PROSPECTUS

FOR TREASURY BILL ISSUES

FOR THE PERIOD

January 2023- January 2024

BY

THE GOVERNMENT OF ST. VINCENT AND THE GRENADINES

Ministry of Finance

Administrative Centre

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ABSTRACT

During January 2023 to January 2024, the Government of St. Vincent and the Grenadines is seeking to issue the following government securities on the Regional Government Securities Market.

91 Day Treasury Bills

Twenty-eight million dollars (EC$28.0m) in each of twelve (12) issues

GENERAL INFORMATION

Issuer: The Government of St. Vincent and the Grenadines

Address: The Ministry of Finance, Economic Planning, Sustainable Development and Information Technology

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Mr. Harold Lewis, Debt Manager

Date of Publication: October 19, 2022

Purpose of Issue: To refinance the existing issues of Treasury Bills issued on the

Primary Market via the Regional Government Securities Market (RGSM)

Amount of Issue: Twelve issues of XCD 28.0 million each

Legislative Authority: The Finance Administration Act (FAA) Cap 252 governs and authorises borrowing and the Treasury Bills Act Cap 444 governs the Issuance.

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

INFORMATION ON THE TREASURY BILL ISSUE

a. The Government of St. Vincent and the Grenadines (GOSVG) proposes to auction twelve $28,000,000.00 91-day Treasury Bills during the period January 2023 to January 2024. The treasury bills will be issued on the Regional Government Securities Market and made available for trading as they will be listed on the ECSE:

Table 1: Calendar of Issues

Instrument ID	Issue	Amount	Interest Rate Ceiling	Tenor	Auction Date	Settlement Date	Maturity date
VCB030523	Treasury Bill	$28.0 M	3.50%	91 Days	January 31, 2023	February 1, 2023	May 3, 2023
VCB010623	Treasury Bill	$28.0 M	3.50%	91 Days	March 1, 2023	March 2, 2023	June 1, 2023
VCB270623	Treasury Bill	$28.0 M	3.50%	91 Days	March 27, 2023	March 28, 2023	June 27, 2023
VCB040823	Treasury Bill	$28.0 M	3.50%	91 Days	May 4, 2023	May 5, 2023	August 4, 2023
VCB050923	Treasury Bill	$28.0 M	3.50%	91 Days	June 5, 2023	June 6, 2023	September 5, 2023
VCB280923	Treasury Bill	$28.0 M	3.50%	91 Days	June 28, 2023	June 29, 2023	September 28, 2023
VCB091123	Treasury Bill	$28.0 M	3.50%	91 Days	August 9, 2023	August 10, 2023	November 9, 2023
VCB071223	Treasury Bill	$28.0 M	3.50%	91 Days	September 6, 2023	September 7, 2023	December 7, 2023
VCB030124	Treasury Bill	$28.0 M	3.50%	91 Days	October 3, 2023	October 4, 2023	January 3, 2024
VCB130224	Treasury Bill	$28.0 M	3.50%	91 Days	November 13, 2023	November 14, 2023	February 13, 2024
VCB120324	Treasury Bill	$28.0 M	3.50%	91 Days	December 11, 2023	December 12, 2023	March 12, 2024
VCB050424	Treasury Bill	$28.0 M	3.50%	91 Days	January 4, 2024	January 5, 2024	April 5, 2024

Source: CIDMU, Ministry of Finance

b. The price of the issue will be determined by a competitive Uniform Price Auction with open bidding.

c. The bidding period(s) will start at 9:00 am and end at 12:00 noon on auction days.

d. Each investor is allowed one (1) bid with the option of increasing the amount being tendered for until the close of the bidding period or reducing the interest rate.

e. The minimum bid quantity is $5,000.00.

f. The bid multiplier will be set at $1,000.

g. The date of issue for each auction is equivalent to the stated settlement date of that auction

h. The instruments would be issued at a discount with face value repaid on maturity

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

j. The Government of St. Vincent and the Grenadines has maintained a rating of B3 stable by Moody's Investor Service

k. The Treasury Bills will be issued on the Regional Government Securities Market (RGSM) and traded on the Eastern Caribbean Securities Exchange (ECSE).

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

The Current List of Licensed Intermediaries are:

- Bank of Nevis Limited
- Bank of St. Vincent and the Grenadines Ltd.
- Bank of St. Lucia Ltd.
- St. Kitts Nevis Anguilla National Bank Limited
- First Citizens Investment Services Ltd. – Located in Saint Lucia
- Grenada Co-operative Bank Limited

MACRO-ECONOMIC PERFORMANCE

OVERVIEW OF ECONOMIC GROWTH

Preliminary data for 2022 indicates that real output growth is estimated at 5.4 percent. The increase in economic activity is expected to be influenced mainly by major growth in the Wholesale and Retail Trade, Manufacturing, Transportation and Construction sectors. The Mining and Quarrying sector is also expected to contribute to the growth.

Construction activity is expected to grow by 8.0 percent due to continued developments in both the private and public sectors. Economic activity in the Manufacturing sector is expected to increase by 25.6 percent mainly on account of a rebound in the production of Brewery products which was negatively impacted by the COVID-19 mitigation measures and water supply disruption after the April 2021 volcanic eruptions.

The Agriculture sector on a whole is projected to grow by 13.8 percent, up from the 20.1 percent decline in 2021. The growth in the sector is based on the expected rebound of crops later in the year. For the year, crops are estimated to grow by 21.6 percent in the fourth quarter as there should be a recovery of temporary crops. Assistance was granted in the first quarter in the form of seedlings and tractor services with the aim of driving the recovery. The Fishing and Aquaculture sector is forecasted to grow by 5.0 percent as the sector benefits from private and public investment in the fishing industry.

Activity in the Tourism sector is also projected to expand by 13.9 percent in 2022. The forecasted improvement is mainly on account of an estimated 7.0 percent increase in stay-over visitors as tourism activity begins to pick up, albeit at a slow rate. Cruise ship arrivals are also forecasted to grow in excess of five times the number seen in 2021.

MEDIUM TERM GROWTH OUTLOOK

Over the medium term, real economic activity is projected to grow at an average of 4.5 percent per annum. This outlook is expected to be supported mainly by buoyant economic activity in Tourism, Transport and Storage, Manufacturing and Fishing. Growth in Wholesale & Retail, Agriculture and Construction sectors is also expected to contribute to the outlook.

The Agriculture sector is projected to grow considerably, averaging 4.6 percent over the medium term. Growth in the crops sector is anticipated to increase as short-term crops rebound from the 2021 eruptions with the on-going initiatives aimed at replanting. Subsidies were granted on fertilizers so as to aid in plant growth and fuel the recovery. Livestock is projected to decline by a minimal 1.0 percent over the medium term while in 2023 and 2024 the fishing sector is expected to grow by 10.0 percent with continued investments to encourage the export of fish and fish products.

The Financial and Insurance sector is also projected to grow at an average of 1.4 percent over the medium term. Growth from financial service activities is predicted to average 1.3 percent over the medium term as the level of uncertainty still lingers while the growth rate in the insurance sector will be constant at 1.5 percent.

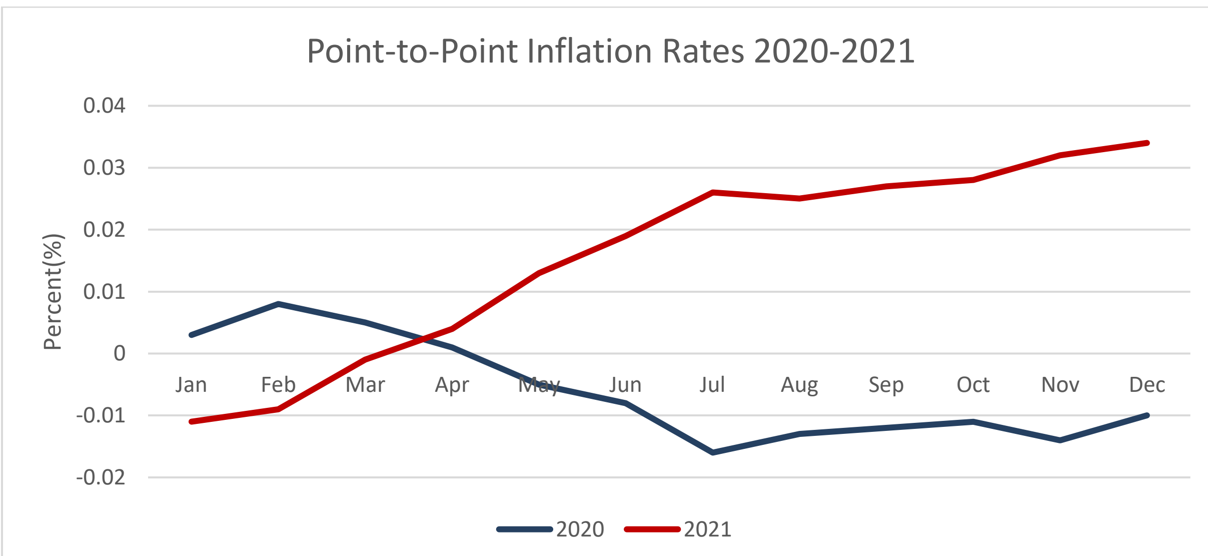
The Tourism sector is expected to get a boost in activity over the medium term, with growth averaging 19.5 percent per annum. Under the assumption that COVID-19 is contained, it is anticipated that stay-over visitors will increase substantially once there is an increase in scheduled international flights and hotels currently under construction are completed and opened. Cruise tourism is expected to grow at an average of 1.3 percent annually.

Value added in the Construction sector is forecasted to slow by 2.0 percentage points in 2023 relative to the current year. However, with the expected modern port development and investments in tourism, growth in the construction sector is expected to spike to 10.0 percent in 2023. Other investments such as the construction of secondary, village and feeder roads and the resumption of the Black Sand Resort are expected to contribute to growth in the sector. By the year 2025, we expect to see a slowdown in growth in this sector. Over the medium term, economic activity in the Construction sector is projected at 5.7 percent per annum.

INFLATION

The annual average point-to-point inflation rate, as measured by the change in the consumer price index, averaged 1.6 percent in 2021 compared with the recorded average of -0.6 percent in 2020. The monthly inflation rates recorded negative values for the first three months of the year followed by positive values for the remainder. The highest inflation rate of 3.4 percent was recorded in the month of December and its lowest level rate of -1.1 in the month of January.

Chart 2: Point to Point Inflation Rates, 2020 and 2021



Source: Statistical Office, Ministry of Finance and Planning

The average "All Items" index was recorded at 112.5 for 2021 compared to 110.8 for 2020. Eight (8) groups recorded increases in 2021 compared to four (4) groups in 2020. Within each group, specific items can be identified as having an upward or downward effect on the Index.

The 6.8 percent increase in the "Housing, Water, Electricity, Gas and Other Fuels" index was due mainly to an increase in the prices of charcoal, cooking gas, steel rods, etc. The "Transport" index increased by 4.5 percent due mainly to higher prices for passenger airfare from St. Vincent and the

Grenadines to Toronto, Canada, driven by petrol and diesel prices. Similarly, the "Food and Non-Alcoholic Beverages" index grew by 4.2 percent due to higher prices for several items, namely: condensed milk, ground cinnamon, pig snout, etc. Five (5) other groups experienced moderate increases, including "Health" (1.4%), "Recreation and Culture" (1.4%), "Restaurants and Hotels" (0.9%), "Furnishings, Household Equipment and Household Maintenance" (0.3%), and "Clothing and Footwear" (0.1%).

A reduction in the cost of mobile to mobile domestic calls by 3.0 percent was responsible for the 1.1 percent decline in the "Communication" index. "Education" group index decreased by 0.5 percent due to a reduction in the tuition fees for foreign tertiary education in the faculty of pure and applied sciences and lead pencils. The group index for "Alcoholic Beverages, Narcotics and Tobacco" declined by 0.1 percent as a result of a lower price for imported beer and cigarettes. Meanwhile, "Miscellaneous Goods and Services" declined by 0.1 percent on account of a decrease in the price for an antibacterial soap and a deodorant.

BALANCE OF PAYMENTS[1]

THE CURRENT ACCOUNT

Preliminary data points to a deterioration in the current account deficit which increased to $571.44 million (or 23.7 percent of GDP) in 2021 from $354.94 million (or 15.1 percent of GDP) in 2020 influenced mainly by developments in the goods and services account. The merchandise trade deficit narrowed by 28.8 percent to $781.95 million mainly on account of higher merchandise exports. On the services account, there were net outflows of $0.91 million compared with an inflow of $108.12 million in 2020. This was largely attributed to an increase in net outflows Transport and Insurance and Pension Services.

Net outflows from primary income ($12.90 million) also contributed to the deficit while secondary income ($224.32 million) moderated the current account deficit. The increase in outflows on the primary income account was due to a net outflow of investment income, while inflows in the

[1] Preliminary data from the ECCB.

secondary income account primarily comprised of financial corporations, nonfinancial corporations, households and personal transfers between resident and non-resident households.

THE CAPITAL AND FINANCIAL ACCOUNT

The balance on the capital account improved to a surplus of $46.62 million in 2021 from a surplus of $13.12 million in 2020 due to higher capital transfers recorded during the period. The balance on the current account along with the capital account balance yielded a net borrowing position of $524.82 million (21.8 percent of GDP). This was $182.99 million more than the net borrowing position recorded in 2020.

The financial account recorded a net borrowing position of $70.29 million for 2021. This represents a decrease of $45.59 million when compared to the net borrowing position of $115.88 million recorded in 2020. The main driver of this decrease was due to the change in reserve assets which increased from a net lending position of $31.82 million in 2020 to $225.83 in 2021. The net borrowing position on the current and capital account of $524.82 million was financed by a net borrowing position on the financial account of $70.29 million. This gave rise to a net errors and omissions item of $454.52 million. Net errors and omissions occur when a surplus/deficit in the current account together with the capital account is not offset by equally large capital inflows in the financial account.

FOREIGN TRADE

Merchandise Trade in St. Vincent and the Grenadines consists of a mix of exports and imports, with a heavier weighting on imports. Exports are mainly to countries such as the U.K., the U.S., Canada and countries within the CARICOM region and consist primarily of exports of agricultural and manufactured products. Items such as food, beverages, machinery and transport equipment, manufactured goods, chemicals, oils and fuels, are imported from countries such as the U.K., the U.S., CARICOM member countries and Japan.

Total export receipts fell by 37.2 percent to $96.56 million, reflecting a decrease in re-exports. Re-exports went down by $49.38 million mainly related to the decrease in the re-export of machinery and transport equipment. Meanwhile, domestic exports went down by 6.9 percent as most categories of exports saw decreases during the year. This was partially offset by greater exports of manufactured goods classified chiefly by material. Import payments (f.o.b) increased by16.1

percent to $1,005.75 million as all categories of imports went up with the exception of Animal and Vegetable Oils, Fats and Waxes.

GOVERNMENT FISCAL OPERATIONS

The Central Government fiscal operations for the year ending December 31, 2021 deteriorated when compared to the previous year. Current Revenue increased by 12.4 percent to $681.39 million and Current Expenditure grew by 8.1 percent to $694.00 million. Consequently, a current deficit of $12.60 million was recorded, compared to a deficit of $35.55 million for the same period in 2020. Although, the current deficit improved in the year 2021, the Overall Balance has worsened, moving from a deficit of $124.46 million in 2020 to a deficit of $172.38 million in 2021.

Table 3: Summary of fiscal operations for the year ended December 31, 2021

	Budget 2021 $ m	**Actual 2021 $ m**	**Actual 2020 $ m**	*% Change*
Current Revenue	**647.39**	**681.39**	**606.27**	**12.4**
of which:				
Taxes on Income & Profits	155.00	143.66	143.36	0.2
Taxes on Property	45.13	100.73	40.83	146.7
Taxes on Goods & Services	187.95	179.02	185.82	(3.7)
Taxes on International Trade	162.61	160.92	153.79	4.6
Sale of Goods & Services	74.97	71.85	61.43	17.0
Current Expenditure	**698.13**	**694.00**	**641.81**	**8.1**
of which:				
Compensation Employees	345.98	337.68	323.66	4.3
Use of Goods & Services	102.22	99.62	89.78	11.0
Interest Payments	72.72	60.33	51.61	(16.9)
Transfers	177.20	196.37	176.76	11.1
Current Balance	**(50.74)**	**(12.60)**	**(35.55)**	64.5
Primary Balance (net CCF)	**(223.28)**	**(112.05)**	**(72.85)**	(53.8)
Capital Expenditure	**317.40**	**231.56**	**211.18**	9.7
Of which:				
Capitalisation of Contingency Fund (CCF)	**13.24**	**12.75**	**12.85**	(0.8)
Capital Revenue	**58.90**	**59.04**	**109.41**	(46.0)
Overall Balance (net CCF)	**(296.00)**	**(172.38)**	**(124.46)**	(38.5)

Source: ERPU, Ministry of Finance

REVENUE

Receipts from Taxes on Income and Profits increased moderately by 0.2 percent to $143.66 million due to higher collections from Personal Income Tax. Revenue from Corporate Income Tax and Non-Resident (Withholding) Tax went down by 3.0 percent and 9.3 percent, respectively, when compared to the same period in 2020. The decline in collections from Corporate Income Tax is reflective of lower profits reported by some companies. The lower receipts from Non-Resident Tax is partly related to the fact that less field audits were conducted during the period due to the COVID-19 pandemic.

Collections from Taxes on Property amounted to $100.73 million for the period compared to the $40.83 million which was collected in the same period in 2020. This resulted mainly from higher receipts from Stamp Duty on Property (which amounted to $59.02 million) and Alien Land Holding License (of $37.54 million). Greater land sales in the Grenadines was the main contributor to the improved performance of property taxes.

As of 31st December, 2021, Taxes on Goods and Services totaled $179.02 million which represents a 3.7 percent decrease relative to the figure for the 2020 fiscal year. This decrease is mainly as a result of the fall in Excise Duty (on imports) by 8.9 percent largely owing to timing issues in the recording of payments for petroleum products. Also, revenue from Telecommunications and Broadcast Licenses fell considerably, moving from $5.02 million in 2020 to $3.59 million in 2021. However, the fall in revenue from Taxes on Goods and Services was moderated by higher receipts from Excise Duty (on Domestic Transactions), Insurance Premium Tax, Motor Vehicle License, Merchant Shipping International Fees and the Interest Levy.

Revenue from International Trade Taxes went up by 4.6 percent, to $160.92 million as receipts from the majority of the subcomponents increased. Value Added Tax and Import Duty receipts grew by 6.3 percent and 2.9 percent, respectively. However, revenue from Vehicle Surtax went down (by 2.4 percent) on account of a 2.3 percent decline recorded in relation to the importation of used vehicles. Notwithstanding the foregoing, revenue loss due to Special Cabinet concessions rose by 53.8 percent from $24.28 million to $37.33 million partly on account of waivers of duties and taxes granted on items for COVID-19 management and volcano relief.

Takings from Sales of Goods and Services as at year-end 2021 grossed $71.85 million representing a 17.0 percent growth on the amount collected in 2020. This was mainly related to a 25.2 percent increase in collections from Customs Service Charge, which amounted to $46.99 million. The higher receipts from Customs Service Charge is partly related to the implementation of the 1.0 percentage point increase in the rate, effective 1st June, 2021. Collections from International Financial Services and Driver's Licenses also increased by 6.3 percent and 4.4 percent, respectively.

Capital inflows as of December 31, 2021 amounted to $59.04 million, down 46.0 percent from $109.41 million collected in the corresponding period in 2020. The Capital Revenue figure included $37.67 million collected in Grants and $19.82 million collected under Other Capital Receipts during the period. The main source of Other Capital Receipts was $15.00 million drawn down from the Contingencies Fund.

EXPENDITURE

As at December 31, 2021, Current Expenditure amounted to $694.00 million. This figure represents an increase of 8.1 percent when compared to the amount spent during the same period in 2020. Payment of Wages and Salaries amounted to $322.62 million and the Employer's Social Security Contribution to $15.05 million, these were responsible for the overall 4.3 percent increase in Compensation of Employees. The growth in spending on Wages and Salaries was mainly due to a number of new positions created and changes in increments and allowances during the period.

Interest Payments increased during the period by 16.9 percent to $60.33 million as a result of increased payments on both the domestic and external components of the debt. Domestic interest payments expanded by 14.0 percent while interest payments on external debt grew by 21.8 percent. The increase in external interest payments is as a result of the end of the moratoria on all CDB loans which came to an end as at July 2021 as well as increase drawdowns or disbursements on existing and new loans.

Capital Expenditure for the period amounted to $231.56 million, up 9.7 percent from the $211.18 million recorded for the same period in 2020. Some of the larger items of Capital Expenditure include the Regional Disaster Vulnerability Reduction Project ($31.39 million), the Volcano

Recovery and Reconstruction Programme ($21.15 million), La Soufriere Eruption Disaster Relief Programme ($14.52 million), Capitalization of Contingency Fund ($12.75 million), Housing Reconstruction Rehabilitation Project ($7.85 million) and the La Soufriere Eruption Disaster Relief Programme II ($8.25 million).

FINANCING

Below is a summary of the Central Government financing for the year ended December 31, 2021 with comparative figure for the same period in 2020.

Table 4: Central Government Financing 2021

	Actual 2021	Actual 2020
OVERALL BALANCE	**(172.38)**	**(124.46)**
FINANCING		
NET EXTERNAL	**260.22**	**74.07**
Loan Disbursement	313.13	126.38
Loan Amortisation	(52.92)	(52.31)
NET DOMESTIC	**(87.84)**	**50.39**
Loan Disbursement	105.49	120.00
Loan Amortisation	(104.16)	(73.08)
Sinking Fund Contribution	(19.54)	(45.00)
Change in Cash	(53.68)	51.39
Other Domestic	(3.20)	9.93

Source: Ministry of Finance, ERPU

FISCAL OUTTURN AS AT JUNE 30, 2022

Preliminary data as at June 30, 2022 indicated that the Central Government fiscal operations deteriorated when compared to the same period in 2021. Current Revenue decreased by 0.9 percent to $319.94 million, while Current Expenditure grew by 3.6 percent, to $327.34 million. This resulted in a current deficit of $7.40 million compared to a surplus of $6.73 million in 2021. The Overall Deficit also worsened, moving from $12.64 million in 2021 to $45.78 million in 2022.

Table 5: Summary of Fiscal Outturn June 2022 compared with June 2021

	Budget 2022 $ m	**Actual 2022 $ m**	**Actual 2021 $ m**	*% Change*
Current Revenue *of which:*	**307.65**	**319.94**	**322.82**	**(0.9)**

Taxes on Income & Profits	72.88	72.85	67.15	8.5
Taxes on Property	15.38	16.79	60.80	(72.4)
Taxes on Goods & Services	97.39	98.43	87.11	13.0
Taxes on International Trade	75.76	83.42	70.25	18.8
Sale of Goods & Services	35.53	40.31	29.49	36.7
Current Expenditure	**352.08**	**327.34**	**316.08**	**3.6**
of which:				
Compensation Employees	175.11	165.58	166.29	(0.4)
Use of Goods & Services	46.69	39.44	37.36	5.5
Interest Payments	35.22	27.66	23.59	17.2
Transfers	95.06	94.66	88.84	6.6
Current Balance	**(44.43)**	**(7.40)**	**6.73**	(209.8)
Primary Balance (net CCF)	**(66.88)**	**(18.12)**	**10.95**	(265.5)
Capital Expenditure	**72.43**	**47.27**	**71.53**	(33.9)
Of which:				
Capitalisation of Contingency Fund (CCF)	**6.43**	**7.07**	**7.02**	0.7
Capital Revenue	**8.34**	**1.82**	**45.15**	(96.0)
Overall Balance (net CCF)	**(102.10)**	**(45.78)**	**(12.64)**	(262.3)

Source: Ministry of Finance, ERPU

Over the reporting period, receipts from Taxes on Income and Profits increased by 8.5 percent to $72.85 million mainly due to higher collections from Individual Income Tax which increased by 10.4 percent from $42.53 million to $46.97 million. The increase was related, in part, to the payment of arrears. Collection of Corporate Tax decreased by 7.1 percent to $16.63 million this was partly attributable to challenges which resulted in payments from some businesses not being collected in a timely manner.

Revenue from Taxes on Property fell by 72.4 percent to $16.79 million during the period. It is important to note that this amount is still greater than the amount budgeted for this item and the overall decline is based on the unusually high revenue collected from Alien Land Holding License and Stamp Duty on Property, in 2021. Stamp Duty on Property went down by $24.73 million and Alien Land Holding License decreased by $19.28 million.

As at June 30, 2022, Taxes on Goods and Services which totaled $98.43 million, increased by 13.0 percent due to high collection from most subcategories. This performance reflects the increased domestic economic activity projected for the year 2022. Receipts from VAT grew by 25.1 percent mainly related to increase activity in the construction sector. Greater revenue was also realized from Excise Duty on Domestic Transactions (29.9 percent) and Imports (5.0 percent), Motor

Vehicle License (4.7 percent) and Yacht License. Meanwhile, collections from Telecommunications and Broadcast License and Interest Levy decreased mainly on account of issues related to timing of collection.

Revenue from International Trade Taxes increased by 18.8 percent, to $83.42 million driven mainly by a 22.3 percent growth in merchandise imports during the period. The rise in the value of merchandise imports is broadly reflective of global supply chain issues including the sharp increase in freight costs and inflation. Revenue from Import Duty and Value Added Tax increased significantly, by 21.7 percent and 20.1 percent respectively while Vehicle Surtax fell.

Revenue from Sales of Goods and Services grossed $40.31 million. This represents a 36.7 percent increase on the amount collected for the same period in 2021 on account of significant increases in all subcomponents. International Financial Services Fees, Driver's License, and CIPO Registration Fees increased by 19.8 percent, 20.2 percent and 125.9 percent, respectively. Revenue from Customs Service Charge increased significantly (48.3 percent) to $26.96 percent due mainly to the growth in imports and the one percentage point increase in the rate which took effect June 1, 2021.

Capital inflows as of June 30, 2022 amounted to $1.82 million, down significantly from the $45.15 million collected in the corresponding period in 2021. This was mainly due to two factors:

i. A fall-off in grant receipts during the period (Grants fell by 89.3 percent to $1.37 million).
ii. A significant amount collected from Other Capital Receipts, for volcano relief, during the period in 2021 did not recur in 2022.

Current Expenditure amounted to $327.34 million, as at June 30, 2022. This figure represents an increase of 3.6 percent when compared to the amount spent during the same period in 2021. Payment of Wages and Salaries amounted to $158.30 million and the Employer's Social Security Contribution to $7.28 million. There was a marginal decline of (0.4 percent) in payments for Compensation of Employees during the period.

Interest payments increased during the period by 17.2 percent to $27.66 million as a result of increased payments on the external component of the debt. External Interest Payments moved from $6.44 million in 2021 to $11.08 million over the same period in 2022. This increase resulted mainly from the North Star loan payment ($4.9 million). Outlays on Transfers increased by 6.6 percent to $94.66 million as increased amounts were expended on pension benefits, Grants to Local

Authorities and Grants to Other Agencies; these went up by 14.8 percent, 25.3 percent and 10.1 percent respectively, during the period.

Preliminary data indicates that Capital Expenditure for the period amounted to $47.27 million, down from the $71.53 million recorded for the same period in 2021. Notwithstanding the reduction in Capital Expenditure, some of the major projects accounting for the amount spent to date included: Diamond Hotel Project ($5.21 million), Housing Reconstruction Rehabilitation Project ($3.45 million), Home Reconstruction Project ($3.02 million), Volcano Recovery and Reconstruction Programme ($2.75 million), Road Rehabilitation & Repair Programme II ($3.12 million) and the Port Re-development Project ($1.65 million).

MONEY AND CREDIT

The total monetary liabilities (M2) of the banking system grew by 12.8 percent to $1,854.0 million during 2021. The expansion in M2 reflected mainly developments in narrow money (M1), which increased by 18.4 percent in 2021 to $694.3 million. This was primarily on account of an increase in private sector demand deposits (6.0 percent). Currency with the public went up by 23.8 percent while EC$ Cheques and Drafts Issued grew by 16.5 percent.

The proportion of quasi money, which grew by 9.7 percent to $1,159.0 million, reflecting an increase in Private Sector Savings Deposits (4.4 percent and Private Sector Foreign Currency Deposits (54.2 percent). In contrast, Private Sector Time Deposits fell by 0.3 percent to $11.8 million.

Overall, private sector credit saw no movement in 2021 when compared to the previous year. However, lending to households, which accounts for more than three quarters of private sector credit, declined by 2.7 percent during the period. Loans extended to businesses increased by 18.6 percent to $168.8 million, and the Central Government’s net indebtedness decreased by 62.5 percent to $48.1 million in 2021.

An analysis of the distribution of bank credit by economic activity revealed that outstanding loans declined by 1.4 percent to $1,247.0 million during 2021, following a 5.4 percent growth recorded during 2020. The contraction in credit was mainly attributable to declines of 15.5 and 3.2 percent in the Public Administration and Social Security and Private Household, respectively. Credit to other sectors such as Construction and Land development, Education, and Accommodation and

Food Services also experienced contractions in credit. Activities in the category of Construction and Land Development decreased with contraction of 1.0 percent. Within categories of Construction and Renovation, credit extended to decrease by 1.6 while Land and Infrastructure Development increase by 20.0 percent.

Net foreign assets of the banking system increased by 36.8 percent to $1,238.0 million in 2021, up from the 9.5 percent decline realised during 2020. This expansion was fuelled by an increase in Commercial Bank net foreign assets which grew significantly from $353.4, to $503.2 million while the imputed share of reserves of St Vincent and the Grenadines held at the Central Bank rose by 33.3 percent.

Liquidity in the commercial banking system rose during 2021 as evidenced by an increase in the ratio of liquid assets to total deposits plus liquid liabilities, which rose by 3.6 percentage points to 52.8 percent. The ratio of liquid assets to total assets also increased to 47.2 percent in 2021 from 18.0 percent in 2020, still well below the maximum threshold of 75.0 to 85.0 percent.

PUBLIC DEBT ANALYSIS

Based on the revised total public debt[2] as at June 30, 2022, which stood at $2.1 billion or 84.3 percent of GDP[3]. This represented a 3.2 percent decrease from same period 2021. Central Government total debt amounted to $2.03 billion or 78.5 percent of GDP while Government Guaranteed debt amounted to $149.7 million or 5.8 percent of GDP. Central Government debt comprised 93.1 percent of total debt while the remaining 6.9 percent was debt owed by Public Corporations and guaranteed by the government.

TABLE 5: TOTAL PUBLIC DEBT

	22-Jun	21-Jun	Change
Domestic	**$M**	**$M**	**%**
Central Govt	515.5	537.9	-4.2
Public Corporations	25.8	26.5	-2.7
Total Domestic Debt	**541.2**	**564.4**	**-4.1**
External			
Central Govt	1517.7	1279.5	18.6
Public Corporations	123.9	128.1	-3.3
Total External Debt	**1641.6**	**1407.6**	**16.6**
Total Public Debt	**2182.8**	**1972.0**	**10.7**
Total Central Government	**2033.1**	**1817.4**	**11.9**
Total Public Corporation	**149.7**	**154.6**	**-3.2**

Fixed rate instruments constitute 81.1 percent of the total portfolio with the remaining 18.9 percent being variable rate instruments. The average time to maturity of the portfolio is 10.6 years with 12.5 percent of the portfolio maturing in one year. Average time to re-fixing is 8.6 years with 37.7 percent of the portfolio due for re-fixing in one year.

Domestic debt accounted for $541.2 million or 20.9 percent of GDP or 24.8 percent of total debt. External debt accounted for $1.6 billion or 63.4 percent of GDP and 75.2 percent of the total debt.

Domestic debt decreased by 4.1 percent in June 2022 compared to same period 2021. With the exception of the Overdraft facility which increased by 27.2 percent and Insurance deposits which remained constant, all other domestic instruments recorded a decline in their balances. Total Securities continue to account for the greatest proportion of the domestic debt portfolio totaling

[2] The classification of the debt stock is based on residency criterion.

[3] Revised 2022 Medium term Economic and Fiscal outlook GDP is $2589.8 million

$306.2 million or 56.6 percent of the total domestic debt. Short-term obligations due in one year or less, amounted to $175.1 million or 31.0 percent of the total domestic portfolio. Central government debt decreased by 4.2 percent while public corporation's debt decreased by 2.7 percent compared to the previous year.

External debt increased by 16.6 percent to $1.6 billion driven primarily by disbursements from new loans contracted by the Government. Loans represented 87.6 percent of the portfolio with securities representing the remaining 12.4 percent. Total external disbursements amounted to $130.2 million of which securities amounted to $29.9 million and loan disbursements were $100.3 million. There were no disbursements on any loans related to Public Corporations. Multilateral disbursements accounted for 94.6 percent of loans disbursed; of which CDB and IDA represented 65.8 percent and 22.8 percent respectively. Bilateral disbursement amounted to 5.4 percent of the total and was received from the Kuwait Fund for Arab Economic Development.

2022 NEW BORROWINGS

To date, total new borrowings contracted amounted to $167.4 million (USD $62.0m). This was solely from the Export-Import Bank of China as a Port Modernization Counter-part support loan. At the time of this Prospectus, there has not been any disbursements thus far.

SECURITIES ISSUED DURING 2022

TREASURY BILLS

As at August 31, 2022, the Government has successful re-issued 8 treasury bills, one per month, receiving total bids of $310.1 million, accepting $224.0 million at an average yield of 1.7 percent.

BONDS AND NOTES

Act No. 2 of 2022 passed in the House of Assembly on the 14th January, 2022 authorized the Government to borrow an amount not exceeding $125.0 million to assist in funding this year's Public Sector Investment Programme. As at 15th September, 2022, the Government had issued $79.4 million in securities through private placement, of which 12.1 percent were bullet repayment instruments with the remainder being amortized instruments.

Table 6: Securities Issued During 2022

Instrument Type	Creditor	Amt (M $)	Tenor	Rate	Issue Date	Maturity Date
Bond	Private Individual-IADC*	0.218	5 years	2.00	March 30, 2022	March 30, 2027
Bond	Private Placement (BOSVG)	15.000	5 years	5.50	March 21, 2022	March 21, 2027
Note	Private Placement (Various Investors)	7.480	3 years	3.50	April 8, 2022	April 8, 2025
Bond	Private Placement (Various Investors)	8.895	5 years	5.50	April 8, 2022	April 8, 2027
Bond	Private Placement (Various Investors)	7.000	7 years	6.75	April 8, 2022	April 8, 2029
Bond	Private Placement (Various Investors)	3.000	5 years	5.50	April 12, 2022	April 12, 2027
Bond	Private Placement (Various Investors)	6.625	7 years	6.75	April 12, 2022	April 12, 2029
Bond	ECCB	25.000	15 years	2.00	August 24, 2022	August 24, 2037
Bond	Private Individual-IADC*	6.249	5 years	2.00	September 1, 2022	September 1, 2027
	Total	**79.4 m**				

*Issued for the acquisition of property for the construction of Argyle International Airport

Source: CIDMU, Ministry of Finance

External Debt Portfolio

As at June 30, 2022, total public external debt stock stood at $1.64 billion compared with $1.38 billion for same period 2021, an increase of 18.5 percent. Central Government and Public Corporation external debt represented 92.5 percent and 7.5 percent of total debt respectively. Fixed rate instruments constitute 74.9 percent of the portfolio with the remaining 25.1 percent being variable rate instruments. The average time to maturity of the total external debt portfolio is 12.3 years with 10.0 percent of the portfolio maturing in one year. Average time to re-fixing is

10.4 years with 34.6 percent of the portfolio due for re-fixing in one year. Most external securities are denominated in local currency, whereas all loans are denominated in foreign currency.

External Debt by Creditor Category and Maturity Profile

The majority of the external public sector debt was contracted on concessional terms from multilateral and bilateral sources. Multilateral creditors accounted for 64.9 percent while bilateral creditors and securities' holders held 22.6 percent and 12.5 percent of the portfolio respectively. The maturity profile of the debt continued to be dominated by long-term loans with 71.0 percent of the portfolio maturing in over ten years. Instruments with remaining maturity between 5-10 years accounted for 15.9 percent while instruments with remaining maturity less than 5 years accounted for 13.1 percent which would include instruments that were maturing in less than one year included $56.0 million in treasury bills.

External Debt by Currency

The currency composition continued to weigh in favour of the USD[4] currency with 65.5 percent of the total debt being denominated in this currency. XCD denominated debt accounted for 18.9 percent of the outstanding stock of debt. When combined, the XCD and USD denominated debt accounted for 84.4 percent of the total debt. Debt denominated in Special Drawing Rights (XDR) accounted for 14.2 percent while the remaining 1.4 percent consisted of Kuwait Dinars (KWD), Trinidad and Tobago Dollars (TTD) and Euro (EUR).

External Debt Disbursements

External loan disbursement for the first half of 2022 stood at $100.3 million. The funds were channeled to finance a number of projects, the most significant of which was $47.4 million (which represented 47.3 percent of total disbursement) on the Port Modernization project. Of the total external disbursements, 65.1 percent was sourced from the CDB with 23.6 percent sourced from the World Bank (IDA).

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[4] Since July 07, 1976, the XCD has been pegged to the USD at an exchange rate of US$1.00 being equivalent to EC$2.70

Table 7: Total External Loan Disbursements as at 30 June 2022

CREDITORS	PROJECT/ PROGRAMME	Disbursed Amounts XCD ($)
LOANS		
Caribbean Development Bank		
	NDM- Rehab. and Reconstruction - Hurricane Tomas/North Windward	153,239
	Technical and Vocational Education and Training Development	162,720
	NDM - Disaster Risk Reduction and Climate Change Adaptation	523,800
	Energy Efficiency Measures and Solar Photovoltaic Plant	94,617
	NDM - Rehabilitation and Reconstruction	303,253
	Canouan Airport Runway Rehabilition	122,448
	Sandy Bay Sea Defenses Resilience Project	6,013
	Port Modernization Project	47,409,436
	School Improvement Project	102,645
	Project Management Support for the Ministry of Transport, Works etc	383,442
	Safely Nets for Vulnerable Populations affected by Coronavirus Disease	16,081,200
	Subtotal for Caribbean Development Bank	**65,342,813**
CARICOM Development Fund		
	Country Assistance Porgramme	3,381,083
	Subtotal for CARICOM Development Fund	**3,381,083**
World Bank (IDA)		
	OECS Tourism Competitveness Project	1,350,000
	Human Development Delivery Service	3,821,701
	SVG Regional Health Project	7,020,000
	OECS MSME Guarantee Facility Project	172,676
	Volcanic Eruption Emergency Project	11,293,580
	Subtotal for World Bank (IDA)	**23,657,957**
OPEC Fund for International Development		
	Agriculture and Feeder Road	2,532,163
	Subtotal for OPEC Fund for International Development	**2,532,163**
Kuwait Fund for Arab Development		
	Feeder and Agriculture Road	5,393,496
	Subtotal for Kuwait Fund for Arab Development	**5,393,496**
	Grand Total	**100,307,512**

Source: CIDMU, Ministry of Finance

DOMESTIC DEBT PORTFOLIO

Total domestic debt for the period stood at $541.2 million a decrease of 4.1 percent compared to same period last year. Central Government overdraft increased by 27.2 percent, all other instruments stock position decreased. The most significant of which was a 36.9 percent decrease in accounts payables followed by a 13.2 percent decrease in total Central Government loans due to the maturity of some loans and the consistent and timely servicing of the remaining loans when due.

A total of $515.5 million or 95.2 percent of total domestic debt was held by Central Government while the remaining 4.8 percent was held by the Public Corporations, these amounts represented 19.9 percent and 1.0 percent of GDP respectively.

The average time to maturity of the domestic portfolio is 4.1 years with 21.8 percent of the portfolio maturing in one year. Average time to re-fixing is 2.0 years with 49.6 percent of the portfolio due for re-fixing in one year. All domestic debt is contracted in local currency.

DOMESTIC DEBT BY CREDITOR CATEGORY AND MATURITY PROFILE

The domestic portfolio continues to be dominated by domestic securities (local investors). Securities comprised 56.6 percent of the total domestic portfolio. Commercial debt owed to Bank of St. Vincent and the Grenadines amounted to 24.5 percent. Debt owed to the National Insurance Services (NIS) amounted to 5.9 percent, while Accounts Payables and Insurance Deposits accounted for 6.1 percent and 4.1 percent respectively. The remaining 2.8 percent was owed to the ECCB and the St. Vincent Electricity Company.

Instruments with remaining maturity less than one year accounted for 32.9 percent of the portfolio. Debt with remaining maturity between 1-5 years accounted for 28.7 percent, debt with remaining maturity between 5 and 10 years accounted for 22.0 percent while debt with maturity 10 years and over accounted for 16.4 percent.

DOMESTIC LOAN DISBURSEMENT

There were no domestic loans contracted during the first half of the year.

DEBT SERVICING AS AT JUNE 30, 2022

Total Central Government debt service at the end of QTR 2 amounted to $110.2 million or 34.5 percent of current revenue. External debt service represented 38.8 percent and domestic debt service accounted for 61.2 percent respectively of the total debt service. Amortization payments and interest payments represented 74.9 percent and 25.1 percent of total debt service. There was a significant increase in external debt service as a result of the end of the moratorium on some loans that was in effect during 2021.

Table 8: Summary of Central Government Debt Service as at June 30, 2022

	22-Jun	*21-Jun*	**change**
	$M	**$M**	
Central Government Debt Servicing	**110.24**	**90.64**	**21.6%**
External	**42.76**	**23.13**	**84.9%**
Interest	11.08	6.44	72.1%
Amortization	31.68	16.69	89.8%
Domestic	**67.47**	**67.51**	**-0.1%**
Interest	16.57	17.15	-3.4%
Amortization	50.90	50.36	1.1%
Sinking Fund Contributions	**6.00**	**3.50**	**71.4%**
Current Revenue	**319.94**	**322.82**	**-0.9%**
Total Central Govt Debt Servicing /Revenue (%)	**34.45%**	**28.08%**	**6.37%**

Source: CIDMU, Ministry of Finance

SPECIAL FUNDS

SINKING FUND

Most of the bonds in the portfolio are amortized with allocations for payments provided annually from the Consolidated Fund. Where the bonds are not amortized, a Sinking Fund is established for redemption at maturity. The Sinking Fund is funded by annual contributions allocated from the Consolidated Fund to achieve the targeted level at maturity. The balance in the Fund as at the 31st August, 2022 was $3.1 million.

CONTINGENCY FUND

This is a disaster based Fund that was established as part of the suite of disaster risk financing mechanisms used to leverage options for disaster risk financing. The Fund is financed by an increase in the Value Added Tax (VAT) from 15.0 percent to 16.0 percent; that is, a 1.0 percentage point disaster levy is imposed on consumption within the state. In 2022, $10.6 million was contributed to this Fund. The balance as at the 31st August, 2022 was $29.5 million.

LEGISLATIVE AUTHORITY

The primary legislation which governs and explicitly authorizes the Government to borrow is the *Finance Administration Act (FAA) Cap 252.* The Act stipulates that no money shall be raised on the credit of the Government except under the authority of the Finance Administration Act or another Act of Parliament or a resolution of the House of Assembly[5]. The Minister of Finance when authorized by resolution of the House of Assembly may borrow money in a financial year "to meet current requirements from a bank or other financial institution by means of advances to an amount not exceeding in the aggregate the sum specified in the resolution."

The Treasury Bills Act Cap 444 governs the issuance of the T-bills within St. Vincent and the Grenadines. The Act authorizes the Minister of Finance to borrow money by the issue of Treasury Bills. Further the Minister may direct that the Treasury Bills be issued by the Accountant General

[5] Sec 44, Finance Administration Act Cap 252

or by a financial institution outside St. Vincent and the Grenadines. Section 3 (4) of the Treasury Bills Act provides that the principal sum of T-bills outstanding at any one time, shall not exceed 15.0 percent of the estimated annual current revenue of St. Vincent and the Grenadines for the current financial year.

In relation to the authority to borrow from multilateral institutions, the Caribbean Development Bank Loans Act Cap 89 covers all loans from the CDB and the International Financial Organizations Act Cap 100 authorizes the Minister of Finance to sign agreements with the World Bank and the International Monetary Fund. Similar acts authorizing borrowing from other multilaterals also exist including OPEC Fund for International Development. There is no Act that limits the amount that can be borrowed by the government.

The Government Guarantee of Loans Act Cap 255 gives government the authority to guarantee loans by lending agencies to Public Corporations. The current limit specified for all guarantees issued by government is $300.0 million.

BANKING AND FINANCIAL INSTITUTIONS

OVERVIEW

The financial system in St. Vincent and the Grenadines consists of four commercial banks: the Bank of St. Vincent and the Grenadines, as well as branches of three foreign banks including CIBC First Caribbean International, 1st National Bank St. Lucia and Republic Bank (EC) Limited; two indigenous banks, namely; First St. Vincent Bank and St. Vincent Co-operative Bank, twenty-two active Insurance Companies, four credit unions; a Building and Loan Society (BLS), sixteen registered Friendly Societies and four Money Services Businesses. The banks are regulated by the ECCB while the non-banking institutions, including the credit unions, the Building Society, the Insurance Companies and Money Services Business are regulated by the Financial Services Authority (FSA).

FOREIGN EXCHANGE AND INTERNATIONAL RESERVES

The ECCU of which St Vincent and the Grenadines is a member, has adopted a fixed exchange rate regime whereby exchange rates for the sale of EC dollars into other currencies are determined by the ECCB. Since 1976, the EC dollar has been pegged to the U.S. dollar at a rate of EC$2.70 to U.S.$1.00.

MONEY TRANSFER COMPANIES

The Money Transfer business is governed by the Money Services Business Act, Cap 260 of the 2009 Revised Laws of St. Vincent and the Grenadines. The FSA is responsible for the general administration of this Act and the supervision of these operations.

"Money services business" includes (a) the business of providing (i) transmission of money or monetary value in any form, (ii) check cashing, (iii) currency exchange, (iv) issuance or sale of money orders or traveler's checks; and (v) any other services that may be specified by notice published in the Gazette; or (b) the business of operating as agents for money transfer business and their principals.

In addition to the Postal Corporation the following companies currently act as agents for money transfer businesses and their principals:

Grace Kennedy Money Transfer Services - Western Union

Going Places Travel - MoneyGram

Massy Remittances Services (St. Vincent) Ltd. - MoneyGram

INSURANCE SECTOR

The domestic insurance sector continues to be a significant component of the insurance industry and the non-bank financial sector in St. Vincent and the Grenadines, comprising insurance companies and intermediaries and pension fund plans. Companies conducting business are either indigenous or domestically incorporated in CARICOM countries and operating through local agencies or branches. Insurance business is written directly with those companies or through the use of brokers and agents.

The sector is governed by the Insurance Act, Chapter 306 of the Laws of St. Vincent and the Grenadines, Revised Edition 2009 ("the Insurance Act") and the Motor Vehicle Insurance (Third Party Risk) Act Chapter 309 of the 2009 Revised Laws of St. Vincent and the Grenadines. The Financial Services Authority ("FSA") established by Act #33 of 2011 is responsible for the regulatory and supervisory frameworks of the sector. The Insurance laws and Regulation apply equally to both domestic and CARICOM-based companies.

For the reporting period, January to December 2021, the composition of the domestic insurance sector remained constant when compared with 2020. As at December 31, 2021, there were twenty-four (24) companies registered under Section 9 of the Insurance Act, to conduct domestic insurance business in St. Vincent and the Grenadines. Fourteen (14) companies were registered to conduct short-term (also referred to as property and casualty) insurance business, while ten (10) companies were registered to undertake long-term insurance business. General insurance business and policies of insurance typically do not exceed one (1) year and fall into six (6) categories, namely, liability insurance, motor vehicle insurance, pecuniary loss insurance, personal accident insurance, property insurance, and marine, aviation and transport of insurance business. Long-term insurance policies exceed one (1) year and among insurers comprise ordinary long-term, creditor life, group life and annuity business.

As at December 31, 2021, there were one hundred and fourteen (114) Insurance Sales Representatives, six (6) Insurance Brokers, seventeen (17) Insurance Agents, three (3) Insurance Adjusters and one (1) Association of Underwriters.

The table below summarizes the composition of the domestic insurance sector.

Number of Registrants in the Insurance Industry as at December 31, 2021

As at December 31	2021	2020	2019	2018	2017
Insurance companies	24	24	24	24	23
Brokers	6	8	8	8	8
Agents	17	15	16	16	17
Sales Representatives	114	116	127	127	119
Association of Underwriters	1	1	1	1	1
Insurance adjusters	3	1	2	2	1
Total Insurance Licences	**165**	**165**	**178**	**178**	**169**

The sector plays an essential role in the local economy and contributed roughly $5.9M in insurance premium taxes to the government in 2021 (2020 - $5.2M) and generated $0.2 million in registration and license fees (2019 - $0.2M).

In 2021, Gross Premium income in the insurance industry totaled EC$108.2 million. This represented approximately 4.5 percent of Gross Domestic Product at market price and an increase of 7.2 percent over the gross premium income of EC$101.0 million in 2020. At the end of 2021, long-term insurance premiums were approximately EC$30.4 million; reflecting a decrease of EC$134K or 0.4 percent when compared to the previous year. The leading long-term insurer held approximately 60.7 percent of total premiums written, a slight decrease compared with 63.3 percent the previous year.

Gross premium income for the short-term segment of the market totaled EC$77.8 million in 2021; an increase of 10.4 percent when compared with the 2020 figure of EC$70.5 million

Total assets for the domestic insurance sector stood at EC$310.4 million as at December 31, 2021, an increase of 5.1 percent when compared with EC$295.3 million for the same period in 2020. Government securities of 34.2 percent, and cash and deposits of 24.7 percent represented the largest proportion of the industry's assets. At the end of 2021, total liabilities stood at EC$218.5 million (2020:EC$202.4 million) while capital was EC$91.9 million (2020: EC$92.9 million).

It is a statutory obligation that all general insurance companies that conduct motor insurance business maintain/establish a deposit with the Authority of the greater of $500,000 or 30% of gross premium income. In respect of other general insurance business, the deposit required is the greater of $200,000 or 30% of gross premium income. In the case of life insurance, the deposit is fixed at $500,000. Additionally, companies conducting motor and long-term insurance business must establish an insurance fund equal to their liabilities and contingency reserves, less amounts held as statutory deposit. This fund must be held in trust to the order of the FSA for the protection of policyholders.

As at December 31, 2021, all companies were in compliance with the Statutory Deposit and Insurance Fund obligations. The industry's statutory deposits held by the Authority during the year amounted to $51.4 million which comprised of $20.4 million in Government Securities and $31.0 million in cash. By the end of 2021, total liabilities and contingency reserves of all insurance companies (excluding those under judicial management), less statutory deposit required, amounted to approximately $128.1M. Total assets pledged or identified by those companies for inclusion in their Insurance Fund as at December 31, 2021 was approximately $135.2M or 105.5% of insurance liabilities. The Insurance Fund provides access to assets in the event of failure of an insurance company and is used as regulatory capital to provide a buffer for insurance liabilities and to support the overall quality of assets on the insurers' balance sheet. These funds are monitored on a regular basis and where shortfalls exist, companies are required to satisfy the deficiency within the shortest possible time.

There was an increase in claims expense (23.8 percent) in the short-term insurance sub- sector as at December 31, 2021 when compared with the prior year. Claims continue to be a significant component of insurance companies' expenditure, amounting to 71.7 percent of expenses for the short-term insurance sub- sector at the end of the reporting period.

Policyholder Benefits (which includes claims, annuity payments, policy surrenders etc.) in the long-term insurance sub-sector, amounted to EC$24.5 million for the period under review, representing an increase of 5.0 percent over the previous year (2020: EC$23.4 million). Policyholder Benefits represented 61.7 percent of the total expenses.

Life insurance companies traditionally reinsure only a small portion of their insurance business. This sector experienced a decline of 47.3 percent in the level of retention in 2021. In 2021, EC$1.2 million was ceded to reinsurers, representing a retention ratio of 96.2 percent compared with 92.8 percent in 2020. Meanwhile, the General Insurance companies collected EC$77.8 million in gross premium, of this amount EC$37.5 million was ceded to reinsurers representing 48.1 percent and a retention rate of 51.9 percent.

The loss ratio represents, as a percentage, the proportion of annual claims paid by an insurer in comparison to the premiums received and for the short-term segment of the industry is calculated as net claims incurred/net earned premiums. For the short-term insurers, the loss ratio amounted to 47.1 percent in 2021 compared with 49.6 percent in 2020. With respect to the long-term insurance sector, the loss ratio is calculated as claims/net premium written. Life claims expenses decreased significantly by 21.9 percent in 2021 compared with 2020, which led to an overall decrease in the loss ratio to 21.3 percent in 2021 compared with the 28.2 percent reported in 2020.

Insurance penetration is an indicator of the level of development and reach of the insurance sector in a country. It measures the level of insurance market development relative to the size of the economy. As at December 31, 2021, the average penetration of insurance as a percentage of GDP for the industry as a whole was 4.5%, 0.1 percentage points higher than that of 2020.

Dissecting the ratio into long-term and short-term shows an average penetration ratio of 1.3% and 3.2% respectively. Lower insurance penetration ratios are characteristic of lower levels of economic development, which may have resulted in a lower demand for insurance cover. Also, the higher penetration in the short-term segment of the market may be attributable to the compulsory nature of certain classes of general insurance products such as motor insurance and to a lesser extent property insurance, in cases where it is a requirement for a mortgage loan. The result however, suggests that the insurance sector still has significant room for expansion.

CURRENT ISSUES OF GOVERNMENT SECURITIES

1. TREASURY BILLS GENERAL INFORMATION

- Issues Outstanding 3
- Amount offered $84.0 m
- Maturity in days 91 days
- Date of Issues Every 91 days
- Redemption Date Every 91 days
- Discount rate N/A
- Yields Weighted Avg. 1.67 percent

As at the 15th September 2022, the Government's outstanding securities traded on the Regional Government Securities Market are listed hereunder**:**

Table 10: Outstanding Treasury Bills listed on the RGSM

Date of issue	Redemption Date	Issue Amount	Value of Bids	Amount Accepted	No. of Bids		Interest Rate percent
					Total	**Successful**	
		$M	**$M**	**$M**			**%**
17-Jun-22	19-Sep-22	28.00	34.315	28.00	16	14	1.50
13-Jul--22	25-Oct-22	28.00	30.242	28.00	14	12	2.00
15-Aug-22	24-Aug-22	28.00	34.446	28.00	18	11	1.50

Source: CDIMU, Ministry of Finance

Table 11: Outstanding Notes and Bonds issued on the RGSM as at September 15, 2022

Trading Symbol	Issue amount	Amount Outstanding	Original Maturity	Remaining Maturity	Date of Subscription	Final Redemption	Coupon rate
	$M	$M	(years)	(years)	Date	Date	percent
VCG100323	25.9	1.3	10	1	Mar-13	Mar-23	7.00
VCG070623	11.2	1.6	7	1	Jun-16	Jun-23	7.00
FVG100826	16.6	7.9	10	4	Aug-16	Aug-26	7.00
VCG100826	0.3	0.14	10	4	Aug-16	Aug-26	7.00
VCG080225	15.0	4.7	8	3	Feb-17	Feb-25	7.50
VCG070524	25.0	7.1	7	2	May-17	May-24	7.50
VCG070625	25.0	10.7	7	3	Jun-18	Jun-25	7.00
VCG0725AA	13.0	5.6	7	3	Jul-18	Jul-25	7.00
VCG070725	12.0	5.1	7	3	Jul-18	Jul-25	7.00
VCG101128	10.0	6.0	10	6	Nov-18	Nov-28	7.50
FVG101228	8.1	5.2	10	6	Dec-18	Dec-28	7.50
VCG081126	15.0	15.0	8	4	Nov-18	Nov-26	7.25
VCG101228	8.1	2.1	10	6	Dec-18	Dec-28	7.50
VCG080327	15.0	15.0	8	5	Mar-19	Mar-27	7.25
VCN080524	17.6	7.1	5	2	May-19	May-24	6.25
VCG070926	25.0	17.8	7	4	Sep-19	Sep-26	7.00
FVG071126	5.4	3.4	7	4	Nov-19	Nov-26	6.15
VCG071226	30.0	21.4	7	4	Dec-19	Dec-26	6.75
VCG050225	6.18	6.2	5	3	Feb-20	Feb-25	5.75
VCG080728	7.04	7.0	8	6	Jul-20	Jul-28	6.75

Source: CIDMU, Ministry of Finance

Table 12: Performance of Treasury bill traded on the RGSM during 2021

Auction Date	Trading	Issue	Value of	Amount	No. of Bids			
	Symbol	Amt ($M)	Bids ($M)	Accepted	Total	Successful	Interest Rate	No of Brokers
1-Feb-21	VCB040521	28	43.351	28	14	10	1.500	3
01-Mar-21	VCB010621	28	29.401	28	11	9	1.600	2
07-Apr-21	VCB080721	28	30.711	28	13	11	1.500	3
21-May-21	VCB050821	28	30.440	28	11	9	1.600	2
02-Jun-21	VCB020921	28	32.822	28	13	13	3.500	3
12-Jul-21	VCB121021	28	28.389	28	17	17	3.500	3
12-Aug-21	VCB121121	28	28.038	28	15	15	3.500	4

06-Sep-21	VCB071221	28	28.947	28	15	14	3.023	4
13-Oct-21	VCB130122	28	30.427	28	20	19	2.500	4
15-Nov-21	VCB250222	28	34.659	28	22	13	2.250	5
08-Dec-21	VCB100322	28	34.013	28	17	13	2.000	3

Source: CIDMU, Ministry of Finance

SECURITY ISSUANCE PROCEDURES, CLEARING AND SETTLEMENT, REGISTRATION OF OWNERSHIP AND SECONDARY MARKET ACTIVITY

The Treasury bills will be issued and listed on the Regional Government Securities Market (RGSM). This market operates on the Eastern Caribbean Securities Exchange (ECSE) trading platform for both primary issuance and secondary trading. The pricing methodology to be used for selling the securities will be a Competitive Uniform Price auction with open bidding. The ECSE is responsible for dissemination of market information, providing intermediaries with market access, administering the auction process and monitoring and surveillance of the auctions.

The ECSE, through the Eastern Caribbean Central Securities Depository (ECCSD), is responsible for facilitating clearance and settlement for securities allotted. The ECCSD ensures that funds are deposited to the issuing government's account. The ECSE, through the Eastern Caribbean Central Securities Depository Ltd (ECCSD), records and maintains ownership of government securities in electronic book-entry form. The ECCSD mails confirmation of proof of ownership letters to all investors who were successful in the auction. The ECCSR will also process corporate action on behalf of issuing governments.

Intermediaries are responsible for interfacing with prospective investors, collecting applications for subscription and processing the same for bidding on the ECSE platform. Investors must provide the intermediaries with funds to cover the cost of the transaction. A list of licensed intermediaries is provided in Appendix 1. Clients that are successful will be informed of their payment obligations and funds deducted from their respective accounts with the intermediary.

As an issuer in the RGSM, the Government of St Vincent and the Grenadines will be subject to the rules, guidelines and procedures developed by the Regional Debt Co-ordinating Committee (RDCC) for the operation of the market including ongoing reporting and disclosure requirements.

APPENDIX 1: LIST OF LICENSED ECSE MEMBER BROKER DEALERS

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
Grenada		
Grenada Co-operative Bank Limited	No. 8 Church Street St. George's **Tel: 473 440 2111** Fax: 473 440 6600 Email: info@grenadaco-opbank.com	**Principals** Aaron Logie Allana Joseph **Representatives** Kishel Francis Laurian Modeste
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: donellec@sknanb.com	**Principal** Anthony Galloway Petronella Edmeade-Crooke **Representatives** Angelica Lewis Marlene Nisbett
The Bank of Nevis Ltd	P O Box 450 Main Street Charlestown **Tel: 869 469 5564 / 5796** Fax: 869 469 5798 E mail: info@thebankofnevis.com	**Principals** Monique Williams Judy Claxton **Representatives** Denicia Small Nikesia Pemberton
St Lucia		
Bank of Saint Lucia	5th Floor, Financial Centre Building 1 Bridge Street Castries **Tel: 758 456 6826 / 457 7233** Fax: 758 456 6733	**Principals** Medford Francis Lawrence Jean Cedric Charles **Representatives** Deesha Lewis Shaiiede Kallicharan Mervin Simeon

First Citizens Investment Services Limited	P.O. Box 1294 John Compton Highway Sans Souci Castries **Tel: 758 450 2662** Fax: 758 451 7984 Website: www.firstcitizenstt.com/fcis E-mail: invest@firstcitizensslu.com	**Principals** Omar Burch-Smith Margaret Cox Alma Richardson **Representative** David Gavery Gale Cumberbatch

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
St Vincent and the Grenadines		
Bank of St Vincent and the Grenadines Ltd	P O Box 880 Cnr. Bedford and Grenville Street Kingstown **Tel: 784 457 1844** Fax: 784 456 2612/ 451 2589 Email: info@bosvg.com	**Principals** Monifa Latham Laurent Hadley **Representatives** Patricia John Chez Quow Tabisha Joseph

APPENDIX 2: SELECTED PUBLIC DEBT INDICATORS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
						($m)					
Total Public Debt	**1,233.2**	**1,336.6**	**1,445.8**	**1,562.5**	**1,594.4**	**1,746.5**	**1,572.0**	**1,657.0**	**1673.97**	**1871.50**	**2121.64**
Total Central Gov't	**1,040.7**	**1,140.0**	**1,229.7**	**1,348.8**	**1,379.8**	**1,429.3**	**1,322.2**	**1,404.8**	**1505.66**	**1714.0**	**1969.3**
External Debt	**764.9**	**738.1**	**809.5**	**887.7**	**922.5**	**1,201.8**	**1,003.6**	**1,080.4**	**1180.77**	**1291.4**	**1578.5**
Central Government	668.0	652.7	728.7	811.2	855.7	962.0	830.1	899.90	1040.70	1160.83	1452.12
Public Corporations	96.9	85.4	80.8	76.5	66.8	239.7	173.5	180.55	140.1	130.60	126.40
Domestic Debt	**468.3**	**598.5**	**636.3**	**674.8**	**671.8**	**544.7**	**568.41**	**576.51**	**493.20**	**580.07**	**543.12**
Central Government	372.7	487.3	501.0	537.6	524.0	467.3	492.12	504.85	464.96	553.16	517.19
Public Corporations	95.6	111.2	135.3	137.2	147.8	77.4	76.30	71.66	28.24	26.91	25.93
Private Guaranteed External Debt	**15.2**	**16.6**	**19.5**	**24.5**	**25.2**	**26.7**					
Debt Servicing											
External	**87.2**	**87.7**	**88.3**	**77.5**	**83.6**	**81.7**	**101.6**	**99.3**	**109.7**	**107.2**	**73.0**
Central Government	74.6	72.7	72.7	60.8	62.9	65.1	83.3	76.83	90.8	92.39	64.09
Public Corporations	12.6	15.0	15.6	16.7	20.8	16.6	18.3	22.5	18.88	14.8	8.9
Domestic											
Central Government	**47.2**	**48.7**	**58.1**	**72.0**	**72.8**	**83.3**	**82.7**	**93.8**	**114.59**	**105.57**	101.64
(of which sinking fund)	6.0	4.0	5.5	7.6	7.6	12.1	14.0	22.0	32.37	45.00	19.54
GDP (at market price)	**1,927.3**	**1,971.1**	**2,064.9**	**2,081.4**	**2,123.7**	**2,198.6**	**2,288.6**	**2,387.7**	**2,457.4**	**2,354.8**	**2,399.4**
Current Revenue	462.5	472.6	491.3	535.2	519.1	592.6	592.2	594.1	600.53	605.26	679.53
Central Gov'T Debt/GDP	54.00	57.83	59.55	64.80	64.97	65.01	57.78	58.83	61.27	72.79	82.08
Total Debt/GDP (%)	64.0	67.8	70.0	75.1	75.1	79.4	68.7	69.4	68.1	79.5	88.4
External Debt/GDP (%)	39.7	37.4	39.2	42.6	43.4	54.7	43.9	45.3	48.0	54.8	65.8
Domestic Debt/GDP (%)	24.3	30.4	30.8	32.4	31.6	24.8	24.8	24.1	20.1	24.6	22.6
Central Government Debt Service/Current Revenue (%)	25.0	24.8	25.5	23.4	24.7	23.0	25.7	25.0	28.8	25.3	21.5
External Debt Service/ Current Revenue (%)	18.9	18.6	18.0	14.5	16.1	13.8	17.2	16.7	18.3	17.7	10.7
Domestic Debt Service/ Current Revenue (%)	8.9	9.5	10.7	12.0	12.6	12.0	11.6	12.1	13.7	10.0	12.1
Guarantee Debt % of GDP	0.11	0.11	0.11	0.11	0.11	0.16	0.11	0.11	0.07	0.07	0.06

***Sinking Fund excluded from Central Government debt servicing**

APPENDIX 3: GDP AT CURRENT PRICES

ST. VINCENT AND THE GRENADINES							
GROSS DOMESTIC PRODUCT BY ECONOMIC ACTIVITY							
IN CURRENT PRICES: 2019 -2025 (EC$ Million)							
Industry	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Agriculture, forestry and fishing	**172.2**	**201.7**	**161.6**	**190.2**	**211.2**	**221.6**	**231.4**
Crops	124.0	151.1	114.54	142.85	162.69	171.76	181.33
Animal production	33.2	32.6	32.29	31.97	31.65	31.33	31.02
Forestry and logging	0.8	0.8	0.79	0.79	0.78	0.77	0.76
Fishing and aquaculture	14.1	17.3	13.94	14.63	16.10	17.71	18.33
Mining and quarrying	**3.3**	**3.3**	**3.8**	**4.1**	**4.5**	**4.8**	**4.8**
Manufacturing	**100.4**	**92.7**	**85.7**	**110.4**	**119.5**	**127.8**	**136.7**
Electricity, gas, steam and air conditioning supply	**64.8**	**56.1**	**55.3**	**57.0**	**58.7**	**60.4**	**63.4**
Water supply, sewerage, waste management and remediation ac	**21.3**	**21.2**	**23.2**	**23.4**	**23.6**	**23.9**	**24.1**
Construction	**148.1**	**131.5**	**157.3**	**174.1**	**196.3**	**211.3**	**220.9**
Wholesale and retail trade; repair of motor vehicles and motorcy	**233.8**	**222.9**	**259.6**	**288.5**	**318.0**	**350.5**	**377.2**
Transportation and storage	**193.0**	**135.2**	**123.1**	**153.3**	**194.1**	**223.7**	**243.0**
Land transport	116.9	87.5	83.0	96.0	114.1	128.6	138.8
Water transport	24.9	20.8	18.5	26.8	33.4	36.5	38.8
Air transport	16.5	5.5	5.1	5.6	9.9	15.2	18.1
Warehousing and support activities for transportation	31.4	18.1	13.1	21.3	33.0	39.7	43.6
Postal and courier activities	3.4	3.3	3.4	3.5	3.6	3.6	3.7
Accommodation and food service activities	**105.9**	**62.0**	**63.90**	**72.87**	**89.57**	**114.01**	**122.62**
Accommodation	51.0	24.3	25.4	26.7	38.7	58.1	63.9
Food and beverage service activities	55.0	37.8	38.5	46.2	50.8	55.9	58.7
Information and communication	**79.1**	**76.2**	**77.84**	**80.58**	**83.42**	**86.36**	**89.41**
Publishing activities	0.7	0.6	0.6	0.6	0.6	0.6	0.7
Motion picture, video and television programme production, sound re	8.5	8.0	8.2	8.5	8.8	9.1	9.4
Telecommunications	69.8	67.6	69.1	71.5	74.0	76.6	79.3
Financial and insurance activities	**176.9**	**192.1**	**202.24**	**214.55**	**223.20**	**232.20**	**240.59**
Financial service activities, except insurance and pension funding	144.5	159.3	168.1	179.0	186.3	193.8	200.6
Insurance, reinsurance and pension funding, except compulsory soci	32.5	32.8	34.1	35.5	36.9	38.4	40.0
Real estate activities	**238.9**	**234.2**	**242.5**	**251.0**	**259.9**	**269.1**	**278.5**
Professional, scientific and technical activities	**25.8**	**25.5**	**26.4**	**27.3**	**28.3**	**29.3**	**30.3**
Administrative and support service activities	**48.5**	**43.6**	**45.2**	**46.8**	**48.4**	**50.1**	**51.9**
Public administration and defence; compulsory social security	**188.3**	**200.3**	**211.1**	**214.5**	**217.9**	**221.4**	**225.0**
Education	**177.04**	**182.06**	**174.77**	**179.54**	**184.46**	**189.54**	**194.79**
Public Sector Education	98.9	104.4	94.0	95.5	97.0	98.6	100.1
Private Sector education	78.2	77.6	80.8	84.0	87.4	91.0	94.6
Human health and social work activities	**65.93**	**69.48**	**67.46**	**68.17**	**69.70**	**71.27**	**72.89**
Public Sector Health	49.0	52.7	50.1	50.1	50.9	51.7	52.5
Private Sector Health	16.9	16.7	17.4	18.1	18.8	19.6	20.4
Arts, entertainment and recreation	**25.8**	**21.0**	**21.9**	**22.8**	**23.7**	**24.6**	**25.6**
Other service activities	**14.5**	**13.2**	**13.7**	**14.3**	**14.9**	**15.5**	**16.1**
Activities of households as employers; undifferentiated goods- ar	**7.3**	**6.7**	**7.0**	**7.2**	**7.5**	**7.7**	**8.0**
Gross Value Added at Basic Prices	**2,090.7**	**1,991.0**	**2,023.5**	**2,200.6**	**2,376.8**	**2,534.9**	**2,657.3**
GROWTH RATE	**2.9**	**-4.8**	**1.6**	**8.8**	**8.0**	**6.7**	**4.8**
Taxes on Products	367.8	364.8	388.6	390.3	414.5	437.5	456.1
Less Subsidies on Products	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1
GDP at Market Prices	**2,457.4**	**2,354.8**	**2,411.0**	**2,589.8**	**2,790.2**	**2,971.3**	**3,112.2**
GROWTH RATE	**2.9**	**-4.2**	**2.4**	**7.4**	**7.7**	**6.5**	**4.7**

APPENDIX 4: GDP AT CONSTANT PRICES

ST. VINCENT & THE GRENADINES							
GROSS DOMESTIC PRODUCT BY ECONOMIC ACTIVITY,							
IN CONSTANT (2018) PRICES: 2019 -2025 (EC$ Million)							
SECTOR	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Agriculture, forestry and fishing	**166.9**	**169.7**	**135.5**	**154.3**	**167.2**	**172.3**	**176.2**
Crops	116.8	113.7	84.1	102.3	113.7	117.1	120.6
Animal production	33.1	33.5	33.20	32.87	32.54	32.21	31.89
Forestry and logging	0.8	0.8	0.79	0.79	0.78	0.77	0.76
Fishing and aquaculture	16.2	21.6	17.4	18.3	20.1	22.2	22.9
Mining and quarrying	**3.3**	**3.3**	**3.8**	**4.1**	**4.5**	**4.8**	**4.9**
Manufacturing	**99.4**	**93.3**	**84.2**	**105.8**	**111.8**	**116.6**	**121.7**
Electricity, gas, steam and air conditioning supply	**56.4**	**56.7**	**55.9**	**57.6**	**59.3**	**61.1**	**64.1**
Water supply, sewerage, waste management and remediation ac	**22.6**	**22.7**	**24.8**	**25.0**	**25.3**	**25.5**	**25.8**
Construction	**146.8**	**126.9**	**148.0**	**159.9**	**175.9**	**184.7**	**188.4**
Wholesale and retail trade; repair of motor vehicles and motorcy	**231.8**	**222.3**	**252.6**	**273.9**	**294.5**	**316.6**	**332.5**
Transportation and storage	**184.3**	**142.2**	**125.2**	**153.8**	**191.8**	**216.3**	**229.3**
Land transport	115.9	87.3	80.8	91.2	105.8	116.2	122.4
Water transport	24.2	21.4	18.5	26.2	31.9	34.0	35.2
Air transport	17.0	5.7	5.2	5.5	9.5	14.3	16.5
Warehousing and support activities for transportation	23.7	24.3	17.1	27.2	41.1	48.2	51.6
Postal and courier activities	3.6	3.6	3.6	3.5	3.5	3.5	3.5
Accommodation and food service activities	**111.6**	**61.6**	**63.5**	**72.3**	**89.2**	**113.9**	**122.5**
Accommodation	56.9	24.8	25.9	27.2	39.5	59.3	65.2
Food and beverage service activities	54.7	36.9	37.6	45.1	49.6	54.6	57.3
Information and communication	**82.0**	**79.6**	**79.4**	**80.2**	**81.0**	**81.8**	**82.6**
Publishing activities	0.6	0.5	0.5	0.5	0.5	0.5	0.5
Motion picture, video and television programme production, sound re	7.6	7.2	7.2	7.3	7.4	7.4	7.5
Telecommunications	73.7	71.9	71.7	72.4	73.1	73.9	74.6
Financial and insurance activities	**153.1**	**164.8**	**169.4**	**175.4**	**178.0**	**180.7**	**182.6**
Financial service activities, except insurance and pension funding	130.1	141.7	145.9	151.6	153.8	156.1	157.7
Insurance, reinsurance and pension funding, except compulsory soci	23.0	23.1	23.5	23.8	24.2	24.6	24.9
Real estate activities	**237.2**	**239.1**	**241.5**	**244.0**	**246.4**	**248.9**	**251.3**
Professional, scientific and technical activities	**24.5**	**23.9**	**24.1**	**24.3**	**24.6**	**24.8**	**25.1**
Administrative and support service activities	**55.8**	**47.2**	**47.6**	**48.1**	**48.6**	**49.1**	**49.6**
Public administration and defence; compulsory social security	**185.0**	**194.0**	**204.0**	**207.2**	**210.6**	**213.9**	**217.3**
Education	**168.8**	**168.3**	**161.4**	**163.9**	**166.4**	**169.0**	**171.6**
Public Sector Education	95.3	95.3	87.3	88.7	90.1	91.5	93.0
Private Sector Education	73.5	73.0	74.1	75.2	76.3	77.5	78.7
Human health and social work activities	**61.6**	**61.5**	**64.6**	**64.8**	**65.9**	**66.9**	**67.9**
Public Sector Health	44.7	45.5	48.4	48.4	49.1	49.9	50.7
Private Sector Health	16.9	16.0	16.2	16.5	16.7	17.0	17.2
Arts, entertainment and recreation	**26.2**	**22.9**	**23.3**	**23.6**	**24.0**	**24.3**	**24.7**
Other service activities	**15.0**	**12.2**	**12.4**	**12.6**	**12.8**	**13.0**	**13.2**
Activities of households as employers; undifferentiated goods- ar	**7.3**	**7.1**	**7.2**	**7.2**	**7.3**	**7.4**	**7.4**
Gross Value Added at Basic Prices	**2,039.6**	**1,919.3**	**1,928.4**	**2,058.1**	**2,184.9**	**2,291.5**	**2,358.9**
GROWTH RATE	**0.4**	**-5.9**	**0.5**	**6.7**	**6.2**	**4.9**	**2.9**
Taxes on products	358.8	351.7	*370.3*	*365.0*	*381.0*	*395.5*	*404.9*
Less Subsidies	-1.0	-1.0	*-1.0*	*-1.0*	*-1.0*	*-1.0*	*-1.0*
GDP at Market Prices	**2,397.3**	**2,270.0**	**2,297.7**	**2,422.1**	**2,564.9**	**2,686.0**	**2,762.8**
GROWTH RATE	**0.4**	**-5.3**	**1.2**	**5.4**	**5.9**	**4.7**	**2.9**

APPENDIX 5: BALANCE OF PAYMENTS

Saint Vincent and the Grenadines
Balance of Payments Transactions BPM6 in EC$M
2019 to 2021

Description	2019 Rev TOTAL	2020 Prelim TOTAL	2021 Est TOTAL
1. Current account	**(75.34)**	**(354.94)**	**(571.44)**
1.A Goods and services	***(263.98)***	***(498.93)***	***(782.86)***
1.A.a Goods	**(677.37)**	**(607.04)**	**(781.95)**
1.A.b Services	413.39	108.12	(0.91)
1.A.b.1 Manufacturing services on physical inputs owned by others	-	-	-
1.A.b.2 Maintenance and repair services n.i.e.	(0.25)	(0.24)	(0.24)
1.A.b.3 Transport	(97.90)	(72.68)	(79.97)
1.A.b.4 Travel	590.85	212.22	107.53
1.A.b.5 Construction	(20.91)	(4.92)	(5.42)
1.A.b.6 Insurance and pension services	(22.61)	(27.81)	(26.15)
1.A.b.7 Financial services	8.71	7.31	7.66
1.A.b.8 Charges for the use of intellectual property n.i.e.	(6.56)	(6.91)	(7.05)
1.A.b.9 Telecommunications, computer, and information services	2.77	1.32	1.20
1.A.b.10 Other business services	(37.92)	(4.85)	(4.95)
1.A.b.11 Personal, cultural, and recreational services	(0.05)	7.42	9.30
1.A.b.12 Government goods and services n.i.e.	(2.74)	(2.74)	(2.80)
1.B Primary income	***(20.04)***	***(12.54)***	***(12.90)***
1.B.1 Compensation of employees	(1.50)	1.13	1.15
1.B.2 Investment income	(18.54)	(13.67)	(14.05)
1.B.3 Other primary income	-	-	-
1.C Secondary income	***208.68***	***156.53***	***224.32***
1.C.1 General government	59.02	43.39	44.27
1.C.2 Financial corporations, nonfinancial corporations, households, and NPISHs	156.34	114.11	181.04
2. Capital account	**12.30**	**13.12**	**46.62**
2.1 Gross acquisitions (DR.) / disposals (CR.) of nonproduced nonfinancial assets	**-**	**-**	**-**
2.2 Capital transfers	***12.30***	***13.12***	***46.62***
2.2.1 General government	12.30	13.12	16.62
2.2.2 Financial corporations, nonfinancial corporations, households, and NPISHs	-	-	30.00
Net lending (+) / net borrowing (-) (balance from current and capital account)	**(63.03)**	**(341.82)**	**(524.82)**
3. Financial account	-	-	-
Net lending (+) / net borrowing (-) (balance from financial account)	**(8.06)**	**(115.88)**	**(70.29)**
3.1 Direct investment	**(186.78)**	**(76.57)**	**(166.62)**
3.1.A.1 Equity and investment fund shares	-	-	1.04
3.1.A.2 Debt instruments	13.99	6.76	8.64
3.2 Portfolio investment	**50.34**	**38.13**	**14.08**
3.2.A.1 Equity and investment fund shares	0.54	-	(0.99)
3.2.A.2 Debt securities	46.48	37.60	14.53
3.3 Financial derivatives (other than reserves) and employee stock options	**-**	**-**	**-**
3.4 Other investment	**64.32**	**(109.27)**	**(143.58)**
3.4.1 Other equity	-	-	-
3.4.2 Currency and deposits	135.25	51.12	89.63
3.4.3 Loans	(80.51)	(154.56)	(253.33)
3.4.4 Insurance, pension, and standardized guarantee schemes	14.67	7.87	7.86
3.4.5 Trade credit and advances	10.75	7.10	3.52
3.4.6 Other accounts receivable/payable	(15.85)	(20.80)	51.79
3.4.7 Special drawing rights (Net incurrence of liabilities)	-	-	43.04
3.5 Reserve assets	**64.05**	**31.82**	**225.83**
Net errors and omissions	**54.97**	**225.94**	**454.52**

7 ***Source: Eastern Caribbean Central Bank and Central Statistical Office, St Vincent and the Grenadines***