IMF Country Report No. 25/96

# ANTIGUA AND BARBUDA

April 2025

## 2025 ARTICLE IV CONSULTATION—PRESS RELEASE; AND STAFF REPORT

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of the 2025 Article IV Consultation, the following documents have been released and are included in this package:

- A **Press Release**.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on a lapse-of-time basis, following discussions that ended on January 24, 2025, with the officials of Antigua and Barbuda on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on February 25, 2025.
- An **Informational Annex** prepared by the IMF staff.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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PRESS RELEASE

PR25/067

# IMF Executive Board Concludes 2025 Article IV Consultation with Antigua and Barbuda

FOR IMMEDIATE RELEASE

**Washington, DC – March 17, 2025:** On March 13, 2025, the Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation[1] with Antigua and Barbuda and endorsed the staff appraisal without a meeting on a lapse-of-time basis. The authorities need more time to consider the publication of the Staff Report prepared for this consultation.[2]

Antigua and Barbuda's post-pandemic economic expansion is continuing. Real output is estimated to have surpassed pre-pandemic levels in 2024, with growth estimated at 4.3 percent, driven by strong tourism and one-off events (including the 4th International Conference on Small Island Developing States and the T20 Cricket World Cup). Inflation was elevated in 2024, reflecting contributions from specific items, notably communication, as well as increases in indirect taxes.

The recovery in nominal GDP, along with improved fiscal balances, brought down the public debt from around 100 percent of GDP in 2020 to 67 percent in 2024. However, gross financing needs are projected to remain around 10 percent of GDP in the medium term. Substantial domestic and external arrears, albeit with domestic arrears uncertain in size, have limited financing options. The fiscal primary balance improved to 4.6 percent in 2024, aided by indirect tax increases, a broader economic recovery, and one-off factors (e.g., nearly 2 percent of GDP from an asset forfeiture and unusually low capital spending). The 2025 Budget envisages stronger tax revenues and higher capital spending.

According to Eastern Caribbean Central Bank (ECCB) preliminary estimates, the current account deficit narrowed to 7 percent of GDP in 2024, reflecting both a higher service trade balance—mainly tourism receipts—and a smaller goods deficit due to a contraction in imports. FDI inflows were resilient to tightening global financial conditions and

[1] Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

[2] Under the IMF's Articles of Agreement, publication of documents that pertain to member countries is voluntary and requires the member consent. The authorities have requested additional time to decide on the publication of the staff report. A final decision is expected not later than 28 days from the Board consideration date.

continued to support ongoing hotel construction. Credit growth is recovering, with nonperforming loans contained.

**Executive Board Assessment**[3]

In concluding the 2025 Article IV consultation with Antigua and Barbuda, Executive Directors endorsed the staff's appraisal, as follows:

Antigua and Barbuda's post-pandemic economic expansion continues. Economic activity, boosted by tourism, is estimated to have surpassed pre-pandemic levels. As the recovery matures, staff projects economic growth to moderate from 3 percent in 2025 to 2½ percent over the medium term. After an increase in inflation in 2024, in part reflecting one-off factors, underlying price pressures are expected to dissipate. The external position in 2024 is assessed to be moderately weaker than the level implied by medium term fundamentals and desirable policies. Efforts to raise revenue and address debt and fiscal challenges bore fruit in 2024, though further steps will be needed to restore debt sustainability, address the stock of outstanding arrears, and reduce gross financing needs in the medium term.

Risks are currently tilted to the downside, although upside risks are also present. Downside risks emanate from elevated uncertainty about the global outlook; a deepening of geoeconomic fragmentation; commodity price volatility; climate-related vulnerabilities; and capacity constraints in the construction sector. Upside risks stem from stronger demand for tourism; improved air connectivity; new cruise port facilities; hosting of special events; and the intensification of productivity-enhancing structural reforms, which could support higher medium- and long-term growth.

Addressing external and domestic arrears is key to broadening financing options. While the fall in nominal debt in 2024 is welcome, outstanding arrears to domestic suppliers and to the Paris Club remain obstacles to debt sustainability and constrain Antigua and Barbuda's potential access to external and domestic financing. Given the additional vulnerabilities stemming from climate change and the resulting substantial adaption and resilience-building investment needs, efforts to address the current debt challenges, bolster government revenues, and improve public financial management are all the more critical.

Recent improvements in tax revenue are welcome, with further domestic revenue mobilization needed in the medium term to ensure fiscal sustainability. Antigua and Barbuda's tax revenues remain below the authorities' fiscal resilience guideline targets and are low by peer country standards. The authorities' 2024 Budget measures have started to close the gap, but more will be needed in the medium term. To mobilize

[3] The Executive Board takes decisions under its lapse-of-time procedure when the Board agrees that a proposal can be considered without convening formal discussions.

revenue without recourse to a personal income tax or higher ABST rates, near-term priorities could include tighter control of tax exemptions, transitioning to HS2022 classification in customs, and modernizing the framework for property taxation. Intensifying efforts to introduce a single window system at customs and to operationalize systems to allow e-filing, e-payment and e-registration of taxes is warranted. Introducing a large taxpayer unit as well as modernized IT systems would strengthen tax administration.

Better targeted social assistance would enhance inclusion while curbing inefficiencies. The current framework of social protection is fragmented across sectors and ministries. Staff sees scope to streamline these social programs to reduce overlap and tailor social assistance to the most vulnerable households. In this vein, staff encourages the development of a centralized information system or unified database to maintain accurate records of all beneficiaries, track support received, and identify gaps or duplications in coverage.

Room remains to strengthen fiscal institutions and oversight, building on recent progress. The operationalization of the Fiscal Responsibility Oversight Committee is welcome. To promote transparency and help build public understanding, staff encourages publication of FROC reports once further experience has been gained. These goals would also be served by parliamentary endorsement of the Fiscal Resilience Guidelines and the medium-term fiscal framework. Statutory exemptions should be consistent with the Antigua and Barbuda Investment Authority Act and the Antigua and Barbuda Investment Authority should monitor the approved projects. The envisaged reestablishment of the SOE unit in the Ministry of Finance would enhance SOE oversight and contain potential fiscal risks.

To reinforce financial stability and build on efforts to promote financial inclusion, regional coordination remains key. Staff assesses the financial sector to be broadly stable, with credit growth recovering and non-performing loans approaching prudential levels. The launch of the regional credit bureau can promote faster access to credit while maintaining lending standards. The ECCB-led climate risk initiatives and the regional partial credit guarantee scheme should also boost credit quality and financial intermediation. A more risk-based supervisory framework for credit unions, with enhanced monitoring of asset quality and credit forbearance measures in the context of the planned regional common regulatory standards, would help put credit unions and banks on a more level playing field. The inclusion of the ECCB in the National Oversight Committee on Financial Action improves coordination among supervisory authorities. The increase in investment thresholds for the Citizenship by Investment Program and the improved due diligence process can help safeguard the program’s integrity.

Intensifying reforms to improve the business environment would support potential growth by improving the allocation of resources between firms and addressing obstacles to firms’ operations. Staff analysis finds potential for large aggregate productivity gains from the reallocation of resources between firms, and scope to continue addressing obstacles that firms report in areas such as workforce education, access to finance, and customs and trade regulations. Targeted efforts to increase educational opportunities, employer-employee matching at the One Stop Employment Centre, and the completion of the Skills Demand Survey, are warranted. Offering courses at local institutions could increase financial literacy among MSMEs, and implementing the single electronic window at customs would increase the efficiency of importing and exporting of goods.

## Table 1. Antigua and Barbuda: Selected Economic and Financial Indicators

| | | | |
|---|---|---|---|
| Population (2023) | 102,195 | Adult literacy rate (2015) | 99 |
| GDP per capita (US$, 2023) | 19,627 | Mean years of schooling (2022) | 10.5 |
| Life expectancy at birth (years, 2022) | 79.2 | Human Development Index rank | 54 |
| Mortality rate (under 5, per 1,000 live births, 2022) | 10 | (2022, of 193 economies) | |

| | | | | | Est. | Projections | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| **National Income and Prices** | | | | | | | | | | |
| Real GDP | -18.9 | 8.2 | 9.1 | 2.4 | 4.3 | 3.0 | 2.5 | 2.5 | 2.5 | 2.5 |
| Nominal GDP | -18.2 | 13.5 | 16.5 | 7.5 | 10.9 | 6.7 | 5.0 | 4.6 | 4.5 | 4.5 |
| Consumer prices (end of period) | 2.8 | 1.2 | 9.2 | 3.3 | 6.0 | 3.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Consumer prices (period average) | 1.1 | 1.6 | 7.5 | 5.1 | 6.4 | 3.5 | 2.4 | 2.0 | 2.0 | 2.0 |
| **Money and Credit** | | | | | | | | | | |
| Net foreign assets | -4.4 | 18.2 | 3.3 | 0.2 | 3.3 | 3.2 | 3.8 | 2.5 | 1.3 | 0.3 |
| Net domestic assets | -0.6 | -4.4 | 1.3 | 4.4 | -1.3 | 6.4 | 1.3 | 2.0 | 3.2 | 4.2 |
| Broad money (M2) | -8.7 | 13.9 | 4.6 | 4.6 | 2.1 | 9.5 | 5.0 | 4.6 | 4.5 | 4.5 |
| Credit to private sector | 4.8 | -4.1 | -2.1 | 7.0 | 10.2 | 6.0 | 5.5 | 5.0 | 5.0 | 5.0 |
| **Central Government** | | | | | | | | | | |
| Primary balance | -3.7 | -2.3 | -0.3 | 0.5 | 4.6 | 0.7 | 0.8 | 0.9 | 1.0 | 1.0 |
| Overall balance | -6.2 | -4.5 | -2.8 | -1.7 | 2.5 | -1.3 | -1.0 | -0.7 | -0.6 | -0.5 |
| Total revenue and grants | 19.8 | 18.9 | 17.9 | 17.1 | 21.4 | 19.9 | 20.1 | 20.2 | 20.1 | 20.0 |
| Total expenditure | 26.0 | 23.4 | 20.7 | 18.8 | 18.9 | 21.2 | 21.1 | 20.9 | 20.7 | 20.5 |
| **External Sector** | | | | | | | | | | |
| Current account balance | -15.6 | -17.8 | -15.6 | -13.5 | -7.0 | -10.5 | -10.2 | -10.1 | -9.8 | -9.5 |
| Trade balance | -28.6 | -29.6 | -34.4 | -32.8 | -28.2 | -30.4 | -30.3 | -30.2 | -30.0 | -29.9 |
| Nonfactor service balance | 17.3 | 19.5 | 28.2 | 28.4 | 30.4 | 28.8 | 29.1 | 29.4 | 29.6 | 29.9 |
| *Of which:* Gross tourism receipts | 29.2 | 30.5 | 44.4 | 45.4 | 46.8 | 46.7 | 47.2 | 47.7 | 48.1 | 48.5 |
| Overall balance | -6.5 | 3.5 | -0.1 | -2.5 | 0.5 | 0.9 | 1.5 | -0.1 | -1.1 | -1.4 |
| External public sector debt | 47.5 | 45.5 | 39.4 | 36.0 | 30.9 | 31.1 | 34.5 | 37.3 | 39.7 | 39.0 |
| | -15.6 | -17.8 | -15.6 | -13.5 | -7.0 | -10.5 | -10.2 | -10.1 | -9.8 | -9.5 |
| **Savings-Investment Balance** | | | | | | | | | | |
| Savings | 22.4 | 28.4 | 25.4 | 25.3 | 28.0 | 25.6 | 25.2 | 25.0 | 24.8 | 24.7 |
| Investment | 38.0 | 46.2 | 41.0 | 38.8 | 35.0 | 36.1 | 35.4 | 35.0 | 34.6 | 34.2 |
| **Memorandum Items** | | | | | | | | | | |
| Net imputed international reserves (US$ million) | 222 | 324 | 346 | 319 | 322 | 375 | 443 | 491 | 517 | 524 |
| (Months of prospective imports) | 3.1 | 3.2 | 3.3 | 3.1 | 2.7 | 3.0 | 3.4 | 3.6 | 3.6 | 3.5 |
| GDP at market prices (EC$ million) | 3,811 | 4,326 | 5,040 | 5,416 | 6,007 | 6,408 | 6,731 | 7,037 | 7,353 | 7,684 |
| Public debt stock (EC$ million) 1/, 2/ | 3,829 | 4,021 | 4,134 | 4,134 | 4,028 | 4,063 | 4,265 | 4,410 | 4,502 | 4,601 |
| (Percent of GDP) | 100.5 | 93.0 | 82.0 | 76.3 | 67.1 | 63.4 | 63.4 | 62.7 | 61.2 | 59.9 |

Sources: Country authorities, ECCB, UN Human Development Report, World Bank, and IMF staff estimates and projections.

1/ Includes stock of principal and interest arrears, unpaid vouchers, and suppliers' credits.

2/ Includes central government guarantees of state enterprises' and statutory bodies' debt.

INTERNATIONAL MONETARY FUND

# ANTIGUA AND BARBUDA

## STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION

February 25, 2025

## KEY ISSUES

**Recent developments.** Antigua and Barbuda's economy continues its expansion, driven by strong tourism activity and one-off events boosting growth in 2024. Inflation also picked up in 2024, departing from regional trends, following higher costs for specific items, notably communication, as well as increases in indirect taxes. With nominal GDP recovering, the public debt-to-GDP ratio has eased from 101 percent in 2020 to an estimated 67 percent in 2024. However, domestic and external arrears are significant, albeit with domestic arrears uncertain in size, and gross financing needs remain high. The financial sector remains stable and liquid.

**Outlook and risks.** As one-off factors wane, growth is projected to moderate to 3 percent in 2025 and then converge to potential in the medium term. Risks are tilted to the downside, reflecting climate-related vulnerabilities, potential volatility in commodity prices or external income sources, and capacity constraints in construction. Upside risks include continued strong tourism demand, improved air connectivity, new cruise port terminal facilities, hosting of special events, and intensification of productivity-enhancing structural reforms.

**Policy priorities.** Discussions focused on restoring debt sustainability and addressing fiscal and external imbalances, while strengthening resilience and growth prospects.

- **Debt/fiscal.** Developing a comprehensive strategy to clear arrears with all creditors and improve cash and debt management would ease financing pressures, and further revenue-led fiscal consolidation is needed to meet the authorities' medium-term goals.

- **Financial sector.** Regional coordination towards stronger oversight of credit unions would promote a more level playing field with banks; further efforts to deepen financial intermediation are under way to support access to credit.

- **Structural policies.** Business environment reforms are needed to ease binding constraints on productivity, including financial access for businesses and workforce education. Investments in climate adaptation and resilience building are also needed given the country's vulnerability to climate-related sea-level rise and hurricanes.

Approved By
**Daniel Leigh (WHD) and Niamh Sheridan (SPR)**

Discussions took place in St. John's during January 13–24, 2025. The mission team comprised David Moore (head), Yibin Mu, Hou Wang, Alexander Amundsen, and Natasha Gimpelson (all WHD), and was accompanied by Kevin Woods (Eastern Caribbean Central Bank) and Justin Carter (Caribbean Development Bank). The team met with Prime Minister and Finance Minister Gaston Browne, Financial Secretary Rasona Davis-Crump and other senior government officials; the Financial Services Regulatory Commission, representatives of the private sector, labor unions, and the opposition party. Ann Marie Wickham (OED) attended some meetings and Gina Fitzgerald (Alternate Executive Director) participated in the concluding meeting. Emanuele Massetti (FAD) provided contributions. Laila Azoor, Brett Smith, and Qingyu Tao (all WHD) assisted in the preparation of the report.

# CONTENTS

**ANNEXES**

# CONTEXT

1. **Antigua and Barbuda faces numerous economic opportunities as well as long-standing challenges.** The economy of this high-income small island developing state (SIDS), which relies heavily on tourism and construction, has recovered strongly from the pandemic. At the same time, challenges remain, including an unsustainable stock of public debt and a high vulnerability to climate-related shocks, exemplified by the devastation of the 2017 hurricane in Barbuda. Building on measures already taken,[1] additional reforms and targeted actions are necessary to restore debt sustainability, rebuild fiscal buffers, attract investment, and foster both long-term growth and resilience against future disasters.

# RECENT DEVELOPMENTS

2. **Antigua and Barbuda's economy continues its expansion** (Table 1, Figure 1). Real output grew by 2.4 percent in 2023. For 2024, staff estimates real GDP growth of 4.3 percent, with output surpassing pre-pandemic levels, boosted by strong tourism activity and one-off events (the 4th International Conference on SIDS and the T20 Cricket World Cup). Tourism activity has been led by increased air arrivals (mainly from the United States), as well as cruise passenger arrivals by sea (text table).

**Visitor Arrivals 1/**

| | 2023 / 2019 | 2024 / 2019 | 2024 Count |
|---|---|---|---|
| **Air Visitor Arrivals** | 93.7% | 112.0% | 242,265 |
| Europe | 81.4% | 85.1% | 58,111 |
| *of which: UK* | 88.9% | 92.6% | 48,786 |
| USA | 111.0% | 141.9% | 129,640 |
| Canada | 77.3% | 85.7% | 22,690 |
| All Caribbean | 86.9% | 98.0% | 24,096 |
| **Sea Arrivals** | | | |
| Cruise Passengers | 89.3% | 114.3% | 563,699 |

Sources: Country authorities and IMF staff calculations

1/ Data up to October 2024

3. **Formal employment has lagged the economic recovery.** Social security contribution data indicate total employment remained weak in 2023 (text table). While public sector employment increased by 1 percent between 2019 and 2023, private sector employment decreased by around 3 percent. Reported declines are broad-based across gender and age groups and elevated among youths (16–19 years old).

**Formal Employment**

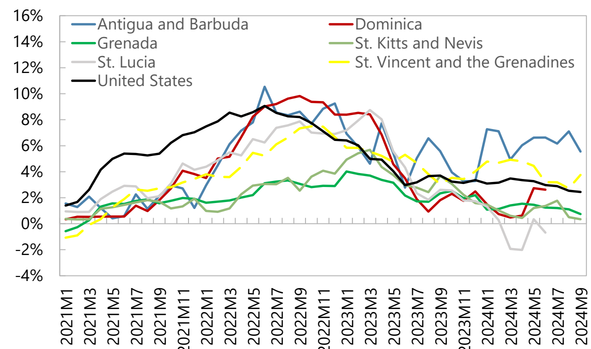
| | 2019 | 2022 | 2023 | 2023 - 2022 | 2023 - 2019 |
|---|---|---|---|---|---|
| | Count | | | Percent change | |
| Public sector | 14,141 | 14,237 | 14,280 | 0.3 | 1.0 |
| Private sector | 30,809 | 30,436 | 29,958 | -1.6 | -2.8 |
| Self-employed | 2,367 | 1,867 | 1,896 | 1.6 | -0.2 |
| Male | 21,714 | 21,023 | 20,917 | -0.5 | -3.7 |
| Female | 25,603 | 25,517 | 25,217 | -1.2 | -1.5 |
| 16 - 19 years old | 1,048 | 776 | 727 | -6.3 | -30.6 |
| 20 - 29 years old | 11,092 | 11,319 | 11,046 | -2.4 | -0.4 |
| 30 - 39 years old | 12,147 | 12,009 | 12,072 | 0.5 | -0.6 |
| 40 - 49 years old | 12,037 | 10,680 | 10,583 | -0.9 | -12.1 |
| 50 - 59 years old | 10,159 | 9,332 | 9,150 | -2.0 | -9.9 |
| 60+ years old | 834 | 2,424 | 2,556 | 5.4 | 206.5 |
| **Total employed** | **47,317** | **46,540** | **46,134** | **-0.9** | **-2.5** |

Sources: Antigua and Barbuda Social Security Board and IMF staff calculations.

[1] See Annex I—Implementation of the Fund's Past Policy Advice.

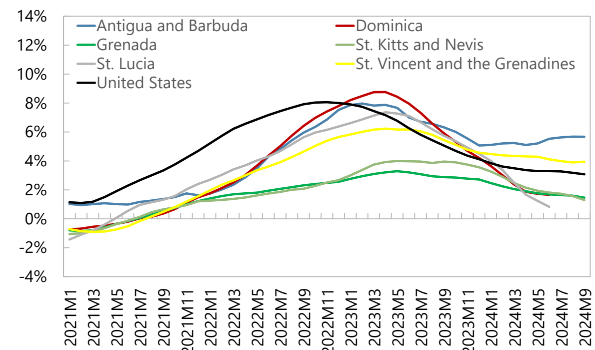
4. **Inflation jumped in 2024, departing from trends in peer countries** (text charts). The year-on-year inflation rate rose from 3.3 percent in December 2023 to 7.3 percent in January 2024, and has remained elevated (5.6 percent in September 2024). This reflects elevated contributions from specific items, notably communication, as well as increases in indirect taxes.

**Inflation (All Items), YoY**




Sources: ECCB, country authorities and IMF staff calculations

**Inflation (All Items), 12M Moving Average**




Sources: ECCB, country authorities and IMF staff calculations

5. **The public debt-to-GDP ratio has fallen, but arrears are constraining financing options.** With nominal GDP recovering rapidly post-pandemic, public debt eased from 101 percent of GDP in 2020 to an estimated 67 percent in 2024 (Table 2). The fiscal primary balance shifted into surplus in 2023 (see below). However, gross financing needs (GFNs) remain high because financing relies heavily on short-term instruments (Table 3). Substantial domestic and external arrears, albeit with domestic arrears uncertain in size, have limited financing options. The authorities are validating the extent of arrears to domestic creditors, which may lead to some upward revision of the outstanding debt stock. They are also exploring options for refinancing domestic debt with lower interest rates and longer maturities.

6. **The fiscal position improved in 2024, aided by indirect tax increases and the economic recovery.** Antigua and Barbuda's tax revenue as a share of GDP is low compared with ECCU peers. To bolster revenues, and broadly in line with past Fund policy advice (Annex I), the 2024 Budget included measures to increase the standard Antigua and Barbuda Sales Tax (ABST) rate, broaden the tax base, introduce excises on alcohol, tobacco, and cannabis products, and raise property taxes for high-end properties. The revenue package yielded an estimated 1 percent of GDP in 2024, with a further ½ percent expected in 2025. The 2025 Budget does not include further tax policy measures. Amid cash constraints, the authorities restrained capital spending. In addition, one-off receipts of nearly 2 percent of GDP from an asset forfeiture boosted revenue. As a result, the primary balance is estimated to have improved from ½ percent of GDP in 2023 to 4.6 percent of GDP in 2024 (Table 4, Figure 2).

7. **The 2025 Budget envisages stronger tax revenues and higher capital spending.** While the 2025 Budget does not introduce new tax policy measures beyond those introduced in 2024, the Budget Statement emphasizes the intention to enhance tax compliance. The planned adoption of

customs classifications under the Harmonized System (HS) 2022 is also expected to bolster revenue, though implementation remains pending. The Budget envisages a substantial increase in capital spending (to around 3½ percent of GDP, from 1.3 percent of GDP in 2024), focused on road and building works and on climate-resilient infrastructure including the Barbuda seaport, financed from higher revenue. Staff projects budget implementation to result in a primary balance of around 0.7 percent of GDP in 2025, subject to uncertainties on the pace of implementing capital spending plans and the size of inflows from the Citizenship-by-Investment Program (CIP) (slightly over 1 percent of GDP).

**8. The current account deficit narrowed sharply in 2024.** According to Eastern Caribbean Central Bank (ECCB) preliminary estimates, the current account deficit narrowed to 7 percent of GDP in 2024, reflecting both a higher service trade balance (mainly tourism receipts) and a smaller goods deficit due to a contraction in construction-related imports (Table 5, Figure 3). FDI inflows were resilient to tightening global financial conditions and continued to support ongoing hotel construction. The external position in 2024 is assessed as moderately weaker than the level implied by medium-term fundamentals and desirable policies.[2] Imputed reserves, at around 2.7 months of prospective imports, are slightly below the ECCB benchmark (3 months) but broadly adequate considering Antigua and Barbuda's membership of the Eastern Caribbean Currency Union (ECCU).

**9. Credit growth is recovering, with non-performing loans contained** (Tables 6–8, Figure 4). Banks continue to dominate the credit market. Bank credit to the private sector is recovering, with the ECCB data indicating growth of around 11 percent in the year to November 2024. Credit by credit unions has grown steadily over several years, and by 6 percent in the year to 2024Q3. Non-performing loans (NPL) ratios for banks have eased over the year to 2024Q3, approaching the prudential level of 5 percent; for credit unions, NPLs have stabilized at around 7 percent.

# OUTLOOK AND RISKS

**10. Staff projects the economic expansion to continue.** As one-off factors wane, real GDP growth is projected to moderate to 3 percent in 2025, supported by tourism and construction activity, and converge to potential (2.5 percent) in the medium term. The year-on-year inflation rate is projected to ease to 3 percent at end-2025 as base effects wane and inflation converges to regional rates. With continuing FDI inflows expected to contribute to higher imports, the current account deficit is projected to widen from its low level in 2024 to just over 10 percent of GDP in 2025, before gradually narrowing in the medium term. The public debt stock is projected to fall to 60 percent of GDP, the ECCU benchmark, by 2030, supported by recent fiscal tightening, continuous primary fiscal surpluses, and GDP growth remaining modestly above average interest rates on public debt into the medium term. However, debt sustainability has not yet been restored (Annex III), and

[2] The EBA-Lite model estimates the 2024 current account gap at -1.1 percent of GDP and the real effective exchange rate as overvalued by 2.5 percent (Annex II).

high GFNs, projected to remain around 10 percent of GDP in the medium term, remain a vulnerability.

**11. As a small island nation, Antigua and Barbuda faces important risks, which are currently tilted to the downside (Annex IV).**

- Externally, uncertainty about the global outlook is elevated. Deepening geoeconomic fragmentation could bring lower FDI inflows, and the intensification of regional conflicts could bring renewed inflationary pressures. Commodity price volatility could reduce real incomes and bring fiscal and external imbalances. Negative global growth surprises could reduce demand for tourism services. And extreme weather events, including more frequent and stronger hurricanes owing to climate change, could damage infrastructure and weigh on fiscal balances and tourism development. The level of public debt is constraining fiscal space for responding to these risks.

- Domestically, fiscal under-performance could increase pressure on GFNs and raise borrowing costs, complicating efforts to reduce public debt. Customs reforms and other fiscal measures to raise revenue could temporarily heighten inflation by raising listed prices. Capacity constraints, including in the construction sector, could slow investment implementation.

- Upside risks stem from continued high tourism demand; increasing air connectivity; new cruise port terminal facilities; hosting of special events; and the intensification of productivity-enhancing reforms, which could support higher medium- and long-term growth.

***Authorities' Views***

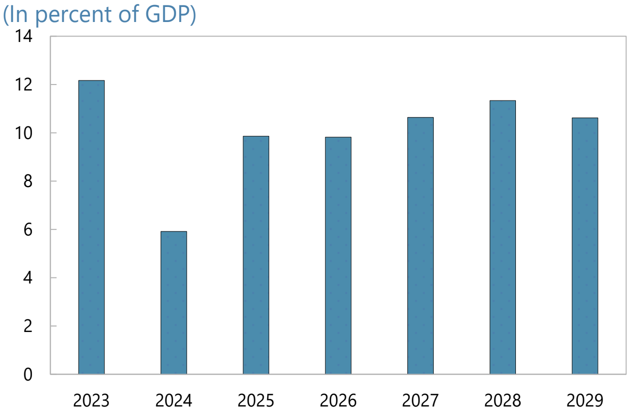
**12. The authorities envisage faster economic growth than projected by staff.** They felt that the available statistics did not adequately reflect developments in the construction sector, and signaled interest in technical assistance to close gaps in real sector data. They saw room for further growth in construction notwithstanding labor shortages in the sector as a potential constraint. Aside from the growth outlook, they broadly agreed with staff on the outlook for inflation, the current account, and fiscal dynamics. They looked forward to further engagement with staff on the assessment of upside and downside risks.

# POLICY PRIORITIES

## A. Restoring Debt Sustainability and Addressing Fiscal Imbalances

**13. Although its trajectory has improved, public debt remains unsustainable due to continuing arrears and elevated financing needs.** Public debt is projected to decline in staff's baseline to reach the regional debt target of 60 percent of GDP by 2030 but domestic and external arrears remain high, and GFNs remain elevated in the forecast horizon—at around 10 percent over the medium term, partly due to heavy reliance on short-term financing instruments (Annex II). The current debt stock does not include significant domestic arrears to suppliers still being validated by the authorities. Paying down these arrears amid limited new financing options has been challenging. Climate adaptation and resilience building needs will also weigh on GFNs and debt dynamics in the longer term.

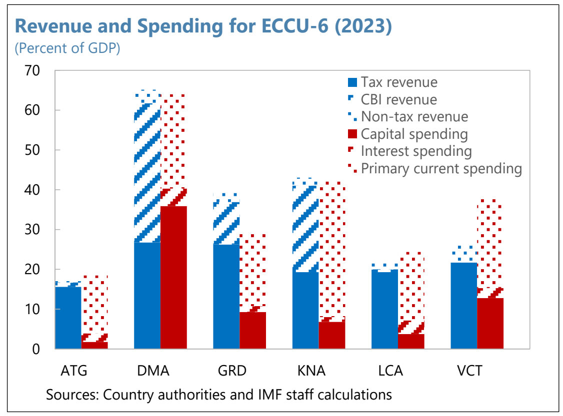
**Central Government Gross Financing Needs, 2023–29**
(In percent of GDP)




Sources: Country authorities and IMF staff calculations

**14. Restoring debt sustainability will hinge on steps to address arrears and stock and flow imbalances.** Priorities include measures in the following areas, where the authorities' policy efforts are in progress:

- Develop a comprehensive arrears clearance strategy to address all arrears with external (Paris Club) and domestic creditors;
- Pursue further fiscal adjustment, in line with their medium-term goals (¶15); and
- Improve cash and debt/liquidity management to ease pressure from gross financing needs, including exploring options to extend the maturity of domestic debt. The authorities have also introduced a warranty mechanism as a form of expenditure control, to help keep spending within budget and ease cash pressure.




**15. To put debt on a firmer downward trajectory and meet the authorities' fiscal targets, further fiscal measures would be warranted, building on the authorities' recent efforts.** The increases in tax revenue in 2024 is welcome, although tax revenue remains just over 16 percent of GDP in 2024—below both ECCU peers and the authorities' own target of 20 percent of GDP. Spending is also below its historical average as well as ECCU peers (text chart; Annex V). Prioritizing revenue mobilization is thus warranted. To underpin revenue-side consolidation over the medium term, priorities include:

- Addressing gaps in the tax base from discretionary tax exemptions[3] and from weak property tax collections following the 2024 tax increase on high-end properties.

- Measures to prioritize broadening the tax base, cutting exemptions, and implementing HS2022. Further consideration could also be given to reforms to shift from transaction-based stamp duties towards recurrent, broadly based property taxation, with targeted deferral mechanisms as a safeguard. Reinforcing these measures by stronger tax compliance efforts and improved expenditure management to prevent new arrears is warranted.

- Saving the first percentage point of GDP from new revenue measures (Box 1 of Annex V) and using additional revenue beyond this to create fiscal space for spending, including on climate-related investments.

- Recommitting to the authorities' targets for the primary balance (2 percent of GDP) and tax revenue (20 percent of GDP). While the primary balance target is already within the reach if spending stays restrained in 2025, the tax revenue target will be achievable only with further measures in the medium term. Ensuring both fiscal targets are achieved would help create space for essential capital spending.

- Improving the effectiveness, transparency, and accountability of tax administration by introducing a large taxpayer unit; implementing a modern tax administration IT system; and utilizing the provisions of the Tax Administration Procedure Act to access third-party information, provide rulings, and enhance enforcement tools.

**16. Better targeted social protection programs would enhance inclusion and maintain social resilience as consolidation proceeds.** Antigua and Barbuda has 38 social protection programs that provide a range of social assistance to vulnerable populations. However, overlap is significant and oversight is dispersed among five ministries. While reforms to date have been slow,

[3] Exemptions have persisted, accounting for 41 percent of potential revenues, equivalent to around 6 percent of GDP in 2024.

the authorities envisage streamlining these programs, clarifying and enforcing eligibility criteria, and establishing a central beneficiary database, which would help bolster the effectiveness and efficiency of the social programs.

**17. Staff encouraged further steps to strengthen the credibility and accountability of the fiscal framework and help contain fiscal risks.** Staff welcomed the recent operationalization of the Fiscal Resilience Oversight Committee (FROC) and suggested that the authorities consider publishing FROC reports once more experience has been gained under the new institutional arrangements. Staff continued to see merit in parliamentary endorsement of the Fiscal Resilience Guidelines (FRG) (Annex I). Also, reestablishing the state-owned enterprises (SOE) unit within the Ministry of Finance, in line with recent CARTAC technical assistance (TA) recommendations, would address an important gap in SOE oversight and help contain fiscal risks.

***Authorities' Views***

**18. The authorities are seeking to address the risks posed by large gross financing needs and to contain and reduce arrears.** They highlighted the recent decline in nominal debt levels and envisage steps to alleviate the domestic debt burden by extending maturities and lowering interest rates. They concurred with the need to address the substantial stock of outstanding arrears. The authorities underscored their ongoing efforts to validate arrears with domestic suppliers, and their recent success in addressing non-Paris Club external arrears. Their engagement with the Paris Club is ongoing.

**19. The authorities concurred with the need to raise revenues.** They acknowledged the need to bring tax revenues as a share of GDP closer to the rest of ECCU and to the fiscal framework targets. They were open to further efforts to reduce discretionary tax exemptions in view of the size of forgone revenue, while also noting pressures for exemptions to maintain competitiveness as a destination for investment. They emphasized the need to enhance compliance to boost revenues. They noted the challenges of conventional property tax collection in a small island country like Antigua and Barbuda, amid information gaps on property owners and are open to pursuing further reforms to enhance compliance and collection.

**20. The authorities agreed that consolidating the numerous social assistance programs would help reduce costs and improve efficiency.** They agreed with the importance of establishing a centralized beneficiary database and expect their planned audit of social programs and the 2025 census to help inform whether their social programs provide adequate coverage.

**21. The authorities intend to strengthen fiscal oversight but do not plan new legislation.** They looked forward to the initial report of the FROC and have taken steps to enhance oversight of statutory corporations and other public sector entities to strengthen financial discipline and mitigate fiscal risks. They felt the current FRG were sufficient and did not plan to enact fiscal rules.

## B. Preserving Financial Stability and Strengthening Intermediation

**22. Financial stability risks are contained, although room remains to enhance supervision, regulation, and oversight.** Strengthening regional coordination would facilitate progress in these areas. A more risk-based supervisory framework for credit unions, with enhanced monitoring of asset quality and credit forbearance measures in the context of the planned regional common regulatory standards, would support asset quality and help put credit unions and banks on a more level playing field. An ECCB-led project to incorporate climate risks into regional supervision, reporting, and regulatory frameworks is in progress, and would need to be incorporated in national frameworks to cover non-bank institutions as well. To improve insurance sector oversight, including of potential risks from rising costs of property insurance, closer regional supervisory cooperation will also be needed, to ensure adequate data reporting.

**23. Recent initiatives seeking to ease constraints to private sector credit while maintaining lending safeguards are welcome.** The authorities and financial institutions expect the new ECCU regional credit bureau, with the participation of banks, credit unions, and other credit providers, to help streamline lending processes and improve credit quality. Access to the Eastern Caribbean Partial Credit Guarantee Corporation is now available for micro, small and medium enterprises (MSMEs), although take-up has so far been limited. In addition, an ECCB-led initiative in December 2024 encourages banks to provide basic accounts tailored to MSMEs and under-served populations.

**24. The authorities have taken steps to close gaps in the AML/CFT and CIP frameworks.** Recent legislative amendments addressed gaps in the sanctions regime for terrorism and proliferation financing and on transparency of beneficial ownership for non-profit organizations. The ECCB has been included in the National Oversight Committee on Financial Action, and the authorities will conduct a National Risk Assessment this year. On the CIP, recent legislation raised the investment threshold for applications, and the CIP Unit has stepped up cooperation with the Financial Intelligence Unit (FIU) to improve the conduct of due diligence on applicants.

***Authorities' Views***

**25. The authorities concurred that financial stability risks are contained and with the need for regional efforts to strengthen nonbank (NBFI) supervision and oversight.** In the context of nationally supervised institutions, they noted that Antigua and Barbuda's credit unions have relatively low NPLs compared with peers in the region. They noted slow progress in NBFI regulation harmonization at the ECCU level. The authorities saw the forthcoming National Risk Assessment as an opportunity to extend the coverage of the AML/CFT framework to beneficial owners of designated nonfinancial businesses and professions. They felt the CIP Unit's commitment to cooperation with the FIU contributed to a robust due diligence process for applicants.

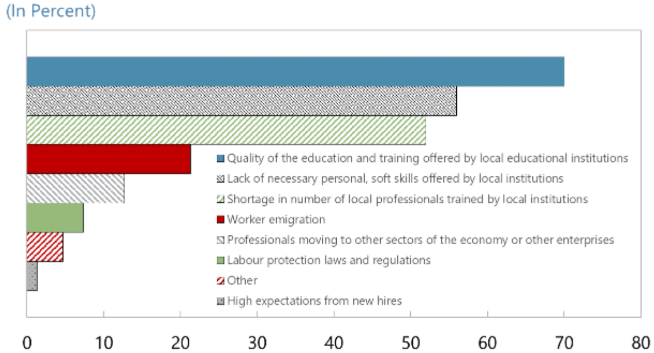
## C. Enhancing Structural Reforms to Boost Sustainable, Inclusive, and Resilient Growth

### Business Environment and Labor Market

**26. Business environment reforms targeting constraints on productivity could generate significant medium- and long-term growth gains (Annex VI).** While Antigua and Barbuda has a high GDP per capita, its growth has slowed in recent decades. Survey evidence from the pre-pandemic period suggests the potential for large aggregate productivity gains from the reallocation of resources between firms. Reallocation can be facilitated by targeting obstacles affecting firms' operations, which firms reported in 2020 to face from customs and trade regulations and access to finance. While noting significant progress already made in addressing these obstacles, staff saw scope for further improvements. Customs and trade regulations could be improved by introducing the single electronic window system, planned for 2025, to facilitate the efficient importing and exporting of products. Access to finance could be improved by increasing financial literacy among MSMEs to help businesses get access to credit, which have been facilitated by the recent courses offered by the Antigua and Barbuda Investment Authority. Staff analysis suggests that removing structural obstacles to firm productivity could boost aggregate productivity by around 9 percent, with potentially higher medium- and long-term gains from reforms promoting resource reallocation.

**27. A well-functioning labor market with skills better attuned to economic needs could support stronger growth.** About half of businesses from the Innovation, Firm Performance and Gender survey reported in 2020 that an inadequately educated workforce was a major or very severe obstacle to their operations, reflecting a shortage in the quality, skills and number of professionals produced by local institutions (text chart). Staff encouraged further efforts to address labor skills shortages, building on the authorities' recent steps targeting hospitality and tourism upskilling at the Antigua and Barbuda Hospitality Training Institute, and the upcoming expansion of the University of the West Indies Five Islands Campus. Staff recommended completion of the Skills Demand Survey to help better align active labor market policies with employer needs, and routine evaluation of participants in the on-the-job training of the New Work Experience Programme to assess participants' outcomes and successful exit from the program. The One Stop Employment Centre can support employer-to-employee matching but understaffing and technology are ongoing challenges.

**Causes of Labor Skills Shortages 1/**
(In Percent)




Source: IMF staff calculations from the Innovation, Firm Performance and Gender (IFPG) survey.
1/ Values reflect the percent of firms who answered "Very Important" or "Critical" to each factor.

### *Authorities' Views*

28. **The authorities highlighted the structural reforms already implemented since the Innovation, Firm Performance and Gender survey and saw scope for further improving the business environment.** They saw improvements in customs and trade following completion of the cargo port redevelopment and expansion project in 2022, and in access to finance with the operationalization of the ECCU regional credit bureau and the Eastern Caribbean Partial Guarantee Corporation. They agreed that implementing the single electronic window and expanding financial literacy programs for MSMEs would be beneficial.

29. **The authorities agreed that shortages of skilled labor remain a major obstacle to business operations.** They noted improvements in educational opportunities through the launch of the University of the West Indies Five Islands Campus, and the development of the Harrison Centre. They agreed that the Skills Demand Survey would help identify labor skills shortages among employers.

## Adaptation and Resilience Building

30. **Climate-related sea-level rise (SLR) and natural disasters have macro-critical implications for Antigua and Barbuda, including the need to invest in adaptation and resilience building.** Climate-related shocks can cause long-lasting economic damage, with damage from hurricanes since 1989 averaging 40 percent of GDP.

- The authorities' draft National Adaptation Plan (NAP), currently pending cabinet approval, outlines key strategies to address the climate change challenges, focusing on strengthening early warning systems, investing in climate-smart infrastructure, promoting sustainable land use practices, diversifying the economy, and building human and institutional capacity. Additionally, the NAP contains Local Area Adaptation Plans that provide targeted strategies and actions in the country's most vulnerable regions.

- Staff saw adaption and resilience building efforts as critical in containing potential costs, and offering important long-run output gains (Annex VII). According to the state-of-the-art Coastal Impact and Adaptation Model (CIAM) estimates, adaptation can meaningfully reduce SLR-related economic losses. However, even with the least-cost strategy,[4] the costs to the whole economy would still average nearly 1.8 percent of GDP annually from 2020 to 2100 under the SSP2-4.5 scenario.

- Building resilience in a natural-disaster-prone country like Antigua and Barbuda is also critical and can be cost-effective. Staff's analysis based on the Fernandez-Corugedo, Gonzalez, and Guerson (2023) model finds that if the current economy had more resilient public capital in place, the level of GDP would be higher. Although the resilient public capital would be more

[4] The CIAM's least-cost strategy entails coastal protection in Antigua and retreat from the coastline in Barbuda (discussed further in Annex VII).

costly to maintain,[5] the positive GDP impact could be as much as 1.2 percentage points, as a result of less disaster-induced economic losses, lower economic uncertainty, and higher private investment. Although uncertainty exists, the resilient investment could be close to budget neutral in the long run under certain conditions (through higher output and higher tax revenues). That said, upfront fiscal space and/or financing would still be needed to build up the stock of resilient capital. Financing options will depend on progress restoring debt sustainability.

***Authorities' Views***

**31. The authorities emphasized Antigua and Barbuda's continued progress on resilience building.** They agreed with the macrocriticality of climate change challenges identified in staff's analytical work, in particular sea-level rise and natural disasters, though questioned whether the least-cost strategy took sufficient account of potential losses linked to retreat from the coastline. The authorities highlighted several ongoing climate resilience projects funded by the Green Climate Fund (GCF), including strengthening building codes to withstand Category 4 and 5 hurricanes and improving flood resilience in communities.[6] Following their recent higher accreditation with the GCF, they expect to scale up such projects.

**32. The authorities highlighted progress in the transition to renewable energy but also acknowledged challenges.** Projects with international partners include completing the first phase of the Green Barbuda hybrid power plant, installing solar panels at churches and schools and facilitating adoption of electric vehicles. However, challenges in scaling up renewable energy use remain, including existing long-term power purchase agreements with traditional electricity producers, the high up-front costs of installing battery storage, and a need to upgrade the grid to improve capacity and facilitate integration. The authorities also underscored the importance of improving energy efficiency and highlighted ongoing public awareness campaigns.

## D. Data Issues and Capacity Development

**33. Capacity constraints have contributed to delays in data availability, although efforts to upgrade key statistics are under way.** Data provision is broadly adequate for surveillance but has some shortcomings. GDP was rebased to 2018, which included historical revisions that on average increased nominal GDP by around 6 percent. The Statistics Division's transition to the National Bureau of Statistics is ongoing. Delays in the release of national accounts (2023 GDP statistics were published in February 2025) have significantly hampered surveillance; labor force statistics and recent consumer price statistics have also been delayed (Annex VIII). Staff encouraged the development of GDP statistics by expenditure, to complement the available GDP statistics by production. The authorities are preparing to conduct the previously postponed Population and Housing Census in 2025. The planned implementation of the electronic immigration card system will

[5] The baseline simulation assumes an additional 0.37 percent of GDP fiscal cost annually.

[6] On-track GCF-funded projects include strengthening the hurricane resilience of community buildings, homes, and businesses, and flood prevention measures. Additional projects with the Adaptation Fund, Global Environment Facility, and bilateral donors are also progressing.

improve data collection in several areas, including in tourism and tax compliance. Significant statistical discrepancies remain between the fiscal accounts and debt stock.

**34. The Fund's engagement strategy integrates bilateral and regional surveillance activities and capacity development in Antigua and Barbuda (Annex IX).** Key focus areas will include fiscal and debt sustainability, financial stability and intermediation, climate resilience, and inclusive and resilient growth.

***Authorities' Views***

**35. The authorities concurred with the need to improve data quality and timeliness.** They expressed concern on the adequacy of national accounts data, noting low response rates from surveyed firms, and acknowledged delays in releasing national accounts, inflation, and other real sector statistics. They expressed interest in further TA and in developing GDP by expenditure data as a consistency check across sectors.

# STAFF APPRAISAL

**36. Antigua and Barbuda's post-pandemic economic expansion continues.** Economic activity, boosted by tourism, is estimated to have surpassed pre-pandemic levels. As the recovery matures, staff projects economic growth to moderate from 3 percent in 2025 to 2½ percent over the medium term. After an increase in inflation in 2024, in part reflecting one-off factors, underlying price pressures are expected to dissipate. The external position in 2024 is assessed to be moderately weaker than the level implied by medium term fundamentals and desirable policies. Efforts to raise revenue and address debt and fiscal challenges bore fruit in 2024, though further steps will be needed to restore debt sustainability, address the stock of outstanding arrears, and reduce gross financing needs in the medium term.

**37. Risks are currently tilted to the downside, although upside risks are also present.** Downside risks emanate from elevated uncertainty about the global outlook; a deepening of geoeconomic fragmentation; commodity price volatility; climate-related vulnerabilities; and capacity constraints in the construction sector. Upside risks stem from stronger demand for tourism; improved air connectivity; new cruise port facilities; hosting of special events; and the intensification of productivity-enhancing structural reforms, which could support higher medium- and long-term growth.

**38. Addressing external and domestic arrears is key to broadening financing options.** While the fall in nominal debt in 2024 is welcome, outstanding arrears to domestic suppliers and to the Paris Club remain obstacles to debt sustainability and constrain Antigua and Barbuda's potential access to external and domestic financing. Given the additional vulnerabilities stemming from climate change and the resulting substantial adaption and resilience-building investment needs, efforts to address the current debt challenges, bolster government revenues, and improve public financial management are all the more critical.

**39. Recent improvements in tax revenue are welcome, with further domestic revenue mobilization needed in the medium term to ensure fiscal sustainability.** Antigua and Barbuda's tax revenues remain below the authorities' fiscal resilience guideline targets and are low by peer country standards. The authorities' 2024 Budget measures have started to close the gap, but more will be needed in the medium term. To mobilize revenue without recourse to a personal income tax or higher ABST rates, near-term priorities could include tighter control of tax exemptions, transitioning to HS2022 classification in customs, and modernizing the framework for property taxation. Intensifying efforts to introduce a single window system at customs and to operationalize systems to allow e-filing, e-payment and e-registration of taxes is warranted. Introducing a large taxpayer unit as well as modernized IT systems would strengthen tax administration.

**40. Better targeted social assistance would enhance inclusion while curbing inefficiencies.** The current framework of social protection is fragmented across sectors and ministries. Staff sees scope to streamline these social programs to reduce overlap and tailor social assistance to the most vulnerable households. In this vein, staff encourages the development of a centralized information system or unified database to maintain accurate records of all beneficiaries, track support received, and identify gaps or duplications in coverage.

**41. Room remains to strengthen fiscal institutions and oversight, building on recent progress.** The operationalization of the Fiscal Responsibility Oversight Committee is welcome. To promote transparency and help build public understanding, staff encourages publication of FROC reports once further experience has been gained. These goals would also be served by parliamentary endorsement of the Fiscal Resilience Guidelines and the medium-term fiscal framework. Statutory exemptions should be consistent with the Antigua and Barbuda Investment Authority Act and the Antigua and Barbuda Investment Authority should monitor the approved projects. The envisaged reestablishment of the SOE unit in the Ministry of Finance would enhance SOE oversight and contain potential fiscal risks.

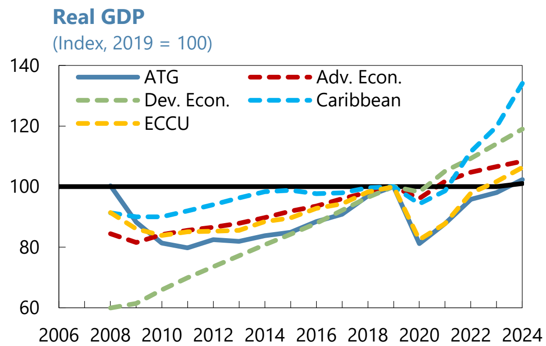
**42. To reinforce financial stability and build on efforts to promote financial inclusion, regional coordination remains key.** Staff assesses the financial sector to be broadly stable, with credit growth recovering and non-performing loans approaching prudential levels. The launch of the regional credit bureau can promote faster access to credit while maintaining lending standards. The ECCB-led climate risk initiatives and the regional partial credit guarantee scheme should also boost credit quality and financial intermediation. A more risk-based supervisory framework for credit unions, with enhanced monitoring of asset quality and credit forbearance measures in the context of the planned regional common regulatory standards, would help put credit unions and banks on a more level playing field. The inclusion of the ECCB in the National Oversight Committee on Financial Action improves coordination among supervisory authorities. The increase in investment thresholds for the Citizenship by Investment Program and the improved due diligence process can help safeguard the program's integrity.

**43. Intensifying reforms to improve the business environment would support potential growth by improving the allocation of resources between firms and addressing obstacles to firms' operations.** Staff analysis finds potential for large aggregate productivity gains from the reallocation of resources between firms, and scope to continue addressing obstacles that firms report in areas such as workforce education, access to finance, and customs and trade regulations. Targeted efforts to increase educational opportunities, employer-employee matching at the One Stop Employment Centre, and the completion of the Skills Demand Survey, are warranted. Offering courses at local institutions could increase financial literacy among MSMEs, and implementing the single electronic window at customs would increase the efficiency of importing and exporting of goods.

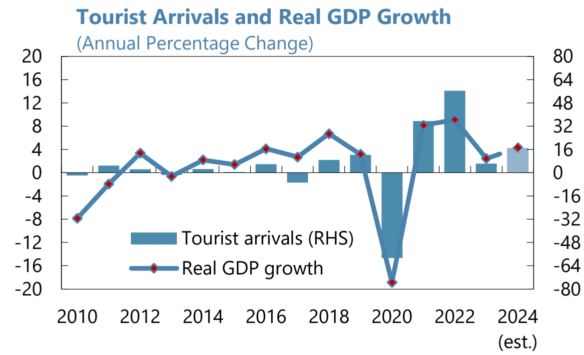
**44. It is recommended that the next Article IV consultation with Antigua and Barbuda take place on the standard 12-month cycle.**

## Figure 1. Antigua and Barbuda: Economic Developments

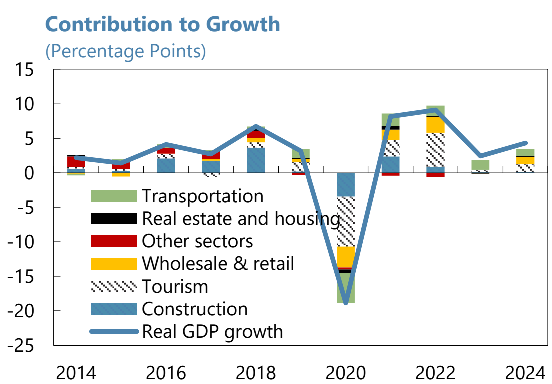
*Antigua and Barbuda's economy has recovered to pre-pandemic levels, in line with the regional recovery.*



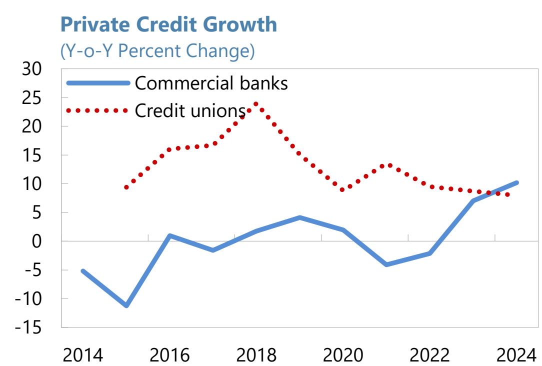

*Growth in real GDP and tourism arrivals picked up in 2024, boosted by one-off factors.*



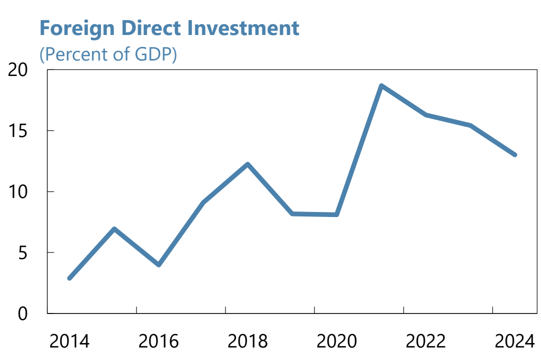

*The pickup in growth is broadly based across sectors, with tourism and transportation leading.*



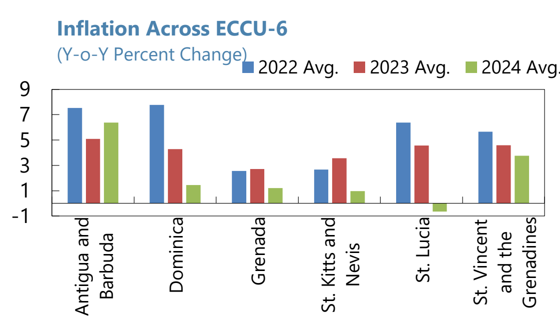

*The expansion in credit by credit unions is now accompanied by faster commercial bank activity.*




*FDI inflows remain above pre-pandemic levels.*



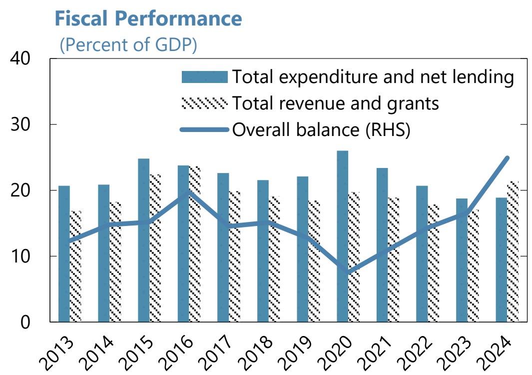

*Inflation in Antigua and Barbuda picked up in 2024, departing from the downward trend in the region.*



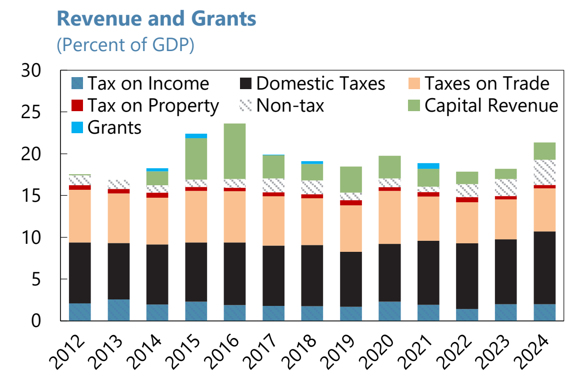

Sources: Country authorities, ECCB and IMF staff calculations.

## Figure 2. Antigua and Barbuda: Fiscal Sector Developments 1/

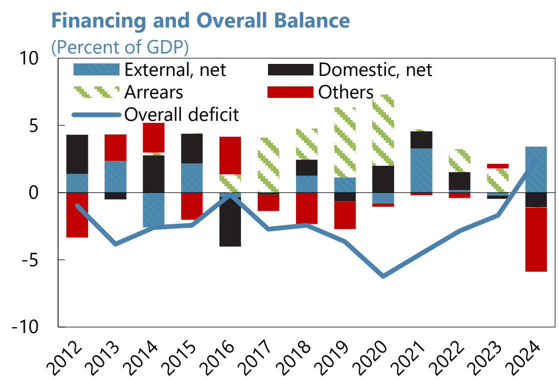
*The fiscal deficit has narrowed, reflecting falls in both revenues and expenditures relative to GDP since 2020 (excluding 2024)...*



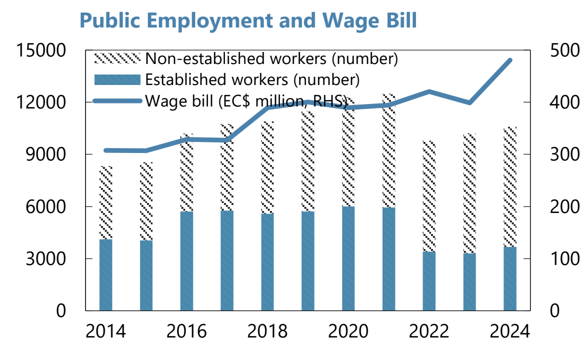

*Revenues were supported by increases in domestic taxes, while taxes on trade have fallen, in part due to lower consumption duties in response to rising oil prices.*



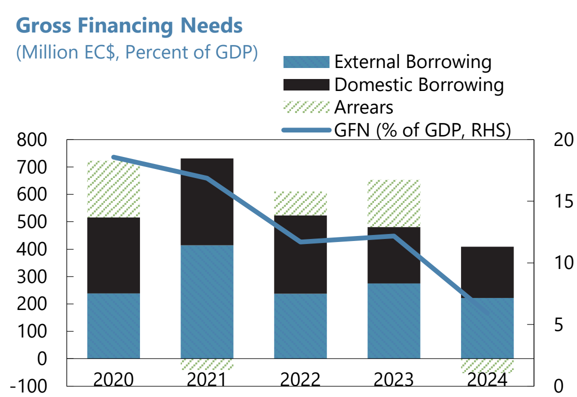

*The overall balance (fiscal deficit) has been partly financed by arrears.*



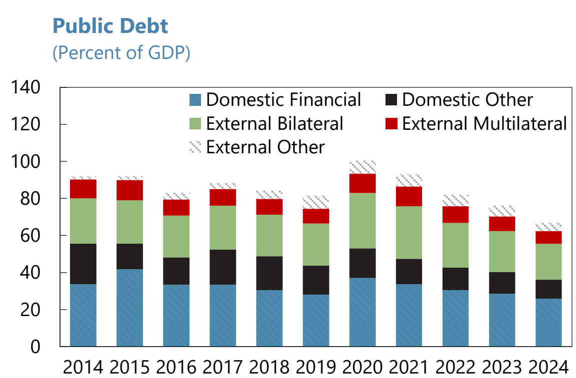

*The wage bill remains stable in nominal terms owing to the ongoing real wage freeze.*




*Gross financing needs remain elevated.*




*Recent falls in public debt ratios reflect rising nominal GDP and limited new external financing.*



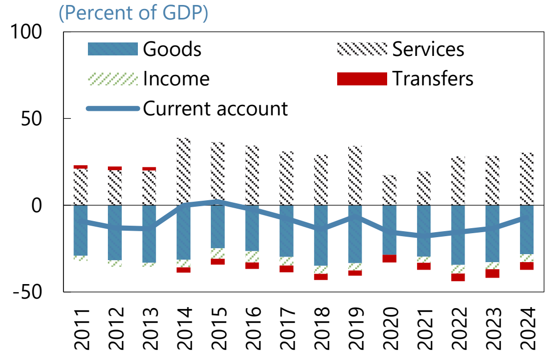

Sources: Country authorities, ECCB and IMF staff calculations.

1/ Estimates for 2024.

## Figure 3. Antigua and Barbuda: External Sector Developments 1/

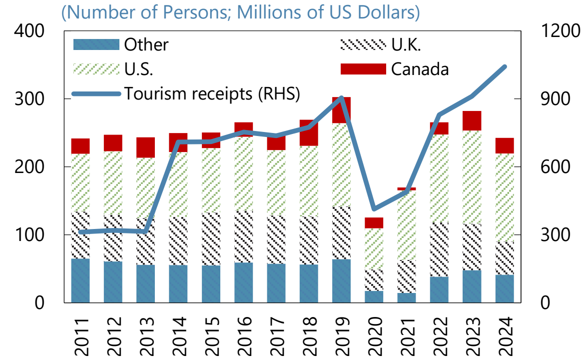
*The current account deficit has narrowed to its lowest level since the pandemic …*

### Current Account Balance
(Percent of GDP)



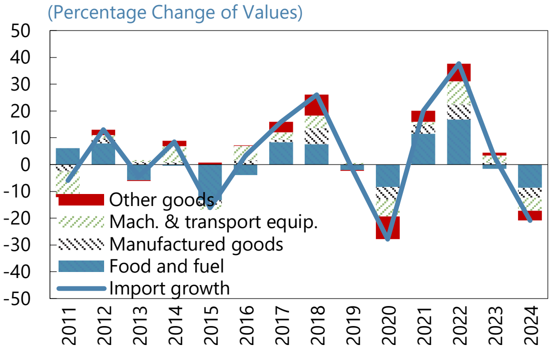

*… as tourism receipts continued to grow, surpassing pre-pandemic levels.*

### Stayover Arrivals by Market and Tourism Receipts
(Number of Persons; Millions of US Dollars)



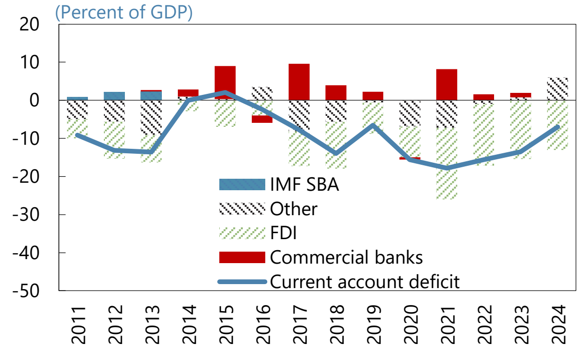

*Goods imports saw a large contraction 2024, in all major categories.*

### Contribution to Import Growth
(Percentage Change of Values)



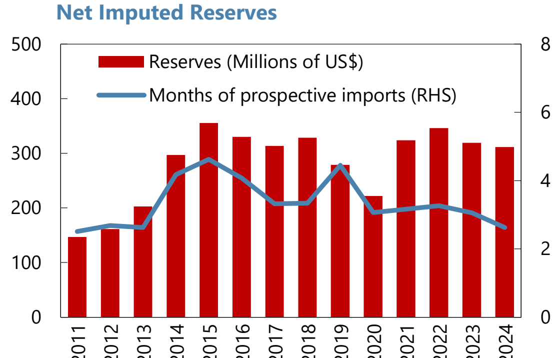

*FDI continued to be the major source of financing for the current account.*

### Current Account Financing
(Percent of GDP)



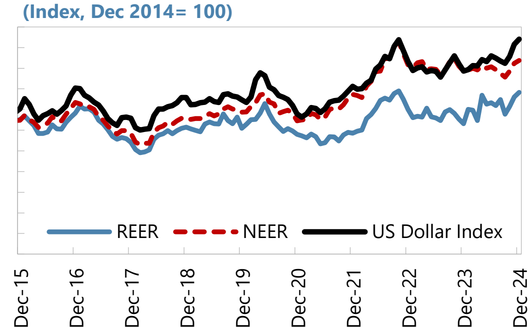

*Reserves coverage as a share of prospective imports saw some decline.*

### Net Imputed Reserves




*The real effective exchange rate has appreciated modestly since the start of 2024, reflecting the pickup in inflation.*

### Effective Exchange Rate
**(Index, Dec 2014= 100)**

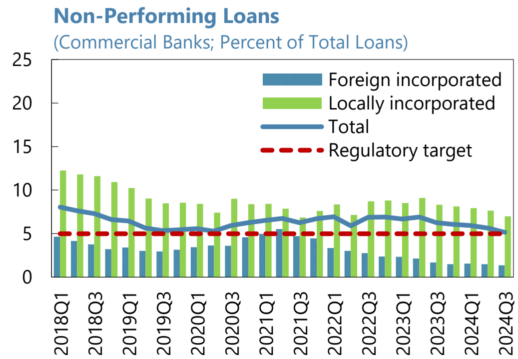



Sources: Country authorities, ECCB and IMF staff calculations.

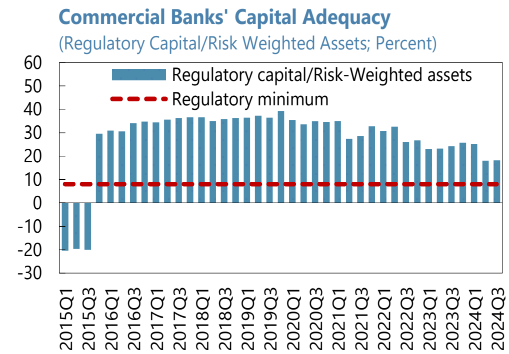
1/ Estimates for 2024.

## Figure 4. Antigua and Barbuda: Banking System Performance

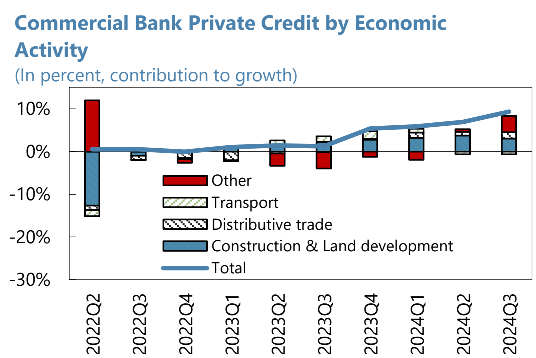
*Non-Performing Loans have declined but remain above the regulatory target…*



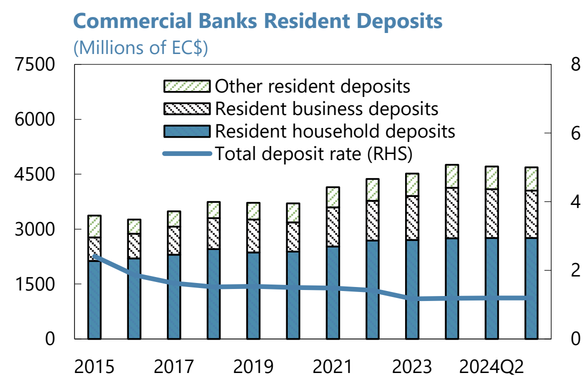

*… and banks remain well-capitalized.*



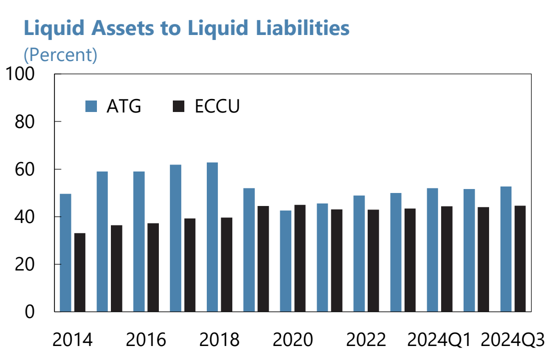

*Credit to the private sector continued to grow, primarily on account of lending for construction activities.*



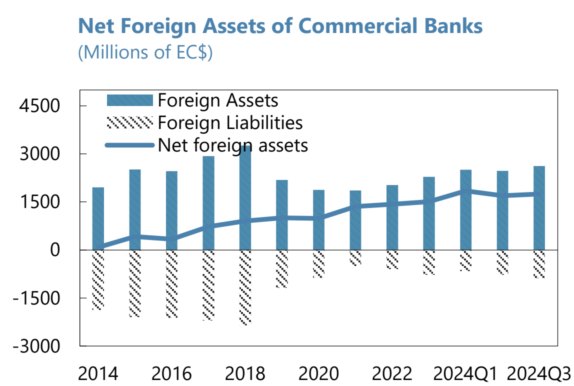

*Deposit growth has tapered off amidst low deposit rates.*




*Liquidity ratios have gradually recovered since the pandemic, remaining above the ECCU average recently…*




*…while net foreign assets have been increasing since 2020.*




Sources: Country authorities, ECCB and IMF staff calculations.

## Table 1. Antigua and Barbuda: Selected Economic and Financial Indicators

| | | | |
|---|---|---|---|
| Population (2023) | 102,195 | Adult literacy rate (2015) | 99 |
| GDP per capita (US$, 2023) | 19,627 | Mean years of schooling (2022) | 10.5 |
| Life expectancy at birth (years, 2022) | 79.2 | Human Development Index rank | 54 |
| Mortality rate (under 5, per 1,000 live births, 2022) | 10 | (2022, of 193 economies) | |

| | | | | | Est. | Projections | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| | (Annual percentage change) | | | | | | | | | |
| **National Income and Prices** | | | | | | | | | | |
| Real GDP | -18.9 | 8.2 | 9.1 | 2.4 | 4.3 | 3.0 | 2.5 | 2.5 | 2.5 | 2.5 |
| Nominal GDP | -18.2 | 13.5 | 16.5 | 7.5 | 10.9 | 6.7 | 5.0 | 4.6 | 4.5 | 4.5 |
| Consumer prices (end of period) | 2.8 | 1.2 | 9.2 | 3.3 | 6.0 | 3.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Consumer prices (period average) | 1.1 | 1.6 | 7.5 | 5.1 | 6.4 | 3.5 | 2.4 | 2.0 | 2.0 | 2.0 |
| **Money and Credit** | | | | | | | | | | |
| Net foreign assets | -4.4 | 18.2 | 3.3 | 0.2 | 3.3 | 3.2 | 3.8 | 2.5 | 1.3 | 0.3 |
| Net domestic assets | -0.6 | -4.4 | 1.3 | 4.4 | -1.3 | 6.4 | 1.3 | 2.0 | 3.2 | 4.2 |
| Broad money (M2) | -8.7 | 13.9 | 4.6 | 4.6 | 2.1 | 9.5 | 5.0 | 4.6 | 4.5 | 4.5 |
| Credit to private sector | 4.8 | -4.1 | -2.1 | 7.0 | 10.2 | 6.0 | 5.5 | 5.0 | 5.0 | 5.0 |
| | (Percent of GDP) | | | | | | | | | |
| **Central Government** | | | | | | | | | | |
| Primary balance | -3.7 | -2.3 | -0.3 | 0.5 | 4.6 | 0.7 | 0.8 | 0.9 | 1.0 | 1.0 |
| Overall balance | -6.2 | -4.5 | -2.8 | -1.7 | 2.5 | -1.3 | -1.0 | -0.7 | -0.6 | -0.5 |
| Total revenue and grants | 19.8 | 18.9 | 17.9 | 17.1 | 21.4 | 19.9 | 20.1 | 20.2 | 20.1 | 20.0 |
| Total expenditure | 26.0 | 23.4 | 20.7 | 18.8 | 18.9 | 21.2 | 21.1 | 20.9 | 20.7 | 20.5 |
| **External Sector** | | | | | | | | | | |
| Current account balance | -15.6 | -17.8 | -15.6 | -13.5 | -7.0 | -10.5 | -10.2 | -10.1 | -9.8 | -9.5 |
| Trade balance | -28.6 | -29.6 | -34.4 | -32.8 | -28.2 | -30.4 | -30.3 | -30.2 | -30.0 | -29.9 |
| Nonfactor service balance | 17.3 | 19.5 | 28.2 | 28.4 | 30.4 | 28.8 | 29.1 | 29.4 | 29.6 | 29.9 |
| *Of which:* Gross tourism receipts | 29.2 | 30.5 | 44.4 | 45.4 | 46.8 | 46.7 | 47.2 | 47.7 | 48.1 | 48.5 |
| Overall balance | -6.5 | 3.5 | -0.1 | -2.5 | 0.5 | 0.9 | 1.5 | -0.1 | -1.1 | -1.4 |
| External public sector debt | 47.5 | 45.5 | 39.4 | 36.0 | 30.9 | 31.1 | 34.5 | 37.3 | 39.7 | 39.0 |
| **Savings-Investment Balance** | -15.6 | -17.8 | -15.6 | -13.5 | -7.0 | -10.5 | -10.2 | -10.1 | -9.8 | -9.5 |
| Savings | 22.4 | 28.4 | 25.4 | 25.3 | 28.0 | 25.6 | 25.2 | 25.0 | 24.8 | 24.7 |
| Investment | 38.0 | 46.2 | 41.0 | 38.8 | 35.0 | 36.1 | 35.4 | 35.0 | 34.6 | 34.2 |
| **Memorandum Items** | | | | | | | | | | |
| Net imputed international reserves (US$ million) | 222 | 324 | 346 | 319 | 322 | 375 | 443 | 491 | 517 | 524 |
| (Months of prospective imports) | 3.1 | 3.2 | 3.3 | 3.1 | 2.7 | 3.0 | 3.4 | 3.6 | 3.6 | 3.5 |
| GDP at market prices (EC$ million) | 3,811 | 4,326 | 5,040 | 5,416 | 6,007 | 6,408 | 6,731 | 7,037 | 7,353 | 7,684 |
| Public debt stock (EC$ million) 1/, 2/ | 3,829 | 4,021 | 4,134 | 4,134 | 4,028 | 4,063 | 4,265 | 4,410 | 4,502 | 4,601 |
| (Percent of GDP) | 100.5 | 93.0 | 82.0 | 76.3 | 67.1 | 63.4 | 63.4 | 62.7 | 61.2 | 59.9 |

Sources: Country authorities, ECCB, UN Human Development Report, World Bank, and IMF staff estimates and projections.

1/ Includes stock of principal and interest arrears, unpaid vouchers, and suppliers' credits.

2/ Includes central government guarantees of state enterprises' and statutory bodies' debt.

## Table 2. Antigua and Barbuda: Central Government Debt

| | 2022 | | | 2023 | | | 2024 | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Percent of | | | Percent of | | | Percent of | |
| | Stock | Total Debt | GDP | Stock | Total Debt | GDP | Stock | Total Debt | GDP |
| | (Outstanding debt including arrears; Millions of U.S. dollars, unless noted otherwise) | | | | | | | | |
| **Total Central Government Debt 1/** | **1,306.9** | **85.4** | **70.0** | **1,312.7** | **85.7** | **65.4** | **1,282.2** | **85.9** | **57.6** |
| **Central Government Domestic Debt** | **695.5** | **45.4** | **37.3** | **704.2** | **46.0** | **35.1** | **682.4** | **45.7** | **30.7** |
| ECCB | 50.8 | 3.3 | 2.7 | 45.5 | 3.0 | 2.3 | 40.7 | 2.7 | 1.8 |
| Bank loans | 145.9 | 9.5 | 7.8 | 143.1 | 9.3 | 7.1 | 141.7 | 9.5 | 6.4 |
| *Of which:* Overdraft | 9.5 | 0.6 | 0.5 | 11.6 | 0.8 | 0.6 | 15.5 | 1.0 | 0.7 |
| Debt to statutory bodies | 151.1 | 9.9 | 8.1 | 146.6 | 9.6 | 7.3 | 149.0 | 10.0 | 6.7 |
| Medical Benefits Scheme | 55.6 | 3.6 | 3.0 | 55.6 | 3.6 | 2.8 | 55.6 | 3.7 | 2.5 |
| Social Security | 95.5 | 6.2 | 5.1 | 91.0 | 5.9 | 4.5 | 93.5 | 6.3 | 4.2 |
| Government securities | 272.5 | 17.8 | 14.6 | 280.7 | 18.3 | 14.0 | 273.3 | 18.3 | 12.3 |
| Suppliers' credits and others 2/ | 75.2 | 4.9 | 4.0 | 88.3 | 5.8 | 4.4 | 77.7 | 5.2 | 3.5 |
| **Central Government External Debt** | **611.3** | **39.9** | **32.8** | **608.4** | **39.7** | **30.3** | **599.7** | **40.2** | **27.0** |
| Multilateral | 165.0 | 10.8 | 8.8 | 160.5 | 10.5 | 8.0 | 149.9 | 10.0 | 6.7 |
| Caribbean Development Bank | 159.7 | 10.4 | 8.6 | 153.1 | 10.0 | 7.6 | 141.7 | 9.5 | 6.4 |
| EIB | 0.7 | 0.0 | 0.0 | 0.7 | 0.0 | 0.0 | 0.4 | 0.0 | 0.0 |
| World Bank | 4.0 | 0.3 | 0.2 | 4.0 | 0.3 | 0.2 | 4.0 | 0.3 | 0.2 |
| Bilateral | 357.9 | 23.4 | 19.2 | 352.3 | 23.0 | 17.6 | 346.3 | 23.2 | 15.6 |
| Paris Club | 150.6 | 9.8 | 8.1 | 152.8 | 10.0 | 7.6 | 154.5 | 10.4 | 6.9 |
| Non-Paris Club | 207.3 | 13.5 | 11.1 | 199.5 | 13.0 | 9.9 | 191.8 | 12.9 | 8.6 |
| Government securities | 88.5 | 5.8 | 4.7 | 95.7 | 6.2 | 4.8 | 103.6 | 6.9 | 4.7 |
| **Government Guaranteed Domestic Debt** | **100.6** | **6.6** | **5.4** | **104.6** | **6.8** | **5.2** | **122.5** | **8.2** | **5.5** |
| **Government Guaranteed External Debt** | **123.7** | **8.1** | **6.6** | **113.8** | **7.4** | **5.7** | **87.3** | **5.9** | **3.9** |
| **Total Public Sector Debt** | **1,531.1** | **100.0** | **82.0** | **1,531.0** | **100.0** | **76.3** | **1,491.9** | **100.0** | **67.1** |

Sources: Country authorities and IMF staff calculations.

1/ Includes principal and interest arrears and reflects reconciliation of outstanding debt from statutory bodies.

2/ Includes vouchers for capital as well as for goods and services, and floating debt.

## Table 3. Antigua and Barbuda: Gross Financing Needs

| | | | | | Est. | Projections | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| | (Millions of Eastern Caribbean dollars) | | | | | | | | | |
| **Total Gross Financing Needs** | **707** | **729** | **589** | **660** | **356** | **633** | **662** | **750** | **835** | **817** |
| (in percent of GDP) | 18.6 | 16.9 | 11.7 | 12.2 | 5.9 | 9.9 | 9.8 | 10.7 | 11.4 | 10.6 |
| **Deficit Financing** | **237** | **196** | **143** | **92** | **-148** | **73** | **59** | **52** | **43** | **40** |
| **Central Government External Amortization** | **269** | **272** | **228** | **286** | **252** | **340** | **300** | **364** | **419** | **499** |
| Multilateral | 20 | 34 | 35 | 39 | 53 | 54 | 58 | 59 | 60 | 62 |
| Bilateral Paris Club | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bilateral non-Paris Club | 7 | 7 | 23 | 19 | 25 | 37 | 40 | 41 | 31 | 15 |
| Securities | 245 | 231 | 171 | 227 | 174 | 248 | 156 | 160 | 152 | 152 |
| Additional securities to close financing gap | 0 | 0 | 0 | 0 | 0 | 0 | 46 | 95 | 157 | 244 |
| **Central Government Domestic Amortization** | **201** | **262** | **218** | **282** | **252** | **220** | **303** | **333** | **373** | **278** |
| Commercial Banks | 6 | 23 | 16 | 25 | 14 | 17 | 18 | 19 | 18 | 19 |
| ECCB | 30 | 78 | 44 | 77 | 88 | 63 | 17 | 17 | 8 | 4 |
| Securities | 158 | 144 | 158 | 179 | 133 | 128 | 260 | 280 | 330 | 238 |
| **Financing Sources** | **500** | **786** | **501** | **487** | **388** | **405** | **414** | **443** | **399** | **375** |
| **External** | **238** | **414** | **237** | **275** | **222** | **195** | **204** | **233** | **189** | **165** |
| IMF | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Caribbean Development Bank | 39 | 101 | 23 | 21 | 21 | 38 | 34 | 63 | 24 | 0 |
| World Bank | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Abu Dhabi Fund for Development | 0 | 1 | 0 | 0 | 0 | 0 | 5 | 5 | 0 | 0 |
| Securities | 192 | 238 | 214 | 247 | 197 | 143 | 143 | 143 | 143 | 143 |
| ALBA Bank | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CARICOM/IDB | 0 | 1 | 0 | 6 | 3 | 0 | 0 | 0 | 0 | 0 |
| SDR | 0 | 73 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Other bilateral | 0 | 0 | 0 | 0 | 0 | 13 | 22 | 22 | 22 | 22 |
| **Domestic** | **278** | **317** | **286** | **206** | **187** | **210** | **210** | **210** | **210** | **210** |
| Commercial banks | 15 | 44 | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ECCB | 122 | 46 | 61 | 0 | 75 | 0 | 0 | 0 | 0 | 0 |
| Securities | 141 | 227 | 205 | 206 | 112 | 210 | 210 | 210 | 210 | 210 |
| **Change in Deposits** | **-15** | **39** | **-22** | **6** | **-21** | **0** | **0** | **0** | **0** | **0** |
| **Central Government Sale/Purchase of Domestic Assets 1/** | **0** | **15** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Financing Discrepancy/Gaps 2/** | **207** | **-56** | **88** | **173** | **0** | **228** | **248** | **307** | **436** | **442** |
| **Valuation adjustment, write off, and debt relief** | **55** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **1** |
| **Financing gap 2/** | **152** | **-56** | **88** | **173** | **-32** | **228** | **248** | **307** | **436** | **442** |

Sources: Country authorities and IMF staff estimates and projections.

1/ In 2021, reflects the government's sale of 10 percent of its equity stake in the state oil company (WIOC).

2/ Financing gaps for 2023 and beyond. Discrepancy for 2022 and before. Financing gaps are assumed to be filled by unidentified long-term financing sources.

## Table 4a. Antigua and Barbuda: Central Government Operations

(Millions of Eastern Caribbean Dollars)

| | | | | | Est. | Projections | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| **Total Revenue and Grants** | **753** | **816** | **900** | **926** | **1,285** | **1,274** | **1,350** | **1,419** | **1,476** | **1,537** |
| Current revenue | 649 | 694 | 827 | 859 | 1,160 | 1,168 | 1,242 | 1,310 | 1,367 | 1,427 |
| Tax Revenue | 610 | 667 | 747 | 811 | 979 | 1,090 | 1,160 | 1,223 | 1,277 | 1,333 |
| o/w Income | 87 | 83 | 71 | 108 | 120 | 128 | 135 | 141 | 147 | 154 |
| o/w Domestic Production and Consumption | 264 | 331 | 397 | 421 | 524 | 575 | 611 | 644 | 673 | 704 |
| o/w AB Sales Tax | 207 | 242 | 242 | 330 | 418 | 462 | 492 | 520 | 544 | 568 |
| o/w Stamp duties | 38 | 69 | 64 | 59 | 54 | 58 | 61 | 63 | 66 | 69 |
| o/w International Transactions | 241 | 229 | 248 | 259 | 309 | 352 | 377 | 399 | 415 | 432 |
| o/w Import duties | 82 | 93 | 110 | 113 | 124 | 146 | 159 | 170 | 177 | 184 |
| o/w Revenue Recovery Charge (RRC) | 66 | 74 | 91 | 99 | 110 | 125 | 132 | 139 | 145 | 150 |
| o/w Consumption duties | 79 | 48 | 35 | 34 | 60 | 64 | 68 | 71 | 74 | 77 |
| o/w Taxes on Property | 18 | 24 | 31 | 22 | 25 | 34 | 38 | 39 | 41 | 43 |
| Non-Tax Revenue | 40 | 28 | 79 | 49 | 182 | 78 | 82 | 86 | 90 | 94 |
| Capital revenue | 103 | 93 | 74 | 67 | 125 | 106 | 107 | 109 | 110 | 110 |
| o/w CIP revenue | 98 | 91 | 68 | 62 | 74 | 74 | 74 | 74 | 74 | 74 |
| Total grants | 0 | 29 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Current grants | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital grants 1/ | 0 | 29 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Expenditure** | **990** | **1,012** | **1,043** | **1,018** | **1,136** | **1,357** | **1,417** | **1,471** | **1,520** | **1,577** |
| Total primary expenditure | 895 | 915 | 914 | 901 | 1,008 | 1,229 | 1,294 | 1,355 | 1,403 | 1,460 |
| Current expenditure | 883 | 912 | 922 | 920 | 1,059 | 1,133 | 1,174 | 1,208 | 1,258 | 1,309 |
| Primary current expenditure | 789 | 816 | 793 | 803 | 930 | 1,005 | 1,051 | 1,092 | 1,141 | 1,192 |
| Wages and salaries | 389 | 394 | 420 | 399 | 481 | 496 | 516 | 532 | 556 | 581 |
| Employment contributions 2/ | 36 | 38 | 35 | 38 | 49 | 52 | 55 | 57 | 60 | 62 |
| Goods and services, incl. utilities | 126 | 130 | 134 | 145 | 158 | 194 | 204 | 213 | 222 | 232 |
| Pensions | 70 | 70 | 73 | 63 | 71 | 80 | 84 | 88 | 92 | 96 |
| Other transfers | 167 | 183 | 130 | 158 | 172 | 183 | 193 | 201 | 210 | 220 |
| Capital expenditure and net lending | 107 | 99 | 121 | 98 | 77 | 224 | 243 | 254 | 262 | 268 |
| Interest payments | 95 | 97 | 129 | 117 | 129 | 128 | 123 | 116 | 117 | 117 |
| External | 43 | 47 | 54 | 51 | 49 | 48 | 54 | 58 | 66 | 76 |
| Domestic | 52 | 50 | 75 | 67 | 79 | 80 | 69 | 58 | 50 | 41 |
| **Primary Balance** | **-142** | **-99** | **-14** | **25** | **277** | **45** | **56** | **63** | **74** | **77** |
| **Overall Balance** | **-237** | **-196** | **-143** | **-92** | **148** | **-83** | **-67** | **-52** | **-43** | **-40** |
| **Financing** | **237** | **196** | **143** | **92** | **-148** | **83** | **67** | **52** | **43** | **40** |
| External (net) | -31 | 142 | 9 | -11 | 206 | -145 | -96 | -132 | -230 | -334 |
| Disbursement | 238 | 414 | 237 | 275 | 625 | 195 | 204 | 233 | 189 | 165 |
| Amortization 3/ | -269 | -272 | -228 | -286 | -419 | -340 | -300 | -364 | -419 | -499 |
| Domestic (net) | 71 | 110 | 46 | -7 | -163 | -10 | -93 | -123 | -163 | -68 |
| Banks | 9 | 22 | 4 | -25 | -18 | -17 | -18 | -19 | -18 | -19 |
| Government securities | -17 | 83 | 47 | 28 | -21 | 82 | -50 | -70 | -120 | -28 |
| Changes in deposits (increase -) | -15 | 39 | -22 | 6 | 0 | 0 | 0 | 0 | 0 | 0 |
| Others | 95 | -34 | 16 | -17 | -124 | -75 | -25 | -34 | -25 | -22 |
| Sales of assets 4/ | 0 | 15 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Statistical discrepancy | -4 | -78 | 2 | 13 | -190 | 0 | 0 | 0 | 0 | 0 |
| **Financing Gap** | **0** | **0** | **0** | **0** | **0** | **228** | **248** | **307** | **436** | **442** |
| **Memorandum Items:** | | | | | | | | | | |
| Central government debt stock | 3,300 | 3,433 | 3,529 | 3,544 | 3,462 | 3,429 | 3,500 | 3,565 | 3,620 | 3,673 |
| Central government debt (incl. guarantees) | 3,829 | 4,021 | 4,134 | 4,134 | 4,028 | 4,063 | 4,265 | 4,410 | 4,502 | 4,601 |
| Change in arrears 5/ | 201 | 6 | 86 | 98 | -1 | -162 | 10 | -2 | -1 | -1 |
| GDP at market prices | 3,811 | 4,326 | 5,040 | 5,416 | 6,007 | 6,408 | 6,731 | 7,037 | 7,353 | 7,684 |

Sources: Country authorities and IMF staff estimates and projections.

1/ For 2021, reflects EC$29 million in arrears write-off by Republic Bank of Trinidad and Tobago (RBTT).

2/ Includes contributions to social security, medical benefits, and education.

3/ Projection reflects amortization due (accrual basis).

4/ In 2021, reflects the government's sale of 10 percent of its equity stake in WIOC.

5/ Includes interest and amortization arrears, unpaid vouchers to domestic creditors, personnel payables, and unpaid contributions. For 2021, reflects EC$29 million in arrears write-off by RBTT.

## Table 4b. Antigua and Barbuda: Central Government Operations

(In percent of GDP)

| | | | | | Est. | Projections | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| **Total Revenue and Grants** | **19.8** | **18.9** | **17.9** | **17.1** | **21.4** | **19.9** | **20.1** | **20.2** | **20.1** | **20.0** |
| Current revenue | 17.0 | 16.1 | 16.4 | 15.9 | 19.3 | 18.2 | 18.5 | 18.6 | 18.6 | 18.6 |
| Tax Revenue | 16.0 | 15.4 | 14.8 | 15.0 | 16.3 | 17.0 | 17.2 | 17.4 | 17.4 | 17.3 |
| o/w Income | 2.3 | 1.9 | 1.4 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| o/w Domestic Production and Consumption | 6.9 | 7.6 | 7.9 | 7.8 | 8.7 | 9.0 | 9.1 | 9.2 | 9.2 | 9.2 |
| o/w AB Sales Tax | 5.4 | 5.6 | 4.8 | 6.1 | 7.0 | 7.2 | 7.3 | 7.4 | 7.4 | 7.4 |
| o/w Stamp duties | 1.0 | 1.6 | 1.3 | 1.1 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 |
| o/w International Transactions | 6.3 | 5.3 | 4.9 | 4.8 | 5.1 | 5.5 | 5.6 | 5.7 | 5.6 | 5.6 |
| o/w Import duties | 2.2 | 2.1 | 2.2 | 2.1 | 2.1 | 2.3 | 2.4 | 2.4 | 2.4 | 2.4 |
| o/w Revenue Recovery Charge (RRC) | 1.7 | 1.7 | 1.8 | 1.8 | 1.8 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| o/w Consumption duties | 2.1 | 1.1 | 0.7 | 0.6 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| o/w Taxes on Property | 0.5 | 0.6 | 0.6 | 0.4 | 0.4 | 0.5 | 0.6 | 0.6 | 0.6 | 0.6 |
| Non-Tax Revenue | 1.0 | 0.6 | 1.6 | 0.9 | 3.0 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 |
| Capital revenue | 2.7 | 2.1 | 1.5 | 1.2 | 2.1 | 1.7 | 1.6 | 1.5 | 1.5 | 1.4 |
| o/w CIP revenue | 2.6 | 2.1 | 1.3 | 1.1 | 1.2 | 1.2 | 1.1 | 1.1 | 1.0 | 1.0 |
| Total grants | 0.0 | 0.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Current grants | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Capital grants 1/ | 0.0 | 0.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total Expenditure** | **26.0** | **23.4** | **20.7** | **18.8** | **18.9** | **21.2** | **21.1** | **20.9** | **20.7** | **20.5** |
| Total primary expenditure | 23.5 | 21.1 | 18.1 | 16.6 | 16.8 | 19.2 | 19.2 | 19.3 | 19.1 | 19.0 |
| Current expenditure | 23.2 | 21.1 | 18.3 | 17.0 | 17.6 | 17.7 | 17.4 | 17.2 | 17.1 | 17.0 |
| Primary current expenditure | 20.7 | 18.9 | 15.7 | 14.8 | 15.5 | 15.7 | 15.6 | 15.5 | 15.5 | 15.5 |
| Wages and salaries | 10.2 | 9.1 | 8.3 | 7.4 | 8.0 | 7.7 | 7.7 | 7.6 | 7.6 | 7.6 |
| Employment contributions 2/ | 0.9 | 0.9 | 0.7 | 0.7 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| Goods and services, incl. utilities | 3.3 | 3.0 | 2.7 | 2.7 | 2.6 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Pensions | 1.8 | 1.6 | 1.5 | 1.2 | 1.2 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 |
| Other transfers | 4.4 | 4.2 | 2.6 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 |
| Capital expenditure and net lending | 2.8 | 2.3 | 2.4 | 1.8 | 1.3 | 3.5 | 3.6 | 3.6 | 3.6 | 3.5 |
| Interest payments | 2.5 | 2.2 | 2.6 | 2.2 | 2.1 | 2.0 | 1.8 | 1.6 | 1.6 | 1.5 |
| External | 1.1 | 1.1 | 1.1 | 0.9 | 0.8 | 0.7 | 0.8 | 0.8 | 0.9 | 1.0 |
| Domestic | 1.4 | 1.2 | 1.5 | 1.2 | 1.3 | 1.2 | 1.0 | 0.8 | 0.7 | 0.5 |
| **Primary Balance** | **-3.7** | **-2.3** | **-0.3** | **0.5** | **4.6** | **0.7** | **0.8** | **0.9** | **1.0** | **1.0** |
| **Overall Balance** | **-6.2** | **-4.5** | **-2.8** | **-1.7** | **2.5** | **-1.3** | **-1.0** | **-0.7** | **-0.6** | **-0.5** |
| **Financing** | **6.2** | **4.5** | **2.8** | **1.7** | **-2.5** | **1.3** | **1.0** | **0.7** | **0.6** | **0.5** |
| External (net) | -0.8 | 3.3 | 0.2 | -0.2 | 3.4 | -2.3 | -1.4 | -1.9 | -3.1 | -4.3 |
| Disbursement | 6.2 | 9.6 | 4.7 | 5.1 | 10.4 | 3.0 | 3.0 | 3.3 | 2.6 | 2.1 |
| Amortization 3/ | -7.0 | -6.3 | -4.5 | -5.3 | -7.0 | -5.3 | -4.5 | -5.2 | -5.7 | -6.5 |
| Domestic (net) | 1.9 | 2.5 | 0.9 | -0.1 | -2.7 | -0.2 | -1.4 | -1.7 | -2.2 | -0.9 |
| Banks | 0.2 | 0.5 | 0.1 | -0.5 | -0.3 | -0.3 | -0.3 | -0.3 | -0.2 | -0.2 |
| Government securities | -0.4 | 1.9 | 0.9 | 0.5 | -0.3 | 1.3 | -0.7 | -1.0 | -1.6 | -0.4 |
| Changes in deposits (increase -) | -0.4 | 0.9 | -0.4 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Others | 2.5 | -0.8 | 0.3 | -0.3 | -2.1 | -1.2 | -0.4 | -0.5 | -0.3 | -0.3 |
| Sale of assets 4/ | 0.0 | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Statistical discrepancy | -0.1 | -1.8 | 0.0 | 0.2 | -3.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Financing Gap** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **3.6** | **3.7** | **4.4** | **5.9** | **5.8** |
| **Memorandum Items:** | | | | | | | | | | |
| Central government debt stock | 86.6 | 79.4 | 70.0 | 65.4 | 57.6 | 53.5 | 52.0 | 50.7 | 49.2 | 47.8 |
| Central government debt (incl. guarantees) | 100.5 | 93.0 | 82.0 | 76.3 | 67.1 | 63.4 | 63.4 | 62.7 | 61.2 | 59.9 |
| Change in arrears 5/ | 5.3 | 0.1 | 1.7 | 1.8 | 0.0 | -2.5 | 0.1 | 0.0 | 0.0 | 0.0 |
| GDP market prices | 3,811.4 | 4,325.7 | 5,039.7 | 5,415.6 | 6,007.0 | 6,407.7 | 6,730.5 | 7,037.1 | 7,353.2 | 7,684.0 |

Sources: Country authorities and IMF staff estimates and projections.

1/ For 2021, it reflects EC$29 million (equal to 0.7 percent of GDP) in arrears write-off by Republic Bank of Trinidad and Tobago (RBTT).

2/ Includes contributions to social security, medical benefits, and education.

3/ Projection reflects amortization due (accrual basis).

4/ In 2021, it reflects the government's sale of 10 percent of its equity stake in WIOC.

5/ Includes interest and amortization arrears, unpaid vouchers to domestic creditors, personnel payables, and unpaid contributions. For 2021, reflects EC$29 million (equal to 0.7 percent of GDP) in arrears write-off by RBTT.

## Table 5. Antigua and Barbuda: Balance of Payments

| | | | | | Est. | Projections | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| | (Million of US Dollars) | | | | | | | | | |
| **Current Account** | **-219.7** | **-284.9** | **-291.7** | **-271.0** | **-156.0** | **-249.0** | **-254.4** | **-262.3** | **-266.4** | **-269.8** |
| Trade balance | -403.2 | -474.7 | -642.3 | -658.0 | -627.9 | -721.6 | -754.4 | -787.3 | -817.8 | -850.6 |
| Exports (f.o.b.) | 37.1 | 50.6 | 82.7 | 85.9 | 78.0 | 84.2 | 88.5 | 92.5 | 96.7 | 101.0 |
| Imports (f.o.b.) | 440.3 | 525.2 | 725.0 | 743.9 | 705.9 | 805.8 | 842.9 | 879.8 | 914.5 | 951.6 |
| Non-factor services balance | 244.5 | 312.5 | 526.2 | 570.0 | 676.2 | 683.9 | 725.4 | 765.1 | 805.9 | 849.8 |
| *Of which* : Gross tourist receipts | 412.9 | 488.9 | 828.3 | 910.0 | 1,041.9 | 1,109.4 | 1,177.3 | 1,242.4 | 1,309.2 | 1,381.2 |
| Income (net) | 0.8 | -57.3 | -92.7 | -84.4 | -102.4 | -102.7 | -111.2 | -120.8 | -129.8 | -138.6 |
| *Of which* : Interest on public sector debt | -13.5 | -15.7 | -13.6 | -16.9 | -18.6 | -17.6 | -22.6 | -29.0 | -34.7 | -39.9 |
| Current transfers (net) | -61.9 | -65.4 | -82.9 | -98.7 | -101.9 | -108.7 | -114.1 | -119.3 | -124.7 | -130.3 |
| **Capital and Financial Account** | **240.1** | **229.0** | **290.3** | **341.5** | **77.7** | **249.0** | **254.4** | **262.3** | **266.4** | **269.8** |
| **Capital Account** | **40.3** | **38.3** | **25.4** | **27.0** | **26.9** | **27.4** | **27.4** | **27.4** | **27.4** | **27.4** |
| Capital transfers | 40.3 | 38.3 | 25.4 | 27.0 | 26.9 | 27.4 | 27.4 | 27.4 | 27.4 | 27.4 |
| **Financial Account** | **-199.7** | **-190.7** | **-264.8** | **-314.5** | **-50.8** | **-221.6** | **-227.0** | **-235.0** | **-239.1** | **-242.4** |
| a. Official flows | 35.0 | -55.3 | -32.7 | 0.0 | 36.4 | -29.3 | -83.4 | -61.5 | -58.7 | -53.3 |
| Portfolio liabilities | 11.0 | -2.4 | -15.3 | -5.5 | 13.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Public sector loans | 24.0 | -52.9 | -17.5 | 5.5 | 23.1 | -29.3 | -83.4 | -61.5 | -58.7 | -53.3 |
| *Of which:* Central government | ... | -27.7 | -7.6 | -2.4 | -0.5 | 11.8 | -22.0 | -18.3 | -30.2 | -20.9 |
| *Of which:* Public sector corporations | ... | -88.4 | -75.9 | -99.2 | -99.0 | -109.4 | -102.7 | -144.5 | -178.9 | -222.2 |
| Disbursements | 72.0 | 141.2 | 93.4 | 93.7 | 75.9 | 138.7 | 176.5 | 185.9 | 204.5 | 224.0 |
| Amortization (-) | 96.0 | 88.4 | 75.9 | 99.2 | 99.0 | 109.4 | 93.1 | 124.4 | 145.8 | 170.7 |
| b. Non-official flows 1/ | -142.8 | -191.0 | -230.3 | -264.9 | -73.2 | -250.7 | -220.3 | -219.8 | -219.4 | -218.9 |
| Foreign direct investment (net) | -114.4 | -299.6 | -303.8 | -309.5 | -289.8 | -250.7 | -220.3 | -219.8 | -219.4 | -218.9 |
| Portfolio investment (net) | -51.0 | -0.4 | 61.0 | 50.5 | 216.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other private (net) | 22.6 | 109.1 | 12.6 | -5.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| *Of which:* Commercial banks | -8.2 | 131.2 | 29.1 | 23.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **c. Overall Balance 2/** | **-91.9** | **55.6** | **-1.9** | **-49.6** | **10.1** | **58.5** | **76.7** | **46.4** | **39.0** | **29.8** |
| **Financing** | **91.9** | **-55.6** | **1.9** | **49.6** | **-10.1** | **-58.5** | **-76.7** | **-46.4** | **-39.0** | **-29.8** |
| Change in imputed international reserves (increase -) 3/ | 57.2 | -102.1 | -22.3 | 27.1 | -2.6 | -52.9 | -68.2 | -48.3 | -26.1 | -7.1 |
| Net use of IMF resources | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Caribbean Development Bank financing (net) | 7.2 | 25.0 | -4.2 | -6.6 | -11.5 | -5.5 | -8.3 | 2.1 | -12.7 | -22.5 |
| World Bank financing (net) | 1.7 | -0.1 | 0.0 | 0.0 | 0.0 | -0.1 | -0.2 | -0.2 | -0.2 | -0.2 |
| Other IFIs (net) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Special Drawing Rights** | -0.1 | 0.0 | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **External Financing Gap 4/** | ... | ... | **0.0** | **0.0** | **0.0** | **36.3** | **39.5** | **48.9** | **69.5** | **70.5** |
| **Errors and Omissions** | **-20.3** | **55.9** | **1.4** | **-70.5** | **78.2** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |
| | (Percent of GDP, unless otherwise indicated) | | | | | | | | | |
| **Memorandum items:** | | | | | | | | | | |
| Current account | -15.6 | -17.8 | -15.6 | -13.5 | -7.0 | -10.5 | -10.2 | -10.1 | -9.8 | -9.5 |
| *Of which:* | | | | | | | | | | |
| Gross tourist receipts | 29.2 | 30.5 | 44.4 | 45.4 | 46.8 | 46.7 | 47.2 | 47.7 | 48.1 | 48.5 |
| Export growth (annual percent change) | -25.8 | 36.1 | 63.5 | 3.9 | -9.2 | 8.0 | 5.0 | 4.6 | 4.5 | 4.5 |
| Import growth (annual percent change) | -29.7 | 19.3 | 38.0 | 2.6 | -5.1 | 14.2 | 4.6 | 4.4 | 3.9 | 4.1 |
| Net imputed international reserves (US$ million) 3/ | 221.7 | 323.8 | 346.1 | 319.0 | 321.6 | 374.6 | 442.8 | 491.1 | 517.2 | 524.3 |
| Net imputed international reserves (in months of prospective imports) | 3.1 | 3.2 | 3.3 | 3.1 | 2.7 | 3.0 | 3.4 | 3.6 | 3.6 | 3.5 |
| GDP at market prices (US$ million) | 1,412 | 1,602 | 1,867 | 2,006 | 2,225 | 2,373 | 2,493 | 2,606 | 2,723 | 2,846 |

Sources: Country authorities, ECCB, and IMF staff estimates and projections.
1/ Net acquisition of assets. A positive sign means an outflow of funds.
2/ Overall balance includes financing sources from changes in reserves, and net borrowings from IFIs.
3/ Assumes external financing gap is filled.
4/ The part of the synthetic instrument that will be financed by external investors.

## Table 6. Antigua and Barbuda: Monetary Survey

| | | | | | Projections | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| | (Million of Eastern Caribbean Dollars) | | | | | | | | | |
| **Net Foreign Assets** | **1,588** | **2,231** | **2,363** | **2,371** | **2,516** | **2,659** | **2,843** | **2,974** | **3,044** | **3,064** |
| Antigua and Barbuda, imputed reserves | 599 | 874 | 935 | 861 | 868 | 1,011 | 1,195 | 1,326 | 1,396 | 1,416 |
| Commercial banks' net foreign assets | 989 | 1,356 | 1,429 | 1,509 | 1,648 | 1,648 | 1,648 | 1,648 | 1,648 | 1,648 |
| **Net Domestic Assets** | **1,937** | **1,783** | **1,835** | **2,020** | **1,964** | **2,249** | **2,312** | **2,416** | **2,588** | **2,822** |
| Net credit to public sector | 564 | 638 | 635 | 677 | 601 | 517 | 500 | 482 | 465 | 447 |
| Claims on central government (net) 1/ | 493 | 481 | 502 | 486 | 425 | 341 | 324 | 307 | 290 | 272 |
| ECCB net credit to central government | 136 | 114 | 130 | 120 | 63 | 0 | 0 | 0 | 0 | 0 |
| Commercial banks' net credit to government | 358 | 367 | 373 | 366 | 362 | 341 | 324 | 306 | 290 | 272 |
| Net credit to other public sector | 71 | 156 | 133 | 191 | 176 | 176 | 176 | 176 | 176 | 176 |
| Credit to private sector | 2,049 | 1,965 | 1,924 | 2,059 | 2,268 | 2,404 | 2,537 | 2,663 | 2,796 | 2,936 |
| Other items (net) | -669 | -820 | -724 | -716 | -905 | -672 | -724 | -729 | -674 | -561 |
| **Monetary Liabilities (M2) 1/** | **3,525** | **4,014** | **4,198** | **4,390** | **4,481** | **4,908** | **5,156** | **5,390** | **5,633** | **5,886** |
| Money (M1) | 1,070 | 1,217 | 1,227 | 1,554 | 1,600 | 1,666 | 1,750 | 1,830 | 1,912 | 1,998 |
| Quasi-money | 2,455 | 2,796 | 2,971 | 2,836 | 2,881 | 3,242 | 3,406 | 3,561 | 3,721 | 3,888 |
| | (Change in percent of M2 at beginning of period) | | | | | | | | | |
| **Net Foreign Assets** | **-4.4** | **18.2** | **3.3** | **0.2** | **3.3** | **3.2** | **3.8** | **2.5** | **1.3** | **0.3** |
| Antigua and Barbuda, imputed reserves | -4.0 | 7.8 | 1.5 | -1.7 | 0.2 | 3.2 | 3.8 | 2.5 | 1.3 | 0.3 |
| Commercial banks' net foreign assets | -0.4 | 10.4 | 1.8 | 1.9 | 3.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Net Domestic Assets** | **-0.6** | **-4.4** | **1.3** | **4.4** | **-1.3** | **6.4** | **1.3** | **2.0** | **3.2** | **4.2** |
| Credit to public sector (net) | 4.0 | 2.1 | -0.1 | 1.0 | -1.7 | -1.9 | -0.3 | -0.3 | -0.3 | -0.3 |
| Claims on central government | 2.8 | -0.3 | 0.5 | -0.4 | -1.4 | -1.9 | -0.3 | -0.3 | -0.3 | -0.3 |
| Credit to rest of the public sector | 1.2 | 2.4 | -0.6 | 1.4 | -0.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credit to private sector | 2.4 | -2.4 | -1.0 | 3.2 | 4.8 | 3.0 | 2.7 | 2.5 | 2.5 | 2.5 |
| Other items (net) | -6.8 | -4.3 | 2.4 | 0.2 | -4.3 | 5.2 | -1.1 | -0.1 | 1.0 | 2.0 |
| | (12-month percentage change) | | | | | | | | | |
| **Broad Money** | **-8.7** | **13.9** | **4.6** | **4.6** | **2.1** | **9.5** | **5.0** | **4.6** | **4.5** | **4.5** |
| Money (M1) | -0.6 | 13.8 | 0.8 | 26.6 | 3.0 | 4.1 | 5.0 | 4.6 | 4.5 | 4.5 |
| Quasi-money | -7.1 | 13.9 | 6.2 | -4.5 | 1.6 | 12.6 | 5.0 | 4.6 | 4.5 | 4.5 |
| **Memorandum Items:** | | | | | | | | | | |
| Income velocity of M2 | 1.0 | 1.1 | 1.2 | 1.3 | 1.4 | 1.4 | 1.3 | 1.3 | 1.3 | 1.3 |
| Credit to private sector (net) | 4.8 | -4.1 | -2.1 | 7.0 | 10.2 | 6.0 | 5.5 | 5.0 | 5.0 | 5.0 |
| | (Percent of GDP) | | | | | | | | | |
| Credit to private sector | 53.8 | 45.4 | 38.2 | 38.0 | 37.8 | 37.5 | 37.7 | 37.8 | 38.0 | 38.2 |
| GDP at market prices (EC$ million) | 3,811 | 4,326 | 5,040 | 5,416 | 6,007 | 6,408 | 6,731 | 7,037 | 7,353 | 7,684 |

Sources: Country authorities, ECCB, and IMF staff estimates and projections.

1/ The Eastern Caribbean Central Bank revised the methodology used in the compilation of monetary and financial Statistics in 2020 by sectoring the National Insurance Scheme and Public Nonfinancial Corporations (Group 1) within general government, resulting in changes to some aggregates including central government deposits and broad money.

## Table 7. Antigua and Barbuda: Financial Soundness Indicators (Banks)

| | Dec 2019 | Dec 2020 | Dec 2021 | Dec 2022 | Mar 2023 | Jun 2023 | Sep 2023 | Dec 2023 | Mar 2024 | Jun 2024 | Sep 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Capital adequacy** | | | | | | | | | | | |
| Capital adequacy ratio (CAR) 1/ | 39.4 | 34.6 | 32.8 | 26.7 | 23.1 | 23.3 | 24.2 | 25.8 | 25.3 | 18.1 | 18.1 |
| Tier-1 CAR 2/ | 31.9 | 28.6 | 27.9 | 21.3 | 17.6 | 17.2 | 17.6 | 19.9 | 18.9 | 12.1 | 12.0 |
| **Asset quality** | | | | | | | | | | | |
| Nonperforming loans (NPLs) to total gross loans | 5.3 | 7.4 | 7.8 | 6.9 | 6.7 | 6.9 | 6.3 | 6.1 | 6.0 | 5.6 | 5.2 |
| Total provisions to NPLs | 58.7 | 90.0 | 84.3 | 88.8 | 91.9 | 78.4 | 86.6 | 87.7 | 87.9 | 92.5 | 98.9 |
| Net NPLs to capital 3/ | 17.3 | 18.4 | 17.6 | 7.2 | 5.9 | 10.1 | 6.3 | 5.0 | 4.5 | 3.4 | 1.7 |
| Resident Loans/Total Loans | 88.8 | 91.4 | 91.1 | 90.1 | 89.9 | 89.8 | 90.8 | 91.0 | 90.6 | 91.3 | 90.1 |
| **Liquid asset to total assets** | 46.4 | 36.9 | 40.5 | 43.6 | 44.8 | 43.7 | 42.4 | 44.1 | 45.9 | 45.4 | 44.9 |
| **Return on assets (ROA)** | 1.4 | 0.4 | 0.7 | 0.8 | 1.0 | 1.6 | 1.7 | 1.8 | 2.0 | 1.4 | 1.2 |

Sources: Country authorities and IMF staff calculations.

1/ Regulatory capital to risk-weighted assets

2/ Regulatory Tier 1 capital to risk-weighted assets

3/ Net NPLs = NPLs - provisions

## Table 8. Antigua and Barbuda: Financial Soundness Indicators (Credit Unions)

| | Dec 2019 | Dec 2020 | Dec 2021 | Dec 2022 | Mar 2023 | Jun 2023 | Sep 2023 | Dec 2023 | Mar 2024 | Jun 2024 | Sep 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Capital adequacy** | | | | | | | | | | | |
| Institutional Capital/Total Assets | 10.4 | 11.2 | 10.3 | 10.4 | 10.6 | 10.7 | 10.8 | 10.5 | 11.1 | 10.5 | 10.9 |
| **Asset Quality** | | | | | | | | | | | |
| Provision for Loan Loss/Non performing loans | 61.0 | 26.3 | 74.9 | 79.7 | 71.1 | 73.4 | 71.3 | 68.2 | 76.0 | 69.8 | 70.6 |
| Non performing loans/Total Loans | 0.0 | 8.5 | 5.6 | 6.7 | 7.4 | 7.0 | 7.0 | 7.2 | 6.8 | 7.5 | 7.2 |
| **Liquid asset to total assets 1/** | 16.5 | 16.8 | 17.2 | 22.0 | 21.1 | 21.3 | 19.6 | 18.2 | 21.9 | 21.2 | 19.6 |
| **Net interest income/total assets** | 5.5 | 4.3 | 5.3 | 1.5 | 2.3 | 2.6 | 3.8 | 4.7 | 1.3 | 2.3 | 3.5 |

Sources: Country authorities and IMF staff calculations.

1/ Liquid assets refer to the sum of liquid investments and credit union savings, checking or current accounts at commercial banks

# Annex I. Implementation of the Fund's Past Policy Advice

| Recommendations from 2023 Article IV | Authorities' Actions |
|---|---|
| **Fiscal Sustainability** | |
| To mobilize revenue, strongly and timely implement ongoing initiatives, including capping discretionary tax exemptions, transitioning to HS 2022 customs classification, reassessing property values, raising the tax rate for high-end properties, and continuing expenditure restraint. | **Ongoing.** The authorities have decided to cap discretionary tax exemptions, increase property taxes for high end properties, implement HS 2022 and are considering stronger compliance/enforcement and better tax administration to achieve medium-term targets. But progress capping non-discretionary exemptions has been limited. |
| Broaden the ABST base, introduce excise taxes on tobacco, alcohol, and sugar, and improve property tax collection. Consider raising the standard ABST rate. | **Partially implemented.** The ABST rate was increased from 15 (standard rate) and 14 (reduced rate for tourism) to 17 percent. Introduced 10 percent excise tax on tobacco, alcohol, and cannabis products. Tax rates raised on high-end properties. But collections on high-end property taxes are limited due to data gaps on property owners and compliance challenges. |
| Further strengthen the tax administration through additional auditing capacity. | **Ongoing.** The authorities are engaging with FAD on further technical assistance needs. |
| Put in place e-filing, e-registration, and e-payment of taxes. | **Partial.** The e-filing, e-registration, and e-payment system remains to be fully operationalized. To address weaknesses in information technology, the authorities are pursuing an alternative tax administration system. |
| Operationalize the single window system at customs. | **Partial.** Operationalizing the single electronic window system at customs was delayed and is planned for 2025. |
| **Fiscal Structural** | |
| The MTFS and Fiscal Resilience Guidelines should be endorsed by the parliament. | **Not implemented.** The authorities do not plan to enact the MTFS or the Fiscal Resilience Guidelines. |
| Operationalize the Fiscal Resilience Oversight Committee. | **Implemented.** The Fiscal Resilience Oversight Committee is operational. |
| The Finance Administration Act and the Customs Act should be amended to codify the planned restraint on discretionary tax exemptions. | **Ongoing.** The Finance Administration Act and Procurement Administration Act are under review and expected to be submitted for Cabinet approval in 2025. The Revenue |

| Recommendations from 2023 Article IV | Authorities' Actions |
|---|---|
| | Miscellaneous Provisions Act was enacted in March 2024 to limit waivers of taxes and reduce discretionary exemptions. |
| Statutory exemptions should be consistent with the Antigua and Barbuda Investment Authority Act and the Antigua and Barbuda Investment Authority should monitor the approved projects. | **Ongoing.** Progress on this has been slow. A Concessions Oversight and Monitoring Committee has been established to aid in this effort. |
| Address the shortcomings in the transparency and exchange of information frameworks for tax purposes as identified in the Global Forum's 2023 Peer Review. | **Ongoing.** Antigua and Barbuda enhanced access to beneficial ownership data under information exchanges, and strengthened the legal and operational processes for effective cooperation with tax authorities globally. It has also signed the regional Citizenship-by-Investment (CBI) agreement. |
| **Social Protection** | |
| Establish a centralized beneficiary database to avoid duplication and gaps in coverage. | **Ongoing.** The work with UNICEF support to develop a centralized beneficiary system is ongoing but progress has been slow. |
| Consolidate the numerous social protection programs to ease their coordination and administration. | **Ongoing.** Progress in consolidating programs has been limited. |
| Shift from generalized subsidies and support to more targeted programs with benefits periodically adjusted to reflect cost of living changes. | **Not implemented.** |
| **Debt and Arrears** | |
| Maintain efforts to extend the maturity profile of public debt in the domestic and external markets. | **Ongoing and partial.** The authorities are exploring their options to extend the maturity of domestic debt. Externally, the authorities are engaging with Paris Club creditors. |
| Closely engage with creditors to put in place feasible strategies for clearing remaining arrears and to avoid new arrears. | **Ongoing.** The authorities are currently conducting a validation exercise of potential domestic arrears to suppliers identified by recent CARTAC technical assistance. They are also developing a comprehensive arrears clearance strategy (see Annex II). |
| Explore avenues for increasing climate financing and disaster insurance and undertake contingency planning. | **Ongoing.** A new National Adaptation Plan is pending Cabinet approval. |

| Recommendations from 2023 Article IV | Authorities' Actions |
|---|---|
| **Financial Sector** | |
| The FSRC should continue to strengthen the oversight and regulation of credit unions and enhance the stress testing framework by incorporating climate risks. | **Ongoing.** The FSRC has required credit unions to strengthen governance and risk controls by requiring all institutions to have internal auditing capacity and qualified board members, and for the large credit unions to have dedicated risk managers. |
| Continue to enhance the AML/CFT and CIP frameworks including by improving risk-based AML/CFT supervision and mitigating risks to the integrity and sustainability of CIP. | **Ongoing.** The CIP unit is working with the FIU to improve information exchange between the two agencies and enhance due diligence of applications. Recent legislation raised the investment threshold for applications. |
| The regional efforts to modernize the national insolvency law should continue. | **No change.** Market participants did not signal concerns with the insolvency framework during the 2024 discussions. |
| **Structural Policies, Climate Change and Resilience Building** | |
| Efforts should continue to increase flight connectivity and cruise ship homeporting to boost tourism. | **Ongoing.** Both flight connectivity and cruise ship calls have grown and exceed pre-pandemic levels. The VC Bird International Airport in Antigua is set for resurfacing and expansion in 2025, while the new Burton–Nibbs International Airport in Barbuda opened in October 2024. Efforts to modify the harbor continue to allow for Oasis-class ships, and a new cruise port terminal is planned to be constructed in 2025. |
| Active labor market policies could be strengthened, and opportunities could be further enhanced for vocational education. | **Ongoing.** The authorities have created new upskilling courses in tourism and hospitality at the Antigua and Barbuda Hospitality Training Institute. The Skills Demand Survey has been postponed. The New Work Experience Programme and the One Stop Employment Centre remain to be further improved. |
| Donor support should be mobilized to finance improvements in climate resilience and the transition to renewable energy. | **Ongoing.** The authorities have recently obtained higher accreditation with the Green Climate Fund and are looking into scaling up the current projects. |

# Annex II. External Sector Assessment

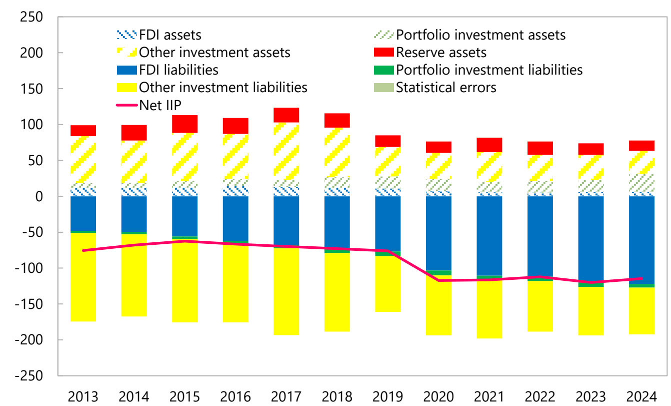
***Overall Assessment:*** *Based on preliminary data and EBA-lite model results, the external position of Antigua and Barbuda in 2024 was moderately weaker than the level implied by fundamentals and desirable policies.*

***Potential Policy Responses:*** *Near-term policies should facilitate further fiscal adjustment to help reduce external imbalances, and structural reforms to improve competitiveness and stimulate long-term growth. Given that the country belongs to a currency union[1] further revenue-side fiscal consolidation will be key to the broader strategy to restore debt sustainability, and to raise the saving-investment balance. External sustainability is underpinned by FDI inflows. Structural reforms that enhance flight connectivity, improve labor force skills, and strengthen climate resilience, can help improve competitiveness and strengthen the external position.*

## Foreign Assets and Liabilities: Position and Trajectory

**Background.** The net IIP was on average around -70 percent of GDP during the pre-pandemic period of 2013-19, fell sharply to -118 percent of GDP in 2020, and has stayed close to that level ever since. Its largest components are other investment assets and reserve assets on the asset side, and FDI as well as other investment liabilities on the liability side. FDI has remained strong in recent years, partly driven by a large mega resort project.

**Antigua and Barbuda: IIP Composition by Instrument**
(Percent of GDP)




Sources: ECCB and IMF staff calculations.

**Assessment.** The net IIP has been financed by FDI (mainly hotel and resort projects). The recent tightening of global financial conditions seems to have had a limited impact on net capital inflows to Antigua and Barbuda, and did not lead to external stability concerns. However, debt remains unsustainable due to the large outstanding stock of arrears, including to external creditors (Annex III).

| | | | | | |
|---|---|---|---|---|---|
| 2024 (% GDP) | NIIP: -114.5 | Gross Assets: 77.7 | Debt Assets: 57.3 | Gross Liabilities: -192.2 | Debt Liabilities: -77.6 |

[1] The forthcoming Article IV Consultation with the Eastern Caribbean Currency Union will include the currency-union external assessment, which is not expected to affect the assessment of potential policy responses for Antigua and Barbuda.

## Current Account

**Background.** The current account (CA) deficit widened by more than 10 percentage points of GDP during the pandemic, reaching 18 percent of GDP in 2021, but has since been on a declining trend. According to preliminary ECCB estimates, the CA deficit narrowed to 7 percent of GDP in 2024. The improvement, by around 6½ percentage points of GDP compared with 2023, reflects: strong service exports growth (mainly tourism); a sharp contraction in goods imports—which fell from 37 percent of GDP in 2023 to 32 percent in 2024, and by 5 percent in nominal terms in 2024—with logistical constraints leading to a dip in imports of construction-related materials and equipment; and a modest deterioration in income and current transfers. Going forward, staff projects imports to rebound given still-strong FDI and tourism growth prospects.

**Assessment.** The EBA-lite CA model—which is generally preferred over the REER model for Antigua and Barbuda, given its superior historical performance—estimates a multilaterally consistent cyclically adjusted CA norm of -6.2 percent of GDP and a CA gap of -1.1 percent of GDP in 2024. Staff expects the sharp contraction in nominal imports to unwind in 2025 and the medium term. In this context, staff assesses the external position to be moderately weaker than fundamentals and desirable policies.

**Antigua and Barbuda: EBA-lite Model Results, 2024**

| | **CA model** 1/ | **REER model** 1/ |
|---|---|---|
| | (in percent of GDP) | |
| **CA-Actual** | **-7.0** | |
| Cyclical contributions (from model) (-) | -0.3 | |
| Additional temporary factors (-) 2/ | 0.6 | |
| **Adjusted CA** | **-7.3** | |
| | | |
| **CA Norm** (from model) 3/ | **-6.2** | |
| Adjustments to the norm (+) | 0.0 | |
| **Adjusted CA Norm** | **-6.2** | |
| | | |
| **CA Gap** | **-1.1** | **-5.5** |
| o/w Relative policy gap | 3.4 | |
| | | |
| Elasticity | -0.4 | |
| | | |
| **REER Gap** (in percent) | **2.5** | **13.0** |

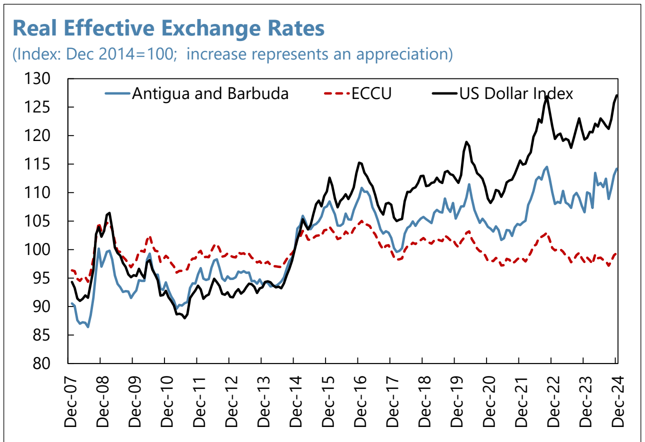
1/ Based on the EBA-lite 3.0 methodology.

2/ The adjustor reflects two temporary offsetting factors in 2024: (i) a *one-off* fall in imports, including construction-related, owing to logistical constraints (estimated impact on CA: +2.3 percentage points of GDP); and (ii) *multi-year* FDI projects, which exceeded the pre-pandemic projection by 4.8 percentage points of GDP in 2024 (estimated impact on CA: -1.8 percentage points of GDP, based on staff's estimated elasticity of 0.4).

3/ Cyclically adjusted, including multilateral consistency adjustments.

## Real Exchange Rate

**Background.** The real effective exchange rate (REER) has largely tracked the movements in the U.S. dollar index historically given the currency peg. The REER has been on an appreciating trend from its lowest post-pandemic in mid-2021. In recent months the REER appreciated faster, reflecting higher inflation in Antigua and Barbuda compared to its trading partners. The inflation differential has also contributed to a digression of the REER in Antigua and Barbuda and that of the ECCU. Persistently higher prices, especially in hotels/restaurants, may lead to some deterioration in price competitiveness in the tourism sector. However, the sector's performance through 2024 has been strong, albeit boosted by one-offs (¶13).

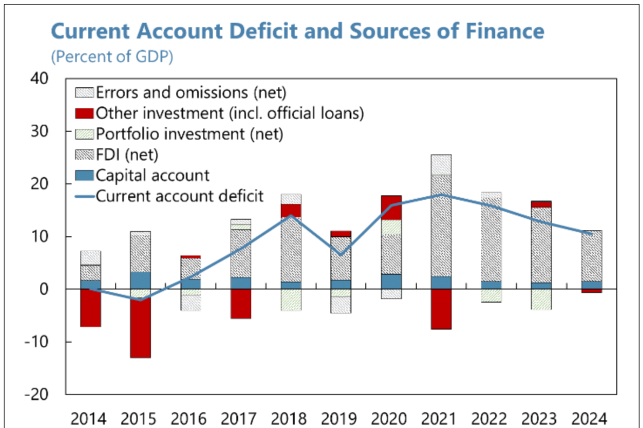


Sources: FRED and IMF staff calculations.

**Assessment.** The EBA-Lite Index-REER model suggests an overvaluation of 13 percent. However, it does not have sufficient granularity to capture the determinants of Antigua and Barbuda's currency fluctuations. The exchange rate gap is also evaluated based on the gap from the CA model. Based on the staff-estimated elasticity of CA to REER of -0.4, the REER is overvalued by 2.5 percent.

## Capital and Financial Accounts

**Background.** Antigua and Barbuda has attracted large FDI inflows in supporting the development of its tourism sector. Measured as a share of GDP, the average inward FDI between 2021 and 2024 averaged around 16 percent, partly reflecting a mega project in Barbuda. Among non-FDI flows, portfolio investment and other investment have mostly seen net outflows in the recent decade, which have been partly offset by capital account inflows, whose main component is citizen-by-investment (CBI) inflows.



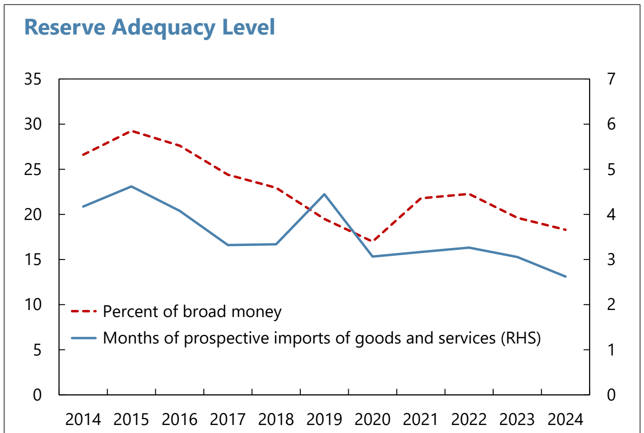
Sources: Country authorities and IMF staff calculations.

**Assessment.** Financial account inflows of Antigua and Barbuda mainly consist of equity financing, especially FDI. Households lack direct access to U.S. securities markets. These factors limit the impact of global financial conditions on net capital inflows to Antigua and Barbuda. CBI inflows, which are relatively small compared to other ECCU countries, are potentially volatile and subject to downside risks. A deepening in geoeconomic fragmentation and regional conflicts in the rest of the world could result in lower FDI inflows.

## Reserves Level

**Background.** Net imputed international reserves (NIIR) are broadly stable. As a share of imports, NIIR in 2024 is estimated around its 2022 level, following a slight decline in 2023 as the continued tourism recovery and strong FDI inflows led to an increase in imports.[2]

**Assessment.** Estimated NIIR in 2024 corresponded to 2.7 months of prospective imports and 18 percent of broad money, slightly below ECCB benchmarks of 3 months of imports and 20 percent of broad money.[3]



Sources: Country authorities and IMF staff calculations.

[2] Antigua and Barbuda is an ECCU member country. Imputed reserves are calculated for each member country as the difference between the country's reserve money (currency issued in the country) and net domestic assets (net claims of the ECCB on the government and the country's commercial banks).

[3] Data gaps for short-term debt and other liabilities preclude reserve adequacy assessments based on the IMF's ARA EM metric.

# Annex III. Sovereign Risk and Debt Sustainability Analysis

*Antigua and Barbuda's public debt-to-GDP ratio has declined following the pandemic, driven by the economic recovery, improvement in the primary balance, and revisions to GDP. While public debt is projected to decline in staff's baseline to reach the regional debt target of 60 percent of GDP by 2030, the baseline debt stock will likely to be revised up after the authorities complete their validation of domestic arrears to suppliers. Public debt is deemed to be unsustainable due to the large outstanding stock of arrears (which are not projected to be cleared under the baseline within the current projection horizon), and high gross financing needs, which if not fully covered, will likely lead to the accumulation of new arrears over the medium term. Debt dynamics could deteriorate in case of a slowdown in economic growth, fiscal underperformance, or if natural disaster risks materialize. Restoring debt sustainability will require a mix of fiscal measures, a plan to clear arrears in the context of improved cash and debt management, and structural fiscal reforms.*

**1. Debt dynamics have improved following the pandemic.** The public debt-to-GDP ratio peaked at 101 percent in 2020 during the pandemic, and has since been on a declining trend. The public debt-to-GDP ratio is estimated to have fallen to 67 percent in 2024, helped by strong economic recovery post-pandemic, improving fiscal balances, as well as the recent rebasing of nominal GDP which resulted in an upward revision of nominal GDP historically. The debt-to-GDP ratio is projected to continue declining on the back of primary fiscal surpluses and GDP growth remaining above average effective interest rates on public debt. In staff's baseline scenario, the public debt-to-GDP ratio reaches the regional debt target of 60 percent of GDP by 2030. However, amortization obligations keep projected gross financing needs elevated (nearly 10 percent of GDP), and medium-term financing gaps are sizable.

**2. Domestic and external arrears remain significant.** As of end-2024, data from the authorities indicate domestic arrears totaling around 7½ percent of GDP, and external arrears of around 6 percent of GDP to Paris Club creditors.

**3. The baseline debt level is likely to underestimate the true debt burden due to unaccounted domestic arrears to suppliers.** The authorities are currently validating potential domestic arrears to suppliers, based on transactions identified by a recent CARTAC technical assistance mission. They are also continuing work to develop a comprehensive arrears clearance strategy.

**4. The baseline scenario and debt sustainability assessment reflect several assumptions.** The baseline scenario assumes that financing gaps are filled by a synthetic instrument, with a 5.5 percent interest rate and 5-year maturity.[1] While the authorities continue to engage with Paris Club creditors, the baseline scenario assumes that arrears to the Paris Club will not be cleared and will continue to accumulate. All arrears to Paris Club creditors and other unresolved domestic and external arrears are included in the debt stock throughout the projection horizon. The stock of

[1] This maintains the same assumption used in the 2023 Article IV Staff Report.

arrears to the Paris Club is assumed to grow 3 percent per year after 2024, which is when the entire restructured amounts fall due as per the country's 2010 agreement with Paris Club creditors.

**5. Staff assesses climate-related adaptation risks to be high over the long term.** Costs of climate-related adaptation investments amount to around 1.6 percent of GDP, including 1.5 percent of GDP in coastal protection costs estimated following the 2019 SIP (Building Ex-Ante Resilience to Natural Disasters (Eastern Caribbean Currency Union: Selected Issues Paper (imf.org)). Staff estimates using the CIAM model (see Appendix VII) also suggest sizeable economic losses and adaptation costs from the sea-level rise, which could amount to nearly 1.8 percent of GDP annually. Although large uncertainty remains around these estimates, given the country's vulnerability to climate-related natural disasters, the country's needs for adaptation and resilience building could be higher.

## Annex III. Table 1. Antigua and Barbuda: Risk of Sovereign Stress

| Horizon | Mechanical signal | Final assessment | Comments |
|---|---|---|---|
| **Overall** | … | **High** | The overall risk is assessed to be high, reflecting vulnerabilities in the near-, medium-, and long-term horizons. |
| **Near term 1/** | n.a. | n.a. | The near-term risk assessment was not undertaken because of the presence of arrears. |
| **Medium term** | **Moderate** | **High** | Mechanical signals suggest moderate risk based on the Fanchart and GFN methodologies. The actual risks are likely underestimated for the following reasons: (i) the gross financing needs do not capture the full financing implications of arrears; and (ii) synthetic instrument, for which no source is identified, is used as a financing instrument to close the financing gaps. |
| Fanchart | **Moderate** | … | |
| GFN | **Moderate** | … | |
| Stress test | … | … | |
| **Long term** | … | **High** | In the long term, standardized scenario with staff adjusted estimate for adaptation coastal protection costs suggests significant impact on GFN and debt dynamics. Long-term risks are high as the country has high exposure to natural disasters and contingent liabilities. |
| **Sustainability assessment 2/** | | Unsustainable | The mechanical signals downplay the risks because gross financing needs do not fully capture the potential financing implications associated with repayment of arrears and low share of identified financing among financing sources. |
| **Debt stabilization in the baseline** | | | Yes |

### DSA Summary Assessment

While debt is expected to decline over the medium term, the mechnical signals downplay the risks because gross financing needs do not fully capture the potential financing implications associated with the repayment of external and domestic arrears. Public debt is deemed to be unsustainable due to the large outstanding stock of arrears. Debt dynamics could deteriorate in case of a slowdown in economic growth, fiscal underperformance, with high exposure to natural disasters and contingent liabilities.

Source: Fund staff.

Note: The risk of sovereign stress is a broader concept than debt sustainability. Unsustainable debt can only be resolved through exceptional measures (such as debt restructuring). In contrast, a sovereign can face stress without its debt necessarily being unsustainable, and there can be various measures—that do not involve a debt restructuring—to remedy such a situation, such as fiscal adjustment and new financing.

1/ The near-term assessment is not applicable in cases where there is a disbursing IMF arrangement. In surveillance-only cases or in cases with precautionary IMF arrangements, the near-term assessment is performed but not published.

2/ A debt sustainability assessment is optional for surveillance-only cases and mandatory in cases where there is a Fund arrangement. The mechanical signal of the debt sustainability assessment is deleted before publication. In surveillance-only cases or cases with IMF arrangements with normal access, the qualifier indicating probability of sustainable debt ("with high probability" or "but not with high probability") is deleted before publication.

## Annex III. Table 2. Antigua and Barbuda: Debt Coverage and Disclosures

| | | | | | | Comments |
|---|---|---|---|---|---|---|
| **1. Debt coverage in the DSA: 1/** | CG | GG | NFPS | CPS | Other | |
| **1a. If central government, are non-central government entities insignificant?** | | | | | 0 | |

**2. Subsectors included in the chosen coverage in (1) above:**

| | | | | | Subsectors captured in the baseline | Inclusion | Comments |
|---|---|---|---|---|---|---|---|
| CPS | NFPS | GG: expected | CG | 1 | Budgetary central government | Yes | |
| | | | | 2 | Extra budgetary funds (EBFs) | No | Not applicable |
| | | | | 3 | Social security funds (SSFs) | Yes | |
| | | | | 4 | State governments | NO | |
| | | | | 5 | Local governments | NO | |
| | | | | 6 | Public nonfinancial corporations | Yes | |
| | | | | 7 | Central bank | NO | |
| | | | | 8 | Other public financial corporations | no | |

| | | | | | |
|---|---|---|---|---|---|
| **3. Instrument coverage:** | Currency & deposits | Loans | Debt securities | Oth acct. payable 2/ | IPSGSs 3/ |
| **4. Accounting principles:** | Basis of recording | | Valuation of debt stock | | |
| | Non-cash basis 4/ | Cash basis | Nominal value 5/ | Face value 6/ | Market value 7/ |
| **5. Debt consolidation across sectors:** | | Consolidated | | Non-consolidated | |

**Color code:** chosen coverage; Missing from recommended coverage; Not applicable

**Reporting on intra-government debt holdings**

| | | | | | Holder / Issuer | Budget. central govt | Extra-budget. funds | Social security funds | State govt. | Local govt. | Nonfin. pub. corp. | Central bank | Oth. pub. fin corp | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CPS | NFPS | GG: expected | CG | 1 | Budget. central govt | | | | | | | | | 0 |
| | | | | 2 | Extra-budget. funds | | | | | | | | | 0 |
| | | | | 3 | Social security funds | | | | | | | | | 0 |
| | | | | 4 | State govt. | | | | | | | | | 0 |
| | | | | 5 | Local govt. | | | | | | | | | 0 |
| | | | | 6 | Nonfin pub. corp. | | | | | | | | | 0 |
| | | | | 7 | Central bank | | | | | | | | | 0 |
| | | | | 8 | Oth. pub. fin. corp | | | | | | | | | 0 |
| | | | | | Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

1/ CG=Central government; GG=General government; NFPS=Nonfinancial public sector; PS=Public sector.
2/ Stock of arrears could be used as a proxy in the absence of accrual data on other accounts payable.
3/ Insurance, Pension, and Standardized Guarantee Schemes, typically including government employee pension liabilities.
4/ Includes accrual recording, commitment basis, due for payment, etc.
5/ Nominal value at any moment in time is the amount the debtor owes to the creditor. It reflects the value of the instrument at creation and subsequent economic flows (such as transactions, exchange rate, and other valuation changes other than market price changes, and other volume changes).
6/ The face value of a debt instrument is the undiscounted amount of principal to be paid at (or before) maturity.
7/ Market value of debt instruments is the value as if they were acquired in market transactions on the balance sheet reporting date (reference date). Only traded debt securities have observed market values.

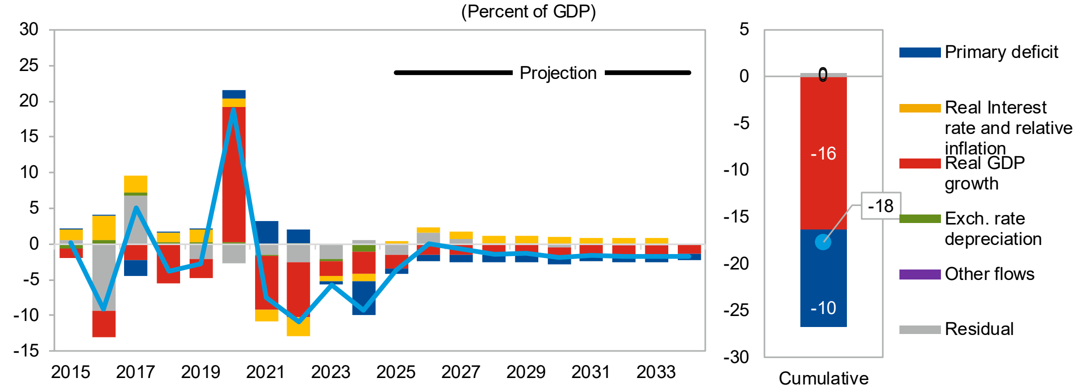
## Annex III. Table 3. Antigua and Barbuda: Baseline Scenario

(Percent of GDP unless otherwise indicated)

| | Actual | Medium-term Projection | | | | | | Extended Projection | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
| Public debt | 67.1 | 63.4 | 63.4 | 62.7 | 61.2 | 59.9 | 58.0 | 56.3 | 54.7 | 53.0 | 51.2 |
| Change in public debt | -9.3 | -3.7 | 0.0 | -0.7 | -1.4 | -1.4 | -1.9 | -1.6 | -1.7 | -1.7 | -1.8 |
| Contribution of identified flows | -9.9 | -2.2 | -1.6 | -1.5 | -1.5 | -1.5 | -1.5 | -1.6 | -1.5 | -1.5 | n.a. |
| Primary deficit | -4.6 | -0.7 | -0.8 | -0.9 | -1.0 | -1.0 | -1.0 | -1.0 | -1.0 | -1.0 | -1.0 |
| Noninterest revenues | 21.4 | 19.9 | 20.1 | 20.2 | 20.1 | 20.0 | 19.9 | 19.9 | 19.9 | 19.8 | 19.8 |
| Noninterest expenditures | 16.8 | 19.2 | 19.2 | 19.3 | 19.1 | 19.0 | 18.9 | 18.9 | 18.9 | 18.8 | 18.8 |
| Automatic debt dynamics | -5.3 | -1.5 | -0.7 | -0.6 | -0.5 | -0.5 | -0.5 | -0.6 | -0.5 | -0.5 | n.a. |
| Real interest rate and relative inflation | -1.0 | 0.5 | 0.8 | 1.0 | 1.0 | 0.9 | 1.0 | 0.8 | 0.8 | 0.8 | n.a. |
| Real interest rate | -2.1 | 0.1 | 0.7 | 1.0 | 1.0 | 0.9 | 1.0 | 0.8 | 0.8 | 0.8 | 0.8 |
| Relative inflation | 1.1 | 0.4 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | n.a. |
| Real growth rate | -3.2 | -2.0 | -1.6 | -1.6 | -1.5 | -1.5 | -1.5 | -1.4 | -1.4 | -1.3 | -1.3 |
| Real exchange rate | -1.1 | … | … | … | … | … | … | … | … | … | … |
| Other identified flows | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Contingent liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| (minus) Interest Revenues | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other transactions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Contribution of residual | 0.6 | -1.4 | 1.5 | 0.8 | 0.1 | 0.2 | -0.4 | 0.0 | -0.1 | -0.2 | n.a. |
| Gross financing needs | 7.4 | 10.9 | 11.3 | 12.9 | 14.1 | 13.9 | 14.9 | 12.9 | 13.0 | 13.0 | 12.8 |
| of which: debt service | 12.0 | 11.6 | 12.1 | 13.8 | 15.1 | 14.9 | 15.9 | 13.9 | 14.0 | 14.0 | 13.8 |
| Local currency | 9.0 | 9.5 | 9.6 | 10.4 | 11.3 | 10.8 | 11.5 | 10.3 | 10.3 | 10.3 | 10.2 |
| Foreign currency | 3.1 | 2.1 | 2.6 | 3.4 | 3.9 | 4.1 | 4.4 | 3.6 | 3.7 | 3.7 | 3.6 |
| Memo: | | | | | | | | | | | |
| Real GDP growth (percent) | 4.3 | 3.0 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| Inflation (GDP deflator; percent) | 6.3 | 3.5 | 2.4 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Nominal GDP growth (percent) | 10.9 | 6.7 | 5.0 | 4.6 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 |
| Effective interest rate (percent) | 3.3 | 3.6 | 3.6 | 3.6 | 3.6 | 3.6 | 3.6 | 3.4 | 3.5 | 3.5 | 3.6 |

### Contribution to Change in Public Debt

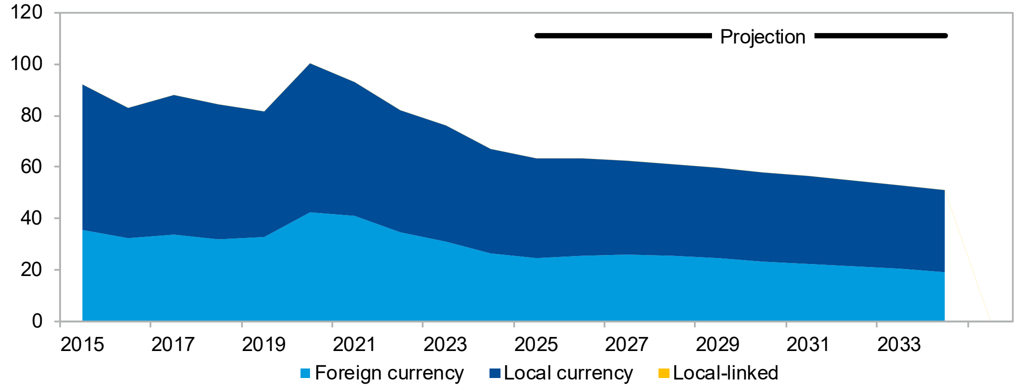
(Percent of GDP)




Staff Commentary: Debt stock is expected to decline as a share of GDP due to a favorable real interest-growth differential as well as fiscal effort. Gross financing needs are underestimated because they do not fully capture the potential financing implications associated with repayment of arrears.

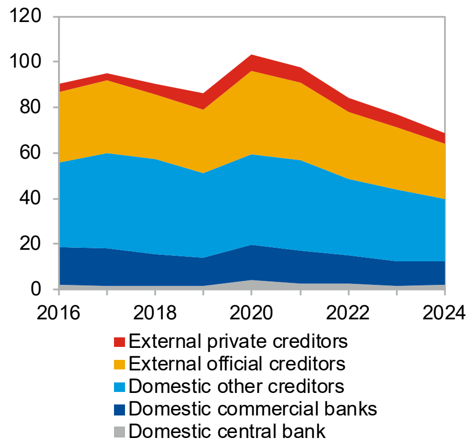
## Annex III. Figure 1. Public Debt Structure Indicators

(Percent of GDP)



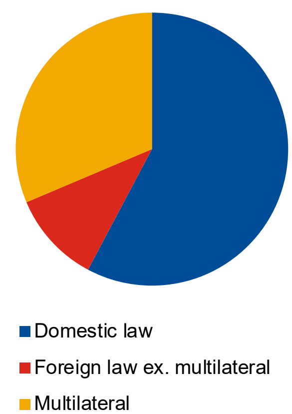

Note: The perimeter shown is central government.

**Public Debt by Holder (Percent of GDP)**



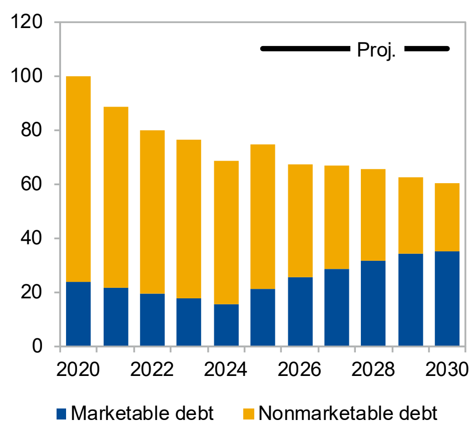

Note: The perimeter shown is general government.

**Public Debt by Governing Law, 2024 (Percent)**



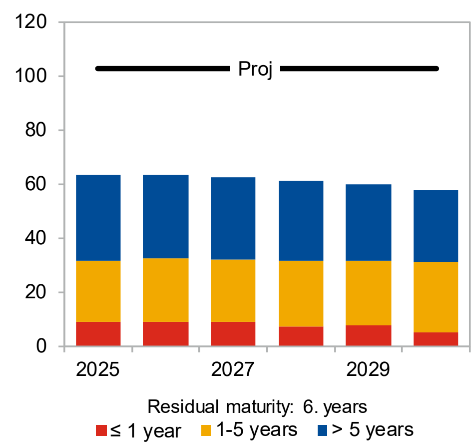

Note: The perimeter shown is general government.

**Debt by Instruments (Percent of GDP)**




Note: The perimeter shown is general government.

**Public Debt by Maturity (Percent of GDP)**

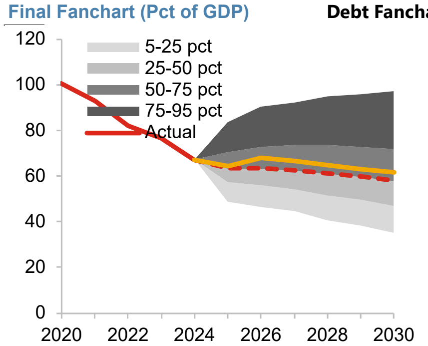



Note: The perimeter shown is general government.

## Annex III. Figure 2. Medium-Term Risk Analysis: Debt Fan Chart and GFN Financeability Indexes

(Percent of GDP unless otherwise indicated)

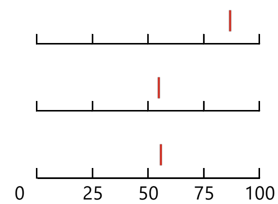
**Final Fanchart (Pct of GDP)**



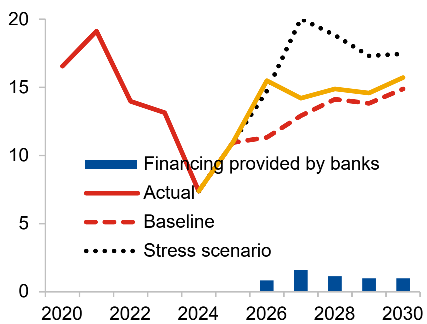

**Debt Fanchart Module**

| | Value | Contrib 1/ |
|---|---|---|
| Fanchart width *(percent of GDP)* | 62.4 | 0.9 |
| Probability of debt non-stabilizaiton *(percent)* | 25.6 | 0.2 |
| Terminal debt-to-GDP x institutions index | 33.4 | 0.7 |
| **Debt Fanchart Index (DFI)** | | 1.8 |
| **Risk Signal: 3/** | | **Moderate** |

Percentile in Peer Group 2/

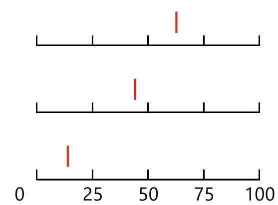



**Gross Financing Needs (Pct of GDP)**



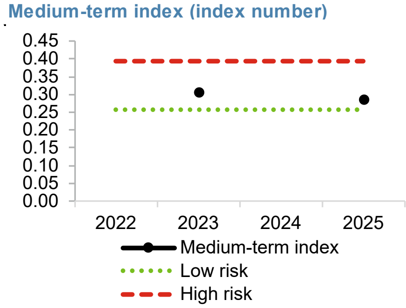

**Gross Financing Needs (GFN) Module**

| | Value | Contrib 1/ |
|---|---|---|
| Average baseline GFN *(percent of GDP)* | 13.0 | 4.4 |
| Banks' claims on the gen govt *(pct bank assets)* | 8.5 | 2.7 |
| Chg. In banks' claims in stress *(pct banks' assets)* | 3.7 | 1.2 |
| **GFN financeability index (GFI)** | | 8.4 |
| **Risk signal: 4/** | | **Moderate** |




Banking crisis Commodity prices Exchange rate Contingent liab. Natural disaster

**Medium-term index (index number)**




Medium-term risk analysis

| | Value | Norm. Value | Weight | Contribution |
|---|---|---|---|---|
| Debt fanchart index | 1.85 | 0.41 | 0.50 | 0.21 |
| GFN finaceability index | 8.41 | 0.16 | 0.50 | 0.08 |
| **Medium-term index** | | 0.3 | | |
| **Risk signal: 5/** | | **Moderate** | | |
| **Final assessment:** | | **High** | | |

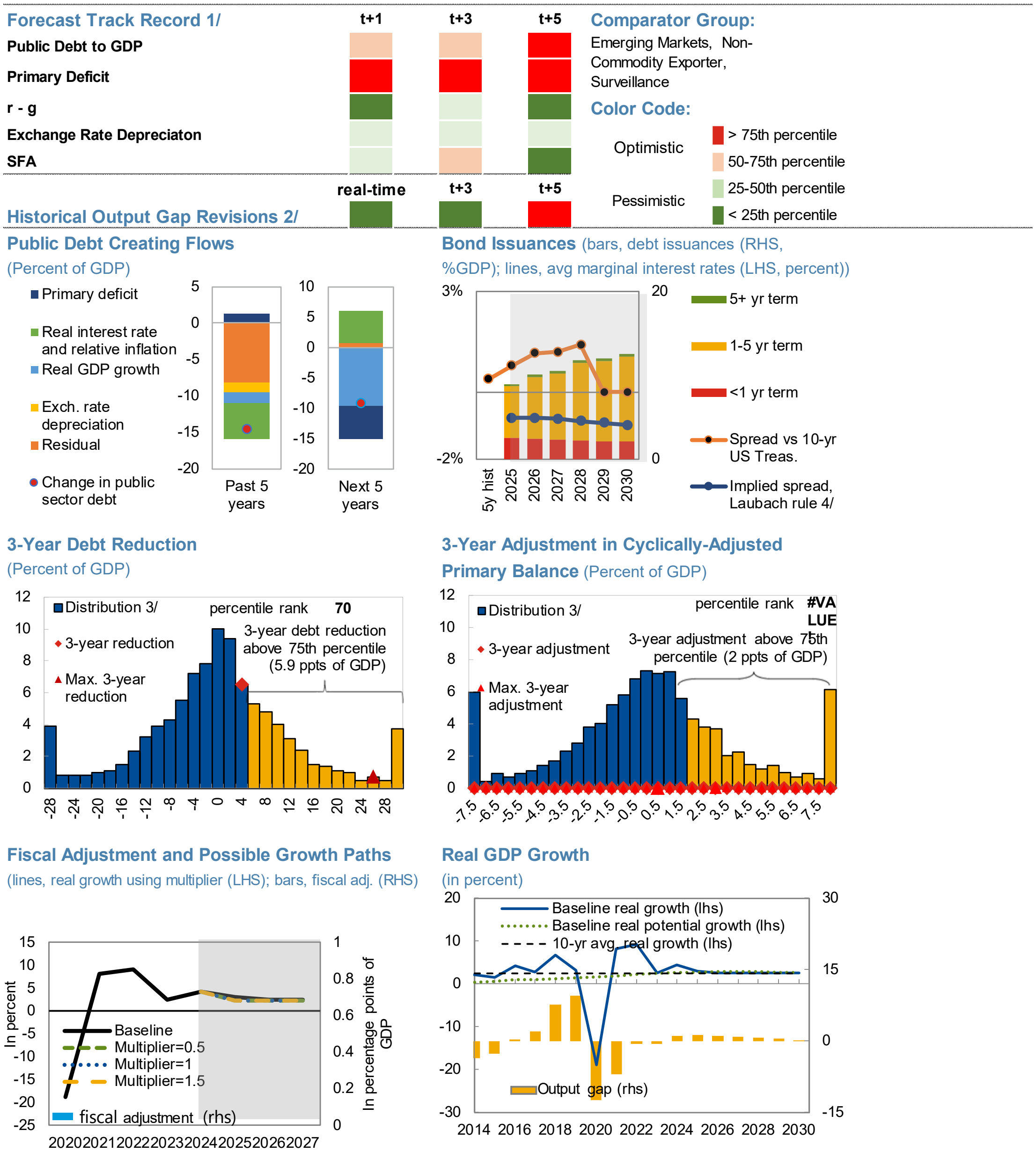
Prob. of missed crisis, 2025-2030, if stress not predicted: 18.2 pct.
Prob. of false alarms, 2025-2030, if stress predicted: 34.1 pct.

Staff Commentary: Mechanical signals from Debt Fanchart Module and GFN Financeability Model point to moderate levels of risk. Final medium-term risk assessment is high considering large stock of arrears and limited access to financing.

Source: IMF staff estimates and projections.

1/ See Annex IV of IMF, 2022, Staff Guidance Note on the Sovereign Risk and Debt Sustainability Framework for details on index calculation.
2/ The comparison group is emerging markets, non-commodity exporter, surveillance.
3/ The signal is low risk if the DFI is below 1.13; high risk if the DFI is above 2.08; and otherwise, it is moderate risk.
4/ The signal is low risk if the GFI is below 7.6; high risk if the DFI is above 17.9; and otherwise, it is moderate risk.
5/ The signal is low risk if the GFI is below 0.26; high risk if the DFI is above 0.40; and otherwise, it is moderate risk.

## Annex III. Figure 3. Realism of Baseline Assumptions




Commentary: As a tourism dependent country, Antigua and Barbuda's economic contraction during the COVID-19 pandemic far exceeded those experienced historically or by its comparator group (non-commodity exporting emerging markets). As the economy has been recovering strongly, projected reduction in debt-to-GDP is larger than the historical averages and those of the comparator group.

Source : IMF Staff.

1/ Projections made in the October and April WEO vintage.

2/ Calculated as the percentile rank of the country's output gap revisions (defined as the difference between real time/period ahead estimates and final estimates in the latest October WEO) in the total distribution of revisions across the data sample.

3/ Data cover annual observations from 1990 to 2019 for MAC advanced and emerging economies. Percent of sample on vertical axis.

4/ The Laubach (2009) rule is a linear rule assuming bond spreads increase by about 4 bps in response to a 1 ppt increase in the projected debt-to-GDP ratio.

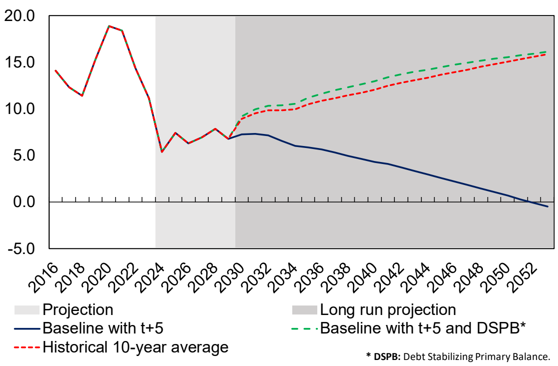
## Annex III. Figure 4. Long-Term Risk Modules

### Large Amortization Trigger

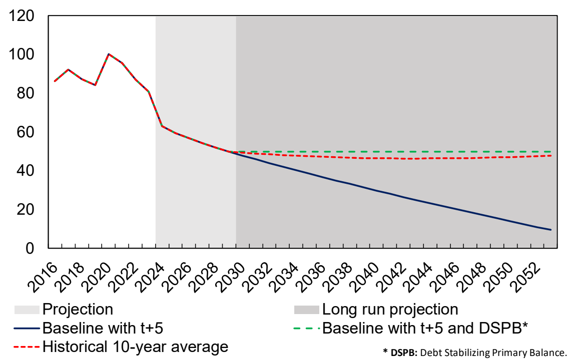
| Projection | Variable | Risk Indication |
|---|---|---|
| Medium-term extrapolation | GFN-to-GDP ratio<br>Amortization-to-GDP ratio<br>Amortization | |
| Medium-term extrapolation with debt stabilizing | GFN-to-GDP ratio<br>Amortization-to-GDP ratio<br>Amortization | |
| Historical average assumptions | GFN-to-GDP ratio<br>Amortization-to-GDP ratio<br>Amortization | |
| Overall Risk Indication | | |

### Alternative Baseline Long-term Projections

**GFN-to-GDP Ratio**



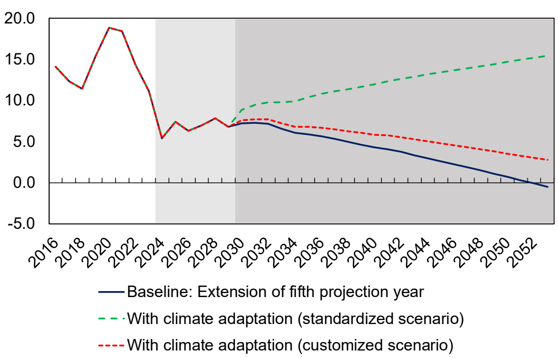

**Total Public Debt-to-GDP Ratio**



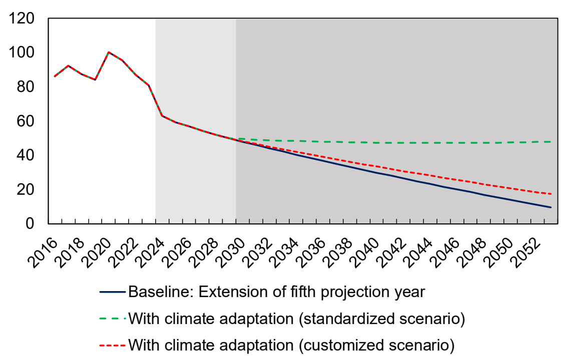

Commentary: Alternative baseline long-term scenarios assuming a primary balance in line with historical averages or with the debt stabilizing primary balance will result in an increasing GFN path and a stable debt-to-GDP ratio.

### Climate Change: Adaptation

**GFN-to-GDP Ratio**




**Total Public Debt-to-GDP Ratio**




Commentary: In the long term, standardized scenario with staff adjusted estimate for adaptation coastal protection costs suggests significant impact on GFN and debt dynamics.The estimates inputted to the module related to costs of climate adaptation investments add up to around 1.6 percent of GDP, which includes 1.5 percent of GDP of adaptation coastal protection coast estimate based on 2019 SIP (Building Ex-Ante Resilience to Natural Disasters (Eastern Caribbean Currency Union: Selected Issues Paper (imf.org)) as staff believes that the default estimate on this may be too low relative to the country's needs for resilience building (though uncertainty around the climate adaptation cost estimates is substantial).

# Annex IV. Risk Assessment Matrix[1]

| Risks | Relative Likelihood | Impact | Policy Response |
|---|---|---|---|
| | | **Global Conjunctural Risks** | |
| **Intensification of regional conflicts.** Escalation or spread of the conflict in Gaza and Israel, Russia's war in Ukraine, and/or other regional conflicts or terrorism disrupt trade (e.g., energy, food, tourism, supply chains), remittances, FDI and financial flows, payment systems, and increase refugee flows. | **High** | **Medium. ST/MT.** Renewed inflationary pressures, lower real incomes, slower economic growth. | Strengthen the social safety net. Monitor financial risks closely, including risks to FDI, in coordination with the ECCB. |
| **Commodity price volatility.** Supply and demand fluctuations (e.g., due to conflicts, export restrictions, OPEC+ decisions, and green transition) cause recurrent commodity price volatility, external and fiscal pressures and food insecurity in EMDEs, cross-border spillovers, and social and economic instability. | **High** | **Medium. ST/MT.** Renewed inflationary pressures, lower real incomes, dampening demand, and worsening fiscal and external imbalances. | Strengthen the social safety net to better support the vulnerable, allow pass-through of international prices to domestic prices, and avoid broad-based measures. Accelerate transition to renewable energy. |
| **Global growth surprises.** Growth slowdown in major economies, including due to supply disruptions, tight monetary policy, rising corporate bankruptcies, or a deeper-than-envisaged real estate sector contraction, with adverse spillovers through trade and financial channels, triggering sudden stops in some EMDEs. | **Medium** | **High. ST/MT.** Weaker external demand for tourism services with large adverse spillovers to the broader economy and worsening fiscal and external imbalances. | Strengthen the social safety net to better support the vulnerable. Adopt measures to assist job search and upskill workers and improve labor mobility. Monitor financial risks closely, in coordination with the ECCB. |
| **Systemic financial instability.** High interest rates and risk premia and asset repricing amid economic slowdowns and elevated policy uncertainty (including from elections) trigger market dislocations, with cross-border spillovers and an adverse macro-financial feedback loop affecting weak banks and NBFIs. | **Medium** | **Low. ST/MT.** Increasing NPLs and reducing liquidity in the financial system. | Monitor financial risks closely, in coordination with the ECCB. Intensify domestic supervision of financial institutions and tighten regulations. Coordinate country supervision between ECCU members. |
| **Sovereign debt distress.** Domino effects from high global interest rates, deteriorating debt sustainability in some AEs, unfunded fiscal spending, and/or disorderly debt events in some EMDEs spillover to other highly indebted countries, amplified by sovereign-bank feedback, resulting in capital outflows, rising risk premia, loss of market access, and contraction of growth and social spending. | **Medium** | **Low. ST/MT.** Reducing lending and slowing economic growth. | Monitor financial risks closely, in coordination with the ECCB. Intensify domestic supervision of financial institutions and tighten regulations. Coordinate country supervision between ECCU members. |

[1] The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path. The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly. The conjunctural shocks and scenarios highlight risks that may materialize over a shorter horizon (between 12 to 18 months) given the current baseline. Structural risks are those that are likely to remain salient over a longer horizon.

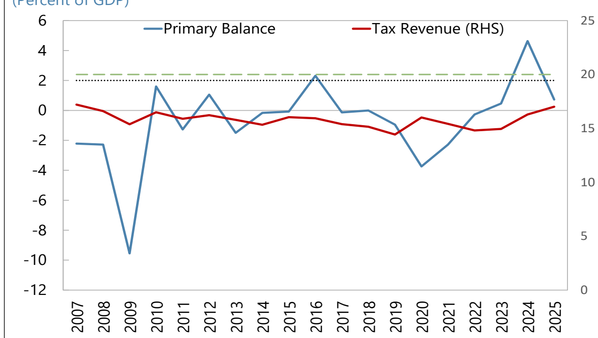
| Risks | Relative Likelihood | Impact | Policy Response |
|---|---|---|---|
| **Global Structural Risks** | | | |
| **Deepening geoeconomic fragmentation.** Broader conflicts, inward-oriented policies, and weakened international cooperation result in a less efficient configuration of trade and FDI, supply disruptions, protectionism, policy uncertainty, technological and payments systems fragmentation, rising shipping and input costs, financial instability, a fracturing of international monetary system, and lower growth. | **High** | **Medium. ST/MT.** Higher inflation, lower FDI inflows and lower CBI revenues. | Improve competitiveness through structural reforms. |
| **Climate change.** Extreme climate events driven by rising temperatures cause loss of life, damage to infrastructure, food insecurity, supply disruptions, lower growth, and financial instability. A disorderly transition to net-zero emissions and regulatory uncertainty lead to stranded assets and low investment. | **Medium** | **High. MT/LT.** Lower economic growth, FDI inflows, and worsening fiscal and external imbalances. | Continue seeking donor financing to build structural resilience, strengthen financial resilience by reducing debt and better disaster risk layering, enhance post-disaster response, and accelerate shift to renewables. |
| **Cyberthreats.** Cyberattacks on physical or digital infrastructure (including digital currency and crypto assets), technical failures, or misuse of AI technologies trigger financial and economic instability. | **High** | **Low. ST/MT.** Disruption of payment and financial systems with adverse spillovers to economic activity. | Enhance digital security of payment and financial system, improve public awareness, and prepare a contingency plan. |
| **Domestic Risks** | | | |
| **Fiscal under-performance.** Lower yields of revenue measures than expected, delays in reforms, a decline in CBI revenues due to increased scrutiny by the EU and the U.S, and arrears to and fiscal risks from SOEs. | **Medium** | **High. ST/MT.** Larger fiscal imbalances and higher public debt, and weaker growth. | Strengthen fiscal institutions and public financial management. Improve oversight of SOEs. Review options for broadening the revenue base and increasing compliance. Improve the AML/CFT framework. Engage closely with EU and U.S. regulators regarding CIP regulations. |
| **Capacity constraints.** Logistical bottlenecks constrain project implementation in the construction sector. | **High** | **Medium. ST/MT.** Lower economic growth and slower implementation of investment projects. | Implement structural reforms targeted to address bottlenecks. |
| **Tourism and travel-related sectors.** Upside risk: stronger than expected outturns stemming from continued high tourism demand; increasing air connectivity; new cruise port terminal facilities; hosting of special events. | **Medium** | **High. ST/MT.** Higher economic growth. | Continue productivity-enhancing reforms to support economic growth and address bottlenecks. |

# Annex V. Identifying and Addressing Fiscal Pressures in Antigua and Barbuda[1]

*Antigua and Barbuda faces ongoing fiscal challenges amidst unsustainable public debt. While public spending aligns with ECCU peer levels, tax revenue is the lowest among them. The authorities have initiated revenue-led fiscal consolidation efforts, but further actions will be needed to restore debt and fiscal sustainability. The absence of a personal income tax puts more burden on the rest of the tax system—in particular, indirect and property taxes—to meet Antigua and Barbuda's revenue needs. The annex also considers options for raising 1-1.5 percentage points of GDP in additional revenues by different combinations of raising income tax, reforming the property tax framework, and reducing discretionary exemptions.*

## A. Fiscal Framework: Policy Targets

**Primary Balance and Tax Revenue**
(Percent of GDP)

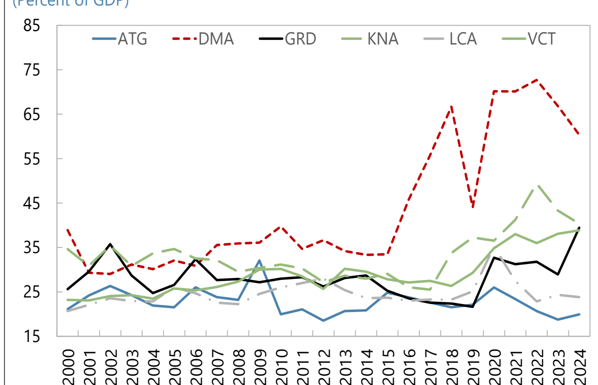



Sources: Country authorities and IMF staff compilations

1. **The fiscal framework of Antigua and Barbuda includes three policy targets according to the Fiscal Resilience Guidelines (FRG):** (i) reducing the public debt-to-GDP ratio to below 60 percent by 2030, (ii) achieving a primary balance (PB) surplus of 1.5-2 percent of GDP, and (iii) raising tax revenue to 20 percent of GDP. The operational primary balance target was last met in 2016. The primary balance has, however, improved since 2020, and reached around ½ percent of GDP in 2023. The 2024 primary balance reached an estimated 4.6 percent of GDP, driven by both the authorities' 2024 Budget measures (Box 1) and one-off factors (e.g., usually higher non-tax revenue and unusually low capital spending). Abstracting from these one-off factors, the primary balance is below the operational target by around 1–1.5 percentage points of GDP. On a positive note, tax revenue in percent of GDP improved from around 15 percent in 2023 to just over 16 percent in 2024.

## B. Spending: Peer Comparison

**Spending across ECCU-6**
(Percent of GDP)




Source: IMF WEO database. 2024 figures are estimates of projections.

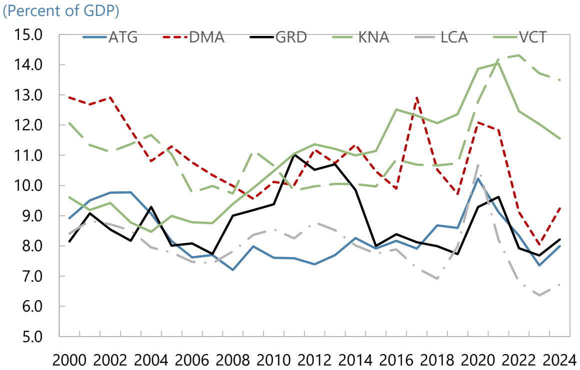
2. **Antigua and Barbuda's public spending as a percentage of GDP, previously in line with peers, is now the lowest in the ECCU.** Spending of nearly 19 percent for 2023-24 is well below ECCU average of 40 percent of

[1] Prepared by Yibin Mu (WHD).

GDP, as well as its historical average of 25 percent since 2000, and down from 26 percent in 2020 (text chart[2]).

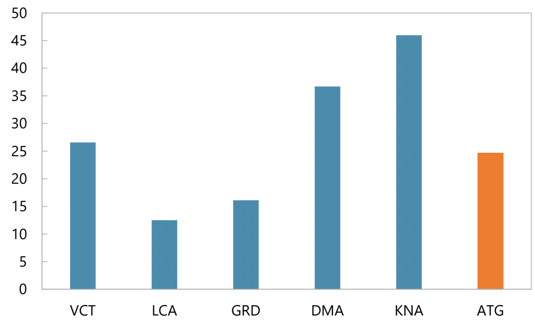
**3. Antigua and Barbuda's public wage spending has been comparatively low among its ECCU peers.** Public wage spending is relatively low at around 7½ percent of GDP in 2023 and 2024, below its historical average of 9.1 percent since 2000. Public wages remained stable in nominal terms through the pandemic period, albeit more volatile as a share of GDP—rising to around 10 percent in 2020 as the economy shrank and falling with the recovery to below 9 percent of GDP as specified in the FRG. The public labor force makes up around 25 percent of the total labor force, placing it in the middle range compared with ECCU peers.

**Public Wage Spending across ECCU-6**
(Percent of GDP)




Source: IMF WEO database. 2024 figures are estimates of projections.

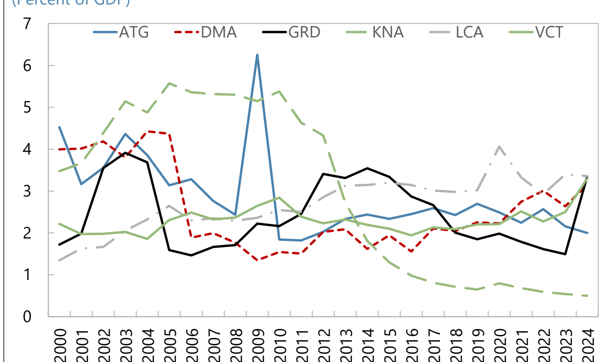
**Share of Public Labor Force in Total Labor Force**
(Percent)




Sources: Country authorities and IMF staff calculations

**4. Although Antigua and Barbuda's interest spending as a percentage of GDP is broadly in line with ECCU peers, arrears are significant.** Interest spending has remained broadly stable at around 2 percent of GDP since the 2008–09 global financial crisis. However, public debt remains unsustainable due to the large outstanding stock of arrears and elevated gross financing needs (Annex III). Newly identified potential arrears, once validated, will likely lead to an upward revision of the stock of outstanding debt.

**Interest Payments**
(Percent of GDP)




Source: IMF WEO database. 2024 figures are estimates of projections.

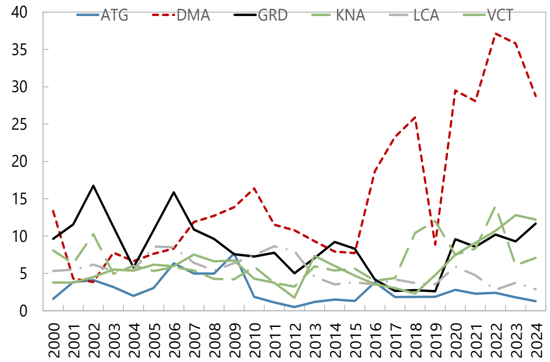
**5. Antigua and Barbuda's capital spending and transfers are relatively low compared to ECCU peers, likely due to financing constraints.** In 2023, capital spending was 1.8 percent of GDP, below its historical average of 3.1 percent of GDP since 2000, and the lowest in the ECCU. Antigua

[2] ATG: Antigua and Barbuda; DMA: Dominica; GRD: Grenada; LCA: St. Lucia; VCT: St Vincent and the Grenadines; KNA: St. Kitts and Nevis.

and Barbuda's transfer spending appears highly correlated with external shocks, with noticeable increases in 2015, 2017, and 2020, driven by hurricanes and the pandemic.  In 2023, Antigua and Barbuda's transfer spending amounted to 5.3 percent of GDP, the lowest among ECCU peers.

**Capital Spending across ECCU-6**

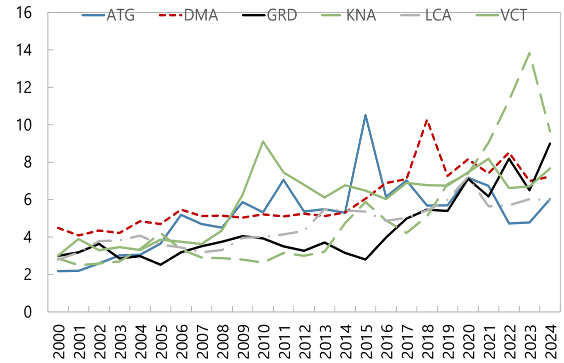
(Percent of GDP)




Source: IMF WEO database. 2024 figures are estimates of projections.

**Transfer across ECCU-6**

(Percent of GDP)



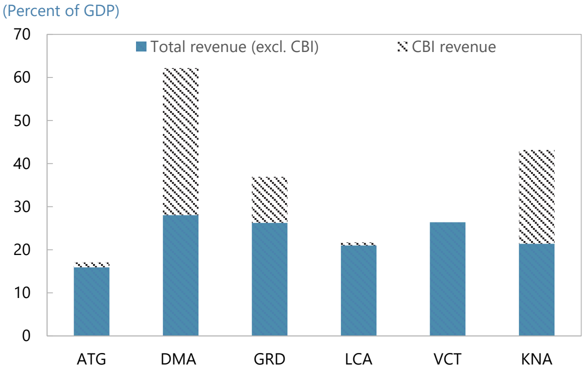

Source: IMF WEO database. 2024 figures are estimates of projections.

## C. Revenues: Peer Comparison

**6. Antigua and Barbuda's various revenue streams as a percentage of GDP are low compared with ECCU peers.** In 2023, total revenue was 1.7 percent of GDP, well below the ECCU average (excluding Antigua and Barbuda) of 34.6 percent. Tax revenue, non-tax revenue, and Citizen-by-Investment (CBI) revenue constituted 82.2, 8.4, and 9.4 percent of total revenue, respectively. Antigua and Barbuda's CBI revenues in percent of GDP are particularly low compared with Dominica, St. Kitts and Nevis, and Grenada. (CBI revenues are high in other countries but are potentially volatile and would not be a reliable long-term solution for Antigua and Barbuda. Without CBI revenue, non-CBI total revenue (including tax revenue and non-tax revenue) amounts to 15.9 percent of GDP, also far below the ECCU average (ex. Antigua and Barbuda) of 24.6 percent. Antigua and Barbuda's non-tax revenue as a percentage of GDP is also the lowest among its ECCU peers.

**Total Revenue (2023)**

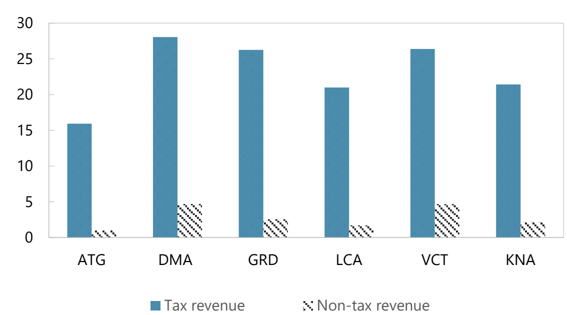
(Percent of GDP)




Sources: IMF WEO database.

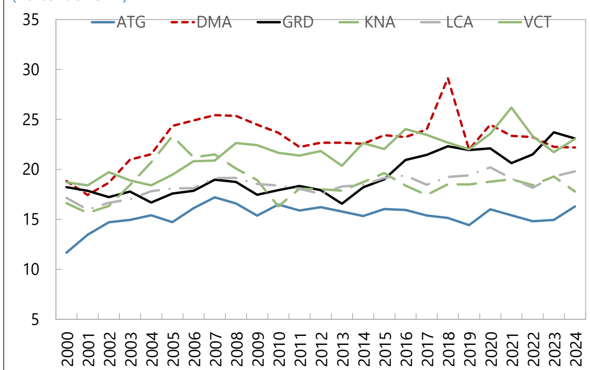
**Total Revenue (Excl. CBI, 2023)**

(Percent of GDP)




Sources: IMF WEO database.

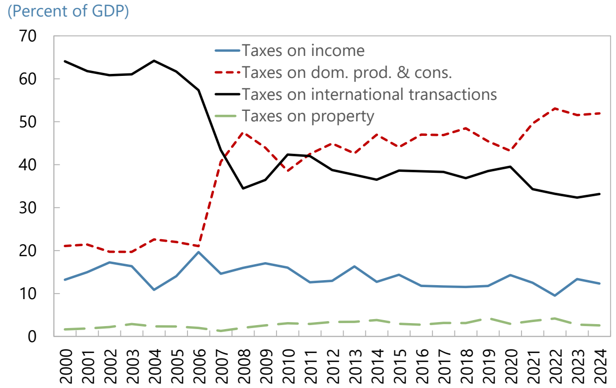
**Tax Revenue across ECCU-6**
(Percent of GDP)




Source: IMF WEO database. 2024 figures are estimates of projections.

**7. Antigua and Barbuda's tax revenue as a percentage of GDP is the lowest among ECCU peers.** The gap with regional peers has been entrenched over the long term. In 2024, Antigua and Barbuda's tax revenue amounted to just over 16 percent of GDP, significantly below the ECCU average of 21 percent (excluding Antigua and Barbuda), as well as Antigua and Barbuda's own medium-term tax revenue goal[3] of 20 percent of GDP.

**Components of Tax Revenues**
(Percent of GDP)



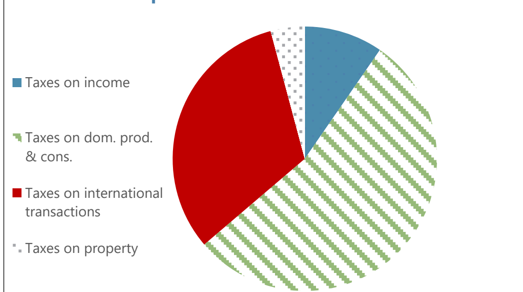

Source: IMF WEO database. 2024 figures are estimates of projections.

**8. Antigua and Barbuda relies heavily on indirect taxes on domestic production and consumption.** The share of indirect taxes has been high since 2008 and grown over time. In 2024, revenue from domestic production and consumption taxes accounted for over half of total tax revenue.

a. **Taxes on domestic production and consumption** are the primary source of tax revenue, with more than three quarters coming from the Antigua and Barbuda Sales Tax (ABST) and a smaller portion from stamp duties. These taxes amounted to 8.7 percent of GDP in 2024, broadly in line with the ECCU average (excluding Antigua and Barbuda) of 8.3 percent of GDP. The standard ABST rate is now 17 percent, among the highest in the ECCU countries (Table 1).

b. **Taxes on international transactions** are the second-largest source of tax revenue, amounting to just under 5 percent of GDP in 2023-24, though this is below the ECCU average (excluding Antigua and Barbuda) of 7.6 percent of GDP).

**Composition of Tax Revenue in ATG**

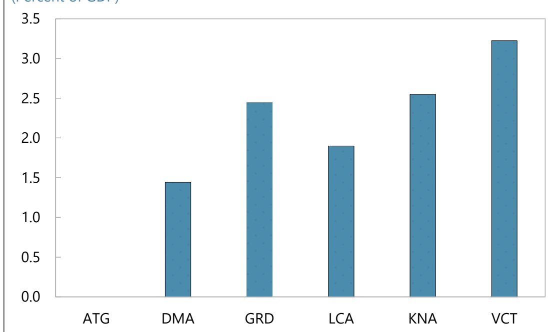



Sources: IMF WEO Database

[3] Adopted by the Cabinet in 2021. See IMF (2022).

c. **Income tax revenue** is low by regional standards, and relies on corporate income tax since the abolition of personal income tax in 2015. In 2023-24, income tax revenue is estimated at around 2 percent of GDP, significantly lower than the ECCU average (excluding Antigua and Barbuda) of 4.6 percent of GDP.

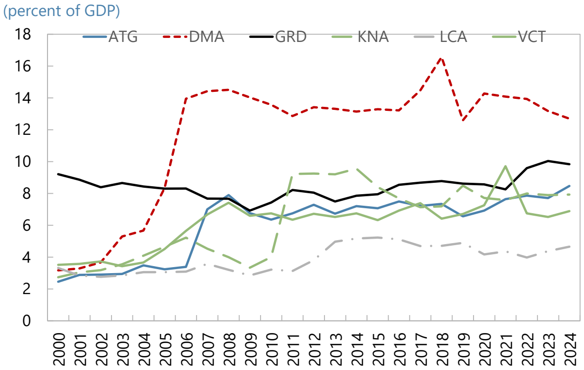
**Personal Income Tax**
(Percent of GDP)




Sources: IMF WEO database

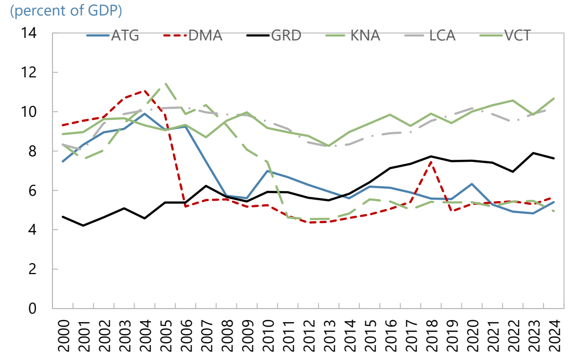
d. **Tax revenue from property** is quite small, at 0.4 percent of GDP in 2024, despite broadly in line with collections in other ECCU countries.

**Tax on Domestic Production and Consumption**
(percent of GDP)



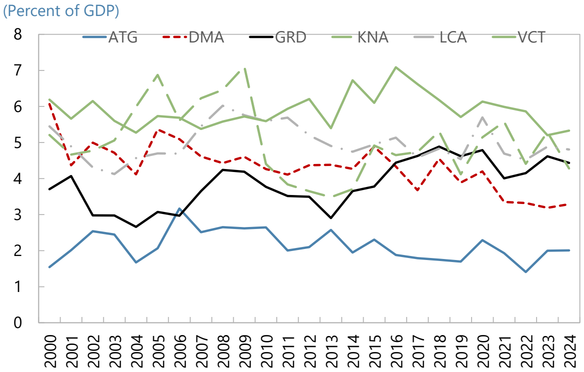

Source: IMF WEO database. 2024 figures are estimates of projections.

**Tax on International Transactions across ECCU-6**
(percent of GDP)



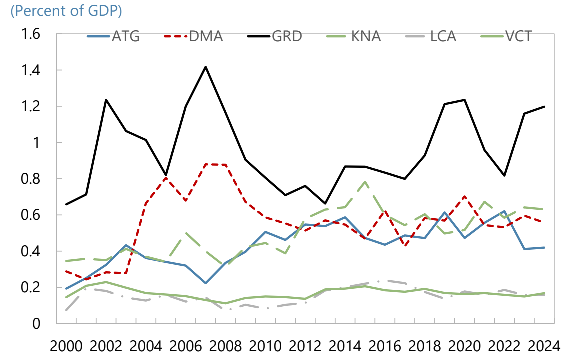

Source: IMF WEO database. 2024 figures are estimates of projections.

**Tax on Income across ECCU-6**
(Percent of GDP)




Source: IMF WEO database. 2024 figures are estimates of projections.

**Tax on Property**
(Percent of GDP)




Source: IMF WEO database. 2024 figures are estimates of projections.

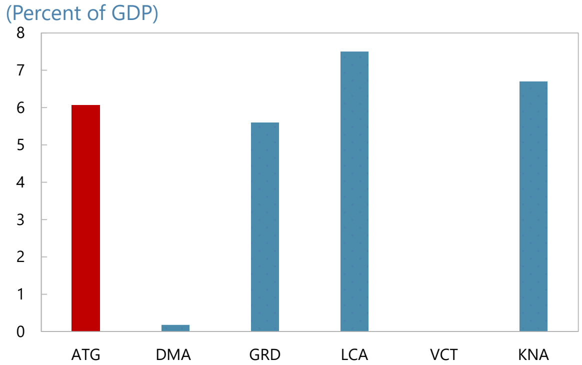
**Annex V. Table 1. ECCU Countries: Comparison of VAT Rates**

| Antigua and Barbuda | Dominica | Grenada | St. Lucia | St Vincent and the Grenadines | St. Kitts and Nevis |
|---|---|---|---|---|---|
| 17% standard | 15% standard<br>10% reduced 1/ | 15% standard<br>10% reduced 1/ | 12.5% standard<br>7% hotels<br>10% other tourism | 15% standard | 17% standard<br>12% reduced 2/ |

1/ Reduced rates for hotels, diving, and/or other tourism operators.
2/ For hotels, restaurants, and other tourism operators.

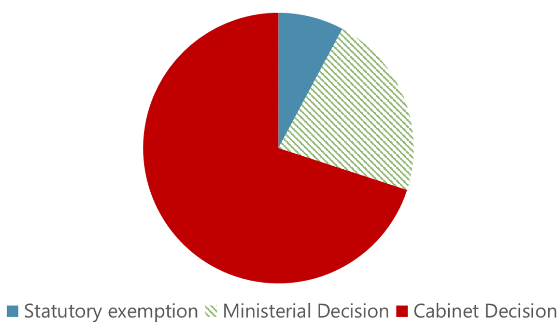
9. **Tax exemptions in Antigua and Barbuda result in significant revenue losses.** In 2024, forgone revenues from exemptions amounted to around 6 percent of GDP, placing it behind St. Kitts and Nevis and St. Lucia but ahead of all the other ECCU countries. Exemptions originating from Statutory, Cabinet Decisions, and Ministerial Decisions represent 8, 70, and 22 percent, respectively, or 0.5, 1.4, and 4.2 percent of GDP, based on the legal framework of these exemptions. Concerning revenue categories, ABST, import duty, and Revenue Recovery Charge (RRC) are the top three, accounting for 43, 34, and 22 percent, respectively. Limiting or removing the legislative authority for Cabinet or the Minister to grant exemptions would help stem significant revenue losses.

**Forgone Revenues from Exemptions 2023**
(Percent of GDP)

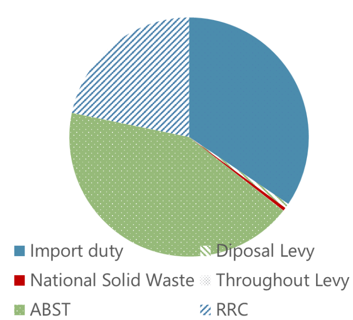



Sources: Antigua and Barbuda authorities and IMF staff calculation.

**Composition of Exemptions by Categories**




**Composition of Exemptions**




RRC: revenue recovery charge.

## D. Options for Addressing Fiscal Gaps

**10. Antigua and Barbuda faces a medium-term[4] primary balance shortfall of 1–1.5 percent of GDP relative to its target, underscoring the need for robust consolidation strategies.** With spending already low compared to ECCU peers—and tax revenue as a percentage of GDP the lowest among the ECCU peers—further fiscal consolidation will need to come from the revenue side. The gaps relative to peers, and the extent of discretionary tax exemptions, suggests significant potential for revenue enhancement. Room also remains to strengthen the property tax framework.

**11. Table 2 presents illustrative options to close the gap.** Possible approaches for mobilizing revenues of 1–2 percent of GDP, without recourse to a personal income tax or higher ABST rates, could include:

- **Option 1** envisages raising one-quarter of the difference from the average of ECCU peers excluding Antigua and Barbuda on income taxes and tax on international transactions by reducing *half* of discretionary exemptions (not changing tax rates) and improving recurrent property tax. These measures are estimated to generate 1.5 ppt in additional revenue.

- **Option 2** envisages raising revenue by eliminating almost all *discretionary exemptions* (not changing tax rates), improving recurrent property tax, and applying ABST to first sales of the initial sale of new residential properties and all related repairs. These measures are estimated to generate 1.6 ppt in additional revenue.

**Annex V. Table 2. Antigua and Barbuda and ECCU Countries: Illustrative Options for Raising Revenues**
(In percent of GDP)

| | Antigua & Barbuda 2023 | Antigua & Barbuda 2024 | Benchmark (ECCU excl. Antigua & Barbuda) | Difference | Option 1 | Option 2 |
|---|---|---|---|---|---|---|
| Taxes on income | 2.0 | 2.0 | 4.7 | 2.7 | 0.7 | 0.0 |
| ABST, excises, and other indirect taxes | 7.7 | 8.5 | 8.5 | 0 | 0.4 | 0.7 |
| Discretionary exemptions (incl. ABST) | 0.8 | 0.7 | | | 0.4 | 0.7 |
| Taxes on international transactions | 4.8 | 4.7 | 7.7 | 3.0 | 0.3 | 0.5 |
| Discretionary exemptions (incl. import duty) | 0.5 | 0.5 | | | 0.3 | 0.5 |
| Taxes on property | 0.4 | 0.5 | 0.5 | 0.0 | 0.2 | 0.4 |
| Total additional revenue | | | | | 1.5 | 1.6 |

[4] The analysis abstracts from the following additional pressures, including new arrears that the authorities are validating, the cost of addressing climate change impacts, and potential financing needs to address the public pension shortfalls.

## Box 1. The Authorities' Fiscal Measures and Expected Yields

The 2024 Budget included a number of fiscal measures to strengthen revenue collection, reduce distortions in the tax system and improve taxpayer compliance. These measures included:

- Reducing tax concessions, especially discretionary exemptions. While tax incentives will still be offered to encourage investments in new projects and major expansions, routine business operations will no longer receive such concessions, in line with the Antigua and Barbuda Investment Authority (ABIA) Act and the Small Business Development Act.
- Implementing the increased property tax rate on properties valued at $3 million or more.
- Implementing a 10% excise tax on alcohol, tobacco, and cannabis products.
- Increasing the Money Transfer Levy from 2% to 5%.[1]
- Broadening the ABST tax base by adding more services, such as online streaming services, and ending the concessionary ABST rate for several transactions, most notably in the tourism sector.
- Increasing the ABST rate from 15% to 17% and applying this rate to the tourism sector, which previously was subject to a rate of 14%.

While the 2025 Budget does not include new tax policy measures, the authorities plan shortly to implement HS 2022.

The fiscal position is estimated to have improved in 2024, with the revenue package yielding around 1 percent of GDP in 2024. Staff estimates that these measures will raise around ¾ percent of GDP over the next three years. However, discretionary tax exemptions continue to undermine the tax base.

**Expected Yields (In Percent of GDP)**

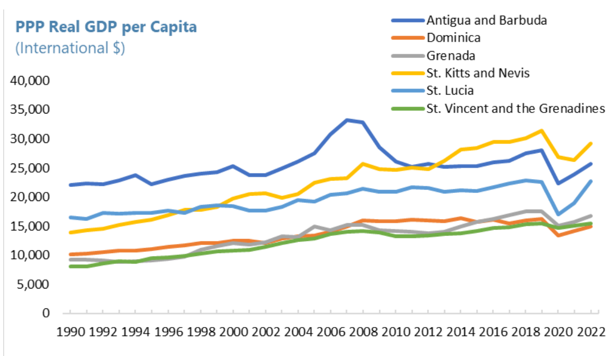
| Measures | 2024 | 2025 | 2026 | 2027 | Total |
|---|---|---|---|---|---|
| (i) ABST rate hike and broadening the ABST tax base by incorporating additional services such as online streaming services | 0.87 | 0.12 | 0.00 | 0.00 | 1.00 |
| (ii) Impose a 10 percent excise tax on alcohol, tobacco, and cannabis products | 0.08 | 0.00 | 0.00 | 0.00 | 0.08 |
| (iii) HS 2022 code | | 0.09 | 0.10 | 0.07 | 0.27 |
| (iv) Reduce discretionary tax exemptions | 0.00 | 0.08 | 0.09 | 0.07 | 0.24 |
| (v) Raise property tax rate on high end properties | 0.01 | 0.11 | 0.03 | 0.00 | 0.15 |
| Total | 0.96 | 0.41 | 0.22 | 0.14 | 1.73 |

[1] The increase in the Money Transfer Levy from 2 to 5 percent is unlikely on its own to generate significant revenue. Cross-country experience suggests that individuals restructure their financial transactions to minimize taxes and fees. The above table does not include a yield from the levy increase.

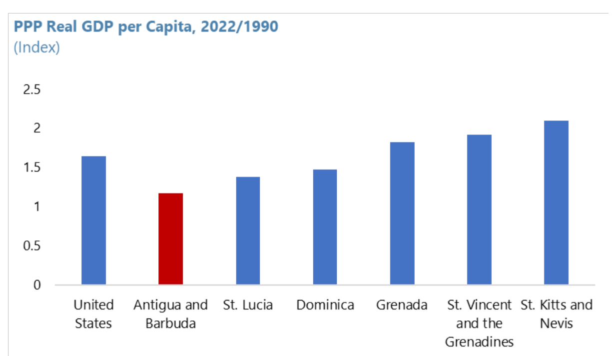
# Annex VI. Misallocation and Firm-Level Productivity in Antigua and Barbuda[1]

*This annex analyzes aggregate and firm-level productivity in Antigua and Barbuda, drawing on the Innovation, Firm Performance, and Gender (IFPG) survey. The growth of GDP per capita in Antigua and Barbuda has slowed in recent decades. Firm-level evidence points to the potential for large aggregate productivity gains from the efficient reallocation of resources between firms. Firms report that customs and trade regulations, access to finance, and workforce education are top obstacles. Cross-Caribbean regression analysis finds that reducing obstacles facing firms is associated with higher firm productivity.*

**1. While Antigua and Barbuda has a high GDP per capita, its growth has slowed in recent decades.** In 2022, real GDP per capita was higher than many ECCU countries. However, since 1990, the growth of real GDP per capita has been lower than its peers, impacting its convergence with the United States.




Source: IMF staff calculations from the World Economic Outlook.




Source: IMF staff calculations from the World Economic Outlook.

**2. A key aspect of growth is the efficient reallocation of resources.** When misallocation occurs, it lowers aggregate productivity since it causes firms to operate at an inefficient scale. Under the Hsieh and Klenow (2009) framework, misallocation can be identified as the dispersion in the marginal revenue products of inputs between firms, and is driven by firm-level distortions.[2] Eliminating these distortions provides a path to boosting growth.

**3. This annex studies the misallocation of resources at the firm-level in Antigua and Barbuda using the Innovation, Firm Performance, and Gender (IFPG) survey.[3]** This cross-sectional survey, commissioned by the Inter-American Development Bank, was conducted in 2020 on 1,979 firms across 13 Caribbean countries, including the ECCU-6. For Antigua and Barbuda, 150 firms are present with information on their balance sheets, statement of income, and responses to questions regarding firm performance. In the survey, the sectors are broadly defined as

[1] Prepared by Alexander Amundsen (WHD).

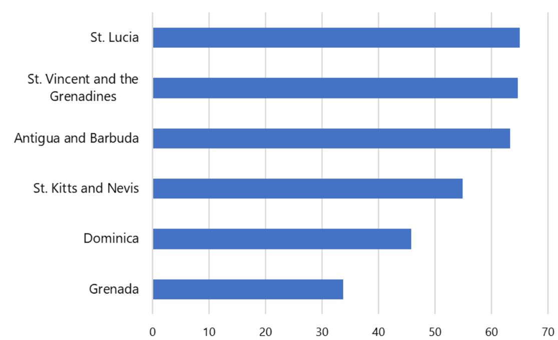
[2] Hsieh, C. T., & Klenow, P. J., 2009. Misallocation and Manufacturing TFP in China and India. *The Quarterly Journal of Economics*, 124(4), 1403-1448.

[3] The dataset is available at: [PROTEqIN & IFPG DATASETS - Compete Caribbean Partnership Facility.]

manufacturing and services, and while conducted in 2020, the variables used in the analysis largely refer to the fiscal year 2019, before the COVID-19 pandemic. Productivity is defined as total factor productivity (TFP), and is estimated by the factor share approach.[4] In the TFP results, firms are dropped if they have missing values and if they make up the top and bottom 2 percent of productivity in order to deal with outliers.

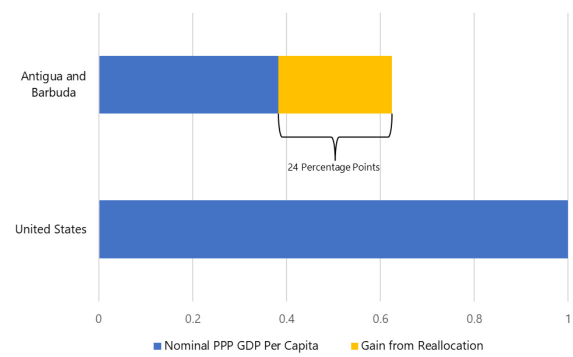
4. **The survey shows that there is scope to improve the allocation of resources in Antigua and Barbuda.** The degree of misallocation varies across countries in the ECCU-6, with Antigua and Barbuda demonstrating potential for an aggregate TFP gain of 63 percent if all misallocation was removed. Put another way, the output level without misallocation is 63 percent higher than the output level with misallocation. This gain is significant, and would imply large improvements in living standards. Applying this result to GDP per capita suggests that improving the firm-level allocation of resources in Antigua and Barbuda could narrow the GDP per capita gap with the United States by 24 percentage points.[5] Reforms promoting resource reallocation could therefore support higher medium and long-term GDP growth rates.

**Aggregate TFP Gain from Reallocation**
(In percent)




Source: IMF staff calculations from the Innovation, Firm Performance and Gender (IFPG) survey.

**GDP Convergence through Reallocation, 2019**
(Relative to U.S.)




Sources: IMF staff calculations from the World Economic Outlook and the Innovation, Firm Performance and Gender (IFPG) survey.

5. **Misallocation, and the underlying distortions driving it, can reflect obstacles facing firms.** Out of 18 potential obstacles provided in the survey, the top three most serious obstacles reported by firms in 2020 are: customs and trade regulations, access to finance, and inadequately educated workforce. These items lend support for the authorities to target their efforts, and the authorities have made efforts to address them. Customs and trade regulations have been improved by the redevelopment and expansion of the cargo port in 2022. Further efforts to introduce the single electronic window system, which is planned for 2025, can facilitate the efficient importing and exporting of products. Access to finance has been improved by the operationalization of the ECCU Credit Bureau and the Eastern Caribbean Partial Guarantee Corporation. Further efforts to increase financial literacy among MSMEs, such as the recent courses offered by the Antigua and Barbuda

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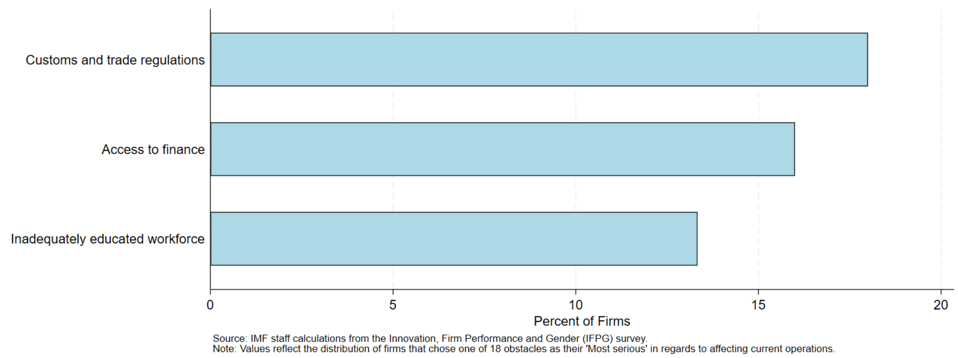
[4] This approach equates the input's cost share to its respective output elasticity under the assumption of cost-minimization by firms, perfect competition, and constant returns to scale.

[5] This calculation assumes that the gains to labor productivity is the same as the gains to TFP, and that labor participation does not change.

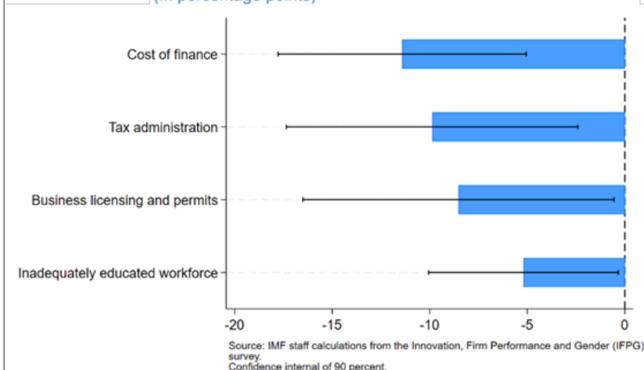
Investment Authority, can help to support businesses' access to credit. Workforce education has been improved by the opening of the University of the West Indies Five Islands Campus in 2019 and the Harrison Centre in 2023. Further efforts to expand the Campus in 2025 and to provide upskilling courses offered recently by the Antigua and Barbuda Hospitality Training Institute can help to create additional educational opportunities and ease labor skills shortages.

**Top Obstacles Facing Firms**
(In Percent)




6. **Cross-Caribbean regression analysis points to obstacles associated with lower firm productivity.** In addition to creating misallocation, obstacles can affect the level of firm productivity by impacting the business environment. Results from regressing the level of firm TFP on dummy variables indicating when firms face 'Major' or 'Very severe' obstacles,[6] and including firm controls and industry/country fixed effects, show that improvements to the business environment can improve firm-level outcomes. Removing obstacles related to the cost of finance and tax administration could significantly improve firm-level TFP by over 10 percentage points, while removing obstacles related to business licensing and permits and workforce education could significantly improve firm-level TFP by over 5 percentage points. These results highlight that there is scope for aggregate TFP gains to be achieved. If the four obstacles—cost of finance, tax administration, business licensing and permits, and workforce education—were removed among firms in Antigua and Barbuda, then the overall increase in aggregate TFP could total around 9 percent (text table).

**Firm-Level TFP Decline Associated with Structural Obstacles**
(In percentage points)




**Aggregate TFP Gain from Removal of Structural Obstacles**
(In percent)

| | |
|---|---|
| Cost of finance | 1.4 |
| Tax administration | 3.0 |
| Business license and permits | 1.9 |
| Inadequately educated workforce | 2.3 |

Source: IMF staff calculations from the Innovation, Firm Performance and Gender (IFPG) survey.

[6] The obstacles are included as dummy variables equal to one if firms report that they are 'Major' or 'Very severe', and equal to zero if firms report that they are 'No', 'Minor', or 'Moderate'.

# Annex VII. Adaptation and Resilience Building in Antigua and Barbuda[1]

*Antigua and Barbuda is a small island developing state (SIDS) that is highly exposed to natural disasters, including extreme weather events. Sea-level rise (SLR) is expected to impose sizable costs on the country, including loss of land and relocation. A warming global climate is also expected to make natural disasters such as hurricanes and storms more destructive and costly. Investments in adaptation and structural resilience can mitigate the negative economic impact. Such investments require fiscal space upfront but could also help ease the fiscal pressure in the long run.*

**1. Antigua and Barbuda is highly vulnerable to the impact of extreme weather events.** Given its geographic location as a low-lying island nation in the Caribbean, the country is susceptible to rising sea levels and coastal erosion. It is also vulnerable to changes in rainfall patterns, which can lead to water scarcity and pressures on freshwater supplies. In addition, the economy is highly dependent on the tourism industry as a major source of income, and extreme weather events such as hurricanes can damage the wider economy—damage from past hurricanes since 1989 has averaged 40 percent of GDP—and particularly the tourism sector. As a SIDS, the country has limited resources to implement necessary adaptation measures against weather extremes and climate change, given other competing developmental objectives.

## A. Adaptation to Sea-Level Rise: Strategies and Costs

**2. Adaptation is effective at reducing impacts of SLR, but costs and benefits of alternative options should be assessed before selecting the optimal strategy.** With an emission scenario in line with the Paris goal of keeping global mean temperature increase below 2 °C, Antigua and Barbuda faces estimated SLR of 0.52 m. With a very high emission scenario, SLR would reach 0.78 m. IMF staff uses the Coastal Impact and Adaptation Model (CIAM)[2] to estimate the net benefit of two adaptation strategies. The first strategy relies on protecting the coastline to prevent permanent inundation and storm-surge flooding. Protection can consist of sand nourishment—a flexible nature-based solution—or harder barriers. The second strategy relies on planned retreat from the coastline. This entails anticipating SLR, letting capital depreciate and eventually abandoning it, and moving population before it is at risk. Both the size of protections and the retreat perimeter can be sized to deal with storm flooding of different intensities, from 1/10 to 1/10,000 years events. The coasts of Antigua and Barbuda are considered separately, to consider differences in topography, and in infrastructure, capital, and population density.

**3. A mixed strategy comprising coastal protection in Antigua and retreat from the coastline in Barbuda is estimated to be the least-cost option in the country, with costs**

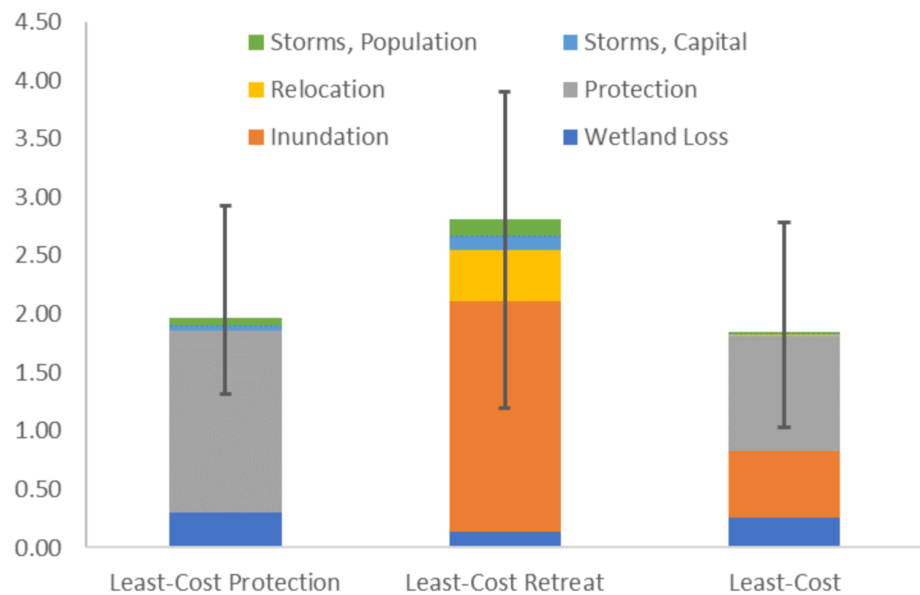
[1] Prepared by Emanuele Massetti (FAD) and Hou Wang (WHD).

[2] CIAM is a global model used to estimate the economic cost and benefits of adaptation to sea-level rise (Diaz, 2016), utilizing global coastline data as well as data on capital, population, and wetland coverage at different elevations. Projections of local sea-level rise from Kopp et al. (2014) inform estimates of the areas that will be inundated and the amount of capital and population at risk.

**averaging 1.8 percent of GDP annually.** Figure 1 provides further details on the composition of costs for the least-cost protection, least-cost retreat, and least-cost overall adaptation strategies.[3] Protection entails investment direct costs to finance coastal barriers but also indirect costs due to loss of wetlands with their biodiversity richness. Damages to capital and loss of life during storms is minimized because protection is built against 1/100 years storm events. Retreat does not entail direct expenditures, but it causes permanent land loss, the disutility cost of abandoning inundated areas, and storm surge can cause losses. In the least-coast adaptation option for the country, protection costs amount to approximately 0.9 percent of GDP on average from 2020 to 2100, annually. Inundation costs and wetland losses account for another 0.9 percent of GDP costs.

**Annex VII. Figure 1. Annual Average Cost of Sea-Level Rise with Adaptation, by Impact, 2020–2100**

(In percent of GDP)




Notes: Average annual cost. Whiskers on top of each bar indicate the range of total cost using the 5th and 95th percentile of the probabilistic distribution of sea-level rise. Due to the highly non-linear nature of coastal impacts, adaptation costs, and effectiveness of adaptation measures, ranges are not always symmetric around total costs.

Source: IMF Staff using the CIAM model (Diaz, 2016).

## B. Building Resilience to Natural Disasters: Returns on Public Investment

4. **Antigua and Barbuda is frequently hit by destructive hurricanes which cause large economic and humanitarian impacts.** The Caribbean is the most exposed region to climate-related natural disasters, with an estimated annual average cost exceeding 2 percent of GDP in the past three decades (Guerson and others, 2023, Figure 8). Among the CARICOM countries, Antigua and Barbuda is one of the more vulnerable because of its unique geographic characteristics. Its coastlines are varied and include both steep, sometimes volcanic coastlines and coastal plains,

[3] The strategies are "least cost" because the size of protections and the retreat perimeter are optimized to minimize the cost given each strategy.

sometimes with mangroves and seagrass beds along the shore, making the flooding caused by storms a considerable threat (Simpson et al., 2009). The country experienced 10 major extreme weather events since 1980 (EM-DAT)[4], with thousands of people affected and significant economic losses and damages. In 1989, 1998, and 2017, hurricanes caused economic losses amounting to 43.2, 23.7, and 20.3 percent of GDP, respectively.

5. **The long-term costs and benefits of investing in resilience can be quantified using tools like IMF's climate FGG model**.[5] The model is calibrated to reflect Antigua and Barbuda's basic economic structure (e.g., share of GDP components including public investment, basic tax structures, trade openness), and historical natural disaster severity and frequency. The model distinguishes two types of public capital—resilient and non-resilient. Both types of investment are assumed to be perfect substitutes in production; however, resilient capital sustains less damages after natural disasters. Intuitively, a resilient bridge provides the same services as a non-resilient bridge, as long as there is no natural disaster. Once a natural disaster hits, the non-resilient bridge sustains larger losses. However, increased resilience is associated with higher investment costs. The baseline calibration assumes that resilient public investment is 25 percent more expensive than non-resilient public investment, in line with expert estimates.[6]

6. **Investment in resilient public infrastructure can deliver important long-run output gains for Antigua and Barbuda.** The simulations assume that while public investment remains unchanged at historical averages, the share of resilient public capital stock in total public capital stock rises from 0 to 50 percent in the long run. The results shown in Figure 2 indicate that investment in resilient public capital can yield nearly 1.2 percent gain in GDP once resilient capital is fully in place (i.e., after the economy transitions from the current steady state of no resilient capital to a new steady state with resilient capital). This is a result of both the direct effect of lower public capital destruction following a climate event, as well as an indirect effect associated with higher expected returns to private investment. In the new steady state with resilient capital, consumption, private investment, the capital stock, and employment are all higher.

7. **Because of reconstruction cost savings and long-run output gains, additional public spending on resilient capital investment need not imply a significant deterioration of the fiscal outlook in the long run.** The simulation exercise assumes that resilient capital is more

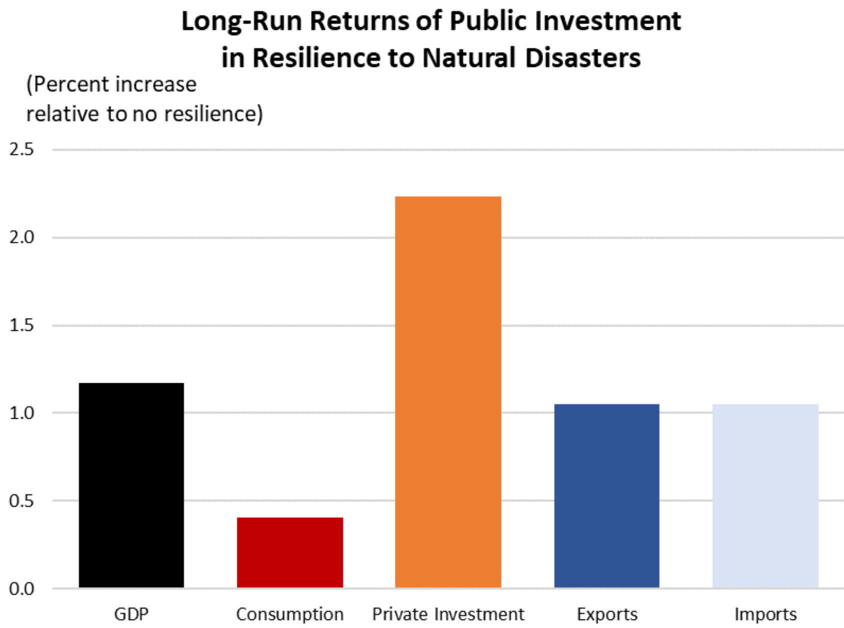
[4] EM-DAT data before year 2000 can be subject to reporting biases.

[5] The FGG model (Fernandez-Corugedo, Gonzalez, and Guerson, 2023) is a Markov-switching dynamic small open economy DSGE model designed to evaluate the macroeconomic returns of investment in resilience to natural disasters and climate change. The model assumes that the economy is occasionally hit by natural disasters and a Markov-switching process is used to characterize the switches between "normal" and "disaster" regimes. The model assumes that there are two types of public capital: standard capital and resilient capital. Standard capital is vulnerable to natural disasters, and part of it is destroyed each time the economy enters a "disaster" regime. Resilient capital is immune to disasters and is not affected by regime shifts. Both types are used as an input to production by firms, jointly with private capital and labor.

[6] The 2017 Dominica Post Disaster Needs Assessment by the World Bank that was conducted after hurricane Maria includes estimates of replacement cost of destroyed non-resilient structures and estimated by sector cost of rebuilding with resilience, often referred as "build back better."

expensive than non-resilient capital. Thus, in the new steady state where resilient capital is in place, government investment spending needs are higher (around an additional 0.37 percent of GDP). However, in the new steady state tax revenues are also higher due to higher output and stronger economic activity, offsetting the impact on the fiscal deficit. Under plausible model calibration and simulation assumptions, and taking into account the need to replace non-resilient capital when disasters occur, the investment in resilient capital may largely pay for itself in the long run.

**Annex VII. Figure 2. Long-Run Gains from Resilient Infrastructure Investment**
(Steady-State Comparison)




Notes: Gains relative to a no-resilient-capital steady state.
Source: IMF staff calculations.

## C. Conclusion

**8. Investments in resilience to hurricanes and in adaptation to climate change can effectively mitigate both present and long-run risks.** The CIAM model results suggest a mix of investments in protection, and retreat in less populated areas, could minimize the costs from sea-level rise; applying more granular data could better inform the recommended mix. The FGG model results indicate that investment in resilient public capital can yield nearly 1.2 percent gain in GDP once resilient capital is fully in place. However, financing challenges remain. SLR is a new threat for Antigua and Barbuda that entails diverting resources from other uses to coastal protection to avoid gradual economic losses. But investment in resilience against hurricanes can instead create economic gains by making the economy more efficient, though this will need fiscal space, including through further efforts to improve revenue collection and to re-prioritize expenditures and strengthen public investment management.

# Annex VIII. Data Issues

## Annex VIII. Table 1. Antigua and Barbuda: Data Adequacy Assessment for Surveillance

| Data Adequacy Assessment Rating 1/ | | | | | | | |
|---|---|---|---|---|---|---|---|
| B | | | | | | | |
| Questionnaire Results 2/ | | | | | | | |
| **Assessment** | National Accounts | Prices | Government Finance Statistics | External Sector Statistics | Monetary and Financial Statistics | Inter-sectoral Consistency | Median Rating |
| | C | B | B | C | B | B | B |
| Detailed Questionnaire Results | | | | | | | |
| **Data Quality Characteristics** | | | | | | | |
| Coverage | B | B | B | B | B | | |
| Granularity 3/ | C | | B | B | B | | |
| | | | C | | B | | |
| Consistency | | | B | C | | B | |
| Frequency and Timeliness | D | B | C | C | B | | |

Note: When the questionnaire does not include a question on a specific dimension of data quality for a sector, the corresponding cell is blank.
1/ The overall data adequacy assessment is based on staff's assessment of the adequacy of the country's data for conducting analysis and formulating policy advice, and takes into consideration country-specific characteristics.
2/ The overall questionnaire assessment and the assessments for individual sectors reported in the heatmap are based on a standardized questionnaire and scoring system (see IMF *Review of the Framework for Data Adequacy Assessment for Surveillance*, January 2024, Appendix I).
3/ The top cell for "Granularity" of Government Finance Statistics shows staff's assessment of the granularity of the reported government operations data, while the bottom cell shows that of public debt statistics. The top cell for "Granularity" of Monetary and Financial Statistics shows staff's assessment of the granularity of the reported Monetary and Financial Statistics data, while the bottom cell shows that of the Financial Soundness indicators.

| | |
|---|---|
| A | The data provided to the Fund are adequate for surveillance. |
| B | The data provided to the Fund have some shortcomings but are broadly adequate for surveillance. |
| C | The data provided to the Fund have some shortcomings that somewhat hamper surveillance. |
| D | The data provided to the Fund have serious shortcomings that significantly hamper surveillance. |

**Rationale for staff assessment**. The data provided to the Fund have some shortcomings but are broadly adequate for surveillance. Weaknesses remain in: i) the frequency and timeliness of reporting for the National Accounts, Fiscal, and External Sector statistics; ii) the lack of expenditure-based GDP and Supply and Use Tables; iii) the large Errors and Omissions in the External Sector statistics; and iv) the outdated weights of the Consumer Price Index. The government debt statistics are missing domestic arrears data, which hamper surveillance, and the debt stock figures are inconsistent with the levels implied by the fiscal balances. Due to technological upgrades, the most recent Consumer Price Index releases have been temporarily delayed to 2025Q1. The authorities are committed to improving data provision, but capacity constraints are limiting.

**Changes since the last Article IV consultation**. The authorities have updated the GDP series with TA support from CARTAC, which include an updated 2018 base year, ISIC Revision 4 industry classification, and implementation of the 2008 System of National Accounts standards, among other methodological improvements. The impact of this revision to nominal GDP is moderate and equals an increase of around six percent on average historically. The 2023 Labour Force Survey, the Population and Housing Census, the Household Budget Survey, and the Skills Demand Survey have been delayed due to operational and capacity issues. The Statistics Division is transitioning into the National Bureau of Statistics, which is planned for completion in 2025.

**Corrective actions and capacity development priorities**. The authorities are encouraged to continue making improvements. Top priorities include: i) addressing the frequency and timeliness of the National Accounts, as the 2023 GDP statistics were delayed, and the development of a quarterly GDP series; ii) providing expenditure-based GDP and Supply and Use Tables; iii) completing the Population and Housing Census; iv) the timely submission of fiscal data; and v) the strengthening of the compilation and dissemination of BOP/IIP data in line with TA recommendations from CARTAC. Other areas for improvement include updating the weights and re-surveying rent for the Consumer Price Index, completing the Skills Demand Survey and Household Budget Survey, and continuing with digitization efforts to move away from paper-based surveys. To make progress on these priorities, the authorities are encouraged to complete the transition to the National Bureau of Statistics, which should increase capacity. The authorities plan to release a producer price index in 2025 having had TA support from CARTAC, and plan to release a number of products once the Population and Housing Census is completed. The authorities are exploring the development of a Tourism Satellite Account. The Fund stands ready to continue supporting the authorities' efforts in improving the quality and reporting of their data.

**Use of data and/or estimates in Article IV consultations in lieu of official statistics available to staff.** Staff does not use any data and/or estimates in the staff report in lieu of official statistics.

**Other data gaps**. A more frequent release of the Labour Force Survey would contribute to analytical work on employment dynamics. The availability of climate change-related investment data would support analytical work on climate adaptation and resilience.

## Annex VIII. Table 2. Antigua and Barbuda: Data Standards Initiatives

Antigua and Barbuda participates in the Enhanced General Data Dissemination System (e-GDDS) and first posted its metadata in October 2000 but is yet to disseminate the data recommended under the e-GDDS.

## Annex VIII. Table 3. Antigua and Barbuda: Table of Common Indicators Required for Surveillance

As of February 10, 2025

| | Data Provision to the Fund | | | | Publication under the Data Standards Initiatives through the National Summary Data Page | | | |
|---|---|---|---|---|---|---|---|---|
| | Date of Latest Observation | Date Received | Frequency of Data[6] | Frequency of Reporting[6] | Expected Frequency[6,7] | Antigua and Barbuda[8] | Expected Timeliness[6,7] | Antigua and Barbuda[8] |
| Exchange Rates | Fixed rate | N/A | N/A | N/A | D | D | ... | 1D |
| International Reserve Assets and Reserve Liabilities of the Monetary Authorities[1] | Dec-24 | Jan-25 | A | A | M | ... | 1M | ... |
| Reserve/Base Money | Nov-24 | Jan-25 | M | M | M | M | 2M | 6W |
| Broad Money | Nov-24 | Jan-25 | M | M | M | M | 1Q | 6W |
| Central Bank Balance Sheet | Nov-24 | Jan-25 | M | M | M | M | 2M | 6W |
| Consolidated Balance Sheet of the Banking System | Nov-24 | Jan-25 | M | M | M | M | 1Q | 6W |
| Interest Rates[2] | Dec-24 | Jan-25 | M | M | M | M | ... | 6W |
| Consumer Price Index | Sep-24 | Oct-24 | M | M | M | M | 2M | 3W |
| Revenue, Expenditure, Balance and Composition of Financing[3]–General Government[4] | Dec-24 | Jan-25 | A | A | A | ... | 3Q | ... |
| Revenue, Expenditure, Balance and Composition of Financing[3]–Central Government | Dec-24 | Jan-25 | A | A | Q | Q,M | 1Q | 1Q |
| Stocks of Central Government and Central Government-Guaranteed Debt[5] | Dec-24 | Jan-25 | A | A | Q | A | 2Q | 3M |
| External Current Account Balance | Dec-24 | Jan-25 | A | A | Q | A | 1Q | 11M |
| Exports and Imports of Goods and Services | Dec-24 | Jan-25 | A | A | M | Q | 12W | 1Q |
| GDP/GNP | 2023 | Feb-25 | A | A | Q | A | 1Q | 6M |
| Gross External Debt | Dec-24 | Jan-25 | A | A | Q | Q | 2Q | 1Y |
| International Investment Position | Dec-24 | Jan-25 | A | A | A | ... | 3Q | ... |

[1] Includes reserve assets pledged or otherwise encumbered, as well as net derivative positions.

[2] Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

[3] Foreign, domestic bank, and domestic nonbank financing.

[4] The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.

[5] Including currency and maturity composition.

[6] Frequency and timeliness: ("D") daily; ("W") weekly or with a lag of no more than one week after the reference date; ("M") monthly or with lag of no more than one month after the reference date; ("Q") quarterly or with lag of no more than one quarter after the reference date; ("A") annual.; ("SA") semiannual; ("I") irregular; ("NA") not available or not applicable; and ("NLT") not later than.

[7] Encouraged frequency of data and timeliness of reporting under the e-GDDS and required frequency of data and timeliness of reporting under the SDDS and SDDS Plus. Any flexibility options or transition plans used under the SDDS or SDDS Plus are not reflected. For those countries that do not participate in the IMF Data Standards Initiatives, the required frequency and timeliness under the SDDS are shown for New Zealand, and the encouraged frequency and timeliness under the e-GDDS are shown for Eritrea, Nauru, South Sudan, and Turkmenistan.

[8] Based on the information from the Summary of Observance for SDDS and SDDS Plus participants, and the Summary of Dissemination Practices for e-GDDS participants, available from the IMF Dissemination Standards Bulletin Board (https://dsbb.imf.org/). For those countries that do not participate in the Data Standards Initiatives, as well as those that do have a National Data Summary Page, the entries are shown as "..."

# Annex IX. Country Engagement Strategy

*The proposed engagement strategy aims to support Antigua and Barbuda's return to debt and fiscal sustainability while supporting efforts to build resilience to climate-related risks and to raise productivity and living standards.*

**1. Antigua and Barbuda faces challenges common to other small developing states (SDS), along with its own debt challenges.** Like many other SDS, Antigua and Barbuda has a small economic base, high climate vulnerability, and constraints in capacity, institutions, and financing that hinder growth. Limited trained personnel and institutional gaps also constrain reform efforts, while restricted access to long-term financing makes external assistance critical for development goals.

**2. The government's Medium-Term Development Strategy (2024-2028) aims to promote resilience, inclusive, and broad-based economic development.** The authorities' policy agenda focuses on strengthening macroeconomic stability, investing in climate-resilient physical and social infrastructure, improving social protection, and promoting an educated and healthy population.

**3. The engagement strategy integrates the Fund's bilateral and regional surveillance activities and capacity development in Antigua and Barbuda.** *Surveillance*—Article IV consultations—will remain key for assessing the country's macroeconomic performance, risks, and vulnerabilities, focusing on debt sustainability, external imbalances, and structural reforms to enhance sustainable and inclusive growth. *Capacity Development (CD)* efforts will be tailored to address key implementation gaps in PFM, tax administration, statistics, and disaster risk management. Collaboration with CARTAC will ensure targeted technical assistance and training.

**4. The Fund's engagement will focus on:**

- **Fiscal and Debt Sustainability.** Priorities include improving revenue collection, reducing public debt, and managing fiscal risks, particularly in SOEs and pension. Staff will support efforts to restore debt and fiscal sustainability, in particular through tax reform and enhancing tax administration, with support from FAD, CARTAC, and development partners.

- **Financial Stability and Intermediation.** The Fund is engaging at the regional level with the ECCB to strengthen supervision of the banking sector, as well as with the national financial regulator (FSRC) to strengthen oversight of nonbanks.

- **Climate Resilience.** Given natural disaster risks, surveillance will cover on disaster risk management and climate financing. Analytical work for this Article IV explores climate-related costs and benefits of resilience investments and the need for fiscal space for resilience-building.

- **Inclusive and Resilient Growth.** Surveillance will also cover structural obstacles to potential growth and encourage reforms that promote higher productivity and inclusive growth.

**5. The Fund will collaborate closely with development partners and regional organizations to provide complementary support.** This coordination can help avoid duplicating efforts, particularly in the areas of climate resilience, digital inclusion, and sustainable development.

INTERNATIONAL MONETARY FUND

# ANTIGUA AND BARBUDA

February 25, 2025

## STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION—INFORMATIONAL ANNEX

Prepared By | Western Hemisphere Department (in consultation with other departments)

## CONTENTS

# FUND RELATIONS

(As of December 31, 2024)

**Membership Status:** Joined February 25, 1982; Article VIII

| **General Resources Account:** | **SDR Million** | **Percent of Quota** |
|---|---|---|
| Quota | 20.00 | 100.00 |
| IMF's Holdings of Currency (Holdings Rate) | 19.96 | 99.79 |
| Reserve Tranche Position | 0.05 | 0.26 |

| **SDR Department:** | **SDR Million** | **Percent of Allocation** |
|---|---|---|
| Net cumulative allocation | 31.67 | 100.00 |
| Holdings | 0.31 | 0.98 |

**Outstanding Purchases and Loans:** None

**Latest Financial Arrangements:**

| Type | Date of Arrangement | Expiration Date | Amount Approved (SDR Million) | Amount Drawn (SDR Million) |
|---|---|---|---|---|
| Stand-By | June 7, 2010 | June 6, 2013 | 67.50 | 67.50 |

**Overdue Obligations and Projected Payments to Fund**[1/]
(SDR Million; based on existing use of resources and present holdings of SDRs):

| | Forthcoming | | | | |
|---|---|---|---|---|---|
| | 2025 | 2026 | 2027 | 2028 | 2029 |
| Principal | | | | | |
| Charges/Interest | 1.00 | 0.99 | 0.99 | 0.99 | 0.99 |
| **Total** | 1.00 | 0.99 | 0.99 | 0.99 | 0.99 |

1/ When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.

**Implementation of HIPC Initiative:** Not Applicable

**Implementation of Multilateral Debt Relief Initiative (MDRI):** Not Applicable

**Implementation of Catastrophe Containment and Relief (CCR):** Not Applicable

**Article IV Consultation:** The 2023 Article IV Consultation was concluded by the IMF Executive Board on November 29, 2023. The staff report was published on January 23, 2024.

**Exchange Arrangements:** The exchange rate arrangement is a currency board. Antigua and Barbuda participates in a currency union with seven other members of the Eastern Caribbean Currency Union and has no separate legal tender. The Eastern Caribbean Central Bank (ECCB) manages monetary policy and the exchange system for its eight members. The common currency, the Eastern Caribbean dollar, has been pegged to the U.S. dollar at the rate of EC$2.70 per U.S. dollar since July 1976. Antigua and Barbuda has accepted the obligations of Article VIII, Sections 2(a), 3 and 4, and maintains an exchange system that is free of restrictions on the making of payments and transfers for current international transactions and multiple currency practices.

**Safeguards Assessment:** The ECCB made progress in addressing the 2021 safeguards recommendations. The only outstanding recommendation is the need for legal reforms to further strengthen operational autonomy of the ECCB and align its Agreement Act with leading practices. Staff continues to follow up with the authorities.

**Technical Assistance:** Several missions from FAD, MCM, and STA, supported by the Caribbean Regional Technical Assistance Centre (CARTAC), have visited the country. The table below is the compilation of technical assistance delivered during 2019–24.

| Antigua and Barbuda: Fund Technical Assistance, 2019–24 | |
|---|---|
| **Date** | **Mission Description** |
| February 2019 | **Tax Administration** – TADAT Assessment |
| June 2019 | **Macroeconomic Program** – Assisting with medium-term macroeconomic forecasting |
| July 2019 | **External Sector Statistics** – Data sources and backcasting |
| July 2020 | **External Sector Statistics** – Collection and compilation in the context of the COVID-19 pandemic |
| July 2021 | **Customs Administration** – Strengthening performance management (creating an action plan to develop performance targets and key performance indicators) |
| August 2021 | **External Sector Statistics** – Data sources and estimation techniques |
| September 2021 | **Tax Administration** – Strengthening audit capacity |
| September 2021 | **Tax Administration** – Implementation of a performance management system for the Internal Revenue Department |
| October 2021 | **Tax Administration** – Enhancing compliance risk management for large and medium taxpayers |
| November 2021 | **Real Sector Statistics** – Development of services producer price indices |
| July 2022 | **Real Sector Statistics** – Review of rental component of the consumer price index |
| September 2022 | **External Sector Statistics** – Provisional 2021 balance of payments |
| February 2023 | **Real Sector Statistics** – Development of producer price indices for services |
| February 2023 | **Real Sector Statistics** – Compiling supply and use tables, rebasing national accounts |
| February 2023 | **Tax Policy** – Rationalization of VAT exemptions, zero-ratings and concessions plus property tax diagnostic |
| August 2023 | **External Sector Statistics** – BOP/IIP – source data |
| November 2023 | **Public Financial Management** – Debt Recording and Reconciliation |
| March 2024 | **Public Financial Management** – Transitioning to a More Modern Treasury |
| May 2024 | **Public Financial Management** – Arrears: Stocktaking and Next Steps |
| June 2024 | **Real Sector Statistics** – Updating the Producer Price Index |
| September 2024 | **External Sector Statistics** – Addressing compilation issues for BOP/IIP |
| September 2024 | **Public Financial Management** – Strengthening Oversight and Management of Statutory Bodies, including State-owned Enterprises |

FSAP Participation: Antigua and Barbuda participated in the regional Eastern Caribbean Currency Union FSAP conducted in September and October 2003. The Financial System Stability Assessment is IMF Country Report No. 04/293.

# RELATIONS WITH OTHER INTERNATIONAL FINANCIAL INSTITUTIONS

(As of February 3, 2025)

- World Bank

WBG Finances - Country Details - Antigua and Barbuda (worldbank.org)

- Caribbean Development Bank

Antigua and Barbuda | Caribbean Development Bank (caribank.org)