Table 1. Ecuador: Quantitative Performance Criteria and Indicative Targets for 2000 1/ (In millions of U.S. dollars)

Apr. Jun. Aug. Oct. 6/ Dec. 6/		Prel.		Prograi	Program		
Sector borrowing requirement Program		Apr.	Jun.			Dec. 6/	
Sector borrowing requirement Program	1. Cumulativa combined public						
Program							
Actual Angrin (+ observed) 342 2. Cumulative nonfinancial public sector borrowing requirement Program 9310 337 462 424 431 Revised program 2/ 310 347 452 407 371 Actual 11 Margin (+ observed) 321 3. Cumulative total central government expenditure Program 995 1,417 1,964 2,385 2,857 Revised program 2/ 995 1,428 1,955 2,368 2,797 Actual 865 1,955 2,368 2,797 Actual 867 1,956 2,	<u> </u>	317	323	126	368	355	
2. Cumulative nonfinancial public sector borrowing requirement Program 310 337 462 424 431 Revised program 2/ 310 337 462 407 371 Actual 11 Margin (+ observed) 321 321 321 321 321 321 321 321 321 321	· ·		323	420	300	333	
Sector borrowing requirement Program 310 337 462 424 431 Revised program 2/ 310 347 452 407 371 Actual -11 371 Actual -11 37							
Sector borrowing requirement Program 310 337 462 424 431 Revised program 2/ 310 347 452 407 371 Actual -11 371 Actual -11 37	2. Cumulative nonfinancial public						
Program							
Revised program 2/ Actual		310	337	462	424	431	
Actual	•	310	347	452	407	371	
3. Cumulative total central government expenditure Program		-11					
Program 995 1,417 1,964 2,385 2,857 Revised program 2/ 995 1,428 1,955 2,368 2,797 Actual 865 Margin (+ observed) 130	Margin (+ observed)	321					
Revised program 2/ Actual 865 Margin (+ observed) 130 4. Cumulative net reduction in central government non-interest domestic arrears Program 0 0 2 3 5 5 6 Actual39 Margin (- observed) 39 5. Cumulative disbursements of medium- and long-term external debt to the nonfinancial public sector: maturity of over one year Program 290 510 610 700 850 Actual 204 Margin (+ observed) 86 maturity of one to five years Program 40 60 70 90 100 Actual 0 40 Margin (- observed) 8-6 Stock of net "excess" freely disposable international reserves of the central bank Program 187 155 101 154 205 Actual 204 Margin (- observed)90 6. Stock of nonfinancial public sector deposits at the central bank 4/ Program 334 416 411 440 487 Revised program 3/5/ 486 589 584 613 660 Actual 671	3. Cumulative total central government expenditure						
Actual Margin (+ observed) 130 4. Cumulative net reduction in central government non-interest domestic arrears Program 0 2 3 5 6 Actual -39 Margin (- observed) 39 5. Cumulative disbursements of medium- and long-term external debt to the nonfinancial public sector: maturity of over one year Program 290 510 610 700 850 Actual 204 Margin (+ observed) 86 maturity of one to five years Program 40 60 70 90 100 Actual 0 Margin 40 6. Stock of net "excess" freely disposable international reserves of the central bank Program 187 155 101 154 205 Adjusted program 3/ Actual 256 Margin (- observed) -90 7. Stock of nonfinancial public sector deposits at the central bank 4/ Program 334 416 411 440 487 Revised program 3/5/ 486 589 584 613 660 Actual 671	Program	995	1,417	1,964	2,385	2,857	
Margin (+ observed)	Revised program 2/	995	1,428	1,955	2,368	2,797	
4. Cumulative net reduction in central government non-interest domestic arrears Program 0 2 3 3 5 6 Actual -39 Margin (- observed) 39 5. Cumulative disbursements of medium- and long-term external debt to the nonfinancial public sector: maturity of over one year Program 290 510 610 700 850 Actual 204 Margin (+ observed) 86 maturity of one to five years Program 40 60 70 90 100 Actual 0 40 Margin 40 60 70 90 100 Actual 0 700 400 Actual 1 700 850 Margin 1 155 101 154 205 Adjusted program 3/ 166 Actual 256 Margin (- observed) -90 7. Stock of nonfinancial public sector deposits at the central bank 4/ Program 334 416 411 440 487 Revised program 3/5/ 486 589 584 613 660 Actual 671	Actual	865					
Program	Margin (+ observed)	130					
Program	4. Cumulative net reduction in central						
Actual -39 Margin (- observed) 39 5. Cumulative disbursements of medium- and long-term external debt to the nonfinancial public sector: maturity of over one year Program 290 510 610 700 850 Actual 204	•						
Margin (- observed) 39 5. Cumulative disbursements of medium- and long-term external debt to the nonfinancial public sector:	Program	0	2	3	5	6	
5. Cumulative disbursements of medium- and long-term external debt to the nonfinancial public sector: maturity of over one year Program 290 510 610 700 850 Actual 204 Margin (+ observed) 86 maturity of one to five years Program 40 60 70 90 100 Actual 0 Margin 40 6. Stock of net "excess" freely disposable international reserves of the central bank Program 187 155 101 154 205 Adjusted program 3/ 166 Actual 256 Margin (- observed) -90 7. Stock of nonfinancial public sector deposits at the central bank 4/ Program 334 416 411 440 487 Program 334 416 411 440 487 Revised program 3/5/ 486 589 584 613 660 Actual 671	Actual	-39					
long-term external debt to the nonfinancial public sector: maturity of over one year	Margin (- observed)	39					
Program 290 510 610 700 850 Actual 204							
Program 290 510 610 700 850 Actual 204 86 Margin (+ observed) 86 maturity of one to five years Program 40 60 70 90 100 Actual 0 40 40 Margin (+ observed) 40 60 70 90 100 Actual 0 40 40 Margin 40 40 40 6. Stock of net "excess" freely disposable international reserves of the central bank Program 187 155 101 154 205 Adjusted program 3/ 166 Actual 256 Margin (- observed) -90 7. Stock of nonfinancial public sector deposits at the central bank 4/ Program 334 416 411 440 487 Revised program 3/5/ 486 589 584 613 660 Actual 671							
Program 290 510 610 700 850 Actual 204 204 40 60 70 90 100 maturity of one to five years 40 60 70 90 100 Actual 0 0 70 90 100 Actual 40 40 60 70 90 100 6. Stock of net "excess" freely disposable international reserves of the central bank 187 155 101 154 205 Adjusted program 3/ 166 <	•						
Actual 204 Margin (+ observed) 86 maturity of one to five years Program 40 60 70 90 100 Actual 0 Margin 40 6. Stock of net "excess" freely disposable international reserves of the central bank Program 187 155 101 154 205 Adjusted program 3/ 166 Actual 256 Margin (- observed) -90 7. Stock of nonfinancial public sector deposits at the central bank 4/ Program 334 416 411 440 487 Revised program 3/5/ 486 589 584 613 660 Actual 671							
Margin (+ observed) 86 maturity of one to five years 40 60 70 90 100 Actual 0 0 70 90 100 Actual 0 0 70 90 100 Actual 40 0 70 90 100 Actual bank 187 155 101 154 205 Adjusted program 3/ 166 </td <td></td> <td></td> <td>510</td> <td>610</td> <td>700</td> <td>850</td>			510	610	700	850	
maturity of one to five years Program 40 60 70 90 100 Actual 0 Margin 40 6. Stock of net "excess" freely disposable international reserves of the central bank Program 187 155 101 154 205 Adjusted program 3/ Actual 256 Margin (- observed) -90 7. Stock of nonfinancial public sector deposits at the central bank 4/ Program 334 416 411 440 487 Revised program 3/5/ 486 589 584 613 660 Actual 671							
Program 40 60 70 90 100 Actual 0 40 60 70 90 100 Margin 40 40 60 70 90 100 6. Stock of net "excess" freely disposable international reserves of the central bank 50 <td>Margin (+ observed)</td> <td>86</td> <td></td> <td></td> <td></td> <td></td>	Margin (+ observed)	86					
Actual 0 40 6. Stock of net "excess" freely disposable international reserves of the central bank Program 187 155 101 154 205 Adjusted program 3/ 166 Actual 256 Margin (- observed) -90 7. Stock of nonfinancial public sector deposits at the central bank 4/ Program 334 416 411 440 487 Revised program 3/5/ 486 589 584 613 660 Actual 671		40	60	70	00	100	
Margin 40 6. Stock of net "excess" freely disposable international reserves of the central bank 3187 155 101 154 205 Program 187 155 101 154 205 Adjusted program 3/ 166 40 40 40 40 40 40 40 40 40 487 486 589 584 613 660 660 Actual 671 671 671 671 671 671 671 671 671 671 671 671 671 671 671 672 <	•		60	70	90	100	
6. Stock of net "excess" freely disposable international reserves of the central bank Program 187 155 101 154 205 Adjusted program 3/ 166 Actual 256 Margin (- observed) -90 7. Stock of nonfinancial public sector deposits at the central bank 4/ Program 334 416 411 440 487 Revised program 3/5/ 486 589 584 613 660 Actual 671							
of the central bank Program 187 155 101 154 205 Adjusted program 3/ 166 Actual 256 Margin (- observed) -90 7. Stock of nonfinancial public sector deposits at the central bank 4/ Program 334 416 411 440 487 Revised program 3/5/ 486 589 584 613 660 Actual 671	Ç	10					
Program 187 155 101 154 205 Adjusted program 3/ Actual 256 Margin (- observed) -90							
Adjusted program 3/ Actual 256 Margin (- observed) -90 7. Stock of nonfinancial public sector deposits at the central bank 4/ Program 334 416 411 440 487 Revised program 3/5/ 486 589 584 613 660 Actual 671		187	155	101	154	205	
Actual 256 Margin (- observed) -90 7. Stock of nonfinancial public sector deposits at the central bank 4/ Program 334 416 411 440 487 Revised program 3/5/ 486 589 584 613 660 Actual 671	•		133	101	134	203	
Margin (- observed) 7. Stock of nonfinancial public sector deposits at the central bank 4/ Program 334 416 411 440 487 Revised program 3/5/ 486 589 584 613 660 Actual 671							
7. Stock of nonfinancial public sector deposits at the central bank 4/ Program 334 416 411 440 487 Revised program 3/5/ 486 589 584 613 660 Actual 671							
at the central bank 4/ Program 334 416 411 440 487 Revised program 3/5/ 486 589 584 613 660 Actual 671	-	70					
Program 334 416 411 440 487 Revised program 3/5/ 486 589 584 613 660 Actual 671							
Revised program 3/5/ 486 589 584 613 660 Actual 671		334	416	411	440	487	
Actual 671							

	Margin (- observed)	-184					

Sources: Central Bank of Ecuador; Ministry of Economy and Finance of Ecuador; and Fund staff estimates.

^{1/} As defined in the attached technical memorandum of understanding.

^{2/} The program targets were revised from May onwards to reflect an agreement between the Central Bank and the Ministry of the Economy by the accumulation of nonrescheduleable arrears (US\$39 million).

^{3/} The program target was adjusted downwards by the shortfall in disbursements in program loans (US\$61 million) and adjusted upward by the accumulation of nonrescheduleable arrears (US\$39 million).

^{4/} Indicative target.

^{5/} The program indicative targets were revised upwards by US\$173.4 million at each test date to reflect a change in reporting government deposits at the central bank.

^{6/} Targets 1-6 are indicative and will be changed to performance criteria during the second review.

ECUADOR—SUPPLEMENT TO THE TECHNICAL MEMORANDUM OF UNDERSTANDING

The following are prior actions for the Fund's Executive Board to consider the first review of the Stand-By Arrangement:

- Congressional approval of the *Ley para la Promoción de la Inversión y la Participación Ciudadana* (*Ley Trole II*) such that: (i) the elimination of the financial transactions tax takes place on January 1, 2001; (ii) the usury interest rate ceiling is set at 1.5 times the central bank's active reference rate on new commercial bank loans; and (iii) shareholders will retain ownership and control of a bank if its capital adequacy ratio falls below the regulatory minimum of 9 percent, but remains above 1.8 percent, provided a capital strengthening program had been agreed with the superintendency of banks.
- Approval by the *Junta Bancaria* of a regulation reducing the provisioning that commercial banks are required to make on corporate and consumer loans that carry interest rates above 18 percent and 23 percent, respectively, according to the schedule set out in Table 1.
- Executive Board of the Corporación Financiera Nacional (CFN) will approve a resolution establishing a system for applying the "coactiva" to the nonperforming credits of private banks.

Table 1. Ecuador. Temporary Scale of Provisioning by Banks on Corporate and Consumer Loans ¹

(In percent)

Interest rate	Provisioning requirement			
	Corporate	Consumer		
Up to 18	0.0	0.0		
Above 18, below 19	5.0	0.0		
Above 19, below 20	7.5	0.0		
Above 20, below 21	10.0	0.0		
Above 21, below 22	12.5	0.0		
Above 22, below 23	15.0	5.0		
Above 23, below 24	17.5	7.5		
Above 24, below 25	20.0	10.0		
Above 25, below 26	22.5	12.5		
Above 26, below 27	25.0	15.0		
Above 27, below 28	27.5	17.5		
Above 29, below 30	30.0	20.0		
Etc.				

¹ The provision requirement expires on April 1, 2001.