



GOVERNMENT OF THE COMMONWEALTH OF DOMINICA

PROSPECTUS

For

EC\$80 Million, 91 day Treasury bills

(Series A: ECD 20M; Series B: ECD 20M; Series C: ECD 20M; Series D: ECD 20M)

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PROSPECTUS DATE: FEBRUARY 2022

The Prospectus has been drawn up in accordance with the rules of the Regional Government Securities Market. The Regional Debt Coordinating Committee and Eastern Caribbean Central Bank accept no responsibility for the content of this Prospectus, make no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss whatsoever arising from or reliance upon the whole or any part of the contents of this Prospectus. This prospectus is issued for the purpose of giving information to the public. If you are in doubt about the contents of this document or need financial or investment advice you should consult a person licensed under the Securities Act or any other duly qualified person who specializes in advising on the acquisition of government instruments or other securities.



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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

Reason for the addendum:

- To reduce the maximum bid price on the 91 day Treasury Bills from 5 percent to 4 percent

The Government of the Commonwealth of Dominica (thereafter 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

Table 1. List of issues

Auction Date	Tenor/Type	Amount	Trading Symbol	Settlement Date	Maturity Date
21 st March 2022	91 Day T-bill	EC\$20.0 Million	DMB210622	22 nd March 2022	21 st June 2022
22 nd June 2022	91 day T-bill	EC\$20.0 Million	DMB220922	23 rd June 2022	22 nd September 2022
26 th September 2022	91 day T-bill	EC\$20.0 Million	DMB271222	27 th September 2022	27 th December 2022
29 th December 2022	91 day T-bill	EC\$20.0 Million	DMB300323	30 th December 2022	31 th March 2023

The securities will be issued under the authority of 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 2022, June 2022, September 2022, December 2022 and traded on the Secondary Market trading platform of the Eastern Caribbean Securities Exchange (ECSE).

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
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
Issue Dates:	21 st March 2022 22 nd June 2022 26 th September 2022 29 th December 2022
Types of Securities:	Four (4) 91 day Treasury bills (\$20 million each; 4%)
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.

II. Information about the Issues

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 traded on the Eastern Caribbean Securities Exchange (ECSE), the secondary market trading platform.

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 Limited

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.

III. Management and Administration of Public Finance

Debt management functions are coordinated among the Ministry of Finance (MOF) Debt Unit, the Accountant General's Office, and the Attorney General's chambers. The Debt Unit (DU), which operates under the control of the Budget Comptroller in the MOF, leads debt management strategy and implementation. The Public Debt and Cash Management Committee in the MOF oversee the debt management operations. The Public Debt and Cash Management Committee is comprised of the Financial Secretary, the Budget Comptroller, the Accountant General and the Debt Economist.

1. 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 the revised time frame, FY 2035.

2. Debt management Strategy

The overall debt management strategy hinges on the objectives of minimizing borrowing costs. The GOCD recognizes the need to factor the impact of fluctuations in exchange rates on debt servicing costs and considers this in formulating its debt management strategy. The underlying elements guiding the strategy are:

- Limiting variable interest 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\$80.0 million. Additionally, the authorities have revised the overdraft facility to meet current requirement and is now capped at \$56.5 million in totality. There are no borrowing limits for loans and bonds.

3. 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). Therefore, disclosure of information on the cash flow and debt stock will be available bi-annually to all investors, consistent with the rules of the Regional Debt Coordinating Committee (RDCC).

4. 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.

5. 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 were 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.

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.

V11. Public Debt Overview

At the end of fiscal year 2020/21 the total disbursed outstanding debt of the public sector¹ stood at approximately EC\$1.47 billion (table 1) or 103.9 percent of GDP². 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.

¹ *Includes both central government and central government guaranteed debt and excludes floating debt*

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

Table 2. Total Public Sector Debt (EC\$ m) as at June 2021

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

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 2020/21.

Table 3. Securities issued on the RGSM during Financial Year 2020/21

Instrument	Symbol	Term	Date of Issue	Date of Maturity	Issue Amount	Allotted Amount	Subscriptions	No. of Bids	Yield	Bid-to-Cover Ratio
T-bill	DMB031220	91 days	2/9/2020	2/12/2020	20,000,000	20,000,000	47,258,000	15	1.5	2.36
T-bill	DMB080321	91 days	4/12/2020	8/3/2021	20,000,000	20,000,000	33,463,000	16	1.50	1.67
T-bill	DMB090621	91 days	9/3/2021	9/6/2021	20,000,000	20,000,000	44,997,000	17	1.40	2.25
T-bill	DMB100921	91 days	10/6/2021	10/9/2021	20,000,000	20,000,000	20,007,000	11	4.00	1.00

V. Recent Economic Performance

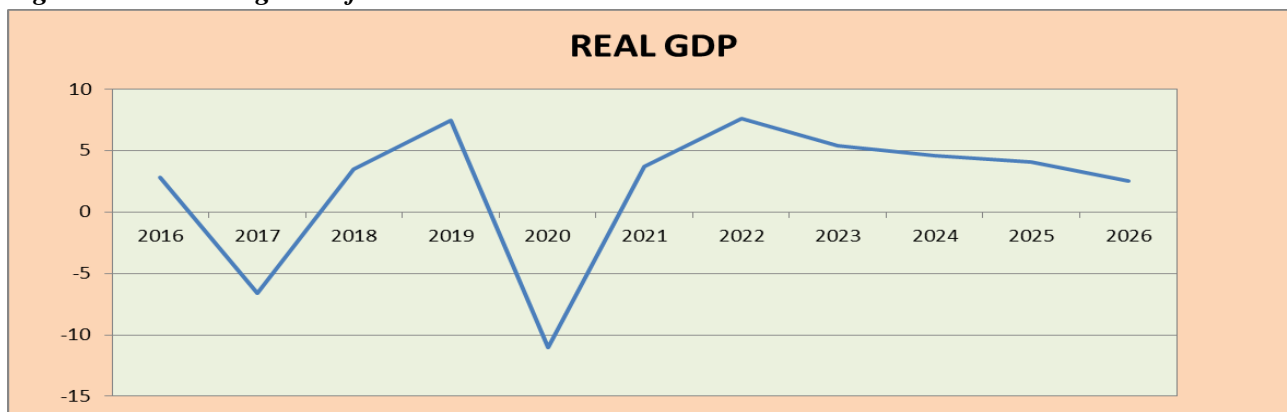
With efforts being made to reduce the impacts of the pandemic, during the first half of 2021, economic activity increase slightly in contrast to a large decline in the first half of the previous year. The developments in 2021 are due mainly to expansions of Government's investments in the construction and agricultural sectors.

The construction sector contributed positively to the economic activities as both private and public sector projects continued a full pace. Adding to the contributions of the construction sector was an 8.6 percent increase in residential starts, along with continuation of the construction of three major CBI funded hotel projects. In the public sector there were increased investments in capital projects including a major Hospital upgrade, the second and third phase of the main Hospital project, the Edward Oliver Leblanc Highway Rehabilitation Project and the Roseau Enhancement Project.

Inflationary pressures during the first half of 2021 caused consumer price index to increase by 0.5 per cent on average which is associated with increases in the prices of housing, utilities, gas and fuel (1.9 per cent), communications (0.2 per cent), and food and non-alcoholic beverages (0.2 per cent).

The graph below shows real GDP for the period 2016 to 2021 with projections for 2022 to 2026.

Figure 1. Real GDP growth for 2016 to 2021



Source: Ministry of Finance preliminary estimates

Projections for 2022 suggest 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. Preliminary estimates suggest an overall expansion in activity of 7.6 percent. This is a reflection of the stabilization of the economy as it returns to pre-pandemic levels. The increased activities in the construction and agricultural sectors as well as the resumption of

activities in the tourism sector are the main attributes to this growth. 2023 will see a further expansion with growth of 5.4 percent as all the sectors of the economy gain momentum with growth averaging 4.2 percent per annum over the medium term.

The domestic economy is linked to the international economy through various levels of trade and trade partners therefore with the ongoing COVID-19 pandemic; the domestic economy continues to be impacted by events occurring globally such increased inflations and the risk of the emergence of new contagion variants of the coronavirus.

Balance of Payments

Preliminary estimates of the balance of payments indicate a reduction of the net borrowing position to \$246.2m (19.5 per cent of GDP) in 2020, below that of \$469.4m (30.3 per cent of GDP) recorded in 2019. This development was driven by a decrease in net outflows on the current account to \$375.0m from \$600.8m in the previous year, reflecting a decline in net outflows from imports, as well as lower inflows from services, as travel was negatively affected by the pandemic.

There was also a slight decline in net inflows on the capital account during the review period. On the financial account, a net borrowing position of \$167.3m was recorded, compared with one of \$614.5m observed in 2021.

XI. Security Issuance Procedures, Clearance and Settlement

The series of Securities will be listed on the ECSE. This market operates on the ECSE trading platform for both primary issuance and secondary trading. The pricing methodology to be used for selling the securities will be a Competitive Uniform Price Auction. 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 Depository (ECCSD), will record and maintain ownership of the government securities in electronic book-entry form. The ECCSD

will mail confirmation of proof of ownership letters to all investors who were successful in the auction. The ECCSD 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.

XII. Appendices

- i. Listing of Licensed intermediaries
- ii. Total Public Sector Outstanding Debt As at June 2021 (EC\$ millions)

APPENDIX I Listing of Licensed ECSE Member Broker Dealers

Territory	Institution	Name of License	Type of License
GRENADA	Grenada Co-operative Bank Ltd	Allana Joseph	Principal
		Aaron Logie	Principal
		Kishel Francis	Representative
ST KITTS AND NEVIS	St Kitts-Nevis-Anguilla National Bank Ltd	Anthony Galloway	Principal
		Petronella Edmeade-Crooke	Principal
		Marlene Nisbett	Representative
		Angelica Lewis	Representative
	The Bank of Nevis Ltd	Monique Williams	Principal
		Judy Claxton	Principal
		Denicia Small	Representative
		Nikesia Pemberton	Representative
SAINT LUCIA	Bank of St Lucia Ltd	Medford Francis	Principal
		Lawrence Jean	Principal
		Cedric Charles	Principal
		Deesha Lewis	Representative

	First Citizens Investment Services Ltd	Omar Burch-Smith Temelia Providence	Principal Representative
ST VINCENT AND THE GRENADINES	Bank of St Vincent and the Grenadines Ltd	Laurent Hadley Monifa Latham Chez Quow Patricia John	Principal Principal Representative Representative

APPENDIX II Total Public Sector Outstanding Debt As at June 2021 (EC\$ millions)

	2016/17	2017/18	2018/19	2019/20	2020/21	% change
1. TOTAL OUTSTANDING Debt	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
2. OFFICAL DEBT	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
A. Central Government						
% GDB at market prices	59.9	64.5	68.5	75.4	92.9	23.3
Outstanding Debt	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. Government Guaranteed						
% GDB at market prices	11.5	12.4	10.7	10.4	10.9	5.6
Outstanding Debt	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
TOTAL (Domestic)	306.7	318.7	503.8	609.9	588.6	-3.5
TOTAL (External)	731.7	712.6	703.2	722.0	881.2	22.1

Source: Debt Unit Ministry of Finance

