

**GOVERNMENT OF  
ST. VINCENT AND THE GRENADINES  
DEBT PORTFOLIO REVIEW 2017**



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## ACRONYMS

<b>AFD</b>	Agence Francaise de Developpment	<b>IADC</b>	International Airport Development Bank
<b>ALBA</b>	Bolivarian Alliance of the Americas	<b>IBRD</b>	International Bank for Reconstruction and Development
<b>ATM</b>	Average Time to Maturity	<b>IDA</b>	International Development Association
<b>ATR</b>	Average Time to Re-fixing	<b>IMF</b>	International Monetary Fund
<b>BH</b>	Bondholders	<b>KWD</b>	Kuwait Dinars
<b>BoSVG</b>	Bank of St. Vincent and the Grenadines	<b>LIAT</b>	Leeward Island Air Transport
<b>CDB</b>	Caribbean Development Bank	<b>OPEC</b>	Organization of Petroleum Exporting Countries
<b>CDF</b>	CARICOM Development Fund	<b>PDVSA</b>	Petroleos de Venezuela S.A.
<b>CDIMU</b>	Cash Debt Investment Management Unit	<b>RGSM</b>	Regional Government Securities Market
<b>ComSec</b>	Commonwealth Secretariat	<b>ROC</b>	Republic of China
<b>CWSA</b>	Central Water and Sewerage Authority	<b>SVG</b>	St. Vincent and the Grenadines
<b>DOD</b>	Disbursed Outstanding Debt	<b>TECHVOC</b>	Technical Vocational
<b>EC</b>	Eastern Caribbean	<b>UWI</b>	University of the West Indies
<b>ECCB</b>	Eastern Caribbean Central Bank	<b>USAID</b>	United States Agency for International Development
<b>EIB</b>	European Investment Bank	<b>USD</b>	United States Dollar
<b>ERPU</b>	Economic Research and Policy Unit	<b>VINLEC</b>	St. Vincent and the Grenadines Electricity Services
<b>FAA</b>	Finance Administration Act	<b>WB</b>	World Bank
<b>FCIB</b>	First Caribbean International Bank	<b>XCD</b>	Eastern Caribbean Dollars
<b>GOTT</b>	Government of Trinidad and Tobago	<b>XDR</b>	Special Drawing Rights
<b>GDP</b>	Gross Domestic Product		

## EXECUTIVE SUMMARY

The Debt Portfolio Review aims to provide a detailed overview of the total public debt portfolio of St. Vincent and the Grenadines for the year 2017. The Review compares the debt stock as at December 31, 2017 with the same period in 2016. The stock is categorized by its two components; External<sup>1</sup> and Domestic debt and further disaggregated by Central Government and Public Corporations<sup>2</sup>. The review also analyses the debt by creditor category, instrument type, currency composition; economic sector; interest rate structure and maturity profile of the central government's debt portfolio are also analyzed to determine the scope of the risks associated with the portfolio. It also provides an overview of debt activities including new debt contracted and debt servicing cost during the year. All analysis in the review is done in Eastern Caribbean dollars.

As at 31<sup>st</sup> December 2017, the public debt stood at \$1.59 billion a decrease of 6.5 percent when compared with the December 31, 2016 amount of \$1.70 billion. Of the total public debt \$1.32 billion is attributable to the central government with the remaining \$264.20 million attributable to the public corporations<sup>3</sup>. Central government's debt decreased by 3.2 percent and public corporation's debt by 20.3 percent. External debt accounted for \$1.06 billion or 67.0 percent of the stock, with the remaining \$524.40 million or 33.0 percent attributable to the domestic debt. The decrease in central government and public corporation's debt was driven by increased amortization repayments and external debt forgiveness from the ALBA Bank and Petro Caribe. Other substantial developments that impacted the debt stock included, the repurchased of majority shareholdings in BOSVG's and the adjustment to the composition of central government debt on account of the recording of Bonds and Notes by residency<sup>4</sup>. Total debt service increased by 10.2 percent, from \$148.7 million in 2016 to \$163.9 million in 2017, due to higher amortization payments and the re-setting of higher variable interest rate.

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<sup>1</sup> Debt owed to creditors outside of St. Vincent and the Grenadines

<sup>2</sup> Debt for which the Government has given an explicit guarantee

<sup>3</sup> The Public Corporations debt remains within the \$300.0 million limit specified by the Government Guarantee of Loans Act

<sup>4</sup> The BOSVG debt will now be classified as government guaranteed instead of domestic private debt. In 2016 the composition was adjusted due to the recording of Treasury Bills by residency

## **ii. INTRODUCTION**

This Report provides a review of the public debt of St. Vincent and the Grenadines for the year 2017 with comparisons for the year 2016. Section 3 presents the legal framework which governs the contraction of debt and the authority for contracting debt. In 2017, the Public Sector Loans Act No. 3 and Act No. 11 of 2017 provided the authority for domestic debt raising activities whereas the Resolution of the Parliament passed in the House of Assembly on January 30, 2017 established the limit for the Overdraft. Other provisional acts were passed where needed in order to facilitate external borrowing for 2017.

Section 5 reviews the total public debt portfolio with respect to its components, creditor category and composition, instrument type, economic sector and interest rate structure. The central government's portfolio is reviewed in Section 6. Details of the activities on the RGSM, as well as a comparison of the actual debt servicing cost compared with the 2017 Budgeted amount is presented. The public corporations' debt is examined in Section 7. The review concludes with appendices mainly in graphical form showing selected debt indicators over the eleven year period 2007-2017. The Ministry of Finance, Economic Planning, Sustainable Development and Information Technology has been using the Commonwealth Secretariat Debt Recording and Management System (CSDRMS) software since 1987. The ComSec released several upgrades of the database over the years; the most recent Version 2.2 is installed and used by the CDIMU. The staff in the CDIMU has been trained in the use and application of the software and receives technical support from the ECCB/DMAS team.

## **3. INSTITUTIONAL FRAMEWORK**

The Ministry of Finance, Economic Planning, Sustainable Development and Information Technology is headed by the Minister of Finance and comprises several departments over which the Director General has administrative control. Most Debt management functions are centralized in the Debt Management Unit (CDIMU) of the Ministry while others are undertaken by different departments. In addition to performing debt management activities, the CDIMU provides policy advice on the overall debt management strategy of St. Vincent and the Grenadines.

#### **4. 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 positions are reported annually in the Government Estimates of Revenue and Expenditure, which is available to the public from the Ministry of Finance, Economic Planning, Sustainable Development and Information Technology. Information on the Government's fiscal and debt operations are also published quarterly via the local media and the Government's website. The ECCB also conducts quarterly and annual economic and financial reviews, which are published across the region. Article IV Country Reviews conducted by the IMF are also published and are available on the Fund's external website. Further, efforts are being made to have the Audited Reports of the Government available on a timelier basis. The latest Audited Reports of the Government for the fiscal year 2011 were laid before the Parliament on January 29, 2018.

The Ministry of Finance, Economic Planning, Sustainable Development and Information Technology 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, further tax reductions, sensible debt management and fiscal consolidation.

## 5. PUBLIC DEBT PROFILE

As at December 31, 2017 the total disbursed outstanding public debt stood at \$1.59 billion (74.7 percent of GDP<sup>5</sup>), a decreased of 6.5 percent from \$1.70 billion (81.5 percent of GDP) as at December 31, 2016. Of this amount, Central Government debt accounted for \$1.32 billion, or 62.3 percent of GDP, a nominal decrease of 3.6 percent when compared with the amount of \$1.37 billion as at December 31, 2016. The remaining \$264.40 million, or 12.5 percent of GDP, is attributable to the Public Corporations. The decrease in the total public debt was driven primarily by debt forgiveness received from Alba Bank and Petro Caribe arrangement.

Table 1: Composition of Public Debt as at Dec. 31 2017 vs. 2016

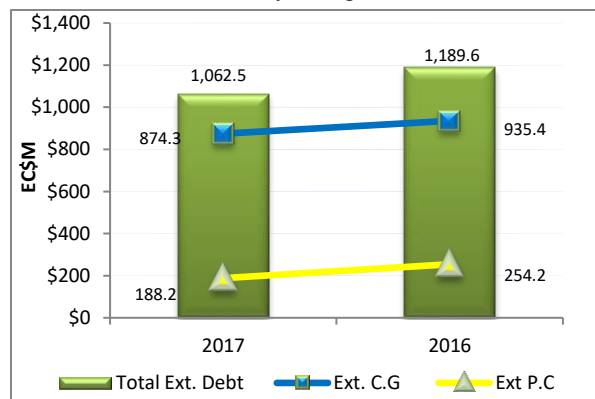
	2017	2016	change
	\$ million		
Ext Central Gov't	874.3	935.4	(6.5%)
Dom Central Gov't	448.2	430.4	4.1%
<b>Total Central Gov't</b>	<b>1,322.5</b>	<b>1,365.8</b>	<b>(3.2%)</b>
Ext Public Corp	188.2	254.2	(26.0%)
Dom Public Corp	76.2	77.4	(1.7%)
<b>Total Public Corp</b>	<b>264.4</b>	<b>331.6</b>	<b>(20.3%)</b>
<b>Total Debt</b>	<b>1,586.9</b>	<b>1,697.4</b>	<b>(6.5%)</b>

Source: CDIMU, Ministry of Finance and Economic Planning etc

### 5.1 External Public Debt

As at 31<sup>st</sup> December 2017, total public external debt stock stood at \$1.06 billion compared with \$1.19 billion in 2016, representing a decrease of 10.9 percent. The central government's portion of the debt decreased from \$935.40 million to \$874.30 million while the Public Corporation's debt decreased from \$254.20 million to \$188.20 million.

Chart 1: External Debt by Categories



Source: CDIMU, Ministry of Finance and Economic Planning etc

#### 5.1.1 Creditor Category

An analysis of the total external debt by creditor category indicated that as at the end of December 2017, multilateral creditor was once more the largest source of financing, accounting

<sup>5</sup> Preliminary GDP of \$2123.7 million sourced from ERPU'S in house Medium Term Economic and Fiscal Outlook



for 45.0 percent of the portfolio. Bilateral creditors' proportion of the portfolio decreased significantly to 37.3 percent from 45.9 percent recorded in 2016. Debt forgiveness totaling EC\$166.35 million from bilateral creditors ALBA and Petro Caribe contributed to this drastic decrease. Together, the multilateral and bilateral categories accounted for 82.3 percent of the external debt stock, a slight drop from 85.4 percent in 2016. The remaining 17.7 percent of the external debt stock was shared among the categories: - securities, export and commercial creditors. The share of securities, in both years, increased on account of the re-classification of bonds and notes outstanding by residency of the investor. This was a continuation of the Treasury bill re-classification exercise undertaken in 2016. Table 2 below illustrates the creditor categories of the total external debt stock for 2017 with comparative in 2016.

Table 2: Total External Debt by Creditor Category

<b>Category</b>	<b>2017 (\$M)</b>	<b>% of total</b>	<b>Category</b>	<b>2016 (\$M)</b>	<b>% of total</b>	<b>Change</b>
<b>Multilateral</b>	478.4	45.0%	Multilateral	469.4	39.5%	1.9%
<b>Bilateral</b>	396.4	37.3%	Bilateral	545.7	45.9%	(27.4%)
<b>Securities</b>	147.5	13.9%	Securities	120.2	10.1%	22.7%
<b>Export Credit</b>	31.8	3.0%	Export Credit	41.4	3.5%	(23.2%)
<b>Commercial</b>	8.4	0.8%	Commercial	13.3	1.1%	(36.8%)
<b>Total</b>	<b>1,062.5</b>	<b>100.0%</b>	<b>Total</b>	<b>1,189.9</b>	<b>100.0%</b>	<b>(10.7%)</b>

Source: Extracted from CSDRMS Report 667, CDIMU

### ***5.1.2 Creditor Composition***

As at the end of December 2017, the CDB continued as the largest creditor accounting for 31.9 percent of the portfolio compared with 27.2 percent at the end of 2016. Securities holders share of debt increased by 22.7 percent due to the re-classification by residency of all outstanding securities in the portfolio. The World Bank and the Republic of China also increased their share of the debt portfolio through disbursements on existing loans and the contraction of new loans which were notably greater than the required amortization repayments associated with servicing loans from these creditors. The share of debt held by all other creditors in 2017 decreased. In the case of Petroleos De Venezuela and ALBA, the decrease was directly linked to debt forgiveness from these creditors effective from September 28 and June 30 2017 respectively. The decrease in the UK Export Finance, IMF, and Bank of Nova Scotia's share of debt is mostly due to a combination of debt repayments on existing obligations and no new debt contraction from these creditors see table 3 below.

Table 3: External Debt Outstanding by Creditor

<b>EXTERNAL DEBT BY CREDITORS</b>	<b>DOD 2017 \$M</b>	<b>% OF TOTAL</b>	<b>DOD 2016 \$M</b>	<b>% OF TOTAL</b>	<b>Change</b>
<b>Caribbean Development Bank</b>	338.9	31.9	323.9	27.2	4.6%
<b>Petroleos De Venezuela</b>	99.8	9.4	185.2	15.6	(46.1%)
<b>ALBA Bank</b>	164.6	15.5	249.7	21.0	(34.1%)
<b>Securities Holders</b>	147.5	13.9	120.2	10.1	22.7%
<b>Republic of China</b>	90.8	8.5	89.2	7.5	1.8%
<b>World Bank</b>	109.7	10.3	86.3	7.3	27.1%
<b>Other <sup>6</sup></b>	41.7	3.9	47.2	4.0	(11.6%)
<b>UK Export Finance</b>	31.8	3.0	41.4	3.5	(23.1%)
<b>International Monetary Fund</b>	29.3	2.8	33.6	2.8	(12.8%)
<b>Bank of Nova Scotia Canada</b>	8.4	0.8	13.3	1.1	(36.8%)
<b>TOTAL</b>	<b>1062.5</b>	<b>100.0</b>	<b>1189.9</b>	<b>100.0</b>	<b>(10.7%)</b>

Source: CDIMU, Ministry of Finance and Economic Planning etc

### 5.1.3 Instrument type

The external debt portfolio consisted of two types of instruments, loans and securities. At the end of the period under review, loans totaled \$915.0 million representing 86.1 percent of the total external debt portfolio, a decrease of 14.5 percent when compared with \$1.069 billion over the comparative period in 2016. During 2017, USD \$30.0 million in debt forgiveness was negotiated and received by the GOSVG from the Alba Bank on loans contracted for the construction of the Argyle International Airport and a further debt forgiveness of 50.0 percent of net present value on the unexpired long term Petro Caribe debt amounted to USD \$31.61 million was effected 27<sup>th</sup> September 2017. The category comprising securities during the period increased by 22.7 percent, from \$120.20 million in 2016 to \$147.50 million in 2017 mainly on account of the re-classification of all existing bonds and notes in the portfolio by residency. No new international bonds were issued over the period.

<sup>6</sup> Other consisted of debt owing to the European Investment Bank, CARICOM development Fund, Government of Trinidad, USAID, Agence Francaise de Developpement, and Kuwait Fund for Arab Economic Development

Table 4: External Debt by Instrument Type

<b>EXTERNAL DEBT BY INSTRUMENT TYPE</b>	<b>DOD 2017 \$M</b>	<b>% OF TOTAL</b>	<b>DOD 2016 \$M</b>	<b>% OF TOTAL</b>	<b>CHANGE</b>
<b>Loans</b>	<b>915.0</b>	<b>86.1</b>	<b>1069.7</b>	<b>89.9</b>	<b>(14.5%)</b>
<b>Securities</b>	<b>147.5</b>	<b>13.9</b>	<b>120.2</b>	<b>10.1</b>	<b>22.7%</b>
<b>Bonds</b>	74.6	50.6	60.4	50.3	23.4%
<b>T. Bills</b>	72.9	49.4	59.8	49.7	22.0%
<b>TOTAL</b>	<b>1062.5</b>	<b>100.0</b>	<b>1,189.9</b>	<b>100.0</b>	<b>(10.7%)</b>

Source: CDIMU, Ministry of Finance and Economic Planning etc

### 5.1.4 Economic Sector

During the period under review, the share of debt related to projects and programs in all economic sectors experienced declines with the exception of Education and Training, Road and Bridges and the ‘Other’ sectors. The majority of the external debt portfolio was allocated to the Air Transport sector. However, during the year, debt outstanding in this category decreased by 14.9 percent as the biggest capital project, the Argyle International Airport opened on the 14 February 2017 concluding the major construction work related to this project. Consequently, its share of the total debt decreased from 31.0 percent in 2016 to 27.3 percent in 2017. See table 5 below.

Table 5: External Debt outstanding by Economic Sector

<b>ECONOMIC SECTOR</b>	<b>DOD 2017 \$M</b>	<b>% OF TOTAL</b>	<b>DOD 2016 \$M</b>	<b>% OF TOTAL</b>	<b>CHANGE</b>
<b>Air Transport</b>	313.8	29.5%	368.8	31.0%	(14.9%)
<b>Multisector<sup>7</sup></b>	148.6	14.0%	216.4	18.2%	(31.3%)
<b>Finance, Insurance, Etc</b>	89.9	8.5%	102.2	8.6%	(12.0%)
<b>Utilities</b>	78.3	7.4%	91.4	7.7%	(14.3%)
<b>Budget Support</b>	87.2	8.2%	107.4	9.0%	(18.8%)
<b>Other</b>	82.3	7.7%	74.9	6.3%	9.9%
<b>Roads and Bridges</b>	100.2	9.4%	77.2	6.5%	29.8%
<b>Education &amp; Training</b>	106.9	10.1%	68.3	5.7%	56.5%
<b>Balance of Payment</b>	18.6	1.8%	25.2	2.1%	(26.2%)
<b>Health &amp; Social Welfare</b>	14.2	1.3%	25.8	2.2%	(45.0%)
<b>Telecommunication</b>	19.9	1.9%	24.5	2.1%	(18.8%)
<b>Agriculture</b>	2.6	0.2%	7.8	0.7%	(66.7%)
<b>TOTAL</b>	<b>1062.5</b>	<b>100.0%</b>	<b>1189.9</b>	<b>100.0%</b>	<b>(10.7%)</b>

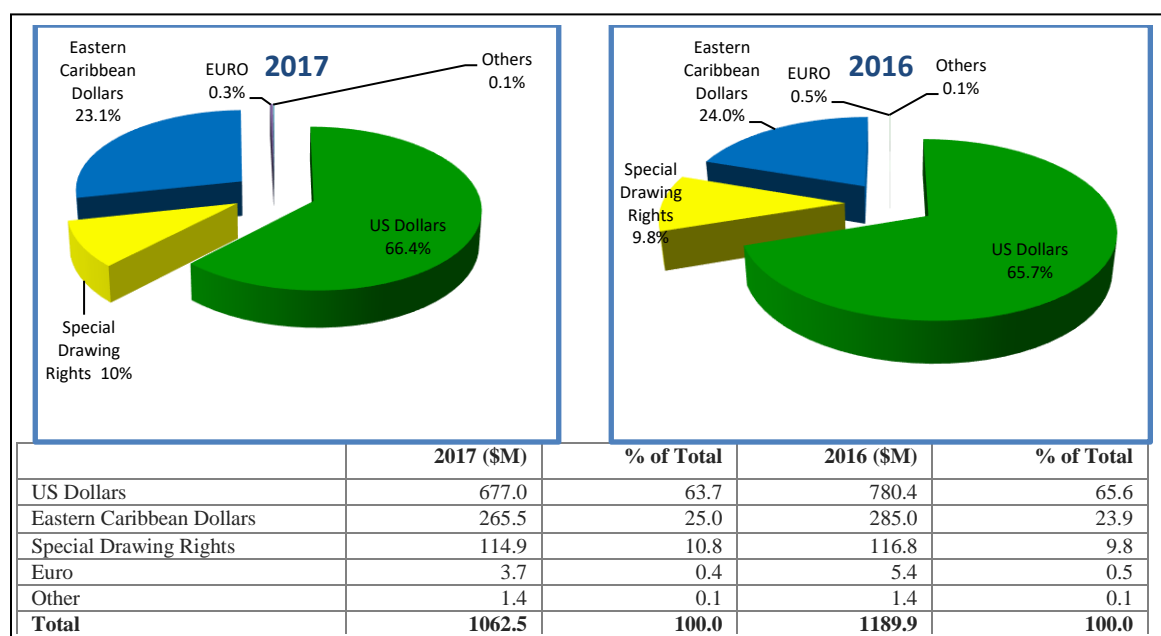
Source: CDIMU, Ministry of Finance and Economic Planning etc

<sup>7</sup> Petro Caribe debt is captured under Multisector

### 5.1.5 Currency Composition

The currency composition of the external debt continued to weigh heavily in favor of the United States Dollar (USD) accounting for \$677.0 million or 63.7 percent at the end of 2017 compared with \$781.4 million or 65.7 million at the end of 2016 a decrease of 13.2 percent. The decrease in USD is linked to the previously mentioned debt forgiveness. The share of debt denominated in Eastern Caribbean dollar (XCD)<sup>8</sup> accounted for 25.0 percent at the end of 2017 a decrease of 6.8 percent when compared to 24.0 percent in 2016. The Euro (EUR) and the currencies grouped as “Other”<sup>9</sup> remained relatively constant, collectively accounted for the remaining 0.5 percent of the external debt portfolio, see chart 2.

Chart 2: External Debt Outstanding by Currency Composition



Source: CDIMU, Ministry of Finance and Economic Planning etc

### 5.1.6 Interest Rate Structure

The interest rate structure of the external debt portfolio showed a decrease in the nominal amount of liabilities with fixed interest rate as at the end of 2017 compared to the previous year moving from 72.5 percent in 2016 to 67.4 percent in 2017. Consequently, the share of external debt with floating interest rates increased from 27.5 percent at the end of 2016 to 32.6 percent in 2017.

<sup>8</sup> The currency XCD share of debt increased in 2016 and 2017 on account of the disaggregation of all current bonds and notes in the portfolio based on their investor’s residency

<sup>9</sup> “Other” consists of Kuwait Dinars and Trinidad and Tobago Dollars

The change in the interest rate structure was mainly due to new loans being contracted at variable rates.

Table 6: External Debt outstanding by Interest Rate Composition

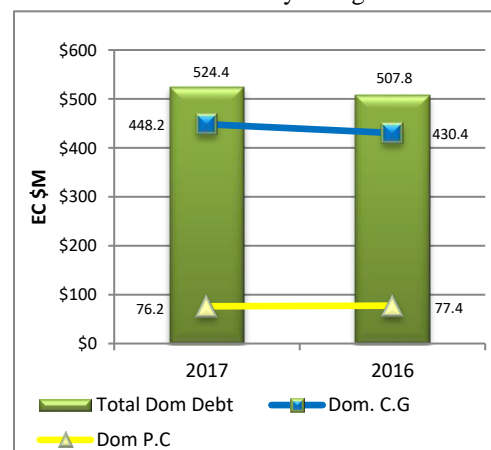
EXTERNAL DEBT BY INTEREST RATE COMPOSITION	DOD 2017 \$M	% OF TOTAL	DOD 2016 \$M	% OF TOTAL	CHANGE
<b>Fixed Rate</b>	716.2	67.4%	862.9	72.5%	(17.0%)
<b>Floating Rate</b>	346.3	32.6%	327.0	27.5%	5.9%
<i>Of Which:</i>					
<i>Caribbean Development Bank OCR Rate</i>	213.3	61.6%	210.4	64.3%	1.4%
<i>London Interbank Offer Rate</i>	69.5	20.1%	65.7	20.1%	5.8%
<b>TOTAL</b>	<b>1062.5</b>	<b>100.0%</b>	<b>1189.9</b>	<b>100.0%</b>	<b>(10.7%)</b>

Source: CDIMU, Ministry of Finance and Economic Planning etc

## 5.2 Domestic Public Debt

Total domestic debt at the end of December, 2017 stood at \$524.40 million, a modest increase of 3.3 percent when compared to the corresponding period of 2016. Of this amount \$448.20 million or 85.5 percent was held by Central Government, an increase of 4.1 percent when compared to same period 2016. The remaining \$76.20 million or 14.5 percent was held by the Public Corporations, this amount represented a marginal decrease of 1.7 percent for the period, see chart 3.

Chart 3: Domestic Debt by Categories



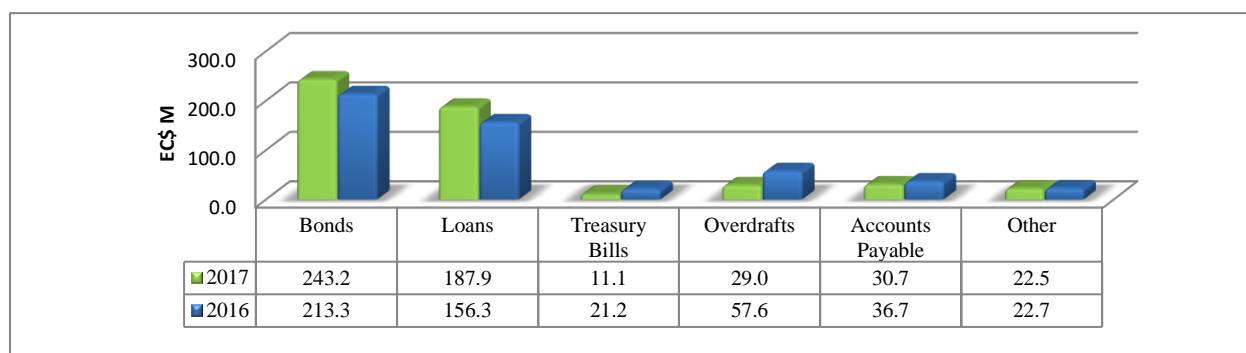
Source: CDIMU, Ministry of Finance and Economic Planning etc

### 5.2.1 Instrument Type

Chart 4 shows the breakdown of domestic debt by instrument. As at the end of 2017 bonds and loans increased in nominal amounts by 14.0 and 20.2 percent respectively. This was due to new securities issuance and new loans which were contracted, representing 46.4 and 35.8 percent of the portfolio respectively. All other instruments declined, with the overdraft and treasury bills

registering the most significant reductions of 49.7 percent and 47.6 percent comparative to same period 2016. The continued reductions in treasury bills show that more treasury bills are being held by non-resident investors.

Chart 4: Domestic Debt by Instrument



Source: CDIMU, Ministry of Finance and Economic Planning etc

## 5.2.2 Creditor Composition

The analysis of the domestic debt by creditor showed that the Bank of St.Vincent continued to be the biggest creditor to the domestic debt portfolio with 31.9 percent as at the end of 2017. The conversion of a portion of the overdraft into a \$40.0 million dollar loan contributed significantly to this increase. Other financial institutions and the category ‘Other’<sup>10</sup> increased their share as a result of their increased holding in government securities. Other commercial banks share of debt decreased by 33.0 percent as there was a reduction of their holdings in government securities.

Table 7: Domestic Debt by Creditor

DOMESTIC DEBT BY CREDITOR	2017		2016		CHANGE
	DOD	% OF TOTAL	DOD	% OF TOTAL	
Bank of SVG	167.1	31.9	150.4	29.6	11.1%
National Insurance Services	137.2	26.2	143.3	28.2	(4.3%)
Other Financial Institution	91.8	17.5	74.5	14.7	23.1%
Insurance Companies	39.1	7.5	41.5	8.2	(5.8%)
Account Payables	30.7	5.9	36.7	7.2	(16.3%)
ECCB	26.8	5.1	25.8	5.1	4.1%
Other Commercial Banks	20.7	4.0	30.9	6.1	(33.0%)
Other	11.0	2.1	4.7	0.9	133.9%
<b>TOTAL</b>	<b>524.4</b>	<b>100.0</b>	<b>507.8</b>	<b>100.0</b>	<b>3.3%</b>

Source: CDIMU, Ministry of Finance and Economic Planning etc

<sup>10</sup> This category is comprised mainly of Private individuals

## 6. CENTRAL GOVERNMENT DEBT

The total Central Government debt at the end of 2017 decreased by 6.5 percent to \$1.32 billion or 62.4 percent of GDP when compared to \$1.37 billion or 65.6 percent of GDP as at the same period in 2016. Of this amount, the external component decreased by 6.5 percent as well and accounted for \$874.30 million. The remaining domestic component increased by 4.1 percent to \$448.20 million. The decrease in external and by extension total central government debt is attributable to debt forgiveness received from the Alba Bank and from amortization out-pacing disbursements during the year. Conversely, the increase in the domestic component is mainly due to the new issuances of short to long term securities in 2017.

### 6.1 Securities issued during 2017

Securities issued during the year amounted to \$90.0 million with tenors of three (3) to eight (8) years. The interest rate on the notes issued by the Government was 6.0 percent with an average interest rate of 7.5 percent on longer term government bonds. These securities were done through a mix of private placement and the RGSM. Securities issued through private placement were subsequently listed on the RGSM to facilitate potential liquidity needs of investors. An analysis of the investor data on securities issued showed a home (domestic) bias for bonds and notes vs treasury bills, where the majority of investors are foreign (external).

Table 8: Securities issued during 2017

<b>Securities</b>						
<b>Platform</b>	<b>Instrument</b>	<b>Original Amount (\$ M)</b>	<b>Tenor</b>	<b>Rate</b>	<b>Issue Date</b>	<b>Maturity Date</b>
Private Placement Bond	Bond	15.0	8 yrs	7.50	1-Feb-17	2-Feb-25
Private Placement Bond	Bond	15.0	7 yrs	7.50	5-May-17	5-May-24
RGSM	Bond	25.0	7 yrs	7.50	12-May-17	14-May-24
Private Placement Bond	Note	35.0	3 yrs	6.00	30-Jun-17	3-Jul-20
<b>Total</b>		<b>90</b>				

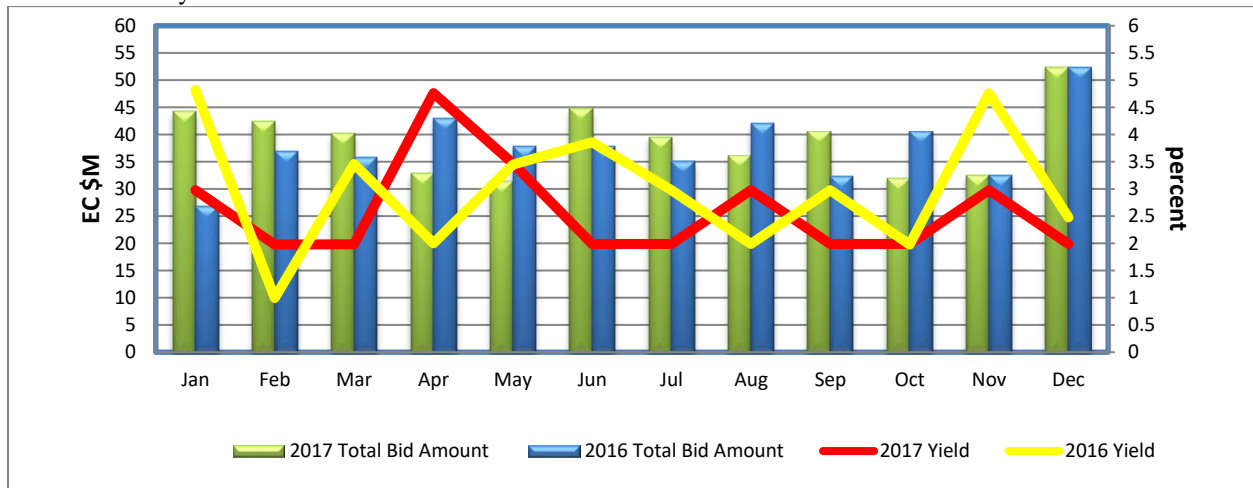
Source: CDIMU, Ministry of Finance and Economic Planning

## 6.2 Regional Government Securities Market

For 2017, St. Vincent and the Grenadines continued to participate actively on the RGSM. A total of twelve treasury bills were auctioned, all of which were fully subscribed. An analysis of the data indicated that the weighted average discount rate in 2017 decreased to 2.59 percent (average bid amount of \$39.1 million) compared with 2.98 percent (average bid amount of \$37.8 million) in 2016. The increase in bid amounts resulted in decreasing market yields significantly below the reserved price of 4.82 percent. There were also increases in the average number of bids per auction from 15.5 to 19.5 bids and average oversubscription per auction from \$10.5 million to \$11.1 million. However, the bid to cover ratio decreased slightly from 1.45 to 1.40. The data also showed that for each of the twelve auctions there were more non-resident investors participating in the auctions and as such they were allotted a larger portion of Treasury Bills than resident investors.

As at December 2017, St. Vincent and the Grenadines had successfully issued 171 Treasury Bills and 12 bonds on the RGSM for a total of 183 instruments.

Chart 5: Treasury Bills Yields 2017 & 2016



Source: [www.ecseonline.com/](http://www.ecseonline.com/)



Table 9: Outstanding Treasury Bills on the RGSM as at December 31, 2017

Date of Issue	Redemption Date	Issue Amount	Value of Bids	Amount Accepted	No. of Bids		Interest Rate %
					Total	Successful	
		\$M	\$M	\$M			
24-Oct-17	24-Jan-18	28.0	31.9	28.0	15	10	2.0
29-Nov-17	1-Mar-18	28.0	32.5	28.0	15	14	3.0
28-Dec-17	30-Mar-18	28.0	52.4	28.0	22	11	2.0

Table 10: Outstanding Notes on the RGSM as at December 31, 2017

Trading Symbol	Date of Issues	Redemption Date	Issue Amount	Value of Bids	Amount Accepted	No. of Bids		Interest Rate %
						Total	Successful	
			\$M	\$M	\$M			
VCN110919	11-Sep-15	11-Sep-19	15.2	15.2	15.2	12	12	6.0
VCN061118	6-Nov-15	6-Nov-18	20.0	18.5	18.5	30	30	6.5

Table 11: Outstanding Bonds Listed on the RGSM as at December 31, 2017

Trading Symbol	Issue Amount	Amount Outstanding	Original Maturity	Remaining Maturity	Date of Subscription	Final Redemption	Coupon Rate
	\$M	\$M	(years)	(years)	Date	Date	%
VCG100422	40.0	28.0	10	5	Apr-12	Apr-22	7.5
VCG100323	40.0	20.7	10	6	Mar-13	Mar-23	7.0
VCG070821	16.0	16.0	7	4	Aug-14	Aug-21	7.0
FVG100826	16.3	15.1	10	9	Aug-16	Aug-26	7.0
VCG100826	0.3	0.3	10	9	Aug-16	Aug-26	7.0
VCG070623	11.2	8.8	7	5	Jun-16	Jun-26	7.0
VCG080225	15.0	14.1	8	7	Feb-17	Feb-25	7.5
VCG070524	25.0	23.2	7	6	May-17	May-24	7.5
VCN030720	35.0	35.0	3	2	Jul-17	Jul-20	6.0

Source: CIDMU, Ministry of Finance and Economic Planning

### 6.3. Central Government External Debt

Central Government disbursed outstanding external debt as at December 31, 2017 decreased by 6.5 percent to \$874.30 million. Of this amount loans totaled \$726.80 million representing 83.1 percent with the remaining \$147.50 or 16.9 percent in securities. Securities comprised of bonds

which totaled \$74.60 million and Treasury Bills \$72.90 million. The decrease in loans was primarily on account of debt forgiveness from the ALBA Bank as mentioned previously and the amortization which out-paced disbursement.

Table 12: Composition of External Debt by Instruments

<b>EXTERNAL DEBT BY INSTRUMENT TYPE</b>	<b>DOD 2017 \$M</b>	<b>% OF TOTAL</b>	<b>DOD 2016 \$M</b>	<b>% OF TOTAL</b>	<b>CHANGE</b>
<b>Loans</b>	<b>726.8</b>	<b>83.1</b>	<b>809.5</b>	<b>86.5</b>	<b>-10.2</b>
<b>Securities</b>	<b>147.5</b>	<b>16.9</b>	<b>125.9</b>	<b>13.5</b>	<b>17.1</b>
<b>Bonds</b>	74.6	50.6	62.2	49.4	20.0
<b>T.Bills</b>	72.9	49.4	63.8	50.6	14.3
<b>TOTAL</b>	<b>874.3</b>	<b>100.0</b>	<b>935.4</b>	<b>100.0</b>	<b>-6.5</b>

Source: CIDMU, Ministry of Finance and Economic Planning

During 2017, total disbursements on external debt amounted to \$64.20 million. The largest disbursement of \$27.0 million was received from the Export Import (EXIM) Bank of China for the airport transport sector. Kuwait and Caribbean Development Fund disbursements were also air marked for the airport transport sector. The categories of Multilaterals, Caribbean Development Bank and the World Bank also funded projects and programs over several sectors as well, see table 13.

Table 13: Disbursements on External debt by Creditor and Sector

<b>CREDITOR</b>	<b>Education</b>	<b>Road &amp; Bridge</b>	<b>Sea Port</b>	<b>Human Development</b>	<b>Air Port</b>	<b>National Disaster Management</b>	<b>Information Technology</b>	<b>Tourism</b>	<b>Total</b>
<b>EC\$</b>									
<b>Kuwait Fund</b>					351,012				351,012
<b>Caribbean Development Bank</b>	11,047,412	7,913,341	53,624	-		3,053,299			22,067,676
<b>Caribbean Development Fund</b>					178,519				178,519
<b>World Bank</b>				185,760		12,274,953	1,343,004	796,500	14,600,217
<b>Exim Bank of China</b>					27,000,000				27,000,000
<b>Total</b>	<b>11,047,412</b>	<b>7,913,341</b>	<b>53,624</b>	<b>185,760</b>	<b>27,529,531</b>	<b>15,328,252</b>	<b>1,343,004</b>	<b>796,500</b>	<b>64,197,424</b>

Source: CDIMU Ministry of Finance and Economic Planning

Six (6) new external loans were contracted during 2017 as follows:

1. A loan from IDA in the amount of USD \$4.3 million for the OECS Regional Agriculture Competitiveness Project.
2. A loan from IDA in the amount of USD \$5.0 million for the OECS Regional Tourism Competitiveness Project.

3. A loan from IDA in the amount of USD \$10.7 million for the Human Development Service Delivery Project.
4. A loan from Kuwait and OFID in the amount of USD \$18.52 million for Agriculture and Feeder roads.
5. A loan from CDB in the amount of USD 0.84 million for Emergency Support Loan – LIAT. And,
6. A loan from EXIM Bank in the amount of USD10.0 million for the Argyle International Airport Development Project

All conditions precedents to disbursement of these loans were fully satisfied making these loans effective. Disbursements on all loans however, did not commence in 2017.

### 6.3.1 Economic Sector

The Air Transport sector accounted for the highest proportion of external debt as at the end of 2017 accounting for 21.1 percent of total central government external debt. A total of \$27.50 million was disbursed to the sector with \$27.0 million coming from the EXIM Bank of China, compared with the previous 2016 period this sector increased its percentage of debt held. Every other sector saw a decrease in their proportion of the debt in 2017 as a result of decreased activity in the respective sectors.

Table 14: Composition of External Debt by Economic Sector

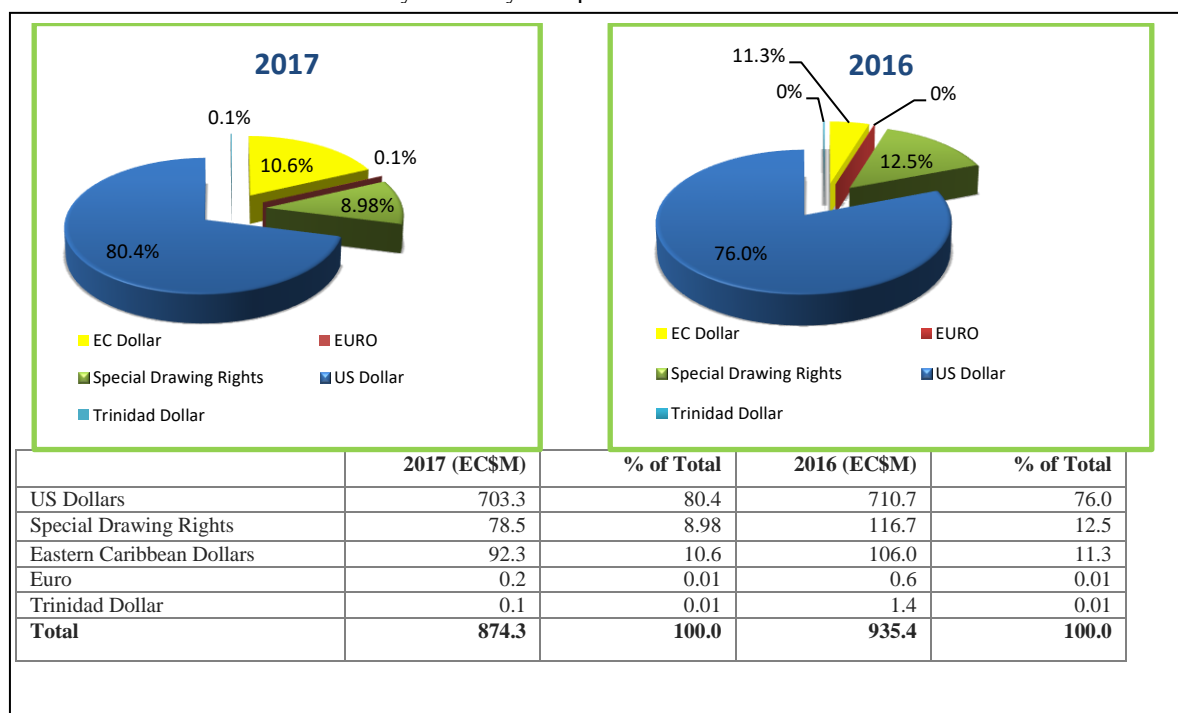
<b>ECONOMIC SECTOR</b>	<b>DOD 2017 EC\$M</b>	<b>% OF TOTAL</b>	<b>DOD 2016 EC\$M</b>	<b>% OF TOTAL</b>	<b>CHANGE</b>
<b>Air Transport</b>	184.4	21.1	160.8	17.2	14.7%
<b>Multisector</b>	170.3	19.5	173.3	18.5	-1.7%
<b>Finance, Insurance, Etc</b>	99.8	11.4	102.2	10.9	-2.3%
<b>Utilities</b>	84.4	9.7	91.4	9.8	-7.7%
<b>Budget Support</b>	96.2	11.0	103.4	11.1	-7.0%
<b>Other</b>	56.3	6.4	74.9	8.0	24.8%
<b>Roads and Bridges</b>	60.9	7.0	77.2	8.3	21.1%
<b>Education &amp; Training</b>	59.4	6.8	68.3	7.3	13.0%
<b>Balance of Payment</b>	22.6	2.6	25.8	2.8	12.4%
<b>Health &amp; Social Welfare</b>	19.0	2.2	25.8	2.8	-26.4%
<b>Telecommunication</b>	14.5	1.7	24.5	2.6	-40.8%
<b>Agriculture</b>	6.6	0.8	7.8	0.8	-15.4%
<b>TOTAL</b>	<b>874.4</b>	<b>100.0</b>	<b>935.4</b>	<b>100.0</b>	

Source: CDIMU, Ministry of Finance and Economic Planning

### 6.3.2 Currency Composition

The nominal value of the external debt held in United States currency decreased from \$710.70 million at the end of 2016 to \$703.30 million at the end of 2017. This currency continued to hold the highest proportion of the debt of 80.4 percent at the end of December 2017. Special Drawing Rights (XDR) currency, both nominal and as a share of the total, decreased due to repayments on World Bank and IMF XDR loans.

Chart 6: Central Government Debt by Currency Composition



### 6.4 Central Government Domestic Debt

Total central government disbursed outstanding domestic debt increased by 4.1 percent to \$448.20 million in December 2017, from \$430.40 million in 2016. Accounting for this increase was the fact that \$66.80 million of the \$90.0 million of new bond and notes issued were classified and recorded as domestic debt. Additionally, disbursements on new loans in 2017 totaled \$86.8 million, see table 15 for further details.

Table 15: Domestic Debt Raising Activity for 2017

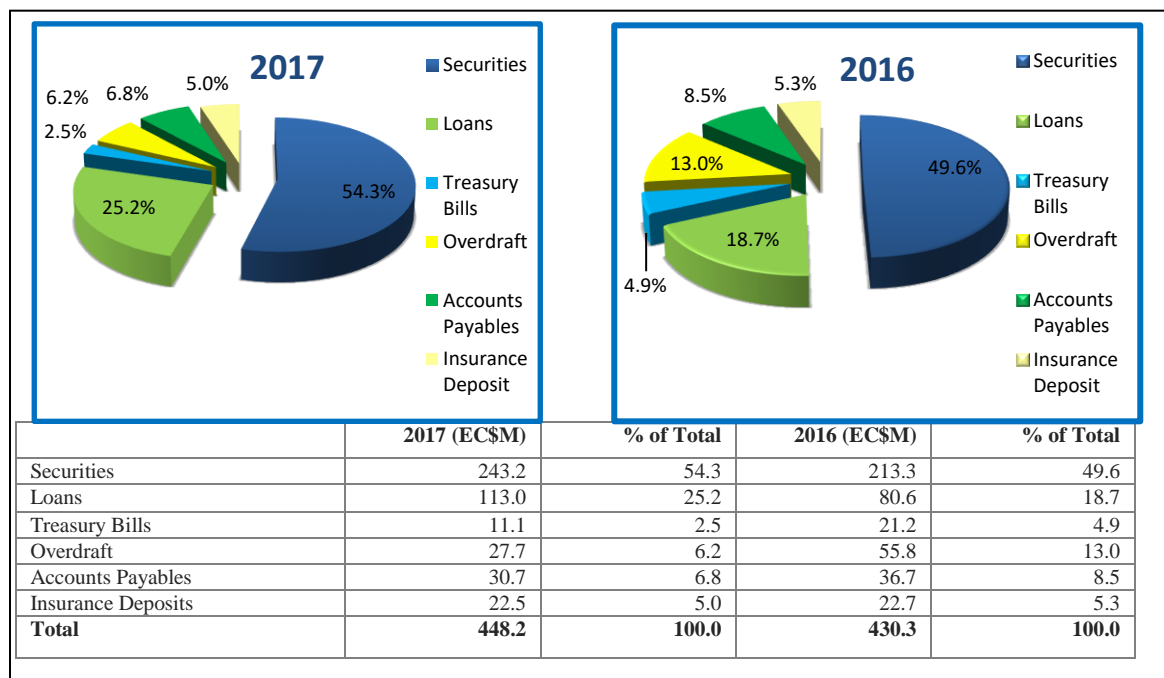
<b>Loans</b>						
<b>Creditor</b>	<b>Loan Amount (EC \$M)</b>	<b>Disbursed Amount (EC \$M)</b>	<b>Tenor</b>	<b>Rate (%)</b>	<b>Issue Date</b>	<b>Maturity Date</b>
BOSVG	40.0	40.0	15 yrs	7.0	28-Dec-17	30-Nov-27
BOSVG	15.0	15.0	10 yrs	6.5	30-May-17	31-Jul-27
NIS	1.0	1.0	11 yrs	4.5	10-Mar-17	20-Jun-27
NIS	3.0	1.8	12 yrs	4.5	11-Aug-17	30-Oct-27
NIS	17.5	4.0	180 days	4.0	18-Nov-17	17-May-17
ECCB	25.0	25.0	1 yr	6.5	17-Nov-17	30-Nov-18
<b>Total</b>	<b>101.5</b>	<b>86.8</b>				

Source: CDIMU, Ministry of Finance and Economic Planning

#### **6.4.1 Domestic Debt Instrument Type**

The domestic debt portfolio is more diversified in its instruments type than the external portfolio consisting of Securities, Loans, an Overdraft facility, Accounts Payables and Insurance Deposits. As at December 31, 2017 a total of fourteen (14) securities with a value of \$243.20 remained outstanding compared to nineteen (19) securities with a value of \$213.30 million in the corresponding period in 2016. Securities increased their share of the portfolio by 14.0 percent to account for 54.3 percent of the portfolio. Loans increased by 40.2 percent and held 25.2 percent of the portfolio. All remaining instruments recorded decline in their balances and combined, accounted for the remaining 20.5 percent of the portfolio.

Chart 7: Central Government Domestic Debt by Instrument



Source: CDIMU, Ministry of Finance and Economic Planning

### 6.4.2. Domestic Debt by Creditor

The analysis of the data showed that there was no significant difference unique to central government not addressed under total domestic debt by creditor except the reduced quantum in the National Insurance Services' share of debt as this reduced amount pertained to central government contracted loans.

Table 16: Domestic Debt Outstanding by Creditor

DOMESTIC DEBT BY CREDITOR	DOD	%	DOD	%	CHANGE
	2017	OF	2016	OF	
	TOTAL		TOTAL		
	EC\$M				
Bank of SVG	164.1	36.6	146.0	28.7	12.4%
National Insurance Services	66.3	14.8	73.1	14.4	-9.4%
Other Financial Institution	91.8	20.5	74.5	14.7	23.1%
Insurance Companies	39.1	8.7	41.5	8.2	-5.8%
Account Payables	30.7	6.8	36.7	7.2	-16.3%
ECCB	26.8	6.0	25.8	5.1	4.0%
Other Banks	18.6	4.2	28.1	5.5	-33.8%
Other	10.9	2.4	4.7	0.9	131.8%
<b>TOTAL</b>	<b>448.2</b>	<b>100.0</b>	<b>430.4</b>	<b>84.8</b>	<b>4.2%</b>

Source: CDIMU, Ministry of Finance and Economic Planning

## 6.5. Central Government Debt Service

### 6.5.1 External

Total external debt service for 2017 increased by 28.0 percent over 2016 to \$83.3 million. The increase was due to increases in both interest and amortization payments during the year mainly on account of central government servicing LIAT's loan with CDB<sup>11</sup>, the contraction of new debt, increases in the floating rates on XDR's and from CDB and the commencement of repayment on some loans whose grace period expired. When compared with the budgeted amount for the year, the actual debt service amount varied by 14.6 percent. The variance can be largely attributed to the funds budgeted for servicing loans from the ALBA Bank which amounted to \$11.6 million in amortization and \$5.7 million in interest payments but were not paid due to the non-receipt of invoices including payment details from the ALBA Bank as the debt service became due.

Table 17: External Debt Servicing

<b>EXTERNAL DEBT SERVICE</b>	<b>Budgeted</b>	<b>2017</b>	<b>2016</b>	<b>Change</b>	<b>Variance</b>
		\$M	\$M		%
Interest	24.3	18.6	14.9	24.7	23.4
Amortization	73.2	64.7	50.1	29.0	11.7
<b>TOTAL</b>	<b>97.5</b>	<b>83.3</b>	<b>65.1</b>	<b>28.0</b>	<b>14.6</b>

Source: CDIMU, Ministry of Finance and Economic Planning

### 6.5.2 Domestic

Domestic debt service for 2017 totaled \$82.70 million, a decrease of 1.0 percent when compared with same period in 2016. Amortization decreased by 7.5 percent, as a result of a reduction in short-term advances contracted in 2017; and the maturity of two amortized bonds along with bullet bonds in 2017. However, the amount of interest payments increased by 12.0 percent when compared with the budgeted amount for the year, the value of actual debt service varied by 3.6 percent. The amount included in the sinking fund contributions<sup>12</sup> increased by 15.9 percent in 2017. See table 18.

<sup>11</sup> LIAT's debt is classified as Public Corporation's debt

<sup>12</sup> Sinking fund provisions are no longer added to total debt servicing as it is not a cost incurred but monies set aside to meet future bond obligations

Table 18: Domestic Debt Servicing 2016

<b>DOMESTIC DEBT SERVICE</b>	<b>Budgeted</b>	<b>2017</b>	<b>2016</b>	<b>% Change</b>	<b>% Variance</b>
<b>Interest</b>	31.4	31.1	27.8	12.0	1.0
<b>Amortization</b>	48.5	51.6	55.8	-7.5	-6.5
<b>TOTAL</b>	<b>79.9</b>	<b>82.7</b>	<b>83.6</b>	<b>-1.0</b>	<b>-3.6</b>
<b>Sinking Fund</b>	24.0	14.0	12.1	15.9	41.7

Source: CDIMU, Ministry of Finance and Economic Planning

## 7. PUBLIC CORPORATIONS DEBT

At the end of 2017 Public Corporations' total debt stood at 264.40 million a decrease of 20.3 percent when compared with \$331.60 million at the end of 2016. Of the total Public Corporations' debt, the domestic component amounted to \$76.20 million representing 28.8 percent of the total portfolio compared with \$77.40 million in 2016, a decrease of 1.7 percent. The external<sup>13</sup> component decreased to \$188.20 million from \$254.20 million and represented the remaining 71.2 percent of the portfolio. The level of Government Guaranteed Public Corporations' debt remains within the limit specified in the Government Guarantee of Loans Act Cap 255.<sup>14</sup>

### 7.1 By Borrower and Creditor

The NIS is the largest creditor for the Public Corporations holding 93.1 percent of the total domestic Public Corporations' debt and 26.8 percent of the total Public Corporation debt. The largest borrower from the NIS was the National Properties Ltd with loans outstanding totaling \$44.40 million. The National Student Loan Company was the second largest borrower with their borrowings amounting to \$21.0 million. The Bank of St. Vincent and the Grenadines was the second largest creditor holding \$ 1.9 million of Public Corporations' debt mainly in overdraft facilities.

Although there was considerable debt forgiveness the largest external creditor remained Petro Caribe, representing 53.1 percent of the External Public Corporations debt and 37.8 percent of

<sup>13</sup> External Public Corporation debt is made up of Public guaranteed, Private guaranteed, and Publicly non guaranteed debt

<sup>14</sup> The current limit specified for all guarantees issued by Government is ECD 300.0 million.



the total Public Corporation debt in 2017. Noteworthy, BOSVG's previously private debt is once more government guaranteed debt through the Government's repurchasing of majority shares in the bank.

**Table 19: Public Corporations Debt by Borrower and Creditor**

<b>PUBLIC CORPORATION</b>	<b>2017</b>	<b>2016</b>	<b>% Change</b>
<b><u>DOMESTIC</u></b>			
<b>BOSVG</b>			
CWSA	0.9	1.6	-44.6%
Agriculture Input Warehouse	0.2	-	100.0%
Arrowroot Industry Association N.C.B	0.2	0.6	-66.8%
Financial Intelligent Unit	0.0	-	100.0%
Financial Services Authority	-	0.1	-100.0%
Housing and Land Development Corp	-	0.7	-100.0%
International Airport Development Co.	0.7	-	100.0%
Financial Intelligent Unit	0.0	-	100.0%
SVG Postal Corporation	0.4	0.3	32.9%
SVG Port Authority	0.6	1.1	-47.3%
<b>Total</b>	<b>3.1</b>	<b>4.5</b>	<b>-30.6%</b>
<b>NIS</b>			
National Lotteries	5.5	6.0	-8.4%
National Student Loan Company	21.0	19.7	6.3%
National Properties	44.4	44.4	0.0%
<b>Total</b>	<b>70.9</b>	<b>70.2</b>	<b>1.1%</b>
<b>FCIB</b>			
National Properties- Bottlers	0.8	1.3	-36.7%
<b>Total</b>	<b>0.8</b>	<b>1.3</b>	<b>-36.7%</b>
<b>St. Vincent Corporative Bank</b>			
Housing and Land Development Corp.	1.3	1.5	-14.7%
<b>Total</b>	<b>1.3</b>	<b>1.5</b>	<b>-14.7%</b>
<b>TOTAL DOMESTIC</b>	<b><u>76.2</u></b>	<b><u>77.4</u></b>	<b><u>-1.6%</u></b>
<b><u>EXTERNAL</u></b>			
BOSVG	23.6	-	100.0%
CWSA	3.1	4.7	-33.2%
LIAT	16.8	18.3	-8.2%
UWI	9.6	0.3	3738.0%

VINLEC	7.5	9.5	-21.4%
VINLEC	12.3	16.6	-26.8%
VINLEC	0.7	0.7	-6.9%
VINLEC	14.6	18.6	-21.5%
PDVSA	99.8	185.2	-46.1%
<b>TOTAL EXTERNAL</b>	<b><u>188.2</u></b>	<b><u>254.2</u></b>	<b><u>-26.0%</u></b>
<b>TOTAL PUBLIC CORP DEBT</b>	<b><u>264.4</u></b>	<b><u>331.6</u></b>	<b><u>-20.3%</u></b>

Source: CIDMU, Ministry of Finance and Economic Planning

## 7.2 Instrument Type

Debt instruments for Public Corporation consisted of loans held with various banking Institutions and the National Insurance Services as well as overdraft facilities with Bank of St. Vincent and the Grenadines. Loans with NIS and CDB increased while all others decreased.

**Table 20: Public Corporation's Debt by Instrument Type and Creditor**

<b>PUBLIC CORPORATION</b>	<b>2017 \$M</b>	<b>2016 \$M</b>	<b>% Change</b>
<b><u>DOMESTIC</u></b>			
<i>Loans</i>	<b>74.9</b>	<b>75.6</b>	<b>-1.0%</b>
BOSVG	1.9	2.7	-31.2%
Other Banks	2.1	2.8	-25.1%
NIS	70.9	70.1	1.2%
<i>Overdraft</i>	<b>1.3</b>	<b>1.8</b>	<b>-28.1%</b>
BOSVG	1.3	1.8	-28.1%
<b>Total Domestic</b>	<b>76.2</b>	<b>77.4</b>	<b>-1.7%</b>
<b><u>EXTERNAL</u></b>			
<i>Loans</i>			
ADF	3.2	4.7	-32.3%
CDB	62.8	36.0	74.4%
EIB	7.5	9.5	-20.9%
ALBA	14.7	18.6	-21.0%
Petro Caribe	99.8	185.5	-46.1%
<b>Total External</b>	<b>188.0</b>	<b>254.2</b>	<b>-26.0%</b>

Source: CDIMU, Ministry of Finance and Economic Planning

### ***7.3 Debt Service***

During the year all Public Corporations with the exception of National Properties Limited (NPL) and LIAT met their debt servicing obligations as scheduled. Consequently the NPL loan with the NIS remained in principal arrears<sup>15</sup> with outstanding balances as at 31<sup>st</sup> December, 2017, exclusive of interest arrears, of \$44.4 million. Cabinet granted approval for Central Government to service LIAT's loan under the Fleet Modernization Project LIAT (1974) Ltd for three quarters, effective 1<sup>st</sup> July, 2017.

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<sup>15</sup> 2017 Interest payments were paid

## APPENDICES

### Appendix I: Selected Public Debt Indicators 2007-2017

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	(\$m)										
Total Public Debt	933.0	993.6	1,104.1	1,188.5	1,233.2	1,336.6	1,445.8	1,562.5	1,593.4	1,697.4	1,586.9
Total Central Gov't	722.5	731.3	836.7	986.6	1,040.7	1,140.0	1,229.7	1,348.8	1,368.3	1,365.8	1,322.5
External Debt*	464.9	518.3	559.0	734.8	764.9	738.1	809.5	887.7	921.6	1,189.6	1,062.5
Central Government	381.6	423.6	457.1	623.1	668.0	652.7	728.7	811.2	844.3	935.4	874.3
Public Corporations	83.3	94.7	101.9	111.6	96.9	85.4	80.8	76.5	77.3	254.2	188.2
Domestic Debt*	468.1	475.3	545.1	453.7	468.3	598.5	636.3	674.8	671.8	507.8	524.4
Central Government	340.9	307.7	379.6	363.5	372.7	487.3	501.0	537.6	524.0	430.4	448.2
Public Corporations	127.2	167.6	165.5	90.2	95.6	111.2	135.3	137.2	147.8	77.4	76.2
Debt Servicing											
External	65.7	72.6	79.8	84.4	87.2	87.7	88.3	77.5	83.6	81.7	101.6
Central Government	61.2	66.2	70.7	71.7	74.6	72.7	72.7	60.8	62.9	65.1	83.3
Public Corporations	4.5	6.4	9.1	12.7	12.6	15.0	15.6	16.7	20.8	16.6	18.3
Domestic											
Central Government**	31.9	36.5	46.9	52.8	41.0	44.7	63.6	72.0	72.8	83.6	82.7
(of which sinking fund)	9.0	5.2	6.0	12.0	6.0	4.0	5.5	7.6	7.6	12.1	14.0
GDP (at market price)	1,846.9	1,877.6	1,822.1	1,839.3	1,825.5	1,871.0	1,947.3	1,963.5	2,039.8	2,082.7	2,123.7
Current Revenue	430.4	489.5	544.8	490.0	462.5	472.6	462.6	535.2	519.1	592.6	592.2
Central Gov't Debt/GDP	39.1	38.9	45.9	53.6	57.0	60.9	63.2	68.7	67.1	65.6	62.3
Total Debt/GDP (%)	50.5	52.9	60.6	64.6	67.6	71.4	74.2	79.6	78.1	81.5	74.7
External Debt/GDP (%)	25.2	27.6	30.7	39.9	41.9	39.4	41.6	45.2	45.2	57.1	50.0
Domestic Debt/GDP (%)	25.3	25.3	29.9	24.7	25.7	32.0	32.7	34.4	32.9	24.4	24.7
Central Gov't Debt Service/Current Revenue (%)	21.6	21.0	21.6	25.4	25.0	24.8	29.5	24.8	26.1	25.1	28.0
External Debt Service/ Current Revenue (%)	14.2	13.5	13.0	14.6	16.1	15.4	15.7	11.4	12.1	11.0	14.1
Domestic Debt Service/ Current Revenue (%)	7.4	7.4	8.6	10.8	8.9	9.5	13.8	13.5	14.0	14.1	14.0

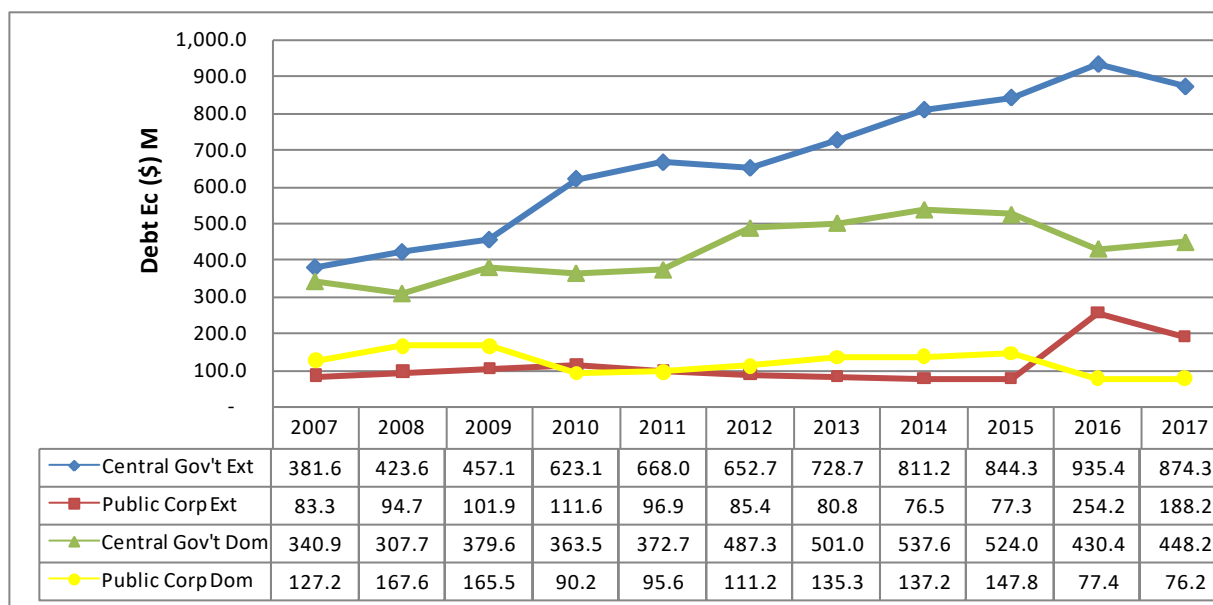
\* Domestic and External debt classification based on residency of the creditor

\*\* In keeping with international best practices, in 2017, sinking fund provisions were subtracted from total domestic debt servicing for the entire time series

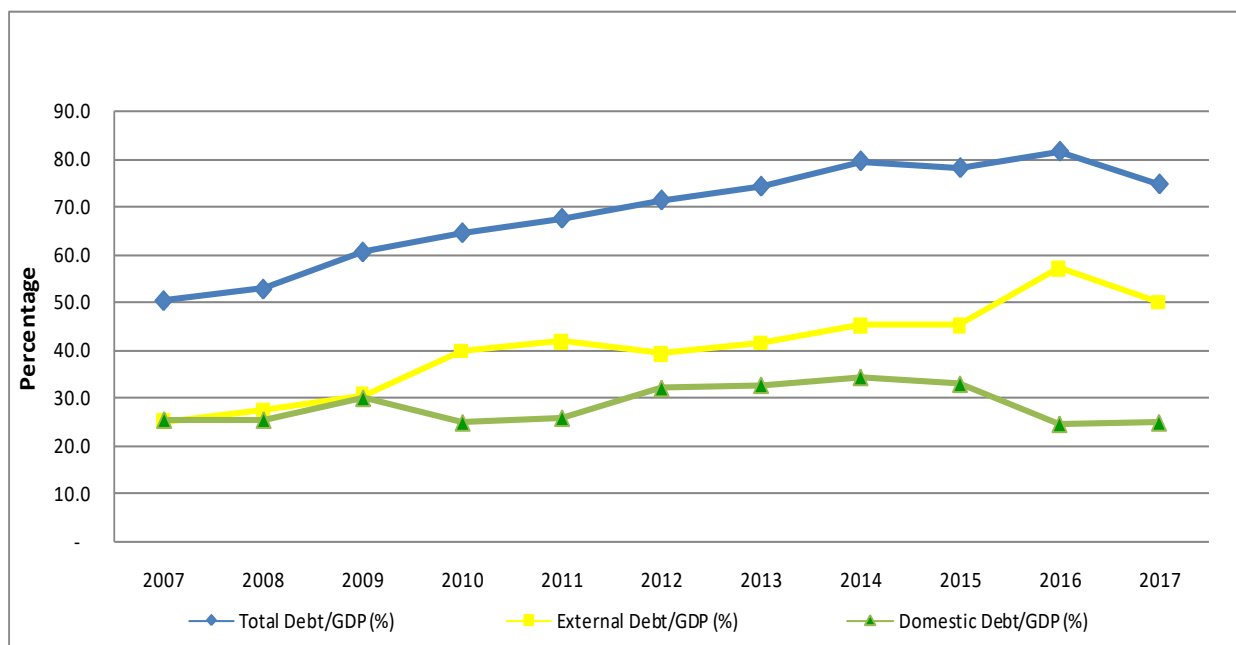
## Appendix II: Disbursements on External Debt by Creditor and Project 2017

CREDITORS	Disbursed Amounts
	EC(\$)
<b>Caribbean Development Bank</b>	
NDM Disaster Risk Reduction and Climate Change	\$172,457.20
TECHVOC Education and Training Development	\$1,709,334.00
UWI Open Campus	\$9,338,078.00
TA Port Rationalization Study	\$53,624.00
NDM - Hurricane Tomas/ North Wd. Highway	\$5,076,525.00
NDM- Rehabilitation and Reconstruction	\$2,836,816.00
South Leeward Highway Rehab and Upgrade Project	\$2,880,842.00
<b>Subtotal for Caribbean Development Bank</b>	<b>\$22,067,676.20</b>
<b>Export import Bank of China</b>	
ALBA AIA Construction Project	\$27,000,000.00
<b>Subtotal for EXIM Bank</b>	<b>\$27,000,000.00</b>
<b>Caribbean Development Fund</b>	
Country Assistance Program	\$178,519.00
<b>Subtotal for Caribbean Development Fund</b>	<b>\$178,519.00</b>
<b>World Bank (IDA &amp; IBRD)</b>	
OECS Regional Tourism Competitive Project	\$796,500.00
Regional Disaster Vulnerability Project	\$43.00
Regional Disaster Vulnerability Project	\$12,274,910.00
OECS Human Development Delivery Service	\$185,760.00
Caribbean Regional Communication infrastructure Program	\$1,343,004.00
<b>Subtotal for World Bank</b>	<b>\$14,600,217.00</b>
<b>Kuwait Fund for Arab Development</b>	
Airport Development	\$351,012.00
<b>Subtotal for Kuwait Fund for Arab Development</b>	<b>\$351,012.00</b>
<b>Grand Total</b>	<b>\$64,197,424.20</b>

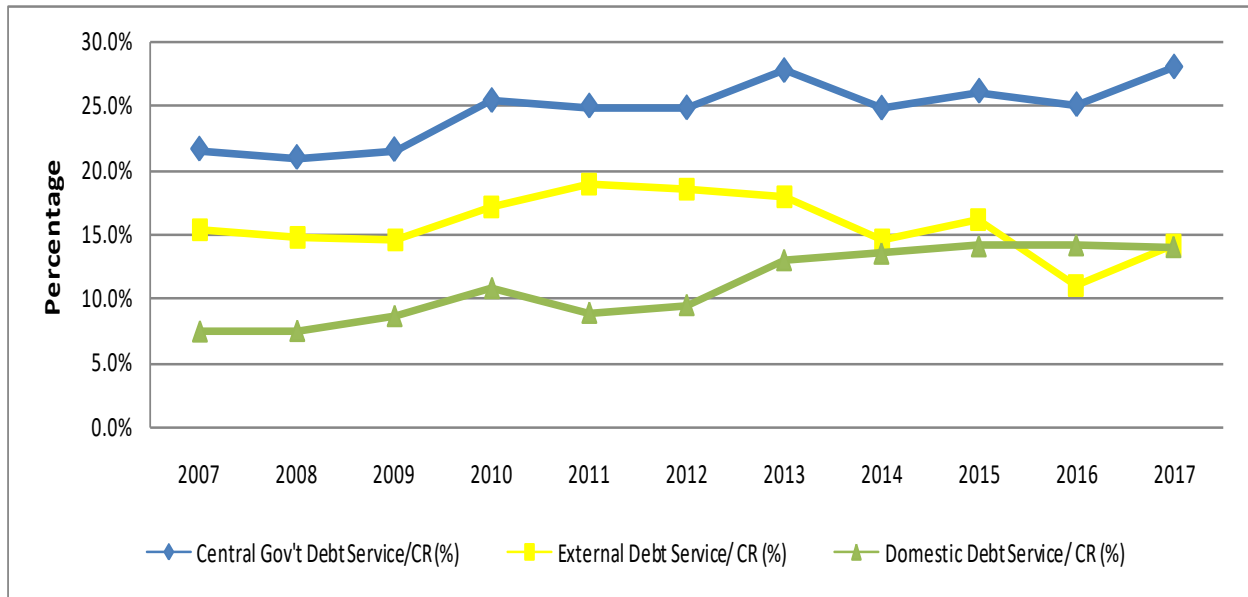
### Appendix III: Composition of Total Public Debt 2007-2017



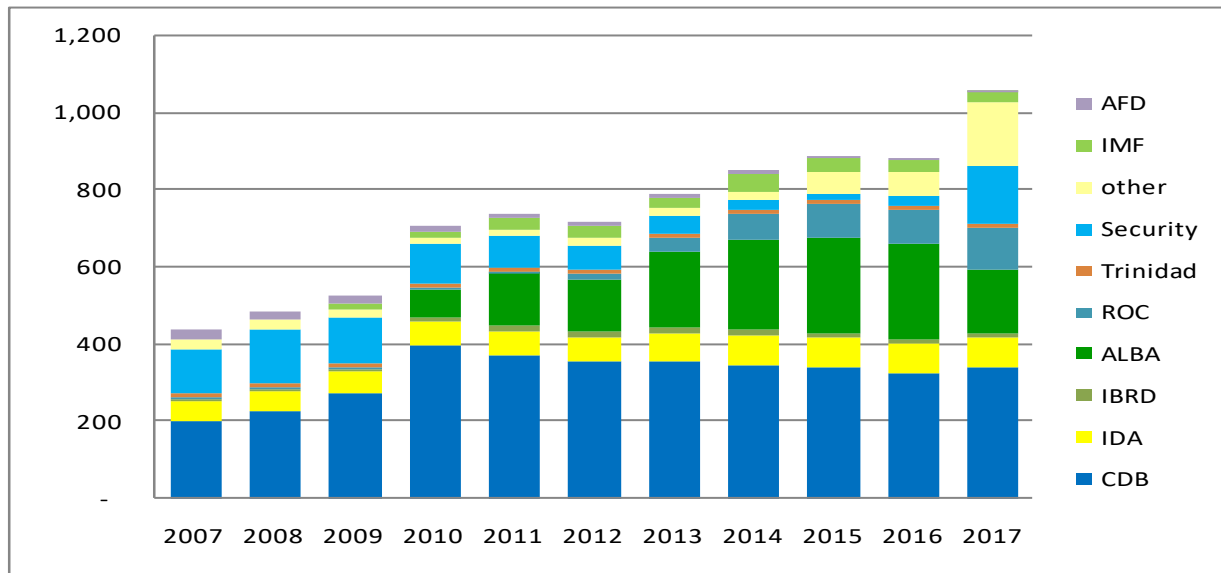
### Appendix IV: Debt to GDP 2007 - 2017



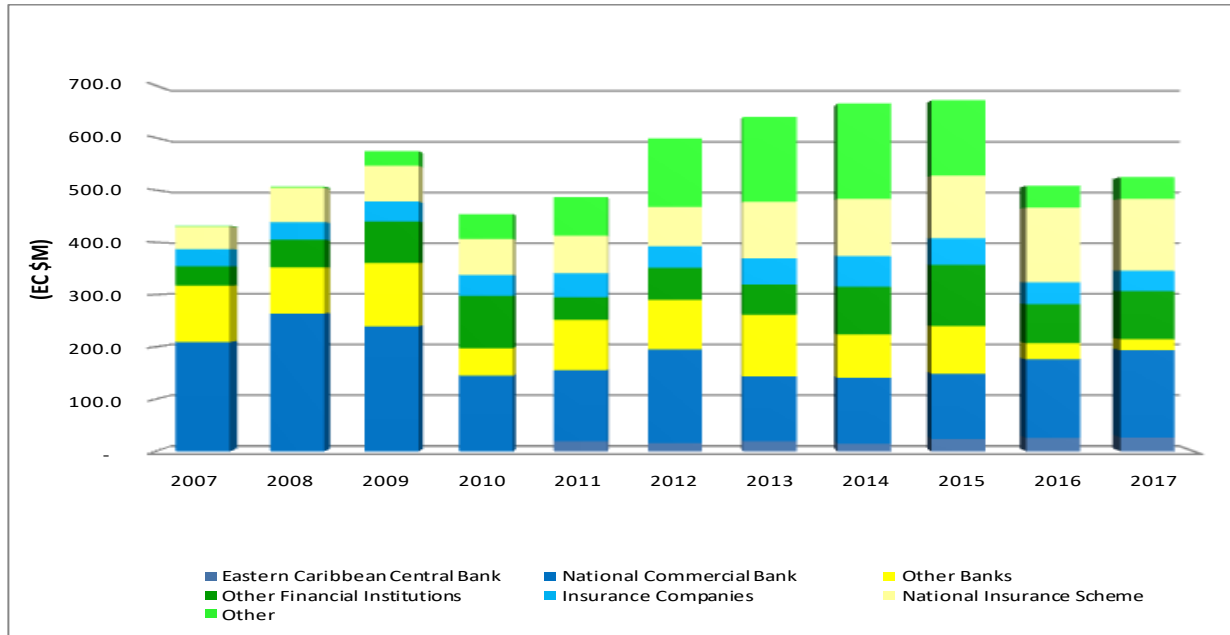
### Appendix V: Debt Service to Revenue 2007 - 2017



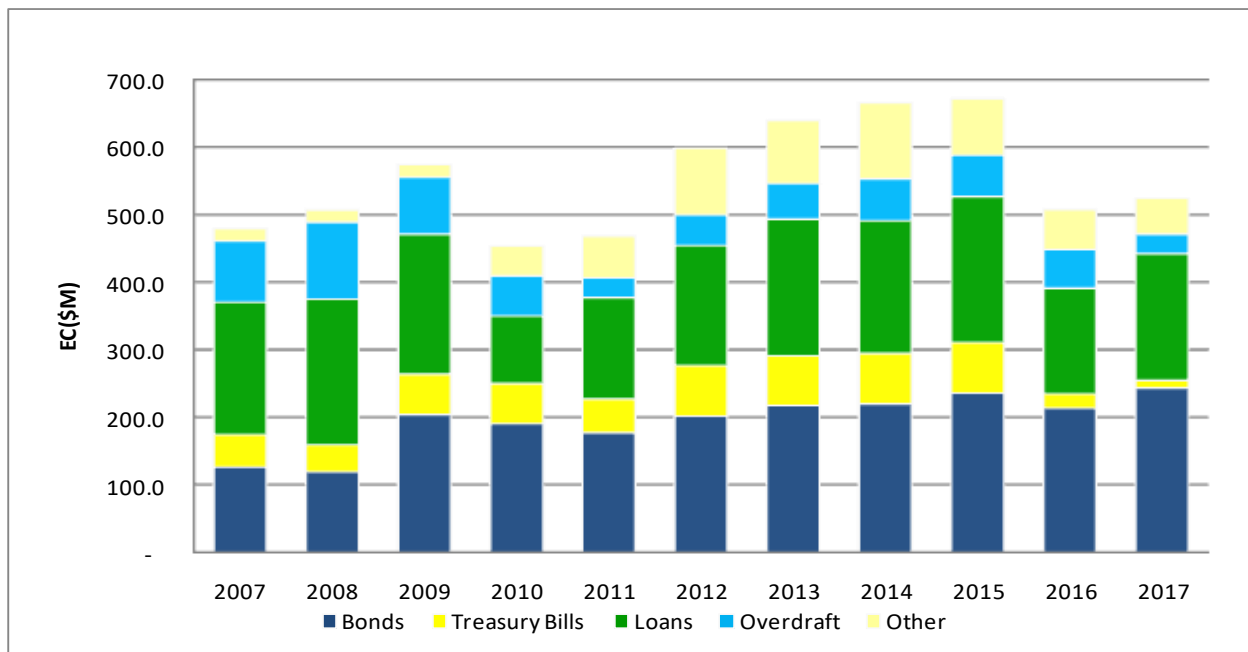
### Appendix VII: External Debt Composition by Instrument 2007- 2017



### Appendix VIII: Domestic Debt Composition by Creditor 2007- 2017

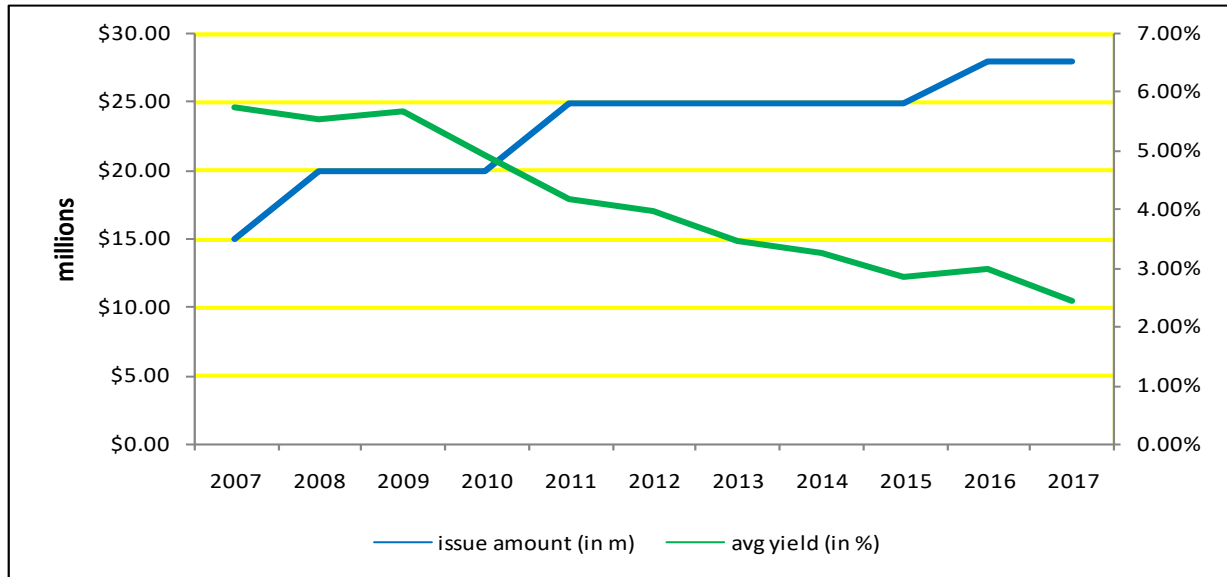


### Appendix IX: Domestic Debt Composition by Instrument 2007-2017





**Appendix X: Treasury Bills Average Rates 2007-2017**



## LEGAL FRAMEWORK

Finance Administration Act (FAA) Cap 252.	The primary legislation which governs and explicitly authorizes the Government to borrow. The Act stipulates that no money shall be raised on the credit of the Government except under its authority or another Act of Parliament or a resolution of the House of Assembly <sup>16</sup> . The Minister of Finance when authorized by resolution of the House of Assembly may borrow money in a financial year “To meet current requirements from a bank or other financial institution by means of advances to an amount not exceeding the aggregate the sum specified in the resolution.” The current limit <sup>17</sup> on the advance is \$35.0m.
The Treasury Bills Act Cap 444	Governs the issuance of the T-bill. The Act authorizes the Minister of Finance to borrow money by the issue of Treasury Bills 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 revenue of St. Vincent and the Grenadines for the current financial year.
The Public Sector Investment Loan Act No.3 and No.11 of 2017	Authorized the Government to borrow a total of \$105.0 million to finance the 2017 Public Sector Investment Programme.
The Caribbean Development Bank Loans Act Cap 89	Covers all loans from the CDB
The International Financial Organizations Act Cap 100	Authorizes the Minister of Finance to sign agreements with the World Bank and the International Monetary Fund
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 EC \$300.0 million.

<sup>16</sup> Sec 44, Finance Administration Act Cap 252

<sup>17</sup> Resolution of Parliament 29<sup>th</sup> January, 2016