



**PROSPECTUS
FOR TREASURY BILL AND NOTE ISSUES
FOR THE PERIOD
NOVEMBER 2014 – OCTOBER 2015**

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

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October 23, 2015

I. GENERAL INFORMATION

Issuer: The Government of St. Vincent and the Grenadines

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

Date of Publication: October 2015

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

Purpose of Issue: To refinance the existing issues of Treasury Bills issued on the Primary Market via the Regional Government Securities Market (RGSM) and to raise an amount of XCD\$40.0 million to finance the Public Sector Investment Programme

Amount of Issue: Treasury Bills - Monthly issues of XCD25.0 million each
Treasury Notes – 3 year issue of XCD15.0 million

Legislative Authority: The Treasury Bills Act Chapter 320 as amended and the Public Sector Investment Loan Bill 2015 as enacted

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

The purpose of this addendum is to add to the schedule of issues listed in the Government of St. Vincent and the Grenadines Prospectus dated September 2014; Treasury Notes totalling EC\$ 15.0 million to be auctioned on November 5, 2015 and Treasury Bills totalling EC\$ 25.0 million to be auctioned November 10, 2015.

II. INFORMATION ON THE SECURITIES

- a. The Government of St. Vincent and the Grenadines (GOSVG) proposes to auction XCD 15,000,000 in Treasury Notes and XCD 25,000,000 in Treasury Bills as follows:

Trading Symbol	Issue	Amount	Interest Rate Ceiling	Tenor	Auction Date	Settlement Date	Maturity Date
VCB020315	Treasury Bill	\$25 M	5.82 percent	91 Day	November 28, 2014	December 1, 2014	March 2, 2015
VCB310315	Treasury Bill	\$25 M	5.82 percent	91 Day	December 29, 2014	December 30, 2014	March 31, 2015
VCB050515	Treasury Bill	\$25 M	5.82 percent	91 Day	February 2, 2015	February 3, 2015	May 5, 2015
VCB030615	Treasury Bill	\$25 M	5.82 percent	91 Day	March 3, 2015	March 4, 2015	June 3, 2015
VCB010715	Treasury Bill	\$25 M	5.82 percent	91 Day	March 31, 2015	April 1, 2015	July 1, 2015
VCB060815	Treasury Bill	\$25 M	5.82 percent	91 Day	May 6, 2015	May 7, 2015	August 6, 2015
VCB070915	Treasury Bill	\$25 M	5.82 percent	91 Day	June 5, 2015	June 8, 2015	September 7, 2015
VCB021015	Treasury Bill	\$25 M	5.82 percent	91 Day	July 2, 2015	July 3, 2015	October 2, 2015
VCB091115	Treasury Bill	\$25 M	5.82 percent	91 Day	August 7, 2015	August 10, 2015	November 9, 2015
VCB081215	Treasury Bill	\$25 M	5.82 percent	91 Day	September 7, 2015	September 8, 2015	December 8, 2015
VCB050116	Treasury Bill	\$25 M	5.82 percent	91 Day	October 5, 2015	October 6, 2015	January 5, 2016
VCN061118	Treasury Note	\$15 M	6.50 percent	3 Year	November 5, 2015	November 6, 2015	November 6, 2018
VCB100216	Treasury Bill	\$25 M	4.82 percent	91 Day	November 10, 2015	November 11, 2015	February 10, 2016

- b. The price of the issue will be determined by a 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.** Should the auction be oversubscribed, the Government will accept additional amounts up to a maximum of \$5,000,000.
- h.** Payment of interest on Treasury note will be made half yearly on May 6 and November 6, with the first interest payment being due on May 6, 2016.
- i.** Treasury Note Principal to be repaid on Maturity date; November 6, 2018
- j.** Yields will not be subject to any tax, duty or levy of the participating Governments of the Eastern Caribbean Currency Union (ECCU)
- k.** Investors can participate in the issue through the services of any of the Licensed Intermediaries who are members of the Eastern Caribbean Securities Exchange.
- l.** The Government of St. Vincent and the Grenadines Bond issues have been assigned a rating of B3 by Moody's Investor Services in November 2014.
- m.** The Treasury Bills and Note will be issued on the Regional Government Securities Market (RGSM) and traded on the Eastern Caribbean Securities Exchange (ECSE).

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

The Current List of Licensed Intermediaries is:

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

ECONOMIC GROWTH

Preliminary data for 2014 indicates a 0.24 percent negative growth in real output. The decline in economic activity was influenced mainly by activities in the Construction, Wholesale & Retail Trade and Tourism sectors. The second largest contributor to gross value added (of 15.6 percent) was the Wholesale & Retail Trade Sector. The sector declined marginally by 0.1 percent mainly on account of a 3.2 percent fall in merchandise imports during the period.

The Agriculture sector remains a significant contributor to real output in 2014, achieving real growth of 2.9 percent. Although the subsectors of Banana, Livestock and Forestry experienced falls in production the Other Crops excluding bananas performed creditably. The slow-down in activity in the construction sector contributed significantly to the negative growth recorded in 2014. Construction declined by 11.8 percent on account of a deceleration in construction related activity on the Argyle Airport Project along with the halting of construction activity on a major tourism project in the Grenadines. Similarly The Wholesale & Retail Trade sector another important one in the economic landscape also experienced a decline in activity over the period.

GOVERNMENT FISCAL OPERATIONS

The Central Government fiscal operations for the first half of the year 2015 declined marginally when compared to the same period in 2014. Current revenue totaled \$242.39 million, 4.0 percent lower than the amount collected in 2014, while current expenditure increased by 2.1 percent to

\$247.51 million. Consequently, the Central Government current account worsened, moving from a surplus of \$9.94 million in 2014 to a deficit of \$5.12 million in 2015.

All the major categories of tax revenue increased during the first half of 2015. Revenue from taxes on income and profits grew by 9.0 percent to \$55.16 million 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 \$1.12 million, reflecting the effects of the broadening of the tax base via the market value system. Revenue from international trade amounted to \$90.14 million, an increase of 8.2 percent when compared to the first six months of 2014. Under this rubric Import Duty, Customs Service Charge and VAT increased by 5.1 percent, 11.1 percent and 6.2 percent, respectively. These performances were supported by an initiative at the Customs & Excise Department to collect outstanding amounts from defaulting business entities along with an 11.8 percent fall in revenue loss as a result of concessions.

Taxes on domestic transactions increased by 2.8 percent to \$60.39 million, when compared to the corresponding period in 2014. Receipts from Excise Duty were mainly responsible for the better performance as it increased by 8.4 percent. Stamp duty declined from a fall in land sales during the period while Excise Duty and VAT reflected a modest improvement in domestic economic activity over the period. Revenue from non-tax sources reduced significantly from \$35.41 million in 2014 to \$14.78 million in 2015 as all subcomponents decreased during the period.. Receipts from other revenue also fell by 69.8 percent to \$3.49 million mainly on account monies received for budget support and disaster relief.

As at June 30 2015, current expenditure amounted to \$247.51 million. This figure represented an increase of 2.1 percent when compared to the amount spent in the comparative period in 2014. Payment of personal emoluments and wages amounted to \$116.15 million and \$9.49 million respectively, reflecting increases of 1.6 percent, and 3.8 percent, respectively. Expenditure on transfers & subsidies increased by 4.3 percent to \$69.46 million on account of higher spending on all of its major components including; social welfare payments (1.3 percent), grants and contributions (9.8 percent) and pensions (2.0 percent). Spending on goods and services decreased by 6.5 percent to \$29.03 million as a result of greater outlays on utilities and sundry expense.

Capital inflows as at June 30, 2015 amounted to \$13.93 million representing a significant increase of 218 percent due mainly to increased receipts from Crown land sales.

Table 1: summary of Fiscal Outturn June 2015 compared with June 2014

Details	Budget to	Actual		% Change
	June '15	June '15	June '14	
	\$m	\$m	\$m	
CURRENT REVENUE	256.57	242.39	252.41	-4.0
Taxes on Income & Profits	57.27	60.12	55.16	9.0
Taxes On International Trade	97.25	90.14	83.31	8.2
Taxes on Domestic Transactions	60.92	60.39	58.75	2.8
RECURRENT EXPENDITURE	266.69	247.51	242.47	2.1
Personal Emoluments	124.16	116.15	114.29	1.6
Interest	23.97	23.40	21.42	9.3
Transfers & Subsidies	78.09	69.46	66.58	4.3
Goods & Services	31.34	29.03	31.05	-6.5
CAPITAL EXPENDITURE	71.41	32.98	25.09	31.4
CURRENT BALANCE	-10.13	-5.12	9.94	-151.5
REVENUE AND GRANT	20.39	13.93	4.37	218.7
OVERALL BALANCE	-61.14	-24.17	-10.78	124.1

PUBLIC DEBT

As at the first half of 2015 public sector debt increased by 2.6 percent to \$1,520.09 million from \$1,481.80 million when compared with the corresponding period in 2014. Of this amount, 58.6 percent or \$890.5 million was held externally with the remaining 41.4 percent or \$629.6 million being held domestically. External debt increased by 4.2 percent while domestic debt increased marginally by 0.3 percent.

Concomitant with the increase in the debt outstanding, debt service increased by 5.9 percent to \$70.4 million, relative to the amount paid in the corresponding period in 2014. The increase in debt servicing was mainly due to External debt servicing which increased by 16.9 percent on account of increased interest payment concomitant with the increase in the disbursed outstanding amounts and the end of the grace period on some loans. Domestic debt service on the other hand decreased by 2.9 percent.

Table 2: Summary of Public Debt as at June 30, 2015 compared with corresponding period

PUBLIC DEBT SITUATION			
	2015	2014	2015/2014
	\$ M	\$ M	%
Total Public Debt	1,520.09	1,481.80	2.6
External Debt	890.5	854.4	4.2
Central Government	827.1	778.3	6.3
Public Corporations	63.4	76.1	-16.7
Domestic Debt	629.6	627.4	0.3
Central Government	493.4	496.4	-0.6
Public Corporations	136.2	131.1	3.9
Central Government Debt Service	70.4	66.5	5.9
External	34.6	29.6	16.9
<i>Interest</i>	<i>10.7</i>	<i>8.8</i>	<i>21.6</i>
<i>Amortisation</i>	<i>23.9</i>	<i>20.8</i>	<i>14.9</i>
Domestic	35.8	36.9	-2.9
<i>Interest</i>	<i>12.7</i>	<i>12.6</i>	<i>0.8</i>
<i>Amortisation</i>	<i>22.5</i>	<i>24.3</i>	<i>-7.5</i>
Sinking Fund Contribution	0.6	0.0	-
Revenue	242.4	252.4	-4.0
Total Debt Service/Revenue (%)	29.4	26.4	3.0
External Debt Service/ Revenue (%)	14.3	11.7	2.6
Domestic Debt Service/ Revenue (%)	14.8	14.6	0.2

2014Source: Ministry of Finance and Economic Planning DMU

TABLE 3: 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
		Judy Claxton	Representative
SAINT LUCIA	ECFH Global Investment Solutions Ltd	Medford Francis	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
		Patricia John	Representative
		Laurent Hadley	Representative
		Chez Quow	Representative

ALL OTHER INFORMATION IN THE PROSPECTUS REMAINS THE SAME