



PROSPECTUS

FOR TREASURY BILL ISSUES
FOR THE PERIOD
December 2019- November 2020

BY THE GOVERNMENT OF
ST. VINCENT AND THE GRENADINES

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September 2019

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ABSTRACT

During December 2019 to November 2020, 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

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Ms. Debbie Antoine, Accountant General
Mr. Harold Lewis, Debt Manager

Date of Publication: September 2019

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 \$28,000,000.00 91-day Treasury Bills during the period December 2019 to November 2020. 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	Interest Rate Ceiling	Tenor	Auction Date	Settlement Date	Maturity date
VCG071226	VCB071226	Treasury Bond	\$25.0 (5)M	7.00%	7 Years	December 12, 2019	December 13, 2019	December 13, 2026
VCB200320	VCB200320	Treasury Bill	\$28.0 M	4.82%	91 Days	December 19, 2019	December 20, 2019	March 20, 2020
VCB220420	VCB220420	Treasury Bill	\$28.0 M	4.82%	91 Days	January 21, 2020	January 22, 2020	April 22, 2020
VCB190520	VCB190520	Treasury Bill	\$28.0 M	4.82%	91 Days	February 17, 2020	February 18, 2020	May 19, 2020
VCB230620	VCB230620	Treasury Bill	\$28.0 M	4.82%	91 Days	March 23, 2020	March 24, 2020	June 23, 2020
VCB240720	VCB240720	Treasury Bill	\$28.0 M	4.82%	91 Days	April 23, 2020	April 24, 2020	July 24, 2020
VCB210820	VCB210820	Treasury Bill	\$28.0 M	4.82%	91 Days	May 21, 2020	May 22, 2020	August 21, 2020
VCB240920	VCB240920	Treasury Bill	\$28.0 M	4.82%	91 Days	June 24, 2020	June 25, 2020	September 24, 2020
VCB191020	VCB191020	Treasury Bill	\$28.0 M	4.82%	91 Days	July 17, 2020	July 20, 2020	October 19, 2020
VCB241120	VCB241120	Treasury Bill	\$28.0 M	4.82%	91 Days	August 24, 2020	August 25, 2020	November 24, 2020
VCB291220	VCB291220	Treasury Bill	\$28.0 M	4.82%	91 Days	September 28, 2020	September 29, 2020	December 29, 2020
VCB190121	VCB190121	Treasury Bill	\$28.0 M	4.82%	91 Days	October 19, 2020	October 20, 2020	January 19, 2021
VCB250221	VCB250221	Treasury Bill	\$28.0 M	4.82%	91 Days	November 25, 2020	November 26, 2020	February 25, 2021

Source: DMU, 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.** The Government of St. Vincent and the Grenadines has been maintained a rating of B3 stable by Moody's Investor Services on 24th April 2019
- k.** The Treasury Bills will be issued on the Regional Government Securities Market (RGSM) and traded on the Eastern Caribbean Securities Exchange (ECSE).
- l.** Investors can participate in the issue through the services of any of the Licensed Intermediaries who are members of the Eastern Caribbean Securities Exchange.

The Current List of Licensed Intermediaries 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 December 2019 to November 2020 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, 2018 improved when compared to the previous year. Primary balance moved from a surplus of \$5.16 million in 2017 to \$17.30 million in 2018 occasioned by a decline of 19.3 percent in capital expenditure and buttressed by a concomitant increase in current revenue of 0.7 percent. As a consequence, an overall deficit of \$34.80 million was realised in 2018 compared to a deficit of \$44.60 million in 2017.

Total public debt¹ as at the end of 2018 stood at \$1.656 billion or 75.6 percent of GDP². Central Government total debt amounted to \$1.404 billion or 64.1 percent of GDP while Government Guaranteed debt amounted to \$252.2 million or 11.5 percent of GDP. Central Government debt comprised 84.8 percent of total debt while the remaining 15.2 percent was debt owed by Public Corporations and guaranteed by the government (Government Guaranteed debt).

Preliminary data for 2018 indicates a moderate growth in real output of 2.0 percent. The improvement in economic activity was influenced mainly by developments in the tourism, manufacturing, wholesale & retail and fishing sectors. The second largest contributor to gross value added (of 15.2 percent) was the wholesale & retail trade sector. The sector grew by 5.7 percent on account of expansion in domestic activity evidenced by the 7.2 percent increase in merchandise imports during the period.

¹ Total Public Debt includes central government, government guarantee and private debt.

² Preliminary Gross Domestic Product (GDP) for 2019 is 2190.5

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) 2018-2020 has been published on the Government's website. The Strategy is reviewed annually and the latest revision (2019-2021) is awaiting publication.

The Eastern Caribbean Central Bank (ECCB) conducts Annual and Semi- Annual 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.³

VII. MACRO-ECONOMIC PERFORMANCE

Overview of Economic Growth

Preliminary data for 2018 indicates a moderate growth in real output of 2.0 percent. The improvement in economic activity was influenced mainly by developments in the tourism, manufacturing, wholesale & retail and fishing sectors. The second largest contributor to gross value added (of 15.2 percent) was the wholesale & retail trade sector. The sector grew by 5.7 percent on account of expansion in domestic activity evidenced by the 7.2 percent increase in merchandise imports during the period.

The agriculture sector recorded a 0.6 percent increase in gross value added. The marginal improvement resulted from increased production of other crops which benefited from improved weather conditions and greater support from the Ministry of Agriculture. The manufacturing sector recorded a 6.9 percent increase in gross value added. The improvement resulted from increased production of galvanise reflecting greater demand for building supplies in hurricane-affected islands. The contribution of the real estate renting and business services sector increased marginally in 2018 to 16.5 percent indicative of the limited activity in the sector.

The hotels and restaurants sector, proxied by visitor arrivals, saw buoyant growth at 8.1 percent following a decline of 6.9 percent in 2018. The 2018 performance reflected the increase in international flights to the country. Meanwhile, continued spending on construction related activities such as the Regional Disaster Vulnerability Recovery Project, Geothermal Project and various private sector projects accounted for the increase in growth in the construction sector. The fishing sector also improved significantly partly on account of new markets for fish as a result of the opening of the Argyle International Airport.

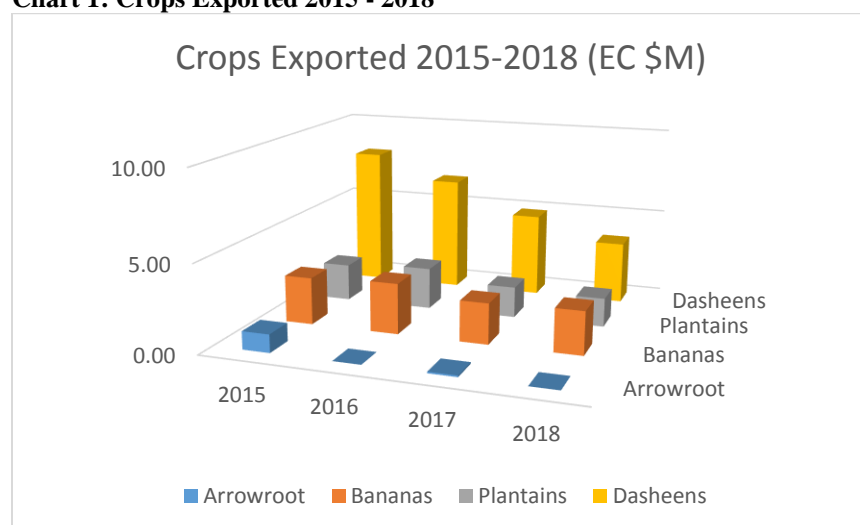
³ The latest Audited Report was for fiscal year 2010 and was laid before the Parliament on April 2, 2014.

Sectoral Developments

Agriculture

Real output in the agriculture sector increased marginally, growing at a rate of 0.6 percent in 2018. The improvement in the agriculture sector's performance resulted mainly from a 1.0 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 contributing to overall growth of the sector. Contrastingly, banana production continued to decline (at a rate of 12.8 percent) as exports remained limited to the CARICOM region. Output from the forestry sub-sector also fell by 2.0 percent during the period. The fishing sector strengthened significantly (by 39.4 percent) as a result of increased fish landings attributed to increased markets for fish with the opening of the Argyle International Airport.

Chart 1: Crops Exported 2015 - 2018



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, animal feeds and construction material, particularly galvanise. The sector's contribution to gross value added stood at 4.4 percent reflecting a marginal (0.2 percent) increase compared to 2017. Real output in the sector is estimated to have expanded by 6.9 percent in 2018, relative to growth of 1.6 percent in 2017. The growth in economic activity in the manufacturing sector was on account of a significant boost in the production of galvanise (61.3 percent) to meet the demand from islands affected by Hurricanes Irma and Maria in 2017. In contrast, brewery production remained flat while flour, feeds and packaging material fell by 14.1

percent, 5.4 percent and 33.4 percent, largely reflecting increasing regional competition in these markets.

Tourism

Value added in the tourism sector, as proxy by hotels and restaurants, improved significantly by 8.1 percent in 2018 after a reduction of 6.9 percent in 2017. This resulted from a marked increase in Canadian and United States visitors of 12.7 percent and 11.7 percent respectively, while Caribbean arrivals fell by 4.8 percent. The United States and Europe are currently two of the major market sources of the destination with 11.7 percent and 4.9 percent respectively. Despite the decrease of 4.8 percent, visitor arrivals from the Caribbean still remains a major market source.

Table 3: Visitor Arrivals by Visitor Type

VISITOR TYPE	JAN- DEC 2018	JAN- DEC 2017	ACTUAL CHANGE	% CHANGE
	BY AIR			
STAY-OVER	80,080	76,485	3,595	4.7
SAME-DAY	1,287	1,485	(198)	(13.3)
SUB TOTAL	81,367	77,970	3,397	4.4
BY SEA				
YACHT	56,826	51,351	5,475	10.7
CRUISE SHIP	217,876	174,236	43,640	25.0
SUB TOTAL	274,702	225,587	49,115	21.8
TOTAL	356,069	303,557	52,512	17.3

Source: Ministry of Tourism

Visitors travelling by air registered an increase of 4.4 percent while those arriving by sea recorded an increase of 21.8 percent. Total visitor expenditure was estimated to have risen by approximately 9.8 percent from EC\$256.78 million in 2017 to EC\$281.84 million in 2018.

Total visitor arrivals increased by 17.3 percent to 356,069 in 2018, reflecting growth in stay-overs and cruise passengers, while the same-day visitors' category continued its decline by 13.3 percent. Stay over arrivals registered an increase of 4.7 percent. Arrivals from St. Lucia and Trinidad and Tobago, which are key CARICOM markets, decreased by 1.4 percent and 3.1 percent respectively. Cruise arrivals grew by 25.0 percent following a 75.0 percent increase in 2017. The number of cruise ships calls decreased from 280 calls in 2017 to 261 calls in 2018. The yachting sub-category, a small but growing segment, improved by 10.7 percent in 2018. Bequia continues to be the main port of entry for yachts; accounting for approximately 55.9 percent of visitors arriving via yachts.

Construction

Growth in the construction sector expanded by 2.5 percent in 2018 largely due to spending on construction related activities such as the Regional Disaster Vulnerability Recovery Project, Geothermal Project and various private sector projects. In line with increased construction activity, mining and quarrying grew by 2.3 percent in 2018.

Medium Term Growth Outlook

Over the medium term, 2019-2022, real economic activity is projected to grow at an average of 2.9 percent per annum. This outlook is expected to be supported by buoyant economic activity in the construction, tourism and fishing along with slower growth in wholesale & retail, transportation, agriculture and manufacturing.

The agriculture sector is projected to grow modestly, averaging 2.5 percent over the medium term. Growth in banana production is anticipated to decline in the medium term as the country faces increased competition from regional exporters in key markets. The other crops and livestock subsectors are forecasted to grow consistently over the period with initiatives aimed at specific root crops expected to favour the production of other crops.

The tourism sector is expected to get a boost in activity over the medium term, with growth averaging 8.2 percent per annum. It is anticipated that stayover visitors will increase substantially upon the completion and opening of hotels currently under construction, as well as continued increase in scheduled international flights over the period. Cruise tourism is expected to plateau out to a modest constant growth of 5.0 percent. Value added in the construction sector is forecasted to increase throughout the medium term at 8.2 percent yearly with the expected port development and investment in tourism. In addition, a number of other projects in the Public Sector Investment Programme (PSIP) pipeline, including the Regional Disaster Vulnerability Reduction Project, the construction of secondary village and feeder roads and the Black Sand Resort Project are expected to contribute to growth in the sector.

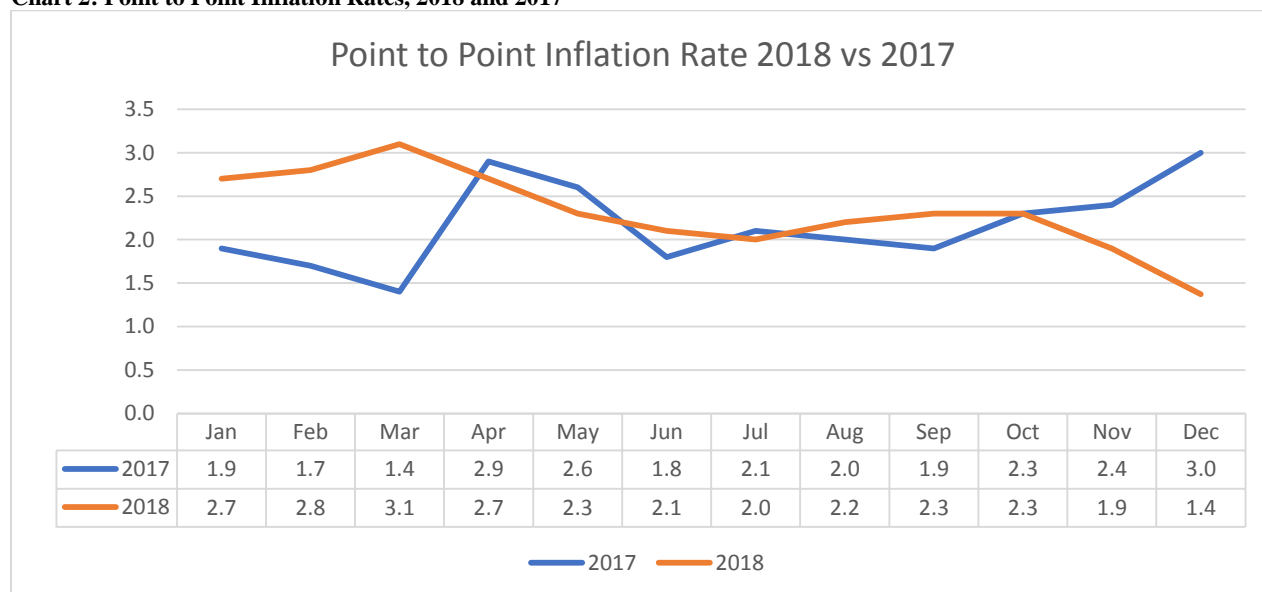
Growth in the wholesale and retail trade sector is expected to improve steadily at an average of 2.5 percent per annum based on the anticipated improvement in the domestic economic activity. The

manufacturing sector is expected to grow moderately at an average of 1.3 percent over the medium term mainly on account of increased demand for flour and reeds regionally.

Inflation

The annual average point-to-point inflation rate, as measured by the change in the consumer price index, averaged 2.3 percent in 2018 compared with the recorded average of 2.2 percent in 2017. The “point-to-point” inflation rate recorded positive values throughout the year which was indicative of inflationary pressure in the domestic economy (see chart 2). The accumulated inflation rate for the period was recorded at 4.3 percent compared to 3.0 percent for the year 2017.

Chart 2: Point to Point Inflation Rates, 2018 and 2017



Source: Statistical Office, Ministry of Finance and Planning

The “All Items” index registered an average of 110.4 for the year, with the highest level (111.0) recorded in the month of October and the lowest level (109.4) recorded in the month of February. The “alcoholic beverages, tobacco & narcotics” index recorded an increase of 3.5 percent in the price level on account of the 14.4 percent increase in the price of vodka and increases in the prices of several other alcoholic beverages. Similarly, the “transport” index rose by 3.3 percent on account of increases in the prices for brake fluid, diesel, petrol and increased cost for passenger airfare. Eight other groups experienced moderate increases, including “housing, water, electricity, gas and other fuels” and “recreation and culture”.

In contrast two groups registered declines over the review period, the greater being the “food and non-alcoholic beverages” index which declined by 0.3 percent. This was on account of lower prices for several food items including garlic, salami, barbeque sauce etc. The “clothing and footwear” group index registered a decline of 0.2 percent due to a reduction in the price of textile material, such as cotton, jacquard cotton and khaki.

BALANCE OF PAYMENTS⁴

The Current Account

Preliminary data points to a deterioration in the current account deficit which increased to \$267.68 million (or 12.2 percent of GDP) in 2018 from \$257.09 million (or 12.0 percent of GDP) in 2017 influenced mainly by developments in the goods and services account. The merchandise trade deficit expanded by 9.9 percent to \$731.24 million on account of higher merchandise imports. On the services account, net inflows increased by 20.1 percent to \$366.82 million largely attributed to increased inflows in construction services and other business services as inflows from travel services increased.

A 0.6 percent increase in the surplus on secondary income which moved from \$118.15 million in 2017 to \$118.85 million in 2018 along with 45.4 percent increase in the deficit in primary income which moved from \$15.20 million in 2017 to \$22.10 million in 2018 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 of investment income, while the increase in the secondary income account was primarily due to a small increase 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 \$206.33 million in 2017 to a surplus of \$23.49 million in 2018. 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 \$244.18 million (11.1 percent of GDP). This was \$193.42 million more than the net borrowing position of \$50.76 million (2.3 percent of GDP) recorded in 2017.

⁴ Preliminary data from the statistics department

The financial account recorded a net borrowing position of \$187.97 million for 2018. This represents an increase of \$42.85 million when compared to the net borrowing position of \$145.12 million recorded in 2017. The main driver of this increase was due to a decrease in the net lending position of portfolio investment and other investment in the financial account. The net borrowing position on the balance from the current and capital account of \$244.18 million was financed by a net borrowing position on the financial account of \$187.97 million. This gave rise to a net errors and omissions item of \$56.2 million. Net errors and omissions occur when a 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 grew by 3.3 percent to \$117.94 million, reflecting an increase in domestic exports. Domestic exports went up by 6.8 percent due to a substantial increase (56.0 percent) in the export of manufactured goods. Meanwhile, re-exports fell by 18.5 percent mainly attributed to the decline in the re-export of machinery and transport equipment (31.9 percent). This was partially offset by increases in the export of manufactured goods and food and live animals etc. Import payments (f.o.b) rose by 7.1 percent to \$954.8 million, mainly attributable to a 63.8 percent increase in the value of mineral fuel imports.

GOVERNMENT FISCAL OPERATIONS

The Central Government fiscal operations for the year ending December 31, 2018 improved when compared to the previous year. Primary balance moved from a surplus of \$5.16 million in 2017 to \$17.30 million in 2018. This was supported by a 19.3 percent decline in capital expenditure mainly reflecting the repurchase of shares in the Bank of St. Vincent and the Grenadines in 2017 and an increase in current revenue of 0.7 percent. As a consequence, an overall deficit of \$34.80 million was realised in 2018 compared to a deficit of \$44.60 million in 2017.

Total revenue including grants amounted to \$637.05 million in 2018. Revenue collected from direct taxes decreased by 2.2 percent to \$147.81 million while indirect taxes rose by 0.6 percent to \$366.42 million.⁵ Non-tax revenue also grew, moving from \$79.49 million to \$85.11 million, largely as a result of greater collections from customs service charges in 2018 which increased by 10.0 percent to \$40.40 million. Capital revenue and grants accounted for \$40.65 million of total revenue in 2018, compared with \$50.46 million in 2017, lower grant receipts in 2018 and substantial proceeds from land sales in 2017 accounted for the majority of the difference. Spending on recurrent expenditure items went up by 1.5 percent in 2018 mainly on account of a 2.6 percent increase in compensation of employees, while capital expenditure contracted by 19.3 percent. The net effect is a 2.2 percent decline in total expenditure.

Table 3: Summary of fiscal operations for the year ended December 31, 2018

Details	Budget	Actual	Actual	percent
	2018	Dec 31 2018	Dec 31 2017	Change '18
	\$m	\$m	\$m	
CURRENT REVENUE	621.7	596.4	592.2	0.7
Taxes on Income & Profits	155.8	147.8	151.1	(2.2)
Taxes on Property	50.0	37.4	56.1	(33.3)
Taxes on Goods & Services	170.1	163.9	158.3	3.6
Taxes on Int'l Trade	151.9	162.1	147.3	10.1
Sale of Good & Services	67.0	66.9	62.2	7.6
Property Income	11.7	7.1	7.9	(10.0)
Other Revenue	15.3	11.0	9.3	18.5
TOTAL EXPENDITURE	834.1	671.8	687.3	(2.2)
RECURRENT EXPENDITURE	617.4	573.0	564.7	1.5
Compensation of Employees	302.7	288.1	280.8	2.6
Use of Goods & Services	82.6	76.7	78.1	(1.9)
Interest Payments	60.2	52.1	49.8	4.7
Transfers	172.0	156.1	156.0	0.0

⁵ 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.

CAPITAL EXPENDITURE	216.7	98.9	122.6	(19.3)
CAPITAL REVENUE AND GRANTS	63.5	40.6	50.5	(19.4)
CURRENT BALANCE	4.3	23.4	27.5	(14.8)
PRIMARY BALANCE	(88.7)	17.3	5.2	235.5
OVERALL BALANCE	(148.9)	(34.8)	(44.6)	22.0

Source: Ministry of Finance, ERPU

Revenue

Current revenue which is generated from a mix of direct and indirect taxes amounted to \$596.40 million in 2018, representing a 0.7 percent increase when compared with the previous year. Tax receipts from the various categories turned in mixed performances when compared to the previous year. In 2018 revenue from taxes on income and profits decreased by 2.2 percent to \$147.81 million due to lower collections from individuals (4.0 percent) and corporation (3.2 percent). These performances partly reflect the impact of some of the 2018 revenue measures which resulted in a reduction in the standard corporate tax rate and the top marginal rate of personal income tax from 32.5 percent to 30 percent and an increase in the tax threshold from \$18,000 to \$20,000 (effective January 2018).

Revenue from taxes on goods and services, which totalled \$163.92 million, increased by 3.6 percent during the period. This was mainly as a result of a 5.5 percent increase in revenue from VAT, on account of the 1.0 percentage point increase in rate (effective May, 2017) and an uptick in domestic business activities. Higher receipts from excise duty on imports (1.6 percent), insurance premium tax (14.0 percent), motor vehicle licence (3.5 percent) and yacht licence (30.4 percent) also contributed to the increase in revenue from this tax type. Meanwhile, receipts from excise duty on domestic transactions and merchant shipping international fees fell by 11.1 percent and 6.6 percent, respectively.

Revenue from taxes on international trade increased by 10.1 percent to \$162.14 million. This was occasioned by higher receipts from import duty, vehicle surtax and VAT, these increased by 10.8

percent, 46.6 percent and 6.9 percent respectively. These performances were mainly impacted by the 6.6 percent increase in the value of merchandise imports during the period along with the 1.0 percent percentage point increase in rate (effective May 1, 2017).

Revenue from sale of goods and services grossed \$66.94 million; this represents a 7.6 percent improvement over the amount collected in 2017. This was mainly due to increased takings from customs service charge which rose by 10.0 percent largely as a result of the above-mentioned growth in merchandise imports. Additionally, receipts from drivers licence increased by 9.4 percent. These performances were however moderated by the lower receipt of business registration fees, as this item decreased by 41.7 percent during the period.

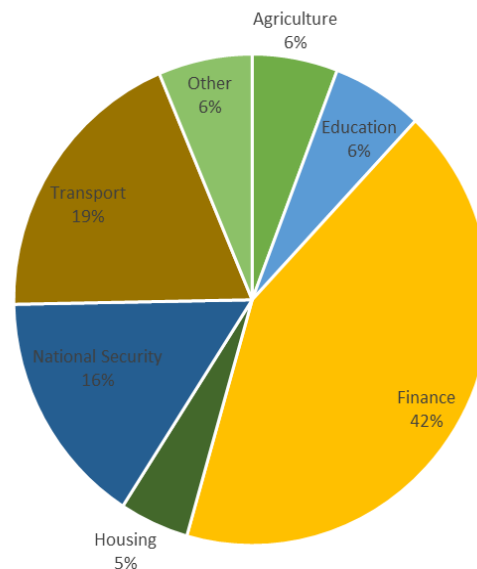
Capital inflows as at December 31, 2018, amounted to \$40.65 million, down 19.4 percent from the amount collected during the corresponding period in 2017. This was due to a fall in revenue from capital grants (11.1 percent) and lower land sales (83.5 percent).

Expenditure

As at December 31, 2018 recurrent expenditure amounted to \$572.96 million compared to \$564.73 million for the previous year, representing a 1.5 percent increase over 2017. Spending on the Central Government Wage Bill was 2.6 percent greater than for the same period in 2017 mainly reflecting the changes in increments and allowances during the period. Expenditure on transfers remained flat at \$156.10 million due to mixed outcomes in subcategories. Current grants to other agencies increased by 9.7 percent from \$50.25 million to \$55.13 million. Outlays on employment related social benefits (3.2 percent) and social assistance benefit (5.2 percent) declined. Spending on goods & services decreased by 1.9 percent to \$76.67 million as government expended lower amounts on loan charges. Capital expenditure fell by 19.3 percent to \$98.89 million (or 4.5 percent of GDP) in 2018 from \$122.56 million (or 5.7 percent of GDP) in 2017. Chart 3 below reflects Capital Expenditure by Ministry.

A significant share of capital spending was directed towards the capitalization of the Contingency Fund which accounted for the majority (36.0 percent) of expenditure in the Finance Ministry. Considerable amounts (30.4 percent) were also spent on the Regional Disaster and Vulnerability Reduction Project and much of the spending on the transportation sector was associated with the construction and rehabilitation of various roads. The 16.0 percent expenditure in the National Security Ministry was largely related to the Geothermal Development Project.

Chart 3: Public Sector Capital Expenditure 2018



Source: Ministry of Finance, ERPU

Financing

Below is a summary of the Central Government financing for the year ended December 31, 2018 with comparative figure for the same period in 2017.

Table 5: Central Government Financing 2018

	Actual 2018	Actual 2017
OVERALL BALANCE	(34.8)	(44.6)
<u>FINANCING</u>		
NET EXTERNAL	(43.7)	(36.5)
Loan Disbursement	19.9	28.2
Loan Amortisation	(63.6)	(64.7)
NET DOMESTIC	(78.52)	81.1
Loan Disbursement	130.1	163.1
Loan Amortisation	(66.9)	(51.6)
Sinking Fund Contribution	(22.2)	(14.0)
Change in Cash	(24.0)	21.1
Other Domestic	13.6	(4.7)

Source: Ministry of Finance, ERPU

Fiscal Outturn as at June 30, 2019

The Central Government fiscal operations for the first half of 2019 worsened when compared to the same period in 2018. Current revenue increased by 5.3 percent to \$283.25 million, while current expenditure grew by 6.8 percent to \$295.28 million. Consequently, the current balance recorded a deficit of \$12.03 million, compared to a deficit of \$7.68 million recorded for the same period in 2018. Capital expenditure for the period amounted to \$16.23 million, up from the \$11.97 million recorded for the same period in 2018. During the period under review, the overall balance deteriorated moving from a deficit of \$4.29 million in 2018 to a deficit of \$20.65 million in 2019 reflecting the increase in current and capital expenditures.

Table 4: Summary of Fiscal Outturn June 2019 compared with June 2018

Details	Budget	Actual	Actual	percent
	2019	June 30 2019	June 30 2018	Change '19
	\$m	\$m	\$m	
CURRENT REVENUE	298.4	283.2	268.9	5.3
Taxes on Income & Profits	72.1	65.3	64.7	0.9
Taxes On Property	16.2	11.5	9.3	23.1
Taxes on Goods & Services	92.3	87.9	81.0	8.6
Taxes on Int'l Trade	78.7	75.7	76.1	(0.6)
Sale of Good & Services	33.1	31.0	32.3	(4.0)
Property Income	0.8	5.3	1.3	311.6
Other Revenue	5.3	6.6	4.2	57.7
TOTAL EXPENDITURE	363.2	311.5	288.5	8.0
RECURRENT EXPENDITURE	316.9	295.3	276.6	6.8
Compensation of Employees	158.3	151.1	142.7	5.8
Use of Goods & Services	37.0	32.6	29.6	10.2

Interest Payments	32.2	25.9	25.6	1.0
Transfers	89.3	85.7	78.6	9.0
CAPITAL EXPENDITURE	46.3	16.2	12.0	35.6
CAPITAL REVENUE AND GRANTS	14.3	7.6	15.4	(50.5)
CURRENT BALANCE	(18.4)	(12.0)	(7.7)	(56.7)
PRIMARY BALANCE	(18.2)	5.2	21.3	(75.5)
OVERALL BALANCE	(50.4)	(20.7)	(4.3)	(381.8)

Source: Ministry of Finance, ERPU

The major categories of tax revenue increased during the first half of 2019 except for taxes on goods & services which declined marginally. Receipts from taxes on income and profits increased marginally by 0.9 percent to \$65.28 million, this was due to higher collections from personal income tax (0.5 percent) and non-resident taxes (22.5 percent) as receipt from corporation tax decreased during the period. Intake from taxes on property grew by 23.1 percent to \$11.46 million during the period. This was mainly the result of higher receipts from stamp duty on property and Alien Land Holding Licence. Collections from taxes on goods and services increased by 8.6 percent to \$87.91 million. This was mainly as a result of a \$5.80 million collected during the period for telecommunications and broadcast licence. Additionally, revenue from value added tax increased by 9.5 percent to \$47.79 million reflecting an uptick in domestic business activities. Revenue from international trade taxes declined marginally by 0.6 percent, to \$75.68 million. Capital revenue and grants as at June 2019 amounted to \$7.60 million, down 50.5 percent from the amount collected in the corresponding period in 2018 mainly due to an amount of \$9.00 million recorded as other capital receipts, during the period.

In 2019, current expenditure grew by 6.8 percent to \$295.28 million on account of higher outlays on all major categories of expenditure. Payment of wages and salaries amounted to \$144.36 million and the employer's social security contribution to \$6.72 million. The 5.8 percent increase in spending on wages and salaries was mainly due to the 1.5 percent salary increase paid to public servants on top of the 1.0 percent for the period July-December 2018. Interest payments increased during the period by 1.0 percent to \$25.89 million, as a result of higher payments on the external

component which is reflective of the increase in the level of the external debt stock. Outlays on transfers increased by 9.0 percent to \$85.66 million mainly due to higher amounts expended on pension benefits (8.5 percent). Grants to other agencies and social welfare payments also increased by 7.4 percent and 5.2 percent, respectively. Investment in capital expenditure stood at \$16.22 million, an increase of 35.6 percent from the comparable period in 2018. Capital spending, though improved, remains relatively low mainly because of slow processing of journals to account for expenditure and similarly slow implementation rate of some projects.

MONEY AND CREDIT

The total monetary liabilities (M2) of the banking system grew by 1.7 percent to \$1,565.1 million during 2018. The expansion in M2 reflected mainly developments in narrow money, which grew by 8.4 percent to \$515.97 million, reflecting a continued preference for more liquid deposits. The expansion was largely driven by currency with the public, which rose by 11.7 percent to \$107.1 million.

The proportion of Quasi money fell from 69.1 percent in 2017 to 67.0 percent in 2018. In 2018 Quasi Money fell marginally by 1.3 percent to \$1,049.2 million, primarily on account of reductions in private sector foreign currency deposits (12.2 percent). Domestic credit increased by 1.5 percent to \$1,107.3 million during 2018, after growing by 4.4 percent during 2017. This increase reflected an increased demand for credit by the household private sector, along with higher lending to the Central Government.

Private sector credit rose by 0.2 percent during 2018 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 2.3 percent during the period. Conversely, loans extended to businesses declined by 12.6 percent to \$162.9 million, and the Central Government's net indebtedness increased by 11.7 percent to \$106.3 million in 2018.

An analysis of the distribution of bank credit by economic activity revealed that outstanding loans declined by 0.7 percent to \$1,222.7 million during 2018, following a 2.6 percent growth recorded during 2017. The contraction in credit was mainly attributable to declines of 18.3 and 39.9 percent in the manufacturing and tourism sectors respectively. Credit to other sectors such as the Distributive Trade, Transport and Agriculture also experienced contractions in credit. Activities in

the category of personal lending increased with growth of 1.6 percent. Within the personal sector category, credit extended to home construction and renovation increased by 1.5 percent.

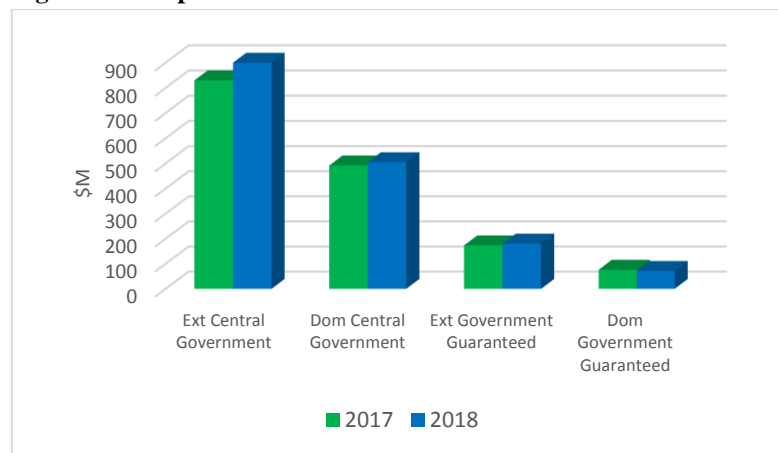
Net foreign assets of the banking system fell by 1.4 percent to \$599.1 million in 2018, up from the 7.6 percent decline realised during 2017. This contraction was fuelled by a 6.6 percent fall in the imputed share of reserves of St Vincent and the Grenadines held at the Central Bank while Commercial Bank net foreign assets increased by 19.3 percent increase.

Liquidity in the commercial banking system rose during 2018 as evidenced by an increase in the ratio of liquid assets to total deposits plus liquid liabilities, which rose by 1.3 percentage points to 43.1 percent. The ratio of liquid assets to total assets decreased to 38.1 percent in 2018 from 39.0 percent in 2017, well below the maximum threshold of 75.0 to 85.0 percent.

PUBLIC DEBT ANALYSIS

Total public debt⁶ as at the end of 2018 stood at \$1.656 billion or 75.6 percent of GDP⁷. Central Government total debt amounted to \$1.404 billion or 64.1 percent of GDP while Government Guaranteed debt amounted to 252.2 million or 11.5 percent of GDP. Central Government debt comprised 84.8 percent of total debt while the

Figure 4: Composition of Total Public Debt



Source: DMU, Ministry of Finance

remaining 15.2 percent was debt owed by Public Corporations and guaranteed by the government (Government Guaranteed debt). All categories of debt increased with the exception of domestic government guaranteed debt as seen in figure 1.

Securities issued during 2018 were done through a mix of Private Placement and RGSM auctions and amounted to \$105.0 million. These securities are recorded based on the residency of the investor. Most private placement securities are subsequently listed on the Eastern Caribbean Securities Exchange for trading. The details of the securities issued during 2018 are listed below.

⁶ Total Public Debt includes central government, government guarantee and private debt.

⁷ Preliminary Gross Domestic Product (GDP) for 2019 is 2190.5

Table 6: Securities issued during 2018

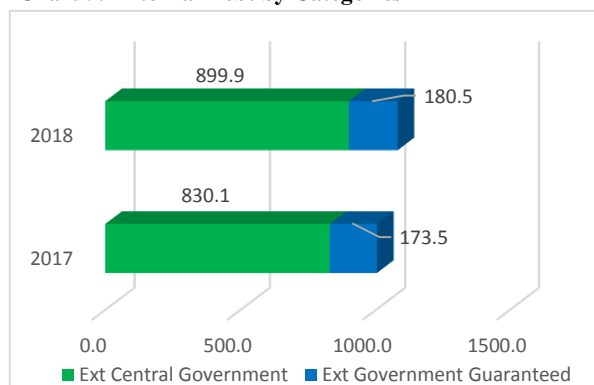
Bonds and Notes						
Domestic (Creditors)	Issue Amt	Disbursed Amt	Tenor	Rate (%)	Issue Date	Maturity Date
SVG Port Authority (PP)	3.50	3.50	3 Years	4.00%	30-Apr-18	30-Apr-21
Bank of St. Vincent and the Grenadines	7.50	7.50	10 Years	7.00%	1-Jun-18	1-Jun-28
VCG070625	25.00	25.00	7 Years	7.00%	15-Jun-18	15-Jun-25
VCG081126	15.00	15.00	8 Years	7.25%	9-Nov-18	9-Nov-26
VCG070725	12.00	12.00	7 Years	7.00%	16-Jul-18	16-Jul-25
VCG0725AA	13.00	13.00	7 Years	7.00%	27-Jul-18	27-Jul-25
VCG101128	10.00	10.00	10 Years	7.50%	27-Nov-18	27-Nov-28
First Citizens Investment Services	USD 3.00	USD 3.00	10 Years	7.50%	7-Dec-18	7-Dec-28
National Insurance Services	5.70	5.70	10 Years	2.00%	28-Dec-18	28-Dec-28
First Citizens Investment Services	5.50	5.50	10 Years	4.50%	17-Dec-18	17-Dec-28

Source: DMU, Ministry of Finance

External Debt

As at 31st December 2018, total public external debt stock stood at \$1.080 billion compared with \$1.003 billion in 2017, representing an increase of 7.7 percent. External central government and government guaranteed debt both registered increases of 8.4 and 4.1 percent respectively over their 2017 balances.

Chart 5: External Debt by Categories



Source: DMU, Ministry of Finance

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 42.1 percent while bilateral creditors held 41.0 percent; the remaining 16.9 percent was shared among export credit facilities, securities' holders and commercial creditors. Consequently, the maturity profile of the debt continued to be dominated by long-term loans with 57.1 percent of the portfolio maturing in over ten years. Instruments with remaining maturity between 5-10 years accounted for 23.6 percent

while instruments with remaining maturity less than 5 years accounted for 19.2 percent with the difference being instruments that were maturing in less than one year.

External Debt by Currency

The currency composition continued to weigh heavily in favour of the USD currency with 78.9 percent of the total debt being denominated in this currency. XCD⁸ denominated debt accounted for 10.9 percent of the outstanding stock of debt. Since the July 07, 1976, the XCD has been pegged to the USD at an exchange rate of US\$1.00 being equivalent to EC\$2.70. When combined, the XCD and USD denominated debt accounted for 89.8 percent of the total debt. The remaining 10.2 percent consisted of debt contracted in Special Drawing Rights (XDR), Kuwait Dinars (KWD), Trinidad and Tobago Dollars (TTD) and Euro (EUR).

External Debt Disbursements

External disbursements for 2018 totalled \$79.6 million. The air sector (airport development), sea sector (port development) and National Disaster Management (NDM) receiving a combined 61.0 percent of the disbursed amounts respectively with 46.0 percent of disbursements being received from the Caribbean Development Bank, see table below.

Table 8: External Disbursements for 2018

External Disbursement	Air	Sea	NDM	Energy	Road	Communication	Education	Human Delievery	Multisector	Agriculture	Total
Caribbean Development Bank	\$ 2,268,000		\$ 9,664,339	\$ 9,397,714	\$ 5,251,594		\$ 5,453,505		\$ 3,975,750	\$ 717,317.00	\$36,728,219.00
Uk Export Finance	\$ 15,594,728										\$15,594,728.00
Damein Shipyard Group		\$17,415,000									\$17,415,000.00
Caricom Development Fund				\$ 945,000							\$ 945,000.00
World Bank			\$ 3,728,513			\$ 2,333,331		\$ 322,356			\$ 6,384,200.00
OPEC					\$ 1,129,448						\$ 1,129,448.00
Kuwait Fund for Development					\$ 1,434,152						\$ 1,434,152.00
Total	\$ 17,862,728	\$17,415,000	\$13,392,852	\$10,342,714	\$ 7,815,194	\$ 2,333,331	\$5,453,505	\$ 322,356	\$ 3,975,750	\$ 717,317	\$79,630,747.00

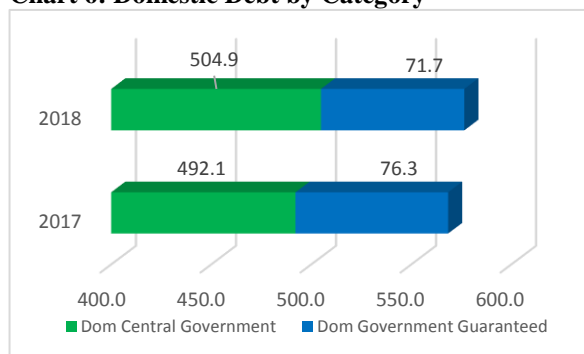
Source: DMU, Ministry of Finance

⁸ East Caribbean Dollars (XCD)

Domestic Debt

Total domestic debt at the end of December 2018 stood at \$576.5 million, a modest increase of 1.4 percent when compared to the corresponding period of 2017. Of this amount Central Government debt increase by 2.6 percent while government guaranteed debt decreased by 6.1 percent when compared to same period 2017. Central Government debt constituted 87.6 percent of the domestic debt, the remaining 12.4 percent was held by the Public Corporations.

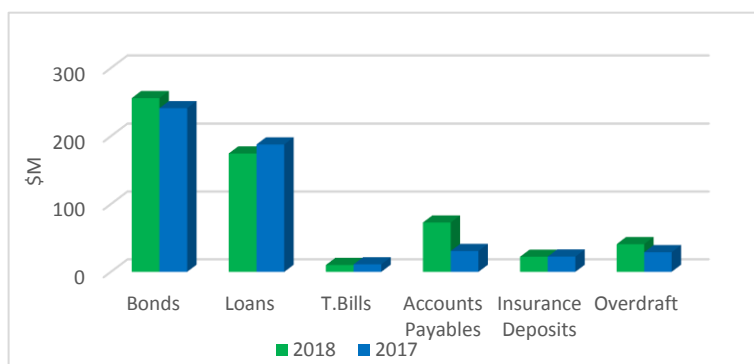
Chart 6: Domestic Debt by Category



Source: DMU, Ministry of Finance

In terms of the composition of the portfolio, government bonds constituted the largest share of the domestic stock accounting for 49.0 percent, while loans accounted for 37.1 percent. The remaining 13.9 percent accounted for by treasury bills owed to domestic residents, the overdraft facility, insurance

Chart 7: Debt Outstanding by Instrument Type



Source: DMU, Ministry of Finance

deposits and accounts payables. The category of accounts payables increased on account of central government subsuming the accounts payables of the International Airport Development Company which was formed to oversee the construction of the Argyle International Airport and ceased operations in November 2017 upon the completion of the airport's construction.

Loans were contracted from the National Insurance Services and the Eastern Caribbean Central Bank during 2018 in the amount of \$32.5 million. See table below.

Table 9: Domestic Debt Raising Activity for 2018

Loans						
Creditor	Loan Amount (EC \$M)	Disbursed Amount (EC \$M)	Tenor	Rate (%)	Issue Date	Maturity Date
NIS	2.5	2.5	5 yrs	3.5	9-May-18	5-Dec-24
NIS	7.5	7.5	91dy	3.5	29-Mar-19	29-Jun-19
ECCB	22.5	22.5	1 yr	6.5	29-Oct-18	31-Oct-19
Total	32.5	32.5				

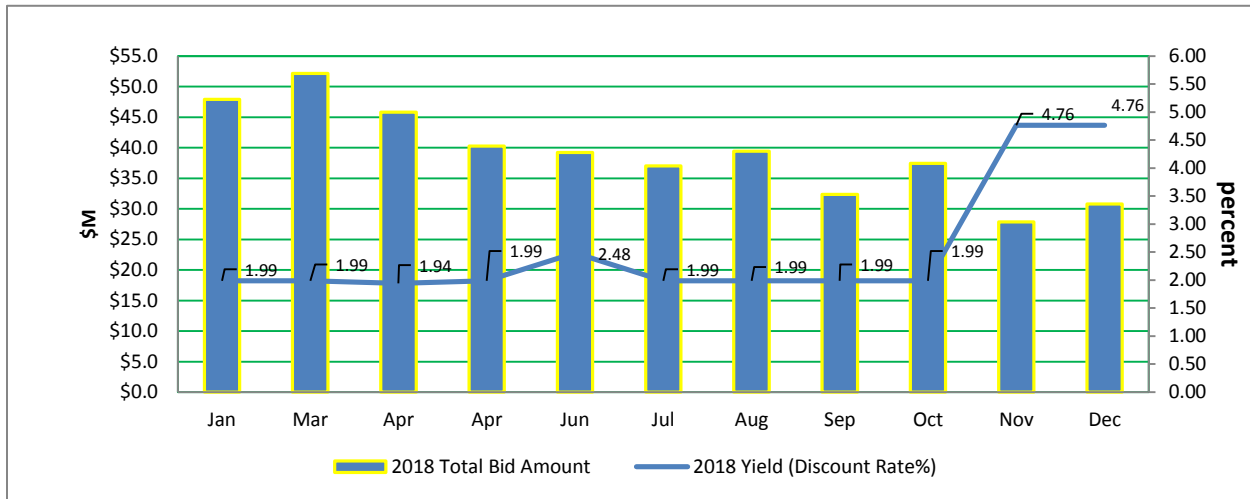
Source: DMU, Ministry of Finance

Within the existing domestic debt stock, short-term debt of less than one year accounted for 45.0 percent of the portfolio. Debt with remaining maturity between 1-5 years accounted for 18.7 percent, debt with remaining maturity between 5 and 10 years accounted of 26.0 percent while debt with maturity 10 years and over accounted for 10.3 percent.

Regional Government Securities Market

For 2018, St. Vincent and the Grenadines continued to participate actively on the RGSM issuing a total of 11 treasury bills. An analysis of the data indicated that the average discount rate in 2018 fell to 2.53 percent from 2.59 percent in 2017. The average bid amount and the bid to cover ratio remained unchanged from \$39.1 million and 1.40 respectively. Average number of bids per auction fell from 19.5 bids to 10.9 bids. The data continued to show that non-residents continue to dominate treasury bills auctions and are apportioned a larger share of treasury bills. From the RGSM's inception in 2003 to the end of December 2018, St. Vincent and the Grenadines has issued 196 securities on the RGSM with secondary trading of these instruments in the amount of \$46.7 million on the Eastern Caribbean Securities Exchange. Below is a chart of St. Vincent and the Grenadines treasury bills total bid and discount rate for 2018.

Chart 8: Total Bids and Discount Rates for Treasury Bills in 2018



Source: DMU, Ministry of Finance

Debt Servicing as at December 2018

A review of the Central Government’s debt servicing cost over the period showed that the cost of servicing the debt increased by 8.2 percent, moving from \$166.0 million in 2017 to \$179.6 million in 2018 representing 30.2 percent of current revenue. The most significant movement for debt servicing was on domestic amortization. This registered a 28.1 percent increase over same period 2017. The increase was due to the repayment of a short-term bridging loan obtained in 2018 and the servicing of amortized bonds. Total Sinking Fund contributions amounted to \$22.0 million.

Table 10: Central Government Debt Servicing

	Dec-18	Dec-17	Dec-18/ Dec-17
	\$M	\$M	% Change
Central Government Debt Servicing	180.7	166.0	8.9
External	82.5	83.3	-1.0
Interest	18.9	18.6	1.3
Amortization	63.6	64.6	-1.6
Domestic	98.2	82.7	18.7
Interest	31.8	31.1	2.3
Amortization	66.1	51.6	28.1

Sinking Contributions	Fund	22.0	14.0	57.1
Current Revenue		594.1	592.2	0.3
Total Central Govt Debt Servicing/Revenue (%)		30.2	28.0	2.2

Source: DMU, Ministry of Finance

SUMMARY OF PUBLIC DEBT AS AT JUNE 30, 2019

Preliminary data of the total public debt outstanding as at the June 30, 2018 stood at \$1.644 billion. Of this amount, Central Government debt accounted for \$1.389 billion or 84.5 percent. The remaining \$254.8 million is attributable to the Public Corporations, which accounted for 15.5 percent of the total debt stock. The increase in the total public debt was driven by its domestic central government component mainly through the contraction of new loans, increases in treasury bills held by domestic investors and accounts payables.

Of the total external debt, preliminary data showed that Central Government registered decrease of 5.6 percent while Public Corporation debt declined by 33.2 percent. Additionally, the data revealed that Central Government debt accounted for 83.6 percent of the total external debt and the remaining 16.4 percent being allocated to public corporations. The drastic decrease in public corporation's debt is attributed to a 50.0 percent net present value write off of the Petro Caribe⁹ unexpired long-term debt effective as of 28th September, 2017.

Table 11: A summary of Total Public debt

	Jun-19	Jun-18	Dec-18	Dec-17	Jun-18/Jun-19	Dec-17/Dec-18
Domestic Debt	\$M	\$M	\$M	\$M	% Change	% Change
<i>Central Government</i>						
Bonds & Notes	289.6	241.6	255.8	242.6	19.9	5.4
Loans	98.3	105.9	104.2	112.9	-7.2	-7.6
Overdraft	56.0	47.9	39.6	27.7	16.8	42.8
Accounts Payable	88.9	45.1	72.7	30.7	97.2	137
Insurance Deposits	22.6	22.7	22.3	22.5	-0.4	-1.0
Treasury Bills	10.7	9.1	10.2	11.1	16.9	-8.8
Total Dom Central Govt	<u>566.1</u>	<u>472.4</u>	<u>504.9</u>	<u>447.5</u>	<u>19.8</u>	<u>12.8</u>
<i>Public Corporations</i>						

⁹ The remaining Petro Caribe debt is now owned by the Alba Bank and is reflected in Central Government External Debt

Loans	69.8	73.0	70.3	75	-4.5	-6.3
Overdraft	1.4	1.0	1.3	1.3	43.4	4.8
Total Dom Public Corps	<u>71.2</u>	<u>74.0</u>	<u>71.7</u>	<u>76.3</u>	<u>-3.8</u>	<u>-6.1</u>
Total Domestic Debt	<u>637.2</u>	<u>546.4</u>	<u>576.5</u>	<u>523.8</u>	<u>16.6</u>	<u>10.1</u>
External Debt						
Central Government						
Bonds and Notes	121.7	77.3	106.4	72.1	57.4	47.5
Treasury Bills	72.8	71.2	73.9	72.9	2.3	1.3
Loans	695.0	774.6	717.4	726.8	-10.3	-1.3
Total Ext Central Govt	<u>889.5</u>	<u>923.1</u>	<u>897.6</u>	<u>871.8</u>	<u>-3.6</u>	<u>3.0</u>
Public Corporations						
Loans	175.0	181.0	180.5	173.5	-3.3	4.1
Total Ext Public Corps	<u>175.0</u>	<u>181.0</u>	<u>180.5</u>	<u>173.5</u>	<u>-3.3</u>	<u>4.1</u>
Total External Debt	<u>1064.5</u>	<u>1104.1</u>	<u>1,078.2</u>	<u>1,045.3</u>	<u>-3.6</u>	<u>3.1</u>
Total Public Debt	<u>1701.7</u>	<u>1650.4</u>	<u>1,654.7</u>	<u>1,569.1</u>	3.1	<u>5.5</u>
Total Central Government	<u>1455.6</u>	<u>1395.5</u>	<u>1402.5</u>	<u>1319.4</u>	4.3	<u>6.3</u>
Total Public Corporation	<u>246.2</u>	<u>255.0</u>	<u>252.2</u>	<u>249.8</u>	<u>-3.5</u>	<u>1.0</u>

Source: DMU, Ministry of Finance

Bonds and Notes issued During 2019

Bonds and Notes totalling \$67.5 million were issued during the first half of 2019 with an average tenor of 7.4 years at an average interest rate of 7.05 percent. These securities were issued through a mix of private placement and RGSM auctions. Most private placements are subsequently listed on the Eastern Caribbean Securities Exchange to facilitate potential liquidity needs of investors. see table 12.

Table 12: Securities issued as at 30th June 2019

Instrument Type	Creditor	Amount (\$)	Tenor	Rate	Issue Date	Maturity Date
Bond	First Citizens	15,000,000	8 year	7.25	19th March 2019	19th March 2027
Bond	First Citizens	10,000,000	10 year	7.50	17th April 2019	17th April 2029
Note	RGSM-Various	17,664,000	5 years	6.25	7th May, 2019	7th May, 2024
Bond	Bank of St. Lucia	14,855,000	7 years	7.00	17th May, 2019	17th May, 2026
Bond	First Citizens	10,000,000	7 years	7.25	14th June, 2019	14th June, 2026

Source: DMU, Ministry of Finance

Disbursements activities as at 30th June 2019

Domestic Disbursement

Significant activities did not occur during the first half of the year. Domestic borrowing totalled \$12.5 million. This was raised as a fixed rate, short term loan from the Bank of St. Vincent and the Grenadines at an interest rate of 8.0 percent.

External Disbursement

External Debt disbursement for the first half of 2019 stood at \$93.3 million. The funds were channeled to finance a number of projects such as disaster management and education development. Most disbursements were concentrated on physical infrastructural development and in transformative energy sources. These projects include geothermal energy and photovoltaic systems as the government expands activities in renewable energy supply. Additionally, works continued on Roads, Bridges and National Disaster Management.

Table 13: Total Disbursements as at 30 June 2019

	EC\$
<u>Domestic Loans</u>	<u>Disbursed Amounts</u>
Bank of St. Vincent	
Term Loan	<u><u>12,500,000</u></u>
<u>External Loans and Grants</u>	
Caribbean Development Bank	
NDM - Hurricane Tomas/North Wd. Highway	1,082,343
TECHVOC Education and Training Development	2,179,705
South Leeward Highway Rehab and Upgrade (4th Road Proj)	1,822,390
UWI Open Campus Development Project	3,102,640
NDM - Rehabilitation and Reconstruction	1,824,533
NDM- Disaster Risk Reduction & Climate Change Adoption	186,534
Energy Efficiency Measures and Solar Photovoltaic Plant	47,847
NDM Disaster Risk Reduction and Adaptation	7,627
NDM Rehab and Reconstruction	24,672
	<u><u>10,278,291</u></u>
World Bank	
Caribbean Regional Communications Infrastructure Program	1,888,661
OECS Regional Tourism Competitiveness Project	62,100

Human Delivery Service Delivery Project	268,208
Regional Disaster Vulnerability Reduction Project IBRD	7,678,178
	<u>9,897,147</u>
OPEC	
Agriculture and Feeder Road	<u>717,341</u>
Total Loan disbursements	<u>33,392,779</u>

Grants

Caribbean Development Bank

Geothermal Drilling Project	52,442,828
Country Assistance Programme	1,080,000
Regional Disaster Vulnerability Reduction Project	6,411,834
Total Grants	<u>59,934,662</u>

Source: DMU, Ministry of Finance

Debt Servicing as at June 30, 2018

Total debt servicing for the first half of the year ended June 2018 amounted to \$78.5 million. Of this amount, external debt service totalled \$35.9 million, representing a decrease of 6.8 percent over the corresponding figure in June 2017 of \$38.5 million. The decrease was driven mainly by amortization which moved by 11.9 percent. This however was due to the timing of January's debt servicing obligations which were paid in December 2017. Conversely, interest payments increased by 11.9 percent due mostly to increases in the floating rates of CDBOR, Libor and the XDR and by extension the payments associated with these rates.

Total domestic debt service for the period under review amounted to \$42.6 million, representing an increase of 9.9 percent over the corresponding figure recorded in June 2017 of \$38.8 million. Increases were recorded in both amortization and interest payments which were positively correlated with the issuance of new bonds and notes totalling \$90.0 million in 2017 and increased loan borrowings from our major domestic creditors; Bank of St. Vincent and the Grenadines, East Caribbean Central Bank and the National Insurance Services.

Contributions to the sinking fund increased by 86.7 percent to 11.2 million as the government continues to make provision for the timely servicing of its future debt obligations.

Table 6: Summary of Central Government Debt Servicing as at June 30, 2018

	Jun-18	Jun-17	Jun-18/ Jun-17	Dec-17	Jun-18/ Dec-17
	\$M	\$M	% Change	\$M	% Change
Central Government Debt Servicing	78.5	77.3	1.6%	166.0	-52.7%
External	35.9	38.5	-6.8%	83.3	-56.9%
Interest	9.3	8.3	11.9%	18.6	-50.1%
Amortization	26.6	30.2	-11.9%	64.7	-58.9%
Domestic	42.6	38.8	9.9%	82.7	-48.4%
Interest	16.3	14.4	13.3%	31.1	-47.5%
Amortization	26.3	24.4	7.9%	51.6	-49.0%
Sinking Fund Contributions	11.2	6.0	86.7%	14.0	-20.0%
Current Revenue	268.9	270.5	-0.6%	592.2	-54.6%
Total Debt Servicing/Revenue (%)	29.2%	28.6%	2.2%	28.0%	4.2%

Source: DMU, Ministry of Finance

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 Assembly¹⁰. 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

¹⁰ Sec 44, Finance Administration Act Cap 252

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.

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 domestic insurance market continues to be dominated by branches/agencies of CARICOM-based insurance companies. The sector is governed by the Insurance Act, Chapter 306 (“the Act”) and the Motor Vehicle Insurance (Third Party Risk) Act Chapter 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 2018, there were twenty-four (24) active companies registered under Section 8 of the Act, to conduct insurance business in St. Vincent. Of these companies, British American Insurance Company (“BAICO”) and CLICO International Life Insurance Company (“CLICO”) 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. Ten (10) companies were registered to undertake long-term insurance business. Of these ten (10), two (2) were registered to write life

business only, while the other eight (8) were registered to conduct business in both segments of the market.

Table 5: Insurers by License Class 2018

Short –Term(only)	Long-Term(only)	Long & Short-Term/ Composite*
<p><i>Locally Incorporated</i></p> <ul style="list-style-type: none"> ➤ Metrocint General Insurance Company Ltd. ➤ St. Hill Insurance Company Ltd. ➤ St. Vincent Insurances Limited ➤ West Indian Insurances Ltd. <p><i>Foreign Incorporated</i></p> <ul style="list-style-type: none"> ➤ 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 	<ul style="list-style-type: none"> ➤ Demerara Mutual Life Assurance Society Ltd. ➤ CUNA Caribbean Insurance Society (OECS) Ltd. 	<ul style="list-style-type: none"> ➤ Sagicor Life Inc. ➤ Sagicor Life (EC) Inc. ➤ Guardian Life of the Caribbean ➤ Pan American Life of the Eastern Caribbean ➤ G.T.M Life Insurance Company Ltd. ➤ Scotia Insurance Eastern Caribbean Limited ➤ British American** ➤ CLICO Int'l Life Insurance Company**

Source: Financial Service Authority, Insurance Unit

As at December 31, 2018, total liabilities and contingency reserves of all insurance companies (excluding those under judicial management) amounted to approximately EC\$108.9 million. Total assets pledged or identified by those companies for inclusion in their Insurance Fund as at December 31, 2018 was approximately 120.6 percent 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 2018. The industry’s statutory deposits held by the Authority

during the year amounted to \$47.5million which comprised of \$19.1 million in Government Securities and \$28.4 million in cash.

The total industry assets stood at \$244.9 million an increase of 5.5 percent when compared with \$232.1 million for the same period in 2017. Total liabilities increased by 11.0 percent while capital decrease by 5.0 percent. Gross Premium income in the insurance industry totaled \$89.7m. This represented 4.1 percent of Gross Domestic Product at market prices and an increase of 7.3 percent over the gross premium income of \$83.6m in 2017.

There was an increase in total claims paid in the short-term insurance sub- sector (5.5 percent). Claims continue to be a significant component of insurance companies' expenditure amounting to 68.8 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 \$26.4 million, which represented 52.9 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 2018, \$2.3m was ceded to reinsurers representing a retention ratio of 90.6 percent compared with 90.4 percent in 2017. Meanwhile, the General Insurance companies collected \$65.5 million in gross premium, of this amount \$33.2 million was ceded to reinsurers representing 50.7 percent.

The loss ratio (ratio of net claims to gross premium) decreased to 25.2 percent in 2018 from 26.2 percent in 2017 for the short-term insurance segment of the industry. With respect to the long-term insurance sector, life claims expenses declined by 3.1 percent in 2018 compared with 2017, the net effect was a decrease in the loss ratio to 14.5 percent in 2018 compared with the 15.2 percent reported in 2017.

Insurance penetration, measured as a percentage of premium to GDP, was 4.1 percent in 2018 compared to 3.9 percent in 2017. The short term segment of the industry recorded an increase of 0.2 percentage point while the long term segment remained constant.

XV. CURRENT ISSUES OF GOVERNMENT SECURITIES.

1. Treasury Bills General Information

- **Issues Outstanding** 3
- **Amount offered** \$84.0 m
- **Maturity in days** 91 days
- **Date of Issues** Every 91 days
- **Redemption Date** Every 91 days
- **Discount rate** N/A
- **Yields** Weighted Avg. 1.99 percent
- **Discount Price** \$\$99.50

As at the 30th September 2019, the Government's outstanding securities traded on the Regional Government Securities Market are listed hereunder:

Table 9: Outstanding Treasury Bills listed on the RGSM

Date of issue	Redemption Date	Issue Amount	Value of Bids	Amount Accepted	No. of Bids		Interest Rate percent
					Total	Successful	
		\$M	\$M	\$M			%
17-Jul-19	17-Oct-19	28.0	35.4	28.0	22	15	2.00
13-Aug-19	13-Nov-19	28.0	41.6	28.0	20	16	1.99
17-Sep-19	18-Dec-19	28.0	40.9	28.0	19	14	1.99

Source: DMU, Ministry of Finance

Table 10: 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	
			\$M	\$M	\$M			
VCN080524	7-May-19	8-May-24	15.000	17.664	17.664	15	15	6.25

Source: DMU, Ministry of Finance

Table 6: Outstanding Bonds on the RGSM

Trading Symbol	Issue amount	Amount Outstanding	Original Maturity	Remaining Maturity	Date of Subscription	Final Redemption	Coupon rate
	\$M	\$M	(years)	(years)	Date	Date	percent
VCG100422	40.0	16.0	10	4	Apr-12	Apr-22	7.50
VCG100323	25.9	12.9	10	5	Mar-13	Mar-23	7.00
VCG070821	16.0	16.0	7	3	Aug-14	Aug-21	7.00
VCG070623	11.2	8.8	7	5	Jun-16	Jun-23	7.00
FVG100826	16.6	14.5	10	8	Aug-16	Aug-26	7.00
VCG100826	0.3	0.27	10	8	Aug-16	Aug-26	7.00
VCG080225	15.0	13.1	8	7	Feb-17	Feb-25	7.50
VCG070524	25.0	21.4	7	6	May-17	May-24	7.50
VCG030720	35.0	35.0	3	2	July-17	July-20	6.00

VCG070625	25.0	21.4	7	6	Jun-18	Jun-25	7.00
VCG0725AA	13.0	11.1	7	6	Jul-18	Jul-25	7.00
VCG070725	12.0	10.3	7	6	Jul-18	Jul-25	7.00
VCG101128	10.0	9.5	10	9	Nov-18	Nov-28	7.50
VCG081126	15.0	15.0	8	7	Nov-18	Nov-26	7.25
VCG101228	8.1	7.7	10	9	Dec-18	Dec-28	7.50
VCG080327	15.0	15.0	8	8	Mar-19	Mar-27	7.25
VCN080524	17.6	17.6	5	5	May-19	May-24	6.25
VCG070926	25.0	25.0	7	7	Sep-19	Sep-26	7.00

Source: DMU, Ministry of Finance

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. In 2018 a provision of \$22.0 million was budgeted and contributed towards the Sinking Fund. An amount of \$51.9 million has been budgeted to be committed to the Sinking Fund for fiscal year 2019. As at August 31, 2019 the Sinking Fund balance was \$20.0 million. Bullet bond repayments made as at 30th September 2019 from the Sinking Fund amounted to \$15.287 million with another \$50.0 million in upcoming payments due in December 2019.

All government securities issued on the RGSM are listed on the Eastern Caribbean Securities Exchange with provision for trading on the secondary market. As mentioned above, the number of trades for the Government of St. Vincent and the Grenadines securities from 2003 – 2018 totaled 59 at a value of \$46.7 million. The following table summarizes the performance of the Government's treasury bills traded on the Regional Government Securities Market in 2018.

Table 7: Performance of Treasury bill traded on the RGSM during 2018

Auction Date	Trading	Issue	Value of	Amount	No. of Bids		Interest	No. of
	Symbol	Amt(\$M)	Bids (\$M)	Accepted	Total	Successful	Rate	Brokers
25-Jan-18	VCB270418	28.0	47.94	28.0	20	11	1.99	3
2-Mar-18	VCB040618	28.0	52.13	28.0	18	9	1.99	4
4-Apr-18	VCB050718	28.0	45.84	28.0	16	9	1.94	3
30-Apr-18	VCB310718	28.0	40.26	28.0	15	11	1.99	3
5-Jun-18	VCB050918	28.0	39.22	28.0	19	12	2.48	3
6-Jul-18	VCB081018	28.0	37.03	28.0	16	9	1.99	3

2-Aug-18	VCB021118	28.0	39.42	28.0	15	11	1.99	6
6-Sep-18	VCB071218	28.0	32.34	28.0	16	11	1.99	5
9-Oct-18	VCB090119	28.0	37.42	28.0	13	11	1.99	4
5-Nov-18	VCB050219	28.0	27.87	28.0	10	10	4.76	3
10-Dec-18	VCB120319	28.0	30.78	28.0	16	16	4.76	3

Source: DMU, Ministry of Finance

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

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
Grenada		
Grenada Co-operative Bank Limited	No. 8 Church Street St. George's Tel: 473 440 2111 Fax: 473 440 6600 Email: info@grenadaco-opbank.com	Principals Aaron Logie Allana Joseph Representatives Carla Sylvester Keisha Greenidge Kishel Francis
St Kitts and Nevis		
St Kitts Nevis Anguilla National Bank Ltd	P O Box 343 Central Street Basseterre Tel: 869 465 2204 Fax: 869 465 1050 Email: national_bank@sknanb.com	Principal Anthony Galloway Representatives Petronella Edmeade-Crooke Angelica Lewis Marlene Nisbett
The Bank of Nevis Ltd	P O Box 450 Main Street Charlestown Tel: 869 469 5564 / 5796 Fax: 869 469 5798 E mail: info@thebankofnevis.com	Principals Brian Carey Monique Williams Representatives Judy Claxton Denicia Small
St Lucia		
Bank of Saint Lucia	5 th Floor, Financial Centre Building 1 Bridge Street Castries Tel: 758 456 6826 / 457 7233 Fax: 758 456 6733	Principals Medford Francis Lawrence Jean Representatives Deesha Lewis Cedric Charles
First Citizens Investment Services Limited	P.O. Box 1294 John Compton Highway Sans Souci Castries Tel: 758 450 2662 Fax: 758 451 7984	Principals Omar Burch-Smith Temelia Providence Representative Samuel AgisteShaka St

APPENDIX 2: SELECTED PUBLIC DEBT INDICATORS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
			(\$m)								
Total Public Debt	993.6	1,104.1	1,188.5	1,233.2	1,336.6	1,445.8	1,562.5	1,594.4	1,746.5	1,572.0	1,657.0
Total Central Gov't	731.3	836.7	986.6	1,040.7	1,140.0	1,229.7	1,348.8	1,379.8	1,429.3	1,322.2	1,404.8
External Debt	518.3	559.0	734.8	764.9	738.1	809.5	887.7	922.5	1,201.8	1,003.6	1,080.4
Central Government	423.6	457.1	623.1	668.0	652.7	728.7	811.2	855.7	962.0	830.1	899.90
Public Corporations	94.7	101.9	111.6	96.9	85.4	80.8	76.5	66.8	239.7	173.5	180.5
Domestic Debt	475.3	545.1	453.7	468.3	598.5	636.3	674.8	671.8	544.7	568.41	576.55
Central Government	307.7	379.6	363.5	372.7	487.3	501.0	537.6	524.0	467.3	492.12	504.85
Public Corporations	167.6	165.5	90.2	95.6	111.2	135.3	137.2	147.8	77.4	76.30	71.70
Private Guaranteed External Debt				15.2	16.6	19.5	24.5	25.2	26.7		
Debt Servicing											
External	72.6	79.8	84.4	87.2	87.7	88.3	77.5	83.6	81.7	101.6	99.3
Central Government	66.2	70.7	71.7	74.6	72.7	72.7	60.8	62.9	65.1	83.3	76.83
Public Corporations	6.4	9.1	12.7	12.6	15.0	15.6	16.7	20.8	16.6	18.3	22.5
Domestic											
Central Government	41.7	52.8	64.8	47.2	48.7	58.1	72.0	72.8	83.3	82.7	93.8
(of which sinking fund)	5.2	6.0	12.0	6.0	4.0	5.5	7.6	7.6	12.1	14.0	22.0
GDP (at market price)	1,877.6	1,822.1	1,839.3	1,825.5	1,871.0	1,947.3	1,963.5	2,038.9	2,082.7	2,123.7	2,189.0
Current Revenue	489.5	544.8	490.0	462.5	472.6	491.3	535.2	519.1	592.6	592.2	594.1
Central Gov't Debt/GDP	38.95	45.92	53.64	57.01	60.93	63.15	68.69	67.67	68.63	62.26	64.17
Total Debt/GDP (%)	52.9	60.6	64.6	67.6	71.4	74.2	79.6	78.2	83.9	74.0	75.7
External Debt/GDP (%)	27.6	30.7	39.9	41.9	39.4	41.6	45.2	45.2	57.7	47.3	49.4
Domestic Debt/GDP (%)	25.3	29.9	24.7	25.7	32.0	32.7	34.4	32.9	26.2	26.8	26.3
Central Government Debt Service/Current Revenue (%)	23.1	23.8	30.3	27.6	26.5	27.7	26.2	27.6	27.1	30.4	32.4
External Debt Service/ Current Revenue (%)	14.8	14.6	17.2	18.9	18.6	18.0	14.5	16.1	13.8	17.2	16.7
Domestic Debt Service/ Current Revenue (%)	9.6	10.8	15.7	11.5	11.2	12.9	14.9	15.5	16.1	16.3	19.5
Guarantee Debt % of GDP	0.14	0.15	0.11	0.11	0.11	0.12	0.12	0.12	0.17	0.12	0.12

APPENDIX 3: GDP AT CURRENT PRICES

SECTOR	2014	2015 Rev	2016 Rev	2017 Prel	2018 Prel
Agriculture, Hunting & Forestry	121.78	118.10	135.27	138.25	142.83
Crops	102.16	99.25	115.72	117.92	122.63
Bananas	0.85	1.09	1.07	1.37	1.19
Other Crops	101.31	98.16	114.65	116.54	121.44
Livestock	18.71	17.97	18.67	19.48	19.37
Forestry	0.91	0.89	0.87	0.85	0.84
Fishing	8.03	9.11	8.68	10.05	15.80
Mining & Quarrying	3.30	3.88	3.94	3.98	4.07
Manufacturing	95.87	99.47	102.69	107.79	109.80
Electricity & Water	62.63	72.94	66.13	66.97	72.90
Electricity	49.12	57.19	52.48	53.45	59.21
Water	13.50	15.75	13.64	13.53	13.70
Construction	128.18	137.99	135.74	142.15	141.69
Wholesale & Retail Trade	242.39	230.58	233.05	233.71	246.94
Hotels & Restaurants	42.92	35.95	33.44	41.22	44.26
Hotels	31.00	20.69	17.66	21.33	23.79
Restaurants	11.92	15.27	15.78	19.89	20.46
Transport, Storage and communications	221.49	233.29	247.47	247.44	245.40
Transport and Storage	148.95	159.69	170.82	175.34	171.65
Road	110.59	113.42	119.36	121.73	117.00
Sea	13.37	13.85	14.58	16.32	16.26
Air	8.69	13.74	16.20	14.19	14.52
Supporting and auxiliary transport activities	16.31	18.68	20.69	23.10	23.87
Communications	72.54	73.61	76.65	72.10	73.76
Financial Intermediation	101.67	123.24	119.33	118.88	120.06
Banks & Other Financial Institutions	63.85	77.57	74.74	73.42	72.62
Insurance and pension funding	30.95	36.25	34.58	34.86	36.37
Activities auxiliary to financial intermediation	6.87	9.43	10.01	10.60	11.06
Real Estate, Renting and Business Activities	251.16	253.14	261.40	266.70	270.00
Owner Occupied Dwellings	176.93	178.53	180.55	182.55	184.61
Real estate activities	29.89	30.13	30.44	30.73	31.04
Renting of machinery and equipment	7.01	6.82	6.26	7.61	7.61
Computer and related activities	5.96	5.93	6.00	6.33	6.76
Business Services	31.36	31.72	38.15	39.48	39.98
Public Administration, Defence & Compulsory Social Security	218.34	226.26	224.95	226.78	223.10
Central	208.18	215.71	214.17	216.08	211.40
Local	3.81	3.83	3.84	3.92	4.32
NIS	6.35	6.71	6.94	6.79	7.38
Education	95.48	102.34	103.01	106.25	107.61
Public	89.61	94.87	93.25	93.67	94.52
Private	5.87	7.46	9.76	12.58	13.09
Health and Social Work	53.95	55.28	56.41	54.14	57.84
Public	41.63	43.74	43.65	39.92	42.16
Private	12.33	11.54	12.77	14.22	15.68
Other community, social & personal services	32.12	34.97	31.54	32.33	34.05
Private Households with Employed Persons	4.19	4.93	4.57	4.86	4.91
Less FISIM	17.63	19.39	20.45	19.51	18.90
Gross Value Added at Basic Prices	1,665.85	1,722.08	1,747.15	1,782.00	1,822.40
GROWTH RATE	-0.14	3.29	1.46	1.99	2.30
<i>Taxes on products</i>	298.72	318.76	344.91	357.98	369.25
<i>Less Subsidies</i>	1.08	1.08	1.08	1.08	1.08
GDP at Market Prices	1,963.49	2,039.77	2,090.99	2,138.90	2,190.58
GROWTH RATE	0.83	3.88	2.51	2.29	2.42

SOURCE: St. Vincent & the Grenadines Statistical Office \ ECCB

APPENDIX 4: GDP AT CONSTANT PRICES

SECTOR	2014	2015 Rev	2016 Rev	2017 Prel	2018 Prel
Agriculture, Hunting & Forestry	90.86	86.96	93.83	97.66	98.22
Crops	72.27	69.28	75.85	78.81	79.36
Bananas	1.26	1.99	1.95	1.52	1.32
Other Crops	71.00	67.29	73.90	77.29	78.04
Livestock	17.80	16.91	17.24	18.13	18.15
Forestry	0.79	0.78	0.74	0.72	0.71
Fishing	5.71	6.20	5.38	6.05	8.43
Mining & Quarrying	3.30	3.06	3.10	3.13	3.20
Manufacturing	62.07	63.23	61.23	62.20	66.50
Electricity & Water	57.80	59.70	61.84	62.08	62.00
Electricity	43.87	45.62	47.42	46.62	46.33
Water	13.92	14.08	14.43	15.45	15.70
Construction	109.04	118.56	117.57	124.92	128.08
Wholesale & Retail Trade	226.41	219.24	221.89	217.84	230.17
Hotels & Restaurants	32.05	33.17	33.24	30.95	33.45
Hotels	21.58	23.01	23.11	20.72	23.18
Restaurants	10.46	10.16	10.12	10.22	10.28
Transport, Storage & Communication	208.38	204.48	202.40	195.24	197.26
Transport, Storage	154.81	153.92	154.23	151.26	152.76
Road	114.54	111.42	109.99	104.58	107.08
Sea	15.80	16.37	17.23	19.29	19.22
Air	1.58	1.70	1.77	1.72	1.79
Supporting and auxiliary transport activities	22.89	24.43	25.24	25.68	24.67
Communications	53.57	50.57	48.16	43.98	44.50
Financial Intermediation	105.19	108.45	109.53	112.17	110.92
Banks & Other Financial Institutions	72.75	71.88	73.48	75.81	73.71
Insurance and pension funding	28.43	32.87	32.10	31.43	32.17
Activities auxiliary to financial intermediation	4.02	3.70	3.95	4.93	5.03
Real Estate, Renting & Business Services	236.41	238.19	241.60	246.40	249.10
Owner Occupied Dwellings	172.68	174.25	176.22	178.17	180.18
Real estate activities	29.18	29.41	29.71	30.00	30.30
Renting of machinery and equipment	7.46	7.25	6.66	8.09	8.09
Computer and related activities	3.96	4.00	4.09	4.22	4.23
Business services	23.14	23.27	25.00	25.90	26.30
Public Administration, Defence and Compulsory Social Security	179.57	181.35	180.51	181.27	176.42
Central	170.88	172.41	171.53	172.88	167.43
Local	2.90	2.81	2.86	2.82	2.93
NIS	5.78	6.13	6.13	5.57	6.06
Education	65.61	69.38	71.11	72.76	73.42
Public	60.39	62.73	63.73	63.17	63.62
Private	5.23	6.65	7.38	9.58	9.81
Health and Social Work	42.91	43.75	44.03	42.11	44.27
Public	34.17	35.03	34.97	31.98	33.44
Private	8.75	8.72	9.06	10.14	10.83
Other community, social & personal services	33.00	34.42	35.36	37.43	40.25
Private Households with Employed Persons	3.43	3.46	3.40	3.43	3.49
Less FISIM	14.94	14.90	15.29	14.33	13.96
Gross Value Added at Basic Prices	1,446.78	1,458.71	1,470.71	1,481.30	1,511.22
GROWTH RATE	0.26	0.82	0.82	0.72	2.02

SOURCE: St. Vincent & the Grenadines Statistical Office \ ECCB

APPENDIX 5: BALANCE OF PAYMENTS

St Vincent and the Grenadines											
Balance of Payments Transactions BPM6 (F16) in EC\$M											
2014-2016											
Description	2014 Rev			2015 Rev			2016 Prelim.				
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net		
1. Current Account	826.3	1318.4	-492.2	910.8	1200.3	-289.5	882.1	1292.5	-410.4		
1.A Goods and services	675.8	1199.1	-523.3	763.4	1106.7	-343.2	778.6	1207.3	-428.7		
1.A.a Goods	133.9	862.8	-728.9	125.0	795.9	-670.9	116.2	796.9	-680.7		
1.A.b Services	541.9	336.3	205.6	638.5	310.8	327.7	662.5	410.4	252.1		
1.A.b.12 Government goods and services	4.7	6.7	-2.0	0.9	5.8	-4.8	1.1	5.3	-4.2		
1.B Primary income	16.8	69.8	-53.0	15.7	54.4	-38.7	16.7	55.9	-39.3		
1.B.1 Compensation of employees	3.8	9.5	-5.7	4.3	6.1	-1.8	2.3	7.2	-4.9		
1.B.2 Investment income	12.9	60.1	-47.2	11.4	48.3	-36.9	14.4	48.8	-34.4		
1.B.2.1 Direct investment	0.4	35.1	-34.7	0.5	22.7	-22.2	3.1	26.8	-23.7		
1.B.2.2 Portfolio investment	9.7	0.5	9.1	8.8	0.1	8.7	7.3	1.1	6.2		
1.B.2.3 Other investment	2.9	24.4	(21.6)	2.1	25.5	(23.4)	4.0	20.9	(16.9)		
1.B.2.4 Reserve assets (Credit)	-	-	-	-	-	-	-	-	-		
1.B.3 Other primary income	-	0.1	(0.1)	-	-	-	-	-	-		
1.C Secondary income	133.7	49.5	84.1	131.7	39.2	92.4	86.8	29.3	57.5		
1.C.1 General government	11.2	15.6	(4.3)	17.4	8.4	9.0	9.7	1.9	7.8		
1.C.2 Financial corporations, nonfinancial	124.1	34.0	90.1	114.3	30.6	83.6	77.3	27.4	49.9		
1.C.2.1 Personal transfers (Current)	114.0	21.6	92.3	108.2	20.1	88.1	71.0	16.8	54.2		
Of which: 1.C.2.2 Other current transfers	10.1	12.3	(2.2)	6.1	10.5	(4.4)	6.3	10.6	(4.3)		
Of which: 1.C.2.2 Other current transfers	108.3	19.5	88.8	106.0	20.1	85.9	69.6	16.8	52.8		
2. Capital Account	86.8	0.0	86.7	31.1	0.0	31.1	17.2	0.0	17.2		
2.1 Gross acquisitions (DR.) / disposals (CR.) of nonfinancial assets	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0		
2.2 Capital transfers	86.7	0.0	86.7	31.1	0.0	31.1	17.2	0.0	17.2		
2.2.1 General government	86.7	0.0	86.7	30.8	-	30.8	16.9	-	16.9		
2.2.1.1 Debt forgiveness	-	-	-	-	-	-	-	-	-		
2.2.1.2 Other capital transfers	86.7	0.0	86.7	30.8	-	30.8	16.9	-	16.9		
2.2.2 Financial corporations, nonfinancial corporations	-	-	-	0.2	-	0.2	0.2	-	0.2		
Net Lending (+)/Net Borrowing (-) (balance from current & capital a/c)			(405.4)			(258.5)			(393.2)		
	Net Acquisition of Financial	Net Incurrence of Financial Liabilities	Net Lending (+) / net	Net Acquisition of Financial	Net Incurrence of Financial Liabilities	Net Lending (+) / net	Net Acquisition of Financial	Net Incurrence of Financial Liabilities	Net Lending (+) / net		
3. Financial Account									-418.9		
Net Lending (+)/Net Borrowing (-) (balance from financial account)			-380.3			-163.5			-365.0		
3.1 Direct investment	14.0	325.2	-311.3	21.9	134.6	-112.7	-25.2	386.3	-411.6		
3.1.A.1 Equity and investment fund shares	10.1	296.8	-286.6	4.3	165.8	-161.5	-11.3	392.5	-403.8		
3.1.A.2 Debt instruments	3.8	28.5	-24.6	17.6	-31.2	48.8	-13.9	-6.2	-7.7		
3.2 Portfolio investment	-17.8	2.0	-19.8	-9.9	-1.2	-8.8	5.5	-2.2	7.7		
3.2.A.1 Equity and investment fund shares	0.0	2.0	-2.0	-14.9	-1.2	-13.7	3.7	-2.2	6.0		
3.2.A.2 Debt securities	-17.8	0.0	-17.8	4.9	0.0	4.9	1.8	0.0	1.8		
3.3 Financial derivatives (other than reserves) and employee stock options	0	0	0	0	0	0	0	0	0		
3.3.1 Central bank	-	-	-	-	-	-	-	-	-		
3.3.2 Deposit-taking corporations, except for central banks	-	-	-	-	-	-	-	-	-		
3.3.3 General government	-	-	-	-	-	-	-	-	-		
3.3.4 Other sectors	-	-	-	-	-	-	-	-	-		
3.4 Other investment	10.6	120.3	-109.7	-10.2	73.3	-83.5	47.5	62.6	-15.0		
3.4.1 Other equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
3.4.2 Currency and deposits	-9.1	11.2	-20.2	-3.8	19.4	-23.2	34.2	-24.0	58.2		
3.4.3 Loans	2.8	85.2	-82.4	8.9	41.4	-32.5	-0.6	94.9	-95.4		
3.4.4 Insurance, pension, and standardized guarantees	-1.6	-0.5	-1.1	3.1	0.5	2.6	5.2	1.6	3.5		
3.4.5 Trade credit and advances	21.3	28.8	-7.5	-23.0	4.9	-27.9	2.7	-17.8	20.5		
3.4.6 Other accounts receivable/payable	-2.9	-4.4	1.5	4.6	7.1	-2.6	6.0	7.8	-1.8		
3.4.7 Special drawing rights (Net incurrence of liabilities)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
3.5 Reserve assets	60.5		60.5	41.5		41.5	53.9		53.9		
Net Errors and Omissions			25.1			95.0			28.2		

Source: Eastern Caribbean Central Bank and Central Statistical Office