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Dominican Republic: Letter of Intent, and Technical Memorandum of Understanding

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Banco Central de la República Dominicana
Ministerio de Hacienda
Ministerio de Economía, Planificación y Desarrollo

Santo Domingo, Dominican Republic
December 3, 2010

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

Dear Mr. Strauss-Kahn:

- Background.** Our economic program supported by the Stand-by Arrangement (SBA) from the Fund continues to yield strong results, confirming that our strategy to counteract the effects of the global financial crisis has been successful. The Dominican Republic's economy is among the best performers in Latin America with robust growth and controlled inflation. The purpose of this letter is to: (i) update and supplement previous Letters of Intent (LOI);¹ (ii) describe performance under the government's economic program; and (iii) request completion of the fourth review under the SBA based on compliance with the quantitative performance criteria and structural benchmarks for end-September 2010.
- Economic developments.** The economy is experiencing a dynamic expansion based on growth of domestic demand:
 - Growth.** Real GDP growth accelerated to 7.8 percent in the third quarter (year-on-year, y-o-y) bringing the cumulative rate to 7.6 percent (y-o-y). Growth continues to be broad-based with high participation of manufacturing, construction, commerce and other services. Based on this performance we have revised upward our expectation of real GDP growth for 2010 from the 5.5-6.0 percent range to the 6.5-7.0 percent range.
 - Inflation.** The monthly rate of headline inflation was 0.8 percent in September 2010 taking the 12-month rate to 5.7 percent, which is still below the Central Bank's target

¹ The previous LOIs include: (i) the letter of October 6, 2009 (SBA approval); (ii) the letter of March 19, 2010 (first SBA review); and (iii) the letter of October 7, 2010 (second and third SBA reviews).

of 6-7 percent for the year as a whole. The monthly rate of core inflation (which excludes food and fuels) reached 1.0 percent in September 2010 taking the 12-month rate to 3.9 percent.

- **Balance of payments.** The current account deficit has widened slightly due to an increase in the pace of growth of imports, led by the robust expansion of domestic demand and the recent increase in the international price of petroleum, bringing our projections for the end of the year up slightly to 7.5 percent of GDP. This deficit is still amply financed by strong inflows of foreign direct investment and other long-term capital inflows channeled through the central government.
 - **Banking sector.** The financial system continues to be healthy with low levels of non-performing loans, high solvency and an adequate capital base. Private sector credit is expanding at 18 percent (yoy) to September supporting the economic expansion, while excess liquidity is being reduced.
3. **Policy response.** Reacting to the faster than expected growth and to prevent a possible overheating of the economy, the central bank raised its policy rate by 75 basis points at the September policy meeting and then by another 25 basis points at the October policy meeting, bringing the policy rate to 5 percent. In its communiqué the Monetary Policy Committee stressed that these were pre-emptive measures that seek to safeguard the inflation path for 2011, and that the expected inflation outcome for 2010 remains within the central bank's target of between 6 and 7 percent.
4. **Performance under the program.** All monetary and fiscal performance criteria under the program were met, but there was a transitory deviation in the limit on arrears to the electricity generators:
- **Fiscal.** The government met the floor on the deficit of the central government with a margin (0.3 percent of GDP) despite a shortfall in tax revenues relative to what was projected. At the level of the consolidated public sector the limit was met with a small margin (less than 0.1 percent of GDP) as a higher than expected deficit at the level of the rest of the non-financial public sector was compensated by the margin in the central administration balance and revenues from an extraordinary transaction at the central bank related to the resolution of debts dating back to the financial crisis of 2003.
 - **Monetary.** The floor on the net international reserves (NIR) of the central bank was met by a wide margin of US\$324 million and the ceiling on the net domestic assets (NDA) of the central bank was met by a margin of RD\$ 14 billion.
 - **Debt targets.** The ceiling of zero on the accumulation of arrears on external public debt was met, but the ceiling on the accumulation of arrears of the government with

the electricity generators was breached by US\$91 million due to the fact that the Congress did not approve the supplementary budget in time. However the delay was short-lived (arrears were cleared by October 6) and the government remains current in its obligations.

- ***Structural benchmarks.*** The two structural benchmarks under the program for end-September 2010 were also met. The first benchmark, to increase the number of regulated clients of the electricity distribution companies to 1.90 million, was met as the regulated clients reached 1.92 million by end-September. The second benchmark, to prepare a strategy to develop domestic capital markets and public debt management, was satisfied as the government presented a strategy in mid-September, and has published it on the Ministry of Finance web site (www.Hacienda.gov.do).
5. **Policies for the rest of 2010 and 2011.** The government reiterates its commitment to the strategy and policies described in the previous letters of intent, which envisage a consolidation phase in the second part of the SBA to regain fiscal space through efficiency gains in both revenue and expenditure, to be able to increase social investment and strengthen debt sustainability while keeping output growth in line with its potential.
- ***Fiscal policy.*** Policies are on-track to meet the program targets for December 2010. In addition to the supplementary budget discussed in the previous letter of intent, the government has submitted a second supplementary budget to authorize the transfer of additional interest payments to the central bank in accordance with the recapitalization law. The government has also submitted its 2011 budget to congress, in line with the fiscal target of a consolidated public deficit of 3.0 percent of GDP and a central administration deficit of 1.6 percent of GDP as described in our previous letter of intent. The budget contemplates the placement of an external sovereign bond in the first half of 2011. We have also begun implementation of the strategy to rationalize tax exemptions by creating a working group to develop the necessary intelligence to revise the way exemptions are granted and make proposals for their elimination, in line with the structural benchmarks under the program for 2011.
 - ***Electricity sector.*** The finances of the electricity sector are on track to limit the deficit financed by transfers from the central administration to US\$604 million in 2010. For 2011 we reiterate our commitment to continue reforms to reach a current deficit of US\$350 million. To support the reduction of the current deficit of the electricity sector for 2011, we have announced an 11 percent increase in the electricity tariff across the board in late November. This increase is expected to reduce the current deficit for 2011 by about US\$150 million. We also reiterate our commitment to safeguarding the finances of the electricity sector by moving towards a flexible tariff which reflects changes in generation costs, in early 2011. As mentioned in the previous letter of intent, the government also intends to eliminate all accounts payable to private electricity generators (which have previously been kept at 45 days, in line

with the program), significantly lowering their financing costs. Once these transactions are completed, CDEEE will limit accounts payable to electricity generators to a level that does not require the payment of interest (effectively maintaining zero days of arrears), and the performance criteria on arrears to private electricity generators will be redefined accordingly.

- **Monetary policy.** The Central Bank policy is expected to move gradually to a more neutral monetary stance, consistent with the reduction of the central bank's target inflation rate to between 5 and 6 percent in 2011 (from between 6 and 7 percent in 2010). For 2011 we continue to envision a relatively neutral credit policy, with central bank net domestic assets stable throughout the year, and all increases in the demand for money being accommodated by an increase in net international reserves. In addition, for 2011 we will continue to move towards the implementation of a full-fledged inflation targeting regime in early-2012.

6. **Assurances.** The government believes that the policies set forth in previous LOIs, and the additions and modifications in this LOI, are adequate to achieve the objectives of its program, but it will take any further measures that may become appropriate for this purpose, while refraining from taking any measure that is inconsistent with the program. The government will maintain the productive and fruitful dialogue we have had with the Fund in the past. In this spirit of cooperation, the government will consult with the Fund on the adoption of these measures (and in advance of revisions to the policies contained in these LOIs), and will continue providing Fund staff with all the relevant information required to complete program reviews and monitor performance.

7. **Transparency.** We have already published the staff report for the 2009 Article IV Consultation which included the original SBA program (October, 2009) and intend to publish the subsequent staff reports with all the program reviews once they are translated. In addition, as part of our communication strategy we intend to publish this letter on the websites of the Central Bank to maintain our citizens, and the international investment community, informed about our policy actions and intentions. We also authorize the Fund to publish this letter to facilitate a wider access and review of our policies by the international community.

Sincerely yours,

_____/s/_____
Héctor Manuel Valdez
Governor of the Central Bank

_____/s/_____
Vicente Bengoa
Minister of Finance

_____/s/_____
Temístocles Montás
Minister of Economy

Attachments

Table 1. Dominican Republic: Quantitative Performance Criteria 2010-11 1/

	Prog.	Actual	Margin	Prog.	Actual	Margin	Prog.	Actual	Margin	Prog.	Prog.				
	Mar			Jun			Sep			Dec	Mar	Jun	Sep	Dec	
	2010										2011				
Fiscal Targets															
1. Overall balance of the central administration (floor) 2/ 3/	-73.7	-69.9	3.8 ✓	-88.4	-88.1	0.3 ✓	-95.8	-91.2	4.6 ✓	-102.3	-14.9	-21.3	-27.9	-33.5	
2. Overall balance of the consolidated public sector (floor) 2/ 3/	-97.5	-91.9	5.6 ✓	-119.5	-119.0	0.5 ✓	-133.0	-132.3	0.7 ✓	-147.0	-21.5	-35.6	-49.5	-63.8	
Electricity Targets															
3. Overall current balance of the public electricity sector (floor) 4/	...	-201.4	...	...	-279.6	...	...	...	...	...	-77.0	-145.2	-241.6	-350.0
Monetary Targets 4/															
4. Net international reserves (floor) 5/	1,730	2,025	296 ✓	1,888	2,128	240 ✓	1,643	1,967	324 ✓	2,015	1,665	1,765	1,865	2,315	
5. Net domestic assets (ceiling) 3/	...	57.5	...	...	50.9	...	73.2	59.1	14.1 ✓	80.0	80.0	80.0	80.0	80.0
Debt Targets															
6. Accumulation of public arrears with electricity generators (ceiling) 2/ 5/	0.0	0.0	0.0 ✓	0.0	0.0	0.0 ✓	0.0	91.2	91.2	0.0 X	0.0	0.0	0.0	0.0	
7. Accumulation of external public debt arrears 5/ 6/	0.0	0.0	0.0 ✓	0.0	0.0	0.0 ✓	0.0	0.0	0.0	0.0 ✓	0.0	0.0	0.0	0.0	

1/ Targets for end of the month, defined in the Technical Memorandum of Understanding.

2/ Cumulative flows from December 2008 for targets in 2010 and cumulative flows from December 2010 for targets in 2011.

3/ In billions of Dominican Republic pesos.

4/ Program targets are adjusted for shortfalls/excesses in external budgetary financing according to the Technical Memorandum of Understanding.

5/ In millions of U.S. dollars.

6/ Continuous target.

Table 2. Dominican Republic: Structural Benchmarks for 2009-11

Measure	Timing	SBA Approval	First Review	Second and Third Review	Status
Public Sector Reform					
A. Design a strategy to rationalize and limit tax exemptions, strengthen tax administration, and continue modernizing customs to achieve the medium-term revenue objectives of the program.	Mar 2010	☀			● Done Strategy provided on time.
B. Issue a decree to centralize the power to grant tax exemptions in the Ministry of Finance.	Dec 2010			☀	⚠ In progress Authorities are discussing a draft.
C. Create a unit at the Ministry of Finance to conduct cost-benefit analyses of current and future exemptions and make recommendations to the Minister of Finance on granting and rationalizing exemptions.	Dec 2010			☀	⚠ In progress Authorities are making administrative arrangements.
D. Prepare a list of additional revenue administration measures to yield 0.5 percent of GDP in 2011 with a timetable for their implementation.	Dec 2010			☀	⚠ In progress Authorities are finalizing a draft.
E. Prepare a report on the costs and benefits of the current exemption regime and a timetable for the rationalization and reduction of exemptions to help achieve the government's tax revenue target of 15 percent of GDP.	Mar 2011			☀	⚠ In progress Work at early stage.
Financial Sector Reform					
F. Design a plan to achieve compliance with all Basel core principles for effective bank supervision by 2012.	Mar 2010	☀			● Done Plan designed by Superintendency of Banks by March 2010.
G. Design a plan to formally adopt a full-fledged inflation targeting framework by early 2012.	Jun 2010	☀			● Done Plan designed by BCRD by June 2010.
H. New Central Bank securities will be dematerialized.	Dec 2010			☀	⚠ In progress Technical groundwork in progress.
I. Send to congress amendments to the Monetary and Financial Law to eliminate legal impediments to introduce the Basel core principles and risk based supervision.	Mar 2011			☀	⚠ In progress A draft law is being prepared.
J. Send to congress a new law on consolidated supervision of financial and industrial groups with a view to facilitate risk based supervision.	Mar 2011			☀	⚠ In progress A draft law is being prepared.
K. Publish the first monetary policy report under inflation target for informational purposes only.	Jun 2011			☀	⚠ In progress Work at early stage.
L. Publish a monetary program for 2012 (as established by law) within the new inflation target framework.	Dec 2011			☀	⚠ In progress Work at early stage.
Recovery and Growth Enhancement					
M. Design a strategy to reform the electricity sector, including by eliminating indiscriminate electricity subsidies to achieve the medium-term budgetary expenditure objectives of the program.	Dec 2009	☀			● Done Satisfactory action plan provided to Staff in December 2009.
N. Increase the number of regulated clients of the distribution companies (EDES) to 1.9 million.	Sep 2010		☀		● Done The number of regulated clients as of end-September 2010 was 1.93 million.
O. Design a strategy to develop domestic capital markets and debt management including by lowering the country risk and the borrowing costs for the economy.	Sep 2010	☀			● Done Presented a satisfactory strategy.
P. Adopt a flexible pricing mechanism for electricity tariffs with a view to eliminate the gap between current tariffs and the "indexed" tariff as defined by the Superintendency of Electricity.	Dec 2010		☀		⚠ In progress Tariffs were adjusted 11 percent across the board in November 2010. Tariffs will be further adjusted to reach indexed tariff in 2011.
Q. Increase the number of regulated clients of the electricity companies (EDEs) to 2.15 million.	Jun 2011			☀	⚠ In progress Work at early stage.
Social Safety Net					
R. Increase the permanent coverage of the conditional cash transfer program by 70,000 families living in extreme poverty.	Dec 2009	☀			● Done More than 70,000 families were incorporated into the Solidaridad program
S. Increase the coverage of the BONOLUZ program to 50 thousand clients.	Dec 2010		☀		● Done More than 100 thousand clients benefit from Bonoluz in July 2010.
T. Increase the coverage of the Bonoluz program from the 50,000 target of December 2010 to 250,000 clients.	Dec 2011			☀	⚠ In progress Work at early stage.
U. Increase the permanent coverage of the conditional cash transfer program (Solidaridad) by 60,000 additional families to 590,000 families.	Dec 2011			☀	⚠ In progress Work at early stage.

Table 3. Dominican Republic: Selected Economic Indicators

Main export products: tourism, textiles, nickel						Income share of highest	
GDP per capita (U.S. dollars, 2009 PPP)	4,500.2					10 percent (percent, 2006)	39.0
Population (millions, 2009 estimate)	10.1					Poverty (headcount index, 2008)	37.8
Life expectancy at birth (years, 2008)	73.3					Extreme poverty (headcount index, 2008)	11.7
Under 5 mortality rate (per thousand, 2008)	31.0					Adult literacy rate (percent, 2007)	95.1
	2008	2009	Prog. 2010	Proj. 2010	Proj. 2011		
National accounts and prices	(12-month percentage changes, unless otherwise indicated)						
Nominal GDP (RD\$ billion)	1,576	1,679	1,857	1,901	2,126		
Dollar GDP (US\$ billion)	45.5	46.7	50.1	51.9	55.8		
Real GDP	5.3	3.5	3.0-4.0	6.5-7.0	5.5-6.0		
Consumer price index (period average)	10.6	1.4	6.0-7.0	6.4	5.5		
Consumer price index (eop)	4.5	5.8	6.0-7.0	6.0-7.0	5.0-6.0		
Exchange rate (RD\$/US\$ - period average)	34.6	35.9	...	...	...
Exchange rate (RD\$/US\$ - eop)	35.5	36.1	...	...	...
Social Indicators							
Unemployment rate (in percent)	14.2	14.9	...	...	...
Public finances	(In percent of GDP)						
Central government primary balance	-1.4	-1.6	-0.2	-0.3	0.8		
Total revenues (including grants)	15.8	13.7	14.3	13.7	13.8		
Primary spending	17.2	15.3	14.5	13.9	13.0		
Interest expenditure	1.7	1.9	2.2	2.0	2.3		
Nonfinancial public sector overall balance	-3.1	-3.1	-2.5	-2.5	-1.6		
Quasi-fiscal balance of the central bank	-1.3	-1.3	-1.4	-1.3	-1.4		
Consolidated public sector balance	-4.4	-4.5	-3.9	-3.8	-3.0		
<i>Of which: primary balance</i>	-0.9	-0.5	0.0	-0.1	1.1		
Total public debt	38.1	41.8	42.2	41.3	42.0		
<i>Of which: foreign currency denominated</i>	17.8	19.4	21.6	21.2	21.6		
Total public debt (excluding BCRD recapitalization bonds)	33.7	36.9	...	35.7	35.3		
Money and credit	(12-month percentage changes, unless otherwise indicated)						
Liabilities to private sector (M3)	8.7	10.0	10.3	13.0	10.1		
Currency issue	0.3	12.3	11.0	10.8	9.8		
Deposits	10.5	14.7	24.2	21.1	21.3		
Net domestic assets of the banking system	17.1	8.8	16.6	21.9	9.8		
Credit to the private sector	7.0	7.2	14.9	17.5	13.9		
M3, in percent of GDP	35.3	36.4	36.3	36.4	35.8		
Balance of payments	(In millions of U.S. dollars, unless otherwise indicated)						
Current account	-4,519	-2,159	-3,493	-3,903	-3,542		
Merchandise trade balance	-9,245	-6,741	-8,140	-8,226	-8,221		
Exports	6,748	5,519	6,152	6,572	7,159		
Imports	-15,993	-12,260	-14,291	-14,798	-15,379		
<i>Of which: oil and gas</i>	-4,241	-2,641	-3,384	-3,465	-3,544		
Services and transfers (net)	4,727	4,582	4,646	4,322	4,679		
<i>Of which: interest on public debt</i>	-372	-427	-525	-412	-544		
Capital and financial account	4,209	2,655	2,967	3,377	3,842		
<i>Of which: foreign direct investment</i>	2,870	2,067	1,354	1,530	1,990		
Errors and omissions	-16	-90	0	0	0		
Overall balance	-326	406	-526	-526	300		
<i>Of which: change in NIR (increase -)</i>	230	-370	523	523	-300		
Current account (in percent of GDP)	-9.9	-4.6	-7.0	-7.5	-6.4		
Exports of goods (in US\$, annual percentage chg.)	-5.8	-18.2	11.5	19.1	8.9		
Imports of goods (in US\$, annual percentage chg.)	17.6	-23.3	16.6	20.7	3.9		
International reserve position and external debt							
Gross official reserves	2,662	3,303	3164.1	3,157	3,954		
(in months of imports) 1/	2.3	2.4	2.4	2.2	2.5		
Net international reserves 2/	2,165	2,535	2,015	2,015	2,315		
Outstanding external public debt, in percent of GDP	18.3	20.0	18.1	21.6	19.5		
Oil price (WEO) (US\$/bbl)	97.0	61.8	78.3	77.1	80.0		

Sources: Dominican authorities; World Bank; and Fund staff estimates.

1/ In relation to imports of goods and nonfactor services of the following year.

2/ The projections for 2010-12 assume that all prospective purchases under the proposed SBA will be made to meet the gross reserves objectives of the balance of payments projections.

Table 4. Dominican Republic: Fiscal Accounts
(In percent of GDP)

	2008	2009		2010		2011		Prog. 2011
		Previous	Revised	Prog. Jan-Sep	Actual	Prog. Jan-Dec	Proj.	
A. Central Government								
Total revenue and grants	15.8	13.7	13.7	10.6	10.1	14.3	13.7	13.8
Total revenue	15.7	13.5	13.5	10.4	10.1	14.1	13.6	13.6
Tax revenues	15.0	13.1	13.1	10.2	9.6	13.8	13.1	13.1
Income and property 1/	4.5	3.9	3.9	2.9	2.8	3.9	3.8	3.7
VAT	4.7	4.2	4.2	3.1	3.2	4.2	4.3	4.2
Excises	4.1	3.7	3.7	2.9	2.7	4.0	3.6	3.8
International trade	1.6	1.3	1.3	1.3	0.9	1.8	1.4	1.3
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nontax revenue	0.7	0.3	0.3	0.2	0.4	0.3	0.5	0.5
Capital revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	0.2	0.2	0.2	0.1	0.1	0.2	0.1	0.2
Primary expenditures 2/	17.2	15.2	15.3	11.3	10.5	14.5	13.9	13.0
Wages and salaries	3.8	4.1	4.1	2.5	2.6	3.8	3.8	3.7
Goods and services	2.1	1.8	1.8	1.5	1.2	2.0	1.6	1.5
Transfers, o/w:	7.1	5.5	5.5	3.5	3.5	4.4	4.8	4.1
Gas subsidy	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Electricity transfers	2.7	1.3	1.4	0.6	0.7	0.8	1.2	0.6
Other	3.9	4.2	4.1	3.0	2.8	3.6	3.6	3.4
Capital expenditure	5.0	3.6	3.6	3.7	3.3	4.4	3.7	3.7
Statistical discrepancy 2/	-0.6	0.3	0.3	0.0	-0.1	0.0	0.0	0.0
Primary balance	-1.4	-1.6	-1.6	-0.7	-0.5	-0.2	-0.3	0.8
Interest	1.7	1.9	1.9	1.3	1.3	2.2	2.0	2.3
Foreign	0.8	0.7	0.7	0.5	0.4	0.9	0.8	0.8
Domestic 3/	0.8	1.2	1.2	0.8	0.8	1.3	1.2	1.5
Overall balance	-3.0	-3.5	-3.5	-2.0	-1.7	-2.4	-2.3	-1.6
B. Rest of the Non-Financial Public Sector								
Overall balance rest of NFPS	-0.1	0.4	0.4	-0.1	-0.4	-0.1	-0.2	0.0
C. Non-Financial Public Sector (A+B)								
Overall balance NFPS	-3.1	-3.1	-3.1	-2.1	-2.1	-2.5	-2.5	-1.6
Primary balance	-1.5	-1.2	-1.2	-0.8	-0.9	-0.4	-0.5	0.8
Interest	1.7	1.9	1.9	1.3	1.2	2.2	2.0	2.3
Financing NFPS	3.1	3.1	3.1	2.1	2.1	2.5	2.5	1.6
External financing	0.2	2.1	2.1	2.2	1.7	2.9	3.2	1.9
Domestic financing	1.9	1.6	1.0	0.0	0.4	-0.4	-0.7	-0.4
D. Central Bank								
Quasi-fiscal balance of the central bank	-1.3	-1.3	-1.3	-1.0	-0.9	-1.4	-1.3	-1.4
Of which: non interest	0.6	0.7	0.7	0.3	0.3	0.3	0.4	0.3
E. Consolidated Public Sector (C+D)								
Consolidated public sector balance	-4.4	-4.4	-4.5	-3.2	-3.0	-3.9	-3.8	-3.0
Primary balance	-0.9	-0.5	-0.5	-0.6	-0.6	0.0	-0.1	1.1
Interest	3.6	3.9	3.9	2.6	2.4	3.9	3.7	4.2
Memorandum items:								
Interest for central bank recapitalization	0.6	0.7	0.7	0.6	0.5	0.8	0.8	0.9
Primary spending excl. electricity and gas	14.1	13.9	13.9	10.7	9.8	13.7	12.7	12.4
Overall spending by central government	18.9	17.1	17.2	12.6	11.8	16.7	16.0	15.4
Nominal GDP (DR\$ billion)	1576	1678	1678	1857	1884	1857	1901	2126
Real GDP Growth (percent)								

Sources: Dominican authorities; and Fund staff estimates.

1/ Includes social security contributions.

2/ Primary expenditures include the difference between financing below the line and the overall balance above the line.

3/ Includes interest payments on Central Bank recapitalization bonds.

Table 5. Dominican Republic: Fiscal Accounts
(In billions of Dominican pesos)

	2008	Previous	Revised	Prog.	Actual	Prog.	Proj.	Prog. 2011
		2009		Jan-Sep	2010		Jan-Dec	
A. Central Government								
Total revenue and grants	249.8	229.4	229.7	196.1	191.3	265.2	259.8	293.2
Total revenue	246.9	225.8	226.2	193.4	189.4	261.6	257.8	289.3
Tax revenues	236.2	220.0	220.3	190.1	181.8	255.6	248.3	277.7
Income and property 1/	71.5	66.0	66.0	54.7	53.3	72.4	71.6	78.1
VAT	74.7	69.9	69.9	58.1	60.4	77.2	81.8	90.2
Excises	64.9	62.2	62.9	53.4	51.1	73.4	68.9	80.9
International trade	25.0	21.9	21.9	23.9	17.1	32.6	26.1	28.5
Other	0.0	3.5	0.0	0.0	0.0	0.0	0.0	0.0
Nontax revenue	10.7	5.8	5.8	3.4	7.6	6.0	9.5	11.7
Capital revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	2.9	3.5	3.5	2.7	1.8	3.6	2.0	3.9
Primary expenditures 2/	271.3	255.4	256.4	209.6	200.0	268.9	264.6	276.8
Wages and salaries	59.5	68.5	68.5	47.0	50.1	69.7	72.3	78.8
Goods and services	32.5	29.6	29.6	27.4	23.0	36.2	31.0	32.9
Transfers, o/w:	111.4	92.9	92.8	65.8	66.3	80.8	90.6	86.2
Gas subsidy	7.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Electricity transfers	41.9	21.7	23.9	10.9	13.1	14.5	22.4	13.6
Other	61.8	71.2	68.9	54.9	53.2	66.3	68.2	72.6
Capital expenditure	78.1	60.0	60.0	69.5	63.5	82.1	70.7	78.9
Statistical discrepancy 2/	0.0	4.4	5.5	0.0	-3.3	0.0	0.0	0.0
Primary balance	-21.5	-26.0	-26.7	-13.5	-8.7	-3.7	-4.8	16.4
Interest	26.1	32.0	32.0	24.3	23.9	40.6	38.9	49.9
Foreign	12.4	11.3	11.3	8.7	8.5	16.5	15.7	17.9
Domestic 3/	13.6	20.7	20.7	15.7	15.4	24.1	23.2	32.0
Overall balance	-47.6	-58.0	-58.6	-37.8	-32.6	-44.3	-43.7	-33.5
B. Rest of the Non-Financial Public Sector								
Overall balance rest of NFPS	-1.7	6.2	6.2	-2.0	-7.8	-3.0	-4.6	0.0
C. Non-Financial Public Sector (A+B)								
Overall balance NFPS	-49.3	-51.7	-52.4	-39.8	-40.4	-47.3	-48.3	-33.5
Primary Balance	-23.2	-19.8	-20.4	-15.5	-17.2	-6.7	-9.4	16.4
Interest	26.1	32.0	32.0	24.3	23.1	40.6	38.9	49.9
Financing NFPS	49.3	51.7	52.4	39.8	40.4	47.3	48.3	33.5
External financing	24.3	34.9	35.6	41.5	31.9	55.3	61.3	40.8
Domestic financing	30.7	26.3	16.7	-2.0	8.4	-8.3	-13.1	-7.4
D. Central Bank								
Quasi-fiscal balance of the central bank	-20.7	-22.4	-22.4	-19.0	-17.1	-25.5	-23.9	-30.3
Of which: non interest	9.1	11.6	11.6	4.8	5.3	6.4	6.9	8.4
E. Consolidated Public Sector (C+D)								
Consolidated public sector balance	-70.0	-74.2	-74.8	-58.8	-57.5	-72.8	-72.2	-63.8
Primary Balance	-14.1	-8.2	-8.8	-10.7	-11.2	-0.3	-2.5	24.8
Interest	56.0	66.0	66.0	48.1	46.3	72.5	69.7	88.6
Memorandum items:								
Interest for central bank recapitalization	9.1	12.4	12.4	10.9	10.2	14.5	14.5	18.9
Primary spending excl. electricity and gas	221.3	233.7	232.5	198.8	186.9	254.4	242.2	263.1
Overall spending by central government	297.0	287.4	288.3	233.9	223.9	309.5	303.5	326.7

Sources: Dominican authorities; and Fund staff estimates.

1/ Includes social security contributions.

2/ Primary expenditures include the difference between the financing below the line and the overall balance registered above the line.

3/ Includes interest payments on Central Bank recapitalization bonds.

Table 6. Dominican Republic: Public Sector Gross Financing Requirements and Sources 1/
(In millions of U.S. dollars)

	2009	2010		2011		2011
		Prog. Jan-Sep	Actual	Prog. Jan-Dec	Proj.	
Gross Financing Requirements	2,579	2,064	2,380	2,531	3,038	2,617
Non-Financial Public Sector Deficit	1,440	1,061	1,101	1,193	1,315	880
Amortizations	841	1,003	1,279	1,337	1,723	1,737
Floating Debt	298	0	0	0	0	0
Financing Sources	2,576	2,064	2,380	2,531	3,038	2,617
External	1,893	1,923	1,389	2,135	2,371	1,826
Budget Support	1,120	523	66	575	926	503
World Bank	350	150	0	150	150	70
IDB	450	230	27	245	367	183
CAF	20	30	0	30	0	0
IMF	300	113	38	150	408	250
Project Financing	533	605	281	700	365	543
Petrocaribe	240	195	292	260	330	280
Sovereign Bonds	0	600	750	600	750	500
Domestic	683	141	992	396	667	791
Bonds	213	62	527	317	527	556
Banking system	470	0	345	0	21	235
Other	0	79	120	79	120	0
Gap	0	0	0	0	0	0

Sources: Dominican authorities; and Fund staff estimates.

1/ Non-financial public sector.

Table 7. Dominican Republic: Quasi-fiscal Balance of the Central Bank

(In billions of Dominican pesos, unless otherwise specified)

	2008	2009	Proj.		Prog. 2011
			Jan-Sep 2010	Jan-Dec 2010	
Revenues	13.7	17.0	12.5	17.5	20.6
Interest	13.4	15.8	11.0	15.9	20.5
International reserves	3.7	1.3	1.0	1.1	1.3
BCRD recapitalization	9.2	12.9	9.7	14.5	18.9
Other	0.6	1.5	0.2	0.4	0.3
Other revenues	0.3	1.2	1.6	1.6	0.1
Expenditures	34.5	39.4	29.7	41.4	50.9
Administrative	4.2	5.1	3.9	5.6	8.3
Interest	29.8	34.0	25.6	35.6	38.7
Securities	26.8	31.9	24.3	33.7	36.5
Other	3.0	2.1	1.3	1.9	2.2
Cost of issuing money bills	0.4	0.3	0.2	0.2	0.1
Other expenditures	0.1	0.0	0.0	0.0	3.8
Quasi-fiscal balance	-20.7	-22.4	-17.1	-23.9	-30.3
	(Percent of GDP)				
Revenues	0.9	1.0	0.7	0.9	1.0
Interest	0.9	0.9	0.6	0.8	1.0
International reserves	0.2	0.1	0.1	0.1	0.1
BCRD recapitalization	0.6	0.8	0.5	0.8	0.9
Other	0.0	0.1	0.0	0.0	0.0
Other revenues	0.0	0.1	0.1	0.1	0.0
Expenditures	2.2	2.3	2	2.2	2.4
Administrative	0.3	0.3	0.2	0.3	0.4
Interest	1.9	2.0	1.3	1.9	1.8
Securities	1.7	1.9	1.3	1.8	1.7
Other	0.2	0.1	0.1	0.1	0.1
Printing money bills	0.0	0.0	0.0	0.0	0.0
Other expenditures	0.0	0.0	0.0	0.0	0.0
Quasi-fiscal balance	-1.3	-1.3	-0.9	-1.3	-1.4
Memo items:					
Quasi-fiscal primary balance	9.1	11.6	8.5	11.7	8.4
In percent of GDP	0.6	0.7	0.4	0.6	0.4
Securities (eop)	192.8	202.1	211.0	225.6	217.7
In percent of GDP	12.2	12.0	11.1	11.9	10.4

Sources: BCRD, and Fund staff estimates.

Table 8. Dominican Republic: Consolidated Accounts of the Public Electricity Sector
(In millions of U.S. dollars)

	2009	2010	Prog. 2011
Revenue (A)	1,348.8	1,533.4	1,867.1
Electricity Distribution Companies (EDE's)	1,146.9	1,312.9	1,601.6
Regular Clients	1,007.8	1,154.4	1,399.8
Priority Clients 1/	85.6	117.6	139.4
Municipalities	25.4	30.00	45.9
Others	28.1	11.0	16.4
CDEEE and Others 2/	201.9	220.5	265.5
Energy Sales	199.5	220.0	263.5
Other	2.4	0.5	2.0
Current Expenditure (B)	2,093.1	2,137.4	2,217.1
Electricity distribution Companies (EDE's)	1,574.2	1,665.6	1,781.9
Operating Costs	204.8	158.8	130.0
o/w Personnel	74.3	60.4	54.1
o/w Suppliers	109.7	86.0	65.4
o/w Others	20.8	12.4	10.5
Energy Purchases	1,311.5	1,454.9	1,595.9
Interests	32.5	35.0	24.0
Others	25.4	16.9	32.0
CDEEE and Others 2/	518.9	471.8	435.2
Operating Costs	82.9	40.0	40.0
Energy Purchases	397.6	382.3	347.2
Interests	38.4	49.5	48.0
Current Balance (C=A-B)	-744.3	-604.0	-350.0
Capital Expenditure (D)	248.5	112.0	119.0
Electricity Distribution Companies (EDE's)	78.2	50.0	70.0
CDEEE and Others 2/	170.3	62.0	49.0
Overall Balance (E=C-D)	-992.8	-716.0	-469.0
Financing	992.8	716.0	469.0
Current Financing	744.3	604.0	350.0
Government Transfers	606.0	706.0	330.0
Bonoluz	28.5	0.0	20.0
Net Credit from the Banking System	43.2	0.0	0.0
Accumulation of Arrears (Net) 3/	102.0	0.0	0.0
Payment of Arrears of the Previous Years	-35.4	-102.0	0.0
Capital Financing	248.5	112.0	119.0
Externally Financed	170.3	69.0	49.0
Domestically Financed	78.2	43.0	70.0
o/w Government Transfers	66.6	0.0	30.0
o/w with Own Resources	11.6	43.0	40.0

1/ Clients that by law cannot be cut off from electricity supply.

2/ Includes EGEHID, ETED and UERS.

3. Under the definition of zero days of arrears to private electricity generators.

Table 9. Dominican Republic: Summary Accounts of the Monetary Authority 1/

(In billions of Dominican pesos, unless otherwise specified)

	2008	2009	Prog.	Actual	Prog.	Proj.	Prog.	
			2010 2/		2011 2/			
			Sep	Dec	Sep	Dec		
Monetary base	133.8	138.1	133.9	130.2	153.5	153.5	164.5	
Currency issue	62.5	70.2	60.6	62.0	77.9	77.7	85.5	
Reserve requirements (peso deposits)	71.3	67.9	73.3	68.1	75.6	75.8	79.0	
Net international reserves	76.3	92.6	68.1	70.2	73.6	73.6	84.5	
(In millions of U.S. dollars) 3/	2165.4	2538.4	1865.4	1924.1	2015.4	2015.4	2315.4	
Net domestic assets	57.5	45.4	65.8	60.0	80.0	80.0	80.0	
Nonfinancial public sector (net) 4/	4.6	0.7	4.0	2.6	4.0	-5.4	3.5	
Central government	1.6	-2.3	1.0	-0.5	1.0	-8.5	-0.4	
Rest of NFPS	3.0	3.0	3.0	3.1	3.0	3.1	3.9	
Commercial banks (net)	-51.2	-77.7	-97.8	-105.3	-85.8	-122.3	-156.7	
Monetary control notes and bills	-25.6	-36.7	-57.6	-67.0	-43.7	-89.1	-108.9	
Reserve requirements (FX deposits)	-21.0	-24.6	-25.7	-27.4	-26.7	-27.5	-33.9	
Overnight facility	-15.5	-23.2	-21.4	-13.8	-22.2	-8.4	-19.9	
Liquidity support	10.9	6.8	6.8	3.0	6.8	2.6	6.0	
Nonfinancial private sector (certificates)	-160.9	-162.2	-126.1	-151.4	-125.5	-134.6	-92.6	
Other items (net)	264.4	284.6	285.7	314.0	287.3	342.3	325.9	
Capital account	280.7	290.1	297.0	297.0	301.1	299.6	312.4	
Cumulative losses	295.8	318.2	335.3	335.3	337.7	342.1	373.7	
Cumulative Government transfers	-15.1	-28.0	-38.3	-38.3	-36.6	-42.5	-61.4	
Medium and long term external liabilities	-10.5	-9.2	-9.0	-9.0	-9.3	-8.8	-8.9	
Peso counterpart to IMF budget support	0.0	11.4	16.6	12.8	17.9	26.0	35.2	
Other, net	-5.8	-7.8	-18.9	13.3	-22.4	25.6	-12.9	
			(Percentage change, y-o-y)					
Memorandum items:								
Monetary base	20.3	3.2	12.3	9.2	11.2	11.2	7.2	
Currency issue	0.3	12.3	9.2	11.8	11.0	10.8	9.8	
Quasi-fiscal balance (in percent of GDP)	-1.3	-1.3	-0.9	-0.9	-1.4	-1.3	-1.4	

Sources: Dominican authorities; and Fund staff estimates.

1/ Central Bank's balance sheet is adjusted to incorporate the reserve liabilities from the IMF budgetary support.

2/ Foreign currency denominated accounts valued at DR\$36.5 per U.S. dollar for December 2009 and onwards..

3/ Projections for 2010-12 assume that all SBA purchases are made.

4/ Excludes transactions related to Central Bank recapitalization.

Table 10. Dominican Republic: Summary Accounts of the Banking System

(In billions of Dominican pesos, unless otherwise specified)

	2008	2009	Prog.	Actual	Prog.	Proj.	Proj.
			Sep	2010 1/	Dec	2011 2/	
Central Bank 2/							
Monetary base	133.8	138.1	133.9	130.2	153.5	153.5	164.5
Currency issue	62.5	70.2	60.6	62.0	77.9	77.7	85.5
Reserve requirements (peso deposits)	71.3	67.9	73.3	68.1	75.6	75.8	79.0
Net international reserves	76.3	92.6	68.1	70.2	73.6	73.6	84.5
(In millions of U.S. dollars) 3/	2165.4	2538.4	1865.4	1924.1	2015.4	2015.4	2315.4
Net domestic assets	57.5	45.4	65.8	60.0	80.0	80.0	80.0
Nonfinancial public sector (net) 4/	4.6	0.7	4.0	2.6	4.0	-5.4	3.5
Commercial banks (net)	-51.2	-77.7	-97.8	-105.3	-85.8	-122.3	-156.7
Nonfinancial private sector (certificates)	-160.9	-162.2	-126.1	-151.4	-125.5	-134.6	-92.6
Other items (net)	264.4	284.6	285.7	314.0	287.3	342.3	325.9
Banking System 6/							
Net foreign assets	101.9	117.5	89.4	91.8	98.5	89.0	99.9
(In millions of U.S. dollars)	2886.1	3226.7	2450.4	2505.4	2698.9	2438.3	2738.3
Net domestic assets	454.5	494.4	582.6	545.0	576.5	602.6	661.5
Net credit to the nonfinancial public sector 4/	30.8	53.1	57.4	51.1	60.0	45.9	49.5
Credit to the private sector	277.3	297.2	329.2	333.2	341.5	349.1	397.7
Other assets net (includes valuation effects)	146.4	144.1	196.0	160.7	175.0	207.6	214.3
<i>Of which</i> : Recapitalization account	262.6	278.1	295.0	303.6	299.8	298.3	327.5
Medium- and long-term external liabilities of Central Bank	-10.5	-9.2	-8.9	-9.0	-9.3	-8.8	-8.8
Capital and accumulated surplus	6.2	5.4	-8.1	-10.9	11.4	7.2	7.3
M3	556.4	611.8	672.1	636.8	675.0	691.6	761.4
Currency in circulation	51.7	56.3	51.0	50.5	60.5	62.3	68.5
Deposits	220.2	247.6	288.6	285.6	299.3	311.2	343.0
Central bank certificates held outside banks	174.3	176.5	161.0	172.9	143.9	170.3	136.2
Commercial bank certificates held by the public 7/	110.2	131.4	171.4	127.8	171.4	147.8	213.7
(Percentage change, y-o-y)							
Memorandum items:							
Credit to the private sector	7.0	7.2	16.5	17.9	14.9	17.5	13.9
Deposits and commercial bank certificates	10.5	14.7	16.7	15.9	24.2	21.1	21.3
M3	8.7	10.0	15.0	9.0	10.3	13.0	10.1
M3 Velocity	2.8	2.7	2.7	3.0	2.8	2.7	2.8

Sources: Dominican authorities; and Fund staff estimates.

1/ Foreign currency denominated accounts valued at DR\$36.5 per U.S. dollar for December 2009 and onwards.

2/ Central Bank's balance sheet is adjusted to incorporate the reserve liability from the IMF budgetary support.

3/ Projections for 2010-12 assume that all SBA purchases are made.

4/ Excludes transactions related to Central Bank recapitalization.

5/ Includes transactions related to Central Bank recapitalization.

6/ Includes the Central Bank, Banco de Reservas, and all other multiple banks. Excludes other financial institutions.

7/ For 2011 and onwards, projections assume that private banks issue certificates to the public, so that the sum of certificates of the banking system in hands of the public, increases at least by 10 percent, annually.

Table 11. Dominican Republic: Selected Financial Soundness Indicators of the Banking System
(In percent)

	2007	2008	2009	Sep 2010
Capital adequacy				
Net worth to total assets	9.5	9.7	9.1	8.9
Regulatory capital to risk-weighted assets	13.0	13.4	14.5	13.5
Asset quality				
Loan growth	27.1	15.3	12.4	18.6
NPLs to total loans	4.0	3.5	4.0	3.4
Loan provisions to NPLs	134.5	133.1	115.0	119.4
NPLs net of provisions to net worth	-8.2	-7.2	-3.9	-4.4
Fixed and net foreclosed assets to net worth	57.2	58.0	51.4	50.4
Earnings and efficiency				
Return on average assets	2.0	2.1	1.9	2.2
Return on average equity	21.3	21.4	19.9	34.3
Gross operating income to average assets	9.8	2.4	2.3	2.6
Financial margin to average assets	6.7	6.9	7.7	7.7
Operating expenses to net financial margin	104.4	96.3	91.4	95.8
Liquidity				
Liquid funds to deposits	32.3	33.1	28.1	25.2
Liquid funds to total assets	27.2	28.4	23.9	21.5

Sources: Dominican authorities; and Fund staff estimates.

Table 12. Dominican Republic: Balance of Payments

(In millions of U.S. dollars, unless otherwise specified)

	2008	2009	Prog.	Prel.	Prog.	Proj.	Proj.
			Jan-Sep	Jan-Sep	Jan-Dec	Jan-Dec	2011
			2010				
Current account	-4,519	-2,159	-1,996	-3,170	-3,493	-3,903	-3,542
Trade balance	-9,245	-6,741	-5,343	-6,361	-8,140	-8,226	-8,221
Exports f.o.b.	6,748	5,519	4,325	4,903	6,152	6,572	7,159
<i>Of which:</i> nickel	492	4	0	0	0	0	357
<i>Of which:</i> gold	0	0	0	0	0	0	207
Imports f.o.b.	-15,993	-12,260	-9,668	-11,264	-14,291	-14,798	-15,379
<i>Of which:</i> oil and gas	-4,241	-2,641	-2,465	-2,601	-3,384	-3,465	-3,544
Nonfactor services	2,962	3,046	2,498	2,383	3,113	3,093	3,329
<i>Of which:</i> travel receipt	4,166	4,051	3,268	3,237	4,259	4,239	4,540
Factor services	-1,748	-1,769	-1,705	-1,509	-1,888	-1,941	-2,062
<i>Of which:</i> interest on public debt 1/	-372	-427	-338	-300	-525	-412	-544
Transfers	3,513	3,305	2,555	2,317	3,421	3,170	3,412
Capital and financial account	4,209	2,655	2,753	2,845	2,967	3,377	3,842
Capital account	135	107	88	57	87	87	107
Financial account	4,074	2,548	2,665	2,789	2,880	3,290	3,735
Direct investment, net	2,870	2,067	1,699	1,277	1,354	1,530	1,990
Portfolio investment, net	-376	-450	518	558	523	895	825
Other investment, net	1,579	931	448	954	1,002	865	920
<i>Of which:</i> public sector MLT, net	760	794	738	186	500	363	452
Disbursements	1,367	1,417	1,204	605	1,148	970	1,076
Amortization	-607	-623	-458	-420	-648	-607	-624
Other	819	137	-290	768	502	502	468
<i>Of which:</i> SDR allocation	0	275	0	0	0	0	0
Errors and omissions	-16	-90	-876	-300	0	0	0
Overall balance	-326	406	-119	-625	-526	-526	300
Financing	326	-406	119	625	526	526	-300
Change in NIR (increase, -)	230	-363	119	622	523	523	-300
Change in GIR (increase, -)	284	-638	-154	589	145	143	-797
Net Fund purchases	-42	275	273	33	378	380	497
Exceptional financing	58	-43	0	3	3	3	0
Debt rescheduling	0	0	0	0	0	0	0
Debt forgiveness	9	301	0	4	3	3	0
Net change in arrears	49	-344	0	-1	0	0	0
Memorandum items:				0			
Current account in percent of GDP	-9.9	-4.6	-5.6	-8.4	-7.0	-7.5	-6.4
Non-oil-gas current account in percent of GDP	-0.6	1.0	1.3	-1.5	-0.2	-0.8	0.0

Sources: Dominican authorities; and Fund staff estimates.

1/ Includes interests on loans and bonds.

Table 13. Dominican Republic: External Financing Requirements and Sources
(In millions of U.S. dollars)

	2008	2009	Proj.	
			2010	2011
Financing requirement	4,842	3,419	4,368	5,023
Current account deficit	4,519	2,159	3,903	3,602
Amortization of public sector medium- and long-term	607	623	607	624
Change in gross reserves (increase =+)	-284	638	-143	797
Financing sources	4,842	3,419	4,368	5,023
Capital transfer	135	107	87	107
Foreign Direct Investment, net	2,870	2,067	1,530	1,990
Portfolio investment, net	-376	-450	895	886
Public sector medium- and long-term loans	1,367	1,417	970	1,076
Net Fund purchases	-42	275	380	497
Other 1/	887	4	505	468

Sources: Dominican authorities; and Fund staff estimates.

1/ Includes other private capital flows, exceptional financing and errors and omissions.

Table 14. Dominican Republic: Indicators of External Vulnerability

	2007	2008	2009	Sep 2010
Merchandise exports (percentage change)	8.3	-5.8	-18.2	17.3
Merchandise imports (percentage change)	11.7	17.6	-23.3	27.7
Real effective exchange rate (percentage change, appreciation)	1.8	1.4	1.5	[2.72]
Current account balance (percent of GDP)	-5.3	-9.9	-4.6	-8.4
Capital and Financial account balance (percent of GDP)	5.8	9.2	5.7	7.6
Foreign direct investment, net (percent of GDP)	4.1	6.3	4.4	3.4
Portfolio investment, net (percent of GDP)	2.3	-0.8	-1.0	1.5
Other investment, net (percent of GDP)	-1.1	3.5	2.0	2.5
External debt (percent of GDP)	26.4	25.4	27.2	29.8
Debt service (in percent of exports of GNFS) 1/	14.0	17.1	18.9	19.7
Gross reserves (in millions of U.S. dollars)	2,946	2,662	3,307	2,979
Gross reserves (in months of imports of GNFS)	2.0	2.3	2.4	2.0

Sources: Dominican authorities; and Fund staff estimates.

1/ Interest payments and medium- and long-term debt amortization.

Table 15. Dominican Republic: Schedule of Reviews and Purchases
(In millions of SDRs, unless otherwise specified)

Date	Original UFR Composition		Amount of Purchase 1/					Percent of Quota	Conditions
	2/ Central Bank	3/ Ministry of Finance	Revised UFR Composition						
			2/ Central Bank	3/ Ministry of Finance		4/ BCRD Recap.	Total			Total SBA
Purchases Already Made									
November 9, 2009	0.00	200.00	0.00	200.00	0.00	200.00	200.00	91.4	Approval of arrangement
April 7, 2010	54.27	25.00	54.27	25.00	0.00	25.00	79.27	36.2	First review and end-December 2009 performance criteria
October 22, 2010	54.27	25.00	0.00	25.00	54.27	79.27	79.27	36.2	Second review and end-March 2010 performance criteria
October 22, 2010	54.26	25.00	0.00	25.00	54.26	79.26	79.26	36.2	Third review and end-June 2010 performance criteria
Purchases To Be Made									
December 15, 2010	84.45	25.00	26.31	25.00	58.14	83.14	109.45	50.0	Fourth review and end-September 2010 performance criteria
March 15, 2011	109.45	0.00	67.78	0.00	41.67	41.67	109.45	50.0	Fifth review and end-December 2010 performance criteria
June 15, 2011	109.45	0.00	67.78	0.00	41.67	41.67	109.45	50.0	Sixth review and end-March 2011 performance criteria
September 15, 2011	109.45	0.00	67.78	0.00	41.67	41.67	109.45	50.0	Seventh review and end-June 2011 performance criteria
December 15, 2011	109.45	0.00	67.78	0.00	41.67	41.67	109.45	50.0	Eighth review and end-September 2011 performance criteria
February 28, 2012	109.45	0.00	109.45	0.00	0.00	0.00	109.45	50.0	End-December 2011 performance criteria
Total	794.50	300.00	461.07	300.00	333.43	633.43	1094.50	500.0	
Memorandum item:									
2009	0.00	200.00	0.00	200.00	0.00	200.00	200.00	91.37	
2010	247.25	100.00	80.58	100.00	166.67	266.67	347.25	158.63	
2011	437.80	0.00	271.13	0.00	166.67	166.67	437.80	200.00	
2012	109.45	0.00	109.45	0.00	0.00	0.00	109.45	50.00	

Source: Fund staff estimates.

1/ The original split between the Central Bank and the Ministry of Finance reflects the intention of the member to assign Fund resources to different entities as explained in the LOI of October 2009. The revised split reflects the changes due to the central bank recapitalization plans as explained in the revised LOI of October 2010.

2/ Purchases made for reserve accumulation purposes.

3/ Purchases made to cover external debt obligations and public sector imports of goods and services.

4/ Purchases made to cover interest payments on bonds issued to recapitalize the Central Bank, that the Central Bank will use for reserve accumulation purposes.

Table 16. Dominican Republic: Medium-Term Scenario 2008-14
(In percent of GDP unless specified)

	2008	2009	Projections				
			2010	2011	2012	2013	2014
Growth and prices							
Real GDP growth	5.3	3.5	6.5-7.0	5.5-6.0	6.0	6.0	6.0
CPI inflation, end of period	4.5	5.8	6.0-7.0	5.0-6.0	4.0-5.0	4.0	4.0
CPI inflation, average	10.6	1.4	6.4	5.5	4.5	4.0	4.0
Nominal GDP (billions of U.S. dollars)	45.5	46.7	51.9	55.8	60.3	65.2	70.5
Gross investment	18.2	16.8	17.3	18.4	18.4	18.4	18.4
National Savings	8.2	12.1	9.8	12.1	14.0	14.7	15.0
Public Sector							
Revenue	15.8	13.7	13.7	13.8	14.9	15.6	15.6
Expenditure	20.3	18.1	17.5	16.8	17.0	17.6	17.6
Noninterest expenditure	16.7	14.2	13.8	12.7	13.0	13.7	13.7
Overall balance	-4.4	-4.4	-3.9	-3.0	-2.0	-2.0	-2.0
Primary balance	-0.9	-0.5	-0.1	1.1	2.0	1.9	1.9
Balance of payments and external debt							
External current account (millions of U.S. dollars)	-4519	-2159	-3903	-3542	-2681	-2447	-2467
In percent of GDP	-9.9	-4.6	-7.5	-6.4	-4.4	-3.7	-3.4
Official reserves (millions of U.S. dollars)	2662	3303	3157	3954	4637	4841	4972
In months of imports goods and non-factor services	2.3	2.4	2.2	2.5	2.7	2.7	2.9
Public external debt	18.3	20.0	21.6	19.5	16.5	15.9	14.7

Sources: Dominican authorities; and Fund staff estimates.

TECHNICAL MEMORANDUM OF UNDERSTANDING

This Technical Memorandum Understanding (TMU) presents the definitions of the variables included in the quantitative performance criteria annexed to the Letter of Intent (LOI), and the information requirements needed to ensure adequate monitoring of economic and financial developments.

I. Quantitative Performance Criteria: Definition of Variables

A. Cumulative Floor on the Central Government Balance

The overall balance of the central government covers government activities as specified in the budget.

Revenues are recorded when the funds are deposited in the Treasury account. Revenues also include grants. Central government primary expenditures are recorded on an accrual basis and include transfers to other government units as well as all transfers to the public electricity sector. Interest payments, however, will be recorded on a due basis. Capital expenditure will include any in-kind capital expenditures defined as the externally financed investment projects (through loans and grants) in case they are not included in the execution of the budget.

The balance of the central government will be measured from below-the-line as the change in the central government's net financial position (assets minus liabilities). The net financial position of the central government includes: (a) non-bank central government debt, external and domestic, including debt with the IMF for budgetary support and short-term debt approved by the Ministry of Finance; (b) external and domestic bank borrowing (net of deposits), including deposits in the central bank; and (c) any other nonbank financing, domestic or external, including the net change in the stock of domestic and external arrears, including arrears to electricity distributors, and the sale of public assets. Domestic arrears of the nonfinancial public sector are defined as delays in the payment of contractual obligations beyond the grace period set in the respective loan or debt contract or 30 days in case the grace period is not specified. Capitalizations or purchases of equity in public companies will be treated as an above-the-line expenditure transaction. Privatizations and sales of public assets will be recorded below-the-line as offsetting financing items with no impact on the deficit. External debt flows (i.e., disbursements and debt service), will be converted to Dominican Republic pesos at the exchange rate of the day in which the transaction takes place.

The following uses of funds will not affect the deficit and will be recorded below-the-line: (i) clearance of central government domestic arrears incurred the year before; (ii) amortization of loans and bonds; (iii) bonds issued for the recapitalization of the Central Bank and Banco de Reservas; and (iv) other arrears with suppliers incurred in previous years. A memorandum

line in the information reporting the Central Government fiscal operations will report items (i) to (iv) in this paragraph.

In the event of a change in the central bank recapitalization law that affects interest payments from the central administration to the central bank, the target on the overall balance of the central government will be adjusted accordingly. Any decline (increase) in interest payments relative to the program value will result in a higher (lower) overall balance target by the same amount.

1. Targets on the Overall Balance of the Central Government

	Floor
	(In billions of RD\$)
Cumulative Balance (from December 31, 2008)	
End-September 2010 (performance criterion)	-95.8
End-October 2010 (program projection)	-96.5
End-November 2010 (program projection)	-98.6
End-December 2010 (performance criterion)	-102.3
Cumulative Balance (from December 31, 2010)	
End-January 2011 (program projection)	-5.0
End-February 2011 (program projection)	-9.9
End-March 2011 (performance criterion)	-14.9
End-April 2011 (program projection)	-17.0
End-May 2011 (program projection)	-19.2
End-June 2011 (performance criterion)	-21.3
End-July 2011 (program projection)	-23.5
End-August 2011 (program projection)	-25.7
End-September 2011 (performance criterion)	-27.9
End-October 2011 (program projection)	-29.7
End-November 2011 (program projection)	-31.6
End-December 2011 (performance criterion)	-33.5

B. Cumulative Floor on the Consolidated Public Sector Balance

The consolidated public sector comprises: (i) the operations of the nonfinancial public sector; and (ii) the quasi-fiscal operations of the central bank. The balance of the nonfinancial public sector comprises the overall balances of the central government (as defined before) and the rest of the nonfinancial public sector (municipalities, decentralized entities, social security entities, and public enterprises).

The rest of the nonfinancial public sector includes the following non-financial public enterprises: Corporación Dominicana de Empresas Eléctricas Estatales (CDEEE, including Empresa de Generación Hidroeléctrica Dominicana), Empresas Distribuidoras de Electricidad del Norte (EDENORTE), Empresas Distribuidoras de Electricidad del Sur (EDESUR), Empresas Distribuidoras de Electricidad del Este (EDESTE), Consejo Estatal del Azúcar, Corporación de Fomento Hotelero y Desarrollo Turístico, Corporación de Acueducto y Alcantarillado de Santo Domingo, Acueducto y Alcantarillado de Santiago, Acueducto y Alcantarillado de Moca, Acueducto y Alcantarillado de la Romana, Instituto Nacional de Aguas Potables y Alcantarillados, Corporación de Acueducto y Alcantarillado de Puerto Plata, Proyecto de la Cruz de Manzanillo, Instituto Postal Dominicano, Corporación Estatal de Radio y Televisión, Instituto Nacional de la Vivienda, Lotería Nacional, Autoridad Portuaria Dominicana, Refinería Dominicana de Petróleo.

The overall balance of the rest of the nonfinancial public sector will be measured from below-the-line as the change in the net financial position (assets minus liabilities) on the basis of changes in: (i) net domestic bank credit and deposits; (ii) domestic and external arrears, and (iii) external disbursements less amortizations.

The quasi-fiscal balance of the central bank included in the consolidated public sector balance is measured as all the administrative and financial revenues minus costs (including costs of monetary policy and interest on the central bank debt and operational expenditures). While it is not the policy of the government to change the BCRD recapitalization law, should such a change take place to reduce interest payments made by the Ministry of Finance to the BCRD, the program will be adjusted to reflect a lower interest bill for the central government and a higher quasi-fiscal deficit for the central bank in the same amount, so that the overall deficit of the combined public sector does not change. In this case, the target of the overall balance of the central government will be modified accordingly. Profits and losses arising from valuation changes of foreign currency denominated assets and liabilities will not be considered to determine the balance of the nonfinancial public sector. Financial revenues include earnings from the asset recovery as described below related to the transaction in support of the banking system during 2003-05 between the central bank and *Bancredito*, *Banco Mercantil* and *Baninter*.

Fiscal targets for 2010 will continue to be measured as cumulative floors from end-December 2008. Fiscal targets for 2011 will be measured as cumulative floors from end-December 2010.

The information to compute the overall balance of the nonfinancial public sector will be provided to the Fund by the central bank, based on information provided by the government's accounting office (expenditure) and various units of the Secretaría de Hacienda (revenue, nonbank domestic debt and arrears, external debt and arrears, and externally financed capital expenditure).

2. Targets on the Overall Balance of the Consolidated Public Sector

	Floor (In billions of RD\$)
Cumulative Balance (from December 31, 2008)	
End-September 2010 (performance criterion)	-133.0
End-October 2010 (program projection)	-135.9
End-November 2010 (program projection)	-140.1
End-December 2010 (performance criterion)	-147.0
Cumulative Balance (from December 31, 2010)	
End-January 2011 (program projection)	-7.2
End-February 2011 (program projection)	-14.3
End-March 2011 (performance criterion)	-21.5
End-April 2011 (program projection)	-26.2
End-May 2011 (program projection)	-30.9
End-June 2011 (performance criterion)	-35.6
End-July 2011 (program projection)	-40.2
End-August 2011 (program projection)	-44.8
End-September 2011 (performance criterion)	-49.5
End-October 2011 (program projection)	-54.2
End-November 2011 (program projection)	-59.0
End-December 2011 (performance criterion)	-63.8

The financial revenues included in the calculation of the quasi-fiscal balance of the central bank for the purposes of the program will be capped by the asset recovery limit on gains achieved by the central bank following the negotiation and litigations with *Bancredito*, *Banco Mercantil*, or *Baninter*. This will not affect the official accounting of the Central Bank.

For the purpose of adjusting the quasi fiscal deficit of the central bank of 2010, the values of the asset recovery will be measured as cumulative flows from September 2010 onwards. For the purpose of adjusting 2011, the values of the asset recovery will be measured as cumulative flows from December 2010. The transaction with *Bancredito* is capped at US\$40 million per year in 2010 and 2011 (as reverse provisioning). In case further liquid assets are recovered in the negotiation and litigation of *Bancredito*, *Banco Mercantil* or *Banniter*, or current assets are made liquid, the total additional current income that can be counted in the quasi-fiscal deficit of the period, including the reverse provisioning, will be subject to the limits in the table below.

3. Asset Recovery Limit

	(In millions of US\$)
Cumulative Balance (from December 31, 2009)	
End-September 2010	40
End-October 2010	47
End-November 2010	54
End-December 2010	60
Cumulative Balance (from December 31, 2010)	
End-January 2011	7
End-February 2011	14
End-March 2011	20
End-April 2011	27
End-May 2011	34
End-June 2011	40
End-July 2011	47
End-August 2011	54
End-September 2011	60
End-October 2011	67
End-November 2011	74
End-December 2011	80

C. Floor on Central Bank Consolidated Net International Reserves (NIR)

For program monitoring purposes, the consolidated NIR is defined as the difference between gross international reserves of the central bank and reserve liabilities, including debt of the Ministry of Finance with the IMF as follows:

Gross international reserves include claims against non-residents, denominated in foreign convertible currencies that are in the direct effective control of the central bank and are readily available for such purposes as foreign exchange market intervention. Such assets include gold (valued in dollars at end-2008 prices), cash, deposits abroad (excluding funds used as collateral for central bank or other nonfinancial public sector liabilities), holdings of SDRs, and the IMF reserve position.

Reserve liabilities include debt with the IMF, including that of the Ministry of Finance, and short-term (up to one year) foreign-currency-denominated liabilities, including commitments to sell foreign exchange from derivatives or other contracts, and other guarantees or contingent liabilities.

The consolidated NIR definition does not modify the central bank balance sheet accounting rules. The consolidated NIR as defined above differs from the NIR definition included in the previous 2005 Stand-By Arrangement that excluded reserve requirements on foreign currency deposits, and government and bank deposits in foreign currency as they were considered part of the reserve liabilities.

4. Targets on the Consolidated Net International Reserves

Outstanding Stock	Floor (In millions of US\$)
End-September 2010 (performance criterion)	1865
End-October 2010 (program projection)	1915
End-November 2010 (program projection)	1965
End-December 2010 (performance criterion)	2015
End-January 2011 (program projection)	1899
End-February 2011 (program projection)	1782
End-March 2011 (performance criterion)	1665
End-April 2011 (program projection)	1699
End-May 2011 (program projection)	1732
End-June 2011 (performance criterion)	1765
End-July 2011 (program projection)	1915
End-August 2011 (program projection)	2065
End-September 2011 (performance criterion)	1865
End-October 2011 (program projection)	2015
End-November 2011 (program projection)	2165
End-December 2011 (performance criterion)	2315

To meet this performance criterion at each relevant date, the 5-day average of daily consolidated NIR values must be above the floor. The 5-day average will be calculated on the basis of the last five working days of each relevant month.

Consolidated NIR targets will also be adjusted upward (*downward*) by the surplus (*shortfall*) in program disbursements up to US\$300 million. Program disbursements are defined as uncommitted external disbursements, and external sovereign bond issuance, that are usable for the financing of the overall central government budget (this includes the World Bank, IDB, CAF and external sovereign bond placements). For the purpose of adjusting the NIR in 2011, the values of the program disbursements will be measured as cumulative flows from December 2010.

5. External Program Disbursements

	(In millions of US\$)
Cumulative Flows (from December 2008)	
End-September 2010	1793
End-October 2010	1793
End-November 2010	1819
End-December 2010	1819
Cumulative Flows (from December 2010)	
End-January 2011	0
End-February 2011	0
End-March 2011	0
End-April 2011	0
End-May 2011	0
End-June 2011	500
End-July 2011	500
End-August 2011	500
End-September 2011	535
End-October 2011	535
End-November 2011	535
End-December 2011	698

D. Ceiling on Central Bank Net Domestic Assets (NDA)

Central Bank net domestic assets (NDA) are defined as the difference between the monetary base and Consolidated NIR, as defined above. For the purposes of the program the monetary base is defined as equivalent to *emisión monetaria*, which includes currency issue (currency in circulation plus cash in vault) plus peso reserve requirements held by financial institutions at the central bank.

To meet this performance criterion at each relevant date, the 5-day average of daily NDA values must be below the ceiling. The 5-day average will be calculated on the basis of the last five working days of each relevant month.

6. Targets on the Net Domestic Assets

Outstanding Stock	Ceiling (In billions of RD\$)
End-September 2010 (performance criterion)	65
End-October 2010 (program projection)	70
End-November 2010 (program projection)	75
End-December 2010 (performance criterion)	80
End-January 2011 (program projection)	80
End-February 2011 (program projection)	80
End-March 2011 (performance criterion)	80
End-April 2011 (program projection)	80
End-May 2011 (program projection)	80
End-June 2011 (performance criterion)	80
End-July 2011 (program projection)	80
End-August 2011 (program projection)	80
End-September 2011 (performance criterion)	80
End-October 2011 (program projection)	80
End-November 2011 (program projection)	80
End-December 2011 (performance criterion)	80

For accounting purposes, dollar accounts will be converted to *pesos* at the accounting exchange rate of RD\$36.5 per dollar.

NDA targets will be adjusted upward (*downward*) for any increase (*decrease*) in reserve requirement deposits (*encaje*) associated with peso deposits at the central bank. NDA targets will be adjusted downward (*upward*) by the surplus (*shortfall*) in program disbursements up to US\$300 million.

E. Cumulative Floor on the Current Balance of the Public Electricity Sector

The public electricity sector comprises: (i) Corporación Dominicana de Empresas Eléctricas Estatales (CDEEE); (ii) Empresa de Generación Hidroeléctrica Dominicana (EGEHID); (iii) Empresa de Transmisión Eléctrica Dominicana (ETED); (iv) Unidad de Electrificación Rural y Suburbana (UERS); (v) Empresas Distribuidoras de Electricidad del Norte (EDENORTE); (vi) Empresas Distribuidoras de Electricidad del Sur (EDESUR); and (vii) Empresas Distribuidoras de Electricidad del Este (EDESTE).

The overall balance of the public electricity sector will be measured from below-the-line as the change in the electricity sector's net financial position (assets minus liabilities). The net financial position of the public electricity sector includes: (a) transfers from the government to the electricity sector; (b) changes in arrears with electricity generators; (c) changes in the net credit of the banking system to the electricity sector companies; and (d) external disbursements to the electricity sector.

The current balance of the public electricity sector will be measured as the overall balance of the public electricity sector plus externally financed investment in the public electricity sector and the programmed domestically financed investment in the public electricity sector.

For the purpose of the program, domestically financed investment in the public electricity sector for 2011 will be capped at US\$ 60 million. In the event of domestically financed investment in the public electricity sector exceeding US\$ 60 million, the excess amount would be considered additional current deficit of the electricity sector.

Payment of arrears do not constitute deficit of the public electricity sector. In the event of clearance of arrears of the electricity sector by the Ministry of Finance, the transaction will be recorded as a net transfer from Ministry of Finance and a corresponding reduction in arrears without any effect on the below-the-line deficit of the public electricity sector or the central administration.

It is expected that priority clients (no-cortables) and municipalities (ayuntamientos) will cover their electricity bills through the budget, and that all Bonoluz bills will be paid by clients.

7. Targets on the Current Balance of the Public Electricity Sector

	Floor
	(In millions of US\$) 1/
Cumulative Balance (from December 31, 2009)	
End-September 2010 (program projection)	-445
End-October 2010 (program projection)	-498
End-November 2010 (program projection)	-551
End-December 2010 (program projection)	-604
Cumulative Balance (from December 31, 2010)	
End-January 2011 (program projection)	-26
End-February 2011 (program projection)	-51
End-March 2011 (performance criterion)	-77
End-April 2011 (program projection)	-100
End-May 2011 (program projection)	-122
End-June 2011 (performance criterion)	-145
End-July 2011 (program projection)	-177
End-August 2011 (program projection)	-209
End-September 2011 (performance criterion)	-242
End-October 2011 (program projection)	-278
End-November 2011 (program projection)	-314
End-December 2011 (performance criterion)	-350

1/ Value each flow monthly at the exchange rate of the corresponding month.

F. Ceiling on the Accumulation of Arrears of Public Electricity Distributors with Generators

The government will regularize any outstanding domestic arrears (as defined in section IA above) with private electricity generators using the available financial mechanisms and will remain current on its obligations. Arrears to private energy generating companies are defined as the balance of current invoices for energy sales to electricity distribution companies for which no payment has been made within 45 days following the contractual due date.

In the event the Ministry of Finance covers payments of arrears which are within 45 days from the contractual due date, these payments will not constitute deficit of the electricity sector. The transaction will be recorded as a net transfer below the line from the Ministry of Finance to the public electricity sector and as a corresponding reduction in arrears without any effect on the below-the-line deficit of the electricity sector or the central administration. In this case the arrears performance criterion will be modified and measured with zero days (i.e., no delays).

G. Continuous Ceiling on the Gross Accumulation of Public Sector External Arrears

The central government and any other entity of the nonfinancial public sector, as defined above, as well as the central bank, will not incur new arrears in the payment of their external obligations at any time during the program. Arrears are defined as a delay in the payment of contractual obligations beyond the grace period set in the respective loan or debt contracts or 30 days in case the grace period is not specified.

II. Information Requirements

To ensure adequate monitoring of economic variables and reforms, the authorities will provide the following information:

A. Daily

- Deposits in the banking system, exchange rate in the official and free markets, interest rates on bank loans and deposits, Consolidated NIR, currency in circulation, deposits held by financial institutions at the central bank, excess reserves of the banking sector in local and foreign currency, liquidity assistance to banks, central bank certificates, and all other remunerated liabilities of the central bank. These data will be provided with a lag of no more than 5 working days.
- Deposit of, and liquidity assistance to, troubled institutions, by institution.
- Central bank purchases and sales of foreign currency.
- Central bank intervention operations in domestic currency, including results of auctions of central bank paper (interest rates, details of bids, including minimum and maximum rates, volumes, and maturities).

B. Monthly

- Tax collection and expenditure of the central government, with a lag of no more than two weeks after the closing of each month.
- Starting in September 2009, revenue, expenditure, and financing of the nonfinancial public sector, including decentralized agencies and public enterprises of the previous

month. These data, and all other data required to assess the performance criteria on the overall balance of the consolidated public sector as specified in Section I.B, will be provided with a lag of no more than five weeks.

- Saving-investment account of the central government.
- Net financial position of the central government (as defined in section I.A.) with a lag of no more than two weeks after the end of each month.
- Central government's domestic interest, contractually due in the period and effectively paid, with a lag of no more than two weeks after the end of each month.
- Authorizations and stock of administrative debt, including the economic classification of the expenditure that has been financed with such debt, with a lag of no more than two weeks after the end of each month.
- Value of outstanding checks issued by the Treasury with a lag of no more than two weeks after the end of each month, starting in September 2009.
- Legal measures that affect the revenue of the central government (tax rates, import tariffs, exemptions, etc).
- In-kind capital expenditure statistics.
- Balance sheet of the central bank, including the net domestic assets as specified in Section I.D, *Banco de Reservas*, and deposit money banks (cable file), will be provided with a lag of no more than two weeks.
- Balance sheet of the central bank excluding operations related to the recapitalization of the central bank and quasi fiscal.
- Quasi-fiscal balance of the central bank.
- Stock of central bank certificates, notes and bills each by type of holder.
- Maturity of certificates, detailing amortizations in the following 12 months (i.e., following the end of the current month).
- Public external debt service for the preceding month and revised monthly projections for the forthcoming year, with a lag of no more than two weeks.
- Monthly external public disbursements and revised monthly projections for the forthcoming year, with a lag of no more than two weeks.
- Monthly contracting of external public debt and monthly stock of contracted, but not disbursed external public debt, with projections of the stock of debt contracted, but not disbursed for the forthcoming year.
- Foreign exchange cash flow of the central bank (la balanza cambiaria).
- Electricity sector collections, losses, cash recovery index and central government transfers to the electricity sector, according to the following definitions: Collection

rate: is defined as the ratio between the electricity invoices effectively paid (collected) and electricity invoices issued by electricity distributors in any given period. Loss rate: is defined as the ratio between electricity lost and electricity purchased by electricity distributors in any given period. Electricity lost is the difference between electricity invoiced and electricity purchased. Central government transfers to the electricity sector: is the sum of all transfers to the sector from the central government, including remaining PRA subsidies, FETE (*Fondo de Estabilización de la Tarifa Eléctrica*) and transfers to electricity companies, and all payments related to Bono Luz. The CDEEE will provide on a monthly basis (with a maximum 21-day lag) information on the arrears of the immediate past month that CDEEE and other distributors accumulate with the generation companies on energy purchases and transmission fees.

- The CDEEE will provide current information on electricity tariffs at the beginning of each month (with a maximum 10-day lag) or at any moment the tariff changes, including 43 prices and fees related to different consumption brackets, of which 13 are fixed fees related to the types of client, 7 are fixed fees related to power and 23 are prices related to energy.
- Monthly net credit of the banking system to the companies of the public electricity sector.
- Monthly investment in the public electricity sector specifying total domestically financed investment and externally financed investment.
- Price of each fuel as set in the contracts for the purchase of electricity by each distributor and CDEEE from each producer for the next 6 months for coal and 3 months for other fuels.
- Purchases of electricity by each of the three distributors and CDEEE from each generator. This includes quantity of electricity purchased (in KWh) and the unit price of each fuel charged by type of fuel and the quantity used in electricity generation. In addition report the quantity and unit price of electricity purchased by each distributor and CDEEE in the spot market.

C. Quarterly

- Revised balance of payments outturn for the preceding quarter and quarterly projections for the forthcoming year, with a lag of no more than four weeks.
- Revised estimates of the stock of short-term and medium- and long-term public external debt, by creditor, at the end of quarter, with a lag of no more than four weeks.

- Stock of public sector domestic debt, including public sector debt in the electricity sector.
- Stock of *avales* and any other guarantees or contingent liabilities of the public sector.
- Revised estimates of the quarterly disbursements, debt service and stocks of short-term and medium- and long-term private external debt, by debtor, at the end of quarter, with a lag of no more than two weeks.
- Stock of public external late payments and arrears (program definition), by debtor and creditor, with details on new arrears incurred in the last month and clearance of old arrears, with a lag of no more than 5 working days.
- Stock of domestic arrears, starting with figures for December 2008, with details on new arrears incurred in the period and clearance of old arrears.