

International Monetary Fund

[São Tomé and Príncipe](#) and the IMF

São Tomé and Príncipe: Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding

Press Release:
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June 25 2007

December 1, 2007

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LETTER OF INTENT

São Tomé, December 1, 2007

Mr. Dominique Strauss-Kahn
Managing Director
International Monetary Fund
Washington, D.C. 20431

Dear Mr. Strauss-Kahn:

1. The attached Memorandum of Economic and Financial Policies (MEFP) sets out the objectives and policies that the government of São Tomé and Príncipe intends to pursue for the remainder of 2007 and in 2008. They are consistent with the government's Poverty Reduction Strategy (PRS) and the objectives of the three-year arrangement under the IMF's Poverty Reduction and Growth Facility (PRGF). Our economic adjustment and reform efforts are being supported by the international community, notably through debt relief under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI).
2. The government of São Tomé and Príncipe has made further progress in macroeconomic stabilization and structural reforms in 2007. Economic growth has remained robust. Inflation fell below 15 percent by mid-2007, reflecting our efforts to reduce domestic fiscal imbalances in the 2007 budget and to bring down liquidity growth. As a result, all quantitative performance criteria for end-June 2007 under the PRGF-supported program were met. In September 2007 we raised the domestic prices for petroleum products, electricity, and water, following increases in international oil prices. We have also moved to strengthen public financial management.
3. Looking ahead, we intend to strengthen policy implementation, particularly in fiscal and structural areas, to achieve the objectives of the 2007 program. Our policies for 2008 aim to consolidate financial stability, ensure sound management of oil-related and debt relief resources, and lay the groundwork for sustained private sector-led growth. Our program envisages a further reduction of the domestic primary fiscal deficit relative to GDP, combined with a prudent use of oil bonuses, a strengthening of monetary and exchange rate policies to lower inflation, and an acceleration of structural reforms. These are key conditions for sustained growth, which in turn is key for poverty reduction.
4. In support of our objectives and policies, the government hereby requests the completion of the fifth review and the disbursement of the sixth loan under the PRGF arrangement in an amount equivalent to SDR 0.423 million (5.7 percent of quota). The government requests a waiver for the nonobservance of the end-June 2007 structural

performance criterion on issuing prudential regulations, which was due to technical difficulties we encountered in preparing the regulations. Three out of the four regulations were issued in August 2007. With IMF technical assistance, we have completed the preparatory work and issued the remaining regulation on limits on bank net open foreign currency positions by mid-November 2007.

5. The government will provide the IMF with such information as the IMF may request regarding progress in implementing economic and financial policies and achieving the objectives of the program.

6. The sixth review related to the seventh and final disbursement under the PRGF arrangement, based on end-December 2007 performance criteria, is expected in May 2008.

7. The government believes that the policies and measures set forth in the MEFP are adequate to achieve the objectives of the 2007-08 program supported by the PRGF arrangement, but will take further measures to that end if deemed necessary. During the implementation of the arrangement, the government will consult with the Managing Director of the IMF on the adoption of any measures that may be appropriate, at the initiative of the government or whenever the Managing Director requests such a consultation.

8. The government intends to make the contents of this Letter of Intent and those of the attached MEFP and Technical Memorandum of Understanding (TMU), as well as the IMF staff report on the fifth PRGF review, available to the public and authorizes the IMF to arrange for them to be posted on the IMF website, subsequent to Executive Board completion of the fifth review.

Yours truly,

/s/

/s/

Mr. Arlindo Afonso de Carvalho
Minister of Planning and Finance

Mrs. Edite Diogo Afonso Soares
Acting Governor of the Central Bank of São
Tomé and Príncipe

Attachments: Memorandum of Economic and Financial Policies
Technical Memorandum of Understanding

MEMORANDUM OF ECONOMIC AND FINANCIAL POLICIES

October 20, 2007

I. INTRODUCTION

1. **This Memorandum of Economic and Financial Policies (MEFP) supplements that of May 2007 and our Letter of Intent dated May 6, 2007.** It describes (i) performance under the PRGF arrangement through September 2007, (ii) macroeconomic policies for the remainder of 2007, and (iii) the government's economic program for 2008. The policies set forth in this Memorandum should help achieve the medium-term objectives set out in our PRSP, including efficient use of debt relief resources provided under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI). Our government is committed to creating the conditions for sustained economic growth, which is essential for reducing poverty.

II. RECENT ECONOMIC DEVELOPMENTS AND PERFORMANCE UNDER THE PROGRAM

2. **Economic activity has remained robust in 2007, with real GDP growth projected at 6 percent.** Tourism-related construction, commerce, and services sectors continued to be the main drivers of output growth, boosted by foreign direct investment. Exports increased in the first half of the year on the back of rising world market prices for cocoa.

3. **Inflation declined to 14 percent (year-on-year) at the end of June 2007, from its peak of 26 percent in August 2006.** This deceleration reflected our efforts to reduce domestic fiscal imbalances under the 2007 budget and a tight monetary policy to contain liquidity growth. These policies led to a slower depreciation of the dobra, by 3 percent against the U.S. dollar in the first six months of 2007. In early September 2007 the government raised domestic prices of gasoline, diesel, and kerosene by 25, 14, and 23 percent respectively, following increases in international oil prices. At about the same time, to improve cost recovery by EMAE, the state-owned utility company, electricity and water tariffs were increased by 40 to 60 percent.

4. **Despite lower than projected domestic revenue, the domestic primary fiscal deficit met the performance criterion for end-June 2007** (Table 1). Domestic revenue fell short of the program target for the first half of the year, owing mainly to lower than projected import duties and nontax revenue (e.g., fishing royalties), although income tax collection improved. Implementation of revenue reform measures experienced delays. The corporate income tax code was approved by the National Assembly (NA) in general terms. Its final approval, together with the remainder of the tax reform package (including an urban property tax code) submitted to the NA in January 2007, is pending the resubmission of a revised draft of the personal income tax code. The NA recently rejected the proposed amendment to the

excise duties. Under these circumstances, the government kept budgetary outlays in check by compressing domestically financed capital expenditure and HIPC-related social expenditure. In addition, a general wage increase of 18 percent did not take place as envisaged at the beginning of the year. Instead, demanding negotiations with trade unions eventually led to a 35 percent wage increase for all budgetary entities effective July 2007. As part of the wage increase negotiated with the trade unions, more overtime payments were made to teachers and health workers, further increasing the wage bill.

5. **The Central Bank of São Tomé and Príncipe (BCSTP) strengthened efforts to control liquidity growth.** It has continued to offset the monetary impact of budgetary use of oil bonuses and HIPC and MDRI savings through timely foreign exchange sales. As a result, base money growth (12-month change) declined from over 110 percent in mid-2006 to about 20 percent in the second quarter of 2007. By containing its net credit to the government, the BCSTP maintained net international reserves (NIR) above the program's performance criteria and met all other quantitative performance criteria for end-June 2007.

6. **The exchange rate of the dobra remains market-determined.** The BCSTP has continued to adjust its exchange rate to market conditions daily by calculating it as the sum of 40 percent of the previous day's selling rate quoted by commercial banks and 60 percent of its own previous day's selling rate. The spread between the reference exchange rate of the central bank and commercial bank exchange rates has declined to 0.8 percent in September 2007, compared to 1.6 percent in September 2006, following the resumption of foreign exchange auctions in December 2006.

7. **Progress on structural reforms has been mixed.** The end-June structural performance criterion was not met due to technical difficulties: of the four planned prudential regulations, three were issued with some delays in August 2007. With IMF technical assistance, the remaining regulation, related to limits on bank net open foreign currency positions, is expected to be issued by the end of November 2007 (Table 2). The Ministry of Planning and Finance has been producing monthly budget execution reports using the pilot budget preparation and execution program (SAFINHO), which complies with the structural benchmark of June 2007. We have also made progress in gaining external support for our fiscal structural reforms. The U.S. Millennium Challenge Corporation (MCC) has approved a threshold program that will provide technical assistance for strengthening revenue administration. Although the legislation on anti-money-laundering and the financing of terrorism is still pending final approval by the NA, the BCSTP has set up the Central Risk Unit and started implementing the "know-your-clients" rules for banks. EMAE has made some progress in installing the prepaid electricity meter systems, reaching about 1,000 meters by September 2007. However, the *Oil Revenue Management Law (ORML) Handbook* is not yet posted on the government's website and the investment code has not yet received NA approval.

III. ECONOMIC POLICIES FOR THE REST OF 2007

8. **The authorities remain committed to achieving the objectives of the 2007 program.** The large upward adjustments of fuel and utility prices toward the end of the third quarter were necessary to eliminate the implicit subsidies arising from differences between international and domestic prices of energy. But the rise of administered prices also made attaining the program's original inflation target difficult. We intend to maintain strong fiscal restraint and a tight monetary policy to counter the pressures from higher energy costs, thereby bringing annual inflation as close as possible to the original program target of 13–15 percent by the end of 2007. To protect the poorest segments of the population, utility tariffs will be modified in October 2007 based on the level of consumption.

9. **To ensure that the domestic primary fiscal deficit is reduced to 7 percent of GDP, the government will step up efforts to mobilize revenue.** We will focus on (i) working closely with the NA to expedite passage of the new direct taxation laws (personal income tax, corporate income tax, and urban property tax), aiming for implementation in 2008; (ii) auditing the tax arrears of large tax payers as of September 2007; (iii) strengthening the collection of tax arrears by applying the tax administration and procedural codes, including by collecting indirect tax arrears from ENCO, the fuel importer, which stood at Db 17 billion at the end of September 2007. The recent adjustments of fuel prices and utility tariffs should facilitate payment of inter-enterprise obligations and tax arrears; and (iv) intensifying efforts to recover nontax revenue, including royalties and transfers from foreign entities.

10. **We are determined to keep domestic primary spending within the tight budget constraints.** Specifically:

- To the extent that the wage bill exceeds the amount indicated in the 2007 budget (Db 161 billion) due to the general wage increase and higher additional remuneration to teachers and health workers (in part to mitigate the adverse impact of the fuel and utility price increases), nonwage nonessential expenditures (excluding debt service payments and foreign-financed scholarships) will be cut so that domestic primary spending will remain within the resource envelope—domestic tax and nontax revenues plus the use of oil bonuses as authorized by the NA in accordance with the ORML.
- Nonwage nonessential spending will be further restrained to offset any revenue losses owing to delays in increasing the excise taxes on services and on imported alcoholic beverages and tobacco.
- The Ministry of Planning and Finance will strictly control expenditure commitments to prevent any buildup of domestic and external payment arrears.

- The use of HIPC and MDRI resources will be closely monitored to ensure that progress is made in implementing pro-poor programs.
- We will collaborate with donors to speed up implementation of foreign-funded investment projects.

11. **Making further progress in reforming public financial management is critical for implementing fiscal policy.** The government is preparing the 2008 budget in line with the new organic budget law (SAFE) for submission to the NA by the end of October 2007. The manual of public accounting procedures consistent with SAFE will be issued in November 2007. Upgrading SAFINHO is essential for strengthening budget execution and monitoring. With support from the World Bank and the MCC project, the Ministry of Planning and Finance will initiate procurement of IT equipment and issue a decree to establish the IT office by December 2007, with a view to putting them in place by March 2008. Developing the IT system will require further technical assistance.

12. **The BCSTP will continue to mop up excess liquidity through timely sterilization of budgetary use of oil bonuses and HIPC savings, consistent with the program's net international reserves (NIR) target and in close cooperation with fiscal policy.** Because base money serves as the anchor for the program, efforts need to be made to ensure that the 12-month change of base money, mainly the domestic currency component, continues on a declining path, in line with the program's indicative target. Owing to weak financial intermediation and extensive use of foreign currencies in the economy, the effectiveness of monetary policy in affecting aggregate demand is limited. If meeting the program's NIR target is at risk, the government will have to support monetary tightening by curtailing public expenditure, which has a major impact on domestic demand and inflation.

13. **We will make every effort to speed up structural reforms.** Key measures to be implemented by December 2007 include (i) accelerating the process of putting in place the legal and regulatory framework for anti-money-laundering; (ii) adopting a Petroleum Sector Strategy, consistent with the ORML and the Extractive Industries Transparency Initiative (EITI), for developing the Exclusive Exploration Zone (EEZ); (iii) adopting the legal framework for the EEZ, including the Production-Sharing Contract Model, the Framework Law on Oil-related activities, the Taxation Law, and the Environmental and Health and Safety at Work Standards; and (iv) finalizing and submitting to the NA legislation to sharply reduce the cost of investing and doing business in São Tomé and Príncipe.

IV. ECONOMIC POLICIES AND REFORMS FOR 2008

14. **Our macroeconomic policies in 2008 aim to consolidate financial stability and lay the basis for sustained private-sector-led growth.** The main objectives are to (i) maintain real GDP growth at 6 percent; (ii) reduce inflation to 9–12 percent; and (iii) safeguard international reserves equivalent to about 4 months of imports. Structural

reforms, notably in the areas of public financial management, public wage reform, and the investment climate, are critically important for addressing our economy's supply constraints, restoring fiscal sustainability over the medium term, and mobilizing support from the World Bank and other multilateral and bilateral development partners.

A. Fiscal Policy

15. **The government aims to further reduce the domestic primary deficit to 4.8 percent of GDP in 2008 (compared with 7 percent in 2007).** Fiscal consolidation in the 2008 budget would come mainly from the expenditure side, because the revenue impact of the envisaged direct tax reforms, which aim to reduce distortions, would be largely neutral in 2008. The domestic primary deficit is expected to be financed by assistance from the World Bank under its Development Policy Operation (DPO) facility and a draw-down of up to US\$3 million from the National Oil Account (NOA). There should be no recourse to domestic banking system credits (excluding the NOA).

16. **Prudent use of the remaining oil bonuses is essential for maintaining macroeconomic stability in the next several years.** This is because the remaining balance in NOA is already low, the prospects for additional oil signature bonuses in 2008 are highly uncertain, and finding commercially viable oil reserves is a long and uncertain process. If oil bonuses for Blocks 5-6 are delayed indefinitely, the use of oil resources may need to be further constrained. Strictly limiting the annual draw-down of the NOA within the requirements of the ORML would help extend the period of fiscal adjustment, avoiding a sharp compression of public expenditure.

17. **The main elements of the fiscal program for 2008 are:**

- **Implementing the new direct taxation laws, pending NA approval.** The package of legislation includes a reduction in the corporate income tax rate from 45 to 25 percent, a move to a progressive income tax from the current flat rate of 13.5 percent, and application of a new urban property tax code. Timely implementation after NA approval would help broaden the tax base, reduce distortions, and increase revenue buoyancy over the medium term.
- **Strengthening tax and customs administration.** The tax authorities will step up efforts to audit tax returns, keep track of large tax payers, and increase arrears collection, particularly from large tax payers. With progress made in recovering indirect taxes from ENCO in the fourth quarter of 2007, efforts will be made to reduce outstanding income tax arrears, which were estimated at Db 104 billion at the end of September 2007.
- **Containing budgetary personnel costs.** The wage bill is expected to increase by 16.9 percent to Db 207.0 billion, resulting in a decline in the wage bill-to-GDP

ratio to 8.8 percent (from 9.1 percent projected for 2007). The government will closely monitor all the components and strictly limit the payments of bonuses and benefits. As part of the program to be supported by the World Bank under the DPO, the government plans to integrate fringe benefits into the wage bill and adopt a revised salary structure, based on a comprehensive wage study, with improved incentives for public servants, as a first step in its civil service reform strategy. These reforms are critically important for restoring fiscal sustainability and enhancing the growth orientation of the budget.

- **Adjusting nonwage current spending.** Transfers to the Joint Development Authority (JDA) will need to be reassessed, taking into account budget constraints, oil revenue prospects, and the execution of the JDA budget. Discretionary expenditures on goods, services, and other items will have to be restrained to correspond with available resources. Payments for utilities (electricity and water) will closely follow consumption while we continue to avoid arrears.
- **Increasing propoor spending.** We plan to achieve this goal through systematic application of the execution mechanisms contained in the new Organic Budget Law. While aligning allocations with the PRSP priorities set out in the Priority Actions Plan for 2006–08, we will strictly monitor the use of HIPC and MDRI resources.
- **Improving the execution of public investment projects.** Increasing infrastructure investment, especially in transportation and the electricity sector, will help address supply bottlenecks and enhance growth potential. We will work closely with our external development partners to accelerate implementation of foreign-funded projects, while ensuring adequate resources for domestically funded investment projects.

18. **The government will strengthen the monitoring and execution of the 2008 budget, including the use of debt relief resources, by further upgrading SAFINHO and training users.** With assistance from multilateral and bilateral donors, efforts will be made to develop SAFINHO into a fully fledged eSAFE system incorporating all public accounts, including patrimony and debt.

19. **The proposed 2008 program is fully financed.** The fiscal plan assumes budget support from the World Bank under the DPO and project financing and technical assistance from the EU, Portugal, Taiwan Province of China, the MCC of the U.S.A., and other donors. We will redouble our efforts to mobilize and absorb aid inflows for development. The government is committed to adjusting the medium-term fiscal and financing strategies, including the use of NOA resources if oil production and exports are seriously delayed beyond the previous projection of 2014.

B. MONETARY AND EXCHANGE RATE POLICIES

20. **The monetary program for 2008 aims to reduce annual inflation to 9–12 percent by the end of 2008.** Although base money is an indicative target, it serves as the anchor for the program, playing a central role in restoring price stability. We will therefore make every effort to ensure that the 12-month base money growth continues a declining trend, to 17 percent by the end of 2008. To achieve this, the BCSTP will proactively use monetary instruments, primarily foreign exchange sales, consistent with the NIR target, to mop up liquidity.

21. **We recognize that close cooperation between the Treasury and the BCSTP is essential for improving the latter's liquidity forecast and ensuring timely action to offset the monetary impact of budgetary use of oil bonuses and HIPC and MDRI savings.** Regular information-sharing among the Ministry of Finance and BCSTP officials will include the budget's cash outlays (in both domestic and foreign currency), which will help inform the BCSTP's foreign exchange market operations. Because public expenditure is a major component of aggregate demand and affects domestic prices and the exchange rate, if meeting the program's NIR target is at risk, the government will support monetary tightening by curtailing domestic primary expenditures.

22. **The BCSTP is committed to deepening foreign exchange market reform and, on this basis, accepting the obligations under Article VIII, Sections 2(a), 3, and 4, of the IMF's Articles of Agreement.** The exchange restriction on transfers abroad of dividends will be eliminated when the new investment code is enacted by the National Assembly. To remove the remaining multiple currency practices, the BCSTP will consider revising the mechanism for setting the daily official exchange rate, based on a careful review of domestic market conditions. The revised mechanism would ensure that the spread between the official and commercial bank exchange rates will not exceed 2 percent. The BCSTP will continue implementing the current policies of holding regular foreign exchange auctions and progressively expanding the auction market to ensure a fuller and faster market determination of the exchange rate. Reforming the foreign exchange market will require promotion of a dynamic export sector to increase foreign exchange earnings of the country and a larger participation of commercial banks in the market to meet demand for foreign exchange, including for fuel imports, thereby reducing supply-demand imbalances in the market.

23. **The BCSTP will continue with its communication strategy of informing the market on its monetary and exchange policies.** In addition to the BCSTP Governor's regular meetings with the banking community and the media, summary data on monetary and macroeconomic aggregates will continue to be posted weekly on the central bank website. The BCSTP will also post yearly audited financial statements. Its budget execution and profit and loss accounts on a cash basis will be reported at least quarterly, as part of the program's monetary data.

C. Structural Reforms in 2008

24. **We intend to make concrete progress in improving the investment climate.** Early adoption of the draft legislation to reduce red tape and other regulatory impediments to start a business, drafted in consultation with the private sector, would help sharply lower the cost of investing and doing business in São Tomé and Príncipe and attract private investment. Progress in improving the “doing business indicators” of the International Financial Corporation, particularly “cost of starting a business” and “days to start a business.” would facilitate our efforts to mobilize donor financing for investment projects. We will press ahead with the legislative process, aiming for NA approval of the legislation by mid-2008.

25. **Implementing the new investment code and the revised labor code, after NA approval, is important for long-term growth.** The investment code would provide equal treatment to foreign and domestic investors. Revision of the labor code would aim to more clearly define hiring and firing rules, remove ambiguities in contractual employment arrangements, and increase labor market flexibility by eliminating regulatory impediments.

26. **We will further develop the institutional framework for transparent management of current and prospective oil resources.** With World Bank support, the Oversight Committee for auditing and supervising petroleum receipts and expenditures is now operational. The Minister of Natural Resources and Environment issued an order in August 2007 verifying São Tomé and Príncipe’s formal adherence to the Extractive Industries Transparency Initiative (EITI). A national coordinator for implementation of the EITI has also been appointed. The National Oil Agency will strive to conduct the licensing round for the Exclusive Zone transparently, consistent with the ORML and the EITI.

27. **Regarding financial sector reform, the BCSTP intends to make progress in the following areas:** (i) implementing the new charts of accounts and quarterly financial reporting by banks, which are essential for effective off-site inspection; to this effect, the BCSTP has requested technical assistance from the Fund; (ii) improving on-site and off-site inspection; the BCSTP will issue new regulations on capital adequacy, internal control and auditing, bank financial reporting, and credit to employees by December 2007; and (iii) putting in place a functioning regulatory regime for anti-money-laundering. Once the NA gives final approval to the AML/CFT law, the implementation regulations, which the BCSTP has already prepared, will be issued.

28. **Pressing ahead with reforms in key sectors, such as agriculture, transportation, and energy, is of fundamental importance if living standards are to improve on a sustainable basis.** We intend to work closely with the World Bank and other development partners to promote agricultural marketing, commercial fishing, and tourism-related services. We will also address EMAE’s financial and technical weaknesses through tariff and other reforms and attract investment to upgrade our infrastructure, including the airport runway.

D. Debt Management

29. **The government is fully aware of the importance of ensuring debt sustainability after HIPC and MDRI debt relief.** We will refrain from new external borrowing, particularly on commercial terms, and redouble our efforts to seek full delivery of HIPC debt relief from the remaining official creditors, including several multilateral and regional creditors. We have initiated discussions on debt cancellation with Angola and Portugal and will try to conclude these agreements as soon as possible, thereby securing adequate financing assurances from creditors to enable the Fund to disburse its share of the topping up assistance.

E. Statistical Issues and Capacity Building

30. **Further improvements in statistics are needed.** The National Institute of Statistics, notwithstanding limited capacity and funding, has made significant progress in improving our national accounts statistics. It has revised GDP in recent years with improved coverage and updated sectoral weights. However, the consumer price index is still compiled using weights based on a decade-old household expenditure survey. Within our very tight budget constraints, we will consider providing some financial support for a new survey. Further progress will also be made to improve budget classification and the consistency between monetary and fiscal data. In addition, to strengthen policy implementation and our capacity building, the government will work with the EU for early appointment of a Resident Economic Advisor.

F. Program Monitoring

31. **The quantitative performance criteria for end-December 2007 (sixth review of the program) remain unchanged** (Table 1). The nonaccumulation of external payment arrears (as defined in the attached updated Technical Memorandum of Understanding (TMU)) is a continuous performance criterion, as are the injunctions against imposing or intensifying restrictions on current payments, introducing new or modifying existing multiple currency practices, concluding bilateral payments agreements that are inconsistent with Article VIII of the Fund's Articles of Agreement, or imposing new or intensifying existing import restrictions for balance of payments purposes. To facilitate our public financial management reforms and support our efforts to improve the investment climate, structural performance criteria and benchmarks are set for end-December 2007 (see Table 2).

32. **To simplify the use of adjusters in program monitoring, we will only include the unblocked oil funds in the indicative targets on NIR, net domestic assets (NDA), and net credit to the government in 2008.** These unblocked funds are the once-a-year transfers from the NOA to the budget for current-year use. This change will not alter the underlying fiscal and monetary policies; nor will it affect the performance criteria through December 2007. Excluding the remaining balance of the NOA, which is blocked by law, in the indicative

targets would enhance monitoring in 2008. The NIR target, as modified, will be consistent with the concept of usable reserves in the balance of payments.

33. **The attached revised Technical Memorandum of Understanding (TMU) sets out the modalities of program monitoring.** This includes definitions of performance criteria and indicative targets; application of adjustors for deviations from programmed amounts of oil signature bonuses, budget support, and net external debt service payments; and data sources and frequency of data reporting.

34. **We have recently provided a draft Annual Progress Report on the PRSP to the Fund and the World Bank.** We look forward to their assessment of the progress we have made in implementing our Poverty Reduction Strategy

Table 1. São Tomé and Príncipe: Performance Criteria and Indicative Targets for 2007 and 2008
(Billions of dobras, unless otherwise specified)

	2006			2007				2008		
	Base (stocks)	Base (stocks, excl. NOA)	Perf. Criteria Country Report 07/102	Jun. 30	Actual	Ind. Target Country Report 07/267	Perf. Criteria Country Report 07/267	Mar. 31	Jun. 30	Jun. 30
				Perf. Criteria (with adjusters) Country Report 07/102				Ind. Target	Ind. Target	Ind. Target
1. Floor on domestic primary balance (as defined in the TMU; cumulative from beginning of year)	...	...	-97.0	-97.0	-97.0	-116.3	-137.3	-22.6	-80.1	-80.1
2. Ceiling on changes in net bank financing of the government (cumulative from end-September 2006; billions of dobras at program exchange rate) ^{1,2,3,4}	-126.8	-20.8	-32.4	162.3	-60.7	-73.9	-33.8	103.2	151.9	151.9
3. Ceiling on changes in net domestic assets of the central bank (cumulative from end-September 2006; billions of dobras at program exchange rate) ^{1,2,3,4}	-289.8	-183.8	-19.6	175.1	-86.5	-7.8	26.3	156.4	133.3	133.3
4. Floor on changes in the net international reserves of the central bank (cumulative from end-September 2006; US\$ millions) ^{4,5,6}	41.8	33.4	1.9	-14.1	4.9	2.5	1.0	-4.9	-2.8	-2.8
5. Ceiling on central government's outstanding external payment arrears (stock, US\$ millions) ⁷	...	...	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6. Ceiling on the contracting or guaranteeing of new nonconcessional external debt with original maturity of more than one year by the central government or the BCSTP (cumulative flows from January 2005; € millions) ^{8,9}	...	...	1.6	1.6	0.0	1.6	1.6	1.6	1.6	1.6
7. Ceiling on the outstanding stock of external debt with original maturity of up to and including one year owed or guaranteed by the central government or the BCSTP (stock, US\$ millions) ¹⁰	...	...	1.0	1.0	0.0	1.0	1.0	1.0	1.0	1.0
Memorandum items:										
Base money (ceiling; billions of dobras)	273.2	...	302.5	...	318.2	406.3	337.0	350.3	349.6	349.6
Currency issued (ceiling; billions of dobras)	94.4	...	105.0	...	88.7	96.8	124.5	135.2	122.0	122.0
Oil signature bonuses including accrued interest on NOA (US\$ millions, cumulative from beginning of year)	0.5	...	28.8	...	16.0	28.9	29.0	0.0	0.0	0.0
Transfer from NOA to the budget (US\$ millions, cumulative from beginning of year)	...	...	8.0	...	8.0	8.0	8.0	0.0	3.0	3.0
Net external debt service payments (cumulative from beginning of the year; billions of dobras at program exchange rate) ¹¹	-35.4	...	-211.0	...	-213.2	-216.6	-220.0	-3.1	-6.3	-6.3
Official external program support (cumulative from beginning of the year; billions of dobras at program exchange rate) ¹²	7.8	...	0.0	...	0.0	31.4	41.8	0.0	50.0	50.0

Sources: São Tomé and Príncipe authorities; and IMF staff estimates and projections.

¹ For 2007, the ceiling will be adjusted downward or upward by cumulative deviations in the same direction of actual from projected net payments in external debt service; and by deviations in the opposite direction in external program support and oil bonu

² For 2008, the ceiling will be adjusted downward or upward by cumulative deviations in the same direction of actual from projected net payments in external debt service; and by deviations in the opposite direction in external program support and transfer

³ The ceiling will be adjusted downward by the amount of accumulated domestic arrears. For end-June 2007, ceilings were adjusted for domestic arrears totaling Dobras 6.5 billion.

⁴ The National Oil Account (NOA) at the Central Bank is included in 2007 and excluded in 2008.

⁵ For 2007, the floor on net international reserves will be adjusted upward or downward by the cumulative deviation in the opposite direction in external debt service (including repayments to Nigeria), and by deviations in the same direction for oil bonu

⁶ For 2008, the floor on net international reserves will be adjusted upward or downward by the cumulative deviation in the opposite direction in external debt service (including repayments to Nigeria), and by deviations in the same direction for transfers

⁷ This is a continuous performance criterion.

⁸ This performance criterion applies not only to debt as defined in point No. 9 of the *Guidelines on Performance Criteria with Respect to Foreign Debt* (August 24, 2000), but also to commitments contracted or guaranteed for which value has not been receive

⁹ With a grant element of less than 50 percent.

¹⁰ Debt is defined as in point 9 of the *Guidelines on Performance Criteria with Respect to Foreign Debt* (August 24), 2000. Excludes US\$15 million in loans from Nigeria during 2002-04, which are to be repaid from signature bonuses in 2007.

¹¹ Includes US\$15 million repayment to Nigeria in 2007.

¹² Official external program support, as defined in the TMU, valued at the program exchange rate of 12,549 dobras per U.S. dollar (valued at projected average exchange rate of 13,935 dobras per U.S. dollar in fiscal table).

Table 2. São Tomé and Príncipe: Structural Performance Criteria and Benchmarks
March 2007–June 2008

Action	Performance Criteria / Benchmark	Status
March 2007		
<ul style="list-style-type: none"> Adopt decree establishing the new public accounting plan and the related manual of accounting procedures, consistent with the organic public finance law and the public financial management system (SAFE). Publish the Handbook of the Oil Resource Management Law (ORML) by posting it on the government website (planned for January 2007). Issue regulations to implement anti–money- laundering and financing of terrorism (AML) law, notably for the Central Risk Unit within the BSCTP and “know-your-client” rules for banks. 	Performance Criteria Benchmark Benchmark	New accounting plan issued in May 2007. The manual was prepared in September 2007. Handbook prepared but not posted. Regulations prepared, pending NA approval of the AML law.
June 2007		
<ul style="list-style-type: none"> Issue new prudential regulations on credit classification, liquidity, transactions with related parties, and limits on bank net open foreign currency positions. Produce the monthly budget execution report (TOFE) using upgraded SAFINHO. Finalize the installation of 3,000 prepaid electricity metering systems. 	Performance Criteria Benchmark Benchmark	Three regulations (credit classification, liquidity, and transactions with related parties) were issued in August; the regulation on net open foreign currency positions was issued in November 2007. Reports are prepared monthly. About 1,000 meters installed by September 2007.
September 2007		
<ul style="list-style-type: none"> Prepare the 2008 budget in line with the new organic budget law (SAFE) for submission to the National Assembly. 	Benchmark	Budget being prepared for submission to NA by October 31, 2007.
December 2007		
<ul style="list-style-type: none"> Make progress toward the fully integrated computerized public financial management system (eSAFE) by: (i) the issuance of an administrative decree by the Minister of Finance to establish the IT office; and (ii) the issuance of tenders for the procurement of IT equipment for upgrading SAFINHO. Adopt Petroleum Sector Strategy to develop the Exclusive Exploration Zone (EEZ). Issue new regulations on capital adequacy, internal control and auditing, bank financial reporting, and credit to employees. 	Performance Criteria Benchmark Benchmark	
March 2008		
<ul style="list-style-type: none"> Establish a Directorate of Accounting and an IT office. Install IT equipment. Revise the commercial codes, with external technical assistance, in order to reduce the cost and time of doing business in São Tomé and Príncipe. 	Benchmark Benchmark	
June 2008		
<ul style="list-style-type: none"> Revise the mechanism for setting the daily official exchange rate to keep the spread between the official and commercial banks exchange rates within the permissible range. Prepare regulations under the SAFE law. Put in place new modules to implement the public accounting system and train users. 	Benchmark Benchmark Benchmark	

TECHNICAL MEMORANDUM OF UNDERSTANDING

1. This technical memorandum of understanding (TMU) contains definitions and adjuster mechanisms that are intended to clarify the measurement of variables in Table 1, Quantitative Performance Criteria, PRGF Arrangement, 2006–07, which is attached to the Memorandum of Economic and Financial Policies. Unless otherwise specified, all quantitative performance criteria and benchmarks will be evaluated in terms of cumulative flows from end-September 2006.

Provision of Data to the Fund

2. Data with respect to all variables subject to performance criteria and indicative targets will be provided to Fund staff monthly with a lag of no more than four weeks for data on the net domestic assets and net international reserves of the Central Bank of São Tomé and Príncipe (BCSTP) and eight weeks for other data. The authorities will transmit promptly to Fund staff any data revisions. For variables that are relevant for assessing performance against program objectives but are not specifically defined in this memorandum, the authorities will consult with Fund staff as needed on the appropriate way of measuring and reporting. Performance criteria included in the program, as defined below, refer to domestic primary balance of the central government, net bank financing of the central government, net domestic assets and net international reserves of the central bank, external payments arrears, nonconcessional medium and long-term external debt, and short-term external debt.

Definitions

3. **Government** is defined for the purposes of this TMU to comprise the central government, which includes all governmental departments, offices, establishments, and other bodies that are agencies or instruments of the central authority of São Tomé and Príncipe. The central government does not include the operations of state-owned enterprises.

4. **Government domestic revenue (excluding oil revenue)** comprises all tax and nontax revenue of the government (in domestic and foreign currency), excluding foreign grants, the receipts from the local sale of in-kind grants (e.g., crude oil received from Nigeria, food aid, etc.), and any gross inflows to government on account of oil signature bonus receipts and accrued interest in the National Oil Account (NOA). Revenue will be measured on a cash basis as reported in the table of government financial operations prepared by the Directorate of Budget and the Directorate of Treasury in the Ministry of Planning and Finance.

5. **Domestic primary expenditure** comprises all government spending assessed on a commitment basis (base *compromisso*), excluding (i) foreign-financed capital expenditure; (ii) foreign-financed expenditure under the overseas scholarship program that is externally financed; and (iii) scheduled interest payments. Reporting of government domestic expenditure will be based on the state budget execution prepared every month by the

Directorate of Budget and the Directorate of Treasury in the Ministry of Planning and Finance.

6. Within domestic primary expenditure, **propoor expenditure** refers to government outlays recorded in the budget nomenclature that have a direct effect on reducing poverty, as agreed with the IMF and World Bank staffs. These expenditures, which include both current and capital outlays, are defined as follows:

a. **Propoor current spending:** These cover the following ministries and expenditure categories (by budget code) as described in the matrix below:

Code	Description of expenditure	Ministry of Education	Ministry of Health	Ministry of Labour
01.00.00	Despesa com Pessoal	x	x	x
02.01.05	Outros bens duradouros	x	x	
02.02.02	Combustiveis e lubrificantes	x	x	x
02.02.04	Alimentacao	x		
02.02.05	Medicamentos	x	x	
02.02.06	Roupas e clasados	x	x	x
02.02.09	Outros bens nao duradouros	x	x	
02.03.01.01	Agua e energia	x	x	x
02.03.02	Conservacao de bens	x	x	
02.03.06	Comunicacoes	x	x	x
04.02.01	Instituicoes particulares	x		x
04.03.01	Particulares (Junta de Saude)	x		x
04.04.02	Outras transferencias para exterior		x	
06.01.00	Ensino e formacao		x	
06.04.01	Custos recorrentes de projectos	x		
06.04.04.02	Outros Diversos	x	x	

Expenditures on fuels and lubricants (*combustíveis e lubrificantes*) that are effected for administrative purposes are excluded. Likewise, food (*alimentação*) and clothing and shoes (*roupas e calçados*) supplied to administrative staff are excluded.

For 2007 onward, the definition of propoor current spending, defined in the matrix above, will be based on the new budget nomenclature.

b. **Propoor capital spending:** This covers projects that are deemed to have a direct impact on alleviating poverty in the following sectors: education, health, social safety nets, agriculture and fisheries, rural development, planning and finance, youth and sports, provision of potable water, and electrification.

7. The **domestic primary balance** is defined as the difference between government domestic revenue and domestic primary expenditure. This balance for end-September 2006 was assessed at DB –109.6 billion, broken down as follows:

Government domestic revenue:	Db 217.3 billion
Less: Government primary expenditure (as defined in paragraph 5)	Db 326.9 billion
Equals: Domestic primary balance:	Db –109.6 billion

8. **Domestic arrears** are defined as the difference between expenditure on a commitment basis and cash payments (amounts past due and unpaid).

9. **The program exchange rate** for the purposes of this TMU will be Db 12,548.5 per U.S. dollar. The exchange rate of the dobra against the euro will be 15,952.93 and against the SDR will be 18,526.31.

10. **Net bank financing of the central government (NCG)** is defined as the stock of all outstanding claims on the government held by the BCSTP, less all deposits held by the central government with the BCSTP, plus the stock of all outstanding claims on the government held by deposit money banks (DMBs),¹ less all deposits held by the central government with DMBs as they are reported monthly by the BCSTP to the IMF staff. The National Oil Account (NOA) at the BCSTP is included in 2007 and excluded in 2008. All foreign exchange–denominated accounts will be converted to dobras at the program exchange rate. At end-September 2006, outstanding net bank financing of the government was assessed at Db –126.8 billion, broken down as follows:

BCSTP credit, including use of IMF resources:	Db 105.8 billion
Less: government deposits with BCSTP:	Db 226.3 billion
<i>Of which:</i> National Oil Account (NOA)	Db 106.0 billion
Treasury foreign currency–denominated accounts	Db 43.9 billion
Treasury local currency–denominated accounts	Db 28.7 billion
Account for HIPC relief ²	Db 20.3 billion
Account for MDRI relief ³	Db 0.0 billion
Counterpart deposits	Db 22.6 billion
PRGF disbursement account	Db 4.7 billion
Equals: Net credit to government by the BCSTP:	Db –120.5 billion
Plus: DMBs credit:	Db 0.0 billion
Less: Government deposits with DMBs (including counterpart funds):	Db 6.3 billion
Equals: Net bank financing of the government:	Db 126.8 billion

¹ Deposit money banks (DMBs) refer to other depository corporations, as defined in the *Monetary and Financial Statistics Manual*.

² Pending the use of HIPC debt relief for propoor spending.

³ Pending the use of MDRI relief for propoor spending.

11. **Base money** is defined as the sum of currency issued—which consists of currency outside banks and cash in vaults—and bank reserves, at the program exchange rate. Bank reserves refer to reserves of commercial banks held with the central bank and include reserves in excess of the reserve requirements. At end-September 2006 base money was assessed at dobras 273.2 billion, calculated as follows:

Currency issued:	Db 94.4 billion	
<i>Of which:</i>	Cash in vaults:	Db 13.7 billion
	Currency outside banks:	Db 80.7 billion
Plus: Bank reserves:		Db 178.7 billion
<i>Of which:</i>	In dobras	Db 80.5 billion
	In foreign currency	Db 98.2 billion
Equals: Base money:		Db 273.2 billion
<i>Of which:</i>	In dobras	Db 175.0 billion

12. **Net international reserves (NIR)** of the BCSTP are defined for program-monitoring purposes as short term-term foreign assets of the BCSTP minus short-term external liabilities. All short-term foreign assets that are not fully convertible external assets readily available to and controlled by the BCSTP (i.e., they are pledged or otherwise encumbered external assets, including but not limited to the HIPC umbrella SDR account and assets used as collateral or guarantees for third-party liabilities) will be excluded from the definition of NIR. The NOA at the BCSTP is included in 2007 and excluded in 2008. All values are to be converted to U.S. dollars at actual market exchange rates prevailing at the test date. At end-September 2006 NIR was assessed at Db 524.6 billion, calculated as follows:

Net international reserves:		Db 524.6 billion
<i>Of which:</i>	Gross reserves:	Db 552.3 billion
	<i>Of which:</i> NOA	Db 106.0 billion
	Short-term liabilities:	Db -27.6 billion
Plus: Other foreign assets:		Db 91.9 billion
Plus: Medium and long-term liabilities:		Db -53.6 billion
Equals: Net foreign assets:		Db 563.0 billion
<i>Memorandum item:</i>		
	Net international reserves minus NOA minus bank foreign currency deposits with the central bank	Db 320.4 billion

13. **Net domestic assets** of the central bank of São Tomé and Príncipe are defined as the difference between base money and net foreign assets of the BCSTP, all at programmed exchange rates. The NOA at the BCSTP is included in 2007 and excluded in 2008. All foreign-denominated accounts will be converted to dobras at the program exchange rate. At end-September 2006, net domestic assets were assessed at dobras –289.8 billion, calculated as follows:

Base money:	Db 273.2 billion
Less: Net foreign assets:	Db 563.0 billion
Equals: Net domestic assets of the BCSTP:	Db –289.8 billion

14. **Treasury deficit** of the BCSTP is defined as revenue (excluding unrealized valuation changes) minus costs minus investment.

15. The performance criterion on **short-term external debt** refers to the outstanding stock of external debt with an original maturity of one year or less (including overdraft positions) and owed or guaranteed by the government or the BCSTP.⁴ At end-September 2006 the stock of short-term external debt stood at US\$16.0 million.⁵

16. The performance criterion on **nonconcessional medium- and long-term external debt** refers to the contracting or guaranteeing of external debt with original maturity of more than one year by the government or the BCSTP.^{6 7} Debt rescheduling and restructuring are excluded from the ceilings set on nonconcessional borrowing. Medium- and long-term debt will be reported by the Debt Management Unit of the Ministry of Finance and Planning and (as appropriate) by the BCSTP, measured in US dollars at current exchange rates. The government will consult with IMF staff before contracting obligations if it is uncertain as to whether those obligations are within the performance criterion limits.

⁴ The term “debt” is defined in accordance with point 9 of the *Guidelines on Performance Criteria with Respect to Foreign Debt* (Decision No. 12274-(00/85) August 24, 2000).

⁵ This amount includes three nonconcessional loans from Nigeria totaling US\$15 million that were previously classified under nonconcessional medium-term external debt. They were reclassified as short-term debt after a joint World Bank-IMF debt sustainability analysis mission in April 2006.

⁶ This performance criterion applies not only to debt as defined in point 9 of the *Guidelines on Performance Criteria with Respect to Foreign Debt* adopted on August 24, 2000, but also to commitments contracted or guaranteed for which value has not been received.

⁷ The concessionality of loans is assessed according to the reference interest rate by currency published by the Development Assistance Committee of the Organization for Economic Cooperation and Development. For loans of terms of no less than 15 years, the 10-year average of commercial interest reference rates for the currency in which the loan is denominated will be used. For loans of shorter terms, the six-month average will apply. A loan is deemed to be on concessional terms if, on the date of initial disbursement, the ratio of the present value of the loan, calculated on the basis of the reference interest rate, to the nominal value of the loan is less than 50 percent (in other words, a grant element of at least 50 percent). For currencies with no available reference interest rates, the SDR rate will be used. This performance criterion does not apply to Fund resources.

17. The nonaccumulation of new **external payment arrears** is a continuous performance criterion. Government external payment arrears are defined as all unpaid external public debt obligations, according to the data established by the Debt Management Unit of the Ministry of Planning and Finance and (as appropriate) by the BCSTP, except for arrears pending rescheduling arrangements. The latter will be considered technical arrears. Debt would be deemed to be in arrears when it has not been paid by the time it is due, unless arrears have been otherwise contractually defined. The performance criterion relating to external arrears does not apply to those pending the signing of bilateral agreements in the context of debt-rescheduling with the Paris Club and other bilateral creditors.

18. **Net external debt service payments** are defined as debt service due less interim HIPC debt relief (including multilateral and bilateral relief) and the accumulation of any new external payment arrears, including technical arrears.

19. **Official external program support** is defined as grants and loans, including in-kind aid when the products are sold by the government and receipts are freely usable by the budget, and other exceptional financing provided by foreign official entities and incorporated into the budget. Amounts assumed in the program consistent with this definition are shown in the memorandum item entitled “official external program support” of Table 1.

Use of Adjusters

20. **Deviations in receipts of oil signature bonuses, including accrued interest on NOA, in official external program support, and in net external debt service payments**, from amounts projected for the program (see Table 1) will trigger adjustments for net bank financing of the central government, net domestic assets of the BCSTP, and net international reserves, as indicated below. These deviations will be calculated cumulatively from end-September 2006 (see Table 1).

21. **Ceilings on net bank financing (NCG) of the central government and net domestic assets (NDA) of the BCSTP:** Monthly differences between actual and projected receipts of oil signature bonuses, official external program support, and net external debt service payments in foreign exchange will be converted to dobras at the program exchange rate and aggregated from end-September 2006 to the test date. The ceilings will be adjusted downward by the amount of accumulated domestic arrears. For 2007 the ceilings on NCG and NDA will be adjusted downward or upward by cumulative deviations in the same direction of actual from projected net payments in external debt service, and by deviations in the opposite direction in external program support and oil bonuses, including accrued interest on the NOA. The downward adjustment of higher than programmed external program support will not take place to the extent that the additional support is used to accommodate higher capital outlays of the government, up to US\$1 million. For 2008, the ceilings will be adjusted downward or upward by cumulative deviations in the same direction of actual from projected net payments in external debt service, and by deviations in the opposite direction in external program support and transfers from the NOA to the budget that exceed US\$3 million. The downward adjustment of higher than programmed external program

support will not take place to the extent that the additional support is used to accommodate higher capital outlays of the government, up to US\$1 million.

22. **Floor on net international reserves (NIR) of the BCSTP:** The quarterly difference between actual and projected receipts of oil signature bonuses, including accrued interest on NOA; official external program support; and net external debt service payments will be converted to dobras at the program exchange rate and aggregated from end-September 2006 to the test date. For 2007, the floor on NIR will be adjusted upward or downward by the cumulative deviation in the opposite direction in external debt service (including repayments to Nigeria), and by deviations in the same direction for oil bonuses, including accrued interest on NOA. The upward adjustment of higher than programmed external program support will not take place to the extent that the additional support is used to accommodate higher capital outlays of the government, up to US\$1 million. For 2008, the floor on NIR will be adjusted upward or downward by the cumulative deviation in the opposite direction in external debt service, and by deviations in the same direction for transfers from the NOA to the budget that exceed US\$3 million. The upward adjustment of higher than programmed external program support will not take place to the extent that the additional support is used to accommodate higher capital outlays of the government, up to US\$1 million. In addition, the NIR floor will be lowered by the amount that disbursements under the PRGF arrangement are lower than expected.

Data Reporting

23. The following information will be provided to the IMF staff for the purpose of monitoring the program.

i. Fiscal Data

The Directorate of Budget at the Ministry of Planning and Finance will provide to IMF staff, within two months after the end of each month or quarter, except for the public investment program (PIP), which will be provided three months after each quarter:

- Monthly data on central government operations for revenues, expenditure, and financing, including detailed description of net earmarked resources (*recursos consignados*)
- Monthly data on net credit to the government by the BCSTP, recorded account by account in a format fully compatible with the monetary accounts of the BCSTP
- Monthly detailed data on tax and nontax revenues
- Monthly detailed data on current and domestically financed capital expenditure on commitment (*compromisso*) and cash payments (*caixa*)
- Monthly data on domestic arrears by type
- Quarterly data on official external program support (nonproject)

- Quarterly data on the execution of the public investment program (PIP) by project and sources of financing
- Quarterly data on project grant and loan disbursement (HIPC and non-HIPC)
- Quarterly data on bilateral HIPC debt relief
- Quarterly data on project loan disbursements
- Latest outstanding petroleum price structures and submission of new pricing structures (within a week of any changes)

ii. Monetary Data

The BCSTP will provide to IMF staff, within three weeks from the end of each month, the monetary accounts of the BCSTP; other monetary data will be provided within six weeks after the end of each month for monthly data, within two months after the end of each quarter for quarterly data, and within two months after the end of each year for annual data. Daily data will be provided every week no later than the Wednesday following the end of the week, and weekly data will be provided no later than two weeks after the end of the week. The BCSTP will provide:

- Daily data on exchange rates, to be posted on the central bank's web site.
- Daily data on interest rates, to be posted on the central bank's web site.
- Daily liquidity management table, including base money and currency in circulation (see attachment), to be posted on the central bank's web site.
- Weekly net international reserve position, to be posted on the central bank's web site
- Weekly balance sheet data of BCSTP (in BCSTP and IMF formats)
- Monthly balance sheet data of BCSTP (in BCSTP and IMF formats)
- Monthly balance sheet data of individual deposit money banks (in BCSTP and IMF formats)
- Monthly consolidated balance sheet data of deposit money banks (in BCSTP and IMF formats)
- Monthly monetary survey (in BCSTP and IMF formats)
- Monthly central bank foreign exchange balance (Orçamento cambial)
- Quarterly table on bank prudential ratios and financial soundness indicators
- Quarterly data on the BCSTP's financial position (profit and loss statement, treasury deficit, budget execution)

iii. External Debt Data

The Debt Management Unit at the Ministry of Planning and Finance will provide to IMF staff, within two months after the end of each month,

- Monthly data on amortization and interest on external debt by creditor: scheduled, subject to debt relief or rescheduling, and paid
- Quarterly data on disbursements for foreign-financed projects and program support loans

iv. National Accounts and Trade Statistics

The following data will be provided to IMF staff:

- Monthly consumer price index data, provided by the National Institute of Statistics within one month after the end of each month
- Monthly data on imports (value and import taxes collected and arrears) and commodity export values, provided by Customs within two months after the end of each month
- Monthly data on petroleum shipments and consumption (volumes and cif prices, by product), provided by Customs