

MEDIA RELEASE

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**CariCRIS reaffirms “adequate creditworthiness” ratings for
The Government of Anguilla**

*Cari***BBB+** **(Regional Scale Foreign Currency)**
*Cari***BBB+** **(Regional Scale Local Currency)**

Caribbean Information and Credit Rating Services Limited (CariCRIS) has removed the Rating Watch – Developing and reaffirmed the assigned ratings of *Cari***BBB+** (Foreign and Local Currency) to the notional debt of USD 25 million of the Government of Anguilla (GoA). These ratings include a significant uplift for the high likelihood of support from the United Kingdom (UK). The notched-up regional scale ratings indicate that the level of creditworthiness of this obligation, adjudged in relation to other obligations in the Caribbean is **adequate**.

CariCRIS has also assigned a **stable** outlook on the ratings. The stable outlook is based on: (1) the strong received and forthcoming support from the international community and development partners, (2) the anticipated high economic growth, largely emanating from post-hurricane reconstruction, and (3) fiscal revenues remain comfortable to meet debt repayment.

The ratings continue to be supported by the country’s status as an Overseas Territory and as such, CariCRIS believes there is a strong moral and possibly legal incentive for the UK to assist Anguilla in the event of a financial crisis. Although the passage of Hurricane Irma in September 2017 largely derailed 2017’s economic growth, recovery efforts are well underway with support from the international community and development partners. Further supporting the ratings is the country’s fiscal performance, which remains well managed, even post-hurricane. Constraining the ratings, however, is the small size of the country characterised by capacity constraints, which were exacerbated with the hurricane. Also constraining the ratings is the territory’s continued breach of its debt management performance benchmarks and increased debt servicing requirements, notwithstanding the overall lower debt stock in 2017.

About the Sovereign:

Anguilla is the most northerly of the Leeward Islands in the Eastern Caribbean. Apart from the main island of Anguilla itself, which is sixteen (16) miles long and a maximum of three (3) miles wide, the territory includes a number of smaller uninhabited islands and cays. The island is noted for its spectacular and ecologically important coral reefs. Anguilla is an internally self-governing Overseas Territory of the United Kingdom with a ministerial system of government. The 1982 Constitution (amended in 1990) provides for a Governor, an Executive Council and a House of Assembly. The Governor, His Excellency Mr. Tim Foy, newly appointed by Her Majesty Queen Elizabeth II on August 21st, 2017, has reserved powers in respect of legislation, and is responsible for external affairs, offshore finance, defence and internal security (including the police force) and the public service.

Construction and tourism are the main sources of economic growth. Construction activity is driven by private sector investment in hotel development. Anguilla's economy is highly vulnerable to downturns in the global economy, high international oil prices and unfavourable weather conditions.

On September 6th, 2017, Anguilla was hit by Hurricane Irma, the 2nd major natural disaster in the past 4 years, the previous being Hurricane Gonzalo in October 2014. The hurricane caused significant loss and destruction, substantially damaging nearly 90% of government buildings and the Island's electricity infrastructure, and left an estimated 95% of the tourism industry also heavily impaired. The assessed economic impact was estimated at the equivalent of 97% of the GDP or US \$326.1 million. Post the occurrence of Hurricane Irma, CariCRIS placed the Government of Anguilla (GoA) on Rating Watch - Developing.

For more information on GoA's ratings, please visit www.caricris.com or contact:

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