



# PROSPECTUS

FOR TREASURY BILL ISSUES

FOR THE PERIOD

January 2022- November 2022

BY

THE GOVERNMENT OF ST. VINCENT AND THE GRENADINES

Ministry of Finance

Administrative Centre

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During December 2021 to November 2022, the Government of St. Vincent and the Grenadines is seeking to issue the following government securities on the Regional Government Securities Market.

### 91 Day Treasury Bills

**Twenty-eight million dollars (EC\$28.0m) in each of twelve (12) issues**

## GENERAL INFORMATION

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

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Ms. Debbie Antoine, Accountant General

Mr. Harold Lewis, Debt Manager

**Date of Publication:** November 29, 2021

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

**Amount of Issue:** Twelve issues of XCD 28.0 million each

**Legislative Authority:** The Finance Administration Act (FAA) Cap 252 governs and authorises borrowing and the Treasury Bills Act Cap 444 governs the Issuance.

*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. All analyses and references made to currency, unless otherwise stated, refers to the Eastern Caribbean Dollar.*

## INFORMATION ON THE TREASURY BILL ISSUE

- a. The Government of St. Vincent and the Grenadines (GOSVG) proposes to auction twelve \$28,000,000.00 91-day Treasury Bills during the period January to December 2022. The treasury bills will be issued on the Regional Government Securities Market and made available for trading as they will be listed on the ECSE:

**Table 1: Calendar of Issues**

Instrument ID	Issue	Amount	Interest Rate Ceiling	Tenor	Auction Date	Settlement Date	Maturity date
VCB190422	Treasury Bill	\$28.0 M	3.50%	91 Days	January 17, 2022	January 18, 2022	April 19, 2022
VCB190522	Treasury Bill	\$28.0 M	3.50%	91 Days	February 16, 2022	February 17, 2022	May 19, 2022
VCB150622	Treasury Bill	\$28.0 M	3.50%	91 Days	March 15, 2022	March 16, 2022	June 15, 2022
VCB210722	Treasury Bill	\$28.0 M	3.50%	91 Days	April 20, 2022	April 21, 2022	July 21, 2022
VCB230822	Treasury Bill	\$28.0 M	3.50%	91 Days	May 23, 2022	May 24, 2022	August 23, 2022
VCB160922	Treasury Bill	\$28.0 M	3.50%	91 Days	June 16, 2022	June 17, 2022	September 16, 2022
VCB251022	Treasury Bill	\$28.0 M	3.50%	91 Days	July 25, 2022	July 26, 2022	October 25, 2022
VCB241122	Treasury Bill	\$28.0 M	3.50%	91 Days	August 24, 2022	August 25, 2022	November 24, 2022
VCB211222	Treasury Bill	\$28.0 M	3.50%	91 Days	September 20, 2022	September 21, 2022	December 21, 2022
VCB300123	Treasury Bill	\$28.0 M	3.50%	91 Days	October 28, 2022	October 31, 2022	January 30, 2023
VCB280223	Treasury Bill	\$28.0 M	3.50%	91 Days	November 28, 2022	November 29, 2022	February 28, 2023
VCB240323	Treasury Bill	\$28.0 M	3.50%	91 Days	December 22, 2022	December 23, 2022	March 24, 2023

Source: CIDMU, Ministry of Finance

- b. The price of the issue will be determined by a competitive Uniform Price Auction with open bidding.
- c. The bidding period(s) will start at 9:00 am and end at 12:00 noon on auction days.
- d. 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.

- e. The minimum bid quantity is \$5,000.00.
- f. The bid multiplier will be set at \$1,000.
- g. The date of issue for each auction is equivalent to the stated settlement date of that auction
- h. The instruments would be issued at a discount with face value repaid on maturity
- i. Yields will not be subject to any tax, duty or levy of the participating Governments of the Eastern Caribbean Currency Union (ECCU).
- j. The Government of St. Vincent and the Grenadines has maintained a rating of B3 stable by Moody's Investor Service
- k. The Treasury Bills will be issued on the Regional Government Securities Market (RGSM) and traded on the Eastern Caribbean Securities Exchange (ECSE).
- l. 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:**

- 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

### OVERVIEW OF ECONOMIC GROWTH

Preliminary data for 2021 indicate that real output growth is estimated at -3.6 percent compared to pre-volcanic eruptions forecast of 5.0 percent growth. The deterioration in the economic outlook reflects the lingering economic challenges resulting from the COVID-19 pandemic and the impact of the April 2021 volcanic eruptions on the productive sectors and government spending. The reduction in economic activity is expected to be influenced mainly by major contractions in the Agriculture, Fishing, Transport and Storage, Manufacturing and Tourism sectors. The Construction sector is also expected to contribute to the reduction in growth.

Construction activity is expected to fall by 4.0 percent due to anticipated slowdown in activities in both the private and public sectors. Economic activity in the Manufacturing sector is expected to decline by 14.4 percent due mainly to a decrease in the production of brewery products as a result of internal technical issues and also lower flour production on account of a fall-off in demand for flour from the Grenada market.

Growth in the Agriculture sector is projected to further decline by 18.4 percent driven mainly by the devastation caused by the volcanic eruption and the impact of border closure and lockdowns in export markets. The above effects are expected to be particularly hard on the Other Crops sub-sector as projections are for a 24.1 percent decline in the subsector over the period. The Fishing sector is forecasted to decline by 10.0 percent as fish landings are expected to fall due to challenges attributed to water visibility given the recent eruptions and displacement of fishermen from the red zone.

Activity in the Tourism sector is also projected to fall by 29.5 percent in 2021. The forecasted drop is mainly on account of an estimated 56.0 percent decrease in stay over visitors as a result of the halt in regional and international flights due to the coronavirus pandemic. Cruise ship arrivals are also forecasted to decline by 100% percent as the second quarter of 2020 and onward saw a 100% cancellation of cruise ship calls and there is no expectation of the resumption of calls in 2021.



## MEDIUM TERM GROWTH OUTLOOK

Over the medium term, real economic activity is projected to grow at an average 6.2 percent per annum largely reflecting the 9.5 percent rebound in economic activity anticipated for 2022. This outlook is expected to be supported mainly by buoyant economic activity in Agriculture, Tourism, Transport & Storage, and Fishing. Growth in Wholesale & Retail, Manufacturing and Construction sectors is also expected to contribute to the outlook.

Strong growth is projected in the agriculture sector, at an average of 8.2 percent over the medium term. This is expected mainly on account of the anticipated recovery in the production of other crops. The livestock subsector is forecasted to grow modestly over the period, at 1.7 percent per annum.

Activity in the tourism sector is expected to rebound over the medium term, with growth reaching 265.6 percent in 2022 and falling to 10.0 percent in 2024. It is anticipated that stayover visitors will return to pre-COVID-19 levels by 2023 and continue to grow thereafter. The projected increase in tourism activity is predicated on the anticipated return of regular international travel by 2023 along with the development of the local tourism industry. These developments include the construction and opening of hotels, such as the Marriot, Black Sands Resort and Holiday Inn Express. This will be supported by increased flights from international destinations such as the United States, Canada and the United Kingdom.

Value added in the construction sector is forecasted to increase in the medium term, at an average of 6.3 percent per year. This will be occasioned by the expected investments in tourism as well as the number of other projects in the Public Sector Investment Programme (PSIP) pipeline, including the Port Modernisation Project, the Modern Parliament Project, Modern High Court Complex, the School Improvement Programme, the Diamond Hotel Project and the Black Sands Resort Project are expected to contribute to growth in the sector.

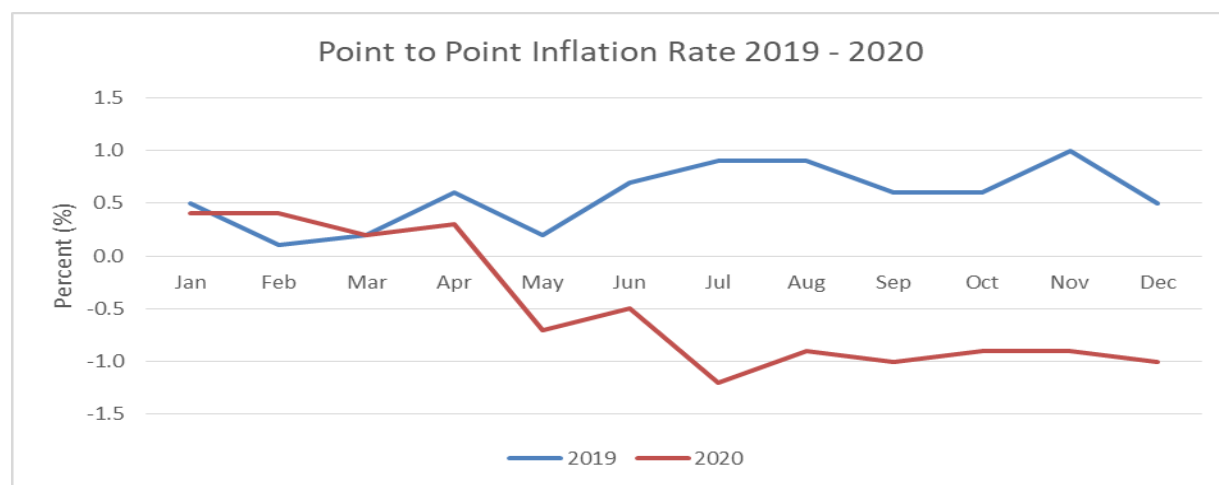
Growth in the wholesale and retail trade sector is expected to average 4.7 percent per annum based on the anticipated improvement in the domestic economic activity. The manufacturing sector is

expected to grow moderately at an average of 4.4 percent over the medium term mainly on account of proposed investment initiatives to increase output in the sector.

## INFLATION

The annual average point-to-point inflation rate, as measured by the change in the consumer price index, averaged -0.6 percent in 2020 compared with the recorded average of 0.9 percent in 2019. The monthly inflation rates recorded positive values for the first four months of the year followed by negative values for the remainder. The highest inflation rate of 0.8 percent was recorded in the month of February and its lowest level rate of -1.6 in the month of July.

**Chart 1: Point to Point Inflation Rates, 2019 and 2020**



Source: Statistical Office, Ministry of Finance and Planning

The average “All Items” index was recorded at 110.8 for 2020 compared to 111.4 for 2019. Six (6) groups recorded increases in 2020 compared to eight (8) groups in 2019, Within each group, specific items can be identified as having an upward or downward effect on the Index.

The “Health” index recorded an increase of 4.4 percent due mainly to higher prices for dental services and drugs used to treat hypertension. The 3.3 percent growth in the “Restaurants and Hotel” group was on account of price increases for school lunches, fish lunches at restaurants and accommodation at overseas university. Similarly, the “Food and Non-Alcoholic Beverages” index rose by 2.6 percent on account of increases in the prices for several items, including tomatoes,

ground cinnamon, yeast, etc. Three other groups experienced moderate increases, including “Miscellaneous Goods and Services” (0.6%) “Recreation and Culture” (0.8%) and “Alcoholic Beverages, Tobacco and Narcotics” (1.5%).

A downward movement of 5.0 percent was recorded for the group index “Transport” due mainly to a reduction in passenger airfare from St. Vincent and the Grenadines to several destinations. The 3.5 percent fall in the “Housing, Water, Electricity, Gas and Other Fuels” index was chiefly on account of a decrease in the price of electricity and cooking gas. The remaining groups experienced declines of less than 1.0 percent.

## BALANCE OF PAYMENTS<sup>1</sup>

### THE CURRENT ACCOUNT

Preliminary data points to a deterioration in the current account deficit which increased to \$384.39 million (or 17.5 percent of GDP) in 2020 from \$215.92 million (or 10.1 percent of GDP) in 2019 influenced mainly by developments in the goods and services account. The merchandise trade deficit narrowed by 17.3 percent to \$573.65 million mainly on account of higher merchandise exports. On the services account, net inflows decreased by 80.9 percent to \$72.85 million largely attributed to a significant reduction in net inflows from travel reflective of the impact of the COVID-19 pandemic on travel globally.

Net inflows from primary income (\$6.37 million) and secondary income (\$110.04 million) moderated the current account deficit. The increase in receipts on the primary income account was due to a net inflow of investment income, while inflows in the secondary income account primarily comprised personal transfers between resident and non-resident households and inflows from current international cooperation.

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<sup>1</sup> Preliminary data from the ECCB.

## THE CAPITAL AND FINANCIAL ACCOUNT

The capital and financial account recorded a reduced surplus of \$50.04 million in 2020 from a surplus of \$61.42 million in 2019 due to lower capital transfers recorded during the period. The balance on the current account along with the capital account balance yielded a net borrowing position of \$334.35 million (15.2 percent of GDP). This was \$179.85 million more than the net borrowing position recorded in 2020.

The financial account recorded a net borrowing position of \$202.63 million for 2020. This represents an increase of \$147.51 million when compared to the net borrowing position of \$55.12 million recorded in 2019. The main driver of this increase was due to the change in other investment which moved from a net lending position of \$57.08 million in 2019 to a net borrowing position of \$50.08 in 2020. Decreases in the net lending position of portfolio investment and reserve assets also contributed to the increase in the net borrowing position. The net borrowing position on the current and capital account of \$334.35 million was financed by a net borrowing position on the financial account of \$202.63 million. This gave rise to a net errors and omissions item of \$131.72 million. Net errors and omissions occur when a surplus/deficit in the current account together with the capital account is not offset by equally large capital inflows in the financial account.

## 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 mainly to countries such as the U.K., the U.S., Canada and countries within the CARICOM region and consist primarily of exports of agricultural and manufactured products. 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.

Total export receipts grew by 334.6 percent to \$146.57 million, reflecting an increase in re-exports. Re-exports went up by \$44.82 million mainly related to the increase in the re-export of machinery and transport equipment. Meanwhile, domestic exports went down by 7.8 percent as most categories of imports saw decreases during the year. This was partially offset by greater exports of crude materials and miscellaneous manufactured articles. Import payments (f.o.b) fell by 4.1

percent to \$867.39 million, mainly on account of a 9.6 percent drop in the value of mineral fuel imports along with declines in most categories of imports.

## GOVERNMENT FISCAL OPERATIONS

The Central Government fiscal operations for the year ending December 31, 2020 deteriorated when compared to the previous year. Current Revenue increased by 0.8 percent to \$606.27 million, while Current Expenditure grew by 6.9 percent to \$641.81 million. Consequently, a current deficit of \$35.55 million was recorded, compared to a surplus 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 \$124.46 million.

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

	<b>Budget 2020 \$ m</b>	<b>Actual 2020 \$ m</b>	<b>Actual 2019 \$ m</b>	<b>% Change</b>
<b>Current Revenue</b>	<b>680.04</b>	<b>606.27</b>	<b>601.72</b>	<b>0.8</b>
<i>of which:</i>				
Taxes on Income & Profits	162.00	143.36	140.29	2.2
Taxes on Property	47.49	40.83	27.11	50.6
Taxes on Goods & Services	195.16	185.82	186.49	(0.4)
Taxes on International Trade	176.29	153.79	160.10	(3.9)
Sale of Goods & Services	73.76	61.43	65.70	(6.5)
<b>Current Expenditure</b>	<b>677.93</b>	<b>641.81</b>	<b>600.44</b>	<b>6.9</b>
<i>of which:</i>				
Compensation Employees	330.21	323.65	304.15	6.4
Use of Goods & Services	101.01	89.78	79.63	12.7
Interest Payments	68.16	51.61	55.90	(7.7)
Transfers	178.56	176.76	160.75	10.0
<b>Current Balance</b>	<b>2.10</b>	<b>(35.55)</b>	<b>1.28</b>	<b>(2,875.3)</b>
<b>Primary Balance (net CCF)</b>	<b>(176.82)</b>	<b>(72.85)</b>	<b>(10.12)</b>	<b>(619.7)</b>
<b>Capital Expenditure</b>	<b>310.77</b>	<b>211.18</b>	<b>159.56</b>	<b>32.4</b>
<i>Of which:</i>				
Capitalisation of Contingency Fund (CCF)	12.85	12.85	13.95	(7.9)
<b>Capital Revenue</b>	<b>63.68</b>	<b>109.41</b>	<b>78.30</b>	<b>39.7</b>
<b>Overall Balance (net CCF)</b>	<b>(244.98)</b>	<b>(124.46)</b>	<b>(66.03)</b>	<b>(88.5)</b>

Source: ERPU, Ministry of Finance

## REVENUE

Receipts from Taxes on Income and Profits increased by 2.2 percent to \$143.36 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 3.5 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 during the period.

As at December 31, 2020, Taxes on Goods and Services totalled \$185.82 million, a 0.4 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 8.7 percent. The drop in VAT revenue mainly reflects large one-off receipts of arrears in December 2019 which were not repeated in 2020. Increased takings were recorded for Excise Duties and Motor Vehicle Licence. Most notably, Excise Duty went up by 31.6 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 3.9 percent, to \$153.78 million. Under this rubric, revenue collection from all major subcomponents decreased; VAT receipts went down by 3.5 percent, Import Duty decreased by 4.4 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 \$61.43 million. This represents a 6.5 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, 6.7 percent and 6.4 percent, respectively. Conversely, revenue from International Financial Services went up by 3.7 percent to \$2.87 million. The decline in revenue from Sales of Goods and Services is reflective of a slowdown in business activity during the period.

Capital revenue as at December 31, 2020 amounted to \$109.41 million, up from the \$78.30 million collected over the corresponding period in 2019. This was driven, in the main, by Other Capital Receipts which moved from \$3.11 million in 2019 to \$44.91 million in 2020. This movement reflected the sale of the Buccament Bay Resort in the amount of \$34.30 million and \$10.00 million drawn down from the contingencies fund to aid in financing the Government's COVID-19 response package. Revenue from grants fell by 32.5 percent to \$50.04 million.

## EXPENDITURE

As at December 31, 2020, Current Expenditure amounted to \$641.81 million. This figure represents an increase of 6.9 percent when compared to the amount spent during the same period in 2019. Payment of Wages and Salaries amounted to \$309.37 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.

Interest Payments decreased during the period by 7.7 percent to \$51.56 million as a result of reduced payments on both the domestic and external components of the debt. The domestic and external interest payments fell by 8.2 percent and 6.7 percent, respectively. A deferral of payments on some domestic debt instruments would have contributed to the lower interest payment. Outlays on Transfers increased by 10.0 percent to \$176.76 million mainly based on higher amounts expended on Social Assistance Benefits (47.6 percent) driven by the government's COVID-19 response package. Grants to Other Agencies and pension benefits declined, by 2.7 percent and 3.8 percent respectively, moderating the increase in transfers.

Capital Expenditure for the period amounted to \$211.18 million, up 32.4 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).

## FINANCING

Below is a summary of the Central Government financing for the year ended December 31, 2020 with comparative figure for the same period in 2019.

**Table 3: Central Government Financing 2020**

	<b>Actual 2020</b>	<b>Actual 2019</b>
<b>OVERALL BALANCE</b>	<b>(124.46)</b>	<b>(66.03)</b>
<b>FINANCING</b>		
<b>NET EXTERNAL</b>	<b>74.07</b>	<b>(40.40)</b>
Loan Disbursement	126.38	113.41
Loan Amortisation	(52.31)	(73.04)
<b>NET DOMESTIC</b>	<b>50.39</b>	<b>(63.4)</b>
Loan Disbursement	120.00	186.87
Loan Amortisation	(73.08)	(79.58)
Sinking Fund Contribution	(45.00)	(32.37)
Change in Cash	51.39	(40.10)
Other Domestic	9.93	13.95

Source: Ministry of Finance, ERPU

## FISCAL OUTTURN AS AT JUNE 30, 2021

Preliminary data as at June 30, 2021 indicated that the Central Government fiscal operations improved when compared to the same period in 2020. Current Revenue increased by 14.1 percent to \$322.82 million, while Current Expenditure grew by 2.9 percent, to \$316.08 million. Consequently, the Current balance recorded a surplus of \$6.73 million compared to a deficit of \$24.35 million recorded in 2020. The Overall Balance also improved, moving from a deficit of \$51.69 million in 2020 to a deficit of \$12.64 million in 2021.



**Table 4: Summary of Fiscal Outturn June 2021 compared with June 2020**

	<b>Budget 2021 \$ m</b>	<b>Actual 2021 \$ m</b>	<b>Actual 2020 \$ m</b>	<b>% Change</b>
<b>Current Revenue</b>	<b>296.01</b>	<b>322.82</b>	<b>282.84</b>	<b>14.1</b>
<i>of which:</i>				
Taxes on Income & Profits	70.93	67.15	66.70	0.7
Taxes on Property	14.57	60.80	11.22	441.8
Taxes on Goods & Services	92.56	87.11	96.99	(10.2)
Taxes on International Trade	76.14	70.25	68.84	2.1
Sale of Goods & Services	35.62	29.49	28.63	3.0
<b>Current Expenditure</b>	<b>338.81</b>	<b>316.08</b>	<b>307.19</b>	<b>2.9</b>
<i>of which:</i>				
Compensation Employees	171.05	166.29	158.77	4.7
Use of Goods & Services	41.96	37.36	37.41	(0.1)
Interest Payments	35.39	23.59	25.23	(6.5)
Transfers	90.41	88.84	85.78	3.6
<b>Current Balance</b>	<b>(42.80)</b>	<b>6.73</b>	<b>(24.35)</b>	127.7
<b>Primary Balance (net CCF)</b>	<b>(55.24)</b>	<b>10.95</b>	<b>(26.45)</b>	141.4
<b>Capital Expenditure</b>	<b>57.84</b>	<b>71.53</b>	<b>42.10</b>	69.9
<i>Of which:</i>				
Capitalisation of Contingency Fund (CCF)	6.43	7.02	7.01	0.0
<b>Capital Revenue</b>	<b>10.01</b>	<b>45.14</b>	<b>7.75</b>	482.4
<b>Overall Balance (net CCF)</b>	<b>(90.63)</b>	<b>(12.64)</b>	<b>(51.69)</b>	75.6

Source: Ministry of Finance, ERPU

Receipts from Taxes on Income and Profits increased marginally by 0.7 percent to \$67.15 million due to higher collections from Non-Resident (Withholding) Tax. Revenue from Non-Resident (Withholding) Tax went up by 25.1 percent when compared to the same period in 2020 mainly on account of arrears collected during the period. Collection of Personal Income tax and Corporate Income Tax decreased by 0.6 percent and 3.4 percent, respectively, reflecting lower or loss of incomes for some individuals and lower reported profitability of some businesses.

As of June 30, 2021, Taxes on Goods and Services which totaled \$87.11 million, decreased by 10.2 percent. This was mainly as a result of a 10.9 percent decline in the receipts from Value Added Tax and is reflective of the overall decline in economic activity that is projected for the year 2021. Excise Duty (on imports) fell by 16.0 percent largely owing to timing issues in the recording of payments for petroleum products. Revenue from Yacht Licence and Excise Duty on Domestic Transactions also fell by 83.6 percent and 2.9 percent, respectively. The 83.6 percent decline in collections from Yacht Licence reflects the continued fall in yacht arrivals. However, the fall in revenue from Taxes on Goods and Services was moderated by higher receipts from

Insurance Premium Tax, Motor Vehicle Licence, Telecommunications and Broadcast Licence, Merchant Shipping International Fees and the Interest Levy.

Revenue from International Trade Taxes went up by 2.1 percent, to \$70.25 million. This was mainly as a result of growth in collections of Import Duty and VAT which increased by 1.5 percent and 2.7 percent, respectively while receipts from Vehicle Surtax fell by 0.3 percent. The increase in revenue from Import Duty and VAT was as a result of the 11.0 percent rise in merchandise imports during the period. Revenue from Vehicle Surtax went down on account of the 4.4 percent drop in the importation of vehicles.

Takings from Sales of Goods and Services grossed \$29.49 million representing a 3.0 percent growth on the amount collected in 2020. This was mainly related to a 3.7 percent increase in collections from Customs Service Charge, which brought collections to \$18.18 million. The higher receipts from Customs Service Charge is related to the implementation of the 1.0 percentage point increase in the rate effective June 1, 2021. Collection from all other major subcomponents decreased; International Financial Services, CIPO Registration Fees and Driver's Licences declined by 3.3 percent, 29.8 percent, 2.0 percent and 1.3 percent, respectively.

Capital revenues as of June 30, 2021 amounted to \$45.14 million, up from the \$7.75 million collected in the corresponding period in 2020. This was due mainly to the \$31.81 million collected under Other Capital Receipts during the period. Other Capital Receipts included \$15.00 million drawn down from the Contingencies Fund and other funds received from donors to facilitate the government's disaster response programme.

Current Expenditure amounted to \$316.08 million, as at June 30, 2021. This figure represents an increase of 2.9 percent when compared to the amount spent during the same period in 2020. Payment of Wages and Salaries amounted to \$158.72 million and the Employer's Social Security Contribution to \$7.58 million, these were responsible for the overall 4.7 percent increase in Compensation of Employees. The growth in spending on Wages and Salaries was mainly due to changes in increments and allowances during the period.

Interest Payments decreased during the period by 6.5 percent to \$23.59 million as a result of reduced payments on the external component of the debt which fell by 32.4 percent due to some extent by the relief granted to the Government's as a result of participating in the G20 Debt Service Suspension Initiative. Conversely, Domestic interest payments increased by 9.2 percent due to the

contraction of new debt. Outlays on Transfers went up by 3.6 percent to \$88.84 million mainly as higher amounts were expended on Grants to Other Agencies (4.8 percent) and Social Assistance Benefits (14.8 percent). Preliminary data indicates that Capital Expenditure for the period amounted to \$71.53 million, up from the \$42.10 million recorded for the same period in 2020. The improvement in capital spending was mainly related to the La Soufriere volcano disaster relief and reconstruction programmes (\$23.06 million), Regional Disaster Vulnerability and Risk Reduction Programme (\$10.64 million) and Capitalisation of the Contingencies Fund (\$7.01 million).

## MONEY AND CREDIT

The total monetary liabilities (M2) of the banking system grew by 9.9 percent to \$1,720.30 million during 2019. The expansion in M2 reflected mainly developments in quasi money, which grew by 8.6 percent to \$580.45 million, reflecting an increase in Private Sector Savings Deposits (5.4 percent) and Private Sector Foreign Currency Deposits (71.3 percent). In contrast, Private Sector Time Deposits fell by 4.9 percent to \$0.10 million.

The proportion of narrow money (M1) fell from 33.0 percent in 2018 to 32.5 percent in 2019 however there was an increase of 12.5 percent of narrow money to \$580.45 million in 2019. This was primarily on account of increases in private sector demand deposits (10.0 percent). Currency with the public went up by 22.4 percent while EC\$ Cheques and Drafts Issued grew by 6.7 percent.

Private sector credit fell by 0.3 percent during 2019 driven by the decrease in credit to non-bank financial institutions. Despite the decrease, lending to households, which accounts for more than three quarters of private sector credit, grew at a reduced rate of 0.4 percent during the period. Loans extended to businesses increased by 4.7 percent to \$170.50 million, and the Central Government's net indebtedness decreased by 62.1 percent to \$40.30 million in 2019.

An analysis of the distribution of bank credit by economic activity revealed that outstanding loans declined by 1.9 percent to \$1,199.60 million during 2019, following a 0.7 percent growth recorded during 2018. The contraction in credit was mainly attributable to declines of 16.9 and 80.9 percent in the Government & Statutory Bodies and Financial Institutions sectors, respectively. Credit to other sectors such as Tourism and Construction & Land Development also experienced

contractions in credit. Activities in the category of personal lending decreased with contraction of 0.1 percent. Within the personal sector category, credit extended to home construction and renovation decreased by 31.2 percent while house and land purchases increase by 6.0 percent.

Net foreign assets of the banking system increased by 37.9 percent to \$826.50 million in 2019, up from the 1.4 percent decline realised during 2018. This expansion was fuelled by an increase in Commercial Bank net foreign assets which grew significantly from \$144.19, to \$308.62 million while the imputed share of reserves of St Vincent and the Grenadines held at the Central Bank rose by 13.9 percent.

Liquidity in the commercial banking system rose during 2019 as evidenced by an increase in the ratio of liquid assets to total deposits plus liquid liabilities, which rose by 4.0 percentage points to 47.1 percent. The ratio of liquid assets to total assets also increased to 41.7 percent in 2019 from 38.1 percent in 2018, still well below the maximum threshold of 75.0 to 85.0 percent.

## PUBLIC DEBT ANALYSIS

Preliminary total public debt<sup>2</sup> as at June 30, 2021 stood at \$1.972 billion or 92.5 percent of GDP<sup>3</sup>. Central Government total debt amounted to \$1.817 billion or 85.2 percent of GDP while Government Guaranteed debt amounted to 154.7 million or 7.3 percent of GDP. Central Government debt comprised 92.2 percent of total debt while the remaining 7.8 percent was debt owed by Public Corporations and guaranteed by the government.

Domestic debt accounted for \$564.40 million or 26.5 percent of GDP or 28.6 percent of total

TABLE 5: TOTAL PUBLIC DEBT

	\$M	
	Jun-21	Jun-20
<i>Domestic</i>		
<i>Central Govt</i>	537.9	520.0
<i>Public Corporations</i>	26.5	27.6
<b><i>Total Domestic Debt</i></b>	<b>564.4</b>	<b>547.6</b>
<i>External</i>		
<i>Central Govt</i>	1279.5	1068.7
<i>Public Corporations</i>	128.1	134.8
<b><i>Total External Debt</i></b>	<b>1407.6</b>	<b>1203.5</b>
<b><i>Total Public Debt</i></b>	<b>1972.1</b>	<b>1701.7</b>
<b><i>Total Central Government</i></b>	<b>1817.4</b>	<b>1455.6</b>
<b><i>Total Public Corporation</i></b>	<b>154.7</b>	<b>246.2</b>

<sup>2</sup> The classification of the debt stock is based on residency criterion.

<sup>3</sup> 2021 Medium term Economic and Fiscal outlook GDP is \$2131.89 million

debt. External debt accounted for \$1.407 billion or 66.0 percent of GDP and 71.4 percent of the total debt.

Domestic Public debt increased by 3.1 percent in June 2021. Increases in balances on accounts payables and treasury bills were the main contributors. All other domestic instruments recorded a decline in their balances. Securities continue to account for the greatest proportion of the domestic debt portfolio totaling \$282.1 million or 50.0 percent of the total domestic debt. Short term obligations amounted to \$120.1 million or 21.3 percent of the total domestic portfolio. Domestic public corporation's debt amounted to 26.5 million a decreased of 4.0 percent compared to the previous year to date balance.

External Public debt increased by 17.0 percent to \$1.407 billion driven by the contraction of new loans and disbursement on existing loans, see appendix 3. External loan disbursements were \$101.70 million with 98.0 percent from multilateral and or bilateral creditors. Of this amount 69.5 percent was from International Development Association, 24.6 percent was from CDB. Disbursements from OPEC and Kuwait accounted for the remaining disbursements.

## 2021 NEW BORROWINGS

New borrowings contracted in 2021 to date amounted to \$102.1 million. Total Central government new contracted debt amounted to USD \$96.6 million and Public Corporation's new borrowings amounted to USD \$5.4 million. The details are as follows:

Central Government:

- USD 13,447,052 million from CDB for School Improvement Project.
- USD 20,000,000 million from Export Import Bank of China for a Modern Court House.
- USD \$11,612,305 million from the IMF for a Rapid Credit Facility- Volcano Relief loan.
- USD \$50,000,000 million from IDA for a Supplementary Financing to the Second Fiscal Resilience Development Policy Financing with CAT-DDO.
- USD \$1,573,000 million from CDB for Project Management Support for the Ministry of Transport and Works lands and Physical Planning.

Public Corporation:

- USD \$5,453,300 million from CDB to Vinlec for Battery Storage and Grid connected Solar PV.

Total disbursements from new borrowings amounted to USD\$12,667,090 or XCD\$34,201,143 million.

## SECURITIES ISSUED DURING 2021

### TREASURY BILLS

To date the government has successfully re-issued 10 treasury bills, one per month receiving a sum of \$222.5 million (discounted value of t-bills) from investors and paying out \$222.86 million in principal and \$1.14 million in interest upon maturity. The average yield on these bills was 2.6 percent. After the April 09, 2021 volcanic eruption however, the subsequent t.bill issuances closed at the interest rate ceiling of 3.5 percent. It was noteworthy to mention that October's t.bill issuance closed at 100 Basis Point lower.

### BONDS AND NOTES

Act No. 19 of 2020 passed in the house on the 28<sup>th</sup> December, 2020 authorized the government to borrow an amount not exceeding \$125.0 million to fund this year's Public Sector Investment Programme. At the end of September 2021, the government had issued \$45.95 million in amortized bonds and notes through private placement. The low issuance rate can be attributed to general investor hesitancy due to the lingering effects of the COVID-19 coupled by the new concerns emanating from the impact of the eruption. We are continuously monitoring the market and would adjust our issuances strategy accordingly in response to market demand. Bullet bonds repaid during the period amounted to \$19.3 million.

**Table 6: Securities issued during 2021**

<b>Instrument Type</b>	<b>Creditor</b>	<b>Amt (M \$)</b>	<b>Tenor</b>	<b>Rate</b>	<b>Issue Date</b>	<b>Maturity Date</b>
<b>Bond</b>	Private Placement (Various Investors)	13.030	5 years	5.50	January 29, 2021	January 29, 2026
<b>Bond</b>	Private Placement (Various Investors)	15.000	15 years	2.0/6.5 <sup>4</sup>	March 26, 2021	March 26, 2036
<b>Bond</b>	Private Placement (Various Investors)	10.000	5 years	5.50	March 26, 2021	March 26, 2026

<sup>4</sup> This instrument has a step up interest rate. Beginning at 2.0 percent for the first two years then 6.5 percent thereafter

<b>Bond</b>	Private Placement (Various Investors)	7.323	5 years	5.50	April 6,2021	April 6, 2026
<b>Bond</b>	Private Individual – IADC Debt*	0.569	5 years	2.00	September 1,2021	September 1,2026
<b>Total</b>		<b>45.922</b>				

\*Issued for the acquisition of property

Source: CIDMU, Ministry of Finance

## External Debt Portfolio

As at June 30, 2021, total public external debt stock stood at \$1.40 billion compared with \$1.20 billion for same period 2020. Central Government and Public Corporation external debt represented 90.9 percent and 9.1 percent of total debt respectively. Total loans accounted for 85.8 percent of the portfolio; securities 10.3 percent; and treasury bills the remaining 3.8 percent. Fixed rate instruments constitute 69.5 percent of the portfolio with the remaining 30.5 percent being variable rate instruments. The average time to maturity of the total external portfolio is 10.5 years with 11.7 percent of the portfolio maturing in one year. Average time to refixing is 8.45 years with 40.3 percent of the portfolio due for refixing in one year.

## External Debt by Creditor Category and Maturity Profile

The majority of the external public sector debt was contracted on concessional terms from multilateral and bilateral sources. Multilateral creditors accounted for 62.1 percent while bilateral creditors and securities' holders held 22.5 percent and 15.4 percent respectively. The maturity profile of the debt continued to be dominated by long-term loans with 63.8 percent of the portfolio maturing in over ten years. Instruments with remaining maturity between 5-10 years accounted for 21.9 percent while instruments with remaining maturity less than 5 years accounted for 14.3

percent which would include instruments that were maturing in less than one year included \$53.8 million in treasury bills.

## External Debt by Currency

The currency composition continued to weigh in favour of the USD<sup>5</sup> currency with 66.1 percent of the total debt being denominated in this currency. XCD denominated debt accounted for 15.4 percent of the outstanding stock of debt. When combined, the XCD and USD denominated debt accounted for 81.5 percent of the total debt. Debt contracted in Special Drawing Rights (XDR) accounted for 17.2 percent, the remaining 1.3 percent consisted of Kuwait Dinars (KWD), Trinidad and Tobago Dollars (TTD) and Euro (EUR).

## External Debt Disbursements

External Debt disbursement for the first half of 2021 stood at \$115.0 million comprising of both loans in the amount of \$112.1 million and grants of \$2.9 million. The funds were channeled to finance a number of projects such as disaster management, education development, health, tourism, agriculture and COVID-19 response. Of the total external disbursements, 77.6 percent was sourced from IDA/World Bank with 62.0 percent of this given for budget support in the form of a Second Fiscal Resilience Development Policy Financing. A total of 18.8 percent of the disbursements was from the CDB.

**Table 7: Total Disbursements as at 30 June 2021**

	<b>XCD \$</b>
<b>Caribbean Development Bank</b>	
NDM- Disaster Risk Reduction & Climate Change Adaptation	2,736,447
NDM Disaster Risk Reduction and Adaptation	204,746
NDM - Rehabilitation and Reconstruction	1,066,503
NDM - Hurricane Tomas/North Wd. Highway	151,187
TECHVOC Education and Training Development	279,368
NDM - Rehabilitation and Reconstruction (Floods Dec 2013)	659,494

<sup>5</sup> Since July 07, 1976, the XCD has been pegged to the USD at an exchange rate of US\$1.00 being equivalent to EC\$2.70



Energy Efficiency Measures and Solar Photovoltaic Plant	548,420
Sandy Bay Sea Defence Resilience Project	78,024
Coronavirus Disease 2019 Emergency Response	12,515,495
Port Modernization Project	174,151
School Improvement Project	2,644,925
<b>Total</b>	<b>21,058,760</b>
<b>World Bank (IDA)</b>	
Regional Disaster Vulnerability Reduction Project	24,710,609
Second Fiscal Resilience Development Policy Financing	54,000,000
Caribbean Communication Infrastructure Program (CARCIP)	4,023,787
SVG Regional Health OECS Project	398,520
SVG Digital Caribbean Project	3,937,950
<b>Total</b>	<b>87,070,866</b>
<b>OPEC</b>	
Agriculture and Feeder Road	1,491,034
<b>Total</b>	<b>1,491,034</b>
<b>Kuwait</b>	
Agriculture and Feeder Road	2,528,726
<b>Total</b>	<b>2,528,726</b>
<b>Total Loan disbursements</b>	<b>112,149,386</b>
<b>Grants</b>	
Regional Disaster Vulnerability Reduction Project	2,610,204
Operational Assessment of SVG Port Authority	264,614
<b>Total Grants</b>	<b>2,874,818</b>

Source: CIDMU, Ministry of Finance

## DOMESTIC DEBT PORTFOLIO

Total domestic debt for the period stood at \$564.4 million compared with \$547.6 million for same period 2020. This represented an increase in total domestic debt of 3.1 percent. The largest material changes to the portfolio were increases in accounts payables and treasury bills by 58.8 percent and 54.6 percent respectively. All other central government and public corporation's instruments declined.

A total of \$537.9 million or 95.3 percent of total domestic debt was held by Central Government while the remaining 4.7 percent was held by the Public Corporations, these amounts represented 25.2 percent and 1.2 percent of GDP respectively.

## DOMESTIC DEBT BY CREDITOR CATEGORY AND MATURITY PROFILE

The domestic portfolio continues to be dominated by domestic securities. Securities comprised 55.3 percent of the total domestic portfolio. Commercial debt owed to Bank of St. Vincent and the Grenadines amounted to 22.6 percent. Debt owed to the National Insurance Services (NIS) amounted to 6.1 percent, while accounts payables and Insurance Deposits accounted for 9.2 percent and 3.9 percent respectively. The remaining 2.9 percent is debt to the ECCB and the St. Vincent Electricity Company.

Instruments with remaining maturity less than one year<sup>6</sup> accounted for 34 percent of the portfolio. Debt with remaining maturity between 1-5 years accounted for 22.0 percent, debt with remaining maturity between 5 and 10 years accounted for 34.8 percent while debt with maturity 10 years and over accounted for 9.2 percent.

## DOMESTIC LOAN DISBURSEMENT

There were no domestic loans contracted during the first half of the year.

## DEBT SERVICING AS AT JUNE 30, 2021

Total Central Government Debt servicing at the end of QTR 2 totaled \$90.6 million or 28.1 percent of current revenue. External debt servicing represented 25.5 percent and domestic debt servicing accounted for 74.5 percent respectively of the total debt servicing.

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<sup>6</sup> Includes \$27.7 million in bullet bonds due to mature in July 2020

**Table 8: Summary of Central Government Debt Servicing as at June 30, 2021**

	<i>21-Jun</i>	<i>20-Jun</i>	<i>Change</i>
	\$M	\$M	%
<i>Central Government Debt Servicing</i>	<b>90.64</b>	<b>92.46</b>	<b>-1.97</b>
<i>External Interest Amortization</i>	<b>23.13</b>	<b>40.00</b>	<b>-42.18</b>
	6.44	9.53	-32.42
	16.69	30.47	-45.22
<i>Domestic Interest Amortization</i>	<b>67.51</b>	<b>52.46</b>	<b>28.69</b>
	17.15	15.70	9.24
	50.36	36.76	37.00
<i>Sinking Fund Contributions</i>	<b>3.50</b>	<b>4.33</b>	<b>-19.17</b>
<i>Current Revenue</i>	<b>322.82</b>	<b>282.839</b>	<b>14.1</b>
<i>Total Central Govt Debt Servicing /Revenue (%)</i>	<b>28.08%</b>	<b>32.69%</b>	<b>4.61</b>

Source: CIDMU, Ministry of Finance

## SPECIAL FUNDS

### SINKING FUND

Most of the bonds in the portfolio are amortized with allocations for payments provided annually from the Consolidated Fund. Where the bonds are not amortized, a Sinking Fund is established for redemption at maturity. The Sinking Fund is funded by annual contributions allocated from the Consolidated Fund to achieve the targeted level at maturity. In 2021, \$19.5 million was contributed to this fund to date, \$19.3 million of this was used by the government to repay bullet bonds that matured. The remaining balance in the Fund as at 30<sup>th</sup> September, 2021 is \$100,600.

## CONTINGENCY FUND

This is a disaster based contingency fund that was established as part of the suite of disaster risk financing mechanisms used to leverage disaster risk financing. The Fund is financed by an increase in the Value Added Tax (VAT) from 15.0 percent to 16.0 percent; that is, a 1.0 percentage point disaster levy is imposed on consumption within the state. In 2021, \$7.0 million was contributed to this fund to date, \$15.0 million of this was used by the government as Volcano relief and the remaining balance in the Fund as at 30<sup>th</sup> September, 2021 is \$13.5 million.

In the fiscal year 2019, the Finance Administration (Contingencies Fund) Regulation was passed in Parliament and the regulation governs the purpose for which the Fund may be utilized; minimum capital requirements; the management and control of the Fund; and the principles that must guide the investment of Fund resources.

## CATASTROPHE DEFERRED DRAWDOWN OPTION (CAT-DDO)

The CAT-DDO is another layer of leveraging disaster risk financing and represents an add on to the Second Fiscal Reform and Resilience Development Policy Credit secured by the government from the International Development Association, in the amount of USD 20.0 million, that can be used to respond to an imminent or occurring disaster. The trigger for this financing can be a natural disaster or a public health emergency.

The Volcanic eruption on the 9th April 2021 triggered a disbursement from the CAT-DDO in the amount of \$USD 20.0 million.

## LEGISLATIVE AUTHORITY

The primary legislation which governs and explicitly authorizes the Government to borrow is the *Finance Administration Act (FAA) Cap 252*. The Act stipulates that no money shall be raised on the credit of the Government except under the authority of the Finance Administration Act or another Act of Parliament or a resolution of the House of Assembly<sup>7</sup>. The Minister of Finance

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<sup>7</sup> Sec 44, Finance Administration Act Cap 252

when authorized by resolution of the House of Assembly may 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 Treasury Bills Act Cap 444* 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 percent of the estimated annual current revenue of St. Vincent and the Grenadines for the current financial year.

In relation to the authority to borrow from multilateral institutions, the Caribbean Development Bank Loans Act Cap 89 covers all loans from the CDB and the International Financial Organizations Act Cap 100 authorizes the Minister of Finance to sign agreements with the World Bank and the International Monetary Fund. Similar acts authorizing 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.

The Government Guarantee of Loans Act Cap 255 gives government the authority to guarantee loans by lending agencies to corporations. The current limit specified for all guarantees issued by government is \$300.0 million.

## 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, as well as branches of three foreign banks including CIBC First Caribbean International, Royal Bank of Canada and Republic Bank; twenty-two active Insurance Companies, four credit unions; a Building and Loan Society (BLS), eighteen registered Friendly Societies and four Money Services Businesses. The banks are regulated by the ECCB while the non-banking institutions, including the credit unions, BLS, the insurance companies and Money Services Business are regulated by the Financial Services Authority.

## FOREIGN EXCHANGE AND INTERNATIONAL RESERVES

The ECCU of which St Vincent and the Grenadines is a member, has 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.

## MONEY TRANSFER COMPANIES

The Money Transfer business is governed by the Money Services Business Act, Cap 260 of the 2009 Revised Laws of St. Vincent and the Grenadines. The Financial Services Authority (FSA) 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.

In addition to Massy Remittances Services (St. Vincent) Ltd. 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

Postal Corporation - MoneyGram

## INSURANCE SECTOR

The domestic insurance sector continues to be a significant component of the insurance industry and the non-bank financial sector in St. Vincent and the Grenadines, comprising insurance companies and intermediaries and pension fund plans. Companies conducting business are either indigenous or domestically incorporated in CARICOM countries and operating through local

agencies or branches. Insurance business is written directly with those companies or through the use of brokers and agents.

The sector is governed by the Insurance Act, Chapter 306 of the Laws of St. Vincent and the Grenadines, Revised Edition 2009 (“the Act”) and the Motor Vehicle Insurance (Third Party Risk) Act Chapter 309 of the 2009 Revised Laws of St. Vincent and the Grenadines. The Financial Services Authority (“FSA”) established by Act #33 of 2011 is responsible for the regulatory and supervisory frameworks of the sector. The Insurance laws and Regulation apply equally to both domestic and CARICOM-based companies.

As at December 31, 2020, there were twenty-four (24) companies registered under Section 8 of the Act, to conduct insurance business in St. Vincent. Of these companies, British American Insurance Company (“BAICO”) and CLICO International Life Insurance Company (“CLICO”) remained under Judicial Management.

There were fourteen (14) insurance companies registered to undertake short-term (also referred to as Property and Casualty) insurance business. Four (4) of these companies were locally incorporated while the other ten (10) were branches and agencies of CARICOM-based/ foreign owned companies. Ten (10) companies were registered to undertake long-term insurance business. Of these ten (10), two (2) were registered to write life business only, while the other eight (8) were registered to conduct business in both segments of the market.

**Table 9: Registered Insurance Companies**

<b>Short –Term(only)</b>	<b>Long-Term(only)</b>	<b>Long &amp; Short-Term/ Composite*</b>
<p><b><i>Locally Incorporated</i></b></p> <ul style="list-style-type: none"> <li>➤ Metrocint General Insurance Company Ltd.</li> <li>➤ St. Hill Insurance Company Ltd.</li> <li>➤ St. Vincent Insurances Limited</li> </ul>	<ul style="list-style-type: none"> <li>➤ Demerara Mutual Life Assurance Society Ltd.</li> <li>➤ CUNA Caribbean Insurance Society (OECS) Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Sagicor Life Inc.</li> <li>➤ Sagicor Life (EC) Inc.</li> <li>➤ Guardian Life of the Caribbean</li> </ul>

<ul style="list-style-type: none"> <li>➤ West Indian Insurances Ltd.</li> </ul> <p><b><i>Foreign Incorporated</i></b></p> <ul style="list-style-type: none"> <li>➤ Beacon Insurance Company Limited</li> <li>➤ Caribbean Alliance Insurance Company Ltd.</li> <li>➤ Sun General Insurance Inc.</li> <li>➤ G.T.M Fire Insurance Company Ltd.</li> <li>➤ Guardian General Insurance Limited</li> <li>➤ Gulf Insurance Limited</li> <li>➤ Island Heritage Insurance Company Ltd.</li> <li>➤ Massy United Insurance</li> <li>➤ M &amp; C General Insurance</li> <li>➤ GK Insurance (Eastern Caribbean) Limited</li> </ul>		<ul style="list-style-type: none"> <li>➤ Pan American Life of the Eastern Caribbean</li> <li>➤ G.T.M Life Insurance Company Ltd.</li> <li>➤ Scotia Insurance Eastern Caribbean Limited</li> <li>➤ British American**</li> <li>➤ CLICO Int'l Life Insurance Company**</li> </ul>
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*Source: Financial Service Authority*

*\*\* Under Judicial Management*

The sector plays an essential role in the local economy and contributed roughly \$5.2 million in insurance premium taxes to the government in 2020 (2019 - \$6.4M) and generated \$0.2 million in registration and licence fees (2019 - \$0.2M).

In 2020, Gross Premium income in the insurance industry totaled EC\$100.9 million. This represented approximately 4.6 percent of Gross Domestic Product at market price and a decrease of 6.1 percent over the gross premium income of EC\$107.5 million in 2019. At the end of 2020, long-term insurance premiums were approximately EC\$30.5 million; reflecting a decrease of EC\$8.7 million or 22.2 percent when compared to the previous year. The leading long-term insurer held approximately 63.3 percent of total premiums written.

Gross premium income for the short-term segment of the market totaled EC\$70.5 million in 2020; an increase of 3.2 percent when compared with the 2019 figure of EC\$68.3 million



Total assets for the domestic insurance sector stood at EC\$295.3 million as at December 31, 2020, an increase of 5.1 percent when compared with EC\$281.0 million for the same period in 2019. Government securities of 34 percent, and cash and deposits of 24.7 percent represented the largest proportion of the industry's assets. At the end of 2020, total liabilities stood at EC\$202.4 million (2019: EC\$184.1 million) while capital was EC\$92.9 million (2019: EC\$96.9 million).

As at December 31, 2020, total liabilities and contingency reserves of all insurance companies (excluding those under judicial management) amounted to approximately EC\$115.6 million. Total assets pledged or identified by those companies for inclusion in their Insurance Fund as at December 31, 2020 was approximately EC\$126.8 million or 109.7 percent of insurance liabilities. In addition, total assets pledged to the Authority exceeded the deposit requirement of the insurance industry as a whole as at the end of December 2020. The industry's statutory deposits held by the Authority during the year amounted to \$51.5 million which comprised of \$20.6 million in Government Securities and \$30.9 million in cash.

There was a reduction in total claims paid in the short-term insurance sub- sector (-14.3 percent). Claims continue to be a significant component of insurance companies' expenditure, amounting to 59.5 percent of expenses for the short-term insurance sub- sector.

Policyholder Benefits (which includes claims, annuity payments, policy surrenders etc.) in the long-term insurance sub-sector for the period under review amounted to EC\$23.4 million, which was a reduction for the previous year (2019: EC\$29 million). Policyholder Benefits represented 61.8 percent of the total expenses.

Life insurance companies traditionally reinsure only a small portion of their insurance business. This sector experienced a decline in the level of retention in 2020. In 2020, EC\$2.2 million was ceded to reinsurers representing a retention ratio of 92.8 percent compared with 94.2 percent in 2019. Meanwhile, the General Insurance companies collected EC\$70.5 million in gross premium, of this amount EC\$39.4 million was ceded to reinsurers representing 55.9 percent.

The loss ratio (ratio of net claims to gross premium) decreased from 26.4 percent in 2019 to 21.9 percent in 2020 for the short-term insurance segment of the industry. With respect to the long-term insurance sector, life claims expenses increased significantly by 84.3 percent in 2020 compared with 2019, this led to an overall increase in the loss ratio to 26.2 percent in 2020 compared with the 11.0 percent reported in 2019.

Insurance penetration, is used as an indicator of insurance sector development and is calculated as the ratio of total insurance premiums to gross domestic product. In 2020, the premiums ratio to GDP for the sector as a whole was 4.6 percent compared to 4.7 percent in 2019. This represented a 0.1 percent decrease in the level of penetration. The short-term segment of the industry recorded a ratio of 3.2 percent while that of the long-term sector was 1.4 percent.

## CURRENT ISSUES OF GOVERNMENT SECURITIES

### 1. TREASURY BILLS GENERAL INFORMATION

- Issues Outstanding      3
- Amount offered          \$84.0 m
- Maturity in days        91 days
- Date of Issues          Every 91 days
- Redemption Date      Every 91 days
- Discount rate          N/A
- Yields                    Weighted Avg. 2.59 percent

As at the 15<sup>th</sup> November 2021, the Government's outstanding securities traded on the Regional Government Securities Market are listed hereunder:

**Table 10: Outstanding Treasury Bills listed on the RGSM**

Date of issue	Redemption Date	Issue Amount	Value of Bids	Amount Accepted	No. of Bids		Interest Rate percent
					Total	Successful	
		<b>\$M</b>	<b>\$M</b>	<b>\$M</b>			<b>%</b>
<b>06-Sep-21</b>	07-Dec-21	28.00	28.947	28.00	15	14	3.02
<b>13-Oct-21</b>	13-Jan-22	28.00	30.427	28.00	21	19	2.50
<b>15-Nov-21</b>	15-Feb-22	28.00	34.659	28.00	22	13	2.25

Source: CDIMU, Ministry of Finance

**Table 11: Outstanding Notes and Bonds issued on the RGSM**

Trading Symbol	Issue amount	Amount Outstanding	Original Maturity	Remaining Maturity	Date of Subscription	Final Redemption	Coupon rate
	\$M	\$M	(years)	(years)	Date	Date	percent
VCG100422	40.0	4.0	10	1	Apr-12	Apr-22	7.50
VCG100323	25.9	5.2	10	2	Mar-13	Mar-23	7.00
VCG070623	11.2	3.2	7	2	Jun-16	Jun-23	7.00
FVG100826	16.6	8.3	10	5	Aug-16	Aug-26	7.00
VCG100826	0.3	0.15	10	5	Aug-16	Aug-26	7.00
VCG080225	15.0	7.5	8	4	Feb-17	Feb-25	7.50
VCG070524	25.0	10.7	7	3	May-17	May-24	7.50
VCG070625	25.0	14.3	7	4	Jun-18	Jun-25	7.00
VCG0725AA	13.0	7.4	7	4	Jul-18	Jul-25	7.00
VCG070725	12.0	6.8	7	4	Jul-18	Jul-25	7.00
VCG101128	10.0	7.0	10	7	Nov-18	Nov-28	7.50
FVG101228	8.1	5.7	10	7	Dec-18	Dec-28	7.50
VCG081126	15.0	15.0	8	4	Nov-18	Nov-26	7.25
VCG101228	8.1	5.7	10	7	Dec-18	Dec-28	7.50
VCG080327	15.0	15.0	8	6	Mar-19	Mar-27	7.25
VCN080524	17.6	10.6	5	3	May-19	May-24	6.25
VCG070926	25.0	17.8	7	5	Sep-19	Sep-26	7.00

Source: CIDMU, Ministry of Finance

**Table 12: Performance of Treasury bill traded on the RGSM during 2020**

Auction Date	Trading Symbol	Issue Amt (\$M)	Value of Bids (\$M)	Amount Accepted	No.of Bids Total	Interest Successful	No. of Rate
21-Jan-20	VCB220420	28	39.710	28	16	13	2.000
17-Feb-20	VCB190520	28	47.361	28	19	11	1.890
23-Mar-20	VCB230620	28	33.604	28	17	13	2.000
23-Apr-20	VCB240720	28	37.300	28	16	13	1.999
21-May-20	VCB210820	28	42.256	28	14	7	1.749
24-Jun-20	VCB240920	28	28.000	28	20	20	4.800
24-Jul-20	VCB261020	28	45.311	28	24	10	1.500
24-Aug-20	VCB241120	28	43.022	28	14	5	1.749
28-Sep-20	VCB291220	28	41.546	28	24	11	1.900
28-Oct-20	VCB280121	28	45.061	28	20	12	1.800
25-Nov-20	VCB250221	28	52.984	28	21	8	1.500
30-Dec-20	VCB010421	28	40.425	28	16	12	1.500

Source: CIDMU, Ministry of Finance

## 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 Depository Ltd (ECCSD), records and maintains ownership of government securities in electronic book-entry form. The ECCSD mails confirmation of proof of ownership letters to all investors who were successful in the auction. The ECCSD 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. 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 1: LIST OF LICENSED ECSE MEMBER BROKER DEALERS

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
<b>Grenada</b>		
Grenada Co-operative Bank Limited	No. 8 Church Street St. George's  <b>Tel: 473 440 2111</b> Fax: 473 440 6600 Email: <a href="mailto:info@grenadaco-opbank.com">info@grenadaco-opbank.com</a>	<b>Principals</b> Aaron Logie Allana Joseph  <b>Representatives</b> Keisha Greenidge Kishel Francis Laurian Modeste
<b>St Kitts and Nevis</b>		
St Kitts Nevis Anguilla National Bank Ltd	P O Box 343 Central Street Basseterre  <b>Tel: 869 465 2204</b> Fax: 869 465 1050	<b>Principals</b> Anthony Galloway Petronella Edmeade-Crooke  <b>Representatives</b> Angelica Lewis Marlene Nisbett
The Bank of Nevis Ltd	P O Box 450 Main Street Charlestown  <b>Tel: 869 469 5564 / 5796</b> Fax: 869 469 5798	<b>Principals</b> Monique Williams Judy Claxton  <b>Representatives</b> Denicia Small Nikesia Pemberton
<b>St Lucia</b>		
Bank of Saint Lucia	5 <sup>th</sup> Floor, Financial Centre Building 1 Bridge Street Castries  <b>Tel: 758 456 6826 / 457 7233</b> Fax: 758 456 6733	<b>Principals</b> Medford Francis Lawrence Jean Cedric Charles  <b>Representatives</b> Deesha Lewis Shaiiede Kallicharan

## APPENDIX 2: SELECTED PUBLIC DEBT INDICATORS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	(\$m)										
<b>Total Public Debt</b>	<b>1,188.5</b>	<b>1,233.2</b>	<b>1,336.6</b>	<b>1,445.8</b>	<b>1,562.5</b>	<b>1,594.4</b>	<b>1,746.5</b>	<b>1,572.0</b>	<b>1,657.0</b>	<b>1673.97</b>	<b>1863.10</b>
<b>Total Central Gov't</b>	<b>986.6</b>	<b>1,040.7</b>	<b>1,140.0</b>	<b>1,229.7</b>	<b>1,348.8</b>	<b>1,379.8</b>	<b>1,429.3</b>	<b>1,322.2</b>	<b>1,404.8</b>	<b>1505.66</b>	<b>1705.60</b>
<b>External Debt</b>	<b>734.8</b>	<b>764.9</b>	<b>738.1</b>	<b>809.5</b>	<b>887.7</b>	<b>922.5</b>	<b>1,201.8</b>	<b>1,003.6</b>	<b>1,080.4</b>	<b>1180.77</b>	<b>1285.40</b>
Central Government	623.1	668.0	652.7	728.7	811.2	855.7	962.0	830.1	899.90	1040.70	1154.8
Public Corporations	111.6	96.9	85.4	80.8	76.5	66.8	239.7	173.5	180.55	140.1	130.6
<b>Domestic Debt</b>	<b>453.7</b>	<b>468.3</b>	<b>598.5</b>	<b>636.3</b>	<b>674.8</b>	<b>671.8</b>	<b>544.7</b>	<b>568.41</b>	<b>576.51</b>	<b>493.20</b>	<b>577.70</b>
Central Government	363.5	372.7	487.3	501.0	537.6	524.0	467.3	492.12	504.85	464.96	550.8
Public Corporations	90.2	95.6	111.2	135.3	137.2	147.8	77.4	76.30	71.66	28.24	26.9
<b>Private Guaranteed External Debt</b>		<b>15.2</b>	<b>16.6</b>	<b>19.5</b>	<b>24.5</b>	<b>25.2</b>	<b>26.7</b>				
<b>Debt Servicing</b>											
<b>External</b>	<b>84.4</b>	<b>87.2</b>	<b>87.7</b>	<b>88.3</b>	<b>77.5</b>	<b>83.6</b>	<b>81.7</b>	<b>101.6</b>	<b>99.3</b>	<b>109.7</b>	<b>107.2</b>
Central Government	71.7	74.6	72.7	72.7	60.8	62.9	65.1	83.3	76.83	90.8	92.39
Public Corporations	12.7	12.6	15.0	15.6	16.7	20.8	16.6	18.3	22.5	18.88	14.8
<b>Domestic</b>											
Central Government	64.8	47.2	48.7	58.1	72.0	72.8	83.3	82.7	93.8	114.59	105.57
(of which sinking fund)	12.0	6.0	4.0	5.5	7.6	7.6	12.1	14.0	22.0	32.37	45.00
<b>GDP (at market price)</b>	<b>1,839.3</b>	<b>1,825.5</b>	<b>1,871.0</b>	<b>1,947.3</b>	<b>1,963.5</b>	<b>2,038.9</b>	<b>2,082.7</b>	<b>2,123.7</b>	<b>2,189.0</b>	<b>2,273.40</b>	<b>2,196.55</b>
<b>Current Revenue</b>	<b>490.0</b>	<b>462.5</b>	<b>472.6</b>	<b>491.3</b>	<b>535.2</b>	<b>519.1</b>	<b>592.6</b>	<b>592.2</b>	<b>594.1</b>	<b>600.53</b>	<b>605.26</b>
<b>Central Gov't Debt/GDP</b>	<b>53.64</b>	<b>57.01</b>	<b>60.93</b>	<b>63.15</b>	<b>68.69</b>	<b>67.67</b>	<b>68.63</b>	<b>62.26</b>	<b>64.17</b>	<b>66.23</b>	<b>77.65</b>
<b>Total Debt/GDP (%)</b>	<b>64.6</b>	<b>67.6</b>	<b>71.4</b>	<b>74.2</b>	<b>79.6</b>	<b>78.2</b>	<b>83.9</b>	<b>74.0</b>	<b>75.7</b>	<b>73.6</b>	<b>84.8</b>
<b>External Debt/GDP (%)</b>	<b>39.9</b>	<b>41.9</b>	<b>39.4</b>	<b>41.6</b>	<b>45.2</b>	<b>45.2</b>	<b>57.7</b>	<b>47.3</b>	<b>49.4</b>	<b>51.9</b>	<b>58.5</b>
<b>Domestic Debt/GDP (%)</b>	<b>24.7</b>	<b>25.7</b>	<b>32.0</b>	<b>32.7</b>	<b>34.4</b>	<b>32.9</b>	<b>26.2</b>	<b>26.8</b>	<b>26.3</b>	<b>21.7</b>	<b>26.3</b>
<b>Central Government Debt Service/Current Revenue (%)</b>	<b>25.4</b>	<b>25.0</b>	<b>24.8</b>	<b>25.5</b>	<b>23.4</b>	<b>24.7</b>	<b>23.0</b>	<b>25.7</b>	<b>25.0</b>	<b>28.8</b>	<b>25.3</b>
<b>Central Government External Debt Service/ Current Revenue</b>	<b>14.6</b>	<b>16.1</b>	<b>15.4</b>	<b>14.8</b>	<b>11.4</b>	<b>12.1</b>	<b>11.0</b>	<b>14.1</b>	<b>12.9</b>	<b>15.1</b>	<b>15.3</b>
<b>Central Government Domestic Debt Service/ Current Revenue</b>	<b>10.8</b>	<b>8.9</b>	<b>9.5</b>	<b>10.7</b>	<b>12.0</b>	<b>12.6</b>	<b>12.0</b>	<b>11.6</b>	<b>12.1</b>	<b>13.7</b>	<b>10.0</b>
<b>Guarantee Debt % of GDP</b>	<b>0.11</b>	<b>0.11</b>	<b>0.11</b>	<b>0.12</b>	<b>0.12</b>	<b>0.12</b>	<b>0.17</b>	<b>0.12</b>	<b>0.12</b>	<b>0.07</b>	<b>0.07</b>

\*Sinking Fund excluded from Central Government debt servicing

## APPENDIX 3: GDP AT CURRENT PRICES

### ST. VINCENT & THE GRENADINES BEST CASE GROSS DOMESTIC PRODUCT BY ECONOMIC ACTIVITY AT BASIC PRICES, IN CURRENT PRICES: 2020 -2024 (EC\$ Million)

Industry	2020 Proj	2021 Proj	2022 Proj	2023 Proj	2024 Proj
<b>Agriculture, Hunting &amp; Forestry</b>	<b>157.15</b>	<b>124.47</b>	<b>139.13</b>	<b>162.81</b>	<b>170.80</b>
Crops	130.54	98.12	112.53	135.70	143.18
Bananas	0.55	0.33	0.31	0.38	0.31
Other Crops	129.99	97.79	112.22	135.33	142.87
Livestock	25.80	25.54	25.80	26.31	26.84
Forestry	0.81	0.81	0.80	0.79	0.78
<b>Fishing</b>	<b>14.94</b>	<b>17.99</b>	<b>23.97</b>	<b>29.48</b>	<b>31.28</b>
<b>Mining &amp; Quarrying</b>	<b>3.26</b>	<b>2.95</b>	<b>3.16</b>	<b>3.38</b>	<b>3.55</b>
<b>Manufacturing</b>	<b>85.46</b>	<b>73.78</b>	<b>77.27</b>	<b>80.59</b>	<b>84.05</b>
<b>Electricity &amp; Water</b>	<b>78.29</b>	<b>74.95</b>	<b>76.89</b>	<b>80.11</b>	<b>83.49</b>
Electricity	62.36	59.56	61.34	64.41	67.63
Water	15.93	15.39	15.54	15.70	15.85
<b>Construction</b>	<b>143.25</b>	<b>132.76</b>	<b>145.61</b>	<b>159.69</b>	<b>171.87</b>
<b>Wholesale &amp; Retail Trade</b>	<b>236.53</b>	<b>230.14</b>	<b>246.47</b>	<b>263.96</b>	<b>284.08</b>
<b>Hotels &amp; Restaurants</b>	<b>37.80</b>	<b>26.58</b>	<b>42.59</b>	<b>58.94</b>	<b>64.14</b>
Hotels	14.25	4.80	17.53	31.37	34.51
Restaurants	23.55	21.79	25.06	27.56	29.63
<b>Transport, Storage and communications</b>	<b>200.92</b>	<b>164.70</b>	<b>271.96</b>	<b>317.78</b>	<b>346.94</b>
<b>Transport and Storage</b>	<b>133.45</b>	<b>95.75</b>	<b>201.50</b>	<b>245.78</b>	<b>273.35</b>
Road	81.04	63.14	84.84	104.02	114.93
Sea	22.40	18.21	56.77	61.45	67.14
Air	8.19	2.61	9.79	17.96	20.25
Supporting and auxiliary transport activities	21.82	11.79	50.10	62.35	71.04
<b>Communications</b>	<b>67.47</b>	<b>68.95</b>	<b>70.46</b>	<b>72.01</b>	<b>73.58</b>
<b>Financial Intermediation</b>	<b>143.93</b>	<b>158.05</b>	<b>165.48</b>	<b>171.06</b>	<b>177.41</b>
Banks & Other Financial Institutions	94.45	106.61	112.00	115.38	119.45
Insurance and pension funding	42.05	43.75	45.52	47.35	49.27
Activities auxiliary to financial intermediation	7.43	7.69	7.96	8.32	8.70
<b>Real Estate, Renting and Business Activ</b>	<b>290.45</b>	<b>300.69</b>	<b>311.29</b>	<b>322.26</b>	<b>333.62</b>
Owner Occupied Dwellings	193.03	199.83	206.88	214.17	221.72
Real estate activities	32.42	33.57	34.75	35.97	37.24
Renting of machinery and equipment	9.45	9.78	10.12	10.48	10.85
Computer and related activities	7.53	7.80	8.08	8.36	8.65
Business Services	48.02	49.71	51.46	53.28	55.15
<b>Public Administration, Defence &amp; Compulsory Social Security</b>	<b>241.86</b>	<b>246.03</b>	<b>250.27</b>	<b>254.60</b>	<b>259.01</b>
Central	229.58	233.25	236.98	240.78	244.63
Local	4.51	4.70	4.89	5.08	5.29
NIS	7.76	8.08	8.40	8.74	9.10
<b>Education</b>	<b>100.60</b>	<b>106.06</b>	<b>108.13</b>	<b>110.24</b>	<b>112.40</b>
Public	86.15	91.03	92.49	93.97	95.47
Private	14.45	15.03	15.64	16.27	16.93
<b>Health and Social Work</b>	<b>66.21</b>	<b>71.10</b>	<b>72.72</b>	<b>74.37</b>	<b>76.07</b>
Public	47.54	51.68	52.51	53.35	54.20
Private	18.67	19.42	20.21	21.02	21.87
<b>Other community, social &amp; personal serv</b>	<b>41.22</b>	<b>42.88</b>	<b>44.61</b>	<b>46.42</b>	<b>48.29</b>
<b>Private Households with Employed Perso</b>	<b>5.39</b>	<b>5.58</b>	<b>5.78</b>	<b>5.98</b>	<b>6.19</b>
<b>Less FISIM</b>	<b>24.80</b>	<b>27.99</b>	<b>29.40</b>	<b>30.29</b>	<b>31.36</b>
<b>Gross Value Added at Basic Prices</b>	<b>1,822.47</b>	<b>1,750.73</b>	<b>1,955.91</b>	<b>2,111.38</b>	<b>2,221.85</b>
<b>GROWTH RATE</b>	<b>-4.27</b>	<b>-2.73</b>	<b>11.72</b>	<b>7.95</b>	<b>5.23</b>
<i>Taxes on products</i>	<i>371.80</i>	<i>382.26</i>	<i>389.07</i>	<i>412.67</i>	<i>434.94</i>
<i>Less Subsidies</i>	<i>1.10</i>	<i>1.10</i>	<i>1.10</i>	<i>1.10</i>	<i>1.10</i>
<b>GDP at Market Prices</b>	<b>2,193.16</b>	<b>2,131.88</b>	<b>2,343.88</b>	<b>2,522.95</b>	<b>2,655.68</b>
<b>GROWTH RATE</b>	<b>-3.92</b>	<b>-2.03</b>	<b>9.94</b>	<b>7.64</b>	<b>5.26</b>

## APPENDIX 4: GDP AT CONSTANT PRICES

ST. VINCENT & THE GRENADINES  
GROSS DOMESTIC PRODUCT BY ECONOMIC ACTIVITY,  
AT BASIC PRICES, IN CONSTANT (2006) PRICES: 2020 -2024 (EC\$ Million)

SECTOR	2020 Proj	2021 Proj	2022 Proj	2023 Proj	2024 Proj
<b>Agriculture, Hunting &amp; Forestry</b>	<b>100.05</b>	<b>79.50</b>	<b>86.31</b>	<b>97.77</b>	<b>100.34</b>
Crops	75.99	55.68	62.27	73.26	75.37
Bananas	0.61	0.36	0.33	0.39	0.31
Other Crops	75.38	55.32	61.94	72.87	75.06
Livestock	23.37	23.14	23.37	23.83	24.31
Forestry	0.69	0.68	0.68	0.67	0.66
<b>Fishing</b>	<b>9.01</b>	<b>10.59</b>	<b>13.76</b>	<b>16.51</b>	<b>17.09</b>
<b>Mining &amp; Quarrying</b>	<b>3.51</b>	<b>3.18</b>	<b>3.40</b>	<b>3.64</b>	<b>3.82</b>
<b>Manufacturing</b>	<b>51.34</b>	<b>44.32</b>	<b>46.42</b>	<b>48.41</b>	<b>50.49</b>
<b>Electricity &amp; Water</b>	<b>65.67</b>	<b>62.90</b>	<b>64.47</b>	<b>67.04</b>	<b>69.73</b>
Electricity	48.98	46.78	48.19	50.60	53.13
Water	16.68	16.12	16.28	16.44	16.61
<b>Construction</b>	<b>116.82</b>	<b>105.63</b>	<b>113.03</b>	<b>120.94</b>	<b>126.99</b>
<b>Wholesale &amp; Retail Trade</b>	<b>208.38</b>	<b>197.81</b>	<b>206.67</b>	<b>215.94</b>	<b>226.74</b>
<b>Hotels &amp; Restaurants</b>	<b>22.67</b>	<b>13.97</b>	<b>26.09</b>	<b>38.79</b>	<b>42.35</b>
Hotels	11.89	4.00	14.63	26.18	28.80
Restaurants	10.77	9.96	11.46	12.61	13.55
<b>Transport, Storage &amp; Communication</b>	<b>150.22</b>	<b>120.29</b>	<b>199.09</b>	<b>224.49</b>	<b>239.66</b>
<b>Transport, Storage</b>	<b>106.54</b>	<b>76.75</b>	<b>155.68</b>	<b>181.22</b>	<b>196.51</b>
Road	67.70	51.46	67.46	80.69	86.98
Sea	18.83	14.93	45.42	47.96	51.13
Air	0.90	0.28	1.02	1.83	2.01
Supporting and auxiliary transport activities	19.12	10.08	41.78	50.73	56.39
<b>Communications</b>	<b>43.67</b>	<b>43.54</b>	<b>43.41</b>	<b>43.28</b>	<b>43.15</b>
Telecommunication					
Postal & Courier Services					
<b>Financial Intermediation</b>	<b>121.56</b>	<b>130.16</b>	<b>132.95</b>	<b>134.08</b>	<b>135.67</b>
Banks & Other Financial Institutions	78.88	86.86	89.02	89.47	90.37
Insurance and pension funding	37.78	38.35	38.92	39.51	40.10
Activities auxiliary to financial intermediation	4.90	4.95	5.00	5.10	5.20
<b>Real Estate, Renting &amp; Business Service</b>	<b>260.01</b>	<b>262.61</b>	<b>265.23</b>	<b>267.88</b>	<b>270.56</b>
Owner Occupied Dwellings	183.80	185.64	187.50	189.37	191.27
Real estate activities	30.87	31.18	31.49	31.81	32.13
Renting of machinery and equipment	9.80	9.90	10.00	10.10	10.20
Computer and related activities	4.65	4.69	4.74	4.79	4.83
Business services	30.88	31.19	31.50	31.82	32.14
<b>Public Administration, Defence and Compulsory Social Security</b>	<b>189.48</b>	<b>192.50</b>	<b>195.57</b>	<b>198.69</b>	<b>201.86</b>
Central	179.51	182.38	185.30	188.26	191.27
Local	3.05	3.09	3.14	3.19	3.23
NIS	6.93	7.03	7.14	7.25	7.35
<b>Education</b>	<b>74.87</b>	<b>78.69</b>	<b>79.94</b>	<b>81.21</b>	<b>82.50</b>
Public	64.73	68.39	69.49	70.60	71.73
Private	10.15	10.30	10.45	10.61	10.77
<b>Health and Social Work</b>	<b>49.16</b>	<b>52.58</b>	<b>53.41</b>	<b>54.25</b>	<b>55.11</b>
Public	37.17	40.41	41.06	41.71	42.38
Private	11.99	12.17	12.35	12.54	12.72
<b>Other community, social &amp; personal serv</b>	<b>41.05</b>	<b>41.66</b>	<b>42.29</b>	<b>42.92</b>	<b>43.56</b>
<b>Private Households with Employed Perso</b>	<b>3.45</b>	<b>3.48</b>	<b>3.52</b>	<b>3.55</b>	<b>3.59</b>
<b>Less FISIM</b>	<b>17.37</b>	<b>19.13</b>	<b>19.61</b>	<b>19.71</b>	<b>19.90</b>
<b>Gross Value Added at Basic Prices</b>	<b>1,449.87</b>	<b>1,380.74</b>	<b>1,512.54</b>	<b>1,596.42</b>	<b>1,650.16</b>
<b>GROWTH RATE</b>	<b>-4.65</b>	<b>-3.58</b>	<b>9.55</b>	<b>5.55</b>	<b>3.37</b>



## APPENDIX 5: BALANCE OF PAYMENTS

St Vincent and the Grenadines  
Balance of Payments Transactions BPM6 (F16) in EC\$M  
2018 to 2020

Description	TOTAL	TOTAL	TOTAL
	2018 Rev	2019 Prelim	2020 Prelim
	TOTAL	TOTAL	TOTAL
<b>1. Current account</b>	<b>(265.93)</b>	<b>(215.92)</b>	<b>(384.39)</b>
<b>1.A Goods and services</b>	<b>(373.47)</b>	<b>(310.97)</b>	<b>(500.80)</b>
<b>1.A.a Goods</b>	<b>(716.84)</b>	<b>(693.36)</b>	<b>(573.65)</b>
<b>1.A.b Services</b>	343.37	382.39	72.85
<i>1.A.b.1 Manufacturing services on physical inputs owned by others</i>	-	-	-
<i>1.A.b.2 Maintenance and repair services n.i.e.</i>	(0.25)	(0.25)	(0.25)
<i>1.A.b.3 Transport</i>	(101.38)	(88.01)	(67.57)
<i>1.A.b.4 Travel</i>	542.58	604.94	199.55
<i>1.A.b.5 Construction</i>	(9.48)	(50.47)	(12.66)
<i>1.A.b.6 Insurance and pension services</i>	(32.88)	(28.28)	(23.31)
<i>1.A.b.7 Financial services</i>	6.59	7.05	6.90
<i>1.A.b.8 Charges for the use of intellectual property n.i.e.</i>	(7.23)	(7.34)	(6.49)
<i>1.A.b.9 Telecommunications, computer, and information services</i>	2.16	2.39	5.74
<i>1.A.b.10 Other business services</i>	(51.73)	(52.54)	(33.66)
<i>1.A.b.11 Personal, cultural, and recreational services</i>	(0.05)	(0.06)	9.56
<i>1.A.b.12 Government goods and services n.i.e.</i>	(4.95)	(5.03)	(4.94)
<b>1.B Primary income</b>	<b>(4.16)</b>	<b>(18.40)</b>	<b>6.37</b>
<b>1.B.1 Compensation of employees</b>	(6.30)	(6.40)	(5.73)
<b>1.B.2 Investment income</b>	2.14	(12.00)	12.10
<b>1.B.3 Other primary income</b>	-	-	-
<b>1.C Secondary income</b>	<b>111.70</b>	<b>113.46</b>	<b>110.04</b>
<b>1.C.1 General government</b>	37.18	37.79	36.94
<b>1.C.2 Financial corporations, nonfinancial corporations, households, and NPISHs</b>	74.60	75.74	73.17
<b>2. Capital account</b>	<b>15.45</b>	<b>61.42</b>	<b>50.04</b>
<b>2.1 Gross acquisitions (DR.) / disposals (CR.) of nonproduced nonfinancial assets</b>	-	-	-
<b>2.2 Capital transfers</b>	<b>15.45</b>	<b>61.42</b>	<b>50.04</b>
<b>2.2.1 General government</b>	15.45	61.42	50.04
<b>2.2.2 Financial corporations, nonfinancial corporations, households, and NPISHs</b>	-	-	-
<b>Net lending (+) / net borrowing (-) (balance from current and capital account)</b>	<b>(250.48)</b>	<b>(154.50)</b>	<b>(334.35)</b>
<b>3. Financial account</b>	-	-	-
<b>Net lending (+) / net borrowing (-) (balance from financial account)</b>	<b>(95.06)</b>	<b>(55.12)</b>	<b>(202.63)</b>
<b>3.1 Direct investment</b>	<b>(91.73)</b>	<b>(203.48)</b>	<b>(205.53)</b>
<b>3.1.A.1 Equity and investment fund shares</b>	(0.60)	0.85	(4.46)
<b>3.1.A.2 Debt instruments</b>	21.15	16.97	(4.26)
<b>3.2 Portfolio investment</b>	<b>(14.04)</b>	<b>27.14</b>	<b>17.03</b>
<b>3.2.A.1 Equity and investment fund shares</b>	(1.67)	(7.94)	(7.80)
<b>3.2.A.2 Debt securities</b>	(13.48)	33.97	23.73
<b>3.3 Financial derivatives (other than reserves) and employee stock options</b>	-	-	-
<b>3.4 Other investment</b>	<b>44.34</b>	<b>57.08</b>	<b>(50.08)</b>
<b>3.4.1 Other equity</b>	-	-	-
<b>3.4.2 Currency and deposits</b>	14.67	128.36	51.83
<b>3.4.3 Loans</b>	16.95	(76.34)	(94.63)
<b>3.4.4 Insurance, pension, and standardized guarantee schemes</b>	4.00	3.40	4.68
<b>3.4.5 Trade credit and advances</b>	5.58	(2.19)	(14.21)
<b>3.4.6 Other accounts receivable/payable</b>	3.15	3.86	2.24
<b>3.4.7 Special drawing rights (Net incurrence of liabilities)</b>	-	0.00	-
<b>3.5 Reserve assets</b>	<b>(33.62)</b>	<b>64.14</b>	<b>35.95</b>
<b>Net errors and omissions</b>	<b>155.42</b>	<b>99.38</b>	<b>131.72</b>

Source: Eastern Caribbean Central Bank and Central Statistical Office, St Vincent and the Grenadines