



PROSPECTUS

FOR EC\$30 MILLION BOND  
BY THE GOVERNMENT OF  
ST. VINCENT AND THE GRENADINES

Ministry of Finance  
Administrative Centre  
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ST. VINCENT AND THE GRENADINES

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**PROSPECTUS DATE: JULY 2004**

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## **NOTICE TO INVESTORS**

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 inquiries, that to the best of its knowledge and belief there are no other facts, the omission of which would make any statement in this Prospectus misleading.

The Bank of Saint Lucia Limited (BOSL)/National Commercial Bank of St. Vincent and the Grenadines (NCBSVG) Syndicate (BOSL/NCBSVG Syndicate) has prepared this Prospectus solely from information provided by the issuer, the Government of St. Vincent and the Grenadines. Although the information contained above is believed to be reliable, BOSL/NCBSVG Syndicate makes no representation as to the accuracy or completeness of any information contained herein or otherwise provided with respect to this Bond offering. Statements contained in this Prospectus describing documents are provided in summary form only and such documents are qualified in their entirety by reference to such documents. The ultimate decision and responsibility to proceed with any transaction with respect to this offering rests solely with you. Therefore, prior to entering into the proposed investment, you should determine, without reliance upon BOSL/NCBSVG Syndicate or any affiliates, the economic risks and merits, as well as the legal, tax and accounting characteristics and consequences of this Bond offering, and that you are able to assume those risks.

This Prospectus and its content are confidential and may not be reproduced or otherwise disseminated in whole or in part for any other purpose.

## **ABSTRACT**

The Government of St. Vincent & the Grenadines (hereafter referred to as GOSVG) proposes to raise Thirty Million Eastern Caribbean dollars (EC\$30 million) through the issue of a ten year debenture with a maximum coupon rate of 7% per annum (tax-free) payable semi-annually. This bond is being issued to partially fund the Central Government 2004 Public Sector Investment Programme.

The debentures are being raised under the authority of the Public Sector Investment Programme No. 1 of 2004. Under the Constitution, the interest and principal repayments are a direct charge on the Consolidated Revenue Fund of the Government.

The GOSVG has not been rated by any Regional or International Rating Agency. Moreover, GOSVG assigns very high priority to honouring its debt commitments. A sinking fund will be established to settle this issue at maturity. The sinking fund account will be funded from the Consolidated Fund.

This Bond will be issued in the Regional Government Securities Market (RGSM) and will be traded on the Eastern Caribbean Securities Exchange Ltd (ECSE) under the trading symbol VCG100814. The Bond issue will be opened for bidding at 9:00 a.m. and will close at 2:00 p.m. on 9 August 2004. A Competitive Uniformed Price Auction will be run at 2:00 p.m. on 9 August 2004, and the coupon for the bond will be set at the highest winning yield. The bond will be issued in multiples of \$1,000 and the minimum bid amount is \$5,000.00. Settlement for successful bids will take place on 10 August 2004.

## **I. GENERAL INFORMATION ABOUT THE BOND ISSUE**

<b>Issuer:</b>	The Government of St. Vincent and the Grenadines
<b>Address:</b>	The Ministry of Finance and Planning Administrative Centre P.O. Box 608 Bay Street Kingstown St. Vincent and the Grenadines
<b>E-Mail:</b>	<a href="mailto:mofpd@caribsurf.com">mofpd@caribsurf.com</a>
<b>Telephone No.:</b>	(784) 456-1111 Ext 368
<b>Facsimile No.:</b>	(784) 457-2943
<b>Contact persons:</b>	Mrs. Ingrid Fitzpatrick, Accountant General Mr. Maurice Edwards, Director General
<b>Date of Publication:</b>	July 2004
<b>Registration:</b>	This prospectus has been registered with the Regional Debt Coordinating Committee (RDCC)
<b>Purpose of Issue:</b>	To partially fund the Public Sector Investment Programme 2004 and to provide for liquidity in these instruments by virtue of being traded on the Secondary Market via the Eastern Caribbean Securities Exchange (ECSE) platform
<b>Amount of Issue:</b>	Thirty Million Eastern Caribbean Dollars (ECS30,000,000)
<b>Legislative Authority:</b>	The Public Sector Investment Programme Act No. 6 of 2004

## **II. INFORMATION ABOUT THE BOND ISSUE**

- a. The GOSVG proposes a 10-year, Thirty Million Dollar (\$30,000,000.00) Bond.
- b. The maximum coupon rate payable on the bond will be 7%.
- c. No taxes are payable on the bonds.
- d. Interest coupon payments will be payable semi-annually, on 10 February and 10 August for the duration of the bond.
- e. The bond issue will be settled on 10 August 2004.
- f. The maturity date of the issue will be on 10 August 2014 consistent with the maturity terms of the bond issue.
- g. The bond will be issued and traded in the Regional Government Securities Market (RGSM) using the platform of the Eastern Caribbean Securities Exchange (ECSE).
- h. The method of the issue will be a Competitive Uniform Price Auction with open bidding.
- i. The bond will be identified by its trading symbol VCG100814.
- j. The Bidding Period will be opened at 9:00 a.m. and will close at 2:00 p.m. on 9 August 2004. A competitive uniformed price auction will be run at 2:00 p.m. on 9 August 2004, and the coupon for the bond will be set at the highest winning yield.
- k. Each investor is allowed one (1) bid with the option of increasing the amount being tendered for up until the close of the bidding period.
- l. The minimum bid amount is \$5,000
- m. The Bid Multiplier will be set at \$1,000.
- n. Investors will participate in the auction through the services of any of the licensed intermediaries for a fee.

- o. The current list of licensed intermediaries is:
- Antigua & Barbuda Investment Bank Ltd.
  - Antigua Commercial Bank Ltd.
  - St. Kitts Nevis Anguilla National Bank Ltd.
  - Bank of Nevis Ltd.
  - Bank of St Lucia Ltd.
  - National Commercial Bank (SVG) Ltd
  - National Mortgage Finance Company Ltd (Dominica)
  - FINCOR (Grenada)
- o. All currency references will be the Eastern Caribbean Dollar unless stated otherwise.

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

The Government of Saint Vincent and The Grenadines is addressing tax administration issues at the Inland Revenue Department, which includes streamlining and computerizing the cashiering function and improving audit functions. Attempts are also being made to improve the management and controls at the Customs Department and generally improve revenue collection throughout the entire Government service.

In the area of transparency, quarterly reports are submitted to the Ministry of Finance on the fiscal position of the Government. These reports are published in the local media and are also available from the Ministry of Finance and Planning. The Ministry is headed by the Minister of Finance and comprises several Departments over which the Director General has administrative control. Debt management functions have been centralized in the Debt Management Unit of the Ministry of Finance Planning and Development. The Debt Management Unit performs all debt management activities and provides policy advice on the overall debt management strategy of St. Vincent and the Grenadines. This unit is also responsible for liaising with *The Regional Debt Coordinating Committee (RDCC)* established by the Monetary Council and submits regular reports on the debt position of the Government to the RDCC. The debt position is also reported annually in the Government's estimates of expenditure, which is available from the Ministry of Finance and Planning.

The Eastern Caribbean Central Bank (ECCB) also conducts quarterly economic and financial reviews that are published across the region. *Article IV Country Reviews* conducted by the International Monetary Fund (IMF) are also published and are available on the Fund's Website ([imf.org](http://imf.org)).

The Government of St Vincent and the Grenadines is committed to a process of fiscal consolidation and a prudent fiscal stance as part of its overall strategy in economic management. To enhance the capital project management process, all planning functions of line ministries have been centralized in the Ministry of Planning. The Government will be conducting a comprehensive review of public expenditure, with technical assistance from the World Bank, aimed at rationalizing and increasing the efficiency of public spending. Additionally, Government is in the process of further elaborating a fiscal stabilization programme for St. Vincent and the Grenadines with technical assistance from the ECCB and CARTAC.

The Ministry of Finance, Planning and Development seeks to establish a client oriented environment conducive to the attainment of sustainable economic development and improvement of the quality of life of all citizens of St. Vincent and the Grenadines through sound economic management and the promotion of good governance.



## **IV. MACRO ECONOMIC PERFORMANCE**

### **1. ECONOMIC GROWTH**

Preliminary statistics for the year 2003 indicate that the economy of St. Vincent and the Grenadines recorded an increase in real GDP of 3.6% compared with 1.7% in 2002. Real GDP during the period 1998 – 2002 averaged approximately 2.6%. St. Vincent and the Grenadines continues to record positive growth despite several natural disasters, extended droughts and the terrorist attacks on the United States of America on 11 September 2001. All of these events impacted negatively on the agricultural and tourism sectors.

The ability of the economy to record positive real economic growth in the midst of difficulties is commendable. Indeed, in its concluding statement on the 2002 IMF Article IV statement the IMF wrote, *“The Government of St. Vincent and the Grenadines (SVG) is to be commended for achievements in its first eighteen months against a difficult regional and global environment.”* In fact the economy has recorded real economic growth for over twenty years with the exception of 1994 and 2001. The contraction in economic activity in 1994 resulted from a significant drought that adversely affected the agricultural sector. More recently in 2001, the slow global economy coupled with the effects of the events of September 11<sup>th</sup> led to a marginal decline of the main economic contributors to GDP growth.

### **2. SECTORAL DEVELOPMENTS**

#### **a) Agriculture**

Although the contribution from the Agricultural Sector to GDP has been declining in recent years, it is still the most important productive sector in terms of its contribution to employment and the fight against poverty, particularly in the rural areas. During 2001, the agricultural sector suffered from a devastating drought that affected the country during the first half of the year. Consequently, the agricultural sector recorded a decline as reflected in **Appendix 2.**

In 2003 agricultural production plummeted with banana production amounting to 26,686 tonnes compared with production of 37,551 tonnes in the corresponding period of 2002. The production of bananas in 2003 was severely hampered by Tropical Storm Lili in 2002 and a prolonged drought in the first half of 2003. There has been a 4 percent increase in the production of root crops, which includes; dasheens, sweet potatoes and yams. The government continues to revitalize this sector through a series of projects such as the Agricultural Diversification Programme and the Rehabilitation of the Arrowroot Industry. An amount of \$26.9 million has been allocated to the sector, including Lands and Fisheries.

## **b) Manufacturing**

In 2003, manufacturing contributed approximately 6.1 percent to real GDP with growth in output contracting by 1 percentage point.

In 2003, production of flour rose by 10.8 percent and rice declined by 12.6 percent when compared to 2002 figures. The decline in rice can be attributed in part to a fall in export demand and to competition from imports. Of the other manufactured products, output of brewed products remained virtually flat over the comparative period.

The Government is endeavouring not only to halt the slide in this sector's contribution to GDP, but also reverse the downward trend evident over the last ten years.

In an effort to make this major export sector internationally competitive, the Government is concentrating on increasing productivity, promoting the unique characteristics of products, and targeting specific market niches while containing import costs and maintaining high levels of production and marketing efficiencies.

Government is integrating manufacturing with other sectors of the economy by:

- Developing the Small and Medium Enterprise (SME) sector by improving business and entrepreneurial skills and on increasing access to credit;
- Modernizing the manufacturing sector as a whole through the provision of the necessary infrastructure to attract investors.
- The National Commercial Bank, the Development Bank, and the Small Enterprises Development Unit (SEDU) are playing major roles in this regard.

## **c) Construction**

Economic Growth in 2003 was led by activity in the construction sector, which has ameliorated by 9.4 percent. This assessment was based in part on higher capital expenditure by central government, associated with the ongoing construction of projects including the implementation of the Grenadines Multipurpose Project II and rehabilitation of the ministerial building. Capital expenditure amounted to \$76.14m compared with \$63.31m in 2002. Private sector residential construction activity was estimated to have increased based on commercial bank data that indicated growth in credit for home construction and renovation.

Government has planned to institute measures to boost the construction sector, particularly the residential construction sector. Additionally the Public Sector Investment Programme, for example the Windward Highway Jetport construction and extension to the Community College, coupled with some private sector initiatives will contribute to the further boosting of the sector.

#### **d) Tourism**

Tourism, being one of the main sectors of the economy, is constantly affected by external shocks from the international economy. This has pose serious challenges to the sector since the latter part of 2001 and continuing into 2003.

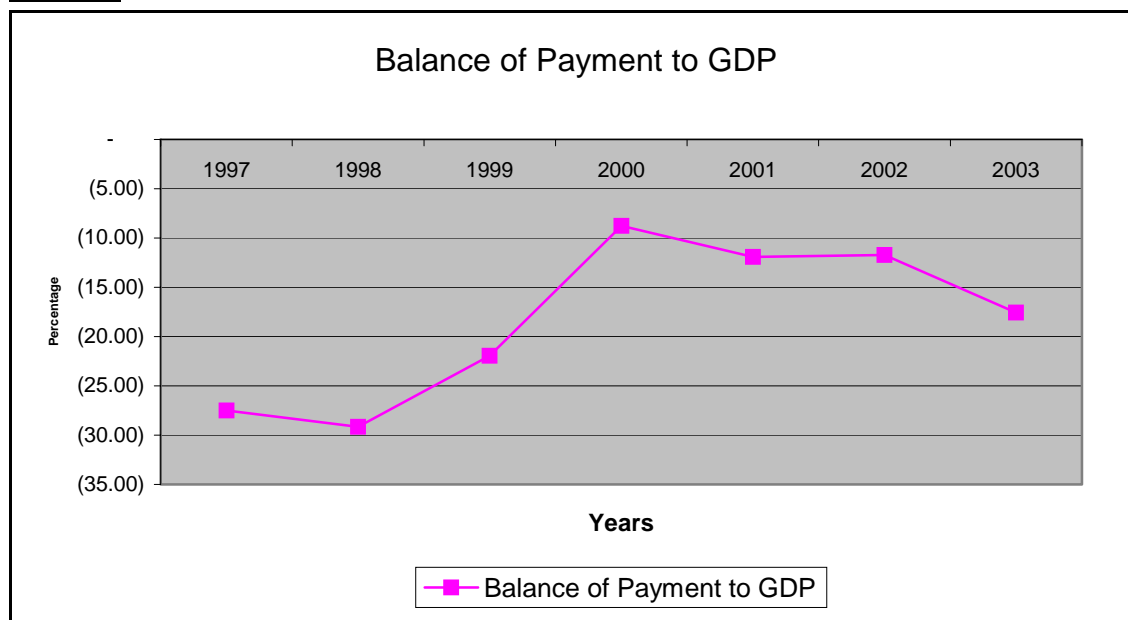
During 2003, performance in the tourism industry was mixed relative to the level in the same period in 2002. Yacht and cruise ship passengers were estimated to have fallen by 1.7 percent and 8.1 percent respectively. By contrast, stay-over visitors grew by 1.1 percent to 78,535 when compared with 2002. In an effort to improve the tourism product, some measures are being implemented to stabilize or revive the sector.

Over the short to medium term, the tourism sector will be guided by the implementation of the “**Tourism Strategic Development Plan**”, which includes increased promotion activities within the region and joint regional marketing programmes internationally. Additionally, some new operations for example, Moorings Yacht Charter Company, have been identified for implementation during 2004. These are expected to generate additional employment opportunities.

### **3. BALANCE OF PAYMENTS**

In 2003, the deficit on the Current Account of the Balance of Payments (BOP) widened from 8.4 percent to 15 percent of GDP. This worsening position was largely on account of an expansion in merchandise imports, and the decline in exports, as both output and earnings of bananas declined, coupled with a decrease in merchandise exports. The increase in merchandise imports was as a direct result of increased public and private sector activities in the Construction Sector that grew by 7.4 percent.

**Chart I**



During the first half of 2002, the deficit on the BOP amounted to \$8.8m compared with a deficit of \$11 million in the corresponding period of 2001. This improvement in the overall balance for 2002 is partially attributed to lower net outflows on the merchandise trade account as imports declined by 6.3 percent.

#### **4. FINANCIAL INDICATORS**

The commercial banking system remained highly liquid in the fourth quarter of 2003 despite a fall in the level of liquidity. The loans to deposits ratio declined by 2.9 percentage points to 69.1 percent when compared with the end of the previous year. Historical data from 1998 to 2003 has shown a decline in the commercial bank loans to deposits, which is an indication of an increase in the level of liquidity in St. Vincent and the Grenadines.

There were some downward movements in interest rates, influenced by the decision of the Monetary Council to reduce the minimum rate on savings by 1.0 percentage point to 3.0 percent. Consequently savings deposits earned interest at rates ranging from 3.0 percent to 5.0 percent at the end of the previous quarter. Prime lending rates ranged from 9.0 percent to 11.0 percent, while time deposit rates ranged from 3.1 percent to 6.3 percent.

Government has adopted a policy of modernization and development of the Financial Sector in St. Vincent and the Grenadines. Government aims to promote the development of money and capital markets, reform the interest rate regime and the prudential regulations and supervisory systems for financial intermediaries, ensure the recapitalization and

restructuring of weak financial institutions, institute measures to strengthen competition among banks and initiate legislative reform of the financial laws and regulations.

## **5. DEMOGRAPHY**

In 2001 St. Vincent and the Grenadines population totaled 112,000 with GDP per capita of US\$3,116 compared with 2000 GDP per capita of US\$3,055. In 2001 males accounted for 50.9% of the population while females accounted for 49.1% indicating that at the last census the sex ratio of the population was almost equal. This is consistent with the findings of the 1991 census. St. Vincent and the Grenadines has an area of 388 sq. kilometer and population density per sq. kilometer of 288. Life expectancy at birth is 68.8 years and infant mortality rate, per thousand live births is 16.3.

## **V. GOVERNMENT FISCAL OPERATIONS**

### **Performance**

In 2003, the central government's current account operations improved, as the current surplus rose to \$42.2m (4.1% of GDP) from \$29.39m (3.1% of GDP) in 2002. Current revenue increased by 4.1%, mainly associated with growth in the yield from taxes in international trade transactions and non-tax revenue. Current expenditure remained virtually flat at \$276.08m in 2002 compared to \$276.30 in 2003. Current expenditure is broken down as follows: Factor Payments accounted for 50% in both years, Interest payment 10% in both years, Transfers and Subsidies 18% in 2003 and 17% in 2002, and Goods and Services 22% in 2003 and 23% in 2002.

### **Policy Objectives**

The Government of St. Vincent and the Grenadines fiscal policy objectives over the medium term are:

- To focus on maintaining fiscal discipline within the public sector and generating the required level of savings to support the Public Sector Investment Programme (PSIP).
- To help stimulate the productive sectors, mainly through tax incentives.

In keeping with its objective, concerning domestic savings and investment, the Government aims to maintain the level of public sector savings at 8 percent of GDP. This will come mainly through a contraction of spending in real terms and improved revenue collection by the strengthening of tax administration and the widening of the tax base. Other expenditure control measures that are in the process of being implemented include: -

- Rationalization of current expenditure
- Implementation of a system for monitoring the operations of public enterprises
- Improving the compilation and analysis of statistics
- Rationalization of the operations and structure of the St. Vincent Banana Growers Association, the Marketing Corporation, the Arrowroot Association, and other public enterprises
- Establishment of a Tax Policy Unit within the Ministry of Finance and Planning to enhance the formulation and analysis of tax policy

The achievement of the medium-term fiscal targets will be greatly facilitated by the following additional initiatives that will be pursued in the coming months: -

- Strengthening the institutional framework of the Inland Revenue Department regarding property tax administration. Work has commenced on a revaluation exercise of the

property tax system in St. Vincent and the Grenadines that should realize higher Government revenues.

- Addressing tax administration issues at the Inland Revenue Department that includes streamlining and computerizing the cashiering function and improved audit functions.
- Work will continue with the Tax Commission established by the Monetary Council of the Eastern Caribbean Central Bank.
- Monitoring of existing tax exemptions, with a view to eliminating those that are no longer warranted.

The Public Sector Investment Program, estimated at approximately \$100.0M annually, is being viewed as key to stimulating economic activity and providing the basis for private sector-led growth. This will include electricity expansion, the Windward Water and Road System and Emergency Recovery Disaster Management (including post-Lili rehabilitation). The PSIP was projected to increase to 13 ½ percent of GDP in 2003 from 12 percent in 2002.

## **VI. PUBLIC DEBT**

### **Current Debt Portfolio**

As at December 31, 2003 the total outstanding public debt for St. Vincent and the Grenadines was estimated at \$761.61 million (72.4 % of GDP). Total public sector debt is projected to increase in 2004, inline with a Public Sector Investment Programme.

### **Debt Strategy**

To achieve a sustainable debt ratio the Government is pursuing the following measures:

- (i) Establishing limits on the contraction of new debts and ensuring that the projects to be financed are feasible in terms of their contributions to economic development and poverty reduction. Sound governance practices will dictate that these limits be strictly adhered to in accordance with a well-documented borrowing plan.
- (ii) Increasing GDP, average annual nominal GDP growth, which over the last three (3) years has been 2.1%. This will be increased in the coming months.
- (iii) Reducing contingent or guaranteed debt liabilities by closer monitoring of the procedures with regard to borrowings by state owned enterprises.
- (iv) Obtaining Parliamentary approval for all borrowings in cases where the loan is not authorized by an existing Act of Parliament.



## **VII. CURRENT ISSUES OF GOVERNMENT SECURITIES.**

### **1. TREASURY BILLS**

- **Issues Outstanding** Issue \$48.0M
- **Type of Issue** Government of St Vincent and The Grenadines Treasury Bills
- **Maturity in days** 91 days
- **Date of Issues** Every 91 days
- **Discount rate** N/A
- **Yields** Avg. 4.37%
- **Discount Price** \$98.94 – \$98.88

### **2. BONDS**

- **Issues Outstanding** \$60.0 M (Two issues of \$30M)
- **Type of Issue** St Vincent and The Grenadines Development Bonds
- **Maturity in Years** 10 years respectively
- **Date of subscription** 1<sup>st</sup> February, 1996 and 16th March, 2002
- **Redemption Date** 31<sup>st</sup> January, 2006 and 15th March, 2012
- **Coupon Rate** 7%
- **Amount offered** \$30.0M each

### **3. DEBT RATING**

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

## **V111. SECURITY ISSUANCE PROCEDURES, CLEARING AND SETTLEMENT, REGISTRATION OF OWNERSHIP AND SECONDARY MARKET ACTIVITY**

The bonds will be issued and listed on the Regional Government Securities Market (RGSM). This market will operate on the Eastern Caribbean Securities Exchange (ECSE) trading platform for both primary issuance and secondary trading. The pricing methodology to be used for selling the securities will be 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 Registry (ECCSR), records and maintains ownership of government securities in electronic book-entry form. The ECCSR 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. All commissions to brokers for this transaction will be borne by investors.

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 SVG will be subject to the rules, guidelines and procedures developed by the Regional Debt Coordinating Committee (RDCC) for the operation of the market including ongoing reporting and disclosure requirements.

## IX APPENDICES

### APPENDIX I LIST OF LICENSED INTERMEDIARIES

<b>Institution</b>	<b>Contact Addresses</b>	<b>Associated Persons</b>
<b>Antigua</b>		
Antigua Barbuda Investment Bank Ltd.	<b>P O Box W 1137</b> <b>Woods Centre</b> Friars Hill Road St John's  <b>Tel: 268 480 2824</b> Fax: 268 480 2765 Email: <a href="mailto:abibsec@candw.ag">abibsec@candw.ag</a>	<b>Principals</b> Casroy James  <b>Representative</b> Laura Abraham
Antigua Commercial Bank Ltd.	ACB Financial Centre P. O. Box 3089 St John's  Tel: 268 481 4200 Fax: 268 481 4229 E Mail: <a href="mailto:acb@candw.ag">acb@candw.ag</a>	<b>Principals</b> Geoffrey Joseph  <b>Representatives</b> Sharon Nathaniel Barbara Martin Dorothea Blackman-Brown
<b>Dominica</b>		
National Mortgage Finance Company of Dominica Ltd.	64 Hillsborough Street Roseau  <b>Tel: 767 448 4401 / 4405</b> Fax: 767 448 3982 Email: <a href="mailto:ncbdom@cwdom.dm">ncbdom@cwdom.dm</a>	<b>Principals</b> Ralph Blaize  <b>Representatives</b> Dawn Yankey Marilyn Edwards
<b>St Kitts and Nevis</b>		
St Kitts Nevis Anguilla National Bank	P O Box 343 Central Street Basseterre  <b>Tel: 869 465 2204</b> Fax: 869 465 1050 Email: <a href="mailto:national_bank@sknanb.com">national_bank@sknanb.com</a>	<b>Principals</b> Anthony Galloway Winston Hutchinson  <b>Representatives</b> Marlene Nisbett Desilu Smithen
Bank of Nevis Ltd.	P O Box 450 Charlestown Nevis  <b>Tel: 869 469 5564</b> Fax: 869 469 5798 E mail: <a href="mailto:bon@caribsurf.com">bon@caribsurf.com</a>	<b>Principal</b> Rawlinson Isaac Hanzel Manners  <b>Representative</b> Lisa Jones Wanda Pinney
<b>St Lucia</b>		
Bank of St Lucia Ltd.	P O Box 1862 Bridge Street Castries	<b>Principals</b> Jean Francois Sonson Sharmaine Rosemond

<b>Institution</b>	<b>Contact Addresses</b>	<b>Associated Persons</b>
	<b>Tel: 758 456 6000</b> Fax: 758 456 6190 Email: <a href="mailto:bankofsaintlucia.candw.lc">bankofsaintlucia.candw.lc</a>	<b>Representative</b> Trevor Lamontagne Jean Lawrence
<b><u>St Vincent</u></b>		
National Commercial Bank (SVG) Ltd.	<b>P O Box 880</b> Cnr. Bedford and Grenville Streets Kingstown  Tel: 784 457 1844 Fax: 784 456 2612 Email: <a href="mailto:natbank@caribsurf.com">natbank@caribsurf.com</a>	<b>Principals</b> Keith Inness Jacqueline Quashie  <b>Representative</b> Patricia John
<b><u>Grenada</u></b>		
Republic Finance and Merchant Bank Ltd.	NCB House Grand Anse St. Georges  Tel: 1-473-444-1875 Fax: 1-473-444-1879 Email: <a href="mailto:finrec@caribsurf.com">finrec@caribsurf.com</a>	<b>Principals</b> Bernard McClean Heather Titus Wilma Williams  <b>Representative</b> Tarlie Francis Bernard McClean Heather Titus Wilma Williams

## APPENDIX II - ECONOMIC INDICATORS

	2002	2001	2000	1999	1998
			<b>EC</b>		
			<b>Millions</b>		
Nominal GDP (at market prices)	976.7	940.27	905.27	891.72	856.6
Real GDP growth rate	1.27	0.2	2.0	3.6	5.8
<b><u>Nominal GDP by Sector</u></b>	<b><u>In percentage of contribution to GDP</u></b>				
Agriculture	10.36	10.49	10.8	10.48	10.81
Manufacturing	5.13	5.76	6.03	6.23	6.84
Construction	11.99	11.77	11.26	12.95	14.07
Wholesale and retail	19.06	18.49	18.14	17.02	16.23
Transport	12.68	13.49	13.82	13.72	13.64
Government services	20.05	19.12	18.47	17.79	17.57
Other	18.72	18.6	19.11	19.54	18.69
Hotel and Restaurant	2.01	2.23	2.37	2.26	2.15
<b><u>Balance of Payments</u></b>	<b><u>In percentage of GDP at market prices</u></b>				
Merchandise exports	10.9	11.9	15.4	15.0	15.7
Merchandise imports	43.3	43.4	43.0	53.5	53.4
Trade Balance	30.6	-31.5	-27.6	-38.5	-37.7
Current Account Balance	12.7	11.6	-8.4	-21.8	-29.7
<b><u>Central Government Finances</u></b>	<b><u>In percentage of GDP at market prices</u></b>				
Current Revenue	31.6	28.9	28.8	28.6	27.9
Current Expenditure	28.4	28.3	26.4	25.2	23.8
Current Account Balance	3.2	0.6	23.3	0.9	-1.4
Overall Balance	-2.0	-2.4	-0.3	-1.7	-3.3
<b><u>External Debt Ratios</u></b>					
Debt as a % of GDP	47.1	48.8	46.5	48.5	31.7
Debt Service as a % of GDP	2.2	3.3	3.1	3.7	3.0

Source: The Ministry of Finance and Planning

## **APPENDIX III – GOVERNMENT FISCAL OPERATIONS**

### **St. Vincent & The Grenadines Central Government Fiscal Operations (ECSM)**

	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
<b>Current Revenue</b>	<b>216.60</b>	<b>228.84</b>	<b>241.53</b>	<b>256.03</b>	<b>260.53</b>	<b>272.17</b>	<b>301.95</b>	<b>308.84</b>
Tax Revenue	179.44	187.73	206.24	215.45	216.84	230.58	259.76	257.48
Taxes on Income & Profits	55.90	61.00	72.90	70.56	71.50	70.65	87.86	75.23
Of Which:								
Individual	25.78	27.32	30.39	31.14	32.14	33.83	35.04	33.34
Company Tax	26.54	26.81	38.62	33.09	36.06	33.30	45.20	38.14
Taxes on Property	2.45	1.78	2.04	2.28	2.27	3.46	2.51	2.71
Taxes on Domestic Goods & Services	29.34	25.71	27.79	32.32	40.68	44.63	42.71	46.94
Of Which:								
Consumption Duties	5.61	6.59	6.20	6.14	7.11	6.21	5.91	6.00
Hotel Turnover Tax	4.27	3.81	3.82	4.41	5.16	5.39	4.48	4.20
Taxes on Int'l Trade & Transaction	91.75	99.24	103.51	110.29	102.39	111.84	126.69	132.59
Of Which:								
Import Duty	21.34	23.65	22.53	23.89	22.50	25.36	25.57	29.08
Consumption Tax	55.28	61.66	66.39	69.65	58.59	65.09	77.94	78.77
Customs Service Charge	8.95	9.29	10.15	10.85	15.81	16.60	18.17	19.26
Non-Tax Revenue	37.16	41.11	35.29	40.58	43.69	41.59	42.19	51.37
<b>Current Expenditure</b>	<b>187.19</b>	<b>196.91</b>	<b>205.32</b>	<b>225.24</b>	<b>240.36</b>	<b>258.73</b>	<b>274.62</b>	<b>268.07</b>
Personal Emoluments	99.14	105.66	112.19	118.26	123.22	128.64	138.28	136.55
Other Goods & Services	43.80	44.37	44.57	52.54	53.11	52.94	62.75	59.30
Interest Payments	11.89	12.44	13.46	20.14	25.61	24.63	25.47	27.37
Domestic	8.10	8.18	8.60	9.73	12.39	12.57	15.19	16.52
External	3.79	4.26	4.86	10.41	13.22	12.06	10.28	10.85
Transfers & Subsidies	32.36	34.44	35.10	34.30	38.42	52.52	48.12	44.84
Pensions	9.30	9.66	11.57	10.80	16.00	5.02	-	-
	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
<b>Current Account Balance</b>	<b>29.41</b>	<b>31.93</b>	<b>36.21</b>	<b>30.79</b>	<b>20.17</b>	<b>13.44</b>	<b>27.34</b>	<b>40.78</b>
Capital Revenue	0.86	2.08	6.24	4.89	1.38	1.02	0.78	1.63
Grants	1.37	12.80	32.57	12.41	9.67	17.28	6.78	4.03
Of which: Capital Grants	1.37	12.80	32.57	12.41	9.67	17.28	6.78	4.03

<b>Capital Expenditure and Net Lending</b>	<b>28.26</b>	<b>81.96</b>	<b>103.28</b>	<b>63.55</b>	<b>35.08</b>	<b>46.73</b>	<b>53.81</b>	<b>66.70</b>
<b>Capital Account Balance (before grants)</b>	<b>(27.40)</b>	<b>(79.88)</b>	<b>(97.04)</b>	<b>(58.66)</b>	<b>(33.70)</b>	<b>(45.71)</b>	<b>(53.03)</b>	<b>(65.07)</b>
<b>Overall Balance</b>	<b>3.38</b>	<b>(35.15)</b>	<b>(28.26)</b>	<b>(15.46)</b>	<b>(3.86)</b>	<b>(14.99)</b>	<b>(18.92)</b>	<b>(20.26)</b>
<b>Financing</b>	<b>(3.38)</b>	<b>35.15</b>	<b>28.26</b>	<b>15.46</b>	<b>3.86</b>	<b>14.99</b>	<b>18.92</b>	<b>20.26</b>
Domestic	(6.38)	18.11	(12.90)	14.41	(2.08)	(10.82)	18.37	(36.47)
ECCB (net)	(3.21)	4.76	(1.26)	8.36	(7.40)	(2.07)	4.16	12.17
Commercial Banks (net)	(7.42)	(3.68)	(16.47)	0.44	13.53	(16.11)	37.85	(50.98)
Other	4.25	17.03	4.83	5.61	(8.21)	7.36	(23.64)	2.34
External	3.00	17.04	41.16	1.05	5.94	25.81	0.55	56.72
Net Amortisation	3.00	22.27	42.41	2.57	9.69	33.31	5.05	48.92
Disbursements	15.60	32.39	52.14	15.16	20.58	45.99	21.23	67.86
Amortisation	(12.60)	(10.12)	(9.73)	(12.59)	(10.89)	(12.68)	(16.18)	(18.94)
Change in Govt. Foreign Assets	-	(5.23)	(1.25)	(1.52)	(3.75)	(7.50)	(4.50)	7.80
Arrears	-	-	-	-	-	-	-	-
Domestic	-	-	-	-	-	-	-	-
External	-	-	-	-	-	-	-	-

## **APPENDIX IV- MEDIUM-TERM PROJECTIONS**

### **ST. VINCENT AND THE GRENADINES: MEDIUM-TERM PROJECTIONS**

	2002	2003	2004	2005	2006	2007
<b>Active scenario-with fiscal adjustment</b>						
Real GDP growth (at factor cost; percent)	0.7	2.2	2.9	3.3	3.3	3.3
Inflation (period average; percent)	1.0	0.3	2.0	2.0	2.0	2.0
(In millions of Eastern Caribbean dollars)						
Nominal GDP	973.5	1008.3	1065.1	1129.0	1192.0	1257.4
Current account balance	-114.7	-125.1	-139.1	-156.7	-187.1	-233.5
Exports, f.o.b	113.9	119.1	120.3	125.9	122.5	116.2
Imports, f.o.b.	411.6	428.9	450.4	475.2	501.0	533.8
Services (net)	188.9	192.0	199.7	203.1	203.8	198.5
Income (net)	-48.2	-50.6	-53.4	-56.7	-59.8	-63.1
Current transfers (net)	42.3	43.4	44.7	46.1	47.4	48.7
Capital and financial account	93.1	125.1	139.1	156.7	187.1	233.5
Overall balance	-21.7	0.0	0.0	0.0	0.0	0.0
	(In percent of GDP, unless otherwise stated)					
External current account balance	-11.8	-12.4	-13.1	-13.9	-15.7	-18.6
Exports of goods and services	47.6	47.5	46.7	45.9	44.3	42.3
Imports of goods and services	58.8	59.2	59.0	58.9	59.0	59.7
Total public debt net of NIS (end-period)	72.3	76.0	73.8	69.5	64.7	60.3
Public external debt (end -period)	48.9	51.2	50.4	47.5	44.0	40.7
Public sector overall balance	-6.0	-6.2	-1.8	0.1	1.1	1.1
Public sector savings (without moratorium)	4.3	5.5	7.6	9.5	10.5	10.5
Overall central government balance	-3.6	-2.7	-1.7	-1.6	-0.6	-0.6
Central government primary balance	0.8	0.5	1.5	1.5	2.4	2.3
Central government savings (without moratorium)	1.4	2.5	3.3	4.0	5.0	5.0
National savings	18.2	18.1	17.9	17.7	17.6	17.5
Public	4.3	5.5	7.6	9.5	10.5	10.5
Private	13.9	12.6	10.4	8.2	7.1	7.0
Investment	30.0	30.5	31.0	31.6	33.3	36.1
Public	12.1	13.4	10.5	10.5	10.5	10.5
Private	17.9	17.1	20.5	21.1	22.8	25.6

Alternative scenario-without fiscal adjustment



	2002	2003	2004	2005	2006	2007
Real GDP growth (at factor cost; percent)	0.7	2.2	2.0	1.0	1.0	1.0
Total public debt net of NIS (end-period)	72.3	76.0	76.6	77.4	78.4	79.6
Public external debt (end-period)	48.9	51.2	52.9	54.7	56.6	58.4
Public sector overall balance	-6.0	-6.2	-4.0	-3.5	-3.5	-3.5
Public sector savings (without moratorium)	4.3	5.5	4.4	4.4	4.4	4.4
Public Investment	12.1	13.4	9.5	9.0	9.0	9.0
Overall central government balance	-3.6	-2.7	-3.5	-3.5	-3.5	-3.5
Central government primary balance	-0.8	0.5	-0.1	-0.1	-0.0	0.1
Central government savings (without moratorium)	1.4	2.5	1.5	1.5	1.5	1.5
<b>Memorandum items:</b>						
Total number of visitors (in thousands)	245.8	251.2	257.7	264.4	271.0	277.8
<i>Of which</i>						
Stay-over visitors	77.8	6.6	78.6	80.6	82.6	84.7
Tourism receipts (in millions of U.S. dollars)	78.4	80.9	86.0	90.0	94.1	96.9

Source: Excerpts from IMF Article IV – Country report No. 03/28

## APPENDIX V – PUBLIC SECTOR DEBT

	1998	1999	2000	2001	2002	2003
(In millions of EC dollars)						
Total Public Debt	419.46	602.35	626.27	660.2	708.04	761.61
External Debt	271.85	432.46	432.24	458.45	458.46	519.61
Central Government	251.06	412.91	413.25	440.04	438.01	495.04
Public Corporations	20.79	19.55	18.99	18.40	20.45	24.57
Domestic Debt	147.61	169.89	194.03	201.75	249.58	242.01
Central Government	128.80	148.95	170.71	175.81	217.02	208.99
Public Corporations	18.81	20.94	23.32	25.94	32.56	33.02
Debt Servicing						
External	26.06	33.95	28.79	31.42	30.44	34.54
Central Government	21.57	30.31	25.06	28.58	28.33	32.83
Public Corporations	4.49	3.64	3.73	2.84	2.11	1.71
GDP (mkt prices)	856.60	891.70	905.30	940.30	976.67	1003.20
Current Revenue	241.53	255.84	260.52	272.23	305.63	316.63
Debt as % of GDP	49.0%	67.6%	69.2%	70.2%	72.4%	75.9%
Central Gov't Debt Service as % of Current Revenue	8.9%	11.8%	9.6%	10.5%	9.3%	10.4%