

**FEDERATION OF SAINT CHRISTOPHER (ST. KITTS)  
AND NEVIS**

**P R O S P E C T U S**  
**For the 7.5% Government Bond Issue**

**Ministry of Finance  
Church Street  
Basseterre  
ST. KITTS**

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**Date of Prospectus: November 6, 2002**

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## **ABSTRACT**

The Government of the Federation of Saint Christopher (St. Kitts) and Nevis (GSKN) proposes to raise seventy-five million Eastern Caribbean dollars (E.C. \$75 million) through the issue of a ten-year debenture at par with a coupon rate of 7.5% per annum (Tax Free) payable semi-annually. This loan is being issued to refinance a portion of existing short-term liabilities and create debt securities with longer maturity profile. The debentures are being raised under the authority of the Development Loans Act, 1988 as amended by the Development Loans (Amendment) Act, 1993 and the Development Loans (Amendment) Act, 2002.

Under the Constitution, the interest and principal repayments are a direct charge on the Consolidated Revenue Fund of the Government. Moreover, GSKN assigns very high priority to honouring its debt commitments. It has an unblemished track record in meeting debt service obligations in a timely manner, and in complying with the terms and conditions of debentures and loan agreements.

This Bond will be issued in the Regional Government Securities Market (RGSM) and will be traded on the Eastern Caribbean Securities Exchange Ltd (ECSE) under the trading symbol KNG101112. The Bond issue will be opened for bidding at 9:00 a.m. on the 20<sup>th</sup> November and will close at 2:00 p.m. on 22<sup>nd</sup> November 2002. A fixed price auction will be run at 2:00 p.m. on 22<sup>nd</sup> November, or at such earlier time at which the issue is fully subscribed, at which time all successful bids will be filled. The bond will be issued in multiples of \$1,000 and the minimum bid amount is \$5,000.00. Settlement for successful bids will take place on the 25<sup>th</sup> November 2002.

## **I. GENERAL INFORMATION OF BOND ISSUE**

**Issuer:** The Government of the Federation of Saint Christopher (St. Kitts) and Nevis (GSKN)

**Address:** The Ministry of Finance  
Church Street  
Basseterre  
St. Kitts (WI)

**Email:** [skbmof@caribsurf.com](mailto:skbmof@caribsurf.com)

**Telephone No.:** 1-869-465-2521 ext 1044

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**Contact persons:** Mrs. Yvonne Charles, Accountant General  
Mr. Wendell Lawrence, Financial Secretary

**Date of Publication:** November 6, 2002

**Purpose of Issue:** To refinance short-term debt obligations and create debt securities with longer maturity profiles

**Amount of Issue:** Seventy-five million Eastern Caribbean Dollars (\$75,000,000)

**Legislative Authority:** The Development Loans Act 1988 as amended by the Development Loans (Amendment) Act, 1993 and the Development Loans (Amendment) Act, 2002

## **II. ISSUE INFORMATION OF BOND ISSUE**

- a. The GSKN proposes a 10-year, seventy five million dollar (\$75,000,000) bond.
- b. The coupon rate of interest payable on the bond will be 7.5%. No taxes are payable on the bonds.
- c. Interest coupon payments will be payable semi-annually, on May 25<sup>th</sup> and November 25<sup>th</sup>, for the duration of the bond.
- d. The bond issue will be settled on November 25, 2002.
- e. The maturity date of the issue will be on November 25, 2012 consistent with the maturity terms of the bond issue.
- f. The bond will be issued and traded in the Regional Government Securities Market (RGSM) using the platform of the Eastern Caribbean Securities Exchange (ECSE).
- g. The method of the issue will be a fixed price auction.
- h. The bond will be identified by its trading symbol KNG10112.
- i. The Bidding Period will be opened at 9:00 a.m. on 20<sup>th</sup> November and will close at 2:00 p.m. on 22<sup>nd</sup> November 2002.
- j. Each investor is allowed one (1) bid with the option of increasing the amount being tendered for up until the close of the bidding period.
- k. The minimum bid amount is \$5,000.
- l. The Bid Multiplier will be set at \$1,000.
- m. Investors will participate in the auction through the services of a licenced intermediary.
- n. The current list of licenced intermediaries is:
  - Antigua & Barbuda Investment Bank Ltd.
  - Antigua Commercial Bank Ltd.
  - St. Kitts Nevis Anguilla National Bank Ltd.
  - Bank of Nevis Ltd.
  - Bank of St Lucia Ltd.
  - National Commercial Bank (SVG) Ltd
- o. All currency references will be the Eastern Caribbean Dollar unless stated otherwise.

### **III. FINANCIAL ADMINISTRATION AND MANAGEMENT**

#### **1. Debt Management Objectives**

The objective of the GSKN is to ensure that the proceeds of debt are used in the most effective manner and that the terms and conditions of debt, including maturity and interest rate, result in the most efficacious repayment schedules that are compatible with the periodic cash flows of the Government. The GSKN also intends to build a robust yield curve through the creation of debt securities that have longer term maturity profile.

#### **2. Transparency and Accountability**

The GSKN presents audited public accounts to the Parliament on an annual basis in the form, and within the time frame, prescribed by Law. The GSKN is continuously seeking ways of improving its systems of accountability and transparency. In this regard, the GSKN is proceeding with the drafting of a new Financial Administration Act that is scheduled for implementation early in 2003.

#### **3. Institutional Framework**

The Debt Unit of the Ministry of Finance (MOF) of the GSKN is charged with the responsibility of administering the Government debt portfolio on a day-to-day basis and in implementing Government borrowing strategy. The unit is currently under the leadership of an Assistant Secretary, however, a full-time Debt Manager will be appointed to head this Unit by January 2003.

#### **4. Debt Management Strategy**

The debt management strategy of the Government is an integral part of its programme of fiscal consolidation. The objective of this programme is to eliminate the deficit of the Government over the medium-term and to keep the rate of debt accumulation well below the rate of economic growth as a means of substantially reducing the Debt to GDP ratio.

## **5. Risk Management Framework**

One of the functions of the Debt Unit is the monitoring of levels and composition of domestic and external debt levels on an on-going basis with a view to reporting on risk and on potential exposures to external and domestic developments and devising appropriate strategic responses.

The Government's fully computerized Debt Monitoring and Recording System developed by the Commonwealth Secretariat will facilitate the close monitoring of debt and the refinement of debt strategy as necessary.

## **IV. ECONOMIC PERFORMANCE AND BOND ISSUE EVALUATION**

### **1. Macro-Economic Overview**

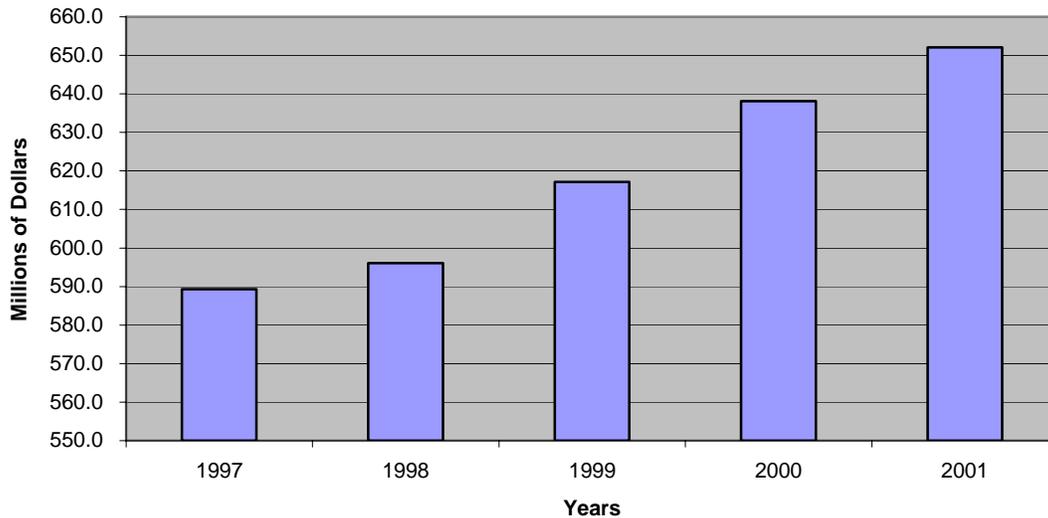
For many years, the sugar industry was the main contributor to economic activity, with sugar being exported to the United Kingdom (UK) - under preferential arrangements, and to the United States of America (USA) under a separate access arrangement. However, over the years considerable diversification has occurred, with tourism and related services, and to a lesser extent, light manufacturing, developing as important areas of economic activity. In particular, the tourism sector has grown rapidly over the last decade and has emerged as the dominant sector in St. Kitts and Nevis, accounting for a major source of income and employment. The GSKN has initiated steps to further diversify the economy into areas of other economic activity, including financial services, information and communications technology and non-sugar agriculture.

### **2. Economic Growth**

Real Gross Domestic Product (GDP) growth in St. Kitts and Nevis averaged approximately 3.9% during the period 1997-2001 compared with 4.7% over the previous five years, 1992-1996. The deceleration in growth during the review period was influenced mainly by hurricanes, which impacted negatively on the agricultural and

tourism sectors, as well as the global economic slowdown. Significant infrastructural damage was incurred by the passage of hurricane Georges in 1998, and hurricane Lenny in 1999 on hotel plants, houses, roads, ports and agricultural lands. The rehabilitation of damaged infrastructure, together with public sector investment in housing, the upgrading of health facilities, roads, air and seaports as well as private sector investment in the tourism sector contributed to the construction sector emerging as a major contributor to GDP during this period.

**St. Kitts and Nevis  
Real GDP at market prices**



Real growth during the period 1997-2001 exhibited significant fluctuation from a peak of 7.3% in 1997 to 1.0% in 1998 to 5.5% in 2000 and 2.0% in 2001. This pattern of economic growth was influenced by September 11 terrorist attacks in the USA and by the hurricanes and subsequent rehabilitation efforts. During this period the tourism and sugar sectors suffered significantly from the impact of the hurricanes, but the light-manufacturing sector exhibited sufficient growth to maintain its contribution to GDP at an average of 11.6% of GDP. The ability of the economy to record positive real economic growth in the midst of these difficulties is an indication of its resilience. In fact, the economy has recorded real economic growth for over 20 successive years to

achieve a per-capita income of well over ECD\$20,000, and this has contributed to the elevation of St. Kitts and Nevis to 44<sup>th</sup> place on the United Nations Human Development Index, a position higher than that of all other Caribbean countries except Barbados and The Bahamas. Moreover, although at the beginning of this year it was projected that growth would fall to –2.5% in 2002, it now seems a small positive growth rate would be realized.

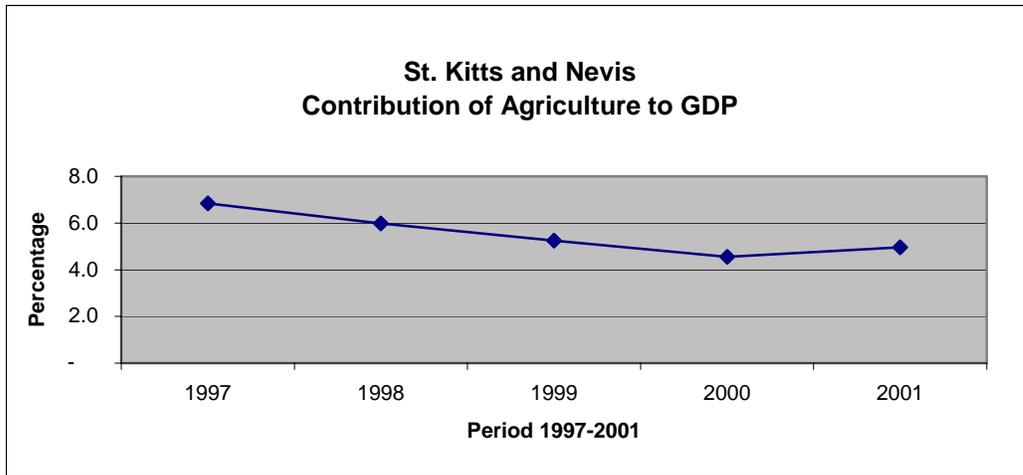
### **3. Sectoral Developments**

#### **a. Agriculture**

The agriculture sector in St. Kitts and Nevis is divided into sugar and non-sugar agriculture. Non-sugar agriculture is sub-divided into the crops, livestock, forestry and fishing sub-sectors. During the period under review (1997 – 2001), the agriculture sector contributed an average of 3.7% to GDP. The average contribution of the sugar cane sub-sector was 1.3%. Overall, agriculture's share of GDP continued to exhibit a downward trend, falling from 6.8% in 1997 to 5.0% in 2001 mainly as a result in decline in the output of sugar cane. Following a record sugar cane crop in 1997, when sugar cane output was 3.4% of GDP, sugar cane output has been adversely affected by hurricanes and other adverse weather conditions. Moreover, as the services sector grows in response to the GSKN's diversification initiative, and as sugar lands are allocated to alternative uses, the contribution of sugar production to GDP is likely to decline further. In fact, as the price of sugar in international markets falls and the losses in the sector increases, it will become necessary to find more profitable uses for the resources allocated to the production of sugar. The Caribbean Development Bank and the Food and Agricultural Organization are providing advice and technical assistance to the Government in respect to the future use of the resources allocated to the production of sugar.

However, the output of non-sugar agricultural produce is expected to expand rapidly in response to increased demand from the tourism sector in particular. The continuing implementation of an Irrigation project and the opening of a Modern Fisheries Complex

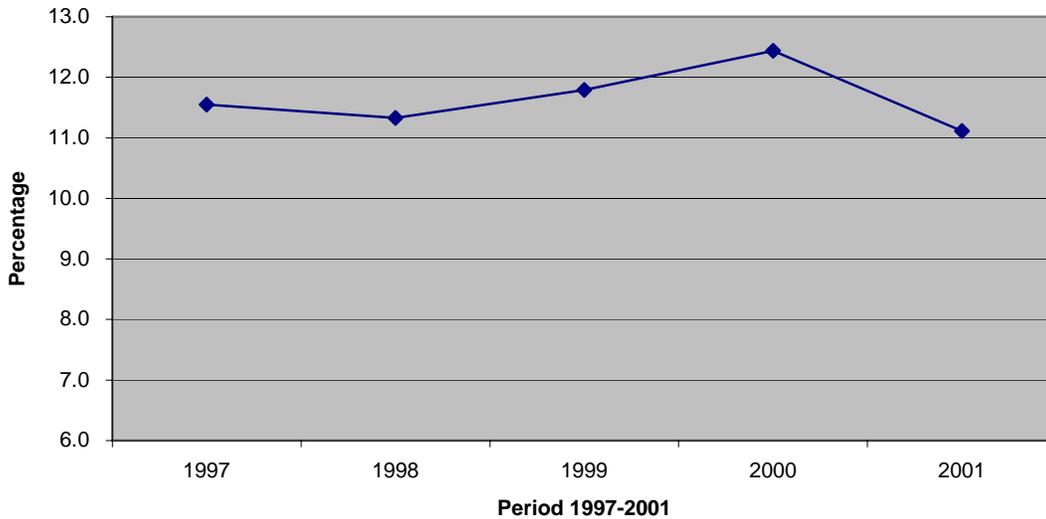
later this year, will help to ensure that the output of fish and agriculture produce respond positively to the increased demand.



### **b. Manufacturing**

Apart from sugar refining, the manufacturing sector is mainly comprised of export oriented enclave firms producing mainly garments and electronic components, and small enterprises producing food, beverages, clothing, furniture and other wood products mainly for the domestic market. The manufacturing sector contributed an average of 11.6% to GDP over the last five years. While output of sugar manufacturing fluctuated widely during the review period, with the exception of 2001, the other manufacturing sub-sector exhibited an upward trend. The decline in output of other manufacturing in 2001 was influenced by the downturn in the US economy and the events of September 11, 2001. However, there are already signs that this sub-sector will continue on its growth path over the medium term.

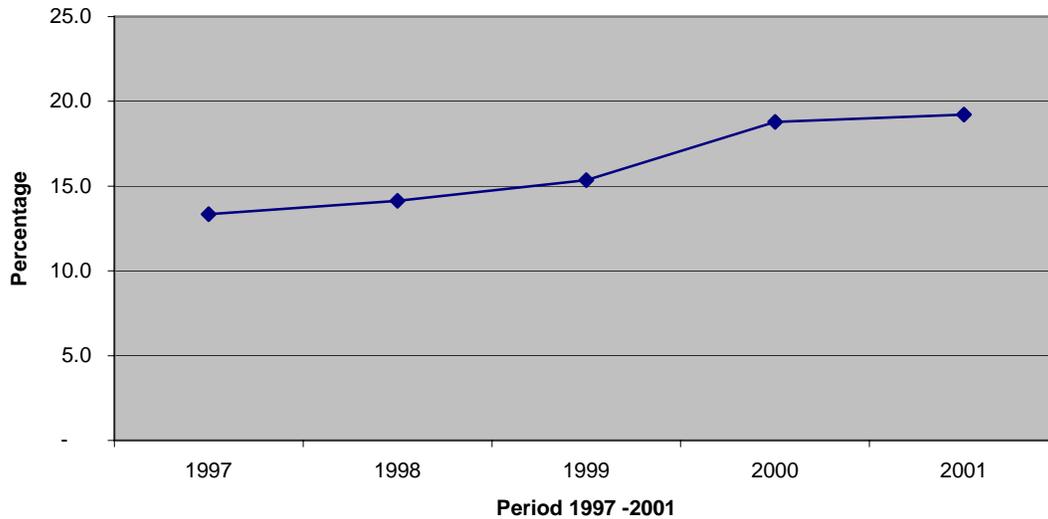
**St. Kitts and Nevis  
Contribution of Manufacturing to GDP**



**c. Construction**

Activity in the construction sector over the review period was strong, and led to the sector emerging as the lead contributor to GDP in the last two years. Construction's share of GDP averaged 16.2% between 1997 and 2001, exhibiting an upward trend, increasing from 13.3% to 19.2%. Growth in the sector was robust, especially in 1999 and 2000 when the sector grew by 12.6% and 29.2% respectively. The pattern of growth in the sector reflected a mix of public and private sector construction activity. Construction of low and middle-income housing, reconstruction and rehabilitation work on air- and sea-ports, road rehabilitation, significant upgrading of hospitals and health centers and the construction of multi-purpose community facilities accounted for the bulk of the public sector activity. In the private sector, rehabilitation of hotels in the aftermath of hurricanes, the development of two new resorts, and residential and commercial construction were the main contributors to the increased activity.

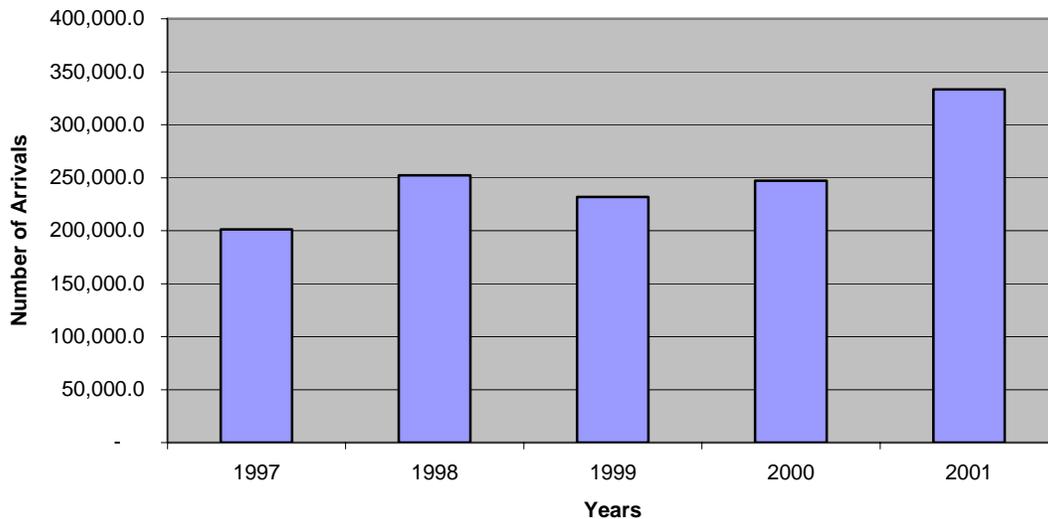
**St. Kitts and Nevis  
Contribution of Construction to GDP**



**d. Tourism**

The impact of hurricanes Georges in 1998 and Lenny in 1999 seriously affected hotel accommodation. The Jack Tar Village was closed for most of 1999 and the Four Seasons Resort in Nevis was closed for eleven months in 2000. These two enterprises are by far the largest hotels in the Federation. Consequently, after growing by 4.9% and 5.5% in 1997 and 1998, stay-over visitors declined by 9.9%, 12.9% and 3.5% in 1999, 2000 and 2001 respectively. However, there has been a rapid increase in cruise tourism. In particular, the number of cruise ship arrivals increased by well over 90% between 1998 and 2001.

**St. Kitts and Nevis  
Total Tourist Arrival**



The prospects for increased tourism over the medium-term are excellent. The Marriott Hotel, which will occupy modern facilities with over 900 rooms, is scheduled to commence operations in February 2003. This will represent a doubling of the Hotel room capacity in St. Kitts and will open up the way for increased air traffic. Already USAIR has announced the commencement of direct flights from Philadelphia to St. Kitts in December of this year and it is expected that from the early part of next year, and possibly late this year, a number of weekly charter services will bring large numbers of visitors from Canada and the United Kingdom. Moreover, plans are well advanced for at least two other hotels to commence construction in the early part of next year. These will add another 500 rooms to the tourism plant.

In November of this year, the reopening of the Port Zante Cruise Ship Berthing Facility with the capacity to accommodate the 'mega cruise ships' and the commencement of a Scenic Railway enterprise-- that has generated much interest among cruise ship

companies-- is expected to give even greater impetus to the growth in cruise ship passenger arrivals.

It is anticipated, therefore, that over the short to medium term, St. Kitts and Nevis will witness unprecedented growth in activity in the tourism sector, its largest economic sector. This will positively impact the overall levels of real economic growth.

#### **4. Balance of Payments**

The balance of payments account continues to be influenced by the level of export earnings, tourism receipts, remittances, current transfers and other capital inflows. The current account deficit fluctuated over the review period from \$168.48 million or 22.4% of GDP in 1997 to \$112.01 million (14.4% in 1998), \$226.74 million (27.6% in 1999) before falling to \$169.62 million (19.0% in 2000). The narrowing of the current account deficit between 1997 and 1998 reflected an improvement in the trade balance, primarily from an increase in export earnings, significant growth in tourism receipts and a sharp increase in current transfers to settle insurance claims in the wake of hurricane Georges.

Preliminary estimates for 2001 indicate some deterioration in the current account deficit to \$279.62 million or 30.1% of GDP, largely on account of a significant fall off in current transfers. The deficits on the current account have largely been offset by the surpluses recorded in the capital and financial account.

In the capital and financial account, the surplus more than doubled between 1997 and 2001, increasing from \$141.41 million to \$303.62 million. The surplus on the capital account increased from \$11.26 million to \$38.26 million, while the financial account surplus grew to \$265.36 million from \$130.15 million. Significant growth in capital transfers to Government was the main factor influencing the growth in the capital account surplus. In the financial account, large inflows of foreign direct investment, especially equity investment and to a lesser extent land sales, and portfolio investment greatly

influenced the outturn. Net inflows of equity and portfolio investments grew at average annual rates of 67.1% and 22.9% respectively.

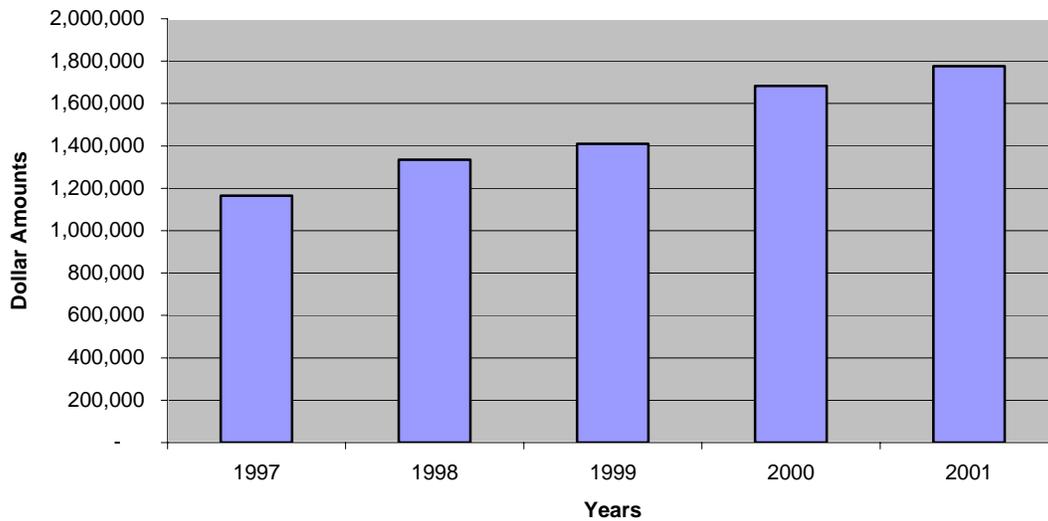
The overall balance of payments position moved from surpluses of \$9.97 million (1.3% of GDP) in 1997 and \$29.88 million (3.9% of GDP) in 1998 to a deficit of \$11.76 million (1.3% of GDP) in 2000. The balance of payments outturn in 2000 was influenced by a widening of the trade deficit, largely on account of a sharp rise in imports of construction related materials and higher expenditure on fuel imports due to the increase in the world price of oil. In 2001, an overall surplus of \$30.07 million or 3.2% of GDP was recorded, reflecting a significant increase in portfolio investment.

With the exception of 2000 when a balance of payments deficit was recorded, the surpluses on the balance of payments account have largely been reflected in increases in the imputed reserves held by the Eastern Caribbean Central Bank.

## **5. Financial Indicators**

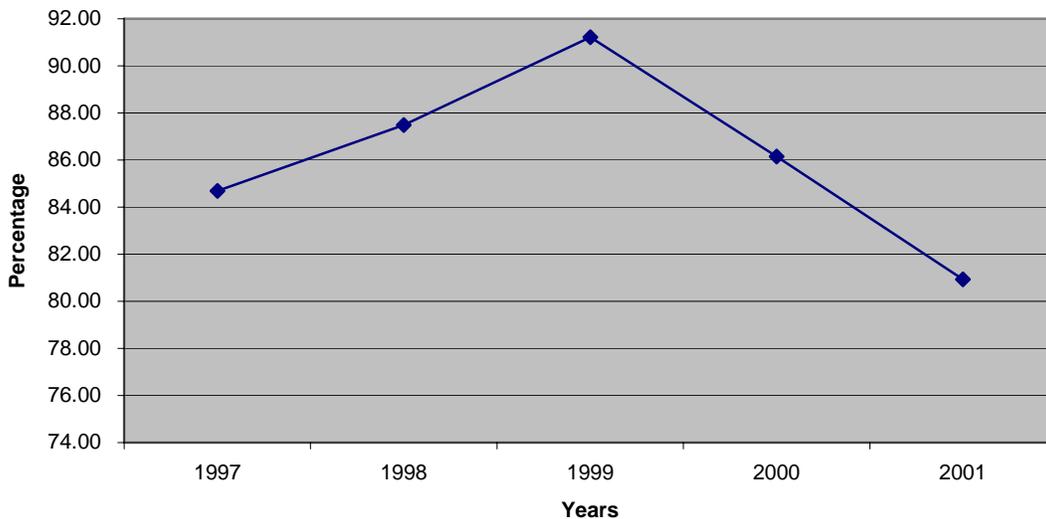
Developments in the financial sector continued to reflect the growth trends in the economy. Over the review period, total assets of the commercial banking sector increased from \$1.17 billion to \$1.78 billion, reflecting an average annual rate of growth of 11.1%. At the same time, deposits held by the commercial banks grew at an average rate of 10.1% per annum to total \$1.29 billion at the end of 2001, while loans and advances grew at a slower rate 8.9%, increasing from \$743.82 million to \$1.05 billion.

**St. Kitts and Nevis  
Commercial Banks Total Assets**



Following a substantial easing of liquidity in 1997 when the loans and advances to deposits ratio declined to 84.7% from 93.5% in the previous year, liquidity in the banking system tightened in 1998 and 1999 as the growth in loans and advances outpaced the growth in deposits. In 2000, the loans and advances to deposits ratio fell to 86.1% from 91.2% before declining further to 80.9% in 2001, resulting in significant improvement in the liquidity of the banking system.

**St. Kitts and Nevis  
Commercial Banks Loans to Deposits Ratio (%)**



## 6. Demography

Preliminary estimates from the 2001 Population Census indicate that the population of St. Kitts and Nevis is 45,884. St. Kitts, the larger of the two islands has a population of 34,703 (75.6%) while the population of Nevis is 11,181 (24.4%). Over the period 1997 to 2001, the population increased at an average annual growth rate of 3.0%. In 2001, males accounted for 49.7% of the population while females accounted for 50.3% indicating that at the last census the sex ratio of the population was almost equal.

The age distribution of the population for 2000 indicates that the economically active population (i.e. persons 15-64 years), of which the labour force is a subset, constituted 60.5% of the population. The age group with the second largest population (20.1%) was the school going age group (i.e. persons 5-15 years). This group can be considered the future work force that would be involved in economic activity in the country. The remaining persons constituted the dependent population and include persons in the 0-4 (10.5%) and the 65 and over (8.9%) age groups.

## V. PUBLIC FINANCES

The hurricanes as well as the September 11 crisis exerted a negative impact on the public finances during the period 1997 – 2001. In particular, the country's impressive track record of current account surpluses was severely disrupted by the impact of these exogenous shocks. The Federal Government recorded a current balance deficit of 0.1% of GDP in 1998 and this increased to a deficit of 5.2% of GDP in 2001 and the overall fiscal deficit as a percentage of GDP worsened from 3.9% in 1997 to 8.2% in 2001. Concomitant with the deteriorating fiscal position was the increase in indebtedness over the period. The combined debt of the Federal Government and Nevis Island Administration at the end of 2001 was 73.9% of GDP compared with 53.9% at the end of 1998. A higher debt incurred higher debt service obligations over this period. Consequently, interest payments as a percentage of GDP rose from 2.9% in 1998 to 4.9% in 2002. Appendix II, excerpt report from the International Monetary Fund (IMF) Article IV Mission, provides a summary of the medium term projections and estimates.

The GSKN has taken definitive action to address the fiscal deficit. Hence in 2001, the following fiscal measures were introduced:-

- i. The Customs Service Charge levied on the c.i.f. value of imported goods was increased from 3% to 5%.
- ii. The Social Services Levy was increased from 3% to 8% in respect of income in excess of \$6500 per month.
- iii. An environmental Levy (ranging from \$1000 to \$5000 depending on the age of the car) was implemented in respect of the importation of used vehicles.

Moreover, the revenue collections of the GSKN are being monitored very closely with a view to ensuring that, if necessary, pre-emptive action is taken to ensure that the GSKN meets its medium-term objectives.

The GSKN overall fiscal policy objective over the medium-term is to counter the negative consequences of a spate of hurricanes and the World Trade Center crisis on the fiscal accounts and return to an acceptable fiscal position through a programme of fiscal consolidation. The fiscal consolidation programme will focus on increasing revenue collection but more importantly on expenditure control. To achieve its objective, the GSKN has outlined a number of fiscal targets including:

- i. Reducing the combined Federal Government and Nevis Island Administration deficit by 4 percentage points to 8½% of GDP in 2002;
- ii. Achieving an overall surplus and government saving of about 5½ % of GDP by 2005; and
- iii. Reducing the combined Federal Government and Nevis Island Administration deficit from 97% of GDP in 2002 to 76% by 2006.

The pace at which these targets are achieved may be accelerated considerably by the unprecedented levels of economic activity that is anticipated in the tourism sector in particular.

These objectives are consistent with medium term fiscal and debt sustainability and were developed in consultation with the International Monetary Fund. Thus far, in 2002 the main measures undertaken by the GSKN have focused on strengthening tax administration and enforcement, and exercising tighter control over the wage bill and government procurement. These results are yielding the expected results. For the first eight months of this year, current revenue has already increased by over 10%, and all the indications suggest that the revenue targets for 2002 will be exceeded. On the expenditure side, the annual bonus to civil servants was cancelled for the second consecutive year and a freeze on hiring has been instituted. Additionally, the policy of pre-authorization of expenditures by the MOF has been extended to overseas procurement by the line ministries for items in excess of EC\$2,000 (US\$740).

Moreover, the Central Purchasing Unit (CPU), which was established in March 2000, continues to record significant savings for Government. The CPU has recently moved to its new headquarters and has expanded its procurement from stationery to include furniture and equipment. A procurement module developed by a consultant is now being tested within the MOF. The MOF is also strengthening the control mechanisms in respect of commitment accounting. This will ensure that ability to make commitments would be subjected to the same degree of control exercised in respect of actual disbursements.

The achievement of the medium-term fiscal targets will be greatly facilitated by the following additional initiatives that are being pursued at present:-

- a. strengthening the legal framework to address the deficiencies in tax assessment, collection, and penalties;
- b. updating the property register and property valuations to ensure an adequate base for the property tax collections;
- c. closer monitoring of existing tax exemptions, with a view to eliminating those which are no longer warranted; and
- d. the rationalization of the public sector with a view to achieving the more efficient and effective deployment of human and technical resources. The work of the new Public Sector Reform Unit will inform these efforts and set parameters for sustained policies in this area.

The GSKN is also pursuing a privatization strategy that is expected to yield additional resources to fuel the development process. A Cabinet Sub-committee on Privatization and Commercialization has been established along with the appropriate Secretariat to give momentum to the formulation and implementation of this strategy. It is estimated that the value of the assets and enterprises under the control of the Government that are amenable to private ownership and management is well over \$750 Million. The Government is expected to decide on the assets and enterprises that would be privatized after consideration of all of the relevant public policy issues and due consultation with the public.

## VI. CURRENT ISSUES OF GOVERNMENT SECURITIES.

### 1. Treasury Bills

• <b>Issues Outstanding</b>	Issue No. 126 totaling \$240,369,500.00
• <b>Type of Issue</b>	Federation of St. Christopher (St. Kitts) and Nevis Government Treasury Bills
• <b>Maturity in days</b>	91 days
• <b>Date of Issues</b>	Every 91 days
• <b>Redemption Date</b>	91 days
• <b>Discount rate</b>	N/A
• <b>Yields</b>	6.4% - 8%
• <b>Discount Price</b>	\$97.8 – \$98.4
• <b>Number of Bids made</b>	422
• <b>Number of Bids accepted</b>	422
• <b>Value of Bids accepted</b>	\$240,369,500.00

### 2. Bonds

• <b>Issues Outstanding</b>	6 issues totaling the equivalent of EC \$223 million
• <b>Type of Issue</b>	Federation of St. Christopher (St. Kitts) and Nevis Government Debentures
• <b>Maturity in Years</b>	10, 10, 10, 10, 25 and 10 years respectively
<b>Date of subscription</b>	24 <sup>th</sup> September 1997, 11 <sup>th</sup> December 2000, 27 <sup>th</sup> June 2001, 24 <sup>th</sup> July 2001, 1 <sup>st</sup> March 2002 and 12 <sup>th</sup> March 2002 respectively
<b>Redemption Date</b>	23 <sup>rd</sup> September 2007, 10 <sup>th</sup> December 2010, 26 <sup>th</sup> June 2011, 23 <sup>rd</sup> July 2011, 28 <sup>th</sup> February 2027, and 11 <sup>th</sup> March 2012 respectively

### **3. Debt Rating**

The GSKN has not been rated by any International or Regional rating agency. The GSKN has never defaulted on its repayment of contracted debt. It has maintained a strong relationship with its creditors and has been consistent in its debt servicing both domestically and internationally.

## **VII. SECURITY ISSUANCE PROCEDURES, CLEARANCE AND SETTLEMENT AND SECONDARY MARKET ACTIVITIES**

The bond will be issued on the Regional Government Securities Market (RGSM). This market will operate on the Eastern Caribbean Securities Exchange (ECSE) trading platform for both primary issuance and secondary trading. The pricing methodology to be used for selling the securities will be of a fixed price auction type. The ECSE and its subsidiaries are responsible for processing clearance and settlement of securities, and providing the intermediaries with access to their settlement projections report, which indicates the obligations of the intermediary. Intermediaries are responsible for interfacing with prospective investors, collecting applications for subscription and processing the same for bidding on the ECSE platform. A list of licenced intermediaries is provided in Appendix I. Clients that are successful will be informed of their payment obligations and funds deducted from their respective accounts with the intermediary. As an issuer in the RGSM, the GSKN will be subject to the rules, guidelines and procedures developed by the Regional Debt Coordinating Committee (RDCC) for the operation of the market including ongoing reporting and disclosure requirements.

## **VIII. CALENDAR OF EVENTS FOR OTHER UPCOMING GOVERNMENT SECURITIES**

The existing issue of Treasury Bills will mature on 26<sup>th</sup> November 2002. The Government of St Kitts & Nevis will be inviting bids in respect of a new issue of Treasury Bills. The application date for this new issue commenced 1<sup>st</sup> November, 2002.

Letters of Allotment will be sent to applicants on 15<sup>th</sup> November 2002 and the bills will be issued on 26<sup>th</sup> November 2002.

## Appendix I – List of Licensed Intermediaries

Institution	Contact Addresses	Associated Persons
<b>Antigua and Barbuda</b>		
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Antigua Commercial Bank	Thames & St Mary's Street P O Box 95 St John's  Tel: 268 481 4200 Fax: 268 481 4229 E Mail: <a href="mailto:acb@candw.ag">acb@candw.ag</a>	<b>Principals</b> Bernard Gardner Geoffrey Joseph  <b>Representatives</b> Sharon Nathaniel Osmond Gore Barbara Martin Dorothea Blackman-Brown
<b>St Kitts and Nevis</b>		
St Kitts Nevis Anguilla National Bank	P O Box 343 Central Street Basseterre  Tel: 869 465 2204 Fax: 869 465 1050 Email: <a href="mailto:national_bank@sknanb.com">national_bank@sknanb.com</a>	<b>Principals</b> Anthony Galloway Winston Hutchinson  <b>Representatives</b> Marlyn Nisbett Desilu Smithen
Bank of Nevis	P O Box 450 Charlestown Nevis  Tel: 869 469 5564 Fax: 869 469 5798 E mail: <a href="mailto:bon@caribsurf.com">bon@caribsurf.com</a>	<b>Principal</b> Rawlinson Isaac  <b>Representative</b> Hanzel Manners

<b>Institution</b>	<b>Contact Addresses</b>	<b>Associated Persons</b>
<b>St Lucia</b>		
Bank of St Lucia	P O Box 1862 Bridge Street Castries  Tel: 758 456 6000 Fax: 758 456 6190 Email: <a href="mailto:bankofsaintlucia.candw.lc">bankofsaintlucia.candw.lc</a>	<b>Principals</b> Jean Francois Sonson Sharmaine Rosemond  <b>Representative</b> Trevor Lamontagne
<b>St Vincent and The Grenadines</b>		
National Commercial Bank (SVG) Ltd.	P O Box 880 Cnr. Bedford and Grenville Streets Kingstown  Tel: 784 457 1844 Fax: 784 456 2612 Email: <a href="mailto:natbank@caribsurf.com">natbank@caribsurf.com</a>	<b>Principals</b> Keith Inness Jacqueline Quashie  <b>Representative</b> Nandi Williams

## Appendix II – Excerpts from the IMF Article IV Mission 2002

### St. Kitts and Nevis: Summary Medium-Term Projections

1999 2000 Est.2001 Proj.2002 Proj.2003 Proj.2004 Proj.2005 Proj.2006

(Annual percentage change)

#### National accounts and price

Real GDP growth	3.7	7.5	1.8	-2.5	4.5	5.1	3.5	3.4
Nominal GDP growth	6.1	7.8	4.4	-1.0	8.6	8.8	6.1	6.2
Inflation 1/	2.1	3.1	2.6	2.0	1.9	2.4	2.4	2.5

In percent of GDP

#### Central Government

Revenue and Grants	31.7	30	29.1	29.8	30.9	31.8	32.4	32.6
Tax revenue	22.3	21.3	20.9	20.6	22.4	23.1	23.6	23.8
Non-tax revenue, incl.capital revenue	8.5	7.8	7.7	7.8	8.1	8.3	8.4	8.4
Grants	0.9	0.8	0.5	1.3	0.4	0.4	0.4	0.4
Expenditure	42.9	44.5	41.6	38.4	35.7	33.6	32.1	30.4
current	33.2	34.1	33.1	32.1	29.7	27.8	26.5	25.1
wages and salaries	15.3	15.5	15.2	14.7	13.2	12.2	11.5	10.9
Interest	3.9	5.0	5.7	6.8	6.8	6.7	6.6	6.3
Goods and services	10.2	9.9	8.6	7.2	6.6	6.0	5.7	5.3
Transfers	3.8	3.7	3.7	3.4	3.1	2.9	2.7	2.6
Capital (inclu. Lending)	9.7	10.4	8.5	6.3	6	5.8	5.6	5.3
Current balance	-2.6	-5.3	-4.9	-3.7	0.7	3.5	5.3	7.2
Overall Balance (after grants)	-11.2	-14.5	-12.5	-8.6	-4.8	-1.8	0.3	2.2
External financing	4.3	1.5	12.1	2.4	1.0	0.3	0.0	0.0
Domestic financing	6.9	13	1.6	6.5	3.8	1.5	-0.3	-2.2
Sale/purchase of assets	0.0	0.0	-1.2	-0.3	0.0	0.0	0.0	0.0

(In percent of GDP; unless otherwise specified)

	1999	2000	Est.2001	Proj.2002	Proj.2003	Proj.2004	Proj.2005	Proj.2006
<b>External sector</b>								
Current account	-22.9	-17.6	-32.9	-33	-24.3	-21.5	-19.3	-17.2
Net tourist receipts	20.0	16.4	15.4	12.9	18.8	20.4	20.7	21.0
Capital Account	23.8	16.3	32.9	34.7	24.7	24.7	20.4	18.7
Capital grants	2.1	3.7	1.3	2.4	2.4	2.4	1.9	1.9
Official borrowing (net)	4.2	-0.3	12.3	4.8	1.3	0.4	1.5	1.9
Foreign direct investment (net)	18.9	29.3	24.2	32.9	18.9	20.3	19.1	16.3
Other private and errors and omissions 2/	-1.3	-16.4	-4.9	-5.4	2.1	1.6	-2.1	-0.9
Overall Balance	0.9	-1.3	0.0	1.8	0.4	0.4	1.2	1.5
External debt service ration 3/	12.0	13.9	14.0	19.0	19.2	19.4	18.5	17.4
External debt (end of period)	50.3	49.2	59.0	65.3	63.3	61.2	61.1	60.8
<b>Memorandum item</b>								
Public sector debt 4/	99.6	108.1	121.9	143.7	115	106.5	98.7	89.2
of which central government	69.0	78.5	87.7	97.2	94	88.7	83.4	76.2
sugar company 5/	14.4	16.5	19.2	22.7	0	0	0	0

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Sources: St. Kitts and Nevis authorities: and Fund staff estimates and projections