

RATING RELEASE

July 9, 2019

CariCRIS reaffirms its credit ratings for The Government of the Commonwealth of Dominica

CariBB (Regional Scale Foreign Currency)
CariBB (Regional Scale Local Currency)

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 maintained a **stable** outlook on the ratings. The stable outlook is based on our expectation that there will be continued growth in the economy over the next 12 to 15 months given the ongoing reconstruction efforts and restoration of productive capacity among the key sectors of the economy. Furthermore, CariCRIS expects that there will be continued prudential control by the Government over its fiscal operations considering the volatility of both CBI revenues and grant funding. Fiscal revenue is still expected to be sufficient to make debt repayments and Dominica is expected to remain one of the least indebted Caribbean countries.

GOCD's ratings reflect the country's significant capacity constraints and weak financial system which were exacerbated following the passage of Hurricane Maria. The ratings also reflect the GOCD's reliance on CBI and grant funding, leading to uncertainty and volatility in fiscal performance. The factors supporting the ratings include continued satisfactory debt servicing capability, the ongoing recovery efforts with the support from the international community, as well as the country's stable political environment.

ABOUT THE SOVEREIGN

Dominica is an island located in the Eastern Caribbean with a total population estimated at 73,000 persons. The official language is English but French patois is also spoken. The primary economic sectors are agriculture, government services and wholesale and retail trade. Dominica is mountainous and volcanic with tropical rainforest covering two thirds of the island.

On September 19, 2017, Dominica was hit by Hurricane Maria, the 2nd major natural disaster in the past 2 years, the previous being Tropical Storm Erika in August 2015. The hurricane caused significant loss and destruction, with 100% of the plant and infrastructure of the agriculture industry damaged and an estimated 95% of the tourism industry also heavily impaired. The assessed economic impact and rehabilitation plans for the island were estimated at the equivalent of 226% of the 2016 GDP or over US \$1.3 billion. Post the occurrence of Hurricane Maria, CariCRIS placed the Government of the Commonwealth of Dominica (GOCD) on Rating Watch - Developing.

For more information on the ratings of the Government of the Commonwealth of Dominica, please visit www.caricris.com or contact:

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