PROSPECTUS

FOR TREASURY BILL ISSUES
FOR THE PERIOD
NOVEMBER 2017 – OCTOBER 2018

BY THE GOVERNMENT OF
ST. VINCENT AND THE GRENADINES

Ministry of Finance
Administrative Centre
P.O. Box 608
Kingstown
ST. VINCENT AND THE GRENADINES

e-mail: office.finance@gov.vc
Tel: (784) 456-1111 Ext.368
Fax: (784) 457-2943

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October 2017

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ABSTRACT

During November 2017 to November 2018, the Government of St. Vincent and the Grenadines is seeking to issue the following government securities on the Regional Government Securities Market.

91 Day Treasury Bills

Twenty eight million dollars (EC$28.0m) in each of twelve (12) issues

I. GENERAL INFORMATION

Issuer: The Government of St. Vincent and the Grenadines

Address: The Ministry of Finance and Planning
Administrative Centre
P.O. Box 608
Bay Street
Kingstown
St. Vincent and the Grenadines

E-mail: office.finance@gov.vc
Telephone No.: (784) 456-1111 Ext. 368
Facsimile No.: (784) 457-2943

Contact Persons: Hon. Dr. Ralph E. Gonsalves, Prime Minister and Minister of Finance
Mr. Edmond Jackson, Director General, Ministry of Finance
Mrs. Ingrid Fitzpatrick, Accountant General
Ms. Deidre Anthony, Debt Manager

Date of Publication: October 2017

Purpose of Issue: To refinance the existing issues of Treasury Bills issued on the Primary Market via the Regional Government Securities Market (RGSM)

Amount of Issue: Twelve issues of XCD 28.0 million each

Legislative Authority: The Finance Administration Act (FAA) Cap 252 governs and authorises borrowing and the Treasury Bills Act Cap 444 governs the Issuance.

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

II. INFORMATION ON THE TREASURY BILL ISSUE

a. The Government of St. Vincent and the Grenadines (GOSVG) proposes to auction twelve XCD 28,000,000.00 91-day Treasury Bills during the period November 2017 to November 2018. The treasury bills will be issued on the Regional Government Securities Market and made available for trading as they will be listed on the ECSE:

Table 1: Calendar of Issues

Trading Symbol	Instrument ID	Issue	Amount (EC)	Interest Rate Ceiling	Tenor	Auction Date	Settlement Date	Maturity date
VCB	VCB010318	Treasury Bill	$28 M	4.82%	91 Days	November 29, 2017	November 30, 2017	March 1, 2018
VCB	VCB300318	Treasury Bill	$28 M	4.82%	91 Days	December 28, 2017	December 29, 2017	March 30, 2018
VCB	VCB270418	Treasury Bill	$28 M	4.82%	91 Days	January 25, 2018	January 26, 2018	April 27, 2018
VCB	VCB040618	Treasury Bill	$28 M	4.82%	91 Days	March 2, 2018	March 5, 2018	June 4, 2018
VCB	VCB050718	Treasury Bill	$28 M	4.82%	91 Days	April 4, 2018	April 5, 2018	July 5, 2018
VCB	VCB310718	Treasury Bill	$28 M	4.82%	91 Days	April 30, 2018	May 1, 2018	July 31, 2018
VCB	VCB050918	Treasury Bill	$28 M	4.82%	91 Days	June 5, 2018	June 6, 2018	September 5, 2018
VCB	VCB081018	Treasury Bill	$28 M	4.82%	91 Days	July 6, 2018	July 9, 2018	October 8, 2018
VCB	VCB021118	Treasury Bill	$28 M	4.82%	91 Days	August 2, 2018	August 3, 2018	November 2, 2018
VCB	VCB071218	Treasury Bill	$28 M	4.82%	91 Days	September 6, 2018	September 7, 2018	December 7, 2018
VCB	VCB090119	Treasury Bill	$28 M	4.82%	91 Days	October 9, 2018	October 10, 2018	January 9, 2019
VCB	VCB050219	Treasury Bill	$28 M	4.82%	91 Days	November 5, 2018	November 6, 2018	February 5, 2019

Source: CDIMU, Ministry of Finance

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

c. The bidding period(s) will start at 9:00 am and end at 12:00 noon on auction days.

d. Each investor is allowed one (1) bid with the option of increasing the amount being tendered for until the close of the bidding period or reducing the interest rate.

e. The minimum bid quantity is $5,000.00.

f. The bid multiplier will be set at $1,000.

g. The date of issue for each auction is equivalent to the stated settlement date of that auction

h. The instruments would be issued at a discount with face value repaid on maturity

i. Yields will not be subject to any tax, duty or levy of the participating Governments of the Eastern Caribbean Currency Union (ECCU).

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

k. The Government of St. Vincent and the Grenadines has been assigned a rating of B3 stable by Moody's Investor Services on May 23rd , 2017

l. The Treasury Bills will be issued on the Regional Government Securities Market (RGSM) and traded on the Eastern Caribbean Securities Exchange (ECSE).

The Current List of Licensed Intermediaries are:

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

III EXECUTIVE SUMMARY

The Government of St. Vincent and the Grenadines is proposing to raise $28.0 million monthly during the period November 2017 to October 2018 through the issuance of 91-day Treasury Bills to be auctioned on the Regional Government Securities Market. During the bidding periods, which will be opened at 9:00 a.m. on the auction days and closed at 12:00 noon on the same days, bids of amounts not less than $5,000 and in multiples of $1,000 will be processed through ECSE member intermediaries licensed by the Eastern Caribbean Securities Regulatory Commission. The proceeds of these issues will be used to refinance maturing Treasury Bills.

The Central Government fiscal operations for the year ending December 31, 2016 showed marked improvements when compared to the previous period in 2015. Primary balance moved from a surplus of $5.9 million in 2015 to $66.3 million in 2016. This was supported by a 14.2 percent increase in current revenue mainly as a result of higher collections from various taxes and a decline in capital expenditure of 21.2 percent. As a consequence, an overall surplus of $23.5 million was realised in 2016 compared to a deficit of $38.9 million in 2015.

The total Public Debt outstanding as at the end of December 2016 stood at $1.697 billion an increase of 6.5 percent when compared with the December 31, 2015 amount of $1.593 billion. Of this amount Central Government accounts for $1.366 billion or 65.7 percent of GDP, a decrease of 0.1 percent when compared with the amount of $1.368 billion as at December 31, 2015. The remaining $331.6 million or 16.0 percent of GDP, is attributable to the Public Corporations which increased their debt by 47.3 percent from $225.1 million in 2015.

Preliminary data for 2016 indicates a marginal growth in real output of 0.8 percent. The growth was influenced mainly by developments in the Agriculture, Manufacturing and Real Estate, Renting and Business sectors. Additionally, the Wholesale & Retail Trade Sector contributed 14.8 percent to overall gross value added as well. However, the sector declined marginally by 0.3 percent on account of limited domestic activity evidenced by the near zero growth in merchandise imports during the period.

IV. HISTORY

Known by the Caribs as “Hairoun” (Land of the Blessed), St. Vincent and the Grenadines was first inhabited by the Ciboney, a group of Meso-Indians. The economy of these hunter-gatherers depended heavily on marine resources as well as the land. Another indigenous group, the Arawaks, who entered the West Indies from Venezuela, gradually displaced the Ciboney. Then less than 100 years before the European settlers, the Caribs arrived in the islands and conquered the Arawaks.

The first permanent settlers arrived on the shores of the islands in 1635. These new inhabitants were African slaves who escaped the sinking of the Dutch slave ship on which they were being transported. The escaped Africans intermarried with the Caribs and became known as “black Caribs”. After several skirmishes, the black Caribs and the original Carib Indians agreed in 1700 to subdivide the islands between themselves; the original Carib Indians occupying the Leeward and the Black Caribs, the Windward.

In 1763, St. Vincent and the Grenadines was ceded to Britain. Restored to French rule in 1779, St. Vincent and the Grenadines was regained by the British under the Treaty of Versailles in 1783.

Conflict between the British and the black Caribs continued until 1796, when General Abercrombie crushed a revolt fomented by the French radical Victor Hughes. More than 5,000 black Caribs were eventually deported to Roatan, an island off the coast of Honduras.

From 1763 until independence, St. Vincent and the Grenadines passed through various stages of colonial status under the British. A representative assembly was authorized in 1776, Crown Colony government installed in 1877, a legislative council created in 1925, and universal adult suffrage granted in 1951. During this period, the British made several unsuccessful attempts to affiliate St. Vincent and the Grenadines with other Windward Islands in order to govern the region through a unified administration. The most notable was the West Indies Federation, which collapsed in 1962. St. Vincent and the Grenadines was granted associate statehood status in 1969, giving it complete control over its internal affairs. Following a referendum in 1979, St. Vincent and the Grenadines became the last of the Windward Islands to gain independence and became a member of the Commonwealth of Nations.

V. DEMOGRAPHICS

Preliminary results of the population census for St. Vincent and the Grenadines which was conducted in 2012 estimates the population at one hundred and nine thousand nine hundred and ninety one (109,991). Males account for 51.3 percent of the population while females account for 48.7 percent. This represents a change from the 2001 census when the sex ratio of the population was 50.9 percent males and 49.1 percent females. St. Vincent and the Grenadines has an area of 388 sq. km and population density per sq. km of 732. Life expectancy at birth is 72.3 years for males and 76.1 for females. The infant mortality rate, per thousand live births is 21.8. Table 1 shows the population size and growth over the period 1871-2012.

Table 2: Population Size and Growth, 1871 - 2012

Date of Census	Male	Female	Population	Sex Ratio	Average Annual Increase
1871	16,865	18,823	35,688	0.9	-
1881	19,047	21,501	40,548	0.89	486
1891	18,780	22,274	41,054	0.84	51
2-Apr-11	18,345	23,532	41,877	0.78	82
24-Apr-21	19,155	25,292	44,447	0.76	257
24-Apr-31	21,208	26,753	47,961	0.79	351
9-Apr-46	27,901	33,746	61,647	0.83	912
7-Apr-60	37,561	42,387	79,948	0.89	1307
7-Apr-70	41,150	45,794	86,944	0.9	700
12-May-80	47,409	50,436	97,845	0.94	1090
12-May-91	53,165	53,334	106,499	1	787
12-Jun-01	55,456	53,566	109,022	1.04	252
12-Jun-12	56,419	53,572	109,991	1.05	88

Source: Statistical Office, Ministry of Economic Planning

VI. FINANCIAL ADMINISTRATION AND MANAGEMENT

The Ministry of Finance is headed by the Minister of Finance and comprises several departments over which the Director General has administrative control. Debt management functions have been centralized in the Cash Debt and Investment Management Unit (CDIMU) of the Ministry of Finance. The CDIMU performs all debt management activities and provides policy advice on the overall debt management strategy of St. Vincent and the Grenadines. The main debt management objective of the CDIMU is to satisfy the financing needs of the public sector at minimum cost over the medium to long term, in a prudent and sustainable manner.

The Ministry of Finance seeks to establish a client-oriented environment conducive to the attainment of sustainable economic development and improvement of the quality of life of all citizens of St. Vincent and the Grenadines through sound economic management and the promotion of good governance. The main objective of the Government is to maintain a stable and productive economy, with a focus on education and training, sharpened business competitiveness, sensible debt management and fiscal consolidation. The Government aims to build a modern, competitive, post-colonial economy with the following central elements:

i) maintaining macro-economic fundamentals of a stable currency: low inflation, fiscal prudence, enhanced competitiveness, and increased productivity;

ii) placing social equity at the center of the considerations in the fashioning of economic policy;

iii) pursuing a policy of balanced economic growth which is sustainable and which generates quality employment;

iv) establishing partnerships with the Private Sector for creating wealth and to boost economic activity;

v) implementing a Public Sector Investment Programme to create, among other things, a fiscal stimulus to the economy;

vi) providing an appropriate balance between the conflicting objectives of injecting a fiscal stimulus and maintaining a sustainable debt path.

Transparency and Accountability

The Government has adopted a system for strengthening the institutional framework for democratic accountability and monitoring of fiscal matters. As a result, the fiscal position of the Government is reported monthly to the Cabinet and then reported to the media. Additionally, on a quarterly basis, the Central Government fiscal position is also published in the Newspapers. Furthermore, the fiscal and debt position are reported annually in the Government Estimates of Revenue and Expenditure, which is available to the public from the Ministry of Finance. Information on the government's fiscal and debt operations is also published via the local media and the government's website. The Government's Medium Term Debt Management Strategy (MTDS) 2015-2018 has been published on the Government's website. The Strategy is reviewed annually and the latest revision is awaiting publication.

The Eastern Caribbean Central Bank (ECCB) conducts Annual and Quarterly Economic and Financial Reviews that are published on the Bank's website (www.eccb-centralbank.org). *Article IV Country Reviews* conducted by the International Monetary Fund (IMF) are also published and available on the Fund's Website (www.imf.org). Further, efforts are being made to have the Audited Reports of the government available on a more timely basis.[1]

VII. MACRO-ECONOMIC PERFORMANCE

A. Overview of Economic Growth

Preliminary data for 2016 indicates a marginal growth in real output of 0.8 percent. The growth was influenced mainly by developments in the Agriculture, Manufacturing and Real Estate, Renting and Business sectors. The second largest contributor to gross value added (of 14.8 percent) was the Wholesale & Retail Trade Sector. The sector declined marginally by 0.3 percent on account of limited domestic activity evidenced by the near zero growth in merchandise imports during the period.

The Agriculture sector recorded a 7.8 percent increase in Gross Value Added. The improvement resulted from increased production of Other Crops which benefited from improved weather conditions and greater support from the Ministry of Agriculture. Higher demand, in regional

[1] The latest Audited Report was for fiscal year 2010 and was laid before the Parliament on April 2, 2014.

markets, for Brewery products was mainly responsible for the 2.1 percent growth in the Manufacturing sector. The contribution of the Real Estate Renting and Business Services sector increased marginally in 2016 to 16.6 percent indicative of the limited activity in the domestic economy.

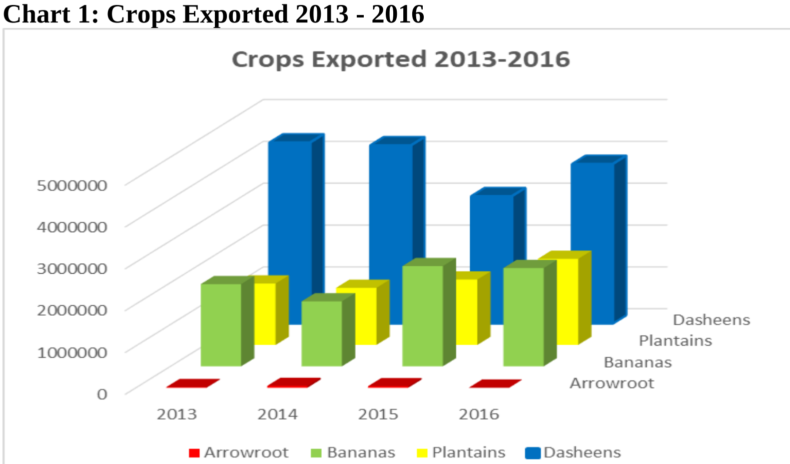
Value added in the Hotels and Restaurants sector, proxied by visitor arrivals remained flat and accounted for the minimal growth in the tourism sector. Meanwhile, lower spending on construction related activities on the Argyle Airport Project and various tourism projects accounted for the slowdown growth in the construction sector . The Fishing sector also declined partly on account of being in the trough of the 'fish cycle' and gaps in data collection during the period.

B. Sectoral Developments

Agriculture

Real output in the Agriculture sector strengthened, growing at a rate of 7.8 percent in 2016. The improvement in the Agriculture sector's performance resulted mainly from a 9.8 percent increase in the production of Other Crops as farmers intensified the production of root crops, consequent on the continued decline of the Banana industry and support from the Ministry of Agriculture. Livestock production grew by 1.4 percent contributing to the overall growth in the sector. Contrastingly, banana production continued to decline (at a rate of 2.1 percent) as exports remained limited to the CARICOM region. Output from the Forestry sub-sector also fell by 4.9 percent during the period. The Fishing Sector declined significantly (by 13.2 percent) as a result of reduced fish landings partly attributed to being in the trough of the 'fish cycle' and deficiencies in data collection.

Chart 1: Crops Exported 2013 - 2016



Source: Statistical Office, Ministry of Economic Planning

Manufacturing

The Manufacturing sector in St. Vincent and the Grenadines is relatively small with production concentrated in brewery products, flour and animal feeds. The sector's contribution to Gross Value Added stood at 4.4 percent reflecting a marginal (0.1 percent) increase compared to 2015. Real output in the sector is estimated to have grown by 2.1 percent in 2016, relative to growth of 1.6 percent in 2015. The increase in economic activity in the Manufacturing sector was mainly on account of increased production of Feeds (9.7 percent) and Packaging materials (5.0 percent) as manufacturers explore opportunities in the regional markets for Feed products and the packaging plants expanded their line of products. Brewery production remained flat largely on account of competition from other regional suppliers and the production of Flour decreased by 3.0 percent. Rice production has become insignificant as East Caribbean Group of Companies (ECGC) phased out its rice production.

Tourism

Value added in the Tourism sector, as proxied by hotels and restaurants, improved marginally by 0.2 percent in 2016 after expanding by 3.9 percent in 2015. This resulted from a marked increase in Caribbean and Canadian visitors of 13.0 percent and 6.6 percent respectively, while arrivals from Europe fell by 0.9 percent. The United States, Canada and the Caribbean remained the destination's three major source markets with 3.6 percent, 6.6 percent and 13.0 percent gains respectively.

Table 3: Visitor Arrivals by Visitor Type

VISITOR TYPE	JAN-DEC 2016	JAN-DEC 2015	ACTUAL CHANGE	% CHANGE
BY AIR				
STAY-OVER	78,751	75,381	3,370	4.5
SAME-DAY	1,362	1,732	(370)	(21.4)
SUB TOTAL	80,113	77,113	3,000	3.9
BY SEA				
YACHT	47,575	47,470	105	0.2
CRUISE SHIP	99,542	82,079	17,463	21.3
SUB TOTAL	147,117	129,549	17,568	13.6
TOTAL	**227,230**	**206,662**	**20,568**	**10.0**

Source: Ministry of Tourism

Visitors travelling by air registered an increase of 3.9 percent while those arriving by sea recorded an increase of 13.6 percent. Total visitor expenditure was estimated to have risen by approximately 3.9 percent, reaching EC$268.6 million.

Total visitor arrivals increased by 10.0 percent to 227,230, reflecting growth in stay-overs and cruise passengers, while the same-day visitors' category declined significantly by 21.4 percent. Stay over arrivals registered an increase of 4.5 percent. Arrivals from St. Lucia and Trinidad, which are key CARICOM markets, grew by 16.8 percent and 30.0 percent, respectively.

Cruise arrivals grew by 21.3 percent following a 3.6 percent decline in 2015. The number of cruise ships calls increased from 231 calls in 2015 to 259 calls in 2016. The yachting sub-category, a small but growing segment, improved by 0.2 percent relative to 2015. Bequia continues to be the main port of entry for yachts; accounting for approximately 59 percent of visitors arriving via yachts.

Construction

Growth in the Construction sector slowed by 0.8 percent in 2016 largely due to the winding up of the construction of the Argyle International Airport. Limited expenditure on other tourism projects also contributed to the slowdown in activity. Despite the fall-off in construction activity Mining and Quarrying grew by 2.0 percent in 2016.

Medium Term Growth Outlook

Over the medium term, 2018-2020, real economic activity is projected to grow at an average of 2.2 percent per annum. Domestically, the country is expected to benefit from the operationalization of the international airport at Argyle; sustained initiatives in the agricultural sector; and the completion and opening of the state-of-the-art marina in Canouan. Further strengthening of economic activity is expected with the phased development of the Geothermal Energy Project which holds strong growth potential. However, the exposure to external shocks and natural disasters could slow growth and increase the vulnerability of the entire economy. Low growth in the important sectors of Wholesale and Retail Trade and Real Estate Renting and Business Services are expected to dampen growth prospects somewhat over the medium term.

The Agriculture Sector is projected to grow at a moderate pace, averaging 4.4 percent over the medium term. Growth in Banana production is anticipated, from 2.0 percent in 2018 to 3.0 percent in 2020 as the Ministry of Agriculture plans to step up efforts to control diseases affecting bananas and to improve the quality of produce for export. The Other Crops and Livestock sub-sectors are forecasted to grow consistently over the period, at 5.0 percent and 2.0 percent respectively. Livestock is expected to benefit from a continuation of the trend of increased pork production while new initiatives by some private enterprise are expected to favour the production of Other Crops.

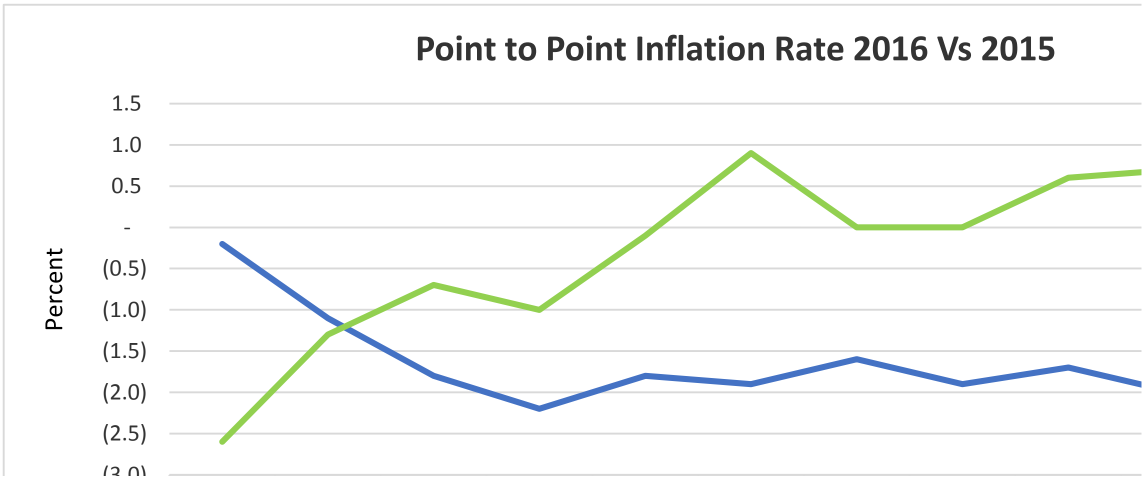
Meanwhile, the tourism sector is expected to experience growth averaging approximately 5.3 percent over the medium term. The recent opening and operationalization of the Argyle International Airport dated 14th February, 2017 on mainland St. Vincent, together with Glossy Bay Marina and Pink Sands Club in Canouan are expected to produce growth in stay-over tourism as a result of direct international flights. Increased activity is also expected over the medium term from an increase in the existing buoyant yachting market. The aforementioned are expected to stimulate domestic investments, job creation, and opportunities for apartment and other rental services.

The manufacturing sector is expected to grow at an average rate of 1.7 percent as growth is anticipated in both Brewery production (2.0 percent) and Animal Feed production (3.0 percent) over the medium term. Brewery production, previously the main driver of the sector, is expected to achieve slower growth as a result of a suspension of production for the Antigua and Barbuda market. However, Real Estate, Renting and Business Services is expected to contribute an average of 16.3 percent of value added to the economy in the medium term. This will be largely driven by developments in Owner Occupied Dwelling and Real Estate activities. Value added in the Construction Sector is forecasted to increase throughout the medium term at 2.0 percent yearly, after two years of negative growth. The recent completion of the Argyle International Airport is expected to spur growth in tourism and related developments in the medium term, which is anticipated to lead to positive growth in the construction sector. In addition, a number of other projects identified, including, the Port Development Project, the Geothermal Project and other private sector tourism projects are expected to contribute to growth in the sector.

Inflation

The annual average point-to-point inflation rate, as measured by the change in the consumer price index, averaged negative 0.1 percent in 2016 compared with the recorded average of negative 1.7 percent in 2015. The “point-to-point” inflation rate recorded negative values throughout the first five months of the year, which was indicative of deflationary pressure in the domestic economy, which gave way to inflation in the latter months. The accumulated inflation rate for the period was recorded at positive 1.0 percent compared to negative 2.1 percent for the year 2015.

Chart 2: Point to Point Inflation Rates, 2016 and 2015



Source: Statistical Office, Ministry of Finance and Planning

The "All Items" index registered an average of 105.7 for the year, with the highest level (106.4) recorded in the months of June and September and the lowest level (104.5) recorded in the month of April. The "Alcoholic Beverages, Tobacco & Narcotics" index recorded an increase of 4.6 percent in the price level on account of the 18.5 percent increase in the price of red rum , cigarettes and several other alcoholic beverages. Similarly, the increase in the prices for ladies' undergarments, men's jeans, women's sleepwear and other clothes items increased the "Clothing and Footwear" index. Six other groups experienced moderate increases, including "Food and Non-Alcoholic Beverages" and "Recreation and Culture".

In contrast two groups registered declines over the review period, the greater being the "Health " index which declined by 1.6 percent. This was on account of lower prices for cancer and asthma drugs, consultation fees and dental services etc. The "Education" group index registered a decline of 0.8 percent due to a 4.8 percent fall off in the cost for university tuition fees.

C. BALANCE OF PAYMENTS[2]

The Current Account

Preliminary data points to a deterioration in the Current Account deficit which increased to $410.4 million (or 19.7 percent of GDP) in 2016 from $289.5 million (or 14.2 percent of GDP) in 2015 influenced mainly by developments in the goods and services account. The merchandise trade deficit expanded by 1.5 percent to $680.7 on account of higher merchandise imports. On the services account, net inflows fell by 23.1 percent to $252.1 million largely attributed to reduced inflows in construction services and other business services as inflows from travel services increased.

A 37.8 percent drop in the surplus on secondary income which moved from $92.4 million in 2015 to $57.5 million in 2016 along with 2.6 percent increase in the deficit in primary income which moved from $38.7 million in 2015 to $39.3 million in 2016 also contributed to the worsening of the Current Account Balance. The deterioration in receipt on the Primary Income Account was due to a net outflow for compensation of employees, while the decline in the Secondary Income Account was primarily due to a reduction in personal transfers between resident and non-resident households.

The Capital and Financial Account

The balance on the Capital Account also deteriorated moving from a surplus of $31.1 million in 2015 to a surplus of $17.2 million in 2016. This was due mainly to the lower amount of Capital Transfers recorded during the period. The balance on the Current Account along with the Capital account balance yielded a net borrowing position of $393.2 million (18.9 percent of GDP) this was $134.8 million more than the net borrowing position of $258.5 million (12.7 percent of GDP) recorded in 2015.

The financial Account recorded a net borrowing position of $365.0 million for 2016. This represents an increase of $201.5 million when compared to the net borrowing position of $163.5 million recorded in 2015. The main driver of the increase in the net borrowing position on the Financial Account was direct investments (equity and investment fund shares).

The net borrowing position on the balance from the current and capital account of $393.2 million was financed by a net borrowing position on the financial account of $365.0 million. This gave rise to a net errors and omissions item of $28.2 million. Net errors and omissions occur when a

[2] Preliminary data from the statistics department

surplus/deficit in the current account together with the capital account is not offset by equally large capital inflows in the financial account.

Foreign Trade

Merchandise Trade in St. Vincent and the Grenadines consists of a mix of exports and imports, with a heavier weighting on imports. Exports are mainly to countries such as the U.K., the U.S., Canada and countries within the CARICOM region and consist primarily of exports of agricultural and manufactured products. Items such as food, beverages, machinery and transport equipment, manufactured goods, chemicals, oils and fuels, are imported from countries such as the U.K., the U.S., CARICOM member countries and Japan.

Total export receipts fell by 4.7 percent to $116.1 million, reflecting a decline in re-exports. Re-exports contracted by 19.1 percent due to a fall in the re-export of machinery and transport equipment. Meanwhile, domestic exports drop by 7.0 percent attributed to the growth in exports of beer (9.4 percent). This was partially offset by contractions in the export of grains including rice (6.3 percent) and flour (3.4 percent). Import payments (f.o.b) rose by 0.3 percent to $904.0 million, mainly attributable to an 11.9 percent increase in machinery and transportation equipment consistent with developments in the construction sector.

D. GOVERNMENT FISCAL OPERATIONS

The Central Government fiscal operations for the year ending December 31, 2016 showed marked improvements when compared to the previous period in 2015. Primary balance moved from a surplus of $5.9 million in 2015 to $66.3 million in 2016. This was supported by a 14.2 percent increase in current revenue mainly as a result of higher collections from various taxes and a decline in capital expenditure of 21.2 percent. As a consequence, an overall surplus of $23.5 million was realised in 2016 compared to a deficit of $38.9 million in 2015.

Total revenue including grants amounted to $619.8 million in 2016. Revenue collected from direct taxes and indirect taxes increased by 20.1 percent to $155.8 million and 8.9 percent to $342.3 million, respectively[3]. Non-tax revenue also grew considerably, moving from $75.1 million to $94.4 million, largely as a result of dividends from St. Vincent Electricity Services Limited amounting to $14.1 million in 2016. Capital revenue and Grants accounted for $27.2 million of total revenue in 2016, compared with $54.1 million in 2015, substantial proceeds from land sales in 2015 accounted

[3] Direct taxes comprised of taxes on income & profits and indirect tax is made up of taxes on property, taxes on goods & services and taxes on international trade.

for the majority of the difference. Spending on recurrent expenditure items went up by 1.0 percent in 2016 mainly on account of a 5.2 percent increase in transfer payments, while capital expenditure contracted by 21.2 percent. The net effect is a 2.6 percent decline in total expenditure.

Table 4: Summary of fiscal operations for the year ended December 31, 2016

Details	Budget 2016 $m	Actual Dec 31 2016 $m	Actual Dec 31 2015 $m	percent Change '16
CURRENT REVENUE	**564.6**	**592.6**	**519.2**	**14.1**
Taxes on Income & Profits	138.5	155.8	129.7	20.1
Taxes On Property	38.7	45.1	29.0	55.5
Taxes on Goods & Services	159.7	152.1	153.0	(0.6)
Taxes on Int'l Trade	142.4	145.1	132.3	9.7
Sale of Good & Services	64.2	60.9	57.6	5.7
Property Income	6.4	16.9	6.1	175.7
Other Revenue	14.9	16.7	11.4	46.2
TOTAL EXPENDITURE	**786.2**	**596.3**	**612.1**	**(2.6)**
RECURRENT EXPENDITURE	**576.5**	**518.1**	**512.9**	**1.0**
Wages & Salaries	281.9	262.8	257.2	2.2
Use of Goods & Services	75.9	67.7	73.3	(7.6)
Interest Payments	51.8	42.7	44.8	(4.7)
Transfers	154.9	132.5	125.9	5.2
CAPITAL EXPENDITURE	**197.7**	**78.2**	**99.2**	**(21.2)**
CAPITAL REVENUE AND GRANTS	**54.7**	**27.2**	**54.1**	**(49.7)**
CURRENT BALANCE	**(23.9)**	**74.5**	**6.2**	**1096.8**
PRIMARY BALANCE	**(115.0)**	**66.3**	**5.9**	**1015.2**
OVERALL BALANCE	**(166.9)**	**23.5**	**(38.9)**	**(160.5)**

Source: Ministry of Finance, ERPU

Revenue

Current revenue which is generated from a mix of direct and indirect taxes amounted to $592.6 million in 2016, representing a 14.1 percent increase when compared with the $519.2 million received in the previous year. Tax receipts in all categories were higher in 2016 when compared to the previous year except for receipts from Taxes on Goods & Services which declined marginally. In 2016 revenue from Taxes on Income and Profits increased by 20.1 percent to $155.8 million due to greater collections from Individuals (10.5 percent) and Corporation (40.1 percent). The higher receipt from Individuals was mainly on account of tax bracket creep, while the collection of arrears from a number of business entities was mainly responsible for the higher Corporation Tax collection.

Revenue from Taxes on Goods and Services, which totalled $152.1 million, declined marginally by 0.6 percent during the period. This was mainly due to two factors, firstly an extraordinary amount collected for Interest Levy ($6.0 million) in 2015 with no comparable receipt in 2016 led to a 35.0 percent reduction in this revenue item. Secondly, on account of a timing issue revenues for Telecommunication Broadcast Licence (amounting to approximately $3.0 million) collected in 2016 was not accounted for in that time period.

Revenue from Taxes on International Trade increased by 9.7 percent to $145.1 million. This was occasioned by higher receipts from Import Duty, Vehicle Surtax and VAT, these increased by 8.3 percent, 75.3 percent and 7.2 percent respectively. These performances were mainly impacted by a modest 0.3 percent increase in the value of Merchandise Imports during the period, with the Vehicle Surtax being supported by a significant (44.6 percent) increase in the number of vehicles imported during the period.

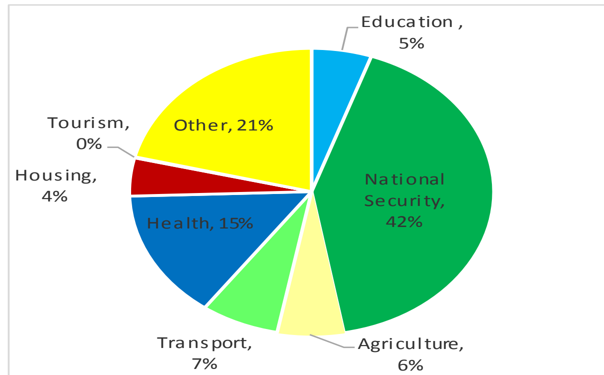
Revenue from Sale of Goods and Services grossed $60.9 million, which represents a 5.7 percent improvement over the amount collected in 2015. This was mainly due to greater takings from Drivers Licence which went up by 19.3 percent, to $3.2 million on account of changes in rates over the period and the significant increase in the importation of motor vehicles. Property Income increased significantly by 175.7 percent to $16.9 million as a result of dividends from St. Vincent Electricity Services Limited (VINLEC) amounting to $14.1 million in 2016, no dividends were received in 2015.

Capital inflows as at December 31, 2016 declined by 49.7 percent to $27.2 million, as a result of lower receipts of Other Capital Revenue during the period. In 2015 Other Capital receipt was impacted by significant amounts received from the sale of lands in the Grenadines but no such receipt was recorded for 2016.

Expenditure

As at December 31, 2016 recurrent expenditure amounted to $518.1 million compared to $512.9 million for the previous year, representing a 1.0 percent increase over 2015. Spending on the Central Government Wage Bill was 2.3 percent greater than for the same period in 2015 mainly reflecting the effect of the 1.5 percent salary enhancement received by public servants in 2016. Transfers increased by 5.2 percent to $132.5 million due to increased outlays on Employment Related Social Benefits (11.4 percent) and Social Assistance Benefit (14.5 percent). Employment Related Social Benefits went up by 11.4 percent to $54.6 million chiefly due to increases in the payment of Retirement Benefits, while social assistance benefit grew by 14.9 percent mainly due to increases in the rates of payment attributed to various social programmes. Spending on Goods & Services decreased by 7.6 percent to $67.7 million as government expended lower amounts on Supplies and Materials ($1.6 million) and Utilities ($3.7 million). Capital Expenditure fell by 21.2 percent to $78.2 million (or 3.8 percent of GDP) in 2016 from $99.2 million (or 4.9 percent of GDP) in 2015, due to a reduction in spending related to the construction of the Argyle International Airport and the slow implementation rate on on-going projects. Chart 3 reflects Capital Expenditure by Ministry.

A significant share of capital spending was directed towards Construction as Argyle International Airport works accounted for the majority (94.5 percent) of expenditure in the National Security Ministry. Much of the spending on the Health sector was associated with the implementation of the 10th EDF Modernisation of the Health Sector project. The 7.0 percent expenditure in the transportation sector was largely related to the Regional Disaster Vulnerability Programme.



Source: Ministry of Finance, ERPU

Financing

Below is a summary of the Central Government financing for the year ended December 31, 2016 with comparative figure for the same period in 2015.

Table 5: Central Government Financing 2016

	Actual 2016	Actual 2015
OVERALL BALANCE	**23.5**	**(38.8)**
FINANCING		
NET EXTERNAL	**15.4**	**12.8**
Loan Disbursement	65.6	57.7
Loan Amortisation	(50.1)	(44.9)
NET DOMESTIC	**(39.0)**	**26.0**
Loan Disbursement	50.7	46.8
Loan Amortisation	(55.8)	(46.0)
Sinking Fund Contribution	(12.1)	(7.6)
Change in Cash	(58.5)	79.6
Other Domestic	36.7	(46.7)

Source: Ministry of Finance, ERPU

Fiscal Outturn as at June 30, 2017

The Central Government fiscal operations for the first half of 2017 deteriorated when compared to the same period in 2016. Current Revenue decreased by 0.1 percent to $270.5 million, while Current Expenditure which increased by 6.9 percent settled at $271.5 million. Consequently, the Current Account recorded a deficit of $1.0 million. Capital Expenditure turned in a less than favorable performance when compared to the same period in 2016 declining by 29.1 percent to $17.1 million in 2017. During the period under review, the Overall Balance contracted moving from a surplus of $0.5 million in 2016 to a deficit of $10.7 million in 2017 reflecting the increase in Current Expenditure.

Table 6: summary of Fiscal Outturn June 2017 compared with June 2016

	Budget to June '17	Actual		percent
		June'17	June '16	
Details	$M	$M	$M	Change
CURRENT REVENUE	**273.1**	**270.5**	**270.7**	**(0.1)**
Taxes on Income & Profits	64.7	72.5	69.1	5.0
Taxes on property	17.9	17.5	20.2	(13.3)
Taxes of Goods & Services	84.3	79.3	79.4	(0.1)
Taxes on International Trade	68.6	66.8	66.5	0.5
PROPERTY INCOME	**1.9**	**1.7**	**2.1**	**(15.5)**
SALES OF GOODS & SERVICES	**30.3**	**28.8**	**27.8**	**3.3**
Other Revenue	**5.5**	**3.9**	**5.7**	**(31.9)**
CAPITAL REVENUE & GRANTS	**11.9**	**7.5**	**7.9**	**(5.3)**
CURRENT EXPENDITURE	**286.4**	**271.5**	**253.9**	**6.9**
Compensation of Employees	146.4	138.7	137.2	1.1
use of Goods & Services	32.6	30.1	28.2	6.7
Interest	27.4	22.7	21.0	8.4
Transfers	80.0	80.0	67.6	18.3
CAPITAL EXPENDITURE	**31.7**	**17.1**	**24.2**	**(29.1)**
CURRENT BALANCE	**(13.3)**	**(1.0)**	**16.8**	**(106.1)**
PRIMARY BALANCE	**(5.7)**	**12.0**	**21.4**	**(44.0)**
OVERALL BALANCE	**(33.1)**	**(10.7)**	**0.5**	**(2,456.0)**

Source: Ministry of Finance, ERPU

The major categories of tax revenue turned in mixed performances during the first half of 2017. Revenue from taxes on income and profits grew by 5.0 percent to $72.5 million. This was mainly due to higher collections from Individual and Corporate taxes of 6.7 percent and 71.8 percent, respectively. Intake from Taxes on Property fell by 13.3 percent to $17.5 million, reflective of lower receipts from alien land-holding licenses for the first half of 2017 compared with 2016. Collections from taxes on goods and services were 0.1 percent ($79.3 million) lower than the level in 2016. The fall-off in collections was largely due to a significant drop (of 92.9 percent) in Interest Levy and a 1.3 percent decline in revenue from Merchant Shipping International fees. The drop in collections of Interest Levy is due to timing issues. Revenue from taxes on international trade remained flat at $66.8 million in 2017. Capital Revenue and Grants as at June 2017 amounted to $7.4 million down 5.3 percent from the amount collected in 2016 due to lower receipts from Disposal of Land and Capital Grants during the period.

In 2017, Current Expenditure grew by 6.9 percent to $271.5 million on account of higher outlays on all major categories of expenditure. Payment of Wages and Salaries amounted to $132.5 million and the Employer's Social Security Contribution to $6.2 million. The 1.1 percent increase in spending on Wages and Salaries was mainly due to increments and allowances during the period. Interest Payments increased during the period by 8.4 percent to $22.7 million, as a result of higher payments on the external component which is reflective of the increase in the External Debt stock. Outlays on Transfers increased by 18.3 percent to $80.0 million based on higher amounts expended on other transfers. Employment Related Social Benefits (pensions) and Grants to Other Agencies also went up, by 5.6 percent and 14.9 percent respectively. These increases were on account of increased pension payments during the period and increased amounts transferred to some statutory bodies including the Tourism Authority and the Argyle International Airport. Investment in Capital Expenditure stood at $17.1 million, a contraction of 29.1 percent from the comparable period in 2016. The lower capital spending reflects the fall off of expenditure on the Argyle International Airport and the slow implementation rate on some on-going projects.

E. MONEY AND CREDIT

The total monetary liabilities (M2) of the banking system grew by 3.1 percent to $1,520.7 million during 2016. The expansion in M2 reflected mainly developments in narrow money, which grew by 9.6 percent to $479.8 million, reflecting a continued preference for more liquid deposits. The expansion was largely driven by currency with the public, which rose by 41.9 percent to $91.7 million.

The proportion of Quasi money fell from 70.0 percent in 2015 to 68.4 percent in 2016. In 2016 Quasi Money rose marginally by 0.3 percent to $1,041.0 million, primarily on account of expansions in private sector saving deposits (3.0 percent). Domestic credit declined by 2.2 percent to $1,045.4 million during 2016, after growing by 4.8 percent during 2015. This decline reflected a reduced demand for credit by the business sector, along with lower lending to the Central Government.

Notwithstanding the above, private sector credit rose by 1.3 percent ($14.2 million) during 2016 driven by the continued expansion in credit to households. Lending to households, which accounts for more than three quarters of private sector credit, grew at a relatively steady rate of 3.6 percent during the period. Conversely, loans extended to businesses declined by 9.8 percent to $210.0m, and the Central Government's net indebtedness fell sharply by 46 percent to $0.1million in 2016.

An analysis of the distribution of bank credit by economic activity revealed that outstanding loans declined by 0.5 percent to $1,200.3 million during 2016, following a 2.1 percent growth recorded during 2015. The contraction in credit was mainly attributable to declines of 26.6 and 26.3 percent in the manufacturing and construction sectors respectively. Credit to other sectors such as the Distributive Trade, Government & Statutory Bodies and Tourism also experienced contractions in credit. Activities in the category of personal lending increased with growth of 3.5 percent. Within the personal sector category, credit extended to home construction and renovation increased by 5.3 percent.

Net foreign assets of the banking system grew by 24.4 percent to $661.8 million in 2016, significantly up from the 4.7 percent growth realised during 2015. This expansion was fuelled by a 16.1 percent rise in the imputed share of reserves of St Vincent and the Grenadines held at the Central Bank, and a 67.1 percent increase in Commercial Bank net foreign assets.

Liquidity in the commercial banking system rose during 2016 as evidenced by an increase in the ratio of liquid assets to total deposits plus liquid liabilities, which rose by 2.0 percentage point to 46.2 percent. The ratio of liquid assets to total assets increased to 40 percent in 2016 from 38.3 percent in 2015, well below the maximum threshold of 75.0 to 85.0 percent.

VIII. PUBLIC DEBT ANALYSIS

The total Public Debt outstanding as at the end of December 2016 stood at $1.697 billion an increase of 6.5 percent when compared with the December 31, 2015 figure of $1.593 billion. Of this amount, Central Government accounted for $1.366 billion or 65.7 percent of GDP, a decrease of 0.1 percent when compared with the amount of $1.368 billion or 67.1 percent of GDP as at December 31, 2015. The remaining $331.6 million or 16.0 percent of GDP, was attributable to the Public Corporations. Of the total Central Government debt $898.4 million representing 65.8 percent of the total debt outstanding and 43.2 percent of GDP was held externally with the remaining $467.3 million 34.2 percent of the total or 22.5 percent of GDP held domestically.

External Debt

As at 31st December, 2016, total public external debt stock stood at $1.153 billion compared with $921.6 million in 2015, representing an increase of 25.1 percent. The amount represents 67.9 percent of the total public debt stock outstanding. The increase was primarily on account of disbursements by the Central Government on a number of loans for funding various public sector projects.

Table 7: Total External Debt Stock by Borrower Category2016 and 2015

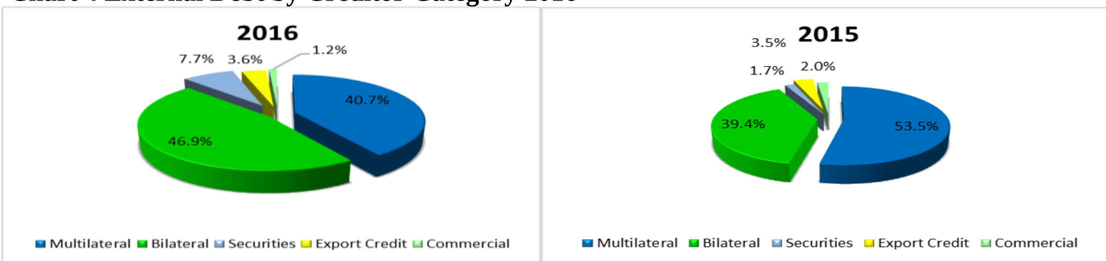
External Debt	2016		2015		percent
	EC$ M	percent of Total	EC$ M	percent of Total	Change
Central Government	898.4	77.9	844.3	91.6	6.4
Public Corporations	254.2	22.1	77.3	8.4	228.8
TOTAL	**1152.6**	**100.0**	**921.6**	**100.0**	**25.1**

Source: Ministry of Finance, CDIMU

External Debt by Creditor Category and Maturity Profile

The majority of the external public sector debt was contracted on concessional terms from multilateral and bilateral sources. Multilateral creditors were owed 40.7 percent while bilateral creditors held 46.9 percent, the remaining 12.4 percent was shared among export credit facilities, bondholders and commercial creditors. As a consequence, the maturity profile of the debt continues to be dominated by long-term loans with 79.0 percent maturing in over ten years. Loans with remaining maturity between 6-10 years accounted for 14.0 percent while loans with remaining maturity between 1-5 years accounted for 7.0 percent. There were no loans with maturity in less than one year.

Chart 4 External Debt by Creditor Category 2016

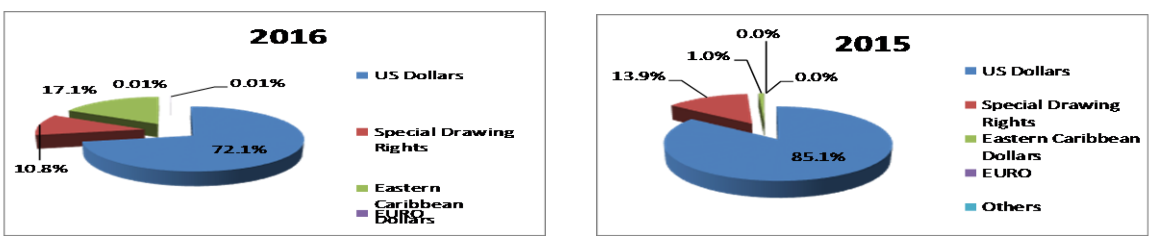


Source: CDIMU, Ministry of Finance

External Debt by Currency

The currency composition continued to weigh heavily in favour of the United States Dollar (USD). The USD accounted for $831.1 million or 72.1 percent of the external debt at the end of 2016. The second largest in the currency category was the share of Special Drawing Rights (XDR) which accounted for 10.8 percent. The Euro, Eastern Caribbean Dollars and currencies grouped as "Other[4]" collectively accounted for the remaining 17.3 percent of the external debt portfolio, as reflected in chart 5 below.

Chart 5: External Debt Outstanding by Currency Composition 2016



	2016	percent of Total	2015	percent of Total
US Dollars	831.1	72.1	784.0	85.1
Special Drawing Rights	124.2	10.8	128.5	13.9
Eastern Caribbean Dollars	197.1	17.1	8.8	1.0
Euro	0.1	0.01	0.2	0.02
Other	0.1	0.01	0.1	0.01
Total	**1152.6**	**100.0**	**921.6**	**100.0**

Source: Ministry of Finance , CDIMU

Domestic Debt

The total domestic debt stock stood at $544.7 million as at the December 31, 2016, a decrease of 18.9 percent over the corresponding period of 2015. Of this amount $467.3 million or 85.8 percent

[4] "Other" consists of Kuwait Dinars and Trinidad, Tobago Dollars and Barbados Dollars

was held by the Central Government while $77.4 million or 14.2 percent was held by the Public Corporations. The decrease in the Central Government debt was mainly due to the re-classification of the debt contracted by Petroleos De Venezuela S.A (PDVSA) to the external Public Corporations portfolio and reduction in the amounts recorded as domestic Treasury Bills and Accounts Payables.

Table 8: Total Domestic Debt Stock by Borrower Category

Domestic Debt	2016		2015		Change
	EC$ M	percent of Total	EC$ M	percent of Total	percent
Central Government	467.3	85.8	524.0	78.0	-10.8
Public Corporations	77.4	14.2	147.8	22.0	-47.6
TOTAL	**544.7**	**100.0**	**671.8**	**100.0**	**-18.9**

Source: Ministry of Finance, CDIMU

In terms of the composition of the portfolio, Government Bonds constituted the largest share of the domestic stock accounting for 45.9 percent, while loans accounted for 28.7 percent. Treasury Bills and overdrafts jointly accounted for 14.5 percent, while accounts payables and insurance deposits accounted for the remaining 10.9 percent. Within the existing domestic debt stock, short term debt of less than one year accounted for 39.2 percent. Debt with remaining maturity between 1 and 5 years accounted of 31.0 percent while debt with maturity between 6 and 10 years accounted for 29.8 percent.

Table 9: Domestic Debt Outstanding by Instrument Type

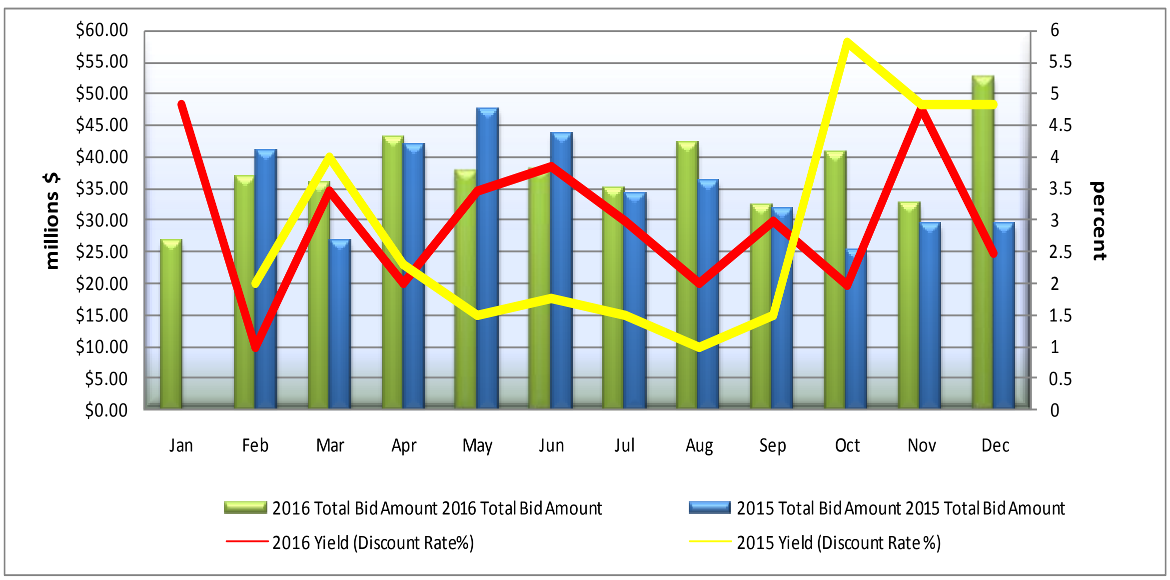
DOMESTIC DEBT BY INSTRUMENT	DOD 2016 EC$M	Percent of TOTAL	DOD 2015 EC$M	Percent of TOTAL	Percent Change
Bonds	250.2	45.9	235.6	35.1	6.2
Loans	156.3	28.7	216.1	32.2	-27.7
Treasury Bills	21.2	3.9	75.0	11.2	-71.7
Accounts Payable	36.7	6.7	60.3	9.1	-39.2
Overdraft	57.6	10.6	61.4	9.0	-6.2
Insurance Deposits	22.7	4.2	23.4	3.5	2.6
TOTAL	**544.7**	**100.0**	**671.8**	**100.0**	**-18.9**

Source: Ministry of Finance, CDIMU

The Government in its efforts to support the development of the capital market continued to be an active participant on the Regional Government Securities Market (RGSM) in 2016. A total of twelve (12) Treasury Bills were auctioned as scheduled on the RGSM with each issue being fully subscribed. With effect from the November issue, the amount was increased to $28.0 million in response to the high demand for the Government of St. Vincent of Grenadines' Treasury Bill by investors. The average discount (interest) rate for 2016 was 2.98 percent compared with 2.82 percent in 2015.

As at the end of 2016 all domestic instruments showed decreases except Government Bonds. Bonds continued to hold the largest share of the portfolio, accounting for 45.9 percent (EC$250.2 million) up from 35.1 percent (EC$235.6 million) as at December 31, 2015. Consistent with the decrease in the debt all other instruments share of the portfolio also declined. Treasury Bills showed the largest decline in the share of the portfolio of 71.7 percent when compared with the same period in 2015. The reduction was due to the reclassification by residency resulting in a larger proportion being allocated to the Central Government external debt component. Loans declined by 27.7 percent from EC$216.1 million to EC$156.3 million mainly on account of the transfer of the entire amount of the PDVSA loan from the Public Corporations domestic to the external component as well as the effects of amortisation.

Chart 6 Total Bids and Discount Rates for T-Bills 2016 compared with 2015



Source: ecseonline.com

In an effort to lengthen the maturity profile of the domestic debt securities with tenors of 2, 7 and 10 years for a total value of $35.4 million were issued.

Debt Servicing as at December 2016

A review of the Central Government's debt servicing cost over the period showed that the cost of servicing the debt increased by 6.5 percent moving from $151.0 million in 2015 to $160.8 million in

2016 representing 27.3 percent of current revenue. The increase was mainly on account of amortization which accounted for 65.9 percent or $105.9 million while interest payments amounted to $42.7 million or 26.6 percent. In addition, of the total debt service cost, Sinking Fund contributions amounted to $12.1 million.

Summary of Public Debt as at June 30, 2017

Preliminary data of the total Public Debt outstanding as at the June 30, 2017 stood at $1.751 billion. Of this amount, Central Government debt accounted for $1.428 billion or 81.6 percent. The remaining $323.3 million is attributable to the Public Corporations which accounted for 18.4 percent of the total debt stock. The increase in the total public debt was driven mainly by the Central Government Domestic and External components which increased by 6.1 and 2.3 percent respectively. Additionally, the domestic component increased due to the issuance of $90.0 million in notes and bonds during the first half of 2017.

Of the total External debt, preliminary data showed that Central Government registered increases of 3.8 percent while Public Corporation debt declined by 3.5 percent. Additionally, the data revealed that Central Government debt accounted for 78.9 percent of the total external debt and the remaining 21.1 percent being allocated to public corporations. The increase in central government debt is attributed to new loans contracted and disbursed in the period under review. Of the total Domestic debt, it reflected that Central Government and Public Corporations components both recorded increases of 6.1 percent and 0.6 percent respectively. A total of 86.4 percent of the domestic debt was held by Central Government.

Table 10: Summary of Public Debt as at June 30, 2017

	Jun-17	Jun-16	Jun-17/ Jun-16	Dec 2016	Jun- 17/ Dec-16
	$M	$M	Percent change	$M	Percent change
Total Public Debt	**1,751.60**	**1,579.00**	**10.9**	**1,697.30**	**3.2**
External Debt	**1,177.80**	**968.60**	**21.6**	**1,152.60**	**2.2**
Central Government	932.30	894.40	**4.2**	898.40	**3.8**
Public Corporation	245.4	74.2	**230.7**	254.2	**-3.5**
Domestic Debt	**573.8**	**610.4**	**-6.0**	**544.7**	**5.3**
Central Government	496.0	458.0	**8.3**	467.3	**6.1**
Public Corporation	77.9	152.4	**-48.9**	77.4	**0.6**
Central Government Debt Service	**83.3**	**74.6**	**11.7**	**160.7**	**-48.2**
External	**38.5**	**28.9**	**33.2**	**65.0**	**-40.8**
Interest	8.3	6.9	**20.3**	14.9	**-44.3**
Amortization	30.2	22.0	**37.3**	50.1	**-39.7**
Domestic	**44.8**	**45.7**	**-2.0**	**95.7**	**-53.2**
Interest	14.4	14.1	**2.1**	27.8	**-48.2**
Amortization	24.4	27.5	**-11.3**	55.8	**-56.3**
Sinking Fund Contribution	**6.0**	**4.1**	**46.3**	**12.1**	**-50.4**
Current Revenue	**270.5**	**270.7**	**-0.1**	**589.4**	**-54.1**
Debt Service/Revenue (percent)	**30.8**	**27.6**	**11.6**	**27.1**	**3.7**

Source: Ministry of Finance , DMU

Debt Servicing as at June 30, 2017

Total debt service for the first half of the year ended June 2017 amounted to $83.3 million. Of this amount, external debt service totalled $38.5 million, representing an increase of 33.2 percent over the corresponding figure in June 2016 of $28.9 million. The increase was driven mainly by amortization which moved by 37.3 percent on account of the commencement of repayment on some loans whose grace period has expired. Comparatively, interest payments increased by 20.3 percent due in part to an increase in the floating rate from the Caribbean Development Bank and the reducing balance effect on some loans.

Conversely, total Domestic debt service for the period under review amounted to $44.8 million, representing a slight reduction of 2 percent over the corresponding figure recorded in June 2016 of $45.7 million. The reduction was mainly on account of an 11.3 percent decline in domestic amortization stemming from the repayments of three bonds which matured during the period (two bullet and one amortized) as well as increased contributions provided to the sinking fund to meet future debt obligations.

IX. RECENT DEVELOPMENTS

Following a period of weakened fiscal performance in the aftermath of the global economic and financial crisis, coupled with recent natural disasters, St. Vincent and the Grenadines has made considerable progress towards stabilizing public finances. The Central Government fiscal operations for the year ending December 31, 2016 showed marked improvements when compared to the previous five years. With the commencement of operations of the international airport at Argyle on 14th February, 2017, together with sustained initiatives in the agricultural sector and the construction of a state-of-the-art marina in Canouan, it is envisaged that further strengthening of economic activity is expected. Notwithstanding this, public spending continues to play an integral role in the economy, and as such, the fiscal operations for the first half of 2017 deteriorated slightly when compared to the same period in 2016.

In May 2017 Moody's Rating Services maintained St. Vincent and the Grenadines' B3 rating and stable outlook. The Government is committed to the objective of restoring the public finances to good health and stimulating the economy to its full potential. In this regard, developing a Medium Term Fiscal Framework together with strengthening its Medium Term Debt Management strategy will continue to be of utmost importance to the government.

X. MEDIUM TERM DEBT STRATEGY

In 2016 the Cash Debt and Investment Management Unit (CDIMU) updated the MTDS to cover the period 2016-2019. This MTDS was an update on the 2015-2018 MTDS published on the Government's website. The strategy would be monitored continuously and reviewed annually for adjustments in line with the global and domestic economic environment. Efforts would be made to have future updates published on the Government's website in demonstration of the Government's commitment in carrying out the debt management objectives, by implementing best practices aimed at achieving the Monetary Council's target of a debt to GDP ratio of 60 percent by the year 2030.

Further, its publication and dissemination promote transparency and democratic accountability of matters relating to the Central Government's debt.

The review of the Central Government debt portfolio as at December 2016 indicates continued exposure to interest rate risk and refinancing risks as measured by the ATR and ATM risk indicator respectively, whilst its level of exposure to foreign exchange risk remained relatively low.

Table 11: : Summary of the Government risk indicators as at December 2016

Risk Indicators		External debt	Domestic debt	Total debt
Amount (in millions of XCD)		898.4	467.3	1,365.7
Amount (in millions of USD)		332.6	173.1	505.6
Nominal debt as % GDP		44.1	22.9	67.0
PV as % of GDP		37.3	22.9	60.3
Cost of debt	Interest payment as % GDP	1.2	1.3	2.5
	Weighted Av. IR (%)	2.8	5.5	3.7
Refinancing risk	ATM (years)	7.6	1.9	5.7
	Debt maturing in 1yr (% of total)	11.8	46.3	23.6
	Debt maturing in 1yr (% of GDP)	5.2	10.6	15.8
Interest rate risk	ATR (years)	5.2	1.9	4.1
	Debt refixing in 1yr (% of total)	46.5	46.3	46.4
	Fixed rate debt (% of total)	63.6	100.0	76.1
FX risk	FX debt (% of total debt)			65.8
	ST FX debt (% of reserves)			9.3

Source: Ministry of Finance, CDIMU

The table above shows that current total Average Time to Maturity was 5.7 years while Average Time to Re- fixing was 4.1 years. In order to increase the ATR, the government will as far as possible avoid floating rate debt, and minimize bunching of loan payments through replacing short term instruments with more longer term and the sinking fund. The Sinking Fund will also be used as a means of managing refinancing risk by setting aside funds over time to repay bullet bonds. Efforts will be made to minimize the proportion of short term debt by as far as possible, remaining within the established limits as set out in Table 10 below.

Table 12: Established limits for short term instruments 2016

Instrument	Limit
Treasury Bills	15percent of current revenue[5]
Overdraft	$50,0m[6]

Source: Ministry of Finance, CDIMU

Furthermore, the most recent Debt Sustainability Analysis (DSA) which covers a time period of at least twenty (20) years was carried out in 2015. The results indicated that the expected debt path in

[5] Treasury Bills Act Cap 444 Section 3(4)
[6] Resolution of Parliament, January29, 2016

the long term was at a moderate level of debt distress. A review and update of the DSA 2015 will be done before the end of the fiscal year 2017.

Debt Management Objectives

The main debt management objectives of the government are:-

- To satisfy the financing needs of the public Sector at minimum cost over the medium to long term, in a prudent and sustainable manner;
- To limit the exchange rate risk by minimizing the non – US dollar denominated foreign debt.
- To promote the development of an efficient functioning money and capital markets within the ECCU.

One of the main concerns in applying the debt management objectives involves the trade-offs between minimizing cost and reducing risks. This is why emphasis is placed on long term cost, thus preventing the Government from seeking short-term gains by for example issuing low interest rate non – US dollar debt.

Another important aspect of cost minimization is maintenance of the relatively "risk-free" status of government securities. This will be accomplished through prudent fiscal discipline and the establishment of reasonable limit on the public debt.

In addition, the government will continue with its core principles of managing its debt as it seeks to achieve the public debt to GDP target of 60 percent by 2030, as proposed by the Monetary Council of the ECCB.

Medium Term Debt Management Strategy 2017-2020

The objective of this MTDS is to determine the most appropriate borrowing strategy for the government of SVG with respect to the cost and risk trade-offs. The strategy aims to address the main risks facing the government which were identified. Four strategies with varying scenarios were modelled and analysed using the MTDS Analytical Toolkit developed by the World Bank and the IMF. The analysis of the output revealed that the strategy of increasing multilateral financing and reducing high cost debt would be the most favourable option for attaining the debt objectives.

The table below shows the medium term Central Government debt service projections. On average it is expected that Debt service will remain around the $170 Million dollars mark over the medium term.

Table 13:Central Government Debt Service Projections 2016-2020

	2016	2017	2018	2019	2020
Central Government Debt Service	**160.7**	**176.6**	**179.7**	**176**	**163.5**
Interest payments	**42.7**	**54.9**	**48.5**	**45.3**	**42**
External	14.9	24.2	21.9	24.5	26.3
Domestic	27.8	30.7	26.6	20.8	15.7
Amortization	**118**	**121.7**	**131.2**	**130.7**	**121.5**
External	50.1	48.5	45.6	46.2	42.4
Domestic	67.9	73.2	85.6	84.5	79.1
Sinking Fund	12.1	24	24	24	24

Source: Ministry of Finance , DMU

XI. LEGISLATIVE AUTHORITY

The primary legislation which governs and explicitly authorizes the Government to borrow is the *Finance Administration Act (FAA) Cap 252.* The Act stipulates that no money shall be raised on the credit of the Government except under the authority of the Finance Administration Act or another Act of Parliament or a resolution of the House of Assembly[7]. The Minister of Finance when authorized by resolution of the House of Assembly may borrow money in a financial year "to meet current requirements from a bank or other financial institution by means of advances to an amount not exceeding in the aggregate the sum specified in the resolution."

The Treasury Bills Act Cap 444 governs the issuance of the T-bills within St. Vincent and the Grenadines. The Act authorizes the Minister of Finance to borrow money by the issue of Treasury Bills. Further the Minister may direct that the Treasury Bills be issued by the Accountant General or by a financial institution outside St. Vincent and the Grenadines. Section 3 (4) of the Treasury Bills Act provides that the principal sum of T-bills outstanding at any one time, shall not exceed 15.0 percent of the estimated annual current revenue of St. Vincent and the Grenadines for the current financial year.

In relation to the authority to borrow from multilateral institutions, the Caribbean Development Bank Loans Act Cap 89 covers all loans from the CDB and the International Financial Organizations Act Cap 100 authorizes the Minister of Finance to sign agreements with the World Bank and the International Monetary Fund. Similar acts authorizing borrowing from other multilaterals also exist including OPEC Fund for International Development. There is no Act that limits the amount that can be borrowed by the government.

[7] Sec 44, Finance Administration Act Cap 252

The Government Guarantee of Loans Act Cap 255 gives government the authority to guarantee loans by lending agencies to corporations. The current limit specified for all guarantees issued by government is $300.0 million.

XII. BANKING AND FINANCIAL INSTITUTIONS

Overview

The financial sector in St. Vincent and the Grenadines consists of four banks: the Bank of St. Vincent and the Grenadines, as well as branches of three foreign banks including First Caribbean International, RBTT Bank and Bank of Nova Scotia; two non-bank financial institutions, several credit unions; a Building and Loan Society (BLS) and 21 active insurance companies. The banks are regulated by the ECCB while the non-banking institutions, including the credit unions, BLS, the insurance companies and Money Services Business are regulated by the Financial Services Authority.

Foreign Exchange and International Reserves

The ECCU of which St Vincent and the Grenadines is a member, has adopted a fixed exchange rate regime whereby exchange rates for the sale of EC dollars into other currencies are determined by the ECCB. Since 1976, the EC dollar has been pegged to the U.S. dollar at a rate of EC$2.70 to U.S.$1.00.

Money Transfer Companies

The Money Transfer business is governed by the Money Services Business Act Cap 260 of the 2009 Revised Laws of St. Vincent and the Grenadines. The Financial Services Authority (FSA) is responsible for the general administration of this Act and the supervision of these operations.

"Money services business" includes (a) the business of providing (i) transmission of money or monetary value in any form, (ii) check cashing, (iii) currency exchange, (iv) issuance or sale of money orders or traveler's checks; and (v) any other services that may be specified by notice published in the Gazette; or (b) the business of operating as agents for money transfer business and their principals.

The following companies currently act as agents for money transfer businesses and their principals:

Grace Kennedy Money Transfer - Western Union
Going Places Money Transfer - MoneyGram
Postal Corporation - MoneyGram

St Vincent Building and Loan Association Money Transfer - Jamaica National Money Transfer Services

XIII. INSURANCE SECTOR

The Insurance sector is mainly made up of branches/agencies of CARICOM based insurance companies. The sector is governed by the Insurance Act CAP 306 and the Motor Vehicle Insurance (Third Party Risk) Act Cap 309 of the 2009 Revised Laws of St. Vincent and the Grenadines. The Financial Services Authority (FSA) established by Act #33 of 2011 is responsible for the regulatory and supervisory frameworks of the sector. The Insurance laws and Regulations apply equally to both domestic and foreign companies.

As at December 31, 2016, there were twenty-eight (28) companies were registered under Section 8 of the Insurance Act, to conduct insurance business of which twenty-two (22) were active. Of these, British American Life Insurance Company and Clico International Life Insurance Company remained under Judicial Management.

There were fourteen (14) insurance companies registered to undertake short-term insurance business. Four (4) of these companies were locally incorporated while the other ten (10) were branches of CARICOM based/ foreign owned companies. One new insurance company entered the short-term insurance market in 2016, namely; GK Insurance (Eastern Caribbean) Limited. Eight (8) companies were registered to undertake long-term insurance business. Of these eight (8), one (1) was registered to write life business only, while the other seven (7) were registered to conduct business in both segments of the market.

Table 14: Insurers by License Class 2016

Short –Term(only)	Long-Term(only)	Long & Short-Term/ Composite
Locally Incorporated • Metrocint General Insurance Company Ltd. • St. Hill Insurance Company Ltd. • St. Vincent Insurances Ltd. • West Indian Insurances Ltd. ***Foreign Incorporated*** • Beacon Insurance Company Limited • Caribbean Alliance Insurance Company Ltd. • Sun General Insurance Inc. • G.T.M Fire Insurance Company Ltd. • Guardian General Insurance Limited • Gulf Insurance Limited • Island Heritage Insurance Company Ltd. • Massy United Insurance • M & C General Insurance • GK Insurance (Eastern Caribbean) Limited	• Demerara Mutual Life Assurance Society Ltd.	• British American Insurance Company Ltd. • CLICO Int'l Life Insurance Company • Sagicor Life Inc. • Guardian Life of the Caribbean • Pan American Life of the Eastern Caribbean • G.T.M Life Insurance Company Ltd. • Scotia Insurance Eastern Caribbean Ltd.

Source: Financial Service Authority, Insurance Unit

As at December 31, 2016, total liabilities and contingency reserves of all insurance companies (excluding those under judicial management) amounted to approximately EC$95.1 million. Total assets pledged or identified by those companies for inclusion in their Insurance Fund as at December 31, 2016 was approximately 111.7percent of insurance liabilities. In addition, total assets pledged to the Authority exceeded the deposit requirement of the insurance industry as a whole as at the end of December 2016. The industry's statutory deposits held by the Authority during the year amounted to $43.5million which comprised of $16.7 million in Government Securities and $26.8 million in cash.

The total industry assets stood at $223.7 million an increase of 4.6 percent when compared with $213.9 million for the same period in 2015. Total liabilities increased by 5.1 percent while capital grew by 2.9 percent. Gross Premium income in the insurance industry totaled $76.9m. This represented 3.7 percent of Gross Domestic Product at market prices and an increase of 3.4 percent over the gross premium income of $74.4m in 2015.

There was an increase in total claims paid in the short-term insurance sub- sector (17.2 percent). Claims continue to be a significant component of insurance companies' expenditure amounting to 59.7 percent of expenses for the short-term insurance sub- sector.

Policyholder Benefits (which includes claims, annuity payments, policy surrenders etc.) in the long-term insurance sub-sector for the period under review amounted to $12.9 million, which represented 54.7 percent of the total expenses.

Life insurance companies traditionally reinsure only a small portion of their insurance business. The level of retention within this sector remained relatively stable. In 2016, $2.0m was ceded to reinsurers representing a retention ratio of 90.3 percent compared with 90.4 percent in 2015. Meanwhile, the General Insurance companies collected $56.4 million in gross premium, of this amount $30.6 million was ceded to reinsurers representing 54.2 percent.

The loss ratio (ratio of net claims to gross premium) increased to 21.4 percent in 2016 from 18.6 percent in 2015 for the short-term insurance segment of the industry. With respect to the long-term insurance sector, life claims expenses declined by 57.9 percent in 2016 compared with 2015, the net effect was a decrease in the loss ratio to 6.8 percent in 2016 compared with the 13.8 percent reported in 2015.

Insurance penetration, measured as a percentage of premium to GDP, was 3.7 percent in 2016 compared to 3.6 percent in 2015. The long term segments of the industry recorded an increase of 0.1 percentage point while the short term segment remained constant.

XIV. MONEY LAUNDERING AND ILLICIT ACTIVITIES

The Financial Intelligence Unit (FIU) was established in May 2002, in accordance with the Financial Intelligence Unit Act of 2001. The functions of the FIU include:

i) receipt and analysis of suspicious transaction reports that are required to be made under the Proceeds of Crime and Money Laundering (Prevention) Act, Act No. 39 of 2001;

ii) collection of information from financial institutions and other relevant bodies for the purpose of investigating relevant offences;

iii) investigation of relevant offences;

iv) dissemination of information;

v) international cooperation in the exchange of financial information;

vi) awareness raising and education of financial and business institutions on their obligations to detect, prevent and deter money laundering and associated offences.

The FIU works in close partnership with other national and international agencies to ensure that the country has a comprehensive anti-money laundering system that identifies and effectively addresses suspected illegal activity. The Government has used the establishment of the FIU as a means of monitoring money laundering and has made important legislative changes to bring the anti-money laundering laws in line with international best practices.

XV. CURRENT ISSUES OF GOVERNMENT SECURITIES.

1. Treasury Bills General Information

- **Issues Outstanding** **3**
- **Amount offered** **$81.0 m**
- **Maturity in days** **91 days**
- **Date of Issues** **Every 91 days**
- **Redemption Date** **Every 91 days**
- **Discount rate** **N/A**
- **Yields** **Weighted Avg. 2.98 percent**
- **Discount Price** **$99.75 – $98.79**

As at the 31[th] August 2017, the Government's outstanding securities traded on the Regional Government Securities Market are listed hereunder**:**

Table 15: Outstanding Treasury Bills and Bonds listed on the RGSM as at August 31, 2017

Date of issue	Redemption Date	Issue Amount	Value of Bids	Amount Accepted	No. of Bids		Interest Rate percent
					Total	Successful	
		EC$m	EC$m				
23-June-17	25-Sept-17	28.0	44.7	28	24	10	1.9
21-July-17	23-Oct-17	28.0	39.5	28	20	11	2.0
28-Aug-17	28-Nov-17	28.0	36.1	28	20	14	3.0

Source: Ministry of Finance , CDIMU

Table 16: Outstanding Notes on the RGSM

Trading Symbol	Date of Issue	Redemption Date	Amount	Value of Bids	Amount Accepted	No. of Bids		Interest Rate percent
						Total	Successful	
			EC$m	EC$m				
VCN240717	24-Jul-14	24-Jul-17	10.0	8.2	8.2	8	8	5.25
VCN110919	11-Sep-14	11-Sep-19	15.2	15.2	15.2	12	12	6.0
VCN061118	6-Nov-15	6-Nov-18	20.0	18.5	18.5	30	30	6.5

Source: Ministry of Finance , CDIMU

Table 17: Outstanding Bonds on the RGSM

Trading Symbol	Issue amount	Amount Outstanding	Original Maturity	Remaining Maturity	Date of Subscription	Final Redemption	Coupon rate
	EC$m	EC$m	(years)	(years)	Date	Date	percent
VCG100422	40.0	20.0	10	5	Apr-12	Apr-22	7.5
VCG100323	25.9	14.2	10	6	Mar-13	Mar-23	7.0
VCG070821	16.0	16.0	7	4	Aug-14	Aug-21	7.0
VCG070623	11.2	9.6	7	6	Jun-16	Jun-23	7.0
FVG100826	16.6	15.4	10	9	Aug-16	Aug-26	7.0
VCG100826	0.3	0.2	10	9	Aug-16	Aug-26	7.0
VCG080225	15.0	14.1	8	8	Feb-17	Feb-25	7.5
VCG070524	25.0	25.0	7	7	May-17	May-24	7.5

Source: Ministry of Finance , CDIMU

Most of the Bonds in the portfolio are amortized with allocations for payments provided annually from the Consolidated Fund. Where the Bonds are not amortized, a Sinking Fund is established for redemption at maturity. The Sinking Fund is funded by annual contributions allocated from the Consolidated Fund to achieve the targeted level at maturity. As at August 31, 2017 the sinking fund balance was $27,908,821.50. An amount of $24.0 million has been committed to the Sinking Fund for fiscal year 2017. The next payments from the sinking fund would be in the year 2018 to cover the redemption of two Notes, with a combined value of EC$23.9 million.

All government securities issued on the RGSM are listed on the Eastern Caribbean Securities Exchange with provision for trading on the secondary market. Trades for the Government of St. Vincent and the Grenadines securities have been made from 2006 – 2012, with the exceptions of 2011. The value of total trades made during this period amounted to $34,953,334. There have been no trades made after 2012 to present.

The following table summarizes the performance of the Government's Treasury Bills traded on the Regional Government Securities Market in 2016.

Table 18: Performance of Treasury bill traded on the RGSM during 2016

Date of Issue	Redemption Date	Amount	Value of Bids	Amount Accepted	No. of Bids Total	No. of Bids Successful	Interest Rate
		EC$m	EC$m				
7-Jan-16	8-Apr-16	25	26.8	25	8	8	4.820
12-Feb-16	13-May-16	25	36.9	25	16	6	0.996
14-Mar-16	13-Jun-16	25	35.8	**25**	16	11	3.460
11-Apr-16	11-Jul-16	25	43	25	19	7	2.000
18-May-16	17-Aug-16	25	37.8	25	14	9	3.450
14-Jun-16	14-Sep-16	25	37.9	**25**	16	13	3.900
13-Jul-16	12-Oct-16	25	35	25	14	12	2.980
17-Aug-16	17-Nov-16	25	42.1	25	16	8	1.990
14-Sep-16	15-Dec-16	25	32.3	**25**	17	4	2.970
13-Oct-16	13-Jan-17	25	40.5	25	19	11	1.980
18-Nov-16	20-Feb-17	28	32.1	28	12	12	4.800
19-Dec-16	21-Mar-17	28	52.5	28	11	11	2.500

Source: Ministry of Finance, CDIMU

XVI. SECURITY ISSUANCE PROCEDURES, CLEARING AND SETTLEMENT, REGISTRATION OF OWNERSHIP AND SECONDARY MARKET ACTIVITY

The Treasury bills will be issued and listed on the Regional Government Securities Market (RGSM). This market operates on the Eastern Caribbean Securities Exchange (ECSE) trading platform for both primary issuance and secondary trading. The pricing methodology to be used for selling the securities will be a Competitive Uniform Price 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), is responsible for facilitating clearance and settlement for securities allotted. The ECCSD ensures that funds are deposited to the issuing government's account. The ECSE, through the Eastern Caribbean Central Securities Registry (ECCSR), records and maintains ownership of government securities in electronic book-entry form. The ECCSR mails 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 are 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. A list of licensed intermediaries is provided in Appendix 1. 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 St Vincent and the Grenadines will be subject to the rules, guidelines and procedures developed by the Regional Debt Co-ordinating Committee (RDCC) for the operation of the market including ongoing reporting and disclosure requirements.

APPENDIX 1: LIST OF LICENSED ECSE MEMBER BROKER DEALERS

	MEMBER INTERMEDIARIES	
INSTITUTION	**CONTACT INFORMATION**	**ASSOCIATED PERSONS**
Grenada	No. 8 Church Street	**Principal**
Grenada Cooperative	St. George's	Aaron Logie
Bank Limited		Kishel Francis
		Representatives
		Carla Sylvester
		Keisha Greenidge
St. Kitts and Nevis	P.O. Box 343, Central Street	**Principals**
St. Kitts Nevis	Basseterre	Anthony Galloway
Anguilla National Bank		**Representatives**
	Tel: 869-465-2204	Petronella Edmeade-Crooke
	Fax: 869-465-1050	Angelica Lewis
	Email: national_bank@sknanb.com	Marlene Nisbett
The Bank of Nevis Ltd	P.O. Box 450, Main Street	**Principals**
	Charlestown	Brian Carey
		Representatives
	Tel: 869-469-5564/5796	Judy Claxton
	Fax: 869-469-5798	
	Email: info@thebankofnevis.com	
St. Lucia		**Principals**
Bank of St. Lucia Ltd	5th Floor, Financial Centre Building	Medford Francis
Investment Solutions Ltd	1 Bridge Street, Castries	Lawrence Jean
	Tel: 758-456-6826/457-7233	Cedric G. Charles
	Fax: 758-456-6733	**Representatives**
	Email: capitalmarkets@ecfhglobalinvestments.com	Deesha Lewis
First Citizens Investment		**Principals**
Services Limited	John Compton Highway	Arletta Huntly-Wells
	Sans Souci, Castries	Omar Burch-Smith
		Representatives
	Tel: 758-450-2662	Samuel Agiste
	Fax: 758-451-7984	Shaka St Ange
	Website: http://www.firstcitizensslu.com/	
	Email: invest@firstcitizensslu.com	
St. Vincent and the Grenadines		
Bank of St. Vincent & the Grenadines	P.O. Box 880	**Principals**
	Cnr. Bedford and Grenville Streets	Monifa Latham
	Kingstown	
		Representatives
	Tel: 784-457-1844	Patricia John
	Fax: 784-456-2612/451-2589	Laurent Hadley
	Email: info@bosvg.com	Chez Quow

APPENDIX 2: CENTRAL GOVERNMENT FISCAL OPERATIONS

Details	Budget 2016 $m	Actual Dec 31 2016 $m	Actual Dec 31 2015 $m	Percent Change '16
CURRENT REVENUE	**564.6**	**592.6**	**519.2**	**14.1**
Taxes on Income & Profits	138.5	155.8	129.7	20.1
Taxes On Property	38.7	45.1	29.0	55.5
Taxes on Goods & Services	159.7	152.1	153.0	-0.6
Taxes on Int'l Trade	142.4	145.1	132.3	9.7
Sale of Good & Services	64.1	60.9	57.6	5.7
Property Income	6.4	16.9	6.1	175.7
Other Revenue	14.8	16.7	11.4	46.2
TOTAL EXPENDITURE	**786.2**	**596.2**	**612.1**	**-2.6**
RECURRENT EXPENDITURE	**576.5**	**530.2**	**512.9**	**3.4**
Wages & Salaries	281.9	262.6	257.2	2.1
Use of Goods & Services	75.9	67.0	73.3	-8.5
Interest Payments	51.8	42.4	44.8	-5.4
Transfers	154.9	145.7	125.9	15.7
CAPITAL EXPENDITURE	**197.7**	**78.2**	**99.2**	**-21.2**
CAPITAL REVENUE AND GRANTS	**54.7**	**27.2**	**54.1**	**-49.7**
CURRENT BALANCE	**-23.9**	**74.5**	**6.2**	**-21.2**
PRIMARY BALANCE	**-115.0**	**66.3**	**6.0**	**999.9**
OVERALL BALANCE	**-166.9**	**23.5**	**-38.8**	**-160.6**

Source: Ministry of Finance, Economic Research and Policy Unit

APPENDIX 3: CENTRAL GOVERNMENT FISCAL OPERATIONS (percent GROWTH)

Details	Budget to June '17 $M	Actual June'17 $M	Actual June16 $M	Percent Change
CURRENT REVENUE	**273.1**	**270.5**	**270.7**	**-0.1**
Taxes on Income & Profits	64.7	72.5	69.1	5.0
Taxes on property	17.9	17.5	20.2	-13.3
Taxes of Goods & Services	84.3	79.3	79.4	-0.1
Taxes on International Trade	68.6	66.8	66.5	0.5
PROPERTY INCOME	**1.9**	**1.7**	**2.1**	**-15.5**
SALES OF GOODS & SERVICES	**30.3**	**28.8**	**27.8**	**3.3**
Other Revenue	**5.5**	**3.9**	**5.7**	**-31.9**
CAPITAL REVENUE & GRANTS	**11.9**	**7.4**	**7.8**	**-5.3**
CURRENT EXPENDITURE	**286.4**	**271.5**	**253.9**	**6.9**
Compensation of Employees	146.4	138.7	137.2	1.1
use of Goods & Services	32.6	30.1	28.2	6.7
Interest	27.4	22.7	21.0	8.4
Transfers	80.0	80.0	67.6	18.3
CAPITAL EXPENDITURE	**31.7**	**17.1**	**24.2**	**-29.1**
CURRENT BALANCE	**-13.3**	**-1.0**	**16.8**	**-106.1**
PRIMARY BALANCE	**-5.7**	**12.0**	**21.4**	**-44.0**
OVERALL BALANCE	**-33.1**	**-10.7**	**0.5**	**-2456.0**

Source: Ministry of Finance , Economic Research and Policy Unit

APPENDIX 4: BALANCE OF PAYMENTS

	2011	2012	2013 R	2014 R	2015 P
CURRENT ACCOUNT	(537.0)	(515.5)	(601.4)	(492.5)	(421.3)
GOODS AND SERVICES	(523.3)	(569.0)	(638.4)	(610.1)	(532.5)
Goods	(671.9)	(718.9)	(734.5)	(717.1)	(657.0)
Merchandise	(684.7)	(731.0)	(746.3)	(729.2)	(669.3)
Repair on goods	0.0	0.0	0.0	0.0	0.0
Goods procured in ports by carriers	12.7	12.0	11.8	12.1	12.4
Services	148.6	149.9	96.1	107.0	124.4
Transportation	(93.1)	(98.7)	(101.9)	(99.0)	(91.0)
Travel	212.1	217.2	211.2	214.6	222.4
Insurance Services	(18.2)	(21.1)	(22.6)	(23.2)	(21.8)
Other Business Services	53.7	59.7	22.4	27.6	28.2
Government Services	(6.0)	(7.1)	(12.9)	(13.1)	(13.3)
INCOME	(34.9)	(10.3)	0.1	(1.3)	(8.7)
Compensation of Employees	16.1	19.7	22.4	23.1	23.8
Investment Income	(51.1)	(30.0)	(22.3)	(24.5)	(32.5)
CURRENT TRANSFERS	21.3	63.7	36.8	119.0	119.8
General Government	(5.6)	30.0	11.3	76.6	77.4
Other Sectors	26.9	33.8	25.5	42.4	42.5
CAPITAL AND FINANCIAL ACCOUNT	478.9	570.8	728.7	563.3	458.0
CAPITAL ACCOUNT	104.3	91.7	53.0	79.9	66.9
Capital Transfers	104.3	91.7	53.0	79.9	66.9
General Government	100.5	88.0	49.3	76.0	77.4
Acquisition & Disposal of Non-Produced, Non-Financial Assets	-	-	-	-	-
FINANCIAL ACCOUNT	374.6	479.0	675.8	483.4	391.0
Direct Investment	231.2	310.8	430.8	295.5	325.0
Portfolio Investment	(8.6)	14.9	40.9	0.5	(40.9)
Other Investment	152.0	153.4	204.0	187.5	107.0
Public Sector Long Term Loans	31.9	(34.6)	137.3	72.2	(9.2)
Other Public Sector Capital	-	-	-	-	-
Commercial Banks	19.1	42.1	(19.5)	46.9	(0.3)
Other Assets	78.0	107.5	50.1	32.0	59.4
Other Liabilities	23.0	38.4	36.1	36.5	57.1
OVERALL BALANCE	(61.9)	56.6	64.8	62.0	41.4
FINANCING	61.9	(56.6)	(64.8)	(62.0)	(41.4)
Change in SDR Holdings	-	-	-	-	-
Change in Reserve Position with the IMF	-	-	-	-	-
Change in Government Foreign Assets	-	-	-	-	-
Change in Imputed Reserves	61.9	(56.6)	(64.8)	(62.0)	(41.4)

Source: ECCB Economic and Financial Review 2015

APPENDIX 5: MONETARY AGGREGATES

St. Vincent and the Grenadines Commercial Banks' Liabilities In Thousands of Eastern Caribbean Dollars			
	Dec-16	**Dec-15**	**Percent change**
1. NET FOREIGN ASSETS	**661,824**	**531,939**	24.4
1.1 Central Bank (Imputed Reserves)	516,242	444,805	16.1
1.1.1 Imputed Assets	543,869	469,252	15.9
1.1.2 Imputed Liabilities	27,627	24,447	13.0
1.2 Commercial Banks (net)	145,582	87,134	67.1
1.2.1 External (net)	67,945	4,384	1449.8
1.2.1.1 Assets	273,523	231,392	18.2
1.2.1.2 Liabilities	205,578	227,008	-9.4
1.2.2 Other ECCB Territories (net)	77,637	82,750	-6.2
1.2.2.1 Assets	197,523	200,265	-1.4
1.2.2.2 Liabilities	119,886	117,515	2.0
2. NET DOMESTIC ASSETS	**858,896**	**943,840**	**-9.0**
2.1 Domestic Credit	1,045,431	1,069,383	-2.2
2.1.1 Private Sector Credit	1,084,051	1,069,885	1.3
2.1.1.1 Households Credit	846,624	817,516	3.6
2.1.1.2 Business Credit	210,017	232,883	-9.8
2.1.1.2.1 Loans	210,017	232,883	-9.8
3. MONETARY LIABILITIES (M2)	**1,520,720**	**1,475,779**	**3.0**
3.1 MONEY SUPPLY (M1)	479,789	437,830	9.6
3.1.1 Currency with the Public	91,722	64,621	41.9
3.1.1.1 Currency in Circulation	124,421	91,217	36.4
3.1.1.2 Cash at Commercial Banks	32,699	26,596	22.9
3.1.2 Private Sector Demand Deposits	379,554	364,053	4.3
3.1.3 EC$ Cheques and Drafts Issued	8,513	9,156	-7.0
3.2 QUASI MONEY	**1,040,931**	**1,037,949**	**0.3**
3.2.1 Private Sector Savings Deposits	845,210	820,607	3.0
3.2.2 Private Sector Time Deposits	114,247	126,899	-10.0
3.2.3 Private Sector Foreign Currency Deposits	81,474	90,443	-9.9

Source: Monetary and Financial Statistics/ECCB

APPENDIX 6: SELECTED PUBLIC DEBT INDICATORS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
						(XCD $m)				
Total Public Debt	933.0	993.6	1104.1	1188.5	1233.2	1336.6	1445.8	1562.5	1593.4	1697.3
Total Central Gov't	722.5	731.3	836.7	986.6	1040.7	1140.0	1229.7	1348.8	1368.3	1365.7
Total Public Corporations	210.5	262.3	267.4	201.8	192.5	196.6	216.1	213.7	225.1	331.6
External Debt	464.9	518.3	559.0	734.8	764.9	738.1	809.5	887.7	921.6	1152.6
Central Government	381.6	423.6	457.1	623.1	668.0	652.7	728.7	811.2	844.3	898.4
Public Corporations	83.3	94.7	101.9	111.6	96.9	85.4	80.8	76.5	77.3	254.2
Domestic Debt	468.1	475.3	545.1	453.7	468.3	598.5	636.3	674.8	671.8	544.7
Central Government	340.9	307.7	379.6	363.5	372.7	487.3	501.0	537.6	524.0	467.3
Public Corporations	127.2	167.6	165.5	90.2	95.6	111.2	135.3	137.2	147.8	77.4
Private Guaranteed External Debt	12.0	12.0	16.8	15.2	15.2	16.6	19.5	24.5	25.2	26.7
Debt Servicing										
External	65.7	72.6	79.8	84.4	87.2	87.7	88.3	77.5	83.6	81.7
Central Government	61.2	66.2	70.7	71.7	74.6	72.7	72.7	60.8	62.9	65.1
Public Corporations	4.5	6.4	9.1	12.7	12.6	15.0	15.6	16.7	20.8	16.6
Domestic										
Central Government	40.9	41.7	52.8	64.8	47.2	48.7	58.1	72.0	72.8	95.7
(of which sinking fund)	9.0	5.2	6.0	12.0	6.0	4.0	5.5	7.6	7.6	12.1
GDP (at market price)	1846.9	1877.6	1822.1	1839.3	1825.5	1871.0	1947.0	1965.0	2039.0	2078.6
Current Revenue	430.4	489.5	544.8	490.0	462.5	472.6	491.3	535.2	519.1	589.4
Central Gov't Debt/GDP	39.1	38.9	45.9	53.6	57.0	60.9	63.2	68.6	67.1	65.7
Public Corporation Debt/ GDP	11.4	14.0	14.7	11.0	10.5	10.5	11.1	10.9	11.0	16.0
Total Debt/GDP (%)	50.5	52.9	60.6	64.6	67.6	71.4	74.3	79.5	78.1	81.7
External Debt/GDP (%)	25.2	27.6	30.7	39.9	41.9	39.4	41.6	45.2	45.2	55.5
Domestic Debt/GDP (%)	25.3	25.3	29.9	24.7	25.7	32.0	32.7	34.3	32.9	26.2
Central Govt Debt Service/Current Revenue (%)	25.8	23.1	23.8	30.3	27.6	26.5	27.7	26.2	27.6	29.3
External Debt Service/ Current Revenue (%)	15.3	14.8	14.6	17.2	18.9	18.6	18.0	14.5	16.1	13.9
Domestic Debt Service/ Current Revenue (%)	11.6	9.6	10.8	15.7	11.5	11.2	12.9	14.9	15.5	18.3
Guaranteed Debt/GDP (%)	12.0	14.6	15.6	11.8	11.4	11.4	12.1	12.1	12.3	17.2

Source: Ministry of Finance ,CDIMU

APPENDIX 7: GROSS DOMESTIC PRODUCT BY ECONOMIC ACTIVITY IN CURRENT PRICES 2012 – 2016 (EC$ Millions)

Industry	2012	2013	2014	2015 R	2016 Prel
Agriculture, Hunting & Forestry	**108.37**	**118.26**	**121.78**	**118.10**	**135.10**
Crops	89.16	98.10	102.16	99.25	115.68
Bananas	0.81	1.03	0.85	1.09	1.03
Other Crops	88.35	97.07	101.31	98.16	114.65
Livestock	18.27	19.23	18.71	17.97	18.55
Forestry	0.94	0.92	0.91	0.89	0.87
Fishing	**6.93**	**7.93**	**8.03**	**9.11**	**8.68**
Mining & Quarrying	**2.45**	**2.37**	**3.30**	**3.88**	**3.96**
Manufacturing	**80.21**	**86.19**	**95.87**	**98.34**	**96.03**
Electricity & Water	**66.29**	**65.00**	**62.63**	**72.54**	**69.35**
Electricity	52.13	51.30	49.12	56.79	53.21
Water	14.16	13.71	13.50	15.75	16.14
Construction	**134.59**	**145.05**	**128.18**	**137.99**	**135.86**
Wholesale & Retail Trade	**230.90**	**240.65**	**242.39**	**229.90**	**229.08**
Hotels & Restaurants	**42.80**	**47.21**	**42.92**	**46.63**	**44.76**
Hotels	30.38	35.21	31.00	33.66	31.84
Restaurants	12.42	12.00	11.92	12.97	12.92
Transport, Storage and communications	**220.57**	**224.80**	**221.49**	**223.03**	**229.11**
Transport and Storage	**148.93**	**149.47**	**148.95**	**151.41**	**155.56**
Road	110.65	110.53	110.59	107.93	110.57
Sea	13.61	13.47	13.37	13.85	14.58
Air	7.45	8.17	8.69	11.67	11.90
Supporting and auxiliary transport activities	17.22	17.31	16.31	17.97	18.52
Communications	***71.64***	***75.32***	***72.54***	***71.62***	***73.54***
Telecommunication	67.06	70.37	66.96	66.53	68.19
Postal & Courier Services	4.58	4.95	5.58	5.09	5.35
Financial Intermediation	**97.17**	**98.77**	**101.67**	**123.25**	**123.73**
Banks & Other Financial Institutions	62.42	62.79	63.85	77.57	77.70
Insurance and pension funding	31.08	29.74	30.95	36.25	36.51
Activities auxiliary to financial intermediation	3.67	6.24	6.87	9.43	9.52
Real Estate, Renting and Business Activities	**241.29**	**245.07**	**251.16**	**253.18**	**256.24**
Owner Occupied Dwellings	172.72	174.71	176.93	178.53	180.55
Real estate activities	29.26	29.56	29.89	30.13	30.44
Renting of machinery and equipment	7.07	7.04	7.01	6.82	7.24
Computer and related activities	5.85	5.94	5.96	5.98	5.99
Business Services	26.38	27.82	31.36	31.72	32.03
Public Administration, Defence &	**190.86**	**206.77**	**218.34**	**226.09**	**222.48**
Compulsory Social Security					
Central	181.45	196.82	208.18	215.54	211.93
Local	3.65	3.74	3.81	3.83	3.84
NIS	5.76	6.22	6.35	6.71	6.71
Education	**96.74**	**98.45**	**95.48**	**102.34**	**101.01**
Public	89.93	91.90	89.61	94.87	93.25
Private	6.81	6.56	5.87	7.46	7.76
Health and Social Work	**53.58**	**55.88**	**53.95**	**56.17**	**56.57**
Public	41.64	43.18	41.63	43.74	43.65
Private	11.95	12.70	12.33	12.43	12.92
Other Community, Social & Personal Services	**35.36**	**38.16**	**32.12**	**35.29**	**36.13**
Private Households with Employed Persons	**4.75**	**4.85**	**4.19**	**4.93**	**4.97**
Less FISIM	**20.33**	**17.21**	**17.63**	**19.39**	**19.85**
Gross Value Added at Basic Prices	**1,592.53**	**1,668.22**	**1,665.85**	**1,721.37**	**1,733.21**
GROWTH RATE	**2.40**	**4.75**	**-0.14**	**3.33**	**0.69**
Taxes on products	*279.38*	*280.12*	*298.72*	*318.73*	*346.43*
Less Subsidies	*0.95*	*1.08*	*1.08*	*1.08*	*1.08*
GDP at Market Prices	**1,870.96**	**1,947.26**	**1,963.49**	**2,039.02**	**2,078.56**
GROWTH RATE	**2.49**	**4.08**	**0.83**	**3.85**	**1.94**

Source: Statistical Office \ ECCB

APPENDIX 8: GROSS DOMESTIC PRODUCT BY ECONOMIC ACTIVITY IN CONSTANT (2006) PRICES 2012 – 2016 (EC$ Millions)

Industry	2012	2013	2014	2015 R	2016 Prel
Agriculture, Hunting & Forestry	**83.44**	**88.39**	**90.86**	**86.96**	**93.65**
Crops	65.00	69.41	72.27	69.28	75.77
Bananas	1.42	1.54	1.26	1.99	1.87
Other Crops	63.59	67.87	71.00	67.29	73.90
Livestock	17.61	18.17	17.80	16.91	17.14
Forestry	0.83	0.81	0.79	0.78	0.74
Fishing	**5.23**	**5.58**	**5.71**	**6.20**	**5.38**
Mining & Quarrying	**2.28**	**2.03**	**3.30**	**3.06**	**3.12**
Manufacturing	**61.02**	**58.55**	**62.07**	**63.04**	**64.39**
Electricity & Water	**58.72**	**58.46**	**57.80**	**59.70**	**61.84**
Electricity	44.34	44.02	43.87	45.62	47.42
Water	14.38	14.43	13.92	14.08	14.43
Construction	**115.84**	**123.48**	**109.04**	**118.56**	**117.68**
Wholesale & Retail Trade	**217.87**	**225.21**	**226.41**	**218.59**	**218.03**
Hotels & Restaurants	**34.21**	**33.11**	**32.05**	**33.31**	**33.37**
Hotels	23.24	22.55	21.58	23.01	23.11
Restaurants	10.97	10.57	10.46	10.30	10.26
Transport, Storage & Communication	**209.97**	**208.57**	**208.38**	**204.02**	**205.84**
Transport, Storage	**155.67**	**155.20**	**154.81**	**153.92**	**154.28**
Road	113.46	114.13	114.54	111.42	110.04
Sea	16.25	15.95	15.80	16.37	17.23
Air	1.71	1.63	1.58	1.70	1.77
Supporting and auxiliary transport activities	24.26	23.49	22.89	24.43	25.24
Communications	**54.31**	**53.37**	**53.57**	**50.11**	**51.56**
Telecommunication	51.95	51.26	51.31	47.74	49.11
Postal & Courier Services	2.36	2.11	2.26	2.37	2.45
Financial Intermediation	**99.33**	**102.00**	**105.19**	**108.44**	**108.58**
Banks & Other Financial Institutions	67.91	70.19	72.75	71.87	71.71
Insurance and pension funding	28.39	28.14	28.43	32.87	33.09
Activities auxiliary to financial intermediation	3.04	3.67	4.02	3.70	3.77
Real Estate, Renting & Business Services	**231.56**	**234.62**	**236.41**	**240.55**	**243.52**
Owner Occupied Dwellings	168.58	170.52	172.68	174.25	176.22
Real estate activities	28.56	28.85	29.18	29.41	29.71
Renting of machinery and equipment	7.60	7.50	7.46	7.25	7.70
Computer and related activities	3.92	3.95	3.96	3.96	3.97
Business services	22.91	23.80	23.14	25.67	25.93
Public Administration, Defence and	**159.10**	**169.59**	**179.57**	**181.21**	**178.71**
Compulsory Social Security					
Central	151.17	161.56	170.88	172.27	169.73
Local	2.77	2.88	2.90	2.81	2.86
NIS	5.15	5.15	5.78	6.13	6.13
Education	**66.16**	**67.94**	**65.61**	**69.38**	**69.91**
Public	61.21	62.73	60.39	62.73	63.49
Private	4.95	5.21	5.23	6.65	6.42
Health and Social Work	**44.87**	**44.50**	**42.91**	**43.75**	**44.03**
Public	34.69	35.44	34.17	35.03	34.97
Private	10.18	9.06	8.75	8.72	9.06
Other Community, Social & Personal Services	**32.17**	**32.00**	**33.00**	**33.91**	**34.89**
Private Households with Employed Persons	**3.41**	**3.50**	**3.43**	**3.46**	**3.42**
Less FISIM	**17.18**	**14.47**	**14.94**	**14.90**	**15.20**
Gross Value Added at Basic Prices	**1,408.01**	**1,443.08**	**1,446.78**	**1,459.26**	**1,471.16**
GROWTH RATE	**1.30**	**2.49**	**0.26**	**0.86**	**0.82**
Taxes on products	*247.01*	*242.32*	*259.43*	*270.19*	*294.05*
Less Subsidies	*0.84*	*0.93*	*0.93*	*0.91*	*0.91*
GDP at Market Prices	**1,654.18**	**1,684.47**	**1,705.28**	**1,728.54**	**1,764.29**
GROWTH RATE	**1.39**	**1.83**	**1.24**	**1.36**	**2.07**

Source: Statistical Office \ ECCB