PROSPECTUS

FOR TREASURY BILL ISSUES
FOR THE PERIOD
JULY 2011– JUNE 2012

BY THE GOVERNMENT OF
ST. VINCENT AND THE GRENADINES

Ministry of Finance
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July 2011

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I. GENERAL INFORMATION

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Mr. Maurice Edwards, Director General, Ministry of Finance
Mrs. Ingrid Fitzpatrick, Accountant General
Ms. Deidre Anthony, Debt Manager

Date of Publication: July 2011

Registration: This prospectus will be registered with the Regional Debt Coordinating Committee (RDCC).

Purpose of Issue: To refinance the existing issues of Treasury Bills issued on the Primary Market via the Regional Government Securities Market (RGSM) 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.

Amount of Issue: Monthly issues of XCD25.0 million each

Broker: Bank of St Vincent and the Grenadines Ltd

Legislative Authority: The Treasury Bills Act Chapter 320 as amended

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.

II. INFORMATION ON THE TREASURY BILL ISSUE

a. The Government of St. Vincent and the Grenadines (GOVSVG) proposes to auction XCD 25,000,000.00 91-day treasury bills each month during the period July 2011 to June 2012. The Treasury bills will be auctioned on the following dates:

28 July 2011	**- Trading Symbol VCB281011**
26 August 2011	**- Trading Symbol VCB281111**
29 September 2011	**- Trading Symbol VCB301211**
31 October 2011	**- Trading Symbol VCB310112**
29 November 2011	**- Trading Symbol VCB290212**
4 January 2012	**- Trading Symbol VCB050412**
1 February 2012	**- Trading Symbol VCB030512**
1 March 2012	**- Trading Symbol VCB010612**
10 April 2012	**- Trading Symbol VCB110712**
4 May 2012	**- Trading Symbol VCB070812**
4 June 2012	**- Trading Symbol VCB040912**

The Treasury bills will be settled on the following dates:

29 July 2011	**- Trading Symbol VCB281011**
29 August 2011	**- Trading Symbol VCB281111**
30 September 2011	**- Trading Symbol VCB301211**
1 November 2011	**- Trading Symbol VCB310112**
30 November 2011	**- Trading Symbol VCB290212**
5 January 2012	**- Trading Symbol VCB050412**
2 February 2012	**- Trading Symbol VCB030512**
2 March 2012	**- Trading Symbol VCB010612**
11 April 2012	**- Trading Symbol VCB110712**
8 May 2012	**- Trading Symbol VCB070812**
5 June 2012	**- Trading Symbol VCB040912**

The Treasury Bills will mature on the following dates:

28 October 2011	**- Trading Symbol VCB281011**
28 November 2011	**- Trading Symbol VCB281111**

30 December 2011	**- Trading Symbol VCB301211**
31 January 2011	**- Trading Symbol VCB310112**
29 February 2011	**- Trading Symbol VCB290212**
5 April 2011	**- Trading Symbol VCB050412**
3 May 2012	**- Trading Symbol VCB030512**
1 June 2012	**- Trading Symbol VCB010612**
10 July 2012	**- Trading Symbol VCB110712**
7 August 2012	**- Trading Symbol VCB070812**
04 September 2012	**- Trading Symbol VCB040912**

b. The Treasury bills be issued with tenors of 91 (ninety one) days.

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

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

e. 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.

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

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

h. The maximum bid price is $98.55 or 5.82 per cent.

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

j. 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:

- ABI Bank Limited
- Antigua Commercial Bank Limited

- Bank of Nevis Limited
- ECFH Global Investment Solutions Limited
- Bank of St Vincent and the Grenadines Ltd
- National Mortgage Finance Company of Dominica Limited
- St. Kitts Nevis Anguilla National Bank Limited
- Financial Investment and Consultancy Services Ltd – Saint Lucia
- First Citizens Investment Services Limited – Saint Lucia
- First Citizens Investment Services Limited – Trinidad and Tobago
- National Bank of Anguilla

Contact information for the Intermediaries is presented in **Appendix I.**

III EXECUTIVE SUMMARY

The Government of St. Vincent and the Grenadines is proposing to raise EC$25 million monthly during the period July 2011 to June 2012 through the issuance of 91-day Treasury Bills to be auctioned on the Regional Government Securities Market. During the bidding periods, which will be opened at 9:00 a.m. on the auction days and closed at 12:00 noon on the same days, bids of amounts of not less than EC$5,000 and in multiples of EC$1,000 will be processed through intermediaries licensed by the Eastern Caribbean Securities Regulatory Commission. The proceeds of these issues will be used to refinance maturing treasury bills.

Preliminary estimates indicate that economic activity contracted further in 2010 as a result of a prolonged drought in the first half of the year and the effects of hurricane Tomas in the latter part of the year. In addition, the housing and economic infrastructure were severely damaged as a result of the high winds and landslides associated with the hurricane.

For the fiscal year ending December 31, 2010 the central government fiscal position improved when compared to 2009. Current revenue which totalled $482.46 million increased by 3.5 per cent, while current expenditure rose by 2.4per cent to $481.19 million during the period. Consequently the central government current balance improved, moving from a deficit of $3.38 million in 2009 to a surplus $1.27 million in 2010. The overall balance also improved, moving from a deficit of $54.99 million in 2009 to a surplus of $12.56 million in 2010.

Preliminary indicators are that the total public sector debt as at December 30th, 2010 stood at EC$1.22 billion representing a 5.2 per cent increase over December 30th 2009. Concomitant with the increase in the stock of debt was an increase in debt service. Central Government total debt service including sinking fund contributions amounted to $122.2 million in 2010 an increase of 5 per cent over the 2009 amount of $116.33.

Even as the international financial crises have began to ease in some countries, its impact will continue to threaten growth potential during the medium term. The tourism sector is likely to be affected as the main tourism source countries battle with recovery. Consequently, the government is continuing a series of measures designed to bring relief to the tourism sector in an effort to cushion the impact of the global slowdown.

IV. HISTORY

Known by the Caribs as "Hairoun" (Land of the Blessed), St. Vincent and the Grenadines was first inhabited by the Ciboney, a group of Meso-Indians. The economy of these hunter-gatherers depended heavily on marine resources as well as the land. Another indigenous group, the Arawak, who entered the West Indies from Venezuela, gradually displaced the Ciboney. Then less than 100 years before the European settlers, the Caribs arrived in the islands and conquered the Arawak.

The first permanent settlers arrived on the shores of the islands in 1635. These new inhabitants were African slaves who escaped the sinking of the Dutch slave ship on which they were being transported. The escaped Africans intermarried with the Caribs and became known as "black Caribs". After several skirmishes, the black Caribs and the original Carib Indians agreed in 1700 to subdivide the islands between themselves; the original Carib Indians occupying the Leeward and the Black Caribs, the Windward.

In 1763, St. Vincent and the Grenadines was ceded to Britain. Restored to French rule in 1779, St. Vincent and the Grenadines was regained by the British under the Treaty of Versailles in 1783. Conflict between the British and the black Caribs continued until 1796, when General Abercrombie crushed a revolt fomented by the French radical Victor Hugues. More than 5,000 black Caribs were eventually deported to Roatan, an island off the coast of Honduras.

From 1763 until independence, St. Vincent and the Grenadines passed through various stages of colonial status under the British. A representative assembly was authorized in 1776, Crown Colony government installed in 1877, a legislative council created in 1925, and universal adult suffrage granted in 1951. During this period, the British made several unsuccessful attempts to affiliate St. Vincent and the Grenadines with other Windward Islands in order to govern the region through a unified administration. The most notable was the West Indies Federation, which collapsed in 1962. St. Vincent and the Grenadines was granted associate statehood status in 1969, giving it complete control over its internal affairs. Following a referendum in 1979, St. Vincent and the Grenadines became the last of the Windward Islands to gain independence and became a member of the Commonwealth of Nations.

V. DEMOGRAPHICS

The last population census for St. Vincent and the Grenadines which was conducted in 2001 estimated the population at one hundred and twelve thousand (112,000) with GDP per capita of US$3,116 compared with a 2000 GDP per capita of US$3,055. In 2001, males accounted for 50.9 per cent of the population while females accounted for 49.1 per cent, 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. km and population density per sq. km of 288. Life expectancy at birth is 68.8 years and infant mortality rate, per thousand live births is 16.3.

Table 1 shows the percentage composition of different average groups of total population from 1991 to 2001.

Table 1: Percentage of Age Group of Total Population

Age groups	**2001 %**	**1991 %**
<= 15................................	30.7	37.2
15-29................................	27.8	29.5
30-44................................	21.1	16.1
45-64................................	13.2	10.7
>=65	7.3	6.5
Total.............................	**100**	**100**

The 2011 census has been launched with Census Day slated for June 12, 2011.

VI. FINANCIAL ADMINISTRATION AND MANAGEMENT

The Ministry of Finance 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 and Economic Planning. 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.

The Eastern Caribbean Central Bank (ECCB) conducts quarterly economic and financial reviews that are published on the Bank's website (www.eccb-centralbank.org). *Article IV Country*

Reviews conducted by the International Monetary Fund (IMF) are also published and available on the Fund's Website (www.imf.org)

The Ministry of Finance and Economic Planning 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.The main objective of the Government is to maintain a stable and productive economy, with a focus on education and training, sharpened business competitiveness, further tax reductions, sensible debt management and fiscal consolidation. The Government aims to build a modern, competitive, post-colonial economy with the following central elements:

i) maintaining macro-economic fundamentals of a stable currency, low inflation, fiscal prudence, enhanced competitiveness, and increased productivity;
ii) placing social equity at the center of the considerations in the fashioning of economic policy;
iii) pursuing a policy of balanced economic growth which is sustainable and which generates quality employment;
iv) establishing partnerships with the Private Sector for creating wealth and to boost economic activity;
v) implementing a Public Sector Investment Programme to create, among other things, a fiscal stimulus to the economy;
vi) providing an appropriate balance between the conflicting objectives of injecting a fiscal stimulus and maintaining a sustainable debt path ;
vii) education and training for living and production; and
viii) deepening regional integration and integrated production.

Transparency and Accountability

The Government has adopted a system for strengthening the institutional framework for democratic accountability and monitoring of fiscal matters. As a result, the fiscal position of the Government is reported monthly to the Cabinet. Additionally the fiscal and debt position are reported annually in the Government Estimates of Revenue and expenditure, which is available to the public from the Ministry of Finance. Information on the government's fiscal and debt operations is also published quarterly via the local media and the government's website. The ECCB also conducts quarterly economic and financial reviews, which are published across the region annually. Article IV Country Reviews conducted by the IMF are also published and are available on the fund's external website. Further, efforts are being made to have the Audited Reports of the government available on a more timely basis. The latest Audited Report of the government for the fiscal year 2007 was laid before the Parliament on March 4th 2010.

VII. MACRO ECONOMIC PERFORMANCE

Economic Growth

Preliminary estimates indicate that economic activity in St. Vincent and the Grenadines contracted in 2010 albeit at a reducing rate when compared to 2009. Real GDP is estimated to have declined by 1.8 percent in 2010 compared to a 2.3 percent decline in 2009. This performance was largely attributed to decline in the agriculture, hotels and restaurants, construction and, Financial Intermediation sectors.

Inflation

A review of the Consumer Price Index for the year 2010 indicated that the average annual "point-to-point" inflation rate was 1.5 percent compared to 0.5 percent for the year 2009. The accumulated inflation rate for the year 2010 was recorded at 2.0 percent compared to -1.6 percent for the year 2009. The "All Items" index moved from 131.9 in January 2010 to 135.1 in December 2010. Further analysis of the index revealed that the "All Items" index was higher for most months in 2010 than in 2009 (see chart 1).

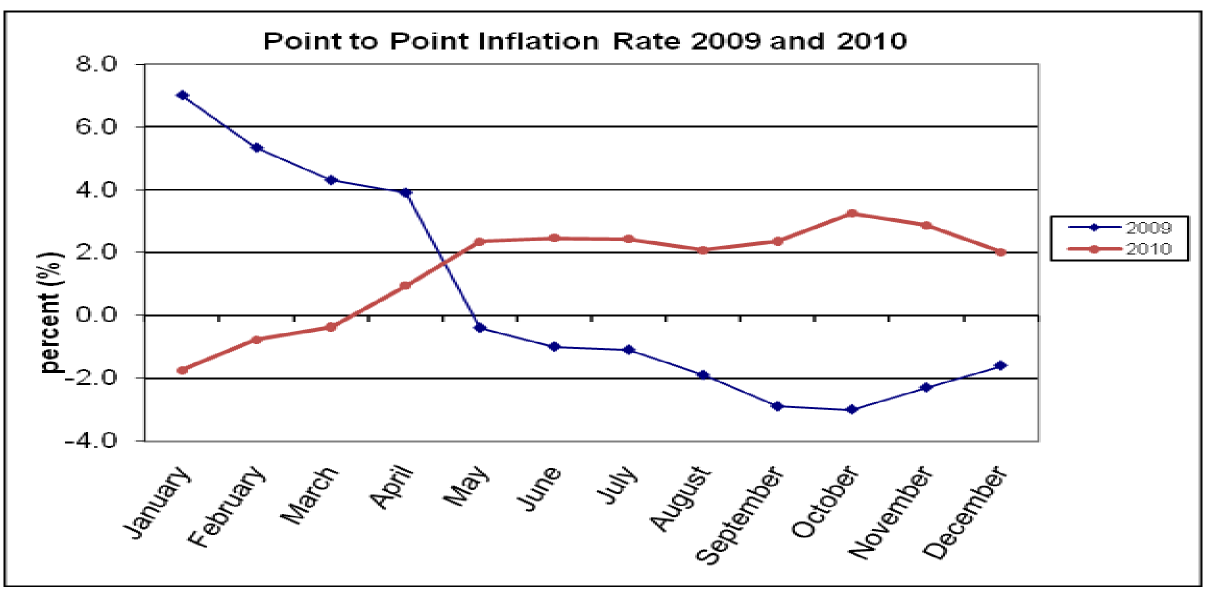


Chart 1 Point to Point Inflation Rates for the period 2010 compared with 2009

The monthly inflation fluctuated throughout the year 2010 with the lowest recorded as -0.4 percent for the month of January and the highest 0.8 percent for the month of April. For the months of July, August and December 2010 the monthly inflation rate was less than half a percentage point. The “point-to-point” inflation rates were higher in 2010 compared to 2009 which recorded mostly negative rates.

VIII. SECTORAL DEVELOPMENTS

Agriculture

In spite of the several challenges that continue to affect agriculture this sector continues to play a significant role in the economy of St. Vincent and the Grenadines. It is the economic mainstay and contributes immensely to economic and social development, particularly as it relates to the livelihoods of rural peoples. Agricultural output decreased from EC106.56 million in 2009 to EC$86.76 million in 2010 resulting in 6.24 percent contribution to GDP in 2010 compared with 7.53 percent in 2009. This decreased output can be attributed to the effects of a prolonged drought in the first half of 2010 and the damages caused by hurricane Tomas, particularly to the banana and plantain crops which were completely destroyed. The report of the core Damage and Needs Assessment Committee estimated the damage to the agriculture sector at $35.0 million. In the face of the destruction caused by Tomas, the Government immediately mobilised and fashioned, a many-faceted and well structured recovery and rehabilitation programme. It involves continued assistance to banana farmers, with income and input support aimed at facilitating the replanting of over 2,000 acres of bananas and 1,800 acres of plantains; assistance to vegetable and fruit crop farmers with planting materials, seedlings and fertilizers, technical assistance to livestock farmers for the refurbishment of their animal houses, the replacement of livestock, and the provision of feeds.

The Recovery and Rehabilitation Plan also takes into consideration the promotion of programmes in support of production, technical support, training and education of over 2,100 farmers in production technologies, agri-business management, good agricultural practices and pest and disease control. These measures are expected to see improvements in the sector in the medium term.

Tourism

Tourism, as measured by the Hotels and Restaurants sub-sector, declined from EC$36.3 million in 2009 to EC$29.0 million in 2010.resulting in 2.1 percent contribution to GDP compared to 2.6 percent in 2009. Tourism is a key employment sector and contributes significantly to Government revenue.

Visitor arrivals during the year 2010 decreased by 14.7 per cent to 231,121 compared with 270,912 for the period 2009. The sector recorded decline in cruise ship passengers, stay-over and same-day, while yacht visitors registered an increase. Activity in the cruise ship sector decreased by 25.8 per cent to 110,954 in 2010 compared with 146,462 during the corresponding period in 2009. In contrast, activity in the yachting sub-sector increased by 4.3 per cent, while the stay-over visitor arrivals decreased by 3.9 per cent with 72,478 in 2010 compared to 75,446 over the comparative period in 2009.

Table 1. Visitor Arrivals By Visitor Type

VISITOR TYPE	DEC 2010	DEC 2009	JAN - DEC 2010	JAN - DEC 2009	ACTUAL CHANGE	% CHANGE
BY AIR						
STAY-OVER	9,034	9,600	72,478	75,446	(2,968)	(3.9)
SAME DAY	434	425	5,086	5,185	(99)	(1.9)
SUB TOTAL	9,468	10,025	77,564	80,631	(3,067)	(3.8)
BY SEA						
YACHT	6,334	5,743	42,603	40,859	1,744	4.3
CRUISE SHIP	17,569	28,315	110,954	149,462	(38,508)	(25.8)
SUB TOTAL	23,903	34,058	153,557	190,321	(36,764)	(19.3)
TOTAL	**33,371**	**44,083**	**231,121**	**270,952**	**(39,831)**	**(14.7)**

Source: St. Vincent and the Grenadines Tourism Authority

The majority of the country's tourists come from the Caribbean U.S.A, Europe, South America and Canada,. In 2010, 33.1 per cent of the stay-over visitors came from the Caribbean, followed by 29.7 per cent from the U.S.A, 16.7 per cent from the U.K., 9.4 per cent from Canada and 11.1 per cent from other countries.

The government continues to be cognizant of the importance of this sector to the overall economic performance, including foreign exchange earnings and employment opportunities. Thus, in 2011, efforts will be made to collaborate with the private sector to facilitate the implementation of the following pipeline projects:

1. The continued development of the Buccama Resorts.
2. The development of the Adams Bay Hotel Project on Bequia.
3. The expansion of the Resort on Canouan involving the existing developers and new equity partners from international tourism.
4. The development of a 55 room resort on Mayreau.
5. The development of hotel and associated tourism facilities at Chatham Bay and Ashton, Union Island.
6. The planned expansion and further development of the Petit St. Vincent Resort.
7. The further development of Palm Island.

Manufacturing

St. Vincent and the Grenadines has a small manufacturing sector which contributed 4.7 per cent of the economy's GDP in 2010, a marginal increase from 4.4 per cent in 2009. The Government is continuing its effort to make the sector internationally competitive by providing incentives to local companies to increase their productivity. These include the reduction of Company Income Tax and the development of the Small and Medium Enterprise (**SME**) sector by increasing access to credit and improving business and entrepreneurial skills of the labor force.

Construction

The construction sector declined marginally in 2010 contributing 9.03 percent to GDP compared with 9.06 percent in 2009. The decline in the construction sector was influenced by lower levels of investment in both the public and private sectors.

IX. BALANCE OF PAYMENTS

The overall Balance of Payments position improved in 2009, moving from a deficit of EC$8.8m (0.05 percent of GDP) in 2008 to a surplus of EC$12.6m representing 0.1 per cent of GDP. This outcome was the result of a decline in the current account deficit and allocations of IMF Special Drawing Rights.

The Current Account

The components of the current account within the Balance of Payments consist of the goods, the services, the income and current transfers accounts. The current account deficit narrowed from EC$621.9m (32.9 percent of GDP) in 2008 to EC$539.4m (28.6 percent of GDP) in 2009, influenced by a 10.7 per cent decline in merchandise imports. Merchandise imports fell from EC$1008.4m (53.4 percent of GDP) in 2008 to EC901.48m (47.7 percent of GDP) in 2009. The movement in merchandise imports was attributed in part to a lower import bill associated with decreased in value of imports of food and live animals, machinery and transport equipment, crude materials and manufactured goods. Additionally, the value of exports decreased from EC$141.0m in 2008 to EC$135.2m in 2008.

Services account surplus recorded a 10.7 percent decline of EC$122.6m in 2009 compared to 2008. This surplus represented a 6.5 percent of GDP in 2009 compared to a 7.2 percent of GDP in 2008. This movement was influenced mainly by an 8.9 percent decrease in gross travel receipts to EC$236.4m in 2009. Notwithstanding that visitor arrivals increased by 8.4 percent in 2009 mainly due to a 28.1 percent increase in the sub-category cruise passengers, visitor expenditure decreased as a result of a 10.7 percent decrease in the sub-category stay-over visitors.

The income account measures income flows in and out of the country, including the payment of interest on external indebtedness. Net outflows on the income account declined by 2.3 percent of GDP in 2009. This movement was largely due to a decline in reinvested earnings moving from EC$24.8m in 2008 to EC$6.5m in 2009.

There was a net inflow of current transfers of EC$30.8m in 2009, a decrease of 13.2 percent. Among current transfers, general government transfers increased from a deficit of EC$0.8m in 2008 to a surplus of EC$0.8m in 2009, while transfers in “Other Sectors” decreased from EC$36.4m in 2008 to EC$ 30.8m in 2009.

The Capital and financial account

In 2009, the surplus on the Capital and Financial Account declined by 4.7 per cent to EC$ 544.2m (28.8 per cent of GDP), down from EC$570.9m (30.2 percent of GDP) in 2008. The Capital Account surplus increased by 11.0 percent of GDP, reflecting an increase in capital grants received by central government. Net inflows on the financial account fell by 9.4 per cent to EC$397.7m (21.1 per cent of GDP) in 2009 compared with EC$439.1m (23.3 per cent of GDP) in 2008. This increase was associated mainly with a 32.9 per cent decrease in inflows from direct investment.

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 made to countries such as the U.K., the U.S., Canada and countries within the CARICOM region and consist primarily of domestic exports of agricultural and banana products and manufactured items such as flour and rice. 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.

Exports

In 2010 total exports declined to $110.9m from $135.2.0m in 2009. Banana exports fell from EC$17.1m in 2009 to EC$12.1m in 2010. Manufactured exports fell from EC$61.28m in 2009 to EC$60.34m in 2010.

Imports

Total imports recorded an increase in 2010 moving from EC$900.7m in 2009 to EC$912.5m in 2010. Total imports represented 47.8 per cent of GDP in 2009

X. GOVERNMENT FISCAL OPERATIONS

For the fiscal year ending December 31, 2010 the central government fiscal position improved with the current balance moving from a deficit of EC$3.24 million in 2009 to a surplus of EC$10.65 million in 2010.The primary balance was a surplus of EC$73.39 million in contrast to a deficit of EC$3.83 million in 2009. The overall balance also improved, realising a surplus of EC$20.99 million in 2010 from a deficit of EC$54.84 million over the corresponding period in 2009 (see Appendix II).

Revenue

As at December 31, 2010 Current Revenue totalled EC$483.80 million, this represents an increase of 3.7 percent when compared with the same period in 2009. This improved revenue performance was due primarily to a significant increase of 80.9 per cent in receipts from non-tax sources including; Fees, Fines and Permits (up by 13.6 per cent), Interest Rents and Dividends (up by 33.7 per cent) and Other Revenue (up 457.0 per cent). The significant increase in Other Revenue was mainly due to the receipt of funding for budget support from the European Union. Interest Rents and Dividends benefited from the receipt of currency profits from the ECCB.

Of the tax revenue, receipt from licences increased by 15.4 per cent to $25.4 million while taxes on domestic transactions grew marginally by 0.8 per cent to total $105.93 million. At the same time taxes on income and profits and taxes on international trade declined by 1.4 per cent and 7.3 per cent respectively. The fall in taxes on income and profit resulted from lower collections of corporation and withholding taxes during the period. The decline in taxes on international trade was mainly on account of reduced receipts from Customs Service Charge, Excise Duty and VAT.

Capital inflows as at December 31, 2010 amounted to $88.74 million, this represents an increase of 13.2% when compared to the same period in 2009 and was mainly due to a very significant increase in Other Revenue (which went up by $70.0 million) as grant receipts declined significantly by 76.8%. The collection from Other Revenue is broken down as follows:

- Revenue from the sale of a fixed asset (the NCB) totalling $42.0 million
- Proceeds for the sale of SDRs in the amount of $27.9 million
- Other Revenue $0.1million

The prices of gasoline and diesel are adjusted by the government to reflect changes in international prices. Consequently the retail prices of gasoline and diesel were adjusted only three times in 2010 compared to six times in 2009. As at December 31, 2010 the retail prices of gasoline and diesel stood at EC$12.20 and EC$10.35 per gallon respectively, compared to EC$10.61 and EC$9.03 per gallon respectively as at December 2009.

Expenditure

Recurrent expenditure as at December 31, 2010 amounted to EC$473.15 million and represented a marginal increase of 0.7 per cent when compared with the same period in 2009. During the period, expenditure on personal emoluments increased by 6.6 per cent to $203.89 million while outlays on wages fell by 13.5 per cent to $17.93 million. The increased expenditure on personal emoluments was mostly due to a 5 per cent salary enhancement received public servants during the period while wages were reduced mainly as a result of the formation of a new statutory body to undertake public works previously done by the central government. Outlays on Transfers and Subsidies rose by 9.3 per cent to $131.87 million. This rise in expenditure was mainly the result of increased spending on grants and contributions and pension payments over the period. Spending on Goods and Services fell by 22.1 per cent to $67.07 million chiefly on account of reduced expenditure on supplies and materials, Maintenance Services and utilities.

As at December 31 2010, Capital Expenditure amounted to EC$78.40 million. This amount was down 39.7 per cent from the amount spent during the same period in 2009 and is reflective of a scaling down or omission of a number of the larger projects that were budgeted for in 2010.

2011 Revenue and Expenditure Budget

The expenditure budget for 2011 amounts to EC$786.48 million, comprising recurrent expenditure (including amortization) of EC$609.81 million and capital expenditure of EC$176.67 million. The total budget is EC$127 million or 13.9 per cent less than the 2010 approved estimates. The 2011 estimates of current expenditure (excluding amortization) is EC$532.07 million, which is 1.7 per cent more than the estimates for 2010.

The projected growth in revenue for 2011 will come primarily from more efficient tax collection along with some new revenue measures. The 2011 estimate of capital expenditure is significantly lower than the 2010 estimates. This is in keeping with the Government's effort to spend only on vital items of expenditure of undoubted merit. Table 3 shows the breakdown in Capital Expenditure by Sector.

Table 3: Capital Expenditure by Sector 2011

Sector	EC$m	per cent
Economic Affairs	87.0	49.2
Education	33.3	18.9
Health	13.5	7.7
Public Order and Safety	11.6	6.5
Housing & Community Ame	11.0	6.2
General Public Service	10.2	5.8
Others	10.1	5.7
Total	176.7	100

Financing of the budget will come from current revenues of EC$504.8 million, capital grants of EC$54.7 million, capital revenue of EC$25.0 million, loans of EC$86.36 million and other capital receipts of EC$115.7 million.

Medium Term Projections (2010-2013)

Current Revenue is expected to rise moderately, growing at an average of 5.6 per cent over the period. However it is anticipated that it would stabilise at an average of 24.9 per cent of GDP during the period. Current Expenditure is projected to grow at an average of 3.2 per cent and to stabilise at an average of 23.9 per cent of GDP over the period. The expected increase in current expenditure will be attributed mainly to a higher wage bill which is expected to increase at an average of 10.7 per cent of GDP over the period. Government spending on goods and services and transfers & subsidies are expected to contribute significantly to the expansion in current expenditure rising at an average of 3.5 per cent of GDP and 7.0 per cent of GDP respectively over the period.

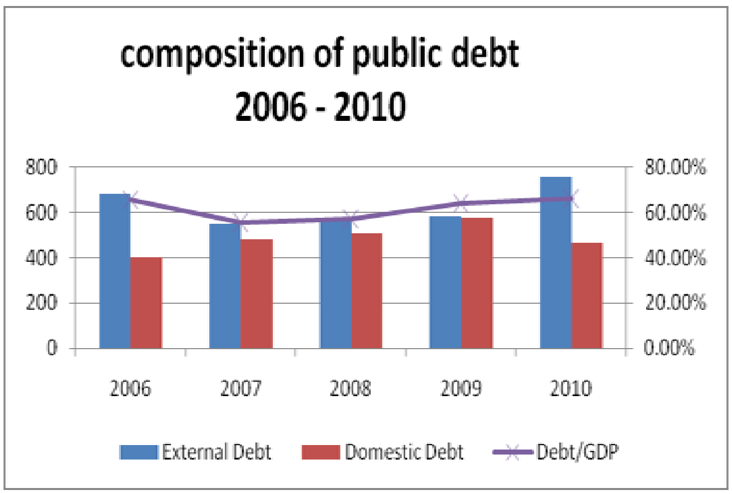
XI. PUBLIC DEBT

As at December 2010, total disbursed outstanding public debt stood at $1.22 billion, this represented a 5.3 percent increase when compared with $1.16 billion in 2009. During the year, external debt grew by 29.6 percentage points while domestic debt decline by 19.3 percent. In 2010, the amount of public debt held externally accounted for 62.0 percent ($753.7 million) of the total public debt with the remaining 38.0 percent ($464.2 million) is held domestically.

Central Government external and domestic debt totalled $1.01 billion; this represents 83.2 percent of the total public debt. This level of Central Government debt represents an increase of 12.1 percent when compare to the 2009 level of $889.4 million, which then accounted for 76.9 percent of the total public debt. Public Corporations' debt declined by 30.8 percent in 2010 when compared to 2009.

The increase in the Central Government debt is primarily on account of disbursements totalling $136.6 million from the Caribbean Development Bank and $54.0 million from the ALBA Bank. Approximately $45.0 million of the amount disbursed from the CDB was used to liquidate a portion of domestic debt held by Public Corporations at the National Commercial Bank, accounting for the reduction of the debt held by Public Corporations.

Chart 2: Composition of Public Debt



Source: Ministry of Finance and Economic Planning

External Debt

The total External Debt increased by 29.6 percent when compared with the 2009 figure of EC$581.6 million. The increase in the debt is primarily due to disbursements from the Caribbean Development Bank (CDB) on the second tranche of the Policy Based loan to cushion the impact of the global financial crisis on the economy and the Financial Stabilisation Loan to aid in the divestment of the National Commercial Bank

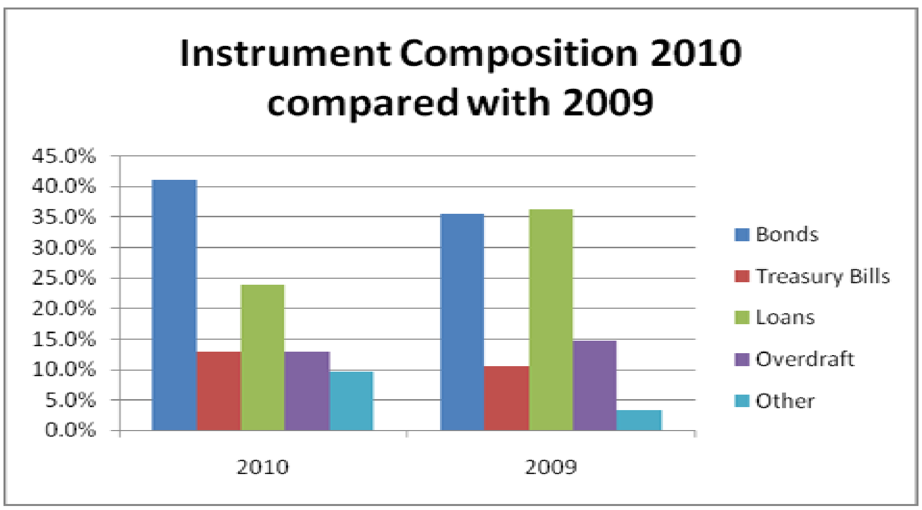
Of the External debt EC$649.1 million or 86.1 percent is attributable to Central Government and EC$104.6 million (13.8 per cent) to Public Enterprises and 74 per cent is categorized as loans and the other 26 per cent is categorized as bonds.

The CDB is the largest creditor with EC$397.7 million (52.8.0 per cent. This was followed by bondholders $125.4 million (16.6 per cent) and IDA/IBRD EC$56.2 million (8.7 per cent %). With respect to currency composition 76.23 per cent of the debt is denominated in United States Dollars, and 10.95 per cent in Special Drawing Rights.

Domestic Debt

Domestic debt which stood at $463.4 million decreased by 24 percent over the 2009 amount of $574.4 million. Of this amount Central Government accounts for $363.2 or 78.4 percent and the balance is attributable to public enterprises. The decrease in domestic debt in 2010 is largely on account of the liquidation of a portion of loans and overdraft through a facility from the Caribbean Development Bank. As a result the composition of the debt by instrument was modified when compared to 2009. Bonds now account for 41.0 percent of the portfolio up from 35.5 percent in 2009 while the category loans decreased to 23.8 percent compared to 36.1 percent in 2009. Overdraft decreased to 12.8 percent from 14.6 percent in 2009.

Chart 3 Instrument Composition 2010 compared with 2009



Source: Ministry of Finance and Economic Planning

Debt Service

Over the period, total debt servicing increased by 8.8 percent from $122.3 million in 2009 to $134.2 million in 2010. This was due mainly to an increase in amortization of 12.5 percent from $71.3 million 2009 to $81.5 million in 2010 Amortization in 2010 accounted for 60.7 percent of total debt servicing while 39.3 percent of total debt servicing related to interest payments. Interest payments increased by 2.7 percent in 2010 from $50.02 million in 2009 to $52.40

million in 2010. Sinking fund contributions amounted to $12.0 million in 2010 compared with $6 million in 2009.

Debt servicing as a percentage of recurrent revenue moved from 22.9 percent in 2009 to 23.6 percent in 2010 this represents a 5.0 percent increase from the 2009 ratio. Over the period, the debt to GDP ratio[1], increased by 2.6 percent, moving from 61.2 percent in 2009 to 62.9 percent in 2010.

Legislative Authority

The primary legislation which governs and explicitly authorises the Government to borrow is the Finance Administration Act (FAA) 2004 (Act No 28 of 2004). The Act authorises the Minister of Finance when authorised by resolution of the House of Assembly to 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 current limit on short term[2] borrowing is EC$75.0million.

The Treasury Bills Act Cap 320 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 per cent of the estimated annual revenue of St. Vincent and the Grenadines for the current financial year.

In relation to the authority to borrow from multilateral the Caribbean Development Bank Loans Act covers all loans from the CDB and the International Financial Organisations Act (1980) authorises the Minister of Finance to sign agreements with the World Bank and the International Monetary Fund. Similar acts authorising 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.

[1]The base year of the GDP have been revise from 1990 to 2006
[2] The limit for short term borrowing excludes Treasury Bills

The Government Guarantee of Loans Act 1984 gives government the authority to guarantee loans by lending agencies to corporations. The current limit specified for all guarantees issued by government is EC$300.0m.

Debt Projections

Central Government Public Debt is projected to increase in 2011 to around 58 per cent of GDP from 55 per cent of GDP in 2010. The increase is projected to be driven by new borrowings for the 2011 Public Sector Investment Programme. Additionally, disbursements from relief loans to fund rehabilitation following the effects of natural disasters are expected to increase the debt. By 2014, the public debt as a percentage of GDP is projected to decrease as prospects for growth increases.

DEBT STRATEGY 2011 -2013

The main risks that the government faces with respect to the public debt portfolio are interest rate risk, exchange rate risk, refinancing risk and liquidity risk.

Interest rate risk refers to the risk that developments in interest rate will lead to higher borrowing costs. The concept also covers refinancing risk, which is the risk that existing debt will have to be refinanced at a time when market conditions are unfavourable. Exchange rate risk is the risk that the value of the debt will increase as a consequence of development in the international markets for foreign currency.

The government aims to minimize all of these risks by adopting appropriate policies and most importantly by controlling the size of the debt itself and the cost of servicing the debt. The table below summarizes the main type of risk and the strategy for these risks.

Type of Risk	Management of Risk
1. Liquidity and Refinancing Risk	• Prepare annual cash flow and borrowing plans and monitor on a monthly basis • Minimize the proportion of short-term debt • Smooth the maturity profile • Maintain fiscal reserves

2. Interest Rate Risk	• Avoid floating interest rate debt as far as possible • Minimize bunching of loan repayments through the use of sinking funds and reducing debt instruments.
3. Foreign Exchange Risk	• As far as possible raise all debts in domestic currency or US dollars. Limit non EC/US dollars external debt to 20 percent of total external debt • Use hedging where feasible.

Medium Term Strategy

Over the medium-to-long-term Government aims to restrict the public debt to no more than 75% of GDP which is the level which we consider to be sustainable for St. Vincent and the Grenadines. In determining this debt level we considered several factors including cost of debt servicing and the ratio of revenue collection to GDP. In order to attain this target the following strategies will be adopted:-

1. Establishing strict limits on the contraction of new debts and ensuring that the projects to be financed are feasible in terms of their contribution to economic development and poverty reduction.
2. Reducing operational losses of public enterprise. In this regard, Government has established a Monitoring Committee on Public Enterprises, headed by the Prime Minister, to monitor the performances of all public enterprises. The Ministry of Finance and Economic Planning has delegated an officer for direct liaison and monitoring of public enterprises. Additionally the Government has restructured its Consolidated Overdraft loan to accommodate the assumption of a portion of non-performing loans by Public Enterprises.
3. Issue all Government Securities on the Regional Government Securities Market (RGSM)
4. Contraction of new debt would be concessionary from multinational and bilateral creditors.

XII. MONEY AND CREDIT

Monetary liabilities (M2) grew by 2.6 per cent during 2010, compared with growth of 0.3 per cent during 2009. Quasi money expanded by 5.7 per cent, as a result of increases in private sector savings deposits, foreign currency deposits and time deposits. Narrow money (M1) fell by 3.8 per cent, largely on account of a decline of 20.3 per cent ($12.9m) in currency with the public. Currency with the public was negatively impacted by a fall in currency in circulation, consistent with weak economic activity.

Domestic credit contracted by 13.3 per cent to $892.0m, influenced by declines in borrowing by central government and non-financial public enterprises. Net credit to the central government fell by 82.5 per cent, while lending to the non-financial public enterprises more than halved as government refinanced a large proportion of their debt in the commercial banking system with lower interest rate external borrowing. Private sector credit rose by 1.8 per cent, as loans extended to businesses and households increased by 3.6 per cent and 0.8 per cent respectively.

An analysis of the distribution of credit by economic activity indicates that outstanding loans decreased by 7.6 per cent, compared with a fall of 3.1 per cent during 2009. The main source of the decrease was a decline of 52.9 per cent ($93.4m) in borrowing for public administration, as government repaid a number of public corporations' loans. Credit for construction, transportation and acquisition of property also fell, consistent with the contraction in economic activity. Declines were also recorded in outstanding loans for manufacturing and agriculture. Those declines were partly offset by increases of 62.8 per cent and 4.2 per cent in credit for tourism and distributive trades, respectively.

The net foreign assets of the banking system grew by 31.4 per cent to $474.4m during 2010, in contrast to a decline of 6.2 per cent during the prior year. This outcome was partially influenced by growth of 10.9 per cent in the net foreign assets of commercial banks, mirroring an increase in assets held with institutions in other ECCB territories. Likewise, St Vincent and the Grenadines' imputed share of the reserves held by the ECCB grew by 47.3 per cent to $299.1m.

Liquidity in the commercial banking system rose during 2010. This was evidenced by a 5.6 percentage point increase to 43.3 per cent in the ratio of liquid assets to total deposits plus liquid liabilities. The loans and advances to deposits ratio declined by 10.3 percentage points to 75.3 per cent.

Commercial banks' weighted average interest rate on deposits decreased by 17 basis points to 2.76 per cent and that on loans fell by 14 basis points to 9.00 per cent. Consequently, the weighted average interest rate spread between loans and deposits grew to 6.24 percentage points from 6.21 percentage points at the end of December 2009.

XIII. MONEY TRANSFER COMPANIES

Money Transfer business is governed by the Money Services Business Act No. 27 of 2005. The Ministry of Finance/Supervisory and Regulatory Division is responsible for the general administration of this Act and the supervision of these operations.

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

The following companies currently act as agents for money transfer businesses and their principals:

- Grace Kennedy Money Transfer—Western Union
- Going Places Money Transfer—MoneyGram
- RBTT Bank Caribbean Limited Money Transfer Business—MoneyGram
- St Vincent Building and Loan Association Money Transfer—Jamaica National Money Transfer Services
- Postal Corporation - MoneyGram

XIV. INSURANCE SECTOR

The insurance business in St. Vincent and the Grenadines is governed by the Insurance Act No. 45 of 2003, which came into operation on January 01, 2004 and the Motor Vehicle Insurance (Third Party Risk) Act No. 4 of 2003. The Supervisor of Insurance is responsible for the general administration of the Insurance Act and the general protection of policy-holders. There are 22 insurance companies, including 9 long-term insurance companies and 13 motor and general insurance companies. The names of these insurance companies are as follows:

Long-term Insurance companies

- American Life Insurance Co. (ALICO)
- British American
- CLICO International Life
- Colonial Life
- Demerara Mutual Life Assurance Society Ltd.
- Guyana and Trinidad Mutual Life
- Guardian Life of the Caribbean
- Sagicor Capital Life
- Sagicor Life

Motor and General Insurance Companies

- The Beacon Insurance Company
- Caribbean Alliance
- Guardian General Insurance
- CLICO International General
- Great Northern Insurances
- Gulf Insurance
- Guyana and Trinidad Fire & General
- Island Heritage
- Metrocint General Insurance Co. Ltd.
- St Hill Insurance Co. Ltd.
- St. Vincent Insurances Ltd.
- United Insurance
- West Indian Insurances Ltd.

The Insurance sub-sector is mainly made up of branches/agencies of CARICOM based insurance companies. There are also five locally incorporated companies. The Insurance laws and Regulations apply equally to both domestic and foreign companies. The fallout of the Trinidad and Tobago based C L Financial Group has emphasized the need to strengthen the regulatory and supervisory framework of non-bank institutions. The government in collaboration with the ECCB and other regional leaders is coordinating information sharing and a regional response the crisis.

Most recent data shows that the total assets in the insurance market increased by 5.1 per cent during 2009 to total EC$426.3million.

Gross premiums including annuities decreased by 12.0 per cent to EC$130.7 million in 2009 compared with $148.5 million in 2008. The motor and general sub-sector registered an increase of 1.6 percent while the long-term sub-sector decreased by 20.2 percent. It should be noted that the 2009 statutory returns for British American are still outstanding and the 2008 figures were used instead. In the motor and general insurance sub-sector, seven companies controlled 74.6 percent of the market when ranked by their gross premium. Motor and Accident and sickness classes of business both saw increases of 4.7 percent and 8.6 percent respectively while the property class decreased by 2.6 per cent.

Insurance penetration (premium as a percentage of GDP) moved from 7.9 per cent in 2008 to 6.9 per cent in 2009. Motor and general remained relatively flat over the last five years at approximately 3.5 per cent of GDP while long-term insurance continuously fluctuated to 3.9 per cent of GDP in 2009.

During the year 2009, reinsurance for amounted to EC$39.1 million for short-term insurance business and $1.4 million for long-term insurance business.

The industry’s statutory deposits held by the supervisor of insurance during the year amounted to EC$28.0 million which comprised of $7.4 million in Government Securities and $20.6 million in cash .

XV. MONEY LAUNDERING AND ILLICIT ACTIVITIES

The Financial Intelligence Unit (FIU) was established in May 2002, in accordance with the Financial Intelligence Unit Act of 2001. The functions of the FIU include:

1. receipt and analysis of suspicious transaction reports that are required to be made under the Proceeds of Crime and Money Laundering (Prevention) Act, Act No. 39 of 2001;

2. collection of information from financial institutions and other relevant bodies for the purpose of investigating relevant offences;
3. investigation of relevant offences;
4. dissemination of information;
5. international cooperation in the exchange of financial information;
6. awareness raising and education of financial and business institutions on their obligations to detect, prevent and deter money laundering and associated offences.

The FIU works in close partnership with other national agencies to ensure that the country has a comprehensive anti-money laundering system that identifies and effectively addresses suspected illegal activity, The Government has used the establishment of the FIU as a means of monitoring money laundering and has made important legislative changes to bring the anti money laundering laws in line with international best practices. In 2009 the IMF conducted an extensive evaluation of the anti-money laundering and counter financing of terrorism regime for St. Vincent and the Grenadines. The assessors reviewed the institutional frameworks, the relevant laws, regulations, guidelines and other requirements and systems in place to deter and punish money laundering.

XVI. BANKING AND FINANCIAL INSTITUTIONS

Overview

The financial sector in St. Vincent and the Grenadines consists of four banks The Bank of St. Vincent and the Grenadines, formerly the National Commercial Bank of St. Vincent and the Grenadines as well as branches of three foreign banks including First Caribbean International, RBTT Bank and Bank of Nova Scotia, two non-bank financial institutions, several credit unions, a Building and Loan Society (**BLS**) and insurance companies.

All of the above institutions are regulated either by the ECCB or the Ministry of Finance and Planning. The Money Services Business Act, which became operational in April 2006, has improved accounting and registration of money transfer institutions.

In 2010, as the global economy continued its recovery from the recent global financial crisis, the ECCU continued to grapple with the challenges in the financial sector, particularly the insurance sector. In this regard, St. Vincent and the Grenadines have met with mixed results. On the one hand, the government has dealt successfully with the liquidity problems at the then National Commercial Bank (NCB) through divestment of the majority shareholding in the Bank; on the other hand, progress on the British American Insurance Company (BAICO) issue has been very slow. Under the divestment programme, the Government of St. Vincent and the Grenadines divested eighty percent (80%) of its common shares in NCB in two phases.

With respect to BIACO the company remains under judicial management throughout the Eastern Caribbean and the judicial managers are accountable to the Court and have the powers and obligations as provided under the respective Insurance Acts. In St. Vincent and the Grenadines as well as the other ECCU member territories, the judicial managers have presented their findings and recommendations to their respective Courts and the reports have been accepted by the High Court. During 2010, the judicial managers completed the sale of the property portfolio of BAICO to Caribbean Alliance Insurance Company. Additionally, ECCU governments have finalised arrangements for the settlement of health insurance claims, particularly those claims for urgent medical treatment within certain defined parameters.

The Government is continuing its financial sector reform programme that is designed to enhance the regulation and supervision of its financial sector with the ultimate objective of bringing the regulatory and supervisory functions in line with international best practices. In this regard the government has been working with the ECCB and other ECCU governments in fostering the establishment of a modern, highly sophisticated and efficiently regulated financial system.

With respect to CLICO International Life Insurance Company, the ECCU Regulators have been informed by the Barbadian authorities of their intention to place that company under judicial management. As a result similar actions are being contemplated in each ECCU territory including St. Vincent and the Grenadines.

The experiences of CL Financial Group and the British American Insurance Company (BAICO) highlighted the need for continuous upgrade of our regulatory framework, especially with respect to non-bank financial institutions (NBFI). The new framework will include a shift from a solvency approach for insurance regulation to a risk-based approach. Accordingly, the Supervisory and Regulatory Division established in 2009 in the Ministry of Finance and Planning to oversee the regulation and supervision of the insurance companies, the BLS, the money transfer operations, and ultimately credit unions will enhance its surveillance of NBFIs.

Foreign Exchange and International Reserves

St. Vincent and the Grenadines and the ECCB have 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.

XVII. CURRENT ISSUES OF GOVERNMENT SECURITIES.

As at March 31, 2011, the Government's outstanding securities traded on the Regional Government Securities Market are listed hereunder:

1. **TREASURY BILLS**
    - **Issues Outstanding** Issue $60.0M
    - **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** Weighted Avg. 5.82 per cent
    - **Discount Price** $98.54 – $98.54

2. **BONDS**

VCG 100814

- **Amount Outstanding** $30.0 M
- **Type of Issue** St Vincent and The Grenadines Development Bonds
- **Original Maturity** 10 years
- **Remaining Maturity** 3 years
- **Date of subscription** August 2004,
- **Redemption Date** August 2014,
- **Coupon Rate** 7.0 per cent
- **Amount offered for sale** $30.0 Million

VCG 100816

- **Amount Outstanding** $22.0 M
- **Type of Issue** St Vincent and The Grenadines Development Bonds
- **Original Maturity** 10 years
- **Remaining Maturity** 5 years
- **Date of subscription** August 2006
- **Redemption Date** August 2016
- **Coupon Rate** 7.5 per cent
- **Amount offered for sale** $40.0M

VCG 100917

- **Amount Outstanding** $19.5 M
- **Type of Issue** St Vincent and The Grenadines Development Bonds
- **Original Maturity** 10 years
- **Remaining Maturity** 6 Years
- **Date of subscription** September 2007
- **Redemption Date** September 2017
- **Coupon Rate** 7.5 per cent
- **Amount offered for sale** $30.0M

VCG 070316

- **Amount Outstanding** $10.7M
- **Type of Issue** St Vincent and The Grenadines Development Bonds
- **Original Maturity** **7** years
- **Remaining Maturity** **5 y**ears
- **Date of subscription** March 2009
- **Redemption Date** March 2016
- **Coupon Rate** 8.0 per cent
- **Amount offered for sale** $15.0M

VCG 0316AA

- **Amount Outstanding** $10.8M
- **Type of Issue** St Vincent and The Grenadines Development Bonds

- **Original Maturity** **7** years
- **Remaining Maturity** **5 y**ears
- **Date of subscription** April 2009
- **Redemption Date** April 2016
- **Coupon Rate** 8.0 per cent
- **Amount offered for sale** $15.0M

VCG 0316AB

- **Amount Outstanding** $11.9M
- **Type of Issue** St Vincent and The Grenadines Development Bonds
- **Original Maturity** **7** years
- **Remaining Maturity** **5 y**ears
- **Date of subscription** May 2009
- **Redemption Date** May 2016
- **Coupon Rate** 8.0 per cent
- **Amount offered for sale** $16.7M

XVIII 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 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. For this particular offering, the government will pay the intermediaries for costs related to the issue. 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 I – LIST OF LICENSED INTERMEDIARIES

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
Anguilla		
National Bank of Anguilla Ltd	P O Box 44 The Valley **Tel: 264-497 2101** Fax: 264-497 3870 / 3310 Email: nbabankl@anguillanet.com	**Principal** Selwyn Horsford **Representative** Idona Reid Shernika P. Connor
Antigua and Barbuda		
ABI Bank Ltd.	ABI Financial Centre Redcliffe Street St John's **Tel: 268 480 2837 / 2824** Fax: 268 480 2765 Email: abibsec@candw.ag	**Principals** Casroy James Carolyn Philip **Representative** Heather Williams
Antigua Commercial Bank Ltd.	ACB Financial Centre P O Box 95 St John's **Tel: 268 481 4200** **FAX: 268 481 4158/ 4313** Email: acb@candw.ag	**Principal** Peter N Ashe **Representative** Sharon Nathaniel
Dominica		
National Mortgage Finance Company of Dominica Ltd. (NMFC)	64 Hillsborough Street ROSEAU **Tel: 767 448 4401 / 4405** Fax: 767 448 3982 Email: customersupport@nbd.dm	**Principal** Caryl Phillip-Williams Linda Toussaint-Peter Stephen Lander

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
		Representatives Joel Denis Curtis Clarendon
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: national_bank@sknanb.com	**Principals** Winston Hutchinson Anthony Galloway **Representatives** Marlene Nisbett Petronella Edmeade-Crooke
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	**Principal** Kevin Huggins Brian Carey **Representatives** Vernesia Walters Kelva Merchant Lisa Jones
St Lucia		
ECFH Global Investment Solutions Limited	5th Floor, Financial Centre Building 1 Bridge Street Castries **Tel: 758 456 6826 / 457 7233** Fax: 758 456 6733 E-mail : capitalmarkets@ecfhglobalinvestments.com	**Principals** Beverley Henry Donna Matthew **Representatives** Dianne Augustin Lawrence Jean
First Citizens Investment Services Limited	9 Brazil Street Castries **Tel: 758 450 2662** Fax: 758 451 7984	**Principals** Carole Eleuthere-Jn Marie **Representative** Samual Agiste
Financial Investment and	#15 Bridge Street Castries	**Principals** Sharmaine Francois

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
Consultancy Services Limited	**Tel: 758 453 0225** Fax: 758 453 2303	**Representative** Anderson Soomer
St Vincent and The Grenadines		
Bank of St Vincent and the Grenadines Ltd	P O Box 880 Cnr. Bedford and Grenville Streets Kingstown *Tel: 784 457 1844* Fax: 784 456 2612/ 451 2589 Email: natbank@svgncb.com	**Principals** Monifa Latham Keith Inniss **Representatives** Patricia John
Trinidad and Tobago		
First Citizens Investment Services Limited	No. 1 Richmond Street, Ground Floor Furness Court, Independence Square Port of Spain TEL: 868 623 7815 / 5153 FAX: 868 624 4544 / 9833; 627 2930 Email: info@mycmmb.com	**Representative** Vishwatee Jagroop

APPENDIX II – Central Government Fiscal Operations

	2006	2007	2008	2009	2010
			EC$ Millions		
Current Revenue	**396.47**	**433.36**	**489.47**	**466.51**	**483.80**
Tax Revenue	**363.10**	**402.43**	**447.88**	**432.61**	**421.47**
Taxes on Income & Profits	**98.80**	**103.57**	**110.39**	**110.35**	**108.81**
Of Which:					
Individual	49.34	54.24	55.99	57.64	61.69
Corporation	43.46	43.11	46.69	44.86	40.03
Taxes on Property	**2.63**	**2.50**	**2.20**	**2.72**	**2.90**
Taxes on Domestic Transcation	**74.20**	**102.24**	**119.32**	**105.14**	**105.93**
Of Which:					
Stamp Duty	38.19	28.03	29.16	18.74	22.68
Interest Levy	9.42	10.00	10.32	10.44	9.06
Excise Duty	1.80	13.79	4.18	3.73	4.15
VAT	0.00	31.51	67.54	64.83	62.53
Taxes on International Trade	**163.22**	**167.69**	**188.62**	**192.39**	**178.43**
Of Which:					
Import Duty	35.08	43.91	45.59	46.15	48.16
Excise Duty	0.00	0.00	20.74	29.27	22.52
Customs Service Charge	26.07	28.66	30.81	31.56	29.30
VAT	0.00	56.54	86.00	80.36	74.11
Licences	**24.24**	**26.43**	**27.34**	**22.02**	**25.40**
Non-Tax Revenue	**33.38**	**30.94**	**41.59**	**33.90**	**62.33**
Current Expenditure	**356.27**	**378.29**	**432.29**	**469.75**	**473.15**
Personal Emolument & Wages	171.27	188.97	206.88	211.99	221.81
Interest Payments	43.21	44.75	47.48	51.02	52.40
Domestic	20.20	23.42	24.47	28.44	31.23
External	23.01	21.33	23.01	22.58	21.17
Transfers & Subsidies	65.27	69.86	86.17	120.68	131.87
Goods & Services	76.52	74.71	91.77	86.07	67.07
Current Balance	**40.20**	**55.07**	**57.18**	**-3.24**	**10.65**

APPENDIX III – Central Government Fiscal Operations (% growth)

	2006	2007	2008	2009	2010
			Percentage Change		
Current Revenue	**18.9**	**9.3**	**12.9**	**-4.7**	**3.7**
Tax Revenue	**19.1**	**10.8**	**11.3**	**-3.4**	**-2.6**
Taxes on Income & Profits	**10.0**	**4.8**	**6.6**	**0.0**	**-1.4**
Of Which:					
Individual	20.0	9.9	3.2	2.9	7.0
Corporation	-2.2	-0.8	8.3	-3.9	-10.8
Taxes on Property	**4.9**	**-5.1**	**-11.7**	**23.2**	**6.9**
Taxes on Domestic Transcation	**42.1**	**37.8**	**16.7**	**-11.9**	**0.8**
Of Which:					
Stamp Duty	82.3	-26.6	4.0	-35.7	21.0
Interest Levy	46.5	6.2	3.2	0.0	0.0
Excise Duty	-73.8	666.1	-69.7	-10.8	0.0
VAT	0.0	0.0	114.4	-4.0	-3.5
Taxes on International Trade	**15.0**	**2.7**	**12.5**	**2.0**	**-7.3**
Of Which:					
Import Duty	8.1	25.2	3.8	1.2	4.3
Excise Duty	0.0	0.0	207300.0	41.1	0.0
Customs Service Charge	17.0	10.0	7.5	2.4	-7.1
VAT	0.0	0.0	52.1	-6.6	-7.8
Licences	**31.9**	**9.0**	**3.4**	**-19.5**	**15.4**
Non-Tax Revenue	**16.0**	**-7.3**	**34.5**	**-18.5**	**83.9**
Current Expenditure	**9.5**	**6.2**	**14.3**	**8.7**	**0.7**
Personal Emolument & Wages	7.6	10.3	9.5	2.5	4.6
Interest Payments	19.6	3.6	6.1	7.5	2.7
Domestic	21.8	15.9	4.5	16.2	9.8
External	17.7	-7.3	7.9	-1.9	-6.3
Transfers & Subsidies	17.9	7.0	23.3	40.1	9.3
Goods & Services	2.5	-2.4	22.8	-6.2	-22.1
Current Balance	**381.3**	**37.0**	**3.8**	**-105.7**	**228.9**

APPENDIX IV– GDP Growth Rate by Sector

SECTOR	2006	2007	2008	2009	2010P
Agriculture	3.51	10.97	-4.08	15.17	-18.58
Mining & Quarrying	5.00	13.77	5.06	-8.30	-2.21
Manufacturing	-0.01	-4.49	0.81	-8.63	4.41
Electricity & Water	2.33	3.96	-1.58	3.24	-4.54
Construction	8.58	13.04	-10.32	-8.30	-2.21
Wholesale & Retail Trade	4.89	9.11	3.90	-8.52	0.00
Hotels & Restaurants	25.01	-0.25	-5.50	-22.11	-19.99
Transport, Storage & Communications	10.34	-1.75	1.33	-1.49	-0.08
Financial Intermediation	4.82	-3.90	-1.32	1.38	-7.99
Real Estate Renting and Business Services	5.42	0.72	2.10	-1.65	0.21
Public Administration , Defense and Compulsory Social Security	6.44	6.27	7.99	3.02	6.76
Education	-2.65	-2.71	-20.35	0.75	1.77
Health & Social Work	1.16	4.92	5.43	4.64	5.37
Other community, Social & Personal services	15.44	-4.71	18.26	-2.53	1.52
Private Households with Employed Persons	2.35	-8.61	9.42	-7.17	-5.10
FISM	6.89	6.33	10.78	-2.13	0.43
Total	5.99	3.12	-0.60	-2.30	-1.84

SOURCE: St. Vincent & the Grenadines Statistical Office \ ECCB

Date: 29 April 2011

APPENDIX V BALANCE OF PAYMENTS

	2005	2006	2007	2008	2009
	In millions of EC$				
1. CURRENT ACCOUNT	**(275.93)**	**(322.35)**	**(523.41)**	**(621.88)**	**(539.41)**
A. GOODS AND SERVICES	**(244.75)**	**(307.41)**	**(512.72)**	**(595.74)**	**(526.62)**
1. Goods	(458.51)	(530.60)	(638.71)	(733.02)	(649.21)
Merchandise	(463.82)	(536.85)	(647.66)	(745.52)	(657.34)
Repair on goods	0.01	0.01	0.02	0.02	0.02
Goods procured in ports by carriers	5.30	6.24	8.94	12.48	8.11
2. Services	213.76	223.18	125.99	137.28	122.60
Transportation	(64.06)	(71.01)	(90.32)	(109.15)	(100.70)
Travel	240.25	263.37	242.59	211.77	197.44
Insurance Services	(15.20)	(16.09)	(20.76)	(22.36)	(19.09)
Other Business Services	64.66	62.62	18.09	61.30	59.26
Government Services	(11.90)	(15.70)	(23.61)	(4.28)	(14.32)
B. INCOME	**(79.93)**	**(69.38)**	**(65.12)**	**(61.67)**	**(43.63)**
1. Compensation of Employees	1.26	8.48	15.81	11.00	10.58
2. Investment Income	(81.18)	(77.86)	(80.93)	(72.68)	(54.21)
Direct Investment	(59.66)	(62.00)	(52.96)	(48.89)	(33.46)
Portfolio Investment	0.91	6.94	(4.30)	6.23	6.63
Other Investment	(22.44)	(22.80)	(23.68)	(30.02)	(27.38)
C. CURRENT TRANSFERS	**48.74**	**54.45**	**54.42**	**35.54**	**30.84**
1. General Government	(0.92)	15.74	22.76	(0.83)	0.08
2. Other Sectors	49.66	38.71	31.66	36.36	30.76
2. CAPITAL AND FINANCIAL ACCOUNT	**330.32**	**399.17**	**543.90**	**570.94**	**544.16**
A. CAPITAL ACCOUNT	**38.43**	**22.02**	**198.76**	**131.88**	**146.44**
1. Capital Transfers	38.43	22.02	198.76	131.88	146.44
General Government	31.30	15.02	191.94	125.13	140.07
Other Sectors	7.14	7.00	6.82	6.75	6.37
2. Acquisition & Disposal of Non-Produced, Non-Financial Assets	-	-	-	-	-
B. FINANCIAL ACCOUNT	**291.88**	**377.16**	**345.14**	**439.06**	**397.73**
1. Direct Investment	108.24	294.60	352.28	429.96	286.36
Abroad (outward)	-	-	-	-	-
In Reporting Economy (inward)	108.24	294.60	352.28	429.96	286.36
2. Portfolio Investment	(22.13)	33.78	(9.17)	(8.41)	49.11
3. Other Investment	205.78	48.77	2.02	17.52	62.26
Public Sector Long Term Loans	191.80	62.69	31.38	14.93	25.48
Other Public Sector Capital	-	-	-	-	-
Commercial Banks	(17.62)	26.15	98.18	(41.29)	2.90
Other Assets	14.89	(56.85)	(53.72)	(29.41)	(25.72)
Other Liabilities	16.71	16.79	(73.83)	73.28	59.59
3. NET ERRORS AND OMISSIONS	**(62.15)**	**(44.14)**	**(25.48)**	**42.13**	**7.88**
4. OVERALL BALANCE	**(7.77)**	**32.69**	**(4.99)**	**(8.80)**	**12.64**
5. FINANCING	**7.77**	**(32.69)**	**4.99**	**8.80**	**(12.64)**
Change in SDR Holdings	-	-	-	-	(33.49)
Change in Reserve Position with the IMF	-	-	-	-	-
Change in Government Foreign Assets	(6.83)	(8.01)	27.25	-	-
Change in Imputed Reserves	14.60	(24.68)	(22.26)	8.80	20.85

APPENDIX VI - Selected Public Debt Indicators

	2005	2006	2007	2008	2009R	2010
			EC$ Millions			
Public Debt						
External Debt						
Central Government	583.9	575.9	413.8	464.0	480.5	649.1
Public Corporations	50.5	81.0	98.1	102.0	101.1	104.6
Total	634.4	656.9	511.9	566.0	581.6	753.7
Domestic Debt						
Central Government	272.9	338.61	352.56	339.00	408.87	363.2
Public Corporations	65.90	59.19	126.9	167.60	165.55	100.2
Total	338.8	397.8	479.46	506.60	574.42	463.4
Total Public Debt	**973.2**	**1064.7**	**991.4**	**1073.8**	**1156.02**	**1217.1**
Debt Servicing						
External						
Central Government	52.8	62.1	61.2	66.21	70.73	71.5
Public Corporations	1.6	2.5	6.1	8.5	10.4	
Total	54.4	64.6	67.3	70.71	81.13	
Domestic						
Central Government	32.59	40.1	31.9	46.2	54.15	62.7
(of which sinking fund)	11.83	11.8	9.0	5.2	6.0	12
GDP (at market price)	1182	1330	1484	1570	1887.7	1934.8
Current Revenue	333.57	393.46	430.4	489.468	544.8	567.5
Total Debt /GDP	82.3%	80.1%	66.8%	68.4%	61.2%	62.9%
External Debt/GDP	53.7%	49.4%	34.5%	36.1%	30.8%	39.0%
Domestic/GDP	28.7%	29.9%	32.3%	32.3%	30.4%	24.0%
Central Government Debt Service/Current Revenue	25.6	26	21.6	23.0%	22.9%	23.6%

Source: Ministry of Finance
R – revised
P - preliminary