

Table 1. Uruguay: Quantitative Performance Criteria and Indicative Targets Under the 2004-05 Economic Program 1/

	Base Dec. 2003	March 31, 2004				June 30, 2004				Targets	
		Target	Adj. Target	Prel.	Margin (+)	Target	Adj. Target	Prel.	Margin (+)	Sep. 30	Dec. 31
A. Quantitative performance criteria											
(In millions of Uruguayan pesos)											
1. Combined public sector primary balance (cumulative floor) 2/ 3/		1,897	1,722	4,200	2,478	3,605	...	...	...	10,238	12,525
2. General government noninterest expenditure (cumulative ceiling) 2/ 4/		10,016	10,254	9,581	673	19,757	20,166	19,598	568	30,592	41,525
3. Change in the net domestic assets of the BCU (ceiling) 2/ 5/		1,480	3,030	- 5,045	8,075	-750	800	-7,440	8,240	-550	-3,830
(In millions of U.S. dollars)											
4. Net international reserves of the BCU (- decrease) (cumulative floor) 2/ 5/	-1,723	-30	-80	140	220	50	0	201	201	50	180
5. Nonfinancial public sector gross debt (ceiling) 3/ 6/	8,772	8,853	8,810	8,772	38	8,864	...	...	...	9,035	9,040
B. Indicative targets											
(In millions of Uruguayan pesos)											
1. Combined public sector overall balance (cumulative floor) 2/ 3/ 7/		-5,171	-5,445	- 2,967	2,478	-7,848	...	...	...	-9,040	-11,384
2. Change in the monetary base (ceiling) 8/	14,577	550	550	-705	1,255	800	800	-1,209	2,009	1,000	1,750

Sources: Ministry of Economy and Finance; and Central Bank of Uruguay.

1/ As defined in the Technical Memorandum of Understanding.

2/ Cumulative changes from end-December 2003.

3/ Adjusted upward/downward for changes in social security contributions, as defined in the TMU.

4/ Adjusted upward/downward for changes in collections of the Fondos de Libre Disponibilidad (FLD), as defined in the TMU.

5/ Adjusted upward/downward for changes in program disbursements from the World Bank and IDB, as defined in the TMU.

6/ All maturities. The 2003 base includes all loans guaranteed by the government. For December 2003, the debt ceiling has been adjusted upwards to reflect the transfer of Brady bonds from the central bank to the government.

7/ Adjusted upward/downward for changes in interest payments, as defined in the TMU.

8/ Cumulative change from December 2003 average.

Table 2. Uruguay: Structural Conditionality Under the 2004–05 Economic Program^{1/}

Structural conditionality	Expected timing
A. Prior actions	
Completion of the inventory of assets held by the liquidation funds.	
Transfer to the Banking Superintendency of information on nonperforming borrowers whose loans are held by the liquidation funds, for inclusion in the credit registry.	
Preparation of balance sheets, as of end-May, for each of the liquidation funds.	
Appointment by BCU of full-time supervisor to oversee the activities of the liquidation funds.	
Contract an accounting firm to prepare financial statements covering operations of the liquidation funds since inception.	
Contract an audit firm to perform financial audits of the liquidation funds.	
Contract a firm to manage all available assets of the liquidation funds, and assign management of at least US\$300 million as a first tranche.	
Submission of the end-July financial statements of the liquidation funds to the MEF and the BCU.	
Formation of a fiscal monitoring committee comprising representatives from MEF, BCU, BROU, and BHU to ensure provision of fiscal data necessary for monitoring performance under the program within 60 days of the close of the preceding quarter, as provided in the TMU.	
B. Structural performance criteria	
Completion of financial statements covering the operations of the liquidation funds since inception.	September 30, 2004
Completion of external financial audit of the liquidation funds.	October 31, 2004
Completion of transfer of remaining available assets of the liquidation funds to the asset manager.	October 31, 2004
Completion of the transfer to the BROU fiduciary trust of all new and remaining Category 4 and 5 loans.	December 31, 2004
Publication of quarterly financial reports of the liquidation funds for end-December 2004.	January 31, 2005
Submission of monthly financial statements of the liquidation funds by the 20th of the following month to the MEF and the BCU, starting with the end-August statement.	Monthly, beginning September 20, 2004
Government to ensure timely service of BHU note to BROU.	Continuous
B. Structural benchmarks	
Establishment of a Large Taxpayers Unit at the Tax Administration Department (DGI).	December 31, 2004
Approval by Congress of the reform of the pension funds for the police and the military.	December 31, 2004
Approval by Congress of the reform of the pension funds for bank employees.	December 31, 2004

^{1/}As defined in the Technical Memorandum of Understanding.