



PROSPECTUS
FOR THE PERIOD
NOVEMBER 2012 – OCTOBER 2013
BY THE GOVERNMENT OF
ST. VINCENT AND THE GRENADINES

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I. GENERAL INFORMATION

Issuer: The Government of St. Vincent and the Grenadines

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Ms. Deirdre Anthony, Debt Manager

Date of Publication: September 2012

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

Purpose of Issue: To refinance the existing issues of Treasury Bills issued on the Primary Market via the Regional Government Securities Market (RGSM) and to raise an amount of XCD\$40.0 million to finance the Public Sector Investment Programme

Amount of Issue: Treasury Bills - Monthly issues of XCD25.0 million each
Bond – 10 year issue of XCD40.0 million

Legislative Authority: The Treasury Bills Act Chapter 320 as amended and the Public Sector Investment Loan Bill 2013 as enacted

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.

The purpose of this addendum is to include in the schedule of issues by the Government of St. Vincent and the Grenadines for the period November 2012 to October 2013 a XCD40,000,000.00 ten year Bond issue to assist in financing the Public Sector Investment Programme.

II. INFORMATION ON THE BOND ISSUE

The Government of St. Vincent and the Grenadines (GOSVG) proposes to issue a 10 year forty million Eastern Caribbean dollars (\$40,000,000) Bond. The proceeds of this issue will be utilized to partially finance the Government's 2013 Public Sector Investment Programme (PSIP).

- a. The maximum bid price is 7.00 per cent per annum
- b. The auction will take place on March 19, 2013. Competitive bidding will commence at 9:00 a.m. and will close at 12:00 noon.
- c. The Government Bond issue will be settled on March 20, 2013
- d. The maturity date of the Government Bond will be March 20, 2023
- e. Interest coupon and principal payments will be payable semi-annually on the March 20th and September 20th starting September 20th 2013. Principal will be repaid in twenty (20) equal semi-annual installments. Interest will be calculated on the reducing balance.
- f. The Bond is being issued under the authority of the Public Sector Investment Loan Bill 2013 as enacted. In accordance with the Act, the interest and principal payments are direct charges on the Consolidated Fund of St. Vincent and the Grenadines.
- g. 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.
- h. The minimum bid quantity is \$5,000.00
- i. The bid multiplier will be set at \$1,000
- j. Bond coupons will not be subject to any tax, duty or levy of the participating Government of the Eastern Caribbean Currency Union (ECCU)
- k. The Trading Symbol will be **VCG100323**
- l. The Bond will be issued on the Regional Government Securities Market (RGSM) and listed on the Eastern Caribbean Securities Exchange (ECSE).
- m. A competitive uniform price auction with open bidding will determine the price of the issue.

- n. Investors can participate in the issue through the services of any of the Licensed Intermediaries who are members of the Eastern Caribbean Securities Exchange.

III. INFORMATION ON THE TREASURY BILL ISSUE

The Government of St. Vincent and the Grenadines (GOSVG) proposes to auction XCD 25,000,000.00 91-day treasury bills each month during the period November 2012 to October 2013. The treasury bills will be auctioned on the following dates:

9 November 2012	- Trading Symbol VCB110213
7 December 2012	- Trading Symbol VCB110313
16 January 2013	- Trading Symbol VCB180413
12 February 2013	- Trading Symbol VCB150513
12 March 2013	- Trading Symbol VCB120613
19 April 2013	- Trading Symbol VCB220713
16 May 2013	- Trading Symbol VCB160813
13 June 2013	- Trading Symbol VCB130913
23 July 2013	- Trading Symbol VCB231013
19 August 2013	- Trading Symbol VCB191113
17 September 2013	- Trading Symbol VCB181213
24 October 2013	- Trading Symbol VCB240114

The Treasury bills will be settled on the following dates:

12 November 2012	- Trading Symbol VCB110213
10 December 2012	- Trading Symbol VCB110313
17 January 2013	- Trading Symbol VCB180413
13 February 2013	- Trading Symbol VCB150513
13 March 2013	- Trading Symbol VCB120613
22 April 2013	- Trading Symbol VCB220713
17 May 2013	- Trading Symbol VCB160813
14 June 2013	- Trading Symbol VCB130913
24 July 2013	- Trading Symbol VCB231013
20 August 2013	- Trading Symbol VCB191113
18 September 2013	- Trading Symbol VCB181213
25 October 2013	- Trading Symbol VCB240114

The Treasury Bills will mature on the following dates:

11 February 2013	- Trading Symbol VCB110213
11 March 2013	- Trading Symbol VCB110313
18 April 2013	- Trading Symbol VCB180413
15 May 2013	- Trading Symbol VCB150513
12 June 2013	- Trading Symbol VCB120613
22 July 2013	- Trading Symbol VCB220713
16 August 2013	- Trading Symbol VCB160813

13 September 2013	- Trading Symbol VCB130912
23 October 2013	- Trading Symbol VCB231013
19 November 2013	- Trading Symbol VCB191113
18 December 2013	- Trading Symbol VCB181213
24 January 2014	- Trading Symbol VCB240114

- a. The Treasury bills be issued with tenors of 91 (ninety one) days.
- 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 maximum bid price is \$98.55 or 5.82 per cent
- h. Yields will not be subject to any tax, duty or levy of the participating Government of the Eastern Caribbean Currency Union (ECCU)

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 is:

- Antigua Commercial Bank Limited
- Bank of Nevis Limited
- Bank of St. Vincent and the Grenadines Ltd.
- ECFH Global Investment Solutions Limited
- St. Kitts Nevis Anguilla National Bank Limited
- First Citizens Investment Services Ltd. – Saint Lucia
- National Bank of Anguilla

RECENT DEVELOPMENTS – FINANCIAL SECTOR

Regionally, the economies have taken a battering since September 2008, and they still continuing to. In the case of St. Vincent and the Grenadines, the collapse of the regional financial behemoth, CL Financial, and the demise of the subsidiary insurance entities of CLICO (Trinidad), CLICO International Limited (CIL) and British American Insurance Company (BAICO) have caused immense economic dislocation, loss and damage. The aggregate exposure of liabilities from CLICO and BAICO in the ECCU area amounts to almost EC \$2 billion. In St. Vincent and the Grenadines, the liabilities exposure is in excess of EC \$375 million or some 17 percent of its GDP. Individual policy-holders, companies, banks, credit unions and the National Insurance Services across the ECCU have suffered adversely. Progress has been made towards at least a partial resolution of the CLICO-BAICO debacle.

British-American Insurance

Much work has been done for policyholders of BAICO and two important initiatives have borne fruit.

First, 189 persons were paid a total of EC\$144,000 from the Fund established to pay BAICO's health insurance claims. Second, on June 29, 2012 it was announced that, after an extensive bidding process, Sagacor Life Inc had agreed to purchase BAICO's traditional life insurance business. As such, following the Regulatory and Court approval process, and the transfer to Sagacor which is expected to be completed during the first quarter of 2013, policyholders once again will be able to operate their policies. Additionally, after much toiling in bilateral and regional fora, the Government of the Republic of Trinidad and Tobago confirmed in early July 2012 that a further US\$100 million would be made available for BAICO annuity policyholders through various sources over the coming months. The first tranche of US\$36 million of this pledge was received from the Government of Trinidad and Tobago, mainly from the CARICOM Petroleum Fund.

The receipt of the first tranche of funds marked the commencement of the ECCU Policyholders' Relief Programme. Under Phase 1 of the Programme, holders of BAICO's Flexible Premium Annuity (FPA) Policies in the ECCU received a payment equivalent to their account balance at August 1, 2009, up to EC \$30,000, as well as a refund of any premiums they have paid since that date. The Government was committed to act quickly in establishing the infrastructure necessary to facilitate large volumes of applications in a very short period and payments were made on December 10th, 11th and 12th, 2012. Policyholders who missed those payments on those dates will still have the opportunity to apply and receive their payments.

It is expected that in the first half of 2013, subject to funding being made available, under Phases 2 and 3 of the Programme, Executive Flexible Premium Annuity (EFPA) and Flexible Premium Annuity II (FPAII) policyholders will receive payments.

Phase Two will cover those Executive Flexible Premium Annuity (EFPA)/Flexible Premium Annuity II (FPA II) policyholders with Principal Balances up to EC \$30,000.

Phase Three will involve payment to all those EFPA/FPA II policies with Principal Balances over EC \$30,000, but up to a maximum of EC \$150,000. No payment will be made in respect of any Principal Balance of above EC \$150,000 from the resources provided by the Government of Trinidad and Tobago.

Policyholders with Principal Balances in excess of EC \$150,000 and who do not receive their full principal payments will have their policies addressed from the proceeds of any litigation against BAICO and/or its principal officeholders.

During the past year, BAICO's judicial managers have commenced numerous legal proceedings to recover funds from various parties. Among these is a claim under a Promissory Note for over US\$50 million against CL Financial.

CLICO International

In the matter of CLICO International Life (CIL), progress is less advanced, in part because of numerous delays in the appointment of a Judicial Manager which did not take place until April 2011. The Judicial Manager, Deloitte Consulting, has filed a number of reports with the various Courts in the region, noting a substantial shortfall in assets as compared to liabilities. The Judicial Manager has spent much of 2012 seeking support for a restructuring plan, but the deterioration in financial markets meant that experts could no longer support such a plan.

The Judicial Manager now continues to press forward with exploring options for these policyholders, supported in their work to so do by the ECCU Governments. Meanwhile, the government is engaging further the Government of Barbados on other possible options going forward.

St. Vincent and the Grenadines Building and Loan Association

On February 1st, 2013, the Financial Services Authority (FSA), an independent regulatory agency of the Government, assumed management of the St. Vincent and the Grenadines Building and Loan Association in an effort to address deficiencies and restore confidence in the Association. The FSA is working along with an asset management consultant from the World Bank to address the issues facing the Association. The objective of the intervention is to correct any deficiencies and restructure key aspects of the business operations and infrastructure and design a sustainable business model.

ALL OTHER INFORMATION IN THE PROSPECTUS REMAINS THE SAME