	16.78	10.28	2.72
Capital Expenditure	21.02	8.58	10.09	8.26	3.95
Primary Balance before grants	29.86	22.83	47.27	27.34	66.54
Overall Balance (before grants)	13.44	3.70	28.49	10.27	52.86
Overall Balance (after Financing)	35.05	44.09	30.14	35.19	73.94
Current Balance	(3.44)	(6.11)	21.92	8.28	54.10
Liquid Assets	15.69	1.76	0.36	0.52	0.55
Financing	21.61	40.39	1.65	24.91	21.08
Memo Items					
Nominal GDP at Market Prices (EC$M)	758.85	870.63	1,017.18	697.79	796.56
Merchandise Exports (EC$M)	12.13	14.01	33.66	6.92	18.69
Merchandise Imports (EC$M)	477.37	789.45	766.62	400.67	552.58
Real GDP (%)	(6.62)	8.54	5.53	(29.87)	11.08
Average Interest Rate (%)	3.09	3.76	3.64	3.51	2.90
External	3.17	3.89	4.67	4.30	3.38
Domestic	3.04	3.69	2.90	2.93	2.58
As % of GDP					
Total Expenditure	28.52	24.61	21.85	33.53	27.46
Non Interest Primary Expenditure	24.59	21.99	17.20	29.61	19.10
Current Revenue	25.30	22.92	23.01	33.53	33.75
Interest Payments	2.16	2.20	1.85	2.45	1.72
Primary Balance	3.93	2.62	4.65	3.92	8.35
Fiscal Balance	1.77	0.43	2.80	1.47	6.64
Real GDP	(6.62)	8.54	5.53	(29.87)	11.08
Public Debt (% of GDP)	68.14	60.32	48.48	68.35	56.21
Public Debt	517.10	525.17	493.16	476.93	447.73
Domestic Debt	323.83	305.76	287.35	286.41	255.44
External Debt	193.27	219.41	205.80	190.51	192.29

Appendix 2: Disbursements by Selected Creditors (EC$m)

Creditors	2017	2018	2019	2020	2021
Caribbean Development Bank	0.08	40.41	1.67	3.29	21.09
Total	**0.08**	**40.41**	**1.67**	**3.29**	**21.09**

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

Economic Sector	2017	2018	2019	2020	2021
Public Administration	162.86	188.75	164.32	137.95	131.26
Financial Activities	346.74	329.95	321.96	310.78	291.58
Education	0.57	0.81	2.38	5.38	5.67
Construction	3.79	3.24	2.74	2.32	1.90
Water Collection, Treatment & Supply	-	-	-	19.41	16.76
Sea Transport	2.10	1.56	1.01	0.42	-
Road Transport	0.82	0.73	0.66	0.67	0.56
Accommodation & Food Services	0.21	0.15	0.08	0.00	-
Total	**517.10**	**525.18**	**493.16**	**476.93**	**447.73**

Appendix 4: Principal Repayments by Selected Creditors (EC$m)

Creditors	2017	2018	2019	2020	2021
Anguilla Roads & Construction Inc. & WWR	0.43	0.55	0.55	0.59	0.42
Anguilla Social Security Board	5.74	5.56	5.56	5.87	8.36
Caribbean Development Bank	14.41	14.11	15.21	18.59	19.21
Depositors' Protection Trust	1.42	5.69	5.69	5.69	5.69
Eastern Caribbean Central Bank	2.14	2.86	2.90	2.98	1.09
European Investment Bank	0.06	0.06	0.06	0.06	0.06
National Commercial Bank of Anguilla	0.06	0.06	0.07	0.07	0.00
Public Private Partnerships (PPPs)				1.34	2.32
Total	**24.26**	**28.89**	**30.04**	**35.19**	**37.14**

Appendix 5: Statement of Existing Debt - Central Government & Government Guaranteed & Non-Guaranteed Debt (EC$m)

CENTRAL GOVERNMENT DEBT

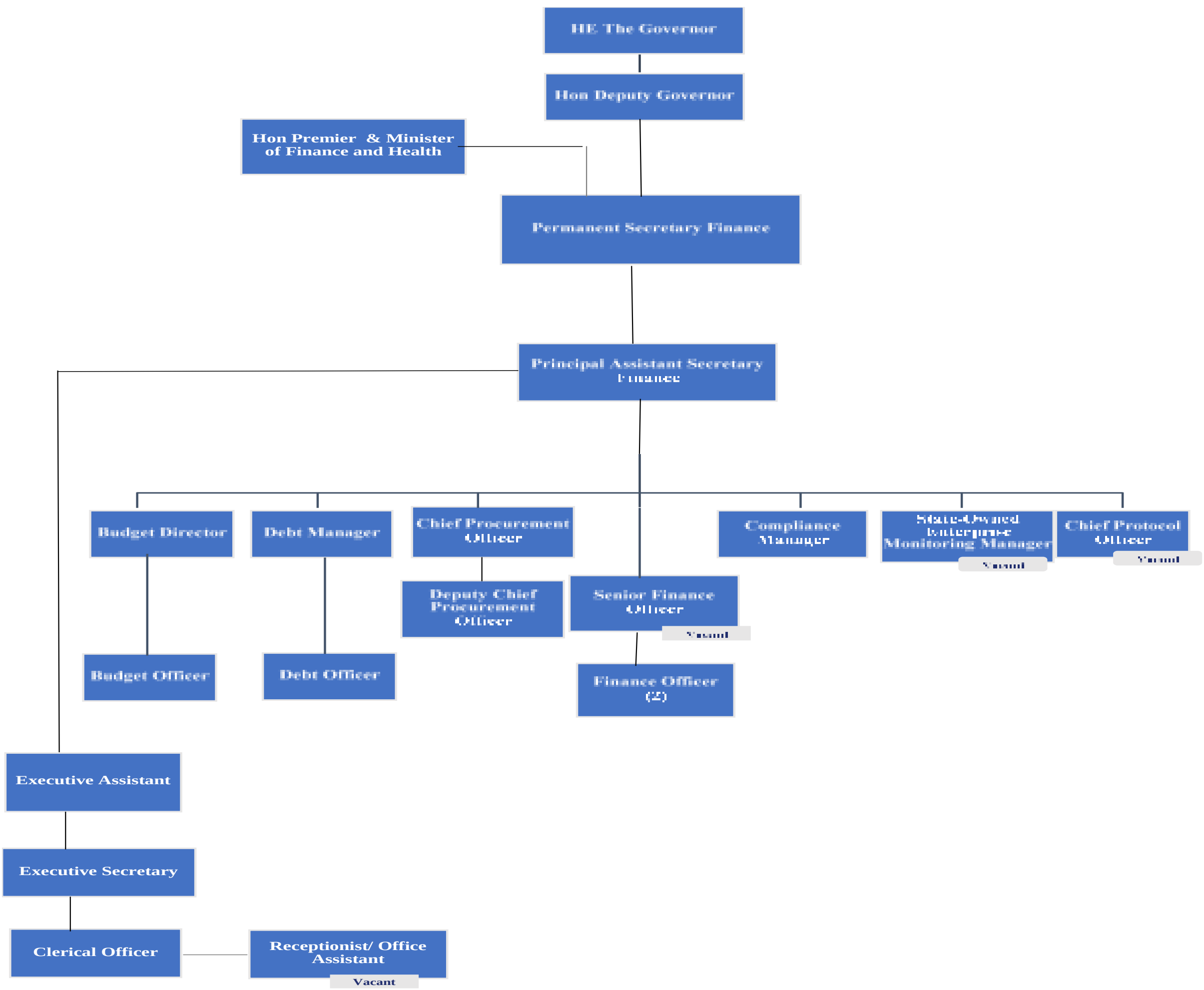
Instrument Reference/Purpose	Borrower	Creditor	Currency	Original Loan Amount	Agreement Date	Date of First Disbursement	Grace Period	Maturity Date	Disbursements		Interest Rate Structure		Outstanding Balance (in Original Currency)	Outstanding Balance (XCD) as 31/12/21
									Amount Disbursed	Amount Undisbursed	Fixed or Variable	Interest Rate		
FOREIGN DEBT														
80338 - Road Development Phase I	GoA	EIB	EURO	534,000.00	22 February 1991	12 December 1991	10	1 July 2031	534,000.00	-	Fixed	0.75%	182,000.76	557,248.27
06/SFR-OR-ANL - 11306-002 - Natural Disaster Management - Rehabilitation - Hurricane Lenny	GoA	CDB	USD	2,128,711.79	23 January 2001	15 December 2001	5	1 October 2027	2,128,711.79	-	Fixed	4.00%	604,093.78	1,631,053.20
7/SFR-ANL - 11302 -Hurricane Lenny Immediate Response	GoA	CDB	USD	477,252.07	7 July 2000	2 December 2001	5	1 January 2026	477,252.07	-	Fixed	4.00%	101,416.05	273,823.34
4/OR-ANL - Policy-Based Loan	GoA	CDB	USD	55,000,000.00	23 August 2010	31 August 2010	5	1 July 2027	55,000,000.00	-	Variabe	CDBOCR	26,354,166.76	71,156,250.24
05/OR-ANL - Community College Development Project	GoA	CDB	USD	3,215,000.00	4 April 2014	1 July 2014	5	1 April 2031	2,431,778.55	783,221.45	Variabe	CDBOCR	2,099,654.96	5,669,068.39
07/OR-ANL 11307 - Anguilla Bank Resolution - Bridge Bank Capitalisation	GoA	CDB	USD	22,000,000.00	19 September 2016	23 Decemebr 2016	3	01 July 2033	22,000,000.00	-	Variable	CDBOCR	18,464,285.73	49,853,571.48
10/OR-ANL 11309 - First Programmatic Stability & Resilience Building - Policy-Based Loan	GoA	CDB	USD	9,300,000.00	26 September 2018	11 October 2018	5	01 October 2033	9,300,000.00	-	Variable	CDBOCR	9,300,000.00	25,110,000.00
09/OR-ANL 11310 - Hurricane Recovery Support Loan	GoA	CDB	USD	5,600,000.00	31 July 2018	1 October 2018	3	01 July 2031	5,600,000.00	-	Variable	CDBOCR	5,460,000.00	14,742,000.01
11/OR-ANL - 11311 - Second Fiscal Programmatic Stability & Resilience Building - Policy-Based Loan	GoA	CDB	USD	7,500,000.00	28 October 2021	23 December 2021	5	01 October 2036	7,500,000.00	-	Variable	CDBOCR	7,500,000.00	20,250,000.00
TOTAL FOREIGN DEBT														**189,243,014.93**
DOMESTIC DEBT														
Cash Advance - Eastern Caribbean Central Bank	GoA	ECCB	ECD	15,000,000.00	December 2008	-	0	-			Fixed	6.50%	-	-
Overdraft Facility - National Commercial Bank of Anguilla	GoA	CCB	ECD	20,000,000.00	1 October 2021	1 October 2021	0	30 September 2022	20,000,000.00		Fixed	5.75%	-	-
Anguilla Social Security Board - Bank Resolution Promissory Note	GoA	ASSB	ECD	214,000,000.00	22 April 2016		5	30 March 2041	214,000,000.00		Fixed	3.00%	205,975,000.00	205,975,000.00
Depositors Protection Trust - CCB Bank Resolution	GoA	DPT	ECD	32,927,506.46	22 April 2016		0	30 March 2028	32,927,506.46		Fixed	2.00%	18,933,316.07	18,933,316.07
Depositors Protection Trust - NBA Bank Resolution	GoA	DPT	ECD	23,951,106.26	22 April 2016		0	31 March 2028	23,951,106.26		Fixed	2.00%	13,771,886.04	13,771,886.04
TOTAL DOMESTIC DEBT														**238,680,202.11**
TOTAL CENTRAL GOVERNMENT DEBT														**427,923,217.04**
GUARANTEED & NON-GUARANTEED SOEs DEBT														
FOREIGN DEBT														
5/SFR-OR-AG - 11252-002 - 4th Consolidated Line of Credit	ADB	CDB	USD	784,205.40	14th September 1998	1 October 2000	5	1 October 2025	784,205.40	-	Fixed	4.00%	156,840.92	423,470.48
7/SFR-OR-ANL - 11453-001 - 5th Consolidated Line of Credit	ADB	CDB	USD	4,700,000.00	30 May 2006	4 December 2006	5	1 October 2023	4,699,936.46	63.54	Variable	CDBOCR	794,917.86	2,146,278.22
7/SFR-OR-ANL - 11453-002 - 5th Consolidated Line of Credit	ADB	CDB	USD	300,000.00	30 May 2006	2 April 2012	5	1 October 2029	300,000.00		Fixed	4.00%	175,000.00	472,500.00
TOTAL FOREIGN DEBT														**3,042,248.71**
DOMESTIC DEBT														
Seven Seas Water - PPP Contract: Water Supply	WCA	Seven Seas Water	USD	-	4 October 208	4 October 2018	0	4 October 2028	-	-	-	-	5,874,214.81	15,860,380.00
TSG - PPP Contract: Water Supply	WCA	TSG Water Works	USD	-	17 February 2011	17 February 2012	0	17 February 2022	-	-	-	-	301,626.00	814,390.19
Loan: Buyout of Water Tank at Crocus Bay	WCA	ASSB	USD	$300,000.00	16 September 2019	30 October 2019	0	30 March 2022	300,000.00		Fixed	5.00%	31,573.20	85,247.65
TOTAL DOMESTIC DEBT														**16,760,017.84**
TOTAL GOVERNMENT GUARANTEED & NON-GUARANTEED DEBT														19,802,266.55
TOTAL PUBLIC DEBT														**447,725,483.59**
Foreign Debt														192,285,263.64
Domestic Debt														255,440,219.95

Appendix 6: 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). The main debt management activities resided in the Ministry of Finance and Health. Key personnel included the Permanent Secretaries for Finance and Economic Development, staff of Ministry of Economic Development, Treasury Department, Budget and the Debt Management Unit (DMU)[12]. The organizational structure of the Ministry of Finance and Health (Finance division), as at end December 2020, is shown in Figure 15 below.

Figure 16: Organisation Chart: Ministry of Finance



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[12] DMU staff complement at the end of 2021 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)[13] whose functions are, inter alia, to review debt and financing options for government through analysis of current debt stock against U.K benchmarks.

Legal Framework

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

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

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

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

[13] 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 under the Fiscal and Economic Recovery Team.

[13] The FFSD replaced the 2003 Borrowing Guidelines

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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