

NEVIS ISLAND ADMINISTRATION

PROSPECTUS FOR 365- days TREASURY BILL June 2010

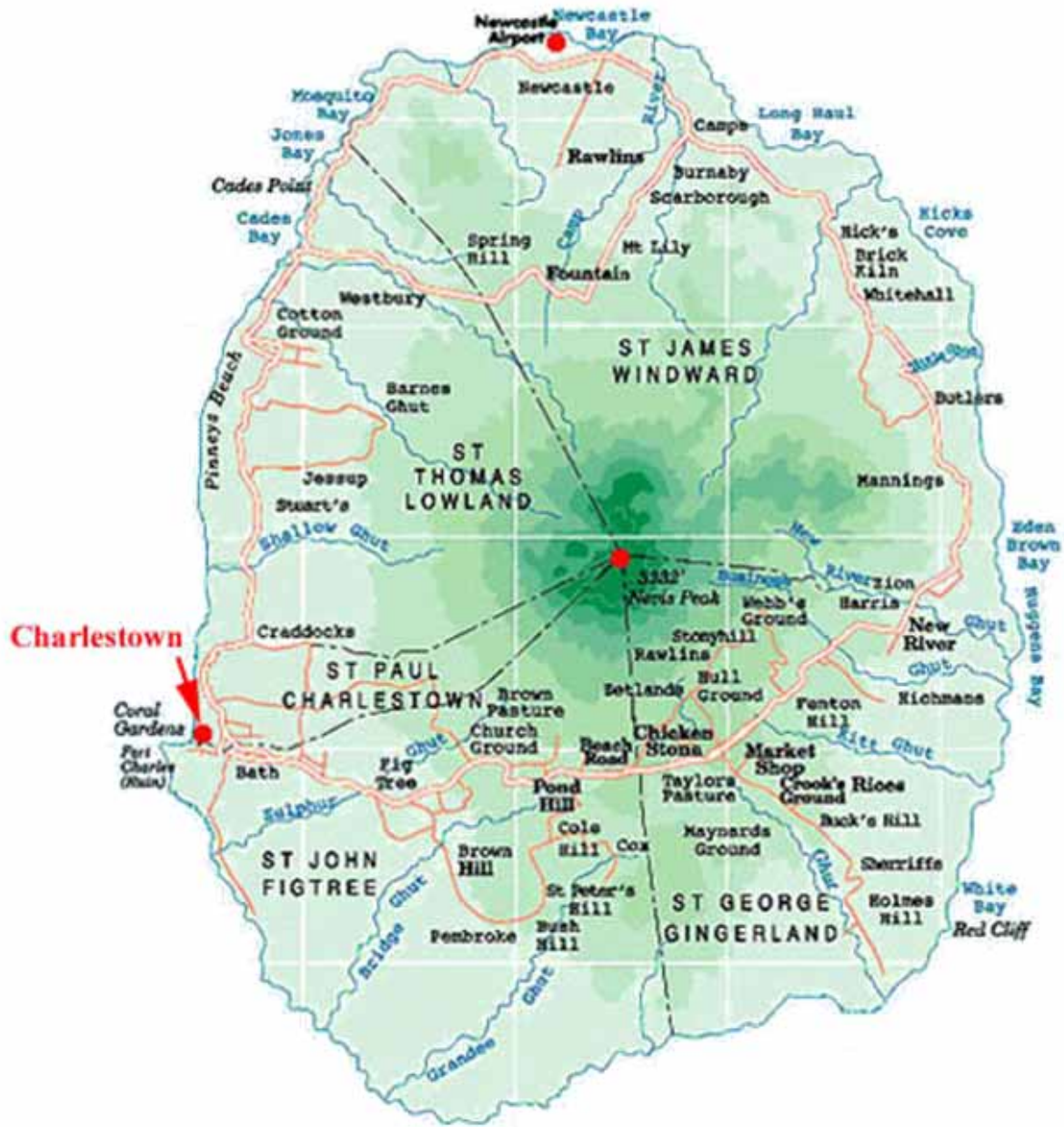


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PROSPECTUS DATE: JUNE 2010

This Prospectus has been drawn up in accordance with the rules of the Regional Government Securities Market. The Regional Debt Co-ordinating Committee and Eastern Caribbean Central Bank accept no responsibility for the content of this Prospectus, makes no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss whatsoever arising from or reliance upon the whole or any part of the contents of this Prospectus. If you are in doubt about the contents of this document or need financial or investment advice you should consult a person licensed under the Securities Act or any duly qualified person who specializes in advising on the acquisition of government instruments or other securities.



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NOTICE TO INVESTORS

This Prospectus has been drawn up in accordance with the rules of the Regional Government Securities Market (thereafter referred to as RGSM). The Regional Debt Coordinating Committee (RDCC) and Eastern Caribbean Central Bank (ECCB) accept no responsibility for the content of this Prospectus, make no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss whatsoever arising from or reliance upon the whole or any part of the contents of this Prospectus.

This Prospectus is issued for the purpose of giving information to the public. The Nevis Island Administration (NIA) accepts full responsibility for the accuracy of the information given and confirms having made all reasonable inquiries that to the best of its knowledge and belief there are no other facts, the omission of which would make any statement in this Prospectus misleading.

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

This Prospectus and its content are issued for the specific Treasury Bill issue described herein. If you are in doubt about the contents of this document or need financial or investment advice you should consult a person licensed under the Securities Act or any other duly qualified person who specializes in advising on the acquisition of government instruments or other securities.

ABSTRACT

The NIA proposes to raise Twenty Million Eastern Caribbean dollars (EC\$20 million) through the issuance of a 365-day Treasury Bill with a guarantee by the Federal Government of St. Kitts-Nevis. The Treasury Bill will be issued in the month of June 2010. The Treasury Bill is being issued to fund a shortfall in the 2010 annual budget due to the continued closure of the Four Seasons Resort coupled with the effects of the recent economic and financial crisis.

The 365-day Treasury Bill will be issued on the Regional Government Securities Market in the month of June 2010 and will be traded on the Eastern Caribbean Securities Exchange Ltd (ECSE) under the trading symbol NVB240611.

I. GENERAL INFORMATION

ISSUER: The Nevis Island Administration

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Main Street
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CONTACT PERSONS: Honorable Joseph Parry, Premier and Minister of Finance
Mr. Laurie Lawrence, Permanent Secretary, Ministry of Finance
Ms. Karen Hobson, Budget Director, Ministry of Finance
Mr. Colin Dore, Treasurer, Treasury Department

DATE OF PUBLICATION: June 2010

PURPOSE OF ISSUE: Funding of the shortfall in the NIA's 2010 annual budget

AMOUNT OF ISSUE: Twenty Million Eastern Caribbean Dollars (EC\$20,000,000)

LEGISLATIVE AUTHORITY: The Nevis Treasury Bills Ordinance No. 5 of 1985. Amendment No 10 of 2007

INTERMEDIARIES: A complete list of Intermediaries is available in Appendix I

REFERENCE CURRENCY: Eastern Caribbean Dollars (EC\$), unless otherwise stated

II. INFORMATION ABOUT THE TREASURY BILL ISSUE

Face Value:	EC\$20,000,000.00 Treasury Bill to be auctioned in the month of June 2010.
Auction Date:	June 23, 2010
Settlement Date:	June 24, 2010
Maturity Date:	June 24, 2011
Tenor:	The Treasury Bill will be issued with a tenor of 365 days
Principal Repayment:	Bullet at maturity
Issue Price:	Maximum bid price is 6.75%
Discount Rate:	\$ 93.25
Method of Issue:	Determined by a Competitive Uniform Open Price Auction
Bidding Period:	9:00 a.m. to 12:00 noon on June 23, 2010
Security Identifications:	By trading symbols NVB240611.
Placement of Bids:	Investor participation in the auction must take place through the services of any of the licensed intermediaries that are members of the Eastern Caribbean Securities Exchange (ECSE) (See Appendix I).
Interest Payment:	Interest will be computed on the basis of a 365-day year

Listing:	Duly registered with the ECSE. The Treasury Bill will be traded on the Regional Government Securities Market (RGSM) using the platform of the ECSE
Minimum Bid:	EC\$5,000.00
Maximum Bid:	EC\$20,000,000.00
Bid Multiplier:	EC\$1,000.00
Bids per Investor:	Each investor will be allowed one bid with the option of improving their price (interest rate) and increasing the amount being tendered up until the close of the bidding period.
Arranger/ Lead Broker:	The Bank of Nevis Ltd
Taxation:	All payments by the Issuer in respect of the Treasury Bill will be made effectively free and clear of any present or future withholding taxes for or on account of any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of St. Kitts and Nevis or within any political subdivision thereof or any authority therein having power to tax (“Taxes”).
Status of the Securities:	The Treasury Bill will constitute direct, secured and unconditional obligations of the Issuer, respectively, and will at all times rank at least pari passu in priority of payment with all other present and future unsecured and unsubordinated obligations of the Issuer, save only for such obligations as may be preferred by mandatory provisions of applicable law.
Governing Law:	The National Assembly of Saint Christopher and Nevis will provide a guarantee for the Twenty Million Eastern Caribbean Dollars Treasury Bill issue under Resolution No. 9 of 2010. The Treasury Bill will be

governed by and constructed in accordance with the St. Christopher and Nevis Finance Administration Act, 2007.

Terms of the Guarantee:

The National Assembly has authorized the Minister for Finance to guarantee the Nevis Island Administration's one year Treasury Bill Issue of Twenty Million Dollars Eastern Caribbean Currency (E.C.\$20,000,000.00) to be issued on the Regional Government Securities Market by the Eastern Caribbean Securities Exchange. This Resolution, No. 9 of 2010 was approved by the National Assembly on the 11th day of June, 2010. The Treasury Bill will be governed in accordance with the Finance Administration Act, 2007 and the Nevis Treasury Bill (Amendment) Ordinance, No. 10 of 2007."

The Current Licensed Intermediaries are:

- ABI Bank Limited
- Antigua Commercial Bank Limited
- The Bank of Nevis Limited
- ECFH Global Investment Solutions Limited
- National Commercial Bank (SVG) Limited
- National Mortgage Finance Company of Dominica Limited
- St. Kitts Nevis Anguilla National Bank Limited
- Republic Finance and Merchant Bank Limited (FINCOR) – Grenada
- Caribbean Money Market Brokers Limited (CMMB) – Saint Lucia
- Caribbean Money Market Brokers Limited (CMMB) – Trinidad and Tobago
- National Bank of Anguilla

Contact information for the Intermediaries is presented in **Appendix I**

III. ADMINISTRATIVE AND CONSTITUTIONAL FRAMEWORK

St Kitts and Nevis became a Federation after achieving independence from Britain in 1983. The Constitution of St. Kitts and Nevis, Statutory Instrument No. 881 of 1983 (“the Constitution”) enabled the authorities in Nevis to enjoy increased power and responsibilities for the development and management of the resources of the island. Consequently, the island has its own legislature with the exclusive powers to make laws, styled ordinances, for the peace, order and good governance of Nevis (s.103).

These powers are detailed in Schedule 5, Part 1 of the Constitution. Importantly, the powers extend to “the borrowing of money, or obtaining grants of money, for the purposes of the Nevis Island Administration and the making of grants and loans for those purposes”. These powers also include the collection of taxes and the imposition of taxes in certain areas.

Section 102 of the Constitution also provides for the establishment of the Nevis Island Administration (“NIA”) which is responsible for overall governance of the island with the exclusion of Foreign Affairs, Trade and Defense. Section 106 of the Constitution also lists the areas that the NIA has exclusive responsibility for administration but not the power to pass laws. These include airports and seaports; education; extraction and processing of minerals; fisheries; health and welfare; labour; crown lands and buildings; and licensing of imports and exports.

The NIA has its own consolidated fund, collects most of the revenues generated in Nevis, and passes its own appropriation bills in the Nevis Island Assembly. The Ministry of Finance in Nevis has full authority to manage the financial resources of the government and is responsible for the negotiation and repayment of all debts which are charges on the Nevis Island Administration’s Consolidated Fund (s.108). The NIA therefore enjoys a high level of autonomy and has overall responsibility for the economic development of the island.

IV. FINANCIAL ADMINISTRATION AND MANAGEMENT

1. Debt Management Objectives

The debt management objective of the NIA is to raise the required amount of funding at the lowest possible cost to undertake projects and programmes that would foster growth and development in the economy, while maintaining positive fiscal balances and a sustainable level of debt.

2.1 Transparency and Accountability

A priority area for the NIA continues to be increasing transparency and accountability through the publication of data as it pertains to the consolidated financial position of the government. The issuance of Treasury Bills on the Regional Government Securities Market (RGSM) will promote the disclosure of information to prospective investors.

2.2 Institutional Framework

The Administration utilizes the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) as a tool to record and manage its existing debt. The Fiscal Policy Unit works closely with the Treasury Department and assists with the analysis of the public debt data on a quarterly basis. The Finance Administration Act, 2007, is the existing document that governs borrowing and it ultimately gives the Minister of Finance of the NIA the authority to approve borrowings. Analysis of the debt portfolio is done on a quarterly basis to assess the effects of interest rate and exchange rate risks on the fiscal balance.

3.1 Debt Management Strategy

The main elements of the debt management strategy for the federal government include the following:

- Refocus the fiscal stabilization program to also concentrate on debt reduction;
- Improve expertise available in the Debt Unit;
- Reduction in short term interest rates; including the issuance of Treasury Bills on the Regional Government Securities Market (RGSM);
- Concerted efforts to transform the economy and maintain a growth rate of 3% to 4%.

In addition to these broad debt management strategies, other recent objectives were introduced that are essentially geared toward cash flow management for the medium to long term. These debt management strategies are aimed at:

- Improving transparency and accountability;
- Further diversifying the debt portfolio while maintaining a prudent debt structure. The terms of borrowing and an appropriate mix of debt instruments should cater to an improved liquidity situation; and
- Implementing a proper legal framework for the effective and efficient management of domestic and external public debt.

Additionally, the NIA has developed a framework for risk management which includes:

- Minimizing refinancing and rollover risks;
- Minimizing interest rate risks; and
- Minimizing exchange rate risks.

V. DEMOGRAPHICS

The last official census for the Federation was conducted in 2001 and indicated the population was 46,325; 35,217 in St. Kitts and 11,108 in Nevis. In 2001, males accounted for 49.6% of the population. The life expectancy rates for males in 2001 were 71.19 and females 74.93 years and the infant mortality rate per 1000 live births was 12.45. According to the census of 2001 unemployment stood at 4.9%.

Table 1: Percentage of Age Group of Total Population for St. Kitts and Nevis

Age Groups	POPULATION	
	2001 %	1991 %
Under 15	29.02	34.27
15-29	25.68	26.92
30-44	23.37	18.04
45-64	13.99	10.94
65 and Over	7.94	9.83
Total	100.00	100.00

VI. ECONOMIC PERFORMANCE

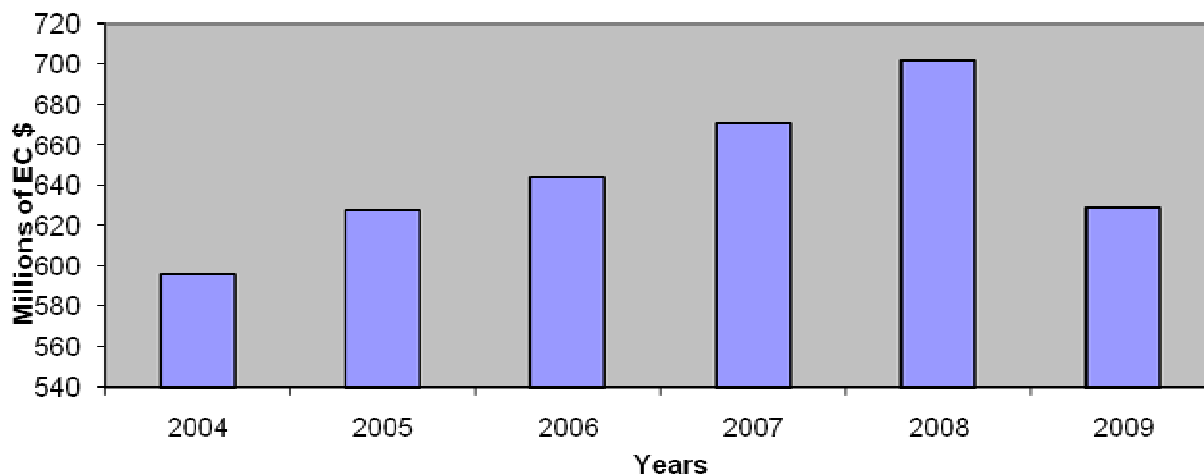
Macro- Economic Overview of St. Kitts Nevis

St. Kitts and Nevis benefited from steady economic growth for the five (5) years of 2004 to 2008. Signs of such growth were most visible in the areas of banking and insurance and construction. Foreign investment helped to propel development of villa and condominium on both islands. In 2007, the country witnessed real growth of 4.20% and this was increased to 4.62% in 2008. Hospitality is also a promising and lucrative industry witnessing remarkable advances over the past 5 years. This industry has also been the recipient of a stable flow of FDI which has increased its productivity. Subsequently, the Federation was and still is poised to witness a tremendous boost in their tourism product.

The economy was hit by the effects of financial storms in the 2009 period. These include the international financial chaos and the unraveling of the CLICO and British American saga. However, the adverse effects of the passage of Hurricane Omar in 2008, which caused damage to one of the Federation's prominent hotels, continue to be felt in the local economy of Nevis. Such circumstances have resulted in an estimated decline in the economy of approximately 10.4 %. Transmission of the aforementioned external shocks has affected two (2) of the main sectors, tourism and construction, causing a contraction in their activities. (See Appendix II)

Figure 1: Chart of GDP at Constant Prices

St. Kitts Nevis GDP at Constant Prices



SECTORAL DEVELOPMENT

Tourism

The Federation, like its Caribbean neighbours was profoundly impacted by declines in tourism receipts in the 2009 period. Estimated decline in Tourism GDP was 20%. A comparative review of the past six (6) years has not revealed a decline of this magnitude. In fact, the present impact is proving to be more severe than that of the aftermath of 9/11.

The sector will continue to face difficulties in the short term as it attempts to recover from these crises. However, rigorous marketing and a comprehensive strategy will assist in capitalizing on new opportunities as the world economy evolves. Already marketing efforts have been increasing in areas such as East Asia and South America. If successful, this can result in a favorable boost.

A number of recently completed or ongoing developments are also integral to providing this boost through the enhancement of the landscape. Such include development of the Water Front in Charlestown, New River Plantation Museum and the Nevis Artisan Village projects. The Charlestown Water Front Development project is expected to invigorate cruise tourism on the island. Private villa developments are also ongoing, some of which are the Nelson Spring Beach Villas and Spa, Paradise Palm and Live Nevis Development. In St. Kitts, developments such as Christophe Harbour, Beaumont Park and Marriott Vacation Club projects are also setting the stage for continue growth in the sector.

As the table below indicates, although stay over arrivals was subdued in the 2009 period, total visitor arrivals increased. This increase is largely due to increases in cruise passenger arrivals. Cruise passenger arrival rose by 14.18%; with the number of cruise line visits also increasing. Attempts at diversification and development of this area of tourism are bearing needed fruits and the prospects of its further development appear promising.

Table 2: Visitor Arrivals in the Federation of St. Kitts and Nevis for 2004 - 2009

YEAR	2004	2005	2006	2007	2008	2009
Total Visitor Arrivals	382,290	364,519	349,733	380,459	525,747	569,608
Stay Over Arrivals	117,638	140,504	139,268	124,181	121,380	104,976
USA	64,859	79,569	77,587	70,441	73,518	67,479
Canada	6,325	8,468	8,130	7,045	7,274	6,274
UK	11,004	11,149	11,148	12,199	9,782	6,366
Other European	2,177	2,214	2,521	2,636	2,089	1,363
Caribbean	31,909	36,994	37,813	29,777	26,907	21,589
Other / Not Stated	1,364	2,110	2,069	2,083	1,810	1,905
Excursionists	3,045	4,309	4,514	5,044	2,306	6,599
Cruise Ship / Yacht Pass.	261,607	219,706	205,951	251,234	402,061	458,033
Cruise Ship Passengers	254,535	215,351	203,075	249,323	400,853	457,708
Yacht Passengers	7,072	4,355	2,876	1,911	1,208	325
# of Cruise Ships	373	244	261	244	240	254
Visitor Expenditure EC\$ M	277.14	327.12	355.45	340.54	328.09	

Source: Department of Statistics and Economic Planning St. Kitts

Construction

According to the estimate, construction was hit hard for the 2009 period; falling from \$105.40 million in 2008 to \$68.51 in 2009. This represents an estimated decline of 35%; prompted by the contraction in private sector construction. Construction in 2008 continued to be driven predominantly by condominium and villa development. The effects of liquidity contraction in the latter half of 2008 and the entire year of 2009 induced a reduction in new developments in the 2009 period.

The main public sector investment project in St. Kitts was the By- Pass- Road project. In Nevis, public sector construction was accentuated by the building of a number of new homes by the Nevis Housing and Land Development Corporation in the 2008 – 2009 periods. The Central Government has led the way in building the foundation for infrastructural development with the renovation of the major and various minor roads and improvement in the water delivery service.

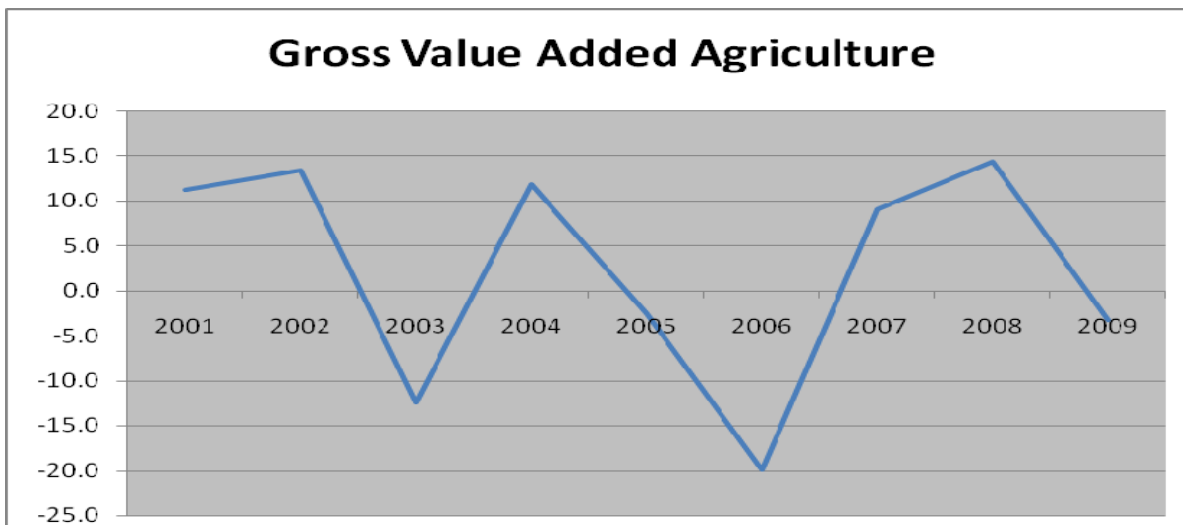
Agriculture

Agriculture's contribution to the Federation's GDP for 2009 is estimated to be \$27.53 million, a contraction of 8.05%. In this contribution, livestock and Forestry growths were \$0.09 million and \$0.01 million respectively. All other sub categories were estimated to witness declines with fishing and crop production anticipated at 10%.

Employment in agriculture remains subsidiary. However, the industry continues to contribute to food security and rural development on the island. Over the past years, more than 1500 acres of land was provided for farming in St. Kitts and Nevis. Subsequently, the ability of farmers to meet a substantial portion of the demand for local produce has been enhanced. The provision of vegetables such as tomatoes, green peppers and pumpkin in 2009 was enough to meet 37.20% of the total demand.

In addition, the re introduction of the production of Sea Island Cotton on the island of Nevis in 2008 has benefited the industry. In the 2008/2009 period the island was able to export 9,500 pounds of cotton to Japan, where it has secured a market earning important foreign exchange. The established Cotton Producers Association has already started efforts to increase the production in the 2010 / 2011 period. The sector has also witnessed a boost from the further development of agro processing with investment in a new agro processing plant in 2009 at Prospect Industrial Site. The establishment of the plant is expected to increase the economic value added to agriculture and provide new initiatives for export.

Figure 2: Rate of Growth of GDP in Agriculture Constant Prices



Source: Eastern Caribbean Central Bank

Monetary and Financial Sector (St. Kitts and Nevis)

Amidst a daunting international financial catastrophe, the financial sector in the Federation remained resilient. Preliminary estimates of GDP in banking and insurance showed a rise in 2009 to \$116.09 million from \$107.32 million in 2008. The banking sector recorded an increase of 10% whereas the contraction in insurance was a minor 1%. **(See Appendix II)**

Assets at commercial banks over the years have grown consistently. For the period 2004 – 2008 annual average assets totaled \$3,265.12 million with loans and advances averaging \$1,793.80 million. Growth in total assets for the past 5 years ending in 2008 was 55%, moving from \$2,556.52 million in 2004 to \$3,963.76 million.

According to the Monetary Survey analysis total monetary liability as at December 2009 recorded an expansion of 5.89% to sum at \$1,747.68 million. This represents a considerable increase over the 1.59% growth in 2008 and is largely the consequence of advances in quasi money. M1 fell to \$243.63 million from \$251.71 for 2008 constituted by a fall in private sector demand deposits which fell by 8.97%.

Subsequently, net foreign assets had increased by 32.82% to \$991.69 million. In the period, St. Kitts Nevis imputed reserves at the Central Bank increased by 11.47%; while commercial net assets increased by as much as 42.76%.

Domestic credit in the review period fell to \$1,336.37 million, a fall of 16.94%. Net public sector credit decreased due in part to an appreciable increase in deposits moving from \$176.38 million in 2008 to \$576.05 million in 2009. Private sector credit held steady at \$1,294.69 million where a contraction in business borrowing was out weighted by an increase in household borrowing which increased by 8.05%. **(See Appendix X)**

Table 3: Commercial Banks' Selected Interest Rates

Period Ended	DEPOSITS								LENDING			
	Savings		3 Months		6 Months		12 Months		Prime Rates		Other Rates	
	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
2004	3.00	5.50	1.00	4.75	1.00	5.50	1.00	6.50	8.50	9.00	7.50	22.00
2005	3.00	5.50	1.00	4.75	1.00	5.50	1.00	6.50	8.50	9.00	7.50	22.00
2006	3.00	5.50	1.00	4.75	1.00	5.50	1.00	6.50	8.50	9.00	7.50	22.00
2007	3.00	5.50	1.00	4.75	1.00	5.50	1.00	7.00	8.50	9.00	5.00	21.00
2008	3.00	5.50	1.00	3.50	1.00	4.25	1.00	5.00	8.50	9.00	8.50	20.00
2009	3.00	5.50	3.00	3.50	3.00	5.00	3.00	4.75	8.50	14.00	7.00	21.00

Source: Eastern Caribbean Central Bank

Offshore Financial Services Sector

The current climate has induced a temporary decline on the activities of the off shore financial services sub sector. Historically, the traditional markets were the US and UK, however, like tourism, aggressive marketing in nontraditional markets such as South American and Eastern Asia are expected to produce favorable returns in the future which is expected to assist in reviving the industry. Moreover, some signs of this return were already visible in the last quarter of 2009.

Balance of Payments (St. Kitts and Nevis)

The balance of payments in 2009 produced an overall balance of \$34.17 million. A minuscule widening of the current account balance resulted in a reported deficit of \$499.07 million; an increase of 2.23%. There was also some expansion in the trade deficit moving from \$484.29 in 2008 to a deficit of \$519.08 in 2009 due mainly to the decline in service export or more specifically travel. After rising steady for the previous years, in the review period of 2009, direct investment fell by 24.92%. (See Appendix IX)

Table 4: Selected St. Kitts and Nevis Data

Years	2004	2005	2006	2007	2008	2009
Inflation %	2.31%	3.38%	8.47%	4.52%	5.43%	1.89%
Savings Deposits (in \$ECM)	419.16	471.00	521.81	565.62	602.57	638.55
Demand Deposits (in \$ECM)	127.35	126.01	146.35	169.85	181.59	165.30
Foreign Currency Deposits (in \$ECM)	318.15	342.99	418.99	455.39	398.10	374.53
Remittances (in \$ECM)	7.20	8.20	9.00	10.50	10.60	11.00

2009 remittances is estimated

VII. ECONOMIC PROSPECTS (NEVIS)

While the short term prospects for the island is undoubtedly challenging, the medium and long term outlook remains optimistic.

The Four Seasons Resort is preparing to reopen in November 2010. Most of the restoration work has been completed with the insurance proceeds and the remaining work which includes upgrading the rooms and providing additional protection from storm damage will be financed by the Wachovia Bank. With the proposed renovation, the facilities will be of the finest quality and are expected to attract even higher prices.

The geothermal project has witnessed tremendous progress since the previous year. Already there have been the discoveries of three (3) wells which have an estimated capacity of 300 megawatts of electricity. Both the United States EXIM Bank and the Bank of Nova Scotia have indicated a keen interest in financing the supply of electricity to St. Kitts and Nevis. During the course of this year work will begin on the construction of a 10 megawatts plant to supply the island of Nevis with electricity. By the end of 2011, a 30 megawatts plant will begin construction which will be able to supply the island of St. Kitts.

Based on revenue projections, the NIA will collect \$3.50 million in royalties in the first year. This will grow to approximately \$23 million by the twentieth year. These projections assure supply to St. Kitts and Nevis with the potential to export energy to other countries in the region. Subsequently, the royalties are expected to increase exponentially.

The Aman Resort is on target to begin construction in 2011. This will involve the construction of a golf course, hotel rooms and villas on over 230 acres of land in Nevis. The investors have already signed an operating agreement with Aman as well as an agreement for the construction of Jack Nicholas championship golf course.

These prospects, along with many other hotels and condo projects planned for 2011 and 2012 will significantly enhance economic activity and thus the revenue of the NIA in the future. In this light, the future prospects are certainly encouraging as the islands continue on a path of sustainable economic and social development.

VIII. FISCAL OPERATIONS OF THE NIA

Review of Revenue Performance

A comparison of the 2009/2008 periods showed a decline in revenue of 19.29%; propelled mainly by a decline in tax revenue. Generally speaking, government finances were unfavorably affected by the downturn in overall business activity for the year. This surfaced in the retraction in revenue collection at the Customs, Inland Revenue and Offshore Financial Service Departments. Whereas the activity at the Offshore Financial Services Department was impeded by the international climate, its transmission into the local economy, along with the effects of the continued closure of Four Seasons were the main reasons for the impediment in activities at Customs and Inland Revenue. **(See Appendices V and VII)**

Taxes on Income and Profits and Taxes on Property

Income taxes consist of Corporate Income, Withholding Tax and Social Service Levy. These taxes were marginally below their projected amounts for the 2009 period. They comprise of 14.67% of the aggregate current revenue; an increase from 13.67% in 2008. Corporate Income Tax, following from the good performance of the previous year, exceeded its projection of \$3.3 million. Comparative actual data for 2009 and 2008 showed a fall of 0.54 million or 9.74%. The continued strengthening of the Audit Division at the Inland Revenue Department is expected to bear similar fruits into the future. Social Service Levy, the chief component of the income tax category, calculated a reduction in the amount of \$1.54 million; mainly attributable to the decline in economic activity and thus the mild reduction in employment. Levy collection in 2008 was \$9.2 million in 2009 it was 7.76 million

Property Tax in 2009 witnessed some improvement over the 2008 period moving from \$1.8 to \$1.96 million or 9.18%. The Administration is yet to feel the full effects of the change in the valuation method for calculating the tax and therefore foresees improvement in the future.

Taxes on Domestic Goods and Services

The most notable decline in Taxes on Domestic Goods and Services was Hotel and Restaurant Tax. The tax is charged on rooms, food and beverage at a rate of 7% on the gross value. Four Seasons as the largest hotel on the island contributes considerable to the tax. Subsequently, its closure was an important reason for the decline. In addition, reported income for all major hotels and restaurants contracted in 2009 as room occupancy tapered.

Stamp Duties, another important tax for the department also contracted during the period. Performance in 2008 was exceptional, increasing by 26.41% or \$3.30 million. Against the backdrop of a hostile financial environment the tax demonstrated a downward movement of 38.84% in 2009 period.

Taxes on International Trade and Transaction

The Customs Department, like the Inland Revenue had its challenges in the 2009 period. As is expected, border taxes were hampered by a lowering of imports: imports on vehicle, lumber, cement and clothing especially. Customs value on imports in 2009 was \$94.11 million whereas in 2008 it was \$123.59 million a decline of 23.85%. Following from this, Consumption Tax fell by 16.73% whereas Import Duties fell by 18.35%.

Non Tax Revenue

The collection of Non Tax Revenue increased in 2009. This increase was calculated as 5.47%. Increases in Water service collection, Supply Office and Rental of Properties were instrumental in producing this positive outcome. Supply Office revenue improved by 37.81% and Water Department improved by 21.33%. Conversely, Financial Service Department reduction of revenue was reported as 4.22%. This is however marginal in light of the severity of the financial catastrophe that unfolded in 2008/2009 periods. New marketing initiatives in nontraditional markets have become to reap some benefits which are expected to continue in the future.

Review of Expenditure Performance

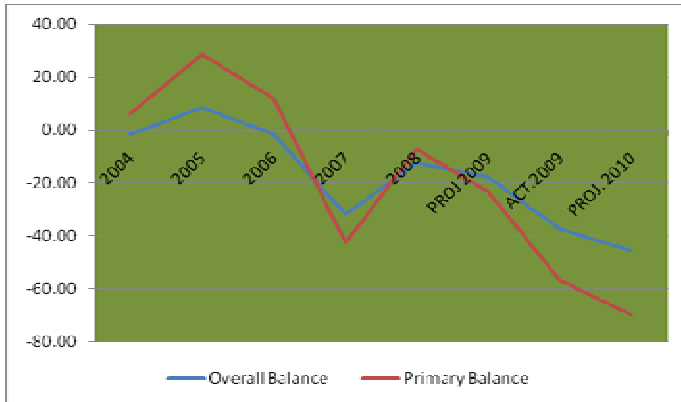
Expenditure was relative unchanged for the 2009 – 2008 fiscal years. Current expenditure was recorded as \$116.35 million (\$107.12 million plus principal repayment - \$9.23 million) in 2009 and capital expenditure \$20.74 million. Total expenditure was 21.80% of GDP for the Federation. Areas of increase were Personal Emoluments, Interest Payment and Transfers and Subsidies. Alternatively, Principal Repayment and Goods and Services saw decreases in their spending. **(See Appendices VI and VIII)**

Personal Emoluments were \$47.52 million in 2008; it rose to \$52.99 in 2009. Salaries hold the largest share of Personal Emoluments expenditure and make up 8.37% of GDP in 2009. Pensions and Gratuities also rose by 24.39%

In 2009 capital spending was 3.3% of GDP and constituted mainly of infrastructural development in the areas of water and road improvements. Water development projects for the year cost \$6.41 million and roads \$10.19

million. During the year construction, extensive work was done on the Charlestown Secondary School along with minor renovations of other primary schools and health centres.

Review of Fiscal Balances



2008 produced a favorable fiscal outcome for the NIA. A surplus was generated on the current account of \$9.10 million or 1.30% of the federation’s GDP. The overall and primary balances were \$(12.39) and \$5.03 million respectively. On the other hand, due to the challenges of the 2009 period the current fiscal operations produced a deficit of \$17.09 million. Correspondingly, there were overall and primary deficits of \$37.37 and 19.17 million.

Examination of the last six (6) years indicates that this year represents the first time that the Administration has registered a current account deficit.

IX. PUBLIC DEBT

The Nevis Special Development Loans (Amendment) Ordinance, no 2 of 2003, gives permission to the Nevis Island Administration to borrow up to EC\$225 million; exclusive of Treasury Bills, Overdraft facilities and Government Guaranteed debt. As at the end of fiscal year 2009, this amount was at \$166.26 million, up from \$150.51 in the previous fiscal year.

Total public sector debt stood at \$386.80 million at December 31, 2009, representing an increase of 9.76% when compared to the 2008 period. A comparative analysis of the debt data for 2009 and 2008 revealed a reduction of 8.33% in government guaranteed debt and an increase of 14.53% in the government’s debt stock. The composition of public debt at December 31, 2009 was foreign debt of \$154.29 million; including \$50.69 million for government guaranteed debt, and domestic debt of \$232.51 million, of which government guaranteed debt, represents \$16.64 million.

Over the years, the advancement of the government’s debt stock was primarily driven by the outlay of capital expenditure, in particular to fund infrastructural development on the island. The total public sector debt to GDP ratios for 2008 and 2009 were 211.01% and 258.48% respectively. Although future increases are also anticipated due to the economic climate, enhanced fiscal policies are likely to result in improved debt sustainability over the medium term. (See Appendix VIII)

Domestic Debt

The government has placed concentrated efforts on seeking domestic financing as opposed to external financing. Public outstanding domestic debt stock expanded from \$170.82 million in December 2007, to \$198.93 million in December 2008 and then to \$232.51 million in the same period of 2009. The domestic stock of debt for public corporations declined by 6.88%, through its commitment towards amortization. Conversely, the government's domestic debt stock saw a significant increase of 19.23%.

A major initiative of the government in 2009 was the contraction of a loan from the St. Kitts-Nevis Social Security Board in the amount of \$10.89 million to fund several capital projects. These include improvement and maintenance of primary and secondary schools; Construction and improvement to community centres, improvement to government buildings and the development of an artisan village.

With an attractive interest rate of 6.50%, the stock of NIA over the counter 91 day treasury bills has been increasing. The major holders of these T-bills are Individuals, Commercial Banks, Insurance Companies and Social Security in the Federation of St. Kitts Nevis. Similarly, the easy accessibility of the overdraft accounts have resulted in continued increases of said accounts to fund shortfalls in the current account. By entering the RGSM in June of 2009, with its 365 days T-Bills issue of \$13.32 million, the NIA has been successful in its effort to broaden its investor base. Approximately 52.61% of these T-bills holders are foreign investors and the remaining 47.39% domestic.

Foreign Debt

The NIA's outstanding stock of external debt has been declining, with the exception of the 2009 period, which increased by 5.83% over 2008. Alternatively, government guaranteed external debt has been increasing altogether; declining slightly in 2005 and 2008, and further in 2009. **(See Appendix VIII)**

As at December 31, 2009, the stock of public external debt totaled \$154.29 million, representing a marginal increase of 0.53% in overall external debt stock. A contraction of 8.80% was realized for government guaranteed external debt stock, while that of the NIA increased by 5.83%. In light of the financial challenges encountered due to the impact of Hurricane Omar in October 2008, the International Monetary Fund (IMF) granted a loan of \$9.08 million to the government in 2009, under its Emergency Assistance for Natural Disasters (ENDA) initiative. The loan bears an interest rate of 1.38% and matures in 2014.

The current external debt portfolio consists of bonds and loans, with over 87.48% in US currency and 12.52% originating in Kuwaiti Dinar. The administration faces minimal exposure to the risk of exchange rate fluctuations, since the EC dollar is pegged to the US dollar. Additionally, the maturity profile extends from 2010 to 2040 with an average interest rate of 5.16%. The strategy for the NIA over the years gives priority to financing that offers discounted interest rates; hence the Caribbean Development Bank remains the dominant source of external financing.

X. FISCAL PROSPECTS FOR 2010

A turn around in the economy is not anticipated for the 2010 period; consequently, the fiscal challenge will persist. The NIA in its attempt to stabilize the contraction in economic activity is expected to extend its expansionary fiscal budget into the 2010 period. This expansionary fiscal stance will see an increase in capital spending in the amount of \$16.98 million over the actual spending in 2009. The Administration is confident that these investments will reap positive returns in the future; subsequently, contributing to growth which will enable the repayment of the initial financing and the interest. Current spending, with the exception of debt servicing will remain relatively unchanged.

Current Revenue

Current revenue in 2010 is expected to witness some improvements over the actual for 2009; summing at \$101.45 million or 16.21% of St. Kitts Nevis projected GDP. 71.31% of revenue is expected to be collected from taxes. Taxes on Income hold 12.80% of total current revenue with Social Service Levy increasing marginally. Corporate Income Tax will be affected by the contraction of the business cycle. The projected amount for the tax this year is \$3.88 million. **(See Appendix IV and VI)**

Projection for Property Tax in 2010 is \$3.05 million. Considerable progress has been made for all property owners to be upgraded to the new valuation system. This is expected to buoy this tax category in the period. Additionally, the tax will witness some general increases in the compliance rate among the residential home owners.

Advances in the collection of Taxes on Domestic Goods and Services are forecasted. These taxes are expected to increase by 35.64% over the actual 2009. Collection as a percentage of GDP is forecasted at 3.58% up from the 2.63% of 2009. The impact of Hotel and Restaurant tax on total revenue for the year will be benign as tourist receipts will remain low. The budgeted figure is set at \$4.63 million.

Comparative analysis of the 2010 expected receipts for Stamp Duties and the actual receipts for 2009 underscore improvement of over 10%. A similar percentage increase is calculated for the comparison of the revised estimates for 2009. Although villa development prospects in 2009 suffered some setbacks, indications suggest that interest in this area is beginning to improve. This is more so for individuals wishing to purchase existing homes. However, signs of modest advancement are also seen in the market for new construction including land sale. Stamp duties will benefit positively from any recovery in this market.

In light of the considerable decline in 2009, the tax category will witness moderate improvements mainly due to increases in Import Duties and to a lesser extent Consumption Tax. The taxes are 5.41% of GDP, a move from 4.79% in 2009. Import Duties budget increase sums at \$1.82 million or 23.93% whereas Consumption Tax sums at \$1.15 million of 7.38%.

Current Expenditure

The 2010 forecast for total current expenditure is \$125.83 million. \$109.33 million indicates current expenditure according to the economic classification and excludes principal repayment which is projected at \$16.50 million. With the exception of principal repayment, current expenditure increase over the actual 2009 was a nominal 2.07%. Debt servicing, on the other hand, is forecasted to increase considerably. As a percentage of GDP total current expenditure is 20.10%. **(See Appendix V and VII)**

Notwithstanding decreases in wages and allowances, an auxiliary rise in total personal emoluments (PE) is anticipated. 7.52% increase in salaries or \$2.68 million are the main reason for this overall increase. The amount of PE as a percentage of total current expenditure is expected to fall by 2.5%. Furthermore, employment in the public service will be held relatively the same as the previous period.

The need for the NIA to increase its financing requirements in 2009 has prompted an increase in 2010 budget debt servicing. The total amount for the year is \$38.00 million (\$21.50 million for interest and \$16.50 for principal repayment). \$22.00 million will be for domestic servicing and the remaining \$16.00 million for foreign servicing.

Capital Expenditure

Set at \$37.72 million, capital expenditure is earmarked to be expended for the construction of a number of police barracks at strategic locals on the island, road and water development, the construction of a fine arts theatre along with other economic and social projects. This Fine Arts Theatre will provide a venue for the development and promotion of arts and culture.

Composite spending from revenue will average 48.60%; amassing a total of \$18.33 million. The remaining capital spending will be sourced through loans. This amount is expected to sum on average at \$17.57 million.

Fiscal Balances

Forecast current account balance deficit according to the economic classification highlights a substantial improvement over the actual deficit for 2009. As a percentage of GDP it represents 1.26% or a deficit of \$7.88 million. Moreover, the overall balance deficit highlights an increase due to the higher spending on capital projects which are to be undertaken within the year. Primary and overall balance deficits are \$24.1 million and \$45.60 million accordingly or 3.85% and 7.28% of GDP.

XI. CURRENT ISSUES OF GOVERNMENT SECURITIES

RGSM Treasury Bills

- Type of Issue – NIA Treasury Bills
- Maturity in days – 365 days
- Maturity date – June 24th 2010
- Discount rate – 6.75%

Issue Amount EC\$13.32 million

Non-RGSM Treasury Bills

- Type of Issue – NIA Treasury Bills
- Maturity in days – 91 days
- Maturity dates – January 21st 2010, April 21st 2010, July 21st 2010 and October 21st 2010
- Discount rate – 6.5%

Total issues outstanding as at December 31st 2009 – EC\$78.43 million

Debt Rating

The Nevis Island Administration has not yet been publicly rated by any international or regional rating agency. However, it has always maintained a good reputation with both external and domestic creditors and has been consistent with timely debt service payments.

XII. SECURITY ISSUANCE PROCEDURES, CLEARANCE AND SETTLEMENT, RECORDING OF OWNERSHIP AND SECONDARY ISSUE

The Treasury Bills issue will be listed on the Regional Government Securities Market (RGSM). The RGSM will operate on the Eastern Caribbean Securities Exchange (ECSE) trading platform for this primary issuance and secondary trading. The pricing methodology to be used for selling the securities will be a competitive uniform auction with open bidding. The ECSE is responsible for the dissemination of market information, providing intermediaries with market access, administering the auction process and monitoring and surveillance of the auctions.

It is the responsibility of the Eastern Caribbean Central Securities Depository (ECCSD) to facilitate clearance and settlement for the securities allotted and will ensure that funds are deposited to the account of the Nevis Island Administration. Additionally, the ECSE, through the Eastern Caribbean Central Securities Registry (ECCSR) will record and maintain ownership of the government securities in electronic book-entry form. Other duties of the ECCSR include mailing confirmation of proof of ownership letters to all investors who were successful in the auction and processing corporate action on behalf of issuing governments.

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

Appendix I shows the list of licensed intermediaries. Successful clients will be informed of their payment obligations and funds will be deducted from their respective account with the intermediary.

The Nevis Island Administration will be subject to the rules and guidelines of the Regional Debt Coordinating Committee (RDCC) as it pertains to regular reporting and disclosure of information.

APPENDIX I

LIST OF LICENSED INTERMEDIARIES

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
Anguilla		
National Bank of Anguilla Ltd	P O Box 44 The Valley Tel: 264-497-2101 Fax: 264-497-3310 Email: nbabankl@anguillanet.com	Principal: Selwyn Horsford Representative: Idona Reid
Antigua and Barbuda		
ABI Bank Ltd. ABI Financial Centre	ABI Financial Centre Redcliffe Street St John's Tel: 268 480 2824 Fax: 268 480 2765 Email: abibsec@candw.ag	Principals: Casroy James Carolyn Philip Representative: Laura Abraham
Antigua Commercial Bank Ltd.	ACB Financial Centre P O Box 3089 St John's Tel: 268 481 4200 Fax: 268 481 4158 Email: acb@candw.ag	Principal: Peter N Ashe Representative: Sharon Nathaniel
Dominica		
National Mortgage Finance Company of Dominica Ltd. (NMFC)	64 Hillsborough Street Roseau Tel: 767 448 4401/4405 Fax: 767 448 3982 Email: ncbdom@cwdom.dm	Principal: Caryl Phillip-Williams Linda Toussaint–Peter Curtis Clarendon Representative: Joel Denis

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
Grenada		
Republic Finance and Merchant Bank Ltd. (FINCOR)	2 nd Floor, Republic Bank Grenada Ltd Bldg Melvin Street St George's Tel: 473 444 1875 Fax: 473 444 1879 Email: fincorec@caribsurf.com	Principals: Wilma Williams Representatives: Sharlene Thomas Helena Oliver-Scott
St Kitts and Nevis		
St Kitts Nevis Anguilla National Bank Ltd.	P O Box 343 Central Street Basseterre Tel: 869 465 2204 Fax: 869 465 1050 Email: national_bank@sknanb.com	Principals: Winston Hutchinson Anthony Galloway Representatives: Marlene Nisbett Petronella Edmeade- Crooke
The Bank of Nevis Ltd.	P O Box 450 Charlestown Nevis Tel: 869 469 5564 Fax: 869 469 5798 E mail: info@thebankofnevis.com	Principals: Kevin Huggins Representatives: Lisa Jones Vernesia Walters Kelva Merchant
St Lucia		
ECFH Global Investment Solutions Limited	5 th Floor, Financial Centre Building 1 Bridge Street Castries Tel: 758 456 6826 Fax: 758 456 6733	Principals: Carla Morton-Campbell Beverley Henry Donna Matthew Representatives: Dianne Augustin Lawrence Jean
Caribbean Money Market Brokers Ltd. (CMMB St Lucia)	9 Brazil Street Castries Tel: 758 450 2662 Fax: 758 451 7984 Email: info@mycmmmb.com	Principals: Carole Eleuthere-Jn Marie Sharmaine Rosemond Representative: Anderson Soomer

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
St Vincent and the Grenadines		
National Commercial Bank (SVG) Ltd.	P O Box 880 Cnr. Bedford and Grenville Streets Kingstown Tel: 784 457 1844 Fax: 784 456 2612 Email: natbank@caribsurf.com	Principals: Keith Inniss Jeffrey Ledger Representatives: Patricia John Rashida Stephens
Trinidad and Tobago		
Caribbean Money Market Brokers Ltd. (CMMB)	No. 1 Richmond Street, Ground Floor Furness Court, Independence Square Port of Spain Tel: 868 623 7815/5153 Fax: 868 624 4544/9833; 627 2930 Email: info@mycmmmb.com	Representative: Vishwatee Jagroop

**APPENDIX II ST. KITTS AND NEVIS GDP BY ECONOMIC ACTIVITY
AT BASIC PRICES, IN CONSTANT PRICES (EC\$ MILLIONS)**

SECTORS	2004	2005	2006	2007	2008 Rev.	2009 Est.
Agriculture	30.76	29.99	24.02	26.19	29.94	27.53
Crops	16.25	14.08	7.74	7.90	8.30	7.47
Sugarcane	9.35	7.88	0.00	0.00	0.00	0.00
Other	6.90	6.20	7.74	7.90	8.30	7.47
Livestock	3.78	3.81	3.77	4.17	4.36	4.45
Forestry	0.49	0.50	0.51	0.52	0.54	0.55
Fishing	10.24	11.60	12.00	13.60	16.74	15.07
Mining & Quarrying	2.00	2.08	2.24	1.92	2.03	1.22
Manufacturing	76.01	78.30	73.33	74.74	76.78	67.57
Sugar	5.37	4.07	0.00	0.00	0.00	0.00
Other	70.64	74.23	73.33	74.74	76.78	67.57
Electricity & Water	13.88	13.99	15.05	15.31	15.55	15.94
Electricity	11.16	11.00	11.89	12.46	12.32	12.63
Water	2.72	2.99	3.16	2.85	3.23	3.31
Construction	89.74	90.70	98.33	102.68	105.40	68.51
Wholesale & Retail Trade	69.40	70.87	77.46	80.85	87.03	79.63
Hotels & Restaurants	40.57	48.45	48.02	42.51	43.16	34.53
Transport	61.22	62.99	63.23	66.28	80.27	67.31
Road Transport	32.34	31.50	31.12	33.41	43.39	34.71
Sea Transport	22.58	24.72	25.60	27.06	30.96	27.86
Air Transport	6.30	6.77	6.51	5.81	5.92	4.74
Communications	55.00	64.94	66.03	72.82	70.82	68.73
Cable & Wireless	53.92	63.89	64.98	71.77	69.77	67.68
Post Office	1.08	1.05	1.05	1.05	1.05	1.05
Banks & Insurance	85.18	92.99	100.77	108.55	107.32	116.09
Banks	73.19	79.14	83.99	90.92	89.47	98.42
Insurance	11.99	13.85	16.78	17.63	17.85	17.67
Real Estate & Housing	16.05	16.21	17.18	17.52	17.87	18.32
Government Services	90.77	93.88	97.05	102.84	104.66	106.75
Other Services	24.51	25.75	28.63	31.72	32.92	32.26
Less Imputed Service Charge	58.91	63.69	67.60	73.17	72.00	75.60
TOTAL	596.18	627.45	643.74	670.76	701.75	628.78
GROWTH RATE	7.32	5.25	2.60	4.20	4.62	-10.40

Source: Eastern Caribbean Central Bank

APPENDIX III
**NEVIS ESTIMATED GDP BY ECONOMIC ACTIVITY,
AT BASIC PRICES IN CONSTANT PRICES
(BASED ON POPULATION RATIO EC\$ MILLIONS)**

SECTORS	2004	2005	2006	2007	2008 Rev.	2009 Est.
Agriculture	7.26	7.17	5.74	6.23	7.13	6.55
Crops	3.83	3.37	1.85	1.88	1.98	1.78
Sugarcane	2.21	1.88	0.00	0.00	0.00	0.00
Other	1.63	1.48	1.85	1.88	1.98	1.78
Livestock	0.89	0.91	0.90	0.99	1.04	1.06
Forestry	0.12	0.12	0.12	0.12	0.13	0.13
Fishing	2.42	2.77	2.87	3.24	3.98	3.59
Mining & Quarrying	0.47	0.50	0.54	0.46	0.48	0.29
Manufacturing	17.94	18.71	17.53	17.79	18.27	16.08
Sugar	1.27	0.97	0.00	0.00	0.00	0.00
Other	16.67	17.74	17.53	17.79	18.27	16.08
Electricity & Water	3.28	3.34	3.60	3.64	3.70	3.79
Electricity	2.63	2.63	2.84	2.97	2.93	3.01
Water	0.64	0.71	0.76	0.68	0.77	0.79
Construction	21.18	21.68	23.50	24.44	25.09	16.31
Wholesale & Retail Trade	16.38	16.94	18.51	19.24	20.71	18.95
Hotels & Restaurants	9.57	11.58	11.48	10.12	10.27	8.22
Transport	14.45	15.05	15.11	15.68	19.10	16.02
Road Transport	7.63	7.53	7.44	7.95	10.33	8.26
Sea Transport	5.33	5.91	6.12	6.44	7.37	6.63
Air Transport	1.49	1.62	1.56	1.38	1.41	1.13
Communications	12.98	15.52	15.78	16.07	16.86	16.36
Cable & Wireless	12.73	15.27	15.53	17.08	16.61	16.11
Post Office	0.26	0.25	0.25	0.25	0.25	0.25
Banks & Insurance	20.10	22.22	24.08	25.83	25.54	27.63
Banks	17.27	18.91	20.07	21.64	21.29	23.42
Insurance	2.83	3.31	4.01	4.20	4.25	4.21
Real Estate & Housing	3.79	3.87	4.11	4.17	4.25	4.36
Government Services	21.42	22.44	23.19	24.48	24.91	25.41
Other Services	5.78	6.15	6.84	7.55	7.83	7.68
Less Imputed Service Charge	13.90	15.22	16.16	17.41	17.14	17.99
TOTAL	140.70	149.96	153.84	159.63	167.01	149.64
GROWTH RATE	5.98	6.58	2.60	3.76	4.62	(10.40)

Source: Ministry of Finance

APPENDIX IV

NIA SUMMARY OF FISCAL OPERATIONS (REVENUE)
ECONOMIC CLASSIFICATION (EC\$ MILLIONS)

Categories	2004	2005	2006	2007	2008	2009	Proj. 2010
Current Revenue	76.82	94.67	97.92	104.93	111.54	90.02	101.45
Tax Revenue	56.76	72.95	75.08	79.93	84.78	60.65	72.34
Taxes on Income & Profits	7.18	9.84	10.89	13.00	14.90	13.21	12.98
Corporate Income Tax	0.82	2.91	3.42	3.47	5.55	5.01	3.88
Withholding Tax	0.01	0.05	-	0.96	0.05	0.44	0.15
Social Services Levy	6.35	6.88	7.47	8.57	9.30	7.76	8.95
Taxes on Property	1.38	1.44	1.85	1.77	1.80	1.96	3.05
House & Land Tax	1.38	1.44	1.85	1.77	1.80	1.96	3.05
Taxes on Domestic Goods & Services	23.01	31.18	29.86	29.42	31.58	16.54	22.43
Wheel Tax Levy/Vehicle Registration	1.58	1.66	1.87	2.10	2.27	2.20	2.70
Consumption Tax (Inland Rev.)	0.15	0.18	0.26	0.40	0.72	0.49	0.95
Traders Tax	0.24	0.36	0.38	0.42	0.42	0.33	0.47
Hotel Room Tax	8.43	9.79	10.00	10.81	9.93	1.63	4.63
Stabilization Fund	-	-	-	-	-	-	0.00
Stamp Duties	10.68	16.94	14.46	12.50	15.81	9.67	10.65
Cable TV Tax / Entertainment Tax	0.15	0.18	0.19	0.23	0.25	0.25	0.25
Vehicle Rental Tax	0.08	0.10	0.09	0.11	0.11	0.13	0.13
Insurance Fees	0.22	0.23	0.22	0.25	0.25	0.25	0.27
Gasoline Levy	0.18	-	0.57	0.25	-	-	-
Proceeds from Lottery Sales	-	0.19	0.22	0.24	0.26	0.22	0.09
Coastal Environmental Levy	0.01	0.12	0.10	0.02	0.08	0.04	0.09
Licenses	1.29	1.43	1.51	2.09	1.48	1.33	1.89
of which: Banks License	0.12	0.11	0.12	0.12	0.12	0.12	0.12
Business & Occup. License	0.25	0.33	0.38	0.41	0.42	0.43	0.73
Drivers License	0.66	0.72	0.71	0.73	0.75	0.65	0.89
Taxes on International Trade	25.19	30.49	32.48	35.74	36.50	30.09	33.87
Import Duties	8.22	8.89	0.35	9.52	9.32	7.61	9.43
Export\Excise Duty	-	-	0.18	0.40	0.20	0.18	0.25
Environmental Levy	1.34	0.03	1.46	1.18	0.98	0.65	1.00
Consumption Tax	12.77	14.65	15.52	17.84	18.73	15.60	16.75
Travel Tax	0.52	0.52	0.43	0.42	0.46	0.41	0.43
Mercantile Tax	0.01	0.01	0.01	0.01	-	-	-
Parcel Tax	-	-	-	-	-	-	-
Customs Service Charge	2.33	4.84	5.87	6.37	6.80	5.65	6.02
Other	-	1.55	8.66	-	-	-	0.00
Non-Tax Revenue	20.06	21.72	22.84	25.00	26.76	28.23	29.11
Interest, Dividend & Currency Profits	-	-	-	-	-	-	-
Rent of Government Property	0.02	0.01	0.02	0.01	0.06	0.19	0.21
Fees, Fines & Sales	0.11	0.40	0.21	0.24	0.27	0.24	0.31
Post Office	0.26	0.27	0.43	0.38	0.35	0.34	0.43
Passport, Permits, etc.	-	-	1.19	1.18	1.25	1.49	1.33
Hospital	0.56	0.68	0.60	0.68	0.71	0.59	1.00
Financial Services	7.87	9.07	11.32	12.38	11.54	11.05	11.62
Supply Office	2.85	2.79	2.72	3.13	4.20	5.79	5.81
Water Services	3.93	4.26	4.69	4.20	4.32	5.24	5.52
Other Non-Tax Revenue	4.46	4.24	1.66	2.80	4.07	3.30	2.87
Current Revenue Growth Rate		23.24	3.43	7.16	6.30	(19.29)	

APPENDIX V

NIA SUMMARY OF FISCAL OPERATIONS (EXPENDITURE)
ECONOMIC CLASSIFICATION (EC\$ MILLIONS)

Categories	2004	2005	2006	2007	2008	2009	Proj 2010
Current Expenditure	66.26	71.34	81.90	95.16	102.43	107.12	109.33
Personal Emoluments	33.86	35.16	37.38	41.80	47.52	52.99	53.80
Salaries	22.68	24.68	26.05	28.33	31.91	35.57	38.25
Wages	9.45	9.87	10.96	12.76	14.80	16.14	14.71
Allowances	1.73	0.61	0.37	0.70	0.81	0.93	0.83
Goods and Services	15.65	16.29	21.04	22.67	27.77	25.81	26.98
Interest Payments	9.41	11.54	15.47	21.27	17.42	18.20	21.50
Domestic	2.00	3.23	7.19	13.67	11.49	12.91	15.00
Foreign	7.41	8.31	8.28	7.60	5.93	5.29	6.50
Principal Repayment	9.82	13.85	18.41	15.26	13.53	9.23	16.50
Domestic	0.81	3.28	6.81	12.07	3.59	2.18	7.00
Foreign	9.01	10.57	11.60	3.19	9.94	7.05	9.50
Transfers & Subsidies	7.34	8.35	8.01	9.42	9.72	10.46	7.05
Pensions & Gratuities	4.62	3.66	5.11	5.36	5.77	7.18	4.50
Regional and Int'l Contributions	2.42	3.38	2.39	3.56	2.48	2.75	0.35
Public Assistance	0.30	1.31	0.51	0.50	1.46	0.53	0.01
Expenses on Overseas Missions	-	-	-	-	-	-	-
Public Corporations	-	-	-	-	-	-	2.19
Current Account Balance	10.56	23.33	16.02	9.77	9.10	(17.09)	-7.88
Capital Revenue	-	-	-	-	0.50	0.47	-
Land Sales	-	-	-	-	-	-	-
Other	-	-	-	-	0.50	0.47	-
Grants	-	0.06	-	-	0.21	-	-
Budgetary Grants	-	0.06	-	-	-	-	-
Capital Grants	-	-	-	-	0.21	-	-
Capital Expenditure	12.17	14.96	17.89	41.79	22.20	20.74	37.72
Fixed Investment	12.17	14.96	17.89	41.79	22.20	20.74	37.72
Below the line expenditure	-	-	-	-	-	-	-
Unrecorded Expenditure	-	-	-	-	-	-	-
Net Lending	-	-	-	-	-	-	-
Overall Balance	(1.61)	8.43	(1.87)	(32.02)	(12.39)	(37.37)	(45.60)
Primary Balance	7.80	19.97	13.60	(10.75)	5.03	(19.17)	(24.10)
Current Expenditure Growth Rate		7.67	14.80	16.19	7.64	4.57	

Source: Ministry of Finance

APPENDIX VI

NIA SUMMARY OF FISCAL OPERATION
(in per cent of GDP)

Categories	2004	2005	2006	2007	2008	2009	Proj. 2010
Current Revenue	12.89	15.09	15.21	15.64	15.89	14.32	16.21
Tax Revenue	9.52	11.63	11.66	11.92	12.08	9.83	11.56
Taxes on Income & Profits	1.20	1.57	1.69	1.94	2.12	2.10	2.07
Corporate Income Tax	0.14	0.46	0.53	0.52	0.79	0.80	0.62
Withholding Tax	0.00	0.01	-	0.14	0.01	0.07	0.02
Social Services Levy	1.07	1.10	1.16	1.29	1.33	1.23	1.43
Taxes on Property	0.23	0.23	0.29	0.26	0.26	0.31	0.49
House & Land Tax	0.23	0.23	0.29	0.26	0.26	0.31	0.49
Taxes on Domestic Goods & Services	3.86	4.97	4.64	4.38	4.50	2.63	3.58
Wheel Tax Levy/Vehicle Registration	0.27	0.26	0.29	0.31	0.32	0.35	0.43
Consumption Tax (Inland Rev.)	0.03	0.03	0.04	0.06	0.10	0.08	0.15
Traders Tax	0.04	0.06	0.06	0.06	0.06	0.05	0.08
Hotel Room Tax	1.41	1.56	1.55	1.61	1.42	0.26	0.74
Stamp Duties	1.79	2.70	2.25	1.86	2.25	1.54	1.70
Cable TV Tax / Entertainment Tax	0.03	0.03	0.03	0.03	0.04	0.04	0.04
Vehicle Rental Tax	0.01	0.02	0.01	0.02	0.02	0.02	0.02
Insurance Fees	0.04	0.04	0.03	0.04	0.04	0.04	0.04
Gasoline Levy	0.03	-	0.09	0.04	-	-	0.02
Proceeds from Lottery Sales	-	0.03	0.03	0.04	0.04	0.03	0.04
Coastal Environmental Levy	0.00	0.02	0.02	0.00	0.01	0.01	0.01
Licenses	0.22	0.23	0.23	0.31	0.21	0.21	0.30
of which: Banks License	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Business & Occupation Licence	0.04	0.05	0.06	0.06	0.06	0.07	0.12
Drivers License	0.11	0.11	0.11	0.11	0.11	0.10	0.14
Taxes on International Trade	4.23	4.86	5.05	5.33	5.20	4.79	5.41
Import Duties	1.38	1.42	0.05	1.42	1.33	1.21	1.51
Export/Excise Duty	-	-	0.03	0.06	0.03	0.03	0.04
Environmental Levy	0.22	0.00	0.23	0.18	0.14	0.10	0.16
Consumption Tax	2.14	2.33	2.41	2.66	2.67	2.48	2.68
Travel Tax	0.09	0.08	0.07	0.06	0.07	0.06	0.07
Mercantile Tax	0.00	0.00	0.00	0.00	-	-	-
Parcel Tax	-	-	-	-	-	0.00	-
Customs Service Charge	0.39	0.77	0.91	0.95	0.97	0.90	0.96
Other	-	0.25	1.34	-	-	-	-
Non-Tax Revenue	3.36	3.46	3.55	3.73	3.81	4.49	4.65
Interest, Dividend & Currency Profits	-	-	-	-	-	-	-
Rent of Government Property	0.00	0.00	0.00	0.00	0.01	0.03	0.03
Fees, Fines & Sales	0.02	0.06	0.03	0.04	0.04	0.04	0.05
Post Office	0.04	0.04	0.07	0.06	0.05	0.05	0.07
Passport, Permits, etc.	-	-	0.18	0.18	0.18	0.24	0.21
Hospital	0.09	0.11	0.09	0.10	0.10	0.09	0.16
Financial Services	1.32	1.45	1.76	1.85	1.64	1.76	1.86
Supply Office	0.48	0.44	0.42	0.47	0.60	0.92	0.93
Water Services	0.66	0.68	0.73	0.63	0.62	0.83	0.88
Other Non-Tax Revenue	0.75	0.68	0.26	0.42	0.58	0.52	0.46

Source: Ministry of Finance

APPENDIX VII

NIA SUMMARY OF FISCAL OPERATION
(in per cent of GDP)

Categories	2004	2005	2006	2007	2008	2009	Proj. 2010
Current Expenditure	11.11	11.37	12.73	14.19	14.60	17.04	17.46
Personal Emoluments	5.68	5.60	5.81	6.32	6.77	8.37	8.59
Salaries	3.80	3.93	4.05	4.22	4.55	5.66	6.11
Wages	1.59	1.57	1.70	1.90	2.11	2.57	2.35
Allowances	0.29	0.10	0.06	0.10	0.12	0.15	0.13
Goods and Services	2.63	2.60	3.27	3.38	3.96	4.10	4.31
Interest Payments	1.58	1.84	2.40	3.17	2.48	2.89	3.43
Domestic	0.34	0.51	1.12	2.04	1.64	2.05	2.40
Foreign	1.24	1.32	1.29	1.13	0.85	0.84	1.04
Principal Repayment	1.65	2.21	2.86	2.28	1.93	1.47	2.64
Domestic	0.14	0.52	1.06	1.80	0.51	0.35	1.12
Foreign	1.51	1.68	1.80	0.48	1.42	1.12	1.52
Transfers & Subsidies	1.23	1.33	1.25	1.40	1.39	1.66	1.13
Pensions & Gratuities	0.77	0.58	0.79	0.80	0.82	1.14	0.72
Regional and Int'l Contributions	0.41	0.54	0.37	0.53	0.35	0.44	0.06
Public Assistance	0.05	0.21	0.08	0.07	0.21	0.08	0.00
Expenses on Overseas Missions	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Public Corporations	0.00	0.00	0.00	0.00	0.00	0.00	0.35
Current Account Balance	1.77	3.72	2.49	1.46	1.30	-2.72	-1.26
Capital Revenue	0.00	0.00	0.00	0.03	0.07	0.07	0.00
Land Sales	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.03	0.07	0.07	0.00
Grants	0.00	0.01	0.00	0.00	0.03	0.00	0.00
Budgetary Grants	0.00	0.01	0.00	0.00	0.00	0.00	0.00
Capital Grants	0.00	0.00	0.00	0.00	0.03	0.00	0.00
Capital Expenditure	2.04	2.38	2.78	6.23	3.16	3.30	6.03
Fixed Investment	2.04	2.38	2.78	6.23	3.16	3.30	6.03
Below the line expenditure	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unrecorded Expenditure	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Lending	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Overall Balance	-0.27	1.34	-0.29	-4.75	-1.77	-5.94	-7.28
Primary Balance	1.31	3.18	2.11	-1.58	0.72	-3.05	-.385

Source: Ministry of Finance

APPENDIX VIII

**NIA TOTAL PUBLIC SECTOR OUTSTANDING LIABILITIES
AS AT DECEMBER 31, 2009 (In Millions EC \$)**

	2004	2005	2006	2007	2008	2009	% Chang
TOTAL OUTSTANDING LIABILITIES	264.70	264.12	271.71	338.87	352.40	386.80	9
NIA OUTSTANDING DEBT	218.96	219.80	227.12	264.14	278.95	319.47	14
Domestic	81.93	91.84	109.23	155.46	181.06	215.87	19
External	137.03	127.96	117.89	108.68	97.89	103.60	5
GOVERNMENT GUARANTEED	45.74	44.32	44.59	74.73	73.45	67.33	(8)
Domestic	29.76	29.42	12.41	15.36	17.87	16.64	(6)
External	15.98	14.91	32.18	59.37	55.58	50.69	(8)
TOTAL DOMESTIC	111.69	121.26	121.64	170.82	198.93	232.51	16
TOTAL EXTERNAL	153.01	142.87	150.07	168.05	153.47	154.29	0
NIA DEBT/GDP(%)	155.63	146.58	147.63	165.47	167.03	213.49	27
PUBLIC SECTOR DEBT/GDP(%)	188.15	176.14	176.61	212.28	211.01	258.48	22
NIA DEBT RATIOS							
Debt Service/Revenue (%)	25.03	26.82	34.60	34.82	27.75	30.47	
External	21.38	19.94	20.30	10.28	14.24	13.71	
Domestic	3.66	6.88	14.30	24.54	13.52	16.76	
Debt Service/Export of Goods & Services (%)	18.23	20.42	25.41	27.49	21.75		
External	15.56	15.18	14.91	8.12	11.16		
Domestic	2.66	5.24	10.50	19.37	10.59		

Source: Ministry of Finance

APPENDIX IX
**ST. KITTS AND NEVIS BALANCE OF PAYMENTS
STANDARD PRESENTATION 2004 – 2009 (EC\$ MILLIONS)**

	Net	Net	Net	Net	Net	Net
	2004	2005	2006	2007	2008	2009
1. CURRENT ACCOUNT	-184.62	-174.74	-229.82	-300.43	-488.18	-499.07
A. GOODS AND SERVICES	-128.79	-144.37	-229.47	-298.27	-484.29	-519.08
1. Goods	-275.47	-328.59	-435.50	-490.92	-585.56	-562.87
a. Merchandise	-286.66	-343.11	-449.58	-507.28	-602.46	-576.97
b. Repair on goods	0.11	0.19	0.19	0.20	0.26	0.22
c. Goods procured in ports by carriers	11.08	14.33	13.88	16.17	16.63	13.88
2. Services	146.68	184.22	206.03	192.65	101.27	43.79
a. Transportation	-62.70	-72.90	-85.54	-80.80	-120.19	-112.97
b. Travel	251.00	297.52	318.91	303.20	258.00	189.26
c. Insurance Services	-18.23	-22.15	-19.86	-22.86	-32.50	-30.01
d. Other Business Services	-22.17	-18.81	-10.42	-11.96	-7.62	-6.77
f. Government Services	-1.23	0.56	2.93	5.08	3.58	4.29
B. INCOME	-105.03	-94.87	-87.32	-80.95	-93.32	-88.16
1. Compensation of Employees	-7.73	-6.33	-2.16	-1.37	-1.49	-1.32
2. Investment Income	-97.31	-88.54	-85.16	-79.58	-91.83	-86.84
C. CURRENT TRANSFERS	49.20	64.50	86.97	78.78	89.43	108.17
1. General Government	-3.60	8.19	23.28	12.39	12.43	38.44
2. Other Sectors	52.80	56.31	63.69	66.39	77.00	69.73
2. CAPITAL AND FINANCIAL ACCOUNT	243.68	117.87	288.51	319.82	527.94	533.23
A. CAPITAL ACCOUNT	14.52	39.75	35.98	38.28	59.27	16.83
1. Capital Transfers	14.52	39.75	35.75	38.28	59.27	16.83
2. Acq. & Disposal of Non-Produced,	0.00	0.00	0.23	0.00	0.00	0.00
B. FINANCIAL ACCOUNT	229.16	78.12	252.53	281.55	468.67	516.40
1. Direct Investment	150.58	251.09	298.12	363.11	480.35	360.63
2. Portfolio Investment	-26.57	-40.56	-56.62	-35.02	28.28	-32.23
3. Other Investment	105.15	-132.40	11.03	-46.54	-39.96	188.00
4. OVERALL BALANCE	36.84	-18.03	46.30	19.39	39.75	34.17
5. FINANCING	-36.84	18.03	-46.30	-19.39	--39.75	-34.17
Change in SDR Holdings	0.00	0.00	0.00	0.00	0.00	0.00
Change in Reserve Position with the IMF	0.00	0.00	0.00	0.00	0.00	0.00
Change in Government Foreign Assets	0.04	-0.46	-0.18	-0.26	-0.28	0.00
Change in Imputed Reserves	-36.89	18.49	-46.12	-19.13	-39.47	-34.17

Source: Eastern Caribbean Central Bank

1/ The debit figure includes interest payments on bonds by the central government

2/ The debit figure includes principal payments on bonds by the central government

APPENDIX X

**ST. KITTS AND NEVIS MONETARY SURVEY
(in Millions EC\$)**

Classification		2004	2005	2006	2007	2008	2009
NET FOREIGN ASSETS	Total Net Foreign Assets	287.09	376.53	457.94	557.56	746.67	991.69
NET DOMESTIC ASSETS	Total Net Domestic Assets	911.94	901.10	993.86	1,067.11	903.85	755.99
DOMESTIC CREDIT	Government (Net)	262.97	351.66	422.49	464.77	337.13	34.59
	Private Sector	871.84	941.11	1,048.91	1,173.36	1,242.75	1,294.69
	Other Public Sector	(46.53)	(33.69)	(30.35)	(71.39)	29.06	7.10
	Total	1,088.28	1,259.08	1,441.05	1,566.74	1,608.94	1,336.37
MONETARY LIABILITIES	Money Supply M-1	171.96	175.90	201.45	226.04	251.71	243.63
	Time Deposits	289.76	287.73	309.55	377.63	398.12	490.97
	Savings Deposits	419.16	471.01	521.81	565.62	602.57	638.55
	Foreign Currency Deposits	318.15	342.99	418.99	455.39	398.10	374.53
	Total	1,199.03	1,277.62	1,451.80	1,624.67	1,650.51	1,747.68

Source: Eastern Caribbean Central Bank

APPENDIX XI

NIA CAPITAL PROJECTS BY PROGRAMS, PROJECTS AND MINISTRIES
(in Millions EC\$)

CAPITAL PROJECTS	2004	2005	2006	2007	2008	2009
Legal Department						
Purchase of Law Books					49,487	-
Total Legal Department					49,487	-
Premier's Ministry						
Furniture & Equipment for NDMO		52,999	35,616	123,272		
Emergency Supplies for NDMO		10,417				
Upgrade of Charlestown Court House		34,354	12,237	20,592	37,367	9,630
Purchase of Instruments for Symphonic Band		44,980				
Purchase of Photocopier		17,200				
Purchase of Generators			63,976			
Emergency Response Fund			298,382	22,860	48,939	12,576
Construction of NDMO and EOC			46,341	142,305		
Upgrade of Disaster Management					108,529	811
Upgrade to Bath House			27,358	9,275	6,572	4,462
Development of Media Services			50,013	125,806		
25th Anniversary of Independence					249,993	
Commission of Inquiry						1,416,153
Upgrade of Police Station						53,037
Other		10,963				
Total Premier's Ministry		170,913	533,921	444,111	451,400	1,496,669
Ministry of Finance:						
Ministry Administration						
Computerization of Government Services	120,232	165,319	97,254	94,423	193,239	115,328
Government Tools, Equipment.	326,747	353,069	316,613	127,562	198,351	234,037
Additional Space MOF	-			524,581	607,892	
Vehicles	111,000	169,460	404,267	399,432	153,374	24,352
Statistical Survey	43,150	11,750	36,866	145,463		
Cadastral Survey	100,000					
Nevis Constitutional Independence	622,169	243,222	34,942			
Repairs to Inland Revenue Department		15,355		8,970		
Crown Agent			119,691			
Additional Space at Long Point			296,490	31,971		
Additional Space at Treasury Department					87,946	17,091
Investment Promotion Agency					58,600	
Purchase of Lands					438,025	375,000
Purchase of Firetruck					1,504,485	
Construction of Police Barracks - Butlers Village						90,000
Other	264,898					
Total Ministry of Finance	1,588,196	958,175	1,306,122	1,332,402	3,241,912	855,807

APPENDIX XI (continued)

**NEVIS ISLAND ADMINISTRATION
CAPITAL PROJECTS BY PROGRAMS, PROJECTS AND MINISTRIES**

CAPITAL PROJECTS	2004	2005	2006	2007	2008	2009
Ministry of Communications:						
Ministry Administration						
Physical Planning Development Control Ordinance		1,643			46,267	
Basic Education Project	22,975	899,516	1,043,839	1,555,923	185,099	
Road Improvement Project	1,101,412	5,064,259	1,916,342	22,502,663	3,773,401	1,490,490
Technical Assistance			27,500	35,778	95,417	2,925
Land Settlement	1,039,619	618,138	746,109	498,328	265,485	439,569
Water Development Program					119,847	178,311
Purchase of Supplies for Water Department					646,226	
Water Drilling Program					561,491	2,335,096
Physical Development Plan		31,151	83,134		29,530	147,996
Multi-GIS					9,450	
Link Road Project				5,969,500	6,783,000	6,413,900
C/town Development Project	4,691,463					
BNTF Projects	69		25,738			
Renovation and Expansion of Secondary Schools		576,249				
Other	2,793					
Renovation of Comm. Centre & Hurricane						
Construction of Buildings						
Recondition of Asphalt Plant						
Purchase of Tools for Carpenter Shop						
Renovation of Post Office Building						
Aerial Flyover		2,163	468,283	59,138		
Caribbean Regional Environmental Program				75,723		
Regulations to Physical Planning Ordinance			11,509			
Furniture for New Offices			169,780			
Gingerland Police Station	607,320		607,320			
Physical Planning and Environmental Projects		47,668	580,377	47,668		
Airport			2,034,919	730,332		
Quarry Impact Study and Soil conservation			35,345	40,766		
Acquisition and Land Settlement						
Charlestown Water Front Project						
Hurricane Shelter Project						
Compensation of Damaged Property					320,000	
Extension of St. Thomas' Primary School						279,404
Construction of Police Barracks - Bellevue						366,447
Secondary Road/Drag Racing Strip						2,056,608
Administration	6,858,331	7,193,118	7,750,195	31,515,818	12,835,215	13,710,746

Source: NIA

APPENDIX XI (continued)

NEVIS ISLAND ADMINISTRATION

CAPITAL PROJECTS BY PROGRAMS, PROJECTS AND MINISTRIES

CAPITAL PROJECTS	2004	2005	2006	2007	2008	2009
Ministry of Communications:						
Public Works						
Secondary Village Roads	360,006	768,860	975,083	792,302	612,477	426,106
Renovation & Expan. of Government Building	164,455	195,407	486,235	478,462	249,545	227,516
Special Maintenance of Schools	69,004	79,552	323,466	436,379	98,879	177,561
Renovation of Government House			122,270	433,044	350,681	29,402
Recondition of Asphalt Plant	46,503		94,787	51,392	34,046	36,376
Aphalt Road Construction and Maintenance				338,358	347,607	
Expansion of Water Department Building				110,725	172,910	
Island Road Drainage Project			141,137	199,476	73,531	
Renovation of Historic Bath Hotel	102,365		199,418	173,023	98,726	
Purchase of Road Roller	149,985	149,999				
Purchase of Tyre Mount Machines	34,999	60,000				
Drainage Improvement Project	191,860	186,280				
Purchase of Backhoe	149,978	55,179				
Purchase of Welding Machines	41,809	158,371				
Installation of Storm Shutters						
Public Works Department Compound						
Government Residence						
Placement of Culverts		250,000				
Repairs to Administration Building		195,133	299,574			
Other	152,583					
Public Works Total	1,463,547	2,098,781	2,641,971	3,013,160	2,038,403	896,960
Water Department						
Water Service Upgrade	264,460	718,399	557,804	1,501,707		864,949
Water Development Program					997,949	
Pumping Mains Upgrade						
Well Pumps and Motors		44,582		499,126		
Pipes						
Meter Upgrade						
Coupling Gates, Valves & Repair Shops						
Equipment, Spares & Supplies	203,544					
Total Water Department	468,004	762,981	557,804	2,000,833	997,949	864,949
Post Office						
Mail Boxes						
Total Ministry of Communication	8,789,882	10,054,880	10,949,971	36,529,812	15,871,566	15,472,655

APPENDIX XI (continued)

NEVIS ISLAND ADMINISTRATION
CAPITAL PROJECTS BY PROGRAMS, PROJECTS AND MINISTRIES

CAPITAL PROJECTS	2004	2005	2006	2007	2008	2009
Ministry of Agriculture:						
Farm Equipment			75,283	131,758	50,433	49,089
Diversification Thrust		400,000	49,135	68,502	81,712	86,205
Lethal Yellowing Management in Coconuts				185,129	28,980	
Agriculture Open Day	74,000					
Vehicles	82,000	42,521				
Farm & Agriculture Machinery/Equipment	98,085	99,539				
Livestock Intensive Production		19,638				
Upgrade of Public Market		39,490			74,827	6,500
Upgrade of Abattoir		49,866				
Exotic Pest Control		18,931				
Cap Programme			135,187	93,257		
Agro-Processing Plant		47,251	15,726	500,000	105,805	85,494
School Assistance Program				9,090		25,428
Agriculture Building				77,849		
Sea Island Cotton Production						13,757
Other	4,903					
Total Ministry of Agriculture	258,988	717,236	275,331	1,065,585	341,758	266,472
Ministry of Health:						
Administration						
Nevis Environmental Work Program				385,574	399,938	394,302
Purchase of Vehicle (Appropriation)					110,449	35,402
Bulk Purchase of Drugs				263,975	149,218	
Equipment for Hospital				59,078	409,448	426,423
Improvement to Alexandra Hospital and Nursing Home	58,576	1,771,512	3,489,101	42,915	59,352	9,111
Upgrade of Community Health Center				21,021		4,456
New Brown Hill Health Centre						118,130
Total Administration	58,576	1,771,512	3,489,101	772,563	1,128,405	987,824
Public Health						
Health, Hospital Tools, Furniture	43,734	249,930				
Fencing of Hospital Property	53,757	256,260				
Purchase of Air Condition Unit		6,889				
Purchase of X-ray Unit		23,840				
Other		53,000				
Total Public Health	97,491	589,919	-	-	-	-
Total Ministry of Health	156,067	2,361,431	3,489,101	772,563	1,128,405	987,824

Sources: NIA

APPENDIX XI (continued)

**NEVIS ISLAND ADMINISTRATION
CAPITAL PROJECTS BY PROGRAMS, PROJECTS AND MINISTRIES**

CAPITAL PROJECTS	2004	2005	2006	2007	2008	2009
Ministry of Tour. Cult. Govt. Info.						
Establishment of a Nevisian Village	40,528					34,500
Upgrading of Historical Sites	64,583	79,929	16,707	23,440		4,390
Development of Media Services	115,517		41,710			
New River Plantation Yard		46,501				
Island-Wide Sinage Project		10,012				
Total Ministry of Tourism	220,628	136,442	58,417	23,440	-	38,889
Ministry of Education & Library Services:						
Special Maintenance of Schools				183,152	55,185	4,664
School Text Book Program				183,777	23,727	
OECS Education Project	380,000	152,856	22,400			
CAPE Project			46,310			
Furniture & Equipment				125,611		150,000
Fencing of Schools			143,956			
Computer Labs						
Upgrade of Schools	906,252					
Computerization of Schools		299,905	98,706		10,926	39,095
Music Programme			21,048			
School Meal Program				34,968		23,424
Library Construction			25,474	13,382		
Education Project						135,500
Expansion of Charlestown Secondary School						1,043,500
Other		15,000	116,999			
Total Ministry of Education	1,286,252	467,761	474,894	540,889	89,838	1,396,184
Ministry of Social Development						
Improvement to Grove Park and Other Rec. Facilities	234,362	93,215	804,590	699,989	369,807	48,454
Entrepreneurial Development Fund				150,000		
Upgrade of Cultural Complex					170,000	
Youth Enterprise Scheme					100,000	28,422
Palm Awards 2004	104,342					
Purchase of Land for Community Center					315,000	
BNTF				201,197		
Chinese Grant - Sports Development					52,174	397,854
Establishment of a Research & Documentation Centre					17,000	
National Training Programme						99,382
Total Ministry of Social Development	338,704	93,215	804,590	1,051,186	1,023,980	574,112
Total Government Wide Capital Expenditure	12,638,717	14,789,140	17,358,427	41,315,877	22,198,346	21,088,613

Source: NIA

APPENDIX XII
2008 – 2011(EC\$)

NIA CAPITAL INVESTMENT PLAN

MINISTRY	CAPITAL CODE	PROJECT NAME	PROJECT COST	BUDGET 2010	BUDGET 2011	BUDGET 2012
Legal	040101	Purchase of Law Books	120,000	60,000	88,000	94,000
Total Legal Department			120,000	60,000	88,000	94,000
Premier's	050150	Upgrade of Disaster Management	500,000	50,000	50,000	45,000
	050154	Refurbishing of Charlestown Court House	100,000	50,000	50,000	45,000
	050173	Development of Media Services	100,000	100,000	900,000	900,000
	050168	Emergency Response Fund	100,000	30,000	30,000	30,000
	050169	Upgrade of Police Services	150,000	150,000	100,000	100,000
	050170	Commission of Inquiry	2,370,000	1,100,000	200,000	100,000
	050171	Purchase of land and construction of Cotton Ground	1,200,000	1,200,000	-	-
	050172	Repairs to Old Police Station Cotton Ground	150,000	150,000	-	-
Total Premier's Ministry			4,670,000	2,830,000	1,330,000	1,220,000
Finance	060150	Computerization of Government Services	750,000	250,000	225,000	200,000
	060151	Government Equipment, Furniture etc.	800,000	270,000	250,000	250,000
	060153	Population and Housing Census	650,000	50,000	500,000	50,000
	060163	Vehicles	1,250,000	500,000	425,000	450,000
	060171	IBM System Upgrade	180,000	180,000	-	-
Total Ministry of Finance			3,630,000	1,250,000	1,400,000	950,000
Ministry of Communication Administration & Physical Planning	070120	Land Settlement	3,000,000	3,000,000	2,500,000	2,000,000
	070122	Technical Assistance	125,000	125,000	115,000	100,000
	070171	Physical Development Plan	185,000	185,000	170,000	170,000
	070175	Water Network Rehabilitation Project	40,000,000	5,000,000	5,000,000	4,000,000
	070176	Water Drilling Project	2,500,000	2,500,000	2,000,000	2,000,000
	070177	PERB Project	350,000	350,000	50,000	50,000
	070180	Police Barracks at Belle Vue	815,070	448,623	-	-
	070181	Expansion to St. Thomas' Primary	431,179	151,775	200,000	-
	070182	Renewable Energy Projects	800,000	800,000	450,000	375,000
Total Admin/Physical Plan.			48,206,249	12,560,398	10,485,000	8,695,000

Source: Ministry of Finance

APPENDIX XII (continued)

NEVIS ISLAND ADMINISTRATION
CAPITAL INVESTMENT PLAN 2008 – 2011

MINISTRY	CAPITAL CODE	PROJECT NAME	PROJECT COST	BUDGET 2010	BUDGET 2011	BUDGET 2012
Public Works	070312	Secondary Village Roads & Asphalt Road M'tce	1,000,000	1,200,000	1,250,000	1,150,000
	070332	Special Maintenance of Schools	400,000	400,000	350,000	350,000
	070361	Recondition of Asphalt Plant	550,000	250,000	275,000	300,000
	070373	Renovation of Government Buildings	200,000	200,000	200,000	180,000
	070378	Island Road Drainage Project	700,000	200,000	100,000	100,000
	070388	Renovation of Government House	1,400,000	700,000	150,000	500,000
	070396	Construction of Labour Department Office	250,000	250,000	200,000	-
Total Public Work			4,500,000	3,200,000	2,525,000	2,580,000
Water Department	070459	Water Services Upgrade	1,000,000	800,000	750,000	600,000
Total Water Department			1,000,000	800,000	750,000	600,000
Total Min. of Communication			53,706,249	16,560,398	13,760,000	11,875,000
Ministry of Agriculture	080153	Farm Machinery and Equipment	150,000	30,000	-	-
	080154	Agriculture Diversification Thrust	250,000	250,000	250,000	250,000
	080164	Agro Processing Plant Fencing & Landscaping	50,000	50,000	-	-
	080167	Caribbean Amblyoma Programme CAP	350,000	70,000	70,000	60,000
	080168	Upgrade of the Charlestown Public Market	295,000	295,000	-	-
	080169	Lethal Yellowing Management in Coconuts	750,000	50,000	50,000	50,000
	080172	Fisheries Biodiversity Project	250,000	85,000	83,000	83,000
	080275	Sea Island Cotton Production	400,000	100,000	50,000	50,000
	080178	Expansion and Upgrade of Veterinary Clinic	125,000	125,000	-	-
	080179	Animal Control	150,000	50,000	50,000	50,000
	080180	Upgrade of Cardi Building	150,000	150,000	-	-
Total Ministry of Agriculture			2,920,000	1,255,000	553,000	543,000
Ministry of Health	090150	Improvement to Alexandra Hospital	500,000	100,000	150,000	175,000
	090161	Bulk Purchase of Drugs	1,350,000	350,000	360,000	400,000
	090162	Upgrade of Community Health Centers (Gingerland)	378,939	378,859	100,000	50,000
	090163	Nevis Environmental Work Program	450,000	450,000	450,000	470,000
	090164	Mental Wellness Center	275,000	75,000	200,000	50,000
	090165	New Brown Hill Health centre	500,000	425,000	-	-
	090166	Renovation Hospital Theater Suite	500,000	100,000	150,000	250,000
	019068	Payment for Medical Services	500,000	500,000	250,000	175,000
	090170	Upgrade and Expand Cotton Ground Health Centre	450,000	450,000	-	-
	090171	Construction of Environmental Health Office at Charlestown Health Center	150,000	160,000	-	-
	090172	Dental Services Equipment	220,000	135,000	50,000	35,000
Total Ministry of Health			5,273,939	3,123,859	1,710,000	1,605,000

Source: Ministry of Finance

APPENDIX XII (continued)

NEVIS ISLAND ADMINISTRATION
CAPITAL INVESTMENT PLAN 2008 – 2011

MINISTRY	CAPITAL CODE	PROJECT NAME	PROJECT COST	BUDGET 2010	BUDGET 2011	BUDGET 2012
Ministry of Tourism	100150	Upgrading and Development of Heritage Site	67,000	15,000	22,000	30,000
	100156	New River Estate Plantation Museum Project	79,423	79,423	30,000	32,000
	100158	Maritime Tourism	200,000	200,000	-	-
Total Ministry of Tourism			346,423	294,423	52,000	62,000
Ministry of Education	110158	Computerization of Schools	800,000	500,000	50,000	75,000
	110163	Provide Furniture for Schools	950,000	50,000	50,000	100,000
	110165	Special Maintenance of Schools	1,150,000	150,000	150,000	150,000
	110164	School Meal Program	550,000	300,000	100,000	100,000
	110166	School Text Book Programme	200,000	20,000	25,000	50,000
	110167	Upgrade of Primary Schools to include Classrooms, Kitchens, Lunch Rooms & Fencing (Charlestown, Gingerland, VOJN, St. James, St. Johns & Ivor Walters)	1,300,000	998,821	150,000	125,000
	110169	Expansion of Charlestown Secondary School	1,000,000	80,000	100,000	100,000
	110170	Renovation to Gingerland Secondary School	205,000	205,000	70,000	50,000
Total Ministry of Education			6,155,000	2,303,821	695,000	750,000
Ministry of Social Development	130150	Maintenance of Community Centers	900,000	100,000	100,000	90,000
	130173	Fine Arts Theater	8,150,700	5,434,000	-	-
	130174	Improvement and Maintenance of Sporting Facilities	900,000	150,000	200,000	200,000
	130178	National Training Program (HYPE)	800,000	200,000	150,000	120,000
	130179	Purchase of Saunders Land and Upgrade of Cotton Ground Playfields	700,000	700,000	-	-
	130180	Construction of Community Centers for Camps, Fountain, Jessups, Charlestown and Cotton Ground	2,762,300	2,762,300	100,000	50,000
	130181	Barnes Ghaut Community Center	350,000	350,000	-	-
	130182	Senior Citizen Hot Meal Kitchen		143,488	-	-
Total Ministry of Social Development			14,563,000	9,839,788	550,000	460,000
Ministry of Trade	140172	Entrepreneurial Development Fund	850,000	100,000	120,000	150,000
	140174	Youth Enterprise Scheme	525,000	100,000	150,000	100,000
Total Ministry of Trade			1,375,000	200,000	270,000	250,000
OVERALL TOTAL			92,759,611	37,717,289	20,408,000	17,809,000

Source: Ministry of Finance

APPENDIX XIII

**SUMMARY OF FISCAL OPERATIONS SKN
GOVERNMENT OF ST. CHRISTOPHER AND NEVIS
ECONOMIC CLASSIFICATION (EC \$ MILLIONS)**

Categories	2004	2005	2006	2007	Prelim 2008	2009	Revised Projections 2009	Revised Projections 2010
Total Revenue & Grants	298.97	375.72	440.24	477.20	532.96	596.40	523.73	525.90
Current Revenue	290.59	339.46	386.28	412.33	432.71	453.52	423.89	400.85
Tax Revenue	226.83	271.59	298.01	320.10	337.18	362.53	336.03	352.92
Taxes on Income	73.17	91.74	86.75	102.90	120.76	127.86	120.44	126.49
Income Tax	51.63	65.82	63.02	73.97	88.16	94.56	88.92	93.39
Withholding Tax	1.99	1.77	1.79	4.49	4.73	4.98	3.20	3.36
Social Services Levy	19.56	24.15	21.94	24.44	27.87	28.32	28.32	29.74
Taxes on Property	3.68	3.60	6.88	5.65	4.77	8.26	5.85	6.15
House Tax	2.87	2.98	2.99	3.47	4.31	5.59	5.59	5.88
Condominium Tax	0.39	0.24	0.21	0.75	0.42	2.62	0.22	0.23
Land Tax	0.42	0.38	3.67	1.43	0.04	0.05	0.04	0.04
Taxes on Domestic Goods &	36.32	37.29	61.01	54.69	52.29	53.94	52.67	55.32
Wheel Tax	3.40	3.77	3.96	4.09	4.43	4.53	4.53	4.76
Consumption Tax	0.68	0.78	1.08	1.18	1.15	1.22	1.17	1.23
Traders Tax	1.39	1.51	1.69	1.56	1.68	1.75	1.66	1.74
Hotel Room Tax	4.10	2.73	2.91	3.44	3.59	4.81	4.35	4.57
Stamp Duties	13.46	13.62	32.61	25.84	21.13	21.37	21.37	22.44
Entertainment Tax	0.05	0.01	0.01	0.01	0.00	0.00	-	-
Vehicle Rental Tax	0.24	0.27	0.28	0.28	0.30	0.32	0.32	0.34
Insurance Fees	2.11	1.82	1.96	2.17	2.23	2.20	2.09	2.19
Gasoline Levy	0.50	0.05	1.39	0.55	-	-	-	-
I.D.D. Overseas Calls	1.08	1.40	3.18	3.70	3.34	3.87	3.32	3.49
Proceeds From Lotto	1.20	0.25	0.33	0.36	0.38	0.41	0.41	0.43
Island Enhancement Fund	2.03	4.77	5.12	3.95	6.21	5.68	5.68	5.97
Licences	6.07	6.29	6.49	7.57	7.85	7.77	7.77	8.16
of which: Banks Licence	0.36	0.29	0.33	0.21	0.35	0.36	0.36	0.38
Business & Occup. Licence	0.72	0.58	0.73	1.26	1.33	1.35	1.35	1.42
Drivers Licence	1.51	1.37	1.38	1.70	1.70	1.47	1.47	1.54
Telecommunication	2.89	3.16	3.55	3.63	3.64	2.36	2.36	2.48
Taxes on International Trade &	113.65	138.96	143.38	56.86	159.36	172.48	157.07	164.96
Import Duties	32.45	40.24	40.55	43.59	43.70	50.51	47.99	50.40
Export / Excise Duty	0.02	0.03	0.05	0.05	0.07	0.05	0.05	0.05
Environmental Levy	2.08	2.71	2.55	2.56	2.27	2.59	2.11	2.22
Consumption Tax	55.93	65.80	68.08	76.67	76.41	79.94	70.64	74.19
Excise Duty on Alcohol & Tobacco	-	-	0.73	0.93	0.87	0.80	0.71	0.75
Travel Tax	2.41	2.91	2.82	2.72	2.79	3.30	2.67	2.80
Mercantile Tax	0.39	0.32	0.26	0.02	-	-	-	-
Parcel Tax	0.01	0.01	0.02	0.02	0.02	0.01	0.01	0.01
Customs Service Charge	20.35	26.93	28.32	29.00	31.38	32.55	30.72	32.26
Non-Refundable Duty Free Store Levy	-	-	-	1.30	1.85	2.71	2.17	2.28
Non - Tax Revenue	63.76	67.88	88.27	92.23	95.53	91.00	87.86	47.93
Interest, Dividends & Profits	8.21	7.49	10.51	10.01	10.42	7.65	7.65	8.03
Rent of Government Property	0.66	0.46	0.49	0.52	0.54	0.58	0.57	0.60
Fees / Fines / Forfeitures	0.54	3.04	3.71	4.57	5.27	3.27	4.40	4.62
Post Office	1.85	2.80	2.42	2.29	2.59	2.34	2.34	2.46
Hospital Fees	1.68	1.73	1.87	2.09	2.20	2.00	2.00	2.10
Financial Services	0.52	1.04	1.45	1.84	2.09	2.34	2.02	2.12
Water Services	6.18	6.68	6.43	6.72	5.88	7.50	7.50	7.88
Electricity	27.61	32.10	52.04	50.13	42.68	45.48	45.48	3.42
Stone Crusher	2.74	1.98	2.10	2.20	2.01	2.23	2.23	2.34
Citizenship by Investment	1.06	1.72	2.38	6.20	12.47	8.15	6.18	6.49
Maritime Fees	-	-	0.10	0.11	0.55	0.57	0.51	0.54
Other Revenue	12.71	8.83	4.78	5.54	8.85	8.90	6.98	7.33
Current Revenue Growth Rate		16.82	13.79	6.74	4.94	4.81	(6.53)	(5.44)

Source: The Ministry of Finance, St. Kitts

APPENDIX XIII (continued)

**GOVERNMENT OF ST. CHRISTOPHER AND NEVIS
SUMMARY OF FISCAL OPERATIONS
ECONOMIC CLASSIFICATION (EC\$ MILLIONS)**

Categories	2004	2005	2006	2007	Prelim 2008	Approved Estimates 2009	Revised Projections 2009	Revised Projections 2010
TOTAL EXPENDITURE	375.04	427.50	485.71	478.51	521.34	558.50	489.19	430.91
Current Expenditure	309.14	363.63	398.88	406.48	428.28	447.01	417.25	355.45
Personal Emoluments & Wages	125.86	127.96	132.42	143.99	156.94	169.11	169.11	171.83
Personal Emoluments	93.71	98.53	100.10	108.73	118.55	122.11	122.11	125.92
Wages	27.05	24.12	26.82	28.90	31.63	35.98	35.98	34.44
Allowances	5.10	5.31	5.49	6.35	6.76	11.02	11.02	11.47
Goods and Services	79.67	98.43	106.59	118.89	109.46	98.48	73.62	29.26
Interest Payments	66.71	82.31	113.20	98.92	111.32	124.15	124.15	101.52
Domestic	28.06	43.26	79.79	67.50	75.31	85.60	85.60	52.16
Foreign	38.66	39.06	33.41	31.43	36.01	38.55	38.55	29.40
Transfers & Subsidies	36.90	54.93	46.68	44.68	50.56	55.27	50.37	52.84
Pensions & Gratuities	16.47	17.42	18.06	20.28	23.27	22.08	22.08	23.16
Regional and Int'l Contributions	18.14	16.12	24.38	21.73	24.35	29.72	25.55	26.80
Public Assistance	0.89	0.89	1.17	1.04	1.28	1.39	1.39	1.46
Expenses on Overseas Mission	1.39	1.84	1.60	1.56	1.67	2.08	1.35	1.42
Severance Payment Fund	-	18.65	1.46	0.07	-	-	-	-
Current Account Balance	(18.56)	(24.17)	(12.60)	5.85	4.43	6.51	6.64	45.40
Capital Revenue	4.61	4.03	6.99	36.44	61.80	76.69	51.82	48.42
Land and Property Sales	3.65	3.05	1.76	2.43	48.00	50.00	48.42	48.42
Other	0.96	0.97	5.23	34.02	13.79	26.69	3.40	-
Grants	3.78	32.23	46.97	28.43	38.45	66.19	48.02	76.63
Budgetary Grants	-	0.66	0.77	0.77	4.09	8.50	22.00	49.30
Capital Grants	3.78	31.56	46.20	27.65	34.36	57.69	26.02	27.33
Capital Expenditure & Net Lending	65.90	63.87	86.83	72.03	93.06	111.49	71.94	75.46
Overall Balance	(76.07)	(51.78)	(45.47)	(1.31)	11.61	37.89	34.54	94.99
Primary Balance	(9.35)	30.54	67.73	97.62	122.93	162.05	158.69	196.51
Current Expenditure Growth Rate		17.63	9.70	1.90	5.36	4.37	(6.66)	(14.81)
Principal Repayments	39.25	48.47	53.94	71.07	70.16	63.71	63.71	101.52
Domestic	3.59	3.08	6.87	12.28	23.84	11.33	11.33	72.12
Foreign	35.66	45.39	47.08	58.79	46.32	52.38	52.38	29.40

Source: Ministry of Finance, St Kitts

APPENDIX XIV

TOTAL PUBLIC SECTOR DEBT SKN
GOVERNMENT OF ST. CHRISTOPHER AND NEVIS
ECONOMIC CLASSIFICATION (EC\$ MILLIONS)

	2006	2007	2008	% Change
TOTAL OUTSTANDING DEBT	2,416.34	2,510.54	2,586.76	3.04
ST KITTS	2,145.15	2,171.11	2,234.75	2.93
Central Government	1613.50	1622.50	1702.94	4.96
External	481.42	452.27	569.10	25.83
Domestic	1132.08	1170.23	1133.83	(3.11)
PUBLIC CORPORATIONS	531.66	548.61	531.81	(3.06)
External	208.84	197.34	178.66	(9.46)
Domestic	322.82	351.27	353.15	0.53
NEVIS	271.19	339.43	352.01	3.71
NIA	227.12	264.45	278.67	5.38
External	117.89	108.99	97.61	(10.44)
Domestic	109.23	155.46	181.06	16.47
PUBLIC CORPORATIONS	44.07	74.98	73.34	(2.19)
External	32.08	59.67	55.48	(7.02)
Domestic	11.99	15.31	17.86	16.66
TOTAL EXTERNAL DEBT	840.22	818.27	900.86	10.09
TOTAL DOMESTIC DEBT	1576.12	1692.27	1685.90	(0.38)
ST KITTS DEBT/GDP(%)	162.59	158.33	151.16	(4.53)
PUBLIC SECTOR DEBT/GDP (%)	183.15	183.08	174.97	(4.43)
ST KITTS DEBT RATIOS				
Debt Service/Revenue (%)				
Domestic	24.51	24.37	25.67	5.30
External	45.97	50.39	48.03	(4.70)