



**PROSPECTUS**

**FOR BOND ISSUE OF EC\$30 MILLION**

**BY THE GOVERNMENT OF  
ST. VINCENT AND THE GRENADINES**

Ministry of Finance  
Administrative Centre  
P.O. Box 608  
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**ST. VINCENT AND THE GRENADINES**

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SEPTEMBER 2007



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## **NOTICE TO INVESTORS**

The prospectus was prepared for the Government of St. Vincent and the Grenadines in support of a Thirty Million Eastern Caribbean Dollar (EC\$30,000,000) bond issue to be arranged and underwritten as a joint venture with the National Commercial Bank (SVG) Limited being the lead arranger/underwriter and Sagicor Merchant Limited being the co-arranger/underwriter.

Statements contained in this prospectus describing documents are provided in summary form only and are qualified in their entirety by reference to such document. We therefore declare that the prospectus is issued for the purpose of giving information to the public and as such, the ultimate decision and responsibility to proceed with any transaction with respect to this offering rest solely with you.

Prior to entering into the proposed investment, you should consider 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 these risks.

The bond and all legal matters arising from the issuance of the bond shall be governed by the laws of St. Vincent and the Grenadines.

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

## **ABSTRACT**

The Government of St. Vincent and the Grenadines (hereafter referred to as GOSVG) proposes to raise Thirty Million Eastern Caribbean dollars (EC\$30,000,000) through the issue of a ten-year amortised bond with a maximum coupon rate of 7.5% per annum (tax-free) payable semi-annually.

This bond is being raised under the authority of the Public Sector Investment Loan Act No.1 of 2007 and as such the proceeds of the bond will be used to finance various projects under the Government of St. Vincent and the Grenadines Public Sector Investment Programme 2007. The interest and principal repayments are secured under a direct charge on the Consolidated Fund of the Government.

The Government of St. Vincent and the Grenadines has not yet been rated by any regional or international rating agency. However, the Government assigns a very high priority in honouring its debt commitments while complying with all terms and conditions of debentures and loan agreements.

The Bond will be issued in the Regional Government Securities Market and will be traded on the Eastern Caribbean Securities Exchange Limited (ECSE) under the trading symbol VCG100917. The Bond issue will be opened for bidding at 9.00 a.m. on the 24<sup>th</sup> September and will close at 2.00 p.m. on 25<sup>th</sup> September 2007. The fixed price auction will be run on 25<sup>th</sup> September (or at such earlier time at which the issue is fully subscribed) at which time all successful bids will be filled. The Bond will be issued in multiples of \$1,000 with the minimum bid amount being \$5,000. Settlement for successful bids will take place on 26<sup>th</sup> September 2007.

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 Coordinating Committee (RDCC) for the operation of the market including ongoing reporting and disclosure requirements.

## **I. GENERAL INFORMATION ON BOND ISSUE**

**Issuer:** The Government of St. Vincent and the Grenadines

**Address:** The Ministry of Finance and Planning  
Administrative Centre  
P.O. Box 608  
Bay Street  
Kingstown  
St. Vincent and the Grenadines

**E-mail:** [office.finance@mail.gov.vc](mailto:office.finance@mail.gov.vc)

**Telephone No.:** (784) 456-1111 Ext 368

**Facsimile No.:** (784) 457-2943

**Contact Persons:** Mrs. Ingrid Fitzpatrick, Accountant General  
Ms. Deidre Anthony, Debt Manager

**Date of Publication:** September 2007

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

**Purpose of Issue:** To finance various projects under the Government of St. Vincent and the Grenadines Public Sector Investment programme 2007 and to provide liquidity in these instruments by virtue of being traded on the secondary market via the Eastern Caribbean Securities Exchange (ECSE) platform.

**Amount of Issue:** Thirty Million Eastern Caribbean Dollars (EC\$30,000,000)

**Legislative Authority:** The Public Sector Investment Loan Act No. 1 of 2007

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

- a.** The Government of St. Vincent and the Grenadines (GOSVG) proposes to issue a 10-year, Thirty Million (\$30,000,000) Eastern Caribbean Dollar Bond.
- b.** The coupon rate payable on the bond will be 7.5% per annum.
- c.** The bond will be auctioned on 24<sup>th</sup> and 25<sup>th</sup> September, 2007.
- d.** The bond will be settled on 26<sup>th</sup> September, 2007.
- e.** The maturity date of the issue will be on 26<sup>th</sup> September, 2017 consistent with the maturity terms of the bond issue.
- f.** No taxes are payable on the bond or the interest earned thereon.
- g.** Interest coupon payments will be calculated on the reducing balance and paid semi-annually on 26<sup>th</sup> March and 26<sup>th</sup> September starting March 2008. Principal will be repaid in twenty (20) equal semi-annual payments commencing six (6) months after issue date and payable on each interest payment date.
- h.** The bond is being issued under the authority of the Public Sector Investment Loan Act No. 1 of 2007. Under the constitution, the interest and principal repayments are a direct charge on the Consolidated Fund of the Government of St. Vincent and the Grenadines.
- i.** The Government has not yet been rated by any regional or international rating agency. The Government assigns very high priority to honouring its debt commitments.
- j.** The bond will be issued on the Regional Government Securities Market (RGSM) and will be traded on the Eastern Caribbean Securities Exchange (ECSE).
- k.** The method of issue will be a fixed price auction bond with closed bidding.
- l.** The minimum bid amount is EC\$5,000
- m.** The bid multiplier will be set at \$1,000
- n.** The trade symbol for the bond will be VCG100917

- o.** Each investor is allowed one bid with the option to increase the amount of the bid at any time during the bidding period.
- p.** The bidding period will be opened at 9.00 am and closed at 4.00 pm on 24<sup>th</sup> September 2007 and re-open at 9.00 am and will close 12.00 noon on 25<sup>th</sup> September 2007.
- q.** Customers will be individually responsible for payment of commissions and brokerage fees.
- r.** Investors can participate in the issue through the services of any of the Licensed Intermediaries for a fee.
- s.** The current Licensed intermediaries are:
- ABI Bank Limited
  - Antigua Commercial Bank Limited
  - Bank of Nevis Limited
  - Bank of St. Lucia Limited
  - National Commercial Bank (SVG) Limited
  - National Mortgage Finance Company of Dominica Limited
  - St. Kitts Nevis Anguilla National Bank Limited
  - Republic Finance and Merchant Bank Limited (FINCOR) – Grenada
  - Caribbean Money Market Brokers Limited (CMMB) – St. Lucia
  - Caribbean Money Market Brokers Limited (CMMB) – Trinidad
  - National Bank of Anguilla
- t.** All currency references will be the Eastern Caribbean Dollar unless stated otherwise.

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

#### **INSTITUTIONAL FRAMEWORK**

The Ministry of Finance and Economic Planning under the directive of the Minister of Finance is comprised of several departments that are duly responsible for general operations of the Ministry including but not limited to debt management, policy advice, statistical reporting, review and analysis.

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.

#### **DEBT MANAGEMENT OBJECTIVES**

The objective of the Government of St. Vincent and the Grenadines is to ensure that proceeds of debt are used in the most effective manner and that the terms and conditions of debt, including maturity and interest rate, result in the most efficient repayment schedules that are compatible with periodic cash flows.

#### **DEBT MANAGEMENT STRATEGY**

In an attempt to maintain the Public debt within management limits the Government of St. Vincent and the Grenadines has adopted a Debt Management Strategy. The main objectives of this Strategy are:

- To satisfy the financing needs of the public sector at minimum cost over the medium to long term, in a prudent and sustainable manner;
- To limit the exchange rate risk by minimizing the non-US dollar denominated foreign debt;
- To promote the development of Money and Capital Markets within the ECCU.

## **TRANSPARENCY AND ACCOUNTABILITY**

The Government of St. Vincent and the Grenadines through the Ministry of Finance and Economic Planning is continuing its efforts in achieving transparency and accountability. This is evident in the yearly preparation and submission of expenditure estimates and debt position for the annual budget.

Additionally, the government provides information to the Eastern Caribbean Central Bank (ECCB) for the publication of the quarterly economic and financial reviews which are published across the region. *Article IV Country Reviews* conducted by the International Monetary Fund (IMF) are also published and available on the Fund's Website ([imf.org](http://imf.org)).

## **RISK MANAGEMENT FRAMEWORK**

Taking risk management into consideration, the Debt Management Unit in the Ministry of Finance and Economic Planning monitors both the domestic and external debt on an on-going basis.

## **IV. MACRECONOMIC PERFORMANCE**

### **ECONOMIC GROWTH**

Preliminary statistics for 2006 indicate that the economy of St. Vincent and the Grenadines recorded an increase in real Gross Domestic Product (GDP) of 6.9% compared with 2.6% in 2005. Overall, real GDP during the period 2001-2006 averaged approximately 3.69%. The growth in 2006 was a direct result of major expansions in sectors such as construction, manufacturing, agriculture and hotels. This then resulted in the transference of positive effects onto the transportation and trade sectors. Despite several exogenous shocks, St. Vincent and the Grenadines continues to record positive growth.

### **SECTORAL DEVELOPMENTS**

#### **Agriculture**

In 2006, agricultural production recovered from three consecutive years of decline to register growth of 7.58%. This performance was due to the combined effort of all its sub-sectors (*Crops, Livestock, Forestry and Fishery*) which more than compensated for the significant 10.05% decline in banana production. The performance of the agricultural sector is indicative of government's continued efforts at diversification around banana, mainly through the Agricultural Diversification Unit (ADU) and other agencies. These efforts are aimed at attenuating the external threat of trade liberalization, adverse weather conditions and the severe challenges faced by our banana market in the European Union.

Notwithstanding the declining contribution of this sector to GDP, its contribution to the economic development of St. Vincent and the Grenadines remains significant. The sector contributes significantly to the level of rural employment and the enhancement of the national food supply and is thus an important pillar in the government's poverty reduction drive.

## **Manufacturing**

Government is continuing its effort to make the sector internationally competitive; firms are encouraged through fiscal incentives to lift their productivity. The government is also developing the Small and Medium Enterprise (SME) sector through improvement of business and entrepreneurial skills and increasing access to credit. In 2006, the manufacturing sector grew by 2.92%, up from the 1.56% growth recorded in 2005. However the sector's contribution to GDP of 5.4% represents a marginal decline when compared to 2005. Growth in the sector was mainly driven by increases in the production of Flour, Rice and Animal Feeds of 1.2%, 17.4% and 14.8% respectively. Of the other manufacturers products, output of brewed production improved by 3.4% (*from 83,759 h/litres in 2005 to 86,573 h/litres in 2006 up*).

## **Construction**

After slowing considerably in 2005, the construction sector returned to double digit growth and re-assumed the position of leading growth sector in the economy, growing by 11.4% in 2006. Over the last six (6) years, only in 2004 was growth better. The sector's contribution to GDP was also significant, at 10.4%. This represents the highest contribution by this sector over the past six years.

It is anticipated that growth in this sector will continue to be positive, based on the continued expansion in private sector residential construction activity and the outstanding list of government projects to be continued/completed in 2007. A few of the major projects include:

- The Canouan Airport
- The Correctional Facility
- The Windward Highway
- The Buccament Resort Project
- The National Public Library

## **Tourism**

Growth in the tourism sector slowed somewhat from its 2005 level when it exhibited strong growth performance of 9.5%. In 2006 the sector registered marginal growth of 0.99%, this was mainly due to low-growth (2.0%) in the stay-over sub-category.

The government continues to be cognizant of the importance of this sector to the overall economic performance and has thus continued to increase its allocation of public expenditure on tourism and physical infrastructure facilities, this will in turn provide well needed boost to the tourism product.

Government has also placed increased focus on the strengthening of the management of the sector, including environmental management and focused marketing of the destination, while at the same time fostering of economic linkages between tourism and other sectors of the economy.

## **Financial**

The financial sector continues to play an important role in the development and performance of the economy of St. Vincent and the Grenadines. Preliminary statistics from the Eastern Caribbean Central Bank indicates that the sector's contribution to Gross Domestic Product (GDP) was 4.6% in 2006.

Additionally, there was an overall increase in the money supply with increases in both narrow and broad money. Domestic credit recorded an increase as a result of a direct increase in private sector borrowings. Net Domestic Assets advanced to 511.4 million in 2006 indicating an increase of 15.1%. At the same time, Net Foreign Assets decreased to 428.4 million in 2006 resulting in 0.3% decline. This decline was precipitated by a 10.7% decline in the net foreign assets of the commercial banks (ECCB Annual Economic and Financial Review 2006).

## **GOVERNMENT FISCAL OPERATIONS**

### **Performance**

The central government operations for the year 2006 improved significantly when compared to 2005. On the recurrent account, revenues increased by 17.9% to \$393.5 million surpassing the growth in expenditure which went up by 9.3% to \$355.4 million. As a result the recurrent account surplus increased to \$38.02 million (3.5% of GDP) from \$8.36 million (0.9% of GDP) in 2005. The growth in revenue was due primarily to an increase in receipt from Taxes on Domestic Transactions (41.5%), Licenses (31.9%) and Taxes on International Trade (15%). There were also higher levels of expenditure in all of the major categories of recurrent expenditure. The largest increase was recorded for Interest payment, which was 19.6% higher than that of the previous year. The other major categories such as Transfers, Personal Emoluments and Goods & services rose by 16.4%, 8.3% and 2.5% respectively. **Appendix II** provides information regarding fiscal operations for the period 2002-2006.

The Value Added Tax (VAT) was implemented in St.Vincent and the Grenadines on May 1, 2007. The VAT is charged at a rate of fifteen percent (15%) with a reduced rate of ten percent (10%) for hotel and holiday accommodation. This tax reform measure is expected to improve the equity and efficiency of the tax system. Since the VAT also has the potential to increase revenue yields this will help to increase public sector savings and maintain a higher level of public sector investments, thus promoting fiscal Sustainability. Medium term projections of government operations are presented in **Appendix IV**.

### **Policy Objectives**

The economic approach of the Government contains the following central elements:

1. The maintenance of macro-economic fundamentals of a stable currency, low inflation, fiscal prudence, enhanced competitiveness, and increased productivity.
2. The placement of social equity at the center of the considerations in the fashioning of economic policy.

3. The pursuance of a policy of balanced economic growth which is sustainable and which generates more jobs, especially quality employment.
4. Establishing partnerships with the Private Sector for creating wealth and to boost economic activity
5. Implementation of a Public Sector Investment Programme to create, among other things, a fiscal stimulus to the economy.
6. Provide an appropriate balance between the conflicting objectives of injecting a fiscal stimulus and maintaining a sustainable debt path.

The Public Sector Investment Program is viewed as key to stimulating economic activity and providing the basis for private sector-led growth. The PSIP is projected to increase sustainability in 2007 when the following major projects will be implemented.

- Canouan Airport Expansion
- Priority Road Rehabilitation
- Basic Education Project II
- Rehabilitation of the Windward Highway
- National Library Complex
- The Cross Country Road
- Education Support Project
- Correctional Facility
- New Customs Building

## **DEMOGRAPHY**

In 2001, St. Vincent and the Grenadines' population totaled 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% 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. km and population density per sq. km of 288.

In terms of labour force participation the census indicated 59.4% participation rate resulting in a 3% decline during the period 1991-2001 when compared to that of 1991. The male participation rate declined by 6.7 % whereas female participation reduced by 0.2%. However, males continue to be more economically active than females. The labour force participation rates indicated that the age group 20-49 had rates above 70% except for age groups 15-19 and over 50. Life expectancy at birth is 68.8 years and infant mortality rate, per thousand live births is 16.3.

## **V. PUBLIC DEBT**

As at December 31, 2006 the total disbursed outstanding public debt for St. Vincent and the Grenadines was estimated at \$1064.64 million which was comprised of External Debt of \$656.89 million and Domestic Debt of \$407.75 million. This represented an increase of 9.2% over the stock of \$975.17 million recorded at the end of December 2005. The Debt to GDP ratio however, improved slightly, from 82.5% at the end of 2005 to 80.0% for 2006. **Appendix V** provides details on the government's public sector indicators for the period 2002-2006.

In the 2007 Budget Address for St. Vincent and Grenadines, the government indicated that it will be aiming at restricting public debt and bringing it close to benchmark levels as recommended by the Monetary Council in the Eastern Caribbean Central Bank. Additionally, fiscal and debt sustainability issues will be given more prominence. Included as part of fiscal measure are revenue collections through Value Added Tax, Income Tax and Stamp Duty.

## VI. CURRENT ISSUES OF GOVSVG SECURITIES ON RGSM

### TREASURY BILLS

There are currently three (3) 91 day Treasury bill issues listed on the Eastern Caribbean Securities Exchange of EC\$16 million each.

- **Issues Outstanding** Issue \$48 million (Three issues of \$16 million each)
- **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 Average for 2007 – 5.71%
- **Discount Price** \$98.58

### BONDS

- **Issues Outstanding** \$70 million (One @ \$30M and One @ \$40M)
- **Type of issue** St. Vincent and the Grenadines Development Bonds
- **Maturity in Years** 10 years respectively
- **Date of Subscription** 9 August 2004 and 16 August 2006
- **Redemption Date** 10 August 2014 and 17 August 2016
- **Coupon Rate** 7% and 7.5% (\$30M @ 7% and \$40M @ 7.5%)

### CALENDER OF EVENTS – UPCOMING AUCTION

The Government of St. Vincent and the Grenadines will continue to issue its \$48 million in Treasury Bills. The Details of the next trade is as follows:

- EC \$16 million on September 20, 2007

## **DEBT RATING**

The Government of St. Vincent and the Grenadines has not been rated by any regional or international rating agency. The Government places a high priority in honouring its debt commitments and has been consistent in servicing its debt both regionally and internationally.

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

The Bond 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 the fixed price auction.

The ECSE and its subsidiaries are 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.

Intermediaries are responsible for interfacing with prospective investors, collecting applications for subscription and processing the same for bidding on the ECSE platform. 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.

## APPENDIX I – LIST OF LICENSED INTERMEDIARIES

<b>Institutions</b>	<b>Contact Addresses</b>	<b>Associated Persons</b>
<b>Anguilla</b>		
National Bank Anguilla Ltd.	P.O Box 44 The Valley	<b>Principal</b> Selwyn Horsford  <b>Representative</b> Idona Reid
<b>Antigua and Barbuda</b>		
ABI Bank Ltd.	P.O. Box 1679 High Street St. Johns  Tel: 268-480-2824 Fax: 268 -480-2765 Email: <a href="mailto:abibsec@candw.ag">abibsec@candw.ag</a>	<b>Principals</b> Casroy James Carolyn Philip  <b>Representatives</b> Laura Abraham
Antigua Commercial Bank Ltd.	Thames & St. Mary's Street P.O. Box 95 St. Johns  Tel: 268-481-4200 Fax: 268-481-4229 Email: <a href="mailto:acb@candw.ag">acb@candw.ag</a>	<b>Principals</b> Peter N. Ashe  <b>Representatives</b> Sharon Nathaniel
<b>Dominica</b>		
National Mortgage Finance Company of Dominica Ltd.	64 Hillsborough Street Roseau  Tel: 767-448-4401/4405 Fax: 767-448-3982 Email: <a href="mailto:ncbdom@cwdom.dm">ncbdom@cwdom.dm</a>	<b>Principal</b> Caryl Phillip-Williams  <b>Representatives</b> Dawn Yankey Marilyn Edwards
<b>Grenada</b>		
Republic Finance And Merchant Bank Ltd. (FINCOR)	NCB House Grand Anse St. Georges  Tel: 473-444-1875 Fax: 473-444-1879 Email: <a href="mailto:fincorec@caribsurf.com">fincorec@caribsurf.com</a>	<b>Principals</b> Wilma Williams  <b>Representatives</b> Mark Salina

<b>Institution</b>	<b>Contact Addresses</b>	<b>Associated Persons</b>
<b>St. Kitts and Nevis</b>		
St. Kitts Nevis Anguilla National Bank Ltd.	P.O. Box 343 Central Street Basseterre  Tel: 869-465-2204 Fax: 869-465-1050 Email: <a href="mailto:national_bank@sknanb.com">national_bank@sknanb.com</a>	<b>Principal</b> Winston Hutchinson Anthony Galloway  <b>Representatives</b> Marlene Nisbett Delisu Smithen Petronella Edmeade-Crooke
The Bank of Nevis Ltd.	P.O. Box 450 Charlestown Nevis  Tel:869-469-5564 Fax: 869-469-5798 Email: <a href="mailto:bon@carisurf.com">bon@carisurf.com</a>	<b>Principals</b> Hanzel Manners  <b>Representative</b> Lisa Jones Vernesia Walters
<b>St. Lucia</b>		
Bank of St. Lucia Ltd.	P.O. Box 1862 Bridge Street Castries  Tel: 758-456-6000 Fax: 758-456-6190 Email: <a href="mailto:bankofsiantlucia@candw.lc">bankofsiantlucia@candw.lc</a>	<b>Principals</b> Donna Matthew Beverley Henry Carla Morton-Campbell  <b>Representatives</b> Trever Lamontagne Lawerence Jean
Caribbean Money Market Brokers Ltd. (CMMB St. Lucia)	9 Brazil Street Castries  Tel: 758-450-2662 Fax: 758-451-7984 Email: <a href="mailto:info@mycmmb.com">info@mycmmb.com</a>	<b>Principals</b> Carole Eleuthere-Jn Marie Sharmaine Rosemond  <b>Representatives</b> Anderson Soomer
<b>St. Vincent and the Grenadines</b>		
National Commercial Bank (SVG) Ltd.	P.O. Box 880 Cnr. Bedford and Grenville Streets Kingstown  Tel: 784-457-1844 Fax: 784-456-2612	<b>Principals</b> Keith Inniss Jeffrey Ledger  <b>Representatives</b> La Fleur J. Dublin

	Email: <a href="mailto:natbank@caribsurf.com">natbank@caribsurf.com</a>	Patricia John
<b>Institution</b>	<b>Contact Addresses</b>	<b>Associated Persons</b>
<b>Trinidad and Tobago</b>		
Caribbean Money Market Brokers Ltd. (CMMB)	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: <a href="mailto:info@mycmm.com">info@mycmm.com</a>	<b>Principals</b> Brent Salvary Leslie St. Louis  <b>Representatives</b> Vishwatee Jagroop

## APPENDIX II - GOVERNMENT FISCAL OPERATIONS

	2002	2003	2004	2005	2006
<b>Current Revenue</b>	<b>301.95</b>	<b>308.84</b>	<b>324.78</b>	<b>333.24</b>	<b>393.46</b>
Tax Revenue	259.76	257.48	273.00	286.79	338.60
Taxes on Income & Profits	87.86	75.23	80.38	89.68	98.79
Of Which:					
Individual	35.04	33.34	38.52	40.98	49.33
Company Tax	45.20	38.14	37.45	44.42	43.46
Taxes on Property	2.51	2.71	2.48	2.51	2.63
Taxes on Domestic Goods & Services	42.71	46.94	52.09	52.22	73.93
Of Which:					
Consumption Duties	5.91	6.00	7.49	6.43	7.16
Hotel Turnover Tax	4.48	4.20	5.12	6.86	7.32
Taxes on Int'l Trade & Transaction	126.69	132.59	138.05	142.38	163.22
Of Which:					
Import Duty	25.57	29.08	29.51	32.94	35.08
Consumption Tax	77.94	78.77	81.79	80.03	94.23
Customs Service Charge	18.17	19.26	20.77	22.28	26.07
Non-Tax Revenue	42.19	51.37	51.78	46.46	54.86
<b>Current Expenditure</b>	<b>274.62</b>	<b>268.07</b>	<b>294.60</b>	<b>322.45</b>	<b>355.44</b>
Personal Emoluments	138.28	136.55	130.13	140.77	152.59
Other Goods & Services	62.75	59.30	68.70	18.23	64.43
Interest Payments	25.47	27.37	27.56	34.99	43.21
Domestic	15.19	16.52	13.30	15.45	20.20
External	10.28	10.85	14.27	19.54	23.01
Transfers & Subsidies	48.12	44.84	52.44	60.53	64.43

Source: Ministry of Finance, St. Vincent and the Grenadines

## APPENDIX III – BALANCE OF PAYMENTS SUMMARY

(in EC\$M)

	2001	2002	2003	2004	2005
<b>1 . CURRENT ACCOUNT</b>	(100.9)	(113.3)	(214.6)	(275.7)	(269.5)
A. Goods	(294.9)	(314.6)	(369.1)	(431.2)	(455.7)
a Merchandise	(295.94)	(318.05)	(373.09)	(436.64)	(463.82)
b Repair on goods	0.04	0.04	-	0.02	0.02
c Goods procured in ports by carriers	1.02	3.38	3.96	5.45	8.08
B. Non- Factor Services	204.39	216.06	184.07	194.38	199.06
a. Transportation	(43.65)	(45.61)	(54.42)	(57.87)	(64.41)
b. Travel	209.14	218.23	212.08	219.41	243.52
c. Insurance	(9.27)	(11.24)	(12.29)	(13.92)	(15.16)
d. Other Business	51.83	58.63	43.66	52.11	47.01
e. Government	(3.67)	(3.94)	(4.96)	(5.35)	(11.90)
C. Factor Services	(44.51)	(47.53)	(64.35)	(78.16)	(66.06)
a. Compensation of Employees	0.31	2.01	1.62	1.80	1.26
b. Investment Income	(44.82)	(49.54)	(65.97)	(79.95)	(67.32)
i Direct Investment	(30.12)	(40.72)	(56.07)	(67.25)	(63.86)
ii Portfolio Investment	3.47	3.73	2.96	1.75	11.47
iii Other Investment	(18.18)	(12.55)	(12.87)	(14.46)	(14.92)
D. CURRENT TRANSFERS	34.05	32.78	34.83	38.10	48.94
a. General Government	(1.28)	(2.17)	(2.72)	(0.98)	(0.92)
b. Other Sectors	35.33	34.95	37.55	39.08	49.86
<b>2 CAPITAL AND FINANCIAL ACCOUNT</b>	155.05	69.96	171.04	271.77	250.89
A. CAPITAL ACCOUNT	23.65	28.63	38.78	51.13	38.08
1. Capital Transfers	23.65	28.63	38.78	51.13	38.08
a. General Government	18.30	24.72	34.58	43.83	31.30
b. Other Sectors	5.35	3.92	4.20	7.30	6.79
2. Acquisition & Disposal of Non-Produced, Non-Financial Assets	-	-	-	-	-
B. FINANCIAL ACCOUNT	131.40	41.33	132.27	220.65	212.80
1. Direct Investment	56.81	91.93	148.94	177.35	150.00
2. Portfolio Investment	9.40	2.71	55.87	89.56	24.75
3. Other Investments	65.19	(53.31)	(72.55)	(46.27)	38.05
a. Public Sector Long Term	35.12	5.64	(3.22)	6.87	11.65
b. Other Public Sector Capital	-	-	-	-	-
c. Commercial Banks	43.33	(41.22)	(46.09)	(49.30)	23.35
d. Other Assets	(28.93)	(20.91)	(47.33)	(23.37)	(14.09)
e. Other Liabilities	15.67	3.18	24.09	19.54	17.14
<b>3 ERRORS AND OMISSIONS</b>	(29.55)	25.51	42.24	73.72	15.13
<b>4 OVERALL BALANCE</b>	24.56	(17.84)	(1.30)	68.63	(7.77)
<b>5 FINANCING</b>	(24.56)	17.84	1.30	(68.63)	7.77
Change in SDR holdings	-	-	-	-	-
Change in Reserve Position with the Fund	-	-	-	-	-
Change in Government Foreign Assets	(7.50)	(4.50)	(4.24)	(4.48)	(6.83)
Change in Imputed Reserves	(17.06)	22.34	5.54	(64.16)	14.60

Source: Ministry of Finance, St. Vincent and the Grenadines

## APPENDIX IV – MEDIUM TERM PROJECTIONS

**St. Vincent and the Grenadines**  
Government Operations (Passive Scenario)  
(EC\$ mn)

	Projected 2007	Projected 2008	Projected 2009	Projected 2010	Projected 2011	Projected 2012
<b><u>TOTAL REVENUE &amp; GRANTS</u></b>	<b><u>424.63</u></b>	<b><u>440.61</u></b>	<b><u>460.93</u></b>	<b><u>484.40</u></b>	<b><u>497.08</u></b>	<b><u>514.40</u></b>
<b><u>CURRENT REVENUE</u></b>	<b><u>406.18</u></b>	<b><u>421.37</u></b>	<b><u>441.05</u></b>	<b><u>463.80</u></b>	<b><u>475.95</u></b>	<b><u>492.35</u></b>
<b>Taxes on Income and Profits</b>	<b>107.16</b>	<b>113.39</b>	<b>118.22</b>	<b>122.04</b>	<b>126.49</b>	<b>129.66</b>
Individuals	54.49	57.53	60.15	62.22	64.62	66.34
Companies	46.10	48.67	50.88	52.63	54.67	56.12
Withholding	6.57	7.20	7.20	7.20	7.20	7.20
<b>Taxes on Property</b>	<b>3.15</b>	<b>3.06</b>	<b>3.16</b>	<b>3.28</b>	<b>3.37</b>	<b>3.53</b>
<b>Taxes On International Trade</b>	<b>179.21</b>	<b>191.50</b>	<b>203.02</b>	<b>218.39</b>	<b>222.33</b>	<b>231.13</b>
Import Duties	39.13	40.58	41.80	43.26	44.13	46.11
Export Duties	0.00	0.00	0.00	0.00	0.00	0.00
Consumption Duties	99.60	103.29	106.39	110.11	112.31	117.37
Customs Service Charge	29.40	30.49	31.40	32.50	33.15	34.64
Int'l Telecomm Charges	2.60	2.63	2.65	2.68	2.71	2.73
Travel Tax	1.62	1.63	1.69	1.76	1.85	1.91
Others	3.48	3.64	3.77	3.91	4.02	4.20
Value Added Tax	3.37	9.25	15.33	24.17	24.17	24.17
<b>Taxes on Domestic Transactions</b>	<b>67.04</b>	<b>61.75</b>	<b>63.33</b>	<b>64.87</b>	<b>67.14</b>	<b>69.05</b>
Consumptions Duties	9.08	9.53	10.00	10.50	11.02	11.57
Stamp Duties	28.00	21.91	22.13	22.35	22.57	22.80
Excise Duties	2.18	2.28	2.40	2.52	2.64	2.77
Insurance Premium Tax	2.92	3.06	3.16	3.01	3.37	3.53
Hotel Turnover Tax	9.79	9.50	9.69	9.98	10.48	10.69
Interest Levy	7.39	7.73	7.99	8.30	8.52	8.91
Entertainment Tax	0.00	0.00	0.00	0.00	0.00	0.00
Airport Service Charge	5.99	6.05	6.26	6.51	6.83	7.07
Telecommunications surcharge	1.70	1.70	1.70	1.70	1.70	1.70
<b>Licences</b>	<b>19.00</b>	<b>19.86</b>	<b>20.54</b>	<b>21.34</b>	<b>21.91</b>	<b>22.91</b>
<b>Fees, Fines and Permits</b>	<b>17.31</b>	<b>18.10</b>	<b>18.72</b>	<b>19.45</b>	<b>19.96</b>	<b>20.88</b>

Interest, Rent and Dividends	4.75	4.97	5.14	5.34	5.48	5.73
Other Revenue	8.57	8.74	8.91	9.09	9.27	9.46
<b><u>CAPITAL REVENUE</u></b>	<b>18.45</b>	<b>19.25</b>	<b>19.87</b>	<b>20.60</b>	<b>21.12</b>	<b>22.05</b>
Sale of Crown Lands	1.00	1.00	1.00	1.00	1.00	1.00
Grants	17.45	18.25	18.87	19.60	20.12	21.05
Other						
<b><u>TOTAL EXPENDITURE</u></b>	<b>468.46</b>	<b>490.92</b>	<b>515.13</b>	<b>541.27</b>	<b>567.78</b>	<b>598.46</b>
<b><u>RECURRENT EXPENDITURE</u></b>	<b>367.298</b>	<b>385.155</b>	<b>405.72</b>	<b>427.62</b>	<b>451.11</b>	<b>476.43</b>
Personal Emoluments	161.70	170.74	180.28	190.35	200.99	212.22
Wages	18.50	19.50	20.50	21.50	22.50	23.50
<u>Interest</u>	<b>47.15</b>	<b>48.56</b>	<b>51.86</b>	<b>55.66</b>	<b>60.16</b>	<b>65.55</b>
Domestic	21.51	22.72	25.12	28.01	31.34	35.17
External	25.64	25.84	26.74	27.65	28.83	30.38
Transfers & Subsidies	<b>57.80</b>	<b>60.12</b>	<b>62.52</b>	<b>65.02</b>	<b>67.62</b>	<b>70.33</b>
of which: Pensions	24.97	26.22	27.53	28.91	30.35	31.87
Goods & Services	82.14	86.25	90.56	95.09	99.84	104.83
<b><u>CAPITAL EXPENDITURE</u></b>	<b>101.17</b>	<b>105.77</b>	<b>109.41</b>	<b>113.65</b>	<b>116.67</b>	<b>122.03</b>
<b><u>CURRENT BALANCE</u></b>	<b>38.88</b>	<b>36.21</b>	<b>35.34</b>	<b>36.18</b>	<b>24.84</b>	<b>15.93</b>
<b><u>OVERALL BALANCE (Before Grants)</u></b>	<b>(61.28)</b>	<b>(68.56)</b>	<b>(73.07)</b>	<b>(76.47)</b>	<b>(90.83)</b>	<b>(105.11)</b>
<b><u>OVERALL BALANCE (After Grants)</u></b>	<b>(43.83)</b>	<b>(50.31)</b>	<b>(54.20)</b>	<b>(56.87)</b>	<b>(70.70)</b>	<b>(84.06)</b>
<b><u>FINANCING</u></b>	<b>43.83</b>	<b>50.31</b>	<b>54.20</b>	<b>56.87</b>	<b>70.70</b>	<b>84.06</b>
<b><i>Domestic</i></b>	<b>45.94</b>	<b>29.87</b>	<b>40.45</b>	<b>44.12</b>	<b>53.36</b>	<b>59.09</b>
Commercial Banks (net)						
Central Bank						
Other (Residual)						
<b><i>External</i></b>	<b>-2.11</b>	<b>20.45</b>	<b>13.75</b>	<b>12.74</b>	<b>17.34</b>	<b>24.97</b>
<u>Net Borrowings</u>	-2.11	20.45	13.75	12.74	17.34	24.97
Disbursements	50.02	77.54	74.43	76.23	82.00	88.21
Amortization	52.13	57.10	60.68	63.49	64.67	63.24
Change in Gov't Net Foreign Assets						

Source: Ministry of Finance, St. Vincent and the Grenadines

## APPENDIX V – PUBLIC SECTOR DEBT

### Selected Public Debt Indicators 2002 – 2006 EC\$m

	2002 EC\$m	2003 EC\$m	2004 EC\$m	2005 EC\$m	2006 EC\$m
<b>Total Public Debt</b>	<b>708.04</b>	<b>761.61</b>	<b>884.12</b>	<b>975.17</b>	<b>1,064.64</b>
External Debt	458.46	519.61	596.53	636.42	656.89
Central Government	438.01	495.04	563.89	583.92	575.93
Public Corporations	20.45	24.47	32.64	50.5	80.96
Domestic Debt	249.58	242.01	287.59	338.75	407.75
Central Government	217.02	208.99	245.00	272.85	328.40
Public Corporations	32.56	33.02	42.59	65.9	79.40
Debt Servicing					
External	27.91	37.65	37.86	54.41	64.64
Central Government	25.8	35.94	35.53	52.84	62.13
Public Corporations	2.11	1.71	2.33	1.57	2.51
Domestic					
Central Government	20.15	24.58	19.01	20.76	31.10
Sinking Fund	4.50	6.00	6.00	11.83	9.00
GDP ( at mkt prices)	986	1032	1117	1182	1330
Current Revenue	305.63	318.48	322.38	333.24	393.46
Debt as % of GDP	71.8	73.80	79.15	82.5	80.0
Central Gov't Debt Servicing as % of Current Revenue	16.5	20.9	18.8	22.4	25.98

Source: Ministry of Finance, St. Vincent and the Grenadines

