

ADDENDUM II



**PROSPECTUS
FOR TREASURY BILLS ISSUES
FOR THE PERIOD
DECEMBER 2019 – NOVEMBER 2020**

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

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June 2020

1.0 GENERAL INFORMATION

- Issuer:** The Government of St. Vincent and the Grenadines
- Address:** The Ministry of Finance, Economic Planning, Sustainable
Development and Information Technology
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- Contact Persons:** Hon. Camillo Gonsalves, Minister of Finance & Economic Planning etc
Mr. Edmond Jackson, Director General, Ministry of Finance & Economic
Planning
Ms Debbie Antoine, Accountant General
Mr. Harold Lewis, Debt Manager
- Date of Publication:** June 2020
- Purpose of Issue:** To modify the auction date of the Treasury Bill (VCB191020) to be
auctioned on the 17th July 2020 to a new auction date of 24th July 2020
- Amount of Issue:** 91 Day Treasury Bill - \$28.0 million
- Legislative Authority:** The Public Sector Investment Loan Act, No. 23 of 2019

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 confirms having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts, the omission of which would make any statement in this Prospectus misleading. All references made to currency, unless otherwise stated, refer to the Eastern Caribbean Dollar.

ABSTRACT

The purpose of this Addendum is to modify the date of treasury bill VCB191020 to be auctioned on July 17th 2020. The new auction date would be 24th July 2020 with a treasury bill symbol of VCB261020.

2.0. INFORMATION ON THE SECURITIES

The Government of St. Vincent and the Grenadines (GOSVG) proposes to auction a Treasury Bill in the amount of \$28.0 million on the 24th July, 2020 as follows:

Table 1: SVG's Prospectus Treasury Bill Schedule 2019-2020 with Proposed Treasury Bond

Trading Symbol	Instrument ID	Issue	Amount	Interest Rate Ceiling	Tenor	Auction Date	Settlement Date	Maturity date
VCG071226	VCB071226	Treasury Bond	\$30.0M	6.75%	7 Years	December 16, 2019	December 17, 2019	December 17, 2026
VCB200320	VCB200320	Treasury Bill	\$28.0 M	4.82%	91 Days	December 19, 2019	December 20, 2019	March 20, 2020
VCB220420	VCB220420	Treasury Bill	\$28.0 M	4.82%	91 Days	January 21, 2020	January 22, 2020	April 22, 2020
VCB190520	VCB190520	Treasury Bill	\$28.0 M	4.82%	91 Days	February 17, 2020	February 18, 2020	May 19, 2020
VCB230620	VCB230620	Treasury Bill	\$28.0 M	4.82%	91 Days	March 23, 2020	March 24, 2020	June 23, 2020
VCB240720	VCB240720	Treasury Bill	\$28.0 M	4.82%	91 Days	April 23, 2020	April 24, 2020	July 24, 2020
VCB210820	VCB210820	Treasury Bill	\$28.0 M	4.82%	91 Days	May 21, 2020	May 22, 2020	August 21, 2020
VCB240920	VCB240920	Treasury Bill	\$28.0 M	4.82%	91 Days	June 24, 2020	June 25, 2020	September 24, 2020
VCB261020	VCB261020	Treasury Bill	\$28.0 M	4.82%	91 Days	July 24, 2020	July 27, 2020	October 26, 2020
VCB241120	VCB241120	Treasury Bill	\$28.0 M	4.82%	91 Days	August 24, 2020	August 25, 2020	November 24, 2020
VCB291220	VCB291220	Treasury Bill	\$28.0 M	4.82%	91 Days	September 28, 2020	September 29, 2020	December 29, 2020
VCB190121	VCB190121	Treasury Bill	\$28.0 M	4.82%	91 Days	October 19, 2020	October 20, 2020	January 19, 2021
VCB250221	VCB250221	Treasury Bill	\$28.0 M	4.82%	91 Days	November 25, 2020	November 26, 2020	February 25, 2021

- a. The bidding period(s) will start at 9:00 am and end at 12:00 noon on auction days.
- b. 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.
- c. The minimum bid quantity is \$5,000.00.

- d. The bid multiplier will be set at \$1,000.00.
- e. The date of issue for each auction is equivalent to the stated settlement date of that auction.
- f. The maximum yield on treasury bills will be 4.82 percent
- g. The price of the issue will be determined by a Uniform Competitive Price Auction.
- h. Payment of principal and interest on Treasury Bills will be made at maturity for each bill
- i. Yields will not be subject to any tax, duty or levy of the participating Governments 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.
- k. In 2020 Moody's Investor Services maintained the Government of St. Vincent and the Grenadines outlook at stable and affirmed the rating of B3.
- l. The Treasury Bills will be issued on the Regional Government Securities Market (RGSM) and listed on the Eastern Caribbean Securities Exchange (ECSE).

The Current List of Licensed Intermediaries are:

- Bank of Nevis Limited
- Bank of St. Vincent and the Grenadines Ltd.
- Bank of St. Lucia Ltd.
- St. Kitts Nevis Anguilla National Bank Limited
- First Citizens Investment Services Ltd. – Located in Saint Lucia
- Grenada Co-operative Bank Limited

3.0 GOVERNMENT FISCAL OPERATIONS

Preliminary data as at March 31, 2020 indicated that the Central Government fiscal operations turned in a mixed performance when compared to the same period in 2019. Current Revenue increased by 9.7 percent to \$147.12 million, while Current Expenditure grew by 4.0 percent to \$147.02 million. Consequently, a Current Surplus of \$0.10 million was recorded, up from a deficit of \$7.16 million recorded for the same period in 2019. The Overall Balance worsened, moving from a deficit of \$7.84 million in 2019 to a deficit of \$8.80 million in 2020 mainly on account of increased capital spending.

Table 2: Summary of fiscal operations for the March 31 2020

	BUDGET	ACTUAL	ACTUAL	%
	2020	2020	2019	CHANGE
	\$ M	\$ M	\$ M	
Current Revenue	141.51	147.12	134.15	9.7
<i>of which:</i>				
Taxes on Income & Profits	29.11	27.96	27.22	2.7
Taxes on Property	7.45	9.25	6.07	52.4
Taxes on Goods & Services	46.19	55.07	43.28	27.2
Taxes on International Trade	37.76	35.47	36.46	(2.7)
Sale of Goods & Services	17.23	15.74	15.91	(1.1)
Current Expenditure	154.29	147.02	141.31	4.0
<i>of which:</i>				
Compensation Employees	81.74	79.10	75.61	4.6
Use of Goods & Services	15.80	15.47	13.33	16.0
Interest Payments	14.75	13.50	12.17	11.0
Transfers	42.01	38.94	40.20	(3.1)
Current Balance	(12.78)	0.10	(7.16)	101.4
Primary Balance (net CCF)	3.08	4.70	4.33	8.6
Capital Expenditure	5.68	9.72	3.13	210.9
<i>Of which:</i>				
Capitalisation of Contingency Fund (CCF)	3.21	0.21	0.00	0.00
Capital Revenue	3.58	0.61	2.44	(74.9)
Overall Balance (net CCF)	(11.67)	(8.80)	(7.84)	(12.2)

Source: Ministry of Finance, ERPU

Receipts from Taxes on Income and Profits increased by 2.7 percent to \$27.96 million due to higher collections from Personal Income Tax. The increase in Personal Income Tax of 11.8 percent is partially reflective of the 2.0 percent salary enhancement received by public servants for 2020. Collections from Corporate Income Tax and Non-Resident (Withholding) Tax declined by 13.3 percent and 23.5 percent, respectively. The fall-off in revenue from Corporate Income Tax was mainly due to timing issues with the recording of revenues received during the period while the decrease in Non-Resident Taxes was related to a drop in the number of audits conducted during the period.

Taxes on Goods and Services which totalled \$43.28 million, increased by 27.2 percent as at 31st March, 2020. This was mainly as a result of improved receipts from Value Added Tax (29.7 percent) and Excise Duty on Imports (84.8 percent). The performance of Value Added Tax (VAT) and Excise Duty (on Imports) were largely due to timing issues in the reporting and recording of

revenues. In the case of VAT, revenues reported for the first quarter of 2019 were understated while Excise Duty (on Imports) improved due to payments received in 2020 which were related to 2019 imports. The increase in revenue from Taxes on Goods and Services was however moderated by lower takings from Telecommunications & Broadcast Licence fees and Interest Levy during the period.

Revenue from International Trade Taxes fell by 2.7 percent, to \$35.47 million. Under this rubric, revenue collection from all major subcomponents decreased; VAT receipts went down by 2.8 percent, Import Duty decreased by 0.6 percent and Vehicle Surtax fell by 16.2 percent. The decline in revenue from Vehicle Surtax reflects a 6.1 percent drop in vehicle imports during the period while VAT and Import Duty reflect a fall-off in non-oil imports during the period.

Revenue from Sales of Goods and Services grossed \$15.74 million. This represents a 1.1 percent reduction on the amount collected in 2019 as major subcategories turned in mixed performances. Collection of International Financial Services fees and CIPO Registration Fees declined by 33.0 percent and 18.0 percent respectively. Conversely, receipts from Driver's Licence and Customs Service Charge went up by 2.1 percent and 1.9 percent respectively.

Capital inflows as at March 31, 2020 amounted to \$0.61 million, down 74.9 percent from the amount collected in the corresponding period in 2019. This was due mainly to lower Grants receipts which moved from \$2.14 million in 2019 to \$0.30 million in 2020.

As at March 31, 2020, Current Expenditure amounted to \$147.02 million. This figure represents an increase of 4.0 percent when compared to the amount spent during the same period in 2019. Payment of Wages and Salaries amounted to \$75.83 million and the Employer's Social Security Contribution to \$3.28 million, these were responsible for the overall 4.6 percent increase in Compensation of Employees. The increased spending on Wages and Salaries was mainly due to the 2.0 percent salary increase paid to public servants from January 2020. Changes in increments and allowances also contributed to the growth in Wages and Salaries. Outlays on Transfers decreased by 3.1 percent to \$38.94 million mainly based on lower amounts expended on pension

benefits (11.4 percent) to date. Grants to Local Authorities and Grants to Other Agencies also went down by 3.3 percent and 2.7 percent respectively, during the period.

Preliminary data indicates that Capital Expenditure for the quarter amounted to \$9.72 million, up from the \$3.13 million recorded for the same period in 2019. The improvement in capital spending was mainly related to expenditure on the purchase of equipment for the Milton Cato Memorial Hospital and the Diamond hotel and sporting facility projects.

4.0 PUBLIC DEBT

As at December 31, 2019 the total disbursed outstanding public debt stood at \$1.671 billion or 75.2 percent of GDP¹, an increase of 0.9 percent from \$1.656 billion. Of this amount, Central Government debt accounted for \$1.503 billion, or 67.6 percent of GDP, an increase of 7.0 percent when compared with the amount of \$1.404 billion as at December 31, 2018. The remaining \$168.3 million, or 1.3 percent of GDP, is attributable to debt owed by Public Corporations.

Total public external debt stock totalled \$1.178 billion or 53.0 percent of GDP. This represented an increase of 9.1 percent over \$1.080 billion in 2018. The Central Government's portion of the external debt represented 88.1 percent of total external debt; an increase of 4.8 percent. The remaining 11.9 percent represented external Public Corporation debt. This component decreased by 4.8 percent.

Total domestic debt for the period stood at \$493.2 million or 22.2 percent of GDP. This represented a decrease in total domestic debt of 14.4 percent when compared to the corresponding period of 2018. Of the total domestic debt \$465.0 million or 94.3 percent was held by Central Government while the remaining \$28.2 million or 5.7 percent was held by the Public Corporations, these amounts represented 20.9 percent and 1.3 percent of GDP respectively.

¹ Preliminary 2019 GDP of \$2225.3 million sourced from Economic Research and Policy Unit in house Medium Term Economic and Fiscal Outlook

During the year \$149.8 million were issued in bonds and notes of varying tenors while \$65.2 million in bullet bonds and notes matured and were fully repaid using contributions from the sinking fund.

4.1 Public Debt as at March 30 2020

Total public debt as at March 2020 stood at \$1.701 billion or 79.4 percent of GDP². Central Government total debt amounted to \$1.536 billion or 71.7 percent of GDP while Government Guaranteed debt amounted to 163.7 million or 7.6 percent of GDP. Central Government debt comprised 89.1 percent of total debt while the remaining 10.9 percent was debt owed by Public Corporations and guaranteed by the government.

Total public external debt stock totalled \$1.162 billion or 54.2 percent of GDP. This represented a decrease of 1.5 percent over \$1.180 billion in December 2019. The Central Government's portion of the external debt represented 88.2 percent of total external debt; a decrease of 1.5 percent. The remaining 11.8 percent represented external Public Corporation debt. This component decreased by 1.8 percent.

Total domestic debt for the period stood at \$538.7 million or 25.1 percent of GDP. This represented an increase in total domestic debt of 9.2 percent when compared to the period of December 2019. Of the total domestic debt \$490.9 million or 91.1 percent was held by Central Government while the remaining \$47.8 million or 8.9 percent was held by the Public Corporations, these amounts represented 22.9 percent and 2.2 percent of GDP respectively.

During Qtr 1 2020 a total of \$84.0 million in treasury bills were issued on the Regional Government Securities Market. Average market yield for the Qtr was 1.96 percent, financial institutions dominated each auction domestically and externally. Private Placements Bonds issued to the National Insurance Services totaled \$16.9 million. There were no other securities issued during the Qtr.

² Preliminary Gross Domestic Product projection for 2020 done by the Economic Research and Policy Unit is \$2142.7 million

4.2 Debt Servicing as at March 30, 2020

Total Central Government Debt servicing at the end of Qtr 1 totalled \$48.2 million or 32.8 percent of current revenue. External and domestic debt servicing represented 52.8 and 47.2 percent, respectively of the total debt servicing. \$4.3 million was contributed towards sinking funds provisions as the government continues to make provision for the timely servicing of its future debt obligations during the fiscal year 2020.

Table 3: Comparative Summary of Central Government Debt Servicing

	<i>Mar-20</i>		<i>Mar-19</i>	<i>Change</i>
	\$M		\$M	%
<i>Central Government Debt Servicing</i>	48.18		36.69	31.32
<i>External</i>	25.42		17.27	47.16
<i>Interest</i>	5.72		5.23	9.29
<i>Amortization</i>	19.70		12.04	63.62
<i>Domestic</i>	22.76		19.42	17.24
<i>Interest</i>	7.78		6.94	12.21
<i>Amortization</i>	14.98		12.48	20.03
<i>Sinking Fund Contributions</i>	4.33		0.00	100.00
<i>Current Revenue</i>	147.12		134.15	9.67
<i>Total Central Govt Debt Servicing/Revenue (%)</i>	32.75%		27.35%	5.40%

Source: CDIMU, Ministry of Finance

APPENDIX 1: SUMMARY OF TOTAL PUBLIC DEBT

	Mar-20	Mar-19	Mar-20/Mar-19
Domestic Debt	\$M	\$M	% Change
<i>Central Government</i>			
Bonds & Notes	276.1	264.9	4.2
Loans	106.7	96.1	11.0
Overdraft	56.6	51.5	9.9
Accounts Payable	29.4	66.0	-55.4
Insurance Deposits	22.6	22.6	-0.2
Treasury Bills	19.4	11.2	73.9
Total Dom Central Govt	<u>510.9</u>	<u>512.3</u>	<u>-0.3</u>
<i>Public Corporations</i>			
Loans	26.2	70.0	-62.5
Overdraft	1.5	1.6	-3.2
Total Dom Public Corps	<u>27.8</u>	<u>71.6</u>	<u>-61.2</u>
			-
Total Domestic Debt	<u>538.6</u>	<u>583.9</u>	<u>-7.8</u>
<i>External Debt</i>			
<i>Central Government</i>			
Bonds and Notes	131.7	103.6	27.2
Treasury Bills	64.6	72.8	-11.3
Loans	829.3	883.6	-6.1
Total Ext Central Govt	<u>1025.6</u>	<u>1060.0</u>	<u>-3.2</u>
<i>Public Corporations</i>			
Loans	135.9	167.6	-18.9
Total Ext Public Corps	<u>135.9</u>	<u>167.6</u>	<u>-18.9</u>
			-
Total External Debt	<u>1161.6</u>	<u>1227.6</u>	<u>-7.7</u>
			-
Total Public Debt	<u>1700.3</u>	<u>1811.5</u>	<u>-6.1</u>
Total Central Government	<u>1536.5</u>	<u>1572.3</u>	<u>-2.3</u>
Total Public Corporation	<u>163.7</u>	<u>239.2</u>	<u>-31.6</u>

Source: CIDMU, Ministry of Finance

APPENDIX 2: LIST OF LICENSED ECSE MEMBER BROKER DEALERS

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
Grenada		
Grenada Co-operative Bank Limited	No. 8 Church Street St. George's Tel: 473 440 2111 Fax: 473 440 6600 Email: info@grenadaco-opbank.com	Principals Aaron Logie Allana Joseph Representatives Carla Sylvester Keisha Greenidge Kishel Francis
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	Principal Anthony Galloway Representatives Petronella Edmeade-Crooke Angelica Lewis Marlene Nisbett
The Bank of Nevis Ltd	P O Box 450 Main Street Charlestown Tel: 869 469 5564 / 5796 Fax: 869 469 5798 E mail: info@thebankofnevis.com	Principals Brian Carey Monique Williams Representatives Judy Claxton Denicia Small
St Lucia		
Bank of Saint Lucia	5 th Floor, Financial Centre Building 1 Bridge Street Castries Tel: 758 456 6826 / 457 7233 Fax: 758 456 6733	Principals Medford Francis Lawrence Jean Representatives Deesha Lewis Cedric Charles
First Citizens Investment Services Limited	P.O. Box 1294 John Compton Highway Sans Souci Castries Tel: 758 450 2662 Fax: 758 451 7984	Principals Omar Burch-Smith Temelia Providence Representative Samuel Agiste Shaka St Ange

ALL OTHER INFORMATION IN THE PROSPECTUS 2019/20 REMAINS THE SAME