International Monetary Fund

El Salvador and the IMF

Press Release:
IMF Executive Board Concludes First Review of El Salvador's Stand-By Arrangement
September 20, 2010

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El Salvador: Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding

September 1, 2010

The following item is a Letter of Intent of the government of El Salvador, which describes the policies that El Salvador intends to implement in the context of its request for financial support from the IMF. The document, which is the property of El Salvador, is being made available on the IMF website by agreement with the member as a service to users of the IMF website.

Letter of Intent

San Salvador, September 1, 2010

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

Dear Mr. Strauss-Kahn:

1. The global slowdown caused by the world financial crisis severely affected El Salvador's economy during 2009. International trade flows, remittances, and private capital flows declined, taking a heavy toll on domestic economic activity and tax collections. The Government of El Salvador, with the support of the International Monetary Fund (IMF) and other international financial institutions, has worked resolutely to shield the domestic economy—especially the most vulnerable sectors—from the impact of the crisis, while pursuing macroeconomic policies to safeguard macroeconomic stability in El Salvador's dollarized economy.

2. The economy weathered the crisis and is starting to recover, in line with the improved global environment. Real GDP in the first quarter of 2010 fell by only ½ percent (y/y) after declining almost 5 percent in the last quarter of 2009. Exports and imports are experiencing double-digit growth, reflecting a strengthening of external and domestic demand, and remittances are recovering. While bank credit has been slow to pick up, deposits are increasing, and the banking system remains highly liquid and well-capitalized.

3. The Government of El Salvador remains committed to its strategy of ensuring fiscal and financial sustainability while safeguarding social spending. In line with the goals outlined in our letter of March 1, 2010, we have been implementing poverty-reducing programs and are making progress in improving the targeting of critical government expenditure (especially energy subsidies), consistent with our policy framework of putting the fiscal deficit and public debt ratio on a durable downward path. We are also moving ahead with key reforms in the financial sector to strengthen its oversight and bolster its resilience to shocks.

4. The attached Memorandum of Economic and Financial Policies (MEFP) updates the policies of the Government of El Salvador for 2010–12 outlined in the MEFP dated March 1, 2010. In support of our economic program, we request completion of the first review of the

5. 3-year Stand-By Arrangement (SBA) with El Salvador approved on March 17, 2010. Our intention is to continue treating the arrangement as precautionary. We believe the SBA will continue providing critical support for our commitment to sound macroeconomic

policies, help anchor the confidence of depositors, investors, and creditors, and provide potential access to liquidity support for the financial system, if the need were to arise.

6. We believe that the policies described in the attached MEFP are sufficient to meet the objectives of our program and stand ready to take additional measures that may be needed for this purpose. We maintain our commitment to consult with the Fund in advance of any revisions to the policies described in the MEFP, as well as the adoption of additional measures, in accordance with IMF policies on such consultations. Consultations with Fund staff would also occur in the event of a significant decline in the sum of private sector deposits and short-term external liabilities of the banking system, or if the need were to arise to change the reserve requirements or the liquid asset requirements currently applicable to the banking system. We will continue to comply with all obligations of Article VIII of the IMF's Articles of Agreement and will maintain our close dialogue with IMF staff on our economic policies after the expiration of the arrangement, for as long as there are any outstanding purchases in the upper credit tranches. Program implementation will continue to be monitored through semi-annual reviews, with the second review to be completed on or after March 15, 2011. The performance criteria and structural benchmarks under the program are set out in Tables 2 and 3 of the attached MEFP.

7. We authorize the IMF to publish this Letter of Intent and its attachments, and the related staff report.

Sincerely yours,

/s/	/s/
Carlos Cáceres Minister of Finance	Carlos Acevedo President, Central Reserve Bank of El Salvador

Supplement to the Memorandum of Economic and Financial Policies

1. **Recent economic developments**. Economic activity has been broadly in line with projections at the time of the approval of the Stand-By Arrangement (SBA). The contraction in real GDP moderated to -0.5 percent (y/y) in the first quarter of 2010 (compared with -4.9 percent in the last quarter of 2009), and the index of economic activity rose 1.9 percent (y/y) in June driven by increases in manufacturing, financial services, and retail trade. Remittances rose 2.5 percent through July. Inflation remains contained, at 1.0 percent (y/y) in July.

2. **Program performance**. All quantitative performance criteria for end-March and end-June 2010 were met. Plans for liquid propane gas subsidy reform have been finalized and will be in effect by end-December 2010. The large taxpayers unit at the Domestic Tax Administration Directorate (DGII) has been strengthened and is expected to audit 80 of the 100 largest taxpayers during 2010. The authority of the auditing department at the DGII has been consolidated, and a risk-management approach to taxpayer selection for audits is being adopted. The strategic plan for the modernization of both the DGII and the General Customs Administration Directorate is in progress, and the process of enhancing coordination in the tax collection process across the two agencies has begun. The Financial Sector Supervision and Regulation Law is undergoing changes in the legislative discussions on the bill, and approval is expected by end-December 2010.

3. **Macroeconomic framework**. The outlook for 2010 and 2011 remains broadly unchanged from the time of the approval of the SBA. The macroeconomic framework continues to assume a gradual recovery, with real GDP growth projected at 1 percent in 2010 and 2½ percent in 2011. Inflation projections are unchanged at 1½ percent in 2010 and 2¾ percent in 2011, in line with inflation in the United States. The external current account deficit is expected to be slightly higher than previously projected, at 2.8 percent in 2010 and 3.1 percent in 2011. Our program will be anchored on strict adherence to official dollarization and a prudent fiscal policy.

4. **Fiscal policy**. Fiscal policy will continue to be aimed at reducing gradually the non-financial public sector (NFPS) deficit and placing public debt on a firm downward path, while shifting spending toward social programs and investment in key sectors. The proposed deficit targets during the 2010–12 program period, take place against the backdrop of a moderately-paced recovery of economic activity, and are expected to take the non-financial gross public sector debt ratio to 51 percent of GDP; thereafter, the ratio is expected to decline steadily to 46.8 percent by 2015. These targets are broadly the same as those laid out at the time of program approval. Key elements of our fiscal strategy include the following:

- *Fiscal targets for 2010.* We will continue to maintain the NFPS deficit in 2010 at or below US$1,047 million (4.8 percent of GDP), while limiting the increase in the stock of gross public sector debt to at most US$1,117 million—consistent with our projected end-year NFPS debt-to-GDP ratio of 50 percent of GDP.

- *Budget for 2011*. Congressional approval of a budget for 2011 consistent with an NFPS deficit of no more than 800 million (3.5 percent of GDP) will be a new structural benchmark under the program for end-December 2010. This deficit target will imply a reduction of more than 1 percentage point of GDP in the overall deficit from the expected 2010 outturn, and demonstrates our firm commitment to fiscal consolidation. In addition, the 2011 budget will reallocate spending away from poorly-targeted energy subsidies to key social programs.

    - *Increased spending on social programs*. The anti-crisis program that we adopted in June 2009 has helped mitigate the effects of the economic slowdown on the most vulnerable populations and will be maintained at 2010 levels (1 percent of GDP) in 2011.

    - *Subsidy reforms*. With subsidies projected to cost about 1.4 percent of GDP in 2010, we have placed a high priority on completing the broad-based reform of all such expenditures that we began in 2009. By end-October, we will have made public a plan to bring liquid propane gas (LPG) prices closer to market rates, while still protecting the most vulnerable through a consumption subsidy (see ¶11 of the attached Technical Memorandum of Understanding, TMU). We will also adjust electricity tariffs to residential customers with an average monthly consumption above 99 kWh to more closely reflect market prices (see TMU ¶12). These reforms are expected to free resources of about 0.3 percent of GDP in 2011 that would be redirected toward other social spending.

- *Saving of revenue over-performance*. We maintain our commitment to save a portion of any revenue overperformance (as detailed in TMU ¶7), while allowing the rest to be used toward key social spending.

- *Medium-term fiscal strategy*. We are improving the transparency and planning of government operations by implementing a medium term strategy of fiscal consolidation. Our efforts started with the publication of our 2010–14 government program (***2010–2014 Plan Quinquenal de Desarrollo***). Beginning with the 2011 budget, we will introduce a medium-term budget framework that will seek consistency between short-term and medium-term objectives, including a fiscal framework consistent with our medium-term objectives of putting the NFPS deficit and public debt ratio on sustainable downward trajectories. Key to our efforts will be the implementation by end-June 2012, at the latest, of a fiscal pact to be developed in consultation with a broad range of stakeholders that aims at an increase in government revenues of 1½ to 3 percent of GDP over the medium term.

- *Financing*. We expect to cover the bulk of our financing needs during 2010–12 with external resources of relatively long maturity. We have firm commitments from the World Bank, IADB, and the Central American Bank for Economic Integration for more than US$800 million of disbursements through end-2011. Additionally, in June 2010 we placed a 15-year, US$200 million bond on the domestic market at very favorable terms.

5. **Financial sector policy**. The government is committed to continue preserving and protecting the soundness and stability of the Salvadoran banking system and is adopting reforms to enhance its resilience and increase the efficiency of financial intermediation.

- *Consultation clauses and financial system vigilance*. If we were to consider it necessary to modify either the reserve requirements or the liquid asset requirements currently applicable to the banking system (see TMU ¶9), we would consult with IMF staff on such a change. In addition, if at any point during the program period we were to observe a significant decline in the sum of external short-term liabilities of banks and total private sector deposits held in the banking system (as defined in TMU ¶8), we would evaluate the appropriate policy response in consultation with IMF staff. To test the mechanics of our bank resolution framework, strengthen coordination among agencies, and enhance procedures, we will conduct a bank resolution exercise test in the coming months (structural benchmark under the program for end-February 2011 and described in TMU ¶15).

- *Structural reforms*. We will seek congressional approval of the Financial Sector Supervision and Regulation Law by end-December 2010 (see TMU ¶13). We will also seek congressional approval by end-March 2011 of the Investment Funds Law (see TMU ¶14). We will issue norms to strengthen corporate governance of the banking system by end-February 2011 (structural benchmark under the program, see TMU ¶16).

6. **Safeguards assessment**. The recommendations of the safeguard assessment of the central bank (BCR) that was completed in May 2009 are being implemented. The BCR has modified the charter of the auditing committee to appoint an independent member as its chair, define the qualifications of its members, and has been authorized to contract an external expert to assist it in carrying out its responsibilities. It is also reviewing monetary submission data at program test dates and published full financial statements on its website.

7. **Program monitoring**. Quantitative performance criteria will continue to be monitored on a quarterly basis and program reviews will continue to be on a semiannual basis. The phasing of access under the arrangement and the schedule of reviews are set out in Table 1. The quantitative targets and performance criteria for end-September 2010 and end-December 2010, as well as indicative targets through end-December, 2012 are set out in Table 2. The structural benchmarks of the program are set out in Table 3.

Table 1. El Salvador: Purchase Schedule and Terms Under the Stand-By Arrangement

Date	Conditions for purchase	Purchase			
		Million SDR	Million US$ 1/	Percent of Quota	Percent of Total Access
March 17, 2010	Board approval of the SBA	171.3000	259.17	100.00	33.33
May 17, 2010	Performance criteria based on end-March 2010	21.4125	32.40	12.50	4.17
September 15, 2010	First review, based on end-June 2010 performance criteria	107.0625	161.98	62.50	20.83
November 15, 2010	Performance criteria based on end-September 2010	21.4125	32.40	12.50	4.17
March 15, 2011	Second review, based on end-December 2010 performance criteria	21.4125	32.40	12.50	4.17
May 16, 2011	Performance criteria based on end-March 2011	21.4125	32.40	12.50	4.17
September 15, 2011	Third review, based on end-June 2011 performance criteria	21.4125	32.40	12.50	4.17
November 15, 2011	Performance criteria based on end-September 2011	21.4125	32.40	12.50	4.17
March 15, 2012	Fourth review, based on end-December 2011 performance criteria	21.4125	32.40	12.50	4.17
May 15, 2012	Performance criteria based on end-March 2012	21.4125	32.40	12.50	4.17
September 17, 2012	Fifth review, based on end-June 2012 performance criteria	21.4125	32.40	12.50	4.17
November 15, 2012	Performance criteria based on end-September 2012	21.4125	32.40	12.50	4.17
March 8, 2013	Sixth review, based on end-December 2012 performance criteria	21.4125	32.40	12.50	4.17
Total 2/		513.9000	777.50	300.00	100.00

Source: Fund staff estimates.

1/ SDR/US$ exchange rate of 0.660962 as of July 23, 2010.
2/ May not reflect the sum of individual lines because of rounding.

Table 2. El Salvador: Quantitative Performance Measures

(in millions of U.S. dollars)

	2009	2010						2011	2012
	end-Dec.	end-Mar.		end-Jun.		end-Sep.	end-Dec.	Indicative	
	Actual	SBA 1/	Actual	SBA 1/	Actual	SBA 1/	SBA 1/	end-Dec.	end-Dec.
Performance criteria									
Overall balance of the nonfinancial public sector	-1,171	-300	-204	-475	-301	-700	-1,047	-800	-625
Gross debt of the public sector (flows) 3/	1,162	339	-212	468	-54	729	1,117	895	625

Continuous performance criteria

Standard continuous performance criterion of zero-ceiling on non-accumulation of external debt service arrears by the nonfinancial public sector. 4/

Continuous zero-ceiling on non-accumulation of domestic payment arrears by the nonfinancial public sector. 5/

Consultation clauses

If at any point during the arrangement, the sum of private-sector bank deposits and external short-term bank liabilities, should be less than US$7,555.4 million (i.e., ten percent below the end-June 2010 level), a consultation clause will be triggered and the authorities will contact Fund staff to discuss possible remedial actions. 6/

If at any point during the arrangement the authorities consider it necessary to modify the reserve requirements or liquid asset requirements, a consultation clause will be triggered and the authorities will contact Fund staff to discuss such actions. 7/

1/ IMF Country Report No. 10/82.

2/ Adjusted upward if observed tax revenues are higher than projected, as defined in TMU ¶7.

3/ Adjusted upward for any debt placed for prefinancing that would result in an equivalent increase in BCR deposits, until the pre-financed liability (or liabilities) mature.

4/ For the purpose of the program ceiling, external nonfinancial public sector debt-service arrears are defined as unpaid debt service payments by the non-financial public sector to nonresidents beyond 30 days after the due date.

5/ For the purpose of the program ceiling, domestic payment arrears of the nonfinancial public sector are defined as unpaid obligations overdue by more than 60 days.

6/ For definition of private sector deposits and external liabilities, see TMU ¶8.

7/ For reference rates of reserve and liquid asset requirements, see TMU ¶9.

Table 3. El Salvador: Structural Measures

	Test date
Structural benchmarks	
Tax Administration	
Publication of strategic plan for the modernization of both DGII and DGA.	Sep. 30, 2010
Enhance coordination in the tax collection process across agencies. 1/	Feb. 28, 2011
Consolidate the authority of the audit department at the DGII and improve its auditing capacity. 1/	Dec. 31, 2010
Subsidy Reform	
Finalize plans to improve the targeting of subsidies for electricity, water, and liquid propane gas.	Oct. 31, 2010
Implement plans to improve the targeting of subsidies for electricity, water, and liquid propane gas.	Dec. 31, 2010
Budget and Tax Policy	
Approve budget for 2011 consistent with deficit of 3.5 percent of GDP.	Dec. 31, 2010
Implement revenue measures yielding 1.5 percent of GDP.	June 30, 2012
Financial System	
Congressional approval of financial supervision bill containing following elements: i) Merge the supervisory entities for banks, pensions, and the stock exchange. ii) Enhance the autonomy of the merged supervisory institution. iii) Strengthen legal protection for supervisors. iv) Strengthen cross-border consolidated supervision. v) Empower the central bank to be the sole regulator of the financial system.	Dec. 31, 2010
Congressional approval of investment funds law containing following elements: i) Create clear legal framework for investment funds. ii) Specify accounting and asset valuation rules. iii) Set terms for investor entry and exit.	Mar. 31, 2011
Conduct test bank resolution exercise	Feb. 28, 2011
Issue corporate governance norms for the banking system.	Feb. 28, 2011

1/ A description of the steps needed to meet this benchmark is in paragraph 10 of the TMU.

Technical Memorandum of Understanding

1. **This Technical Memorandum of Understanding (TMU) describes the understandings** reached between the authorities of El Salvador and IMF staff for monitoring performance under the Stand-By Arrangement (SBA). In particular, it defines concepts employed in measuring the quarterly fiscal and debt quantitative performance criteria; the continuous performance criteria on external debt and domestic payments arrears; the adjuster for the overperformance of tax revenues; triggers for consultation clauses; structural benchmarks; and reporting requirements under the SBA.

A. Quantitative Performance Criterion on the Fiscal Balance of the Non-Financial Public Sector

2. **The nonfinancial public sector (NFPS) comprises** the central government, the rest of the general government (Instituto Salvadoreño del Seguro Social (ISSS), municipal governments, public hospitals, the national university, and other decentralized agencies), and the non-financial public-sector enterprises (Comisión Ejecutiva Hidroeléctrica del Río Lempa (CEL), Comisión Ejecutiva Portuaria Autónoma (CEPA), Administración Nacional de Acueductos y Alcantarillados (ANDA), and Lotería Nacional de Beneficiencia (LNB)).

3. **The overall balance of the NFPS is measured on a cash basis from below the line**, defined as: (a) net domestic financing of the NFPS; *plus* (b) net external financing of the NFPS; *plus* (c) proceeds from exceptional sources such as, but not limited to, proceeds from privatization or licenses and concessions, (see Table A1). The components of NFPS financing are defined and measured as follows:

(a) **The net domestic financing of the NFPS is defined** as the sum of: (i) the increase in net claims of the domestic financial system on the NFPS, excluding government bonds initially sold abroad; (ii) the net increase in the amount of public sector short-term paper (LETES) and bonds held outside the domestic financial system and the NFPS, excluding bonds initially sold to nonresidents; and (iii) floating debt of the NFPS due to expenditure operations and tax refund payments.

(b) **The net external financing of the NFPS** comprises: (i) disbursements of external loans; plus (ii) receipts from the issuance of government bonds abroad and LETES held by nonresidents; minus (iii) cash payments of principal (current maturities of loans, bonds, and LETES); minus (iv) cash payments of external arrears (principal and interest); minus (v) debt buy-backs or other prepayments of debt (at market value); minus (vi) debt-equity swaps accounted at the market value of these papers; and minus/plus (vii) the increase/decrease in other net foreign assets of the non-financial public sector.

(c) **Proceeds from exceptional sources** such as, but not limited to, privatization, the sale of licenses, and the granting of concessions are defined as: (i) the cash payments received by the Treasury from the sale of state-owned assets; plus (ii) debt-equity swaps, accounted at market values. Also included are up-front payments received by the Treasury for the granting of concessions for public services and capital leasing agreements.

B. Performance Criterion on Debt Flows Contracted by the Public Sector

4. **The performance criterion measures the sum of debt contracted by the non-financial public sector** (as defined in paragraph 2) in the year, which shall apply to all flows of gross external debt as specified in point No. 9 of the Guidelines on Performance Criteria with Respect to Foreign Debt (Decision No. 12274-00/85); all domestic gross debt flows; and any new debt with a sovereign guarantee. The debt ceiling will be adjusted upward for any borrowing by the non-financial public sector, domestic or external, raised for prefinancing purposes that would result in an equivalent increase in deposits at the central bank (BCR), until the pre-financed liability (or liabilities) mature.

C. Non-Accumulation of External Debt or Domestic Payments Arrears

5. **The NFPS will not accumulate any external debt arrears during the program period**. For the purpose of this performance criterion, an external debt payment arrear will be defined as a payment by the NFPS that has not been made within thirty days after falling due under the contractual agreement, unless specified otherwise. The performance criterion will apply on a continuous basis.

6. **The NFPS will not accumulate any domestic payments arrears during the program period**. For the purpose of this performance criterion, a domestic payment arrear will be defined as an obligation by the NFPS that has not been paid within sixty days after falling due under the contractual agreement, unless specified otherwise. The performance criterion will apply on a continuous basis.

D. Adjuster for Overperformance of Tax Revenue in 2010

7. **In the event that net tax collections exceed the program baseline of** US$2,203 million as of end-September 2010 or US$2,881 million as of end-December 2010, the performance criterion on the overall balance of the NFPS will be raised by 50 percent of any such excess.

E. Consultation Clauses

8. **Floor on the sum of total bank deposits of the private sector and external short-term liabilities of banks**. These are defined, respectively, as deposits of the private sector in commercial banks, and external liabilities of commercial banks with an original maturity of

up to one year.[1] If at any point during the arrangement, the sum of private-sector bank deposits and external short-term bank liabilities should be less than US$7,555.4 million (i.e., ten percent below the end-June 2010 level), a consultation clause will be triggered, and the authorities will contact Fund staff to discuss possible remedial actions.

9. **The reserve requirements and liquid asset requirements of the banking system are defined in current regulations** (at about 22 percent and about 3 percent, in effective terms, respectively).[2] If at any point during the arrangement the authorities consider it necessary to modify the reserve requirements or liquid asset requirements, a consultation clause will be triggered, and the authorities will contact Fund staff to discuss those measures.

F. Structural Benchmarks

10. **The authorities will publish their strategic plan for the modernization of the Domestic Tax Administration Directorate (DGII) and the General Custom Administration Directorate (DGA) by end-September 2010** (structural benchmark, rephased from April 30, 2010). The plan will outline steps to enhance coordination in the tax collection process across agencies, including the migration of the DGII and DGA toward the same IT platform so that there can be communication between the databases of the two units.

11. **The reform of the liquid propane gas subsidy** will introduce a new tariff structure and a new targeted subsidy to assist the most vulnerable.

12. **The reform of the electricity subsidy** will reflect the adjustment of tariffs of consumers that average more than 99 kWh per month, so that charges will more closely reflect the costs of generation, in line with the existing price determination formula.

13. **The Financial System Supervision and Regulation Law will contain the following elements**: (i) the merger of the supervisory entities for banks, pensions, and the stock exchange; (ii) enhanced functional autonomy of the new supervisory institution; (iii) stronger legal protection for supervisors; (iv) provisions to strengthen cross-border supervision through improved information sharing; and (v) invest the Central Bank to be the consolidated financial system regulatory authority.

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[1] The definition consists of the sum of line items 211 (*DEPOSITOS)* and 212108 (*PRESTAMOS PACTADOS HASTA UN AÑO PLAZO—ADEUDADO A ENTIDADES EXTRANJERAS*) of the balance sheets of banks as compiled by the Superintendency of the Financial System on a weekly basis; minus the lines noted in Table A2, which represent public sector deposits and accrued interest. As of June 30, 2010, (the agreed baseline date) the sum of private sector bank deposits and external short term liabilities of banks was US$8,394.9 million.

[2] The regulations on reserve requirements and liquid asset requirements are NPB3-06 and NPB3-11.

14. **The Investment Funds Law will contain the following elements**: (i) a clear legal framework for investment funds; (ii) accounting and asset valuation rules for investment funds; and (iii) terms for investor entry and exit.

15. **The test bank resolution exercise will meet the following criteria**: (i) will be conducted by the Financial System Safety Net institutions: Superintendency (SSF), the Deposit Insurance Fund (IGD) and the BCR; (ii) will be applied to one licensed commercial banks operating in El Salvador at the time the exercise is conducted and its impact over the banking system; and (iii) will result in a detailed report that will be shared among participating regulatory agencies.

16. **The issuance of norms to strengthen corporate governance of commercial banks will include the following components**: (i) rules governing the functioning, structure, composition, and duties of boards of directors; (ii) requirements for committees formed by boards of directors, including audit and risk committees; (iii) shareholders' rights, including voting power in proportion to their share of ownership, access to and rules for annual shareholders' meetings, and requirements for information sharing among shareholders; (iv) transparency guidelines; and (v) guidelines on conflicts of interest within financial conglomerates.

G. Reporting Requirements

17. **To facilitate monitoring of program implementation, the government of El Salvador will prepare and send to the IMF**, by e-mail or by fax, monthly data and reports within six weeks following the end of the preceding month, and quarterly data and reports within six weeks after each test date, unless specified otherwise. Such data will include (but are not limited to) the following:

(a) The Central Bank of El Salvador will provide on a monthly basis the comprehensive monetary survey and the central bank balance sheet (electronic file);

(b) The Central Bank of El Salvador will provide on a daily basis the total bank deposits in commercial banks with a lag of at most three working days;

(c) The Central Bank of El Salvador will provide on a weekly basis the balance sheets of individual banks and the total banking system, as well as detailed information on their liquidity positions, with a lag of at most five working days;

(d) The Central Bank of El Salvador will provide quarterly balance of payments data in electronic format with a lag of a quarter;

(e) The Ministry of Finance will provide monthly data on tax revenue with a lag of at most five working days;

(f) The Ministry of Finance will provide monthly data on revenue and the execution of expenditure for the central government and the rest of the general government (ISSS, the municipal governments, public hospitals, the national university, and other decentralized agencies) with a lag of at most four weeks, and quarterly data on revenue and the execution of expenditure for the four non-financial public sector enterprises (CEL, CEPA, ANDA, and LNB);

(g) The Ministry of Finance will provide monthly information on the financing of the nonfinancial public sector and stock of debt of the NFPS (as defined above) as specified in the table attached to this TMU;

(h) Indicators and other statistical data on recent economic developments, such as the household consumer price index, will be provided as they become available. In addition, the central bank will provide its quarterly reports on economic activity with a lag of at most a quarter;

(i) The authorities will provide a status report on the implementation of the structural reforms specified in Table 3 of the Memorandum of Economic and Financial Policies attached to the Staff Report of August [31], 2010; and

(j) The authorities will provide to IMF staff any other information that the latter may deem necessary for the effective monitoring of the Stand-By Arrangement.

Table A1. El Salvador Financing of the Non-Financial Public Sector

	2010			
	March	**June**	**September**	**December**
A. Net domestic financing of the non-financial public sector (NFPS)				
i. Net claims of the financial system (1+2+3)				
1. Net credit of commercial banks to the NFPS:				
a. Credits				
b. Liabilities				
2. Net credit of the BCR to the NFPS:				
a. Credits				
b. Deposits				
3. Net credit of the non-bank financial institutions to the NFPS 1/				
a. Credits				
b. Liabilities				
ii. Stock of NFPS liabilities (including Letes) held outside the domestic financial system and the NFPS 2/				
iii. Floating debt				
B. Net external financing				
i. Multilateral development banks (IADB, WB, CABEI)				
a. Disbursements				
b. Amortizations				
ii. Bilateral creditors				
a. Disbursements				
b. Amortizations				
iii. Financial institutions				
of which : bonds				
of which : LETES				
iv. Other				
C. Privatization and concessions				
D. Non-financial public sector overall balance (A+B+C)				
Memorandum:				
Stock of LETES in circulation				
Disbursements				
Amortization				

Sources: Ministry of Finance; Fund staff estimates.

1/ Includes trust funds: (FOSEDU, FOP).
2/ Includes amortization of ISTA bonds.

Table A2. Public-Sector Deposit Account Numbers

Public Sector Accounts

2110010101, 2110010102, 2110010201, 2110010202, 2110020101, 2110020102, 2110020201, 2110020202, 2111010101, 2111010102, 2111010201, 2111010202, 2111020101, 2111020102, 2111020201, 2111020202, 2111030101, 2111030102, 2111030201, 2111030202, 2111040101, 2111040102, 2111040201, 2111040202, 2111050101, 2111050102, 2111050201, 2111050202, 2111060101, 2111060102, 2111060201, 2111060202, 2111070101, 2111070102, 2111070201, 2111070202, 2111080101, 2111080102, 2111080201, 2111080202, 2111130101, 2111130102, 2111130201, 2111130202, 2111140101, 2111140102, 2111140201, 2111140202, 2111990101, 2111990102, 2111990201, 2111990202, 2112010101, 2112010102, 2112010201, 2112010202, 2112020101, 2112020102, 2112020201, 2112020202, 2112030101, 2112030102, 2112030201, 2112030202, 2112040101, 2112040102, 2112040201, 2112040202, 2114010101, 2114010102, 2114010201, 2114010202, 2114020101, 2114020102, 2114020201, 2114020202, 2114030101, 2114030102, 2114030201, 2114030202, 2114040101, 2114040102, 2114040201, 2114040202, 2114050101, 2114050102, 2114050201, 2114050202, 2114060101, 2114060102, 2114060201, 2114060202, 2114070101, 2114070102, 2114070201, 2114070202.

Accrued Interest

2110019901, 2110019902, 2110029901, 2110029902, 2111019901, 2111019902, 2111029901, 2111029902, 2111039901, 2111039902, 2111049901, 2111049902, 2111059901, 2111059902, 2111069901, 2111069902, 2111079901, 2111079902, 2111089901, 2111089902, 2111139901, 2111139902, 2111149901, 2111149902, 2111999901, 2111999902, 2112019901, 2112019902, 2112029901, 2112029902, 2112039901, 2112039902, 2112049901, 2112049902, 2114019901, 2114019902, 2114029901, 2114029902, 2114039901, 2114039902, 2114049901, 2114049902, 2114059901, 2114059902, 2114069901, 2114069902, 2114079901, 2114079902.