



**GOVERNMENT OF SAINT LUCIA  
P R O S P E C T U S**

91-day Treasury bills

EC\$108.0 M: Series A: Four issues EC\$16.0 M each,  
Series B: Four issues EC\$11.0 M each

180-day Treasury bills

EC\$190.0 M: Series A: Two issues EC\$25.0 M each,  
Series B: Two issues EC\$20.0 M each,  
Series C: Two issues EC\$25.0M each  
Series D: Two issues of EC\$25.0M each

365-day Treasury bill

EC\$25.0 M: One Issue EC\$25.0 M

**Ministry of Finance  
Finance Administrative Center  
Pointe Seraphine,  
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SAINT LUCIA**

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**PROSPECTUS DATE: July 2017**

*The Prospectus has been drawn up in accordance with the rules of the Regional Government Securities Market. The Regional Debt Coordinating 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 specializes in advising on the acquisition of government instruments or other securities.*



## TABLE OF CONTENTS

<b>NOTICE TO INVESTORS</b> .....	4
<b>ABSTRACT</b> .....	5
<b>I. GENERAL INFORMATION</b> .....	6
<b>II. INFORMATION ABOUT THE ISSUES</b> .....	8
<b>III. FINANCIAL ADMINISTRATION AND MANAGEMENT</b> .....	12
1. Debt Management Objectives .....	12
2. Debt Management Strategy.....	12
3. Transparency and Accountability .....	12
4. Institutional Framework .....	13
5. Risk Management Framework.....	13
<b>IV. MACRO- ECONOMIC PERFORMANCE</b> .....	14
A. General Economic Performance .....	14
B. Real Sector Developments .....	17
C. Balance of Payments .....	28
D. Government Fiscal Performance.....	32
<b>V. DEBT ANALYSIS</b> .....	36
<b>VI. COMMERCIAL BANK CREDIT ACTIVITIES</b> .....	41
<b>VII. LABOUR FORCE AND EMPLOYMENT</b> .....	42
<b>VIII. CURRENT ISSUES OF GOVERNMENT SECURITIES</b> .....	44
<b>IX. SECURITY ISSUANCE PROCEDURES, CLEARANCE AND SETTLEMENT</b> .....	45
<b>X. APPENDICES</b> .....	46

## **NOTICE TO INVESTORS**

This Prospectus is issued for the purpose of giving information to the public. The Government of Saint Lucia (GOSL) accepts full responsibility for the accuracy of the information given and confirms having made all reasonable inquiries 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.

This prospectus contains excerpts from the GOSL Review of the Economy 2016. Statements contained in this Prospectus describing documents are provided in summary form only, and such documents are qualified in their entirety by reference to such documents. The ultimate decision and responsibility to proceed with any transaction with respect to this offering rests solely with you. Therefore, prior to entering into the proposed investment, you should determine the economic risks and merits, as well as the legal, tax and accounting characteristics and consequences of these security offerings, and that you are able to assume those risks.

This Prospectus and its content are issued for the specific government issues described herein. Should you need advice, consult a person licensed under the Securities Act or any other duly qualified person who specializes in advising on the acquisition of government instruments or other securities.

## **ABSTRACT**

The Government of Saint Lucia proposes to auction the following securities on the Regional Government Securities Market (RGSM) and to be traded on the Eastern Caribbean Securities Exchange (ECSE) as scheduled below:

<b>Auction Date</b>	<b>Issue Date</b>	<b>Instrument Type</b>	<b>Issue Amount</b>	<b>Maximum Rate (%)</b>	<b>Maturity Date</b>	<b>Trading Symbol</b>
7th September 2017	8th September 2017	91-dy T-Bill	EC\$16.0M	5.00%	8th December 2017	LCB081217
18th September 2017	19th September 2017	91-dy T-Bill	EC\$11.0M	5.00%	19th December 2017	LCB191217
17th October 2017	18th October 2017	180-dy T-Bill	EC\$20.0M	5.00%	16th April 2018	LCB160418
14th November 2017	15th November 2017	365-dy T-Bill	EC\$25.0M	5.00%	15th November 2018	LCB151118
11th December 2017	12th December 2017	91-dy T-bill	EC\$16.0M	5.00%	13th March 2018	LCB130318
20th December 2017	21st December 2017	91-dy T-Bill	EC\$11.0M	5.00%	22nd March 2018	LCB220318
28th December 2017	29th December 2017	180-dy T-Bill	EC\$25.0M	5.00%	27th June 2018	LCB270618
17th January 2018	18th January 2018	180-dy T-Bill	EC\$25.0M	5.00%	17th July 2018	LCB170718
7th February 2018	8th February 2018	180-dy T-Bill	EC\$25.0M	5.00%	7th August 2018	LCB070818
14th March 2018	15th March 2018	91-dy T-Bill	EC\$16.0M	5.00%	14th June 2018	LCB140618
23rd March 2018	26th March 2018	91-dy T-Bill	EC\$11.0M	5.00%	25th June 2018	LCB250618
17th April 2018	18th April 2018	180-dy T-Bill	EC\$20.0M	5.00%	15th October 2018	LCB151018
15th June 2018	18th June 2018	91-dy T-Bill	EC\$16.0M	5.00%	17th September 2018	LCB170918
26th June 2018	27th June 2018	91-dy T-Bill	EC\$11.0M	5.00%	26th September 2018	LCB260918
28th June 2018	29th June 2018	180-dy T-Bill	EC\$25.0M	5.00%	26th December 2018	LCB261218

The Revised Treasury Bill Amendment Act 2003, Chapter 15.33, Sub-section 3(1), authorizes the Minister for Finance to borrow monies for public uses of the state by the issue of treasury bills. The authority also extends to the issue of such bills as may be required to pay off at maturity treasury bills already issued. The principal sums of treasury bills outstanding at any one time shall not exceed 50 percent of the estimated annual revenue of the state for the preceding financial year as shown in the annual estimates of revenue and expenditure laid before the House of Assembly with respect to that year.

Bidding for each issue will commence at 9:00 a.m. and will close at 12:00 noon on each auction day, subsequent to which a competitive uniform price auction will be run at 12:00 noon.

## I. GENERAL INFORMATION

Issuer: The Government of the Saint Lucia (GOSL)

Address: The Ministry of Finance, Economic Development, Growth Job Creation, Public Service and External Affairs  
Finance Administrative Center  
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Saint Lucia (WI)

Email: debt.investment@govt.lc

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John Compton Highway, San Souci, Castries, St. Lucia  
Telephone: 1-758-458-6375  
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Bank of Saint Lucia  
2<sup>nd</sup> Floor, Financial Center Building  
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Date of Publication: July 2017

Purpose of Issues: The Securities will be issued to finance the re-issuance of maturing Treasury Bills.

Amount of Issues: **Treasury Bills**  
91-day Treasury bills: EC\$108.0 M (Series A: Four issues EC\$16.0 M each, Series B: Four issues EC\$11.0 M each)  
180-day Treasury bills: EC\$190.0 M (Series A: Two issues EC\$25.0 M each, Series B: Two issues EC\$20.0 M each, Series C: Two issues EC\$25.0M each, Series D: Two issues EC\$25.0M each)  
365-day Treasury bill: One issue- EC\$25.0M

Legislative Authority: The Revised Treasury bill Amendment Act 2003, Chapter 15.33 Sub-section 3(1).

Intermediaries:	A complete list of Licensed Intermediaries who are members of the Eastern Caribbean Securities Exchange is available in Appendix I
Taxation:	Yields will not be subject to any tax, duty or levy by the Participating Governments of the Eastern Caribbean Currency Union (ECCU). The countries are Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, Saint Lucia, St Kitts and Nevis and St Vincent and the Grenadines.
Reference Currency:	Eastern Caribbean Dollars (EC\$), unless otherwise stated.
Bidding Period:	9:00 am to 12 noon on the respective auction days
Method of Issue:	The price of the issue will be determined by a Competitive Uniform Price Auction with open bidding.
Placement of Bids:	Investors will participate in the auction through the services of current licensed intermediaries who are members of the Eastern Caribbean Securities Exchange.
Minimum Bid:	EC\$5,000
Bid Multiplier:	EC\$1,000
Bids per Investor:	Each investor is allowed one (1) bid with the option of increasing the amount being tendered for until the close of the bidding period.
Licensed Intermediaries:	The current list of licensed intermediaries is as follows: <ul style="list-style-type: none"> <li>• St. Kitts Nevis Anguilla National Bank Ltd.</li> <li>• Bank of Nevis Ltd.</li> <li>• Bank of Saint Lucia</li> <li>• Bank of St Vincent and the Grenadines Ltd.</li> <li>• First Citizens Investment Services Ltd - Saint Lucia</li> <li>• Grenada Co-operative Bank Limited</li> </ul>
Currency:	All currency references are in Eastern Caribbean Dollars unless otherwise stated.

## II) INFORMATION ABOUT THE ISSUES

### 91-Day Treasury Bills

#### SERIES A: EC\$16.0 Million each 91-day Treasury Bills in 4 Issues

GOSL proposes to auction an EC\$16.0 million in Government Treasury Bills on the Regional Government Securities Market (RGSM) and to be traded on the Eastern Caribbean Securities Exchange Ltd (ECSE). **In the event of an over-subscription, the GOSL reserves the right without the consent of investors to increase the issue size by an additional EC\$5.0 million.**

**Amount of Issues:** Four issues – EC\$16.0 million Eastern Caribbean Dollars each

**Maximum bid price:** 5.0 percent

**Tenor:** 91-days

**Trading Symbols:** **LCB081217, LCB130318, LCB140618 and LCB170918**

**Auction Dates:** 7<sup>th</sup> September 2017  
11<sup>th</sup> December 2017  
14<sup>th</sup> March 2018  
15<sup>th</sup> June 2018

**Settlement Dates:** 8<sup>th</sup> September 2017  
12<sup>th</sup> December 2017  
15<sup>th</sup> March 2018  
18<sup>th</sup> June 2018

**Maturity Dates:** 8<sup>th</sup> December 2017  
13<sup>th</sup> March 2018  
14<sup>th</sup> June 2018  
17<sup>th</sup> September 2018

#### SERIES B: EC\$11.0 Million each 91-day Treasury Bills in 4 Issues

GOSL proposes to auction an EC\$11.0 million in Government Treasury Bills on the Regional Government Securities Market (RGSM) and to be traded on the Eastern Caribbean Securities Exchange Ltd (ECSE). **In the event of an over-subscription, the GOSL reserves the right without the consent of investors to increase the issue size by an additional EC\$5.0 million.**

**Amount of Issues:** Four issues – EC\$11.0 million Eastern Caribbean Dollars each

**Maximum bid price:** 5.0 percent



**Tenor:** 91-days  
**Trading Symbols:** **LCB191217, LCB220318, LCB250618 and LCB260918**

**Auction Dates:**  
18<sup>th</sup> September 2017  
20<sup>th</sup> December 2017  
23<sup>th</sup> March 2018  
26<sup>th</sup> June 2018

**Settlement Dates:**  
19<sup>th</sup> September 2017  
21<sup>st</sup> December 2017  
26<sup>th</sup> March 2018  
27<sup>th</sup> June 2018

**Maturity Dates:**  
19<sup>th</sup> December 2017  
22<sup>nd</sup> March 2018  
25<sup>th</sup> June 2018  
26<sup>th</sup> September 2018

### **180-Day Treasury Bills**

#### **SERIES A: EC\$25.0 Million each 180-day Treasury Bills in 2 Issues**

GOSL proposes to auction an EC\$25.0 million in Government Treasury Bills on the Regional Government Securities Market (RGSM) and to be traded on the Eastern Caribbean Securities Exchange Ltd (ECSE).

**Amount of Issues:** Two issues – EC\$25.0 million Eastern Caribbean Dollars each

**Maximum bid price:** 5.0 percent

**Tenor:** 180-days

**Trading Symbols:** **LCB160118 and LCB170718**

**Auction Dates:** 19<sup>th</sup> July 2017 and 17<sup>th</sup> January 2018

**Settlement Dates:** 20<sup>th</sup> July 2017 and 18<sup>th</sup> January 2018

**Maturity Dates:** 16<sup>th</sup> January 2018 and 17<sup>th</sup> July 2018

#### **SERIES B: EC\$20.0 Million each 180-day Treasury Bills in 2 Issues**

GOSL proposes to auction an EC\$20.0 million in Government Treasury Bills on the Regional Government Securities Market (RGSM) and to be traded on the Eastern Caribbean Securities Exchange Ltd (ECSE). **In the event of an over-subscription, the GOSL reserves the right without the consent of investors to increase the issue size by an additional EC\$5.0 million.**

<b>Amount of Issues:</b>	Two issues – EC20.0 million Eastern Caribbean Dollars each
<b>Maximum bid price:</b>	5.0 percent
<b>Tenor:</b>	180-days
<b>Trading Symbols:</b>	<b>LCB160418 and LCB151018</b>
<b>Auction Dates:</b>	17 <sup>th</sup> October 2017 and 17 <sup>th</sup> April 2018
<b>Settlement Dates:</b>	18 <sup>th</sup> October 2017 and 18 <sup>th</sup> April 2018
<b>Maturity Dates:</b>	16 <sup>th</sup> April 2018 and 15 <sup>th</sup> October 2018

**SERIES C: EC\$25.0 Million 180-day Treasury Bills in 2 Issues**

GOSL proposes to auction an EC\$25.0 million in Government Treasury Bills on the Regional Government Securities Market (RGSM) and to be traded on the Eastern Caribbean Securities Exchange Ltd (ECSE).

<b>Amount of Issues:</b>	Two issues – EC25.0 million Eastern Caribbean Dollars
<b>Maximum bid price:</b>	5.0 percent
<b>Tenor:</b>	180-days
<b>Trading Symbols:</b>	<b>LCB270618 and LCB261218</b>
<b>Auction Dates:</b>	28 <sup>th</sup> December 2017 and 28 <sup>th</sup> June 2018
<b>Settlement Dates:</b>	29 <sup>th</sup> December 2017 and 29 <sup>th</sup> June 2018
<b>Maturity Dates:</b>	27 <sup>th</sup> June 2018 and 26 <sup>th</sup> December 2018

**SERIES D: EC\$25.0 Million 180-day Treasury Bills in 2 Issues**

GOSL proposes to auction an EC\$25.0 million in Government Treasury Bills on the Regional Government Securities Market (RGSM) and to be traded on the Eastern Caribbean Securities Exchange Ltd (ECSE). **In the event of an over-subscription, the GOSL reserves the right without the consent of investors to increase the issue size by an additional EC\$5.0 million.**

<b>Amount of Issues:</b>	Two issues – EC25.0 million Eastern Caribbean Dollars
<b>Maximum bid price:</b>	5.0 percent

**Tenor:** 180-days  
**Trading Symbols:** **LCB060218 and LCB070818**  
**Auction Dates:** 9<sup>th</sup> August 2017 and 7<sup>th</sup> February 2018  
**Settlement Dates:** 10<sup>th</sup> August 2017 and 9<sup>th</sup> February 2018  
**Maturity Dates:** 6<sup>th</sup> February 2018 and 7<sup>th</sup> August 2018

### **365-Day Treasury bill**

#### **One Issue: EC\$25.0 Million**

GOSL proposes to auction an EC\$25.0 million in Government Treasury Bill on the Regional Government Securities Market (RGSM) and to be traded on the Eastern Caribbean Securities Exchange Ltd (ECSE). **In the event of an over-subscription, the GOSL reserves the right without the consent of investors to increase the issue size by an additional EC\$5.0 million.**

**Amount of Issues:** One issue – EC\$25.0 million Eastern Caribbean Dollars  
**Maximum bid price:** 5.0 percent  
**Tenor:** 365-day  
**Trading Symbols:** **LCB151118**  
**Auction Dates:** 14<sup>th</sup> November 2017  
**Settlement Dates:** 15<sup>th</sup> November 2017  
**Maturity Dates:** 15<sup>th</sup> November 2018

### **III) FINANCIAL ADMINISTRATION AND MANAGEMENT**

#### **1. Debt Management Objectives**

The objective of Saint Lucia's debt management policy is to raise stable and consistent levels of financing for the budget at minimum costs subject to prudent levels of risk.

The overall objective will require the Government to take several steps:

- Diversify the debt portfolio in an effort to reduce risks inherent in the debt portfolio.
- Develop and implement strategies to support the long term sustainability of the public debt.
- Maintain a prudent debt structure.
- Increase transparency and predictability in the management of government debt.
- Ensure that government borrowings and guarantees are consistent with the legal and regulatory framework established by Parliament.
- Constant consultation with the stakeholders in the international and regional debt market.

#### **2. Debt Management Strategy**

The debt management strategy of the Government is an integral part of its programme of fiscal consolidation. The key elements of the GOSL's debt management strategy include:

1. Maintaining a satisfactory and prudent debt structure;
2. Refinancing high cost loans and facilities to reduce debt servicing and to adjust the maturity profile of Central Government Debt in a way that balances lower financing cost and risk;
3. To support the development of a well-functioning market for government securities.
4. To provide funds for the government at the lowest possible cost.

#### **3. Transparency and Accountability**

The GOSL is continuously seeking ways of improving its systems of accountability and transparency. With a view to adopting more prudent and transparent fiscal management practices as well as enhancing the functioning of the Regional Government Securities Market (RGSM), the GOSL intends to borrow using a variety of instruments. As a consequence, disclosure of information on the cash flow and debt stock will be made available bi-annually to all investors, consistent with the rules of the Regional Debt Coordinating Committee (RDCC)

#### **4. Institutional Framework**

The Debt & Investment Unit (DIU) of the Ministry of Finance (MOF) of the GOSL is charged with the responsibility of administering the Government's debt portfolio on a day-to-day basis and implementing the Government's borrowing strategy. The unit is directly accountable to the Director of Finance.

#### **5. Risk Management Framework**

The establishment of an effective and efficient debt management system as a major element of economic management is of paramount importance to the Government of Saint Lucia (GOSL). Accordingly, attempts have been made to strengthen the capacity of the Debt & Investment Unit (DIU). Consequently, the DIU's functions have been broadened to include:

- Assisting in the formulation of debt management policies and strategies;
- Managing the debt portfolio to minimize cost with an acceptable risk profile;
- Conducting risk analysis and developing risk management policies; and
- Conducting debt sustainability analysis to assess optimal borrowing levels.

## **IV. MACRO-ECONOMIC PERFORMANCE**

### **A. General Economic Performance**

Growth in Saint Lucia's economy is estimated to have slowed in 2016 influenced mainly by a contraction in the dominant tourism industry. Real GDP growth fell to 0.9 percent in 2016 following revised growth of 1.9 percent in 2015<sup>1</sup>. Notwithstanding the decline in the hotels and restaurants and other directly related sectors such as transport, appreciable increases were recorded in the main productive sectors of construction, agriculture and manufacturing.

While the overall economy has been growing at an average rate of only 1.3 percent from 2006 to 2016, the newly emerging sectors of the economy have been doing much better relative to the traditional sectors. This is supported by an expansion of the Business Services sector which has been growing at an average rate of 6.4 percent over the period. The Business Services category of Saint Lucia's National Accounts includes activities such as consultancy, information technology and data processing, research and development, advertising and security. However, the sector only accounts for 3.5 percent of total GDP.

Activity in the construction sector accounted for approximately 60 percent of the growth in real GDP in 2016 evidenced mainly by investment in the construction of hotels and commercial properties. In 2016, work on the 435 room Royalton hotel provided a major fillip to the construction sector as it represented one of the largest private sector construction projects ever undertaken in Saint Lucia. This was supported by work on other hotels and commercial buildings during the year.

Growth was also supported by developments in the agriculture sector which recorded an increase of 4.0 percent. The sector was poised to perform much better but was adversely impacted by Tropical Storm Matthew in September. Banana exports declined by 1.1 percent to 14,629 tonnes but was poised to record a second consecutive year of growth as the volume of exports was up by 15 percent up to the third quarter until production collapsed in the fourth quarter as a result of the destruction of banana fields by the storm. Export earnings was also down, by 11.2 percent to \$19.8 million. It should be noted that the pattern of banana export appears to be shifting with the volume of export to the Caribbean region surpassing export to the UK for the first time.

The manufacturing sector experienced further growth in 2016 evidenced by a 7.2 percent increase in production. In particular, increases were recorded for non-alcoholic beverages,

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<sup>1</sup> See Box 1 for an explanation of the revision to the GDP estimates from 2006 to 2016. (Page 24 – 25)

mainly water, as well as bakery products. Exports to the region of manufactured products was adversely affected by the continued difficulties in Trinidad and Tobago in accessing foreign exchange.

The tourism industry continued to dominate economic activity but value added in the sector declined in 2016. Total number of visitors fell by 7.3 percent as a result of a 13.2 percent decline in cruise passenger arrivals. The drop in cruise ship passengers was partly offset by an increase in stayover visitors by 0.9 percent mainly driven by arrivals from the US and the Caribbean. In keeping with the fall in total visitor arrivals visitor expenditure contracted by 4.8 percent reflecting lower spending in the stayover and cruise passenger categories.

Saint Lucia's economy continued to experience deflation in 2016 with the consumer price index falling by 3.1 percent, pulled down largely by lower energy prices, including fuel and electricity. Lower consumer prices were also influenced by low levels of inflation in Saint Lucia's major trading partners, mainly through the import channel.

The growth in economic activity resulted in an improvement in labour market conditions in 2016. This was reflected in an improvement in the labour force participation rate to its highest level since 2009 of 73.4 percent and a further reduction in the unemployment rate to 21.3 percent in 2016 from 24.1 percent in 2015.

The fiscal operations of the Central Government improved in fiscal year 2016/17 evidenced by a narrowing of the overall deficit. This outturn was mainly as a result of an increase in total revenue surpassing the increase in total expenditure, resulting in the lower overall deficit. Appreciable increases were recorded in revenue from taxes on income, international trade and transactions and property. The growth in expenditure was driven by double digit increases in interest payments and current transfers. However capital expenditure declined. The deficit was financed mainly by bonds and other debt instruments such as loans and treasury bills.

Saint Lucia's economy continued to be affected by tightening credit conditions in 2016. Commercial bank credit continued to decline, with lending to the private sector falling by 5.0 percent. The fall in private sector credit represents the fourth consecutive year of a trend which started in 2013. As a result of the reduction in bank lending the accumulation of deposits has outpaced lending resulting in higher liquidity in the banking system. The elevated level of liquidity has resulted in lower deposit and lending interest rates, in particular mortgage rates. The level of non-performing loans, although high, continued to decline in 2016 to 15.6 percent, a 2.6 percentage point decline.

Complete data on the balance of payments for 2016 is not available. However, the merchandise trade balance recorded a sharp deterioration in 2016 as the value of total exports fell by one third while imports increased. This was further compounded by a fall in visitor expenditure of 4.8 percent. The deterioration in Saint Lucia's external position was also reflected in the change in the country's imputed reserves at the ECCB which declined by 7.6 percent to \$743.6 million.





**Box 1 Cont'd .....**

- Adjustment of the respective industry output and input levels to reflect the benchmark values derived from the 2002 Supply and Use Table (SUT).
- Discontinuance of the application of fixed input-output ratios in deriving current-priced estimates of intermediate consumption (IC), for several industries. Independent calculations of intermediate consumption are now made, using relevant input price indices to inflate/reflate constant-priced IC values. *Note that the respective value added estimates of an industry are derived by subtracting the total value of goods and services used as inputs (the IC) from the output (gross sales) of the establishments, which comprise the industry.*
- Derivation of product taxes and subsidies in constant prices, to assist in the estimation of constant-priced GDP in market prices.
- Employment of more representative price and volume indicators.

The conflated impact of these changes raised the overall current-priced GDP level by an average of \$371 million, over the period 2006 to 2015, with a difference in value of 614.82 million for the year 2015, comparing the previous and new series. For the same period, the average GDP growth rate increased by one percentage point, from 3.4 percent to 4.4 percent. In volume terms, the growth rates of gross value added in constant prices increased on average from 0.3 percent to 1.4 percent.

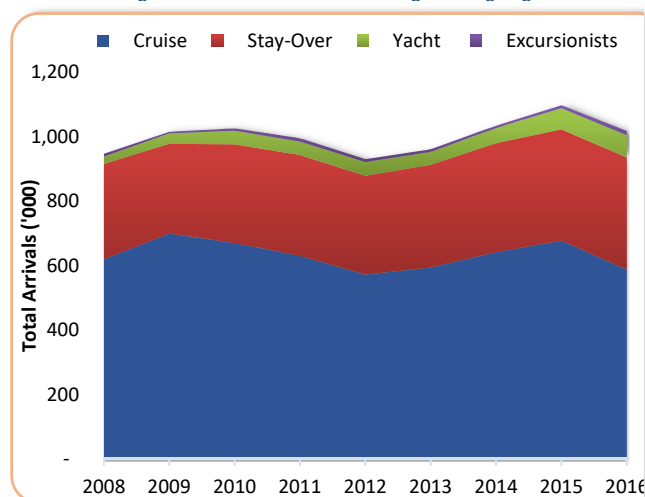
## **B. Real Sector Developments**

### **TOURISM**

Value added in the hotels and restaurants sector contracted in 2016, as a number of related factors impacted the sector's overall performance. These factors included a decline in cruise arrivals, reductions in visitor expenditure, bed nights and the average length of stay. However, increased demand for Saint Lucia's tourism product from the United States (U.S.) and the Caribbean markets mitigated the diminished sector performance.

Following three consecutive years of positive growth, Saint Lucia recorded a 7.3 percent decline in total visitor arrivals relative to 2015 with varied sub-sector performances. The overall drop in

Figure 1 Visitor Arrivals by Category



arrivals was primarily due to a 13.2 percent reduction in cruise ship arrivals to 587,749 visitors relative to 2015. Lower cruise arrivals were attributed to a decrease in the number of cruise calls coupled with an increase in the number of smaller vessels to Saint Lucia. In addition, major cruise lines were repositioned to other regional and international tourist destinations based on their new cruise schedule, which largely accounted for the reduction in cruise arrivals in 2016.

### Stay-over Arrivals

Stay-over arrivals nudged its previous best, growing by 0.9 percent to 347,872; the highest Saint Lucia has recorded to date. This development was largely accredited to a record number of U.S. arrivals and consistent increases in arrivals from the Caribbean market; particularly the French West Indies territories.

The U.S. market, which is the leading source market for Saint Lucia, commanded 45.3 percent of total stay-over arrivals in 2016. The record number of U.S. arrivals in 2016 of 157,576 visitors, represented a 3.2 percent growth over 2015. Higher U.S. stay-over arrivals were observed throughout the year with solid first and second half performances of 2.4 percent and 4.0 percent growth respectively relative to 2015. This positive performance was attributed to an increased number of flights coupled with a 5.1 percent surge in seating capacity. In addition, solid economic growth, low unemployment and higher consumer confidence in the US contributed to a rise in visitors to Saint Lucia.

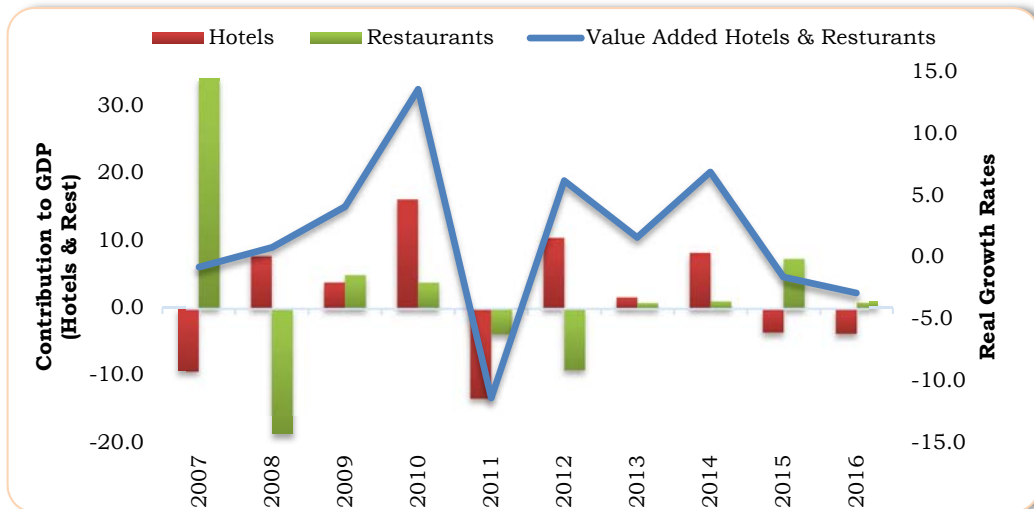
### Hotel Performance and Visitor Expenditure

Preliminary estimates indicate that value added in the hotel and restaurants sub-sector, as proxied by the movements in bed nights and stay-over arrivals, contracted by 2.9 percent in 2016. The decrease in bednights<sup>2</sup> was mainly due to a 6.2 percent decline in stay-over visitors

<sup>2</sup> Bed nights is a function of stay-over arrivals less persons staying in private accommodations and the average length of stay.

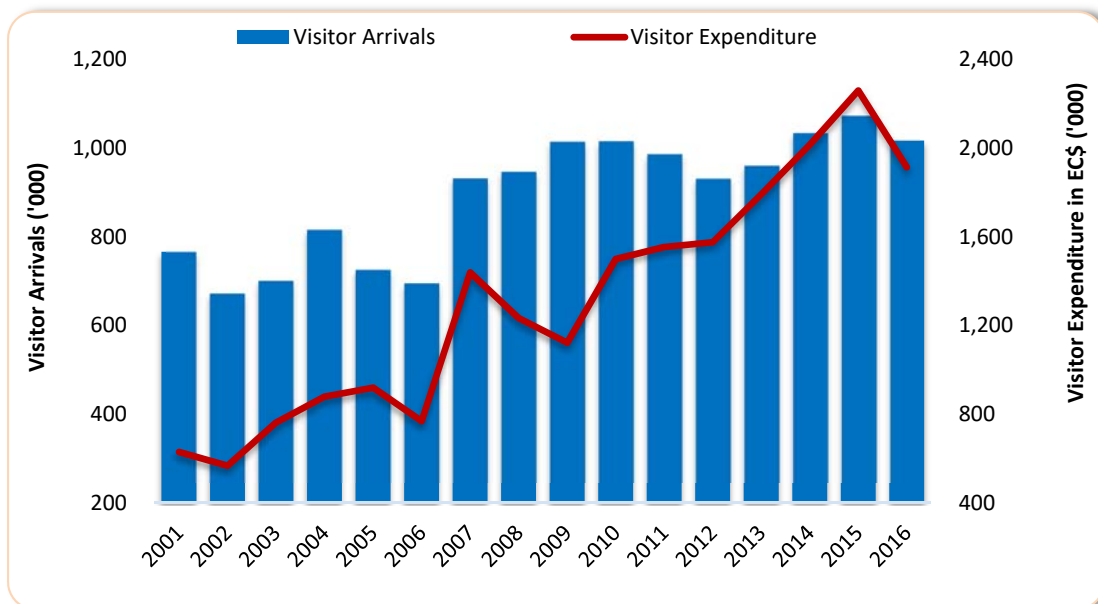
from the European market coupled with a 2.0 percent decline in the average length of stay. Additionally, more visitors staying in non-paid accommodation exacerbated the overall decline in bednights.

Figure 2 Value Added: Hotels and Restaurants



Total visitor expenditure declined by 4.8 percent in 2016 relative to 2015, to an estimated EC\$1.97 billion. Expenditure on accommodation, which accounts for 57.0 percent of total visitor expenditure, declined by an estimated 13.2 percent over the same period. The reduction in visitor expenditure was driven by a 9.5 percent drop in the average prices of all-inclusive accommodations. Further, Saint Lucia experienced a decrease in expenditure from all markets, particularly the U.K. and Canadian markets with expenditure falling by 11.4 percent and 11.5 percent respectively.

Figure 3 Visitor Expenditure



## **CONSTRUCTION**

The construction sector continued to be a major catalyst for economic growth in 2016. Growth in the sector decelerated to 8.0 percent in 2016 following a robust growth of 10.0 percent in the previous year. In keeping with this performance, employment in the sector increased by 14.4 percent to 7,140 persons at the end of 2016.

Private sector construction activity remained the major contributor to growth in the sector with intensified activity on several major projects. However, this boost was partially countered by slower construction activity in the public sector.

### **Public Sector Construction**

Public sector construction expenditure comprises expenditure of both central government and statutory bodies. In 2016, total expenditure on public sector construction expanded by 6.0 percent to \$116.4 million. This outturn was attributed to an increase in expenditure by statutory bodies which was partly offset by a decline in expenditure by central government.

During the review period, central government expenditure on construction fell by 14.2 percent to \$87.3 million from \$109.8 million in the previous year. This was driven by a decline in central government spending on social infrastructure which was cushioned by an increase in central government expenditure on economic infrastructure.

Central government expenditure on economic infrastructure, which includes agriculture, water, roads and other infrastructure, increased from \$32.8 million in 2015 to \$59.6 million in 2016.

### **Private Sector Construction**

Construction activity in the private sector intensified in 2016 buoyed by work on the construction of the Royalton and Harbour Club hotels. Construction of the 435 room Royalton Club property started in 2015 and was largely completed in 2016. Work continued on the 115 room Harbour Club hotel throughout the year but came to a temporary halt in the last quarter.

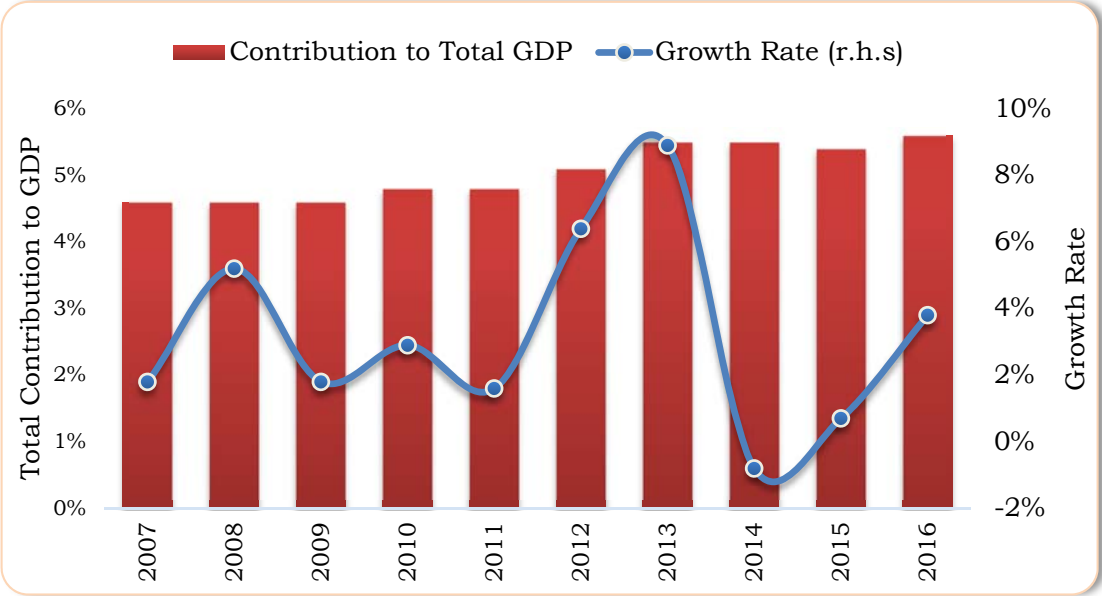
Some hotels were refurbished and upgraded during the off-peak season with the Sandals properties undergoing major renovation and upgrade. Construction activity also commenced on four of the eight Sandals over-the-water suites in October and fitting of seven villas at the Landings hotel.

In relation to commercial construction projects, the most significant was the Unicoma building which was completed at a total construction cost of roughly \$11.0 million. In addition, construction began on two commercial buildings in the city, one on the William Peter Boulevard and another at the intersection of High Street and Coral Street which upon completion will cost an estimated \$2.5 million and \$2.0 million respectively.

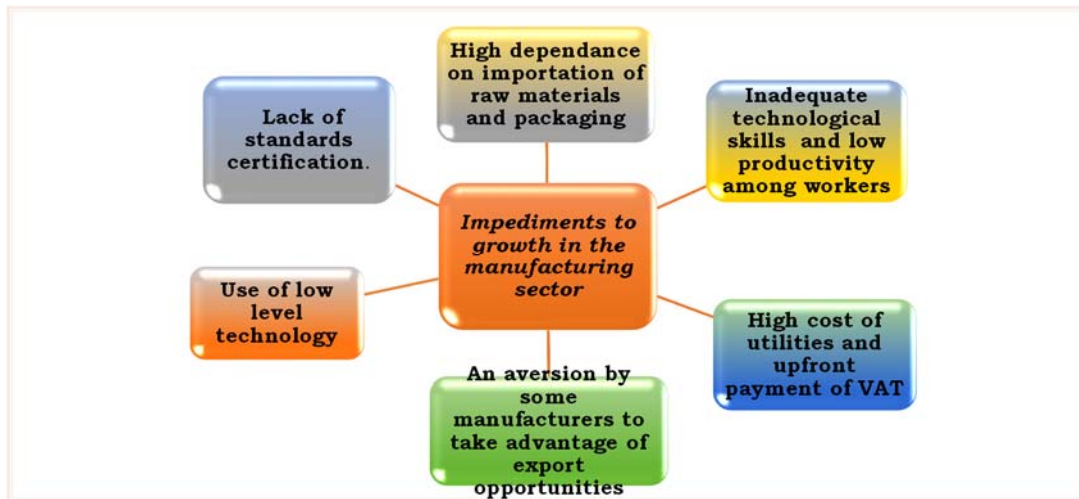
**MANUFACTURING**

The manufacturing sector continued to experience moderate growth, recording an increase in value added to 3.8 percent in 2016 from 0.7 percent in 2015. The performance of the manufacturing sector was marked by increases in production in some of the major sub-sectors coupled with price changes during the period. Despite this overall growth, declines were observed in a few sub-sectors due to the scaling down of operations resulting from lower domestic demand, difficulties experienced by some manufacturers in exporting to Trinidad and Tobago and the overall level of domestic economic activity.

*Figure 4: Manufacturing Real Growth and Contribution to GDP*



In addition, the role of the manufacturing sector as one of the pillars of the economy continued to be challenged by several factors which hampered its performance. This sector has been characterized by:



The government has over the years sought to reduce the cost of production through the provision of tax concessions and lend support through governmental agencies such as TEPA to bolster exports.

## **Production**

The total value of manufacturing output registered an increase to 7.2 percent in 2016 from 2.5 percent in the previous year which in value terms translates to \$300.3 million in 2016. This growth is primarily attributed to the large increase in beverage production particularly non-alcoholic beverages; the largest contributor to the increase in total value of manufacturing output, an expansion of 26.4 percent.

In addition to beverages, the production of food continued to trend upwards as the value of output of food products rose by 7.7 percent, primarily as a result of strong growth in bakery products, dairy products and other food products. Also, there was an expansion in the production of furniture and electrical products by 5.7 percent and 0.5 percent respectively. The increase in the electrical sub-component was ascribed chiefly to the increase demand from major buyers in the U.S.

However, the other sub-components registered contractions in the review period. The production of rubber products was significantly hampered by the closure of a key establishment and the substitution of local products with imported products. As such, production of rubber products fell significantly; a 53.6 percent decline. The manufacturing sector also witnessed declines in fabricated metal products by 29.8 percent, electrical machinery and equipment products by 18.9 percent and plastic products by 16.8 percent.

Also, tempering the expansion in total value of manufacturing output were declines in the production of sub-categories of chemicals, printing and publishing and paper and paper products. The fall in value of output in paper and paper products was occasioned by a decrease in demand by the banana industry coupled with the decline in export to Trinidad and Tobago as a result of foreign exchange complications that adversely affected the flow of trade.





## AGRICULTURE

The agricultural sector recorded mixed performances in 2016 with higher levels of production of eggs, chicken and pork while output of banana and other crops fell largely due to weather related factors. The sector continues to be affected by low productivity, high costs of production and limited marketing opportunities. The Ministry of Agriculture has developed a new policy for the further advancement of the agricultural sector and it is aimed at modernizing the sector and making it more attractive to young people.

### Banana

Total banana exports fell by 1.0 percent to 14,629.6 tonnes in 2016 after an increase in 2015. It should be noted that during the period January to September 2016 banana exports increased by 15.7 percent but fell sharply in the fourth quarter due to the adverse impact of Tropical Storm Matthew on the crop. The volume of exports in the last quarter of 2016 declined by 49.2 percent reflecting the extent of damage to banana fields from the storm.

Exports to the UK fell by 16.1 percent to 7,091.8 tonnes while exports to the Caribbean increased by 18.9 percent to 7,537.8 tonnes. Since 2013 the share of banana shipped to other Caribbean territories as a percentage of total banana exports has consistently increased from 14.2 percent to 51.5 percent in 2016. This shows a clear shift towards the Caribbean region as

a major export market for Saint Lucia's banana. Indeed, in 2016 the volume of banana exports to the Caribbean region exceeded exports to the UK for the first time.

Export earnings from banana also fell by 11.2 percent to \$19.8 million with earnings from the UK

Figure 5: Agriculture Value Added (2011-2016)

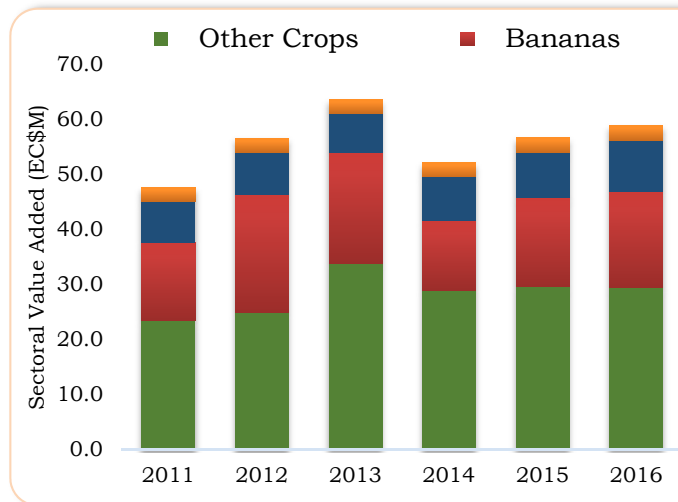
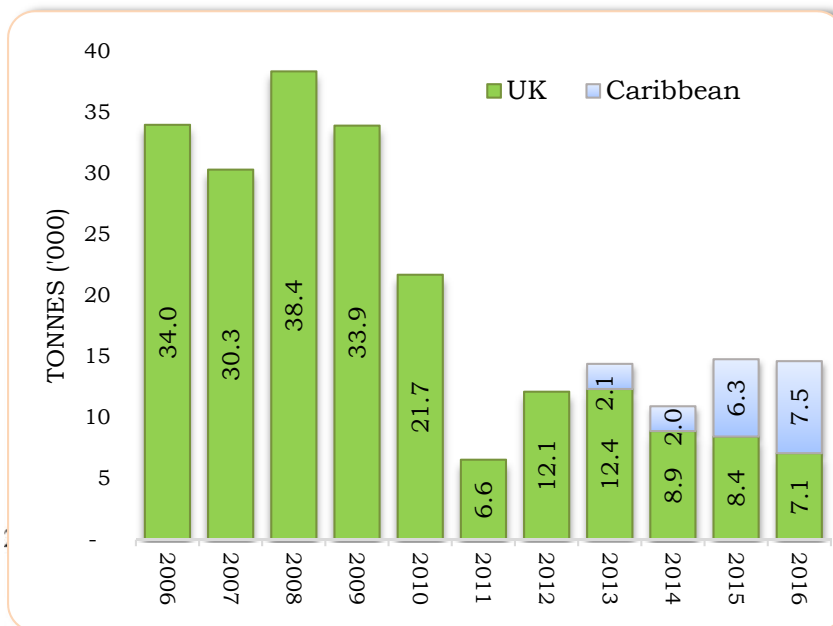


Figure 6: Banana Exports (UK & Caribbean)



amounting to \$12.9 million. In keeping with the sharp reduction in the volume of exports to the UK, banana export revenue from the UK fell by 15.7 percent while earnings from the regional market was down by a smaller magnitude of 1.6 percent to \$7.0 million. Notwithstanding the lower share of volume exported to the UK, the average price per tonne of banana to the UK of \$1,813.2 was twice that earned from exports to the region.

The successful control of the Black Sigatoka disease was a significant achievement in the banana industry in 2016. The Black Sigatoka Management Project of the Ministry of Agriculture achieved its main objectives of:

- Providing technical advisory and other services to the banana and plantain sub-sector, including the provision of inputs to control the disease;
- Continuing a program of capacity-building of agri-extension personnel to manage the disease;
- Continuing the monitoring, data collection and processing of established fields and farmer demonstration plots;
- Continuing the provision of technical and financial support in the upgrade, management and rationalization of the mineral oil and fungicide storage and dispensing facilities at Odsan and La Caye Depots, to meet requisite industry-based and international trade-related requirements;
- Installation of a network of equipment to capture relevant climatic data, to improve disease development monitoring, forecasting and the provision of accurate and timely advisory information.

## Other Crops

The production of other crops, as measured by the volume of agricultural produce purchased by hotels and supermarkets, is estimated to have declined in 2016. The volume of locally grown fruits, vegetables and condiments purchased by supermarkets remained flat in 2016 at 3,821 tonnes. Purchases during the first half expanded by 16.9 percent but started to decline during the third quarter registering a 14.2 percent fall in volume in the second half of the year. The decline was more pronounced in the fourth quarter as a result of the effects of Tropical Storm Matthew.

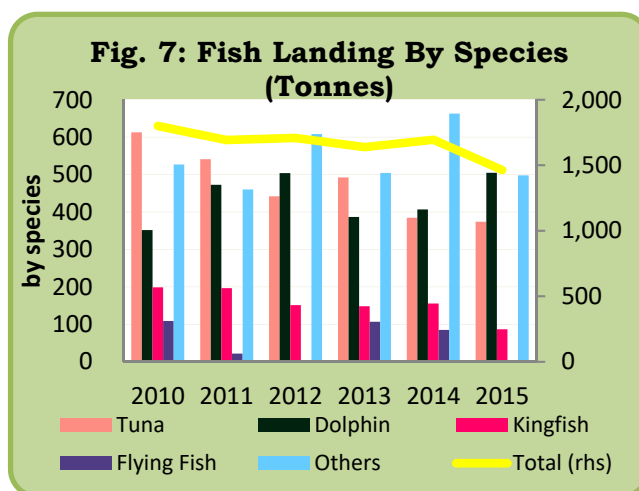
Increases in purchases in excess of 10.0 percent were recorded for avocado, breadfruit, cantaloupe, passion fruit, pineapple and watermelon but these were partly offset by significant reduction in purchases of golden apple, guava, limes, mango and papaya.

During the period, January to December 2016 hotel purchases of agricultural produce fell by 12.8 percent to 1,199 tonnes while earnings is estimated at \$6.6 million, representing a 14.0 percent reduction over the corresponding period of 2015. This performance partly reflects the weak growth in the number of stay over visitors in 2016 couple with the impact of Tropical Storm Matthew on agricultural production.

### Fisheries

The volume of recorded fish landings fell by 13.6 percent to 1,464 tonnes reflecting significant declines in landings of major pelagic species.

In particular landings of king fish, flying fish and snapper were lower compared to the previous year. However, landing of dolphin and the lion fish was significantly higher. This resulted in a 4.9 percent fall in revenue generated in fish sales in 2015.

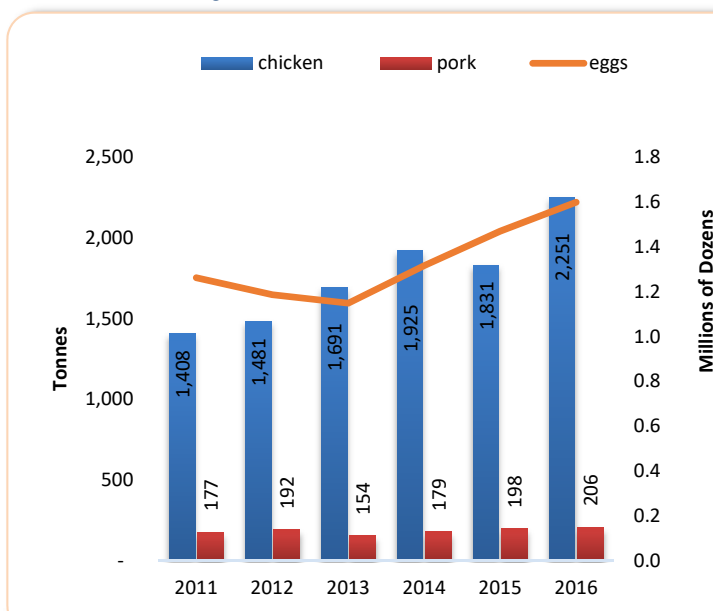


### Livestock

The livestock sub sector was the best performer in the agricultural sector in 2016 evidenced by double digit growth in chicken and egg production while pork production also increased but by a smaller magnitude. Chicken producers scaled up their output to satisfy the increase in the quota for domestic chicken production. As a result, local chicken production was up by 23.0 percent to 2,251 tonnes, reflecting a recovery from the previous year when farmers scaled back

on production in response to an oversupply on the market. Producers' earnings from chicken were also up, by an estimated 24.6 percent to \$27.4 million.

Figure 8: Livestock Production



Egg production recorded the third consecutive year of double digit growth expanding by 10.6 percent in

2016 to 1.6 million dozens. The sub sector was positively impacted by increases in flock size as well as a larger number of birds coming to their peak laying period earlier.

Pork output grew by 4.2 percent to 206.4 tonnes after the two previous years of double digit expansion. The growth in output reflects the continued demand for fresh local pork, supported by increases in the number of pork farmers. In addition, the Ministry of Agriculture introduced new bloodlines as part of the development of the sub sector. The higher level of production had a positive impact on producers' earnings resulting in a 5.8 percent increase to \$2.8 million.

## C. Balance of Payments

### Overall Balance

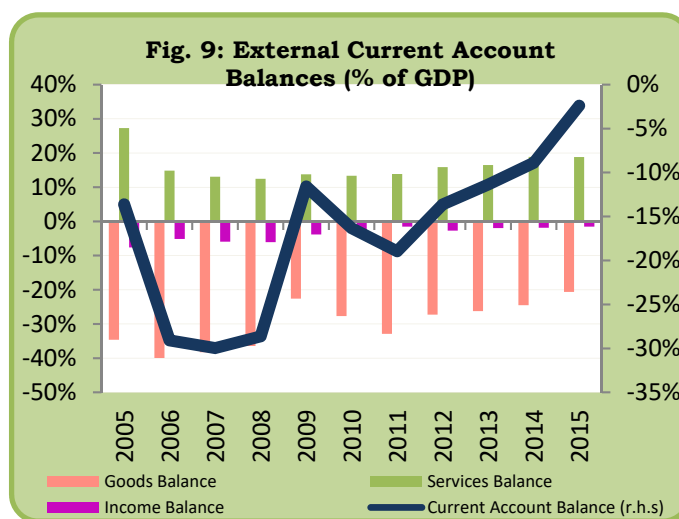
Preliminary estimates suggest a deficit in the overall balance of payments proxied by the change in Saint Lucia's imputed reserves at ECCB, declining by 7.6 percent (\$61.3 million) to \$743.6 million in 2016. The deterioration in the balance of payments stems mainly from a larger current account deficit attributed to a wider deficit on the merchandise trade account coupled with a reduction in inflows from visitor expenditure.

### Current Account

The merchandise trade deficit widened by 41.9 percent to \$1,232.3 million on account of the increase in import payments coupled with the sharp fall in total exports. Travel receipts from the inflows of visitor arrivals declined in 2016 by 4.8 percent to \$1,971.0 million compared to a 2.8 percent increase in 2015.

Merchandise import payments fell by 2.3 percent to \$1,539.1 million largely

reflecting reductions in the import prices of fuel, which accounts for approximately 15 percent of total imports. In contrast, the value of domestic exports rose by 18.4 percent to \$247.3 million driven by higher exports of agricultural produce, beverages and manufactured goods. Inflows from services also contributed to the lower current account deficit, albeit to a lesser

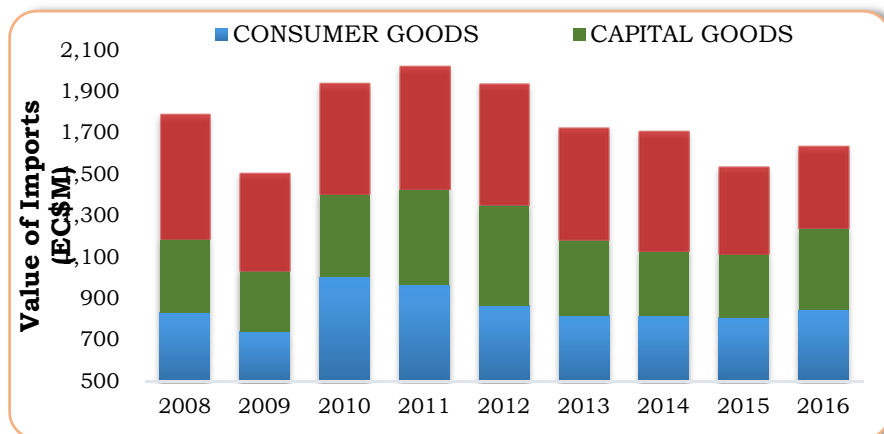


extent. In particular travel receipts, the largest contributor to the services account, recorded increases consistent with higher spending by visitors in 2015. There were no major developments on the income and current transfers accounts.

## Imports

The estimated total value of imports increased by 6.4 percent in 2016 to \$1,441.0 million (32.0 percent of GDP) from \$1,354.8 million (30.1 percent of GDP) in 2015. The rise in import value stemmed from the continuation of major construction projects undertaken during the year.

Figure 10: Value of Imports of Commodity Goods (EC\$M)



The value of imports of consumer goods increased by 4.3 percent over 2015 to \$844.9 million in 2016. The increase was driven mainly by an 11.7 percent rise in the imports of manufactured items such as cement, woven fabric, linens, drapes, tiles, towels, doors, windows, locks, glass mirrors, iron rods, tubes, pipe fittings and bottles for soft drinks. Similarly, miscellaneous manufactured articles increased by 10.6 percent to \$202.7 million due to imports of furniture and electrical equipment for homes, schools and offices, prefabricated buildings for steel, garments and clothing accessories.

The value of imports of capital goods grew by 29.6 percent to \$397.9 million in 2016 attributed mainly to a 29.7 percent increase in machinery and transport equipment. The increase in the number of imported vehicles to 3,435 in 2016 from 2,508 in 2015 (a 36.9 percent increase) contributed to this outcome. Other items contributing to the growth were machine parts, machines for domestic use (drying, ironing, freezing, washing, and folding), air-condition units, ceiling fans and motorboats.

In contrast, the value of imports of intermediate goods declined by 6.6 percent to \$394.8 million in 2016 compared to a growth rate of 25.5 percent in the previous year. The reduction in this category of imports was largely attributed to a 14.8 percent decline in the import value

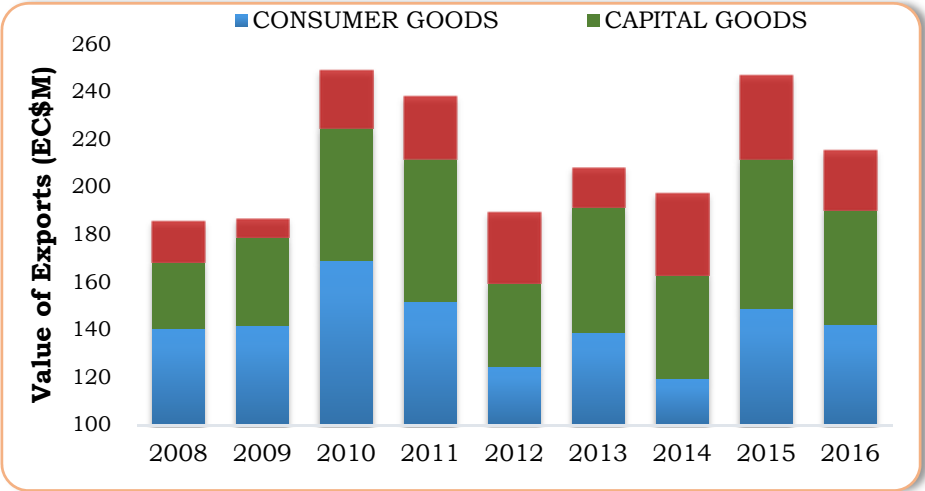
of mineral fuel, lubricants and related materials. This is consistent with the fall in international crude oil prices and related fuel products during the year.

**Exports**

Total exports, which include domestic exports and re-exports, declined by an estimated 33.6 percent to \$323.1 million (4.8 percent of GDP) attributed to decreases in re- exports. In particular, the re-exports fell by 55.2 percent reflecting a sharp drop in re-exports of aviation fuel.

In 2016, the value of domestic exports contracted by an estimated 12.8 percent to \$215.7 million relative to 2015 reflecting decreases in the value of all three broad categories, particularly intermediate and capital goods, which fell by 29.2 percent and 23.5 percent respectively.

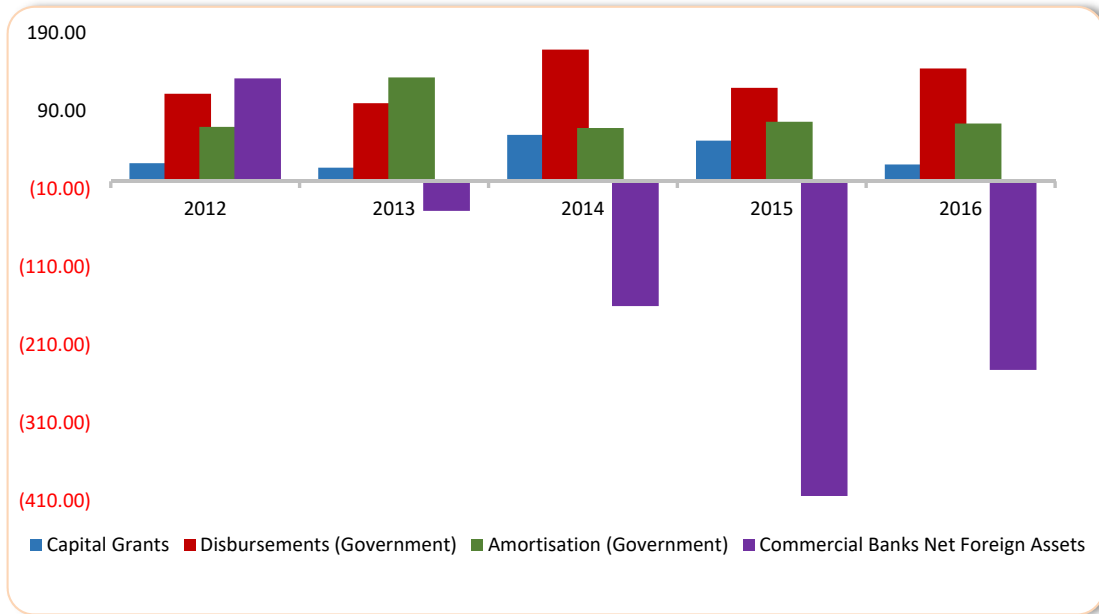
*Figure 11 Value of Commodity Exports (EC\$M)*



**Capital and Financial Account**

Capital grants under the external indicators of the capital and financial account declined by 28.1 percent to \$42.7 million in 2016 compared to \$59.3 million in 2015. A similar pattern was also observed for commercial banks net foreign assets, which recorded a 40.0 percent improvement in 2016 to -\$242.4 million compared to -\$404.1 million in 2015.

Figure 12: Capital Account External Sector Indicators



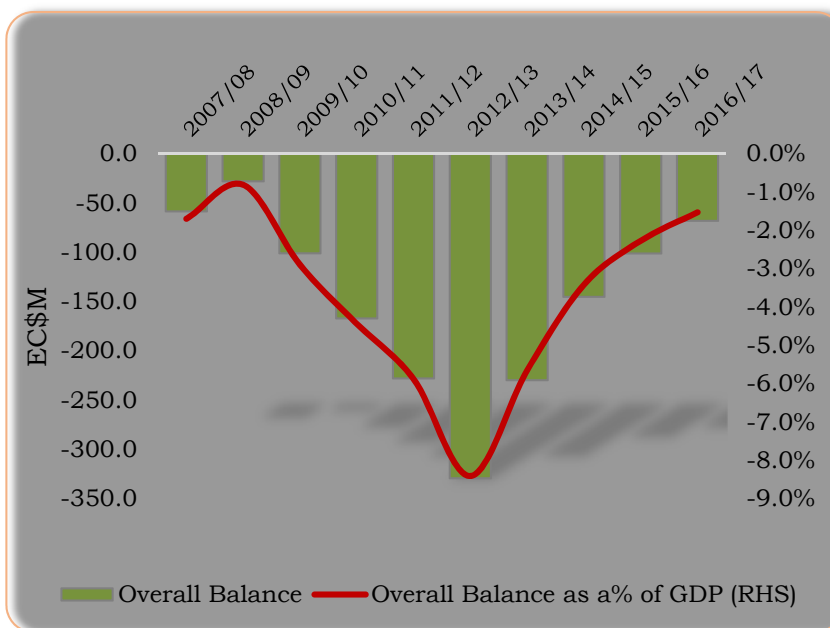
Conversely, government disbursement and amortization grew by 24.7 percent and 2.1 percent in 2016 respectively.



## D. Government Fiscal Performance

Preliminary estimates suggest an improvement of the central government's fiscal position in 2016/17 as the overall deficit narrowed to \$67.8 million or 1.5 percent of GDP from a deficit of \$100.9 million or 2.3 percent of GDP in 2015/16. The outturn was attributed to strong growth in revenue relative to expenditure reflecting improved performances of major revenue lines. Moderate growth in total expenditure was also recorded fueled by increases in current expenditure. However, lower capital spending helped to curtail total expenditure. The current account surplus is estimated to improve increasing to \$84.9 million in 2016/17 compared with \$81.6 million in 2015/16, a 4.0 percent increase. Similarly, a primary surplus of \$97.9 million was recorded, up from \$56.7 million in the previous fiscal year.

Figure 13: Central Government Fiscal Operations Indicators (EC\$M)



## REVENUE PERFORMANCE

Total revenue and grant receipts increased by 6.6 percent to \$1,102.8 million in 2016/17 representing 24.3 percent of GDP. The following policy measures influenced the revenue receipts:

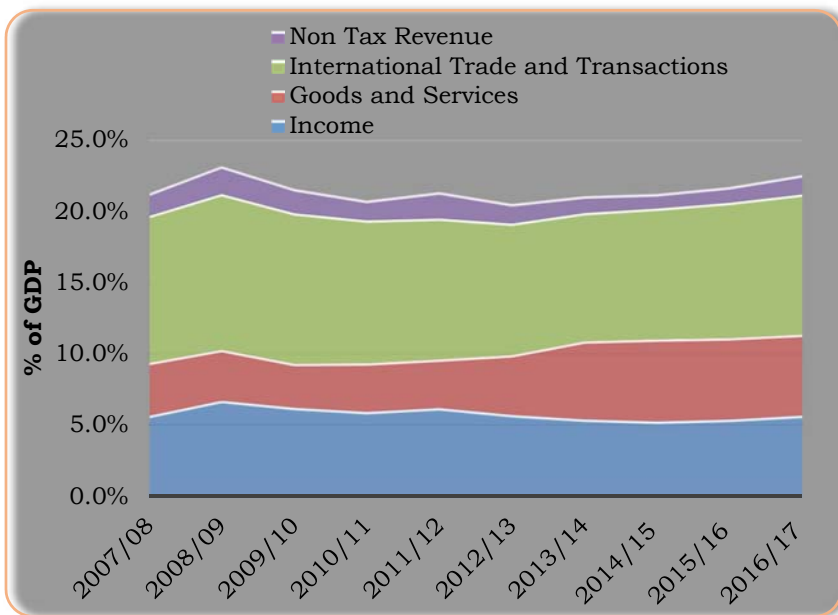
- The annualized effect of the increase in the customs service charge rate from 5.0 percent to 6.0 percent effective July 2015.
- The annualized effect of the increase in the fuel surcharge rate to \$1.00 per imperial gallon from \$0.50 cents effective July 2015.
- The revised motor vehicle licensing fee which became effective in September 2015
- Remittance of funds to central government from the Citizenship by Investment Programme.
- The reduction in the value-added tax rate from 15.0 percent to 12.5 percent effective February 2017

## Current Revenue

Current revenue is estimated to expand by 5.8 percent to \$1,040.6 million with increased intake from the main tax categories.

Taxes on international trade and transactions increased to \$450.5 million in 2016/17 from \$427.0 million in 2015/16, an increase of 5.5 percent. This performance is reflective of the incipient recovery in economic activity which was reflected in higher imports. The decline in international oil prices resulted in higher domestic fuel consumption which was reflected in higher revenue

Figure 14: Major Components of Revenue (% of GDP)



intake from excise tax on fuel. Tempering the increased revenue collections was the reduction in the VAT rate which led to a reduction in VAT revenue collections towards the end of the fiscal year.

Revenue from income taxes also contributed to an overall improvement in collections increasing by 7.1 percent to \$258.5 million in 2016/17. Specifically, receipts from corporation tax rose by 26.6 percent to \$99.0 million indicative of the settlement of outstanding tax liabilities by a number of businesses coupled with improved profitability by others. Receipts from tax arrears and withholding tax fell, reflective of lower monetary outflows by non-residents.

Taxes on goods and services, which highlights tax receipts from domestic economic activity, increased by 1.3 percent in 2016/17 to \$258.5 million. Much of the increase was driven by higher receipts from fuel surcharge reflective of the full year's effect of the upward adjustment of this tax in 2015 as well as the increase in vehicle license fee. The increase in collections under this category was tempered by a 3.9 percent decline in VAT revenue.

## Non-Tax Revenue

Non tax revenue collections recorded a sharp increase of 25.4 percent to \$61.2 million following a 14.3 percent rise in the previous fiscal year. Receipts from the Citizenship by Investment Program of \$5.9 million contributed to the improved performance of this revenue category. In addition, the Government received a \$10 million payout from the Caribbean Catastrophe Risk Insurance Facility (CCRIF) as compensation to the damage caused by Tropical Storm Matthew in September 2016.

## EXPENDITURE PERFORMANCE

Total expenditure, which accounted for 25.7 percent of GDP, expanded by 3.1 percent to \$1,170.6 million reflecting increases from all major expenditure lines.

### Current Expenditure

Current expenditure rose by 6.0 percent to \$955.7 million in 2016/17 mainly driven by higher spending on current transfers, goods and services and interest payments. Salaries and wages which account for 40 percent of current spending, have remained relatively stable over the last five years partly explained by the wage freeze which has been in effect from 2013. However during this fiscal year expenditure on salaries and wages grew by 1.0 percent to \$381.6 million reflecting an increase in the number public service employees.

Higher public debt with corresponding **interest expenses** resulted in an increase in interest payment

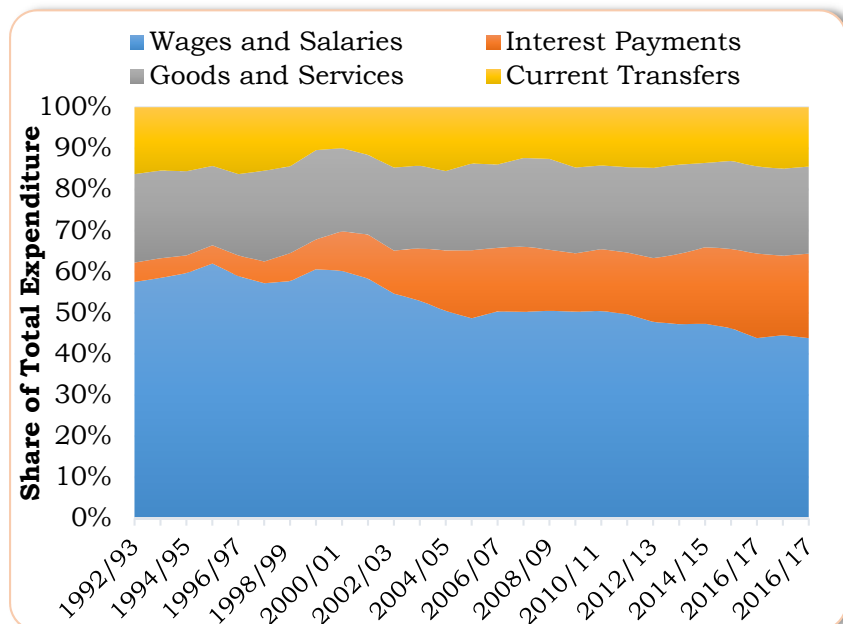
of 5.2 percent to \$165.7 million.

The increase in outlays on current transfers represented the largest increase in current expenditure in 2016/17. The rise in spending was partly explained by the reclassification of spending lines within this category of expenditure. Payments for retiring benefits increased slightly due to payments made to retiring parliamentarians.

Additionally, significant increases in rental, operation and maintenance contributed to a 8.0

percent rise in spending on **goods and services**.

Figure 15: Major Components of Current Expenditure (%)



### Capital Spending

Capital outlays declined by 8.2 percent to \$214.9 million largely reflecting delays in implementation of a number of capital projects. Spending on some major projects declined such as the constituency development program and St Jude hospital. In addition, transfers to the St Lucia Tourist Board for tourism marketing was down by 29.6 percent to \$25.6 million representing a reduction in the budgetary allocation to that agency.

Of the total capital spending, \$91.3 million (42.5 percent) was financed from bonds while \$61.9 million (28.8 percent) came from grants from donor countries and agencies. Loan financing amounted to \$27.8 million, representing a 39.9 percent decline from the previous year. The reduction in loan financing is partly attributed to the delays in implementation of a number of projects.

*Table 1: Selected Major Capital Spending (FY) 2016/17 (\$Million)*

<i>Tourism Marketing Promotion</i>	\$25.59
<i>Short Term Employment Programme (Uplifting People) STEP UP</i>	\$17.54
<i>National Initiative to Create Employment - NICE</i>	\$13.05
<i>St. Jude's Hospital Reconstruction Project Constituency Development Programme</i>	\$10.76
<i>Basic Education Enhancement Project (BEEP)</i>	\$10.26
<i>Land Acquisition</i>	\$9.04
<i>Finance Administrative Complex</i>	\$8.71
<i>Disaster Vulnerability Reduction Project-DVRP</i>	\$6.80
<i>Choiseul Road Rehabilitation</i>	\$6.37
<i>Anse Ger/ Desruisseax Road Rehabilitation</i>	\$6.13
<i>Disaster Recovery Programme</i>	\$25.60
<i>Independence City Road Rehabilitation</i>	\$17.54
<i>Catastrophe Risk Insurance</i>	\$13.05

## Financing

Financing pressure eased in 2016/17 as investors' appetite for government debt instruments showed signs of improvement. This resulted in government raising \$139.9 million in bond financing, \$43.2 million above the approved amount. Treasury bill financing however, was \$52.9 million lower than the approved estimates demonstrating a clear shift towards longer term debt instruments. As a result of the delays in implementation of capital projects earmarked for funding by loans from donor agencies, loans disbursed amounted to \$24.3 million compared to the approved \$74.2 million.

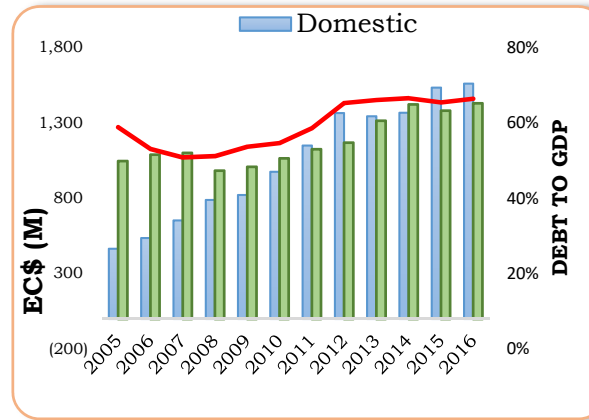
*Table 2: 2016/2017 Financing in EC\$M*

	<b>Approved</b>	<b>Actual</b>	<b>Variance</b>
<b>NEW</b>			
<i>Bonds</i>	96.65	139.85	43.20
<i>Treasury Bills</i>	78.47	25.56	-52.91
<i>Loans</i>	74.20	24.33	-49.87
<b>Sub-Total</b>	<b>249.32</b>	<b>189.74</b>	<b>-59.58</b>
<b>ROLLOVERS</b>			
<i>Bonds</i>	249.4	246.96	-2.44
<i>Treasury Bills</i>	465.68	465.68	0.00
<b>Sub-Total</b>	<b>715.08</b>	<b>712.64</b>	<b>-2.44</b>
<b>Grand Total</b>	<b>964.40</b>	<b>902.38</b>	<b>-62.02</b>

## V. DEBT ANALYSIS

At the end of 2016, the official stock of public debt, which includes central government liabilities, government guaranteed and public non-guaranteed debt, grew by 2.6 percent to \$2,988.1 million. This represents a slowdown in the rate of debt accumulation which in the last decade has grown at an average of 6.8 percent. Consequently, the debt to GDP ratio increased to 66.4 percent in 2016 from 65.4 percent in 2015.

Figure 16: Official Public Debt



### Central Government Debt

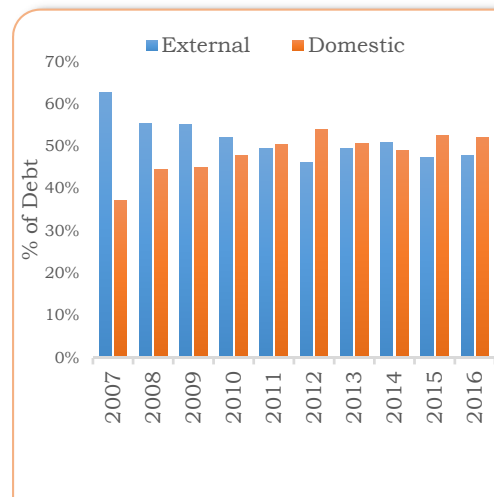
In comparison to the preceding five-year growth rate of 8.9 percent, the increase in central government debt in 2016 slowed to 3.6 percent, which translates to \$2,902.3 million. In addition, other central government liabilities which include commercial bank overdrafts, ECCB advances and outstanding payables stood at \$106.5 million at the end of 2016 up from the \$93.4 million in December 2015.<sup>3</sup>

The stock of public corporations' debt which is guaranteed by the central government fell by 22.4 percent to \$85.8 million. This was attributed to paying down of debt by public corporations. Consequently, the share of government guaranteed and public non-guaranteed debt to total public debt fell to 3.0 percent from an average share of 6.2 percent in the last five years.

### Domestic Debt

The share of central government debt held by domestic creditors increased steadily over the last decade moving from 37.2 percent or \$652.4 million in 2007 to 52.2 percent or \$1,559.2 million in 2016. The higher share of domestic debt was driven by the active participation of the government on the Regional Government Securities Market (RGSM) over the period. Reflective of the continued borrowing on the RGSM, the stock of domestic bonds grew at an annual average of \$67.0 million from 2007 to 2016. This resulted in an increase in ratio of domestic bonds to total bonds from 24.4 percent or \$277.9 million in 2007 to 34.5 percent or \$912.5 million in 2016.

Figure 17: Central Government Debt by Creditor Residence



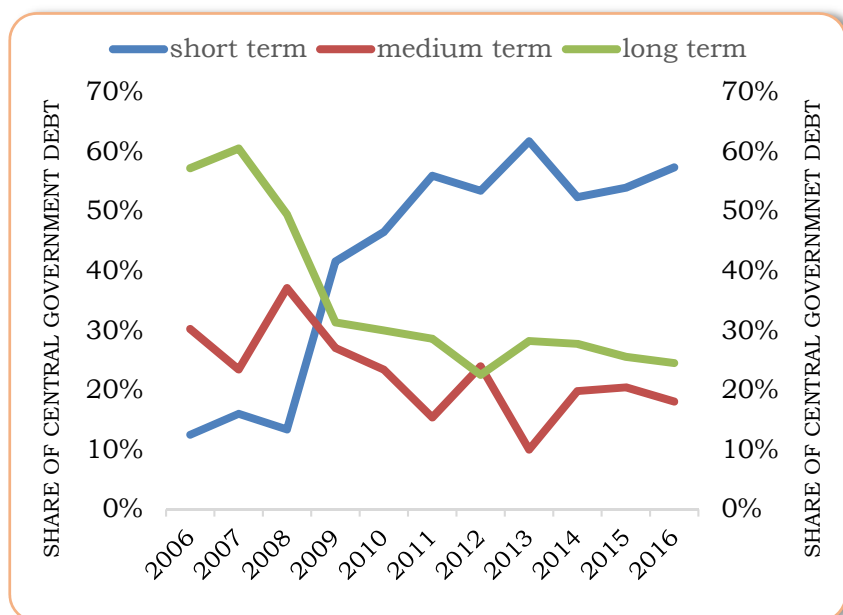
<sup>3</sup> These other central government liabilities are not part of the official debt.

## External Debt

The share of external debt, which at the end of December 2016 accounted for 47.8 percent of central government debt, grew by 4.3 percent to \$1,387.9 million. This was driven by a net increase of \$88.4 million in treasury bills and notes issued during the period. The value of loans owed to bilateral and multilateral creditors continued to fall owing to the low rates of disbursement due to slow implementation of capital projects earmarked for loan financing.

## Maturity Profile

Figure 18: Maturity Profile of Central Government Debt (Shares)



Of the \$2,902.2 million of central government debt, 57.4 percent or \$1,664.9 million was held in short term debt with maturity of less than 5 years. Of this amount treasury bills amounted to \$450.4 million while bonds amounted to \$1,134.3 million. Loans and advances amounted to the remaining \$80.3 million.

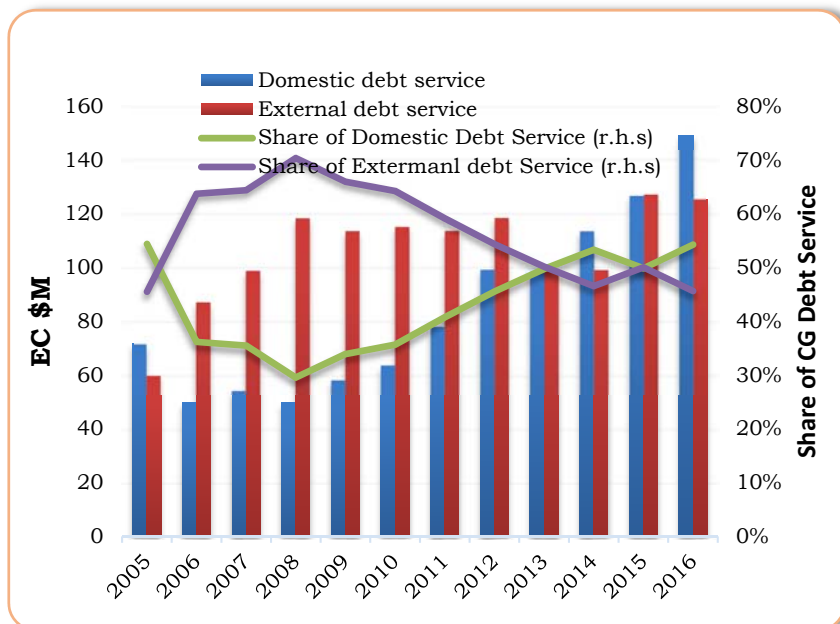
Medium term instruments with maturity between 5 years and 10 years amounted to 18.1 percent or \$524.9 million while long term instruments with maturity over 10 years amounted to 25.5 percent or

\$712.4 million.

## Debt Servicing

During the last 10 years, the debt service payments have surged by 78.9 percent to \$274.7 million in 2016 from \$153.5 million in 2007. As a percentage of current revenue, net debt service payments inched up to 28.1 percent in 2016 from 26.8 percent in 2015. The predominance of debt contracted with fixed interest rates has helped cushion the

Figure 19: Central Government Debt Servicing



growth in interest payments. Nevertheless, interest payments grew by 4.3 percent to \$154.9 million owing to increases in the debt stock.

During the review period \$465.7 million in treasury bills and \$239 million of bullet bonds matured and were rolled over. Therefore, the principal payments made towards amortized bonds and loans increased to \$46.4 million in 2016 from \$29.3 million in the previous year, reflective of a final payment on a domestic loan.

## RISK INDICATORS

### Weighted Average Cost of Debt (WACD)

At the end of 2016, the share of bonds and notes accounted for 55.2 percent of the central government debt in comparison to 51.8 percent one year earlier, while the share of treasury bills was lower, accounting for 15.5 percent and loans 29.3 percent. Accordingly, the Weighted Average Cost of Debt (WACD) remained unchanged at 5.30 percent in 2016.

*Table 3: Weighted Average Cost of Debt (In Percentage)*

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015r	2016
<i>Bonds &amp; Notes</i>	7.28	7.25	7.17	7.26	7.20	7.26	7.00	7.03	7.07	6.81	6.77
<i>Loans</i>	5.26	4.85	4.24	3.86	3.49	2.79	3.46	3.12	3.16	3.18	3.05
<i>Treasury Bills</i>	4.18	4.30	5.73	5.04	5.48	5.45	5.05	4.80	4.93	4.39	4.29
<b>WACD</b>	<b>5.87</b>	<b>5.74</b>	<b>5.77</b>	<b>5.55</b>	<b>5.54</b>	<b>5.48</b>	<b>5.50</b>	<b>5.49</b>	<b>5.52</b>	<b>5.30</b>	<b>5.30</b>

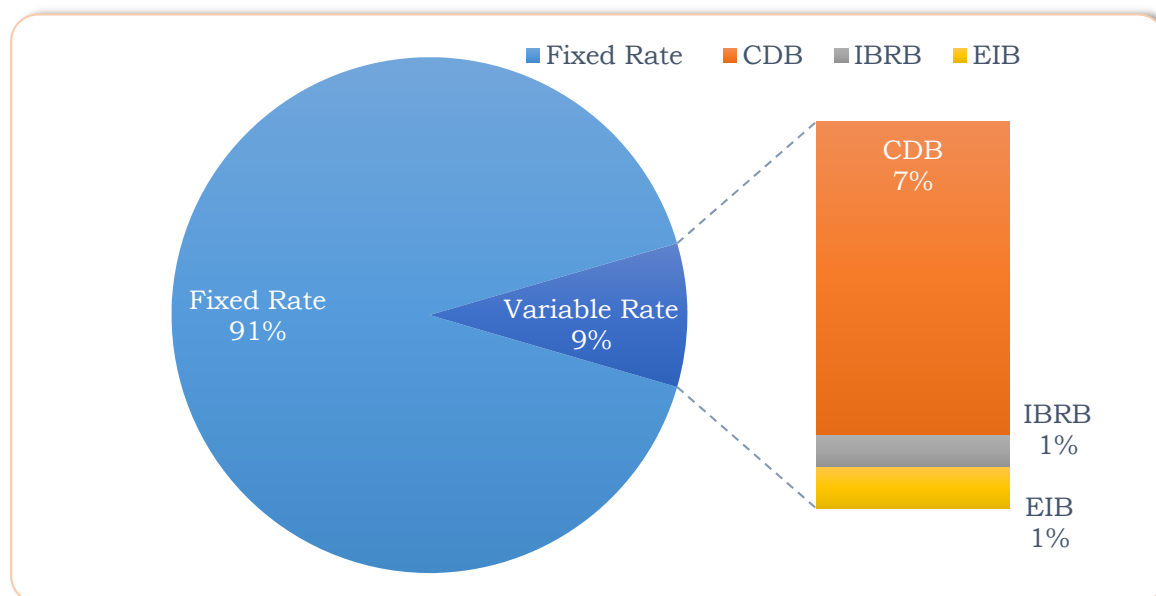
### Average Time to Maturity (ATM)

ATM is a measure of the weighted average time to maturity of all principal payments in the debt portfolio. The debt portfolio at the end of 2016 had an ATM of 5.36 years which is shorter than the 8-year target set for 2020. This shortening of the ATM resulted from increased short term borrowing over the last five years.

### Average time to Refixing (ATR)

ATR is a measure of the weighted average time until all principal payments in the debt portfolio become subject to a new interest rate. At the end of 2016, 91.0 percent of the total debt carried fixed interest rates, thus the government's exposure to interest rate risks remained low. The remaining 9.0 percent of the debt carrying variable interest rates was held by the CDB (\$120.0 million), IBRD debt (\$21.1 million) and EIB (\$27.0 million).

Figure 20: Average Time to Refixing (ATR)



**Table 4: Cost/Risk Indicators of Central Government Debt as at March 2017**

Risk Indicators		External debt	Domestic debt	Total debt
Amount (in millions of XCD)		721.2	2,176.7	2,897.9
Amount (in millions of USD)		267.1	806.2	1,073.3
Nominal debt as % GDP		15.9	47.9	63.75
PV as % of GDP		12.5	47.9	60.4
Cost of debt	Interest payment as % GDP	0.3	3.0	3.4
	Weighted Av. IR (%)	2.1	6.4	5.3
Refinancing risk	ATM (years)	9.7	3.4	4.9
	Debt maturing in 1yr (% of total)	6.4	33.5	26.8
	Debt maturing in 1yr (% of GDP)	1.0	16.1	17.1
Interest rate risk	ATR (years)	7.9	3.4	4.5
	Debt refixing in 1yr (% of total)	31.9	33.5	33.1
	Fixed rate debt (% of total)	72.1	100.0	93.1
FX risk	FX debt (% of total debt)			24.9



ST FX debt (% of reserves)			5.7
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**Table 5: Debt Indicator Series**

Debt Indicators	2010r	2011r	2012r	2013 r	2014 r	2015 r	2016 (pre)
<b>CG/GDP</b>	49.1%	53.7%	61.0%	62.0%	63.6%	62.9%	64.5%
<b>Total Debt/GDP</b>	54.6%	58.6%	65.2%	66.0%	66.5%	65.4%	66.4%
<b>Debt Service/Current Revenue</b>	23.0%	23.0%	26.8%	22.8%	23.3%	25.9%	26.4%
Domestic Debt Service/Current Revenue	8.1%	9.4%	12.2%	11.3%	12.4%	12.9%	14.4%
External Debt Service /Current Revenue	14.6%	13.6%	14.6%	11.4%	10.9%	13.0%	12.1%
<b>Debt Service/Exports</b>	72.6%	80.5%	115.0%	95.0%	102.4%	103.0%	127.4%
Domestic Debt Service/Exports	25.7%	32.9%	52.4%	47.2%	54.5%	51.3%	69.3%
External Debt Service/Exports	46.2%	47.6%	62.5%	47.7%	47.9%	51.7%	58.2%
<b>Millions of EC Dollars</b>							
<b>Debt Service (Calendar Year)</b>	181	192	218	198	214	255	275
Domestic Debt Service	64	78	99	98	114	127	149
External Debt Service	115	113	119	99	100	128	125
<b>GDP(MKT PRICES)</b>	3,731	3882	3879	4023	4190	4453	4501

*r- Revised, pre- Preliminary*

### **Legal Limits**

The legal borrowing limit for treasury bills at any point in time shall not exceed 50 percent of the estimated annual revenue of the state for the preceding financial year as shown in the annual estimates of revenue and expenditure laid before the House of Assembly with respect to that year. For overdraft facilities the legal limit of the government is up to EC\$55.0 million from domestic commercial banks.

## **VI. COMMERCIAL BANK CREDIT ACTIVITIES**

### **Liquidity**

On account of continued deposit growth and persistent declines in the stock of outstanding loans, the loans to deposit ratio fell by 6.3 percentage points to 90.18 percent. The decline is indicative of growing liquidity in the commercial banking sector and is supported by an increase of 2.1 percentage points in the liquid assets to total deposits and liquid assets to 37.56 percent.

## **Interest Rates**

The weighted average lending rate declined by 0.20 percentage points to 8.15 percent as at December 2016. Lending rates have declined since May 2015 when the ECCB Monetary Council agreed to lower the minimum rate on saving deposits to 2.0 percent from 3.0 percent. The decline in lending rates is most evident in mortgage rates which have now declined to a minimum of 5.99 percent. In keeping with the elevated level of liquidity in the banking system, the weighted average deposit rates on savings and time deposits fell in 2016 to 2.4 percent and 1.82 percent respectively.

## **Commercial Bank Performance**

Continued weaknesses in economic activity and restructuring of non-performing loans (NPLs) continued to impact commercial bank performances. In light of efforts by the sector to write off and/or restructure NPLs the level of non-performing loans fell by 2.58 percentage points to 15.6 percent of outstanding loans and consequently now stands at \$562.9million as at the end of 2016. This improvement reflects successes by some commercial banks to restructure loans that were previously classified as non-performing in some instances and to write off others. This emphasis on restructuring of bank's balance sheets by dealing with non-prudential NPLs have resulted in an improvement in profitability as exemplified by the return on assets increasing to 0.28 at the end of 2016 from one year earlier. A contributing factor to this improvement in profitability may be the positive growth in non-interest income, which as a ratio of total income grew to 60.2 percent from 50.1 percent in 2015.

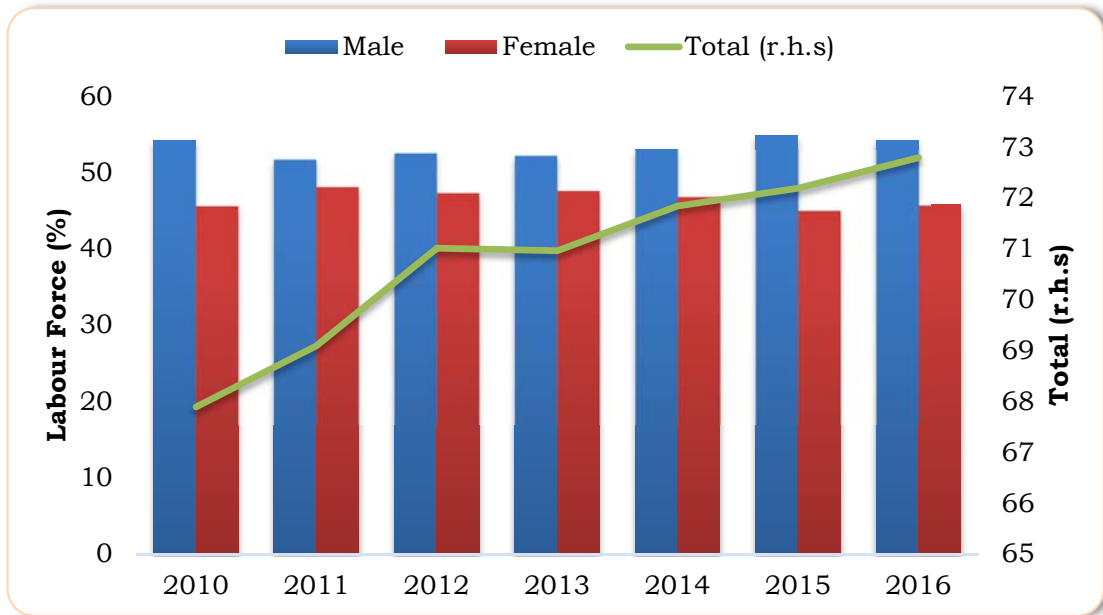
## **VII. LABOUR FORCE AND EMPLOYMENT**

The incipient economic recovery has helped stabilize the labour market with signs of an overall improvement in labour market conditions. The labour force grew by 3.0 percent in 2016 to 104,625 individuals with a labour force participation rate<sup>4</sup> of 73.4 percent. This rate of participation is the highest since 2009, the start of the financial crisis, and reflects an improvement in labour market conditions.

*Figure 21: Labour Force Participation Rate (%)*

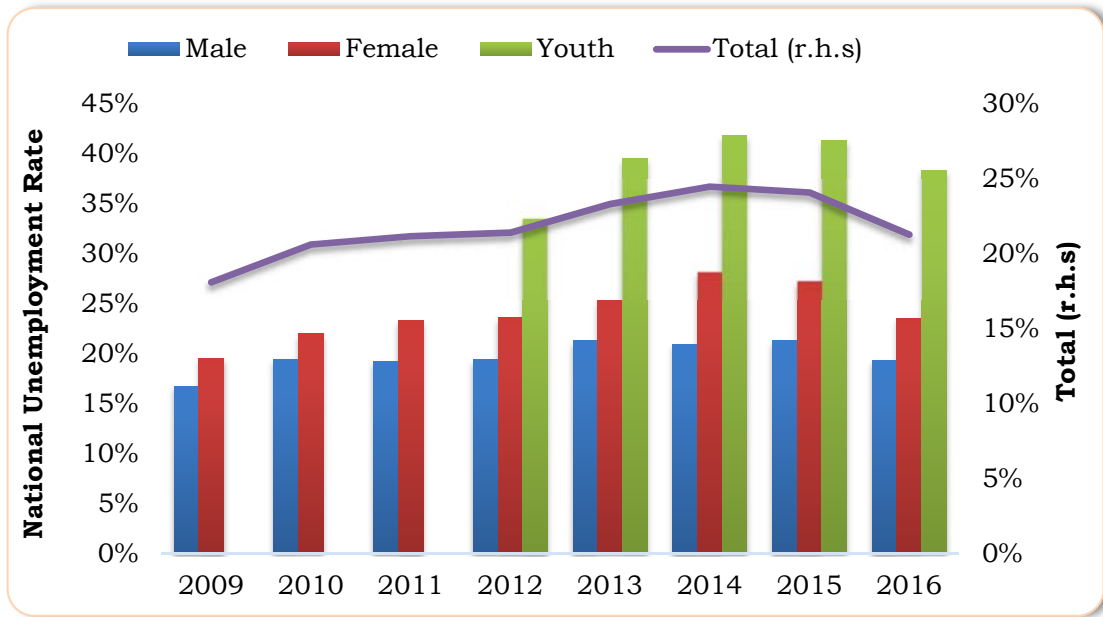
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<sup>4</sup> The labour force participation rate is a ratio of the size of the labour force to the size of the population 15 years and over.



The rate of unemployment fell to 21.3 percent in 2016 from 24.1 percent in 2015 and represents a continuation of the declining trend that started in 2015. Preliminary statistics indicate that increased activity mainly in the construction and accommodation and food services sectors positively impacted the labour market resulting in a fall in the rate of unemployment.

*Figure 22: National Unemployment Rate*



Of the 5,248 net increase in the number of jobs at the end of 2016, 899 jobs were created in the construction sector, 2,356 in the accommodation and food services sector and 653 in the human health and social work activities sector. Increases in employment were recorded in other sectors. Notwithstanding the overall increase in the number of persons employed, females continued to be in the minority with males accounting for 55.8 percent of the employed labour force.

### VIII. CURRENT ISSUES OF GOVERNMENT SECURITIES (RGSM)

Trading Symbol	Date of Issue	Tenor	Issue Amount EC\$	Amount Raised EC\$	Total Subscriptions	No. of Bids made	No. of Bids accepted	Coupon Rate
<b>Treasury Bills</b>								
LCB060917	7th June 2017	91 days	16,000,000	21,000,000	26,716,000	16	9	3.250
LCB150917	16th June 2017	91 days	11,000,000	16,000,000	27,177,000	25	9	3.000
LCB180717	19, Jan, 2017	180 days	25,000,000	25,000,000	42,060,000	25	7	2.000
LCB161017	19, April, 2017	180 days	20,000,000	25,000,000	32,459,000	26	12	2.000
LCB261217	28, June, 2017	180 days	25,000,000	25,000,000	41,689,000	25	9	2.020
<b>Treasury Bonds</b>								
FLN031220	12/2/2015	5 years	10,800,000	10,800,000	10,800,000	5	5	6.800
LCN041220	12/3/2015	5 years	25,000,000	33,783,000	33,783,000	28	28	6.789
LCN250819	8/25/2014	5 years	15,000,000	17,885,000	17,885,000	19	19	6.000
FLG061221	12/22/2015	6 years	24,300,000	19,380,600	19,380,600	10	10	7.250
LCG060219	2/28/2013	6 years	25,000,000	25,000,000	25,000,000	17	17	6.750
LCG061019	10/18/2013	6 years	40,000,000	40,000,000	40,020,000	27	27	7.000
FLC060222	18/2/2016	6 years	10,000,000	15,526,000	15,526,000	32	32	7.000
LCG071019	10/1/2012	7 years	40,000,000	40,000,000	40,000,000	26	26	7.000
LCG070320	3/28/2013	7 years	12,000,000	17,000,000	17,861,000	21	15	7.000
LCG0318AA	3/30/2010	8 years	35,000,000	31,335,000	31,335,000	31	31	7.500
LCG080718	7/30/2010	8 years	50,000,000	47,711,000	47,711,000	8	8	7.500
LCG080320	3/5/2012	8 years	50,000,000	50,000,000	54,583,000	12	12	7.100
LCG080721	7/11/2013	8 years	30,000,000	30,000,000	30,011,000	17	17	7.100
LCN301020	10/30/2015	5 years	15,000,000	15,785,000	15,785,000	10	10	6.500
LCG100226	2/1/2016	10 years	25,000,000	25,000,000	25,000,000	20	20	7.500
FLG101017	10/10/2007	10 years	18,900,000	18,900,000	18,927,000	2	1	7.750
LCG101017	10/11/2007	10 years	31,000,000	31,000,000	31,521,000	4	1	7.500
LCG101117	11/21/2007	10 years	30,000,000	30,000,000	30,426,000	7	7	7.500
LCG100118	1/18/2008	10 years	16,000,000	16,000,000	16,110,000	3	1	7.500
LCG100718	7/31/2008	10 years	70,000,000	70,000,000	73,570,000	10	10	7.500
LCG100322	3/19/2012	10 years	20,000,000	20,000,000	25,381,000	23	23	7.400
LCG101222	12/17/2012	10 years	25,000,000	25,000,000	25,000,000	7	7	7.500
LCG100223	2/7/2013	10 years	15,000,000	15,000,000	15,022,000	9	9	7.500
LCG100524	5/20/2014	10 years	28,000,000	29,000,000	29,000,000	5	5	7.500
LCG101124	11/19/2014	10 years	30,000,000	35,000,000	35,018,000	7	7	7.500
LCG100226	2/2/2016	10 years	18,286,000	18,286,000	18,286,000	20	20	7.500
LCG100226	2/2/2016	10 years	17,000,000	18,300,000	18,300,000	20	20	7.500
LCG150729	7/23/2014	15 Years	50,000,000	50,000,000	50,000,000	4	4	7.950

*\*figures as at 30<sup>th</sup> June 2016*

## **Secondary Market Activities on ECSE**

**ANNUAL DATA**  
**GOVERNMENT SECURITIES**  
**Value of Trades on the Secondary Market (ECSE Platform only) – EC\$**

Sum of Value - EC\$									
Country	2010	2011	2012	2013	2014	2015	2016	2017	Grand Total
Antigua & Barbuda	2,977,637	7,955,628				308,650	9,444,280		40,389,952
Dominica							2,079,731		2,079,731
Grenada		1,486,531			747,966				4,721,428
St Kitts & Nevis	54,554		91,835				2,505,376		14,764,679
Saint Lucia	8,088,125	4,918,314	506,811	10,326,306	20,624,671	681,854	2,180,742	7,887,553	110,344,682
St Vincent & the Grenadines	1,288,074		69,679						37,661,130
<b>Grand Total</b>	<b>12,408,390</b>	<b>14,360,473</b>	<b>668,325</b>	<b>10,326,306</b>	<b>21,372,637</b>	<b>990,504</b>	<b>16,210,130</b>	<b>7,887,553</b>	<b>209,961,603</b>

*\*Figures as at April 2017*

**Debt Rating and Debt Servicing**

The instruments in this prospectus<sup>5</sup> have not been rated, however the Government of Saint Lucia has been by the Caribbean Information and Credit Rating Services Ltd (CariCRIS). On 5<sup>th</sup> July 2017 the regional rating agency reaffirmed its ratings of **CariBBB** (Foreign Currency and Local Currency Ratings) on its regional rating scale on the debt issues (US \$38 million, US \$50 million, EC \$140 million, EC \$404.5 million, EC \$404.4 million and EC \$189 million) of the Government of Saint Lucia with a **stable** outlook. These ratings indicate that the level of creditworthiness of these obligations, adjudged in relation to other obligations in the Caribbean is **adequate**.

Section 42(1) of the Finance (Administration) Act makes provision for the Government's debt to be charged upon and paid out of the Consolidated Fund. The Government of Saint Lucia makes its debt servicing a first priority out of the said fund.

**IX. SECURITY ISSUANCE PROCEDURES, CLEARANCE AND SETTLEMENT**

The treasury bills will be issued on the Regional Government Securities Market (RGSM) and listed on the Eastern Caribbean Securities Exchange (ECSE) where it will be available for trading on the secondary market. The pricing methodology to be used for selling the securities will be a competitive uniform auction with open bidding. The ECSE is responsible for dissemination of market information, providing intermediaries with market access, administering the auction process and monitoring and surveillance of the auctions.

The ECSE, through the Eastern Caribbean Central Securities Depository (ECCSD), will be responsible for facilitating clearance and settlement for the securities allotted. The ECCSD will ensure that funds are deposited to the account of the Government of Saint Lucia. The

<sup>5</sup> A sovereign rating for 2017/18 is expected by the first half of July 2017

ECSE, through the Eastern Caribbean Central Securities Registry (ECCSR), will record and maintain ownership of the government securities in electronic book-entry form. The ECCSR will mail confirmation of proof of ownership letters to all investors who were successful in the auction.

The ECCSR will also process corporate action on behalf of issuing governments.

Intermediaries will be responsible for interfacing with prospective investors, collecting applications for subscription and processing the same for bidding on the ECSE platform. Investors must provide the intermediaries with funds to cover the cost of the transaction. For this particular offering, investors will pay the applicable brokerage fees to the intermediaries.

A list of licensed intermediaries who are members of the ECSE is provided in Appendix I. Clients that are successful will be informed of their payment obligations and funds deducted from their respective accounts with the intermediary. As an issuer in the RGSM, the Government of Saint Lucia will be subject to the rules, guidelines and procedures developed by the Regional Debt Coordinating Committee (RDCC) for the operation of the market including ongoing reporting and disclosure requirements.

## **X. LIST OF APPENDICIES**

- I. List of Licensed Intermediaries
- II. GDP Economic Activity at Factor Cost – Constant Prices
- III. Balance of Payments
- IV. Central Government Fiscal Operations as ratio of GDP
- V. Summary of Central Government Fiscal Operations- Economic Classification
- VI. Public Sector Outstanding Debt
- VII. Central Government Outstanding Liabilities by Class of Holder and Term of Instrument
- VIII. Population and Demographic Indicators
- IX. Budget Information 2017/2018

## APPENDIX 1: LIST OF LICENSED INTERMEDIARIES

Territory	Institution	Name of Licencee	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
		Arletta Huntley-Wells	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



## APPENDIX II: Saint Lucia GDP Economic Activity at Factor Cost – Constant Prices

**TABLE 1**  
**(REBASED) GROSS DOMESTIC PRODUCT**  
**PRODUCTION APPROACH**  
**IN NOMINAL PRICES**  
**(EC\$ MILLIONS)**

INDUSTRIES	2010r	2011r	2012r	2013r	2014r	2015r	2016pre
<b>Agriculture, Livestock and Forestry</b>	<b>63.4</b>	<b>54.3</b>	<b>64.7</b>	<b>74.3</b>	<b>65.6</b>	<b>71.6</b>	<b>72.4</b>
Crops	52.4	43.2	52.5	62.3	52.4	57.6	57.1
Bananas	29.7	15.3	22.7	21.1	13.3	17.2	18.9
Other Crops	22.7	27.9	29.8	41.3	39.1	40.4	38.3
Livestock	9.1	9.0	10.1	9.8	11.1	11.9	13.1
Forestry	1.9	2.1	2.1	2.1	2.1	2.1	2.2
<b>Fishing</b>	<b>19.4</b>	<b>19.3</b>	<b>19.4</b>	<b>20.5</b>	<b>19.8</b>	<b>19.9</b>	<b>20.7</b>
<b>Mining &amp; Quarrying</b>	<b>7.0</b>	<b>7.0</b>	<b>7.2</b>	<b>14.7</b>	<b>18.4</b>	<b>19.5</b>	<b>17.1</b>
<b>Manufacturing</b>	<b>103.5</b>	<b>110.9</b>	<b>107.5</b>	<b>94.4</b>	<b>89.2</b>	<b>91.7</b>	<b>99.8</b>
<b>Electricity &amp; Water</b>	<b>118.1</b>	<b>113.4</b>	<b>120.5</b>	<b>140.5</b>	<b>144.5</b>	<b>150.4</b>	<b>146.5</b>
Electricity	104.0	101.9	107.2	108.8	109.2	112.3	105.6
Water	14.1	11.5	13.3	31.7	35.3	38.0	40.9
<b>Construction</b>	<b>232.0</b>	<b>238.3</b>	<b>229.2</b>	<b>242.2</b>	<b>212.7</b>	<b>236.7</b>	<b>251.7</b>
<b>Wholesale &amp; Retail Trade</b>	<b>158.4</b>	<b>200.0</b>	<b>198.6</b>	<b>177.0</b>	<b>180.9</b>	<b>154.5</b>	<b>171.5</b>
<b>Hotels &amp; Restaurants</b>	<b>662.0</b>	<b>659.2</b>	<b>669.4</b>	<b>709.7</b>	<b>848.9</b>	<b>956.0</b>	<b>934.3</b>
Hotels	595.8	597.8	616.1	659.2	808.8	903.2	868.0
Restaurants	66.2	61.4	53.3	50.5	40.1	52.8	66.2
<b>Transport, Storage and Communications</b>	<b>539.5</b>	<b>579.8</b>	<b>561.4</b>	<b>564.4</b>	<b>574.3</b>	<b>556.5</b>	<b>537.8</b>
<b>Transport and Storage</b>	<b>357.4</b>	<b>378.2</b>	<b>371.3</b>	<b>392.5</b>	<b>409.5</b>	<b>411.5</b>	<b>397.1</b>
Road	231.5	247.4	247.9	268.9	275.0	280.6	271.8
Sea	43.1	44.3	44.9	46.0	47.9	45.8	43.1
Air	20.0	21.0	22.4	24.5	26.1	27.7	28.1
Supporting and auxiliary transport activities	62.7	65.4	56.0	53.0	60.5	57.4	54.2
<b>Communications</b>	<b>182.2</b>	<b>201.6</b>	<b>190.1</b>	<b>171.9</b>	<b>164.8</b>	<b>145.1</b>	<b>140.7</b>
<b>Financial Intermediation</b>	<b>206.1</b>	<b>206.0</b>	<b>209.0</b>	<b>220.9</b>	<b>211.1</b>	<b>229.3</b>	<b>206.7</b>
Banks & Other Financial Institutions	158.5	157.6	161.1	170.7	164.0	181.8	157.6
Insurance and pension funding	47.6	48.4	47.9	50.2	47.1	47.4	49.1
Activities Auxiliary to Financial Intermediation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Real Estate, Renting and Business Activities</b>	<b>662.9</b>	<b>666.8</b>	<b>668.3</b>	<b>659.9</b>	<b>668.3</b>	<b>765.5</b>	<b>795.4</b>
Owner Occupied Dwellings	397.2	393.0	394.0	374.3	381.1	438.7	453.5
Real estate activities	168.3	161.5	161.4	151.4	151.4	180.8	190.6
Renting of machinery and equipment	28.2	30.0	28.1	23.7	23.2	25.8	21.2
Computer and related activities	3.8	4.1	4.1	4.2	4.2	4.2	4.3
Business Services	65.5	78.1	80.7	106.4	108.4	116.0	125.8
<b>Public Administration, Defence &amp; Compulsory</b>	<b>187.3</b>	<b>203.7</b>	<b>220.0</b>	<b>219.7</b>	<b>229.7</b>	<b>227.7</b>	<b>229.0</b>
<b>Education</b>	<b>150.1</b>	<b>156.5</b>	<b>154.1</b>	<b>157.6</b>	<b>154.8</b>	<b>165.1</b>	<b>169.0</b>
Public	120.8	123.9	121.5	125.3	121.0	129.6	131.7
Private	29.3	32.7	32.6	32.3	33.8	35.6	37.3
<b>Health and Social Work</b>	<b>108.3</b>	<b>119.9</b>	<b>125.2</b>	<b>131.3</b>	<b>134.0</b>	<b>135.6</b>	<b>140.1</b>
Public	51.0	55.7	56.8	62.2	60.1	61.3	62.7
Private	57.3	64.1	68.5	69.1	73.9	74.3	77.4
<b>Other community, social &amp; personal services</b>	<b>119.2</b>	<b>134.5</b>	<b>130.5</b>	<b>122.0</b>	<b>117.9</b>	<b>118.5</b>	<b>122.5</b>
Public	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Private	119.2	134.5	130.5	122.0	117.9	118.5	122.5
<b>Private Households with Employed Persons</b>	<b>4.0</b>	<b>3.4</b>	<b>3.5</b>	<b>4.7</b>	<b>4.3</b>	<b>4.5</b>	<b>4.4</b>
<i>Less FISIM</i>	<b>71.0</b>	<b>68.7</b>	<b>71.4</b>	<b>75.0</b>	<b>79.1</b>	<b>83.6</b>	<b>85.2</b>
<b>Gross Value Added at Basic Prices</b>	<b>3,270.3</b>	<b>3,404.2</b>	<b>3,417.2</b>	<b>3,478.7</b>	<b>3,595.4</b>	<b>3,819.7</b>	<b>3,833.8</b>
<b>GROWTH RATE</b>	<b>11.0%</b>	<b>4.1%</b>	<b>0.4%</b>	<b>1.8%</b>	<b>3.4%</b>	<b>6.2%</b>	<b>0.4%</b>
Add: Taxes on products	474.5	491.9	489.9	554.8	609.5	648.2	673.9
Less: Subsidies	13.4	14.3	27.7	10.7	14.7	15.2	6.6
<b>GDP at Market Prices</b>	<b>3,731.3</b>	<b>3,881.7</b>	<b>3,879.4</b>	<b>4,022.8</b>	<b>4,190.2</b>	<b>4,452.7</b>	<b>4,501.1</b>
<b>GROWTH RATE</b>	<b>9.4%</b>	<b>4.0%</b>	<b>-0.1%</b>	<b>3.7%</b>	<b>4.2%</b>	<b>6.3%</b>	<b>1.1%</b>

Source: Central Statistical Office  
pre = preliminary  
r = revised

Please note that the data reported is as at December 2016

### APPENDIX III: Saint Lucia Balance of Payments Summary

BALANCE OF PAYMENTS (EC\$ MILLIONS)									
	2012	2013	2014	2015	2016	Unit Change \$		Percentage Change	
						2016 2015	2015 2014	2016 2015	2015 2014
<b>Current Account</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>				
Merchandise Imports (fob)	-1529.2	-1474.1	-1490.5	-1354.8	-1555.0	200.2	-135.7	14.8	-9.1
Merchandise Exports	492.6	470.9	433.6	486.8	323.1	-163.8	53.3	-33.6	12.3
Visitor Expenditure	1602.1	1768.2	1975.1	2080.0	1979.1	-101.0	104.9	-4.9	5.3
Interest Payments (Government)	-49.8	-53.2	-52.7	-51.3	-50.9	-0.5	-1.4	-0.9	-2.6
Current Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
<b>Capital and Financial Account</b>									
Capital Grants	23.1	17.3	59.5	52.0	21.4	-30.7	-7.4	-58.9	-12.5
Disbursements (Government)	112.2	100.0	168.8	119.9	144.6	24.7	-48.9	20.6	-29.0
Amortisation (Government)	69.6	133.2	68.2	76.2	74.1	2.1	-7.9	2.8	-11.6
Commercial Banks Net Foreign Assets	132.0	-38.1	-160.4	-404.1	-242.4	-0.4			
<b>Overall BOP Surplus/(Deficit)<sup>1</sup></b>	<b>44.4</b>	<b>-107.4</b>	<b>180.5</b>	<b>169.5</b>	<b>-61.3</b>				

Sources: Central Statistical Office, Department of Finance and ECCB  
**Note:** Negative numbers reflect DEBITS in the BOP and positive numbers reflect CREDITS in the BOP  
<sup>1</sup> Overall Balance as proxied by the Change in the imputed reserves

Please note that the data reported is as at December 2016

## APPENDIX IV: Central Government Fiscal Operations as ratio of GDP

TABLE 36  
SUMMARY OF CENTRAL GOVERNMENT FISCAL OPERATIONS  
AS A PERCENTAGE OF GDP  
ECONOMIC CLASSIFICATION

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16r	2016/17pre
<b>TOTAL REVENUE AND GRANTS</b>	<b>23.2%</b>	<b>23.6%</b>	<b>22.5%</b>	<b>22.7%</b>	<b>22.8%</b>	<b>23.2%</b>	<b>25.3%</b>
of which:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants	2.3%	2.0%	1.6%	1.4%	1.3%	1.2%	1.4%
Capital revenue	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
<b>Current Revenue</b>	<b>20.9%</b>	<b>21.5%</b>	<b>20.7%</b>	<b>21.3%</b>	<b>21.5%</b>	<b>22.0%</b>	<b>23.9%</b>
<b>Tax Revenue</b>	<b>19.5%</b>	<b>19.7%</b>	<b>19.4%</b>	<b>20.2%</b>	<b>20.5%</b>	<b>20.9%</b>	<b>22.5%</b>
of which:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Taxes on Income	5.9%	6.2%	5.7%	5.4%	5.3%	5.4%	5.9%
Taxes on Property	3.4%	3.4%	4.2%	5.5%	5.8%	5.7%	5.9%
Taxes on Goods & Services	10.1%	10.0%	9.3%	9.1%	9.3%	9.6%	10.3%
Taxes on International Trade	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%	0.3%
<b>Non Tax Revenue</b>	<b>1.4%</b>	<b>1.8%</b>	<b>1.3%</b>	<b>1.2%</b>	<b>1.0%</b>	<b>1.1%</b>	<b>1.4%</b>
<b>TOTAL EXPENDITURE</b>	<b>27.6%</b>	<b>29.4%</b>	<b>30.9%</b>	<b>28.0%</b>	<b>26.2%</b>	<b>25.4%</b>	<b>26.9%</b>
<b>Capital Expenditure</b>	<b>7.9%</b>	<b>9.4%</b>	<b>8.8%</b>	<b>6.6%</b>	<b>5.5%</b>	<b>5.2%</b>	<b>4.9%</b>
<b>Current Expenditure</b>	<b>19.7%</b>	<b>20.0%</b>	<b>22.0%</b>	<b>21.4%</b>	<b>20.7%</b>	<b>20.2%</b>	<b>21.9%</b>
of which:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Wages & Salaries	9.1%	9.0%	9.7%	9.4%	8.9%	8.5%	8.8%
Interest Payments	2.7%	2.7%	3.1%	3.4%	3.5%	3.5%	3.8%
Goods & Services	3.7%	3.8%	4.5%	4.1%	3.8%	3.9%	4.3%
Current Transfers	4.3%	4.5%	4.8%	4.5%	4.4%	4.3%	5.0%
<b>Current Balance</b>	<b>1.2%</b>	<b>1.5%</b>	<b>-1.3%</b>	<b>-0.1%</b>	<b>0.9%</b>	<b>1.8%</b>	<b>2.0%</b>
<b>Primary Balance</b>	<b>-1.7%</b>	<b>-3.1%</b>	<b>-5.3%</b>	<b>-1.9%</b>	<b>0.1%</b>	<b>1.3%</b>	<b>2.2%</b>
<b>Overall Balance</b>	<b>-4.4%</b>	<b>-5.9%</b>	<b>-8.4%</b>	<b>-5.3%</b>	<b>-3.4%</b>	<b>-2.3%</b>	<b>-1.6%</b>
<b>GDP at market prices*</b>	<b>3,768.9</b>	<b>3,881.2</b>	<b>3,915.2</b>	<b>4,064.7</b>	<b>4,255.8</b>	<b>4,464.8</b>	<b>4,355.4</b>

Source: Department of Finance

\* gdp numbers amended from 2016...can we mention

pre = preliminary

r = revised

Please note that the data reported is as at December 2016

## APPENDIX V: Summary of Central Government Fiscal Operations- Economic Classification

### CENTRAL GOVERNMENT SUMMARY OF FISCAL OPERATIONS [Fiscal Year]\* ECONOMIC CLASSIFICATION (EC\$ MILLIONS)

	2010/11r	2011/12r	2012/13r	2013/14r	2014/15r	2015/16r	2016/17pre	% Change
<b>TOTAL REVENUE AND GRANTS</b>	<b>874.5</b>	<b>915.1</b>	<b>879.3</b>	<b>922.6</b>	<b>968.9</b>	<b>1,034.9</b>	<b>1,102.8</b>	<b>6.6%</b>
of which:								
Grants	85.7	78.4	63.2	55.6	53.3	51.6	61.9	<b>20.1%</b>
Capital revenue	1.0	0.7	5.6	0.1	0.2	0.1	0.3	<b>324.9%</b>
<b>Current Revenue</b>	<b>787.8</b>	<b>836.0</b>	<b>810.5</b>	<b>866.9</b>	<b>915.4</b>	<b>983.2</b>	<b>1,040.6</b>	<b>5.8%</b>
<b>Tax Revenue</b>	<b>736.7</b>	<b>764.6</b>	<b>758.0</b>	<b>820.1</b>	<b>872.8</b>	<b>934.4</b>	<b>979.5</b>	<b>4.8%</b>
of which:								
Taxes on Income	224.1	240.9	224.4	219.9	224.1	241.5	258.5	<b>7.0%</b>
Taxes on Goods & Services	128.7	132.6	164.3	222.9	245.4	255.2	258.5	<b>1.3%</b>
Taxes on International Trade	380.7	386.6	364.4	369.1	393.8	427.0	450.5	<b>5.5%</b>
Other	3.3	4.4	4.9	8.2	9.4	10.7	12.0	<b>12.0%</b>
<b>Non Tax Revenue</b>	<b>51.1</b>	<b>71.4</b>	<b>52.5</b>	<b>46.9</b>	<b>42.7</b>	<b>48.8</b>	<b>61.2</b>	<b>25.4%</b>
<b>TOTAL EXPENDITURE</b>	<b>1,041.3</b>	<b>1,142.8</b>	<b>1,208.1</b>	<b>1,139.1</b>	<b>1,113.8</b>	<b>1,135.8</b>	<b>1,170.6</b>	<b>3.1%</b>
<b>Capital Expenditure</b>	<b>298.6</b>	<b>366.1</b>	<b>344.8</b>	<b>268.5</b>	<b>234.6</b>	<b>234.2</b>	<b>214.9</b>	<b>-8.2%</b>
<b>Current Expenditure</b>	<b>742.7</b>	<b>776.6</b>	<b>863.3</b>	<b>870.6</b>	<b>879.2</b>	<b>901.6</b>	<b>955.7</b>	<b>6.0%</b>
of which:								
Wages & Salaries	342.3	349.5	379.0	381.6	378.6	377.9	381.6	<b>1.0%</b>
Interest Payments	102.0	105.8	123.1	140.0	148.6	157.6	165.7	<b>5.2%</b>
Goods & Services	137.8	146.0	174.4	167.6	163.7	174.6	188.7	<b>8.0%</b>
Current Transfers	160.6	175.3	186.9	181.4	188.3	191.4	219.7	<b>14.7%</b>
<b>Current Balance</b>	<b>45.1</b>	<b>59.3</b>	<b>-52.8</b>	<b>-3.7</b>	<b>36.2</b>	<b>81.6</b>	<b>84.9</b>	<b>4.0%</b>
<b>Primary Balance</b>	<b>-64.8</b>	<b>-121.9</b>	<b>-205.7</b>	<b>-76.5</b>	<b>3.7</b>	<b>56.7</b>	<b>97.9</b>	<b>72.7%</b>
<b>Overall Balance</b>	<b>-166.8</b>	<b>-227.7</b>	<b>-328.8</b>	<b>-216.5</b>	<b>-144.9</b>	<b>-100.9</b>	<b>-67.8</b>	<b>-32.8%</b>

Source: Department of Finance

\*Fiscal year refers to April to March

Please note that the data reported is as at December 2016

## APPENDIX VI: Public Sector Outstanding Debt

### TOTAL PUBLIC SECTOR OUTSTANDING LIABILITIES AS AT DECEMBER 31 (in EC\$000's)

	2010	2011	2012	2013	2014	2015	2016pre	2016/2015 Change
<b>1. TOTAL OUTSTANDING LIABILITIES</b>	<b>2,057,396</b>	<b>2,298,184</b>	<b>2,560,279</b>	<b>2,704,015</b>	<b>2,811,061</b>	<b>2,935,820</b>	<b>2,988,050.3</b>	<b>1.8%</b>
<b>2. OFFICIAL PUBLIC DEBT</b>	<b>2,036,563</b>	<b>2,273,193</b>	<b>2,531,253</b>	<b>2,656,188</b>	<b>2,787,019</b>	<b>2,912,873</b>	<b>2,988,050.3</b>	<b>2.6%</b>
<b>A. Central Government</b>								
<b>Outstanding Debt</b>	<b>1,832,139</b>	<b>2,082,875</b>	<b>2,366,810</b>	<b>2,493,084</b>	<b>2,665,613</b>	<b>2,802,229</b>	<b>2,902,235</b>	<b>3.6%</b>
- Domestic	858,502	1,035,947	1,266,791	1,240,102	1,298,269	1,471,779	1,514,377.1	2.9%
- External	973,636	1,046,928	1,100,019	1,252,982	1,367,343	1,330,450	1,387,857.4	4.3%
- Treasury Bills/Notes	58,201	42,679	104,274	226,418	303,078	350,223	438,611.0	25.2%
- Bonds	253,659	341,053	341,313	373,877	367,165	289,499	287,302.2	-0.8%
- Loans	661,776	663,195	654,431	652,687	697,100	690,728	661,944.2	-4.2%
- <i>Bilateral</i>	57,251	48,876	61,265	60,705	92,552	108,500	99,866.5	-8.0%
- <i>Multilateral</i>	604,525	614,319	593,166	591,982	604,547	582,228	562,077.6	-3.5%
<b>B. Government Guaranteed</b>								
<b>Outstanding Debt</b>	<b>132,962</b>	<b>120,532</b>	<b>106,119</b>	<b>100,645</b>	<b>71,542</b>	<b>70,709</b>	<b>63,165.4</b>	<b>-10.7%</b>
- Domestic	43,179	43,043	38,828	40,556	17,460	21,030	22,188.0	5.5%
- External	89,784	77,489	67,291	60,089	54,082	49,680	40,977.4	-17.5%
<b>C. Public Non-Guaranteed</b>								
<b>Outstanding Debt</b>	<b>71,462</b>	<b>69,787</b>	<b>58,324</b>	<b>62,460</b>	<b>49,865</b>	<b>39,935</b>	<b>22,650.4</b>	<b>-43.3%</b>
- Domestic	71,462	69,787	58,324	62,460	49,865	39,935	22,650.4	-43.3%
- External	0	0	0	0	0	0	0.0	
<b>3. Outstanding Payables</b>	<b>20,833</b>	<b>24,991</b>	<b>29,026</b>	<b>47,827</b>	<b>24,041</b>	<b>22,947</b>	<b>24,015</b>	<b>4.7%</b>
<b>TOTAL (Domestic)</b>	<b>973,143</b>	<b>1,148,776</b>	<b>1,363,943</b>	<b>1,343,118</b>	<b>1,365,594</b>	<b>1,532,743</b>	<b>1,559,215.5</b>	<b>1.7%</b>
<b>TOTAL (External)</b>	<b>1,063,420</b>	<b>1,124,416</b>	<b>1,167,310</b>	<b>1,313,070</b>	<b>1,421,425</b>	<b>1,380,130</b>	<b>1,428,834.8</b>	<b>3.5%</b>
<b>Memo Item: Official Public Debt/GDP</b>	<b>54.6%</b>	<b>58.6%</b>	<b>65.2%</b>	<b>66.0%</b>	<b>66.5%</b>	<b>65.4%</b>	<b>66.4%</b>	

Source: Debt & Investment Unit and Department of Finance

pre = preliminary

Please note that the data reported is as at December 2016



## APPENDIX VII: Central Government Outstanding Liabilities by Class of Holder and Term of Instrument

BY CLASS OF HOLDER & TYPE OF LIABILITY  
AS AT DECEMBER 31, 2016

	OFFICIAL DEBT										GRAND TOTAL
	(a) CENTRAL GOV'T.		(b) GOVERNMENT GUARANTEED				(c) NON-GUARANTEED				
	(e) CURR.	(f) TOTAL	(g) ARREARS PRIN.	INT.	(h) CURR.	(i) TOTAL	(j) ARREARS PRIN.	INT.	(k) CURR.	(l) TOTAL j + k	
<b>I DOMESTIC</b>											
<b>A. Monetary Authorities</b>											
1. ECCB		0.0				0.0				0.0	0.0
<b>B. Financial Institutions</b>											
1. Commercial Banks	402,945.1	402,945.1			22,188.0	22,188.0		0.0	22,650.4	22,650.4	447,783.5
2. Insurance Companies	160,588.3	160,588.3				0.0				0.0	160,588.3
3. Other	807,622.4	807,622.4			0.0	0.0				0.0	807,622.4
<b>C. Non-Financial Private Sector</b>	15,654.6	15,654.6				0.0				0.0	15,654.6
<b>D. Non-Financial Public Sector</b>	6,000.0	6,000.0				0.0				0.0	6,000.0
<b>E. Other (Private Individuals &amp; Agencies included)</b>	121,566.6	121,566.6				0.0				0.0	121,566.6
<b>F. Short term credits</b>		0.0				0.0				0.0	0.0
<b>Sub-Total</b>	<b>1,514,377.1</b>	<b>1,514,377.1</b>	<b>0.0</b>	<b>0.0</b>	<b>22,188.0</b>	<b>22,188.0</b>	<b>0.0</b>	<b>0.0</b>	<b>22,650.4</b>	<b>22,650.4</b>	<b>1,559,215.4</b>
<b>II EXTERNAL</b>											
<b>A. Monetary Authorities</b>											
1. ECCB		0.0			0.0	0.0				0.0	0.0
2. IMF	27,516.8	27,516.8									27,516.8
<b>B. Int'l Development Institutions</b>											
1. C.D.B.	320,083.0	320,083.0			32,903.4	32,903.4				0.0	352,986.4
2. E.I.B.	0.0	0.0			0.0	0.0		0.0	0.0	0.0	0.0
3. I.F.A.D.	0.0	0.0				0.0				0.0	0.0
4. OPEC	0.0	0.0				0.0				0.0	0.0
5. IDA	194,789.5	194,789.5				0.0				0.0	194,789.5
6. IBRD	19,688.4	19,688.4				0.0				0.0	19,688.4
<b>C. Foreign Governments</b>											
1. France	12,673.6	12,673.6				0.0				0.0	12,673.6
2. Kuwait	25,093.0	25,093.0			0.0	0.0				0.0	25,093.0
<b>D. Other Foreign Institutions</b>											
1. Regional		0.0				0.0				0.0	0.0
2. Other Regional		0.0				0.0				0.0	0.0
3. Extra Regional		0.0				0.0				0.0	0.0
<b>E. OTHER</b>											
1. Royal Merchant Bank	0.0	0.0				0.0				0.0	0.0
2. Government of Trinidad & Tobago	35,100.0	35,100.0								0.0	35,100.0
3. Citibank	1,125.0	1,125.0				0.0				0.0	1,125.0
4. Government of St. Kitts	4,320.0	4,320.0				0.0				0.0	4,320.0
5. Other	633,682.5	633,682.5				0.0				0.0	633,682.5
6. T & T Stock Exchange	86,785.7	86,785.7						0.0	0.0	0.0	86,785.7
7. The EXIM of the Republic of China	27,000.0	27,000.0								0.0	27,000.0
8. CDF					8,074.0	8,074.0				0.0	8,074.0
<b>Sub-Total</b>	<b>1,387,857.4</b>	<b>1,387,857.4</b>	<b>0.0</b>	<b>0.0</b>	<b>40,977.4</b>	<b>40,977.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1,428,834.9</b>
<b>Payables</b>	<b>0.0</b>	<b>0.0</b>				<b>0.0</b>				<b>0.0</b>	<b>0.0</b>
<b>GRAND TOTAL</b>	<b>2,902,234.5</b>	<b>2,902,234.5</b>	<b>0.0</b>	<b>0.0</b>	<b>63,165.4</b>	<b>63,165.4</b>	<b>0.0</b>	<b>0.0</b>	<b>22,650.4</b>	<b>22,650.4</b>	<b>2,988,050.3</b>

Source: Debt & Investment Unit

\*Please note that the data reported is as at December 2016

## APPENDIX VIII: Population and Demographic Indicators

### LABOUR FORCE INDICATORS SUMMARY

Main Labour Force Indicators	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Population 15 years and over	118,956	121,058	126,048	129,705	125,717	130,480	133,205	137,535	136,791	140,680	142,468
Labour Force	79,224	79,917	82,603	85,230	85,306	90,114	94,606	97,618	98,286	101,608	104,637
Employed Labour Force	66,036	68,748	69,644	69,789	67,702	71,016	74,339	74,844	74,325	77,131	82,075
Persons who want work											
(i) The Unemployed	13,192	11,169	12,958	15,448	17,604	19,098	20,267	22,775	23,961	24,477	22,562
(ii) Non-Seekers	5,050	5,365	4,183	5,192	n.a.	5,349	5,017	4,701	5,175	5,555	4,062
Unemployment Rate %	16.7%	14.0%	15.7%	18.1%	20.6%	21.2%	21.4%	23.3%	24.4%	24.1%	21.6%
of which- Male	n.a.	n.a.	12.6%	16.8%	19.5%	19.2%	19.6%	21.3%	20.9%	21.3%	19.4%
Female	n.a.	n.a.	17.8%	19.6%	22.0%	23.3%	23.7%	25.5%	28.4%	27.4%	24.0%
Youth Unemployment Rate	n.a.	n.a.	n.a.	n.a.	33.6%	n.a.	33.2%	36.8%	41.8%	41.1%	43.1%
Relaxed Unemployment Rate %	23.0%	20.7%	20.8%	24.2%	n.a.	27.1%	26.7%	22.0%	24.4%	29.6%	25.4%
Non-Job Seeking Rate %	6.4%	6.7%	5.1%	6.1%	n.a.	5.9%	5.3%	4.8%	5.3%	5.5%	3.9%
Population under 15 years (%)	26.6%	25.7%	23.1%	21.3%	24.1%	22.4%	21.2%	20.4%	20.7%	18.6%	18.4%
Labour Force as a Percentage of Total Population	48.9%	49.0%	50.4%	51.7%	51.5%	53.6%	55.9%	56.5%	57.0%	58.8%	59.9%
Labour Force as a Percentage of Population 15 years and over OR Labour Force Participation Rate	73.4%	74.3%	76.9%	78.7%	67.9%	69.1%	71.0%	71.0%	71.9%	72.2%	73.4%

Source: Central Statistical Office

n.a.- not available



## **APPENDIX IX: Current Budget Information 2017/2018<sup>6</sup>**

The preliminary budget was in the sum of **ECD1.513 Billion** for the fiscal year 2017/2018.

Total Receipts which includes Recurrent Revenue and Other Revenues represented by Capital revenue, Grants, are estimated to be **ECD1,073.3 Million** and **ECD84.7 Million** respectively.

Payments represented by Recurrent Expenditure and Capital Expenditure are estimated to be **ECD1, 151.5 Million** and **ECD362.4 Million** respectively.

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<sup>6</sup> More information on the 2017/2018 Estimates of Expenditure can be found at: <http://www.govt.lc/news/saint-lucia-budget-2017>

