



**Ministry of Finance**  
Public Debt Office

**2015 Annual Financing Plan**

**Santo Domingo, Distrito Nacional**



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## **1. Introduction**

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According to the Public Credit Law No. 6-06 of January 20th 2006 and the implementing regulations under the Decree No. 630-06 dated December 27th 2006, The Public Debt Council is responsible of "proposing the highest level of domestic and external debt that the government may incur in the next fiscal year, to be included in the National Budget Project".

The main purpose of the 2015 Annual Financing Plan is to present the financing requirements and the issuance strategy of external and domestic debt of the Central Government for 2015, which is consistent with the Medium-Term Debt Management Strategy, and the financing sources approved by the Public Debt Council.

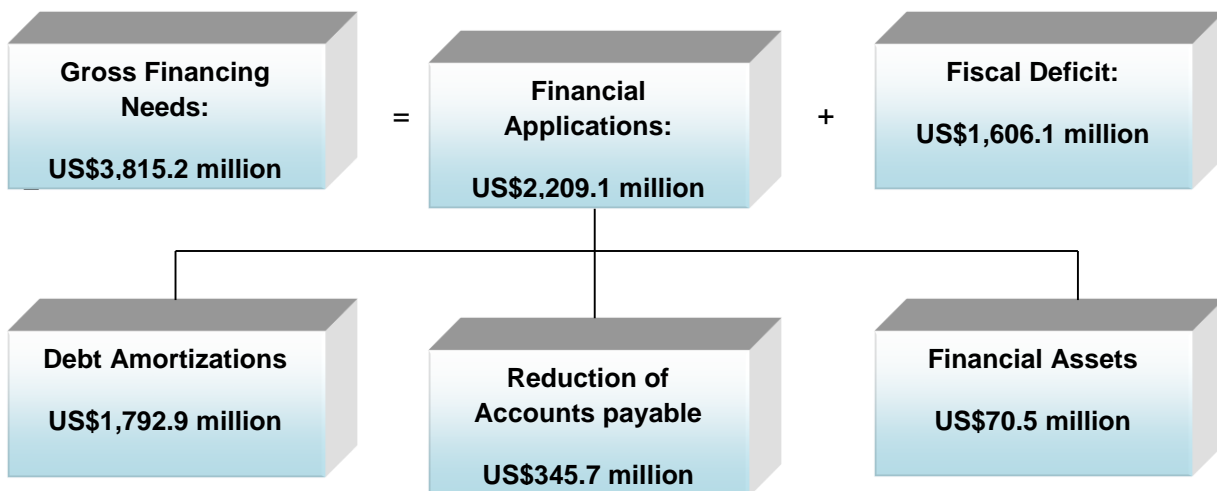
The Annual Financing Plan is not only a tool for planning, but one for increasing transparency, and the predictability in the country's debt management.

This document brings forward the estimates of gross financing needs for the year 2015 and it describes the features of the new financing such as sources (external and internal), financing instruments and terms. It also states the projection of the debt stock of the central government given the financing and the amortization estimated for 2015.

## **2. 2015 Gross Financing Needs**

The National Budget Law for 2015 stipulates a gross financing requirement of US\$3,815.2 million (RD\$175,500.5 million)<sup>1</sup>, equivalent to 5.8% of the estimated GDP for the year<sup>2</sup>. This amount is the result of a fiscal deficit of US\$1,606.1 million (RD\$73,882.6 million), equivalent to 2.4% of GDP, plus financial applications which include principal amortizations, reduction of payable accounts and financial assets, for US\$2,209.1 million (RD\$101,617.9 million), equivalent to 3.4% of GDP.

**Figure 1: Financing Needs**



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

## **3. 2015 Debt Service**

The estimated debt service for the year 2015 is US\$3,706.3 million (RD\$170,488.9 million). Principal payments accounts for US\$1,792.9 million (RD\$82,471.9 million) and interest and commissions payments for US\$1,913.4 million (RD\$88,017.0 million).

<sup>1</sup> Converted at average exchange rate of RD\$ / US\$ = 46.00

<sup>2</sup> Nominal GDP RD\$3,021,784.6 million (US\$65,691.0 million)

**Table 1: 2015 Public Debt Service**  
Preliminary data in millions US\$ and RD\$

DEBT SERVICE	DEBT SOURCE	AMOUNT IN US\$	AMOUNT IN RD\$
AMORTIZATION	EXTERNAL	1,128.15	51,894.75
	DOMESTIC	664.72	30,577.11
<b>AMORTIZATION Total</b>		<b>1,792.87</b>	<b>82,471.86</b>
INTEREST	EXTERNAL	728.60	33,515.81
	DOMESTIC	1,166.52	53,659.90
<b>INTEREST Total</b>		<b>1,895.12</b>	<b>87,175.70</b>
COMMISSIONS	EXTERNAL	17.98	827.18
	DOMESTIC	0.31	14.13
<b>COMMISSIONS Total</b>		<b>18.29</b>	<b>841.32</b>
<b>TOTAL DEBT SERVICE</b>		<b>3,706.28</b>	<b>170,488.88</b>

1/ Avg. Exchange rate 2015: RD\$/US\$=46.0

2/ CB recap interest payments for 0.7% of GDP.

Source: Public Debt Office

On the other hand, of the total debt service for 2015, US\$2,341.7 million (RD\$107,717.5 million) are payments in foreign currency, and the remaining US\$1,364.6 million (RD\$48,109.7 million) are payments in local currency.

**Table 2: 2015 Public Debt Service by Currency Type**  
Preliminary data in millions US\$ and RD\$

TYPE OF CURRENCY	SERVICIO	AMOUNT IN US\$	AMOUNT IN RD\$
FOREIGN	AMORTIZATION	1,474.42	67,823.54
	INTEREST	849.26	39,065.97
	COMMISSIONS	18.00	827.99
<b>FX DEBT SERVICE</b>		<b>2,341.68</b>	<b>107,717.50</b>
LOCAL	AMORTIZATION	318.44	14,648.32
	INTEREST	1,045.86	48,109.73
	COMMISSIONS	0.29	13.33
<b>LOCAL DEBT SERVICE</b>		<b>1,364.60</b>	<b>62,771.39</b>
<b>TOTAL DEBT SERVICE</b>		<b>3,706.28</b>	<b>170,488.88</b>

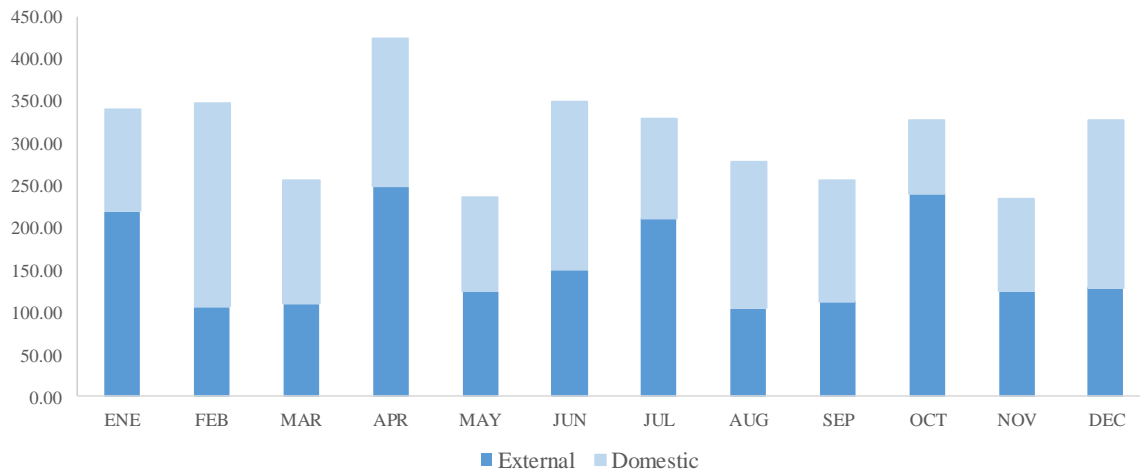
1/ Avg. Exchange rate 2015: RD\$/US\$=46.0

2/ CB recap interest payments for 0.7% of GDP.

Source: Public Debt Office

The debt service is well balanced throughout the year. About US\$1,953.9 million (RD\$89,879.6 million), equivalent to 52% of the total service are scheduled to be paid in the first half of the year, while the 48% remaining will be paid in the second half, being April the most concentrated month with estimated payments amounting US\$423.8 million (RD\$19,494.9 million).

**Figure 2: Monthly Debt Service**  
Figures in millions of US\$



#### 4. 2015 Issuance Strategy

Identified financing sources are described below:

##### A. External Financing

The external financing for the year 2015 is estimated to be US\$2,902.4 million (RD\$133,510.5 million), which will be destined to finance public investment projects and to budgetary support.

##### *Public Investment Projects*

Financing for investment projects from multilateral and bilateral entities as well as international commercial banks, will total US\$302.4 million (RD\$13,910.5 million), which will be disbursed through existing financing contracts as well as new loans contracts to be approved during the fiscal year 2015. These new loans contracts will finance new investment projects as well as new phases of the projects that are currently in execution.

**Table 3: 2015 Financing Needs and Sources**  
Figures in million and as % of GDP

	RD\$	US\$	% PIB
<b>GROSS FINANCING NEEDS</b>	<b>175,500.5</b>	<b>3,815.2</b>	<b>5.8%</b>
<i>I. Overall Balance</i>	<i>(73,882.6)</i>	<i>(1,606.1)</i>	<i>-2.4%</i>
<i>II. Financial Applications (1+2+3+4+5)</i>	<i>101,617.9</i>	<i>2,209.1</i>	<i>3.4%</i>
<b>1. Debt Amortizations</b>	<b>82,471.9</b>	<b>1,792.9</b>	<b>2.7%</b>
<i>External Debt</i>	<i>51,894.8</i>	<i>1,128.1</i>	<i>1.7%</i>
<i>Internal Debt</i>	<i>30,577.1</i>	<i>664.7</i>	<i>1.0%</i>
<b>2. Prepayment Debt Amortization</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>4. Reduction of Account Payable</b>	<b>15,902.2</b>	<b>345.7</b>	<b>0.5%</b>
<b>5. Financial Assets</b>	<b>3,243.8</b>	<b>70.5</b>	<b>0.1%</b>
<b>FINANCING SOURCES</b>	<b>175,500.5</b>	<b>3,815.2</b>	<b>5.8%</b>
<b>External Financing</b>	<b>133,510.5</b>	<b>2,902.4</b>	<b>4.4%</b>
<i>Multilaterals, Bilaterals, Commercial Banks     (Public Investment Projects)</i>	<i>13,910.5</i>	<i>302.4</i>	<i>0.5%</i>
<i>Global Bonds</i>	<i>69,000.0</i>	<i>1,500.0</i>	<i>2.3%</i>
<i>Budget Support</i>	<i>50,600.0</i>	<i>1,100.0</i>	<i>1.7%</i>
Bilaterals	32,200.0	700.0	1.1%
Multilaterals	18,400.0	400.0	0.6%
<b>Domestic Financing</b>	<b>41,989.9</b>	<b>912.8</b>	<b>1.4%</b>
<i>Domestic Bonds</i>	<i>41,888.7</i>	<i>910.6</i>	<i>1.4%</i>
<i>Administrative Debt Bonds</i>	<i>101.2</i>	<i>2.20</i>	<i>0%</i>

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

### *Global Bonds*

The Financing Plan for the year 2015 contemplates the placement of global bonds for an amount of US\$1,500.0 million (RD\$69,000.0 million) to be placed at the most favorable conditions for the country, with a minimum maturity of five (5) years.

### *Budget Support*

Budgetary support financing is estimated at US\$1,100.0 million (RD\$50,600.0 million) of which US\$650.0 million (RD\$29,900.0 million) will be under Petrocaribe Agreement, providing long term (23 years) and low interest rate (1.0%) concessional financing; and US\$50.0 million (RD\$2,300.0 million) will be other bilateral financing.

Additionally, about US\$400.0 million (RD\$18,400.0 million) will come from multilateral entities, offering repayment terms between 20 and 25 years and the possibility to structure repayments according to the existing maturity profile, allowing the smoothening of future payments schedule.

## **B. Domestic Financing**

The Central Government estimates domestic sources financing for an amount of US\$912.8 million (RD\$41,989.9 million) through bond issuance in the domestic debt market by monthly public auction program, commercial loans contracted with local commercial banks and the issuance of administrative debt bonds.

### *Domestic Bonds*

In line with the strategy for the development of the domestic public debt market, the Annual Financing Plan contemplates bond issuances through public auctions. These bonds will have maturities between five (5) and fifteen (15) years, and the coupon rates will be determined according to the evolution of market conditions.

### *Domestic Credit*

The plan contemplates other possible domestic financing sources through medium term loans to be contracted with local commercial banks.

### *Administrative Debt*

The financing plan also stipulates a bond issuance of US\$2.2 million (RD\$101.2 million) to pay administrative debt to local suppliers, based on the authorization by Law No.193-11 and Law No.353-11.





### C. 2015 Financing Law

The dynamics of the debt markets and the changing financing options and conditions require that the public debt managers have the flexibility to adjust, for being able to contract debt at the most favorable conditions.

Considering the latter, the Financing Law for 2015 approved by Congress authorizes the government through the Ministry of Finance, to attain the financing amount approved in the international or domestic capital markets, in Dominican pesos or foreign currency, based on the favorability of market conditions.

Moreover, the law allows an increase in the amount of issuance in the capital markets approved by the National Budget, in case of any change in the financing sources stipulated, provided that this increase does not lead to an increase in the gross financing approved.

In addition, it authorizes the government through the Ministry of Finance, to implement liability management operations during 2015, which aim to reduce the debt stock or the servicing of external and domestic debt of the nonfinancial public sector (NFPS), through the issuance of debt instruments for an amount up to the ten percent (10%) of the NFPS debt, for making swaps or repurchase of existing debt.

The main objective of the financing law is to provide the necessary flexibility to the Dominican government for obtaining financing under the most convenient cost conditions in the short, medium and long term, considering the levels of risks of the debt portfolio and the fiscal sustainability of the public debt.

## 5. 2015 Public Debt Balance

At the end of 2015, The Central Government's estimated debt will be US\$25,347.3 million<sup>3</sup>, representing 38.6% of the estimated GDP for 2015<sup>4</sup>.

This amount results of the estimated debt for 2014 of US\$23,725.7 million, plus the estimated gross financing needs for 2015 of US\$3,815.2 million, minus debt amortizations for US\$1,792.9 million, plus a negative exchange rate variation of US\$400.7 million.

**Table 4: Evolution of the Central Government Debt Stock 2014-2015**

Figures in US\$ million

<b>I. Central Government Debt 2014</b>	<b>23,725.7</b>
<b>II. Increased Liabilities</b>	<b>3,815.2</b>
1. Fiscal Deficit Financing (+)	1,606.1
2. Debt Amortization Financing (+)	1,792.9
3. Reduction Accounts Payable Financing (+)	345.7
4. Financial Assets (+)	70.5
<b>III. Sub-total Central Government Debt (I + II)</b>	<b>27,541.0</b>
<b>IV. Liabilities Reduction</b>	<b>1,792.9</b>
5. Debt Amortization (-)	1,792.9
<i>External Debt</i>	<i>1,128.2</i>
<i>Domestic Debt</i>	<i>664.7</i>
6. Principal Waivers (-)	-
<b>V. Exchange rate Variation</b>	<b>(400.7)</b>
<b>VI. Central Government Debt 2016 (III - IV + V)</b>	<b>25,347.3</b>
<b>VII. Gross Financing</b>	<b>3,815.2</b>
<b>VIII. Net Financing</b>	<b>1,606.1</b>

Source: Public Debt Office

At the end of 2015, the Non-Financial Public Sector debt is estimated to represent 38.7% of the estimated GDP at end 2015.

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

<sup>4</sup> Estimated GDP for 2015, RD\$3,021,784.6 million and US\$65,691.0 million.



## Annex I – 2015 Public Auction Schedule

PUBLIC AUCTION SCHEDULE  
PUBLIC DEBT BONDS  
MARCH-DECEMBER 2015

LEYEND	
	AUCTION
	SETTELMENT

MARCH 2015							APRIL 2015						
M	T	W	T	F	S	S	M	T	W	T	F	S	S
						1			1	2	3	4	5
2	3	4	5	6	7	8	6	7	8	9	10	11	12
9	10	11	12	13	14	15	13	14	15	16	17	18	19
16	17	18	19	20	21	22	20	21	22	23	24	25	26
23	24	25	26	27	28	29	27	28	29	30			
30	31												
MAY 2015							JUNE 2015						
M	T	W	T	F	S	S	L	M	M	J	V	S	D
				1	2	3	1	2	3	4	5	6	7
4	5	6	7	8	9	10	8	9	10	11	12	13	14
11	12	13	14	15	16	17	15	16	17	18	19	20	21
18	19	20	21	22	23	24	22	23	24	25	26	27	28
25	26	27	28	29	30	31	29	30					
JULY 2015							AUGUST 2015						
M	T	W	T	F	S	S	L	M	M	J	V	S	D
		1	2	3	4	5	3		5	6		1	2
6	7	8	9	10	11	12	10	11	12	13	14	15	16
13	14	15	16	17	18	19	17	18	19	20	21	22	23
20	21	22	23	24	25	26	24	25	26	27	28	29	30
27	28	29	30	31			31						
SEPTEMBER 2015							OCTOBER 2015						
M	T	W	T	F	S	S	M	T	W	T	F	S	S
	1	2	3	4	5	6	5			1	2	3	4
7	8	9	10	11	12	13	12	13	14	15	16	17	18
14	15	16	17	18	19	20	19	20	21	22	23	24	25
21	22	23	24	25	26	27	26	27	28	29	30	31	
28	29	30											
NOVEMBER 2015							DECEMBER 2015						
M	T	W	T	F	S	S	M	T	W	T	F	S	S
						1		1	2	3	4	5	6
2	3	4	5	6	7	8	7	8	9	10	11	12	13
9	10	11	12	13	14	15	14	15	16	17	18	19	20
16	17	18	19	20	21	22	21	22	23	24	25	26	27
24	24	25	26	27	28	29	28	29	30	31			
31													