

**ADDENDUM III**



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

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

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Administrative Centre  
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**ST. VINCENT AND THE GRENADINES**

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September 2020

## 1.0 GENERAL INFORMATION

- Issuer:** The Government of St. Vincent and the Grenadines
- Address:** The Ministry of Finance, Economic Planning, Sustainable Development and Information Technology  
Administrative Centre  
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- Contact Persons:** Hon. Camillo Gonsalves, Minister of Finance & Economic Planning etc  
Mr. Edmond Jackson, Director General, Ministry of Finance & Economic Planning  
Ms Debbie Antoine, Accountant General  
Mr. Harold Lewis, Debt Manager
- Date of Publication:** 23<sup>rd</sup> September 2020
- Purpose of Issue:** To modify the auction date of the Treasury Bill to be auctioned on the 19<sup>th</sup> October 2020 to a new auction date of 28<sup>th</sup> October 2020
- Amount of Issue:** 91 Day Treasury Bill - \$28.0 million
- Legislative Authority:** The Treasury Bill Act Chapter 444

*This Prospectus is issued for the purpose of giving information to the public. The Government of St. Vincent and the Grenadines accepts full responsibility for the accuracy of the information given, and confirms having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts, the omission of which would make any statement in this Prospectus misleading. All references made to currency, unless otherwise stated, refer to the Eastern Caribbean Dollar.*

## ABSTRACT

The purpose of this Addendum is to modify the date of Treasury Bill VCB190121 to be auctioned on October 19<sup>th</sup> 2020. The new auction date would be 28<sup>th</sup> October 2020 with a treasury bill symbol of VCB280121.

## 2.0. INFORMATION ON THE SECURITIES

The Government of St. Vincent and the Grenadines (GOSVG) proposes to auction a Treasury Bill in the amount of \$28.0 million on the 28<sup>th</sup> October, 2020 as follows:

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

Trading Symbol	Instrument ID	Issue	Amount	Interest Rate Ceiling	Tenor	Auction Date	Settlement Date	Maturity date
<b>VCG071226</b>	VCB071226	Treasury Bond	\$30.0M	6.75%	7 Years	December 16, 2019	December 17, 2019	December 17, 2026
<b>VCB200320</b>	VCB200320	Treasury Bill	\$28.0 M	4.82%	91 Days	December 19, 2019	December 20, 2019	March 20, 2020
<b>VCB220420</b>	VCB220420	Treasury Bill	\$28.0 M	4.82%	91 Days	January 21, 2020	January 22, 2020	April 22, 2020
<b>VCB190520</b>	VCB190520	Treasury Bill	\$28.0 M	4.82%	91 Days	February 17, 2020	February 18, 2020	May 19, 2020
<b>VCB230620</b>	VCB230620	Treasury Bill	\$28.0 M	4.82%	91 Days	March 23, 2020	March 24, 2020	June 23, 2020
<b>VCB240720</b>	VCB240720	Treasury Bill	\$28.0 M	4.82%	91 Days	April 23, 2020	April 24, 2020	July 24, 2020
<b>VCB210820</b>	VCB210820	Treasury Bill	\$28.0 M	4.82%	91 Days	May 21, 2020	May 22, 2020	August 21, 2020
<b>VCB240920</b>	VCB240920	Treasury Bill	\$28.0 M	4.82%	91 Days	June 24, 2020	June 25, 2020	September 24, 2020
<b>VCB261020</b>	VCB231020	Treasury Bill	\$28.0 M	4.82%	91 Days	July 24, 2020	July 27, 2020	October 26, 2020
<b>VCB241120</b>	VCB241120	Treasury Bill	\$28.0 M	4.82%	91 Days	August 24, 2020	August 25, 2020	November 24, 2020
<b>VCB291220</b>	VCB291220	Treasury Bill	\$28.0 M	4.82%	91 Days	September 28, 2020	September 29, 2020	December 29, 2020
<b>VCB280121</b>	VCB280121	Treasury Bill	\$28.0 M	4.82%	91 Days	October 28, 2020	October 29, 2020	January 28, 2021
<b>VCB250221</b>	VCB250221	Treasury Bill	\$28.0 M	4.82%	91 Days	November 25, 2020	November 26, 2020	February 25, 2021

- a. The bidding period(s) will start at 9:00 am and end at 12:00 noon on auction days.
- b. Each investor is allowed one (1) bid with the option of increasing the amount being tendered for until the close of the bidding period or reducing the interest rate.
- c. The minimum bid quantity is \$5,000.00.

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

**The Current List of Licensed Intermediaries are:**

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

### **3.0 GOVERNMENT FISCAL OPERATIONS**

Preliminary data as at June 30, 2020 indicated that the Central Government fiscal operations deteriorated when compared to the same period in 2019. Current Revenue decreased marginally by 0.1 percent to \$282.84 million, while Current Expenditure increased by 4.0 percent to \$307.19 million. Consequently, the current deficit went from \$12.03 million in 2019 to \$24.35 million in 2020. The Overall Balance also worsened, moving from a deficit of \$14.63 million in 2019 to a deficit of \$51.69 million in 2020 mainly on account of increased capital spending.

Table 2: Summary of fiscal operations for the June 30, 2020

	BUDGET	ACTUAL	ACTUAL	%
	2020	2020	2019	CHANGE
	\$ M	\$ M	\$ M	
<b>Current Revenue</b>	<b>307.14</b>	<b>282.84</b>	<b>283.25</b>	<b>(0.1)</b>
<b>of which:</b>				
Taxes on Income & Profits	74.48	66.70	65.28	2.2
Taxes on Property	15.29	11.22	11.46	(2.1)
Taxes on Goods & Services	94.08	96.99	87.91	10.3
Taxes on International Trade	80.46	68.84	75.68	(9.0)
Sale of Goods & Services	35.09	28.63	31.00	(7.7)
<b>Current Expenditure</b>	<b>327.27</b>	<b>307.19</b>	<b>295.28</b>	<b>4.0</b>
<b>of which:</b>				
Compensation Employees	163.65	158.77	151.08	5.1
Use of Goods & Services	40.42	37.41	32.65	14.6
Interest Payments	32.65	25.23	25.89	(2.5)
Transfers	90.55	85.78	85.66	0.1
<b>Current Balance</b>	<b>(20.13)</b>	<b>(24.35)</b>	<b>(12.03)</b>	<b>(102.4)</b>
<b>Primary Balance (net CCF)</b>	<b>(19.57)</b>	<b>(26.43)</b>	<b>11.25</b>	<b>(335.1)</b>
<b>Capital Expenditure</b>	<b>45.49</b>	<b>42.10</b>	<b>16.22</b>	<b>159.5</b>
<b>Of which:</b>				
Capitalisation of Contingency Fund (CCF)	6.43	7.01	6.02	16.5
<b>Capital Revenue</b>	<b>13.40</b>	<b>7.75</b>	<b>7.60</b>	<b>1.9</b>
<b>Overall Balance (net CCF)</b>	<b>(52.22)</b>	<b>(51.69)</b>	<b>(14.63)</b>	<b>(253.2)</b>

Source: Ministry of Finance, ERPU

Receipts from Taxes on Income and Profits increased by 2.2 percent to \$66.70 million due to higher collections from Personal Income Tax and Corporate Income Tax. The increase in Personal Income Tax of 5.9 percent is partially reflective of the 2.0 percent salary enhancement received by public servants for 2020 while the greater collection from Corporate Income Tax was mainly on account of the improved profitability of some companies during the tax period. Non-Resident (Withholding) tax receipts declined by 29.4 percent. This was related to a reduction in the number of audits conducted during the period.

As at 30<sup>th</sup> June, 2020, Taxes on Goods and Services which totalled \$96.99 million, increased by 10.3 percent. This resulted mainly from improved receipts from Excise Duty on Imports (72.9 percent), largely related to payments received in 2020 which were related to 2019 imports. Greater amounts were also collected from VAT on domestic transactions, Motor Vehicle Licences, Merchant Shipping International Fees and Interest Levy. The increase in revenue from Taxes on

Goods and Services was however moderated by lower takings from Telecomm Broadcast Licence, Yacht Licence and Insurance Premium Tax during the period.

Revenue from International Trade Taxes fell by 9.0 percent, to \$68.84 million. Under this rubric, revenue collection from all major subcomponents decreased; VAT receipts dropped by 8.6 percent, Import Duty decreased by 9.5 percent and Vehicle Surtax fell by 11.4 percent. The decline in revenue from Vehicle Surtax reflects a fall in vehicle imports during the period while the fall in revenue from VAT and Import Duty reflects the 5.9 percent fall-off in imports during the period.

Revenue from Sales of Goods and Services grossed \$28.63 million. This represents a 7.7 percent reduction on the amount collected in 2019 as all major subcategories saw reductions in revenue. Collections from International Financial Services, CIPO Registration Fees, Driver's Licence fees and Customs Service Charges declined by 3.5 percent, 24.0 percent, 8.8 percent and 4.9 percent, respectively. The decline in revenue from sales of Goods and Services reflects the slowdown in business activity during the period.

Capital inflows as at June 30, 2020 amounted to \$7.75 million, up 1.9 percent from the amount collected in the corresponding period in 2019. However, this was due to an amount of \$0.62 million recorded as other Capital receipts. Meanwhile, revenue from Grants and Sales of Lands went down by 6.3 percent and 4.5 percent, respectively.

As at June 30, 2020, Current Expenditure amounted to \$307.19 million. This figure represents an increase of 4.0 percent when compared to the amount spent during the same period in 2019. Payment of Wages and Salaries amounted to \$151.92 million and the Employer's Social Security Contribution to \$6.85 million, these were responsible for the overall 5.1 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 also contributed to the growth in Wages and Salaries; outlays on transfers increased by 0.1 percent to \$85.78 million mainly based on higher amounts expended on Social Assistance (18.0 percent) while pension benefits declined by 7.4 percent, moderating the increase of transfers.

Preliminary data indicates that Capital Expenditure for the period amounted to \$42.10 million, up from the \$16.23 million recorded for the same period in 2019. The larger items of capital expenditure included the Road Rehabilitation and Repair Programme (\$4.0 million) and the Diamond Hotel Project (\$4.5 million). Other significant spending was recorded for the first phase of the Diamond Sporting Facility and on the Support for Education and Training Programme (SET).

#### **4.0 PUBLIC DEBT AS AT JUNE 2020**

Total public debt<sup>1</sup> as at the end of June 2020 stood at \$1.75 billion or 76.8 percent of GDP<sup>2</sup>. Central Government total debt amounted to \$1.59 billion or 69.7 percent of GDP while Government Guaranteed debt amounted to \$162.4 million or 7.1 percent of GDP. Central Government debt comprised 90.7 percent of total debt while the remaining 9.3 percent was debt owed by Public Corporations and guaranteed by the government (Government Guaranteed debt).

Total public external debt stock totalled \$1.203 billion or 52.8 percent of GDP. This represented an increase of 13.1 percent over \$1.064 billion for same period 2019. The Central Government's portion of the external debt represented 88.8 percent of total external debt; an increase of 20.1 percent. The remaining 11.2 percent represented external Public Corporation debt. This component decreased by 23.0 percent.

Total domestic debt for the period stood at \$547.5 million or 24.0 percent of GDP. This represented a decrease in total domestic debt of 14.1 percent when compared to same period 2019. Of the total domestic debt \$520.0 million or 95.0 percent was held by Central Government while the remaining 5.0 percent was held by the Public Corporations, these amounts represented 22.8 percent and 1.2 percent of GDP respectively.

During the first half of the year, a total of \$53.2 million in private placement securities was raised with tenors ranging from three (3) to ten (10) years and interest rates between 2.5 percent to 7.25 percent. In addition to the planned securities being issued to fund the yearly Public Sector Investment Programme, some \$16.650 million out of the total \$53.2 million represented Covid-19 bonds which issued to target some relief spending in areas of the economy that was impacted by

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<sup>1</sup> Total Public Debt includes central government, government guarantee and private debt.

<sup>2</sup> Preliminary Gross Domestic Product (GDP) for 2020 is 2279.0

the pandemic. Treasury Bills issued during this period were issued as scheduled as stated in the GOSVG Treasury Bill Prospectus for the period 2019-2020.

Total loan disbursements for the first half of the year amounted to \$87.4 million of which external disbursements constituted 77.1 percent, from traditional sources such as multilateral creditors, CDB and IDA. The remaining disbursements came from domestic short-term borrowing at commercial rates from Bank of St. Vincent.

The 2<sup>nd</sup> Quarter disbursements represented 22.6 percent of the total loan disbursements. During this quarter all disbursements received were from the CDB and IDA. There was no domestic loan disbursement.

#### 4.2 DEBT SERVICING AS AT JUNE 30, 2020

Total Central Government Debt servicing at the end of 2<sup>nd</sup> quarter totalled \$44.3 million or 32.6 percent of current revenue, external and domestic debt servicing represented 32.9 percent and 67.1 percent respectively of the total debt servicing; and 10.7 percent and 21.9 percent of current revenue respectively as well. There was no allocations made to the Sinking Fund during the quarter.

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

	<i>QTR 2</i>	<i>QTR 1</i>	<i>Change</i>
	\$M	\$M	%
<i>Central Government Debt Servicing</i>	<b>44.28</b>	<b>48.18</b>	<b>-8.09</b>
<i>External</i>	<b>14.58</b>	<b>25.42</b>	<b>-42.65</b>
<i>Interest</i>	3.81	5.72	-33.43
<i>Amortization</i>	10.77	19.70	-45.33
<i>Domestic</i>	<b>29.70</b>	<b>22.76</b>	<b>30.51</b>
<i>Interest</i>	7.92	7.78	1.85
<i>Amortization</i>	21.78	14.98	45.39
<i>Sinking Fund Contributions</i>	<b>0.00</b>	<b>4.33</b>	<b>-100.00</b>
<i>Current Revenue</i>	<b>135.72</b>	<b>147.12</b>	<b>-7.75</b>
<i>Total Central Govt Debt Servicing/Revenue (%)</i>	<b>32.63%</b>	<b>32.75%</b>	<b>-0.37</b>

Source: CDIMU, Ministry of Finance



## APPENDIX 1: SUMMARY OF TOTAL PUBLIC DEBT

	20-Jun	19-Jun	18-Jun	Jun-18/Jun-19	Dec-17/Dec-18
<b>Domestic Debt</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>% Change</b>	<b>% Change</b>
<i>Central Government</i>					
Bonds & Notes	291.372	289.6	241.6	0.6	19.9
Loans	98.809	98.3	105.9	0.5	-7.2
Overdraft	55.036	56	47.9	-1.7	16.9
Accounts Payable	32.805	88.9	45.1	-63.1	97.1
Insurance Deposits	22.643	22.6	22.7	0.2	-0.4
Treasury Bills	19.314	10.7	9.1	80.5	17.6
<b>Total Dom Central Govt</b>	<b><u>519.979</u></b>	<b><u>566.1</u></b>	<b><u>472.4</u></b>	<b><u>-8.1</u></b>	<b><u>19.8</u></b>
<i>Public Corporations</i>					
Loans	26.055	69.8	73	-62.7	-4.4
Overdraft	1.503	1.4	1	7.4	40.0
<b>Total Dom Public Corps</b>	<b><u>27.558</u></b>	<b><u>71.2</u></b>	<b><u>74</u></b>	<b><u>-61.3</u></b>	<b><u>-3.8</u></b>
<b>Total Domestic Debt</b>	<b><u>547.537</u></b>	<b><u>637.2</u></b>	<b><u>546.4</u></b>	<b><u>-14.1</u></b>	<b><u>16.6</u></b>
<i>External Debt</i>					
<i>Central Government</i>					
Bonds and Notes	141.498	121.7	77.3	16.3	57.4
Treasury Bills	64.7	72.8	71.2	-11.1	2.2
Loans	862.453	695	774.6	24.1	-10.3
<b>Total Ext Central Govt</b>	<b><u>1068.651</u></b>	<b><u>889.5</u></b>	<b><u>923.1</u></b>	<b><u>20.1</u></b>	<b><u>-3.6</u></b>
<i>Public Corporations</i>					
Loans	134.8	175	181	-23.0	-3.3
<b>Total Ext Public Corps</b>	<b><u>134.8</u></b>	<b><u>175</u></b>	<b><u>181</u></b>	<b><u>-23.0</u></b>	<b><u>-3.3</u></b>
<b>Total External Debt</b>	<b><u>1203.451</u></b>	<b><u>1064.5</u></b>	<b><u>1104.1</u></b>	<b><u>13.1</u></b>	<b><u>-3.6</u></b>
<b>Total Public Debt</b>	<b><u>1750.988</u></b>	<b><u>1701.7</u></b>	<b><u>1650.4</u></b>	<b><u>2.9</u></b>	<b><u>3.1</u></b>
<b>Total Central Government</b>	<b><u>1588.63</u></b>	<b><u>1455.6</u></b>	<b><u>1395.5</u></b>	<b><u>9.1</u></b>	<b><u>4.3</u></b>
<b>Total Public Corporation</b>	<b><u>162.358</u></b>	<b><u>246.2</u></b>	<b><u>255</u></b>	<b><u>-34.1</u></b>	<b><u>-3.5</u></b>
Preliminary 2020 GDP is 2279.0					

Source: CIDMU, Ministry of Finance

## APPENDIX 2: 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> Carla Sylvester Keisha Greenidge Kishel Francis
<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 Email: <a href="mailto:national_bank@sknanb.com">national_bank@sknanb.com</a>	<b>Principal</b> Anthony Galloway  <b>Representatives</b> Petronella Edmeade-Crooke 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 E mail: <a href="mailto:info@thebankofnevis.com">info@thebankofnevis.com</a>	<b>Principals</b> Brian Carey Monique Williams  <b>Representatives</b> Judy Claxton Denicia Small
<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  <b>Representatives</b> Deesha Lewis Cedric Charles
First Citizens Investment Services Limited	P.O. Box 1294 John Compton Highway Sans Souci Castries  <b>Tel: 758 450 2662</b> Fax: 758 451 7984	<b>Principals</b> Omar Burch-Smith Temelia Providence  <b>Representative</b> Samuel Agiste Shaka St Ange

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