

ADDENDUM I (2021)



**PROSPECTUS
FOR TREASURY BILLS
FOR THE PERIOD**

DECEMBER 2020 – NOVEMBER 2021

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

Ministry of Finance and Economic Planning
Administrative Centre
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March 2021

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:** 11th March, 2021
- Purpose of Issue:** To modify the auction date of the Treasury Bill (VCB080721) to a new
date of the 7th April, 2021.
- Amount of Issue:** 91 Day Treasury Bill - \$28.0 million
- Legislative Authority:** The Treasury Bill Act Chapter 444

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 VCB080721 slated to be auctioned on April 6, 2021 to a new auction date of April 7, 2021.

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 7th April, 2021 as follows:

Table 1: SVG's Prospectus Treasury Bill Schedule 2020-21

Trading Symbol	Instrument ID	Issue	Amount	Interest Rate Ceiling	Tenor	Auction Date	Settlement Date	Maturity date
VCB	VCB010421	Treasury Bill	\$28.0 M	3.50%	91 Days	December 30, 2020	December 31, 2020	April 1, 2021
VCB	VCB040521	Treasury Bill	\$28.0 M	3.50%	91 Days	February 1, 2021	February 2, 2021	May 4, 2021
VCB	VCB010621	Treasury Bill	\$28.0 M	3.50%	91 Days	March 1, 2021	March 2, 2021	June 1, 2021
VCB	VCB080721	Treasury Bill	\$28.0 M	3.50%	91 Days	April 7, 2021	April 8, 2021	July 8, 2021
VCB	VCB050821	Treasury Bill	\$28.0 M	3.50%	91 Days	May 5, 2021	May 6, 2021	August 5, 2021
VCB	VCB020921	Treasury Bill	\$28.0 M	3.50%	91 Days	June 2, 2021	June 3, 2021	September 2, 2021
VCB	VCB121021	Treasury Bill	\$28.0 M	3.50%	91 Days	July 12, 2021	July 13, 2021	October 12, 2021
VCB	VCB121121	Treasury Bill	\$28.0 M	3.50%	91 Days	August 12, 2021	August 13, 2021	November 12, 2021
VCB	VCB071221	Treasury Bill	\$28.0 M	3.50%	91 Days	September 6, 2021	September 7, 2021	December 7, 2021
VCB	VCB130122	Treasury Bill	\$28.0 M	3.50%	91 Days	October 13, 2021	October 14, 2021	January 13, 2022
VCB	VCB150222	Treasury Bill	\$28.0 M	3.50%	91 Days	November 15, 2021	November 16, 2021	February 15, 2022
VCB	VCB100322	Treasury Bill	\$28.0 M	3.50%	91 Days	December 8, 2021	December 9, 2021	March 10, 2022

- 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 December 31, 2020 indicates that the Central Government fiscal operations deteriorated when compared to the same period in 2019. Current Revenue increased by 0.6 percent to \$605.26 million, while Current Expenditure grew by 6.3 percent to \$638.01 million. Consequently, a current deficit of \$32.75 million was recorded, compared to a deficit of \$1.28 million for the same period in 2019. The Overall Balance also worsened, moving from a deficit of \$66.03 million in 2019 to a deficit of \$111.69 million.

Table 2: Summary of fiscal operations for the December 31, 2020

	BUDGET	ACTUAL	ACTUAL	%
	2020	2020	2019	CHANGE
	\$ M	\$ M	\$ M	
Current Revenue	680.04	605.26	601.72	0.6
of which:				
Taxes on Income & Profits	162.00	143.20	140.29	2.1
Taxes on Property	47.49	40.83	27.11	50.6
Taxes on Goods & Services	195.16	184.28	186.49	(1.2)
Taxes on International Trade	176.29	153.20	160.10	(4.3)
Sale of Goods & Services	73.76	61.21	65.70	(6.8)
Current Expenditure	677.93	638.01	600.44	6.3
of which:				
Compensation Employees	330.21	323.53	304.15	6.4
Use of Goods & Services	101.01	88.87	79.63	(11.6)
Interest Payments	68.16	51.56	55.905	(7.8)
Transfers	178.56	174.05	160.75	8.3
Current Balance	2.10	(32.75)	1.28	(2657.0)
Primary Balance (net CCF)	(176.82)	(60.13)	(10.12)	(494.0)
Capital Expenditure	310.77	188.00	159.56	17.8
Of which:				
Capitalisation of Contingency Fund (CCF)	12.85	12.85	13.95	(7.9)
Capital Revenue	63.68	96.21	78.09	22.9
Overall Balance (net CCF)	(244.98)	(111.69)	(66.03)	(69.2)

Source: Ministry of Finance, ERPU

Receipts from Taxes on Income and Profits increased by 2.1 percent to \$143.20 million due to higher collections from Personal Income Tax and Corporate Income Tax. Collections of Personal Income Tax went up 2.3 percent. This was impacted by the 2.0 percent salary increase paid to public servants from January 2020. The 3.3 percent increase in Corporate Income Tax was mainly due to higher reported profits from some large companies.

Revenue from Taxes on Property increased by 50.6 percent to \$40.83 million during the period. This resulted mainly from higher receipts of Alien Land Holding Licence (which amounted to \$11.80 million, compared to \$4.57 million in 2019) and Stamp Duty on Property (which went up by 38.0 percent). The boost in collections in the above categories was due to greater land sales to foreigners during the period.

As at 31st December, 2020, Taxes on Goods and Services totalled \$184.28 million, a 1.2 percent decrease when compared to 2019. Lower collections from Value Added Tax, Insurance Premium Tax, Telecomm Broadcast Licence, Yacht Licences, Merchant Shipping (International) Fees and Interest Levy all contributed to the performance of this category. The most significant contributor to the decrease was the Value Added Tax, which fell by 8.8 percent. The drop in VAT revenue mainly reflects large one-off receipts of arrears in December 2019. Increased takings were recorded for Excise Duties and Motor Vehicle Licence. Most notably, Excise Duty went up by 31.3 percent mainly as a result of accounting issues as a significant amount of petroleum products imported in 2019 was paid for in 2020.

Revenue from International Trade Taxes fell by 4.3 percent, to \$153.20 million. Under this rubric, revenue collection from all major subcomponents decreased; VAT receipts went down by 3.9 percent, Import Duty decreased by 4.7 percent and Vehicle Surtax fell by 6.6 percent. A 4.3 percent drop in the importation of vehicles was mainly responsible for reduced collection of Vehicle Surtax. The lower receipt for VAT and Import Duty was mainly attributable to a 4.1 percent fall in merchandise imports during the period.

Revenue from Sales of Goods and Services grossed \$61.21 million. This represents a 6.8 percent fall in the amount collected in 2020 as three major subcategories saw reductions in revenue. CIPO Registration Fees, Driver's Licence and Customs Service Charge declined by 3.4 percent, 6.9 percent and 6.7 percent, respectively. Conversely, revenue from International Financial Services went up by 3.5 percent to \$2.86 million. The decline in revenue from Sales of Goods and Services is reflective of a slowdown in business activity during the period.

Capital inflows as at December 31, 2020 amounted to \$96.21 million, up from the \$78.30 million collected over the corresponding period in 2019. This was driven, in the main by a significant amount received for Disposal of Assets (namely Buccament Bay Resort in the amount of \$34.30 million). Other Capital Receipts also increased significantly, moving from \$3.11 million in 2019 to \$10.62 million in 2020 mainly on account of the \$10.00 million drawn down from the Consolidated Fund to aid in financing the Government's COVID-19 response package. Revenue from grants fell by 32.5 percent to \$50.04 million.

As at December 31, 2020, Current Expenditure amounted to \$638.01 million. This figure represents an increase of 6.3 percent when compared to the amount spent during the same period in 2019. Payment of Wages and Salaries amounted to \$309.25 million and the Employer's Social Security Contribution to \$14.28 million, these were responsible for the overall 6.4 percent increase in Compensation of Employees. The 2.0 percent salary enhancement paid to public servants from January 2020 would have contributed to the increased spending on Wages & Salaries. Changes in increments and allowances and the filling of critical public sector posts also added to the growth in Wages and Salaries.

Preliminary data indicates that Capital Expenditure for the period amounted to \$188.00 million, up 17.8 percent from the \$159.56 million recorded for the same period in 2019. Some of the larger items of capital expenditure include the Regional Disaster Vulnerability Reduction Project (\$31.72 million), the Acquisition of Buccament Bay Resort (\$31.44 million), Mobile Devices for Online Learning (\$8.49 million), the Caribbean Communication Infrastructure Project (\$7.67 million), the Road Rehabilitation and Repair Programme (\$7.82 million) and the Housing Rehabilitation Program (\$7.4 million).

4.0 PUBLIC DEBT AS AT DECEMBER 31, 2020

Total public debt outstanding as at December 31, 2020 stood at \$1.87 billion or 85.5 percent of GDP. Of this amount, Central Government debt accounted for \$1.71 billion or 78.3 percent of GDP while the remaining \$157.5 million or 7.2 percent of GDP, is attributable to debt owed by Public Corporations.

Total Central Government debt outstanding amounted to \$1.17 billion or 78.3 percent of GDP and accounting for 91.6 percent of the total debt. Public Corporation's debt accounted for the remaining \$157.5 million or 7.2 percent of GDP; 8.4 percent of the debt portfolio.

Total external debt stood at \$1.29 billion or 59.1 percent of GDP; representing 69.1 percent of total debt. Total domestic debt outstanding amounted to \$577.3 million or 26.4 percent of GDP, 30.9

percent of the total debt. New loans and disbursements of existing loan is the main contributor to the increase in total public debt from QTR2 to QTR4.

Securities issued during this period were done through private placement to various investors and totalled \$45.99 million. Tenors ranged from 4 years to ten years with corresponding interest rates listed below in table 3. The ECCB Debenture Bond listed below is the only instrument done with a stepped-up interest rate beginning at 2.0 percent in year one and increasing to 6.5 percent in year two until maturity. A total of \$45.0 million in bullet bonds and notes were also repaid during this period from Sinking Fund provisions. The terms of the instruments redeemed were as follows:

- A \$35.0 million, 3 year note with a coupon rate of 6.0 percent
- A \$10.0 million, 5 year bond with a coupon rate of 7.0 percent

Table 3: Securities issued September - December 2020

	<i>Amount</i>	<i>Rate</i>	<i>Tenor</i>
<i>Private Placement</i>	\$M	%	
<i>Various</i>	30.00	4.00	4yrs
<i>Various</i>	5.998	6.75	8yrs
<i>ECCB</i>	10.000	2.0/6.5	10yrs
	45.998		

New domestic borrowings during the second half of the year amounted to \$29.05 million, which comprised a \$4.05 million was borrowed from State Owned Enterprise: - St. Vincent Electricity Services Limited, and used as an on-lending bridging loan to the St. Vincent Geothermal Company Limited. The remaining \$25.0 million was borrowed from ECCB as a one-year advance.

Disbursements on existing external loans during the second half of 2020 amounted to \$81.2 million, disbursements on grants amounted to \$2.3 million. Significant disbursements were received from CDB for:

- National Disaster Management: Rehabilitation and Reconstruction.
- Energy Efficiency Measures and Solar Photovoltaic Plant.
- Coronavirus Disease 2019 Emergency Response Support loan.

World Bank disbursements were linked to the Caribbean Communication Infrastructure Program and a Second Fiscal Resilience Development Policy Financing. Disbursements from OPEC amounted to \$4.28 million for Agriculture and Feeder Roads.

4.2 DEBT SERVICING AS AT DECEMBER 31, 2020

Total Central Government Debt servicing for the (Qtr 4) totalled \$36.22 million or 20.6 percent of current revenue, external and domestic debt servicing represented 38.1 percent and 61.9 percent respectively of the total debt servicing; and 7.8 percent and 12.8 percent of current revenue respectively. There was no allocations made to the Sinking Fund during the quarter.

*Table 3: Comparative Summary of Central Government Debt Servicing
2020*

	QTR 4	QTR 2	Change
	\$M	\$M	%
<i>Central Government Debt Servicing</i>	36.22	44.28	-18.21
<i>External</i>	13.80	14.58	-5.34
<i>Interest</i>	5.05	3.81	32.65
<i>Amortization</i>	8.75	10.77	-18.78
<i>Domestic</i>	22.42	29.7	-24.53
<i>Interest</i>	6.67	7.92	-15.80
<i>Amortization</i>	15.75	21.78	-27.70
<i>Sinking Fund Contributions</i>	0.00	0.00	0.00
<i>Current Revenue</i>	175.72	135.72	29.47
<i>Total Central Govt Debt Servicing /Revenue (%)</i>	20.61%	32.63%	-36.84

Source: CDIMU, Ministry of Finance

APPENDIX 1: SUMMARY OF TOTAL PUBLIC DEBT- AS AT DECEMBER 31, 2020

	20-Dec	20-Jun	Change
Domestic Debt	\$M	\$M	%
<i>Central Government</i>			
Bonds & Notes	281.19	291.372	-3.50
Loans	114.38	98.809	15.76
Overdraft	48.13	55.036	-12.54
Accounts Payable	54.69	32.805	66.70
Insurance Deposits	21.92	22.643	-3.19
Treasury Bills	30.00	19.314	55.32
<i>Total Dom Central Govt</i>	<u>550.31</u>	<u>519.98</u>	<u>5.83</u>
<i>Public Corporations</i>			
Loans	25.65	26.06	-1.55
Overdraft	1.30	1.50	-13.54
<i>Total Dom Public Corps</i>	<u>26.95</u>	<u>27.56</u>	<u>-2.21</u>
Total Domestic Debt	<u>577.26</u>	<u>547.54</u>	<u>5.43</u>
<i>External Debt</i>			
<i>Central Government</i>			
Bonds and Notes	128.84	141.50	-8.95
Treasury Bills	54.00	64.70	-16.53
Loans	977.99	862.45	13.40
<i>Total Ext Central Govt</i>	<u>1160.83</u>	<u>1068.65</u>	<u>8.63</u>
<i>Public Corporations</i>			
Loans	130.60	134.80	-3.12
<i>Total Ext Public Corps</i>	<u>130.60</u>	<u>134.80</u>	<u>-3.12</u>
Total External Debt	<u>1291.43</u>	<u>1203.45</u>	<u>7.31</u>
Total Public Debt	<u>1868.68</u>	<u>1750.99</u>	<u>6.72</u>
Total Central Government	<u>1711.13</u>	<u>1588.63</u>	<u>7.71</u>
Total Public Corporation	<u>157.55</u>	<u>162.36</u>	<u>-2.96</u>
Preliminary 2020 GDP is 2185.04			

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 2020/21 REMAINS THE SAME