

International Monetary Fund

[Democratic Republic of São Tomé and Príncipe](#) and the IMF

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

Press Release:

[IMF Executive Board Completes First Review of São Tomé and Príncipe's Three-Year PRGF Arrangement and Approves US\\$600,000 Disbursement](#)
March 7, 2006

February 9, 2006

The following item is a Letter of Intent of the government of the Democratic Republic of São Tomé and Príncipe, which describes the policies that the Democratic Republic of São Tomé and Príncipe intends to implement in the context of its request for financial support from the IMF. The document, which is the property of the Democratic Republic of São Tomé and Príncipe, is being made available on the IMF website by agreement with the member as a service to users of the [IMF](#) website.

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São Tomé, February 9, 2006

Mr. Rodrigo de Rato
Managing Director
International Monetary Fund
Washington, D.C. 20431

Dear Mr. de Rato:

1. This letter and the attached Memorandum of Economic and Financial Policies (MEFP) supplement the letter of intent dated June 30, 2005, and the MEFP of June 2005. The attached MEFP reviews economic developments and policy implementation in 2005. It also sets out the policies that our government intends to implement in 2006 in order to achieve the program objectives. The policy framework for next year is consistent with the macro stabilization and structural reform pursued under the Poverty Reduction and Growth Facility (PRGF) arrangement that was approved by the IMF Executive Board on August 1, 2005. Subject to continued satisfactory performance under the PRGF-supported program and implementation of other applicable conditions, we hope that São Tomé and Príncipe will attain the completion point under the enhanced HIPC Initiative around mid-2006.

2. The government of São Tomé and Príncipe has made progress in increasing revenue and controlling the growth of nonpriority spending to make room for increased poverty-related spending, strengthening public expenditure management, and using appropriate monetary policy to contain inflation despite a large increase in international oil prices which was fully passed-through to domestic consumers. Looking forward, the policies set out in the attached memorandum, together with a continuing implementation of the government poverty reduction strategy (*Estratégia Nacional para Redução da Pobreza*; PRSP), aim at solidifying these gains. The performance criteria and benchmarks for end-June 2006 related to the fourth disbursement scheduled for mid-November 2006, as well as the indicative targets for end-March, end-September, and end-December 2006, are set out in Tables I.1 and I.2 of the MEFP. Our intention is to establish end-December 2006 quantitative performance criteria related to the fifth disbursement, scheduled for mid-May 2007 and subject to the fourth review, at the time of the third review scheduled for November 2006, when a new government—following the scheduled parliamentary elections in March 2006—is fully abreast of the economic situation and ready to ratify the policy commitments under the PRGF-supported program.

3. In support of our objectives and policies, the government of São Tomé and Príncipe hereby requests the completion of the First Review and the disbursement of the second tranche under the PRGF in an amount equivalent to SDR 0.423 million, equivalent to 5.7 percent of quota. In strengthening its overall economic program, the government will continue with a steadfast implementation of the program understandings and resolute efforts

to seek additional donor support, as it was done on the occasion of the donor roundtable held in Brussels, under UNDP's auspices, on December 6, 2005.

4. The government of São Tomé and Príncipe will provide the Fund with such information as the Fund may request in connection with the progress made in implementing the economic and financial policies and achieving the objectives of the program.

5. The government of São Tomé and Príncipe believes that the policies and measures set forth in the attached MEFP are adequate to achieve the objectives of the 2006 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 of São Tomé and Príncipe will consult with the Managing Director 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.

6. The government intends to make the contents of this letter and those of the attached MEFP, the technical memorandum of understanding (TMU), and the staff report for this review and the 2005 Article IV consultation, available to the public. In this regard, it authorizes the IMF to arrange for them to be posted on the Fund's website, subsequent to Board completion of the review and conclusion of the 2005 Article IV consultation.

7. We can assure you, Mr. Managing Director, that the government of São Tomé and Príncipe is determined to fully implement the program and we hope we can count on the continued support of the Fund in our endeavors.

Sincerely yours,

/s/

Maria do Carmo Trovoada

Prime Minister and Minister of Planning and Finance

Attachments: Memorandum of Economic and Financial Policies for 2006
Technical Memorandum of Understanding

São Tomé and Príncipe: Memorandum of Economic and Financial Policies for 2006

February 2006

I. INTRODUCTION

1. This Memorandum of Economic and Financial Policies (MEFP) supplements that of June 2005, as well as the letter of intent dated June 30, 2005. It describes (i) performance under the PRGF-supported program up to September 2005, (ii) progress vis-à-vis the December 2005 program targets, and (iii) the government's economic program for 2006. The thrust of the policies embodied in this MEFP is consistent with the medium-term strategy underpinning the three-year arrangement under the PRGF, which was approved by the IMF's Executive Board on August 1, 2005. Subject to continued satisfactory performance under the PRGF-supported program and implementation of other applicable conditions, we hope that São Tomé and Príncipe will attain the completion point under the enhanced HIPC Initiative around mid-2006.

II. PERFORMANCE UNDER THE 2005 PROGRAM

2. During 2005, macroeconomic developments have been broadly satisfactory despite a worsening of the external environment. Leading indicators on the real economy are up: nonoil commodity imports increased by 30 percent between January and August 2005, compared with the same period a year ago, and electricity consumption increased by 13 percent during the same period. Also, the programmed increase in the monthly minimum wage from US\$31 to US\$40 dollars in late-July has kept aggregate demand buoyant. At the same time, however, the large increase in international oil prices registered this year has put pressure on domestic inflation, as these price increases were passed-through to domestic consumers. The (end-period) annual inflation rate for 2005 is currently projected to increase from 15.2 percent in December 2004 to 17 percent in 2005. Our assessment is that at least two percentage points in the current inflation rate are explained by rising international oil prices in the first half of 2005. Electricity tariffs were also increased significantly on November 1, 2005, to address the difficult financial position of the water and electricity company (EMAE). To keep inflation in check and strengthen our program's policy credibility, the Central Bank of São Tomé and Príncipe (BCSTP) increased its reference interest rate from 14.5 percent to 18.2 percent in September 2005. An increased frequency of the foreign exchange auctions during November and December 2005 has also helped to satisfy uphold demand for foreign exchange by relatively large importers, effectively tightening base money at the end of the year. In our view, these monetary policy measures, should lower inflation expectations and deliver a decline in average monthly inflation rates in 2006, consistent with the inflation rate assumed under the program for that year. The tight fiscal stance projected through the end of 2005 should also help arrest aggregate demand pressures in the near-term: the domestic primary deficit is projected at 14 percent of GDP by end-2005, compared with deficit of 17.5 percent of GDP under the PRGF-supported program.

3. Performance under the PRGF-supported program has been satisfactory. All quantitative performance criteria were observed for end-September 2005. All the structural performance criteria and three structural benchmarks were also met by their scheduled date. This included, notably, the submission to the National Assembly by end-July 2005, of new tax codes on personal and corporate taxation, a new investment code leveling-off the ground for domestic and foreign investors, and new tax administration and tax procedural codes. However, the submission to the National Assembly of legislation criminalizing money laundering and financing of terrorism (structural benchmark for end-September 2005) is still pending while related pieces of legislation are updated. Our plans are to expedite the legislation-updating required during 2006, with a view to submit the legislation to the National Assembly by end-December 2006.

III. THE MACROECONOMIC FRAMEWORK FOR 2006

4. The macroeconomic outlook is favorable, particularly following the awarding of five additional oil fields located in the zone jointly operated with Nigeria and the rapid progress expected in the completion of the corresponding Production Sharing Agreements (PSAs) with the selected field operators. With respect to Block 4, the expectation is that a new oil consortium would soon be formed following the recent unexpected withdrawal from the group of the selected company to operate the block. Our assessment is that the economy's medium-term growth outlook has improved dramatically. The main challenge for policymakers being the need to secure an orderly transition from the low levels of domestic consumption to those consistent with a fully developed oil sector. Oil revenue in the pre-production period will remain in the form of oil signature bonuses paid by field operators, while the tax regime embodied in the PSAs would determine the government's oil receipts when production starts around 2012/13.

5. Social demands for an increased—and prompt—delivery of basic public services remain unabated. A recent outbreak of cholera in São Tomé highlights the weaknesses of our health services, including the supply of minimum sanitary standards for potable water, as well as shortages with the provision of medical services for those affected by the disease. Social tensions have also been accentuated in recent months among rural population suffering from inadequate roads and infrastructure to access cities. In this context, our view is that these social needs should be a reference benchmark from which to devise and implement economic policies throughout.

6. The 2006 macroeconomic framework is based on gradually accelerating economic growth and declining inflation supported by continued prudent macroeconomic policies and further progress with structural reforms. Real GDP growth is projected to increase from 3.8 percent in 2005 to 4.5 percent in 2006, reflecting fresh initiatives in the infrastructure sector consistent with the implementation of the government's PRSP. This increase is also attributed to private sector investments such as in construction, banking, and trade services, in anticipation of strong growth in the domestic oil sector. Thanks to a prudent monetary policy, inflation is expected to decline from 17 percent in 2005 to 13 percent in 2006. Given the projected private investment, as well as the still-high oil import prices, the external

current account deficit (including transfers) will remain large, at an equivalent of about 33 percent of GDP. International reserves (excluding the National Oil Account) will remain above three and a half months of imports of goods and services, and will be equivalent to about 150 percent of base money by end-December 2006. Assuming completion point under the Enhanced HIPC initiative by mid-2006, the country's debt service ratios would decline drastically from 56 percent of exports of goods and services in 2005 to 16 percent in 2006. The implementation of the Multilateral Debt Relief Initiative would further improve São Tomé and Príncipe's debt service ratios after reaching HIPC completion point.

7. Since the debt rescheduling agreement—on Cologne terms—concluded with Paris Club creditors in September 2005, São Tomé and Príncipe has cleared its arrears with the Paris Club creditors. The signature of bilateral agreements with Paris Club creditors is expected to be concluded by April 1, 2006. With respect to its debt to non-Paris Club bilateral creditors, São Tomé and Príncipe will soon start contacting creditors to negotiate debt restructurings in comparable terms to those included in the Paris Club agreement. Our assessment is that the regularization of debts with non-Paris Club countries will only take place in 2006. Under these circumstances, the US\$1.3 million appropriated in the 2005 budget for this debt settlement would remain in an escrow account held by the government at the Central Bank of São Tomé and Príncipe (BCSTP), until payment of these external obligations is made.

A. Fiscal Policy

8. The fiscal stance during 2006 will be in line with the program supported by the PRGF arrangement, while taking into account recent developments in the oil sector and building upon the various tax measures implemented in 2005. The budget will incorporate part of the second round of oil bonuses concluded in May 2005, with the bulk of the bonus receipts being accumulated in the government's National Oil Account at the BCSTP. The utilization of the oil bonuses will cover projected shortfalls in foreign assistance and the termination of short-term foreign borrowing to finance government spending. Calibration in the use of the bonuses will permit an increase in pro-poor investment outlays consistent with the government's PRSP and will seek to avoid bottlenecks in terms of absorptive capacity. Specifically, the domestic primary deficit will increase from about 14 percent of GDP in 2005 to 15.2 percent in 2006, on account of increased priority spending consistent with the government's PRSP. The composition of total government expenditure will shift in favor of priority spending. Total capital expenditure plus HIPC spending is expected to increase by roughly 7 percentage points of GDP, while current expenditure (excluding budgetary allocations for the holding of parliamentary, regional, and presidential elections) will be decline somewhat as a share of GDP between 2005 and 2006.

9. Total budget revenues (excluding grants and the oil signature bonus receipts) are expected to reach dobras 285.6 billion (i.e., 32.1 percent of GDP, compared with 30.2 percent in 2005), of which dobras 237.6 billion are tax revenues and dobras 48.1 billion are nontax revenues. Attainment of the tax revenue targets for 2006 will be supported by a number of policy initiatives:

- The full year effect of the tax measures introduced in late 2005--this includes notably the increase in the excise tax levied on services from 2 to 5 percent, and the termination of the deduction on the excise duty charged on domestically-produced beer. Energy taxes will also increase on account of a more depreciated average exchange rate vis-à-vis 2005, and still high international oil prices.
- Legislation is currently in place to expedite the settlement of tax arrears on corporate and individual income taxes while tackling tax evasion. In particular, for the case of tax arrears accumulated through end-December 2003, settlement with the budget can now be done in up to 18 consecutive monthly tranches rather than requiring a full lump sum payment of the tax liability, as it is currently required by the law. We expect the measure to yield about dobras 1.5 billion through end-June 2006 and dobras 4.0 billion through end-2006 (or 0.45 percent of GDP). To the extent that the end-June target of dobras 1.5 billion fails to materialize, the government will activate, in absence of additional revenue measures, expenditure cuts in consultation with the Fund.
- The reformulation of existing customs procedures with a view to increase the tax base and the effective taxation rate at customs. Currently, many aspects of the Customs Law (*Codigo Aduaneiro*), and customs procedures and accounting practices date back to the colonial times, thus highlighting the need for reform. Accordingly, it is the government's intention to approve and submit draft proposals to the National Assembly by end-June 2006 (structural benchmark) to revise the Customs Law, the customs' organic law (*Estatuto das Alfandigas*), and the General Code on Customs Infractions (*Regime Geral das Infracós Aduaneiras*).
- A strengthening of customs services through better surveillance capacity and an increased number of random inspections of importers' warehouses. The improved customs services will be financed by technical assistance provided by the Millennium Challenge Corporation under its Threshold Program with São Tomé and Príncipe.

10. The effort to control current expenditure is continuing—particularly the wage bill, which will decline marginally as a share of GDP between 2005 and 2006. This objective will be achieved by pursuing a strict management of the payroll through the activation of the civil servants' register that has been recently developed in consultation with the UNDP. Following the sizeable wage increase of July 2005, any further wage increases—consistent with the program's overall wage bill—will only be implemented in the second half of 2006, once a new government is in place. This policy should provide an additional degree of freedom to the new administration, while safeguarding the program's overall spending envelope for 2006. With regard to nonwage expenditure, the government is planning to make savings in several fronts to compensate for new spending connected with the holding of parliamentary, regional, and presidential elections, all of which are scheduled for next year. Despite increases in fuel and electricity prices, expenditure in goods and services will be reduced by 0.7 percentage points of GDP in 2006 on account of expenditure controls across-the-board.

The projected increase in other expenditure, from 3.5 percent of GDP in 2005 to 4.6 percent in 2006, reflects outlays on three general elections scheduled for 2006, with a total cost to the budget of US\$1 million (i.e., equivalent to 1.4 percent of GDP or US\$2.2 dollars per capita cost, per election).

11. The 2006 budget targets an increase in the investment envelope financed by the government's own resources and HIPC (i.e., poverty related) spending. A number of pro-poor investment projects in agriculture and fisheries have been already prioritized and costed in the context of the PRSP implementation program. Regarding HIPC spending, the challenge from the authorities will be to strike a balance between three competing objectives: (i) a timely compliance with the country's external debt service obligations, particularly following a long period of customary accumulation of debt service arrears, (ii) execution of new poverty-related spending mandated under the HIPC initiative, and (iii) the maintaining of a hard budget constraint for the government (i.e., the level of the domestic primary deficit).

12. As a consequence of this fiscal policy, including the partial utilization of oil signature bonuses and the rescheduling agreement with the Paris Club, net domestic financing of the government in 2006 (excluding the accumulation of deposits in the National Oil Account) will be negative and equivalent to 0.5 percent of GDP. The accumulation of government deposits with the central bank mainly reflects appropriations for poverty-related projects identified under the HIPC initiative, but which are yet to be utilized depending on the outlook for the budget deficit and the preparation of project proposals that could be financed by HIPC resources.

13. To secure compliance with our program's targets for the domestic primary deficit and the domestic primary expenditure, the government will reinforce its expenditure/cash management system underpinning the quarterly projections of government revenue. Specifically, expenditure commitments will be prioritized in line with expected revenue. This approach will allow the Budget Directorate at the Ministry of Planning and Finance to better identify and monitor the seasonality/delays in revenues, grants, and major nontax revenue items (such as fishing licenses, for example), and adapt the expenditure path accordingly.

B. Monetary and Exchange Rate Policy

14. Monetary policy will aim at reducing inflation to 13 percent by end-2006. Our economic program will keep inflation in check through ceilings on the expansion of the BCSTP's net domestic assets, banking sector credit to the government, and a restrained government expenditure path, against the background of a managed floating exchange rate regime. For end-2006, the stock of net domestic assets of the BCSTP and banking sector credit to the government (excluding the National Oil account) will be negative and limited to dobras 123.1 billion and dobras 13.3 billion, respectively, while the floor on the stock of net international reserves (NIR) of the BCSTP will be set at US\$19.8 million. This floor should allow end-2006 gross international reserves (excluding the National Oil Account and guarantee deposits of banks pending operating licenses) to remain at 3.5 months of imports of goods and services and above 150 percent of base money throughout the year. The

monetary program assumes a broadly stable velocity of money, which is consistent with broad money growth projected at 16.1 percent. This, in turn will be consistent with a slowdown in private sector credit growth of 19.8 percent in 2006, while safeguarding the banking sector's net external position.

15. During 2006, monetary policy will also aim at buttressing the pre-conditions for successful monetary targeting. Currently, the only central bank instrument to significantly regulate monetary aggregates is the sale of foreign exchange. It is for this reason that our program fast-tracks the development of indirect monetary instruments—in line with technical recommendations from the Fund's Monetary and Financial Systems Department (MFD)—which would provide additional instruments to simultaneously target the central bank's NIR and the growth of base money which, in our view, is an important determinant for inflation behavior in the economy. Consistent with this strategy, we have decided to closely monitor base money in our 2006 program.

16. In the meantime, however, the government remains committed to an active monetary policy and will reassess the monetary stance and take actions as needed. The BCSTP's position is that the central bank reference rate should be kept above the inflation rate. Also, depending on the outlook for inflation, the BCSTP will continue to address liquidity concerns through central bank intervention in the foreign exchange markets, as well as appropriate changes in banks' reserve requirements, and/or the issue of liquidity absorbing instruments, such as central bank certificates of deposit (CDs). Coordination of fiscal and monetary policies will also be enhanced in 2006 through regular meetings between the BCSTP and the Ministry of Planning and Finance aimed at forecasting liquidity constraints in the week(s) ahead.

17. The BCSTP will also continue to work closely with MFD regarding the implementation of the technical assistance recommendations in the areas of: (i) banking supervision, (ii) development of interbank money markets, and (iii) foreign exchange auctions. The scope and timing of the foreign exchange auctions will be consistent with the NIR targets set under the program.

18. The BCSTP remains committed to the continuation of the existing managed float exchange rate arrangement, which has allowed the monetary authority to appropriately address the volatility of external inflows and outflows in a context of limited nominal wage flexibility.

C. External Sector Policies

19. During 2006, our government will continue to assess major trade policy issues affecting the economy and further strengthen external debt management. However, in assessing São Tomé and Príncipe's participation in bilateral and regional trade arrangements, the government will be mindful of the impact of these memberships on domestic tax revenue collections.

20. With a view of increasing the tax base and improving customs tax collections, the government has submitted draft legislation to the National Assembly abolishing customs duties exemptions granted to public institutions on imports of raw materials and capital equipment. Tariff exemptions would only remain for grants in kind received by the government. Legislation is also under review by parliament to limit ad hoc customs tax exemptions granted on imports of goods and vehicles by political parties during the pre-election campaign. In addition, during 2006, the government will conduct a survey of existing ad hoc customs exemptions with a view to their gradual elimination during the coming years, except for those exemptions contemplated in international agreements. The spirit of this review would be to make legislation consistent with the new investment law currently under consideration by the National Assembly (see paragraph 24, point e, below).

21. The lasting non-tariff barrier related to the privately-managed (though partially state-owned) telecommunications company (CST) will be eliminated by end-December 2005. Existing regulations protecting CST from competition will expire on that date, opening the sector to new operators. Bidding rounds for different telecommunications services will only start in the second half of 2006, once the sector's regulatory body finalizes all the legislation required for this endeavor as well as the technical analysis and guidelines required for an effective functioning of the telecommunications sector.

22. The government is committed in accepting Article VIII, Sections 2(a), 3, and 4 of the Fund's Articles of Agreement in the near future, and will continue working closely with the Fund's Legal and Monetary and Financial Systems departments to review the relevant laws and regulations. A mission from the IMF visited São Tomé in early-December 2005 to follow-up on these issues.

23. In order to continue improving its external debt management capacity, the Government of São Tomé and Príncipe will install the Commonwealth Secretariat debt recording management system (CS-DRMS) and train the appropriate staff. This will allow the debt unit at the Ministry of Planning and Finance to record all debt transactions and improve debt service programming as well as serve as basis for debt management decision making and analysis. The project is expected to be completed by end-2006 (structural benchmark).

D. Structural Reforms

24. The government is committed to building upon current structural reforms, which are critical to enhancing efficiency in fiscal management and stimulating private sector participation in the economy. Some of these measures are also critical to fulfill the floating completion trigger points under the HIPC initiative. In this regard:

- a. A comprehensive strategy has been launched to fundamentally improve the financial position of the water and electricity company (EMAE). Key areas of reform include: (i) in line with a resolution (*despacho*) from the Ministry of Infrastructure, dated October 30, 2005, the phasing-in of an electricity tariff increase, during a six-month period starting November 1, 2005, up to 33 percent

in the case of individuals and 60 percent in the case of public administration and businesses (e.g., public and private enterprises, international organizations, and parastatal); (ii) the recent establishment of judicial procedures to settle outstanding payments arrears of large electricity customers to EMAE; (iii) completing the installation of pre-paid electricity metering systems in designated urban locations in April 2006 (structural benchmark); (iv) implementation of a computerized clients' information management system that was developed in December 2005; and (v) the adoption, by end-September 2006, of a sectoral strategy with a view to address, inter alia, the development of suitable infrastructure for electricity production, transportation, and distribution, as well as business modalities to secure dynamic private sector participation in the sector (structural benchmark). In assessing potential public investment for the sector, the government will be mindful of the need to secure concessional financing to avoid exacerbating the already high external indebtedness.

- b. A fully integrated, computerized budget and public expenditure management system (SIGFE), developed with assistance from the World Bank, is slated to replace the existing system by end-December 2006 (structural performance criterion). This timing will secure that this accounting system: (i) is tested and operated in parallel with the current reporting system and (ii) is in place for the 2007 budget cycle.
- c. The government reaffirms its intention to support the growth of private sector entrepreneurship. In consultation with the World Bank, work is progressing regarding the preparation of terms of reference for the conduct feasibility studies on the public enterprises administering the airports (ENASA) and seaports (ENAPORT). Under the circumstances, however, we will not be able to complete those feasibility studies by end-December 2005 (structural benchmark), as initially programmed. A new deadline for the completion of these studies could be possibly set during the next program's review mission.
- d. Necessary actions have been undertaken to improve the business climate in the country. Specifically, by end-January 2006, the government will review the legislation that legalizes businesses only after the company's statutes are published in the national journal (*Diario da Republica*). At the same time, in an effort to support private entrepreneurship and divulgate best practices to reduce the administrative burdens on start-ups, the government along with the World Bank International Financial Corporation, plans to address ways to modernize the business registration process. This includes the advisability of implementing a one-stop-shop for business registration, reduce informality in the economy, and disseminate information to the general public. Also progressing is the setting of the legal basis to establish tribunals of arbitration to handle business litigation and contract matters. By end-January 2006, the government will submit to parliament a draft law for the judicial sector (*Lei Base do Sistema Juridico*) that includes regulations on the establishment of these type of tribunals. Also, the government

has prepared a detailed draft law on tribunals of arbitration (*Proposta de Lei de Arbitragem Voluntária*) defining the rules of engagement, scope, and responsibilities of those tribunals. It is the government's intention to submit this draft legislation to the National Assembly in February 2006.

- e. Approval of critical tax legislation by the National Assembly will take place in two stages during 2006. This legislation was submitted to the National Assembly in the context of the government's 2005 program. The first stage, possible covering through end-March 2006, will include the approval of a new investment code that provides equal treatment to domestic and foreign investors and limits the granting of any tax breaks and exemptions. A new tax code (*Codigo General Tributario*), a new tax procedural code (*Codigo de Procedimiento Tributario*), and new guidelines on urban property taxation will also be approved during this first stage of implementation. The second stage will cover the National Assembly's approval of new codes for personal and corporate taxation, and new legislation on inheritance taxes and taxes on transfers of fixed assets (*SISA*). Significant technical work in consultation with the Fund staff is still underway, given the relevance of these taxes in total tax collections and the potential revenue loss from any drastic reduction in current rates.

E. Transparency and Good Governance

25. Our government remains committed to strengthening governance and transparency in the management of government resources. The government notes that a formal request has been recently submitted to the Joint Development Agency (JDA) recommending the prompt publication of the PSA on Block 1 signed between the JDA and the selected oil field operator. Also, in support of the rule of law, the government has recently issued an formal declaration ratifying the Supreme Court's ruling that nullified the telecommunication license granted to a second national operator granted in 2004, due to irregularities in the selection process and inconsistencies of this operating permit with the existing provision granted to CST under the existing telecommunications concession agreement (see paragraph 21 above). In addition, the BCSTP has posted in its internet website the external audit of its 2003 and 2004 financial statements, as agreed in the context of the safeguards assessment of the BCSTP conducted by the Fund's Finance department in early 2004. Publication of the audited financial statements will become the norm for the central bank from now on.

26. For 2006, envisaged policies consistent with the government's PRSP include:
- a. The regular updating of the newly-established internet website of the National Petroleum Agency (ANP), with a view to publicize and update all relevant information related to the oil sector on a regular basis.
 - b. The launching of a thorough reform of the internal oversight/auditing of the financial operations of the central government, public enterprises, and local authorities, performed by the Inspectorate-General of Finance (IGF). As a first step, by end-March 2006, the government will amend the laws defining internal control and administrative regulations governing the IGF's actions (structural benchmark). Also, by end-June 2006, the government will establish a database to record and monitor follow-up actions of problems identified by the IGF in each inspected sector, including the applicable sanctions and penalties (structural benchmark).
 - c. In cooperation with the World Bank, our government is developing an implementation manual/handbook of the Oil Revenue Management Law of December 2004, which should be divulgated to the population and posted on the internet websites of the National Assembly and the National Petroleum Agency (ANP) by March 2006. The main goal is to identify the administrative bodies that are needed to secure an effective implementation of the letter and spirit of the Law. In addressing this goal, however, the government will remain mindful of the need to strike a balance between a growing bureaucracy and the need to secure transparency and accountability in the management of oil revenue.
 - d. In cooperation with the Fund's Legal and Monetary and Financial Systems departments, our government will continue reviewing related pieces of legislation to establish a legal framework criminalizing money laundering and the financing of terrorism. Our target is to develop an action plan on the technical steps required for a successful submission of the referred legislation to the National Assembly by end-December 2006. Prospective technical support from USAID to the Prosecutor General's office will also be instrumental in this endeavor.

IV. PRSP AND HIPC INITIATIVE

27. Our government remains committed to a thorough implementation of São Tomé and Príncipe's PRSP. We intend to submit the first PRSP annual progress report to the Bretton Woods institutions by mid-February 2006. In this regard, the government is working in close collaboration with main donors and civil society to finalize this report as planned.

28. The government is also working in close conjunction with development partners to advance preparations for reaching the HIPC completion point by mid-2006. These tasks

include the fulfillment of the floating completion triggers and data compilation work required for the preparation of a comprehensive Debt Sustainability Analysis by the staff of the World Bank and the IMF in February 2006.

V. PROGRAM MONITORING FOR 2006

29. **Technical Memorandum of Understanding (TMU).** The program will be monitored using the definitions, data sources, and frequency of monitoring set out in the accompanying TMU. The definition of the central bank's net international reserve position (NIR), net domestic assets of the central bank, and banking system net financing to the central government in the TMU reflect the fact that São Tomé and Príncipe's National Oil Account was established with the central bank on behalf of the government, rather than with a foreign custodian bank selected by the government, as it had been initially assumed under the PRGF-supported program. The National Oil Account is properly identified within the central bank accounts, allowing for a transparent management of the oil resources. The government will make available to the Fund all necessary data, appropriately reconciled and on a timely basis, as specified in the TMU.

30. **Performance criteria.** Table I.1 shows the quantitative performance criteria set for end-June 2006. Structural performance criteria and benchmarks for 2006 with corresponding dates are identified in Table I.2. In addition, the nonaccumulation of external payment arrears (as defined in the TMU) will constitute a continuous performance criterion, as will the standard injunctions against imposing or intensifying restrictions on current payments, introducing or modifying multiple currency practices, concluding bilateral payments agreements that are inconsistent with Article VIII, or imposing or intensifying import restrictions for balance of payments reasons.

Table I.1. São Tomé and Príncipe: Performance Criteria and Indicative Targets for 2005-06
(In billions of dobras, unless otherwise specified)

	end-Sept.				end-Dec.				2006			
	Perf. criteria	Perf. Criteria 11/	Actual	Actual 12/	Perf. criteria	Perf. Criteria 11/	Proj.	Proj. 12/	end-March	end-June	end-Sept.	end-Dec.
	EBS/05/109	w/adjusters		excluding CNP	EBS/05/109	w/adjusters		excluding CNP	Ind.Target	Perf. criteria	Ind.Target	Ind.Target
1. Floor on domestic primary balance (as defined in the TMU; cumulative from beginning of year)	-84.4	-84.4	-83.9	-83.9	-130.6	-130.6	-105.1	-105.1	-15.2	-72.4	-103.7	-135.6
2. Ceiling on domestic primary spending (cumulative from beginning of the year) 1/	223.9	223.9	215.1	215.1	329.4	329.4	314.6	314.6	65.1	189.1	291.1	401.2
3. Ceiling on changes in net domestic financing of the government (cumulative from beginning of year, in billions of dobras at program exchange rate) 2/ 3/ 4/	-27.6	-14.6	-282.8	-30.9	0.8	-5.3	-248.4	-12.1	-109.8	-277.9	-260.5	-261.9
4. Ceiling on changes in net domestic assets of the central bank (cumulative from beginning of year, in billions of dobras at program exchange rate) 2/ 3/ 4/	-18.5	-5.5	-261.7	-9.8	9.9	3.8	-232.7	3.7	-109.8	-275.9	-256.5	-255.9
5. Floor on changes in the net international reserves of the central bank (cumulative from beginning of the year, in millions of U.S. dollars) 4/ 5/	4.8	3.5	32.4	7.5	0.9	1.5	26.1	2.7	11.1	29.9	27.7	25.5
6. Ceiling on central government's outstanding external payment arrears (stock, in millions of U.S. dollars) 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
7. Ceiling on the contracting or guaranteeing of new non-concessional external debt with original maturity of more than one year by the central government or the BCSTP (stock, in millions of euros) 7/ 8/	1.7	1.7	0.0	0.0	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
8. Ceiling on the outstanding stock of external debt with original maturity of less than one year owed or guaranteed by the central government or the BCSTP (stock, in millions of U.S. dollars) 9/	15.0	15.0	1.0	1.0	15.0	15.0	1.0	1.0	1.0	1.0	1.0	1.0
Memorandum items:												
Base Money (ceiling, in billions of dobras)	...	...	...	...	...	...	...	...	185.0	195.0	205.0	215.0
Oil signature bonuses (in millions of U.S. dollars, cumulative from beginning of year)	49.2	49.2	49.2	49.2	49.2	49.2	49.2	49.2	13.7	54.7	54.7	54.7
Official external program support as defined in the TMU (in billions of dobras at program exchange rate) 10/	10.4	10.4	0.0	0.0	21.6	21.6	21.6	21.6	0.0	6.1	18.2	28.3

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

1/ Equal to government domestic expenditure, as defined in the TMU, excluding all interest payments.

2/ The ceiling will be adjusted downward (upward) by the cumulative negative (positive) deviations in external debt service and the cumulative positive (negative) deviation of actual from projected disbursements of external program support.

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.

3/ The ceiling will be adjusted downwards by the amount of accumulated domestic arrears.

4/ For 2005, actual for end-September and projected for end-December excludes the National Oil Account, consistent with the assumption under EBS/05/109 that such resources would be deposited in a correspondent bank and would not be reflected in Central Bank accounts.

For 2006, includes the National Oil Account within the balance sheet of the Central Bank, consistent with the new TMU.

5/ The floor on net international reserves will be adjusted upwards (downwards) by the cumulative negative (positive) deviation in external debt service and the cumulative negative (positive) deviation of actual from projected disbursements of external program support.

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.

6/ This is a continuous performance criterion.

7/ 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 adopted on August 24, 2000, but also to commitments contracted or guaranteed for which value has not been received.

8/ With a grant element of less than 50 percent.

9/ Debt is defined as in point 9 of the Guidelines on Performance Criteria with Respect to Foreign Debt adopted on August 24, 2000.

10/ In fiscal tables, valued at projected nominal exchange rates.

11/ Using adjusters for shortfalls in program support and foreign debt service.

12/ For comparison purposes with the program's monetary numbers (EBS/05/109, Tables 4 and 5, and Appendix IV, Table I.1) balance sheet data for end-September and end-December 2005 have been adjusted in Tables 4, 5, 8 and Appendix I, Table I.1, attached, by removing the balances in the government's National Oil Account (Conta Nacional de Petroleo, CNP) from the definition of central bank net international reserves and net domestic assets. Originally, the CNP was supposed to be held directly by the government in an account with the Federal Reserve.

Table I.2. Structural Performance Criteria and Benchmarks for 2006

Structural performance criterion

- By end-December 2006, implement the fully integrated, computerized budget and public expenditure system (SIGFE); MEFP, ¶24.

Structural benchmarks

- By end-March 2006, amend the laws defining internal control and administrative regulations governing the Inspectorate General of Finance (IGF), to increase IGF's powers regarding the oversight and auditing of the financial operations of the central government, public enterprises, and local governments (MEFP, ¶26).
- By end-June 2006, submit to the National Assembly proposals to revise the Customs Law, the Customs' Organic Law (*Estatuto das Alfandigas*) and the General Code on Customs Infractions (*Regime Geral das Infracões Aduaneiras*), to update accounting practices and customs procedures, and modernize the system to increase the efficiency of the overall customs service (MEFP, ¶9).
- By end-April 2006, complete the installation of EMAE's pre-paid electricity metering systems in designated urban locations with a view to address the public utilities' financial weaknesses in the short-run (MEFP, ¶24).
- By end-June 2006, establish a database to record and monitor follow-up actions of problems identified by the Inspectorate General of Finance (IGF) in each inspected sector within its jurisdiction, including the applicable sanctions and penalties (MEFP, ¶26).
- By end-September 2006, adopt a sectoral strategy to address the development of suitable infrastructure for electricity production, transportation, and distribution, as well as business modalities to secure dynamic private sector participation in the electricity sector (MEFP, ¶24).
- By end-December 2006, implement the Commonwealth Secretariat debt recording management system (CS-DRMS) to improve the government's external debt management capacity (MEFP, ¶23).

São Tomé and Príncipe

Technical Memorandum of Understanding

1. This technical note contains definitions and adjuster mechanisms that are intended to clarify the measurement of items in Table I.1, Quantitative Performance Criteria, PRGF Arrangement, 2005-06, 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 December 31, 2005.

Provision of Data to the Fund

2. Data with respect to all variables subject to performance criteria and indicative benchmarks will be provided to Fund staff on a monthly basis 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 appropriate measurement and reporting.

Definitions

3. **Government** is defined for the purposes of this memorandum to comprise the central government. The central government includes all governmental departments, offices, establishments, and other bodies which 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** comprises all tax and non-tax revenue of the government (in domestic and foreign currency), excluding foreign grants, the receipts from the local sale of crude oil received from Nigeria as in-kind grant, and any gross inflows to government on account of oil signature bonus payments. Revenue will be measured on a cash basis as reported in the table of government financial operations prepared by the Directorate of Budget and Directorate of Treasury in the Ministry of Planning and Finance.

5. **Domestic primary expenditure** comprises all government spending assessed on a commitment basis, excluding: (i) foreign-financed capital expenditure, (ii) expenditure under the overseas scholarship program that are externally-financed, and (iii) other foreign-financed current expenditures, for which data are reported by the Directorate of Budget and Directorate of Treasury. Reporting of government domestic expenditure will be based on the state budget execution prepared every month by the Directorate of Budget and Directorate of Treasury in the Ministry of Planning and Finance.

6. Within the above total, **pro-poor expenditure** refers to government outlays that, as it has been agreed with the IMF and World Bank staffs, have a direct effect in reducing poverty. These expenditures, which includes both current and capital outlays, are defined as follows:

a. **Pro-poor current spending:** These cover the following ministries and expenditure categories (by budget code) as described in the matrix below, with items marked with an “x” representing social expenditures by the referred ministries.

Code	Description of current expenditure	MINISTRY OF EDUCATION AND CULTURE	MINISTRY OF HEALTH	MINISTRY OF LABOUR AND SOLIDARITY
01.00.00	Despesa com Pessoal	X	X	
02.01.05	Outros bens duradouros	X	X	
02.02.02	Combustíveis e lubrificantes	X	X	
02.02.04	Alimentação		X	
02.02.05	Medicamentos	X	X	
02.02.06	Roupas e calçados		X	
02.02.09	Outros bens não duradouros		X	
02.03.01.01	Água e energia	X	X	
02.03.02	Conservação de bens		X	
02.03.06	Comunicações	X	X	
04.01.01	Orçamento do estado		X	
04.02.01	Instituições particulares		X	X
04.03.01	Particulares		X	X
04.04.02	Outras transferências para exterior			X
06.01.00	Ensino e formação	X		
06.04.01	Custos recorrentes de projectos	X	X	
06.04.04.02	Outros Diversos	X	X	

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

b. **Pro-poor capital spending:** This covers selected projects, which 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.

c. **Reporting Requirements:** Data on execution of pro-poor current and capital spending will be provided on a quarterly basis to the staff by the Directorate of Budget (for current expenditure) and by the Directorate of Planning (for capital expenditure) at the Ministry of Planning and Finance.

7. The **domestic primary balance** is defined as the difference between government domestic revenue and noninterest government domestic expenditure. This balance for the year 2004 was assessed at dobras -128.1 billion, broken down as follows:

Government domestic revenue:	Db 165.0 billion
Less: government primary expenditure, excluding foreign-financed investment, foreign-financed scholarships, and transfers to the JDA:	Db 293.1 billion
Equals: Domestic primary balance:	Db -128.1 billion

8. **The program exchange rate** for the purposes of this memorandum will be Db10,104 per US dollar. The exchange rate of the dobra against the euro will be 12,314 and against the SDR will be 15,558.

9. **Net domestic financing of the government** is defined as the change in net credit to government by the banking system—that is, 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. All foreign exchange denominated accounts will be converted to dobras at the program exchange rate. At end-December 2004, outstanding net credit to the government was assessed at dobras 35.8 billion, broken down as follows:

BCSTP credit, including use of IMF resources:	Db 83.6 billion
Less: government deposits with BCSTP:	Db 41.0 billion
Equal: Net credit to government by the BCSTP:	Db 42.6 billion
Plus: DMBs credit:	Db 0.0 billion
Less: government deposits with DMBs (including counterpart funds):	Db 6.9 billion
Equals: Net domestic financing of the government:	Db 35.8 billion

10. **Base money** is defined as the sum of currency issued—which consists of currency outside banks and cash in vaults—and bank reserves. Bank reserves refer to reserves of

¹ Deposit money banks (DMBs) refers to Other Depository Corporations as stated in the Monetary and Financial Statistics Manual.

commercial banks held with the central bank, and include reserves in excess of the legal reserve requirement. At end-December 2004, base money was assessed at dobras 119.2 billion, calculated as follows:

Currency issued:		Db 67.2 billion
<i>Of which:</i>	Cash in vaults:	Db 7.2 billion
	Currency outside banks:	Db 60.0 billion
Plus: Bank Reserves:		Db 52.1 billion
Equals: Base Money:		Db 119.2 billion

11. **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. All values are to be converted to U.S. dollars at actual market exchange rates prevailing at the test date. At end-December 2004, NIR was assessed at dobras 169.2 billion, calculated as follows:

Net Foreign Assets:		Db 189.3 billion
Less: Other foreign assets:		Db 49.5 billion
Plus: Other liabilities:		Db -29.4 billion
Equals: Net International Reserves:		Db 169.2 billion
<i>Of which:</i>	Gross reserves:	Db 197.1 billion
	Short-term liabilities:	Db - 27.9 billion

12. **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 foreign denominated accounts will be converted to dobras at the program exchange rate. At end-December 2004, net domestic asset was assessed at dobras -70.0 billion, calculated as follows:

Base Money:	Db 119.2 billion
Less: Net Foreign Assets:	Db 189.3 billion
Equals: Net domestic assets of the BCSTP:	Db -70.0 billion

13. The performance criterion on **short-term external debt** refers to the outstanding stock of external debt with original maturity of one year or less, including overdraft positions and debt owed or guaranteed by the government or the BCSTP.² At end-December 2004, the stock of short-term external debt stood at US\$1.0 million.

14. 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 of BCSTP.^{3 4} Debt reschedulings and restructurings 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 of São Tomé and Príncipe will consult with Fund staff before contracting obligations if it is uncertain as to whether those obligations are included in the performance criterion limits. At end-December 2004, nonconcessional medium- and long-term external debt stood at US\$15 million.

15. 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, with the exception of arrears pending rescheduling arrangements. Debt would be deemed to be in arrears when it has not been paid by the time it is due, unless the definition of an arrear has been otherwise

² 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).

³ 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 adopted on August 24, 2000 but also to commitments contracted or guaranteed for which value has not been received.

⁴ 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 (OECD). For loans of terms of no less than 15 years, the ten-year average of commercial interest reference rates (CIRR) 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 initial date of 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, excluding Fund resources). For currencies with no available reference interest rates, the SDR rate will be used.

contractually defined. The performance criterion relating to external arrears does not apply to external arrears pending the conclusion of a debt-rescheduling agreement with the Paris Club. The outstanding stock of external arrears pending debt-rescheduling agreement at end-December 2004 stood at US\$18 million.

16. **Official external program support** is defined as grants and loans provided by foreign official entities that are received by the budget—**excluding project grants and loans**—and other exceptional financing. Amounts assumed in the program consistent with this definition are shown in the memorandum item entitled “external program support” of Table I.1.

Adjusters

17. **Deviations in official external program support** from the amounts programmed in Table I.1. will trigger adjusters for domestic financing of the government, net domestic assets of the BCSTP and net international reserves as indicated below. These and other adjusters as set out below will be measured cumulatively from December 31, 2005.

18. **Ceilings on net domestic financing (NDF) of the government and net domestic assets (NDA) of the BCSTP.** Monthly differences between projected and actual official external program support and external debt service payments in foreign exchange will be converted to dobras at the actual monthly average exchange rate and cumulated to the test date. The ceilings on NDF and NDA will be reduced by the sum of: (i) excess official external program support (as defined in paragraph 16 above); and (ii) the shortfall in external debt service payments. Both ceilings will be increased by 100 percent of any cumulative shortfall in official external program support, or excess in external debt service. The downward adjustment to NDF and NDA for higher than programmed official external program support will not take place to the extent that additional external program support is used to accommodate higher capital outlays by the government, up to US\$1 million, converted to dobras at actual exchange rates, as indicated in Table I.1.

19. **Floor on net international reserves (NIR) of the BCSTP.** Quarterly difference between projected (see Table I.1) and actual official external program support and external debt service payments will be converted to U.S. dollars at the actual exchange rates prevailing at the test date. The floor on NIR will be raised by the sum of: (i) excess external program support and (ii) any shortfall in external debt service payments. The upward adjustment to NIR for higher than programmed official external program support will not take place to the extent that additional external program support is used to accommodate higher capital outlays by the government, up to US\$1 million, converted to dobras at actual exchange rates, as indicated in Table I.1. The NIR floor will be lowered by 100 percent of any shortfall in official external program support and excess in external debt service payments.

Data Reporting

20. The following information will be provided to the IMF staff for the purpose of monitoring the program. Except for net domestic assets and net international reserves, which data are to be provided by the BCSTP within four weeks at the end of each month, other monetary data will be furnished within eight weeks after the end of each month for monthly data, within eight weeks after the end of each quarter for quarterly data, and within eight weeks after the end of each year for annual data.

i. Fiscal data

The Directorate of Budget at the Ministry of Planning and Finance will provide to IMF staff:

- Monthly data on central government operations for revenues, expenditure and financing
- Monthly detailed tax and non-tax revenues
- Monthly detailed current and capital expenditure data
- Quarterly data on official external program support (non-project)
- Quarterly data on the execution of the public investment program (PIP) and sources of financing
- Quarterly data on project grant disbursement (HIPC and Non-HIPC)
- Quarterly data on project loans disbursement

ii. Monetary data

The BCSTP will provide the IMF staff:

- Weekly data on exchange rates
- Monthly data on interest rates
- 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 (Balança cambial)
- Latest position of NIR and Liquid Reserves of the BCSTP (last available; monthly)

iii. External debt data

The Debt Management Unit at the Ministry of Planning and Finance will provide the IMF staff:

- Monthly data on amortization of external debt (HIPC and Non-HIPC)
- Monthly data on paid interest on external debt (HIPC and Non-HIPC)
- Monthly data on disbursements external project and BOP support loans

iv. National accounts and trade statistics

The National Institute of Statistics will provide the IMF staff:

- Monthly consumer price index data
- Monthly data on imports as reported by Customs (value and import taxes collected)
- Monthly commodity export values