PROSPECTUS

FOR TREASURY BILL ISSUES
FOR THE PERIOD
NOVEMBER 2014 – OCTOBER 2015

BY THE GOVERNMENT OF
ST. VINCENT AND THE GRENADINES

Ministry of Finance
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ST. VINCENT AND THE GRENADINES

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November 2014

TABLE OF CONTENTS

APPENDICES

ABSTRACT

During November 2014 to October 2015, 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 Five million dollars (EC$25) in each of eleven (11) issues

I. GENERAL INFORMATION

Issuer: The Government of St. Vincent and the Grenadines

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

Date of Publication: October 2014

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

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

Amount of Issue: Monthly issues of XCD25.0 million each

Legislative Authority: The Treasury Bills Act Chapter 320 as amended

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.

II. INFORMATION ON THE TREASURY BILL ISSUE

a. The Government of St. Vincent and the Grenadines (GOSVG) proposes to auction XCD 25,000,000.00 91-day treasury bills each month during the period November 2014 to October 2015, with the exception of January 2015. 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:

Trading Symbol	Issue	Amount	Interest Rate Ceiling	Tenor	Auction Date	Settlement Date	Maturity Date
VCB020315	Treasury Bill	$25 M	5.82percent	91 Day	November 28, 2014	December 1, 2014	March 2, 2015
VCB310315	Treasury Bill	$25 M	5.82percent	91 Day	December 29, 2014	December 30, 2014	March 31, 2015
VCB050515	Treasury Bill	$25 M	5.82percent	91 Day	February 2, 2015	February 3, 2015	May 5, 2015
VCB030615	Treasury Bill	$25 M	5.82percent	91 Day	March 3, 2015	March 4,2015	June 3, 2015
VCB010715	Treasury Bill	$25 M	5.82percent	91 Day	March 31, 2015	April 1, 2015	July 1, 2015
VCB060815	Treasury Bill	$25 M	5.82percent	91 Day	May 6,2015	May 7,2015	August 6, 2015
VCB050915	Treasury Bill	$25 M	5.82percent	91 Day	June 5, 2015	June 8, 2015	September 5, 2015
VCB021015	Treasury Bill	$25 M	5.82percent	91 Day	July 2, 2015	July 3, 2015	October 2, 2015
VCB091115	Treasury Bill	$25 M	5.82percent	91 Day	August 7, 2015	August 10, 2015	November 9, 2015
VCB081215	Treasury Bill	$25 M	5.82percent	91 Day	September 7, 2015	September 8, 2015	December 8, 2015
VCB050116	Treasury Bill	$25 M	5.82percent	91 Day	October 5, 2015	October 6, 2015	January 5, 2016

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

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

i. The Government of St. Vincent and the Grenadines has been assigned a rating of B2 by Moody's Investor Services in October 2012

j. 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.
- ECFH Global Investment Solutions Limited
- St. Kitts Nevis Anguilla National Bank Limited
- First Citizens Investment Services Ltd. – Saint Lucia, St. Vincent and the Grenadines

III EXECUTIVE SUMMARY

The Government of St. Vincent and the Grenadines is proposing to raise $25 million monthly during the period November 2014 to October 2015, with the exception of January 2015, 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.

Preliminary data for 2013 indicates that St. Vincent and the Grenadines recorded a 2.4 percent growth in real output building on the slight recovery in 2012. The increase in economic activity was influenced mainly by developments in the Agriculture, Construction, Wholesale & Retail Trade, and Public Administration sectors.

For the fiscal year ended December 31, 2013 the Central Government fiscal position weakened when compared to 2012. Current revenue declined by 2.1 percent to $462.6 million while current expenditure increased by 0.5 percent to $491.3 million. Consequently, the Central Government current account balance worsened, moving from a deficit of $16.3 million in 2012 to one of $28.7 million in 2013. The overall deficit also widened moving from $38.5 million in 2012 to $120.1 million in 2013.

Total outstanding public debt at the end of 2013 stood at EC$1,439.3 million or 74.9 percent of GDP, compared with $1,343.8 million (71.8 percent of GDP) at the end of 2012. Central Government accounted for 84.0 percent (EC$1,208.8 million) of the total debt, with the remaining 16.0 percent ($230.4 million) attributable to Public Corporations.

Real economic activity is expected to remain positive, growing by an estimated 1.7 percent in 2013 as most of the productive sectors are expected to register gains of varying degrees. Over the medium term the economy is projected to grow at an average rate of 1.5 percent per annum driven by activity in the agriculture, tourism, manufacturing, financial intermediation and public administration sector.

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 per cent of the population while females account for 48.7 per cent. 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 1: 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 Finance and 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 Debt Management Unit of the Ministry of Finance and Economic Planning. The

Debt Management Unit performs all debt management activities and provides policy advice on the overall debt management strategy of St. Vincent and the Grenadines.

The Ministry of Finance and Economic Planning 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, further tax reductions, 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. Additionally 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 quarterly via the local media and the government's website. 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 2013 indicates a 2.4 percent growth in real output. The increase in economic activity was influenced mainly by developments in the Agriculture, Construction, Wholesale & Retail Trade and Public Administration sectors. The largest contributor to gross value added (of 16.2 percent) was the Real Estate, Renting and Business Services Sector. The sector grew marginally by 0.9 percent mainly on account of a 1.0 percent rise in the construction of owner occupied dwellings.

The Agriculture sector remains a significant contributor to real output in 2013, achieving real growth of 6.4 percent. All subsectors under this category, save forestry, saw increases in production. Growth in the Construction sector amounted to 6.6 percent in 2013 and was mainly on account of significant construction activity on the Argyle International Airport. The Wholesale & Retail Trade sector improved in 2013 growing by 4.2 percent compared to 2.2 percent in 2012, indicating a gradual strengthening of domestic economic activity.

B. SECTORAL DEVELOPMENTS

Agriculture

Economic activity in the agricultural sector continued to add considerable value to the Vincentian economy. In 2013 the sector grew by 6.4 percent compared with growth of 2.2 percent in 2012. The improvement in the Agriculture sector was driven by increases in all sub-sectors save forestry. Increases were recorded in banana production (9.0 percent) production of other crops (6.5 percent)

[1] The latest Audited Report of the government for the fiscal year 2008 was laid before the Parliament on April 5th 2011.

and fish landings (6.6 percent). The turnaround in fish landings from the contraction of 14.9 percent in 2012, was correlated with the deployment of two FADS (Fish Aggregating Devices). Livestock production grew by 5.8 percent in 2013 due largely to the increasing demand for pork on the local market. Continued environmental challenges including deforestation contributed to the negative performance of the Forestry sub-sector over the last two years. In 2013 the sector declined by 2.0 percent compared with the 4.9 percent drop recorded in 2012.

Table 2: Agricultural Products (volume & value) 2012-2013

Product			**2012**	**2013**
Banana	Quantity	Lbs '000	4,064	4637
Banana	Value	EC$'000	1,371	1772
Other Crops	Quantity	Lbs '000	70,402,887	73,462,158
Other Crops	Value	EC$'000	105,183	104,581
Fish	Quantity	Lbs '000	1,473	1,575
Fish	Value	EC$'000	8,935	10,107

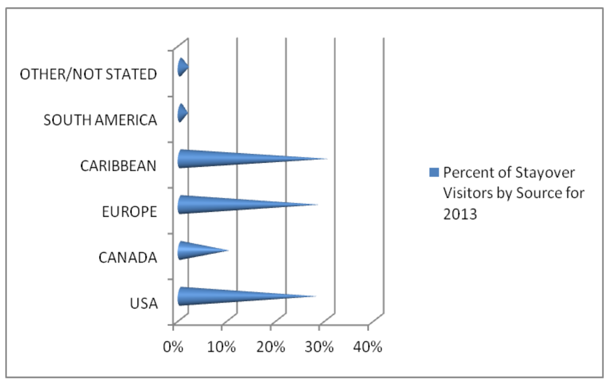
Manufacturing

The Manufacturing sector in St. Vincent and the Grenadines is relatively small with production concentrated in brewery products, rice, flour and feeds.The sectors' contribution to value added fell from 4. 3 percent in 2012 to 2.2 percent in 2013 mainly as a result of an 18.6 percent contraction in local production of brewery products with the exception of beer which increased by 14.6 percent. In addition, rice production declined by 48.5 percent in 2013 and is expected to decrease in the future as East Caribbean Group of Companies scales down its rice milling activity.

Tourism

Growth in the Tourism sector, as proxied by hotels and restaurants, declined by 0.8 percent in 2013, relative to marginal growth of 0.2 percent in 2012, as the sector was adversely impacted by the slow recovery in its main source markets and increased competition from neighbouring countries. This performance was due to a 3.5 percent fall-off in stay-over visitors and a 12.7 percent drop in same-day visitors. However, the yachting and cruise ship visitor categories improved by 0.7 percent and 3.9 percent, respectively. The yachting sub-category is a small, but growing segment that creates local business opportunities in a variety of areas. The improvement in cruise passenger arrivals, which is a vital component of the country's tourism product was due to calls from larger cruise liners. The Tourism Authority continues to augment the efforts of the cruise liners in the marketing of the cruise tourism product. It remains committed to implementing strategies to support and develop new cruise tourism products by focusing on those attributes of the country that match the passions of potential travelers.

Chart 1 Percent of Stay-over Visitors by Source Markets for 2013



The majority of the country's tourists come from the Caribbean, Europe and the U.S.A. The Caribbean was the main source market, with 30 percent of stay over visitors coming from the region; this was followed by the United States of America and Europe with 28 percent each. Stay-over visitors from Canada amounted to 10 percent of the total and the remainder came from South America and other countries.

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Table 3:_Visitor Arrivals By Visitor Type

VISTORS TYPE	Jan-Dec 2013	Jan-Dec 2012	Actual change	percent change
BY AIR				
STAY-OVER	71,725	74,364	(2639)	(3.5)
SAME DAY	2,663	3,051	(388)	(12.7))
SUB TOTAL	74,388	77,415	(3027)	(3.9)
BY SEA				
YACHT	45,548	45,246	302	0.7
CRUISE SHIP	80,185	77,179	3,006	3.9
SUBTOTAL	125,733	122,425	3,308	2.7
TOTAL	200,121	199,840	281	0.1

Source: St Vincent and the Grenadines Tourism Authority

The government recognizes the importance of tourism to the overall economic performance of the economy of St. Vincent and the Grenadines. Consequently it continues to play an active role in facilitating private sector tourism development initiatives including the ongoing development of the Buccament Bay Resort, Canash Beach Apartments, Marma's Castle in Belvedere, the Blue Tropic Resort and Spring House in Bequia, the Tribu-Faya Resort in Mayreau, the development of the Pink Sands Hotel in Canouan and the Union Island Development Project. It is anticipated that with the opening of the Argyle International Airport the performance of the Tourism sector would improve.

Construction

Construction sector activity rebounded in 2013 with positive growth of 6.6 percent compared to the 3.5 percent decline recorded for the previous year. Growth in this sector was mainly attributed to work done in relation to the construction of the international airport. Other major construction activity included the Modern Medical Complex, rehabilitation of the Windward Highway, and the Regional Disaster Vulnerability Reduction Project.

Medium Term Growth Outlook

Over the medium term, 2014-2016, real economic activity is projected to grow unevenly, averaging 1.5 percent per annum. The positive uptick in value added will be driven by activity in the agricultural, tourism, manufacturing, financial intermediation and public administration sectors..

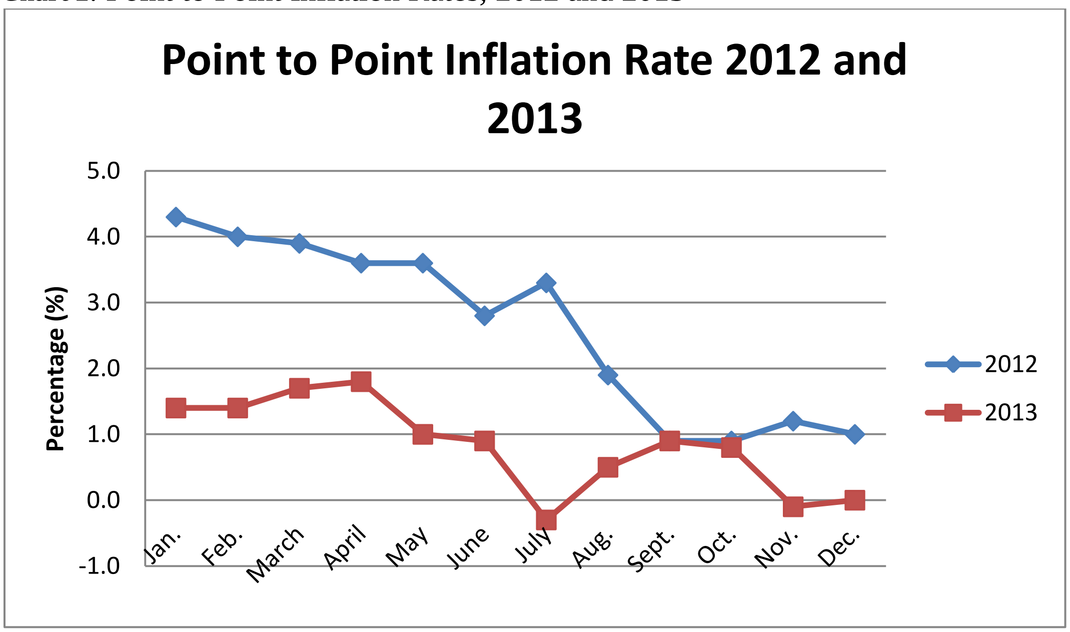
Growth in the agricultural sector is expected to be driven by activity in the livestock and other crops sub-sectors. Banana production is expected to recover with growth averaging 3.5 percent over the period in anticipation of a resumption of shipments to the UK. A moderate recovery is anticipated in the tourism sector, based on plans to augment current marketing efforts to coincide with the expected completion and operationalization of the Argyle International Airport. In line with the projected increase in visitor arrivals, the sector is expected to grow consistently over the period up to 3.0 percent by 2018.

The manufacturing sector is expected to grow moderately at an average rate of 2.2 percent as the Brewery and ECGC exploit opportunities on the regional market. Consistent with the expectation of slow growth in domestic economic activity, a modest 1.0 percent growth per annum is projected in the Real Estate, Renting and Business Services sector. Value added in the construction sector is forecasted to decline in 2015-2016 at an average rate of 3.6 percent, as . the anticipated completion of the Argyle International Airport dampens growth prospects in the sector. Despite ongoing works on a number of other projects including the South Leeward Highway and the National Disaster Rehabilitation and Reconstruction Project, these would not be insufficient to offset the decline in activity associated with the international airport.

C. INFLATION

An analysis of the Consumer Price Index for the year 2013 indicates that the annual average "point-to-point" inflation rate was 0.8 percent compared to 2.6 percent for the year 2012. The accumulated inflation rate for the year 2013 was recorded at 0.0 percent compared to 1.0 percent for the year 2012. The "All Items" sub-index moved from 107.6 in January 2013 to 107.2 in December 2013. Further analysis of the index reveals that the monthly "All Items" index remained consistent throughout the year, except for the month of April. The Health sub-index recorded the biggest upward movement, of 3.5 percent, as a result of increases in the prices for cancer drugs (118.9 percent), dental services -filling (38.5 percent) and cleaning (20.2 percent), paediatrician fees (16.7 percent), blood tests (10.4 percent) and chest x-ray (4.8 percent). Correspondingly, the group "Alcoholic Beverages, Tobacco & Narcotics" grew by 1.9 percent during 2013. The monthly inflation rate fluctuated throughout 2013 with the lowest recorded as negative 0.6 percent for the month of July and the highest as 0.5 percent for the months of April and August. In comparison to 2012, the "point-to-point" inflation rates were lower for all the months except September.

Chart 2: Point to Point Inflation Rates, 2012 and 2013



D. BALANCE OF PAYMENTS

Preliminary data suggests that the overall Balance of Payments (BOP) position for St Vincent and the Grenadines improved in 2013. The overall surplus improved from $56.6 million at the end of 2012 to $64.8 million at the end of 2013. The improvement resulted from a 12.7 percent increase in the surplus on the financial account.

The Current Account

The current account deficit widened from $520.8 million (27.8 percent of GDP) in 2012 to $566.9 million (29.5 percent of GDP) in 2013, influenced by a 4.8 percent increase in the merchandise trade deficit from $733.6 million to $768.6 million in 2013. A 64.8 percent reduction in receipts from services also contributed to the weakened current account position. The surplus on the service account fell from $245.5 million (13.1 percent of GDP) in 2012 to $133.2 million (6.9 percent of GDP) in 2013, largely due to lower travel receipts. The deficit on the income account fell marginally to EC$10.0 million due to slightly lower interest payments on Central Government external debt. The net inflow of current transfers of $66.3 million in 2013 was a touch lower than the $66.9 million received in 2012.

The Capital and financial account

In 2013, the surplus on the Capital and Financial Account increased by 1.2 percent to $602.4 million, from $595.6 million in 2012. Inflows on the capital and financial account increased on the strength of direct investment as capital transfers declined. The capital account contracted further in 2013 to $34.8 million, reflecting the significant fall in capital grants received by Central Government. Net inflows on the financial account grew significantly by 12.7 percent to $567.7 million compared with $503.8 million in 2012. This increased inflow was associated mainly with a 9.8 percent rise in receipt from direct investment including land sales, portfolio investment and other investment.

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 made 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 such as flour and rice. 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 exports increased in 2013 to $132.6 million from $115.1 million in 2012. Banana exports moved from $2.7 million in 2012 to $3.1 million in 2013. Manufactured exports grew from $78.2 million in 2012 to $86.7 million in 2013. Total imports increased to $1006.3 million in 2013 from $964.2 million in 2012. Total imports represented 51.5 percent of GDP in 2012 compared to 52.4 percent of GDP in 2013.

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E. GOVERNMENT FISCAL OPERATIONS

The Central Government fiscal operations for 2013 weakened in comparison to 2012. Current revenue declined by 2.1 percent to $462.6 million while current expenditure increased by 0.5 percent to $491.3 million. Consequently, the Central Government current account balance worsened, moving from a deficit of $16.3 million in 2012 to $28.7 million in 2013. The overall deficit also widened from $38.5 million in 2012 to $120.1 million in 2013.

Revenue

Current revenue decreased by 2.1 percent to $462.6 million during fiscal year 2013 when compared to the $472.6 million collected in the preceding year. This drop was on account of lower collections from taxes on income and profits, taxes on international trade and non-tax revenue. In contrast, revenue from domestic transactions increased by 2.9 percent during the period. Receipts from taxes on income and profits declined by 9.1 percent to $111.3 million; mainly due to the reduced amounts collected from individual and corporation taxes. Revenue from Corporation tax fell by 25.5 percent to $30.5 million as some major companies performed worse than expected and significant arrears ($3.0 million) collected by the Inland Revenue Department in 2012 did not recur in 2013.

Table 4: Summary of fiscal operations for the year ended December 31, 2013 compared with 2012

	BUDGET 2013 $ M	**ACTUAL 2013 $ M**	**ACTUAL 2012 $ M**	*PERCENT CHANGE*
Current Revenue	**508.2**	**462.6**	**472.6**	*(2.1)*
of which:				
Taxes on Income & Profits	126.6	111.3	122.4	*(9.1)*
Taxes on International Trade	191.4	170.6	173.0	*(1.4)*
Taxes on Domestic Trade	117.9	109.5	106.4	*2.9*
Current Expenditure	**533.4**	**491.3**	**488.9**	*0.5*
of which:				
Personal Emoluments	243.7	231.5	224.1	*3.3*
Interest Payments	50.2	47.9	44.4	*7.9*
Transfers & Subsidies	150.3	126.3	131.2	*(3.7)*
Current Account Balance	**(25.2)**	**(28.7)**	**(16.3)**	***76.0***
Capital Expenditure	**176.9**	**151.8**	**54.2**	***180.2***

Capital Revenue	**30.6**	**60.4**	**32.0**	***88.7***
Overall Balance	**(171.51)**	**(120.10)**	**(38.48)**	***212.1***

Source: Ministry of Finance and Economic Planning

Revenue from taxes on international trade amounted to $170.6 million representing a 1.4 percent drop in collections when compared with 2012. This resulted from a decline in receipts from Excise Duty and VAT of 11.0 and 1.0 percent, respectively. Taxes on domestic transactions totaled $109.5 million, representing a 2.9 percent increase over the amount collected in 2012. This performance was mainly attributed to increased collections from Stamp Duty (50.1 percent) on account of greater sale of Crown Lands. Receipts from Excise Duty and Insurance Premium Tax also contributed as collections from these sub-categories increased by 11.0 percent and 9.0 percent respectively due to higher local production of alcoholic beverages and higher gross Insurance Premium respectively.

Receipts from Licenses fell by 3.7 percent to $25.2 million. This was driven by a significant drop in receipts from Telecom and Broadcasting licenses of 47.6 percent ($2.1 million), as amounts collected in December for this item were not brought to account before the close of the fiscal year.

Capital revenue increased significantly by 88.7 percent, from $32.0 million in 2012 to $60.4 million in 2013. Proceeds from the sale of Crown Lands amounting to $29.6 million were mainly responsible for the expansion in capital revenue.

Expenditure

As at December 31st 2013, current expenditure amounted to $491.3 million. This was marginally (0.5 percent) higher than the amount spent for the corresponding period in 2012. The wage bill, which accounted for 51.1 percent of current expenditure, increased by 3.3 percent. This was largely due to the 1.5 percent salary enhancement received by public servants which was retroactive to January 2011.

Spending on transfers and subsidies decreased by 3.7 percent to $126.3 million. This movement was mainly attributable to reduced spending on grants and contributions (13.7 percent) and social welfare (3.4 percent). Spending on goods and services declined by 6.2 percent to $66.1 million as a result of reduced outlays on utilities and supplies and materials.

Capital Expenditure increased significantly moving from $54.2 million in 2012 to $151.8 million in 2013. A mixture of projects contributed to the increase, including the Argyle airport development which accounted for $101.7 million (67.0 percent) of this amount.

Financing

Below is a summary of the Central Government financing for the year ended December 31, 2013 with comparative figure for the same period in 2012.

Table 5: Financing Summary for 2013 and 2012

Financing Summary	2013	2012
Overall Deficit	**120.1**	**38.48**
Financed by:		
Net External:	**57.88**	**-35.43**
Loan Disbursement	107.59	16.2
Less: Amortization	-49.71	-51.63
Net Domestic:	**62.22**	**73.88**
Loan Disbursements	66.26	59.63
Less: Amortization	-64.18	-21.41
(Increase)/Decrease in cash	51.2	10.9
Other	8.94	24.76

Fiscal Outturn as at June 30, 2014

The Central Government fiscal operations for the first half of 2014 improved when compared to the same period in 2013. Current revenue grew by 13.8 percent to $252.4 million, tempered by a 3.7 percent increase in current expenditure to $242.5 million. Consequently, the central government current account strengthened, moving from a deficit of $12.0 million in 2013 to a surplus of $9.9 million in 2014. The overall balance also improved, moving from a deficit of $27.9 million in 2013 to one of $10.8 million in 2014.

All the major categories of tax revenue increased during the first half of 2014. Revenue from taxes on income and profits grew by 3.4 percent to $55.2 million. This was mainly due to higher collections from Individual and Withholding taxes of 5.4 percent and 48.3 percent, respectively.

Property tax receipts grew by 66.8 percent to $1.1 million, reflecting the effects of the broadening of the tax base via the market value system.

Table 6: Summary of Fiscal Operations as at June 30, 2014

	Budget 2014 $m	2014 $m	2013 $m	Change percent
Current Revenue	240.8	252.4	221.9	13.8
Current Expenditure	263.4	242.5	233.9	3.7
Surplus/(Deficit)	(19.8)	9.9	(12.0)	(182.8)
Capital Revenue	15.3	4.4	24.9	(82.4)
Of which Grants	*11.2*	*4.0*	*8.2*	(51.0)
Capital Expenditure	85.8	25.1	40.8	(38.4)
Overall Balance	(93.1)	10.8	(27.9)	(138.6)

Source: Ministry of Finance and Economic Planning

Revenue from international trade amounted to $83.3 million, an increase of 4.4 percent when compared to the first six months of 2013. Under this rubric Import Duty, Customs Service Charge and VAT increased by 4.3 percent, 5.3 percent and 3.4 percent, respectively. These performances were supported by an initiative at the Customs & Excise Department to collect outstanding amounts from a number of defaulting business entities along with an 11.8 percent fall in revenue loss as a result of reducing concessions.

Taxes on domestic transactions increased by 5.2 percent to $58.8 million, when compared to the corresponding period in 2013. Receipts from Stamp Duty, Excise Duty and VAT were mainly responsible for the better performance as they increased by 6.4 percent, 8.5 percent and 5.4 percent, respectively. Stamp duty benefited from improved land sales during the period while Excise Duty and VAT reflected a modest improvement in domestic economic activity over the period. Licenses yielded $18.7 million, 34.7 percent more than the amount collected in 2013 mainly due to larger inflows from Telecomm Broadcast license ($3.0 million).

Revenue from non-tax sources increased significantly from $18.4 million in 2013 to $35.4 million in 2014 as all subcomponents increased during the period. Revenue from Interest, Rents and Dividends increased significantly moving from $1.8 million in 2013 to $13.1 million in 2014. A prepayment to the government by the Mustique Company (amounting to $7.5 million) for five years was mainly responsible for the performance of this item during the period. Receipts from other revenue also rose by 73.2 percent to $11.6 million mainly on account monies received for budget support and disaster relief.

As at June 30 2014, current expenditure amounted to $242.5 million. This figure represented an increase of 3.7 percent when compared to the amount spent in 2013. Payment of personal emoluments and wages amounted to $114.3 million and $9.1 million respectively, reflecting increases of 2.5 percent, and 1.5 percent, respectively. Expenditure on transfers & subsidies increased by 4.3 percent to $66.6 million on account of higher spending on all of its major components including; social welfare payments (14.7 percent), grants and contributions (5.6 percent) and pensions (21.1 percent). Similarly, spending on goods and services increased by 9.0 percent to $31.1 million as a result of greater outlays on utilities and sundry expense.

Capital inflows as at June 30, 2014 amounted to $4.4 million. This represented a significant decline of 82.4 percent due in the main to reduced receipts from capital grants, Crown land sales and Other Revenue for the six month period.

Fiscal Outlook for 2014

As a result of the December 2013 floods the Government of St. Vincent and the Grenadines approved a supplementary budget to cover rehabilitation and reconstruction expenses associated with the disaster. The supplementary estimates included $11.0 million in recurrent expenditure allocated to the Roads, Buildings and General Service Authority. The capital budget expanded by $73.0 million is to be sourced through a mix of grants, loans and local revenue. Consequently, the budget estimates were revised upwards yielding an expenditure budget for 2014 of $995.6 million, comprising recurrent expenditure (including amortization) of $665.4 million and capital expenditure of $330.1 million. The total budget is $196.4 million or 24.6 percent more than the 2013 approved estimates. The 2014 estimates of current expenditure (excluding amortization) is $559.7 million, which is 4.8 percent more than the estimates for 2013. The 2014 estimate of capital expenditure is significantly higher than the 2013 estimates due to the large outlays required to complete the construction of the Argyle International Airport.

Financing of the budget will come from current revenues of $520.5 million, capital grants of $85.9 million, capital revenue of $42.5 million, loans of $179.4 million and other capital receipts of $157.3 million. The projected growth in revenue for 2014 will come primarily from more efficient tax collection along with some new revenue measures undertaken by the Customs and Excise Department. Revenue measures initiative such as the implementation of Asycuda World, Risk Management assessment and high risk post clearance audit valuation which narrowed the focus on non-compliant individuals assisting the Customs & Excise Department to collect outstanding amounts from a number of defaulting business entities. There have also been increases in excise charges that is placed on petroleum and motor vehicles. Additionally, the collection of some outstanding arrears also impacted on the growth in excise.

F. MONEY AND CREDIT

Monetary liabilities (M2) grew by 8.7 percent during 2013, compared with 6.6 percent 2012. Narrow money and quasi money expanded by 3.7 percent and 10.8 percent respectively as a result of increases in private sector demand deposits (3.1 percent), currency with the public (9.8 percent), private sector saving deposits (13.3 percent) and private sector time deposits (9.3 percent).

Domestic credit expanded by 4.1 percent to $998.9 million, influenced by increased borrowing by the private sector. Private sector borrowing grew by 1.3 percent on account of growth in credit to households as business credit fell. Net credit to the Central Government expanded by 30.5 percent, while net deposits of non-financial public enterprises fell by 11.4 percent attributable largely to a drawdown on deposits.

The distribution of credit by economic activity indicated greater buoyancy in lending for personal use, the largest component of total credit. Growth in outstanding loans for personal use rose by 16.5

percent compared with growth of 5.1 percent in 2012, as credit outstanding for acquisition of property increased by 15.4 percent. Credit for the purchase of durable consumer goods and other personal uses moved up 6.1 percent and 18.5 percent, respectively. Credit extended for professional & other services and distributive trade fell by 70.8 percent and 3.0 percent respectively. Credit extended for agriculture & fisheries and manufacturing also declined by 8.1 percent and 11.2 percent, respectively.

The net foreign assets of the banking system grew by 20.9 percent to $494.3million at the end of 2013, compared to a growth of 4.0 percent during 2012. This increase was mainly fuelled by a 22.0 percent rise in central bank imputed reserves to $359.4 million and an 18.2 percent expansion in the Net Foreign Asset of commercial banks..

Liquidity in the commercial banking system increased during the review period. This was evidenced by the 10.2 percent rise in the ratio of liquid assets to total deposits plus liquid liabilities. In addition the liquid assets to total deposits ratio also increased by 10.2 percent.

VIII. PUBLIC DEBT ANALYSIS

Total outstanding public sector debt as at December, 2013 stood at $1,439.3 million or 74.9 percent of GDP, compared with $1,343.8 million (71.8 percent of GDP) at the end of 2012. Of the total debt Central Government accounted for 84.0 percent ($1,208.8 million), with the remaining 16.0 percent ($230.4 million) attributable to Public Corporations.

Domestic Debt

The total domestic debt stock stood at $639.6 million at the end of December, 2013 an increase of 6.9 percent when compared with the $598.5 million recorded at the end of December, 2012. Central Government debt rose by 2.8 percent to $501.0 million, and that of Public Corporations' increased by 24.6 percent to EC$138.6 million. The increase in the Central Government's debt was primarily

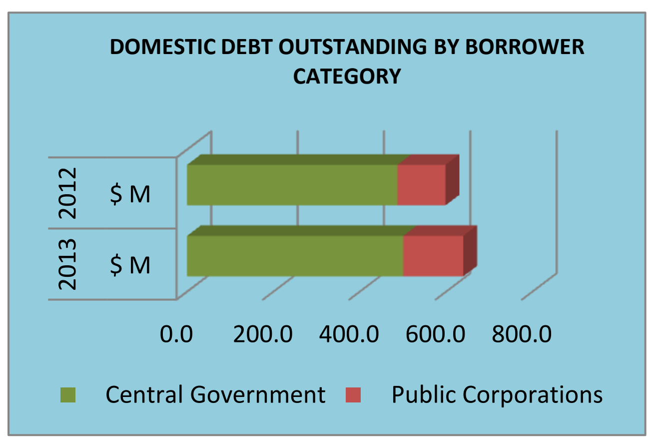
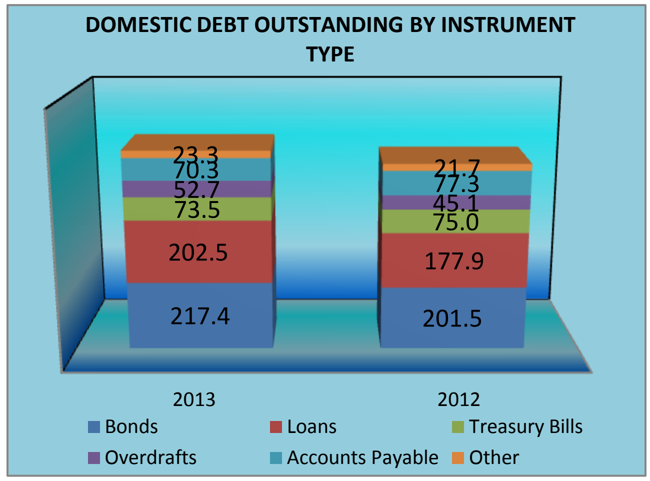


Chart 3: Domestic Debt outstanding by Borrower Category 2013 compared with 2012

due to a 16.9 percent increase in the overdraft facility to $52.7 million from $45.1 million in 2012 and a 7.9 percent expansion in the issuance of new securities which stood at $217.4 million in 2013 from $201.5 million in 2012. The increase in the Public Corporation's debt was mainly due to bridging loans for the construction of the International Airport at Argyle and the inclusion in the portfolio of debt held by the National Student Loan Company from the NIS.

Chart 4: Domestic Debt Outstanding by Instrument Type 2013 compared with 2012



With respect to the composition of the portfolio, Government bonds constituted the largest share of domestic stock accounting for 34.0 percent, while loans accounted for 31.7 percent. Treasury bills and overdrafts jointly accounted for 19.7 percent. The category "Other" accounted for the remaining 14.6 percent.

The Government continued to be an active participant on the Regional Government Securities Market (RGSM) in 2013. Twelve (12) issues of Treasury Bills at $25.0 million each were auctioned in addition to a 10-year Bond valued at $25.9 million. Chart 5 shows the total value of bids received for Treasury Bills issued during 2013 compared with 2012 and the corresponding coupon rate allotted at settlement.

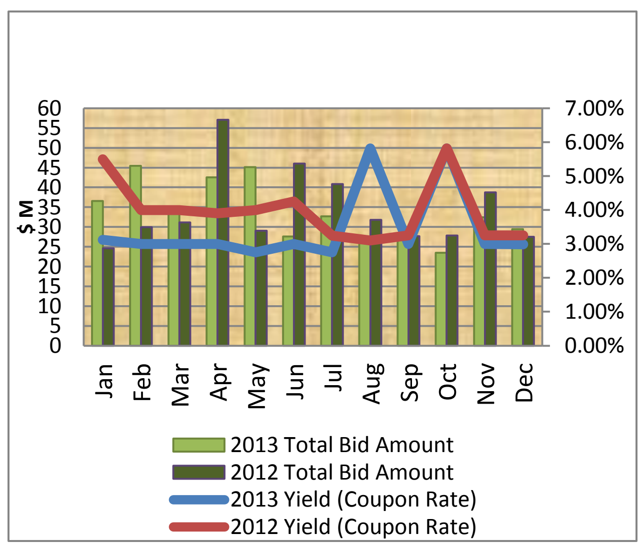


Chart 5: Total Bids and Coupon Rate for T-Bills 2013 compared with 2112

External Debt

The total public sector external debt stood at $799.7 million or 41.6 per cent of GDP at the end of 2013, representing an increase of 7.3 percent over the stock at the end 2012. Of the total external debt, $707.8 million or 88.5 percent was attributable to the Central Government and $91.8 million (11.5 percent) to Public Corporations. Both Central Government and government guaranteed debt increased, by 7.4 percent and 6.3 percent, respectively. The increase in external debt was primarily on account of drawdown by the Central Government on new loans from the ALBA Bank, the Bank of Nova Scotia and the CDB, for funding the continuation of the construction of the international airport at Argyle and for various public sector programs including the TECHVOC Project and the LIAT (1974) Fleet Modernization Project.

Table 7: Total External Debt Stock by Borrower Category

	2013		2012		change
External Debt	**EC$ M**	**% of Total**	**EC$ M**	**% of Total**	
Central Government	707.8	88.5	658.6	88.3	7.4
Public Corporations	91.8	11.5	86.9	11.7	6.3
TOTAL	**799.7**	**100**	**745.4**	**100**	**7.3**

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, 61.9 percent and 27.2 percent respectively. The remaining 10.8 percent was shared between commercial creditors, export credit facility and bondholders. As a consequence, the maturity profile of the debt continues to be dominated by long-term loans with 75.7 percent maturing in over ten years. Loans with remaining maturity between 5-10 years account for 15.6 percent while loans with remaining maturity between 1-5 years account for 7.2 percent. The balance of 1.4 percent matures in less than one year.

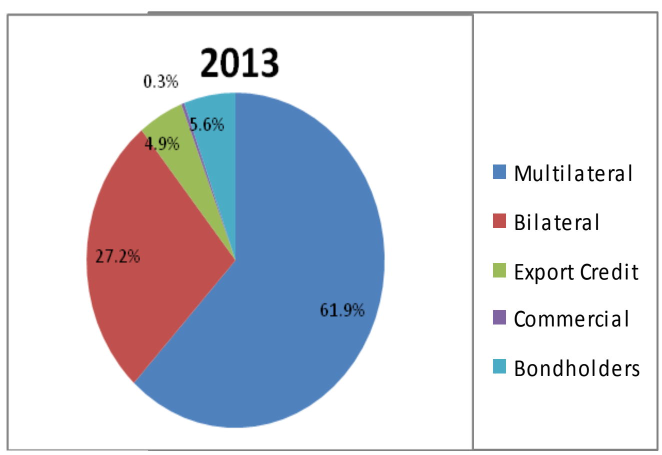


Chart 6: External Debt by Creditor Category 2013

External Debt by Currency

The currency composition continued to weigh heavily in favour of the United States Dollar (USD) which accounted for $661.9 (82.8 percent) of the external debt at the end of 2013. The second largest in the currency category was the XDR with a share of 13.3 percent at the end of 2013. The Euro, Eastern Caribbean Dollars and currencies grouped as "Other[2]" collectively accounted for the remaining 4.0 percent of the external debt portfolio, as reflected in chart 7.

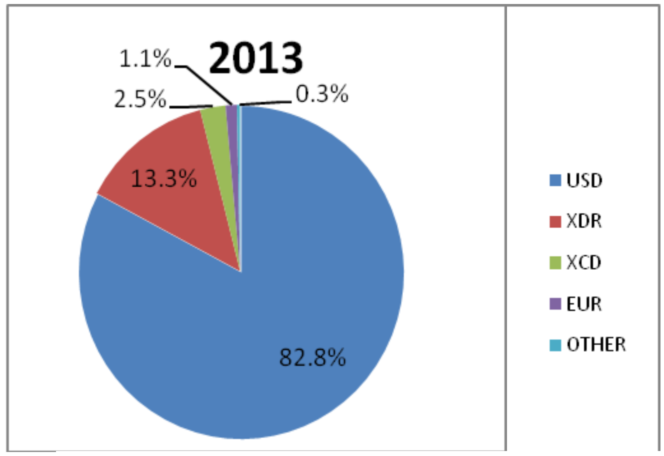


Chart 7: External Debt Outstanding by Currency Composition 2013

Debt Servicing as at December 2013

In 2013, Central Government debt service payments increased by 13.0 percent to $137.3 million representing 17.2 per cent of current revenue. Of this amount, amortization accounted for 61.1 percent or $83.9m, representing a 14.9 percent from the amount paid in in 2012. Interest payments and sinking fund contributions increased by 7.8 percent and 37.5 percent respectively in 2013. Debt service as a percentage of revenue increased by 4.0 percentage points to 29.7 percent in 2013.

Risk Analysis of the Debt Portfolio as at December 2013

The central government debt portfolio is exposed to changes in interest rates. The domestic debt is especially vulnerable, as a consequence of its short maturity profile having 54.6 percent maturing in one year. A relatively large proportion of external debt is contracted on floating rate terms with 42.5 percent becoming due for re-fixing in 1 year. In addition, the debt portfolio shows susceptibility to rollover/ refinancing risk, revealing the vulnerability of the portfolio to higher costs for refinancing maturing obligations at that point.

In contrast, the level of exposure of the debt portfolio to foreign exchange rate risk is relatively low due to the high proportion of the debt denominated in USD. The XCD has been pegged to the USD

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

since 1976. Accordingly, there is limited vulnerability to changes in exchange rate against the USD. The short term external debt as a percentage of foreign exchange reserves accounts for 13.5 percent of the total indicating that the reserves adequacy for meeting foreign debt service payments is sufficient.

Summary of Public Debt as at June 30, 2014

As at June 30, 2014 public sector debt increased by 8.6 percent to $1,388.7 million from $1,278.4 million over the corresponding period in 2013. Of this amount, 54.7 percent or $759.6 million was held externally with the remaining 45.3 percent or $629.1 million being held domestically. External debt increased by 9.1 percent while domestic debt increased by 8.0 percent. The increase in domestic debt was mainly due to a 61.0 percent rise in the overdraft balance by, growth in the accounts payable balance by 57.0 percent, the inclusion in the public debt portfolio of the National Student Loan Company loans from the NIS and receipts from a Fiscal Reserve loan from ECCB. .

Debt Servicing as at June 2014

During the first half of 2014, External debt servicing declined by 15.4 percent while domestic debt servicing increased by 31.9 percent resulting in an overall decrease of 2.2 percent when compared with the corresponding period for 2013. The increase in the domestic debt servicing was concomitant with the increase in the domestic debt as amortisation and interest payments on new loans and bonds commenced over the period. However the grace period on new external debt as well as the effects of amortisation on reducing balances resulted in the decrease in external debt service.

Table 8: Summary of Public Debt as at June 30, 2014 compared with corresponding period 2013

PUBLIC DEBT	June '14 ECD M	June '13 ECD M	Change 2014/2013 percent
Total Public Debt	1,388.70	1,278.40	8.6
External	759.6	696	9.1
Central Government Debt	670.4	611.8	9.6
Public Corporations	89.3	84.3	5.9
Domestic	629.1	582.4	8
Central Government Debt	489.4	466	5
Public Corporations	139.7	116.4	20
Central Government Debt Service	**66.5**	**68**	**-2.2**
External	**29.6**	**35**	**-15.4**
Interest	*8.8*	*9.4*	-6.4
Amortisation	*20.8*	*25.6*	18.8
Domestic	**36.9**	**28**	**31.9**
External	*12.6*	*11.7*	7.9
Domestic	*24.3*	*16.3*	49
Sinking Fund Contribution	**0**	**5**	**-100**
Current Revenue	**252.4**	**221.9**	**13.8**
Debt Service/Revenue (percent)	**26.4**	**30.7**	**-4.3**

Source: Ministry of Finance and Economic Planning DMU

IX. MEDIUM TERM DEBT STRATEGY 2014 - 2018

The government is finalising its MTDS to cover the period 2014 – 2018. This MTDS is an improvement on the 2010 MTDS as it is supported by a quantitative analysis using the cost-risk analytical toolkit designed by the IMF and World Bank. The toolkit generates outputs which facilitates the evaluation of the costs and risks of four (4) alternative strategies proposed. The analysis facilitates the process for selecting a plan with regard to cost-risk trade-offs between the alternative instruments that the government can implement over the medium term in order to achieve the desired composition of its debt portfolio. The updating of the MTDS represents the Government's commitment to carrying out its debt management objectives by implementing best practices aimed at achieving medium to long term debt sustainability. In addition to the MTDS a Debt Sustainability Analysis (DSA) was carried out in 2013, jointly undertaken with assistance from the ECCB. The DSA studies a country's medium to long term debt situation and advices on its sustainability. The results indicates that the expected debt path in the long term is at a moderate level of debt distress.

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-off 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 by:

1. Establish strict limits on the contraction of new debts and ensure that the projects to be financed are feasible in terms of their contribution to economic development and poverty reduction.
2. Reduce operational losses of public enterprises. In this regard, Government has established a Monitoring Committee on Public Enterprises, headed by the Prime Minister, to monitor the performances of all public enterprises. The Ministry of Finance and Economic Planning has designated an officer for direct liaison and monitoring of public enterprises.

3. Issue all Government Securities on the Regional Government Securities Market (RGSM)
4. Contraction of new debt would be mostly concessionary from multinational and bilateral creditors.

X. 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[3]. 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 current limit on the advance is $50.0 million[4].

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.

[3] Sec 44, Finance Administration Act Cap 252
[4] Resolution of Parliament 2013`

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.

XI. 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 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 No. 27 of 2005. 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
- RBTT Bank Caribbean Limited Money Transfer Business—MoneyGram
- St Vincent Building and Loan Association Money Transfer—Jamaica National Money Transfer Services
- Postal Corporation - MoneyGram

XII. INSURANCE SECTOR

In St. Vincent and the Grenadines the Insurance sector is mainly made up of branches/agencies of CARICOM based insurance companies. The sector is governed by the Insurance Act No. 45 of 2003 (CAP 306 of the 2009 Revised Laws of St. Vincent and the Grenadines) and the Motor Vehicle Insurance (Third Party Risk) Act No. 4 of 2003. 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 2013, twenty-eight (28) companies were registered under Section 8 of the Insurance Act, Cap 306 to conduct insurance business in St. Vincent and the Grenadines of which twenty-three (23) were active. Of these 23, American life was in the process of exited the market having transferred their business to Pan American Life of the Eastern Caribbean while British American and Clico International life remained under Judicial Management. There were thirteen (13) insurance companies registered to undertake short-term insurance business and ten (10) long-term insurance companies. Of the ten (10) registered as long-term companies, nine (9) were registered to conduct business in both segments of the market. Five companies were inactive and one has been liquidated. The list of active insurers by license class is as follows:-

Table 9: Insurers by License Class 2012

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

The insurance business continues to struggle with the consequences of the collapse of the CL Financial Group (CLF). Available data shows that the total assets in the insurance market as at year end 2013 amounted to $196.3 million, an increase of $26.2 million or 15.4 percent when compared to $170.1 million accrued in 2012.

Gross Premium income in the insurance industry totalled $72.8 million. This represented 3.8 percent of Gross Domestic Product at market prices and an increase of 4.9 percent over the gross premium income of $69.4 million in 2012.

Gross premium income for the general insurance sub-sector of the market totalled $58.0 million in 2013 an increase of 10.0 percent when compared with the 2012 figure of $52.7 million. Eight companies controlled 82.5 percent of this segment of the market when ranked by their gross premium. In 2013, the largest component of the short-term insurance gross premium was the property portfolio, which amounted to approximately 49.0 percent, followed by motor vehicle 28.0 percent and the Marine, Aviation and Transit (MAT) category with 11.0 percent.

Premium income generated for the Life segment of the market amounted to $13.3 million in 2013, reflecting a decrease of $2.1 million or 13.8 percent when compared with the previous year. Of this amount, premiums for individual life amounted to 83.1 percent while grouplife accounted for 13.1 percent.

Insurance penetration (premium as a percentage of GDP) moved from 3.7 per cent in 2012 to 3.8 percent in 2013. The short term segments of the industry recorded an increase of 0.2 percentage point while the long term segment decreased by 0.1 percentage point.

Claims continue to be a significant component of the insurance companies' expenditure. Policy holder benefits (which includes claims, annuity payments, policy surrenders in the long-term sub-sector for the period amounted to $7.8 million, which represented 47.7 percent of the total expenses and a decrease of 29.0 percent from the previous year. Meanwhile, short-term insurance companies paid claims totalling $9.6 million in 2013, an increase of 10.0 percent when compared with the 2012 figure of $8.7 million. This represented 52.8 percent of total expenditure for 2013 compared with 52.2 percent in 2012. The loss ratio (ratio of net claims to gross premium) remained constant 2012 at 16.6 percent for the short-term insurance segment of the industry while for the long-term insurance sector it increased in 2013 moving from 13.7 percent in 2012 to 24.8 percent.

During the year 2013, reinsurance amounted to $35.2 million for short-term insurance business and $1.5 million for long-term insurance business. The industry's statutory deposits held by the supervisor of insurance during the year amounted to $37.2 million which comprised of $13.4 million in Government Securities and $23.8 million in cash.

XIII. 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 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.

XIV. CURRENT ISSUES OF GOVERNMENT SECURITIES.

As at November 3rd 2014, the Government's outstanding securities traded on the Regional Government Securities Market are listed hereunder**:**

1. TREASURY BILLS GENERAL INFORMATION

- **Issues Outstanding** **Issue $75.0M**
- **Amount offered** **$25.0 m**
- **Maturity in days** **91 days**
- **Date of Issues** **Every 91 days**
- **Redemption Date** **Every 91 days**
- **Discount rate** **N/A**
- **Yields** **Weighted Avg. 5.82per cent**
- **Discount Price** **$98.54 – $98.54**

Date of Issues	Redemption Date	Issue Amount	Value of Bids	Amount Accepted	No. of Bids Total	Successful	Interest Rate %
		EC$m	EC$m	EC$m			
29-Aug-14	28-Nov-14	25.0	46.4	25.0	15	8	1.99
29-Sep-14	29-Dec-14	25.0	51.4	25.0	18	7	1.00
3-Nov-14	2-Feb-15	25	34.66	25	10	7	1.99

2. NOTES

Trading Symbol	Date of Issues	Redemption Date	Issue Amount	Value of Bids	Amount Accepted	No. of Bids Total	Successful	Interest Rate %
			EC$m	EC$m	EC$m			
VCN240717	24-Jul-14	24-Jul-17	10.0	6.9	6.9	8	8	5.25

3. BONDS

Trading Symbol	Amount Offered for sale	Amount Outstanding	Original Maturity	Remaining Maturity	Date of Subscription	Final Redemption	Coupon Rate
	$m	$m	(years)	(years)		Date	%
VCG100816	40.0	8.0	10	2	Aug-06	Aug-16	7.5
VCG100917	30.0	9.0	10	3	Sep-07	Sep-17	7.5
VCG070316	13.3	2.8	7	2	Mar-09	Mar-16	8.0
VCG0316AA	15.0	3.2	7	2	Apr-09	Apr-16	8.0
VCG0316AB	16.7	3.5	7	2	May-09	May-16	8.0
VCG100422	40.0	30.0	10	8	Apr-12	Apr-22	7.5
VCG100323	40.0	22.0	10	9	Mar-13	Mar-23	7.0
VCG070821	16.0	16.0	7	7	Aug-14	Aug-21	7.0

Most of the Bonds are amortised with allocations for payments provided annually from the consolidated fund. Where the Bonds are not amortised a Sinking Fund is established for redemption at maturity. Yearly contributions are allotted and committed to the sinking fund to achieve the targeted level. In 2014 Government ten year, $30 million, bullet bond matured; VCG 100814. As of September 30, 2014 the sinking fund balance was $11,163,861.04. Presently, $7,645,500 is committed to the sinking fund for 2014. The next payment from the sinking fund would be VCN240717; a three year $6.9 million government note.

Government securities are listed on the Eastern Caribbean Securities Exchange and can traded in the secondary market. Trades have been made on this market for the Government of St. Vincent and the Grenadines securities from 2006 – 2012, with the exceptions of 2011. There have been no trades made currently for 2014.

The following table summarizes the performance of the Government's treasury bills traded on the Regional Government Securities Market in 2013:

Date of Issues	Redemption Date	Issue Amount	Value of Bids	Amount Accepted	No. of Bids Total	Successful	Interest Rate %
		EC$m	EC$m	EC$m			
16-Jan-13	18-Apr-13	25.0	36.6	25.0	11	8	3.12
12-Feb-13	15-May-13	25.0	45.5	25.0	15	10	3.00
12-Mar-13	12-Jun-13	25.0	33.7	25.0	19	15	3.00
19-Mar-13	22-Jul-13	25.0	42.5	25.0	16	9	3.00
16-May-13	16-Aug-13	25.0	45.1	25.0	15	9	2.75
13-Jun-13	13-Sep-13	25.0	27.6	25.0	22	20	3.00
23-Jul-13	23-Oct-13	25.0	32.7	25.0	7	6	2.75
19-Aug-13	19-Nov-13	25.0	26.6	25.0	9	9	5.82
17-Sep-13	18-Dec-13	25.0	26.6	25.0	20	15	3.00
24-Oct-13	24-Jan-13	25.0	23.5	23.5	11	11	5.82
20-Nov-13	20-Feb-13	25.0	32.4	25.0	16	13	3.00
19-Dec-13	21-Mar-14	25.0	29.5	25.0	18	13	2.99

XV. 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 I – LIST OF LICENSED ECSE MEMBER BROKER DEALERS

Territory	Institution	Name of Licencee	Type of Licence
ST KITTS AND NEVIS	St Kitts-Nevis-Anguilla National Bank Ltd	Winston Hutchinson	Principal
		Anthony Galloway	Principal
		Angelica Lewis	Representative
		Marlene Nisbett	Representative
		Petronella Crooke	Representative
	The Bank of Nevis Ltd		
		Kelva Merchant	Principal
		Brian Carey	Principal
		Lisa Jones-Herbert	Representative
		Vernesia Walters	Representative
		Judy Claxton	Representative
SAINT LUCIA	ECFH Global Investment Solutions Ltd		
		Beverly Ann Henry	Principal
		Dianne Augustin	Principal
		Deesha Lewis	Representative
		Lawrence Jean	Representative
	First Citizens Investment Services Ltd		
		Carole Eleuthere-JnMarie	Principal
		Samuel Agiste	Representative
		Shaka St Ange	Representative
ST VINCENT AND THE GRENADINES	Bank of St Vincent and the Grenadines Ltd	Monifa Latham	Principal
		Laurent Hadley	Representative
		Patricia John	Representative
		Chez Quow	Representative

APPENDIX II – Central Government Fiscal Operations (amend to show 'current account balance'

	2009	2010	2011	2012	2013
Current Revenue	**466.51**	**489.95**	**462.48**	**472.62**	**462.58**
Tax Revenue	**432.61**	**421.47**	**412.14**	**430.58**	**420.63**
Taxes on Income & Profits	**110.35**	**108.81**	**114.40**	**122.41**	**111.44**
Of Which:					
Individual	57.64	61.69	67.38	71.81	69.38
Corporation	44.86	40.03	37.86	40.90	30.49
Taxes on Property	**2.72**	**2.90**	**2.81**	**2.70**	**3.90**
Taxes on Domestic Transcation	**105.14**	**105.93**	**98.91**	**106.38**	**109.51**
Of Which:					
Stamp Duty	18.74	22.68	15.71	17.41	26.15
Interest Levy	10.44	9.06	10.62	11.91	11.13
Excise Duty	3.73	4.15	4.11	4.82	5.35
VAT	64.83	62.53	61.11	64.95	62.35
Taxes on International Trade	**192.39**	**178.43**	**172.58**	**172.96**	**170.61**
Of Which:					
Import Duty	46.15	48.16	47.12	47.60	48.33
Excise Duty	29.27	22.52	20.18	22.73	20.22
Customs Service Charge	31.56	29.30	30.68	30.23	30.37
VAT	80.36	74.11	71.20	69.11	68.38
Licences	**22.02**	**25.40**	**23.44**	**26.13**	**25.18**
Non-Tax Revenue	**33.90**	**68.48**	**50.34**	**42.05**	**41.95**
Current Expenditure	**469.75**	**521.40**	**495.19**	**488.92**	**491.26**
Personal Emolument & Wages	211.99	221.81	231.18	242.90	250.95
Interest Payments	51.02	55.31	46.04	44.39	47.91
Domestic	28.44	33.85	23.42	23.29	29.45
External	22.58	21.46	22.62	21.10	18.46
Transfers & Subsidies	120.68	177.10	143.63	131.17	126.30
Goods & Services	86.07	67.19	74.35	70.46	66.10
Current Balance	**-3.24**	**-31.45**	**-32.71**	**-16.29**	**-28.68**

Source: Ministry of Finance and Economic Planning; Economic Research and Policy Unit

APPENDIX III – Central Government Fiscal Operations (percent growth)

	2009	2010	2011	2012	2013
Current Revenue	**-4.7**	**5.0**	**-5.6**	**2.2**	**-2.1**
Tax Revenue	**-3.4**	**-2.6**	**-2.2**	**4.5**	**-2.3**
Taxes on Income & Profits	**0.0**	**-1.4**	**5.1**	**7.0**	**-9.0**
Of Which:					
Individual	2.9	7.0	9.2	6.6	-3.4
Corporation	-3.9	-10.8	-5.4	8.1	-25.5
Taxes on Property	**23.2**	**6.9**	**-3.1**	**-4.2**	**44.5**
Taxes on Domestic Transaction	**-11.9**	**0.8**	**-6.6**	**7.6**	**3.0**
Of Which:					
Stamp Duty	-35.7	21.0	-30.7	10.8	50.1
Interest Levy	1.2	-13.2	17.2	12.2	-6.5
Excise Duty	-10.8	11.3	-1.0	17.2	11.0
VAT	-4.0	-3.5	-2.3	6.3	-4.0
Taxes on International Trade	**2.0**	**-7.3**	**-3.3**	**0.2**	**-1.4**
Of Which:					
Import Duty	1.2	4.3	-2.1	1.0	1.5
Excise Duty	41.1	-23.1	-10.4	12.6	-11.0
Customs Service Charge	2.4	-7.1	4.7	-1.5	0.5
VAT	-6.6	-7.8	-3.9	-2.9	-1.0
Licences	**-19.5**	**15.4**	**-7.7**	**11.5**	**-3.7**
Non-Tax Revenue	**-18.5**	**102.0**	**-26.5**	**-16.5**	**-0.2**
Current Expenditure	**8.7**	**11.0**	**-5.0**	**-1.3**	**0.5**
Personal Emolument & Wages	2.5	4.6	4.2	5.1	3.3
Interest Payments	7.5	8.4	-16.8	-3.6	7.9
Domestic	16.2	19.0	-30.8	-0.6	26.5
External	-1.9	-5.0	5.4	-6.7	-12.5
Transfers & Subsidies	40.1	46.8	-18.9	-8.7	-3.7
Goods & Services	-6.2	-21.9	10.7	-5.2	-6.2
Current Balance	**-105.7**	**870.9**	**4.0**	**-50.2**	**76.0**

Source: Ministry of Finance and Economic Planning; Economic Research and Policy Unit

APPENDIX IV– GDP in constant 2006 prices

SECTOR	2009R	2010R	2011	2012	2013 Prel
Agriculture, Hunting & Forestry	**99.50**	**81.56**	**81.61**	**83.41**	**88.70**
Crops	67.45	63.64	62.67	65.00	69.29
Bananas	10.77	6.31	0.93	1.42	1.54
Other Crops	56.68	57.33	61.74	63.59	67.74
Livestock	31.17	17.06	18.10	17.61	18.63
Forestry	0.89	0.86	0.84	0.80	0.78
Fishing	7.47	6.34	6.15	5.23	5.58
Mining & Quarrying	**5.13**	**4.01**	**3.02**	**2.28**	**1.86**
Manufacturing	**63.94**	**60.79**	**63.78**	**61.02**	**59.71**
Electricity & Water	**59.98**	**57.25**	**56.00**	**58.72**	**58.46**
Electricity	43.18	42.65	42.73	44.34	44.02
Water	16.80	14.60	13.27	14.38	14.43
Construction	**128.27**	**124.27**	**120.08**	**115.84**	**123.48**
Wholesale & Retail Trade	**224.10**	**222.06**	**210.94**	**215.66**	**224.77**
Hotels & Restaurants	**38.23**	**32.81**	**34.15**	**34.21**	**33.94**
Hotels	27.50	22.49	23.77	23.24	22.55
Restaurants	10.73	10.32	10.39	10.97	11.40
Transport, Storage & Communication	**213.27**	**209.91**	**210.47**	**209.97**	**210.20**
Transport, Storage	**154.96**	**156.22**	**156.00**	**155.67**	**155.20**
Road	111.68	113.22	114.16	113.46	114.13
Sea	16.92	16.50	16.02	16.25	15.95
Air	1.86	1.82	1.75	1.71	1.63
Supporting and auxiliary transport activities	24.50	24.69	24.07	24.26	23.49
Communications	**58.32**	**53.69**	**54.47**	**54.31**	**55.00**
Financial Intermediation	**101.93**	**95.51**	**98.97**	**99.10**	**98.49**
Banks & Other Financial Institutions	73.83	72.26	69.64	67.91	66.77
Insurance and pension funding	25.00	20.34	26.65	28.16	28.63
Activities auxiliary to financial intermediation	3.10	2.91	2.69	3.04	3.10
Real Estate, Renting & Business Services	**230.15**	**229.51**	**230.20**	**230.94**	**233.09**
Owner Occupied Dwellings	165.71	165.86	167.25	168.58	170.28
Real estate activities	28.13	28.16	28.36	28.56	28.82
Renting of machinery and equipment	7.95	7.77	7.83	7.60	7.47
Computer and related activities	5.76	4.44	4.61	3.92	4.00
Business services	22.59	23.29	22.15	22.29	22.53
Public Administration, Defence and Compulsory Social Security	**132.73**	**144.16**	**151.10**	**159.10**	**164.81**
Central	124.95	136.22	143.20	151.17	156.78
Local	3.12	2.92	2.89	2.77	2.88
NIS	4.67	5.02	5.02	5.15	5.15
Education	**62.33**	**61.56**	**63.03**	**66.15**	**67.71**
Public	58.46	57.98	58.16	61.21	62.73
Private	3.87	3.59	4.87	4.95	4.99
Health and Social Work	**39.54**	**40.26**	**42.13**	**44.09**	**44.82**
Public	32.42	31.99	32.62	33.91	34.54
Private	7.12	8.27	9.51	10.18	10.28
Other community, social & personal services	**27.92**	**30.71**	**30.83**	**32.13**	**33.01**
Private Households with Employed Persons	**3.11**	**3.16**	**3.21**	**3.41**	**3.50**
Less FISIM	**18.02**	**17.54**	**16.67**	**17.18**	**14.43**
Gross Value Added at Basic Prices	**1,419.59**	**1,386.34**	**1,389.01**	**1,404.10**	**1,437.71**
GROWTH RATE	**-2.00**	**-2.34**	**0.19**	**1.09**	**2.39**
Taxes on products	*276.66*	*253.28*	*242.29*	*246.17*	*245.24*
Less Subsidies	*1.07*	*1.35*	*0.98*	*0.84*	*0.96*
GDP at Market Prices	**1,695.18**	**1,638.26**	**1,630.31**	**1,649.43**	**1,681.99**
GROWTH RATE	**-2.10**	**-3.36**	**-0.49**	**1.17**	**1.97**

Source: Ministry of Finance and Economic Planning; Statistical Department

APPENDIX V– GDP growth rates by sector

	2009R	2010R	2011R	2012	2013 Prel
Agriculture, Hunting & Forestry	**13.41**	**-18.03**	**0.06**	**2.21**	**6.35**
Crops	0.84	-5.64	-1.53	3.72	6.59
Bananas	-14.60	-41.44	-85.20	51.56	9.02
Other Crops	4.43	1.16	7.68	3.00	6.54
Livestock	56.29	-45.26	6.09	-2.72	5.82
Forestry	-3.00	-3.00	-2.00	-4.94	-2.00
Fishing	**40.68**	**-15.15**	**-3.01**	**-14.93**	**6.60**
Mining & Quarrying	**2.73**	**-21.83**	**-24.73**	**-24.44**	**-18.40**
Manufacturing	**-8.13**	**-4.93**	**4.92**	**-4.32**	**-2.15**
Electricity & Water	**3.24**	**-4.54**	**-2.19**	**4.86**	**-0.45**
Electricity	1.11	-1.21	0.19	3.76	-0.71
Water	9.17	-13.09	-9.14	8.40	0.36
Construction	**-8.30**	**-3.12**	**-3.37**	**-3.53**	**6.60**
Wholesale & Retail Trade	**-8.13**	**-0.91**	**-5.01**	**2.24**	**4.22**
Hotels & Restaurants	**-17.98**	**-14.19**	**4.10**	**0.16**	**-0.77**
Hotels	-21.60	-18.24	5.69	-2.22	-2.98
Restaurants	-6.98	-3.79	0.63	5.59	3.90
Transport, Storage & Communications	**-1.74**	**-1.58**	**0.27**	**-0.23**	**0.11**
Transport & Storage	**0.10**	**0.82**	**-0.14**	**-0.21**	**-0.30**
Road	1.84	1.38	0.83	-0.62	0.59
Sea	2.46	-2.49	-2.90	1.42	-1.81
Air	-10.27	-2.07	-3.88	-2.42	-4.51
Auxiliary transport activities and storage	-7.73	0.75	-2.48	0.77	-3.18
Communications	**-6.30**	**-7.94**	**1.45**	**-0.30**	**1.27**
Financial Intermediation	**-2.33**	**-6.29**	**3.63**	**0.13**	**-0.62**
Banks & Other Financial Institutions	-0.26	-2.13	-3.63	-2.49	-1.68
Insurance and pension funding	-8.42	-18.63	31.00	5.66	1.66
Activities auxiliary to financial intermediation	2.00	-6.05	-7.61	12.94	2.00
Real Estate, Renting & Business Services	**-1.64**	**-0.28**	**0.30**	**0.32**	**0.93**
Owner Occupied Dwellings	1.13	0.09	0.84	0.79	1.01
Real estate activities	0.99	0.08	0.74	0.70	0.89
Renting of machinery and equipment	-11.57	-2.32	0.86	-2.98	-1.68
Computer & Related services	-32.17	-22.95	3.82	-15.00	2.00
Business Services	-8.85	3.11	-4.90	0.62	1.08
Public Administration, Defence and Compulsory Social Security	**9.27**	**8.61**	**4.82**	**5.29**	**3.59**
Central	10.04	9.02	5.13	5.57	3.71
Local	-2.32	-6.25	-1.22	-3.99	3.85
NIS	-1.47	7.46	0.00	2.78	0.00
Education	**2.89**	**-1.23**	**2.38**	**4.96**	**2.36**
Public	0.90	-0.82	0.32	5.23	2.48
Private	46.48	-7.40	35.69	1.69	0.80
Health & Social Work	**-2.56**	**1.82**	**4.65**	**4.65**	**1.65**
Public	-5.36	-1.32	1.95	3.97	1.85
Private	12.65	16.09	15.08	6.99	1.00
Other Community , Social & Personal services	**-5.10**	**10.00**	**0.38**	**4.22**	**2.75**
Private Households with Employed Persons	-7.17	1.55	1.55	6.27	2.68
Less FISM	**-2.14**	**-2.65**	**-4.96**	**3.06**	**-16.01**
TOTAL	**-2.00**	**-2.34**	**0.19**	**1.09**	**2.39**

APPENDIX VI BALANCE OF PAYMENTS

	2009	2010	2011	2012	2013
	In Millions of EC$				
CURRENT ACCOUNT	**(532.78)**	**(562.45)**	**(536.97)**	**(520.77)**	**(566.88)**
GOODS AND SERVICES	**(528.49)**	**(556.18)**	**(523.33)**	**(577.31)**	**(623.09)**
A GOODS	**(649.21)**	**(682.32)**	**(671.91)**	**(721.51)**	**(756.28)**
MERCHANDISE (f.o.b.)	(657.34)	(692.07)	(684.68)	(733.56)	(768.63)
REPAIR ON GOODS	0.02	0.02	0.02	0.02	0.02
GOODS PROCURED IN PORTS BY CARRIERS	8.11	9.72	12.75	12.04	12.34
B. SERVICES	**120.73**	**126.15**	**148.58**	**144.19**	**133.19**
TRANSPORTATION	(100.70)	(94.17)	(93.06)	(104.82)	(108.84)
TRAVEL	197.44	192.82	212.12	217.17	210.88
INSURANCE SERVICES	(19.09)	(19.31)	(18.17)	(21.20)	(22.33)
OTHER BUSINESS SERVICES	57.40	57.14	53.68	62.01	62.56
GOVERNMENT SERVICES	(14.32)	(10.34)	(5.99)	(8.97)	(9.08)
C. INCOME	**(35.13)**	**(33.15)**	**(34.94)**	**(10.31)**	**(10.04)**
COMPENSATION OF EMPLOYEES	19.08	16.60	16.14	19.69	20.27
INVESTMENT INCOME	(54.21)	(49.75)	(51.09)	(30.00)	(30.31)
Direct Investment	(33.46)	(29.79)	(20.04)	(15.00)	(15.34)
Portfolio Investment	6.63	4.07	(1.74)	7.39	4.65
Other Investment	(27.38)	(24.03)	(29.30)	(22.39)	(19.62)
D. CURRENT TRANSFERS	**30.84**	**26.89**	**21.30**	**66.86**	**66.25**
GENERAL GOVERNMENT	0.08	(1.92)	(5.60)	32.85	33.11
OTHER SECTORS	30.76	28.81	26.90	34.01	33.15
CAPITAL AND FINANCIAL ACCOUNT	**550.08**	**616.65**	**478.94**	**595.61**	**602.44**
A. CAPITAL ACCOUNT	**146.44**	**148.04**	**104.31**	**91.81**	**34.78**
CAPITAL TRANSFERS	146.44	148.04	104.31	91.81	34.78
General Government	140.07	141.64	100.54	88.06	30.82
Other Sectors	6.37	6.39	3.77	3.75	3.96
ACQUISITION / DISPOSAL OF NONPRODUCED NONFINANCIAL ASSETS	0.00	0.00	0.00	0.00	0.00
B. FINANCIAL ACCOUNT	**403.64**	**468.61**	**374.63**	**503.80**	**567.66**
DIRECT INVESTMENT	297.60	262.49	231.18	311.59	342.00
Abroad (outward)	0.00	0.00	0.00	0.00	0.00
In Reporting Economy (inward)	297.60	262.49	231.18	311.59	342.00
PORTFOLIO INVESTMENT	49.11	(1.42)	(8.57)	14.85	39.68
OTHER INVESTMENTS	56.93	207.55	152.01	177.37	185.97
Loans	25.48	141.45	31.88	(34.58)	52.89
Central Government	22.18	146.15	31.76	(25.89)	50.00
Government Guaranteed	3.30	(4.69)	0.12	(8.69)	2.89
Commercial Banks	2.90	(17.16)	19.14	62.07	(39.54)
Other Assets	(31.05)	38.08	77.99	107.45	123.80
Other Liabilities	59.59	45.18	23.00	42.42	48.82
NET ERRORS AND OMISSIONS	(4.57)	14.22	(4.12)	(18.29)	29.20
OVERALL BALANCE	12.73	68.43	(62.16)	56.55	64.76
FINANCING	(12.73)	(68.43)	62.16	(56.55)	(64.76)
Change in SDR Holdings	(33.49)	27.99	0.00	0.00	0.00
Change in Reserve Position with the IMF	0.00	0.00	0.00	0.00	0.00
Change in Government Foreign Assets	0.00	0.00	0.00	0.00	0.00
Change in Imputed Reserves	20.76	(96.42)	62.16	(56.55)	(64.76)

Source: Ministry of Finance and Economic Planning; Statistical Department

APPENDIX VII Selected Public Debt Indicators

	2008	2009	2010	2011	2012	2013
Total Public Debt	**1,072.6**	**1,156.1**	**1,203.8**	**1,238.4**	**1,343.9**	**1,439.3**
External Debt	566.0	581.6	750.1	770.1	745.4	799.7
Central Government	464.0	480.5	655.0	682.2	658.6	707.8
Public Corporations	102.0	101.1	95.1	87.9	86.9	91.8
Domestic Debt	506.6	574.5	453.7	468.3	598.5	639.6
Central Government	339.0	408.9	363.5	372.7	487.3	501.0
Public Corporations	167.6	165.6	90.2	95.6	111.2	138.7
Debt Servicing						
External	74.7	81.1	85.6	87.1	84.6	79.6
Central Government	66.2	70.7	71.7	74.6	72.7	68.2
Public Corporations	8.5	10.4	13.9	12.5	11.9	11.4
Domestic						
Central Government	41.7	52.8	64.8	47.2	48.7	69.1
(of which sinking fund)	5.2	6.0	12.0	6.0	4.0	5.5
GDP (at market price)	1,877.6	1,822.1	1,839.7	1,827.9	1,871.8	1,921.2
Current Revenue	489.5	544.8	490.0	462.5	472.6	462.6
Total Debt/GDP (%)	57.1	63.4	65.4	67.7	71.8	74.9
External Debt/GDP (%)	30.1	31.9	40.8	42.1	39.8	41.6
Domestic Debt/GDP (%)	27.0	31.5	24.7	25.6	32.0	33.3
Central Government Debt Service/ Current Revenue (%)	21.0	21.6	25.4	25.0	24.8	28.5
External Debt Service/ Current Revenue (%)	15.3	14.9	17.5	18.8	17.9	17.2
Domestic Debt Service/ Current Revenue (%)	7.5	8.6	10.8	8.9	9.5	13.7

Source: Ministry of Finance and Economic Planning; Debt Management Unit