



COMMONWEALTH OF
THE BAHAMAS

**24
25**

ANNUAL BORROWING PLAN

Ministry of Finance
Debt Management Office

Publication Date: July 3, 2024

PUBLISHED & EDITED BY THE MINISTRY OF FINANCE
PRINTED BY GOVERNMENT PRINTING
CREATIVE DESIGN BY HILLTOP DESIGNS

1.242.702.1500

financemail@bahamas.gov.bs

www.bahamas.gov.bs

www.bahamasbudget.gov.bs

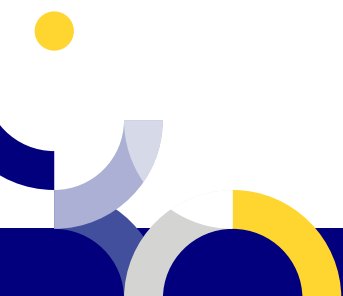


TABLE OF CONTENTS

1. General Statement	4
2. Overall Borrowing Requirements for FY2024/25	5
3. Planned Funding Sources for FY2024/25	6-9
3.1. External Financing	7
a. New Loans	7
b. Loan Disbursements	7
3.2. Domestic Debt	7-9
a. Bond Maturities and New Issuances	7-9
b. Loans	9
4. Treasury Bill Tenders and Treasury Note Rollovers	10
5. Investor Relations	11

1. GENERAL STATEMENT

The Public Debt Management Act, 2021 (the PDMA), which became effective on July 1, 2021, prescribes the statutory authority for management of the public debt and empowers the Minister of Finance to borrow money up to a maximum amount as approved by Parliament.

The Annual Borrowing Plan (ABP) is a key pillar of the government's debt management arrangements—reinforcing the overarching commitment to fiscal accountability and promoting transparency and borrowing predictability in debt operations. Its preparation derives from section 13 of the PDMA which requires that the Minister of Finance ensures its production within fourteen (14) calendar days after the approval of the annual budget by Parliament. Parliament approved the FY2024/25 budget on June 20, 2024

As specified in the PDMA, the ABP sets out:

- »the projected borrowing needs of the government, as provided in the annual budget approved by Parliament for the current fiscal year; and
- »the various categories of debt instruments to be issued by the government during the fiscal year and estimated nominal amounts under each category of debt instruments.

The FY2024/25 ABP aligns with the approved FY2024/25 budget, the medium-term debt objectives and the government's fiscal policy stance outlined in the FY2024/25 Fiscal Strategy Report (FSR).

2. OVERALL BORROWING REQUIREMENTS FOR FY2024/25

The FY2024/25 ABP is geared towards achieving the government's medium debt management objectives by ensuring that financing needs are met on a timely basis, at the lowest possible cost and consistent with prudent levels of risk. Financing activities also aim to promote the development of the domestic debt market.

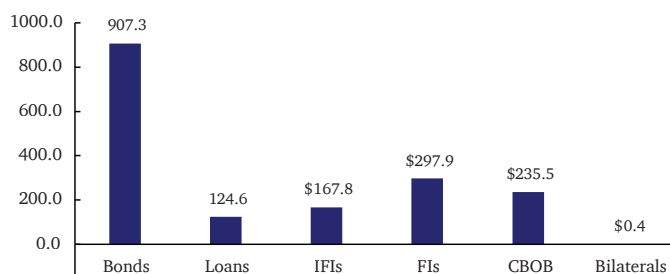
According to the approved budget for FY2024/25¹, the government anticipates an overall deficit of \$69.8 million and scheduled debt refinancing of \$1,733.5 million—resulting in gross financing needs of \$1,803.3 million (11.8 percent of GDP). See Table 1.

Table 1: FY 2024/25 Borrowing Requirements

Description	B\$M	% of GDP
Revenue	3,543.3	23.3%
Recurrent Expenditure	3,268.6	21.5%
Capital Expenditure	344.5	2.3%
Net Financing Needs	(69.8)	-0.5%
Debt Repayment	(1,733.5)	-11.4%
Domestic	(1,259.8)	-8.3%
Bahamian Dollar	(1,031.9)	-6.8%
Foreign Currency	(227.9)	-1.5%
External	(473.7)	-3.1%
Gross Financing Needs	(1,803.3)	-11.8%
Memo: Nominal GDP [B\$M]	15,224.2	

Of the \$1,733.5 million in debt refinancing, approximately 59.5 percent is in Bahamian Dollars, being predominantly in the form of bond redemptions. Scheduled foreign currency repayments, at 40.5 percent of the total, are largely comprised of amortizations due to financial institutions (FIs), International Financial Institutions (IFIs) and the Central Bank of The Bahamas (CBOB) (see Figure 1).

Figure 1: FY2024/25 Debt Redemption Profile (B\$M)



Consistent with the debt management objectives, the borrowing strategy aims to extend the average maturity of the debt through an appropriate portfolio selection, so as to reduce liquidity and refinancing risk, and to contain cost and risk in the debt portfolio by leveraging semi-concessional loans from multilateral lenders. These activities would be organized in a manner that provides adequate liquidity to meet the government's cash flow requirements.

The ABP is subject to revision to align with changes in credit market conditions and the evolution of the fiscal situation and needs.

¹ <https://www.bahamasbudget.gov.bs/>

3. PLANNED FUNDING SOURCES FOR FY2024/25

The macroeconomic context for the FY2024/25 ABP presents a global economy characterized by stabilized growth expectations and moderating, although still high inflation. This factor, together with the continuation of geopolitical tensions, has kept policy interest rates in advanced economies, on balance, elevated. On the domestic front, economic activity remained on a positive trajectory, led by robust gains in tourism and foreign investment-related construction activity. The favorable domestic demand conditions are expected to remain supportive of the government's ongoing fiscal and debt consolidation efforts, and elevated levels of bank liquidity provide additional opportunities for domestic fund raising activities.

Against this backdrop and the debt management strategy, the ABP proposes financing approximately \$1,175.0 million (65.2 percent) of the GFN in Bahamian Dollars, and \$628.3 million (34.8 per cent) via a combination of internal foreign currency and external loans. However, in light of the multiple foreign currency financing opportunities being explored, the government retains discretion as to the final sequencing and composition of external funding sources, which will be determined with due consideration to market conditions, cost/risk factors and cash flow requirements.

Table 2. FY2024/25 Annual Borrowing Plan

DESCRIPTION	B\$M	% OF TOTAL
Gross Financing Needs	1,803.3	100.0%
External debt	392.8	21.8%
Loans	392.8	21.8%
Banks	360.0	20.0%
IFIs	32.8	1.8%
Domestic Debt	1,410.5	78.2%
Bahamian Dollar	1,175.0	65.2%
Bonds/T-bills	1,075.0	59.6%
Loans	100.0	5.3%
Foreign Currency Loans	235.5	13.1%

3.1 External Financing

a. *New Loans*

Government is currently exploring multiple commercial loan opportunities for raising approximately \$360.0 million.

b. *Loan Disbursements*

Drawings under existing project loans from multilateral creditors are estimated at \$32.8 million. Of this total, approximately \$29.1 million is associated with IDB investment and budget support projects related to airport infrastructure, public financial management reform, education, health, energy and support of the small business sector. The balance covers education projects financed by the Caribbean Development Bank.

3.2 Domestic Financing

a. *Bond Maturities and New Issuances*

Maturing bonds of \$907.3 million are expected to be refinanced with new issuances. With an incremental \$167.7 million targeted to be sourced from the market during the fiscal year, the bond issuances aggregate \$1,075.0 million (59.6 percent of domestic fund raising). See Figure 2 for the indicative issuance calendar.

The issuance strategy will continue to be shaped by the following approaches and objectives.

- » Monitor market absorption metrics for each tenor (3, 5, 7, 10, 20 and 30 years) to gauge demand and adjust to achieve convergence with targeted raisings, as required.
- » Employ a grow/shrink strategy across maturity buckets to maintain flexibility in allocations commensurate with investor demand along the yield curve.

- » Securities to be issued at competitive and non-competitive bidding at multiple price allotments.
- » Seek to achieve a gradual lengthening of the maturity structure of the bonds, to minimize refinancing risk and promote a sustainable debt path over the medium to long term.
- » Reduce exposure to interest rate risk by replacing floating rate with fixed rate bonds.
- » Commence a programme of bond switches for the purpose of consolidating and enhancing risk management objectives.
- » Continue bond re-openings to reduce the number of domestic bonds and achieve progress towards the benchmarks.

3.2 Domestic Financing cont'd

- » In line with transparency commitments, the Central Bank, as fiscal agent for the government, will publish, 15 days before the beginning of each quarter, the bond issuance schedule on its website—detailing indicative volumes and tenor of issues and corresponding dates of the upcoming offerings.²
- » Maintain principle of operational transparency by publication of auction details (minimum, maximum, and average prices) immediately after finalizing the auction decision. This will include the release of summary details on the various investor categories purchasing government securities, so as to enhance awareness of the breath of the market appetite across the various maturity buckets.
- » The list of benchmark bonds will continue to be published, quarterly, 10 days before each quarter.
- » Seek to broaden retail investors in the domestic debt market through the launch of the government's savings bond during the opening quarter of FY2024/25.

² <https://www.centralbankbahamas.com/news/brs-initial-public-offering-calendar>

Table 3: Indicative Bahamian Dollar FY2024/25 Bond Issuance Calendar (Refinance and New)

	Jul-24	Aug-24	Sep-24	Oct-24	Oct-24
Offering Type	IPO	IPO	Reopening	IPO	IPO
Amount	\$38.82M	\$70M	\$30M	\$21.50M	\$139.56M
Tenors	3Y, 5Y, 7Y, 10Y, 20Y & 30Y	1Y	3Y, 5Y, 7Y, 10Y, 20Y & 30Y	3Y, 5Y, 7Y, 10Y, 20Y & 30Y	1Y
Coupon Type	Fixed	Fixed	Fixed	Fixed	Fixed
Opening Date	22-Jul-24	19-Aug-24	2-Sep-24	7-Oct-24	25-Oct-24
Closing Date	24-Jul-24	21-Aug-24	4-Sep-24	9-Oct-24	29-Oct-24
Settlement Date	26-Jul-24	23-Aug-24	6-Sep-24	11-Oct-24	31-Oct-24
	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
Offering Type	Reopening	IPO	IPO	Reopening	IPO
Amount	\$33.82M	\$107.57M	\$22.50M	\$30M	\$29M
Tenors	3Y, 5Y, 7Y, 10Y, 20Y & 30Y	1Y	3Y, 5Y, 7Y, 10Y, 20Y & 30Y	3Y, 5Y, 7Y, 10Y, 20Y & 30Y	3Y, 5Y, 7Y, 10Y, 20Y & 30Y
Coupon Type	Fixed	Fixed	Fixed	Fixed	Fixed
Opening Date	11-Nov-24	9-Dec-24	13-Jan-25	17-Feb-25	3-Mar-25
Closing Date	13-Nov-24	11-Dec-24	15-Jan-25	19-Feb-25	5-Mar-25
Settlement Date	15-Nov-24	13-Dec-24	17-Jan-25	21-Feb-25	7-Mar-25
	Mar-25	Apr-25	May-25	May-25	Jun-25
Offering Type	IPO	Reopening	IPO	IPO	Reopening
Amount	\$101.79M	\$22.73M	\$127.31M	\$30M	\$36.57M
Tenors	1Y	3Y, 5Y, 7Y, 10Y, 20Y & 30Y	1Y	3Y, 5Y, 7Y, 10Y, 20Y & 30Y	3Y, 5Y, 7Y, 10Y, 20Y & 30Y
Coupon Type	Fixed	Fixed	Fixed	Fixed	Fixed
Opening Date	20-Mar-25	14-Apr-25	28-Apr-25	19-May-25	9-Jun-25
Closing Date	24-Mar-25	16-Apr-25	30-Apr-25	21-May-25	11-Jun-25
Settlement Date	27-Mar-25	22-Apr-25	2-May-25	23-May-25	13-June-25
	Jun-25				
Offering Type	IPO				
Amount	\$233.89				
Tenors	1Y				
Coupon Type	Fixed				
Opening Date	23-Jun-25				
Closing Date	25-Jun-25				
Settlement Date	27-Jun-25				

b. Loans

The ABP makes provision for obtaining a Bahamian Dollar \$100 million commercial loan facility. The government also contemplates a roll-over of the promissory note arrangement with the CBOB for the FY2022/23 SDR facility.

4. TREASURY BILL TENDERS AND TREASURY NOTE ROLLOVERS

Treasury bill tenders remain a central aspect of the ABP funding operations. The intent is to rollover the combined \$1,137.9 million in outstanding bills at end-June, 2024 (see Table 4). Intra-year, T-bill issuances will be utilized to smooth out short-term cash flow requirements.

Table 4: FY2024/25 Indicative Auction Schedule for Treasury Bill and Note Maturities³

Programme A			Programme B				Grand Total
Date	91-Day	182-Day	Date	30-Day	90-Day	180-Day	
18-Jul-24	370.7	88.8	6-Jul-24	2.4	7.8	1.9	471.6
13-Aug-24	227.4	49.6	5-Aug-24	2.4	0.1	0.3	279.8
25-Sep-24	260.4	30.0	4-Sep-24	2.4	20.9	0.0	313.7
17-Oct-24	370.7	76.2	4-Oct-24	2.4	7.8	0.1	457.2
12-Nov-24	227.4	31.9	3-Nov-24	2.4	0.1	0.3	262.1
23-Dec-23	260.4	1.1	3-Dec-24	2.4	21.0	0.1	285.0
16-Jan-25	370.7	88.8	2-Jan-25	2.4	7.8	1.9	471.6
13-Feb-25	227.4	49.6	1-Feb-25	2.4	0.1	0.3	279.8
28-Mar-25	260.4	30.0	3-Mar-25	2.4	21.1	0.0	313.9
19-Apr-25	370.7	76.2	2-Apr-25	2.4	7.9	0.1	457.3
16-May-25	227.4	31.9	2-May-25	2.4	0.1	0.3	262.1
27-Jun-25	260.4	1.1	1-Jun-25	2.4	21.2	0.1	285.2
Total	3,434.0	555.2	Total	28.8	115.9	5.4	4,139.3

In keeping with transparency obligations, the government will continue to:

»publish issuance calendars for Treasury bills quarterly on the Central Bank's website—announcing the tenor, auction and settlement dates.

»release Instructions for participation in Treasury bill tenders on the Central Bank's website, at least one week prior to each tender.

³ Programme A is issued under a fiscal agency arrangement with the CBOB and via a tender exercise (end-June 2024: \$1,103.7 million outstanding); and Programme B is issued under a fiscal agency agreement with RF Bank & Trust (Bahamas) Limited and on a fixed rate basis (end-June 2024: \$34.2 million outstanding).

5. INVESTOR RELATIONS

The government remains committed to debt transparency through timely and accurate disclosure of data on macro-fiscal performance and public debt operations to market participants, and the general public using, inter alia, its investor relations site.⁴ Simultaneously, investor engagement will be reinforced through conference calls, deal and non-deal road shows, investor presentations, and meetings with the focus on providing updates on market developments, financing plans and macro-economic performance.

On the domestic front, the government intends to proactively engage with major market players in the government securities market, using its existing quarterly forums. The soon to be launched educational campaign on the upcoming savings bond programme will seek to deepen the pool of retail investors' through enhancing their understanding of how the government securities market operates.

4 <https://mof-investor-relations.gov.bs>



**ANNUAL
BORROWING
PLAN**

**24
25**

bahamasbudget.gov.bs