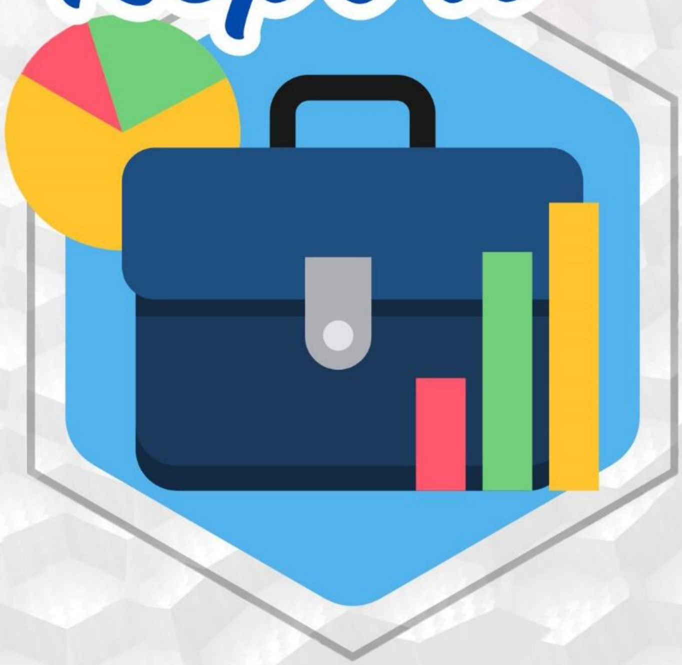
Government of Saint Lucia

ANNUAL DEBT PORTFOLIO

Report



2023

Table of Contents

List of Figures

List of Tables

Acronyms

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

Executive Summary

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

This issue of the Annual Debt Portfolio Review (DPR) analyses the Government of Saint Lucia's debt stock, flows, and risk over the year (January - December) of 2023, debt management operations in 2023, and trend analysis of portfolio changes comparing the previous five years 2019-2023. The composition and the risks embedded in the debt portfolio form the core of this review. The details of debt holders by residency, creditor categories, instrument types, currency composition, maturity profile, and types of risks are in this report. The risk indicators examined include exchange rate, interest rate, and refinancing risks (the average time to maturity and the average time to re-fixing). This report also reports the maturity profile of the central government debt over the next decade and examines the fiscal and debt sustainability indicators of the Government of Saint Lucia over the previous five years. The scope of the DPR is total public debt comprising central government debt and contingent liability debt.

Overview of Saint Lucia's Economy [1]

The economy has rebounded strongly after the Covid-19 pandemic and the commodity import price shock due to Russia's war in Ukraine; output is currently near the pre-pandemic level. Higher government revenue has narrowed the fiscal deficit, but public debt is much higher than before the pandemic. The banking sector has adequate liquidity and is profitable, but NPLs are elevated, and additional provisioning is required. Rapid credit growth in the large credit union sector is a concern, and several institutions require additional capital.

Output is projected to reach the pre-pandemic level in 2023, underpinned by tourism recovery. However, the government has large refinancing needs in the near term and debt is not projected to decline from its high level. The impact of the global financial tightening has been limited thus far due

[1] Source: IMF 2023 Article Iv Consultation—Press Release; And Staff Report

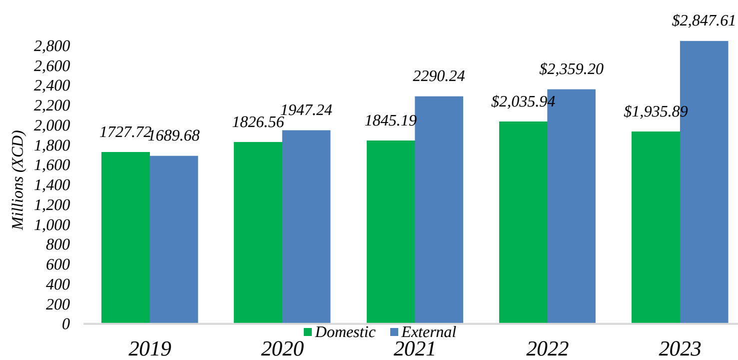
to low financial integration but remains a downside risk. Banks' NPLs may increase because of the restructured loans portfolio. Natural disasters are a recurrent threat.

With output approaching full recovery, the priority is to start rebuilding fiscal and financial buffers and place public debt on a solid downward trend, anchored on the regional debt ceiling, through growth-friendly fiscal consolidation and fiscal rules. In the banking sector, it is important to reach full compliance with the regional central bank's provisioning requirements. The momentum of reforms to address disincentives to bank lending should be maintained by passing legislation to expedite loan collateral appropriation. Draft legislation to strengthen the regulation and supervision of credit unions should be passed, and the planned asset quality review carried forward. On the structural front, the labor market initiatives to address high youth unemployment could be complemented with policies to tackle deep-rooted social problems and a review of education programs.

1. Public Sector Debt

1.1 Public Debt by Residency

Figure 1: Public Sector Debt 2019-2023

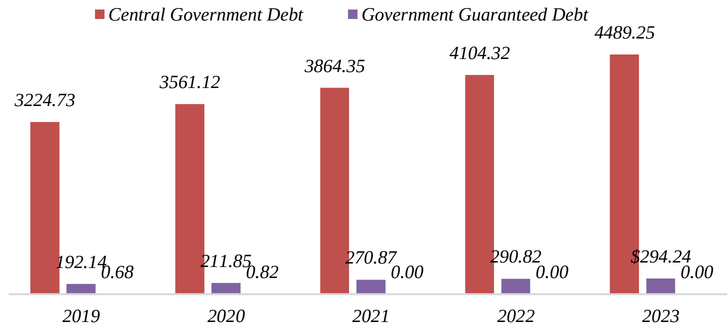


Public sector debt at the end of December 2023 was $4,783.50 million increasing by $388.36 million or 8.8 percent over December 2022 and by an average of 8.5 percent over the previous five years. Public domestic debt stock was $1,935.89 million or 40.5 percent of the total public sector debt, decreasing by 4.9 percent from 2022 to 2023 but increasing by an average of 4.8 percent over the previous five years. The public external debt stock at the end of 2023 was $2,847.61 million or 59.5 percent of total public sector debt, increasing by an average of 12.0 percent from 2019 to 2023, and by 20.8 percent from 2022 to 2023. (Figure 1)

1.2 Public Debt by Borrower Category

Central Government debt was $4,489.25 million, or 93.8 percent of public sector debt at the end of 2023, while government-guaranteed debt was $294.24 million or 6.2 percent of public sector debt. Central government debt increased by an average of 8.5 percent over the previous five years and by $384.93 million or 8.57 percent over 2022 due to increased loan drawdowns and securities activity. (Figure 2)

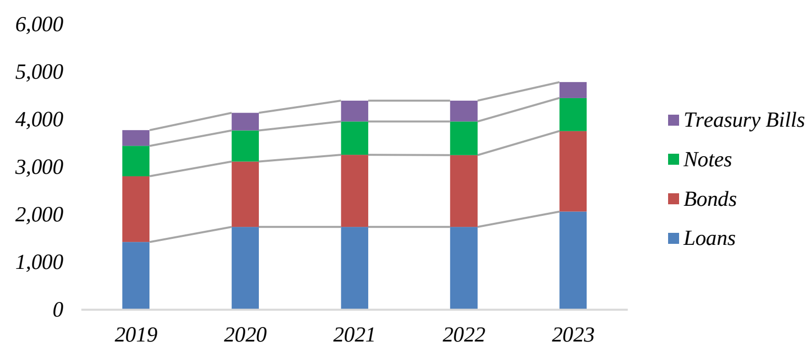
Figure 2: Public Debt by Borrower Category 2019-2023



1.3 Public Debt by Instrument Portfolio

The stock of loans had the greatest share of total public debt for 2023 of 43.1 percent, increasing 18.8 percent over end 2022 owing mostly to an increase in drawdowns which will be elucidated in upcoming sections. Bonds had a 35.4 percent share of public debt increasing by 11.8 percent in 2023 over the previous year. Medium-term notes (1-5 years) had a share of 14.5 percent of public debt while short-term (91-day–1 year) Treasury bills totalled 6.9 percent. The stock of bonds increased markedly by $178.52 million or 11.8 percent due to increased investor appetite for medium term instruments and a concerted effort by the GOSL as stated in their Medium Term Debt Strategy (MTDS) to lengthen the maturity profile thereby favouring these instruments types over shorter term T-Bills. Treasury bill stock however decreased by $108.8million or 24.7 percent in 2023 making up for shortfalls in the rollover of bonds/notes during the year. (Figure 3)

Figure 3: Public Debt by Instrument Portfolio 2019-2023

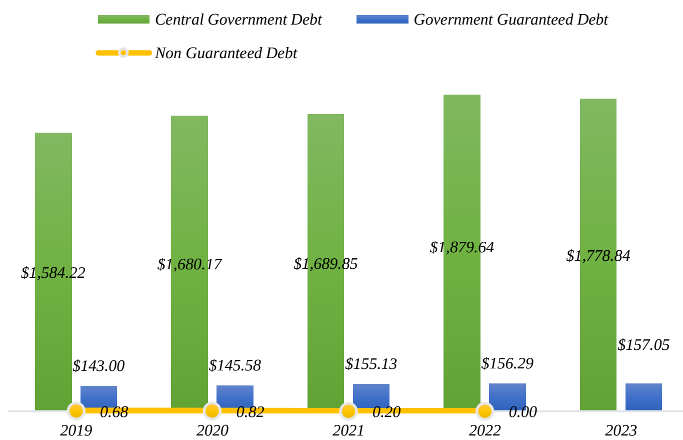


2. Public Domestic Debt

2.1 Public Domestic Debt by Borrower Category

Public domestic debt in 2023 stood at $ 1,935.89 million or 40.5 percent of public debt, decreasing by $99.7 million or 4.9 percent over 2022. At the end of 2023, domestic central-government debt contributed $1,778.84 million (91.9 percent), a 5.7 percent decrease over 2022. Domestic guaranteed debt contributed $157.05 million (8.1 percent) of the public domestic debt portfolio, an increase of 1.1 percent over 2022. (Figure 4)

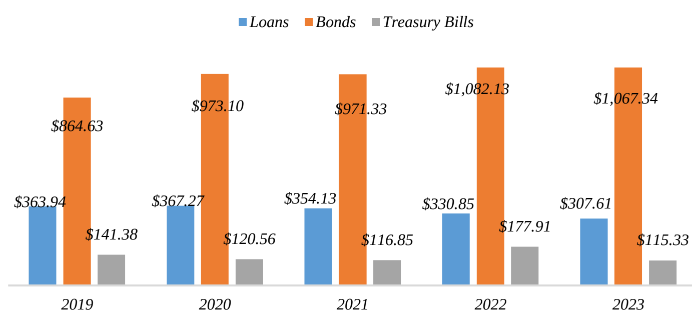
Figure 4: Domestic Debt by Borrower Category 2019-2023



2.2 Public Domestic Debt by Instrument

In 2023, bonds dominated the public domestic debt portfolio with $1,067.34 million o r 55.1 percent of the portfolio decreasing by $14.8 million or 1.4 percent over 2022. Domestic notes totalled $445.97 million or 23.0 percent of the portfolio. The continued dominance of medium term bonds and notes is due to domestic investors continuing to favour them and the GOSL focusing on increasing medium to long-term financing. Treasury bills stood at $ 115.33 million or 5.9 percent, a 54.3 percent decrease over 2022. The domestic loans portfolio at the end of 2023 was $ 307.24 million, decreasing by 7.7 percent over 2022 due to continued principal repayments. Central government loans (Commercial banks, NIC) totaled 48.8 percent while governmnet guaranteed loans contributed 51.2 percent of the domestic loans portfolio. (Figure 5)

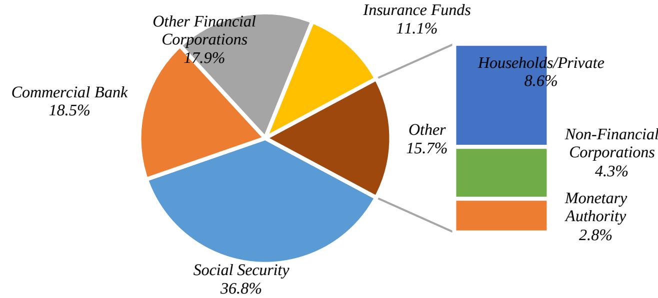
Figure 5: Domestic Debt by Instrument 2019-2023



2.3 Public Domestic Debt by Creditor Category

Social Security (NIC) continued to be the GOSL's main holder of domestic debt at the end of 2023 with $ 710.33 million or 36.7 percent of the portfolio. Commercial Banks (FCIB, BOSL and 1st National Bank) were the second largest domestic debt holders in 2023 with $ 356.38 million or 18.4 percent. Other significant creditor categories included Other Financial Corporations ($345.81 million), Insurance Funds ($213.28 million), and Private Individuals ($164.99). (Figure 6)

Figure 6: Domestic Debt by Creditor Category 2023

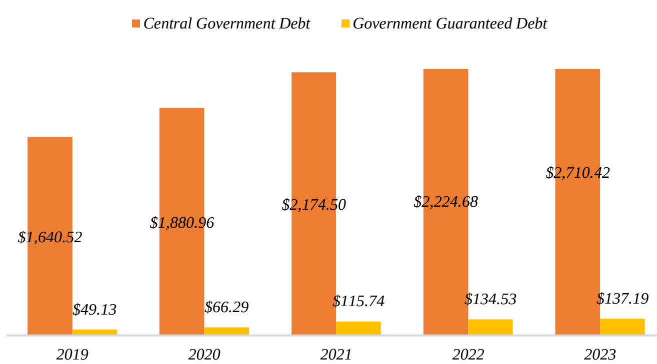


3. Public External Debt

3.1 Public External Debt by Borrower Category

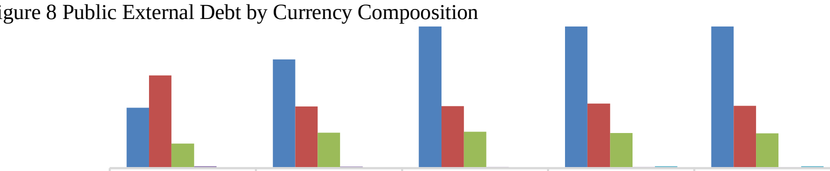
The external debt stock increased to $2,710.42 million contributing 59.5 percent of public debt during 2023. There was a $489.71 million (20.8 percent) increase over 2022 due to increases in both central and government-guaranteed borrower categories. External central government debt increased by $485.74 million or 21.8 percent while external government guaranteed debt increased by $3.97 million or 2.9 percent over 2022. External central government debt was the main contributor to the external public debt stock with a 95.1 percent share. External government-guaranteed debt contributed 4.9 percent of total external debt of in 2023, increasing slightly from 2022 due to increased drawdowns. (Figure 7)

Figure 7: External Debt by Borrower Category 2019-2023



3.2 Public External Debt by Currency Composition

Figure 8 Public External Debt by Currency Compoosition



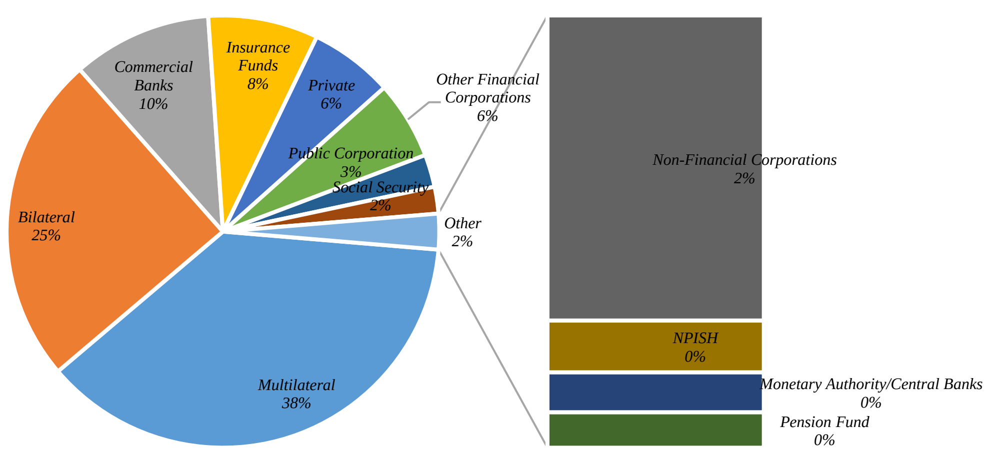
	2019	2020	2021	2022	2023
USD	$566.71	$1,017.25	$1,352.16	$1,399.80	$1,912.17
XCD	$869.43	$577.54	$579.81	$604.70	$583.44
SDR	$230.21	$332.66	$340.80	$327.67	$326.60
KWD	$16.51	$14.83	$12.71	$10.39	$8.20
EUR	$6.79	$4.96	$4.76	$16.64	$17.20

The external debt portfolio carried a minuscule foreign exchange risk due to the continued domination of the USD and the XCD. At the end of 2023, the United States dollar dominated the external debt portfolio with $1,912.17 million or 67.2 percent. XCD contributed $583.44 million or 20.5 percent further insulating the portfolio against foreign exchange risk. The SDR and KWD both declined at the end of the year while the EUR increased slightly due to a drawdown on the Government-guaranteed EIB Covid-19 Loan. (Figure 8)

3.4 Public External Debt by Creditor Category

At the end of 2023, multilateral creditors formed the largest creditor category with a share of $1,066.22 million (37.4 percent) of public external debt. Bilateral creditors were the second largest contributor with $703.4 million. Commercial bank stocks totalled $296.8 million. No other category totalled over 10.0 percent of the external debt portfolio. (Figure 9)

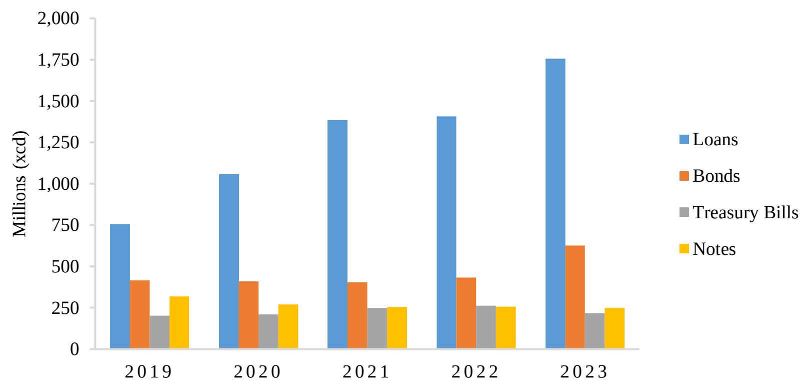
Figure 9 External Debt by Creditor Category 2023



3.5 Public External Debt by Instrument

At the end of 2023, loans dominated the external debt portfolio with $1,755.05 million a 61.6 percent share, increasing by $348.23 million or 19.8 percent over 2022 due mainly to drawdowns on loans during the year. Bonds, Notes and Treasury bills made up 22.0 percent, 8.7 percent and 7.6 percent respectively of the external portfolio. The stock of external bonds increased 30.9 percent over 2022 and treasury bills decreased 21.3 percent demonstrating the government's debt objective to reduce the stock of short-term treasury bills. External securities totalled $1,092.52 million compared to $952.34 million at the end of 2022. (Figure 10)

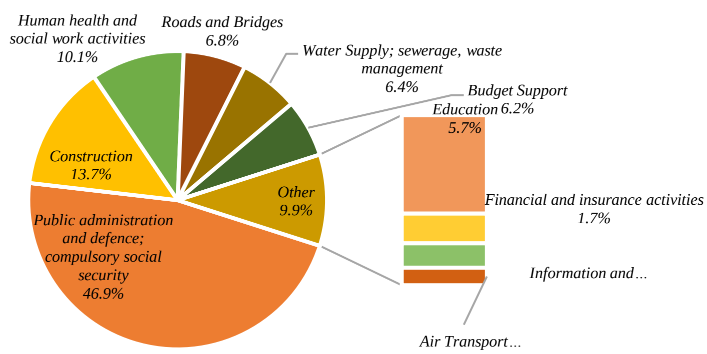
Figure 10 External Debt by Instrument 2019-2023



3.6 Public External Debt by Economic Sector

At the end of December 2023, the largest share of outstanding government borrowings from external sources was in the public administration sector (46.1 percent). The construction industry had the second-greatest share of external debt with 13.4 percent (Figure 11)

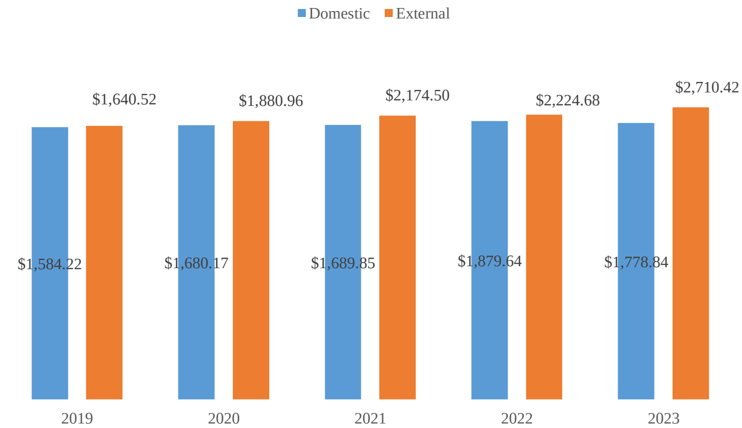
Figure 11 External Debt by Economic Sector 2023



4. Central Government Debt

4.1 Central Government Debt by Residency

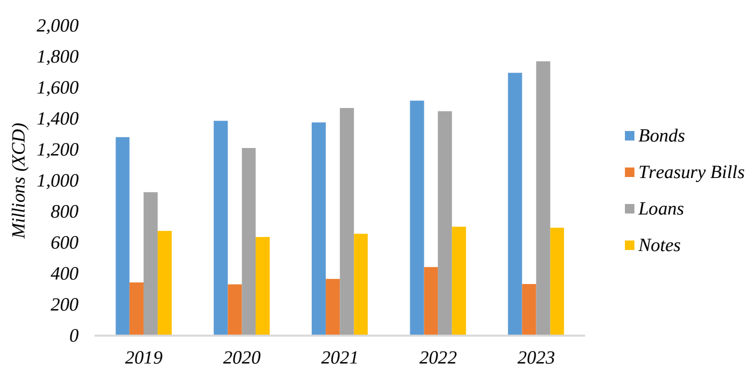
Figure 12 Central Government Debt by Residency 2019-2023



Central government debt totalled $4,489.25 million at the end of December 2023, increasing by $384.93 million or 9.4 percent over December 2022. At the end of December 2023, the domestic debt portfolio stood at $1,778.84 million or 39.6 percent of the central government debt stock decreasing by $100.81 million or 5.4 percent over December 2022. Domestic central government debt stock trended upwards over the last four years by an average of 8.6 percent. External debt was $2,710.42 million at the end of December 2023, representing 60.4 percent of the central government debt stock increasing by $485.74 million (21.8 percent) over December 2022. As with the domestic central government debt stock, the external debt stock has trended upwards over the last five years at an average of 13.6 percent. (Figure 12). The debt categories responsible for this trend will be explored in the next section.

4.2 Central Government Debt by Instrument

Figure 13 Central Government Debt by Instrument 2019-2023

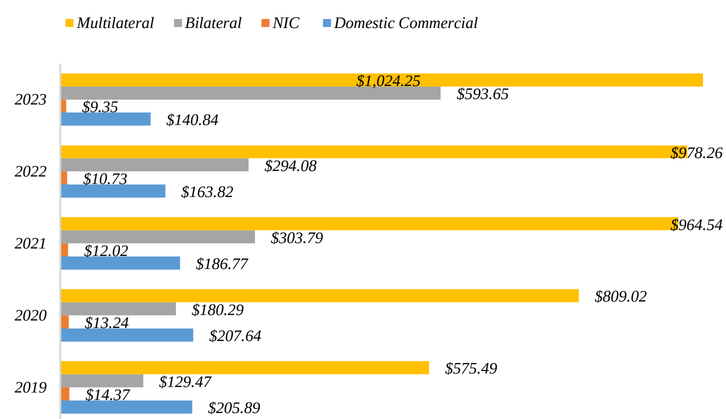


The GOSL increased their use of bonds & notes financing to cover the fiscal gap in 2023. Bonds and notes totalled $2,388.83 million (53.2 percent of the central government debt stock), increasing by $172.57 million or 7.8 percent over December 2022. Bonds and notes have trended upwards by an average of 5.2 percent over the last five years. Loans had the second largest share of the central government debt portfolio with $1,768.09 million (39.4 percent). The share of loans increased by 22.2 percent from December 2022 due to disbursements on new loans. The stock of loans however, have increased by an average of 18.2 percent over the previous five years. The years 2020 and 2023 saw the largest increases 30.8 and 22.2 percent respectively owing to the numerous Covid-19 and other loans contracted by the government of Saint Lucia. Treasury Bills were 7.4 percent of the central government portfolio decreasing to $332.34 million from $411.17 million in 2022, a 24.7 percent decrease. Treasury bills increased by an average of 0.7 percent over the previous five years. (Figure 13)

4.3 Central Government Loans

The loans portfolio totalled $1,768.09 million in 2023, which was 39.4 percent of the central government portfolio. The stock of loans increased $321.20 million or 22.2 percent in 2023 owing to disbursements on newly contracted loans over the year. The multilateral loan ($1,024.25 million, 57.9 percent) category continues to have the greatest share of the portfolio increasing by $45.99 million or 4.7 percent in 2023. Multilateral loans have averaged 64.1 percent of the portfolio over the previous five years. Bilateral loans have the second highest share with 33.6 percent of the portfolio. The stock of commercial debt declined by $22.98 million or 14.0 percent in 2023 due to continued principal repayments. (Figure 14)

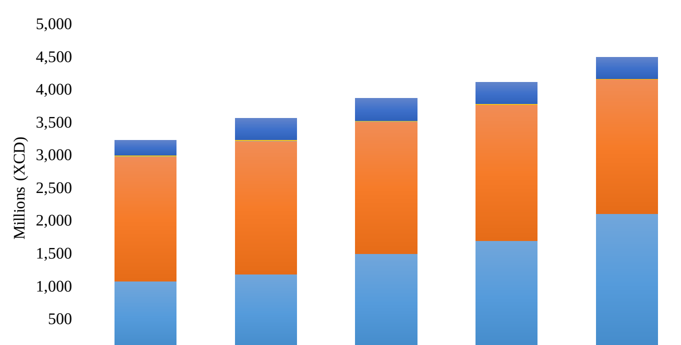
Figure 14 Central Government Loans 2019-2023



4.4 Central Government by Currency Composition

The USD dominated the central government debt portfolio at the end of 2023 with $ 2,102.19 million or 46.8 percent. XCD however, dominated the central government debt portfolio from 2019 to 2022 and totalled $2,050.07 million at the end of 2023 or 45.7 percent. SDR totalled $326.60 million (7.3 percent), EUR, $2.19 million (0.1 percent) and KWD 8.20 million (0.2 percent) are the other

Figure 15 Central Government Debt By Currency Composition 2019-2023



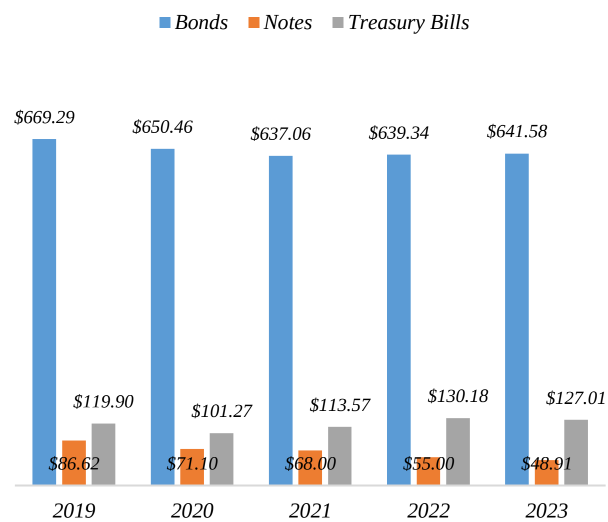
	2019	2020	2021	2022	2023
SDR	$230.21	$332.66	$340.80	$327.67	$326.60
KWD	$16.51	$14.83	$12.71	$10.39	$8.20
EUR	$6.79	$4.96	$4.76	$2.96	$2.19
XCD	$1,899.01	$2,030.37	$2,014.26	$2,072.19	$2,050.07
USD	$1,072.22	$1,178.31	$1,491.82	$1,691.11	$2,102.19

currencies present in the portfolio. The continued domination of the XCD and USD insulates the central government portfolio from foreign exchange risk due to the XCD 1= USD 2.70 peg between the two currencies in place since 1976. (Figure 15)

5. RGSM and Private Placement Security Activity

5.1 Regional Government Securities Market (RGSM) Securities

Figure 16 RGSM Securities 2019-2023



Securities auctioned on the RGSM averaged 33.7 percent of the entire security portfolio from 2019 to 2023, peaking in 2019 at 38.1 percent. RGSM securities made up 30.0 percent of the entire securities portfolio totalling $817.5 million in 2023. The stock of RGSM securities has trended downwards for the last five years, averaging a decrease of 1.7 percent. The GOSL continued to maintain a steady presence in the regional securities market despite a decrease in RGSM securities in 2023 by $7.02 million or 0.85 percent from 2022. The stock of RGSM-issued bonds and notes, totalling 84.5 percent of the RGSM securities portfolio decreased by 0.5 percent in 2023. Treasury Bills stood at $127.01 million or 15.5 percent of the RGSM portfolio in 2023 decreasing by 3.2 percent over the year. The share of Treasury Bills averaged 14.2 percent of the portfolio in the previous five years.

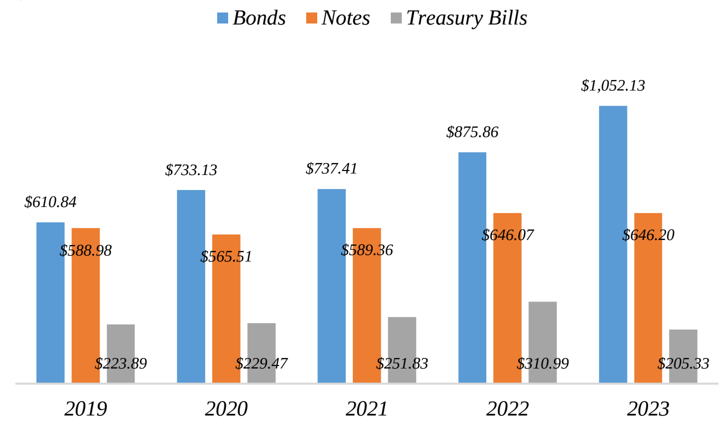
The GOSL uses the RGSM platform as a vital price discovery tool and is committed to a continued dominant presence on the RGSM. In 2023, there were 18 GOSL auctions on the RGSM platform; two (2) bond issues and sixteen (16) Treasury bill issues. The GOSL auctioned a total of $359.00 million, garnering a total bid value of $485.80 million, and a total oversubscription of $134.88 million. There were 16 oversubscriptions in 2023, 15 treasury bills and 1 bond auctions.

The bid-to-cover ratio is the dollar amount of bids received in an auction versus the amount sold. The bid-to-cover ratio is an indicator of the demand for a country's securities. A high ratio (≥1.0) is an indication of strong demand. In 2023, the GOSL's average bid-to-cover ratio was 1.47, indicating a high demand for its paper. (Figure 16)

5.2 Private Placement Securities

The private placement portfolio increased by $70.75 million over 2022 to $1,903.66 million or 3.9 percent in 2023. Bonds and notes dominated the Private Placement Securities portfolio in 2023 totalling $1,698.33 million or 89.2 percent, while Treasury bills totalled $205.33 million or a 10.8 percent share. Bonds and notes increased by $176.40 million or 11.1 percent in 2023 while Treasury bills decreased by $105.66 million or 34.0 percent. Private-placement securities dominated the securities platform with 70.0 percent of the securities portfolio at the end of 2023. Private placement securities averaged 63.3 percent of the securities portfolio from 2019 to 2023 increasing by an average of 7.7 percent over the last five years due partly to the relative ease of garnering funds for budget purposes. (Figure 17)

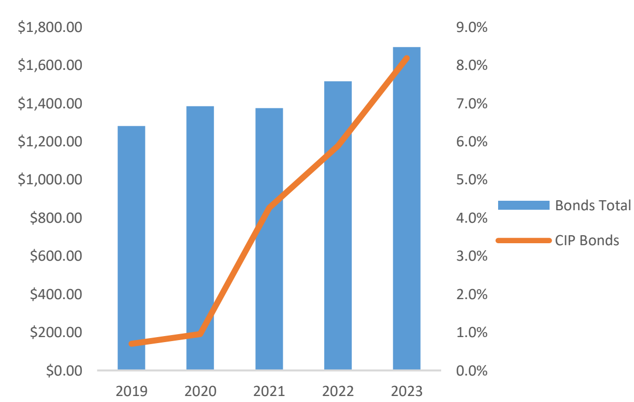
Figure 17 Private Placement Securities 2019-2023



5.3 CIP Bonds

Since its inception in 2016, CIP Bonds have steadily increased and now form a significant portion of the Bonds portfolio. From 2019 the CIP Bonds portfolio averaged 4.0 percent of the total bonds portfolio increasing by an average of 1.3% over the last five years. The CIP Bonds portfolio totalled $138.5 million in 2023 or 8.2 percent of the total bonds portfolio. (Figure 18)

FIGURE 18 CIP BONDS 2019-2023

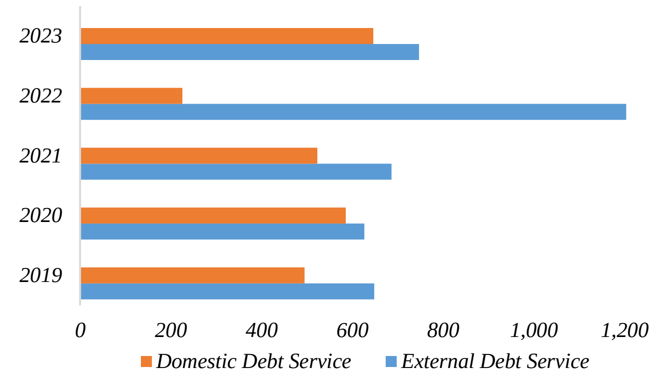


6. Central Government Debt Service and Disbursements

6.1 Central Government Total Debt Service[2]

At the end of 2023, central government debt service totalled $1,392.5 million, decreasing $3.69 million over 2022. Total debt service increased by an average of only 5.3 percent between 2019 and 2023. External debt service declined by $34.4 million or 17.9 percent from 2022; while domestic debt service increased by $30.75 million or 2.6 percent in 2023 owing to increased principal repayments on Bonds. (Figure 19)

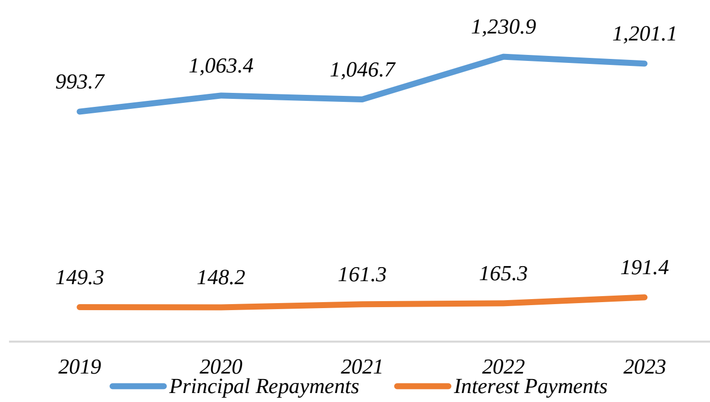
FIGURE 19 CENTRAL GOVERNMENT TOTAL DEBT SERVICE 2019-2023



6.2 Central Government Principal and Interest Payments

Central Government principal repayments totalled $1,201.09 million for 2023, a decrease of 2.4 percent over 2022 due to a decline in external loan repayments. Principal repayments averaged 87.2 percent of the total debt service for the previous five years. External principal repayments decreased by 30.2 percent over 2022, while domestic repayments increased by 1.4 percent in 2023. Interest for 2023 was only 13.8 percent of the total debt service, increasing by 15.8 percent over 2022. External interest payments accounted for 28.2 percent of total interest payments in 2023, while domestic repayments represented 71.8 percent of total interest payments for 2023. (Figure 20)

FIGURE 20 CENTRAL GOVERNMENT PRINCIPAL AND INTEREST PAYMENTS 2019-2023



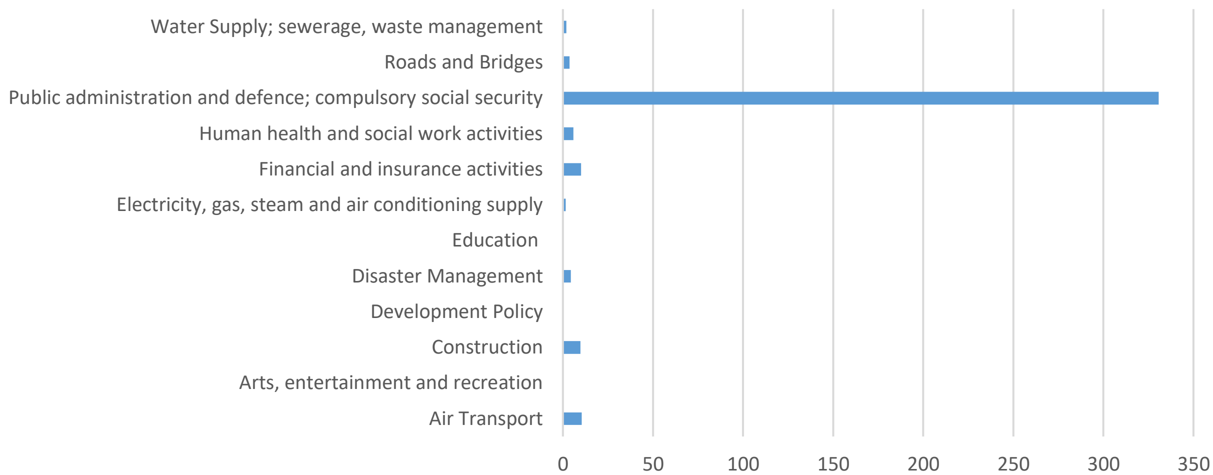
6.3 Central Government Disbursements

The GOSL received loan disbursements from three multilateral creditors and one bilateral creditor for 2023, totalling $381.45 million. There were no domestic loan disbursements in 2023. The Export-Import Bank of the Republic of China (EXIM Bank) was the leading source of loan disbursements

[2] Debt service in the Debt Portfolio Review is on an accrual basis. The analysis includes rollover security financing.

for 2023 with $304.75 million (79.9 percent). The International Development Association (IDA) of the World Bank disbursed $46.92 million (12.3 percent). The Caribbean Development Bank (CDB) disbursed $27.25 million (7.1 percent), and the Caribbean Development Fund (CDF) disbursed $2.53

FIGURE 21 CENTRAL GOVERNMENT EXTERNAL LOAN DISBURSEMENTS 2023



million (0.7 percent). The EXIM Bank and Caribbean Development Fund disbursements originated from loans geared towards the Public Administration Sector. The majority of CDB loan disbursements sourced in 2023 targeted the Public Administration and Financial & Insurance sectors, while IDA loan disbursements were from loans geared towards the Public Administration and Air Transport sectors. (Figure 21)

7. Risk Indicator Evaluation

Over the medium term, The GOSL's risk management targets are:

- extending the average time to maturity to greater than eight (8) years,
- reduction of short-term debt to less than 15 percent of the total debt,
- increasing the ATR to greater than seven (7) years,
- attracting low-cost borrowing to reduce the weighted average cost of debt to less than 4 percent.

7.1 The Average Time to Maturity (ATM)

The ATM is the average remaining time to maturity for each security or contract composing a debt instrument and is one of the most commonly used measures for assessing interest rate sensitivity. The ATM at the end of December 2023 increased to 5.8 years from 6.1 in 2022. The government seeks to lengthen the ATM by reissuing short-term instruments at medium and long terms, thereby reducing the portfolio's refinancing risk and allowing the timely payments of short-term obligations, and cushioning of possible exchange and interest rate fluctuations in the exchange and interest rates.

7.2 The Average Time to Re-fixing (ATR)

The ATR measures the weighted average time until all principal payments in the debt portfolio become subject to a new interest rate. At the end of 2023, the ATR decreased to 4.3 years from 4.9 years for 2022. The ATR averaged 4.7 years from 2019 to 2023. The GOSL is committed to decreasing the refinancing risk of the portfolio by increasing the ATR. (Table 1)[3]

Table 1: Cost and Risk Indicators 2019-2023

Cost and Risk Indicators	2019	2020	2021	2022	2023	Targets
ATM	5.13	5.68	6.23	6.07	5.78	≥8 years
Maturing in 1 year (%)	18.24%	22.30%	16.01%	15.33%	21.70%	<15%
ATR	4.51	4.72	4.99	4.90%	4.26	≥7 years
WACD (%)	5.19%	4.84%	4.49%	4.90%	5.03%	<4%

7.3 The Weighted Average Cost of Debt (WACD)

The portfolio's weighted average cost of debt increased from 4.90 percent in 2022 to 5.03 percent in 2023. From 2019-2023, the WACD averaged 4.89 percent peaking in 2019 at 5.19 percent, and declining by an average of 4.6 percent over the last five years. The WACD for all instrument categories declined in 2023 except for loans owing to an increase in the reference rates for variable rate loans due to the change from the London Interbank Offered Rate (Libor) to the Secured Overnight Financing Rate (SOFR). (Table 2)

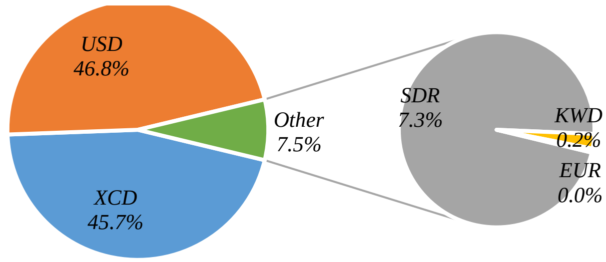
Table 2: Weighted Average Cost of Debt 2019-2023

WACD by Instrument	2019	2020	2021	2022	2023
Treasury Bills	3.66%	3.70%	3.77%	3.85%	3.45%
Bonds	6.36%	6.97%	6.73%	6.62%	6.58%
Notes	5.15%	5.03%	5.06%	5.06%	5.09%
Loans	3.30%	2.64%	2.31%	3.34%	3.81%
Total	5.19%	4.84%	4.49%	4.90%	5.03%

[3] The ATR and ATM has been recalculated from 2019-2023 due to a change in calculation methodology

7.4 Currency Composition and Risk

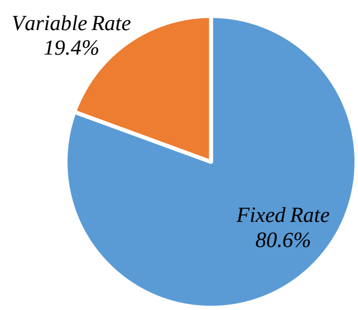
FIGURE 22 CURRENCY COMPOSITION



The foreign exchange risk inherent in the portfolio at the end of 2023 was minuscule because of the peg between the USD and XCD which have been dominant currencies in the portfolio over the previous five years. USD represented 46.8 percent share and the XCD 45.7 percent at the end of December 2023. The Kuwait Dinar (0.2 percent), Euro (0.1 percent), and Special Drawing Rights (7.3 percent) presented minimal foreign currency risk to the portfolio combining for only 7.5 percent of the central government portfolio. (Figure 22)

7.5 Interest Rate Composition and Risk

FIGURE 23 INTEREST RATE COMPOSITION 2023

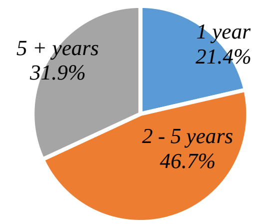


At the end of December 2023, the interest rate risk embedded in the debt portfolio was minimal due to fixed interest rate debt accounting for $3,616.81 million (80.6 percent) of central government debt. Variable-rate debt, subject to interest rate changes every six months, held by the EXIM Bank, the CDB, and the IBRD was $872.44 million (19.4 percent) of the total portfolio. Variable rate debt increased from 11.9 percent in December 2022 mostly owing to disbursement in the variable rate loans and the new USD $40 million floating rate bond from Republic Bank Limited. (Figure 23)

7.6 Debt maturing in 1 year

The percentage of debt maturing in one year measures the share of principal repayments falling due within the year. 21.4 percent of the central government debt portfolio will mature within one year. The majority of debt maturing falls within the two to five years' category due to the GOSL's strategy of rolling over shorter-term instruments into medium-term notes commencing in FY2023/24 as stated in the 2023/24 MTDS. (Figure 24)

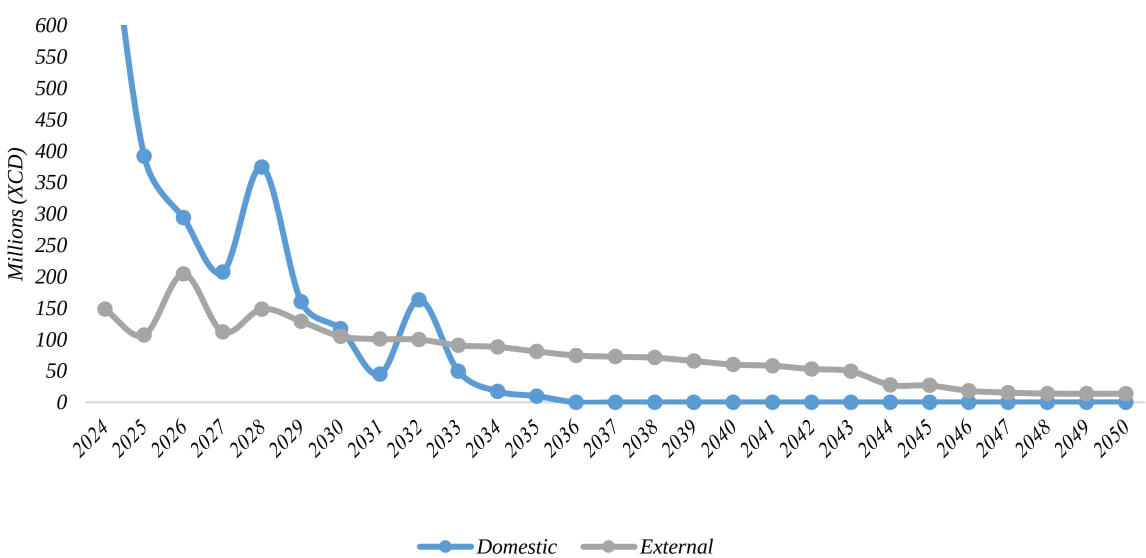
FIGURE 24 PERCENTAGE OF DEBT MATURING DURING THE MEDIUM TERM



7.7 Redemption Profile[4]

A maturity (redemption) profile shows the evolution of GOSL's debt stock based on the time remaining before the scheduled maturity. Large debt service payments during 2024 dominate the redemption profile due to the 21.7 percent of debt maturing within the year including the entire Treasury bill stock maturing. There is a uniform distribution from 2024 to 2050 (Figure 25)

FIGURE 25 REDEMPTION PROFILE 2023-2050



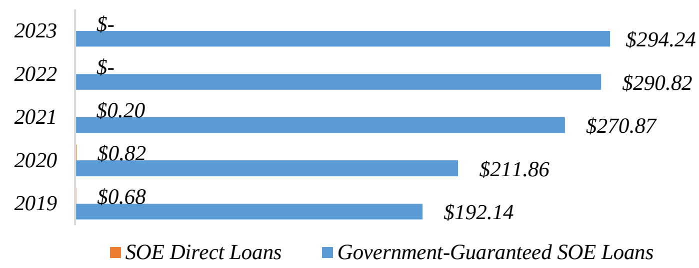
[4] Excluding Contingent Liabilities

8. Contingent Liabilities[5]

8.1 Contingent Liabilities by Guarantee Status

At the end of 2023, the stock of contingent liabilities increased by 3.4 percent over 2022. Contingent liabilities averaged 6.2 percent of the Public sector debt stock from 2019 to 2023 continuing to be a minuscule contributor to the public debt stock. (Figure 26)

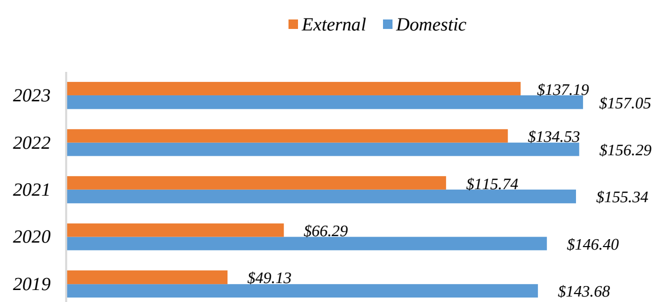
FIGURE 26 CONTINGENT LIABILITIES BY GUARANTEE STATUS 2019-2023



8.2 Contingent Liabilities by Residency

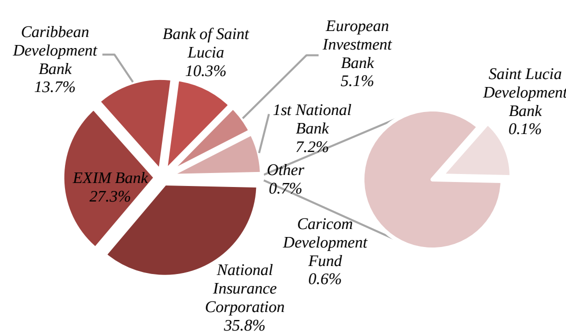
Domestic government-guaranteed debt amounted to $157.05 million (53.2 percent) of the contingent liability portfolio in 2023 while external guarantees totalled $137.19 (46.8 percent). (Figure 27)

FIGURE 27 CONTINGENT LIABILITIES BY RESIDENCY 2019-2023



8.3 Contingent Liabilities by Creditor

FIGURE 28 CONTINGENT LIABILITIES BY CREDITOR



Contingent Liabilities totalled $294.24 million at December 2023, 6.2 percent of the total public debt stock. Contingent liabilities decreased by $3.4 million or 1.2 percent from December 2022. The National Insurance Corporation (NIC) held the majority share of the domestic government-guaranteed debt portfolio in 2023 with $105.39 million. The Export-Import Bank of the Republic of China was the second-largest creditor at $80.21 million. The Caribbean Development Bank (CDB) and the Bank of Saint Lucia held $41.51 million

[5] Guaranteed debt is not included in the central government debt portfolio and risk indicator analysis.

and $30.22 million respectively. The 1st National Bank of Saint Lucia contributed $21.5 million while the CARICOM Development Fund contributed $1.78 million. (Figure 28)

9. Financing in 2023/24[6]

In 2023/24, the GOSL approved $1,011.8M in debt financing. However, total funding raised in 2023/24 amounted to $1,154.6M which comprised new financing of $567.4M and rollover financing of $587.2M. The proceeds from new financing were $278.8 million above the 2023/24 approved estimates, reflecting higher than programmed disbursements from both treasury bonds/notes and loans. Loam receipts from bilateral and multilateral creditors (IMF, EXIM Bank, IDA, and CDB) totalled $379.0M, $122.4M above the approved $256.6M. No new short-term treasury bills were issued, but the issuance of treasury bonds and notes, as part of both new and rollover financing, on the Regional Government Securities Market (RGSM) and through private placements remained an important source of funding for the central government's operations. These instruments provided $188.4 million in new financing in 2023/24, $156.4 million above the approved estimates. Reissued bonds and notes totalled $260.6M of the approved $277.4M. The stock of treasury bills rolled-over in 2023/24 was $326.6 million, a reduction of $119.1 million.

Table 3: Fund Raising Activities FY 2023/24

DEBT INSTRUMENTS	APPROVED BUDGET	ACTUAL (as at Mar 2024)	VARIANCE
New Financing:	**$288.7**	**$567.4**	**$278.8**
Bonds/Notes	$32.1	$188.4	$156.4
Treasury Bills	$0.0	$0.0	$0.0
Loans	$256.6	$379.0	$122.4
Rollovers:	**$723.1**	**$587.2**	**-$135.9**
Bonds/Notes	$277.4	$260.6	-$16.9
Treasury Bills	$445.7	$326.6	-$119.1
Grand Total	**$1,011.8**	**$1,154.6**	**$142.9**

[6] Information on government financing is on a fiscal-year basis.

Annex

Table 4: Fiscal and Real Sector Indicators (Source: IMF ST. Lucia 2023 Article IV)

St. Lucia: Selected Economic Indicators, 2019–24

	2019	2020	2021	2022	2023	2024
				Projections		
	(Annual percentage change, unless otherwise specified)					
Output and prices						
Real GDP (at market prices)	-0.2	-23.6	11.3	15.7	3.2	2.3
Consumer prices, period average	0.5	-1.8	2.4	6.5	4.3	2.1
Output gap (percent of potential GDP)	6.5	-19.3	-11.3	1.0	2.2	2.5
Unemployment rate (% annual average)	16.8	21.7	21.9	...	...	...
Nominal GDP (EC$ millions) 1/	5,677	4,112	4,994	6,201	6,709	7,044
Public finances	(In percent of GDP, unless otherwise specified)					
Central government 2/						
Revenue	21.5	21.6	21.2	21.8	21.3	21.0
Expenditure	25.0	33.0	26.7	23.2	23.5	23.4
Natural disaster (ND) annualized cost	0.0	0.0	0.0	0.0	0.7	0.7
Primary balance, incl. ND cost	-0.5	-7.7	-2.3	1.5	0.4	0.2
Overall balance, incl. ND cost	-3.5	-11.5	-5.5	-1.4	-2.8	-3.0
Central government debt	58.5	89.1	77.8	69.5	67.6	67.4
Total public sector debt 3/	61.9	94.2	82.9	74.1	73.7	75.0
Domestic	32.2	49.0	39.8	36.0	34.2	33.7
External	29.7	45.2	43.1	38.1	39.5	41.3
Money and credit, end of period (annual percent change)						
Broad money (M2)	3.2	-6.6	14.9	3.8	3.4	2.1
Credit to private sector (real)	-2.4	4.5	-2.4	-4.6	-0.3	0.9
Credit to private sector (nominal)	-1.9	2.7	-0.1	1.6	4.0	3.0
External sector						
Current account balance, *o/w:*	5.5	-15.2	-7.0	-2.3	-0.8	-0.4
Exports of goods and services	57.5	29.7	38.4	52.6	54.4	54.8
Imports of goods and services	-46.2	-43.8	-44.1	-51.3	-51.4	-51.4
Capital account balance	1.6	1.6	1.6	1.3	1.3	1.2
Financial account balance	1.8	-10.1	-5.0	-3.3	0.5	0.7
External debt (gross) 4/	61.4	78.1	70.8	63.8	63.2	63.9
Net imputed international reserves						
Months of imports of goods and services	4.5	3.3	3.6	2.9	3.9	5.0
Percentage of demand liabilities	88.7	88.3	92.3	91.4	93.6	94.9

Sources: St. Lucia authorities; ECCB; UNDP HDI; and Fund staff estimates and projections.

1/ GDP historical series was rebased to 2018 base year in 2020. This increased nominal GDP figures by about 9 percentage points.

2/ Fiscal year (April–March) basis. Fiscal balances do not include the airport project, which is implemented by a public corporation.

3/ Public sector debt includes payables and overdrafts/ECCB advances.

4/ Comprises public sector external debt, foreign liabilities of commercial banks and other private debt.

Table 5: Saint Lucia - RGSM Auction Results For 2023

SAINT LUCIA - RGSM AUCTION RESULTS FOR 2023								
Auction Date	**Issue**	**Tenor**	**Issue Amount (EC$m)**	**Value of Bids (EC$m)**	**Amount Accepted (EC$m)**	**Over/Under Subscription**	**Interest Rate (%)**	
							Coupon Rate	**Bid to cover ratio**
January 18, 2023	LCB180723	180 days	25,000,000	26,841,000.00	25,000,000.00	1,841,000.00	3.50	1.10
February 1, 2023	LCB040523	180 day	16,000,000	21,509,000.	16,000,000	5,509,000.00	2.00	1.63
February 2, 2023	LCG100233	10-year	15,000,000.00	18,752,000.00	25,000,000.00	3,752,000.00	6.99	1.88
February 7, 2023	LCB070823	180 day	30,000,000.00	39,257,000.00	30,000,000.00	9,257,000.00	2.50	1.27
February 10, 2023	LCB150523	91 day	16,000,000.00	17,937,000.00	16,000,000.00	1,937,000.00	2.50	1.13
April 17, 2023	LCB151023	180 days	20,000,000.00	32,285,000.00	20,000,000.00	12,285,000.00	2.02	2.57
May 5, 2023	LCB070823A	91 days	16,000,000.00	27,375,000.00	16,000,000.00	11,375,000.00	2.00	1.63
May 16, 2023	LCB160823	91 days	16,000,000.00	24,230,000.00	16,000,000.00	8,230,000.00	2.5	1.31
June 28, 2023	LCB261223	180 days	25,000,000.00	41,310,000.00	25,000,000.00	16,310,000.00	2.5	2
July 19, 2023	LCB160124	180 days	25,000,000.00	25,209,000.00	25,000,000.00	209,000.00	4.00	1
July 24, 2023	LCN250725	2-year Note	16,000,000.00	12,909,000.00	12,909,000.00	(3,091,000.00)	4.50	1
August 9, 2023	LCB060224	180 day	30,000,000.00	51,435,000.00	30,000,000.00	21,435,000.00	2.00	1.9
August 10, 2023	LCB101123	91 days	16,000,000.00	21,750,000.00	16,000,000.00	5,750,000.00	2.00	1.375
August 17, 2023	LCB171123	91 days	16,000,000.00	25,000,000.00	16,000,000.00	9,000,000.00	2.50	1.17
October 16, 2023	LCB140424	180 day	20,000,000.00	23,328,000.00	20,000,000.00	3,328,000.00	4.00	1.00
November 14, 2023	LCB140224	91 day	16,000,000.00	26,456,000.00	16,000,000.00	10,456,000.00	1.80	1.86
November 20, 2023	LCB200224	91 day	16,000,000.00	30,207,000.00	16,000,000.00	14,207,000.00	2.00	1.67
December 27, 2023	LCB250624	180 day	25,000,000.00	20,007,000.00	20,007,000.00	(4,993,000.00)	4.00	1.00

Table 6: Debt Portfolio Risk Indicators 2019-2023

Particulars	2019	2020	2021	2022	2023	Annual Change %
Total Public Debt by Residency (XCD)	**3,417.40**	**3,773.80**	**4,135.43**	**4,395.14**	**4,783.50**	**8.84**
External Debt	1,689.68	1,947.24	2,290.24	2,359.20	2,847.61	**20.70**
Domestic Debt	1,727.72	1,826.56	1,845.19	2,035.94	1,935.89	**-4.91**
Total Domestic Debt by Instrument (XCD)	**1,727.90**	**1,826.57**	**1,845.19**	**2,035.94**	**1,935.89**	**-4.91**
Loans	363.94	367.27	354.13	330.85	307.24	**-7.14**
Bonds	864.63	973.10	971.33	1,082.13	1,067.34	**-1.37**
Notes	357.95	365.63	402.87	445.06	445.97	**0.21**
Treasury Bills	141.38	120.56	116.85	177.91	115.33	**-35.17**
Total External Debt by Instrument (XCD)	**1,689.65**	**1,947.24**	**2,290.24**	**2,359.20**	**2,847.61**	**20.70**
Loans	754.10	1,055.59	1,384.07	1,406.86	1,755.09	**24.75**
Bonds	415.49	410.48	403.14	433.06	626.37	**44.64**
Notes	317.65	270.98	254.48	256.02	249.14	**-2.69**
Treasury Bills	202.40	210.19	248.54	263.26	217.00	**-17.57**
Central Government Debt by Residency(XCD)	**3,224.73**	**3,561.12**	**3,864.35**	**4,104.32**	**4,489.25**	**9.38**
External Debt	1,640.52	1,880.96	2,174.50	2,224.68	2,710.42	**21.83**
Domestic Debt	1,584.22	1,680.17	1,689.85	1,879.64	1,778.84	**-5.36**
Central Government Debt by Instrument (XCD)	**3,224.73**	**3,561.12**	**3,864.35**	**4,104.32**	**4,489.25**	**9.38**
Loans	925.22	1,210.18	1,467.13	1,446.89	1,768.09	**22.20**
Bonds	1,280.13	1,383.59	1,374.47	1,515.19	1,693.71	**11.78**
Notes	675.60	636.61	657.36	701.07	695.11	**-0.85**
Treasury Bills	343.78	330.74	365.39	441.17	332.34	**-24.67**
Contingent Liabilities by Residency (XCD)	**192.82**	**212.69**	**271.08**	**290.82**	**294.24**	**1.18**
External Debt	49.13	66.29	115.74	134.53	137.19	**1.98**
Domestic Debt	143.68	146.40	155.34	156.29	157.05	**0.49**
Foreign Currency Risk (%)	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	
ECD	58.89%	57.01%	52.12%	50.49%	45.67%	**-9.55**
USD	33.25%	33.09%	38.60%	41.20%	46.83%	**13.65**
EUR	0.21%	0.14%	0.12%	0.07%	0.05%	**-32.36**
KWD	0.51%	0.42%	0.33%	0.25%	0.18%	**-27.87**
SDR	7.14%	9.34%	8.82%	7.98%	7.28%	**-8.87**
Total Debt Service (XCD)	**1,143.00**	**1,211.59**	**1,208.02**	**1,396.19**	**1,392.50**	**-0.26**
External	649.39	587.70	298.16	192.83	158.39	**-17.86**
Domestic	493.61	623.89	909.86	1,203.36	1,234.11	**2.56**
Interest	149.34	148.15	161.34	165.31	191.41	**15.79**
Principal	993.66	1,063.44	1,046.68	1,230.88	1,201.09	**-2.42**
Interest Rate Structure (%)						
Fixed Rate	92.38	91.17	87.71	88.14	80.56	**-8.60**
Variable Rate	7.62	8.83	12.29	11.86	19.44	**63.91**
Risk Indicators						
ATM (Years)	5.13	5.68	6.23	6.07	5.78	**-4.76**
Maturing in 1 year (%)	18.2%	22.3%	16.0%	15.3%	21.7%	**41.53**
ATR (Years)	4.51	4.72	4.99	0.05	4.26	**8591.26**
WACD (%)	5.19%	4.84%	4.49%	4.90%	5.03%	**2.57**