GOVERNMENT OF ST. KITTS AND NEVIS

MEDIUM-TERM
DEBT MANAGEMENT STRATEGY

2013 - 2015

Prepared by:

Ministry of Finance
December 2012

TABLE OF CONTENTS

ABBREVIATIONS

CDB	-	Caribbean Development Bank
CS-DRMS	-	Commonwealth Secretariat Debt Recording Management System
ECCB	-	Eastern Caribbean Central Bank
ECCU	-	Eastern Caribbean Currency Union
GDP	-	Gross Domestic Product
IMF	-	International Monetary Fund
KWD	-	Kuwaiti Dinar
MTDS	-	Medium-Term Debt Management Strategy
NIA	-	Nevis Island Administration
RGSM	-	Regional Governments Securities Market
SDR	-	Special Drawing Rights
SPV	-	Special Purpose Vehicle

I. INTRODUCTION

This document sets out the Government of St. Kitts and Nevis' Medium-Term Debt Management Strategy (MTDS) for the period 2013 - 2015. Government believes that this document will enhance the ability of the National Assembly and the public to consider and understand the medium-term implications of expenditure and revenue plans in the context of the current macroeconomic outlook.

The goal of this MTDS document is to provide:

1) An initial set of medium-term debt management objectives to guide the daily operations of the Debt Management Unit within the Ministry of Finance.

2) An overview of the public debt stock to the National Assembly and the public in general, including a review of the impact of the comprehensive debt restructuring agreements concluded during 2012.

3) A preliminary estimate of the impact on the public debt stock of this year's Budget and the attainment of medium term fiscal targets, including an overview of the Government's Debt Sustainability Analysis and the key risks to MTDS targets.

Through the introduction of explicit debt management objectives, the establishment of a framework for a regular review of public debt developments alongside the Budget, and the ongoing analysis of the possible impact of the Budget on the sustainability of the public debt, the Government believes this MTDS can help lower the cost of, and risks inherent in, the public sector debt for future generations of Kittitians and Nevisians. The MTDS will also add to the country's medium-term fiscal planning capacity which began with the medium-term expenditure framework earlier this year.

The MTDS document begins by discussing and outlining the strategic debt management objectives that the Government has set for itself. After a review of the current profile of the debt stock in Section III, the document turns to a review of the debt restructuring agreements reached during 2012. The concluding Section V discusses the impact of the macroeconomic and fiscal framework on the public debt stock as well as the key risks to the MTDS objectives.

The GDP estimates presented in this document are based on data that was collected during the fourth review of the IMF Stand-by Arrangement which was conducted over the period September 24 to October 05, 2012. As a result, there will be some differences with the estimates used in the 2013 Budget Presentation. The analysis of the fiscal and financing framework is based on the combined accounts of the Federal Government of St. Kitts and Nevis and the Nevis Island Administration (NIA).

II. MEDIUM-TERM DEBT MANAGEMENT OBJECTIVES

In line with best practices within the Eastern Caribbean Currency Union (ECCU) and beyond, the Government's overarching debt management goal will be the steady reduction of the public debt burden in a manner that reduces cost and risk, and is consistent with the stable management of public finances and the macroeconomic framework. The Government believes that this goal, which takes into account the inherent vulnerability of the country's growth path to external shocks, is compatible with the ECCU objective of lowering public debt to GDP ratios to 60% by 2020.

In order to achieve this goal, the specific objectives of the Ministry of Finance in managing the public debt will be as follows:

1) Limit public borrowing to an amount that is consistent with its medium-term payment capacity; ensure concessional financing is used and net debt reduced when possible;

2) Work toward an optimum structure for public debt that minimizes cost and risks, which could include refinancing risk, currency mismatch, and adverse movements in interest rates.

These objectives will be accomplished within the existing legal and institutional structure for debt management in St. Kitts and Nevis. The Finance Administration Act of 2007 provides the legal authority to issue new debt and guarantees and the framework for the management of the public debt, including the responsibilities of the Minister of Finance, Financial Secretary, and Accountant General.

Parallel institutional structures for debt management exist within the Ministries of Finance on both islands. The Financial Secretary in St. Kitts and the Permanent Secretary of the Ministry of Finance in Nevis are responsible for the day-to-day debt management decisions on an ongoing basis. Decisions to issue new medium to long-term debt are taken by the Ministers of Finance of both entities. Coordination of debt strategy across the Federation and the Nevis Island Administration (NIA) on technical issues is performed through regular interaction of the Debt Management Units and Financial and Permanent Secretaries; coordination on broader objectives is conducted through periodic meetings of the Cabinets.

Debt recording in St. Kitts and Nevis is accomplished through the Commonwealth Secretariat Debt Recording Management System (CS-DRMS). Technical assistance to train staff on debt recording has been provided by the Eastern Caribbean Central Bank (ECCB).

The objectives outlined above will be achieved by accomplishing the following tasks:

1) Complete the restructuring of remaining debt instruments that fall within the scope of the public debt restructuring;

2) Ensure that contingency plans are considered to mitigate shocks to the economy, including natural disasters and a prolonged downturn in US and European markets. Specifically, develop a plan that would ensure the maintenance of a primary surplus sufficient to fully cover the repayment of the existing debt stock;

3) Establish an Executive Debt Management Committee that will define and approve future public debt management strategies based on debt portfolio reviews and debt sustainability analyses within the overall macroeconomic strategy. The Committee will decide on purposes of borrowing and define the level and characteristics of external and domestic debt. It also will establish guidelines for extending government guarantees and other contingent liabilities. The Committee will be supported by the technical staff of the Ministries of Finance in St. Kitts and in Nevis;

4) Enhance the human capital of the Debt Management Unit within the Ministry of Finance through training and improved resources to ensure execution of the MTDS objectives;

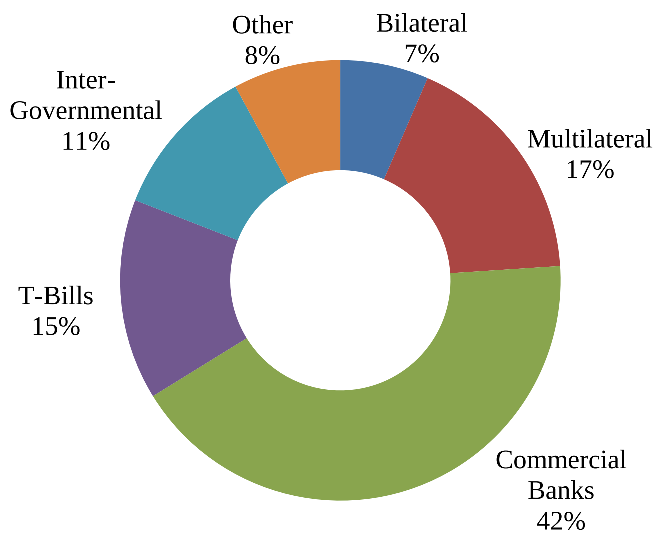
5) Mitigate the risks that statutory bodies pose to Government's medium-term fiscal framework by strengthening the relevant legislation to grant the Government Entities Oversight Board investigative powers;

6) Proactively disseminate information on debt-related developments to the public and investors; ensure that key debt management risks are adequately communicated to the National Assembly and the public in general.

III. OVERVIEW OF THE PUBLIC DEBT STOCK

As at the end of September 2012 the total government and government guaranteed debt stock stood at EC$2.7 billion. The total debt stock represents 130% of the country's forecast GDP (estimated at EC$2,068 million in 2012). Approximately a third of this debt, or EC$827 million, was external (held abroad), and two-thirds, or EC$1,868 million, was domestic including T-bills.

Chart 1: Total Public Debt by Creditor Category September 2012



67% of the total debt was owed by the Central Government, 14% by NIA, and 19% by Public Corporations on both islands. The overall debt service profile has been made sustainable by the debt restructuring agreements completed in 2012. As detailed in Section IV, these agreements have reduced the quantum of public debt and dramatically reduced the future cost of the remaining balances by extending the principal repayment period and lowering the interest cost in line with the fiscal and economic outlook that has been forecast in close coordination with international partners.

A detailed debt stock is provided in Appendix I.

Profile of External Debt

(a) Overview

At end-September 2012, EC$181 million (22% of external debt) was owed to commercial creditors, of which 70% (EC$126 million) was in the form of the restructured Discount and Par bonds listed on the ECCU's Regional Governments Securities Market (RGSM) platform as part of the debt restructuring. EC$175 million (21% of external debt) was owed to bilateral official creditors. EC$471 million (57% of external debt) was owed to five multilateral creditors with the majority owed to the Caribbean Development Bank (CDB).

(b) Currency and Interest Rate Structure

External debt was primarily denominated in US$ (71%) and SDR (22%), with the remainder in EC$, KWD, and Euro. The average interest rate of the external debt portfolio at end-September 2012 was approximately 3%. 40% of the external debt had floating interest rates.

(c) Maturity Structure

The structure of external debt is highly concessional, with maturities over the short term dominated by repayments to official sector partners and Discount bonds, and over the long term to a gradual repayment of the commercial debt restructured in 2012. The average life (years to maturity on average) of the external debt portfolio is 7 years.

(d) Debt Service Forecast

The combination of the above maturity structure, extremely low interest rates on the external debt and step-down in the Discount interest and principal rate in 2016 results in external debt service that is forecast to decline significantly—as is shown in Chart 2 in Section IV below. This reduction is set to occur in line with the step-down in the high medium-term primary fiscal balance targets of the reform program through to 2016.

Profile of Domestic Debt and T-Bills

(a) Overview

Instruments owed to commercial creditors were the largest category of domestic debt at EC$1,165 million, followed by T-bills (EC$397 million) and inter-governmental and ECCB debt (EC$306 million).

(b) Maturity Structure

The maturity structure of the domestic debt is now highly sustainable, with restructured domestic commercial and inter-governmental instruments featuring extended principal repayment periods. The average life of the medium to long term domestic debt portfolio is 10 years. The maturity structure of T-bills featured a mix of 91 day, 182 day, and 365 day maturities with an average life of approximately four months.

(c) Commercial Debt

Domestic commercial debt was the subject of the highly successful debt restructuring operation in 2012 that is discussed in the following section in detail. At end-September 2012, an estimated EC$827 million of commercial debt was owed by the Central Government, EC$214 million by the NIA, and EC$234 million by public enterprises on both islands.

(d) Treasury Bills

Of the T-bill stock, at end-September 2012, an estimated EC$82 million was owed by the NIA, with EC$20 million in the form of RGSM-listed 365 day bills with a rolling June maturity and the remainder in bills issued over the counter. EC$314 million was estimated as outstanding by the Federal Government, all of which was in the form of over the counter securities.

During 2012, Government successfully executed a strategy of paying down shorter term T-bills given its financing surplus and created a more liquid yield curve with active 182 and 365 day instruments. In response to investor interest, Government is considering the issuance of small amounts of T-bills on the RGSM in 2013 in parallel to continued operation of its over the counter platform. Any RGSM issuances would be used to diversify the T-bill investor base, contribute to the lengthening of the average life of the T-bill portfolio, and be carried out in close coordination with the ECCB.

(e) Inter-Governmental and ECCB Debt

Approximately EC$306 million was outstanding in loans from public sector creditors. This debt is discussed below in Section IV.

IV. REVIEW OF THE DEBT RESTRUCTURING

(a) Background

The aim of the debt restructuring process was to fundamentally reduce the debt stock and place remaining debt servicing firmly within the Government's payment capacity, while preserving stability in the domestic and regional banking system.

The Government's approach and execution has been praised by the International Institute of Finance for its transparency and fairness. The principles of the approach were as follows:

- To put in place a credible and permanent solution to the country's debt overhang which, in practice, meant closing all forecast financing gaps in a manner that was conducive to rapidly improving debt dynamics;

- To do so in a manner that was consistent with the principles of transparency, fairness, and inter-creditor equity.

(b) Commercial Agreements

The key agreements concluded on 18 April 2012 covered two-thirds of the commercial debt outstanding as of 31 December 2011, and 45% of total public debt outstanding as of that date.

A total of EC$370 million in unsecured bonds and syndicated loans was eligible under the exchange offer launched on 27 February 2012. Under the terms of the offer, creditors holding eligible debts were offered the following two options:

- New Discount Bonds to be issued at a 50% discount to the face value of original claims, repayable over 20 years, with interest set at 6% for the first four years and at 3% thereafter; this bond benefited from a partial guarantee from the CDB of up to US$12 million;

- New Par Bonds repayable over 45 years inclusive of a 15 year grace period, with interest set at 1.5%.

At the expiry of the exchange offer in early March 2012, 97% of affected creditors had chosen to participate. The subsequent application of the collective action clauses embedded in four of the eligible instruments meant that by closing, 100% of eligible claims had been restructured. Two thirds of eligible claims were exchanged for New Discount Bonds entailing the 50% "haircut", with the remainder restructured into New Par Bonds. An additional US$10 million of secured bonds were restructured on New Discount Bond terms in parallel to the exchange offer.

The SPV-related agreements cover approximately EC$900 million in commercial bank loans and overdrafts.

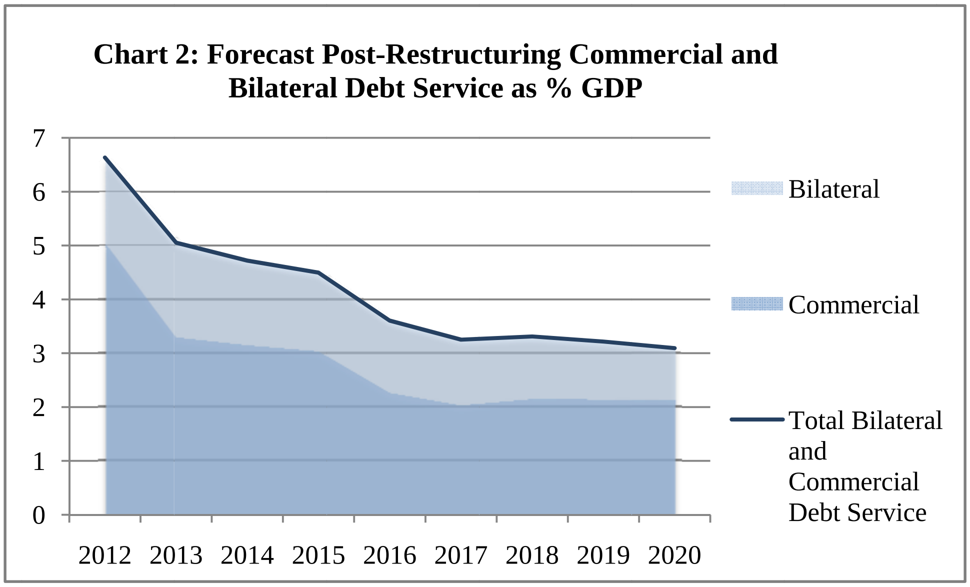
(b) Bilateral Agreements

On 24 May 2012, a Government delegation led by Prime Minister and Minister of Finance, the Rt. Hon Dr. Denzil L Douglas, secured a landmark "stock-of-debt" restructuring agreement from the "Paris Club" group of G7-led creditors. This agreement required creditors to provide at least a seven year grace period and a 20 year overall repayment period and maintain concessional rates—a level of relief unprecedented in the Eastern Caribbean. The Paris Club also indicated that it was the Government's commitment to a sound macroeconomic course, as well as the approach taken with the general debt restructuring, that persuaded the group to grant restructuring terms that are exceptional for a country in the upper-middle income category.

Since the agreement was signed, Government has been informed by the Government of the United Kingdom that it intends to further the Paris Club goodwill toward St. Kitts and Nevis by writing off its loan in its entirety.

The Government has also approached its other official bilateral creditors to seek comparable debt relief and / or fresh concessional financing.

Chart 2 below sets out the highly sustainable repayment profile of the commercial and bilateral debt once the restructuring is taken into account. The chart, which includes all respective principal and interest payments, shows the dramatic decline in the total debt service burden for these categories from 6.6% of GDP in 2012 to 3.6% of GDP by 2016 and the elimination of spikes for the medium-to long-term.



(c) Multilateral Agreements

In December 2011, the Board of Directors at the CDB agreed to convert the outstanding "hard" component on four existing loans into soft terms. The outstanding amount on the loans at the time was US$8.8 million, which will be converted into loans with a repayment period of 25 years, inclusive of a five-year grace period and receive a more concessional interest rate. This treatment was in addition to the Bank's provision of the US$12 million guarantee to encourage the commercial debt relief discussed above.

(d) Inter-governmental Agreements

The Government is currently finalizing restructuring agreements with creditors within the public sector, including the Social Security Board. These agreements, all of which will preserve the face value of the original debts, will provide material levels of cash flow relief to the Government over the short- to medium-term and will therefore be instrumental in the country's drive towards debt sustainability. The terms being agreed with this category of creditor take into account the specific set of circumstances being faced by each lending institution.

(e) Debt for Land Swap

The debt-for-land swap covering approximately EC$900 million in secured loans and overdrafts owed to domestic banks has been executed, and is expected to shortly come into effect. Two special-purpose vehicles (SPVs) are being established to manage the land sale process and also to hold some of the land to be exchanged. The SPVs will be managed professionally on an arm's length basis, following best international practice. As the land is transferred to the lender or the SPVs, the debts secured by relevant land assets will be cancelled in their totality, with no further recourse to the Government. In this way, the debt-for-land swap will provide the country with extraordinary debt relief in a way that preserves and even strengthens the stability of the domestic banking sector.

V. DEBT SUSTAINABILITY OUTLOOK

Impact of Budget and Medium-Term Targets

(a) Key Assumptions

The most critical assumptions for the debt sustainability outlook for this MTDS are economic growth, the primary fiscal balance, and official concessional financing. Appendix II sets out the key indicators for the macroeconomic and fiscal framework for the 2013-15 MTDS.

(b) Macroeconomic Framework

The MTDS is being documented as the country emerges from the longest and most severe economic contraction of its history. Along with the region, St. Kitts and Nevis suffered a direct economic blow from the worst global slowdown and loss of confidence in the financial system in more than 70 years. From 2009-2011, the economy contracted at an average rate of 2.0% a year, in line with the ECCU average of 3.0%. The contraction appears to have ended with the economy predicted to be flat this year and growth set to resume in 2013. The latest Government and IMF forecasts indicate that GDP will expand by 1.8% in 2013, 3.2% in 2014, and 3.8% in 2015—the strongest in the Eastern Caribbean and 50% above the average forecast by the IMF for the other members of the Union of 2.0% per annum. Over the medium-term growth is forecast at 4.2%.

Inflation is expected to remain benign at below 2.5%, driven by weak growth in the region's main trading partners. The level of the peg of the currency against the US Dollar is in line with fundamentals according to the latest ECCB and IMF studies and is not forecast to change during the MTDS period. The banking and financial sector in St. Kitts and Nevis has emerged resilient after the debt restructuring and an extremely trying period for banks across the region and world; the financial sector is expected to act as a source of stability, investment, and growth in the country during the period.

(c) Budget and Medium-Term Target Overview

On the fiscal side, the Government has achieved the highest primary balances in the region and even among any borrower globally from the IMF: the Government's 5.9% of GDP average primary balance during 2011-12 compares with average *deficits* of 2.5% of GDP among other ECCU members and 2.1% among the 47 other countries currently in programs (according to the IMF). For the MTDS, these achievements indicate the

Government's credibility to achieve its medium-term targets in even the toughest of economic circumstances.

The 2013 Budget envisions the following primary fiscal balances as a share of GDP for the 2013-15 period: 4.5%, 3.8%, and 3.6% (an average of 4.0%). These forecast levels again compare favorably to those in the Eastern Caribbean region, where the budget balances before expenditure on debt are expected to average 0.4% of GDP over the same period by the IMF.

Medium-Term Financing

(d) Financing Outlook

The financing outlook for the country during the MTDS period is dominated by the debt service due on the restructured commercial debt as described in the preceding pages, as well as on the expected future disbursements from official sector lenders.

Critically, the April 2012 exchange removed all of the large bond and loan bullet maturities that would otherwise have required expensive and unsustainable refinancing. By the time it is complete, the debt restructuring exercise will have addressed the lion's share of the financing shortfalls that the country was facing even after the Government's high primary fiscal surplus targets were factored into the medium-term macroeconomic projections.

With respect to expected disbursements, the Stand-By Arrangement entered into with the IMF in 2011 gave the country access to a large pool of funding with a highly concessional interest rate and will also unlock additional funding, also on concessional terms, from other multilateral and bilateral lenders.

Appendix II sets out the financing outlook on which this MTDS is based.

In line with the Government's commitments under the IMF Stand-by Arrangement, and on the basis of progress made to date in discussions with the relevant creditors, the MTDS assumes that comparable restructuring agreements will be reached with the remaining non-Paris Club bilateral, commercial, and inter-governmental creditors during the first half of 2013. The restructuring of remaining debt on comparable terms is critical to future debt sustainability, and will have the overall effect of spreading debt service commitments over extended periods and so contribute to a declining public debt burden. Once the restructuring is complete, the residual financing shortfalls through 2014 will be eliminated. Financing shortfalls appear in 2015-2016 due to the bunching of repayments to the IMF (with US$27 million in 2015 and US$33 million 2016). In line with best international practice and the experience of other countries in the region, the Government will work closely with its official sector partners to smooth out net outflows over a reasonable timeframe in a manner that is consistent with key debt sustainability parameters.

(e) Alternative Financing Strategies

Going forward, the Debt Unit will seek to use the MTDS as an exercise to identify and evaluate alternative strategies for financing any forecast deficits. However, given the positive financing outlook described above, the still limited development of the domestic bond market, and the Government's goal of avoiding new medium term commercial facilities, this MTDS focuses on the objective of financing any productive economic projects or deficits that materialize with only concessional financing from official sources in order to reduce debt and enhance sustainability. Future reviews of alternative strategies could include an evaluation of the costs and risks of extending the average maturity of commercial debt, for example, or of changing the currency or floating interest rate exposure of the debt portfolio.

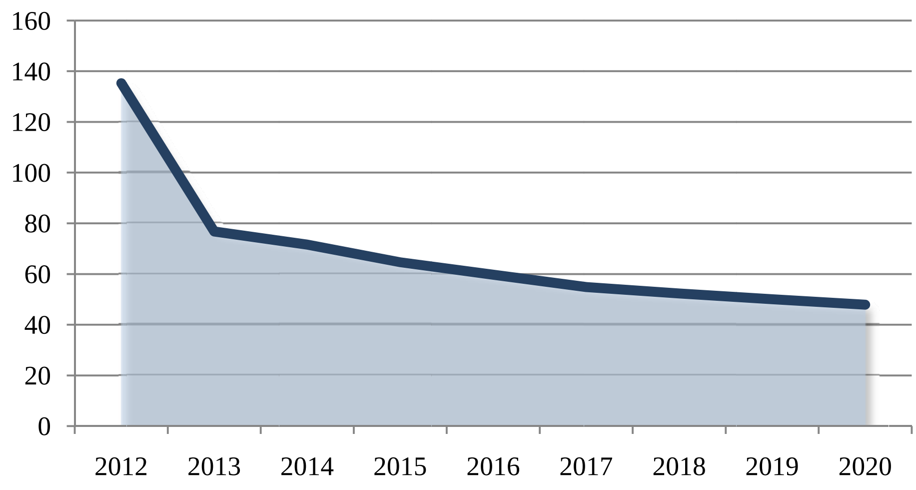
Debt Sustainability and Key Risks

(f) Debt Sustainability Analysis

Given the macroeconomic, fiscal, and financing assumptions described above, the debt is forecast to decline significantly during the MTDS period. Debt is set to decline from 148% of GDP in 2011 to 135% in 2012, and 75% by 2015 as indicated in Chart 3 below[1].

[1] Completion of debt restructuring assumed to occur in first half of 2013 and medium term new borrowing only through concessional sources consistent with MTDS; for the extended forecast period of 2017-2020, nominal GDP growth assumed at 5%, the primary balance at 2% of GDP, and land sales at EC$5mn

Chart 3: Forecast Public Debt as % GDP



Debt sustainability will be underpinned by several factors during the MTDS period:

1) *Growth*. Real GDP is expected to grow by 1.8% in 2013 and by 3.2% and 3.8% in 2014 and 2015 respectively.

2) *Fiscal Consolidation*. The Government will continue its fiscal consolidation strategy with a sharp focus on maintaining high primary fiscal balances.

3) *Restructuring.* The repayment profiles of the commercial and bilateral debt stock have been designed specifically to ensure sustainability with amortizing and extended repayment periods of 20-45 years, concessional interest rates, a step-down debt service on the largest bond, and an overall payment profile tailored to the cash projected to be available for debt service under the economic and fiscal assumptions of the reform program. Further write-downs amounting to more than 50% of GDP are expected to occur in the first half of 2013 and are a target of this MTDS.

4) *Concessional Financing.* The Government will aim to contract only concessional financing in the future with medium to long term amortizing maturities and low interest rates to finance productive investment projects or close financing gaps.

(g) Review of Risks to Sustainability

Although the public sector debt is on a sustainable and downward path, its level and profile during the period could vary during the period if economic or fiscal targets are not realized. In addition, a significant exogenous shock could require adjustment to the debt strategy or the fiscal targets themselves. The table below seeks to identify and discuss risks to debt sustainability of varying magnitude.

Table 1: Risks to Sustainability

Key Risks	Impact	Risk Mitigation Measures
1) *Larger than expected financing gaps*	The MTDS envisions an elimination of financing gaps over the medium term. An exogenous economic shock or fiscal slippage could increase the amount of financing required, limiting Government's ability to finance any residual gaps with concessional funding	On an annual basis, Government will conduct formal evaluations of investment plans and the medium-term expenditure framework to ensure that the debt sustainability targets are attainable.
2) *Reduced access to concessional financing*	The MTDS envisions continued access to concessional and domestic capital markets. An exogenous shock could reduce available financing—increasing the residual financing gap	On an annual basis, Government will conduct formal evaluations of investment plans and the medium-term expenditure framework to ensure that the debt sustainability targets are attainable.
3) *Divergent borrowing*	The MTDS envisions carefully coordinated debt management across the Federal Government, public enterprises, and the NIA. A lack of adequate fiscal control or a divergence in fiscal frameworks could result in the overall debt burden increasing despite execution of the MTDS at the Federal level	Government will establish an enhanced and formal framework for debt coordination and / or creation

Other Risks	Impact	Risk Mitigation Measures
4) *Weak/ Negative Growth*	Below target growth for St Kitts and Nevis and its trading partners or a major storm could limit revenue growth, increase pressure for spending, and limit the debt / GDP decrease	Government will use the results of quarterly economic performance reviews to inform decisions on actions to ensure that the debt sustainability targets remain attainable throughout the period covered by the strategy.
5) *Fiscal Slippage*	Creation of financing gaps	Government will maintain strict adherence to primary targets through the implementation of fiscal measures to close financing gaps or source financing in line with the framework of the debt management strategy
6) *Exchange Rate*	With approximately 30% of debt denominated in foreign currencies, a 10% weakening of the EC Dollar would result in a one point increase in the debt / GDP ratio	The EC Dollar remains in line with economic fundamentals and is supported by the broader political and monetary union
7) *Interest Rate*	With 40% of external debt featuring floating interest rates, a 25% increase in medium – long term global interest rates would increase interest costs by approximately 3%	Only official sector debt features floating rates, increasing the chances that a hike in debt service costs could be offset with additional concessional financing or a swap into fixed rate debt
8) *Refinancing Risk*	Inability to locate suitable concessional financing for projects or any gaps as called for under MTDS	The restructuring and fiscal consolidation have dramatically reduced financing requirements and boosted credibility and access to concessional financing

Appendix I: Public Sector Debt Stock

2010- 2012, Figures in EC$mn and % GDP

	Dec-2010		Dec-2011		Sep-2012	
	EC$mn	%GDP	EC$mn	*%GDP*	EC$mn	%GDP
TOTAL PUBLIC SECTOR	**2,839**	***155***	**2,864**[a]	***148***	**2,695**	**135**
TOTAL ST KITTS	**2,419**	***132***	**2,433**	***126***	**2,294**	**115**
Central Government	**1,919**	***104***	**1,933**	***100***	**1,814**	**91**
External	657	*35*	740	*38*	692	35
Loans	380	*22*	493	*26*	534	27
Bonds	275	*14*	245	*13*	157	8
Other Liabilities	2	*0*	2	*0*	2	0
Domestic	1,262	*69*	1,193	*62*	1,122	56
Loans	656	*36*	656	*34*	641	32
Overdraft	76	*3*	24	*1*	0	0
Treasury Bills	350	*20*	334	*17*	314	16
Debentures/Bonds	149	*8*	143	*7*	141	7
Other Liabilities	31	*2*	36	*2*	26	1
Public Corporations	**500**	***28***	**500**	***26***	**479**	**24**
External	78	*4*	69	*4*	52	3
Domestic	421	*24*	432	*22*	428	21
TOTAL NEVIS	**420**	***23***	**431**	***22***	**401**	**20**
Nevis Island Administration	**362**	***20***	**376**	***19***	**361**	**18**
External	80	*4*	74	*4*	58	3
Loans	64	*3*	59	*3*	58	3
Bonds	17	*1*	15	*1*	0	0
Domestic	281	*16*	301	*16*	303	15
Loans	144	*8*	148	*8*	151	8
Overdrafts	53	*3*	67	*3*	70	3
Treasury Bills	85	*5*	86	*4*	82	4
Public Corporations	**58**	***3***	**55**	***3***	**40**	**2**
External	42	*2*	40	*2*	25	1
Domestic	16	*1*	15	*1*	15	1

The debt stock does not reflect the budgetary expenditure and interest arrears accumulated for the period.

Appendix II: Combined St Kitts and Nevis Macroeconomic, Fiscal and Financing Framework Key Indicators[2]

As % GDP unless otherwise indicated

	Actual			Forecasts				
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Economic Indicators								
Real GDP (% annual change)	4	-5.6	-2.7	-2	0	1.8	3.2	3.8
Nominal GDP (EC$mn)	1,998	1,859	1,818	1,932	1,987	2,075	2,196	2,339
Fiscal Indicators								
Overall balance	-3.9	-2.9	-7.8	1.8	-3	-1.1	-1.5	-1.5
Primary balance	2.6	3.7	-0.8	8.3	3.4	4.5	3.8	3.6
Financing								
Financing	5.3	6.2	9.5	-2.2	0.8	-0.8	-1.7	-4.1
Net foreign financing	3.5	0.2	0.3	0.3	-5.7	-4.6	-2.2	-4.5
Drawings	5.2	1.7	2.3	7.4	4	0.6	0.1	--
Amortization	1.7	1.6	2	7.1	9.6	5.2	2.2	4.5
Net domestic financing	-2.5	3.1	7.5	-4.6	-5.4	-0.3	-0.3	-0.3
Change in arrears	1.2	1.3	1	1.6	-1.6	--	--	--
Sale/purchase of assets	3.1	1.7	0.7	0.4	0.2	0.2	0.4	0.4
Exceptional financing	--	--	--	--	13.2	3.9	0.4	0.3
Statistical discrepancy	-1.4	-3.3	-1.7	0.4	--	--	--	--
Financing gap	--	--	--	--	2.2	1.9	3.2	5.6
IMF net (US$mn)	--	--	--	35	32.9	8.8	-1.5	-28.1
Fund disbursement (US$mn)	--	--	--	35.4	33.5	10.4	4.7	--
Repurchases (US$mn)	--	--	--	--	--	--	-4.4	-26.5
Interest (US$mn)	--	--	--	-0.5	-0.6	-1.5	-1.7	-1.6

Source: Ministry of Finance and Ministry of Sustainable Development

[2] GDP Estimates are based on data available in September 2012 and may differ from the estimates used in the 2013 Budget Presentation.