

Government of the Commonwealth of Dominica

Material Disclosure Document

For Secondary Listing of Short, Intermediate and Long Bonds

Ministry of Finance and Planning

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I. General Information

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Purpose: To provide information for the listing of Dominica's three series of restructured bonds on the secondary market of the Eastern Caribbean Securities Exchange: the Short Bond, the Intermediate Bond and the Long Bond.

Legislative Authority: The General Local Loans Act and Loan Authorisation Act

II. Information on the Bonds

Date of Listing: August 2006

Amount to be listed:

Issued amount:	EC\$140,105,651.00
10- year Short Bonds	EC\$ 26,825,471.00
20-year Intermediate Bonds	EC\$ 8,932,359.00
30-year Long Bonds	EC\$104,347,821.00

Maturity Date of the Issue:

10- year Short Bonds:	2014
20-year Intermediate:	2024
30-year Long Bonds:	2034

Interest rates: 3.5%

Interest payment dates:

10- year Short Bonds:	10 September and 10 March
20-year Intermediate:	10 May and 10 November
30-year Long Bonds:	10 January and 10 July

EXECUTIVE SUMMARY

In April 2004, the Government of the Commonwealth of Dominica offered to exchange certain categories of existing public debt for new bonds. This offer formed part of government's strategy to address the economic crisis that existed at that time in an effort to promote growth and stability in the economy. Following the unsustainable build up of public sector debt in the late 1990's, it was realized that in order to ensure the success of any programme of economic stabilisation and adjustment it was imperative that measures be implemented that would be geared toward achieving debt sustainability in the medium term. A comprehensive debt strategy was therefore formulated. The strategy, underpinned by a macro-economic framework - which addressed issues of fiscal sustainability - was aimed at a comprehensive debt reprofiling exercise, anchored on inter-creditor equity. Government submitted to its creditors in particular and the international donor community in general, an offer circular which indicated the terms of a comprehensive debt management programme, targeting the exchange of existing eligible claims for three series of new, liquid Commonwealth of Dominica bonds.

The three series of new bonds, denominated in EC dollars with a fixed interest coupon of 3.5 per cent were distinguishable by their difference in tenor (maturity date) and discount. The short bond has a 10-year tenor with a discount of 30.0 per cent from the principal amount of the tendered existing claim. The intermediate bond has a 20-year tenor and was exchanged at a discount of 20.0 per cent from the principal amount of the tendered existing claim. The long bond has a tenor of 30 years, exchangeable for existing claims at par (i.e. no discount to principal). Creditors holding claims maturing on or before March 31st, 2006 could have exchanged those claims for any of the three series of new bonds, while holders of claims maturing after March 31st, 2006 had the option of exchanging those claims for the intermediate bond or the long bond.

A mandatory debt management feature is associated with the new bonds. The feature requires Government to retire from the market a specified percentage of the original principal amount of that series in each year (following a grace period). The mandatory debt management feature for the short bond states that 'starting in year 6 after issuance, and thereafter in each year through

year 9, Dominica must have retired in each year a face amount of the short bonds equal to 20.0 per cent of the original amount of the issue. If Dominica fails to meet this target in any year, it will be obliged to make a partial redemption of the short bonds in that year equal to the shortfall'. The mandatory debt management feature of the intermediate bond is similar to that of the short bond except that the face amount of intermediate bonds to be retired is 8.0 per cent per year in years 7 through 17 and 4.0 per cent in years 18 and 19. With respect to the long bond, the mandatory debt management feature is also similar to that of the short bond except that the face amount of long bonds to be retired is 8.0 per cent in years 15.5 through 26 and 4.0 per cent in years 27 through 29.

Dominica's progress under the IMF's poverty reduction and growth facility arrangement (PRGF), which began in December 2003, has been satisfactory. Quarterly quantitative performance criteria and monthly indicative targets has been used to measure the success of the programme. Following the sixth review of the PRGF it was noted that all the quantitative performance criteria for the period ending December 2005, had been met and macro-economic performance remained strong as at April 2006.

As part of Government's strategy on poverty reduction and growth stimulation, various structural reforms have also been implemented. The objectives of the reforms are to safeguard the gains from the implementation of the adjustment programme and to bolster the prospects for sustainable private sector-led growth and poverty reduction. The government's comprehensive plans for achieving these objectives are articulated in their Growth and Social Protection Strategy (GSPS). These plans envisage structural reforms, including enhancing the efficiency of the public service, removing structural and institutional bottlenecks, improving the private sector investment climate, and prioritizing public sector investments. The government remains fully committed to implementing all these reform measures.

Demographics

The island of the Commonwealth of Dominica is 751 square kilometers (298 square miles) and is situated between Latitude 15 40 North and Longitude 61 30 West. Dominica attained political independence from England in 1978. The official language is English, however, due to past French influence, a French dialect (Creole) is widely spoken. The political climate is based on a multi-party democracy.

Dominica consists of ten parishes with the capital city, Roseau, located within the parish of St. George in the south-west. The total population of Dominica as of May 12, 2001 (the date of the last census) was sixty nine thousand six hundred and twenty-five (69,625); a decrease of 1558 over the 1991 Census. In 2005 however, Dominica's population was estimated at seventy thousand six hundred and twenty four (70,624). The age structure of the population in 2001 revealed that the 20-59 age group accounted for the highest percentage of the population, 47.6 per cent. Population density decreased slightly by 2.1 percent from 95 to 93 persons per square kilometer. St. George which comprises the city of Roseau registered the highest density with 353 persons per square kilometer. The total number of households increased by 10.9 from 1991-2001 (the last two census years). The parish of St. George, which comprises the city and its environs, registered an increase of 6.7 percent in total households. Over the period, all parishes continued to reflect reductions in average household size. The double effects of migration and increases in number of households contributed to that decline.

MACROECONOMIC PERFORMANCE

Overview

In 2001, faced with a liquidity crisis, the adverse effects of a severe drought and the impact of September 2001 terrorist attacks, the economy of Dominica slipped into a recession with value added contracting by roughly 4.2 per cent. With assistance from the International Monetary Fund through a Stand-By Arrangement (SBA) and a Poverty Reduction and Growth Facility (PRGF), the authorities in Dominica were able to improve their fiscal position, restructure their debt and reform their public sector. As a result of a strong stabilisation, reform and adjustment strategy a rebound in economic growth was realized over the past two years.

The pace of economic activity accelerated in 2005. Real GDP was estimated to have increased by 3.4 per cent compared with growth of 3.1 per cent in 2004. This improvement was fuelled in part by domestic consumption as reflected by an increase in non-oil, non-construction related imports and an expansion in sales tax receipts associated with these imports. These developments mark the second consecutive year of economic growth.

In 2005, growth was recorded in all sectors with the exception of agriculture and transportation. The rate of inflation, as measured by the consumer price index, rose by 2.7 per cent on an end of period basis in 2005. The central government's fiscal operations¹ improved, resulting in a primary balance of 6.4 per cent of GDP due in part to higher revenues and lower capital spending. In the banking system, monetary liabilities and net foreign assets expanded and liquidity remained high. In the external sector an overall balance of payments deficit was recorded, partly on account of high fuel prices, an expansion in non-fuel imports and weaker tourism earnings.

Sectoral Developments

Wholesale and Retail Trade

¹ On a calendar year basis

Output in the wholesale and retail trade sector grew by 11.0 per cent mainly reflecting an expansion in construction activity. The sector's contribution to GDP rose to 14.7 per cent in 2005 from 13.7 in 2004.

Communications

Value added in the communications sector rose by an estimated 8.0 per cent in 2005, influenced by increased mobile phone service by three telecommunication companies. Two new entrants to the telecommunications market in 2004 resulted in the expansion of the size of the market. Each company increased its market share in 2005 and expanded the size of the market in general, during that year. The sector's share of total output expanded to 9.1 per cent in 2005 from 8.7 per cent in 2004.

Manufacturing

Output in the manufacturing sector is estimated to have increased by 1.5 per cent in 2005. Increases were recorded in output of beverages (16.1 per cent), dental cream (6.2 per cent) and some other manufactured products (15.5 per cent), associated with an expansion in local and external demand. By contrast, soap production fell by 14.9 per cent, mainly attributed to reduced regional demand. As a share of GDP, the manufacturing sector accounted for 6.3 per cent compared with 6.4 per cent in 2004.

Construction

Value added in the construction sector grew by 2.8 per cent compared with 3.3 per cent in 2004, driven by public sector investment. Projects in the public sector included rehabilitating roads, improving and expanding the Melville Hall airport, building a sports stadium, expanding schools and developing ecotourism sites. In the private sector, activity focussed on residential construction. The sector's contribution to GDP decreased by 0.1 percentage point to 7.2 per cent.

Tourism

Value added in the hotels and restaurants sector, an indicator of tourism activity, grew by an estimated 1.1 per cent in 2005, following an expansion of 11.7 per cent in 2004. The sector's

contribution to GDP fell by 0.1 percentage point to 2.6 per cent. The number of stay-over visitors in paid accommodation rose by 1.7 per cent. Of the other categories of visitors, the number of cruise ship passengers decreased by 21.4 per cent to 301,511, consistent with an 21.7 per cent decline in the number of cruise ship calls (234). The number of excursionists fell sharply to an estimated 676 persons in 2005 from 2,577 in 2004.

Agriculture

Output in the agricultural sector is estimated to have declined by 0.6 per cent in 2005 in contrast to an expansion of 3.5 per cent in the previous year, largely associated with a decrease in banana production. Banana export fell by 21.1 per cent to 12,732 tonnes, mainly attributable to unfavourable weather. The sector's share of GDP decreased to 17.1 per cent from 17.8 per cent in 2004.

Inflation

The rate of inflation as measured by the change in the consumer price index (CPI) on an end of period basis was 2.7 per cent during 2005. This compares with a rate of 0.9 per cent during 2004. The increase in 2005 was mainly associated with rising costs of "food" and "fuel and light". Food prices rose by 3.7 per cent, largely attributable to the higher cost of meats and vegetables. The rise in the "fuel and light" sub-index (23.8 per cent) was associated with higher international oil prices, which resulted in more expensive fuel supplies and electricity generated. By contrast, decreases were recorded in the sub-indices "transport and communications" (0.7 per cent) and "housing" (0.6 per cent).

In August 2005, Government reversed a 5.0 per cent cut in public sector wages introduced in the 2003 budget as one of the fiscal measures under the IMF programme. Consequently, an increase was recorded in the wages and salaries of civil servants.

Central Government Fiscal Performance²

The fiscal operations of the central government resulted in a current account surplus of \$22.5m (2.8 per cent of GDP) in 2005, compared with a surplus of \$4.6m (0.6 per cent of GDP) in 2004.

² Analysis based on calendar year performance

This outturn was attributed to an 8.7 per cent expansion in current revenue. Growth in current revenue primarily reflected increased receipts from taxes on income and profits (29.3 per cent), particularly one-off payments from corporations. Receipts from taxes on international trade and transactions, which accounted for 49.1 per cent of tax revenue, rose by 6.6 per cent, mainly attributed to growth in the value of non-oil imports.

With respect to current expenditure, spending increased by 1.1 per cent in 2005 mainly as associated with gratuity payments and the settlement of some arrears on contributions to regional institutions. Interest payments have fallen by 37.7 per cent relative to the previous year, primarily as a result of lower domestic and external interest rates negotiated through the government's debt restructuring exercise. Expenditure on personal emoluments fell by 0.7 per cent. Capital expenditure in 2005 was financed primarily from grant resources. Two flagship projects during the year were the improvement and expansion of the Melville Hall airport and the construction of the Windsor Park Sports stadium. As a result of fiscal operations throughout the year, an overall surplus of \$27.8m (3.2 per cent of GDP) was realised in contrast to a deficit of \$8.1m (1.1 per cent of GDP) in 2004.

As at December 31st 2005, the total disbursed outstanding debt (including arrears) of the central government stood at \$732.2m, an increase of 2.2 per cent on the level at the end of 2004. This outturn was attributed mainly to growth in external debt, primarily loan disbursements from the Caribbean Development Bank, as well as financing from the International Monetary Fund under the PRGF arrangement. The stock of domestic debt rose by 1.5 per cent, partly because the government assumed an outstanding loan of a former statutory body. Central government's debt to GDP ratio fell by 2.7 percentage points to 90.3 per cent.

Debt service payments fell by 30.2 per cent relative to the total in 2004, largely reflecting the impact of government's comprehensive debt restructuring exercise, which began in April 2004. As part of the debt restructuring exercise, government exchanged existing eligible claims with three series of bonds, each with a fixed coupon of 3.5 per cent. As a share of current revenue, debt service payments represented 14.9 per cent, down from 23.1 per cent in 2004.

Financial Indicators

Liquidity in the commercial banking system remained at a high level during 2005, despite some decrease as indicated by liquidity ratios. The ratio of liquid assets to total deposits plus liquid liabilities was 48.7 per cent, roughly 5.8 percentage points below that at the end of 2004, partly reflecting a reduction in treasury bills and liquid assets due from banks abroad. The ratio of loans and advances to total deposits was 58.1 per cent compared with 57.5 per cent in 2004. Commercial bank interest rates were unchanged during 2005. Rates on savings deposits ranged from 3.0 per cent to 4.25 per cent and rates on time deposits ranged from 1.0 per cent to 6.0 per cent. Prime lending rates remained within the range of 8.5 per cent to 10.0 per cent.

Balance of Payments

The balance of payments position improved in 2005, evidenced by an overall surplus of \$39.0m (4.8 per cent of GDP), in contrast to a deficit of \$15.9m (2.1 per cent of GDP) in 2004. The current account deficit widened to \$217.7m (26.8 per cent of GDP) from \$159.0m (20.6 per cent of GDP) in 2004. This outturn reflected the combined impact of growth in import payments (f.o.b.), a decline in export receipts, a contraction in gross travel receipts – consistent with a reduction in the number of visitors and lower interest payments on loan and bond transactions as a result of government’s debt restructuring exercise.

Growth and Social Protection Strategy

In an effort to boost Dominica’s international competitiveness, stimulate growth and reduce poverty, Government has detailed its commitment to (i) a fiscal policy reform and an improved administrative structure; (ii) the creation of an enabling environment for private enterprise activity; (iii) a strategy for sectoral growth; and (iv) a strategy for poverty reduction and social protection. This commitment is documented in the Growth and Social Protection Strategy (GSPS) paper. The strategy seeks to advance the private sector as the engine of economic growth, with the government playing a facilitating role. It also aims to better target existing social programmes so that the benefits from growth can reach the under-privileged in society. In the short-term, a key challenge is making growth more broad-based for its sustainability to be assured.

Expenditure restraint, controlled borrowing, administrative modernising and reform are key elements of fiscal policy that have been incorporated so as to facilitate growth in the economy. Improving the enabling environment for private enterprise through fiscal, institutional, legislative, regulatory and administrative reforms and improvements are all actions being taken by Government and which will be strengthened over the next five years.

Eco tourism, agro industries, niche-focused agriculture and fisheries and water are natural resource based industries in which Dominica has some comparative advantage. Capitalizing on these strengths are just a few of the ways that the authorities intend to achieve sustained economic growth of at least 3.0 per cent over the medium term.

The Poverty Reduction and Growth Facility (PRGF)

The Poverty Reduction and Growth Facility (PRGF) arrangement with the International Monetary Fund (IMF) contained a number of fiscal and structural measures which are being evaluated against some specific quantitative and structural performance criteria. These measures were geared at achieving macro economic stability through a large fiscal adjustment and collaborative restructuring of the unsustainable debt. Strong structural measures were pursued to establish the basis for sustainable growth and reduce unemployment and poverty. Resulting from the sixth review of the PRGF, the IMF stated that “commendable progress has been achieved under the PRGF in 2005 and so far in 2006. All quantitative performance criteria for the sixth review were met, and the structural performance criterion was observed” (IMF Sixth Review July 2006).

All quantitative performance criteria for end-December 2005 were met with comfortable margins. The indicative targets for end-September 2005 and end-December 2005 were also met. The Value Added Tax (VAT) was implemented on March 1, 2006 (a structural performance criterion), and an important step in Government’s revenue reforms. With respect to other structural reforms, an onsite inspection of the Agricultural and Industrial Development (AID) Bank was conducted; an action plan was implemented to reduce the wage bill resulting in the

streamlining of the civil service. Consequently, several government services were outsourced in January, March and June 2006; a review of the streamlining of government units was also completed; and the preparation of an action plan to reform the Dominica Social Security (DSS) is well underway. Amendments are being made to the Electricity Supply Act and related legislation so as to de-monopolise the sector.

Going forward, Government is committed to the poverty reduction and growth facility arrangement and as such will continue to implement policies geared toward sustainable growth and poverty reduction. For the seventh review of the PRGF – which is likely to take place at the end of 2006, among other things, Government expects to:

1. Further rationalise the wage bill;
2. Implement an action plan to eliminate the unfunded liabilities of the Dominica Social Security;
3. Provide legislative support to the Financial Services Unit, through the Financial Services Unit (FSU) Act, to allow the unit to supervise non-bank financial institutions, including the AID Bank and credit unions;
4. Complete strategic reviews and establish action plans for the operations of the Dominica Export Import Agency (DEXIA) and the National Development Corporation (NDC), with a view to enhancing their efficiency, streamlining their functions and improving accountability.

Outlook for the Medium Term

Based on the strategy articulated in the Growth and Social Protection Strategy, Government will target sustained growth of 3.0 per cent over the medium term. Increased levels of activity in all sectors, particularly tourism, agriculture and fisheries, energy and water are projected. It is government's intention to boost private investment by creating an enabling environment; one that promotes the reduced cost of doing business, improved reliability of transportation and energy and an increase in the productivity of the labour force. In addition to the targeted real GDP growth, inflation is expected to remain subdued at roughly 2.0 per cent per annum. Public

investment close to 11.0 per cent of GDP will be targeted thus requiring a strengthening of the implementation capacity. On the balance of payments accounts, a reduction in the external current account deficit is being targeted through greater reliance on domestic savings.

Fiscal outlook for 2006-07

For the fiscal year July 2006 to June 2005, total revenue including loan receipts is projected at \$327.5m and overall expenditure including loan amortisation is projected at \$326.0m, resulting in an overall surplus of \$1.5m. The recurrent expenditure (excluding debt amortisation) projection for the fiscal year 2006/2007 is \$224.0m compared with \$214.2m in the fiscal year 2005/2007. Government remains committed to keeping wages at about 13.1 per cent of GDP.

Government transfers are projected at \$46.7m, and include \$23.0m for grants and contributions to local, regional and international institutions, \$3.7m for public assistance and \$20.0m for pensions and gratuities. The summary of recurrent expenditure by economic classification plus debt amortisation reveals that personal emoluments, wages, salaried and non-salaried allowances together account for 46.7 per cent of recurrent expenditure, total debt obligations (interest payments and amortisation) 15.6 per cent, transfers 19.4 per cent and goods and services 17.6 per cent. The budget allocation for goods and services has increased by 21.8 per cent over last year's budget, consistent with Government's policy to remain current on obligations particularly in regards to payment of utilities and to purchase the services outsourced during the previous year.

Current revenue for the fiscal year 2006/07 is set at \$244.1m, compared with \$234.3m budgeted in fiscal year 2005/06. The main sources of revenue are projected to be personal income tax of \$33.5m, corporate income tax of \$16.2m, international trade taxes of \$55.9m, VAT of \$69.9m, excise tax of \$30.0m and other domestic taxes of \$18.0m. Capital revenue is projected at \$1.5m.

The estimated capital expenditure of \$85.1m is consistent with Government's policy to maintain capital spending at not more than 10.5 per cent of GDP. The capital budget is to be financed largely from grant resources amounting to roughly \$65.1m. The remainder will be financed with loan funds of \$11.4m and government resources of \$8.6m.

Selected Economic Indicators

Dominica Selected Economic Indicators In Percent

	2001	2002	2003	2004	2005
<i>(Annual Percentage Change Unless Otherwise Indicated)</i>					
National Income and Prices					
Nominal GDP at Factor Cost	(2.3)	(5.3)	1.0	5.4	3.1
Real GDP at Factor Cost	(4.2)	(5.1)	0.1	3.1	3.6
Nominal GDP at Market Prices	(1.9)	(4.2)	3.1	8.6	3.8
GDP Deflator	2.0	(0.2)	0.9	2.2	(0.5)
Consumer Prices (end of period)	2.4	(1.2)	2.8	0.8	2.7
Consumer Prices (period average)	2.2	(0.5)	1.5	2.4	1.7
Real GDP at Factor Cost by Selected Sectors					
Agriculture	(6.6)	(0.7)	(3.4)	3.5	(0.4)
Manufacturing	(13.6)	(2.3)	0.9	2.8	1.5
Electricity & Water	3.3	0.6	(1.9)	6.2	6.7
Construction	(2.2)	(25.6)	11.4	4.1	2.4
Wholesale and Retail	(0.7)	(5.2)	3.4	3.1	12.5
Hotels and Restaurants	(7.4)	(3.3)	(3.1)	11.7	(0.6)
Transportation	(5.5)	(13.1)	6.3	11.5	(1.0)
Communications	(6.5)	(1.6)	(26.5)	5.0	8.5
Banks and Insurance	(3.3)	(5.8)	3.6	6.6	6.0
Government Services	4.6	3.5	(2.0)	(1.2)	1.1
Other Services	2.7	4.6	(1.9)	2.1	3.4
<i>(In percent of GDP)</i>					
External Sector					
Current Account Balance	(19.6)	(18.5)	(16.9)	(21.2)	(30.3)
Overall Balance	1.3	4.9	1.0	(2.1)	4.9
Trade Balance	(27.2)	(23.4)	(24.7)	(30.4)	(35.6)
Central Government					
Current Account Balance	(5.0)	(5.4)	(3.5)	0.6	2.8
Current Revenue	28.2	28.0	28.8	30.4	31.9
Current Expenditure	33.1	33.4	32.3	29.8	29.1
Capital Expenditure and Net Lending	8.7	5.3	5.5	10.3	5.3
Overall Fiscal Balance	(9.6)	(8.4)	(4.1)	(1.1)	3.5
Total Public Sector Debt (end-of-period)	127.4	127.1	126.8	113.1	109.9
<i>(in percent per annum)</i>					
Monetary Sector					
Weighted Deposit Interest Rates	4.0	3.6	3.5	3.0	
Weighted Lending Interest Rates	11.0	11.0	11.8	9.8	
<i>(in millions of EC dollars, unless otherwise stated)</i>					
Memo					
Nominal GDP at Factor Cost	607.5	575.2	581.1	612.4	631.4
Real GDP at Factor Cost	437.4	415.2	415.6	428.6	444.0
Nominal GDP at Market Prices	718.6	688.1	709.7	771.0	800.1
GDP per capita (EC\$)	8,517	8,238	8,323	8,772	9,146
Merchandise Imports (f.o.b)	312.4	276.4	283.1	344.9	393.1
Merchandise Exports (f.o.b)	117.2	115.2	108.0	110.8	108.2
Gross Visitor Expenditure	125.4	123.3	141.2	163.7	150.9

SOURCE: The Government of the Commonwealth of Department and ECCB

Monetary Data

DOMINICA
Monetary Survey
In millions of Eastern Caribbean dollars

	2001	2002	2003	2004	2005
Net Foreign Assets	97.6	201.0	299.2	357.0	318.0
Central Bank (net)	84.3	122.8	128.8	114.1	132.7
Commercial Banks (net)	13.3	78.2	170.4	242.9	185.3
External (net)	14.8	63.3	81.0	88.9	27.4
Assets	105.7	159.2	177.0	227.6	174.0
Liabilities	90.9	95.9	96.0	138.8	146.5
Other ECCB Territories (net)	(1.5)	14.9	89.4	154.0	157.8
Assets	32.6	48.8	98.2	175.1	176.7
Liabilities	34.2	33.9	8.9	21.0	18.8
Net Domestic Assets	408.4	348.2	255.3	230.4	309.0
Domestic Credit	503.7	447.3	359.3	362.9	390.2
Central Government (net)	90.1	51.1	27.9	14.5	17.6
Other Public Sector (net)	10.0	10.6	(3.8)	(21.7)	(39.8)
Non-Bank Financial Institutions (net)	(37.7)	(46.6)	(81.8)	(75.9)	(59.9)
Subsidiaries & Affiliates (net)	1.6	(1.1)	(3.5)	(4.7)	(5.6)
Private Sector	439.6	433.3	420.6	450.7	477.8
Other Items (net)	(95.3)	(99.1)	(104.0)	(132.6)	(81.2)
Money Supply (M2)	506.0	549.2	554.5	587.4	627.0
Money Supply (M1)	91.6	106.6	107.9	111.2	143.0
Quasi Money	414.4	442.6	446.6	476.2	483.9
Savings Deposits	259.0	262.2	279.0	328.5	343.0
Time Deposits	139.5	158.2	157.4	134.3	130.6
Foreign Currency Deposits	15.9	22.3	10.2	13.4	10.3

Source: Eastern Caribbean Central Bank

Central Government Fiscal Accounts

Dominica
Central Government Fiscal Accounts¹
In millions of Eastern Caribbean dollars

	2001	2002	2003	2004	2005
Current Revenue	202.3	192.9	204.3	234.6	255.1
Tax Revenue	162.9	162.0	179.4	205.2	229.3
Taxes on Income & Profits	44.5	41.6	45.2	39.2	50.7
Of Which:					
Personal Income Tax	30.1	28.4	27.8	27.5	30.3
Corporation Tax	16.0	9.8	9.5	8.6	21.4
Stabilization Levy	0.0	4.9	9.3	4.7	0.4
Taxes on Property	2.4	2.6	1.9	4.7	6.9
Taxes on Domestic Goods & Services	30.3	32.4	40.2	55.9	59.3
Of Which:					
Sales Tax	16.7	17.5	23.8	32.6	37.7
Consumption Tax	5.1	5.0	5.6	4.8	5.1
Hotel and Guest Tax	0.6	0.5	0.6	0.8	0.7
Taxes on Int'l Trade & Transaction	85.7	85.4	92.2	105.5	112.5
Of Which:					
Consumption Tax	49.6	51.4	52.7	55.9	58.3
Import Duty	21.3	19.6	21.1	25.1	27.8
Customs Service Charge	6.5	6.0	8.3	11.6	12.5
Non-Tax Revenue	39.4	30.9	24.9	29.4	25.8
Current Expenditure	238.2	229.9	229.0	230.0	232.6
Personal Emoluments	123.7	123.9	115.6	109.3	108.5
Other Goods & Services	32.3	29.3	27.1	35.2	45.2
Interest Payments	40.2	40.1	44.6	41.6	25.9
External	18.4	21.1	27.4	29.4	18.0
Domestic	21.8	19.0	17.1	12.2	7.9
Transfers & Subsidies	41.9	36.6	41.7	43.8	53.1
Pensions	10.1	10.8	11.7	12.0	13.3
Current Account Balance	(35.9)	(37.0)	(24.7)	4.6	22.5
Capital Revenue	3.3	1.8	1.4	2.6	17.1
Grants	25.9	14.0	33.2	63.8	30.6
Of which: Capital Grants	25.9	14.0	24.7	56.1	30.6
Capital Expenditure & Net Lending	62.4	36.6	38.8	79.1	42.4
Of which: Capital Expenditure	64.9	39.7	41.4	82.3	45.8
Primary Balance (after grants)	(28.8)	(17.7)	15.7	33.5	53.6
Overall Balance (before Grants)	(94.9)	(71.8)	(62.1)	(71.9)	(2.9)
Overall Balance (after Grants)	(69.1)	(57.8)	(28.9)	(8.1)	27.8
Financing	69.1	57.8	28.9	8.1	(27.8)
Domestic	4.6	(0.4)	(13.3)	(25.3)	(13.2)
ECCB (net)	(1.7)	0.3	(10.6)	5.9	(12.9)
Commercial Banks (net)	22.6	(39.4)	(12.6)	(19.2)	16.1
Other Domestic Financing	(16.3)	38.7	9.9	(11.9)	(16.3)
External	40.6	60.1	29.7	32.6	(7.9)
Net Amortisation	44.9	55.5	31.0	31.5	12.5
Disbursements	49.8	62.2	40.1	41.5	20.7
Amortisation	(4.9)	(6.7)	(9.1)	(10.0)	(8.2)
Change in Govt. Foreign Assets	(4.3)	4.7	(1.3)	1.1	(20.4)
Arrears	23.9	(1.9)	12.5	0.8	(6.7)
Domestic	16.6	(4.0)	3.0	(9.3)	(18.0)
External	7.3	2.1	9.6	10.1	11.4

Central Government Fiscal Accounts¹: on a calendar year basis
Source: Ministry of Finance, Treasury Department and ECCB Estimates

Balance of Payments

Dominica
Balance of Payments: Analytical Summary
In millions of Eastern Caribbean dollars

	2001	2002	2003	2004	2005
CURRENT ACCOUNT	(140.8)	(127.4)	(120.0)	(163.5)	(242.3)
Goods and Services	(120.2)	(88.9)	(81.6)	(118.7)	(191.4)
Goods	(192.6)	(158.6)	(172.4)	(230.0)	(276.0)
Merchandise	(195.2)	(161.2)	(175.1)	(234.1)	(280.0)
Repair on goods	0.0	0.0	0.0	0.0	0.0
Goods procured in ports by carriers	2.6	2.5	2.7	4.1	4.0
Services	72.4	69.7	90.8	111.3	84.7
Transportation	(37.5)	(35.2)	(37.9)	(42.8)	(61.6)
Travel	100.5	98.7	117.1	138.9	123.8
Insurance Services	(5.6)	(7.9)	(6.1)	(10.4)	(11.7)
Other Business Services	19.1	20.2	25.6	26.2	37.1
Government Services	(4.2)	(6.0)	(7.9)	(0.6)	(2.9)
Income	(67.8)	(75.3)	(72.9)	(90.0)	(104.4)
Compensation of Employees	3.8	1.5	1.7	4.3	3.7
Investment Income	(71.6)	(76.9)	(74.6)	(94.3)	(108.1)
Current Transfers	47.2	36.8	34.5	45.2	53.5
General Government	16.0	2.8	1.0	(4.4)	0.7
Other Sectors	31.2	34.0	33.4	49.6	52.8
CAPITAL & FINANCIAL ACCOUNT	150.1	161.3	127.3	147.6	281.2
Capital Account	48.5	55.3	50.7	72.4	45.8
Capital Transfers	48.5	55.3	50.7	72.4	45.8
General Government	41.3	47.7	42.9	64.4	33.3
Other Sectors	7.2	7.6	7.8	8.1	8.3
Acquisition & Disposal of Non-Produced, Non-Financial Assets	0.0	0.0	0.0	0.0	0.0
Financial Account	101.6	105.9	76.6	75.2	235.5
Direct Investment	46.2	54.3	85.0	70.7	88.0
Portfolio Investment	(0.6)	32.7	9.4	(6.7)	10.2
Other Investments	56.0	18.9	(17.8)	11.2	137.3
Public Sector Long Term	60.6	35.3	27.5	28.8	13.9
Other Public Sector Capital	0.0	0.0	0.0	0.0	0.0
Commercial Banks	(27.0)	(64.9)	(92.2)	(72.6)	57.7
Other Assets	(13.6)	(7.6)	20.3	(5.1)	(35.8)
Other Liabilities *	35.9	56.2	26.6	60.1	101.6
Overall Balance	9.3	33.9	7.3	(15.9)	39.0
Financing	(9.3)	(33.9)	(7.3)	15.9	(39.0)
Change in SDR Holdings	0.0	0.0	0.0	0.0	0.0
Change in Reserve Position with the Fund	0.0	0.0	0.0	0.0	0.0
Change in Government Foreign Assets	(4.3)	4.7	(1.3)	1.1	(20.4)
Change in Imputed Reserves	(5.0)	(38.5)	(6.0)	14.8	(18.6)

Source: ECCB & CSO

Attachments

- Offering Circular
- Commonwealth of Dominica Budget Address for fiscal year 2006/2007
- Commonwealth of Dominica Medium-Term Growth and Social Protection Strategy (GSPS)
- <http://www.imf.org/External/NP/LOI/2006/dma/071206.pdf>