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PRESS RELEASE

GOVERNMENT REAFFIRMS COMMITMENT TO FISCAL CONSOLIDATION AND GROWTH, CLARIFIES TERMS OF PROPOSED LIABILITY MANAGEMENT OPERATION

Kingstown, St. Vincent and the Grenadines — July 6, 2026

The Government of St. Vincent and the Grenadines (GOSVG) notes the rating action announced by Moody's Ratings, which downgraded the sovereign's long-term issuer ratings to Caa1 with a negative outlook. The Government takes seriously the concerns raised regarding the country's elevated debt burden and financing needs, which reflect the cumulative and extraordinary impact of consecutive exogenous shocks over the past six years — including the COVID-19 pandemic, the 2021 La Soufrière volcanic eruption, and Hurricane Beryl in 2024, which alone caused damage equivalent to approximately 22% of GDP. The Government wishes to assure citizens, residents, investors and development partners that it is taking decisive and coordinated action on three fronts: fiscal consolidation, prudent debt management, and growth-enhancing reform.

1. Commitment to Fiscal Consolidation and the Path to Primary Surpluses

The Government reaffirms its firm commitment to a credible, sustained programme of fiscal consolidation. On the expenditure side, the Government will pursue a rationalisation of recurrent spending, tighter controls on non-priority capital outlays and continued strengthening of public financial management and procurement systems to improve the efficiency of every dollar spent.

On the revenue side, the Government will advance measures to broaden the tax base, improve compliance and collection efficiency through digitalisation of revenue administration, while continuing to pursue economic diversification that widens the sources of government revenue over time. The objective of these expenditure and revenue measures is unambiguous: to move the fiscal accounts from deficit to sustained primary surpluses, thereby stabilising and ultimately reducing the debt-to-GDP ratio and restoring fiscal buffers to absorb future shocks.



2. The Proposed World Bank-Supported Debt for Development Swap: A Liability Management Operation, Not a Haircut

The Government wishes to state clearly and unequivocally that the debt operation currently being explored in partnership with the World Bank is a regional Liability Management Operation (LMO) involving other OECS countries, not a restructuring and not a haircut. The transaction is designed exclusively to lower the Government's overall debt service costs and smooth its repayment profile by exchanging existing obligations for instruments with improved terms, including through World Bank credit enhancement mechanisms.

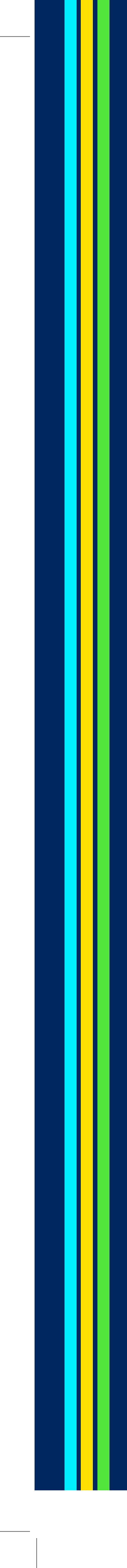
This operation does not involve any reduction in the principal owed to any creditor, nor any impairment of investor claims. Bondholders and other creditors participating in the exchange will do so on a fully voluntary basis and will not incur economic losses as a result of the transaction. The Government's intention is for this operation to ease near-term rollover and liquidity pressure while preserving the value of creditors' claims in full — the opposite of a distressed exchange.

The Government notes that the final structure, scope and terms of the transaction remain under development in consultation with the World Bank and other technical partners, and further details will be communicated in due course as the operation is finalised. The Government remains committed to transparent and orderly engagement with all stakeholders throughout this process.

3. Growth-Enhancing Policies to Support Private Sector Investment

Recognising that fiscal sustainability cannot be achieved through consolidation alone, the Government is equally focused on policies that expand the productive capacity of the economy and crowd in private investment. This includes continued investment in transformative infrastructure such as the Kingstown Cruise Terminal modernisation. This public-private partnership investment will enhance St. Vincent and the Grenadines' appeal as a cruise tourism destination and contribute positively to economic activity.

The Government is also advancing reforms to improve the ease of doing business, strengthen investment facilitation, and support diversification of the economy beyond its traditional narrow base, including through tourism-linked development, the blue and green economy, and targeted incentive frameworks designed to attract high-quality foreign and domestic direct investment. These measures are intended to durably lift growth, broaden the revenue base, and reduce the economy's vulnerability to external shocks over time.



Conclusion

The Government of St. Vincent and the Grenadines remains steadfast in its resolve to restore fiscal and debt sustainability while safeguarding the gains of recent reconstruction and development efforts. Through disciplined fiscal consolidation, a carefully structured liability management operation that protects investor value, and sustained investment in inclusive growth, the Government is

confident that it can place the country’s public finances on a stronger and more resilient footing. The Government will continue to engage openly with citizens, credit rating agencies, investors and development partners as we proceed.

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