



**PROSPECTUS
FOR XCD 81.0 MILLION TREASURY BILL ISSUE
AND XCD 25.0 MILLION TREASURY NOTES ISSUE
FOR THE PERIOD
NOVEMBER 2016– OCTOBER 2017**

**BY THE GOVERNMENT OF
ST. VINCENT AND THE GRENADINES**

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The Prospectus has been drawn up in accordance with the rules of the Regional Government Securities Market. The Regional Debt Co-ordinating Committee and Eastern Caribbean Central Bank accept no responsibility for the content of this Prospectus, make no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss whatsoever arising from or reliance upon the whole or any part of the contents of this Prospectus. If you are in doubt about the contents of this document or need financial or investment advice you should consult a person licensed under the Securities Act or any other duly qualified person who specialises in advising on the acquisition of government instruments or other securities.

I. GENERAL INFORMATION

Issuer: The Government of St. Vincent and the Grenadines

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Mr. Maurice Edwards, Director General, Ministry of Finance
Mrs. Ingrid Fitzpatrick, Accountant General
Ms. Deirdre Anthony, Debt Manager

Date of Publication: April 2017

Registration: This prospectus will be registered with the Regional Debt Coordinating Committee (RDCC).

Purpose of Issue: To refinance the existing issues of Treasury Bills issued on the Primary Market via the Regional Government Securities Market (RGSM) and to raise an amount of XCD\$20.0 million to finance the Public Sector Investment Programme

Amount of Issue: Treasury Bills - Monthly issues of XCD28.0 million each
Treasury Bonds – 7 year issue of XCD25.0 million

Legislative Authority: The Treasury Bills Act Chapter 320 as amended and the Public Sector Investment Loan Bill 2017 No 3 of 2017

This Prospectus is issued for the purpose of giving information to the public. The Government of St. Vincent and the Grenadines accepts full responsibility for the accuracy of the information given, and confirm having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts, the omission of which would make any statement in this prospectus misleading.

The purpose of this addendum is to add to the schedule of issues listed in the Government of St. Vincent and the Grenadines Prospectus dated September 2016, Treasury Bonds totalling EC\$ 25.0 million to be auctioned on May 12, 2017.

II. INFORMATION ON THE SECURITIES

- a. The Government of St. Vincent and the Grenadines (GOSVG) proposes to auction XCD 25,000,000 in Treasury Bonds on May 12, 2017 and XCD28,000,000 in Treasury Bills as follows:

Trading Symbol	Issue	Amount	Interest		Auction Date	Settlement Date	Maturity Date
			Rate	Tenor			
			Ceiling				
VCB200217	Treasury Bill	\$28 M	4.82%	91 Day	Nov. 18, 2016	Nov. 21, 2016	Feb. 20, 2017
VCB210317	Treasury Bill	\$28 M	4.82%	91 Day	Dec. 19, 2016	Dec. 20, 2016	Mar. 12, 2017
VCB180417	Treasury Bill	\$28 M	4.82%	91 Day	Jan. 16, 2017	Jan. 17, 2017	April 18, 2017
VCB240517	Treasury Bill	\$28 M	4.82%	91 Day	Feb. 21, 2017	Feb. 22, 2017	May 24, 2017
VCB220617	Treasury Bill	\$28 M	4.82%	91 Day	Mar. 22, 2017	Mar. 23, 2017	June 22, 2017
VCB200717	Treasury Bill	\$28 M	4.82%	91 Day	April 19, 2017	April 20, 2017	July 20, 2017
VCG070524	Treasury Bond	\$25 M	7.5%	7 years	May 12, 2017	May 15, 2017	May 14, 2024
VCB250817	Treasury Bill	\$28M	4.82%	91 Day	May 25, 2017	May 26, 2017	Aug. 25, 2017
VCB250917	Treasury Bill	\$28 M	4.82%	91 Day	June 23, 2017	June 26, 2017	Sept. 25, 2017
VCB231017	Treasury Bill	\$28 M	4.82%	91 Day	July 21, 2017	July 24, 2017	Oct. 23, 2017
VCB281117	Treasury Bill	\$28 M	4.82%	91 Day	Aug. 28, 2017	Aug. 29, 2017	Nov. 28, 2017
VCB271217	Treasury Bill	\$28 M	4.82%	91 Day	Sept. 26, 2017	Sept. 27, 2017	Dec. 27, 2017
VCB240118	Treasury Bill	\$28 M	4.82%	91 Day	Oct. 24, 2017	Oct. 25, 2017	Jan. 24, 2018

- b. The price of the issue will be determined by a Competitive Uniform Price Auction with open bidding

- c. Interest coupon and principal on the Treasury Bond will be payable semi-annually on May15 and November 15 each year starting on November 15, 2017.
- d. The bidding period(s) will start at 9:00 am and end at 12:00 noon on auction days
- e. Each investor is allowed one (1) bid with the option of increasing the amount being tendered for until the close of the bidding period or reducing the interest rate
- f. The minimum bid quantity is \$5,000.00
- g. The bid multiplier will be set at \$1,000
- h. The maximum bid price is 7.5 per cent for the Treasury Bond and 4.82 per cent for the Treasury Bills.
- i. Yields will not be subject to any tax, duty or levy of the participating Government of the Eastern Caribbean Currency Union (ECCU)
- j. Investors can participate in the issue through the services of any of the Licensed Intermediaries who are members of the Eastern Caribbean Securities Exchange.
- k. The Government of St. Vincent and the Grenadines has been assigned a rating of B3 by Moody's Investor Services
- l. The Treasury Bills and Treasury Bonds will be issued on the Regional Government Securities Market (RGSM) and traded on the Eastern Caribbean Securities Exchange (ECSE).

Investors can participate in the issue through the services of any of the Licensed Intermediaries who are members of the Eastern Caribbean Securities Exchange.

The Current List of Licensed Intermediaries is:

- Bank of Nevis Limited
- Bank of St. Lucia
- Bank of St. Vincent and the Grenadines Ltd.
- First Citizens Investment Services Ltd. – Saint Lucia and St. Vincent and the Grenadines
- Grenada Co-operative Bank Limited
- St. Kitts Nevis Anguilla National Bank Limited

ECONOMIC GROWTH

Real economic growth is projected by the St. Vincent and the Grenadines Statistics Department and the ECCB to be at 2.9 per cent in 2016. Economic growth in 2016 was realised by growth in Tourism, Agriculture, Construction, Transportation, Wholesale and Retail Trade, and Assorted Services. The projection for economic growth in 2017 is similarly modest, although a better performance in stay-over, yachting, and cruise tourism is forecast.

GOVERNMENT FISCAL OPERATIONS

Preliminary figures show that the Central Government fiscal operations for the twelve months of 2016 improved markedly when compared to the same period in 2015. Current revenue increased by 13.5 per cent to \$589.37 million (4.4 per cent above the budgeted amount), while current expenditure totaled \$530.17 million i.e. 3.4 per cent more than the amount spent in 2015. Consequently, the current account recorded a surplus of \$59.20 million a significant improvement from the surplus of \$6.31 million recorded in 2015. The overall balance also improved appreciably moving from a deficit of \$38.81 million in 2015 to a surplus of \$11.47 million in 2016, as shown in the table below.

Table 2: Summary of fiscal operations for the year ended December 31, 2016.

	BUDGET 2016 \$ M	ACTUAL 2016 \$ M	ACTUAL 2015 \$ M	% CHANGE
Current Revenue	564.63	589.37	519.21	13.5
<i>of which:</i>				
Taxes on Income & Profits	138.50	155.58	129.70	20.0
Taxes on property	38.70	45.11	29.02	55.5
Taxes on Goods & Services	159.66	151.97	153.03	(0.7)
Taxes on International Trade	142.38	145.04	132.33	9.6
Sale of Goods & Services	64.15	60.92	57.62	5.7
Current Expenditure	576.54	530.17	512.90	3.4
<i>of which:</i>				
Compensation Employees	293.94	274.97	268.87	2.3
Use of Goods & Services	75.89	67.06	73.26	(8.5)
Interest Payments	51.83	42.42	44.84	(5.4)
Transfers	154.89	145.73	125.93	15.7
Current Balance	(11.92)	59.20	6.31	838.5
Capital Expenditure	197.67	70.34	99.23	(29.1)
Capital Revenue	54.73	22.62	54.11	(58.2)
Overall Balance	154.86	11.47	(38.81)	(129.6)

Source: Ministry of Finance

All the major categories of tax revenue increased during 2016. Collections from Taxes on Income and Profits increased by 20.0 per cent to \$155.58 million, this was significantly higher (12.3 per cent) than the amount budgeted. This increase in revenue was due mainly to higher receipts from Individuals (10.3 per cent) and Corporations (40.1 per cent). Collections from Taxes on Property grew by 55.5 per cent to \$45.11

million. The main impetus for this growth was the collection of Alien Landholding Licence which moved from \$4.50 million in 2015 to \$10.91 million in 2016 due to increased land sales to non-nationals. Stamp duty on Property also contributed, growing by 49.1 per cent to gross \$30.03 million over the period.

Taxes on Goods and Services which totaled \$151.97 million, declined marginally by 0.7 per cent during the year. This was mainly due to two factors, first an extraordinary amount collected for interest levy (\$6.0 million) in 2015 with no comparable receipt in 2016 led to a 35.0 per cent reduction in this revenue sub-item and secondly, on account of timing with respect to the collection of revenue for Telecomm Broadcast Licence. Notwithstanding the above, higher receipts from VAT, Excise Duty (on Imports and on domestic transaction), and Motor Vehicle Licence helped to attenuate the decline in this revenue category. The greater collection from VAT, Excise Duty and Motor Vehicle Licence would have been partly aided by a number of revenue measures included as part of the 2016 budget. Additionally, VAT benefitted from the collection of arrears while Excise Duty (on imports) and Motor Vehicle Licence were also helped by a 36.0 per cent increase in the number of imported vehicles over the period.

Revenue from International Trade Taxes which amounted to \$145.04 million was 9.6 per cent higher than the amount collected for the corresponding period in 2015. Under this rubric Import Duty, Vehicle Surtax and VAT increased by 8.3 per cent, 75.3 per cent and 7.2 per cent respectively. These performances were partly impacted by a modest 0.3 per cent increase in the value of Merchandise Imports during the year, with the Vehicle Surtax being supported by an increase in the number of vehicles imported during the period.

Revenue from Sale of Goods and Services grossed \$60.92 million, which represents a 5.7 per cent improvement on the amount collected in 2015. Drivers Licence which went up by 19.1 per cent, to \$3.18 million was the main stimulus behind the improved performance of this revenue item. Drivers Licence was impacted by changes in rates and a significant increase in the importation of motor vehicles over the period. CIPO Registration Fees and Customs Service Charge declined by 6.7 per cent and 0.6 per cent respectively while receipt from IFS Fees fell by 6.7 per cent due to a fall-off in registration of IBCs.

Capital inflows as at December 31, 2016 declined by 58.2 per cent to \$22.62 million due to lower receipt of Other Capital Revenue. In 2015 Other Capital Receipt rose significantly due to the recording of receipt from sale of lands in the Grenadines (earmarked for the financing of the International Airport) and fell significantly in 2016 as no land sales for this purpose was recorded. Grants fell by 25.8 per cent to \$20.79 million.

Expenditure

For the year ended December 31 2016, Current Expenditure amounted to \$530.17 million. This figure represents an increase of 3.4 per cent when compared to the amount spent in 2015. Payment of Wages and Salaries amounted to \$262.64 million and the Employer's Social Contribution of \$12.33 million. The 2.1 per cent increase in spending on Wages and Salaries was mainly due to the 1.5 per cent salary increase received by public servants and movements in increments and allowances during the period.

Outlays on Transfers increased by 15.7 per cent to \$145.73 million based on higher amounts expended on Employment Related Social Benefits and Social Assistance Benefit. Employment Related Social Benefits went up by 11.4 per cent to \$54.58 million chiefly due to an equivalent increase in the payment of Retirement Benefits, while social assistance benefit went up mainly because of increases in the rate paid for a number of social assistance programmes over the period.

Capital Expenditure for the twelve months of 2016 amounted to \$70.34 million, down 29.4 per cent from the \$99.23 million recorded for the same period in 2015.

Financing

Table 2 below summarizes the Central Government financing as at December 31, 2016 with comparable numbers for 2015.

Table 3: Summary of Central Government Financing 2016 compared with 2015

	2016	2015
	\$ M	\$ m
OVERALL BALANCE	11.47	-38.81
FINANCED BY:		
External Loans	-18.56	12.8
Disbursements	31.57	57.69
Less: Amortisation	-50.13	-44.9
Domestic Loans	7.09	26.02
Disbursements	81.9	46.77
Less: Amortisation	-55.3	-45.98
Sinking Fund	-12.08	-7.64
Other Domestic	-7.43	32.86

Source: Ministry of Finance and Economic Planning

PUBLIC DEBT

Table 4: A Comparison of Total Public Debt 2016 with 2015

Preliminary data show that Total Debt outstanding as at December 2016 stood at EC\$ \$1,697.3 billion (82.7 per cent of GDP). This amount is an increase of 7.1 per cent when compared with the amount of \$1,585.4 billion in 2015. The external component of the total debt amounted to \$1,152.5 billion representing 67.9 per cent of the total debt outstanding. The remaining \$544.8 million or 32.1 per cent was held domestically.

The external component increased by 26.2 per cent to \$1,152.5 million while the domestic component decreased by 18.9 per cent to \$544.8 million relative to the comparable period in 2015. This is due mainly to an accounting adjustment consequent on the transfer of the debt contracted with PDV to the external central government component from the domestic public corporations component.

Central government debt servicing as at December 2016 totaled \$172.0 million, an increase of 13.9 per cent from same period 2015. The domestic and external component both increased by 21.3 per cent and 3.5 per cent respectively. Domestic amortization increased by 25.7 per cent to \$67.4 million on account of repayments of short term advances contracted during the year whereas the sinking fund contributions to meet future obligations increased in 2016. Externally, debt servicing of interest fell by 16.9 per cent due to reductions in the variable interest rates on existing debt.

	2016	2015	% Change
TOTAL PUBLIC SECTOR	1,697.3	1,585.4	7.1
TOTAL CENTRAL GOVERNMENT	1,569.0	1,379.8	13.7
DOMESTIC	544.8	671.9	-18.9
<u>Central Government</u>	467.3	524.0	-10.8
<i>Long Term</i>	330.8	305.3	8.4
Loans	80.6	69.7	15.6
Bonds	250.2	235.6	6.2
<i>Short Term</i>	136.5	218.7	-37.6
T-Bills	21.2	75.0	-71.7
Overdraft	55.8	60.1	-7.1
Accounts Payable	36.7	60.3	-39.2
Insurance Deposits	22.7	23.4	-2.6
<u>Public Corporations</u>	77.6	147.8	-47.5
Loans	75.8	146.5	-48.3
overdraft	1.8	1.3	30.6
EXTERNAL	1,152.5	913.5	26.2
<u>Central Government</u>	1,101.8	855.8	28.7
<i>Long Term</i>	1,038.0	855.8	21.3
Loans	1,013.50	840.5	20.6
Bonds	24.5	15.3	60.1
<i>Short Term</i>	63.8	-	100.0
T-Bills	63.8	-	100.0
<u>Central Government Non Budgeted Finance</u>			
Loans	18.3	19.6	-6.6
<u>Public Corporations</u>	50.7	57.7	-12.1
Loans	50.7	57.7	-12.1
TOTAL DEBT SERVICING	172.0	151.0	13.9
DOMESTIC	106.9	88.1	21.3
Interest	27.5	26.9	2.3
Amortization	67.4	53.6	25.7
Sinking Fund	12.1	7.6	58.1
EXTERNAL	65.1	62.9	3.5
Interest	14.9	18.0	-16.9
Amortization	50.1	44.9	11.7

Source: Ministry of Finance, DMU

ALL OTHER INFORMATION IN THE PROSPECTUS REMAINS THE SAME

APPENDIX

List of Licensed ECSE Members: Broker-Dealers and Licensed Individuals (April 2017)

Territory	Institution	Name of Licensee	Type of Licence	
GRENADA	Grenada Co-operative Bank Ltd	Aaron Logie	Principal	
		Carla Sylvester	Representative	
		Keisha Greenidge	Representative	
ST KITTS AND NEVIS	St Kitts-Nevis-Anguilla National Bank Ltd	Anthony Galloway	Principal	
		Angelica Lewis	Representative	
		Marlene Nisbett	Representative	
		Petronella Crooke	Representative	
	The Bank of Nevis Ltd	Brian Carey	Principal	
		Judy Claxton	Representative	
SAINT LUCIA	Bank of Saint Lucia Ltd	Medford Francis	Principal	
		Lawrence Jean	Principal	
		Deesha Lewis	Representative	
	First Citizens Investment Services Ltd	Norlann Gabriel	Principal	
		Samuel Agiste	Representative	
Shaka St Ange		Representative		
ST VINCENT AND THE GRENADINES	Bank of St Vincent and the Grenadines Ltd	Monifa Latham	Principal	
		Patricia John	Representative	
		Laurent Hadley	Representative	
		Chez Quow	Representative	