



**GOVERNMENT OF THE COMMONWEALTH OF  
DOMINICA**

**PROSPECTUS**

**EC\$20 Million 91 day Treasury bill  
Ministry of Finance  
Financial Centre  
Kennedy Avenue  
Roseau  
DOMINICA**

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**PROSPECTUS DATE: DECEMBER 2020**

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## **Notice to Investors**

This prospectus is issued for the purposes of giving information to the public. The Government of the Commonwealth of Dominica (GOCD) affirms the accuracy of the information contained herein and accepts full responsibility for the same. The GOCD confirms that, having made all reasonable inquiries, this prospectus contains all information material in the context of the securities being issued, and to the best of its knowledge there are no other facts, the omission of which would cause the information in this prospectus to be misleading.

This prospectus and its content are issued for the specific securities described herein. Should you need advice, you should consult a person licensed under the Securities Act or any other duly qualified person who specializes on advising on the acquisition of Governments instruments or other securities.

The ultimate decision and responsibility to proceed with any transaction with respect to this offering rests solely with you. Therefore, prior to entering into the proposed investment, you should determine the economic risks and merits, as well as the legal, tax and accounting characteristics and consequences of this Bill offering, and that you are able to assume those risks. This Prospectus and its content are issued for the specific securities described.

## Abstract

### Reasons for the Addendum:

To reschedule the issuance of a \$20 million 91 day Treasury bill from December 13<sup>th</sup> 2021 to December 15<sup>th</sup> 2021.

The Government of the Commonwealth of Dominica (hereafter referred to as GOCD) proposes to raise a total of EC\$80 Million on the Regional Government Securities Market (RGSM) through the issue of the following securities:

### Issue amount: EC\$80 million

Auction Date	Tenor/Type	Amount	Trading Symbol	Settlement Date	Maturity Date
<del>9<sup>th</sup> March 2021</del>	91 Day T bill	<del>EC\$20.0 Million</del>	<del>DMB090621</del>	<del>10<sup>th</sup> March 2021</del>	<del>9<sup>th</sup> June 2021</del>
<del>10<sup>th</sup> June 2021</del>	91 day T bill	<del>EC\$20.0 Million</del>	<del>DMB100921</del>	<del>11<sup>th</sup> June 2021</del>	<del>10<sup>th</sup> September 2021</del>
<del>13<sup>th</sup> September 2021</del>	91 day T bill	<del>EC\$20.0 Million</del>	<del>DMB141221</del>	<del>14<sup>th</sup> September 2021</del>	<del>14<sup>th</sup> December 2021</del>
15 <sup>th</sup> December 2021	91 day T-bill	EC\$20.0 Million	DMB170322	16 <sup>th</sup> December 2021	17 <sup>th</sup> March 2022

The securities will be issued under the authority of the Bonds and Securities Act 64:04 of the Revised Laws of Commonwealth of Dominica and the Treasury Bills Act No. 5 of 2010 of the Commonwealth of Dominica.

The securities will be issued on the Regional Government Securities Market (RGSM) in the months of March 2021, June 2021, September 2021, and December 2021 and traded on the Secondary Market trading platform of the Eastern Caribbean Securities Exchange (ECSE) as follows:

Bidding will commence at 9:00 a.m. and will be closed at 12:00 noon on the auction day.

## **I. General Information**

**Issuer:** Government of the Commonwealth of Dominica (GOCD)

**Address:** Ministry of Finance  
Financial Centre  
Roseau  
Commonwealth of Dominica

**Email:** [financialsecretary@dominica.gov.dm](mailto:financialsecretary@dominica.gov.dm)

**Telephone No.:** (767) 266-3221

**Facsimile No.:** (767) 448-0054

**Contact Persons:** Hon. Mr. Roosevelt Skerrit, Prime Minister and Minister for Finance  
Ms. Denise Edwards, Financial Secretary  
Mrs. Beverly Pinard, Accountant General

**Arrangers/Brokers:** Bank of St. Lucia  
(Treasury bill)

**Address:** P.O. Box 1862  
Castries, LC04 101  
St. Lucia

**Telephone:** 758 456 6000

**Fax:** 758 456 6720

**Contact:** Lawrence Jean

**Arrangers/Brokers:** First Citizen Investment Services Ltd  
(Treasury bill)

**Address:** P.O. Box 1294

John Compton Highway  
Sans Souci  
Castries, St. Lucia

Telephone: 758 458 6375

Fax: 758 451 7894

Contact: Omar Burch-Smith

**Types of Securities:** 91 day treasury bills

**Amount of Issue:** 91 day Treasury bill – EC\$20.0 million with maximum reserve price of 5 percent.

**Use of Proceeds:** The proceeds of this issue will be used to finance part of the GOCD operational budget and to refinance existing GOCD debt.

**Legislative Authority:** The Treasury Bills Act No. 5 of 2010 of the Commonwealth of Dominica and the Bonds and Securities Act 6404 of the Revised Laws of Commonwealth of Dominica.

**Method of Issue:** The price of the issue will be determined by a competitive uniform price auction with open bidding

**Listing:** The securities will be issued on the RGSM and listed on the Eastern Caribbean Securities Exchange (ECSE).

**Minimum Bid Amount:** The minimum bid quantity is EC \$5,000.

**Bid Multiplier:** The bid multiplier will be EC \$1,000.

**Bidding Period:** The bidding period will start at 9:00 a.m. and end at 12:00 noon on the auction day.

**Bid Limitation:** Each investor is limited to one (1) bid with the option of increasing the amount being tendered or reducing the interest rate offered until the close of the bidding period.

**Taxation:** Yields on these securities will not be subject to any tax, duty or levy by Eastern Caribbean Currency Union (ECCU) participating Governments.

**Participation:** Investors may participate in the auction through licensed financial intermediaries on the Eastern Caribbean Securities Exchange (ECSE).

**List of Intermediaries:**

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

**Currency of Issue:** All currency references are to Eastern Caribbean Dollars unless otherwise specified.

## **II. Information about the Issues**



<b>Size of issue:</b>	\$20.0 million Eastern Caribbean Dollars
<b>Tenor:</b>	91 days
<b>Maximum bid price:</b>	5.0 percent
<b>Trading Symbol:</b>	<b>DMB170322</b>
<b>Auction Date:</b>	December 15 <sup>th</sup> 2021
<b>Issue Date:</b>	December 16 <sup>th</sup> 2021
<b>Maturity Date:</b>	March 17 <sup>th</sup> 2022

### **III. CariCRIS Credit rating**

On June 28, 2021, the Caribbean Information and Credit Rating Services Limited (CariCRIS) has reaffirmed its ratings of CariBB (Foreign and Local Currency Ratings) to the US \$25 million (notional) debt issue of the Government of the Commonwealth of Dominica (GOCD). These ratings indicate that the level of creditworthiness of this obligor, adjudged in relation to other obligors in the Caribbean is below average. CariCRIS has also revised the assigned outlook on the ratings from negative to stable. The stable outlook is based on the anticipation that the major impacts the COVID-19 pandemic have passed and the economy can be expected to record a moderate recovery in 2021 that will accelerate in 2022. The recovery is premised on the availability and distribution of vaccines, adequate health protocols remaining in place and the resurgence of tourism activity, which is expected to boost several other sectors and positively impact on fiscal operations, indebtedness, financial sector soundness and employment.

Furthermore, the ratings are supported by: (1) the external position remains solid, despite exports decline, (2) GDP, supported by CBI inflows and continued post-hurricane rebuilding, is expected to rebound quickly from COVID-19, and (3) Dominica has a stable political environment.

### **IV. Financial administration and management**

#### **Debt Management Objectives**

The GOCD's high-level debt management objective is "to ensure that the GOCD's financing needs and obligations are met on a timely basis. To do so in a way that minimizes cost over

the medium to long term, while taking account of risks, and subject to that, to develop over time a range of financing options.”

Guided by the foregoing, the MOF seeks to ensure that the GOCD’s debt management policies over the medium to long term support fiscal and monetary policy and help build a robust and resilient economy, able to withstand economic shocks. As such, the GOCD purports to lower public debt as a percentage of GDP to 60 percent by Financial Year (FY) 2030, the revised time frame.

### **Debt management Strategy**

The debt management strategy hinges on the objectives of lowering the debt to GDP ratio to 60 percent by FY 2030 and minimizing borrowing costs while supporting the development of a well-functioning market for government securities. The GOCD recognizes the need to factor the impact of fluctuations in exchange rates on debt servicing costs and takes this into account in formulating its debt management strategy. The underlying elements guiding the strategy are:

- Limiting variable rate funding to no more than 15 percent of the public debt portfolio;
- Limiting non-US dollar external financing to a maximum of 20 percent of the public debt portfolio;
- Maintaining an Average Time to Maturity (ATM) of 9 years to minimize refinancing risk’
- Maintaining government guaranteed debt at 17 percent of total debt stock.

The overall debt management strategy also includes the provision of legal borrowing limits. The issuance of Treasury Bills, for example, is limited to EC\$60.0 million. Additionally, the authorities have capped the overdraft facility at \$31.5 million in totality and aims to keep it at that limit. There are no borrowing limits for loans.

### **Transparency and Accountability**

The GOCD is continuously seeking ways of improving its systems of accountability and transparency. As the authorities continue to adopt more prudent and transparent fiscal management practices, they intend to continue to utilize the Regional Government Securities Market (RGSM). As a consequence, disclosure of information on the cash flow and debt stock will be made available bi-annually to all investors, consistent with the rules of the Regional Debt Coordinating Committee (RDCC)

### **Institutional Framework**

The Debt Unit (DU) of the Ministry of Finance (MOF) of the GOCD is charged with the responsibility of administering the Government’s debt portfolio on a day-to-day basis and

implementing the Government's borrowing strategy. The unit is directly accountable to the Budget Comptroller.

### **Risk Management Framework**

The establishment of an effective and efficient debt management system as a major element of economic management is of paramount importance to the government of the Commonwealth of Dominica. Accordingly, attempts have been made to strengthen the capacity of the debt unit (DU). Consequently, the DU's functions have been broadened to include:

- Assisting in the formulation of debt management strategies and policies
- Managing the debt portfolio to minimize cost with an acceptable risk profile
- Conducting risk analysis and developing risk management policies; and
- In collaboration with the Macro-policy Unit, conduct debt sustainability analysis to assess optimal borrowing levels.

## **V. Public Debt Overview**

At the end of fiscal year 2020/21 the total disbursed outstanding debt of the public sector<sup>1</sup> stood at approximately EC\$1.47 billion (table 1) or 103.9 percent of GDP<sup>2</sup>. This represents a 10.4 percent increase when compared to the same period in 2019/20. The increase is attributed to the contracting of new loans to respond to the direct impact of the Covid-19 pandemic, which includes the credit response facilities from the IMF, WB and CDB; in addition to drawdowns on existing commitment for ongoing projects. Central government holds the largest portion of the total public debt with 89.5 percent at the end of the period June 2021 while government guaranteed debt accounts for 10.5 percent. Most of the debt is held by external creditors with 60.0 percent and 40.0 percent is being held by domestic creditors.

Between fiscal years 2016/17 and 2020/21, the public debt to GDP ratio maintained an upward trajectory increasing by an average 10.1 percent. It can be noted that the debt to GDP ratio of fiscal year 2020/21 outpaced the previous year by 21.2 percent. This spike was as a result of the increase in the debt stock while there was a corresponding reduction in GDP.

Total Government guaranteed disbursed outstanding debt maintained a downward trajectory over the period 2016/17 to 2020/21 decreasing by an overall average of 1.9 percent. During that period, the proportion of the guaranteed debt remained below the threshold of 17.0 percent as stated in the debt strategy indicating that it was not breached.

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<sup>1</sup> Includes both central government and central government guaranteed debt and excludes floating debt

<sup>2</sup> Based on nominal GDP of \$ 1415.0 million for fiscal year 2020/2021

*Table 1: Total Public Sector Debt (EC\$ m) as at June 2021*

<b>Public Sector debt</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2021/21</b>
<b>External Debt</b>	<b>731.69</b>	<b>712.61</b>	<b>703.23</b>	<b>721.96</b>	<b>881.16</b>
Central government	634.32	614.31	610.96	630.08	794.41
Guaranteed debt	97.37	98.3	92.27	91.88	86.75
<b>Domestic Debt</b>	<b>306.73</b>	<b>318.67</b>	<b>503.84</b>	<b>609.90</b>	<b>588.64</b>
Central government	237.24	250.41	432.71	540.88	520.75
Guaranteed debt	69.49	68.26	71.13	69.02	67.89
<b>Total Debt</b>	<b>1038.42</b>	<b>1031.28</b>	<b>1207.07</b>	<b>1331.86</b>	<b>1469.80</b>
Central government	871.56	864.72	1043.67	1170.96	1315.16
Guaranteed debt	166.86	166.56	163.40	160.90	154.64
<b>Percentage of Debt</b>					
Central government	83.93	83.85	86.46	87.92	89.48
Guaranteed debt	16.07	16.15	13.54	12.08	10.52

*Source: Debt Unit, Ministry of Finance*

### **Size of Public and Publicly Guaranteed External Debt**

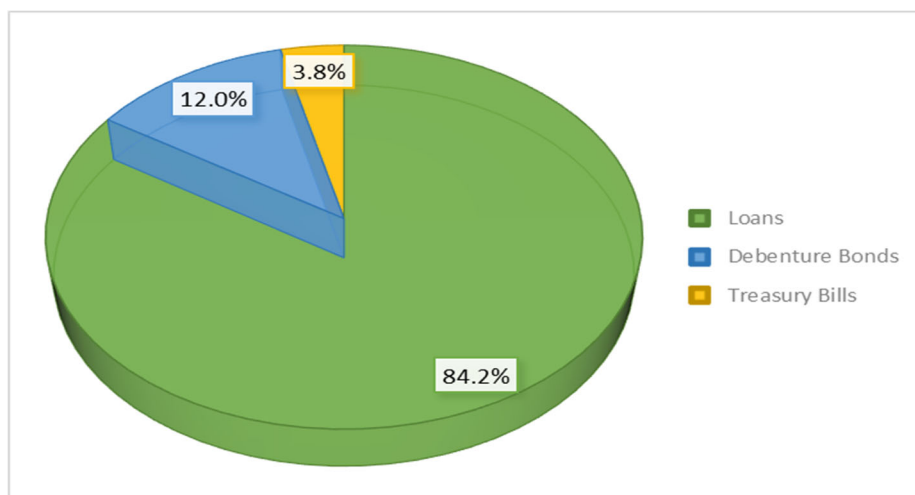
Table 2 shows the comparative figures for public and publicly guaranteed external debt over financial year ending June 2020 and June 2021. There was an increase of 26.1 percent in the central government external debt stock as at June 2021 over the previous year June 2020. Conversely, there was a reduction of 5.6 percent in guarantees. The increase in central government external debt reflects the disbursements on committed debt, mainly loans and the changes in holders of treasury bills issued on the RGSM. Loans account for the largest share of the central government external debt with 84.2 percent followed by debenture bonds and treasury bills of 17.0 and 4.1 percent respectively, see figure 1.

*Table 2: External debt (by instrument) in EC\$*

External Debt	Jun-20	Jun-21
<b>Central Government</b>	<b>630.08</b>	<b>794.41</b>
Loans	497.64	669.01
Debenture Bonds	106.47	95.51
Treasury Bills	25.97	29.89
<b>Guaranteed Debt</b>	<b>91.88</b>	<b>86.75</b>
<b>Total External Debt</b>	<b>721.96</b>	<b>881.16</b>

Source: Debt Unit

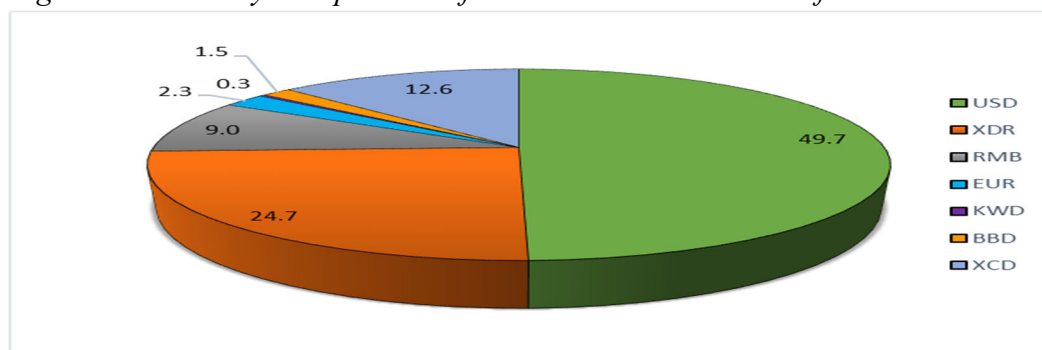
Figure 1: Components of Central Government External Debt – June 2021



Source: Debt Unit

Figure 2 shows the currency composition of external debt. The US dollar is the dominant currency of the external debt portfolio with a 49.7 percent share followed by the Special Drawing Rights with 24.7 percent. The Non-USD and SDR debt exposure are 26.6 percent; out of this amount, 9.0 percent represents Yuan Renminbi (RMB). Currently, there are no significant foreign exchange risks to the debt portfolio. The majority of the debt is denominated in USD, which is pegged to the XCD, and notably, accounts for 12.6 percent of the total. In addition, the BBD is fixed and the RMB has been relatively stable over the years. The percentage of debt denominated in EUR and KWD are almost negligible. However, the debt unit monitors closely the movement of the exchange rates, as part of its mandate to manage the debt of the Commonwealth of Dominica.

Figure 2: Currency Composition of External Debt at the end of June 2021



Source: Debt Unit, Ministry of Finance

## Domestic Debt

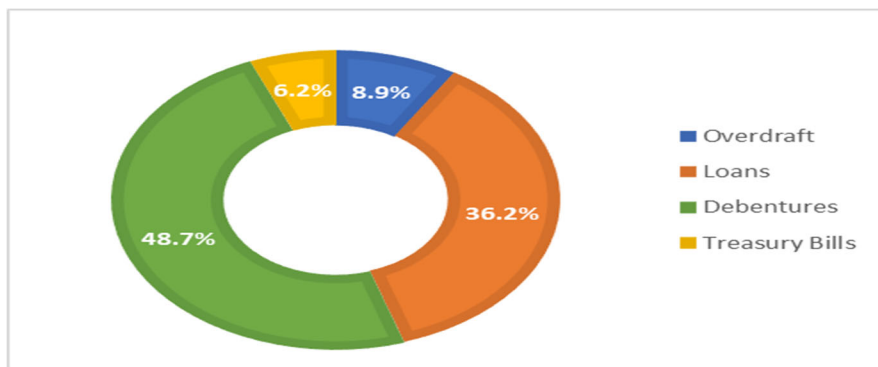
At the end of June 2021, the total domestic debt stood at EC\$588.6 million or 40.0 percent of the total debt. This reflects a decrease of 3.5 percent over the previous year ending June 2020 due to repayment on loans and amortised bonds with no disbursements or no new loans contracted domestically. Debenture bonds continued to hold the largest proportion of the central government domestic debt amounting to \$253.81 million or 48.7 percent as shown in Table 3 and Figure 4. A reduction of 12.6 percent was noted in the overdrafts at the end of June 2021. There was a shift in the holders of T-bills on the RGSM which resulted in a reduction of the stock. Government guaranteed domestic debt at the end of June 2020 decreased by about EC\$1.13 million over financial year ending June 2021, owing to principal repayments with no new loans contracted.

Table 3: Domestic Debt by Instrument in EC\$

Domestic Debt	Jun-20	Jun-21
<b>Central Government</b>	<b>540.88</b>	<b>520.75</b>
Overdrafts	52.80	46.13
Loans	189.44	188.46
Debenture Bonds	261.37	253.81
Treasury Bills	37.27	32.35
<b>Guaranteed Debt</b>	<b>69.02</b>	<b>67.89</b>
<b>Total Domestic Debt</b>	<b>609.90</b>	<b>588.64</b>

Source: Debt Unit, Ministry of Finance

Figure 4: Central Government Domestic Debt- June 2021 in percentage



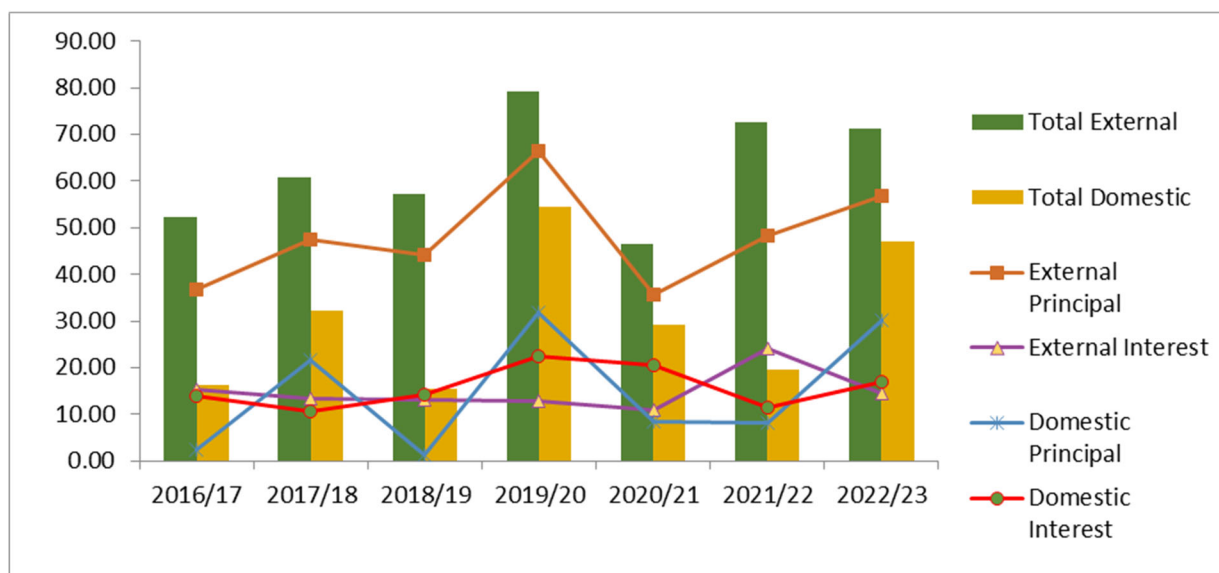
Source: Debt Unit, Ministry of Finance

### Debt Service

One of the government’s objectives is to ensure that the debt is serviced in a timely manner. Government maintains a Sinking Fund at the Eastern Caribbean Bank for debt serving in the event of cash flow constraints. An amount of EC\$0.5 million is deposited into the account annually; the balance as at June 30, 2021 is EC\$25.3 million.

Figure 4 below shows the trend of the debt service payments with regards to the central government debt over the five-year period, 2016/2017 to 2020/2021 and includes two years forecast. On the external side, the principal repayment increased by an average 24.1 percent over the period 2016/17 to 2019/20. There were spikes in repayment in the financial years 2017/18 and 2019/20 as a result of the redemption of bonds issued on the RGSM, in addition to resumption of loan payments. The interest payments remained relatively flat decreasing by an average 5.83 over the same period. There was a reduction of in total debt service in financial year 2020/21 over the previous year by 46.5 percent partly due to the debt service suspension to some of its creditors. The government engaged in the Debt Service Suspension Initiative(DSSI) which was initiated to cushion the impact of the pandemic. On the domestic side, the total debt service payment increased by about a 63.8 percent average over the period. The spikes during the period reflected redemption of bonds as in the case of the external side. The two years forecast on the external side shows an upward movement in principal repayment with interest payments showing and upward movement in the first year then trends downward. The forecast for the domestic debt service shows and opposite trend. The expected increases in principal repayment in the year 2022/23 is resultant to the maturing of an EC\$25.0 million bond on the RGSM in addition to other payments becoming due.

Figure 4: Debt Service of Central Government Debt



Source: Debt Unit, Ministry of Finance

### Developments on the Regional Government Securities Market (RGSM)

The Government of Dominica continues to rollover a ninety-one day \$20.0 million treasury bill and during the financial year 2020/21, the yield averaged 2.1 percent as shown in table 4. Based on the results of the auctions, it can be said that there continues to be a great demand for treasury bills. There was a significant oversubscription for most of the auctions during the period. The bid to cover ratios were 2.36, 1.67, 2.25, and 1.00 respectively. There were no bonds issued on the RGSM during fiscal year 2020

## VI. Recent Economic and fiscal Performance

The Dominican economy continues to rebound from the impact of the COVID-19 pandemic. Preliminary estimates suggest that economic activity would have contracted by 11.0 percent in 2020 owing to reduced activity in all of the main sectors of the economy. Estimates suggest that the construction sector, one of the main pillars, experienced an overall reduction in activity of 45.2 percent. Available data from the Central Statistics Office indicates a reduction in cement sales from 1.3 million bags in 2019 to 0.9 million bags in 2020, and the number of construction starts decreasing from 135 in 2019 to 63 in 2020. Likewise, the value of construction starts decreased from \$49.4 million in 2019 to \$21.8 million in 2020. Furthermore, the mining and quarrying sector which is very closely linked to the construction sector also saw a reduction in activity of roughly 50 percent.

As would have been expected, the tourism sector was adversely affected with decreases in all components of visitor arrivals. Available data suggest a decrease from 276,233 visitors in 2019 to



138,757 reflecting declines of 24.0 per cent and 58.3 per cent in cruise ship passengers and stay over arrivals, respectively. Overall, the sector is estimated to contract by a preliminary estimate of 70.0 percent in 2020.

Activity in the wholesale and retail trade sector contracted by 21.4 percent occasioned by the restrictions associated with the pandemic. This follows a 10.4 percent expansion in 2019. Activity in the transport, storage, and communication sector followed a similar trend contracting by 25.6 percent with value added moving \$162.2 million to \$119.2 million.

On the other hand, the agriculture sector show signs of continued improvement registering a second year of positive growth. Overall, activity in the sector expanded by 2.1 percent following a 19.9 percent expansion in 2019. Output in the crops sub sectors increased by 2.3 with livestock and forestry both growing by 2.0 percent each following expansions in the previous year. These are all positive signs which point to the success of government's strategic interventions in the sector in response to the ravages of Hurricane Maria and the COVID-19 pandemic.

Positive activity was also recorded in the manufacturing sector which data suggest expanded by 3.5 percent. This follows a 25 percent expansion in 2019 as investments in small and medium enterprises continue to generate economic returns. Financial intermediation, real estate and renting, electricity and water production all recorded positive activity in 2020.

## **Economic Outlook**

Preliminary estimates suggest that overall economic activity in 2021 will expand by 3.4 percent. This growth is expected to be led mainly by construction with contributions of other sectors such as Agriculture, Wholesale and Retail trade, and Manufacturing. Projections for 2021 takes into consideration the increased activity in the construction and agriculture sectors as investments continue to be made in those sectors in order to boost overall economic activity and improve food security. The development, distribution, and administration of the various COVID-19 vaccines has given rise to easing of restrictions on populations and economies alike. 2022 is therefore expected to see growth of 8.1 percent as all the sectors of the economy gain momentum with growth averaging 5.0 percent per annum over the medium term into 2025.

Dominica has been recognized for its success in handling the COVID-19 situation. In light of this, the ministry of tourism has implemented two programs geared at attracting visitors to the island which have already gained some momentum. This together with the resumption of the cruise season will undoubtedly spur a rebound of the hard hit tourism sector leading to double digit growth numbers. Work continues on the CBI funded hotel projects as sector positions itself for the reopening of global tourism activity.

The authorities have used the Citizenship by Investment (CBI) programme to mobilize capital as well as investments in the economy. Although the inflows of CBI have been affected by the pandemic, they remain significant and continue to finance a very large portion of the Public Sector Investment Program.

The recognition of this positive economic impact of the CBI program continues to be manifested in Government policy of furthering investments using this financing modality. To this end, fiscal year 2021/22 will see significant investment funded by CBI totaling \$253.3 million; representing 58 percent of the overall capital budget of \$438.8 million. Of notable mention is the commencement of the construction of the International Airport signaled by the recent signing of the agreement between the government and the developer. This project is expected to yield significant economic gains throughout the length of its construction and operation. Improved air access and the numerous jobs created will inevitably result in economic prosperity for the country and people alike.

Investments in agriculture (\$35.6 million) aimed at strengthening an already rebounding sector will focus on building resilience in keeping with our overarching strategy; the NRDS. Through deliberate policy action the authorities continue to make available financing at the development bank; strategically targeted at the growth sectors with the aim of stimulating and sustaining the expansion of these sectors to full their full potential.

### **The Fiscal Position for 2020/21**

The operations of Central Government have resulted in a primary deficit of 4.7 percent of GDP. This represents an improvement from the previous fiscal year's 8.6 percent deficit and surpasses budget expectations of a 6.0 percent deficit. Strong non-tax revenue performance combine with a significant decline in recurrent expenditure outlays are responsible for this positive outcome.

Tax revenue collections have declined compared to the previous year. Revenue from this source has amounted to \$338.1 million compared to \$368.0 million. Declines are expected in all of the main tax categories as the impact if the on-going pandemic continues to be felt. Tax revenues will also underperformed compared to budget expectations falling short by \$32.1 million. However, taxes on incomes and profits are expected to exceed the budget projection owing to strong inflows from corporate income tax.

Non-tax revenue inflows were very strong for the year under review; amounting to \$323.9 million. This compares to \$204 million recorded for the previous fiscal year. Inflows from the main revenue source under this tax category (CBI) are expected to be stronger than that of last year and will also exceed budget projection for this year.

Although recurrent expenditures experienced an 18.3 percent decline, (from \$606.6 million to \$495.4 million) they remain at elevated levels. Decreases were recorded in all of the components of recurrent expenditure except Personal Emoluments which showed a slight increase (in both Salaries and Allowances). It should be noted however that outlays for personal emoluments amounted to less than the budgeted estimate. The same applies to expenditure on goods and services which is expected to be 16.3 percent less than budgeted.

Expenditure on the Public Sector Investment Program (PSIP) has increased from \$156.4 million in 2019/20 to \$431.7 million for 2020/21. This expenditure will be financed by \$397.1 million in local/CBI resources, \$8.6 million in loans, and \$25.9 million in grants. This outturn exceeds original budget estimate. The Public Sector Investment Programme remains the main fiscal tool used to stimulate the economic activity.

As a result, the overall fiscal position at the end the fiscal year will be a deficit of 6.9 percent of GDP with a smaller primary deficit of 4.7 percent.

### **Fiscal outlook**

The fiscal outlook for 2021/22 is expected see a further improvement in the fiscal position with a primary deficit of 0.9 percent of GDP. Marked improvements in both tax and non-tax revenues are expected to be matched with increased outlays for recurrent expenditure. Strong tax revenue performance, occasioned by a 7.6 percent expansion in nominal GDP, is a reflection of the easing of the constraints brought on by the COVID-19 pandemic and a resumption to normal economic activity. All of the major components of tax revenue are expected to improve with taxes on domestic goods and services showing the largest overall improvement. Non-tax revenue bolstered by the CBI is expected to play a significant role in stabilizing the macro-fiscal framework going forward.

Fiscal year 2022/23 will see a drastic increase in total expenditure reflecting the implementation of a transformative capital program. Expenditure in that year will reflect increased budgetary allocations for spending on the construction of the international airport. Fiscal year 2023/24 will see a smaller capital program but will remain elevated. Fiscal year 2023/24 will see a return to a primary surplus. Projections point to a surplus of 1.2 percent of GDP as the economy continues to expand thereby shoring up tax revenues. Non tax revenues are expected to remain elevated supported by strong CBI inflows. Declines in both recurrent and capital expenditure will provide the fiscal space leading to a surplus.

## **VII. Security Issuance Procedures, Clearance and Settlement**

This market operates on the ECSE trading platform for both primary issuance and secondary trading. The series of Securities will be listed on the ECSE. The pricing methodology to be used for selling the securities will be a Competitive Uniform Price Auction. The ECSE is responsible for disseminating market information, providing intermediaries with market access, administering the auction process and monitoring the auctions.

The ECSE, through the Eastern Caribbean Central Securities Depository (ECCSD), will be responsible for facilitating clearance and settlement for the securities allotted. The ECCSD will ensure that funds are deposited to the account of the Government of the Commonwealth of Dominica.

The ECSE, through the Eastern Caribbean Central Securities Registry (ECCSR), will record and maintain ownership of the government securities in electronic book-entry form. The ECCSR will mail 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 will be 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. For this particular offering, investors will pay the applicable brokerage fees to the intermediaries. A list of licensed intermediaries who are members of the ECSE is provided (Appendix 1).

Successful clients will be informed of their payment obligations and the funds provided to the intermediary will be used to purchase the allotted amount.

As an issuer on the RGSM, the Government of the Commonwealth of Dominica will be subject to the rules, guidelines and procedures developed by the Regional Debt Coordinating Committee (RDCC) for the operation of the market, including ongoing reporting and disclosure requirements.

## VIII. Appendices

- i. Listing of Licensed intermediaries
- ii. Summary of Government Fiscal Operations (EC\$ Millions)
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### Appendix i: Listing of Licensed intermediaries

<b>Territory</b>	<b>Institution</b>	<b>Name of Licensee</b>	<b>Type of License</b>
GRENADA	Grenada Co-operative Bank Ltd	Allana Joseph	Principal
		Aaron Logie	Principal
		Carla Sylvester	Representative
		Kishel Francis	Representative
ST KITTS AND NEVIS	St Kitts-Nevis-Anguilla National Bank Ltd	Anthony Galloway	Principal
		Angelica Lewis	Representative
		Marlene Nisbett	Representative
		Petronella Crooke	Representative
	The Bank of Nevis Ltd	Monique Williams	Principal
		Brian Carey	Principal
		Denicia Small	Representative
		Judy Claxton	Representative
SAINT LUCIA	Bank of St Lucia Ltd	Medford Francis	Principal
		Lawrence Jean	Principal
		Deesha Lewis	Representative
		Cedric George Charles	Representative
		Mervin Simeon	Representative
	First Citizens Investment Services Ltd	Carole Eleuthere-Jn Marie	Principal
		Omar Burch-Smith	Principal

<b>Territory</b>	<b>Institution</b>	<b>Name of Licensee</b>	<b>Type of License</b>
		Norlann Gabriel	Principal
		Temelia Providence	Principal
		Shaka St Ange	Representative
		Samuel Agiste	Representative
ST VINCENT AND THE GRENADINES	Bank of St Vincent and the Grenadines Ltd	Laurent Hadley	Principal
		Monifa Latham	Principal
		Chez Quow	Representative
		Patricia John	Representative

**Appendix ii. Summary of Government Fiscal operations for 2020/2021 (EC\$ millions)**

	<b>Actual 2019/2020</b>	<b>Budget Estimate 2020/2021</b>	<b>Actual Outturn 2020/2021</b>
<b>Total Revenue + Grants</b>	<b>595.0</b>	<b>844.0</b>	<b>825.1</b>
<b>Total Revenue</b>	<b>573.1</b>	<b>695.3</b>	<b>657.6</b>
<b>Recurrent Revenue</b>	<b>571.9</b>	<b>690.3</b>	<b>655.7</b>
<b>Tax Revenue</b>	<b>368.0</b>	<b>359.8</b>	<b>331.8</b>
<b>Non Tax Revenue</b>	<b>204.0</b>	<b>330.5</b>	<b>323.9</b>
<b>Capital Revenue</b>	<b>1.2</b>	<b>5.1</b>	<b>1.9</b>
<b>Grants</b>	<b>21.9</b>	<b>148.7</b>	<b>167.5</b>
<b>Total Expenditure</b>	<b>758.9</b>	<b>968.3</b>	<b>923.1</b>
<b>Recurrent Expenditure</b>	<b>606.6</b>	<b>541.6</b>	<b>491.7</b>
<b>Capital Expenditure and Net Lending</b>	<b>152.3</b>	<b>426.7</b>	<b>431.4</b>
<b>Capital Expenditure</b>	<b>153.2</b>	<b>427.2</b>	<b>431.7</b>
<b>Current Account Balance</b>	<b>-34.7</b>	<b>148.7</b>	<b>164.0</b>
<b>Overall Balance</b>	<b>-163.9</b>	<b>(124.3)</b>	<b>(97.9)</b>
<b>Overall Balance % of GDP</b>	<b>-11.1</b>	<b>-8.0</b>	<b>-6.9</b>
<b>Primary Balance</b>	<b>-126.6</b>	<b>-93.1</b>	<b>-66.4</b>
<b>Primary Balance % of GDP</b>	<b>-8.6</b>	<b>-6.0</b>	<b>-4.7</b>
<b>Nominal GDP at Market Prices</b>	<b>1,472.0</b>	<b>1,559.0</b>	<b>1,415.0</b>

Appendix iii. 2021/2022 three year Fiscal Framework (EC\$ millions)

	2021/22	2022/23	2023/24
<b>Total Revenue + Grants</b>	<b>975.2</b>	<b>1,279.2</b>	<b>1,111.3</b>
<b>Total Revenue</b>	<b>854.5</b>	<b>1,136.9</b>	<b>1,038.4</b>
<b>Recurrent Revenue</b>	<b>849.5</b>	<b>1,131.9</b>	<b>1,033.4</b>
Tax Revenues	357.1	389.5	418.3
Taxes on Incomes & Profits	61.0	66.6	71.5
Taxes on Property	10.2	11.2	12.0
Taxes on Dom. Goods & Services	209.6	228.6	245.5
Taxes on Intl Trade & Transactions	76.3	83.2	89.4
<b>Non Tax Revenues</b>	<b>492.3</b>	<b>742.4</b>	<b>615.0</b>
CBI	463.3	710.7	580.9
Other	29.1	31.7	34.1
<b>Capital Revenue</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>
<b>Grants</b>	<b>120.8</b>	<b>142.3</b>	<b>73.0</b>
<b>Total Expenditure</b>	<b>1,023.2</b>	<b>1,332.4</b>	<b>1,126.0</b>
<b>Recurrent Expenditure</b>	<b>584.9</b>	<b>573.4</b>	<b>572.9</b>
Personal Emoluments	187.2	175.7	176.2
Goods & Services	249.7	247.8	247.9
Interest Payments	35.0	37.1	35.7
Transfers & Subsidies	113.0	112.7	113.1
<b>Capital Expenditure and Net Lending</b>	<b>438.3</b>	<b>758.9</b>	<b>553.1</b>
<b>Capital Expenditure</b>	<b>438.8</b>	<b>759.4</b>	<b>553.6</b>
Loan	64.8	116.5	79.7
Grant	120.8	142.3	73.0
GOCD	253.3	500.7	400.9
Net Lending	(0.5)	(0.5)	(0.5)
<b>Current Acct Balance</b>	<b>264.6</b>	<b>558.5</b>	<b>460.4</b>
<b>Percent of GDP</b>	<b>17.4</b>	<b>33.6</b>	<b>25.8</b>
<b>Overall Balance</b>	<b>(48.0)</b>	<b>(53.1)</b>	<b>(14.7)</b>
<b>Overall Balance % of GDP</b>	<b>(3.2)</b>	<b>(3.2)</b>	<b>(0.8)</b>
<b>Primary Balance</b>	<b>(13.0)</b>	<b>(16.0)</b>	<b>21.0</b>
<b>Primary Balance % of GDP</b>	<b>(0.9)</b>	<b>(1.0)</b>	<b>1.2</b>
<b>Nominal GDP at Market Prices</b>	<b>1,523.0</b>	<b>1,661.0</b>	<b>1,784.0</b>

**Appendix iv. Total Public Sector Outstanding Debt As at June 2021 (EC\$ millions)**

	2016/17	2017/18	2018/19	2019/20	2020/21	% change
<b>1. TOTAL OUTSTANDING Debt</b>	1038.4	1031.3	1207.1	1331.9	1469.8	10.4
GDP Figures	1456.0	1341.2	1523.0	1554.0	1415.0	-8.9
<b>2. OFFICAL DEBT</b>	1038.4	1031.3	1212.1	1331.9	1469.8	10.4
% GDB at market prices	71.3	76.9	79.6	85.7	103.9	21.2
<b>A. Central Government</b>						
% GDB at market prices	59.9	64.5	68.5	75.4	92.9	23.3
<b>Outstanding Debt</b>	871.6	864.7	1043.7	1171.0	1315.2	12.3
- Domestic	237.2	250.4	432.7	540.9	520.8	-3.7
- External	634.3	614.3	611.0	630.1	794.4	26.1
- Treasury Bills/Notes	26.0	17.6	22.6	26.0	29.9	15.1
- Bonds	96.8	90.3	115.0	106.5	95.5	-10.3
- Loans	511.6	506.5	473.4	497.6	669.0	34.4
- Bilateral	188.3	171.7	148.2	127.8	132.0	3.3
- Multilateral	316.6	328.0	318.5	363.1	530.3	46.0
- Other	6.8	6.8	6.8	6.8	6.8	0.0
<b>B. Government Guaranteed</b>						
% GDB at market prices	11.5	12.4	10.7	10.4	10.9	5.6
<b>Outstanding Debt</b>	166.9	166.6	163.4	160.9	154.6	-3.9
- Domestic	69.5	68.3	71.1	69.0	67.9	-1.6
- External	97.4	98.3	92.3	91.9	86.8	-5.6
<b>TOTAL (Domestic)</b>	306.7	318.7	503.8	609.9	588.6	-3.5
<b>TOTAL (External)</b>	731.7	712.6	703.2	722.0	881.2	22.1



## APPENDIX v. Central Government Debt Service

<b>EXTERNAL</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
<b>BILATERAL</b>	<b>22.66</b>	<b>24.84</b>	<b>23.74</b>	<b>21.04</b>	<b>7.92</b>	<b>17.54</b>	<b>21.78</b>
Principal	16.21	20.31	19.57	17.34	6.48	14.35	18.69
Interest	6.45	4.53	4.16	3.70	1.44	3.19	3.10
<b>MULTILATERAL</b>	<b>20.56</b>	<b>22.80</b>	<b>24.47</b>	<b>25.58</b>	<b>23.55</b>	<b>33.35</b>	<b>35.66</b>
Principal	15.33	17.66	19.23	20.33	18.65	25.78	26.95
Interest	5.23	5.15	5.23	5.26	4.91	7.57	8.71
<b>OTHER</b>	<b>5.72</b>	<b>6.90</b>	<b>5.78</b>	<b>22.04</b>	<b>10.72</b>	<b>8.39</b>	<b>8.20</b>
Principal	3.44	4.58	3.44	20.14	7.90	6.48	6.55
Interest	2.28	2.32	2.33	1.90	2.82	1.90	1.65
<b>PRIVATE</b>	<b>0.07</b>	<b>0.07</b>	<b>0.07</b>	<b>0.87</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>
Principal	0.01	0.01	0.01	0.80	0.01	0.01	0.01
Interest	0.06	0.06	0.06	0.07	0.24	0.24	0.24
<b>COMMERCIAL</b>	<b>3.14</b>	<b>6.15</b>	<b>3.09</b>	<b>9.64</b>	<b>4.03</b>	<b>12.97</b>	<b>5.49</b>
Principal	1.83	4.83	1.83	7.83	2.61	1.70	4.70
Interest	1.32	1.32	1.26	1.82	1.42	11.28	0.80
<b>TOTAL</b>	<b>52.16</b>	<b>60.77</b>	<b>57.14</b>	<b>79.18</b>	<b>46.48</b>	<b>72.50</b>	<b>71.38</b>
Principal	36.83	47.39	44.09	66.43	35.65	48.32	56.89
Interest	15.33	13.37	13.05	12.75	10.83	24.18	14.48
<b>DOMESTIC</b>							
<b>COMMERCIAL</b>	<b>7.79</b>	<b>13.90</b>	<b>7.37</b>	<b>27.29</b>	<b>12.75</b>	<b>3.36</b>	<b>19.70</b>
Principal	2.08	10.69	0.69	11.64	0.69	0.35	10.35
Interest	5.71	3.21	6.68	15.66	12.05	3.02	9.35
<b>Pension Fund</b>	<b>4.90</b>	<b>14.67</b>	<b>5.47</b>	<b>18.17</b>	<b>13.53</b>	<b>13.30</b>	<b>24.55</b>
Principal	0.13	9.83	0.55	12.74	7.66	7.66	19.57
Interest	4.77	4.84	4.91	5.43	5.88	5.64	4.98
<b>FINANCIAL INSTITUTION</b>	<b>0.04</b>	<b>0.42</b>	<b>0.01</b>	<b>0.11</b>	<b>0.29</b>	<b>0.28</b>	<b>0.28</b>
Principal	0.01	0.41	0.01	0.01	0.01	0.00	0.00
Interest	0.03	0.02	0.00	0.11	0.28	0.28	0.28
<b>INSURANCE FUND</b>	<b>0.57</b>	<b>0.57</b>	<b>0.57</b>	<b>7.61</b>	<b>0.62</b>	<b>0.60</b>	<b>0.60</b>
Principal	0.02	0.02	0.02	7.06	0.14	0.13	0.13
Interest	0.55	0.55	0.55	0.55	0.47	0.47	0.46
<b>PRIVATE</b>	<b>0.09</b>	<b>0.73</b>	<b>0.01</b>	<b>0.80</b>	<b>1.92</b>	<b>1.92</b>	<b>2.02</b>
Principal	0.05	0.70	0.00	0.00	0.01	0.01	0.11
Interest	0.05	0.03	0.01	0.80	1.91	1.91	1.90
<b>OTHER</b>	<b>2.78</b>	<b>1.93</b>	<b>1.92</b>	<b>0.47</b>	<b>0.04</b>	<b>0.03</b>	<b>0.03</b>
Principal	0.02	0.02	0.02	0.45	0.03	0.02	0.02
Interest	2.76	1.92	1.90	0.02	0.01	0.01	0.01
<b>TOTAL</b>	<b>16.17</b>	<b>32.23</b>	<b>15.35</b>	<b>54.45</b>	<b>29.15</b>	<b>19.50</b>	<b>47.18</b>
Principal	2.30	21.66	1.29	31.89	8.54	8.18	30.19
Interest	13.88	10.57	14.06	22.56	20.61	11.32	16.98
<b>DEBT RATIOS</b>							
<b>Total Debt service/Revenue %</b>	<b>7.86</b>	<b>13.93</b>	<b>10.11</b>	<b>23.22</b>	<b>8.27</b>	<b>10.78</b>	<b>10.44</b>
<b>Ext Debt Service /Revenue %</b>	<b>6.00</b>	<b>9.10</b>	<b>7.97</b>	<b>13.76</b>	<b>5.08</b>	<b>8.50</b>	<b>6.29</b>
<b>Dom Debt Service/Revenue %</b>	<b>1.86</b>	<b>4.83</b>	<b>2.14</b>	<b>9.46</b>	<b>3.19</b>	<b>2.29</b>	<b>4.15</b>

Source: Debt Unit/Dominica Authorities

