



PROSPECTUS

FOR TREASURY BILL ISSUES

FOR THE PERIOD

February 2024 - January 2025

BY

THE GOVERNMENT OF ST. VINCENT AND THE GRENADINES

Ministry of Finance

Administrative Centre

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During February 2024 to January 2025, 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

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Date of Publication: October 6, 2023

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 February 2024 to February 2025. 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 | | Auction Date | Settlement Date | Maturity date |
|---------------|---------------|----------|---------------|---------|--------------------|--------------------|--------------------|
| | | | Ceiling | Tenor | | | |
| VCB150524 | Treasury Bill | \$28.0 M | 3.50% | 91 Days | February 13, 2024 | February 14, 2024 | May 15, 2024 |
| VCB130624 | Treasury Bill | \$28.0 M | 3.50% | 91 Days | March 13, 2024 | March 14, 2024 | June 13, 2024 |
| VCB090724 | Treasury Bill | \$28.0 M | 3.50% | 91 Days | April 8, 2024 | April 9, 2024 | July 9, 2024 |
| VCB160824 | Treasury Bill | \$28.0 M | 3.50% | 91 Days | May 16, 2024 | May 17, 2024 | August 16, 2024 |
| VCB160924 | Treasury Bill | \$28.0 M | 3.50% | 91 Days | June 14, 2024 | June 17, 2024 | September 16, 2024 |
| VCB111024 | Treasury Bill | \$28.0 M | 3.50% | 91 Days | July 11, 2024 | July 12, 2024 | October 11, 2024 |
| VCB191124 | Treasury Bill | \$28.0 M | 3.50% | 91 Days | August 19, 2024 | August 20, 2024 | November 19, 2024 |
| VCB181224 | Treasury Bill | \$28.0 M | 3.50% | 91 Days | September 17, 2024 | September 18, 2024 | December 18, 2024 |
| VCB140125 | Treasury Bill | \$28.0 M | 3.50% | 91 Days | October 14, 2024 | October 15, 2024 | January 14, 2025 |
| VCB200225 | Treasury Bill | \$28.0 M | 3.50% | 91 Days | November 20, 2024 | November 21, 2024 | February 20, 2025 |
| VCB210325 | Treasury Bill | \$28.0 M | 3.50% | 91 Days | December 19, 2024 | December 20, 2024 | March 21, 2025 |
| VCB170425 | Treasury Bill | \$28.0 M | 3.50% | 91 Days | January 15, 2025 | January 16, 2025 | April 17, 2025 |

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

The economic outlook for St. Vincent and the Grenadines remains positive despite global economic uncertainties and the lingering effects of the Covid-19 pandemic and the April 2021 volcanic eruptions on the domestic economy. Preliminary data for 2023 indicate that real output growth is projected at 5.9 percent, slightly up from 5.7 percent estimated for 2022. The robust increase in economic activity is anticipated on account of strong growth in most sectors, particularly Construction, Agriculture, Transportation and Storage, Wholesale & Retail Trade, and Tourism.

The Agriculture Sector is projected to grow by 11.0 percent in 2023, compared to a decline of 6.2 percent in 2022. The growth is premised on a recovery of the crops sub-sector following the volcanic eruptions that destroyed a large portion of crops in the red and yellow zones. The Fishing sub-sector is expected to grow by 10.0 percent in 2023 due to recovery fishing grounds negatively

impacted by the 2021 volcanic eruptions, improvements in fish landings and export of fish products by private investors in the sector.

Economic activity in the Manufacturing sector is expected to increase moderately by 3.8 percent mainly as targeted production volumes of brewery products are expected to exceed 2022 production as a result of marketing efforts. Other significant contributors to growth in the sector include production of flour, feeds and galvanise products.

The Wholesale & Retail Trade sector is historically one of the largest contributors to GDP in the economy. In 2023, this sector is expected to grow by 11.3 percent. This is mainly related to the projected 8.0 percent increase in merchandise imports during 2023. Similarly, the Construction sector is predicted to see 18.0 percent growth in 2023. The sector is forecasted to grow in large part due to continued major works on public infrastructure such as the modern port and rebuilding activities after the volcanic eruption along with private sector developments.

Tourism activity, proxied by Accommodation and Food Service Activities, is also projected to grow by 15.0 percent in 2023. The forecasted increase is mainly on account of an estimated 46.0 percent rise in total stayover visitors as a result of the discontinuation of Covid-19 related travel protocols, the reopening of borders and the increase in international flights. The estimate is further supported by the opening of new hotels in 2023 such as Myah's Suites and Holiday Inn. Cruise ship passenger arrivals are also forecasted to continue to increase in 2023 by 95.9 percent over 2022 as cruise travel to SVG resumed in the first half of 2022.

MEDIUM TERM GROWTH OUTLOOK

Over the medium term, real economic activity is projected to grow at an average 4.0 percent per annum. This outlook is expected to be supported mainly by buoyant economic activity in Agriculture, Construction, Tourism and Transportation & Storage. Growth in the Wholesale & Retail and Manufacturing sectors is also expected to contribute to the positive outlook.

Growth averaging 9.3 percent per annum over the medium term is projected for the Tourism Sector as the sector continues to benefit from the discontinuation of COVID-19 restrictions and the

resurgence of travel. Furthermore, local developments such as the completion and opening of hotels currently under construction and continued increases in scheduled international flights over the period support this outlook. In 2024, Cruise & Yacht tourism are expected to grow well above 2023 levels (by approximately 249,000 and 64,000 visitors respectively) as arrivals are projected to approach and surpass pre-pandemic levels in the medium term. Stay-over arrivals are expected to return to trend by 2024.

Value added in the Construction Sector is forecasted to increase throughout the medium term at an average of 4.2 percent annually. This growth is anticipated with the construction of the modern port and investments in hotels. In addition, a number of other projects in the PSIP pipeline, including the construction of secondary, village and feeder roads, volcano-related reconstruction expenditure and investment in climate resilient infrastructure are expected to contribute to growth in the sector. Further, construction of the Acute Referral Hospital which is expected to enhance the healthcare sector is expected to contribute to the growth outlook.

Strong growth is projected in the Agriculture Sector, averaging 11.6 percent over the medium term. The crops subsector is forecasted to grow at approximately 17.0 percent per annum with on-going initiatives aimed at reducing the food importation bill. Growth in the fishing sub-sector is anticipated to increase in the medium term given the government's fleet expansion initiative, the significant increase in the number of Fish Aggregate Devices (FADs) being installed and growth in the private sector's capacity to process and export fish products.

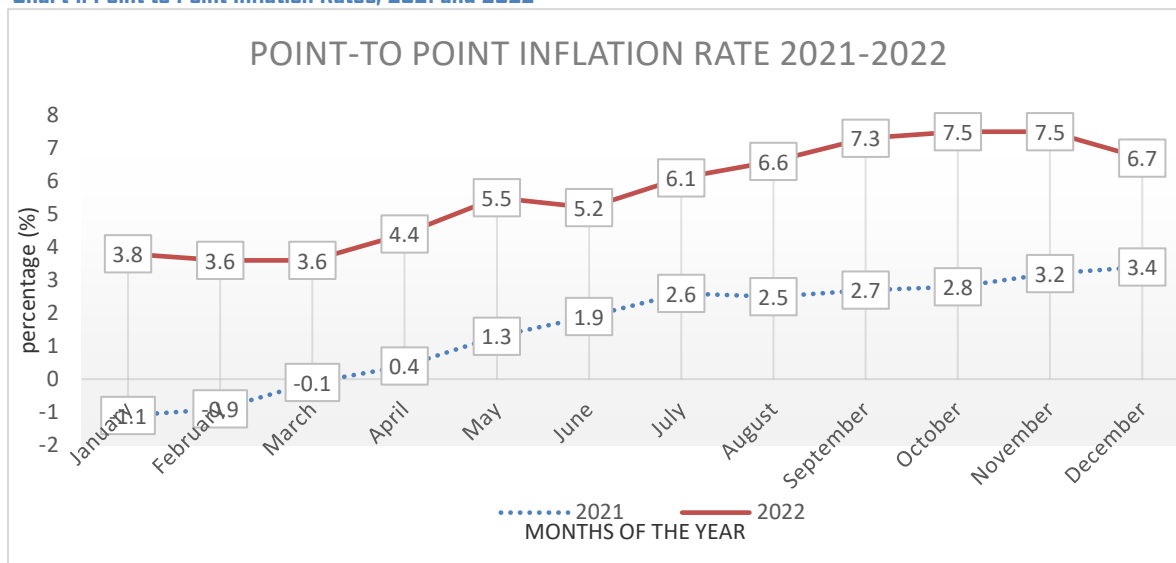
Growth in the Wholesale and Retail Trade sector is expected to increase at an average of 6.2 percent per annum based on the anticipated improvement in domestic economic activity. The manufacturing sector is projected to grow at an average of 3.2 percent over the medium term. This is mainly on account of the various planned investments aimed at bolstering production capacity.

INFLATION

The annual average point-to-point inflation rate, as measured by the change in the consumer price index, averaged 5.7 percent in 2022 compared with the recorded average of 1.6 percent in 2021. The highest inflation rate of 7.5 percent was recorded in the months of October and November and its lowest level rate of 3.6 in the months of February and March of 2022. The monthly inflation

rates fluctuated throughout the year with a high of 1.3 percent in April and a low of -0.6 percent in December.

Chart 1: Point to Point Inflation Rates, 2021 and 2022



Source: Statistical Office, Ministry of Finance and Planning

The average “All Items” index was recorded at 121.6 in December 2022, 6.7 percent up from 114.0 recorded in December 2021. All categories saw growth for the year except for communications which remained unchanged.

The largest movement was recorded in the “Food and Non-Alcoholic Beverages” index which went up by 14.8 percent. This was due mainly to an increases in the prices of several food items: cauliflower (47.1 percent), pig snout (46.5 percent), condensed milk (36.2 percent) and white bread (28.6 percent) etc. Higher prices for school meals accounted for 13.8 percent growth in “Restaurants and Hotels” grouping. Meanwhile, the "Transport" index increased by 13.3 percent as a consequence of higher prices for passenger flights from St. Vincent and the Grenadines to London (36.5 percent), fuel prices for diesel and petrol (48.1 percent and 29.3 percent respectively) as well as bus fares (5.3 percent). Movement in “Furnishing, Household Equipment and Household Maintenance” index was mainly due to higher prices for beds and mattresses. The retail prices of Cancer drugs and medications for Diabetes and Hypertension were major contributors to the 5.6 percent increase in the “Health index”.

Increased prices for imported and local rums lead the 3.2 percent growth in the “Alcoholic Beverages, Narcotics and Tobacco” index while prices of steel rods, electricity, lumber, cooking

gas and cement contributed significantly to the 2.7 percent growth in the “Housing, Water, Electricity, Gas and Other Fuels” index. Similar growth (2.6 percent) was recorded in the “Miscellaneous Goods and Services” index on account of increases in price of famine products. The 1.7 percent change in “Recreation and Culture” was on account of changes in the prices of canned dog and cat foods. Meanwhile, the “Education” index grew by 1.5 percent due to an increase in private school fees.

BALANCE OF PAYMENTS¹

THE CURRENT ACCOUNT

Preliminary data points to an improvement in the current account deficit which decreased to \$498.95 million (or 20.1 percent of GDP) in 2022 from \$533.85 million (or 22.7 percent of GDP) in 2021 influenced mainly by developments in the goods and services account. The merchandise trade deficit narrowed by 17.6 percent to \$921.08 million mainly on account of higher merchandise imports. On the services account, there were net outflows of \$256.75 million in 2022 compared with an inflow of \$13.71 million in 2021. This was largely attributed to an increase in net inflows from Travel Services.

Net outflows from primary income (\$59.13 million) also contributed to the deficit while secondary income (\$224.51 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 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 registered a surplus of \$20.18 million in 2022, a slight decrease from a surplus of \$24.08 million in 2021 due to lower capital transfers recorded during the period. The balance on the current account along with the capital account balance yielded a net borrowing position of \$478.77 million (19.3 percent of GDP). This was \$31.01 million less than the net borrowing position recorded in 2021.

¹ Preliminary data from the ECCB.

The financial account recorded a net borrowing position of \$485.02 million for 2022. This represents an increase of \$134.91 million when compared to the net borrowing position of \$350.11 million recorded in 2021. The main drivers of this increase were due to the change in Reserve Assets-Net which decreased from a net lending position of \$226.01 million in 2021 to a net lending position of \$1.14 million in 2022. Changes in Portfolio Investment (-68.9 million) and Other Investments (-51.7 million) also contributed to the net borrowing position on the financial account. The net borrowing position on the current and capital account of \$478.77 million was financed by a net borrowing position on the financial account of \$485.02 million. This gave rise to a net errors and omissions item of -\$6.24 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 grew by 29.2 percent to \$123.24 million, reflecting increases in both domestic exports (28.4 percent) and re-exports (34.3 percent). Domestic exports went up by \$23.50 million mainly related to an increase in the export of food and live animals. Also, Re-exports rose by 4.32 million mainly as a result of the re-export of Machinery & Transport Equipment and Manufactured Goods. Import payments increased by 17.6 percent to \$1,182.61 million as all categories of imports went up with the exception of Commodities and Transactions.

GOVERNMENT FISCAL OPERATIONS

Data for the year ended December 31, 2022 indicated that overall the Central Government fiscal operations deteriorated when compared to the same period in 2021. Current Revenue decreased by 1.8 percent to \$669.46 million, while Current Expenditure fell by 2.8 percent to \$674.61 million. Consequently, the Current Balance recorded a deficit of \$5.15 million compared to a deficit of

\$12.60 million recorded in 2021. On the contrary, the Overall Balance worsened, moving from a deficit of \$172.38 million in 2021 to a deficit of \$244.92 million in 2022.

Table 2: Summary of fiscal operations for the year ended December 31, 2022

| | Budget 2022 \$ m | Actual 2022 \$ m | Actual 2021 \$ m | % Change |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------|
| Current Revenue | 677.51 | 669.46 | 681.39 | (1.8) |
| <i>of which:</i> | | | | |
| Taxes on Income & Profits | 156.17 | 156.64 | 143.66 | 9.0 |
| Taxes on Property | 61.34 | 29.75 | 100.73 | (70.5) |
| Taxes on Goods & Services | 192.15 | 190.91 | 179.02 | 6.6 |
| Taxes on International Trade | 169.27 | 191.88 | 160.91 | 19.2 |
| Sale of Goods & Services | 75.69 | 83.83 | 71.85 | 16.7 |
| Current Expenditure | 727.02 | 674.61 | 694.00 | (2.8) |
| <i>of which:</i> | | | | |
| Compensation Employees | 354.20 | 332.76 | 337.68 | (1.5) |
| Use of Goods & Services | 113.76 | 104.38 | 99.62 | 4.8 |
| Interest Payments | 72.49 | 60.81 | 60.33 | 0.8 |
| Transfers | 176.67 | 177.16 | 196.37 | (10.0) |
| Current Balance | (49.51) | (5.15) | (12.60) | 59.1 |
| Primary Balance (net CCF) | (291.75) | (184.11) | (112.05) | (64.3) |
| Capital Expenditure | 397.46 | 300.87 | 231.56 | 29.1 |
| <i>Of which:</i> | | | | |
| Capitalisation of Contingency Fund (CCF) | 12.00 | 14.70 | 12.75 | 15.3 |
| Capital Revenue | 70.73 | 46.40 | 59.03 | (21.4) |
| Overall Balance (net CCF) | (364.24) | (244.92) | (172.38) | (42.1) |

Source: ERPU, Ministry of Finance

REVENUE

Receipts from Taxes on Income and Profits increased by 9.0 percent to \$156.64 million due to higher collections from Non-Resident (Withholding) Tax and Personal Income Tax. Revenue from Non-Resident (Withholding) Tax and Personal Income Tax went up by 54.0 percent and 9.2 percent, respectively, when compared to the same period in 2021. The increase in withholding tax

was related, in part, to the payment of arrears. Collections from Corporate Income Tax declined by 3.6 percent, and reflects lower profits reported by some companies.

Revenue from Taxes on Property fell by 70.5 percent to \$29.75 million during the period. The decrease in collection resulted from lower receipt from Alien Land Holding Licence which contracted by 87.2 percent (or \$32.7 million) and Stamp Duty on Property which fell by 65.0 percent (or \$38.3 million), as land sales to foreigners' trend back to historical levels following the extraordinary increase in 2021. Additionally, collections from taxes on Property rose by 4.8 percent to \$4.22 million.

As at December 31, 2022, Taxes on Goods and Services totalled \$190.91 million, representing an increase of 6.6 percent. This was mainly as a result of greater receipts from Value Added Tax (17.8 percent), Excise Duty on Domestic Transactions (15.9 percent) and, Interest Levy (16.4 percent). The improvement in the above-mentioned sub-categories is partially reflective of increased economic activity and the collection of arrears during the period. Similarly, Motor Vehicle Licence and Yacht Licence saw increases in collections for the period. The rise in revenue from Taxes on Goods and Services was, however, moderated by lower takings from Excise Duty (on Imports), Merchant Shipping International Fees, Insurance Premium Tax, and Telecomm Broadcast Licence during the period.

Revenue from International Trade Taxes grew by 19.2 percent, to \$191.88 million. This was mainly as a result of higher collection from Import Duty and VAT, which increased by 22.3 percent and 19.6 percent, respectively. The increase in revenue from Import Duty and VAT resulted mainly from a rise in the value of merchandise imports which is broadly reflective of global supply chain issues including the sharp increase in freight costs and inflation.

Takings from Sales of Goods and Services grossed \$83.83 million representing a 16.7 percent growth on the amount collected in 2021, as all of the major subcategories saw increases in revenue. The Custom Service Charge was a major contributor to the aforementioned performance as its collection went up by 22.5 percent mainly on account of the increase in rate (from 5 percent to 6 percent effective June 2021) and higher imports recorded during the period. Collections of International Financial Services fees, CIPO Registration Fees, and Driver's Licence increased by 11.7 percent, 53.8 percent, and 7.4 percent, respectively.

Capital inflows as at December 31, 2022 amounted to \$46.40 million, down from the \$59.04 million collected in the corresponding period in 2021. This was mainly due to a drop in revenue from Other Capital Receipts (\$18.73 million). This decline is due mainly to the large amounts collected for volcano relief in 2021 which did not reoccur in 2022. Notwithstanding the above, Capital Grant increased by 17.3 percent to \$44.19 million.

EXPENDITURE

As at December 31, 2022, Current Expenditure amounted to \$674.61 million. This figure represents a decrease of 2.8 percent when compared to the amount spent during the same period in 2021. Payment of Wages and Salaries amounted to \$318.38 million and the Employer's Social Security Contribution to \$14.37 million leading to a decline of 1.5 percent in payments for Compensation of Employees.

Interest payments increased during the period by 0.8 percent to \$60.81 million as a result of increased payments on the external component of the debt. The external interest payments moved from \$23.30 million in 2021 to \$25.43 million. Higher payments made to the Caribbean Development Bank (CDB), due to an increase in the floating interest rate component and increased of disbursement on loans were the main factors responsible for the increase. Additionally, the World Bank variable interest rates also increased during the period. Outlays on Transfers decreased by 10.0 percent to \$176.67 million mainly based on the lower amounts expended on Social Assistance Benefits (30.8 percent) and Grants to Other Agencies (4.8 percent).

Preliminary data indicates that Capital Expenditure for the period amounted to \$300.87 million, this represents a 29.9 percent increase on the amount recorded for the same period in 2021. The larger items of capital expenditure includes The Port Redevelopment Project (\$95.74 million), the Diamond Hotel Project (\$14.77 million), the Volcano Eruption Emergency Project (\$12.68 million), the Housing Reconstruction Rehabilitation Project (\$9.40 million). Other significant expenditure was recorded under the Home Reconstruction Project (\$4.75 million) and the Upgrading of School Premises (\$3.76 million).

FINANCING

Table 4 above shows a deficit of \$244.92 million for the period financed chiefly from external sources. The main categories of external financing were the disbursements from the Caribbean Development Bank (\$107.44 million) and the International Development Agency (\$53.57 million). The deficit was also financed by significant inflows of domestic loans (\$166.60 million).

Table 3: Central Government Financing 2022

| | Actual 2022 | Actual 2021 |
|------------------------------------|-----------------|-----------------|
| OVERALL BALANCE | (244.92) | (172.38) |
| FINANCING | | |
| NET EXTERNAL | 170.29 | 260.22 |
| Loan Disbursement | 240.26 | 313.13 |
| Loan Amortisation | (69.97) | (52.92) |
| NET DOMESTIC | 74.63 | (87.84) |
| Loan Disbursement | 166.60 | 105.49 |
| Loan Amortisation | (103.13) | (104.16) |
| Sinking Fund Contribution | (6.00) | (19.54) |
| Capitalisation of Contingency Fund | (14.70) | (12.75) |
| Change in Cash | (5.57) | (53.68) |
| Other Domestic | 37.39 | (3.20) |

Source: Ministry of Finance, ERPU

FISCAL OUTTURN AS AT JUNE 30, 2023

Based on the preliminary data as of June 30, 2023, the fiscal operations of the Central Government improved in comparison to the corresponding period in 2022. Current Revenue increased by 10.9 percent to \$354.96 million, while Current Expenditure grew by 8.0 percent, to \$353.55 million. This resulted in a surplus of \$1.40 million compared to a deficit of \$7.40 million in 2022. The Overall Deficit also improved, from \$45.78 million in 2022 to \$28.19 million in 2023.

Table 4: Summary of Fiscal Outturn June 2023 compared with June 2022

| | Budget 2023 \$ m | Actual 2023 \$ m | Actual 2022 \$ m | % Change |
|------------------------------|------------------------|------------------------|------------------------|-------------|
| Current Revenue | 350.86 | 354.96 | 319.94 | 10.9 |
| Taxes on Income & Profits | 77.06 | 69.93 | 72.85 | (4.0) |
| Taxes on Property | 13.45 | 10.06 | 16.79 | (40.1) |
| Taxes on Goods & Services | 108.42 | 124.13 | 98.43 | 26.1 |
| Taxes on International Trade | 96.70 | 83.92 | 83.42 | 0.6 |
| Property Income | 5.060 | 23.50 | 2.774 | 747.0 |

| | | | | |
|--|----------------|----------------|----------------|---------|
| Sale of Goods & Services | 44.96 | 38.06 | 40.31 | (5.6) |
| Other Revenue | 5.205 | 5.371 | 5.356 | 0.3 |
| Current Expenditure | 373.25 | 353.55 | 327.34 | 8.0 |
| Compensation Employees | 184.89 | 173.99 | 165.58 | 5.1 |
| Use of Goods & Services | 51.40 | 48.57 | 39.44 | 23.2 |
| Interest Payments | 38.23 | 34.44 | 27.65 | 24.5 |
| Transfers | 98.75 | 96.55 | 94.66 | 2.0 |
| Current Balance | (22.39) | 1.40 | (7.40) | 119.0 |
| Primary Balance (net CCF) | (55.47) | 6.25 | (18.12) | 134.5 |
| Capital Expenditure | 85.93 | 62.87 | 47.27 | 33.0 |
| Of which: | | | | |
| Capitalisation of Contingency Fund (CCF) | 6.43 | 9.82 | 7.07 | 39.0 |
| Capital Revenue | 8.21 | 23.46 | 1.82 | 1,188.2 |
| Overall Balance (net CCF) | (93.69) | (28.19) | (45.78) | 38.4 |

Source: Ministry of Finance, ERPU

Revenue from Taxes on Income and Profits fell by 4.0 percent to \$69.93 million, due to lower receipts from Non-Resident (Withholding) and Individual Income Taxes. These taxes dropped by 22.2 percent and 2.4 percent, respectively. The decline in Non-Resident (Withholding) and Tax receipts was due to payments of arrears in 2022 which were not repeated during the period under review. On the other hand, Corporate Income Tax receipts rose by 1.5 percent.

The Taxes on Property category recorded a decline of 40.1 percent, or \$10.06 million, as of June 30, 2023. This was mainly driven by lower collections from two major sources: Alien Land Holding Licence, which fell by 79.7 percent and Stamp Duty on Property, which fell by 37.1 percent. Both movements reflect a contraction in the sale of lands, to foreigners, during the period.

As of June 30, 2023, Taxes on Goods and Services amounted to \$124.13 million, an increase of 26.1 percent. The primary driver of this revenue growth was the collection of \$71.56 million in VAT on domestic transactions which can be attributed to an uptick in domestic business activity during the period. Interest Levy, which benefitted from the early recording of receipts related to payments due on July 31, 2023, also contributed significantly to the revenue growth, rising from \$1.69 million in 2022 to \$11.70 million. Several other factors strengthened revenue from Taxes on Goods and Services, including greater receipts from Insurance Premium Tax (27.2 percent), Yacht Licence (14.1 percent), Telecommunications and Broadcast Licenses (101.5 percent), and Excise Duty on Domestic transactions (2.4 percent). However, the growth in revenue from Taxes on Goods and Services was somewhat offset by lower collections from Excise Duty on Imports

(down 33.2 percent), Motor Vehicle Licence (down 0.3 percent), and Merchant shipping (down 59.9 percent) during the period.

Revenue from International Trade Taxes went up by 0.6 percent, reaching \$83.92 million. All major subcomponents within this category exhibited increased revenue collection: Import Duty rose by 1.3 percent, Vehicle Surtax increased by 9.6 percent, and VAT receipts experienced a slight decrease of 0.1 percent. These performances were impacted by the 0.5 percent increase in merchandise imports during the period. In addition, receipts from vehicle surtax went up partially due to the 16.9 percent growth in the importation of vehicles.

Takings from Sales of Goods and Services amounted to \$38.06 million, down from \$40.31 million collected compared to the amount collected in the previous year, 2022. Decreases in collection was recorded in most major subcategories, including International Financial Services (down by 14.1 percent), CIPO Registration Fees (down by 44.7 percent), and Customs Service Charge (down by 6.4 percent). During the period under review, collections from Property Income amounted to \$23.50 million compared with \$2.77 million collected during the corresponding period in 2022. Property Income included \$20.0 million which was paid to the government for sand used in the Port Redevelopment Project.

As of June 30, 2023, capital inflows reached \$23.46 million, a substantial increase compared to the corresponding period in 2022. This increase was primarily attributed to the \$22.64 million received in Grants. Revenue from Sales of Lands and Other Capital Receipts also grew during the same period.

As of June 30, 2023, Current Expenditure totalled \$353.55 million, indicating an 8.0 percent increase compared to the expenditure during the same period in 2022. Wages and Salaries accounted for \$166.23 million, and the Employer's Social Security Contribution amounted to \$7.75 million, contributing to the overall 5.1 percent increase in Compensation of Employees.

Interest Payments saw a substantial increase of 24.5 percent during the period, reaching \$34.44 million, driven by higher payments on both the external and domestic components of the debt. External Interest Payments grew by 45.1 percent moving from \$11.08 million to \$16.08 million, while Domestic Interest Payments increased by 10.8 percent reaching \$18.36 million. Higher disbursements of outstanding debt and rising global interest rates contributed to the increase in interest payments. Additionally, outlays on Transfers rose marginally by 2.0 percent, amounting

to \$96.55 million, primarily due to greater expenditures on Social Assistance Benefits (5.9 percent) and Grants to Local Authorities (3.0 percent).

Preliminary data indicates that Capital Expenditure as at June 30, 2023 amounted to \$62.87 million, up from the \$47.27 million recorded for the same period in 2022. The improvement in capital spending was mainly related to expenditure on the following major projects:

- Port Redevelopment Project (\$9.00 million)
- Volcano Recovery and Reconstruction Programme (\$6.79 million)
- Diamond Hotel Project (\$6.5 million)
- Housing Reconstruction Rehabilitation Project (\$3.54 million)
- Digital Transformation Project (\$2.09 million)
- Home Reconstruction Project (\$2.08 million)

MONEY AND CREDIT

The total monetary liabilities (M2) of the banking system grew marginally by 0.2 percent to \$1,857.4 million during 2022. The expansion in M2 reflected mainly developments in narrow money (M1), which increased by 17.1 percent in 2022 to \$813.1 million. This was primarily on account of an increase in transferable deposits (21.7 percent). Currency outside the Depository Corporation (mainly Currency in Circulation) also went up by 5.4 percent.

The proportion of quasi money, which fell by 9.9 percent to \$1,044.3 million, reflecting decreases in both Other Deposits and Foreign Currency Deposits which declined by 8.0 percent and 20.4 percent, respectively.

Overall, Claims on Private Sector contracted by 0.8 percent when compared to the previous year. This largely reflected a drop in lending to households and Non-Profit Institutions (of 4.2 percent), which account for more than three quarters of private sector credit. Loans extended to businesses increased by 18.2 percent to \$199.6 million, and the net liability to General Government decreased by 41.2 percent to \$29.4 million in 2022.

An analysis of the distribution of bank credit by economic activity revealed that outstanding loans declined by 0.7 percent to \$1,238.1 million during 2022, following a 1.4 percent contraction recorded during 2021. The reduction in credit was mainly attributable to a decline of 67.0 percent

in loans to private households. This was moderated by a sizeable increase in loans for real estate activities which moved from \$231.8 million in 2021 to \$499.6 million in 2022. The increase was mainly related to Other Real Estate Activity including rental or leased property.

Net foreign assets of the banking system decreased by 9.7 percent to \$1,117.6 million in 2022, compared with a 36.8 percent growth realised during 2021. This contraction was on account of a drop in Commercial Bank net foreign assets which went down from \$503.2 million to \$379.9 million while Central Bank Claims on Non-Residents (Net) had a marginal increase of 0.4 percent.

Liquidity in the commercial banking system remained stable in 2022 as evidenced by marginal movements in liquidity indicators. The ratio of liquid assets to short term liabilities rose by 0.7 percentage points to 52.0 percent and the ratio of liquid assets to total assets also increased to 48.1 percent in 2022 from 47.2 percent in 2021, still well below the maximum threshold of 75.0 to 85.0 percent.

PUBLIC DEBT ANALYSIS

Total public debt² as at June 30, 2023, stood at \$2.34 billion or 88.1 percent of GDP³. This represented a 9.5 percent increase from same period 2022. Central Government total debt amounted to \$2.30 billion or 86.7 percent of GDP while Government Guaranteed debt amounted to \$37.7 million or 1.4 percent of GDP. Central Government debt comprised 98.4 percent of total debt while the remaining 1.6 percent was debt owed by Public Corporations and guaranteed by the government.

Table 5: Total Public Debt

| <i>Total Public Debt</i> | \$M | | Change |
|---------------------------------|-----------------|-----------------|---------------|
| | 23-Jun | 22-Jun | |
| <i>Domestic</i> | | | |
| Central Govt | 568.8 | 531.6 | 7.00% |
| Public Corporations | 25.5 | 25.8 | -1.16% |
| Total Domestic Debt | 594.3 | 557.4 | 6.62% |
| <i>External</i> | | | |
| Central Govt | 1,730.39 | 1,512.10 | 14.44% |
| Public Corporations | 12.176 | 15.222 | 20.01% |
| Total External Debt | 1,742.56 | 1,527.33 | 14.09% |
| Total Public Debt | 2,336.86 | 2,084.73 | 12.09% |
| Total Central Government | 2,299.19 | 2,043.70 | 12.50% |
| Total Public Corporation | 37.676 | 41.022 | -8.16% |

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

³ Preliminary 2023 Medium term Economic and Fiscal outlook GDP is \$2652.8 million

Fixed rate instruments constitute 71.4 percent of the total portfolio with the remaining 28.6 percent being variable rate instruments. The average time to maturity of the portfolio is 10.3 years with 16.8 percent of the portfolio maturing in one year. Average time to re-fixing is 7.9 years and 40.5 percent of the portfolio due for re-fixing in one year. Domestic debt accounted for \$594.3 million or 22.4 percent of GDP or 24.9 percent of total debt. External debt accounted for \$1.7 billion or 67.4 percent of GDP and 75.1 percent of the total debt.

Domestic debt increased by 6.6 percent in June 2023 compared to same period in 2022. Contributing to this were increases in the Overdraft facility (30.4 percent), Bonds and notes (9.3 percent) and Accounts Payables (128.0 percent). Central government outstanding loans declined by 10.6 percent. Public Corporation outstanding loans declined by 3.1 percent as well, resulting in an overall decline in total loans by 8.9 percent.

Total Securities continue to account for the greatest proportion of the domestic debt portfolio totaling \$322.4 million or 55.9 percent of the total domestic debt. Short-term obligations due in one year or less, amounted to \$193.6 million or 32.6 percent of the total domestic portfolio. Central government debt increased by 7.0 percent while public corporation's debt decreased by 0.9 percent compared to the previous year.

External debt increased by 8.9 percent to \$1.7 billion driven primarily by disbursements from new loans contracted by the Government. Loans represented 84.7 percent of the portfolio with securities representing the remaining 15.3 percent. Total external disbursements amounted to \$143.0 million of which securities totaled \$39.2 million and loan disbursements were \$103.8 million. Disbursements from Bilateral creditors accounted for 71.2 percent and Multilateral disbursements 28.8 percent of loans disbursed. Of the total disbursements, the most significant disbursements were from the EXIM- Bank (52.0 percent) and from CDB (28.8 percent). There were no disbursements on any loans related to Public Corporations.

2023 NEW BORROWINGS

As at September 30, 2023, total new borrowings contracted amounted to \$178.0 million. New borrowings were related to the Health, Housing and Tourism sectors and for Road development. Most borrowings were done through traditional creditors such as the CDB and the EXIM-Bank. Additionally, the portfolio saw borrowings done in a new currency from a new creditor; The Saudi Fund for Development in which funds were contracted in Saudi Dollars in the amount of SAD

\$60.0 m. Borrowings were also done, as a line of credit, from the Demerara Bank Limited in Guyana, these funds were disbursed in USD.

SECURITIES ISSUED DURING 2023

TREASURY BILLS

As at September 7, 2023, the Government has successful re-issued 9 treasury bills receiving total bids of \$310.1 million, accepting \$309.0 million at an average yield of 2.3 percent.

BONDS AND NOTES

Act No. 26 of 2022 passed in the House of Assembly on the 20th December, 2022 authorized the Government to borrow an amount not exceeding \$135.0 million to assist in funding 2023's Public Sector Investment Programme. As at September 15, 2022, the Government had issued \$63.9 million in securities through private placement, of which 47.0 percent were bullet repayment instruments with the remainder being amortized instruments. It is expected that the remaining issuance of securities in the form of notes and bonds will take place before year end.

Table 6: Securities Issued During 2023

| Instrument Type | Creditor | Amt (M \$) | Tenor | Rate | Issue Date | Maturity Date |
|-----------------|--|------------|---------|------|----------------|----------------|
| Bond | Private Placement | 10.005 | 5 years | 5.75 | March 3, 2023 | March 3, 2028 |
| Bond | Private Placement | 5.004 | 5 years | 5.75 | March 3, 2023 | March 3, 2028 |
| Bond | Private Placement | 10.008 | 7 years | 6.75 | March 3, 2023 | March 3, 2030 |
| Bond | Private Individual (IADC Land Compensation)* | 0.449 | 5 years | 2.00 | March 28, 2023 | March 28, 2028 |
| Bond | Private Placement (Various Investors) | 5.000 | 8 years | 6.75 | May 26, 2023 | May 26, 2031 |
| Bond | Private Placement (Various Investors) | 3.500 | 5 years | 4.85 | May 26, 2023 | May 26, 2028 |
| Note | Private Placement (Various Investors) | 5.957 | 4 years | 5.25 | May 22, 2023 | May 22, 2023 |
| Bond | Private Placement (Various Investors) | 5.000 | 6 years | 6.00 | May 22, 2023 | May 22, 2029 |

| | | | | | | |
|--------------|---|-----------------|----------|------|---------------|---------------|
| Bond | Private Placement (Various Investors) | 5.000 | 10 years | 7.50 | May 22, 2023 | May 22, 2029 |
| Bond | Private Placement (Various Investors) | 8.000 | 7 years | 6.75 | May 22, 2023 | May 22, 2030 |
| Bond | Private Placement (Various Investors) | 6.000 | 12 years | 6.50 | June 20, 2023 | June 20, 2035 |
| Total | | 63.923 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, 2023, total public external debt stock stood at \$1.78 billion compared with \$1.64 billion for same period in 2022, an increase of 8.9 percent. Central Government and Public Corporation external debt represented 98.2 percent and 1.8 percent of total debt respectively. Fixed rate instruments constitute 69.1 percent of the portfolio with the remaining 30.9 percent being variable rate instruments. The average time to maturity of the total external debt portfolio is 11.6 years with 10.2 percent of the portfolio maturing in one year. Average time to re-fixing is 9.2 years with 39.3 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 64.4 percent while bilateral creditors and securities' holders held 19.6 percent and 15.4 percent of the portfolio respectively. The maturity profile of the debt continued to be dominated by long-term loans with 71.9 percent of the portfolio maturing in over ten years. Instruments with remaining maturity between 5-10 years accounted for 15.7 percent while instruments with remaining maturity of 5 year or less accounted for 13.7 percent which would include instruments that were maturing in less than one year included \$51.7 million in treasury bills.

EXTERNAL DEBT BY CURRENCY

The currency composition continued to be biased toward the USD⁴ currency with 71.9 percent of the total debt being denominated in this currency. Local currency (XCD) denominated debt accounted for 15.5 percent of the outstanding stock of debt. When combined, the XCD and USD denominated debt accounted for 87.4 percent of the total debt. Debt denominated in Special Drawing Rights (XDR) accounted for 11.7 percent while the remaining 0.9 percent consisted of Kuwait Dinars (KWD), Trinidad and Tobago Dollars (TTD) and Euro (EUR).

EXTERNAL DEBT DISBURSEMENTS

External loan disbursement as at June 30, 2023 stood at \$103.8 million. Multilateral loan disbursements totaled 45.5 percent while bilateral loan disbursements were 52.2 percent of the total. Disbursements from EXIM-Bank were the most significant totaling 52.0 percent of total loan disbursements.

Table 7: Total External Loan Disbursements as at June 30, 2023

| CREDITORS | PROJECT/ PROGRAMME | Disbursed Amounts XCD (\$) |
|-----------------------------------|---|----------------------------------|
| <u>LOANS</u> | | |
| Caribbean Development Bank | | |
| | NDM- Rehab. and Reconstruction - Hurricane Tomas/North Windward | 1,628,634 |
| | NDM - Disaster Risk Reduction and Climate Change Adaptation | 99,183 |
| | NDM - Disaster Risk Reduction and Adaptation | 773,099 |
| | NDM - Immediate Response Loan La Soufriere | 735,052 |
| | Energy Efficiency Measures and Solar Photovoltaic Plant | 586,142 |
| | Canouan Airport Runway Rehabilitation | 267,218 |
| | Sandy Bay Sea Defenses Resilience Project | 9,698 |
| | Port Modernization Project | 25,125,558 |
| | School Improvement Project | 182,244 |
| | Project Management Support for the Ministry of Transport, Works etc | 452,720 |
| | Subtotal for Caribbean Development Bank | 29,859,548 |

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

| | | |
|--|---|--------------------|
| World Bank (IDA) | | |
| | OECS Tourism Competitiveness Project | 1,890,000 |
| | Digital Caribbean Project | 4,457,321 |
| | SVG Regional Health Project | 1,944,000 |
| | OECS Data for Decision Making Project | 764,053 |
| | UBEC Project | 7, 276,556 |
| | Subtotal for World Bank (IDA) | 16,331,930 |
| Export - Import Bank of China | | |
| | Hotel Development Project | 13,500,000 |
| | Modern Court House | 13,500,000 |
| | Country Road Project | 27,000,000 |
| | Subtotal for Export -Import Bank of China | 54,000,000 |
| OPEC Fund for International Development | | |
| | Agriculture and Feeder Road | 1,073,578 |
| | Subtotal for OPEC Fund for International Development | 1,073,578 |
| Kuwait Fund for Arab Development | | |
| | Feeder and Agriculture Road | 135,769 |
| | Subtotal for Kuwait Fund for Arab Development | 135,769 |
| Demerara Bank Ltd | | |
| | Prefabricated Housing Project | 2,372,058 |
| | Subtotal for Demerara Bank Ltd | 2,372,058 |
| | Grand Total | 103,772,883 |
| Grants | | |
| Caribbean Development Bank | Port Modernisation Project | 5,956,259 |
| | Subtotal for Caribbean Development Bank | 5,956,259 |

Source: CIDMU, Ministry of Finance

DOMESTIC DEBT PORTFOLIO

Total domestic debt for the period stood at \$594.3 million, an increase of 6.6 percent compared to same period last year. Of the total debt outstanding, \$568.8 million or 95.7 percent of total domestic debt was held by Central Government while the remaining 4.3 percent was held by the Public Corporations, these amounts represented 21.4 percent and 1.0 percent of GDP respectively.

Of the instruments in the portfolio, there was an increase over same period last year in Bonds and notes (9.3 percent), the Overdraft Facility (30.4 percent) and Accounts Payables (128.0 percent). The other instruments in the portfolio decreased from same period last year; Insurance Deposits (15.8 percent), Loans (8.9 percent) and Treasury Bills (63.9 percent).

The average time to maturity of the domestic portfolio is 3.13 years, the average time to re-fixing is 2.1 years with 46.1 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 55.9 percent of the total domestic portfolio. Commercial debt owed to Bank of St. Vincent and the Grenadines amounted to 25.5 percent. Debt owed to the National Insurance Services (NIS) amounted to 4.8 percent, while Accounts Payables and Insurance Deposits accounted for 8.8 percent and 3.1 percent respectively. The remaining 1.9 percent was owed to the ECCB and the St. Vincent Electricity Company.

Instruments with remaining maturity less than one year accounted for 32.6 percent of the portfolio. Debt with remaining maturity between 1-5 years accounted for 27.6 percent, debt with remaining maturity between 5 and 10 years accounted for 20.0 percent while debt with maturity 10 years and over accounted for 19.8 percent. There are no bullet bonds due for repayment within fiscal year 2023 and 2024. However, in 2025 and 2026, \$6.181 million and \$14.855 million respectively would be falling due.

DOMESTIC LOAN DISBURSEMENT

There were no domestic loans contracted nor disbursed during the first half of the year.

DEBT SERVICING AS AT JUNE 30, 2023

Total Central Government debt service at the end of Quarter 2 amounted to \$125.8 million which represented 63.8 percent and 68.2 percent of current revenue and current expenditure respectively. External debt service represented 34.0 percent and domestic debt service accounted for 66.0 percent respectively of the total debt service. Amortization payments and interest payments represented 79.0 percent and 27.4 percent of total debt service.

Table 8: Summary of Central Government Debt Service as at June 30, 2023

| | 23-Jun | 22-Jun | change |
|--|----------------|---------------|---------------|
| | \$M | \$M | % |
| Central Government Debt Servicing | 125.831 | 90.64 | 38.83% |
| <i>External</i> | 42.76 | 23.13 | 84.87% |
| <i>Interest</i> | 16.08 | 11.08 | 45.11% |
| <i>Amortization</i> | 34.75 | 31.68 | 9.69% |
| <i>Domestic</i> | 83.07 | 67.51 | 23.05% |
| <i>Interest</i> | 18.36 | 16.57 | 10.78% |
| <i>Amortization</i> | 64.71 | 50.90 | 27.13% |
| Current Revenue | 197.62 | 171.32 | 15.35% |
| Total Central Govt Debt Servicing/Revenue (%) | 63.67% | 52.91% | 10.77% |
| Current Expenditure | 184.54 | 174.51 | 5.75% |
| Total Central Govt Debt Servicing/ Current Expenditures (%) | 68.19% | 51.94% | 16.25% |

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 August 31, 2023 was \$3.2 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. The balance as at the August 31, 2023 was \$46.3 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 Assembly⁵. 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 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

⁵ Sec 44, Finance Administration Act Cap 252

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 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 apply equally to both domestic and CARICOM-based companies.

As at December 31, 2022, there were twenty-three (23) companies registered under Section 9 of the Insurance Act, Cap 306 of the Laws of St. Vincent & the Grenadines, Revised Edition 2009 (“the Insurance Act”), to conduct domestic insurance business in St. Vincent and the Grenadines. Fourteen (14) companies were registered to conduct short-term/general (also referred to as property and casualty) insurance business. Four (4) of these companies were locally incorporated

while the other ten (10) were branches of CARICOM-based/foreign-owned companies. 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.

Nine (9) companies were registered to undertake long-term insurance business. Of these, two (2) companies, namely: British American Life Insurance Company Limited (“BAICO”) and CLICO International Life Insurance Company Limited (“CLICO”) remained under judicial management. Two (2) companies were registered to write life business only, while the other five (5) were registered to conduct business in both segments of the market. Long-term insurance policies exceed one (1) year and comprise ordinary long-term, creditor life, group life and annuity business.

Additionally, there were ninety-nine (99) Insurance Sales Representatives, six (6) Insurance Brokers, fifteen (15) Insurance Agents, three (3) Insurance Adjusters and one (1) Association of Underwriters.

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

Table 9: Summary of Central Government Debt Service as at June 30, 2023

Number of Registrants in the Insurance & Pensions Industry as at December 31, 2022

| As at December 31 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
| Insurance companies | 23 | 24 | 24 | 24 | 24 |
| Brokers | 6 | 6 | 8 | 8 | 8 |
| Agents | 15 | 17 | 15 | 16 | 16 |
| Sales Representatives | 99 | 114 | 116 | 127 | 127 |
| Association of Underwriters | 1 | 1 | 1 | 1 | 1 |
| Insurance adjusters | 3 | 3 | 1 | 2 | 2 |
| Total Insurance Licences | 147 | 165 | 165 | 178 | 178 |

The sector plays an essential role in the local economy and contributed roughly \$7.5M in insurance premium taxes to the government in 2022 (2021-\$5.9M) and generated \$0.1M in registration and licence fees (2021-\$0.1M).

In 2022, Gross Premium income in the insurance industry totaled EC\$124.9 million. This represented approximately 5.0 percent of Gross Domestic Product at market prices and an increase of 15.4% over the gross premium income of EC\$108.2 million in 2021. At the end of 2022, long-term insurance premiums were approximately EC\$33.7 million; reflecting an increase of EC\$3.3 million or 10.9% when compared with the previous year. The leading long-term insurer held approximately 63.6 percent of total premiums written, a slight increase compared with 60.7 percent from the previous year.

Gross Premium income for the short-term segment of the market totaled EC\$91.2 million in 2022; an increase of 17.2% percent when compared with the 2021 figure of EC\$77.8 million.

Total assets for the domestic insurance sector stood at EC\$318.3 million as at December 31, 2022, an increase of 2.5% when compared with EC\$310.4 million at the end of the previous year. Government securities of 36.2 percent, and cash and deposits of 25.7 percent represented the largest proportion of the industry's assets. At the end of 2022, total liabilities stood at EC\$231.7 million (2021: EC\$218.5 million) while capital was EC\$86.6 million (2021:EC\$91.9 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 businesses, 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, 2022, 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 \$50.6 million which comprised of \$21.6 million in Government Securities and \$29.0 million in cash. By the end of 2022, total liabilities and contingency reserves of all insurance companies (excluding those under judicial management), less statutory deposit required, amounted to approximately \$118.5 million. Total assets pledged or identified by those companies for inclusion in their Insurance Fund as at December 31, 2022 was approximately \$137.5M or 116.0% 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 (9.5 percent) in the short-term insurance sub-sector as at December 31, 2022 when compared with the prior year. Claims continue to be a significant component of insurance companies' expenditure, amounting to 73.4 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\$23.3 million for the period under review, representing a decrease of 5.2 percent over the previous year (2021: EC\$24.6 million). Policyholder Benefits represented 61.7 percent of the total expenses.

Life insurance companies traditionally reinsure only a small portion of their insurance business. The sector experienced a decline of 16.0% percent in the level of retention in 2022. In 2022, EC\$970K was ceded to reinsurers, representing a retention ratio of 97.1 percent compared with 96.2 percent in 2021. Meanwhile, the General Insurance companies collected EC\$91.2 million in gross premiums, of this amount EC\$54.1 million was ceded to reinsurers representing 59.3 percent and a retention rate of 40.7 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 58.2 percent in 2022 compared with 47.1 percent in 2021. With respect to the long-term insurance sector, the loss ratio is calculated as claims/net premium written. Life claims expenses decreased by 3.2 percent in 2022 compared with 2021, which led to an overall decrease in the loss ratio to 18.5 percent in 2022 compared with the 21.3 percent reported in 2021.

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, 2022, the average penetration of insurance as a percentage of GDP for the industry as a whole was 5.0%, 0.5 percentage points higher than that of 2021.

Dissecting the ratio into long-term and short-term shows an average penetration ratio of 1.3% and 3.6% 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. 3.00 percent

As at the September 15, 2023, the Government's outstanding securities traded on the Regional Government Securities Market are listed hereunder:

Table 9: 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 | | | % |
| 28-June-23 | 28-Sep-23 | 28.00 | 30.419 | 28.00 | 16 | 16 | 3.50 |
| 09-Aug-23 | 09-Nov-23 | 28.00 | 32.402 | 28.00 | 13 | 13 | 3.50 |
| 06-Sep-23 | 07-Dec-23 | 28.00 | 43.185 | 28.00 | 18 | 15 | 2.00 |

Source: CDIMU, Ministry of Finance

Table 10: Outstanding Notes and Bonds issued on the RGSM as at September 15, 2023

| Trading Symbol | Issue amount | Amount Outstanding | Original Maturity | Remaining Maturity | Date of Subscription | Final Redemption | Coupon rate |
|-----------------------|---------------------|---------------------------|--------------------------|---------------------------|-----------------------------|-------------------------|--------------------|
| | \$M | \$M | (years) | (years) | Date | Date | percent |
| FVG100826 | 16.6 | 6.22 | 10 | 3 | Aug-16 | Aug-26 | 7.00 |
| VCG100826 | 0.3 | 0.11 | 10 | 3 | Aug-16 | Aug-26 | 7.00 |
| VCG080225 | 15.0 | 2.81 | 8 | 2 | Feb-17 | Feb-25 | 7.50 |
| VCG0724AA | 3.21 | 0.71 | 7 | 1 | May-17 | May-24 | 7.50 |
| VCG070524 | 25.0 | 3.57 | 7 | 1 | May-17 | May-24 | 7.50 |
| VCG070625 | 25.0 | 7.14 | 7 | 2 | Jun-18 | Jun-25 | 7.00 |
| VCG0725AA | 13.0 | 3.71 | 7 | 2 | Jul-18 | Jul-25 | 7.00 |
| VCG070725 | 12.0 | 3.42 | 7 | 2 | Jul-18 | Jul-25 | 7.00 |
| VCG101128 | 10.0 | 5.5 | 10 | 5 | Nov-18 | Nov-28 | 7.50 |
| FVG101228 | 8.1 | 4.5 | 10 | 5 | Dec-18 | Dec-28 | 7.50 |
| VCG081126 | 15.0 | 15.0 | 8 | 3 | Nov-18 | Nov-26 | 7.25 |
| VCG080327 | 15.0 | 15.00 | 8 | 4 | Mar-19 | Mar-27 | 7.25 |
| VCN080524 | 17.6 | 3.53 | 5 | 1 | May-19 | May-24 | 6.25 |
| VCG070526 | 14.885 | 14.885 | 7 | 3 | May-19 | May-26 | 7.00 |
| VCG070926 | 25.0 | 10.71 | 7 | 3 | Sep-19 | Sep-26 | 7.00 |
| FVG071126 | 5.4 | 2.70 | 7 | 3 | Nov-19 | Nov-26 | 6.15 |
| VCG071226 | 30.0 | 15.00 | 7 | 3 | Dec-19 | Dec-26 | 6.75 |
| VCG050225 | 6.18 | 6.18 | 5 | 2 | Feb-20 | Feb-25 | 5.75 |
| VCG080728 | 7.04 | 7.04 | 8 | 5 | Jul-20 | Jul-28 | 6.75 |
| VCN060724 | 5.20 | 1.39 | 4 | 1 | Jul-20 | Jul-24 | 4.50 |

Source: CIDMU, Ministry of Finance

Table 11: Performance of Treasury bill traded on the RGSM during 2022

| Auction Date | Trading Symbol | Issue Amt (\$M) | Value of Bids (\$M) | Amount Accepted | No. of Bids | | | |
|---------------------|-----------------------|------------------------|----------------------------|------------------------|--------------------|-------------------|----------------------|----------------------|
| | | | | | Total | Successful | Interest Rate | No of Brokers |
| 17-Jan-22 | VCB190422 | 28 | 39.592 | 28 | 21 | 14 | 2.250 | 5 |
| 16-Feb-22 | VCB190522 | 28 | 36.019 | 28 | 21 | 11 | 1.500 | 3 |
| 15-Mar-22 | VCB150622 | 28 | 44.823 | 28 | 23 | 14 | 1.980 | 3 |
| 20-April-22 | VCB210722 | 28 | 48.566 | 28 | 22 | 12 | 1.500 | 4 |
| 23-May-22 | VCB230822 | 28 | 42.114 | 28 | 19 | 12 | 1.500 | 3 |

| | | | | | | | | |
|-----------|-----------|----|--------|----|----|----|-------|---|
| 17-Jun-22 | VCB190922 | 28 | 34.315 | 28 | 16 | 14 | 1.500 | 3 |
| 25-Jul-22 | VCB251022 | 28 | 30.242 | 28 | 14 | 12 | 2.000 | 5 |
| 24-Aug-22 | VCB241122 | 28 | 34.446 | 28 | 18 | 11 | 1.500 | 3 |
| 20-Sep-22 | VCB211222 | 28 | 33.982 | 28 | 18 | 14 | 2.500 | 3 |
| 28-Oct-22 | VCB300123 | 28 | 28.212 | 28 | 18 | 18 | 3.500 | 5 |
| 28-Nov-22 | VCB280223 | 28 | 35.457 | 28 | 15 | 12 | 2.000 | 3 |
| 22-Dec-22 | VCB240323 | 28 | 29.712 | 28 | 16 | 14 | 2.500 | 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 | 5 th 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 |

| 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 |
| 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 |

APPENDIX 2: SELECTED PUBLIC DEBT INDICATORS

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | | | | (\$m) | | | | | | |
| Total Public Debt | 1,336.6 | 1,445.8 | 1,562.5 | 1,594.4 | 1,746.5 | 1,572.0 | 1,657.0 | 1,674.0 | 1,871.5 | 2,118.9 | 2,253.8 |
| Total Central Gov't | 1,140.0 | 1,229.7 | 1,348.8 | 1,379.8 | 1,429.3 | 1,322.2 | 1,404.8 | 1,505.7 | 1,714.0 | 1,966.5 | 2,214.5 |
| External Debt | 738.1 | 809.5 | 887.7 | 922.5 | 1,201.8 | 1,003.6 | 1,080.4 | 1180.8 | 1291.4 | 1575.7 | 1,646.3 |
| Central Government | 652.7 | 728.7 | 811.2 | 855.7 | 962.0 | 830.1 | 899.9 | 1040.7 | 1160.8 | 1449.3 | 1,632.7 |
| Public Corporations | 85.4 | 80.8 | 76.5 | 66.8 | 239.7 | 173.5 | 180.5 | 140.1 | 130.6 | 126.4 | 13.6 |
| Domestic Debt | 598.5 | 636.3 | 674.8 | 671.8 | 544.7 | 568.4 | 576.5 | 493.2 | 580.1 | 543.1 | 607.6 |
| Central Government | 487.3 | 501.0 | 537.6 | 524.0 | 467.3 | 492.1 | 504.9 | 465.0 | 553.2 | 517.2 | 581.9 |
| Public Corporations | 111.2 | 135.3 | 137.2 | 147.8 | 77.4 | 76.3 | 71.7 | 28.2 | 26.9 | 25.9 | 25.7 |
| Private Guaranteed External Debt | 16.6 | 19.5 | 24.5 | 25.2 | 26.7 | | | | | | |
| Debt Servicing | | | | | | | | | | | |
| External | 87.7 | 88.3 | 77.0 | 78.1 | 80.2 | 98.0 | 91.3 | 103.2 | 100.2 | 78.6 | 96.8 |
| Central Government | 72.7 | 72.7 | 60.8 | 62.9 | 65.1 | 83.3 | 76.8 | 90.8 | 92.4 | 76.2 | 95.4 |
| Public Corporations | 12.1 | 18.6 | 16.2 | 15.3 | 15.1 | 14.7 | 14.4 | 12.4 | 7.8 | 2.4 | 1.4 |
| Domestic | | | | | | | | | | | |
| Central Government | 48.7 | 58.1 | 72.0 | 72.8 | 83.3 | 82.7 | 93.8 | 114.6 | 105.6 | 104.2 | 103.1 |
| (of which sinking fund) | 4.0 | 5.5 | 7.6 | 7.6 | 12.1 | 14.0 | 22.0 | 32.4 | 45.0 | 19.5 | 6.0 |
| GDP (at market price) | 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 | 2,438.8 |
| Current Revenue | 472.6 | 491.3 | 535.2 | 519.1 | 592.6 | 592.2 | 594.1 | 600.5 | 606.3 | 681.4 | 666.6 |
| Central Gov'T Debt/GDP | 57.8 | 59.6 | 64.8 | 65.0 | 65.0 | 57.8 | 58.8 | 61.3 | 72.8 | 82.0 | 90.8 |
| Total Debt/GDP (%) | 67.8 | 70.0 | 75.1 | 75.1 | 79.4 | 68.7 | 69.4 | 68.1 | 79.5 | 88.3 | 92.4 |
| External Debt/GDP (%) | 37.4 | 39.2 | 42.6 | 43.4 | 54.7 | 43.9 | 45.3 | 48.0 | 54.8 | 65.7 | 67.5 |
| Domestic Debt/GDP (%) | 30.4 | 30.8 | 32.4 | 31.6 | 24.8 | 24.8 | 24.1 | 20.1 | 24.6 | 22.6 | 24.9 |
| Central Government Debt Service/Current Revenue (%) | 24.8 | 25.5 | 23.4 | 24.7 | 23.0 | 25.7 | 25.0 | 28.8 | 25.2 | 23.6 | 28.9 |
| External Debt Service/ Current Revenue (%) | 18.6 | 18.0 | 14.4 | 15.1 | 13.5 | 16.5 | 15.4 | 17.2 | 16.5 | 11.5 | 14.5 |
| Domestic Debt Service/ Current Revenue (%) | 9.5 | 10.7 | 12.0 | 12.6 | 12.0 | 11.6 | 12.1 | 13.7 | 10.0 | 12.4 | 14.6 |
| Guarantee Debt % of GDP | 0.11 | 0.11 | 0.11 | 0.11 | 0.16 | 0.11 | 0.11 | 0.07 | 0.07 | 0.06 | 0.02 |

*Sinking Fund contribution is excluded from Central Government debt servicing

APPENDIX 3: GDP AT CURRENT PRICES

| Industry | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Agriculture, forestry and fishing | 201.7 | 126.2 | 118.6 | 134.1 | 156.6 | 186.9 | 198.2 |
| Crops | 151.1 | 78.11 | 68.13 | 81.71 | 101.34 | 129.84 | 139.74 |
| Animal production | 32.6 | 32.97 | 33.30 | 33.64 | 33.97 | 34.31 | 34.66 |
| Forestry and logging | 0.8 | 1.18 | 1.17 | 1.16 | 1.14 | 1.13 | 1.12 |
| Fishing and aquaculture | 17.3 | 13.88 | 15.96 | 17.55 | 20.19 | 21.60 | 22.68 |
| | | | | | | | |
| Mining and quarrying | 3.5 | 3.6 | 4.2 | 4.8 | 5.2 | 5.3 | 5.5 |
| | | | | | | | |
| Manufacturing | 86.9 | 81.3 | 90.7 | 96.5 | 102.4 | 108.1 | 114.2 |
| | | | | | | | |
| Electricity, gas, steam and air conditioning supply | 53.7 | 56.7 | 58.8 | 60.5 | 62.0 | 63.5 | 64.7 |
| | | | | | | | |
| Water supply, sewerage, waste management and remediation activities | 19.6 | 21.3 | 21.5 | 21.7 | 21.9 | 22.1 | 22.3 |
| | | | | | | | |
| Construction | 131.9 | 151.9 | 183.8 | 216.6 | 239.4 | 252.6 | 264.0 |
| | | | | | | | |
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 223.3 | 243.2 | 272.8 | 311.4 | 346.5 | 372.9 | 401.4 |
| | | | | | | | |
| Transportation and storage | 143.9 | 121.1 | 182.7 | 228.3 | 255.5 | 280.5 | 301.8 |
| Land transport | 94.2 | 82.4 | 105.7 | 129.2 | 141.8 | 154.1 | 165.1 |
| Water transport | 18.8 | 17.1 | 28.2 | 33.4 | 36.5 | 38.8 | 40.8 |
| Air transport | 9.5 | 7.1 | 18.7 | 27.1 | 32.7 | 39.0 | 44.0 |
| Warehousing and support activities for transportation | 18.7 | 11.7 | 27.2 | 35.8 | 41.5 | 45.6 | 48.9 |
| Postal and courier activities | 2.7 | 2.7 | 2.8 | 2.9 | 2.9 | 3.0 | 3.1 |
| | | | | | | | |
| Accommodation and food service activities | 74.5 | 55.93 | 88.78 | 102.70 | 115.98 | 125.26 | 135.34 |
| Accommodation | 26.1 | 23.9 | 50.3 | 60.4 | 69.5 | 76.4 | 84.0 |
| Food and beverage service activities | 48.4 | 32.0 | 38.5 | 42.3 | 46.5 | 48.9 | 51.3 |
| | | | | | | | |
| Information and communication | 61.0 | 66.33 | 68.66 | 71.08 | 73.59 | 76.18 | 78.87 |
| Publishing activities | 0.4 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.4 |
| Motion picture, video and television programme production, sound recording | 4.7 | 4.7 | 4.9 | 5.1 | 5.2 | 5.4 | 5.6 |
| Telecommunications | 55.9 | 61.3 | 63.5 | 65.7 | 68.0 | 70.4 | 72.9 |
| | | | | | | | |
| Financial and insurance activities | 164.6 | 183.95 | 179.57 | 183.86 | 191.41 | 198.26 | 205.37 |
| Financial service activities, except insurance and pension funding | 145.7 | 164.8 | 159.6 | 163.1 | 169.8 | 175.8 | 182.0 |
| Insurance, reinsurance and pension funding, except compulsory social security | 18.8 | 19.2 | 20.0 | 20.8 | 21.6 | 22.5 | 23.4 |
| | | | | | | | |
| Real estate activities | 234.8 | 241.6 | 250.1 | 258.9 | 268.1 | 277.5 | 287.3 |
| | | | | | | | |
| Professional, scientific and technical activities | 27.8 | 26.0 | 26.9 | 27.8 | 28.8 | 29.8 | 30.9 |
| | | | | | | | |
| Administrative and support service activities | 48.9 | 41.1 | 42.6 | 44.1 | 45.6 | 47.2 | 48.9 |
| | | | | | | | |
| Public administration and defence; compulsory social security | 202.4 | 210.2 | 177.4 | 184.8 | 191.5 | 199.4 | 202.6 |
| | | | | | | | |
| Education | 189.51 | 197.60 | 184.34 | 191.88 | 199.23 | 204.81 | 210.58 |
| Public Sector Education | 104.4 | 110.4 | 93.6 | 97.5 | 101.0 | 102.6 | 104.3 |
| Private Sector education | 85.1 | 87.2 | 90.7 | 94.4 | 98.2 | 102.2 | 106.3 |
| | | | | | | | |
| Human health and social work activities | 70.60 | 73.86 | 68.02 | 70.82 | 73.47 | 76.49 | 78.22 |
| Public Sector Health | 52.8 | 55.9 | 49.3 | 51.3 | 53.2 | 55.4 | 56.3 |
| Private Sector Health | 17.8 | 18.0 | 18.7 | 19.5 | 20.3 | 21.1 | 21.9 |
| | | | | | | | |
| Arts, entertainment and recreation | 21.5 | 16.9 | 17.6 | 18.3 | 19.0 | 19.8 | 20.6 |
| | | | | | | | |
| Other service activities | 16.2 | 17.2 | 17.9 | 18.6 | 19.4 | 20.2 | 21.0 |
| | | | | | | | |
| Activities of households as employers; undifferentiated goods- and service | 6.6 | 6.1 | 6.3 | 6.5 | 6.7 | 7.0 | 7.2 |
| | | | | | | | |
| Gross Value Added at Basic Prices | 1,982.9 | 1,941.9 | 2,061.1 | 2,253.2 | 2,422.4 | 2,573.9 | 2,698.9 |
| GROWTH RATE | -5.2 | -2.1 | 6.1 | 9.3 | 7.5 | 6.3 | 4.9 |
| Taxes on Products | 364.8 | 415.1 | 425.1 | 428.7 | 461.4 | 486.7 | 512.3 |
| Less Subsidies on Products | -1.1 | -2.0 | -2.0 | -2.0 | -2.0 | -2.0 | -2.0 |
| GDP at Market Prices | 2,346.6 | 2,355.0 | 2,484.1 | 2,679.9 | 2,881.8 | 3,058.6 | 3,209.2 |
| GROWTH RATE | -4.6 | 0.4 | 5.5 | 7.9 | 7.5 | 6.1 | 4.9 |

APPENDIX 4: GDP AT CONSTANT PRICES

| SECTOR | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Agriculture, forestry and fishing | 169.7 | 119.8 | 112.4 | 124.8 | 142.9 | 165.8 | 172.7 |
| Crops | 113.7 | 69.2 | 58.9 | 68.9 | 83.4 | 104.2 | 109.5 |
| Animal production | 33.5 | 32.35 | 32.67 | 33.00 | 33.33 | 33.66 | 34.00 |
| Forestry and logging | 0.8 | 0.79 | 0.78 | 0.77 | 0.76 | 0.76 | 0.75 |
| Fishing and aquaculture | 21.6 | 17.5 | 20.1 | 22.1 | 25.4 | 27.2 | 28.5 |
| Mining and quarrying | 3.5 | 3.6 | 4.2 | 4.8 | 5.2 | 5.4 | 5.5 |
| Manufacturing | 94.3 | 94.2 | 102.5 | 106.4 | 110.1 | 113.5 | 116.9 |
| Electricity, gas, steam and air conditioning supply | 56.8 | 55.4 | 57.3 | 59.1 | 60.5 | 61.9 | 63.2 |
| Water supply, sewerage, waste management and remediation activities | 23.8 | 25.4 | 25.6 | 25.9 | 26.1 | 26.4 | 26.7 |
| Construction | 126.9 | 145.6 | 171.8 | 197.6 | 213.1 | 219.4 | 223.7 |
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 222.3 | 239.1 | 261.7 | 291.4 | 316.4 | 332.2 | 348.8 |
| Transportation and storage | 146.6 | 131.5 | 202.1 | 246.9 | 270.2 | 288.3 | 301.6 |
| Land transport | 93.7 | 81.2 | 101.6 | 121.1 | 129.7 | 137.5 | 143.7 |
| Water transport | 21.4 | 19.9 | 32.1 | 37.0 | 39.5 | 40.9 | 42.0 |
| Air transport | 5.7 | 4.2 | 10.8 | 15.3 | 18.0 | 20.9 | 23.0 |
| Warehousing and support activities for transportation | 24.4 | 24.8 | 56.2 | 72.1 | 81.6 | 87.6 | 91.5 |
| Postal and courier activities | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 |
| Accommodation and food service activities | 72.2 | 48.2 | 73.9 | 85.0 | 95.7 | 103.1 | 111.0 |
| Accommodation | 25.0 | 17.6 | 37.1 | 44.6 | 51.3 | 56.4 | 62.0 |
| Food and beverage service activities | 47.2 | 30.6 | 36.7 | 40.4 | 44.4 | 46.7 | 49.0 |
| Information and communication | 81.0 | 87.0 | 87.8 | 88.7 | 89.6 | 90.5 | 91.4 |
| Publishing activities | 0.5 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| Motion picture, video and television programme production, sound recording | 8.2 | 8.2 | 8.2 | 8.3 | 8.4 | 8.5 | 8.6 |
| Telecommunications | 72.3 | 78.4 | 79.2 | 80.0 | 80.8 | 81.6 | 82.4 |
| Financial and insurance activities | 164.1 | 166.6 | 158.9 | 158.8 | 161.3 | 163.0 | 164.7 |
| Financial service activities, except insurance and pension funding | 143.7 | 146.1 | 138.0 | 137.6 | 139.8 | 141.2 | 142.6 |
| Insurance, reinsurance and pension funding, except compulsory social security | 20.5 | 20.6 | 20.9 | 21.2 | 21.5 | 21.8 | 22.1 |
| Real estate activities | 239.1 | 241.1 | 243.5 | 245.9 | 248.4 | 250.9 | 253.4 |
| Professional, scientific and technical activities | 25.1 | 22.9 | 23.1 | 23.4 | 23.6 | 23.8 | 24.1 |
| Administrative and support service activities | 48.3 | 47.4 | 47.9 | 48.4 | 48.8 | 49.3 | 49.8 |
| Public administration and defence; compulsory social security | 195.9 | 202.5 | 179.5 | 186.9 | 193.7 | 196.8 | 200.0 |
| Education | 174.6 | 179.9 | 178.2 | 183.5 | 188.4 | 191.3 | 194.3 |
| Public Sector Education | 98.4 | 101.8 | 98.9 | 103.0 | 106.7 | 108.4 | 110.2 |
| Private Sector Education | 76.2 | 78.1 | 79.3 | 80.5 | 81.7 | 82.9 | 84.1 |
| Human health and social work activities | 67.6 | 70.6 | 70.9 | 73.3 | 75.6 | 76.8 | 78.0 |
| Public Sector Health | 51.0 | 54.0 | 54.0 | 56.3 | 58.3 | 59.3 | 60.2 |
| Private Sector Health | 16.6 | 16.6 | 16.8 | 17.1 | 17.3 | 17.6 | 17.8 |
| Arts, entertainment and recreation | 22.8 | 21.3 | 21.6 | 21.9 | 22.2 | 22.6 | 22.9 |
| Other service activities | 13.0 | 13.3 | 13.5 | 13.7 | 13.9 | 14.1 | 14.3 |
| Activities of households as employers; undifferentiated goods- and service | 7.2 | 6.9 | 7.0 | 7.1 | 7.1 | 7.2 | 7.3 |
| Gross Value Added at Basic Prices | 1,955.0 | 1,922.2 | 2,043.4 | 2,193.3 | 2,312.9 | 2,402.3 | 2,470.2 |
| GROWTH RATE | -4.4 | -1.7 | 6.3 | 7.3 | 5.5 | 3.9 | 2.8 |
| Taxes on products | 351.7 | 410.9 | 421.4 | 417.3 | 440.6 | 454.2 | 468.8 |
| Less Subsidies | -1.0 | -2.0 | -2.0 | -1.9 | -1.9 | -1.9 | -1.8 |
| GDP at Market Prices | 2,313.6 | 2,331.1 | 2,462.8 | 2,608.6 | 2,751.6 | 2,854.6 | 2,937.2 |
| GROWTH RATE | -3.7 | 0.8 | 5.7 | 5.9 | 5.5 | 3.7 | 2.9 |

SOURCE: St. Vincent & the Grenadines Statistical Office / ERPU

APPENDIX 5: BALANCE OF PAYMENTS

| Saint Vincent and the Grenadines | | | |
|---|-----------------|-----------------|-----------------|
| Balance of Payments Transactions BPM6 in EC\$M | | | |
| 2020 to 2022 | | | |
| Description | 2020 Rev | 2021 Prelim | 2022 Est |
| | TOTAL | TOTAL | TOTAL |
| 1. Current account | (367.98) | (533.85) | (498.95) |
| 1.A Goods and services | (514.10) | (769.65) | (664.33) |
| 1.A.a Goods | (606.99) | (783.36) | (921.08) |
| 1.A.b Services | 92.89 | 13.71 | 256.75 |
| 1.A.b.1 Manufacturing services on physical inputs owned by others | - | - | - |
| 1.A.b.2 Maintenance and repair services n.i.e. | (0.24) | (0.25) | (0.28) |
| 1.A.b.3 Transport | (72.91) | (95.75) | (115.56) |
| 1.A.b.4 Travel | 209.75 | 145.51 | 428.68 |
| 1.A.b.5 Construction | (4.92) | (5.35) | (6.77) |
| 1.A.b.6 Insurance and pension services | (27.17) | (22.91) | (28.19) |
| 1.A.b.7 Financial services | 6.86 | 4.20 | 3.60 |
| 1.A.b.8 Charges for the use of intellectual property n.i.e. | (6.98) | (7.33) | (8.17) |
| 1.A.b.9 Telecommunications, computer, and information services | 1.14 | (1.31) | (2.61) |
| 1.A.b.10 Other business services | (16.46) | (9.72) | (10.83) |
| 1.A.b.11 Personal, cultural, and recreational services | 7.42 | 9.37 | (0.06) |
| 1.A.b.12 Government goods and services n.i.e. | (3.60) | (2.74) | (3.05) |
| 1.B Primary income | (18.26) | (47.65) | (59.13) |
| 1.B.1 Compensation of employees | (2.13) | 0.08 | 0.09 |
| 1.B.2 Investment income | (16.14) | (47.73) | (59.22) |
| 1.B.3 Other primary income | - | - | - |
| 1.C Secondary income | 164.39 | 283.45 | 224.51 |
| 1.C.1 General government | 43.39 | 31.67 | 23.58 |
| 1.C.2 Financial corporations, nonfinancial corporations, households, and NPISHs | 121.95 | 251.29 | 200.39 |
| 2. Capital account | 13.12 | 24.08 | 20.18 |
| 2.1 Gross acquisitions (DR.) / disposals (CR.) of nonproduced nonfinancial assets | - | - | - |
| 2.2 Capital transfers | 13.12 | 24.08 | 20.18 |
| 2.2.1 General government | 13.12 | 24.08 | 20.18 |
| 2.2.2 Financial corporations, nonfinancial corporations, households, and NPISHs | - | - | - |
| Net lending (+) / net borrowing (-) (balance from current and capital account) | (354.86) | (509.78) | (478.77) |
| 3. Financial account | - | - | - |
| Net lending (+) / net borrowing (-) (balance from financial account) | (179.63) | (350.11) | (485.02) |
| 3.1 Direct investment | (171.34) | (426.76) | (216.19) |
| 3.1.A.1 Equity and investment fund shares | 0.28 | - | 5.86 |
| 3.1.A.2 Debt instruments | 4.54 | 6.14 | 11.14 |
| 3.2 Portfolio investment | 53.71 | 10.86 | (58.06) |
| 3.2.A.1 Equity and investment fund shares | 7.64 | 15.03 | 8.66 |
| 3.2.A.2 Debt securities | 54.94 | 4.04 | (57.57) |
| 3.3 Financial derivatives (other than reserves) and employee stock options | - | - | - |
| 3.4 Other investment | (93.82) | (160.21) | (211.90) |
| 3.4.1 Other equity | - | - | - |
| 3.4.2 Currency and deposits | 63.72 | 99.43 | (67.07) |
| 3.4.3 Loans | (169.93) | (267.24) | (166.80) |
| 3.4.4 Insurance, pension, and standardized guarantee schemes | 8.24 | 9.37 | 9.57 |
| 3.4.5 Trade credit and advances | 15.95 | 4.41 | 3.83 |
| 3.4.6 Other accounts receivable/payable | (11.79) | 36.82 | 8.57 |
| 3.4.7 Special drawing rights (Net incurrence of liabilities) | - | 42.99 | - |
| 3.5 Reserve assets | 31.82 | 226.01 | 1.14 |
| Net errors and omissions | 175.23 | 159.66 | (6.24) |

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