PROSPECTUS

FOR TREASURY BILL ISSUES
FOR THE PERIOD
NOVEMBER 2016 – OCTOBER 2017

BY THE GOVERNMENT OF
ST. VINCENT AND THE GRENADINES

Ministry of Finance
Administrative Centre
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August 2016

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ABSTRACT

During November 2016 to October 2017, 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

I. GENERAL INFORMATION

Issuer: The Government of St. Vincent and the Grenadines

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Mr. Maurice Edwards, Director General, Ministry of Finance
Mrs. Ingrid Fitzpatrick, Accountant General
Ms. Deidre Anthony, Debt Manager

Date of Publication: September 2016

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)

Amount of Issue: Monthly issues of XCD28.0 million each

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

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.

II. INFORMATION ON THE TREASURY BILL ISSUE

a. The Government of St. Vincent and the Grenadines (GOSVG) proposes to auction XCD 28,000,000.00 91-day treasury bills each month during the period November 2016 to October 2017. 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:

Trading Symbol	Issue	Amount	Interest Rate Ceiling	Tenor	Auction Date	Settlement Date	Maturity Date
VCB200217	Treasury Bill	$28 M	4.82%	91 Day	November 18, 2016	November 21, 2016	February 20, 2017
VCB210317	Treasury Bill	$28 M	4.82%	91 Day	December 19, 2016	December 20, 2016	March 21, 2017
VCB180417	Treasury Bill	$28 M	4.82%	91 Day	January 16, 2017	January 17, 2017	April 18, 2017
VCB240517	Treasury Bill	$28 M	4.82%	91 Day	February 21, 2017	February 22, 2017	May 24, 2017
VCB220617	Treasury Bill	$28 M	4.82%	91 Day	March 22, 2017	March 23,2017	June 22, 2017
VCB200717	Treasury Bill	$28 M	4.82%	91 Day	April 19,2017	April 20,2017	July 20,2017
VCB250817	Treasury Bill	$28 M	4.82%	91 Day	May 25, 2017	May 26, 2017	August 25, 2017
VCB250917	Treasury Bill	$28 M	4.82%	91 Day	June 23, 2017	June 26, 2017	September 25, 2017
VCB231017	Treasury Bill	$28 M	4.82%	91 Day	July 21, 2017	July 24, 2017	October 23, 2017
VCB281117	Treasury Bill	$28 M	4.82%	91 Day	August 28, 2017	August 29, 2017	November 28, 2017
VCB271217	Treasury Bill	$28 M	4.82%	91 Day	September 26, 2017	September 27, 2017	December 27, 2017
VCB240118	Treasury Bill	$28 M	4.82%	91 Day	October 24, 2017	October 25, 2017	January 24, 2018

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. Yields will not be subject to any tax, duty or levy of the participating Governments of the Eastern Caribbean Currency Union (ECCU).

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

i. The Government of St. Vincent and the Grenadines has been assigned a rating of B3 stable by Moodyôs Investor Services on May 23rd , 2016

j. The Treasury Bills will be issued on the Regional Government Securities Market (RGSM) and traded 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.
- ECFH Global Investment Solutions Limited
- St. Kitts Nevis Anguilla National Bank Limited
- First Citizens Investment Services Ltd. ï Saint Lucia, St. Vincent and the Grenadines
- Grenada Co-operative Bank Limited

III EXECUTIVE SUMMARY

The Government of St. Vincent and the Grenadines is proposing to raise $28 million monthly during the period November 2016 to October 2017 through the issuance of 91-day Treasury Bills to be auctioned on the Regional Government Securities Market. During the bidding periods, which will be opened at 9:00 a.m. on the auction days and closed at 12:00 noon on the same days, bids of amounts not less than $5,000 and in multiples of $1,000 will be processed through ECSE member intermediaries licensed by the Eastern Caribbean Securities Regulatory Commission. The proceeds of these issues will be used to refinance maturing Treasury Bills.

The Central Government fiscal operations for the year ending December 31, 2015 showed marked improvements when compared to the previous period in 2014. Primary balance moved from a deficit of 13.01 million in 2014 to a surplus of $6.02 million in 2015. Although current revenue declined marginally by 3.0 percent, continued restraints on capital expenditure caused total expenditure to decrease by 3.5 percent. As a consequence, this led to an improved overall deficit of $38.81 million compared to the $58.72 million deficit in 2014.

The total Public Debt outstanding as at the end of December 2015 stood at $1,589.70 million an increase of 1.7 percent when compared with the December 31, 2014 amount of $1,562.52 million. Of this amount Central Government accounts for $1,375.3 million or 67.5 per cent of GDP an increase of 1.7 percent when compared with the amount of $1352.6 million as at December 31, 2014. The remaining $214.40 million or 10.5 percent of GDP, is attributable to the Public Corporations which increased their debt by 2.1 percent from $209.92 million in 2014.

Preliminary data indicates a 0.6 percent growth in real output for 2015. Growth was spurred mainly by increases in value added of 8.7 percent in the construction sector, 8.6 percent in fishing industry and 3.9 in the Tourism-related sector. Real Estate, Rental and Business services continues to be the most significant contributor to GDP amounting to 16.4 percent followed closely by the Wholesale & Retail Trade sector with 15.0 percent.

IV. HISTORY

Known by the Caribs as ñHairounò (Land of the Blessed), St. Vincent and the Grenadines was first inhabited by the Ciboney, a group of Meso-Indians. The economy of these hunter-gatherers depended heavily on marine resources as well as the land. Another indigenous group, the Arawaks, who entered the West Indies from Venezuela, gradually displaced the Ciboney. Then less than 100 years before the European settlers, the Caribs arrived in the islands and conquered the Arawaks.

The first permanent settlers arrived on the shores of the islands in 1635. These new inhabitants were African slaves who escaped the sinking of the Dutch slave ship on which they were being transported. The escaped Africans intermarried with the Caribs and became known as ñblack Caribsò. After several skirmishes, the black Caribs and the original Carib Indians agreed in 1700 to subdivide the islands between themselves; the original Carib Indians occupying the Leeward and the Black Caribs, the Windward.

In 1763, St. Vincent and the Grenadines was ceded to Britain. Restored to French rule in 1779, St. Vincent and the Grenadines was regained by the British under the Treaty of Versailles in 1783. Conflict between the British and the black Caribs continued until 1796, when General Abercrombie crushed a revolt fomented by the French radical Victor Hughes. More than 5,000 black Caribs were eventually deported to Roatan, an island off the coast of Honduras.

From 1763 until independence, St. Vincent and the Grenadines passed through various stages of colonial status under the British. A representative assembly was authorized in 1776, Crown Colony government installed in 1877, a legislative council created in 1925, and universal adult suffrage granted in 1951. During this period, the British made several unsuccessful attempts to affiliate St. Vincent and the Grenadines with other Windward Islands in order to govern the region through a unified administration. The most notable was the West Indies Federation, which collapsed in 1962. St. Vincent and the Grenadines was granted associate statehood status in 1969, giving it complete control over its internal affairs. Following a referendum in 1979, St. Vincent and the Grenadines became the last of the Windward Islands to gain independence and became a member of the Commonwealth of Nations.

V. DEMOGRAPHICS

Preliminary results of the population census for St. Vincent and the Grenadines which was conducted in 2012 estimates the population at one hundred and nine thousand nine hundred and ninety one (109,991). Males account for 51.3 per cent of the population while females account for 48.7 per cent. This represents a change from the 2001 census when the sex ratio of the population was 50.9 percent males and 49.1 percent females. St. Vincent and the Grenadines has an area of 388 sq. km and population density per sq. km of 732. Life expectancy at birth is 72.3 years for males and 76.1 for females. The infant mortality rate, per thousand live births is 21.8. Table 1 shows the population size and growth over the period 1871-2012.

Table 1: Population Size and Growth, 1871 - 2012

Date of Census	Male	Female	Population	Sex Ratio	Average Annual Increase
1871	16,865	18,823	35,688	0.9	-
1881	19,047	21,501	40,548	0.89	486
1891	18,780	22,274	41,054	0.84	51
2-Apr-11	18,345	23,532	41,877	0.78	82
24-Apr-21	19,155	25,292	44,447	0.76	257
24-Apr-31	21,208	26,753	47,961	0.79	351
9-Apr-46	27,901	33,746	61,647	0.83	912
7-Apr-60	37,561	42,387	79,948	0.89	1307
7-Apr-70	41,150	45,794	86,944	0.9	700
12-May-80	47,409	50,436	97,845	0.94	1090
12-May-91	53,165	53,334	106,499	1	787
12-Jun-01	55,456	53,566	109,022	1.04	252
12-Jun-12	56,419	53,572	109,991	1.05	88

Source: Statistical Office, Ministry of Finance and Economic Planning

VI. FINANCIAL ADMINISTRATION AND MANAGEMENT

The Ministry of Finance is headed by the Minister of Finance and comprises several departments over which the Director General has administrative control. Debt management functions have been centralized in the Debt Management Unit of the Ministry of Finance. The Debt Management Unit performs all debt management activities and provides policy advice on the overall debt management strategy of St. Vincent and the Grenadines.

The Ministry of Finance seeks to establish a client-oriented environment conducive to the attainment of sustainable economic development and improvement of the quality of life of all citizens of St. Vincent and the Grenadines through sound economic management and the promotion of good governance. The main objective of the Government is to maintain a stable and productive economy, with a focus on education and training, sharpened business competitiveness, sensible debt management and fiscal consolidation. The Government aims to build a modern, competitive, post-colonial economy with the following central elements:

i) maintaining macro-economic fundamentals of a stable currency: low inflation, fiscal prudence, enhanced competitiveness, and increased productivity;
ii) placing social equity at the center of the considerations in the fashioning of economic policy;
iii) pursuing a policy of balanced economic growth which is sustainable and which generates quality employment;
iv) establishing partnerships with the Private Sector for creating wealth and to boost economic activity;
v) implementing a Public Sector Investment Programme to create, among other things, a fiscal stimulus to the economy;
vi) providing an appropriate balance between the conflicting objectives of injecting a fiscal stimulus and maintaining a sustainable debt path ;

Transparency and Accountability

The Government has adopted a system for strengthening the institutional framework for democratic accountability and monitoring of fiscal matters. As a result, the fiscal position of the Government is reported monthly to the Cabinet. Additionally the fiscal and debt position are reported annually in the Government Estimates of Revenue and Expenditure, which is available to the public from the Ministry of Finance. Information on the governmentǿs fiscal and debt operations is also published via the local media and the governmentǿs website. The Governmentǿs Medium Term Debt Management Strategy (MTDS) 2015-2018 is also published on the Governmentǿs website. This Strategy is reviewed annually and the updates will also be published on the website.

The Eastern Caribbean Central Bank (ECCB) conducts Annual and Quarterly Economic and Financial Reviews that are published on the Bankǿs website (www.eccb-centralbank.org). *Article IV Country Reviews* conducted by the International Monetary Fund (IMF) are also published and available on the Fundôs Website (www.imf.org). Further, efforts are being made to have the Audited Reports of the government available on a more timely basis.[1]

VII. MACRO-ECONOMIC PERFORMANCE

A. Overview of Economic Growth

Preliminary data indicate a 0.6 percent growth in real output for 2015. Growth was spurred mainly by increases in value added of 8.7 percent in the construction sector, 8.6 percent in fishing industry and 3.9 in the Tourism-related sector. Real Estate, Rental and Business services continues to be the most significant contributor to GDP amounting to 16.4 percent followed closely by the Wholesale & Retail Trade sector with 15.0 percent.

Increased value added in, hotels and restaurants sector, proxied by visitor arrivals and expenditure, accounted for the upswing the tourism sectors. Meanwhile Construction related activities on the Argyle Airport Project and South Leeward Highway along with various tourism project on the mainland and on-going private sector development in the Grenadines had accelerated growth in the construction sector . The deployment of five additional Fish Aggregating Devices (FADs) popular fishing grounds created an influx of fish landed that boosted production in the sector.

Agriculture and allied sectors recorded a 5.0 percent decline in Gross Value Added. The weak performance was due to negative growth in all subsectors expect Bananas, which was poised for a replanting exercise under the Banana Accompanying Measures (BAM) initiative during 2014. Similarly, the GDP contribution of Wholesale & Retail Trade in 2015 slumped by 4.2 percent, due to declining fuel prices and a 7.0 percent fall in merchandise imports.

B. Sectoral Developments

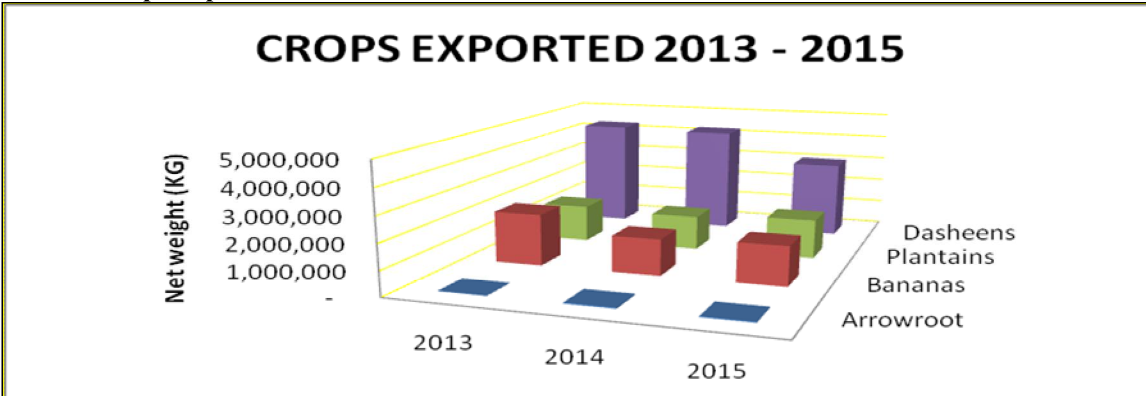
Agriculture

Crop production continues to dominate activity in the Agriculture sector while the contributions from livestock, and forestry remain relatively small. In 2015, real output declined by 5.0 percent with negative contributions came from all subsectors except for Bananas. This outturn reflects the positive contribution of the BAM initiative which targeted increasing banana, livestock, fruit and

[1] The latest Audited Report was for fiscal year 2010 and was laid before the Parliament on April 2, 2014.

vegetable production. The major crops cultivated included Arrowroot, Bananas, Plantains and Dasheens. Total Contribution of this sector to Gross Domestic Product is 7.03 percent reflecting a marginal decline over that of 2014.

Chart 1:Crops Exported 2013 - 2015



	2013	2014	2015
Arrowroot	13,455	41,727	35,636
Bananas	2,053,008	1,440,178	1,573,115
Plantains	1,466,673	1,364,286	1,562,118
Dasheens	4,325,962	4,259,112	3,043,599

Fishing

The deployment of five (5) Fish Aggregating Devices (FADs) at popular fishing grounds, added to the two already deployed in 2014, resulted in a greater influx of many pelagic species landed alongside the abundance of prime species like Dolphin (Mahi Mahi), Tuna, Wahoo/Kingfish, Snapper, Grouper, Lobster and Conch. In addition, the Sargasso seaweed resulted in an influx of fishes like Yellow-fin Tuna and Marlin. The sector had an annual landing of around 1,783 pounds compared to the 1,613 pounds in 2014. Just about 300 tonnes were exported at an estimated value of $2.5 million.

Manufacturing

The Manufacturing sector in St. Vincent and the Grenadines is relatively small with production concentrated in brewery products, rice, flour and feeds. The total contribution of this sector stood at 5.80 percent reflecting a 0.02 percent decline compared to 2014. Real output in the sector is estimated to have slowed by 2.9 percent in 2015, relative to growth of 6.0 percent in 2014. Nevertheless, the share of the sector in total value added rose by 0.1 percent to 4.4 percent in 2015. Economic activity in the Manufacturing sector increased by 7.6 percent on account of increased production of brewery products (9.2 percent) and galvanise (14.2 percent) as manufacturers explore new opportunities in the form of regional markets for brewery products and new galvanise products. Largely on account of competition from other regional suppliers, the production of Flour, Rice, Feeds and Packaging materials decreased by 3.0 percent, 81.6 percent, 6.2 percent and 6.2 percent respectively. The fall-off in Rice production occurred as the East Caribbean Group of Companies continues to scale down its rice milling activity.

Tourism

Growth in the Tourism sector, as proxied by hotels and restaurants, improved by 3.9 percent in 2015 after contracting by 3.2 percent in 2014. This overall favourable outturn was occasioned by a marked increase in Canadian arrivals. The United States, Europe and the Caribbean remained the destinationŝ three major source markets with 11.2 percent, 5.8 percent and 15.3 percent gains respectively. Visitors travelling by air registered an increase of 5.8 percent while those arriving by sea recorded a 1.9 percent decline. Total visitor expenditure was estimated to have risen by approximately 3.6 percent, reaching EC$258.5 million.

Table 2: Visitor Arrivals by Visitor Type

VISITOR TYPE	JAN - DEC 2015	JAN - DEC 2014	ACTUAL CHANGE	% CHANGE
BY AIR				
STAY-OVER	75,381	70,713	[illegible]	[illegible]
SAME DAY	1,732	2,152	(420)	(19.5)
SUB TOTAL	77,113	72,865	4,248	5.8
BY SEA				
YACHT	47,470	46,899	571	1.2
CRUISE SHIP	82,079	85,170	(3,091)	(3.6)
SUB TOTAL	129,549	132,069	(2,520)	(1.9)
TOTAL	**206,662**	**204,934**	**1,728**	**0.8**

Source: Ministry of Tourism

Total visitor arrivals increased by 0.8 percent to 206,662, reflecting growth in stay-overs and yacht passengers while same-day and cruise visitors registered declines of 19.5 percent and 3.6 percent respectively. Stay over arrivals, which contributes more significantly to value added, registered an increase of 6.6 percent. Arrivals from Barbados and Trinidad, which are key CARICOM markets, grew by 6.9 percent and 20.1 percent, respectively. Same-day arrivals trend downwards this was reflective in a 19.5 percent fall over that of 2014. The highest numbers of same-day visitors came from Europe and the Caribbean. Arrivals of same-day visitors from the European market were estimated at 691 or 39.9 percent. Traffic from the Caribbean accounted for 34.2 percent of total arrivals.

Growth in cruise arrivals slowed to 3.6 percent (82,079 arrivals), following the 6.2 percent increase achieved in 2014. Cruise visitors were relatively high in the first four months of the year, averaging 15.9 percent. The seasonality of the cruise sub-sector was highlighted by a sharp recovery in November and December with growth in arrivals accelerating to 13.4 percent and 21.0 percent respectively. The number of cruise ships calls increased from 222 calls in 2014 to 231 calls in 2015. The yachting sub-category, a small but growing segment, improved by 1.2 percent.

Construction

Activities in the construction sector rebounded by 8.7 percent in 2015 following the 11.7 percent decline in 2014. The acceleration in activity was mainly driven by an upswing in construction activity at Argyle International Airport project and on-going private sector tourism development initiatives. Value added in the mining and quarrying sector, is highly associated with the level of construction activity,

Medium Term Growth Outlook

Over the medium term, 2017-2020, real economic activity is projected to grow at an average of 2.3 percent per annum. Domestically, the country is expected to benefit from the opening of the international airport at Argyle, sustained initiatives in the agricultural sector and the construction of a state-of-the-art marina in Canouan. Economic activity will be further strengthened with the phased development of the Geothermal Energy Project which holds strong growth potential. However, the exposure to external shocks and natural disasters could slow growth and increase the vulnerability of the entire economy. Low growth in the important sectors of Wholesale and Retail Trade and Real Estate Renting and Business Services are expected to contribute to dampening growth prospects over the medium term.

The agriculture sector is expected to generate better momentum in the next few years due to the Banana Accompanying Measures (BAM) initiative and the Farmersô Support Programme. Growth in the agricultural sector is expected to be driven by activity in the livestock and other crops subsectors. Banana production is expected to recover with growth averaging 5.0 percent over the period on account of replanting initiatives and the anticipated resumption of shipments to the UK.

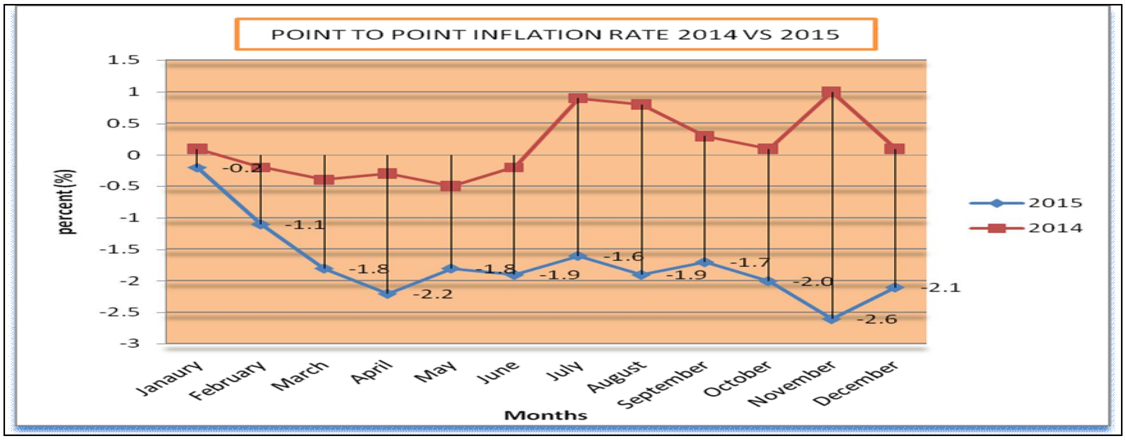
Meanwhile, the tourism sector, which has substantial growth potential is expected to strive, with increases in visitor arrivals, as the Argyle International Airport commences operations. As a result, growth is forecasted at 2.4 percent per annum over the period . The International Airport is expected to stimulate investment and employment and increase levels of capital activities with the construction of rental apartments, hotels, restaurant and other rental services. Further development, would be stimulated with the improvement of main, feeder and by pass roads increasing the efficiency of transport services. Direct flights would allow for increase exportation of the countries primary produce, causing enhanced activities in the agriculture sector.

The manufacturing sector is expected to grow at an average rate of 4.6 percent as Brewery production is projected to grow on average at 5.0 percent per annum. The Brewery projects an expansion in its production as it seeks to exploit opportunities on the regional market. The Real Estate, Renting and Business Services sector is projected to grow at a modest 1.0 percent per annum over the medium term. Growth in value added from the construction sector is forecasted to fall throughout the medium term from 3.0 percent in 2017 to 1.0 percent in 2020 reflecting a slowdown in the sector with the completion of the Argyle International Airport. Growth in the sector is anticipated to be driven by various projects including, the South Leeward Highway and the National Disaster Rehabilitation and Reconstruction Project, the Geothermal project and other private sector tourism projects.

C. Inflation

The annual average point-to-point inflation rate, as measured by the change in the consumer price index, averaged negative 1.7 percent in 2015 compared with the recorded average of 0.2 percent in 2014. The ñpoint-to-pointò rate recorded negative values throughout the period, which was indicative of the levels of deflationary pressure within the domestic economy. The accumulated inflation rate for the period was recorded at negative 2.1 percent compared to positive 0.1 percent for the year 2014.

Chart 2: Point to Point Inflation Rates, 2015 and 2014



The ñAll Itemsò index registered an average of 105.8 for the year, with the highest level (107.5) recorded in the month of January and the lowest (105.1) recorded in the month of December. The ñTransportò index recorded a decline of 6.9 percent in the price level on account of lower cost for oil. Similarly, the decrease in the price of LPG cooking gas, electricity, and kerosene reduced the index groups ñHousing, Water, Electricity, Gas and Other Fuelsò by 4.8 percent and ñFood and Non-Alcoholic Beveragesò by 2.3 percent.

In contrast, the ñHealthò index which grew by 6.2 percent as a result of increases in the prices for consultation fees was the most significant increase registered. Followed by the 6.0 percent growth in the ñCommunicationò index, which was due to the 20.0 percent increase in the rate for mobile international calls , and 10.9 percent increase in the rate for mobile calls to other local carriers. The other index groups experienced moderate changes while the Recreation and Culture sub-index was the only group that remained unchanged over the review period.

D. BALANCE OF PAYMENTS [2]

Preliminary estimates of the balance of payments indicate a further narrowing of the overall surplus to $41.4m (2.0 per cent, marginally below that of $62.0m (3.2 per cent of GDP) recorded in 2014. This outturn was influenced by a decline in net inflows on the capital and financial account which more than offset the deficit on the current account.

[2] Extracted from the ECCBôs Annual and Financial Review 2015

The Current Account

The current account deficit improved to an estimated $421.3m (20.8 per cent of GDP) from $492.5m (25.0 per cent of GDP) in 2014 influenced by developments in the goods and services account. The merchandise trade deficit narrowed by 8.2 per cent to $669.3m (33.0 per cent of GDP) on account of lower import payments. On the services account, net inflows rose by 16.3 per cent to $124.4m, largely attributed to an increase in travel services inflows and a narrowing of the transportation deficit.

The Capital and financial account

The surplus on the capital and financial account narrowed by 18.7 per cent to $458.0 (22.6 per cent of GDP), from $563.3 (28.6 per cent of GDP) in 2014. The decline primarily reflected developments on the financial account. Net inflows on the financial account contracted by 19.1 per cent to $391.1m, primarily attributable to a decline in external official disbursements. This was partially tempered by growth in foreign direct investment (10.0 per cent), which was an improvement from the significant contraction of 31.4 per cent recorded a year earlier.

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 made 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 fell by 4.7 per cent to $123.6m, reflecting a decline in re-exports. Re-exports contracted by 46.0 per cent due to a fall in the re-export of machinery and transport equipment. Meanwhile, domestic exports rose by 2.9 per cent attributed to the growth in exports of beer (18.4 per cent). This was partially offset by contractions in the export of grains including rice (13.4 per cent) and flour (5.3 per cent). Import payments (f.o.b) fell by 7.7 per cent to $901.0m, mainly attributable to 46.9 per cent decline in the importation value of mineral fuels and related materials consistent with low global energy prices.

E. GOVERNMENT FISCAL OPERATIONS

The Central Government fiscal operations for the year ending December 31, 2015 showed marked improvements when compared to the previous period in 2014. Primary balance moved from a deficit of 13.05 million in 2014 to a surplus of $6.02 million in 2015. Although current revenue declined marginally by 3.0 percent, continued restraints on capital expenditure caused total expenditure to decrease by 3.5 percent. As a consequence, it led to an improved overall deficit of $38.81 million compared to the $58.72 million deficit in 2014.

Total revenue including grants amounted to $573.32 million in 2015. Revenue collected from direct taxes decreased by 7.4 percent to $129.70 million while receipts from international trade and domestic transactions, increased by 7.1 percent and 6.1 percent respectively. Non-tax revenue declined considerably, moving from $64.04 million to $36.68 million, largely due to budget support for disaster relief received in 2014. In 2015, capital revenue accounted for $54.19 million of total revenue, compared with $40.22 million in 2014, proceeds from land sales in 2015 was the main contributor to this increase. Spending on recurrent expenditure went up by 0.8 percent on account of the retroactive salary increase paid in 2015 while capital expenditure contracted by 20.8 percent. The net effect is a 3.5 percent decline in total expenditure.

Table 3: Summary of fiscal operations for the year ended December 31, 2015 compared with 2014

	Budget	**Actual**	**Actual**	%
Details	**2015**	**Dec 31 2015**	**Dec 31 2014**	**Change '15**
	$m	**$m**	**$m**	
CURRENT REVENUE	**532.343**	**519.123**	**535.191**	**(3.0)**
Taxes on Income & Profits	123.723	129.702	140.032	(7.4)
Taxes On International Trade	207.778	199.857	186.655	7.1
Taxes on Domestic Transactions	119.241	118.900	112.097	6.1
TOTAL EXPENDITURE	**857.149**	**612.127**	**634.133**	**(3.5)**
RECURRENT EXPENDITURE	**560.798**	**512.899**	**508.919**	**0.8**
Personal Emoluments	254.755	236.636	228.874	3.4
Interest	52.622	44.835	45.669	(1.8)
Transfers & Subsidies (Of which:)	160.435	137.916	140.816	(2.1)
Goods & Services	73.226	72.969	74.546	(2.1)
CAPITAL EXPENDITURE	**296.351**	**99.229**	**125.214**	**(20.8)**
CAPITAL REVENUE AND GRANTS	**89.454**	**54.193**	**40.223**	**34.7**
CURRENT BALANCE	**(28.455)**	**6.224**	**26.272**	**(76.3)**
PRIMARY BALANCE	**(182.728)**	**6.024**	**(13.050)**	**(146.2)**
OVERALL BALANCE	**(235.351)**	**(38.811)**	**(58.719)**	**(33.9)**

Source: Ministry of Finance and Economic Planning

Revenue

Current revenue which is generated from a mix of direct and indirect taxes amounted to at $519.12 million in 2015, representing a 3.0 percent decrease when compared with the previous year amount of $535.19 million. Tax receipts in all categories were higher in 2015 when compared to the previous year except for receipts from Taxes on Income and Profits. The subcategory withholding tax recorded a 54.1 per cent decline compared to the 2014 receipts. This variation was expected since the 2014 collections included the settlement of arrears as a direct consequence of the audit conducted by the Inland Revenue Department within the 2014 period.

Receipts from taxes on international trade increased by 7.1 percent in 2015 when compared with the previous year. The upward movement in this category was attributed mainly to increased collection from Import Duties (6.1 percent), Customs Service Charge (13.8 percent) and VAT (5.1 percent). The increased earnings from these subcategories reflect an increase in taxable imports in 2015. Additionally, an increase in the Customs Service Charge rate from 4.0 percent to 5.0 percent contributed to the increase in Customs Service Charge.

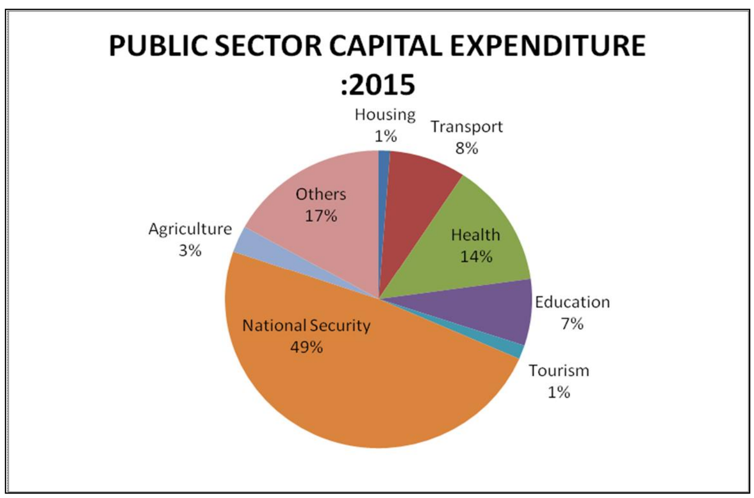
Taxes on Domestic Transactions grew by 6.1 percent in 2015, at $118.90 million whereas 2014 revenue amounted to $112.10 million. The performance of subcategories under this heading was mixed as revenue from Stamp Duties and Insurance Premium tax fell by 13.4 percent and 1.0 percent respectively, while Excise Duties, Interest Levy and VAT increased by 9.0 percent, 70.8 percent and 3.1 percent, respectively. The main source of additional revenue in this category was Interest levy which increased from $11.04 million in 2014 to 18.86 million in 2015 of which $6.0 million in amounts owed to the government was collected.

Meanwhile, revenue from Licenses increased by 4.4 percent, from 28.36 million to 29.61 million. Fees, Fines and Permits grew by 1.2 percent, from 18.0 million to 18.2 million. Interest, Rent and Dividends fell by 61.8 percent on account of the spike in revenue collected in 2014 due to Eastern Caribbean Central Bank (ECCB) currency profit paid to the Government and $1.4 million advance dividends paid by a local company for five years annual fees. In 2015, Capital Revenue stood at $54.19 million, a 34.7 percent increase over the 2014 figure. Sales of Crown Lands went up by 78.4 percent while Capital Grants declined by 29.0 percent. Other Capital revenues which amounted to $24.97 million consisted of revenues raised from land sales in the Grenadinesô which was explicitly intended to be channelled straight to the Argyle International Airport Development project.

Expenditure

As at December 31st 2015, recurrent expenditure amounted to $512.90 million compared to $508.92 million for the previous year, representing a 0.8 percent increase over 2014. Personal Emoluments and Wages accounted for $236.64 million and $20.54 million respectively compared to $228.87 and $19.01 in 2014. The increases was primarily on account of the 2.5 percent retroactive salary increase paid to civil servants in December 2015. Transfers and subsidies during the period decreased by 2.1 percent largely due to decreases in social welfare payments (9.6 percent) and contributions to Training & scholarships (2.7 percent). Pension payments on the other hand grew by $2.01 million as a direct consequence of the retroactive increase. Spending on Goods and Services move from $74.55 in 2014 to $72.97 million in 2015. This was driven mainly by decreases in Sundry expenses and refunds. Although the Governmentôs Capital Expenditure declined significantly by 20.8 percent, moving from $125.21 million in 2014 to $99.21 million in 2015. The fall off is consistent with reduced spending on the Argyle International Airport as it nears completion. Chart 2 reflects Capital Expenditure by Central Government with respect to construction projects via economic sector.

C hart 3: Public Sector Capital Expenditure 2015



A significant share of capital spending was directed towards Construction as Argyle International Airport works accounted for the entire 49.0 percent expenditure in the National Security Ministry. Much of the spending on the Health sector was associated with continuation of Construction work on the Modern Medical Complex. The 8.0 percent expenditure in the transportation sector included the South Leeward Road Rehabilitation, Bridges and River defense projects. Meanwhile, a number of construction projects of various magnitudes related to the tourism sector continued in 2015 accounting for the 1.0 percent. Activities related to the Low Income Housing projects and improvement of education through ICT formed part of the social expenditures.

Financing

Below is a summary of the Central Government financing for the year ended December 31, 2015 with comparative figure for the same period in 2014.

Table 4: Central Government Financing 2015 compared with 2014

	Actual 2015	Actual 2014
OVERALL BALANCE	**(38.81)**	**(58.72)**
FINANCING		
NET EXTERNAL	**12.80**	**79.0**
Loan Disbursement	57.69	121.47
Loan Amortisation	(44.90)	(42.47)
NET DOMESTIC	**26.02**	**(20.28)**
Loan Disbursement	46.77	58.28
Loan Amortisation	(45.98)	(44.74)
Sinking Fund Contribution	(7.64)	(7.65)
Change in Cash	79.57	16.57
Other Domestic	(46.71)	(42.75)

Fiscal Outturn as at June 30, 2016

The Central Government fiscal operations for the first half of 2016 improved significantly when compared to the same period in 2015. Current revenue totalled $270.71 million, 11.7 percent higher than the amount collected in the corresponding period in 2015, while current expenditure increased by 2.6 percent to $253.93 million. Consequently, the Central Government recorded a current surplus of $16.78 million in 2016, in contrast to the deficit of $5.12 million in 2015. The primary balance improved to a surplus of $21.44 million from deficit of $0.89 million in the corresponding period last year.

Table 5: summary of Fiscal Outturn June 2016 compared with June 2015

Details	Budget to June '16 $M	Actual June'16 $M	Actual June '15 $M	% Change
CURRENT REVENUE	**263.34**	**270.71**	**242.39**	**11.7**
Taxes on Income & Profits	60.29	69.08	60.12	14.9
Taxes on property	22.15	20.17	16.03	25.8
Taxes of Goods & Services	77.73	79.38	73.89	7.4
Taxes on International Trade	65.07	66.46	60.53	9.8
PROPERTY INCOME	**1.03**	**2.05**	**1.85**	**10.8**
SALES OF GOODS & SERVICES	**30.73**	**27.84**	**25.70**	**8.3**

Other Revenue	**6.33**	**5.72**	**4.27**	**34.1**
CAPITAL REVENUE & GRANTS	**7.04**	**7.85**	**13.93**	**-43.7**
CURRENT EXPENDITURE	**277.63**	**253.93**	**247.51**	**2.6**
Compensation of Employee	**137.88**	**137.18**	**131.29**	**4.5**
use of Goods & Services	**32.02**	**28.18**	**29.79**	**-5.4**
Interest	**24.89**	**20.98**	**23.40**	**-10.3**
Transfers (*of which*)	**82.84**	**67.59**	**63.04**	**7.2**
CAPITAL EXPENDITURE	**65.22**	**24.17**	**33.09**	**-27.0**
CURRENT BALANCE	**-14.29**	**16.78**	**-5.12**	**-427.8**
PRIMARY BALANCE	**-47.59**	**21.44**	**-0.89**	**-2517.9**
OVERALL BALANCE	**-72.48**	**0.456**	**-24.28**	**-101.9**

All the major categories of tax revenue increased during the first half of 2016. Revenue from taxes on income and profits grew by 14.9 percent to $69.08 million. This was mainly due to higher collections from Individual and Corporate taxes of 9.3 percent and 53.7 percent, respectively. Intake from Taxes on Property grew by 25.8 percent to $20.17 million, reflective of significant receipts in alien land-holding licenses for the first half of 2016 compared with 2015. Collections from taxes on goods and services were 7.4 percent ($79.38 million) higher than the level in 2015, indicative of an estimated acceleration in economic activity. Within this category, the intake from the interest levy expanded by 78.8 percent ($4.23 million) to $7.56 million. Meanwhile, the yield from excise duties on imports was $15.41 million, 28.0 percent over the 2015 period. Revenue from taxes on international trade increased to $66.46 million, 9.8 percent growth over the comparable period in 2014. Capital revenue and grants as at June 2016 totalled $7.85 million, reflecting a 43.7 decline compared to same period in 2015. This was mainly on account of the reduction in land sales required for the international airport development project.

Current expenditure grew by 2.6 percent to $253.93 million on account of higher outlays for employeesô compensation and transfers. Spending on transfers grew by 7.2 percent on account of increases in social benefit payments. Partly mitigating this effect, were movements in interest payments, which declined by 10.3 percent ($20.98 million) driven by a fall in external obligations. Similarly, spending on goods and services decreased by 5.4 percent as a result of lower outlays on Supplies and Materials and Utilities. Investment in capital expenditure stood at $24.17 million, a contraction of 27.0 per cent ($8.92 million) from the comparable period in 2015. The decline was consistent with the winding down of construction activity associated the Argyle International Airport project.

F. MONEY AND CREDIT

The total monetary liabilities (M2) of the banking system grew at a slower rate of 4.8 per cent to $1,475.8m during 2015, relative to growth of 9.6 per cent during 2014. The expansion in M2 largely reflected developments in quasi money, which accounted for approximately 70.0 per cent of M2, rose by 5.7 per cent to $1,038.0m, primarily on account of expansions in private sector saving deposits (5.3 per cent) and private sector foreign currency deposits (24.3 per cent).

Narrow money, the other component of M2, grew more moderately by 2.7 per cent to $437.8m, reflecting a continued preference for more liquid deposits. The expansion was largely driven by currency with the public which rose by 20.6 per cent, but tempered by a 0.1 per cent decline in private sector demand deposits.

Domestic credit accelerated by 4.8 per cent to $1,069.4m during 2015, up from the 2.1 per cent during 2014. This expansion reflected higher demand for credit by the private sector coupled with the activities of the central government.

Private sector credit rose by 2.4 per cent ($24.6m) during 2015 driven by the continued expansion in credit to households. Lending to households, which accounts for three quarters of private sector credit, grew at a faster rate of 3.5 per cent compared with a rate of 1.6 per cent during the previous year. Conversely, loans extended to businesses declined by 1.2 per cent, The net indebtedness of the central government expanded by 25.4 per cent to $112.2m during 2015 compared to 38.3 per cent in the previous year. The expansion was largely associated with a drawdown in deposits at commercial banks to finance ongoing fiscal operations.

An analysis of the distribution of bank credit by economic activity revealed that outstanding loans expanded by 2.1 per cent to $1,206.3m during 2015, following a 0.2 per cent contraction recorded during 2014. The expansion in credit was almost entirely attributable to loans extended to the personal sector. Within the personal sector category, credit extended to home construction and renovation increased markedly by 7.3 per cent, while lending on durable goods and other personal spending grew more slowly at 2.7 per cent and 0.8 per cent, respectively. Conversely, lending to most of the corporate sector contracted, with the notable exceptions of the agriculture, construction and tourism sectors, which respectively grew by 13.1 per cent, 9.6 per cent and 2.2 per cent.

Net foreign assets of the banking system grew by 4.7 per cent to $531.9m at the end of 2015, up from growth of 3.1 per cent during 2014. This expansion was mainly fuelled by a rise of 5.6 per cent to $444.8m in the imputed share of reserves of St Vincent and the Grenadines held at the Central Bank.

Liquidity in the commercial banking system rose during the 2015 as evidenced by an increase in the ratio of liquid assets to total deposits plus liquid liabilities, which rose by 1.0 percentage point to 44.3 per cent. In addition, the ratio of loans and advances to total deposits fell by 0.3 percentage points to 67.9 per cent, well below the maximum threshold of 75.0 to 85.0 per cent

VIII. PUBLIC DEBT ANALYSIS

The total Public Debt outstanding as at the end of December 2015 stood at $1,589.70 million an increase of 1.7 percent when compared with the December 31, 2014 amount of $1,562.52 million. Of this amount Central Government accounts for $1,375.3 million or 67.5 per cent of GDP an increase of 1.7 percent when compared with the amount of $1352.6 million as at December 31, 2014. The remaining $214.40 million or 10.5 percent of GDP, is attributable to the Public Corporations which increased their debt by 2.1 percent from $209.92 million in 2014.

Of the total Central Government debt $853.3 million representing 62.0 percent of the total debt outstanding and 45.1 percent of GDP is held externally with the remaining $522.0 million 38 percent of the total or 32.9 percent of GDP held domestically.

External Debt

As at 31st December, 2015, total public external debt stock stood at $919.9 million compared with $887.7 million in 2014, representing an increase of 3.6 percent. This amount represents 57.9 percent of the total public debt stock. The increase was primarily on account of draw downs by the Central Government on a number of loans for funding various public sector projects.

Table 6: Total External Debt Stock by Borrower Category 2015 and 2014

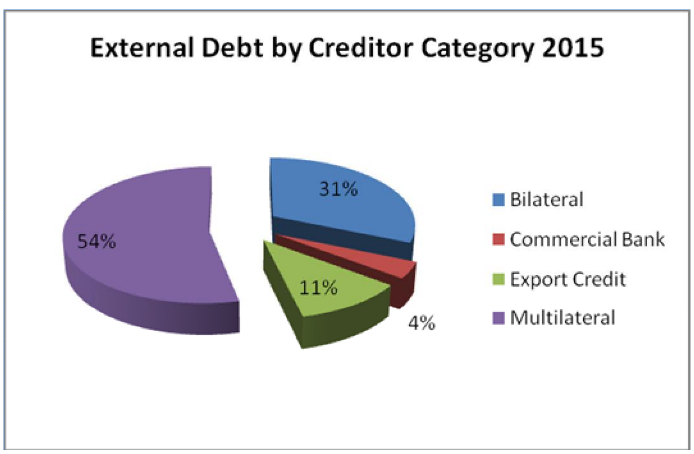
External Debt	2015		2014		% Change
	EC$ M	%/ Total	EC$ M	%/ Total	
Central Government	853.3	92.8	815	91.8	4.7
Public Corporations	66.6	7.2	72.7	8.2	-8.4
TOTAL	**919.9**	**100**	**887.7**	**100**	**3.6**

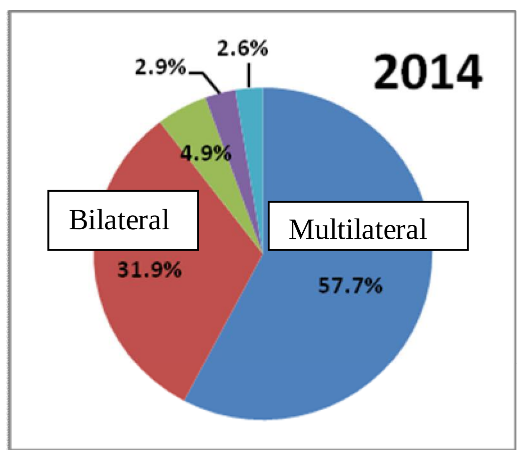
Source: Ministry of Finance

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 was owed 54 percent while bilateral creditors held 31 percent, the remaining 15 percent was shared among export credit facilities, bondholders and commercial creditors. As a consequence, the maturity profile of the debt continues to be dominated by long-term loans with 79.0 percent maturing in over ten years. Loans with remaining maturity between 6-10 years account for 14.0 percent while loans with remaining maturity between 1-5 years account for 7.0 percent. There were no loans with maturity in less than one year.

Chart 4 External Debt by Creditor Category 2015



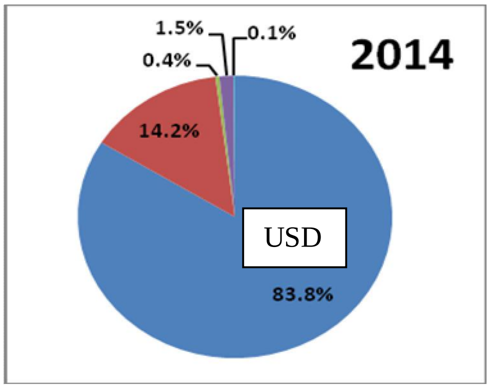


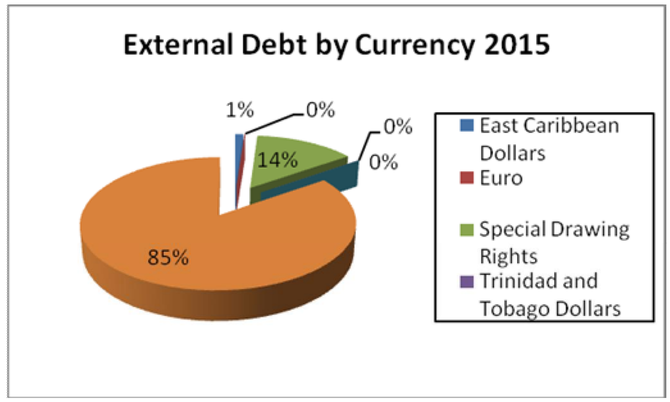
External Debt by Currency

The currency composition continued to weigh heavily in favour of the United States Dollar (USD). The USD accounted for $782 million or 85.0 percent of the external debt at the end of 2015. The second largest in the currency category was the share of XDR which accounted for 14.0 percent.

The Euro, Eastern Caribbean Dollars and currencies grouped as ñOther[3]ò collectively accounted for the remaining 1.0 percent of the external debt portfolio, as reflected in chart 5

Chart 5: External Debt Outstanding by Currency Composition 2015





Domestic Debt

Total domestic debt stock stood at $669.8 million as at the 31st December, 2015, a decrease of 0.7 percent over the corresponding period of 2014. Of this amount $522.0 million or 77.9 percent was held by the Central Government while $147.8 million or 22.1 percent was held by the Public Corporations. The decrease in the Central Government debt was mainly on account of a 32.5 percent decrease in the accounts payables which moved from $89.3 million as at the end of 2014 to $59.9 million as at the end of 2015.

Table 7: Total Domestic Debt Stock by Borrower Category

Domestic Debt	2015		2014		Change
	EC$ M	% of Total	EC$ M	% of Total	%
Central Government	522.00	77.9	537.60	79.7	-2.9
Public Corporations	147.80	22.1	137.22	20.3	7.7
TOTAL	**669.80**	**100.0**	**674.82**	**100.0**	**(0.7)**

Source: Ministry of Finance, DMU

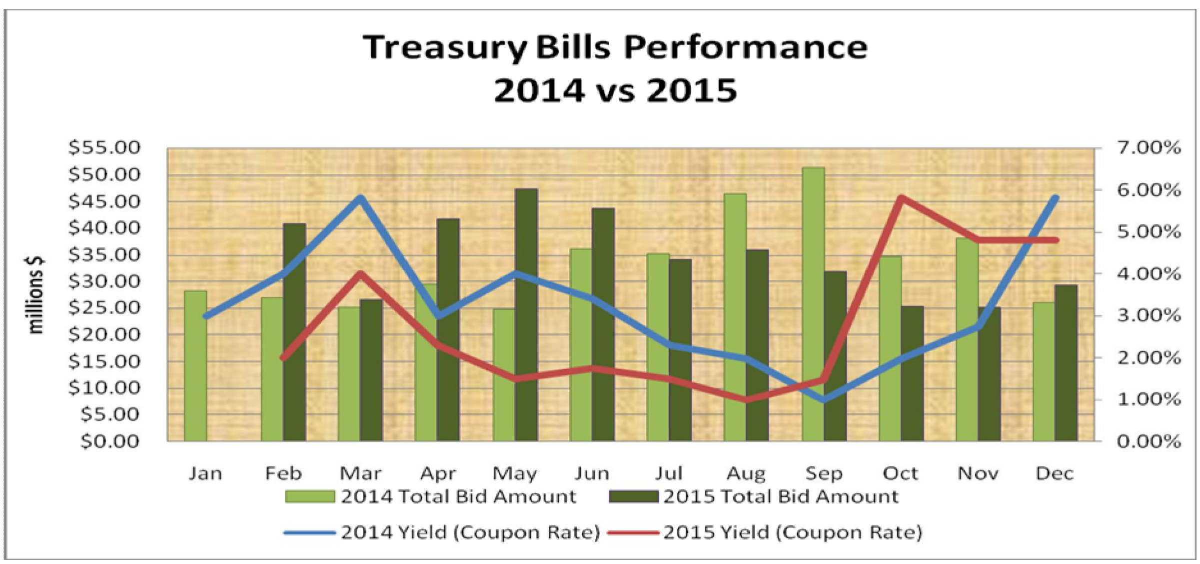
With respect to the composition of the portfolio, Government bonds constituted the largest share of domestic stock accounting for 35.1 percent, while loans accounted for 32.7 percent. Treasury bills and overdrafts jointly accounted for 19.9 percent, while the category ñOtherò accounted for the

[3] ñOtherò consists of Kuwait Dinars and Trinidad, Tobago Dollars and Barbados Dollars

remaining 12.3 percent. Within the existing domestic debt stock, short term debt of less than one year accounted for 52.0 percent. Debt with remaining maturity between 1 and 5 years accounted of 38.0 percent while debt with maturity between 6 and 10 years accounted for 10.0 percent.

The Government in its efforts to develop the capital market continued to be an active participant on the Regional Government Securities Market (RGSM) in 2015. Treasury Bills of $25.0 million each issue were auctioned as scheduled on the RGSM, with each issue being fully subscribed. The average coupon rate for 2015 was 2.82 percent compared with 3.26 in 2014. The Government lowered the ceiling on its Treasury Bills rate to 4.82 in October 2015 to reflect the 1 percent decrease in the minimum savings rate approved by the Monetary Council which took effect on 01 May 2015.

Chart 6 Total Bids and Coupon Rate for T-Bills 2015 compared with 2014



Source: Ministry of Finance, DMU

In an effort to lengthen the maturity profile of the domestic debt securities with tenors of 2, 3 and 5 years for a total value of $39.9 million were issued .

Debt Servicing as at December 2015

A review of the Central Governmentôs debt servicing cost over the period showed that the cost of servicing the debt increased by 2.1 percent moving from $140.4 million in 2014 to $143.3 million in 2015 representing 27.6 percent of current revenue. The increase was mainly on account of amortisation which accounted for 63.4 percent or $90.9 million while interest payments amounted to $44.9 million or 31.3 percent. Sinking fund contributions amounted to $7.6 million.

Summary of Public Debt as at June 30, 2016

As at June 30, 2016 the total public sector debt declined by 3.5 percent moving to $1,514.6 million from $1,520.09 million as June 30, 2015. Of this amount, 60.3 percent or $913.8 million was held externally with the remaining 34.9 percent or $512.2 being held domestically. External Debt increased by 2.6 percent while domestic debt decreased by 4.6 percent. The change in the composition of the debt is primarily due to the re-classification of Treasury Bills[4] by residency in keeping with international standards, consequently there was a reduction in the amount of Treasury bills classified as domestic debt while a new category Treasury Bills was added to the External debt. Of the Total External Debt, 93.4 percent is held by the Central Government while the Public Corporations External Debt continues to decrease accounting for 6.6 percent of the total external debt. Comparatively, the Public Corporations Domestic Debt continues to increase accounting for 25.4 percent compared to 21.6 percent in the corresponding period in 2015. In contrast Central Government Domestic debt declined partly due to the effects of amortisation and also due to the re-classification of Treasury Bills.

Table 8: Summary of Public Debt as at June 30, 2016 compared with corresponding period 2015

	2016 $M	2015 $M	2016/2015 %
Total Public Debt	**1467.2**	**1520.1**	**-3.5**
External Debt	**913.8**	**890.5**	**7.2**
Central Government	863.3	827.1	8.2
Public Corporation	60.5	63.4	-4.9
Domestic Debt	**600.8**	**629.6**	**-18.6**
Central Government	448.3	493.4	-26.9
Public Corporation	152.5	136.2	11.2
Central Government Debt Service	**74.6**	**70.4**	**5.9**
External	28.9	34.6	-16.5
Interest	6.9	10.7	-35.5
Amortization	22.0	23.9	-7.9
Domestic	**41.6**	**35.2**	**18.2**
Interest	14.1	12.7	11.0
Amortization	27.5	22.5	22.2
Sinking Fund Contribution	**4.08**	**0.6**	580.0
Revenue	**270.7**	**242.4**	**11.7**
Debt Service/Revenue (%)	**27.6**	**29.0**	**-5.1**

Source: Ministry of Finance DMU

[4] Prior to January 1, 2016 all Treasury Bills were recorded as domestic debt

Debt Servicing as at June 30, 2016

During the first half of 2016, Central government debt service increased by 5.9 percent to 74.6 million, relative to the amount paid in the corresponding period in 2015. The increase in debt Servicing was mainly due to increases Sinking Fund contribution and amortization of the domestic Debt as the Government seeks to accumulate sufficient funds to meet bullet payment Bonds at maturity and the repayment of short term debt. In contrast, External Debt servicing decreased by 16.5 percent mainly on account of lower interest payments for the first half of the year. Notwithstanding the increase in the debt servicing cost the debt service to Revenue ratio improved due to enhanced revenue performance during the period.

IX. RECENT DEVELOPMENTS

Following a period of weakened fiscal performance in the aftermath of the global economic and financial crisis, St. Vincent and the Grenadines has made considerable progress towards stabilizing public finances. The Central Government fiscal operations for the year ending December 31, 2015 showed marked improvements when compared to the previous five years. Indicators are fiscal operations for the first half of 2016 improved significantly when compared to the same period in 2015. In May 2016 Moodyôs Rating Services changed the outlook on St. Vincent and the Grenadinesô B3 rating from negative to stable. The stable outlook reflected Moodyôs expectation that the fiscal deficit would remain moderate over the next two years. The Government is committed to the objective of restoring the public finances to good health and stimulating the economy to its full potential. In this regard, developing a Medium Term Fiscal Framework will be the first step in achieving this objective**.**

X. MEDIUM TERM DEBT STRATEGY

In 2015 the DMU prepared a MTDS that covers the period 2015 ï 2018. The scope of the analysis was restricted to the debt of the Central Government which accounts for more than 85% of the total debt. This MTDS which was an improvement on the 2010 MTDS is supported by quantitative analysis using the cost-risk analytical toolkit designed by the IMF and World Bank.

The MTDS which is published on the Governmentôs website, demonstrates the Governmentôs commitment in carrying out the debt management objectives, by implementing best practices aimed at achieving the Monetary Councilôs target of a debt to GDP ratio of 60 percent by the year 2030.

Further, its publication and dissemination promote transparency and democratic accountability of matters relating to the Central Governmentôs debt. The strategy would be monitored continuously and reviewed annually for adjustments in line with the global and domestic economic environment.

The review of the Central Government debt portfolio as at December 2015 reveals significant exposure to interest rate risk and refinancing risks as measured by the ATR and ATM risk indicators, whilst its level of exposure to foreign exchange risk remained relatively low.

Table 9: summary of the Government risk indicators

Risk Indicators		External debt	Domestic debt	Total debt
Amount (in millions of XCD)		853.3	521.9	1,375.3
Amount (in millions of USD)		316.0	193.3	509.4
Nominal debt as % GDP		41.9	25.6	67.5
PV as % of GDP		35.3	25.6	60.9
Cost of debt	Interest payment as % GDP	1.1	1.5	2.6
	Weighted Av. IR (%)	2.6	5.7	3.8
Refinancing risk	ATM (years)	7.7	2.1	5.6
	Debt maturing in 1yr (% of total)	9.0	50.2	24.6
	Debt maturing in 1yr (% of GDP)	3.7	12.9	16.6
Interest rate risk	ATR (years)	5.2	2.1	4.0
	Debt refixing in 1yr (% of total)	45.1	50.2	47.0
	Fixed rate debt (% of total)	60.7	100.0	75.6
FX risk	FX debt (% of total debt)			62.0
	ST FX debt (% of reserves)			6.8

Source: Ministry of Finance DMU

Current total ATM was found to be 5.6 while ATR was found to be 4.0 years. In order to increase the ATR, the government will as far as possible avoid floating rate debt, and minimize bunching of loan payments through replacing short term instruments with more longer term and the sinking fund. The sinking fund will also be used as a means of managing refinancing risk by setting aside funds over time to repay bullet bonds. Efforts will be made to minimize the proportion of short term debt by as far as possible, remaining within the established limits as set out in Table 10 below.

Table 10: Established limits for short term instruments 2015

Instrument	Limit
Treasury Bills	15% of current revenue[5]
Overdraft	$50,0m[6]

In addition to the MTDS a Debt Sustainability Analysis (DSA) was carried out. The results indicate that the expected debt path in the long term is at a moderate level of debt distress.

[5] Treasury Bills Act Cap 444 Section 3(4)
[6] Resolution of Parliament, Jannuary29, 2016

Debt Management Objectives

The main debt management objectives of the government are:-

- To satisfy the financing needs of the public Sector at minimum cost over the medium to long term, in a prudent and sustainable manner;
- To limit the exchange rate risk by minimizing the non ï US dollar denominated foreign debt.
- To promote the development of an efficient functioning money and capital markets within the ECCU.

One of the main concerns in applying the debt management objectives involves the trade-off between minimizing cost and reducing risks. This is why emphasis is placed on long term cost, thus preventing the Government from seeking short-term gains by for example issuing low interest rate non ï US dollar debt.

Another important aspect of cost minimization is maintenance of the relatively ñrisk-freeò status of government securities. This will be accomplished through prudent fiscal discipline and the establishment of reasonable limit on the public debt.

In addition the government will continue with its core principles of managing its debt as it seeks to achieve the public debt to GDP target of 60 percent by 2030, as proposed by the Monetary Council of the ECCB.

Medium Term Debt Strategy 2016-2019

The objective of this MTDS is to determine the most appropriate borrowing strategy for the government of SVG with respect to the cost and risk tradeoffs. The strategy aims to address the main risks facing the government which were identified. Four strategies with varying scenarios were modelled on the assumptions below and analysed using the MTDS Analytical Toolkit developed by the World Bank and the IMF.

After examining the output the government decided that we increase multilateral financing and reduce the Overdraft and Accounts Payables ï This strategy (S2) proposes to obtain financing from a multilateral source to sufficiently reduce the Overdraft and Accounts Payables, trading short term for more longer term debt. The result would increase the external debt while decreasing the domestic component of the debt.

Table 11: Risk Indicators as at the end of 2019

Risk Indicators		2015	As at end 2019			
		Current	S1	S2	S3	S4
Nominal debt as % of GDP		67.5	65.3	65.2	65.8	66.0
Present value debt as % of GDP		60.9	58.6	52.9	58.8	59.2
Interest payment as % of GDP		2.6	2.2	2.1	2.4	2.5
Implied interest rate (%)		3.8	3.4	3.3	3.7	3.9
Refinancing risk	Debt maturing in 1yr (% of total)	24.6	19.9	11.2	11.0	14.6
	Debt maturing in 1yr (% of GDP)	16.6	13.0	7.3	7.2	9.6
	ATM External Portfolio (years)	7.7	9.9	10.0	10.0	9.6
	ATM Domestic Portfolio (years)	2.1	1.4	1.9	2.4	2.2
	ATM Total Portfolio (years)	5.6	7.9	8.4	8.1	7.4
Interest rate risk	ATR (years)	4.0	5.8	6.5	6.0	5.4
	Debt refixing in 1yr (% of total)	47.0	48.7	36.8	39.6	41.4
	Fixed rate debt (% of total)	75.6	69.4	72.6	69.6	71.4
FX risk	FX debt as % of total	62.0	74.8	82.3	74.7	70.0
	ST FX debt as % of reserves	6.8	5.0	5.0	5.0	5.0

With increased debt contracted in 2015 over that of 2014. The medium term projections under the assumption that no new debt is undertaken is shown in the table below.

Table 62:Central Government Debt Service Projections 2015-2020

	2015	2016	2017	2018	2019	2020
Central Government Debt Service	**143.3**	**168.1**	**167.7**	**162.9**	**156.0**	**141.6**
Interest Payment	44.8	49.9	50.6	46.4	38.6	35.0
External	18.0	22.3	24.2	23.4	22.5	21.1
Domestic	26.8	27.6	26.4	23.0	16.0	13.8
Amortisation	90.9	96.2	95.1	94.5	95.4	84.6
External	44.9	50.3	48.4	48.7	49.2	49.7
Domestic	46.0	45.9	46.7	45.8	46.2	34.9
Sinking Fund	7.6	22.0	22.0	22.0	22.0	22.0

On average Debt service will remain around the $150Million dollars mark over the medium term.

XI. 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[7]. The Minister of Finance when authorized by resolution of the House of Assembly may borrow money in a financial year ñto meet

[7] Sec 44, Finance Administration Act Cap 252

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.ò

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.

XII. 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 First Caribbean International, RBTT Bank and Bank of Nova Scotia; two non-bank financial institutions, several credit unions including a Small business micro financial co-operative (COMFI), a Building and Loan Society (BLS) and 21 active insurance companies. 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.

ñMoney services businessò 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 travelerφs 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.

The following companies currently act as agents for money transfer businesses and their principals:

- Grace Kennedy Money Transferð Western Union
- Going Places Money Transferð MoneyGram
- RBTT Bank Caribbean Limited Money Transfer Businessð MoneyGram
- St Vincent Building and Loan Association Money Transferð Jamaica National Money Transfer Services
- Postal Corporation - MoneyGram

XIII. INSURANCE SECTOR

The Insurance sector is mainly made up of branches/agencies of CARICOM based insurance companies. The sector is governed by the Insurance Act CAP 306 and the Motor Vehicle Insurance (Third Party Risk) Act Cap 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 Regulations apply equally to both domestic and foreign companies.

As at the quarter December 31 2015, twenty-eight (28) companies were registered under Section 8 of the Insurance Act, to conduct insurance business of which twenty-one (21) were active. There were thirteen (13) insurance companies registered to undertake short-term insurance business. Four (4) of these companies were locally incorporated while the other nine (9) were branches of CARICOM based/foreign owned companies. Ten (10) companies were registered to undertake long-term insurance business. Of these ten (10), one (1) was registered to write life business only, while the other nine (9) were registered to conduct business in both segments of the market. Meanwhile, The British American and CLICO International Life remain under Judicial Management.

Table 7: Insurers by License Class 2015

Short –Term(only)	Long-Term(only)	Long & Short-Term/ Composite
Locally Incorporated • Metrocint General • St. Hill Insurance Co. Ltd. • St. Vincent Insurances • West Indian Insurance Ltd. *Foreign Incorporated* • Beacon Insurances • Caribbean Alliance • Sun General Insurance • G.T.M Fire & General • Guardian General Insurance • Gulf Insurance • Island Heritage Insurance • Massy United Insurance • M & C General Insurance	• Demerara Mutual Life	• British American Colonial Life • CLICO Int'l Life • Sagicor Life Inc. • Guardian Life • Pan American Life of the Eastern Caribbean • G.T.M Life • Scotia Insurance Eastern Caribbean Ltd

Source: FSA, Insurance Unit

Preliminary data from the Financial Services Authority 2015 fourth Quarter Report indicated that all the companies complied with the minimum capital and statutory deposit obligation. The total industry assets stood at $216.2 million an increase of 10.2 percent when compared with $196.2 million for the same period in 2014. Total liabilities claims increased by 9.9 percent while capital grew by 10.8 percent. The Gross premium for the sector also increased when compared to 2014, moving to $61.9 million from $59.5 million in 2014 an increase of 4.2 percent. Both the short-term and long-term insurance segments of the industry recorded reduction in the net claimed amounts.

The trend in the life insurance segment demonstrated a strong recovery in growth of gross written premium from 2014 to 2015. The level of retention within this sector remained relatively stable, of the $19.1 million received in gross premiums, $2.2 million was ceded, this represented a retention ratio of 88.6 percent for the 2015 end period. Meanwhile, the General Insurance companies collected $42.9 million in gross premium, of this amount $21.7 million was ceded representing 43.1 percent.

The loss ratio (ratio of net claims to gross premium) declined from 21.4 percent in 2014 to 19.0 percent in 2015 for the short-term insurance segment of the industry. With respect to the long-term insurance sector, life claims expenses continued to grow at a moderate pace, the net effect was a decrease in the loss ratio to 13.0 percent in 2015 compared with the 15.1 percent reported in 2014. This reduction in the loss ratios were primarily as a result of a decreases in the net claims.

Insurance penetration, measured as a percentage of premium to GDP, was 3.6 percent in 2015 compared against 3.5 per cent in 2014. The long term segments of the industry recorded an increase of 0.1 percentage point while the short term segment remained constant. The industryôs statutory deposits held by the Supervisor of Insurance during the year amounted to $38.1million which comprised of $13.0 million in Government Securities and $25.1 million in cash.
Although insurance markets remained stable in 2015, insurers are becoming more selective and restrictive in their risk-acceptance, the pattern of investment in the portfolio did not change government securities doubled when compared to 2014

XIV. MONEY LAUNDERING AND ILLICIT ACTIVITIES

The Financial Intelligence Unit (FIU) was established in May 2002, in accordance with the Financial Intelligence Unit Act of 2001. The functions of the FIU include:

i) receipt and analysis of suspicious transaction reports that are required to be made under the Proceeds of Crime and Money Laundering (Prevention) Act, Act No. 39 of 2001;

ii) collection of information from financial institutions and other relevant bodies for the purpose of investigating relevant offences;

iii) investigation of relevant offences;

iv) dissemination of information;

v) international cooperation in the exchange of financial information;

vi) awareness raising and education of financial and business institutions on their obligations to detect, prevent and deter money laundering and associated offences.

The FIU works in close partnership with other national and international agencies to ensure that the country has a comprehensive anti-money laundering system that identifies and effectively addresses suspected illegal activity. The Government has used the establishment of the FIU as a means of monitoring money laundering and has made important legislative changes to bring the anti-money laundering laws in line with international best practices.

XV. CURRENT ISSUES OF GOVERNMENT SECURITIES.

1. TREASURY BILLS GENERAL INFORMATION

- **Issues Outstanding 3**
- **Amount offered $75.0 m**
- **Maturity in days 91 days**
- **Date of Issues Every 91 days**
- **Redemption Date Every 91 days**
- **Discount rate N/A**
- **Yields Weighted Avg. 4.82per cent**
- **Discount Price $98.54 – $98.54**

As at July 2016, the Governmentôs outstanding securities traded on the Regional Government Securities Market are listed hereunder**:**

Table 84: Outstanding Treasury Bills and Bonds on the RGSM as at July 31, 2016

Date of issue	Redemption Date	Issue Amount	Value of Bids	Amount Accepted	No. of Bids Total	No. of Bids Successful	Interest Rate %
		EC$m	EC$m				
18-May-16	17-Aug-16	25.0	37.8	25	14	9	3.5
14-Jun-16	13-Sep-16	25.0	37.9	25	16	13	3.9
13-Jul-16	12-Oct-16	25.0	35.02	25	14	12	3.0

Table 95: Outstanding Notes on the RGSM

Trading Symbol	Date of Issue	Redemption Date	Amount	Value of Bids	Amount Accepted	No. of Bids Total	No. of Bids Successful	Interest Rate %

			EC$m	EC$m				
VCN240717	24-Jul-14	24-Jul-17	10.0	8.2	8.2	8	8	5.25
VCN110919	11-Sep-15	11-Sep-19	15.2	15.2	15.2	12	12	6.0
VCN061118	5-Nov-15	6-Nov-18	20.0	18.5	18.5	30	30	6.5

Table 106: Outstanding Bonds on the RGSM

Trading Symbol	Issue amount	Amount Outstanding	Original Maturity	Remaining Maturity	Date of Subscription	Final Redemption	Coupon rate
	EC$m	EC$m	(years)	(years)		Date	%
VCG100816	40.0	2.0	10	0	Aug-06	Aug-16	7.5
VCG100917	30.0	3.0	10	1	Sep-07	Sep-17	7.5
VCG100422	40.0	24.0	10	6	Apr-12	Apr-22	7.5
VCG100323	40.0	18.1	10	7	Mar-13	Mar-22	7.0
VCG070821	16.0	16.0	7	5	Aug-14	Aug-21	7.0

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. As at July 31, 2016 the sinking fund balance was $29,654,067. An amount of $22,000,000 has been committed to the Sinking Fund for fiscal year 2016. The next payments from the sinking fund would be in the year 2017 to cover the redemption of two Notes, with a combined value of EC$18.2 million.

All government securities issued on the RGSM are listed on the Eastern Caribbean Securities Exchange with provision for trading on the secondary market. Trades for the Government of St. Vincent and the Grenadines securities have been made from 2006 ï 2012, with the exceptions of 2011. The value of total trades made during this period amounted to $34,953,334. There have been no trades made after 2012 to present.

The following table summarizes the performance of the Governmentôs Treasury Bills traded on the Regional Government Securities Market in 2015.

Table 117: Performance of Treasury bill traded on the RGSM during 2015

Date of Issue	Redemption Date	Amount	Value of Bids	Amount Accepted	No. of Bids		Interest Rate %
					Total	Successful	
		EC$m	EC$m				
3 Feb-15	5 May-205	25	40.9	25.0	16	7	2.00
4 Mar-15	3 Jun-15	25.0	26.7	25.0	10	10	4.00
1 Apr-15	1 Jul-15	25.0	41.9	25.0	17	7	2.30
7 May-15	6 Aug-15	25.0	47.4	25.0	17	7	1.50
8 Jun-15	7 Sep-15	25.0	43.7	25.0	21	9	1.75
3 Jul-15	2 Oct-15	25.0	34.2	25.0	14	5	1.50
10 Aug-15	9 Nov-15	25.0	36.1	25.0	17	8	1.00
8 Sep-15	8 Dec-15	25.0	31.9	25.0	12	7	1.49
6 Oct-15	5 Jan-16	25.0	25.3	25.0	8	8	5.82
11 Nov-15	10 Feb-16	25.0	25.1	25.0	19	7	4.82
11 Dec-15	11 Mar-16	25.0	29.4	25.0	10	10	4.82

Source: Ministry of Finance, DMU

XVI. 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 governmentôs account. The ECSE, through the Eastern Caribbean Central Securities Registry (ECCSR), records and maintains ownership of government securities in electronic book-entry form. The ECCSR mails confirmation of proof of ownership letters to all investors who were successful in the auction. The ECCSR 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 I – LIST OF LICENSED ECSE MEMBER BROKER DEALERS

	MEMBER INTERMEDIARIES	
INSTITUTION	**CONTACT INFORMATION**	**ASSOCIATED PERSONS**
Grenada	Grenada Cooperative	**Principal**
	Bank	Aaron Logie
	Limited	
	No. 8 Church Street	**Representatives**
	St. Georgeồs	Carla Sylvester
		Keisha Greenidge
St Kitts and Nevis	P O Box 343	**Principals**
St Kitts Nevis	Central Street	Winston Hutchinson
Anguilla National Bank Ltd	Basseterre	Anthony Galloway
	Tel: 869 465 2204	**Representatives**
	Fax: 869 465 1050	Petronella Edmeade-Crooke
	Email: national_bank@sknanb.com	Angelica Lewis
		Marlene Nisbett
The Bank of	P O Box 450	**Principals**
Nevis Ltd	Main Street	Brian Carey
	Charlestown	Kelva Merchant
	Tel: 869 469 5564 / 5796	**Representatives**
	Fax: 869 469 5798	Lisa Herbert
	E mail: info@thebankofnevis.com	Judy Claxton
St Lucia		
ECFH Global	5th Floor, Financial Centre Building	**Principals**
Investment	1 Bridge Street	Medford Francis
Solutions Limited	Castries	Lawrence Jean
	Tel: 758 456 6826 / 457 7233	
	Fax: 758 456 6733	**Representatives**
	E-mail : capitalmarkets@ecfhglobalinvestments.com	Deesha Lewis
First Citizens	John Compton Highway Sans Souci	
Investment	Castries	**Principals**
Services Limited		Carole Eleuthere-Jn Marie
	Tel: 758 450 2662	**Representatives**
	Fax: 758 451 7984	Samuel Agiste
	Website: http://www.firstcitizensslu.com/	Shaka St Ange
	E-mail : invest@firstcitizensslu.com	
St Vincent and The Grenadines		
	P O Box 880	**Principals**
Bank of St. Vincent and the Grenadines	Cnr. Bedford and Grenville Streets	Monifa Latham
	Kingstown	
		Representatives
	Tel: 784 457 1844	Patricia John
	Fax: 784 456 2612/ 451 2589	Laurent Hadley
	Email: info@bosvg.com	Chez Quow

APPENDIX II – Central Government Fiscal Operations

	2011	2012	2013	2014	2015
Current Revenue	**462.48**	**472.63**	**462.58**	**535.19**	**519.123**
Tax Revenue	**412.14**	**430.58**	**420.63**	**471.16**	**480.44**
Taxes on Income & Profits	**114.40**	**122.41**	**111.30**	**140.03**	**129.7**
Of Which:					
Individual	67.38	71.81	69.24	71.65	70.43
Corporation	37.36	40.90	30.49	40.18	46.31
Taxes on Property	**2.81**	**2.70**	**4.04**	**4.01**	**4.38**
Taxes on Domestic Transaction	**98.91**	**106.38**	**109.51**	**112.10**	**118.9**
Of Which:					
Stamp Duty	15.71	17.41	26.15	26.13	22.63
Interest Levy	10.62	11.91	11.35	11.04	18.86
Excise Duty	4.11	4.82	5.35	5.81	6.34
VAT	61.11	64.95	62.35	65.14	67.14
Taxes on International Trade	**172.58**	**172.96**	**170.61**	**186.66**	**199.857**
Of Which:					
Import Duty	47.12	47.60	48.33	49.35	52.37
Excise Duty	20.18	22.73	20.22	27.22	28.96
Customs Service Charge	30.68	30.23	30.37	32.91	37.45
VAT	71.20	69.11	68.39	72.91	76.6
Licenses	**23.44**	**26.13**	**25.18**	**28.36**	**29.61**
Non-Tax Revenue	**50.34**	**42.05**	**41.95**	**64.03**	**33.68**
Capital Revenue & Grants	**46.56**	**31.98**	**60.35**	**40.22**	**54.19**
Current Expenditure	**495.18**	**488.92**	**491.26**	**508.92**	**512.9**
Personal Emolument & Wages	231.17	242.90	250.95	228.87	236.64
Interest Payments	46.04	44.39	47.91	45.67	44.84
Domestic	23.42	23.29	29.45	27.29	26.87
External	22.62	21.10	18.46	18.38	17.97
Transfers & Subsidies	143.63	131.17	126.30	140.82	137.92
Goods & Services	74.34	70.46	66.10	74.55	72.97
Capital Expenditure	72.52	54.16	151.77	125.21	99.23

Current Balance	**-32.70**	**-16.29**	**-28.68**	**26.27**	**6.22**
Overall Balance	**-58.66**	**-38.47**	**-120.10**	**-58.72**	**-38.81**

Source: Ministry of Finance: Economic Research and Policy Unit

Central Government Fiscal Operations (% growth)

	2011	2012	2013	2014	2015
Current Revenue	**-5.6**	**2.2**	**-2.1**	**15.7**	**-3.0**
Tax Revenue	**-2.2**	**4.5**	**-2.3**	**12.0**	**2.0**
Taxes on Income & Profits	**5.1**	**7.0**	**-9.1**	**25.8**	**-7.4**
Of Which:					
Individual	9.2	6.6	-3.6	3.5	-1.7
Corporation	-6.7	9.5	-25.5	31.8	15.3
Taxes on Property	**-3.1**	**-3.9**	**49.6**	**-0.7**	**9.2**
Taxes on Domestic Transaction	**-6.6**	**7.6**	**2.9**	**2.4**	**6.1**
Of Which:					
Stamp Duty	-30.7	10.8	50.2	-0.1	-13.4
Interest Levy	17.2	12.1	-4.7	-2.7	70.8
Excise Duty	-1.0	17.3	11.0	8.6	9.1
VAT	-2.3	6.3	-4.0	4.5	3.1
Taxes on International Trade	**-3.3**	**0.2**	**-1.4**	**9.4**	**7.1**
Of Which:					
Import Duty	-2.2	1.0	1.5	2.1	6.1
Excise Duty	-10.4	12.6	-11.0	34.6	6.4
Customs Service Charge	4.7	-1.5	0.5	8.4	13.8
VAT	-3.9	-2.9	-1.0	6.6	5.1
Licenses	**-7.7**	**11.5**	**-3.6**	**12.6**	**4.4**
Non-Tax Revenue	**-26.5**	**-16.5**	**-0.2**	**52.6**	**-47.4**
Capital Revenue & Grants	**-53.1**	**-31.3**	**88.7**	**-33.4**	**34.7**
Current Expenditure	**-5.0**	**-1.3**	**0.5**	**3.6**	**0.8**
Personal Emolument & Wages	4.2	5.1	3.3	-8.8	3.4
Interest Payments	-16.8	-3.6	7.9	-4.7	-1.8
Domestic	-30.8	-0.6	26.4	-7.3	-1.5
External	5.4	-6.7	-12.5	-0.4	-2.2
Transfers & Subsidies	-18.9	-8.7	-3.7	11.5	-2.1
Goods & Services	10.6	-5.2	-6.2	12.8	-2.1

Capital Expenditure	**-13.2**	**-25.3**	**180.2**	**-17.5**	**-20.7**
Current Balance	**3.9**	**-50.2**	**76.1**	**-191.6**	**-76.3**
Overall Balance	**272.0**	**-34.4**	**212.2**	**-51.1**	**-33.9**

Source: Ministry of Finance Economic Research and Policy Unit

APPENDIX VI BALANCE OF PAYMENTS

	2011	2012	2013 [R]	2014 [R]	2015 [P]
CURRENT ACCOUNT	(537.0)	(515.5)	(601.4)	(492.5)	(421.3)
GOODS AND SERVICES	(523.3)	(569.0)	(638.4)	(610.1)	(532.5)
Goods	(671.9)	(718.9)	(734.5)	(717.1)	(657.0)
Merchandise	(684.7)	(731.0)	(746.3)	(729.2)	(669.3)
Repair on goods	0.0	0.0	0.0	0.0	0.0
Goods procured in ports by carriers	12.7	12.0	11.8	12.1	12.4
Services	148.6	149.9	96.1	107.0	124.4
Transportation	(93.1)	(98.7)	(101.9)	(99.0)	(91.0)
Travel	212.1	217.2	211.2	214.6	222.4
Insurance Services	(18.2)	(21.1)	(22.6)	(23.2)	(21.8)
Other Business Services	53.7	59.7	22.4	27.6	28.2
Government Services	(6.0)	(7.1)	(12.9)	(13.1)	(13.3)
INCOME	(34.9)	(10.3)	0.1	(1.3)	(8.7)
Compensation of Employees	16.1	19.7	22.4	23.1	23.8
Investment Income	(51.1)	(30.0)	(22.3)	(24.5)	(32.5)
CURRENT TRANSFERS	21.3	63.7	36.8	119.0	119.8
General Government	(5.6)	30.0	11.3	76.6	77.4
Other Sectors	26.9	33.8	25.5	42.4	42.5
CAPITAL AND FINANCIAL ACCOUNT	478.9	570.8	728.7	563.3	458.0
CAPITAL ACCOUNT	104.3	91.7	53.0	79.9	66.9
Capital Transfers	104.3	91.7	53.0	79.9	66.9
General Government	100.5	88.0	49.3	76.0	77.4
Acquisition & Disposal of Non-Produced, Non-Financial Assets	-	-	-	-	-
FINANCIAL ACCOUNT	374.6	479.0	675.8	483.4	391.0
Direct Investment	231.2	310.8	430.8	295.5	325.0
Portfolio Investment	(8.6)	14.9	40.9	0.5	(40.9)
Other Investment	152.0	153.4	204.0	187.5	107.0
Public Sector Long Term Loans	31.9	(34.6)	137.3	72.2	(9.2)
Other Public Sector Capital	-	-	-	-	-
Commercial Banks	19.1	42.1	(19.5)	46.9	(0.3)
Other Assets	78.0	107.5	50.1	32.0	59.4
Other Liabilities	23.0	38.4	36.1	36.5	57.1
OVERALL BALANCE	(61.9)	56.6	64.8	62.0	41.4
FINANCING	61.9	(56.6)	(64.8)	(62.0)	(41.4)
Change in SDR Holdings	-	-	-	-	-
Change in Reserve Position with the IMF	-	-	-	-	-
Change in Government Foreign Assets	-	-	-	-	-

Change in Imputed Reserves	61.9	(56.6)	(64.8)	(62.0)	(41.4)

Source: ECCB Economic and Financial Review 2015

APPENDIX VII: Selected Public Debt Indicators

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
						($m)					
Total Public Debt	790.6	776.9	933.0	993.6	1,104.1	1,188.4	1,233.2	1,336.6	1,445.8	1,562.5	1,593.3
External Debt	466.2	410.3	464.9	518.3	559.0	734.7	764.9	738.1	809.5	887.7	919.9
Central Government	415.7	336.4	381.6	423.6	457.1	623.1	668.0	652.7	728.7	815.0	853.3
Public Corporations	50.5	73.9	83.3	94.7	101.9	111.6	96.9	85.4	80.8	72.7	66.6
Domestic Debt	324.4	366.6	468.1	475.3	545.1	453.7	468.3	598.5	636.3	674.8	673.4
Central Government	271.0	304.9	340.9	307.7	379.6	363.5	372.7	487.3	501.0	537.6	525.6
Public Corporations	53.4	61.7	127.2	167.6	165.5	90.2	95.6	111.2	135.3	137.2	147.8
Debt Servicing											
External	46.8	65.2	65.7	72.6	79.8	84.4	87.2	87.7	88.3	77.5	83.6
Central Government	44.7	62.1	61.2	66.2	70.7	71.7	74.6	72.7	72.7	60.8	62.9
Public Corporations	2.1	3.1	4.5	6.4	9.1	12.7	12.6	15.0	15.6	16.7	20.8
Domestic											
Central Government	27.9	40.1	40.9	41.7	52.8	64.8	47.2	48.7	58.1	72.0	72.8
Sinking Fund	11.8	11.8	9.0	5.2	6.0	12.0	6.0	4.0	5.5	7.6	7.6
GDP (at market price)	1,487.0	1,649.4	1,846.9	1,877.6	1,822.1	1,839.3	1,825.5	1,871.0	1,960.9	1,970.3	1,991.7
Current Revenue	333.6	393.5	430.4	489.5	544.8	490.0	462.5	472.6	491.3	535.2	519.1
Total Debt/GDP (%)	53.2	47.1	50.5	52.9	60.6	64.6	67.6	71.4	73.7	79.3	80.0
External Debt/GDP (%)	31.4	24.9	25.2	27.6	30.7	39.9	41.9	39.4	41.3	45.1	46.2
Domestic Debt/GDP (%)	21.8	22.2	25.3	25.3	29.9	24.7	25.7	32.0	32.4	34.2	33.8
Central Government Debt Service/	25.3	29.0	25.8	23.1	23.8	30.3	27.6	26.5	27.7	26.2	27.6
External Debt Service/ Current Re	14.0	16.6	15.3	14.8	14.6	17.2	18.9	18.6	18.0	14.5	16.1
External Debt Service/ Exports (%	43.5	63.4	51.0	51.5	59.0	76.1	84.2	76.2	65.2	59.6	67.7
Domestic Debt Service/ Current R	11.9	13.2	11.6	9.6	10.8	15.7	11.5	11.2	12.9	14.9	15.5

Source: Ministry of Finance , Debt Management Unit