



**Ministry of Finance**  
Public Debt Office

**2014 Annual Financing Plan**

**Santo Domingo, Distrito Nacional**



## CONTENT

<b>INTRODUCTION</b> .....	<b>3</b>
<b>I. 2014 GROSS FINANCING NEEDS</b> .....	<b>4</b>
ISSUANCE STRATEGY 2014.....	4
<i>External Financing</i> .....	4
<i>Public Investment Projects</i> .....	5
<i>Global Bonds</i> .....	5
<i>Budget Support</i> .....	6
<i>Domestic Financing</i> .....	6
<i>Domestic Bonds</i> .....	6
<i>Administrative Debt</i> .....	6
<b>II. 2014 PUBLIC DEBT BALANCE</b> .....	<b>7</b>
<b>ANNEX I – DISBURSEMENTS PROGRAM BY PROJECT</b> .....	<b>8</b>
<b>ANNEX II – 2014 NEW DEBT CONTRACTS</b> .....	<b>10</b>



## Introduction

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The main purpose of the 2014 Annual Financing Plan is to present the financing requirements and the issuance strategy of external and domestic debt of the Central Government for 2014, which is consistent with the Medium-Term Debt Management Strategy, and the financing sources approved by the Public Debt Council.

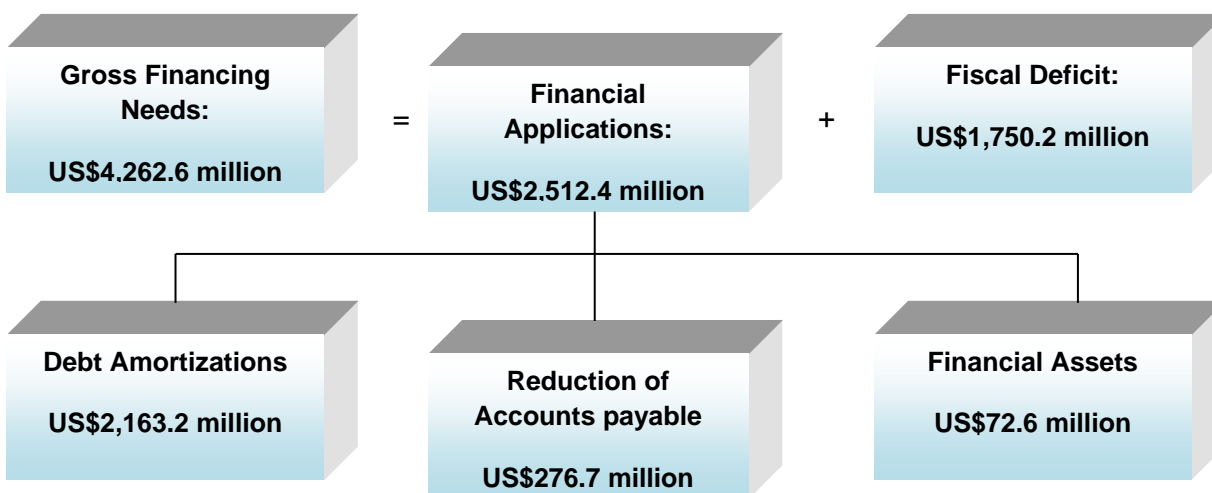
The Annual Financing Plan is not only a tool for planning, but one for increasing transparency, and the predictability in the country's debt management.

This document presents an estimate of the gross borrowing requirements for the year 2014, describing the characteristics of the new funding in terms of financing sources (external and domestic), instruments and maturities, among others; as well as the estimate of the Central Government debt outstanding balance for the end of the year given the financing and the amortizations stipulated in the 2014 budget.

## I. 2014 Gross Financing Needs

The National Budget Law for 2014 stipulates a gross financing requirement of US\$4,262.6 million (RD\$189,261.2 million)<sup>1</sup>, equivalent to 6.9% of the estimated GDP for the year<sup>2</sup>. This amount is the result of a fiscal deficit of US\$1,750.2 million (RD\$77,709.0 million), plus financial applications for US\$2,512.4 million (RD\$111,552.2 million), equivalent to 4.1% of GDP.

**Chart 1: Financing Needs**



Source: Public Debt Office, Fiscal Policy Unit and Budget Office.

### Issuance Strategy 2014

Identified financing sources are described below:

#### **External Financing**

Of total financing needs, an amount of US\$3,500.2 million (RD\$155,407.0 million) would come from external sources, which will be used to finance public investment projects as well as budgetary support.

<sup>1</sup> Converted at average exchange rate of RD\$ / US\$ = 44.40  
<sup>2</sup> Nominal GDP RD\$2,736,179.6 million (US\$61,625.7 million)

**Table 1: Financing Needs and Sources 2014**

Figures in million and as % of GDP

	RD\$	US\$	% PIB
<b>GROSS FINANCING NEEDS</b>	<b>189,261.2</b>	<b>4,262.6</b>	<b>6.9%</b>
<i>I. Fiscal Balance</i>	<i>(77,709.0)</i>	<i>(1,750.2)</i>	<i>-2.8%</i>
<b>II. Financial Applications (3+4+5)</b>	<b>111,552.2</b>	<b>2,512.4</b>	<b>4.1%</b>
<b>3. Public Debt Amortizations</b>	<b>96,045.9</b>	<b>2,163.2</b>	<b>3.5%</b>
<i>External Debt</i>	69,964.4	1,575.8	2.6%
<i>Domestic Debt</i>	26,081.5	587.4	1.0%
<b>4. Reduction of Accounts Payable</b>	<b>12,284.5</b>	<b>276.7</b>	<b>0.4%</b>
<b>5. Financial Assets</b>	<b>3,221.8</b>	<b>72.6</b>	<b>0.1%</b>
<b>FINANCING SOURCES</b>	<b>189,261.2</b>	<b>4,262.6</b>	<b>6.9%</b>
<b>External Financing</b>	<b>155,407.0</b>	<b>3,500.2</b>	<b>5.7%</b>
<i>Multilaterals, Bilaterals, Commercial Banks (Investment Projects)</i>	<b>20,875.0</b>	<b>470.2</b>	<b>0.8%</b>
<i>Global Bonds</i>	<b>66,600.0</b>	<b>1,500.0</b>	<b>2.4%</b>
<i>Budget Support</i>	<b>67,932.0</b>	<b>1,530.0</b>	<b>2.5%</b>
Bilaterals	32,856.0	740.0	1.2%
<i>Petrocaribe</i>	26,640.0	600.0	1.0%
<i>AFD</i>	6,216.0	140.0	0.2%
Multilaterals	23,976.0	540.0	0.9%
Commercial Banks	11,100.0	250.0	0.4%
<b>Domestic Financing</b>	<b>33,854.2</b>	<b>762.5</b>	<b>1.2%</b>
<i>Domestic Bonds</i>	<b>33,614.4</b>	<b>757.1</b>	<b>1.2%</b>
<i>Administrative Debt Bonds</i>	<b>239.8</b>	<b>5.4</b>	<b>0.0%</b>

Source: Public Debt Office, Fiscal Policy Unit, Budget Office.

### *Public Investment Projects*

Financing for investment projects from multilateral and bilateral entities as well as international commercial banks, will total US\$470.2 million (RD\$20,875.0 million), which will be disbursed through existing financing contracts as well as new loans contracts to be approved during the fiscal year 2014.

### *Global Bonds*

In order to increase the maturity of the portfolio and to structure the future maturity profile of the debt service leveling monthly payments, the medium-term debt management strategy provides an increase in market securities within the debt portfolio. In this sense, the Financing Plan contemplates the placement of global bonds in international markets for an amount of US\$1,500.0 million (RD\$66,600.0 million) to be placed at the most favorable conditions for the country to a minimum maturity of five (5) years.



### *Budget Support*

Budgetary support financing is estimated at US\$1,530.0 million (RD\$67,932.0 million) of which US\$600.0 million (RD\$26,640.0 million) will be under Petrocaribe Agreement, providing long term (23 years) and low interest rate (1.0%) concessional financing; and US\$140.0 million (RD\$6,216.0 million) will be bilateral financing.

In addition, multilateral organizations are estimated to finance US\$540.0 million (RD\$23,976.0 million) and US\$250.0 (RD\$11,100.0 million) will be lending coming from commercial banks.

### **Domestic Financing**

The Central Government estimates domestic sources financing for an amount of US\$762.5 million (RD\$33,854.2 million) through bond issuance in the local debt market and the issuance of administrative debt bonds.

#### *Domestic Bonds*

As part of the strategy to increase the maturity of domestic debt and within the Program for Domestic Bond Issuances and the strategy for development of the local market, the Annual Financing Plan contemplates bond issuances through public auctions for a total amount of US\$757.1 million (RD\$33,614.4 million). These bond will have maturities between 5 and 15 years, and the coupons will be determined according to the evolution of the main macroeconomic variables of the financial market.

#### *Administrative Debt*

The financing plan also stipulates a bond issuance of US\$5.4 million (RD\$239.8 million) to pay administrative debt to local suppliers.



## II. 2014 Public Debt Balance

The Central Government's debt balance at the end of 2014 is estimated to total US\$24,760.0 million<sup>3</sup>, representing 40.2% of the estimated GDP for the year<sup>4</sup>.

This amount is calculated by adding to the balance of the Central Government's debt at end of 2013 of US\$23,092.8 million, the gross financing for 2014 of US\$4,262.7 million, and subtracting principal amortizations for US\$2,163.2 million and a negative exchange rate variation for US\$432.3 million.

**Table 2: 2013-2014 Central Government Debt Balance Variation**  
Figures in US\$ million

<b>I. 2013 Central Government Debt Balance</b>	<b>23,092.8</b>
<b>II. Liabilities Increase</b>	<b>4,262.7</b>
1. Fiscal Deficit Financing (+)	1,750.2
2. Debt Amortization Financing (+)	2,163.2
3. Reduction of Accounts Payable (+)	276.7
4. Financial Assets (+)	72.6
<b>III. Sub-total (I + II)</b>	<b>27,355.5</b>
<b>IV. Liabilities Reduction</b>	<b>2,163.2</b>
5. Debt Amortization (-)	2,163.2
<i>External Debt</i>	1,575.8
<i>Domestic Debt</i>	587.4
6. Principal Waivers (-)	-
<b>V. Exchange Rate Variation</b>	<b>(432.3)</b>
<b>VI. 2014 Central Government Debt Balance (III - IV + V)</b>	<b>24,760.0</b>
<b>VII. Gross Financing</b>	<b>4,262.7</b>
<b>VIII. Net Financing</b>	<b>1,750.2</b>

Source: Public Debt Office

The Non-Financial Public Sector debt is estimated to represent 40.4% of the estimated GDP at end 2014.

<sup>3</sup> This figures does not contemplates new bond issuances for the Central Bank's Recapitalization Plan.

<sup>4</sup> Estimated GDP for 2014, RD\$2,736,179.6 million and US\$61,625.7 million.



## Annex I – Disbursements Program by Project

INVESTMENT PROJECTS		20,874,979,891.00	470,157,204.76
<b>Presidency</b>		<b>973,094,892.00</b>	<b>21,916,551.63</b>
Cabinet of Social Policy		973,094,892.00	21,916,551.63
Social Protection Investment Program	BIRF	383,400,000.00	8,635,135.14
Social Protection Program	BID	589,694,892.00	13,281,416.49
<b>Ministry of Interior and Police</b>		<b>13,530,383.00</b>	<b>304,738.36</b>
Standarization of National Immigration Control System	KEXIM	13,530,383.00	304,738.36
<b>Ministry of Armed Forces</b>		<b>84,332,592.00</b>	<b>1,899,382.70</b>
Fitting Out of the Militar Institute of Cartography	N/I	84,332,592.00	1,899,382.70
<b>Ministry of Finance</b>		<b>207,306,251.00</b>	<b>4,669,059.71</b>
Modernization of the Public Financial Administration	BID	167,306,251.00	3,768,158.81
Catastro General Directorate		40,000,000.00	900,900.90
Catastro General de la República	N/I	40,000,000.00	900,900.90
<b>Ministry of Education</b>		<b>215,000,000.00</b>	<b>4,842,342.34</b>
Ten-Year Educational Plan	BID	205,000,000.00	4,617,117.12
INFOTEP - Hotel Training	AFD	10,000,000.00	225,225.23
<b>Ministry of Public Health</b>		<b>2,410,631,111.00</b>	<b>54,293,493.49</b>
Support to Health Sector Reform (2)	BIRF	140,536,855.00	3,165,244.48
Sosua Hospital	N/I	103,042,605.00	2,320,779.39
Valverde Mao Regional Hospital	N/I	50,000,000.00	1,126,126.13
Trinidad Sanchez Hospital	N/I	50,000,000.00	1,126,126.13
Construction of 2 Crued Unit Santo Domingo and Santiago	N/I	56,000,000.00	1,261,261.26
National Institute of Potable Water		1,354,692,278.00	30,511,087.34
Higüey-Bavaro Aqueduct	DEUTSCHE BANK	355,200,000.00	8,000,000.00
Peravia Aqueduct	ICO	444,000,000.00	10,000,000.00
Hermanas Mirabal Aqueduct	N/I	177,600,000.00	4,000,000.00
Descentralization and Modernization of Inapa	BID	312,576,002.00	7,040,000.05
The Water Supply System of Botados, Yamasá	ICO	65,316,276.00	1,471,087.30
CAASD		5,000,003.00	112,612.68
Construction of Potable Water Distribution System Hipódromo V Centenario	N/I	5,000,003.00	112,612.68
CORAASAN		562,326,466.00	12,665,010.50
System Expansion of Potable Water and Wastewater	N/I	559,526,466.00	12,601,947.43
Construction of Villa Verdes's Wastewater System	N/I	2,800,000.00	63,063.06
CORAAROMANA		2,742,393.00	61,765.61
Enlargement of Piedra Linda's community water system	N/I	2,742,393.00	61,765.61
CORAAPLATA		68,250,000.00	1,537,162.16
Aqueduct for Tourist Corridor of Cabarete, Sosua, Montellano and Puerto Plata	N/I	38,850,000.00	875,000.00
Construction of Aqueduct in the province of Puerto Plata	N/I	29,400,000.00	662,162.16
CORAAVEGA		18,040,511.00	406,317.82
Enlargement Wastewater System in Las Carmelitas Community	N/I	10,000,000.00	225,225.23
Enlargement of Cutupú's Multiple Aqueduct	N/I	8,040,511.00	181,092.59





<b>Ministry of Labor</b>		<b>35,213,603.00</b>	<b>793,099.17</b>
Support for National Employment System	BID	35,213,603.00	793,099.17
<b>Ministry of Agriculture</b>		<b>207,757,214.00</b>	<b>4,679,216.53</b>
Support to Agrifood Production II	BID	20,000,000.00	450,450.45
Support to Agrifood Production III	BID	15,000,000.00	337,837.84
Prorural West	FIDA/OPEC	15,000,000.00	337,837.84
Prorural Center and East	FIDA	6,000,000.00	135,135.14
Reforestation and Development (Plan Sierra2)	AFD	20,000,000.00	450,450.45
Production System for Agricultural Reconversion Sand Juan de la Maguana	BID	131,757,214.00	2,967,504.82
<b>Ministry of Public Infrastructure and Communications</b>		<b>5,285,591,643.00</b>	<b>119,044,856.82</b>
Multiphase Road Infrastructure Program	BID	323,046,016.00	7,275,811.17
Multiphase Road Infrastructure Program	OPEC	528,192,099.00	11,896,218.45
Uvero Alto Highway	BNDES	2,245,031,963.00	50,563,782.95
Encirclement La Romana	BCIE	779,680,000.00	17,560,360.36
Encirclement Sand Pedro-La Romana	BCIE	902,880,000.00	20,335,135.14
East Touristic Boulevard	BCIE	485,760,000.00	10,940,540.54
<b>INVI</b>		<b>21,001,565.00</b>	<b>473,008.22</b>
Urban Development - CAF		21,001,565.00	473,008.22
<b>Ministry of Natural Resources and Environment</b>		<b>1,171,262,422.00</b>	<b>26,379,784.28</b>
<b>INDRHI</b>		<b>1,171,262,422.00</b>	<b>26,379,784.28</b>
Monte Grande	BNDES	565,527,550.00	12,737,106.98
Azua II	BNDES/BNP PARIBAS	232,001,728.00	5,225,264.14
Guaigui Dam Construction	DEUTSCHE BANK	145,903,813.00	3,286,121.91
Disaster Management and Emergency Recovery Project	BIRF	227,829,331.00	5,131,291.24
<b>Ministry of Economy, Planification and Development</b>		<b>304,155,608.00</b>	<b>6,850,351.53</b>
Municipal Development (PRODEM)	BIRF	40,527,127.00	912,773.13
Competitiveness Support Program	BID	76,973,927.00	1,733,647.00
Water and Sanitation in Tourist Areas	BIRF	186,654,554.00	4,203,931.40
<b>Ministry of Tourism</b>		<b>155,409,066.00</b>	<b>3,500,204.19</b>
National Tourism - Colonizal Zone	BID	155,409,066.00	3,500,204.19
<b>Treasury Bond Management</b>		<b>9,811,695,106.00</b>	<b>220,984,124.01</b>
<b>Dominican Corporation of Electric Companies</b>		<b>9,811,695,106.00</b>	<b>220,984,124.01</b>
San Juan de la Maguana Substation Construction	BEI	231,930,871.00	5,223,668.27
Thermoelectric Generation Plant Construction	N/I	4,448,263,370.00	100,186,111.94
Nationwide Improvement of the Electrical Distribution System	N/I	875,000,000.00	19,707,207.21
Network Rehabilitation and Normalization of Energy Service Users	N/I	4,256,500,865.00	95,867,136.60



## Annex II – 2014 New Debt Contracts

New Debt Contracts		2014 Budget (US\$)	Executing Unit
<b>Total for 2014</b>		<b>3,682,683,114.6</b>	
<b>Investment Projects</b>		<b>2,982,683,114.6</b>	
1	<i>Encirclement San Pedro de Macorís-La Romana</i>	82,511,490.0	MOPC
2	<i>Thermoelectric Generation Substation Construction</i>	1,500,000,000.0	CDEEE
3	<i>Nationwide Improvement of the Electrical Distribution System</i>	304,000,000.0	CDEEE
4	<i>Network Rehabilitation and Normalization of Energy Service Users</i>	490,000,000.0	CDEEE
5	<i>Construction of Sanitary Sewer of Azua, Azua Province</i>	42,870,954.0	INAPA
6	<i>Catastro Nacional</i>	32,660,000.0	DGCN
7	<i>Sosúa Hospital Construction</i>	27,943,886.0	MSPAS
8	<i>Valverde Mao Regional Hospital Construction</i>	32,655,238.0	MSPAS
9	<i>Trinidad Sanchez Hospital Construction</i>	1,201,923.0	MSPAS
10	<i>Guajimía Project</i>	168,481,971.0	CAASD
11	<i>Drinking Water System Construction in Peripheral Areas of the Santo Domingo Province.</i>	9,581,619.6	CAASD
12	<i>Equipment of the Cancer National Institute Rosa Emilia Tarez</i>	20,331,000.0	OISOE
13	<i>Higüey- Bavaro Aqueduct</i>	34,400,000.0	INAPA
14	<i>Agricultural Restructuring Plan for the Province of San Juan de la Maguana</i>	236,045,033.0	MA
<b>Budget Support</b>		<b>700,000,000.0</b>	
1	<i>Budget Support from Multilateral Organizations</i>	300,000,000.0	MH
2	<i>Budget Support from Bilaterals and Commercial Banks</i>	400,000,000.0	MH