



**Ministry of Finance**  
Public Debt Office

**Dominican Republic's Quarterly Public Debt Report**  
**July - September 2011**

**October 28<sup>th</sup>, 2011**  
**Santo Domingo, Distrito Nacional**



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## I. Presentation and Scope of the Report

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In compliance with article 27 of the Public Credit Law No. 6-06 and its Regulation, the Ministry of Finance has prepared for the National Congress of the Dominican Republic, its third “Dominican Republic’s *Quarterly Debt Report*” for 2011.

The regulatory frame establishes that, no later than thirty (30) days after the end of each quarter the Ministry of Finance delivers to the National Congress: “*an analytical report on the situation and evolution of the domestic and external public debt of the period*”<sup>1</sup>.

The third “Dominican Republic’s *Quarterly Debt Report*” for year 2011 presents the domestic and external (direct and indirect) debt stock and its changes, between July 1<sup>st</sup> and September 30<sup>th</sup> of 2011, and for the January-September period of 2011, for the **non-financial public sector** (central government, non-financial decentralized institutions, social security institutions, non-financial public companies, municipal governments and the National District).

As of 2009, public debt is reported as the domestic and external, direct and indirect debt contracted by the **non financial public sector**, excluding the **financial public sector**, in compliance with Article 3 of Public Law No. 6-06, which states that **non financial public sector debt encompasses the debt of the central government, decentralized and autonomous non-financial institutions, social security institutions, non-financial public companies, municipal governments and the National District. Excluded from non financial public sector debt are public sector agencies that are part of the decentralized and autonomous financial institutions and financial public companies**”.

It’s important to note that **non-financial public sector** debt figures includes the debt incurred by any of the above referred institutional aggregates with another government agencies (intragovernmental debt)<sup>2</sup>, like Central Government’s debt with the Central Bank. In this sense, when we talk about consolidated public debt, which includes the financial public sector debt, the referred intragovernmental debt should be excluded.

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<sup>1</sup> In agreement to Art. 7 of Law No. 6-06, “domestic debt is considered to be the one contracted with physical or legal entities that reside in the Dominican Republic and whose payment may be claimed within the national territory”, while “external debt is considered to be the one contracted with another State or international financial organism or with any other physical or legal entity without residence in the Dominican Republic whose payment may be claimed outside the Dominican Republic”.

<sup>2</sup> Intragovernmental debt is defined as debt incurred by a government institution with another.



## II. 2011 Assumptions

### 1. Gross Domestic Product (GDP), nominal year base 1991, estimated for year end 2011<sup>3</sup>

- in Dominican pesos : RD\$2,146,480.6 million
- in US dollars : US\$ 55,752.7 million

### 2. Average Nominal Exchange Rate: 38.5 pesos per dollar<sup>4</sup>

### 3. Chapter IV, “Central Government’s Financing Sources”

The “*National Budget*” for 2011, modified by Law No.194-11 contemplates a maximum net financing for RD\$41,077.0 million, which is equivalent to a 1.9% of the year end estimated Gross Domestic Product. The breakdown for financial sources and uses are as follows<sup>5</sup>:

**a) Financing sources: RD\$104,786.0 million (US\$2,721.7 million)**

- External Financing RD\$76,584.3 million
- Domestic Financing RD\$28,201.7 million

**b) Financial Uses: RD\$63,709.0 million (US\$1,654.8 million)**

- External Debt Amortization RD\$28,027.0 million
- Domestic Debt Amortization RD\$32,542.0 million
- Reduction of Accounts Payable RD\$ 3,140.0 million

### Public Debt Service Detail:

**Total Public Debt: RD\$112,860.1 million (US\$2,931.4 million)**

- **External Debt RD\$45,922.0 million**
  - Amortization RD\$28,027.0 million
  - Interests and commissions RD\$17,895.0 million
- **Domestic Debt RD\$63,938.1 million**
  - Amortization RD\$32,542.0 million
  - Interests and commissions<sup>6</sup> RD\$31,396.1 million
- **Reduction of Accounts Payable<sup>7</sup> RD\$ 3,000.0 million**
  - Administrative Debt (Bonds) RD\$ 3,000.0 million

3 Consensus estimate among BCRD, MH and MEPYD.

4 Consensus estimate among BCRD, MH and MEPYD used in the formulation of the General National Budget 2011.

5 Converted at the exchange rate RD\$38.5 X US\$1.0.

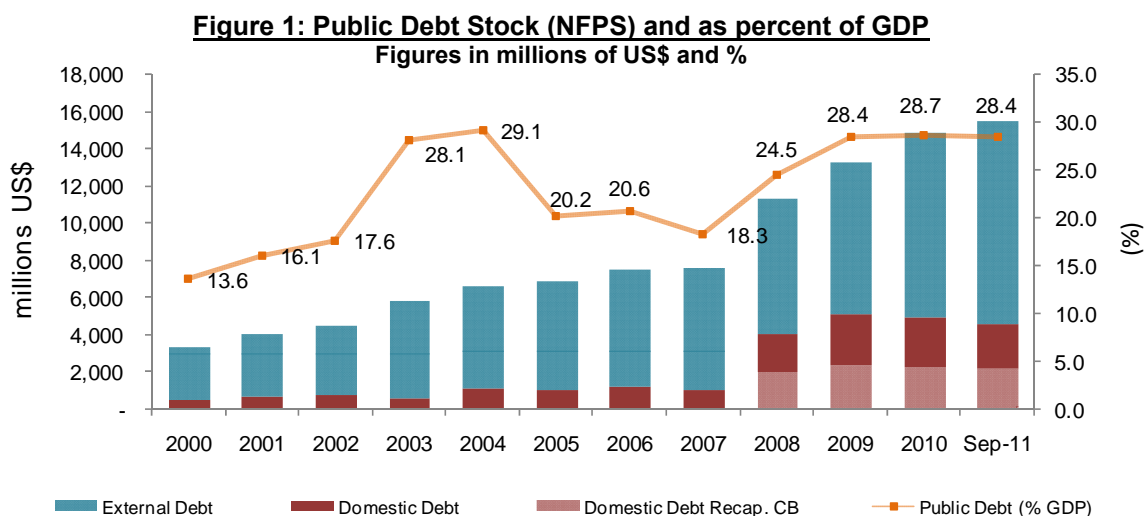
6 Includes reduction of RD\$610.9 million in interest as stated in the Modified Budget approved by Law No.194-11.

7 Does not include RD\$140.0 million of tax refunds which do not correspond to public debt service

### III. Non Financial Public Sector Debt Situation and Composition

#### July – September 2011

At the end of the third quarter of 2011, the **non financial public sector (NFPS)** external and domestic debt totaled US\$15,448.9 million, higher in US\$584.3 million compared to June 30<sup>th</sup>, 2011 (US\$14,864.6 million<sup>8</sup>), an increase of 3.9%. The total NFPS debt represents the 28.4% of the GDP<sup>9</sup>. (See Figure 1)



As of September 30<sup>th</sup>, 2011, the 70.9% of total NFPS debt corresponds to external debt, with a balance of US\$10,953.0 million, which presented an increase of US\$649.2 million in respect to June 30<sup>th</sup> 2011 (US\$10,303.8 million<sup>10</sup>), as a result of positive net flows<sup>11</sup> of US\$700.0 million and a negative exchange rate variation of US\$50.8 million, due to the appreciation of the US Dollar against other foreign currencies.

On the other hand, the domestic debt makes up 29.1% of the total public debt, totaling RD\$171,677.7 million (US\$4,495.9 million<sup>12</sup>). Of this total, RD\$162,582.5 million (US\$4,257.7 million) is Central Government borrowing, represented by the Ministry of Finance (MoF), and RD\$9,095.2 million (US\$238.2 million) corresponds to other **non-financial public sector** institutions. As of September 30<sup>th</sup> 2011, the domestic debt stock decreased by US\$64.9 million compared to June 30<sup>th</sup>, 2011 (US\$4,560.8 million) as a result of negative net flows of US\$47.7 million and a negative exchange rate variation of US\$17.2 millions, due to the appreciation of the US Dollar against the Dominican Peso during the third quarter of 2011.

8 Figure revised September 30, 2011

9 According to Central Banks' preliminary figure of real GDP growth of 4.2% and the 12 months average inflation published by the Central Bank of 7.85%. GDP RD\$2,076,410.1 million (US\$54,376.9 million converted at the exchange rate of RD\$38.1855 x US\$1.00)

10 Figure revised September 30, 2011

11 Disbursements less principal repayments.

12Converted at the official rate of purchase as of September 30th 2011: RD\$38.1855 x US\$1.00 (Source: CBDR)

**Table 1: NFPS Debt Stock and Evolution**  
**July-September 2011**  
preliminary data in million (US\$)

Debtor/Financing Source	Stock 30/06/2011 (a)	Disbursement / Indebtedness (b)	Capitalization (c)	Debt Service Evolution July - September 2011					Principal Waiver (e)	Exchange Rate Variation (f)	Stock 30/09/2011 (g) <sup>1/</sup>
				Premiums/D iscounts	Principal	Interests	Commissions	Total			
				(d)							
<b>TOTAL PUBLIC DEBT NFPS</b>	14,864.6	1,230.9	3.1	20.7	581.8	210.3	4.5	796.7	0.0	(68.0)	15,448.9
<b>TOTAL EXTERNAL DEBT NFPS</b>	10,303.8	881.9	3.1	25.0	185.1	90.4	4.5	280.0	0.0	(50.8)	10,953.0
<b>TOTAL DOMESTIC DEBT NFPS</b>	4,560.8	349.0	-	(4.3)	396.7	119.9	0.0	516.7	-	(17.2)	4,495.9
<b>Central Government Obligations</b>	14,459.1	1,112.5	3.1	20.7	302.9	199.9	4.5	507.3	0.0	(67.2)	15,204.7
<b>External Debt</b>	10,297.8	881.9	3.1	25.0	185.1	90.4	4.5	280.0	0.0	(50.8)	10,947.0
<i>Multilateral Institutions</i>	3,791.0	168.7	0.1	-	30.0	29.5	1.0	60.5	-	(25.8)	3,904.1
<i>Bilaterals</i>	4,353.3	206.3	1.8	-	76.5	23.1	3.4	103.0	-	(22.5)	4,462.4
<i>Commercial Banks</i>	383.6	8.2	-	-	25.4	5.4	0.1	30.9	0.0	(2.5)	363.9
<i>Bonds</i>	1,769.3	498.8	1.3	25.0	52.7	32.1	0.0	84.8	-		2,216.6
<i>Suppliers</i>	0.5	-	-	-	0.5	0.3	-	0.8	-	-	-
<b>Domestic Debt</b>	4,161.3	230.6	-	(4.3)	117.8	109.5	0.0	227.3	-	(16.4)	4,257.7
<i>Commercial Banks</i> <sup>2/</sup>	565.3	-	-	-	117.8	19.2	-	136.9	-	(1.7)	445.8
<i>Bonds</i>	1,420.4	230.6	-	(0.9)	-	80.6	0.0	80.6	-	(6.0)	1,645.1
<i>Recap. BCRD Bonds</i>	2,175.5	-	-	-	-	9.7	-	9.7	-	(8.7)	2,166.8
<b>Rest NFPS Obligations</b>	405.4	118.4	-	-	278.9	10.4	-	289.4	-	(0.8)	244.1
<b>External Debt</b> <sup>3/</sup>	6.0	-	-	-	-	-	-	-	-	(0.0)	6.0
<i>Suppliers</i>	6.0	-	-	-	-	-	-	-	-	(0.0)	6.0
<b>Domestic Debt</b> <sup>4/</sup>	399.5	118.4	-	-	278.9	10.4	-	289.4	-	(0.8)	238.2
<i>Commercial Banks</i>	399.5	118.4	-	-	278.9	10.4	-	289.4	-	(0.8)	238.2

1/ Debt Stock: (g) = (a) + (b) + (c) - (d) - (e) + (f)

2/ Includes la execution of the guarantee of the Government to the Free Zone companies loans.

3/ Part of the debt of the institutions of the rest of the NFPS was assumed by the Central Government and therefore are included in the records relating to the Central Government.

4/ Debt of public institutions contracted directly with the Banco de Reservas. Source: Banco de Reservas de la República Dominicana.

### IIIa. Public Debt Portfolio Risk Indicators

At the end of the third quarter of 2011, the risk indicators of NFPS debt portfolio showed slight variations in respect of their June 2011 levels (See Table 2); refinancing and interest rate risk indicators have been improved while solvency, exchange rate risk and costs indicators were slightly affected.

**Table 2: Risk Indicators**

Risk Indicators	Dec-08	Dec-09	Dec-10	Mar-11	Jun-11	Sep-11
<b>Solvency Indicators</b>						
Total Debt /GDP	24.6%	28.4%	28.7%	28.4%	28.1%	28.4%
Of which Recap. Bonds	4.3%	4.9%	4.3%	4.2%	4.1%	4.0%
<b>Refinancing Risk</b>						
Short Term Debt	12.5%	15.6%	13.2%	14.4%	14.7%	14.7%
Average Time to Maturity (years)	5.9	5.7	6.2	6.1	6.2	6.4
External Debt	7.3	7.7	7.7	7.7	7.7	7.7
Domestic Debt	3.2	2.4	2.9	2.5	2.8	3.1
<b>Market Risks</b>						
<i>Exchange Rate Risk</i>						
Foreign Currency Debt Ratio (incl. Recap)	69.2%	66.4%	70.6%	71.7%	71.8%	72.9%
Foreign Currency Debt Ratio (Excl. Recap)	83.8%	80.3%	83.0%	84.3%	84.1%	84.8%
<i>Interest Rate Risk</i>						
Variable Rate Risk	32.1%	34.2%	27.8%	31.5%	30.8%	30.2%
Average Time to Refixing (years)	4.6	4.2	5.0	4.9	4.9	5.1
External Debt	5.6	5.6	6.0	5.9	5.9	6.0
Domestic Debt	3.0	2.0	2.8	2.7	2.6	3.0
<b>Other Indicators</b>						
Weighted Average Interest Rate	7.9%	7.5%	6.9%	6.7%	6.8%	7.0%
External Debt	4.6%	3.9%	3.8%	3.6%	3.8%	4.0%
Domestic Debt	12.9%	13.2%	13.2%	13.4%	13.7%	14.3%
In Dominican Pesos	14.8%	13.9%	13.9%	13.9%	14.2%	14.7%
In US Dollars	8.6%	7.9%	8.1%	8.1%	7.9%	8.3%

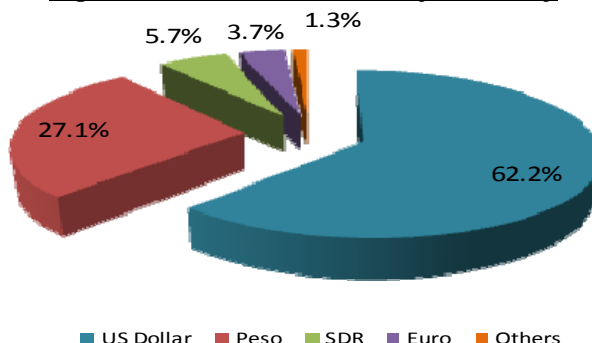
Source: Public Debt Office

Regarding solvency indicator, the ratio of "NFPS debt as percentage of the gross domestic product", increased from 28.1% at the end of June 2011 to 28.4% on September 30<sup>th</sup> 2011.

In terms of refinancing risk, the indicator "percentage of short term debt", remained constant, in 14.7% of the total debt. On the other hand, the "average time to maturity (ATM)" increased by two (2) months, as the external debt ATM remained constant at 7.7 years, and the domestic debt ATM increased from 2.8 to 3.1 years.

Regarding market risk, the indicator "percentage of foreign currency debt" has increased from 71.8% to a 72.9%. The NFPS debt portfolio is composed by different foreign currencies such as the US dollar (62.2%), Special Draw Rights of the IMF (5.7%), the Euro (3.7%), and others such as Japanese Yen, Canadian dollar, among others (1.3%). The remaining 27.1% of the debt is denominated in Dominican Peso. (See Figure 2)

**Figure 2: NFPS Public Debt by Currency**



The market risk indicator, “floating rate debt ratio”, declined from 30.8% in June 30<sup>th</sup> 2011 to 30.2% as of September 30<sup>th</sup> 2011, due to a higher fixed rate debt net funding versus variable rate debt during the third quarter of the year.

On the other hand, the annual weighted average interest rate of the NFPS debt portfolio increased at the end of September 2011 to 7.0% compared to 6.8% in the second quarter. The average interest rate of the external debt increased in 0.2 percentage points, standing at 4.0% while the average interest rate of the domestic debt increased to 14.3%.

The lowest weighted average interest rate corresponds to the concessionary Caracas and Petrocaribe Agreements (1.0%), which also has the highest average time to maturity (ATM) of the portfolio, 12.3 years. (See Table 3)

**Table 3: Weighted Average Interest Rate and Average Time to Maturity for the NFPS Public Debt**  
As of September 30<sup>th</sup>, 2011

Financing Source/ Creditor	Total Debt Share (%)	Weighted Average Interest Rate (%)	Average Time to Maturity
<b>EXTERNAL DEBT</b>	<b>70.9</b>	<b>4.0</b>	<b>7.7</b>
Multilaterals	25.3	3.5	6.9
Bilaterals	14.1	3.5	4.4
Petrocaribe Agreement	14.8	1.0	12.3
Commercial Banks	2.4	5.0	3.1
Bonds	14.3	8.1	8.4
Suppliers	0.0	7.0	0.5
<b>DOMESTIC DEBT</b>	<b>29.1</b>	<b>14.3</b>	<b>3.1</b>
Commercial Banks			
Dominican Pesos	3.0	14.3	1.0
US Dollars	1.4	8.4	0.6
Bonds			
Dominican Pesos	10.1	14.1	5.1
US Dollars	0.5	8.0	1.0
Recap Bonds			
Dominican Pesos	14.0	15.2	2.6
<b>NFPS TOTAL DEBT</b>	<b>100.0</b>	<b>7.0</b>	<b>6.4</b>

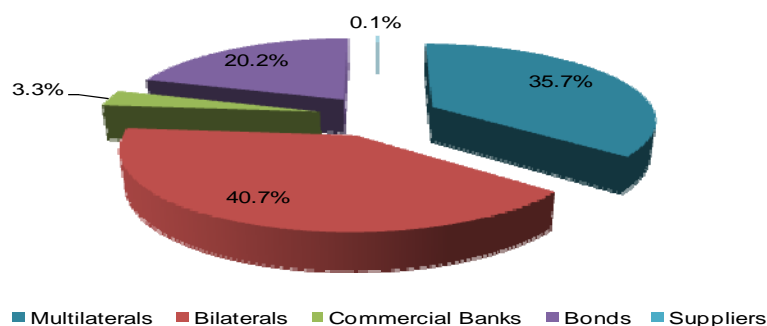
Source: Public Debt Office

## IV. External Debt

As of September 30<sup>th</sup> 2011, the NFPS external debt totaled US\$10,953.0 million, equivalent to 20.1% of the GDP.

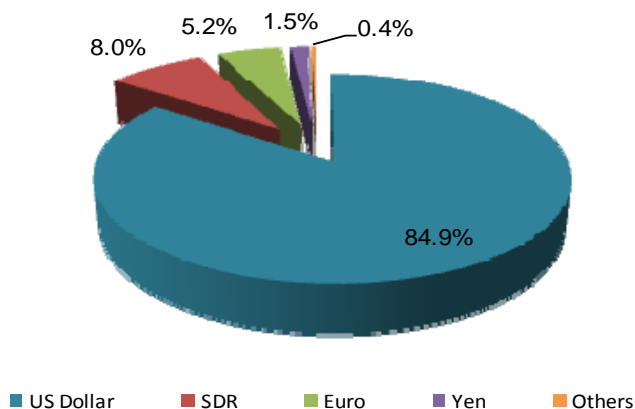
Of the total amount of the external debt, the official creditor's makes up 76.4%, of which 35.7% is debt contracted with multilateral institutions and 40.7% is bilateral debt. Private creditors hold 23.6% of the total external debt, of which 3.3% is commercial banks debt; 20.2% is instrumented in bonds (Sovereign and Brady's) and the remaining 0.1% is debt with suppliers. (See Figure 3)

**Figure 3: External Debt by Creditor Type**



The NFPS external debt portfolio is composed by different foreign currencies; the greatest percent is in US dollars (84.9%). The remaining 15.1% is made up of debt in Special Draw Rights (8.0%)<sup>13</sup>, Euro (5.2%), Japanese Yen (1.5%), among others (0.4%). (See Figure 4)

**Figure 4: External Debt by Currency**



Of the **NFPS's** total external debt, 61.4% has been contracted at a fixed interest rate, 38.1% at a variable interest rate and the remaining 0.4% at a "zero" interest rate.

<sup>13</sup> International Monetary Fund (IMF) currency unit.

#### IVa. Disbursements and Bond Placements

During the July-September 2011 quarter, the Government received disbursements from external creditors for an amount of US\$910.1 million, of which US\$88.9 million were disbursed by multilaterals, bilateral and commercial banks for the financing of public investment projects, US\$525.0 million<sup>14</sup> were received through the placement of bonds in international markets, while the remaining US\$296.2 million went for budgetary support. For the January-September period, the disbursements from external creditors totaled US\$1,522.1 million. (See Table 4 and details Annex I)

**Table 4: External disbursements received by NFPS**

Preliminary figures in million

Financing Source	In US\$	
	Jul - Sep	Jan-Sep
<b>Total Disbursements</b>	<b>910.1</b>	<b>1,522.1</b>
<b>Investment Projects</b>	<b>88.9</b>	<b>366.7</b>
<i>of which capitalizations</i>	0.1	1.3
<b>Global Bonds</b>	<b>525.0</b>	<b>525.0</b>
<i>of which capitalizations</i>	1.3	1.3
<b>Budget Support</b>	<b>296.2</b>	<b>630.4</b>
<i>of which : Petrocaribe Agreement</i>	160.8	479.0
<i>of which capitalizations</i>	1.8	4.4

Source: Public Debt Office.

#### IVb. 2011 External Debt Service and Budget Execution

The “National Budget” for 2011 contemplates RD\$45,922.0 million (US\$1,192.8 million<sup>15</sup>) for Central Government’s external debt service, of which RD\$28,027.0 million (US\$728.0 million) are stipulated for principal payments, while the remaining RD\$17,895.0 million (US\$464.8 million) to interest and commissions payments.

During the January-September 2011 period, the Central Government made instructions and accrued external debt service payments by an amount equivalent to US\$899.3 million. Moreover, the actual payments in the period totaled US\$817.4 million of which US\$538.9 million were principal payments and US\$278.5 million interest and fees payments (See Table 5).

The difference between the amount accrued and paid can be explained by Article 52 of Regulation 630-06 of the Public Debt Law, which stipulates that the debt service must be processed thirty (30) days prior to the due date, in order to ensure that the payment is made timely and avoid delays and late fees.

<sup>14</sup> Includes resources received with premium placement due and accrued interest.

<sup>15</sup> Calculated on the new estimate of the average exchange rate of RD \$ 38.5 x U.S. \$ 1.00

**Table 5: External debt service Budgeted vs. Execution**  
Preliminary figures in US\$ million

External Debt Service	Original Budget	Modified Budget	Accrued	Paid	% Accrued 30-	% Paid
			Jan-Sep	Jan-Sep	Sep-2011	30-Sep-2011
<b>Total External Debt Service</b>	<b>1,177.5</b>	<b>1,192.8</b>	<b>899.3</b>	<b>817.4</b>	<b>75.4%</b>	<b>68.5%</b>
<i>Principal Amortizations</i>	718.6	728.0	596.2	538.9	81.9%	74.0%
<i>Interest</i>	447.2	453.0	294.4	271.2	65.0%	59.9%
<i>Commissions</i>	11.6	11.8	8.7	7.3	73.7%	61.8%

Source: Public Debt Office.

### **IVc. New Debt and External Debt Issuances**

New external debt contracts are divided into those destined to finance public investment projects and for budgetary support purposes. The “National Budget” for 2011 stipulates new debt contracts for an amount of US\$2,495.2 million<sup>16</sup>. (See Annex II)

During January-September 2011 period, the National Congress approved loan contracts for a total of US\$715.8 million, destined for financing public investment projects. (See Table 6)

Moreover, the “National Budget” for 2011 contemplated the issuance and allocation of bonds up to US\$500.0 million to be raised in the international capital market. The specific law authorizing the issuance was approved by the National Congress on May 31<sup>st</sup>, 2011. In addition, the remaining amount of the 2010 bond issuance, approved by Law No.48-10, of US\$250.0 million, are still available for allocation.

It was also approved the Financial Protocol signed with the French Government, by which the government agrees to provide to the Dominican Republic, in the form of a loan, the maximum amount of EUR78.5 million to partially finance the project for the “Sanitation of Five Cities”. This protocol establishes the general financial conditions that will be stipulated in the loan to be signed.

Additionally, under the Petrocaribe Agreement, during the period from January to September 2011, a total of US\$479.0 million were received from the long-term financing from Refidomsa shipments. (See Annex I)

Finally, are still pending for congressional approval two loan agreements totaling US\$238.7 million, which were deposited in the National Congress in 2011. (See Annex IV detail).

<sup>16</sup> Municipal Development Project for US\$ 20.0 million stipulated in the General State Budget for 2011 was approved by Congress in November 2010.



**Table 6: External Debt New Contracts**  
Figures in Million (US\$)

	<i>Creditor</i>	<i>Interest Type</i>	<i>Rate/ Margin</i> <sup>1/</sup>	<i>Currency</i>	<i>Grace Period (Years)</i>	<i>Maturity (Years)</i>	<i>Amount (millions US\$)</i> <sup>2/</sup>
<b>TOTAL</b>							<b>1,694.8</b>
<b>Loan Contracts</b>							<b>715.8</b>
Second Phase of Support Program for Food Transition (PATCA II)	IADB	IADB-Libor	0.00%	USD	5	25	30.0
INAPA Water and Sanitation Investment Program	IADB	IADB-Libor	0.00%	USD	5	25	35.0
Production, Supply and Installation of Electromechanic Equipment - Metro Line 2 (Phase 1)	KFW	FIXED-CIRR EUR	4.08%	EUR	2	12	37.5
Production, Supply and Installation of Electromechanic Equipment - Metro Line 2 (Phase 1)	DEUTSCHE BANK S.A.E.	FIXED-CIRR EUR	3.51%	EUR	3	12	71.2
Production, Supply and Installation of Electromechanic Equipment - Metro Line 2 (Phase 1)	BNP PARIBAS, CITIBANK INTERNACIONAL PLC Y DEUTSCHE BANK	EURIBOR- 6 m	0.95%	EUR	3	12	101.4
Production, Supply and Installation of Electromechanic Equipment - Metro Line 2 (Phase 1)	BNP PARIBAS FORTIS , CITIBANK EUROPE PLC, DEUTSCHE BANK	FIXED-CIRR EUR	3.45%	EUR	3	12	155.7
Construction of the River - Jarabacoa Road	BNDES	LIBOR	2.30%	USD	2	13	50.0
Rehabilitation Uvero Alto-Miches-Sabana de la Mar road and Construction Port Terminal in Sabana de la Mar	BNDES	LIBOR	2.30%	USD	3	13	185.0
Mirabal Sisters Multiple Aqueduct	BNDES	LIBOR	2.28%	USD	2	11	50.0
<b>Global Bonds</b> <sup>3/</sup>	<b>International Investors</b>	<b>FIXED</b>	<b>N/A</b>	<b>USD</b>	<b>N/A</b>	<b>N/A</b>	<b>500.0</b>
<b>Petrocaribe Agreement</b> <sup>4/</sup>	<b>PDVSA</b>	<b>FIXED</b>	<b>1.00%</b>	<b>USD</b>	<b>2</b>	<b>25</b>	<b>479.0</b>

1/ No commissions included

2/ Loans in Euro calculated to dollars at the rate of change of date of approval, June 29, 2011

3/ Financial terms will be determined by market conditions at the time of the allocation.

4/ The contract amount includes payments received by Petrocaribe Agreement in 2009. The Petrocaribe Framework Agreement was approved September 6, 2005.

Source: Public Debt Office.

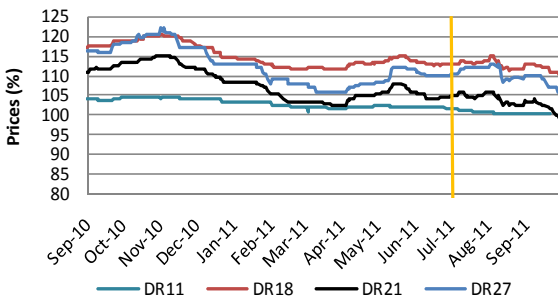
## **IVd. Performance of Sovereign External Bonds**

As of September 30<sup>th</sup> 2011, the prices of the Dominican sovereign bonds maturing in 2018, 2021 and 2027 showed an increase of 2.4%, 6.7% y 4.8%, respectively, compared to June 30<sup>th</sup> 2011, ending the quarter at prices of 110.0%, 98.0% and 105.0%. Meanwhile, the price of the bond repaid on September 27<sup>th</sup> 2011, slightly fell by 1.5%, ending with a value of 100.2%.

Furthermore, the yields demanded by investors ended the quarter at values of 5.9% (DR18), 7.7% (DR21) and 7.9% (DR27), higher than their values at the end of the previous quarter. (See Figures 5 and 6)

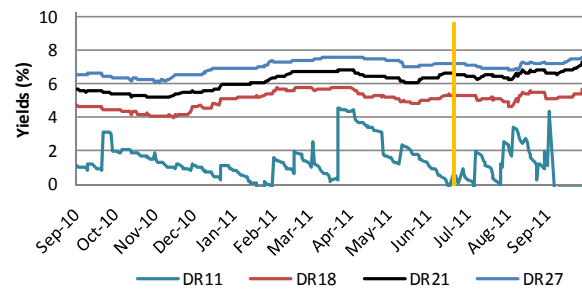
Over the same period of last year, the prices of sovereign bonds DR18, DR21 and DR27 showed a decrease of 8.1%, 15.0% and 12.5%, respectively. On the other hand, the yields demanded by investors for each sovereign bond increased by 127 bps, 207 bps and 132 bps, respectively.

**Figure 5: Prices Evolution (%)**



Source: JP Morgan.

**Figure 6: Yields Evolution (%)**

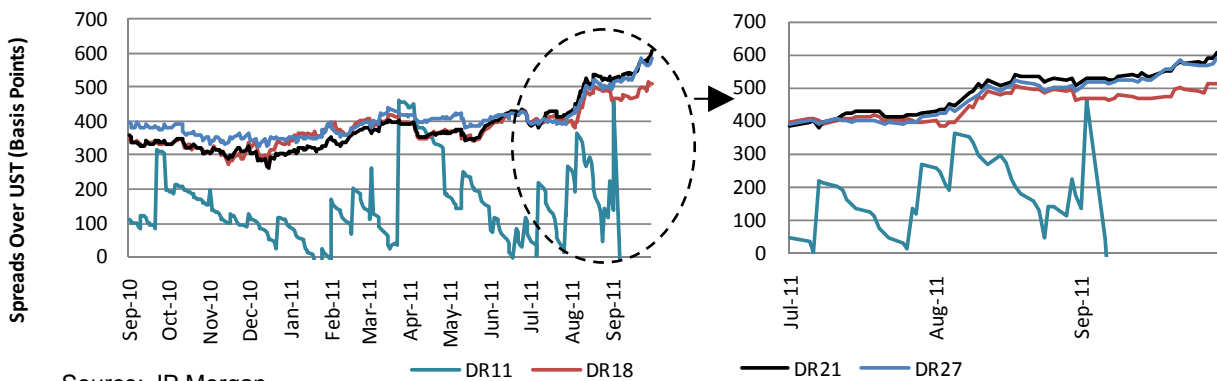


Source: JP Morgan.

Figure 7 shows the spreads, in basis points, between the yields demanded by investors for Dominican sovereign bonds and yields for US Treasury bonds (UST) of similar maturity. During the July-September 2011 quarter, the spreads of the bonds DR18, DR21 y DR27 increased by 114 bps, 218 bps and 192 bps respectively; while the spread of the sovereign bond DR11 at its maturity date fell by 8 bps with respect to the value at the end of the previous quarter.

On the other hand, all the global bonds spreads increased in comparison to the same quarter of the previous year, ending with values of 513 bps (DR18), 609 bps (DR21) and 587 (DR27), for an increase of 179 bps, 275 bps and 205 bps, respectively.

**Figure 7: Evolution of spreads between the Dominican Sovereign Bonds Yields and the US Treasury Bonds (Basis Points)**

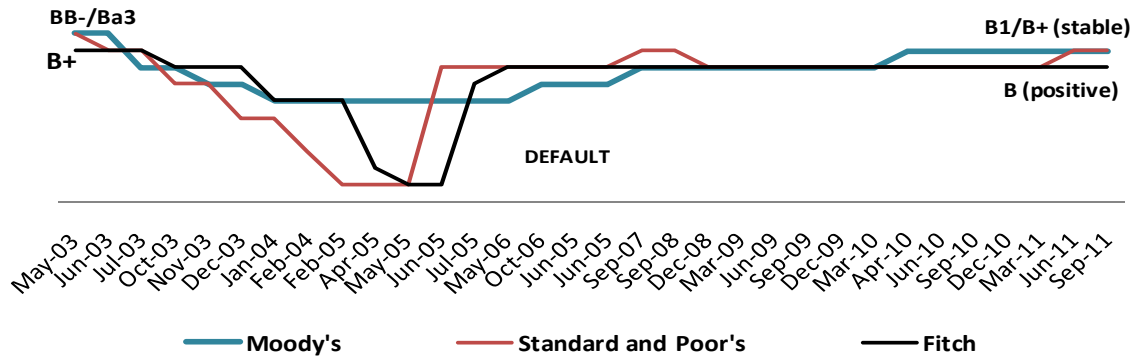


Source: JP Morgan.

**Ive. Credit Rating**

Throughout the third quarter of 2011, the country's credit rating in foreign currency of the Dominican Republic remained in B1 "stable", B "positive" and B+ "stable" according to Moody's, Standard and Poor's and Fitch Ratings, respectively, after S&P upgraded country's rating on second quarter of 2011. (See Figure 8)

**Figure 8: Credit Rating Evolution**



Source: Bloomberg.

Table 7 provides the Emerging Market Bond Index (EMBI) spreads and credit ratings from the agencies Standard & Poor's, Fitch and Moody's as of September 30<sup>th</sup>, 2011 for fourteen Latin-American countries, and provides the changes in these values compared to the previous quarter and the same period of 2010.

**Table 7: Credit Ratings and EMBI Spreads for Emerging Countries**  
As of September 30<sup>th</sup>, 2011

	EMBI* (Basis Pts)			Credit Ratings			
	Sep-11	Δ <sub>sep11-jun11</sub>	Δ <sub>sep11-sep10</sub>	S&P	Fitch	Moody's	
<b>Global</b>	465	177	160				
<b>Latin America</b>	527	172	164				
<b>Chile</b>	181	50	45	A+	A+	Aa3	
<b>Mexico</b>	267	118	76	BBB	BBB	Baa1	
<b>Peru</b>	279	110	105	BBB	BBB-	Baa3	August
<b>Panama</b>	252	125	78	BBB-	BBB	Baa3	
<b>Colombia</b>	240	119	72	BBB-	BBB-	Baa3	
<b>Brasil</b>	277	128	75	BBB-	BBB	Baa2	
<b>Uruguay</b>	312	160	98	BBB-	BB+	Ba1	July
<b>El Salvador</b>	510	189	149	BB-	BB	Ba2	
<b>Dominican Rep.</b>	587	193	253	B+	B	B1	
<b>Jamaica</b>	629	229	122	B-	B-	B3	
<b>Argentina</b>	993	425	305	B	B	B3	
<b>Belize</b>	1,308	370	578	B-	N/R	B3	August
<b>Ecuador</b>	868	85	(358)	B-	B-	Caa2	
<b>Venezuela</b>	1,450	333	288	B+	B+	B2	August

\* The EMBI spread measures the difference in yield between a US dollar denominated bond and a benchmark US Treasury bond of a similar maturity.

\*\* The figures written in red font refer to declines from the previous quarter, the figures written in green correspond to improvements, while those written in black have stayed without modification throughout the quarter.

Source: Bloomberg and JP Morgan.

During third quarter of 2011, the ratings of Peru and Uruguay were upgraded by S&P and Fitch Ratings; while S&P reduced Belize's and Venezuela's rating. The ratings of other economies remained constant.

The debt spreads of the Latin-American economies shown in Table 7 increased in the third quarter of the year in an average of 188 bps compared to the values at the end of the previous quarter. Argentina, Belize, Venezuela and Jamaica were the countries which spreads increased more strongly. The margin for the Dominican Republic increased in 193 bps, standing at 587 bps as of September 30<sup>th</sup>, 2011, slightly above the sample average of 582 bps.

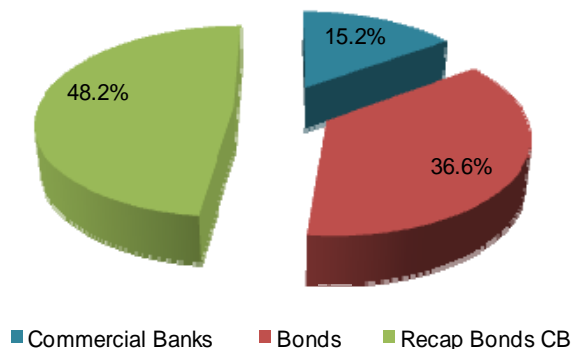
Comparing these values over the same period last year, most of the economies' risk increased; margins for Belize, Argentina and Venezuela were the ones with largest increases, of 578 bps, 305 bps and 288 bps, respectively, higher than the average increase of the sample of 135 bps; meanwhile the only economy that experience a spread decrease with respect to the same period of the previous year was Ecuador, which presented a reduction of 358 bps. The spread of the Dominican Republic increased by 253 bps, higher than the increase of the Global (160 bps) and the Latin American (164 bps) indexes.

## V. Domestic Debt

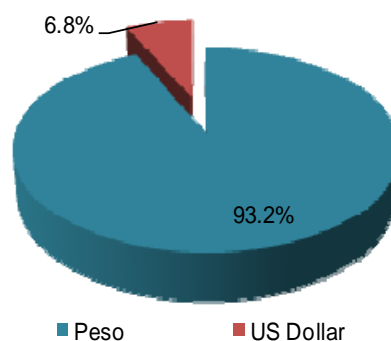
As of September 30<sup>th</sup> 2011, the **non-financial public sector** domestic debt totaled RD\$171,677.7 million (US\$4,495.9 million), of which the 15.2% is contracted with local commercial banks, 48.2% correspond to the bonds for the Recapitalization of the Central Bank<sup>17</sup>, and the remaining 36.6% are domestic bonds issued in the local market. (See Figure 9)

Of the total domestic debt with local commercial banks, 65.2% corresponds to direct and indirect debt issued and/or contracted by the Central Government, represented by the Ministry of Finance, while the remaining 34.8% corresponds to other non-financial public sector institutions (Ministries and their dependencies, autonomous public institutions, non-financial public companies and municipal councils).

**Figure 9: Domestic Debt by Type of Creditor**



**Figure 10: Domestic Debt by Currency**

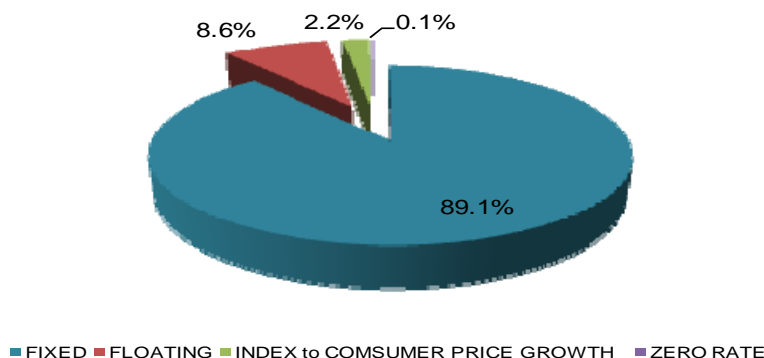


The debt denominated in local currency, the Dominican Peso, makes up 93.2% (RD\$160,049.0 million) of the total domestic debt, while the remaining 6.8% is denominated in US dollars (US\$304.6 million). (See Figure 10)

Of the total **non-financial public sector** domestic debt, 89.1% has been contracted at a fixed interest rate, 8.6% at variable interest rates of the local financial system, 2.2% is indexed to inflation and the remaining 0.1% at “zero” interest rate. (See Figure 11)

<sup>17</sup> Intragovernmental debt must be excluded in accounting for the consolidated public debt.

**Figure 11: Domestic Debt by Interest Rate Type**



### **Va. Domestic Disbursements and Bond Placements**

The “National Budget” for 2011, authorized the Ministry of Finance (MoF) to place RD\$25,201.7 million of domestic debt that could be funded either by local commercial banks and/or by issuing bonds in the domestic debt market through public auctions, and RD\$3,000.0 million by the issuance of bonds for the payment of administrative debt. On May 12th 2011, the National Congress approved by Law No.131-11 the domestic bonds issuance for an amount of RD\$25,200.0 million. On the other hand, the Law for the administrative bonds issuance was approved by Law No.193-11 of August 8<sup>th</sup> 2011.

During the January-September period, the Central Government conducted public auctions, in which bonds were allocated for an amount of RD\$12,401.8 million, on which it received funds for RD\$12,238.4 million.

The rest of the **non-financial public sector** institutions (*Ministries and their dependencies, autonomous public institutions, non-financial public companies and municipal councils*) received disbursements in the third quarter for RD\$4,506.1 million (US\$118.4 million), for a cumulative total for the January-September period of RD\$24,075.7 million (US\$635.3 million), according to information provided by Banco de Reservas of the Dominican Republic. (See Table 8)

**Table 8: New Contracts and Disbursements received by NFPS**  
Preliminary figures in millions (US\$)

Domestic Source	RD\$	
	Jul- Sep	Jan - Sep
<b><i>Total Disbursements</i></b>	<b><i>13,255.4</i></b>	<b><i>36,314.1</i></b>
<b><i>Central Government</i></b>	<b><i>8,749.3</i></b>	<b><i>12,238.4</i></b>
<i>Commercial Banks</i>	<i>0.0</i>	<i>0.0</i>
<i>Bonds</i>	<i>8,749.3</i>	<i>12,238.4</i>
<b><i>Rest Non-Financial Public Sector</i></b>	<b><i>4,506.1</i></b>	<b><i>24,075.4</i></b>
<i>Commercial Banks</i>	<i>4,506.1</i>	<i>24,075.7</i>

Source: Public Debt Office and Banco de Reservas of the Dominican Republic.

## **Vb. 2011 Domestic Debt Service and Budgetary Execution**

In the “*National Budget*” for 2011, RD\$63,938.1 million were scheduled for the Central Government’s domestic debt service, of which RD\$32,542.0 million were contemplated for principal payments and RD\$31,396.1 million for interest and commissions payments.

During January-September of 2011, the Central Government made instructions and accrued domestic debt service payments by an amount of RD\$40,647.3 million. Payments effectively made to local commercial banks and domestic bonds holders amounted RD\$41,327.5 million (US\$1,091.9 million) of which RD\$25,397.2 million were principal payments, RD\$15,922.6 million interest payments and RD\$7.7 million are commissions payments.

The difference between the amount accrued and paid can be explained by Article 52 of Regulation 630-06 of the Public Debt Law, which stipulates that the debt service must be processed thirty (30) days prior to the due date, in order to ensure that the payments are made timely and avoid delays and late fees.

**Table 9: Central Government Domestic Debt Service Budgeted vs. Execution**

Preliminary figures in millions of Dominican Pesos (RD\$)

Domestic Debt Service	Original Budget	Modified Budget	Accrued	Paid	% Accrued	% Paid
			Jan-Sep	Jan-Sep	30-Sep-2011	30-Sep-2011
<b>Total Domestic Debt Service</b>	<b>64,549.0</b>	<b>63,938.1</b>	<b>40,647.3</b>	<b>41,327.5</b>	<b>63.6%</b>	<b>64.6%</b>
<i>Principal Amortizations</i>	32,542.0	32,542.0	25,397.2	25,397.2	78.0%	78.0%
<i>Interest</i>	31,998.6	31,387.7	15,242.9	15,922.6	48.6%	50.7%
<i>Commissions</i>	8.4	8.4	7.3	7.7	86.6%	91.9%

Source: Public Debt Office.

The total amount of interest earned and paid does not include RD\$6,283.7 million which were transferred to the Central Bank through the budget line "Current Transfers to Public Sector" of Chapter 0999 - Obligations of the Treasury, in order to comply with Law No.167-07 of Central Bank’s Recapitalization.

The rest of the **Non-Financial Public Sector** institutions (excluding the Ministry of Finance and the National Treasury), during the January-September period made principal payments to the local commercial banks for an amount of RD\$21,975.5 million (US\$579.2 million), and interest and commission payments for RD\$834.7 million (US\$22.0 million), according to figures of the Banco de Reservas of the Dominican Republic.

## **Vc. Central Bank Recapitalization Plan**

As of September 30th 2011, the outstanding amount of instruments for the Central Bank Recapitalization Plan amounted RD\$82,740.9 million (US\$2,166.8 million), distributed among bonds with maturities of 3, 5 and 7 years.

The “*National Budget*” for 2011 contemplates interest payments for the Central Bank Recapitalization Plan for an amount of RD\$18,859.0 million, corresponding to 0.9% of the year-end estimated GDP.



During the third quarter of 2011, the Central Government made interest payments for an amount of RD\$372.2 million for the Recapitalization Plan Bonds.. In addition, given that the outstanding amount of instruments for Recapitalization Plan (RD\$82,740.9 million) would generate interest in 2011 for RD\$12,575.2 million, the RD\$6,283.7 million remaining were transferred directly through the Chapter 0999 – Treasury Obligations. As of September 30th, 2011, the total amount transferred to the Central Bank, under the Recapitalization Plan, is RD\$12,896.9 million, the remaining RD\$5,962.1 will be transferred in the fourth quarter of 2011.

On the other hand, on September 30th 2011, the Ministry of Finance made the replacement of three (3) years bonds with a 16% coupon, issued in the First Partial Issuance of Recapitalization Bonds for the Central Bank, amounting RD\$4,639.4 million. The new instrument, issued by the same amount and coupon rate, matures on September 30<sup>th</sup>, 2014.

It is important to note that, according to Articles 8 and 11 in the Regulation of Law No. 167-07, these instruments are not amortized in cash, since they are substituted at maturity for instruments with market rates prevailing at the time (terms and interest rates). After the Central Bank is fully capitalized, part of the annual surplus generated by the Central Bank will be used to repay the Recapitalization bonds outstanding at the time.

#### **Vd. Bonds and Bills Auctions**

Article 27 of Law No. 297-10 of the “National Budget” for 2011 authorizes the Executive Power, through the Ministry of Finance, to place and disburse a maximum amount of RD\$25,201.7 million as budget support funding through securities or bonds to be issued in the local market as well as through loans obtained in the domestic financial system.

In addition, Article 25 of the Law stipulates the issuance of Treasury bills, which must be canceled before the end of year 2011, for a maximum amount of RD\$8,000.0 million and US\$250.0 million.

Based on the authorization by Law No.131-11, in June 2011 the Ministry of Finance made a domestic bonds issuance totaling RD\$25,200.0 million, divided in bonds with maturities of 3, 7 and 10 years, with amounts of RD\$4,200.0 million, RD\$8,000.0 million and RD\$13,000.0 million, and coupon rates of 11.70%, 14.00% and 15.95% respectively for each term.

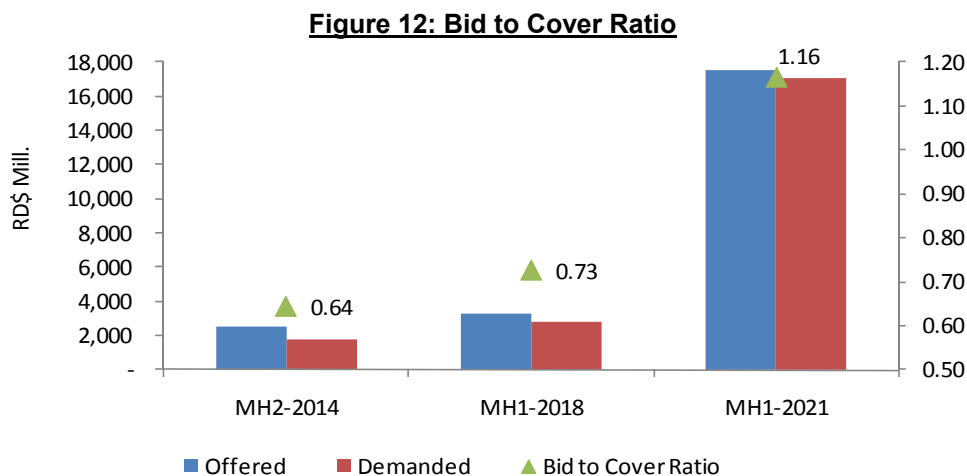
Through public auction, as of September 30<sup>th</sup> 2011, a total amount of RD\$12,401.8 million were allocated divided into RD\$1,200.0 million in 3-years bonds, RD\$2,310.0 million in 7-years bonds and RD\$8,891.8 million in 10-year bonds, leaving an available balance of RD\$3,000.0 million for the 3-years bonds, RD\$5,690.0 million for the 7-years bonds and RD\$4,108.2 million for the 10-year bonds. (See Table 10)

**Table 10: Ministry of Finance Auctions Results**

		Auction Date	Maturity Date	Offered	Demanded	Bid to Cover Ratio	Allocated	Wiegthed Average Rate
B o n d s	MH2-2014	07/06/2011	06/06/2014	RD\$500,000,000	RD\$558,500,000	1.12	RD\$500,000,000	12.9500%
	Amount	05/07/2011	06/06/2014	RD\$500,000,000	RD\$65,000,000	0.13	RD\$0	-
	RD\$4,200.0MM	02/08/2011	06/06/2014	RD\$500,000,000	RD\$148,000,000	0.30	RD\$0	-
	Coupon 11.70%	06/09/2011	06/06/2014	RD\$1,000,000,000	RD\$1,035,000,000	1.04	RD\$700,000,000	12.9500%
	Total				RD\$1,806,500,000		RD\$1,200,000,000	
	Balance						<u>RD\$3,000,000,000</u>	
	MH1-2018	07/06/2011	08/06/2018	RD\$1,000,000,000	RD\$1,080,000,000	1.08	RD\$1,000,000,000	15.0000%
	Amount	05/07/2011	08/06/2018	RD\$500,000,000	RD\$60,000,000	0.12	RD\$0	-
	RD\$8,000.0MM	02/08/2011	08/06/2018	RD\$300,000,000	RD\$230,000,000	0.77	RD\$10,000,000	15.0000%
	Coupon 14.00%	06/09/2011	08/06/2018	RD\$1,500,000,000	RD\$1,410,000,000	0.94	RD\$1,300,000,000	15.0000%
	Total				RD\$2,780,000,000		RD\$2,310,000,000	
	Balance						<u>RD\$5,690,000,000</u>	
	MH1-2021	07/06/2011	04/06/2021	RD\$7,000,000,000	RD\$5,050,700,000	0.72	RD\$2,120,000,000	16.7500%
	Amount	05/07/2011	04/06/2021	RD\$5,000,000,000	RD\$4,165,000,000	0.83	RD\$2,400,000,000	16.5750%
	RD\$13,000.0MM	02/08/2011	04/06/2021	RD\$1,500,000,000	RD\$2,731,800,000	1.82	RD\$1,171,800,000	16.7248%
Coupon 15.95%	06/09/2011	04/06/2021	RD\$4,000,000,000	RD\$5,132,000,000	1.28	RD\$3,200,000,000	16.7466%	
Total				RD\$17,079,500,000		RD\$8,891,800,000		
Balance						<u>RD\$4,108,200,000</u>		

Source: Public Debt Office.

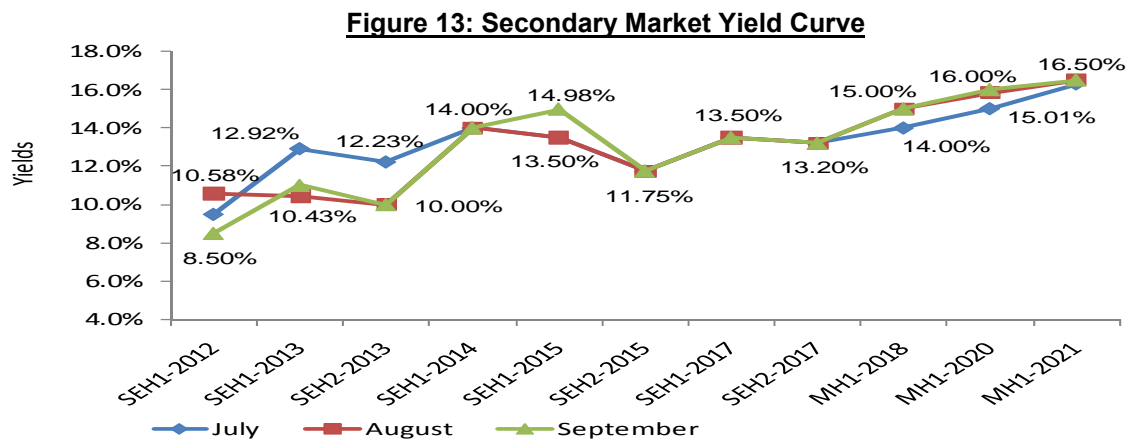
Is important to notice that for the series MH1-2021 the amount demanded was higher than the amount auctioned (Bid to cover ratio), with value 1.16; whereas the MH2-2014 and MH1-2018 series had a coverage ratio of 0.64 and 0.73, respectively. This ratio is an indicator of the local financial system liquidity and appetite for instruments of government. (See Figure 12)



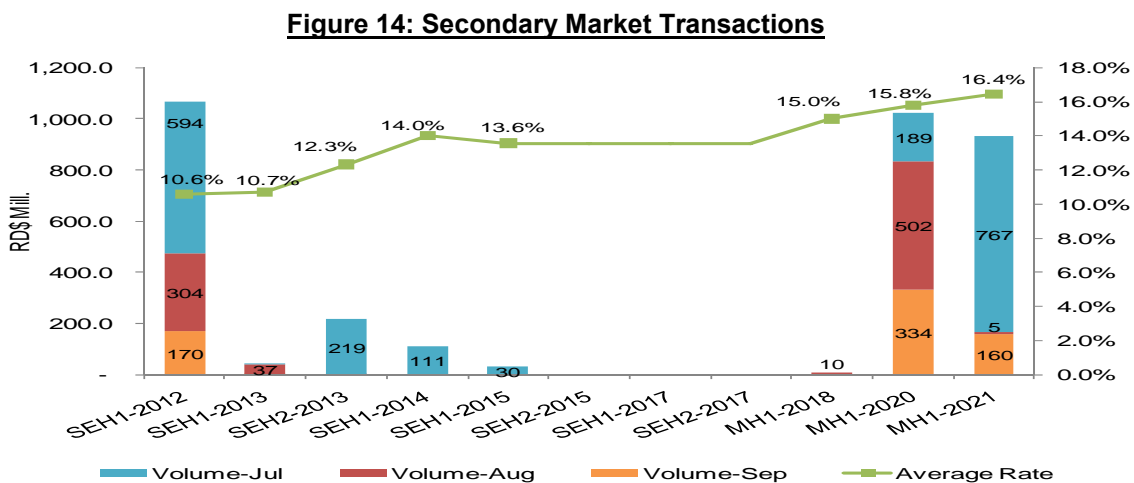
Source: Public Debt Office.

**Ve. Performance of Domestic Bonds in the Secondary Market**

The yields demanded by investors in the secondary market have declined over the third quarter of the year for short-term series; meanwhile the longest maturity bond yields have increased. On September, the SEH1-2012, SEH1-2013 and SEH2-2013 bonds decreased their yields by 100 bps, 192 bps and 223 bps, respectively, compared with their rates at the end of July. Meanwhile, SEH1-2015, MH1-2020 and MH1-2021 series increased their yields by 148 bps, 99 bps and 20 bps, finishing the quarter in 15.0%, 16.0% and 16.5%, respectively. The bond MH1-2018 was traded in the secondary market at the end of August for its first time, with a yield of 15.0%. (See Figure 13)



In terms of the secondary market transactions, during the third quarter of 2011, the SEH1-2012, MH1-2020 and MH1-2021 series registered the highest volume of transactions, of RD\$1,067.8 million, RD\$1,024.7 million and RD\$931.6 million at a weighted average yield of 10.6%, 15.8% and 16.4%, respectively; for the SEH1-2012 and MH1-2020 series, these rates were 341 bps and 21 bps lower than their coupon rates (14.0% and 16.0%, respectively), and for the MH1-2021 bond, this yield was 44 bps higher than its coupon rate (16.0%). The series SEH2-2013 and SEH1-2014 registered transactions for RD\$219.3 million and RD\$111.1 million, respectively. Moreover, the highest volume of transactions was recorded in July, amounting RD\$1,913.2 million. (See Figure 14)



## Vf. Domestic Bonds

### a) Administrative Debt Bonds

- Law No. 193-11:** Authorized amount, RD\$7,000.0 million (US\$183.3 million), of which none issuances have been placed. The issuance may not have a maturity lower than five years nor a coupon rate higher than 5.0%.

### b) Bonds for the Capitalization of Public Financial Institutions

- Law No. 121-05:** Authorized and placed amount, RD\$3,825.0 million. Of this total, RD\$2,325.0 million were delivered to the Central Bank and RD\$1,500.0 million to the Banco de Reservas.
- Law No. 167-07:** Authorized amount, RD\$320,000.0 million. At the end of the third quarter of 2011, the outstanding amount of the instruments for the Recapitalization of the Central Bank amounted RD\$82,740.9 million, distributed into bonds with maturities of 3, 5 and 7 years.

**Table 11: Domestic Bond Holders According to Residency  
As of September 30<sup>th</sup>, 2011**

Bonds Laws	No. 121-05	No. 167-07	No. 490-08 *	Auctions
<b>Amount Authorized</b>	<b>3,825.0</b>	<b>320,000.0</b>	<b>250.0</b>	<b>76,261.0</b>
<b>Outstanding Amount</b>	<b>3,825.0</b>	<b>82,740.9</b>	<b>83.3</b>	<b>55,811.8</b>
<b>Domestic Residence</b>	<b>3,825.0</b>	<b>82,740.9</b>	<b>61.5</b>	<b>55,771.8</b>
<b>Natural Person</b>	-	-	15.5	1,174.4
<b>Juridical Persons</b>	3,825.0	82,740.9	45.9	54,597.4
<b>Foreign Residence</b>	-	-	<b>21.8</b>	<b>40.0</b>
<b>Natural Person</b>	-	-	-	-
<b>Juridical Persons</b>	-	-	21.8	40.0

Note: Law No. 490-08 is denominated in million of US Dollars (US\$).

Source: Banco de Reservas of the Dominican Republic, Public Debt Office and CEVALDOM.

Source: CEVALDOM and Public Debt Office.

### c) CDEEE Bonds

- Law No. 490-08:** Authorized amount, US\$250.0 million (RD\$9,546.4 million) at a fixed interest rate of 8.0% per annum and maturing in June 2010, 2011 and 2012.

Of the total outstanding amount as of September 30<sup>th</sup>, 2011 of US\$83.3 million (equivalent to RD\$3,180.9 million), 72.6% is in domestic residents hands, mainly commercial banks which have 31.0% of these bonds. Other important holdings are foreign companies (27.4%), resident natural people (18.6%), and the health sector (6.3%).

#### e) Public Auctions

1. **Ministry of Finance Auction Bonds:** As of September 30th 2011, the outstanding amount of bonds auctioned by the MH amounted RD\$55,811.8 million, of which 99.9% were in domestic residents hands. Of this total, 27.1% were in commercial banks, 26.1% in the financial sector, 22.0% in pension funds and 7.0% in savings and loan associations, among others.

### VI. Treasury Debt

As of September 30<sup>th</sup> 2011, the National Treasury's Dominican Peso credit line does not present an outstanding balance, while in US Dollars a US\$210.0 million outstanding amount exists, which generate interest at a weighted average rate of 7.8%.

### VII. Contingent Liabilities

#### *External Debt*

1. **Guarantees to Private Sector:** The Central Government has provided debt guarantees for the external debt of certain private sector institutions (INTEC, FUNDAPEC and PUCMM). As of September 30<sup>th</sup> 2011, private external debt publicly guaranteed totaled US\$15.2 million.

#### *Domestic Debt*

1. **Law No. 15-08:** that approved the "*Budget and Public Revenue and Expenditure Law*" for 2008, authorized the MoF to issue guarantees for an amount up to RD\$1,500 million to ensure the reconstruction of the private sector in areas affected by the Storm Olga. As of September 30<sup>th</sup> 2011, guarantees have been granted for an amount of RD\$50.0 million to Hoyo de Lima Industrial and US\$7.0 million (RD\$246.8 million) to Bojos Tanning Inc.
2. **Law No. 174-07:** Authorizes the Ministry of Finance to provide guarantees to private Free Trade Zones companies for loans granted by the local commercial banks in an amount up to RD\$1,200.0 million. As of September 30<sup>th</sup> 2011, the commercial banks have executed guarantees for RD\$147.6 million and US\$29.8 million, equivalent to US\$33.6 million, which are considered as public debt, remaining a guarantee of US\$0.5 million. Of this executed amount, the Central Government has paid RD\$147.6 million and US\$27.4 million.

### VIII. Administrative Debt

The "*National Budget*" for 2011, stipulates the payment of RD\$3,000.0 million to cancel the outstanding balance of the Administrative Debt with private suppliers contracted until December 31<sup>st</sup> 2005. In the period January-September of 2011, payments for RD\$15.2 million have been made.



## Annex I – External Budget Resources and Disbursements Execution

INSTITUTION	BUDGET		EXECUTION IN US\$			TOTAL
	Pesos (RD\$)	Dollars	JAN-MAR	APR-JUN	JUL-SEP	
<b>TOTAL EXTERNAL FINANCING</b>	<b>76,584.3</b>	<b>1,963.7</b>	<b>311.6</b>	<b>300.4</b>	<b>910.1</b>	<b>1,522.1</b>
<b>Public Investment Projects</b>	<b>18,006.5</b>	<b>461.7</b>	<b>160.7</b>	<b>117.1</b>	<b>88.9</b>	<b>366.7</b>
Global Bonds	19,500.1	500.0	0.0	0.0	525.0	525.0
Budget Support	39,077.6	1,002.0	150.9	183.3	296.2	630.4
Petrocaribe	21,605.6	554.0	150.9	167.3	160.8	479.0
<b>Total Public Investment Projects</b>	<b>18,006.5</b>	<b>461.7</b>	<b>160.7</b>	<b>117.1</b>	<b>88.9</b>	<b>366.7</b>
<b>Presidency</b>	<b>2,175.4</b>	<b>55.8</b>	<b>31.0</b>	<b>16.5</b>	<b>10.3</b>	<b>57.8</b>
Social Policy Cabinet	326.3	8.4	0.7	5.4	0.8	6.9
Public Infrastructure Supervising Office	1,849.1	47.4	30.3	11.2	9.5	50.9
<b>Minister of Police</b>	<b>12.9</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Ministry of Military Forces</b>	<b>86.7</b>	<b>2.2</b>	<b>0.0</b>	<b>2.0</b>	<b>2.7</b>	<b>4.6</b>
<b>Ministry of Foreign Relations</b>	<b>22.3</b>	<b>0.6</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>
<b>Ministry of Finance</b>	<b>238.7</b>	<b>6.1</b>	<b>1.7</b>	<b>0.8</b>	<b>1.6</b>	<b>4.2</b>
Ministry of Finance	104.0	2.7	1.4	0.6	0.7	2.6
General Internal Revenue Office	12.3	0.3	0.0	0.0	0.5	0.5
Central Bank of Dominican Republic	122.4	3.1	0.3	0.3	0.5	1.1
<b>Ministry of Education</b>	<b>1,070.2</b>	<b>27.4</b>	<b>1.4</b>	<b>2.6</b>	<b>1.8</b>	<b>5.8</b>
<b>Ministry of Public Health</b>	<b>3,687.3</b>	<b>94.5</b>	<b>41.0</b>	<b>20.9</b>	<b>41.4</b>	<b>103.3</b>
Ministry of Public Health	1,354.5	34.7	6.0	2.5	38.0	46.5
CERSS: Health Sector Reform	115.5	3.0	0.6	0.7	0.3	1.6
National Institute of Potable Water /a	2,217.3	56.9	34.4	17.7	3.1	55.2
<b>Ministry of Labor</b>	<b>148.2</b>	<b>3.8</b>	<b>0.9</b>	<b>1.9</b>	<b>1.1</b>	<b>3.9</b>
<b>Ministry of Agriculture</b>	<b>240.3</b>	<b>6.2</b>	<b>1.6</b>	<b>4.6</b>	<b>0.5</b>	<b>6.7</b>
Ministry of Agriculture	194.6	5.0	1.6	4.4	0.5	6.5
Plan Sierra	45.7	1.2	0.0	0.2	0.0	0.2
<b>Ministry of Public Infrastructure and Communications</b>	<b>5,420.9</b>	<b>139.0</b>	<b>54.0</b>	<b>31.6</b>	<b>16.7</b>	<b>102.3</b>
Ministry of Public Infrastructure and Communications	185.0	4.7	54.0	20.7	1.8	76.5
National Housing Institute	917.8	23.5	0.0	10.9	14.9	25.8
Office for Transport Rearrangement	4,318.0	110.7	0.0	0.0	0.0	0.0
<b>Ministry of Natural Resources and Environment /a</b>	<b>1,267.1</b>	<b>32.5</b>	<b>19.0</b>	<b>0.1</b>	<b>0.0</b>	<b>19.2</b>
National Institute of Hydraulic Resources /a	1,267.1	32.5	19.0	0.1	0.0	19.2
<b>Ministry of Economy, Planification and Development</b>	<b>94.7</b>	<b>2.4</b>	<b>1.9</b>	<b>2.3</b>	<b>2.9</b>	<b>7.1</b>
Ministry of Economy, Planification and Development	93.7	2.4	0.2	0.7	2.7	3.7
National Statistics Office	1.0	0.0	1.7	1.5	0.2	3.4
<b>Judiciary</b>	<b>53.8</b>	<b>1.4</b>	<b>0.7</b>	<b>1.0</b>	<b>0.0</b>	<b>1.7</b>
<b>Tresuary Bond Management</b>	<b>3,487.9</b>	<b>89.4</b>	<b>7.4</b>	<b>32.8</b>	<b>9.9</b>	<b>50.0</b>
Dominican Corporation of Electric Companies /a	3,383.6	86.8	7.2	30.9	8.9	47.0
Dominican Republic Central Bank /a	104.3	2.7	0.2	1.9	1.0	3.1
<b>Global Bonds</b>	<b>19,500.1</b>	<b>500.0</b>	<b>0.0</b>	<b>0.0</b>	<b>525.0</b>	<b>525.0</b>
<b>Total Budget Support</b>	<b>39,077.6</b>	<b>1,002.0</b>	<b>150.9</b>	<b>183.3</b>	<b>296.2</b>	<b>630.4</b>
<b>Budget Support</b>	<b>17,472.0</b>	<b>448.0</b>	<b>0.0</b>	<b>16.0</b>	<b>135.4</b>	<b>151.4</b>
<b>Petrocaribe</b>	<b>21,605.6</b>	<b>554.0</b>	<b>150.9</b>	<b>167.3</b>	<b>160.8</b>	<b>479.0</b>



## Annex II – External Debt Contracting in 2011 Budget

External Financing Sources	Amount in 2011 Budget (US\$)	Amount Contracted (US\$)	Beneficiary	Creditor	Promulgation date
<b>Total New Financing</b>	<b>2,465,233,783.2</b>	<b>1,270,083,340.8</b>			
<b>Total Investment Project Financing</b>	<b>1,667,678,372.7</b>	<b>791,084,067.2</b>			
<b>Approved Contracts</b>	<b>718,676,207.2</b>	<b>715,838,745.8</b>			
1 Second Phase of Support Program for Food Transition (PATCA II)	30,000,000.0	30,000,000.0	MA	IADB	25-Apr-2011
2 INAPA Water and Sanitation Investment Program	35,000,000.0	35,000,000.0	INAPA	IADB	5-May-2011
3 Production, Supply and Installation of Electromechanic Equipment - Metro Line 2 (Phase 1)		37,548,924.7	OPRET	KFW	26-Jun-2011
4 Production, Supply and Installation of Electromechanic Equipment - Metro Line 2 (Phase 1)		71,221,769.9	OPRET	DEUTSCHE BANK S.A.E.	26-Jun-2011
5 Production, Supply and Installation of Electromechanic Equipment - Metro Line 2 (Phase 1)	266,788,131.18	101,375,514.2	OPRET	BNP PARIBAS, CITIBANK INTERNACIONAL PLC Y DEUTSCHE BANK	26-Jun-2011
6 Production, Supply and Installation of Electromechanic Equipment - Metro Line 2 (Phase 1)		155,692,537.0	OPRET	BNP PARIBAS FORTIS, CITIBANK EUROPE PLC, DEUTSCHE BANK	26-Jun-2011
7 Construction of the River - Jarabacoa Road	71,538,761.0	50,000,000.0	MOPC	BNDES	3-Sep-2011
8 Rehabilitation Uvero Alto-Miches-Sabana de la Mar road and Construction Port Terminal in Sabana de la Mar	265,349,315.0	185,000,000.0	MOPC	BNDES	3-Sep-2011
9 Mirabal Sisters Multiple Aqueduct	50,000,000.0	50,000,000.0	INAPA	BNDES	3-Sep-2011
<b>Pending Approval Contracts</b>	<b>111,502,165.5</b>	<b>75,245,321.4</b>			
10 Central and eastern Pro-rural Development Project	48,460,000.0	14,245,321.4	MA	FIDA	
11 Construction of San Juan de la Maguana Substation	39,042,165.5	37,000,000.0	ETED	BEI	
12 Natural Disasters Risks Financial Management Project	24,000,000.0	24,000,000.0	MH	IADB	
<b>Pending of Structure and Signing Contracts</b>	<b>837,500,000.0</b>	<b>-</b>			
13 Coral Highway	181,500,000.0		MOPC		
14 Sustainable Tourism Program for the Colonial Zone	30,000,000.0		MITUR	IADB	
15 Moca Aqueduct	40,000,000.0		CORAAMOCA		
16 Puerto Plata Aqueduct	100,000,000.0		CORAAPLATA		
17 Second Phase of Santiago Aqueduct	29,000,000.0		CORAASAN		
18 Final Phase of Palomino Hydroelectric Central Project	50,000,000.0		CDEEE		
19 Rural Development Project of the Border	5,000,000.0		MA	OFID	
20 Modernization of the National Police for Democratic Security	160,000,000.0		MIP		
21 Migration Information System	25,000,000.0		DGM	BANK OF KOREA	
22 Maternal and Child Trauma Hospitals in the city of Santiago de los Caballeros and Expansion of Hospital Dr. Marcelino Vélez Santana	92,000,000.0		OISOE		
23 Markets Network for North Region (Merca Cibao)	65,000,000.0		OISOE		
24 Treatment Plant Wastewater - Ozama River	60,000,000.0		CAASD		
<b>Total Budget Support Financing</b>	<b>797,555,410.5</b>	<b>478,999,273.6</b>			
<b>Approved Contracts</b>	<b>280,000,000.0</b>	<b>478,999,273.6</b>			
1 Petrocaribe Agreement <sup>2</sup>	280,000,000.0	478,999,273.6	MH	PDVSA	
<b>Pending of Structure and Signing Contracts</b>	<b>517,555,410.5</b>	<b>-</b>			
2 Third Phase - Competitiveness Support	60,000,000.0		MH	IADB	
3 Third Loan - Support for Performance Policies and Accountability in Social Sectors	70,000,000.0		MH	BIRF	
4 Third Phase of Loan for Social Protection Program	130,000,000.0		GCPS	IADB	
5 Stand-by Agreement	257,555,410.5		MH	FMI	

<sup>1</sup> / As implementation of the Agreement Petrocaribe.

<sup>2</sup> / The Municipal Development Project for \$ 20.0 million stipulated in the General State Budget 2011 was approved by Congress in November 2010



### Annex III– Other Debt Approved by National Congress

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External Financing Sources	in US\$	Beneficiary	Creditor	Promulgation Date
<b><i>Financing Approved in the National Congress</i></b>				
	<b><i>500.0</i></b>			
1 Global Bonds	500.0	MoF	International Investors	7-jun-2011

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## Annex IV– Debt Contracts in National Congress Pending Approval

External Financing Source	Amount Contracted (US\$)	Beneficiary	Creditor	Congress Deposit Date
<b>Financing in National Congress</b>				
1 Educational Solar Panels Endowment Project	8.7	ME	ICOE	27-Jun-2011
2 Urban Transportation Policy Development Program	230.0	OPRET	AFD	31-Aug-11



## Annex V – Non Financial Public Sector Debt by Creditor Type

DEBT SOURCE/CREDITOR	2008		2009		2010		Sep-11	
	US\$	%	US\$	%	US\$	%	US\$	%
<b>EXTERNAL DEBT</b>								
<b>Official creditors:</b>								
<b>Multilateral debt:</b>								
IDB	1,271.2	17.6	1,634.4	19.9	1,977.7	19.9	1,964.3	17.9
World Bank	448.9	6.2	748.6	9.1	864.8	8.7	855.6	7.8
CAF	55.4	0.8	75.0	0.9	91.0	0.9	116.8	1.1
FMI	-	-	313.5	3.8	718.7	7.2	858.9	7.8
Other	47.3	0.7	90.3	1.1	88.4	0.9	108.5	1.0
<b>Total multilateral debt</b>	<b>1,822.8</b>	<b>25.25</b>	<b>2,861.7</b>	<b>34.8</b>	<b>3,740.6</b>	<b>37.6</b>	<b>3,904.1</b>	<b>35.64</b>
<b>Bilateral debt:</b>								
Brazil	493.3	6.8	593.8	7.2	624.0	6.3	617.3	5.6
United States	438.6	6.1	371.8	4.5	313.8	3.2	261.8	2.4
Spain	466.8	6.5	361.3	4.4	392.3	3.9	454.1	4.1
Japan	161.9	2.2	145.8	1.8	148.2	1.5	143.9	1.3
Venezuela	1,254.8	17.4	1,480.3	18.0	1,858.3	18.7	2,294.3	20.9
<i>Of which Petrocaribe Agreement</i>	<i>1,232.6</i>	<i>17.1</i>	<i>1,466.8</i>	<i>17.9</i>	<i>1,849.5</i>	<i>18.6</i>	<i>2,287.0</i>	<i>20.9</i>
Other countries...	891.9	12.4	889.6	10.8	737.3	7.4	691.1	6.3
<b>Total bilateral debt</b>	<b>3,707.3</b>	<b>51.36</b>	<b>3,842.7</b>	<b>46.8</b>	<b>4,073.8</b>	<b>41.0</b>	<b>4,462.4</b>	<b>40.7</b>
<b>Total official debt.....</b>	<b>5,530.1</b>	<b>76.6</b>	<b>6,704.4</b>	<b>81.6</b>	<b>7,814.4</b>	<b>78.6</b>	<b>8,366.4</b>	<b>76.4</b>
<b>Private creditors:</b>								
Banking	395.5	5.5	324.5	3.9	303.5	3.1	363.9	3.3
Bonds	1,283.7	17.8	1,177.5	14.3	1,822.1	18.3	2,216.6	20.2
Suppliers	9.6	0.1	8.3	0.1	7.0	0.1	6.0	0.1
<b>Total private sector debt</b>	<b>1,688.8</b>	<b>23.4</b>	<b>1,510.2</b>	<b>18.4</b>	<b>2,132.5</b>	<b>21.4</b>	<b>2,586.5</b>	<b>23.6</b>
<b>Total external debt</b>	<b>7,218.8</b>	<b>100.0</b>	<b>8,214.6</b>	<b>100.0</b>	<b>9,946.9</b>	<b>100.0</b>	<b>10,953.0</b>	<b>100.0</b>
<b>DOMESTIC DEBT</b>								
Treasury Bonds (Law 172-03)	132.9	3.3	130.0	2.6	-	-	-	-
Treasury Bonds (Law 119-05)	72.6	1.8	-	-	-	-	-	-
Treasury Bonds (Law 120-05)	45.9	1.1	45.1	0.9	-	-	-	-
Treasury Bonds (Law 121-05)	108.5	2.7	106.1	2.1	102.2	2.1	100.2	2.2
Treasury Bonds (Law 359-07)	141.8	3.5	92.4	1.8	49.1	1.0	-	-
Recap Bonds (Law 167-07)	1,954.6	48.9	2,294.7	45.5	2,211.0	45.4	2,166.8	48.2
Treasury Bonds (Law 490-08)	250.0	6.2	250.0	5.0	166.6	3.4	83.3	1.9
Treasury Bonds	-	-	527.3	10.5	1,307.3	26.8	1,461.6	32.5
Commercial Banks	1,294.1	32.3	1,593.7	31.6	1,034.9	21.2	684.0	15.2
<b>Total domestic debt</b>	<b>4,000.4</b>	<b>100.0</b>	<b>5,039.3</b>	<b>100.0</b>	<b>4,871.1</b>	<b>100.0</b>	<b>4,495.9</b>	<b>100.0</b>
<b>SUMMARY</b>								
<b>External Debt</b>	<b>7,218.8</b>	<b>64.4</b>	<b>8,214.6</b>	<b>62.0</b>	<b>9,946.9</b>	<b>67.1</b>	<b>10,953.0</b>	<b>70.9</b>
<b>% GDP (2)</b>	<b>15.8</b>		<b>17.6</b>		<b>19.3</b>		<b>20.1</b>	
<b>Domestic Debt</b>	<b>4,000.4</b>	<b>35.6</b>	<b>5,039.3</b>	<b>38.0</b>	<b>4,871.1</b>	<b>32.9</b>	<b>4,495.9</b>	<b>29.1</b>
<b>% GDP (2)</b>	<b>8.7</b>		<b>10.8</b>		<b>9.4</b>		<b>8.3</b>	
<b>Total Public Debt</b>	<b>11,219.3</b>	<b>100.0</b>	<b>13,254.0</b>	<b>100.0</b>	<b>14,818.0</b>	<b>100.0</b>	<b>15,448.9</b>	<b>100.0</b>
<b>Debt/GDP 91 (2)</b>	<b>24.5</b>		<b>28.4</b>		<b>28.7</b>		<b>28.4</b>	

(1) Since 2006 includes Brady's bonds.

(2) GDP 1991 base. New estimated value of year end GDP.