

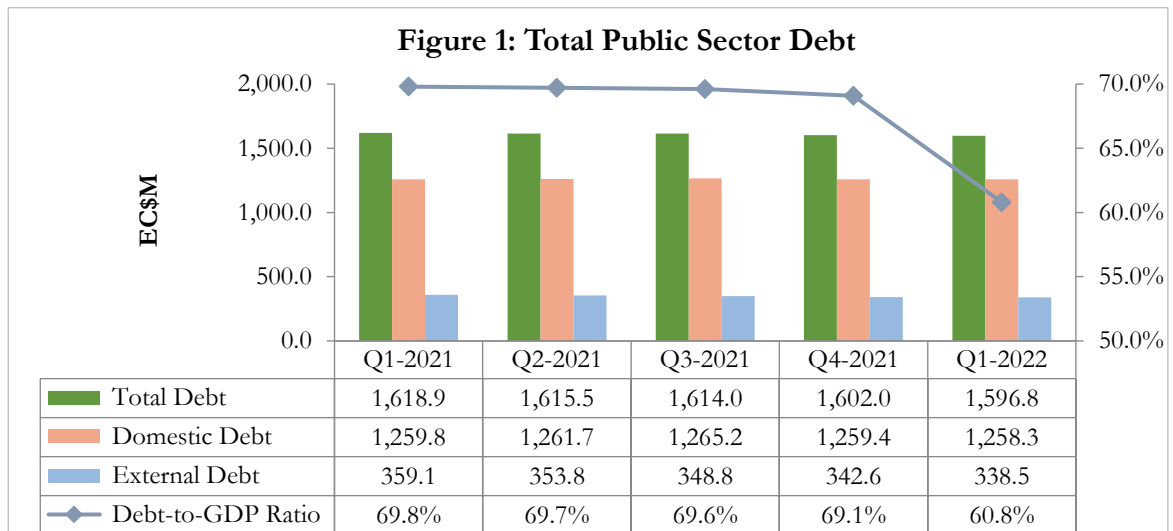


INTRODUCTION

This Quarterly Debt Bulletin summarises the Public Sector Debt position of St. Kitts and Nevis from 31 March 2021 to 31 March 2022 in millions of EC currency. The data presented in the Bulletin covers the trend in the debt stock with a focus on External and Domestic Debt, Central Government’s Debt and Government Guaranteed Debt. The Bulletin also highlights Total Debt Service payments, Debt Disbursements, Debt Sustainability and Risk Indicators.

1.0 TOTAL PUBLIC SECTOR DEBT

Total Public Sector debt was EC\$1,596.8m (60.8 percent of GDP) at the end of March 2022 (See Figure 1). This represented a decline of EC\$22.1m or 1.4 percent compared to the March 2021 debt stock of EC\$1,618.9m.



Total Public Sector Debt consistently declined between March 2021 and March 2022, having decreased by EC\$3.4m in Q2-2021, EC\$1.5m in Q3-2021, EC\$12.0m in Q4-2021 and a further EC\$5.2m in the current quarter.

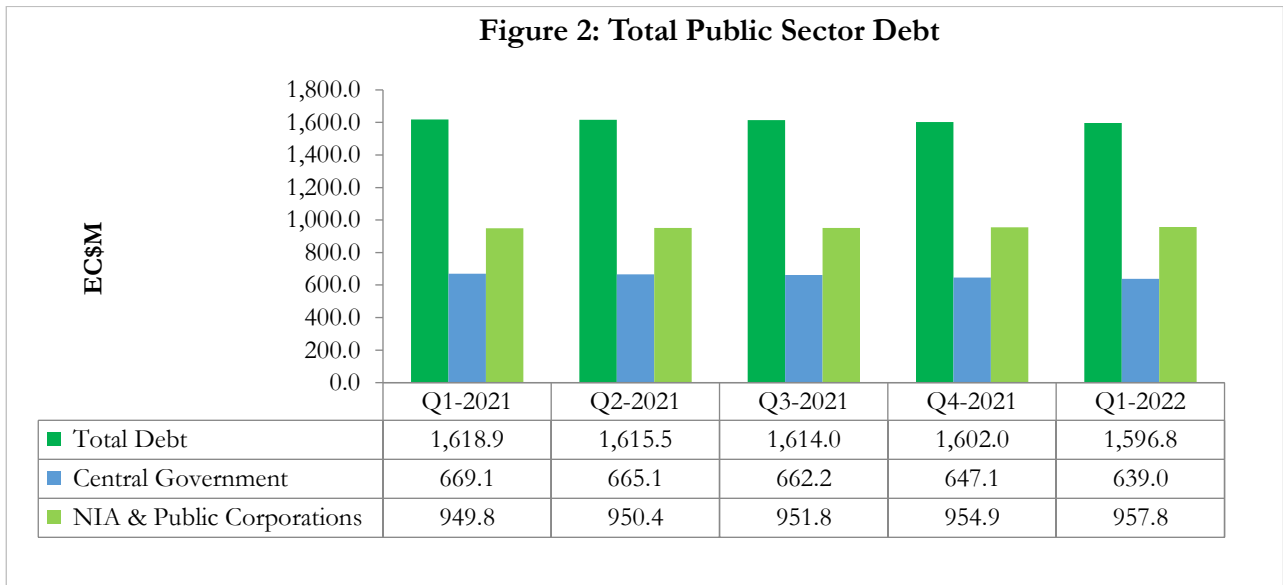


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Ministry of Finance**

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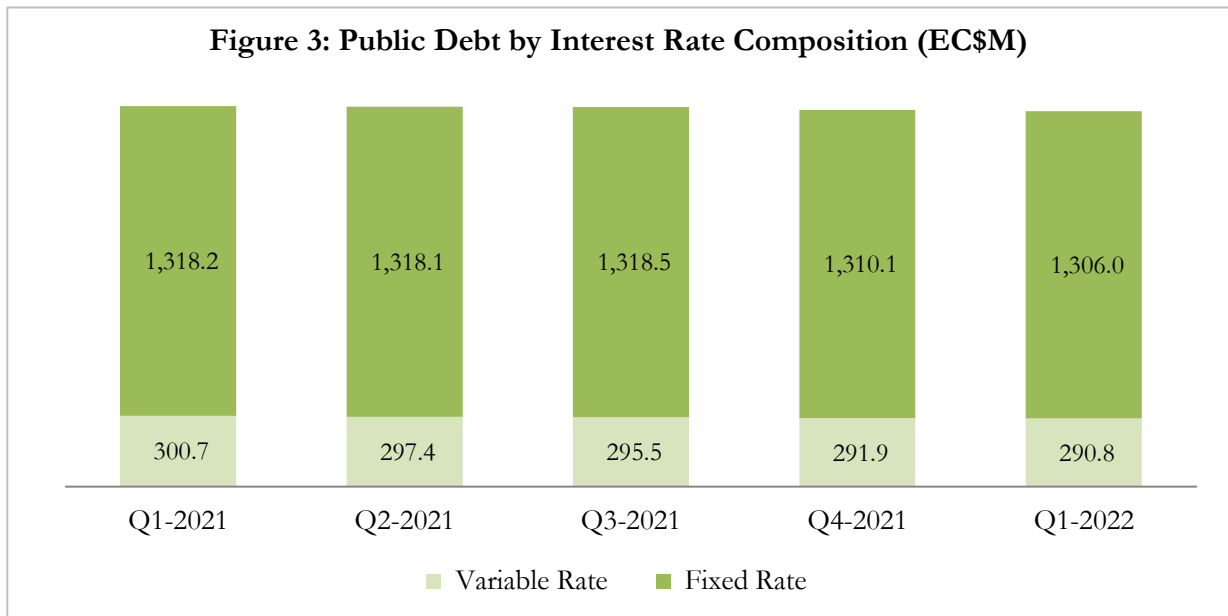
As at March 2022, Central Government’s Debt accounted for 40.0 percent of the Total Public Sector Debt, a decrease of 1.3 percentage points compared to March 2021 (41.3 percent) (See Figure 2). Over the review period, Central Government’s Debt decreased by an average of 1.1 percent per quarter for a total decline of EC\$30.1m or 4.5 percent.



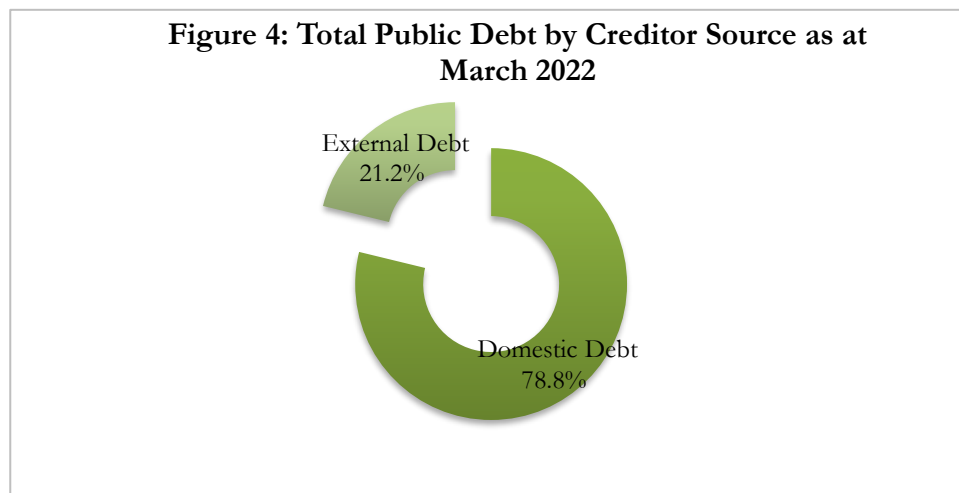
Total Guaranteed Debt, comprising debt of the Nevis Island Administration (NIA) and Public Corporations, increased by an average of 0.2 percent per quarter and exhibited an overall year-on-year growth of 0.8 percent.



As at March 2022, Total Public Sector Fixed Rate debt decreased by EC\$12.2m to EC\$1,306.0m from EC\$1,318.2m in March 2021. Similarly, Variable Rate debt decreased by EC\$9.9m from EC\$300.7m in March 2021 to EC\$290.8m in March 2022 (See Figure 3).



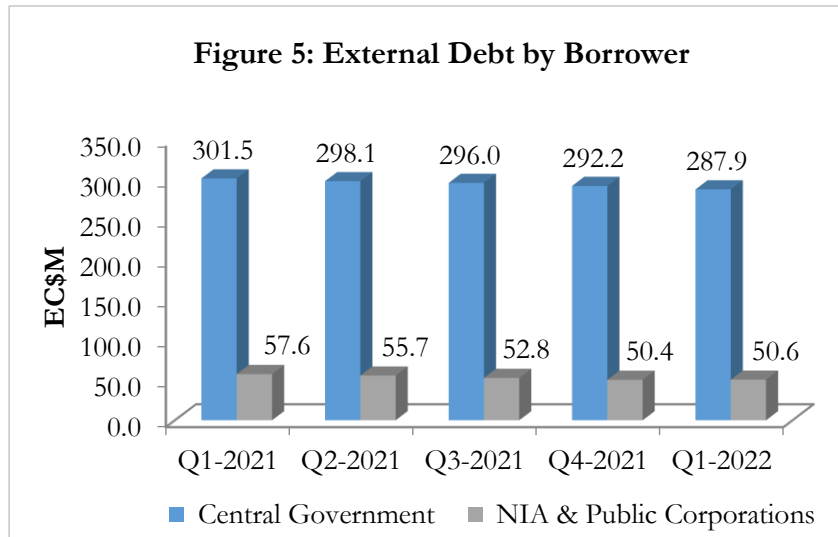
As at March 2022, Domestic Debt was 78.8 percent of Total Public Debt while External Debt accounted for the remaining 21.2 percent (See Figure 4).



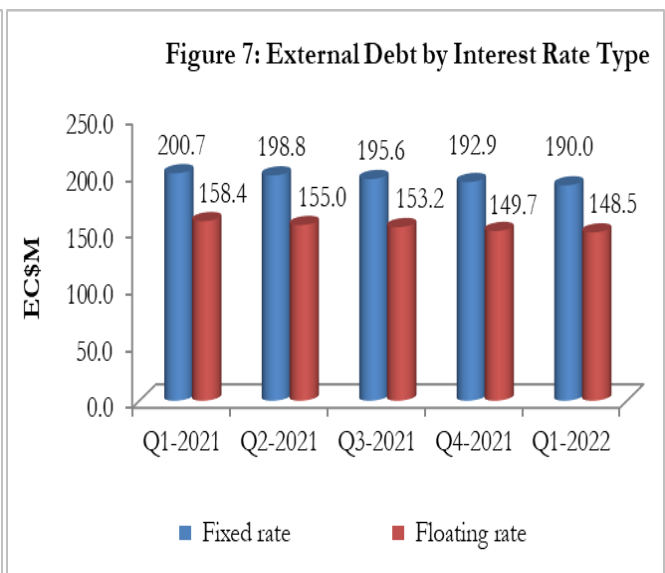
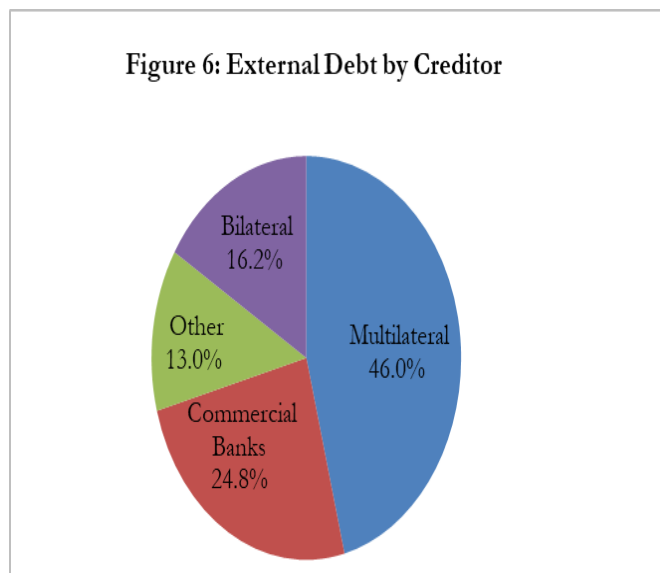


2.0 EXTERNAL PUBLIC SECTOR DEBT

Figure 5 illustrates a trend of decreasing External Debt. Central Government’s debt exhibited average quarterly decreases of 1.1 percent, contracting by 4.5 percent or EC\$13.6m over the review period. The debt of the NIA and Public Corporations also decreased by 12.2 percent or EC\$7.0m from March 2021 to March 2022.



The primary source of the Public Sector’s External Debt financing as at March 2022 was Multilateral Creditors (46.0 percent). External borrowing was also sourced from Commercial Banks (24.8 percent), Bilateral Creditors (16.2 percent) and Other Creditors (13.0 percent) (See Figure 6).

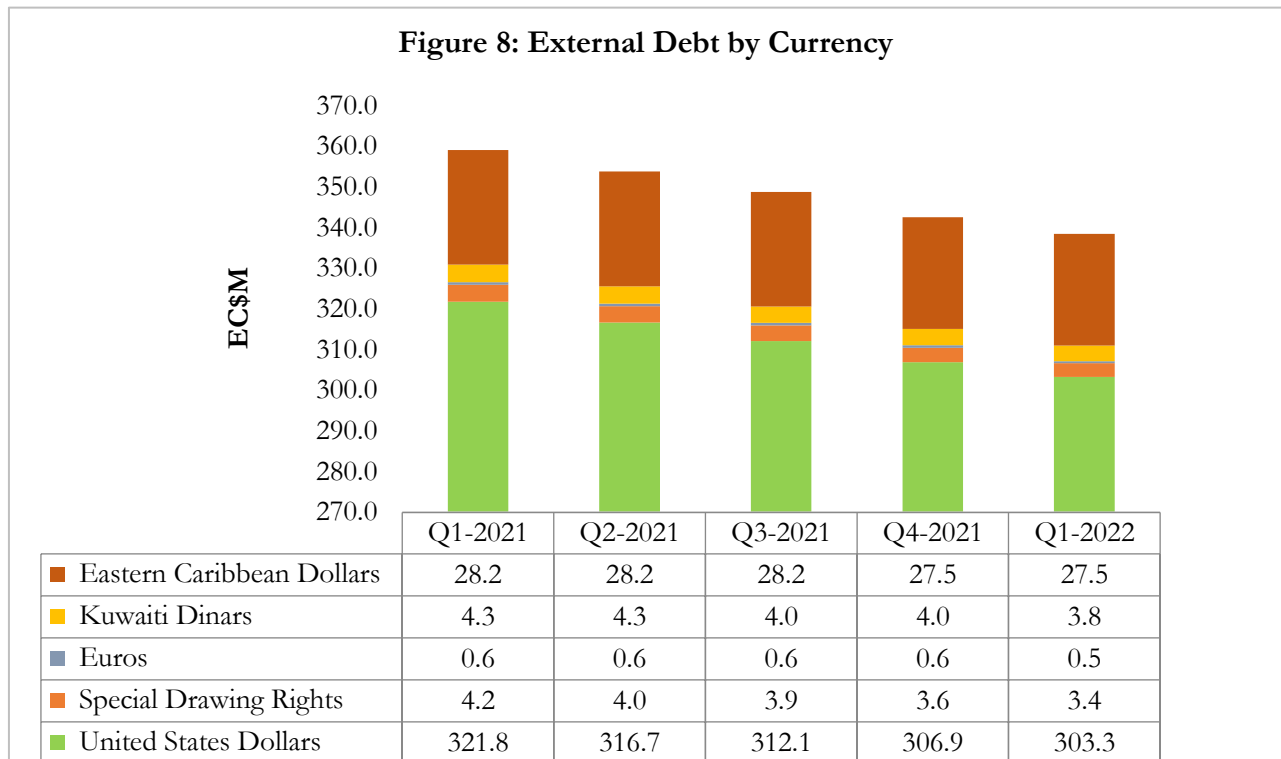




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Debt contracted at fixed interest rates amounted to EC\$190.0m or 56.1 percent of total External Debt whereas variable rate debt accounted for the remaining EC\$148.5m or 43.9 percent (See Figure 7).

As at 31 March 2022, External Debt was primarily denominated in United States Dollars which comprised 89.6 percent or EC\$303.3m of total External Debt. Other currencies including Eastern Caribbean Dollar (8.1 percent), Kuwaiti Dinars (1.2 percent), Special Drawing Rights (1.0 percent) and Euros (0.1 percent) accounted for the remaining External Debt.

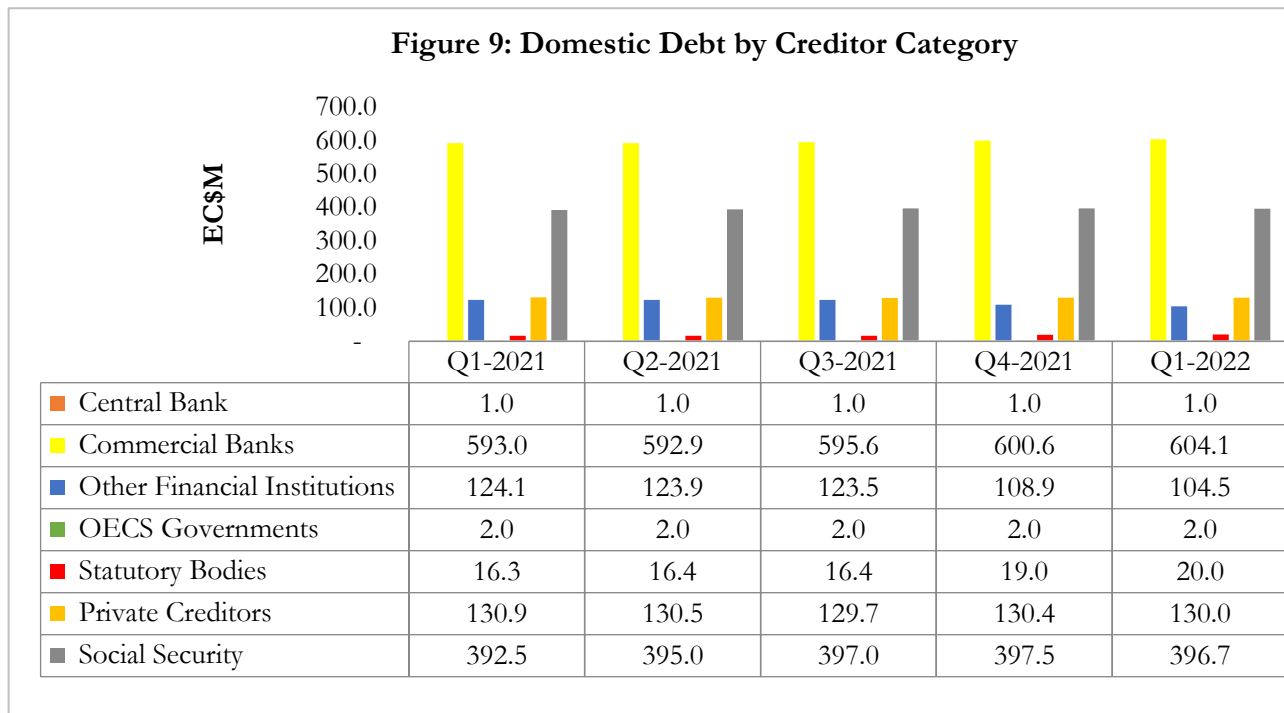


3.0 DOMESTIC PUBLIC SECTOR DEBT

Domestic Debt as at end March 2022 totalled EC\$1,258.3m or 49.8 percent of GDP. This reflected an EC\$1.5m or 0.1 percent decline compared to the corresponding period in 2021 (EC\$1,259.8m). The



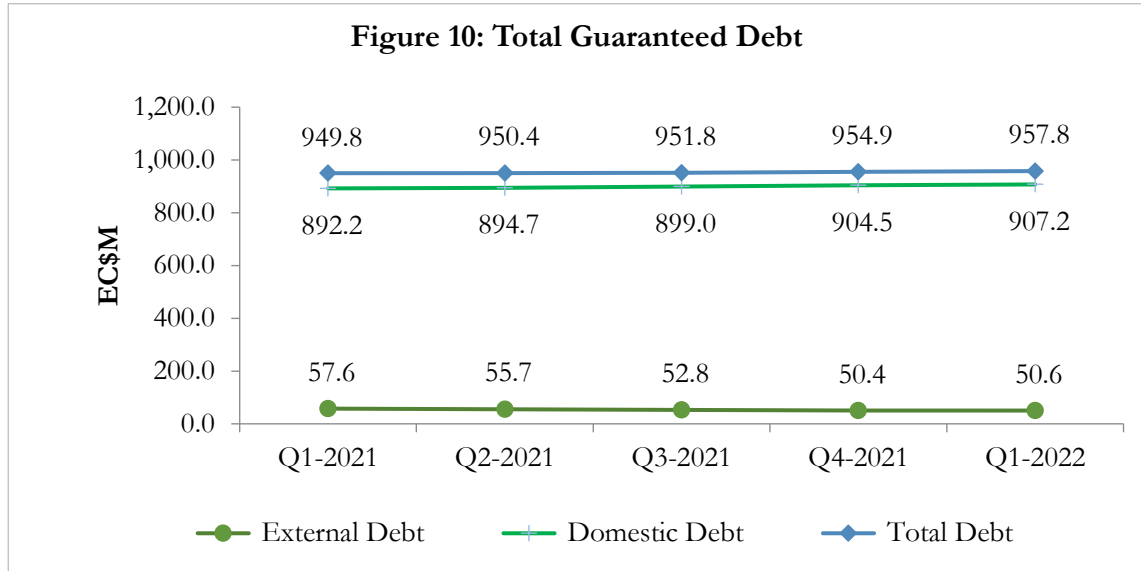
reduction was mainly on account of decreases in debt owed to Other Financial Institutions (EC\$19.6m) and Private Creditors (EC\$0.9m).



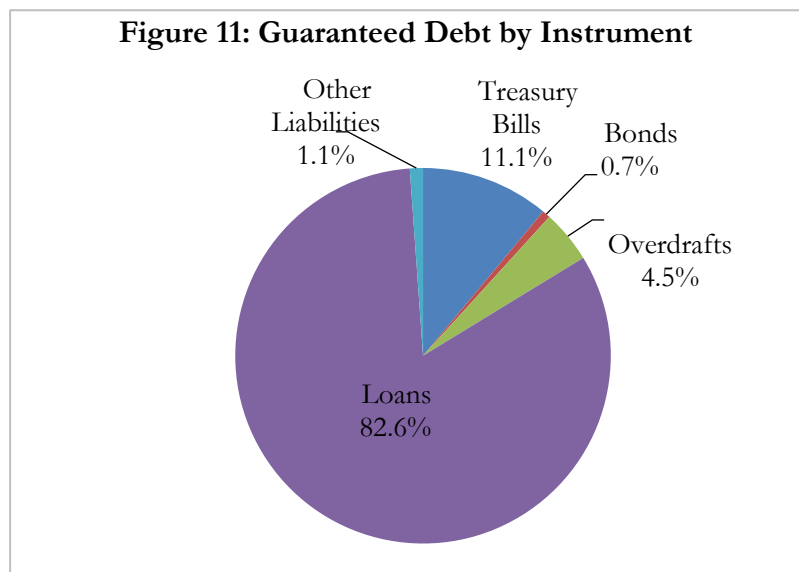
The Public Sector’s Domestic Debt was mainly held by Commercial Banks (48.0 percent), the Social Security Board (31.5 percent), Private Creditors (10.3 percent) and Other Financial Institutions (8.3 percent) (see Figure 9).

4.0 TOTAL GUARANTEED DEBT

Total Guaranteed Debt outstanding was comprised of debt contracted by the NIA and the Public Corporations in both St. Kitts and Nevis. Total Guaranteed Debt stood at EC\$957.8m at the end of March 2022 with Domestic Debt accounting for EC\$907.2m and External Debt representing the remaining EC\$50.6m (See Figure 10).

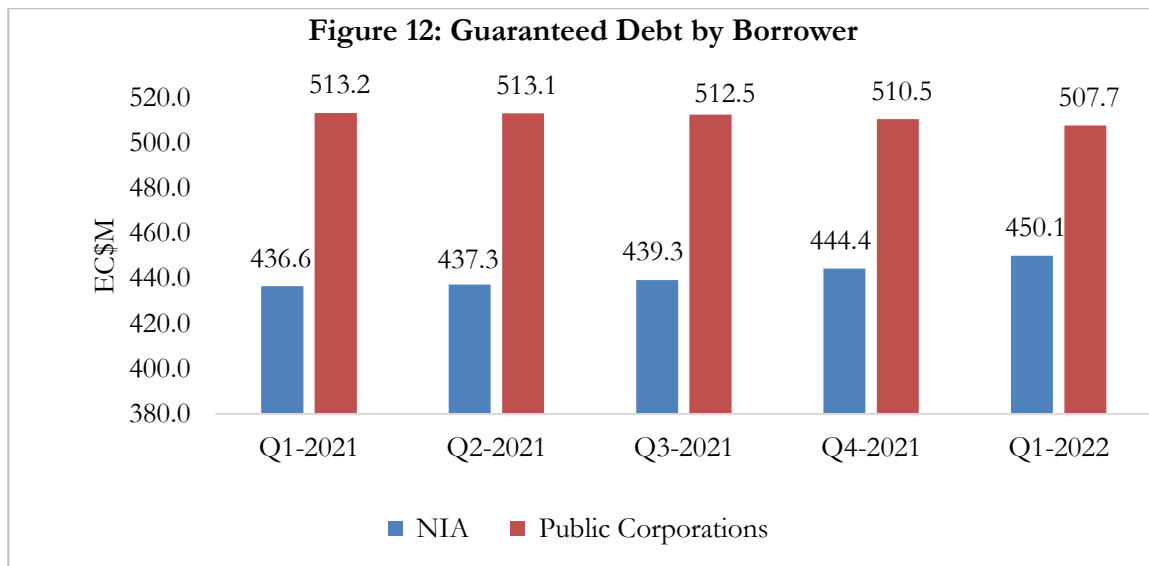


As at March 2022, loans were the dominant instrument (82.6 percent) of guaranteed debt. Guaranteed debt was also comprised of Treasury Bills (11.1 percent), Overdrafts (4.5 percent), Other Liabilities (1.1 percent) and Bonds (0.7 percent) (see Figure 11).



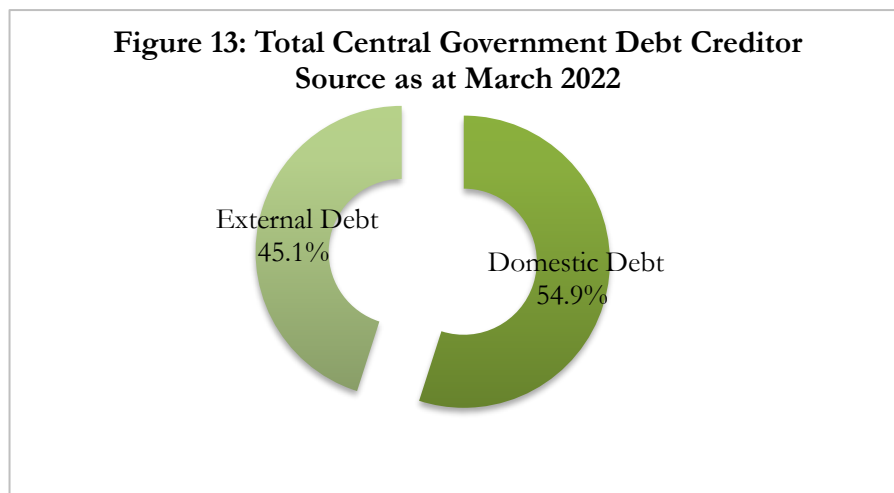


As at March 2022, Public Corporations’ debt accounted for EC\$507.7m or 53.0 percent of the Total Guaranteed Debt while the NIA’s debt represented EC\$450.1m or 47.0 percent.



5.0 CENTRAL GOVERNMENT’S DEBT

The Central Government’s Debt of EC\$639.0m was comprised of Domestic Debt amounting to EC\$351.1m (54.9 percent) and External Debt of EC\$287.9m (45.1 percent).





6.0 TOTAL DEBT SERVICE

| Debt Service Payments: Central Gov., NIA, and Public Corps. | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| (EC\$M) | Q1-2021 | Q2-2021 | Q3-2021 | Q4-2021 | Q1-2022 |
| Total Debt Service | 38.6 | 37.9 | 40.6 | 47.5 | 24.5 |
| External Debt Service | 12.4 | 10.3 | 13.2 | 12.9 | 8.6 |
| <i>Principal Repayments</i> | 9.7 | 8.1 | 10.4 | 10.2 | 6.8 |
| <i>Interest Payments</i> | 2.7 | 2.2 | 2.8 | 2.7 | 1.8 |
| Domestic Debt Service | 26.2 | 27.6 | 27.4 | 34.6 | 15.9 |
| <i>Principal Repayments</i> | 8.2 | 7.6 | 9.6 | 20.5 | 7.6 |
| <i>Interest Payments</i> | 18.0 | 20.0 | 17.8 | 14.1 | 8.3 |

7.0 DISBURSEMENTS

| Total Public Sector New Financing (EC\$M) | Q1-2021 | Q2-2021 | Q3-2021 | Q4-2021 | Q2-2022 |
|--|----------------|----------------|----------------|----------------|----------------|
| External | 1.2 | 0.8 | 2.6 | 1.6 | 3.0 |
| Multilateral | 1.1 | 0.8 | 2.6 | 1.6 | 0.4 |
| Bilateral | 0.1 | - | - | - | 2.6 |
| Domestic | 5.9 | 5.9 | 5.1 | 4.9 | 2.1 |
| Commercial | 4.3 | 2.5 | 2.1 | 3.1 | 1.5 |
| Statutory Bodies | 1.6 | 3.4 | 3.0 | 1.8 | 0.6 |
| Total | 7.1 | 6.7 | 7.7 | 6.5 | 5.1 |



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8.0 DEBT RATIOS

| Debt Sustainability Indicators | Q1-2021 | Q2-2021 | Q3-2021 | Q4-2021 | Q1-2022 |
|--|--------------|--------------|--------------|--------------|--------------|
| Total Debt to GDP | 69.8% | 69.7% | 69.6% | 69.1% | 60.8% |
| <i>External Debt to GDP</i> | 15.5% | 15.3% | 15.0% | 14.8% | 12.9% |
| <i>Domestic Debt to GDP</i> | 54.3% | 54.4% | 54.6% | 54.3% | 47.9% |
| Debt Service Ratio | 16.4% | 15.5% | 14.0% | 15.0% | 6.9% |
| <i>External Debt Service Ratio</i> | 5.3% | 4.2% | 4.5% | 4.1% | 2.4% |
| <i>Domestic Debt Service Ratio</i> | 11.1% | 11.3% | 9.5% | 10.9% | 4.5% |
| External Debt Service to exports | 35.4% | 31.8% | 46.0% | 36.2% | 24.3% |
| Share of Short-Term Debt to Total Debt | 21.2% | 21.2% | 21.4% | 21.8% | 22.1% |
| Share of Foreign Currency Debt | 30.3% | 30.0% | 29.7% | 28.9% | 28.5% |
| Share of Floating Rate Debt | 18.6% | 18.4% | 18.3% | 18.2% | 18.2% |

9.0 RISK INDICATORS

| Risk Indicators | Q1-2021 | Q2-2021 | Q3-2021 | Q4-2021 | Q1-2022 |
|---|--------------|--------------|--------------|--------------|--------------|
| Weighted Average Interest Rate | 4.0% | 4.0% | 4.0% | 4.1% | 4.1% |
| <i>External</i> | 2.8% | 2.8% | 2.8% | 2.7% | 2.7% |
| <i>Domestic</i> | 4.4% | 4.4% | 4.4% | 4.4% | 4.5% |
| Average Time to Maturity (years) | 9.6 | 9.6 | 9.7 | 9.7 | 9.2 |
| <i>External</i> | 7.9 | 8.1 | 8.2 | 8.2 | 7.7 |
| <i>Domestic</i> | 10.0 | 10.0 | 10.1 | 10.1 | 9.6 |
| Average Time to Re-fixing (years) | 7.4 | 7.5 | 7.5 | 7.5 | 8.6 |
| <i>External</i> | 5.2 | 5.3 | 5.4 | 5.4 | 5.1 |
| <i>Domestic</i> | 8.0 | 8.1 | 8.1 | 8.1 | 9.6 |
| Share of debt to be re-fixed within one year | 25.0% | 24.0% | 24.0% | 24.0% | 26.0% |