

**FOR  
AGENDA**

EBS/08/3  
Correction 1

January 28, 2008

To: Members of the Executive Board

From: The Secretary

Subject: **Dominican Republic—Staff Report for the 2007 Article IV Consultation, Eighth Review Under the Stand-By Arrangement, and Request for a Waiver of Nonobservance of Performance Criterion**

The attached corrections to ESB/08/3 (1/7/08) have been provided by the staff.

**Factual Errors Not Affecting the Presentation of Staff's Analysis or Views**

**Page 45, Table 2, Heading for 2007:** for "Margin and Program for December 2007"  
read "Program for December 2007"

**Page 47, Table 4, stub "Consolidated public sector balance",  
column "Projection for 2007":** for "-1.3" read "-1.7"

**Pages 48–53, Tables 5a–5f, Q4 Est. column, Section V., stubs "combined public sector balance" and "interest":** numbers revised

**Typographical Error**

**Page 46, Table 3, line 3:** for "STA." read "TSA."

Questions may be referred to Mr. Wolfe (ext. 38620), Mr. Canales (ext. 34224), and Mr. Di-Bella (ext. 37483) in WHD.

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Table 2. Dominican Republic: Quantitative Performance Criteria and Indicative Targets for 2006–07 1/ 2/

	Prel. Dec. 2006	Prog.	Adjusted Target June	Prel.	Margin	Prog.	Prel. September	Margin	Prog. December
		2007							
I. Quantitative Performance Criteria									
(In billions of Dominican Republic pesos)									
A. Nonfinancial public sector (NFPS) balance (cumulative floor) 3/	-10.8	7.6	...	11.3	3.7	10.5	12.5	2.0	8.6
B. Central bank transfers (cumulative floor)	3.4	2.9	...	2.9	0.0	4.4	4.4	0.1	5.8
C. Central Bank net domestic assets (ceiling) 4/	3.8	6.3	...	-12.5	18.8	3.4	-17.0	20.4	11.0
(In millions of U.S. dollars)									
D. Central Bank NIR, excluding bank's foreign currency deposits (floor)	1,124.9	900.0	...	1,463.5	563.5	900.0	1,622.8	722.8	1,000.0
E. Gross accumulation of public sector external arrears (continuous ceiling) 5/	0.0	0.0	...	34.5	-34.5	0.0	40.7	-40.7	0.0
F. Gross accumulation of arrears with electricity generators (ceiling)	39.0	0.0	...	0.0	0.0	0.0	0.0	0.0	0.0
G. Net contracting of project-related external debt by the public sector (cumulative ceiling) 6/	81.8	540.0	...	447.9	92.1	410.0	377.6	32.4	410.0
II. Indicative Targets									
(In billions of Dominican Republic pesos)									
A. Change in NFPS net credit from the domestic banking system (cumulative ceiling) 7/	-2.9	1.0	...	-8.7	9.7	0.0	-13.0	13.0	-2.0
B. Central government primary expenditure (ceiling) 8/	...	93.0	97.0	103.3	-6.3	...	...	...	...
C. Monetary base, excluding reserves on foreign currency deposits (ceiling) 9/	111.4	116.0	...	110.6	5.4	115.0	113.9	1.1	127.0
(In millions of U.S. dollars)									
D. Gross contracting of project-related external debt by the public sector (cumulative ceiling)	432.9	540.0	...	447.9	92.1	540.0	507.6	32.4	540.0
E. Gross contracting of budget-support external debt by the public sector (cumulative ceiling) 10/	374.9	540.0	...	118.7	421.3	540.0	347.0	193.0	540.0
(In percent of GDP)									
F. Consolidated public sector primary balance (floor) 11/	0.9	...	...	...	...	...	...	...	2.6
(In percent)									
G. Cash Recovery Index (floor) 12/	56.0	61.1	...	57.3	-3.8	64.9	57.7	7.2	66.0

Source: Dominica Republic authorities.

1/ As defined in the Technical Memorandum of Understanding and Annexes.

2/ Cumulative from the beginning of the year. In the case of monetary variables, figures reflect the average stock over the past 10 working days.

3/ For September and December 2007, the floor would be adjusted upward should government revenue and grants exceed the thresholds defined in the TMU.

4/ Defined as currency in circulation less NIR (program definition) valued at the accounting exchange rate.

5/ Arrears for about US\$6 million were accumulated with Paris Club creditors in January 2007, and cleared shortly after.

6/ Defined as new debt contracted or guaranteed less cancellations of already contracted but undisbursed debt, as described in the TMU.

7/ Credit is defined on a net (of deposits) basis, and includes the central bank.

8/ For March and June 2007, the floor will be adjusted upward should central government revenues and grants exceed program projections, as defined in the TMU. No benchmarks were established for the rest of the year.

9/ Includes reserve requirements in the form of investment certificates.

10/ In case that program-related disbursement exceeds the ceiling, the excess financing will be used for central bank recapitalization and repayment of domestic arrears.

11/ Consolidated balance includes NFPS and quasi-fiscal losses of the central bank. Primary balance is defined as overall balance less interest expenditures (registered on an accruals basis). The indicative target was set only for the end of the year.

12/ Cash recovery index is the average for the quarter.

Table 3. Dominican Republic: Structural Reform Agenda

Fund Conditionality		Due date	Status
<b>A. Structural Performance Criteria</b>			
<b>Fiscal policy</b>			
Design a functional model of the TSA, as defined in the TMU, paragraph 5.		31-Oct-07	Done
Approval by congress of a budget for 2008 consistent with a consolidated primary surplus of at least 2 percent of GDP (consistent with paragraph 9 of the January 2007 LOI) and publication of a list of tax expenditures as required under the Organic Budget Law.		31-Dec-07	Waiver/Approval of the 2008 budget consistent with a CPS primary surplus of 1.2 percent of GDP (1970 basis) is a prior action for this review.
Development and implementation of a software fully integrated into SIGEF allowing the TSA to become operational, and its testing in a first group of central government institutions, as defined in the TMU paragraph 6.			
<b>Banking sector</b>		15-Jan-08	Waiver
Congressional approval of amendments to the Monetary and Financial Law (MFL), consistent with the elements outlined in paragraph 17 of the April 2006 LOI and the Central Bank Recapitalization Law.			
<b>B. Structural Benchmark</b>		31-Oct-07	Waiver
<b>Banking sector</b>			
Issuance of regulations implementing the systemic risk and regularization of financial intermediaries provisions in the new MFL.		31-Dec-07	Missed
<b>C. Prior Action</b>			
<b>Fiscal policy</b>			
Approval of the 2008 budget consistent with a CPS primary surplus of 1.2 percent of GDP (1970 basis).			Pending

Source: Dominican Republic authorities.

**Table 4. Dominican Republic: Selected Economic Indicators**

Main export products: Tourism, textiles, jewelry, electronics, nickel, sugar, and coffee.

GDP per capita (U.S. dollars, 2005)	3,181.0	Income share by highest	
Population (millions, 2005)	8.9	20 percent (in percent, 2003)	57.0
Life expectancy at birth (years, 2004)	68.0	Poverty rate (2004)	16.0
Under 5 mortality rate (per thousands, 2004)	32.0	Adult literacy rate (percent, 2004)	94.1

	2004	2005	2006	Prog. 2007	Proj. 2008	Proj. 2008
<b>National accounts and prices</b> (Annual percentage change, unless otherwise indicated)						
Nominal GDP (RD \$trillion)	0.8	0.9	1.1	...	1.2	1.3
Dollar GDP (US\$ billion)	18.4	29.1	31.7	...	36.2	37.6
Real GDP	2.0	9.3	10.7	6.0	8.0	5.0
Consumer price index (period average)	51.5	4.2	7.6	4.5	5.8	5.8
Consumer price index (eop)	28.7	7.4	5.0	4-6	6.5	6.0
<b>Social Indicators</b>						
Unemployment rate (in percent)	19.7	17.5	16.0	...	15.6	...
<b>Public finances 1/</b> (In percent of GDP)						
Central government primary balance	-1.5	0.9	0.2	2.3	1.7	0.7
Total revenues (including grants)	16.4	17.9	18.2	19.7	19.9	16.5
Primary spending	17.9	17.0	18.0	17.3	18.1	15.8
Interest expenditure	2.1	1.5	1.6	1.6	1.4	1.4
Nonfinancial public sector overall balance	-2.4	-0.2	-1.0	0.7	0.3	-0.7
Quasi-fiscal balance of the central bank	-4.0	-2.9	-2.5	-2.1	-2.1	-1.5
Consolidated public sector balance	-6.4	-3.1	-3.5	-1.4	-1.7	-2.2
Of which: primary balance	-0.1	1.6	0.4	2.6	1.9	1.1
Total public debt	53.1	46.9	44.0	43.6	39.0	38.7
Of which: FX currency share (in percent)	69.8	57.9	54.8	...	53.3	55.2
<b>Money and credit</b> (12-month percentage changes, unless otherwise indicated)						
Liabilities to private sector (M3)	22.8	18.0	13.5	17.3	14.2	9.8
Currency in circulation	9.8	17.8	14.7	12.1	14.0	7.8
Deposits	11.2	11.4	5.7	22.7	15.7	9.7
Net domestic assets of the banking system	11.5	6.7	11.8	15.3	10.9	8.3
Of which:						
Credit to the private sector	-1.0	9.6	14.3	21.7	24.5	5.3
M3, in percent of GDP	42.7	44.2	42.0	43.3	42.0	41.4
<b>Balance of payments</b> (In millions of U.S. dollars, unless otherwise indicated)						
Current account	1,116	-400	-1,122	-1,215	-2,040	-1,749
Merchandise trade balance	-1,954	-3,725	-5,500	-5,409	-6,567	-6,719
Exports	5,936	6,145	6,581	6,934	6,873	7,114
Imports	-7,890	-9,869	-12,081	-12,343	-13,440	-13,833
Of which: oil and gas	-1,668	-2,451	-2,788	-2,853	-3,297	-4,065
Services and transfers (net)	3,069	3,324	4,378	4,194	4,527	4,970
Of which: interest on public debt	-349	-347	-398	-391	-410	-400
Capital and financial account	199	1,317	1,489	1,533	2,477	1,930
Of which: foreign direct investment	758	1,123	1,288	1,396	1,528	1,528
Errors and omissions	-898	-226	-166	-458	209	0
Overall balance	417	691	201	439	645	180
Of which: change in NIR (increase -)	-479	-898	-283	-439	-645	-180
Current account (in percent of GDP)	6.1	-1.4	-3.5	-3.4	-5.6	-4.7
Exports of goods (in US\$, annual percentage chg)	8.5	3.5	7.1	7.7	4.4	3.5
Imports of goods (in US\$, annual percentage chg)	3.4	25.1	22.4	9.9	11.3	2.9
<b>International reserve position and external debt</b>						
Gross official reserves	825	1,929	2,251	2,468	2,891	2,967
(In months of imports of goods) 2/	1.3	2.3	2.2	2.6	2.6	2.6
(In terms of short term debt, percent) 3/	1.4	3.2	2.3	3.1	3.7	3.8
Net international reserves	602	1,520	1,788	1,898	2,278	2,459
NIR, program definition 4/	192	859	1,128	1,275	1,500	1,650
Outstanding external public debt, in percent of GDP	34.7	23.7	23.9	23.8	21.5	21.5
WEO Oil price (US\$/bbl)	37.8	53.4	64.3	n.a.	71.0	86.3

Sources: BCRD; World Bank; and Fund staff estimates and projections.

1/ Central government primary balance for 2008 includes interest payments on recapitalization bonds as transfers to the central bank for easy comparison with earlier years.

2/ In relation to imports of the current year.

3/ In relation to total external debt service obligations, including clearance of arrears and IMF obligations, during the following year on a residual maturity basis.

4/ Excludes reserve requirements on f/x deposits and various government deposits in f/x at the central bank.

Table 5a. The Dominican Republic: Fiscal Accounts (Staff Scenario)

(In billions of DR\$)

	2004	2005	2006	Q3		Q4		Prog.	Proj.	Projections			
				Prog.	Prel.	Prog.	Est.			2009	2010	2011	2012
				2007 (cumulative)									
I. CENTRAL GOVERNMENT													
Total revenue and grants	127.6	158.7	193.0	54.4	178.8	236.7	240.3	246.8	249.6	276.6	301.4	329.8	360.4
Total revenue	126.2	157.6	190.0	53.6	176.9	234.4	237.5	244.3	246.2	272.8	297.3	325.3	355.5
Tax revenues	117.3	148.5	179.0	51.3	161.8	214.3	218.9	226.1	231.4	258.3	283.3	310.8	340.3
Income and property 1/	26.4	33.2	47.3	12.4	51.2	61.2	67.0	59.5	61.4	69.8	78.1	86.1	95.1
VAT	30.6	41.4	53.8	15.4	49.0	68.4	67.5	74.9	77.8	87.9	97.1	107.2	117.2
Excises	22.9	35.7	50.9	16.9	44.4	60.8	61.1	68.0	67.4	74.3	81.2	88.6	96.8
International trade	37.2	37.8	26.8	5.6	17.1	23.8	23.1	23.7	24.7	26.1	26.7	28.7	31.0
Nontax revenue	8.9	9.1	11.0	2.3	15.1	20.1	18.6	18.2	14.7	14.5	14.0	14.5	15.3
Grants	1.3	1.1	3.0	0.8	1.9	2.3	2.8	2.5	3.4	3.8	4.1	4.5	4.9
Primary expenditures 2/	138.9	150.4	190.9	48.5	155.3	208.5	219.5	224.3	238.8	247.6	270.7	298.0	327.7
Wages and salaries	29.8	37.9	44.3	10.5	32.9	48.3	48.3	51.8	49.9	54.3	60.5	66.0	72.1
Goods and services	14.9	20.5	27.2	7.3	21.6	30.9	31.0	32.8	33.5	36.5	40.4	44.2	48.2
Transfers, of which: 3/	52.3	54.9	64.5	15.6	56.2	68.6	74.6	79.3	86.6	84.7	87.6	95.2	103.0
Gas subsidy	6.3	4.1	5.8	0.9	4.5	4.8	5.8	5.0	5.0	2.4	0.0	0.0	0.0
Electricity transfers	17.8	16.9	16.2	2.3	12.8	12.2	17.0	10.7	21.0	15.4	11.2	8.2	5.9
Capital expenditure	39.3	42.7	56.8	15.1	42.9	59.9	60.9	60.3	63.9	72.0	82.2	92.5	104.3
Relief spending	0.0	0.0	0.0	0.0	0.0	0.0	4.5	0.0	5.0	0.0	0.0	0.0	0.0
Unidentified spending and stat. discrepancy 2/	2.5	-5.5	-1.9	0.0	1.5	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Primary balance before measures	-11.3	8.4	2.2	5.9	23.5	28.2	20.8	22.5	10.7	29.0	30.7	31.8	32.8
Primary balance	-11.3	8.4	2.2	5.9	23.5	28.2	20.8	22.5	10.7	29.0	30.7	31.7	32.7
Interest	16.6	13.3	16.6	5.4	12.9	19.6	16.7	15.2	20.9	19.7	19.9	20.5	21.6
Overall balance	-27.9	-5.0	-14.4	0.5	10.6	8.6	4.1	7.3	-10.2	9.3	10.7	11.3	11.1
II. REST OF THE NON FINANCIAL PUBLIC SECTOR													
Overall balance rest of NFPS 4/	9.6	3.3	3.6	0.0	1.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
III. NON FINANCIAL PUBLIC SECTOR													
Overall balance NFPS	-18.3	-1.6	-10.8	0.5	12.5	8.6	4.1	7.3	-10.2	9.3	10.7	11.3	11.1
Primary Balance	-1.7	13.1	6.3	5.9	25.4	28.2	20.8	22.5	10.7	29.0	30.7	31.7	32.7
Interest	16.6	14.7	17.1	5.4	12.9	19.6	16.7	15.2	20.9	19.7	19.9	20.5	21.6
Financing NFPS	18.3	1.6	10.8	-0.8	-12.5	-8.6	-4.1	-7.3	10.2	-9.3	-10.7	-11.3	-11.1
External financing	18.2	10.0	16.9	1.4	-0.2	4.6	2.4	14.9	10.6	5.0	7.7	8.6	12.9
Domestic financing	0.1	-8.3	-5.8	-1.8	-12.3	-13.3	-6.5	1.4	1.4	-12.5	-15.2	-16.8	-19.0
Financing gap	0.0	0.0	0.0	-0.4	0.0	0.0	0.0	-23.6	-1.8	-1.7	-3.2	-3.0	-5.0
IV. QUASI-FISCAL BALANCE OF THE CENTRAL BANK													
Quasi-fiscal balance of the central bank	-31.2	-25.5	-26.0	-6.5	-18.5	-25.5	-24.9	-24.0	-23.3	-21.7	-19.4	-16.6	-12.9
o/w: primary balance	0.7	1.3	-1.6	0.6	1.6	2.5	2.2	5.6	5.5	7.3	9.7	12.4	15.4
V. COMBINED PUBLIC SECTOR													
Combined public sector balance	-49.47	-27.15	-36.7	-6.0	-6.0	-16.9	-20.9	-16.7	-33.5	-12.4	-8.7	-5.3	-1.8
Primary Balance	-1.0	14.4	4.7	6.5	27.0	30.7	23.0	28.1	16.3	36.2	40.4	44.1	48.1
Interest	48.4	41.6	41.5	12.5	33.0	47.6	43.9	44.8	49.8	48.6	49.1	49.4	49.9
Memorandum items:													
Total expenditure of central government	155.5	163.7	207.4	53.9	168.2	228.1	231.7	239.5	259.8	267.2	290.7	318.5	349.3
Primary spending excl. electricity and gas	114.8	129.4	168.9	45.3	138.0	191.6	192.1	199.5	212.8	229.8	259.5	289.8	321.8

Sources: Central Bank of the Dominican Republic and Fund staff estimates.

1/ For 2007 includes the capital gains windfall of Verizon for 0.5 percent of GDP.

2/ Primary expenditures include an unidentified residual which is the difference between the financing below the line and the overall balance registered above the line.

3/ For comparison purposes to previous years, starting in 2008 includes interest payments on Central Bank recapitalization bonds as transfers.

4/ Including electricity distribution companies (Edenorte and Edesur).

**Table 5b. The Dominican Republic: Fiscal Accounts (Staff Scenario)**

(In percent of GDP base 1970)

				Q3		Q4				Projections			
	2004	2005	2006	Prog.	Prel.	Prog.	Est.	Prog.	Proj.	2009	2010	2011	2012
	2007 (cumulative)							2008					
I. CENTRAL GOVERNMENT													
Total revenue and grants	16.4	17.9	18.2	14.6	14.8	19.7	19.9	18.7	18.9	18.7	18.7	18.7	18.7
Total revenue	16.2	17.8	18.0	14.5	14.6	19.5	19.6	18.5	18.7	18.4	18.4	18.4	18.5
Tax revenues	15.1	16.8	16.9	13.2	13.4	17.8	18.1	17.2	17.6	17.5	17.5	17.6	17.7
Income and property 1/	3.4	3.7	4.5	4.0	4.2	5.1	5.5	4.5	4.7	4.7	4.8	4.9	4.9
VAT	3.9	4.7	5.1	4.1	4.1	5.7	5.6	5.7	5.9	5.9	6.0	6.1	6.1
Excises	2.9	4.0	4.8	3.6	3.7	5.1	5.1	5.2	5.1	5.0	5.0	5.0	5.0
International trade	4.8	4.3	2.5	1.4	1.4	2.0	1.9	1.8	1.9	1.8	1.7	1.6	1.6
Nontax revenue	1.2	1.0	1.0	1.2	1.3	1.7	1.5	1.4	1.1	1.0	0.9	0.8	0.8
Grants	0.2	0.1	0.3	0.1	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3
Primary expenditures 2/	17.9	17.0	18.0	12.5	12.8	17.3	18.1	16.9	18.1	16.7	16.8	16.9	17.0
Wages and salaries	3.8	4.3	4.19	2.7	2.7	4.0	4.0	3.9	3.8	3.7	3.7	3.7	3.7
Goods and services	1.9	2.3	2.6	1.8	1.8	2.6	2.6	2.5	2.5	2.5	2.5	2.5	2.5
Transfers, of which : 3/	6.7	6.2	6.1	4.3	4.6	5.7	6.2	5.9	6.6	5.7	5.4	5.4	5.3
Gas subsidy	0.8	0.5	0.5	0.3	0.4	0.4	0.5	0.4	0.4	0.2	0.0	0.0	0.0
Electricity transfers	2.3	1.9	1.5	0.9	1.1	1.0	1.4	0.8	1.6	1.0	0.7	0.5	0.3
Capital expenditure	5.1	4.8	5.4	3.6	3.5	5.0	5.0	4.6	4.8	4.9	5.1	5.2	5.4
Relief spending	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.4	0.0	0.0	0.0	0.0
Unallocated spending and stat. discrepancy 2/	0.3	-0.6	-0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Primary balance	-1.5	0.9	0.2	2.1	1.9	2.3	1.7	1.8	0.8	2.0	1.9	1.8	1.7
Measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Primary balance	-1.5	0.9	0.2	2.1	1.9	2.3	1.7	1.8	0.8	2.0	1.9	1.8	1.7
Interest	2.1	1.5	1.6	1.3	1.1	1.6	1.4	1.2	1.6	1.3	1.2	1.2	1.1
Overall balance	-3.6	-0.6	-1.4	0.9	0.9	0.7	0.3	0.6	-0.8	0.6	0.7	0.6	0.6
II. REST OF THE NON FINANCIAL PUBLIC SECTOR													
Overall balance rest of NFPS 4/	1.2	0.4	0.3	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
III. NON FINANCIAL PUBLIC SECTOR													
Overall balance NFPS	-2.4	-0.2	-1.0	0.9	1.0	0.7	0.3	0.6	-0.8	0.6	0.7	0.6	0.6
Primary Balance	-0.2	1.5	0.6	2.1	2.1	2.3	1.7	1.8	0.8	2.0	1.9	1.8	1.7
Interest	2.1	1.7	1.6	1.3	1.1	1.6	1.4	1.2	1.6	1.3	1.2	1.2	1.1
Financing NFPS	2.4	0.2	1.0	-0.9	-1.0	-0.7	-0.3	-0.6	0.8	-0.6	-0.7	-0.6	-0.6
External financing	2.3	1.1	1.6	0.2	0.0	0.4	0.2	1.1	0.8	0.3	0.5	0.5	0.7
Domestic financing	0.0	-0.9	-0.6	-0.8	-1.0	-1.1	-0.5	0.1	0.1	-0.8	-0.9	-1.0	-1.0
Financing gap	0.0	0.0	0.0	-0.2	0.0	0.0	0.0	-1.8	-0.1	-0.1	-0.2	-0.2	-0.3
IV. QUASI-FISCAL BALANCE OF THE CENTRAL BANK													
Quasi-fiscal balance of the central bank	-4.0	-2.9	-2.5	-1.6	-1.5	-2.1	-2.1	-1.8	-1.8	-1.5	-1.2	-0.9	-0.7
Of which : non interest	0.1	0.2	-0.1	0.2	0.1	0.2	0.2	0.3	0.4	0.5	0.6	0.7	0.8
V. COMBINED PUBLIC SECTOR													
Combined public sector balance	-6.4	-3.1	-3.5	-0.7	-0.5	-1.4	-1.7	-1.3	-2.5	-0.8	-0.5	-0.3	-0.1
Primary balance	-0.1	1.6	0.4	2.3	2.2	2.6	1.9	2.1	1.2	2.5	2.5	2.5	2.5
Interest	6.2	4.7	3.9	3.0	2.7	4.0	3.6	3.4	3.8	3.3	3.0	2.8	2.6
Memorandum items:													
Primary spending excl. electricity and gas	14.8	14.6	16.0	11.3	11.4	15.9	15.9	15.1	16.2	15.5	16.1	16.4	16.7

Sources: Central Bank of the Dominican Republic and Fund staff estimates.

1/ For 2007 includes the capital gains windfall of Verizon for 0.5 percent of GDP.

2/ Primary expenditures include an unidentified residual which is the difference between the financing below the line and the overall balance registered above the line.

3/ For comparison purposes to previous years, starting in 2008 includes interest payments on Central Bank recapitalization bonds as transfers.

4/ Including electricity distribution companies (Edenorte and Edesur).

Table 5c. The Dominican Republic: Fiscal Accounts (Staff Scenario)

(In percent of GDP base 1991)

				Q3		Q4				Projections			
	2004	2005	2006	Prog.	Prel.	Prog.	Est.	Prog.	Proj.	2009	2010	2011	2012
				2007 (cumulative)				2008					
I. CENTRAL GOVERNMENT													
Total revenue and grants	14.0	15.6	16.2	12.9	13.2	17.5	17.7	16.7	16.5	16.6	16.6	16.6	16.6
Total revenue	13.9	15.4	16.0	12.8	13.0	17.3	17.5	16.5	16.3	16.4	16.4	16.4	16.4
Tax revenues	12.9	14.6	15.0	11.7	11.9	15.9	16.1	15.3	15.3	15.5	15.6	15.7	15.7
Income and property 1/	2.9	3.3	4.0	3.6	3.8	4.5	4.9	4.0	4.1	4.2	4.3	4.3	4.4
VAT	3.4	4.1	4.5	3.7	3.6	5.1	5.0	5.1	5.1	5.3	5.3	5.4	5.4
Excises	2.5	3.5	4.3	3.2	3.3	4.5	4.5	4.6	4.5	4.5	4.5	4.5	4.5
International trade	4.1	3.7	2.3	1.3	1.3	1.8	1.7	1.6	1.6	1.6	1.5	1.4	1.4
Nontax revenue	1.0	0.9	0.9	1.1	1.1	1.5	1.4	1.2	1.0	0.9	0.8	0.7	0.7
Grants	0.1	0.1	0.3	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Primary expenditures 2/	15.3	14.7	16.0	11.0	11.4	15.4	16.1	15.1	15.8	14.9	14.9	15.0	15.1
Wages and salaries	3.3	3.7	3.7	2.4	2.4	3.6	3.5	3.5	3.3	3.3	3.3	3.3	3.3
Goods and services	1.6	2.0	2.3	1.6	1.6	2.3	2.3	2.2	2.2	2.2	2.2	2.2	2.2
Transfers, o/w: 3/	5.8	5.4	5.4	3.8	4.1	5.1	5.5	5.4	5.7	5.1	4.8	4.8	4.8
Gas subsidy	0.7	0.4	0.5	0.3	0.3	0.4	0.4	0.3	0.3	0.1	0.0	0.0	0.0
Electricity transfers	2.0	1.7	1.4	0.8	0.9	0.9	1.3	0.7	1.4	0.9	0.6	0.4	0.3
Capital expenditure	4.3	4.2	4.8	3.2	3.2	4.4	4.5	4.1	4.2	4.3	4.5	4.7	4.8
Relief Spending	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.3	0.0	0.0	0.0	0.0
Unallocated spending and stat. discrepancy 2/	0.3	-0.5	-0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Primary balance	-1.2	0.8	0.2	1.9	1.7	2.1	1.5	1.5	0.7	1.7	1.7	1.6	1.5
Primary balance	-1.2	0.8	0.2	1.9	1.7	2.1	1.5	1.5	0.7	1.7	1.7	1.6	1.5
Interest	1.8	1.3	1.4	1.1	0.9	1.4	1.2	1.0	1.4	1.2	1.1	1.0	1.0
Overall balance	-3.1	-0.5	-1.2	0.8	0.8	0.6	0.3	0.5	-0.7	0.6	0.6	0.6	0.5
II. REST OF THE NON FINANCIAL PUBLIC SECTOR													
Overall balance rest of NFPS 4/	1.1	0.3	0.3	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
III. NON FINANCIAL PUBLIC SECTOR													
Overall balance NFPS	-2.0	-0.2	-0.9	0.8	0.9	0.6	0.3	0.5	-0.7	0.6	0.6	0.6	0.5
Primary balance	-0.2	1.3	0.5	1.9	1.9	2.1	1.5	1.5	0.7	1.7	1.7	1.6	1.5
Interest	1.8	1.4	1.4	1.1	0.9	1.4	1.2	1.0	1.4	1.2	1.1	1.0	1.0
Financing NFPS	2.0	0.2	0.9	-0.8	-0.9	-0.6	-0.3	-0.5	0.7	-0.6	-0.6	-0.6	-0.5
External financing	2.0	1.0	1.4	0.2	0.0	0.3	0.2	1.0	0.7	0.3	0.4	0.4	0.6
Domestic financing	0.0	-0.8	-0.5	-0.7	-0.9	-1.0	-0.5	0.1	0.1	-0.8	-0.8	-0.8	-0.9
Financing gap	0.0	0.0	0.0	-0.2	0.0	0.0	0.0	-1.6	-0.1	-0.1	-0.2	-0.2	-0.2
IV. QUASI-FISCAL BALANCE OF THE CENTRAL BANK													
Quasi-fiscal balance of the central bank	-3.4	-2.5	-2.2	-1.4	-1.4	-1.9	-1.8	-1.6	-1.5	-1.3	-1.1	-0.8	-0.6
Of which : non-interest	0.1	0.1	-0.1	0.1	0.1	0.2	0.2	0.4	0.4	0.4	0.5	0.6	0.7
V. COMBINED PUBLIC SECTOR													
Combined public sector balance	-5.4	-2.7	-3.1	-0.6	-0.4	-1.2	-1.5	-1.1	-2.2	-0.7	-0.5	-0.3	-0.1
Primary balance	-0.1	1.4	0.4	2.0	2.0	2.3	1.7	1.9	1.1	2.2	2.2	2.2	2.2
Interest	5.3	4.1	3.5	2.6	2.4	3.5	3.2	3.0	3.3	2.9	2.7	2.5	2.3
Memorandum items:													
Primary spending excl. electricity and gas	12.6	12.7	14.2	10.0	10.1	14.1	14.1	14.1	14.1	13.8	14.3	14.6	14.9

Sources: Central Bank of the Dominican Republic and Fund staff estimates.

1/ For 2007 includes the capital gains windfall of Verizon for 0.5 percent of GDP.

2/ Primary expenditures include an unidentified residual which is the difference between the financing below the line and the overall balance registered above the line.

3/ For comparison purposes to previous years, starting in 2008 includes interest payments on Central Bank recapitalization bonds as transfers.

4/ Including electricity distribution companies (Edenorte and Edesur).



Table 5d. The Dominican Republic: Fiscal Accounts (Authorities Scenario)

(In billions of DR\$)

				Q3		Q4								
	2004	2005	2006	Prog.	Prel.	Prog.	Est.	Prog.	Proj.		Projections			
				2007 (Cumulative)					2008		2009	2010	2011	2012
I. CENTRAL GOVERNMENT														
Total revenue and grants	127.6	158.7	193.0	54.4	178.8	236.7	240.3	246.8	249.6	274.4	295.0	319.7	347.7	
Total revenue	126.2	157.6	190.0	53.6	176.9	234.4	237.5	244.3	246.2	270.6	290.9	315.2	342.8	
Tax revenues	117.3	148.5	179.0	51.3	161.8	214.3	218.9	226.1	231.4	256.1	277.1	301.0	327.9	
Income and property 1/	26.4	33.2	47.3	12.4	51.2	61.2	67.0	59.5	61.4	68.9	75.2	82.2	89.7	
VAT	30.6	41.4	53.8	15.4	49.0	68.4	67.5	74.9	77.8	86.8	94.0	101.7	110.7	
Excises	22.9	35.7	50.9	16.9	44.4	60.8	61.1	68.0	67.4	74.3	81.2	88.6	96.8	
International trade	37.2	37.8	26.8	5.6	17.1	23.8	23.1	23.7	24.7	26.0	26.5	28.3	30.5	
Nontax revenue	8.9	9.1	11.0	2.3	15.1	20.1	18.6	18.2	14.7	14.5	13.8	14.2	14.9	
Grants	1.3	1.1	3.0	0.8	1.9	2.3	2.8	2.5	3.4	3.8	4.1	4.5	4.9	
Primary expenditures 2/	138.9	150.4	190.9	48.5	155.3	208.5	219.5	224.3	238.8	259.6	280.4	305.5	334.2	
Wages and salaries	29.8	37.9	44.3	10.5	32.9	48.3	48.3	51.8	49.9	57.6	62.9	68.7	75.0	
Goods and services	14.9	20.5	27.2	7.3	21.6	30.9	31.0	32.8	33.5	37.6	41.1	44.8	49.0	
Transfers, Of which: 3/	52.3	54.9	64.5	15.6	56.2	68.6	74.6	79.3	86.6	91.2	93.1	99.3	105.9	
Gas subsidy	6.3	4.1	5.8	0.9	4.5	4.8	5.8	5.0	5.0	2.4	0.0	0.0	0.0	
Electricity transfers	17.8	16.9	16.2	2.3	12.8	12.2	17.0	10.7	21.0	19.3	15.4	12.7	10.9	
Capital expenditure	39.3	42.7	56.8	15.1	42.9	59.9	60.9	60.3	63.9	73.3	83.4	92.7	104.3	
Relief spending	0.0	0.0	0.0	0.0	0.0	0.0	4.5	0.0	5.0	0.0	0.0	0.0	0.0	
Unidentified spending and stat. discrepancy 2/	2.5	-5.5	-1.9	0.0	1.5	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Primary balance before measures	-11.3	8.4	2.2	5.9	23.5	28.2	20.8	22.5	10.7	14.8	14.6	14.1	13.5	
Measures (=spending reduced)	...	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Primary balance	-11.3	8.4	2.2	5.9	23.5	28.2	20.8	22.5	10.7	14.8	14.5	14.1	13.5	
Interest	16.6	13.3	16.6	5.4	12.9	19.6	16.7	15.2	20.9	19.7	19.6	19.7	20.3	
Overall balance	-27.9	-5.0	-14.4	0.5	10.6	8.6	4.1	7.3	-10.2	-4.9	-5.0	-5.6	-6.9	
II. REST OF THE NON FINANCIAL PUBLIC SECTOR														
Overall balance rest of NFPS 4/	9.6	3.3	3.6	0.0	1.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
III. NON FINANCIAL PUBLIC SECTOR														
Overall balance NFPS	-18.3	-1.6	-10.8	0.5	12.5	8.6	4.1	7.3	-10.2	-4.9	-5.0	-5.6	-6.9	
Primary Balance	-1.7	13.1	6.3	5.9	25.4	28.2	20.8	22.5	10.7	14.8	14.5	14.1	13.5	
Interest	16.6	14.7	17.1	5.4	12.9	19.6	16.7	15.2	20.9	19.7	19.6	19.7	20.3	
Financing NFPS	18.3	1.6	10.8	-0.8	-12.5	-8.6	-4.1	-7.3	10.2	4.9	5.0	5.6	6.8	
External financing	18.2	10.0	16.9	1.4	-0.2	4.6	2.4	14.9	10.6	5.0	7.7	8.6	12.9	
Domestic financing	0.1	-8.3	-5.8	-1.8	-12.3	-13.3	-6.5	1.4	1.4	-10.0	-13.8	-10.8	-15.8	
Financing gap	0.0	0.0	0.0	-0.4	0.0	0.0	0.0	-23.6	-1.8	10.0	11.1	7.8	9.8	
IV. QUASI-FISCAL BALANCE OF THE CENTRAL BANK														
Quasi-fiscal balance of the central bank	-31.2	-25.5	-26.0	-6.5	-18.5	-25.5	-24.9	-24.0	-23.3	-21.7	-19.4	-16.6	-12.9	
Of which: primary balance	0.7	1.3	-1.6	0.6	1.6	2.5	2.2	5.6	5.5	7.3	9.7	12.4	15.4	
V. COMBINED PUBLIC SECTOR														
Combined public sector balance	-49.47	-27.15	-36.7	-6.0	-6.0	-16.9	-20.9	-16.7	-33.5	-26.5	-24.4	-22.2	-19.8	
Primary balance	-1.0	14.4	4.7	6.5	27.0	30.7	23.0	28.1	16.3	22.1	24.3	26.5	28.9	
Interest	48.4	41.6	41.5	12.5	33.0	47.6	43.9	44.8	49.8	48.6	48.7	48.7	48.6	
Memorandum items:														
Total expenditure of central government	155.5	163.7	207.4	53.9	168.2	228.1	231.7	239.5	259.8	279.3	300.0	325.3	354.5	
Primary spending excl. electricity and gas	114.8	129.4	168.9	45.3	138.0	191.6	192.1	199.5	212.8	238.0	265.1	292.8	323.3	

Sources: Central Bank of the Dominican Republic and Fund staff estimates.

1/ For 2007 includes the capital gains windfall of Verizon for 0.5 percent of GDP.

2/ Primary expenditures include an unidentified residual which is the difference between the financing below the line and the overall balance registered above the line.

3/ For comparison purposes to previous years, starting in 2008 includes interest payments on Central Bank recapitalization bonds as transfers.

4/ Including electricity distribution companies (Edenorte and Edesur).

Table 5e. The Dominican Republic: Fiscal Accounts (Authorities Scenario)

(In percent of GDP base 1970)

	2004	2005	2006	Q3		Q4		Prog.	Proj.	Projections			
				Prog.	Prel.	Prog.	Est.						
				2007 (cumulative)				2008		2009	2010	2011	2012
I. CENTRAL GOVERNMENT													
Total revenue and grants	16.4	17.9	18.2	14.6	14.8	19.7	19.9	18.7	18.9	18.6	18.3	18.1	18.1
Total revenue	16.2	17.8	18.0	14.5	14.6	19.5	19.6	18.5	18.7	18.3	18.0	17.9	17.8
Tax revenues	15.1	16.8	16.9	13.2	13.4	17.8	18.1	17.2	17.6	17.3	17.2	17.1	17.0
Income and property 1/	3.4	3.7	4.5	4.0	4.2	5.1	5.5	4.5	4.7	4.7	4.7	4.7	4.7
VAT	3.9	4.7	5.1	4.1	4.1	5.7	5.6	5.7	5.9	5.9	5.8	5.8	5.7
Excises	2.9	4.0	4.8	3.6	3.7	5.1	5.1	5.2	5.1	5.0	5.0	5.0	5.0
International trade	4.8	4.3	2.5	1.4	1.4	2.0	1.9	1.8	1.9	1.8	1.6	1.6	1.6
Nontax revenue	1.2	1.0	1.0	1.2	1.3	1.7	1.5	1.4	1.1	1.0	0.9	0.8	0.8
Grants	0.2	0.1	0.3	0.1	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3
Primary expenditures 2/	17.9	17.0	18.0	12.5	12.8	17.3	18.1	16.9	18.1	17.6	17.4	17.3	17.4
Wages and salaries	3.8	4.3	4.19	2.7	2.7	4.0	4.0	3.9	3.8	3.9	3.9	3.9	3.9
Goods and services	1.9	2.3	2.6	1.8	1.8	2.6	2.6	2.5	2.5	2.5	2.5	2.5	2.5
Transfers, o/w: 3/	6.7	6.2	6.1	4.3	4.6	5.7	6.2	5.9	6.6	6.2	5.8	5.6	5.5
Gas subsidy	0.8	0.5	0.5	0.3	0.4	0.4	0.5	0.4	0.4	0.2	0.0	0.0	0.0
Electricity transfers	2.3	1.9	1.5	0.9	1.1	1.0	1.4	0.8	1.6	1.3	1.0	0.7	0.6
Capital expenditure	5.1	4.8	5.4	3.6	3.5	5.0	5.0	4.6	4.8	5.0	5.2	5.3	5.4
Relief Spending	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.4	0.0	0.0	0.0	0.0
Unallocated spending and stat.	0.3	-0.6	-0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Primary balance	-1.5	0.9	0.2	2.1	1.9	2.3	1.7	1.8	0.8	1.0	0.9	0.8	0.7
Measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Primary balance	-1.5	0.9	0.2	2.1	1.9	2.3	1.7	1.8	0.8	1.0	0.9	0.8	0.7
Interest	2.1	1.5	1.6	1.3	1.1	1.6	1.4	1.2	1.6	1.3	1.2	1.1	1.1
Overall balance	-3.6	-0.6	-1.4	0.9	0.9	0.7	0.3	0.6	-0.8	-0.3	-0.3	-0.3	-0.4
II. REST OF THE NON FINANCIAL PUBLIC SECTOR													
Overall balance rest of NFPS 4/	1.2	0.4	0.3	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
III. NON FINANCIAL PUBLIC SECTOR													
Overall balance NFPS	-2.4	-0.2	-1.0	0.9	1.0	0.7	0.3	0.6	-0.8	-0.3	-0.3	-0.3	-0.4
Primary Balance	-0.2	1.5	0.6	2.1	2.1	2.3	1.7	1.8	0.8	1.0	0.9	0.8	0.7
Interest	2.1	1.7	1.6	1.3	1.1	1.6	1.4	1.2	1.6	1.3	1.2	1.1	1.1
Financing NFPS	2.4	0.2	1.0	-0.9	-1.0	-0.7	-0.3	-0.6	0.8	0.3	0.3	0.3	0.4
External financing	2.3	1.1	1.6	0.2	0.0	0.4	0.2	1.1	0.8	0.3	0.5	0.5	0.7
Domestic financing	0.0	-0.9	-0.6	-0.8	-1.0	-1.1	-0.5	0.1	0.1	-0.7	-0.9	-0.6	-0.8
Financing gap	0.0	0.0	0.0	-0.2	0.0	0.0	0.0	-1.8	-0.1	0.7	0.7	0.4	0.5
IV. QUASI-FISCAL BALANCE OF THE CENTRAL BANK													
Quasi-fiscal balance of the cent	-4.0	-2.9	-2.5	-1.6	-1.5	-2.1	-2.1	-1.8	-1.8	-1.5	-1.2	-0.9	-0.7
Of which: non-interest	0.1	0.2	-0.1	0.2	0.1	0.2	0.2	0.3	0.4	0.5	0.6	0.7	0.8
V. COMBINED PUBLIC SECTOR													
Combined Public Sector Balanc	-6.4	-3.1	-3.5	-0.7	-0.5	-1.4	-1.7	-1.3	-2.5	-1.8	-1.5	-1.3	-1.0
Primary Balance	-0.1	1.6	0.4	2.3	2.2	2.6	1.9	2.1	1.2	1.5	1.5	1.5	1.5
Interest	6.2	4.7	3.9	3.0	2.7	4.0	3.6	3.4	3.8	3.3	3.0	2.8	2.5
Memorandum items:													
Primary spending excl. electricit	14.8	14.6	16.0	11.3	11.4	15.9	15.9	15.1	16.2	16.1	16.4	16.6	16.8

Sources: Central Bank of the Dominican Republic and Fund staff estimates.

1/ For 2007 includes the capital gains windfall of Verizon for 0.5 percent of GDP.

2/ Primary expenditures include an unidentified residual which is the difference between the financing below the line and the overall balance registered above the line.

3/ For comparison purposes to previous years, starting in 2008 includes interest payments on Central Bank recapitalization bonds as transfers.

4/ Including electricity distribution companies (Edenorte and Edesur).

Table 5f. The Dominican Republic: Fiscal Accounts (Authorities Scenario)

(In percent of GDP base 1991)

				Q3		Q4				Projections			
	2004	2005	2006	Prog.	Prel.	Prog.	Est.	Prog.	Proj.				
				2007 (cumulative)				2008		2009	2010	2011	2012
I. CENTRAL GOVERNMENT													
Total revenue and grants	14.0	15.6	16.2	12.9	13.2	17.5	17.7	16.7	16.5	16.5	16.2	16.1	16.1
Total revenue	13.9	15.4	16.0	12.8	13.0	17.3	17.5	16.5	16.3	16.3	16.0	15.9	15.8
Tax revenues	12.9	14.6	15.0	11.7	11.9	15.9	16.1	15.3	15.3	15.4	15.3	15.2	15.1
Income and property 1/	2.9	3.3	4.0	3.6	3.8	4.5	4.9	4.0	4.1	4.1	4.1	4.1	4.1
VAT	3.4	4.1	4.5	3.7	3.6	5.1	5.0	5.1	5.1	5.2	5.2	5.1	5.1
Excises	2.5	3.5	4.3	3.2	3.3	4.5	4.5	4.6	4.5	4.5	4.5	4.5	4.5
International trade	4.1	3.7	2.3	1.3	1.3	1.8	1.7	1.6	1.6	1.6	1.5	1.4	1.4
Nontax revenue	1.0	0.9	0.9	1.1	1.1	1.5	1.4	1.2	1.0	0.9	0.8	0.7	0.7
Grants	0.1	0.1	0.3	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Primary expenditures 2/	15.3	14.7	16.0	11.0	11.4	15.4	16.1	15.1	15.8	15.6	15.4	15.4	15.4
Wages and salaries	3.3	3.7	3.7	2.4	2.4	3.6	3.5	3.5	3.3	3.5	3.5	3.5	3.5
Goods and services	1.6	2.0	2.3	1.6	1.6	2.3	2.3	2.2	2.2	2.3	2.3	2.3	2.3
Transfers, o/w: 3/	5.8	5.4	5.4	3.8	4.1	5.1	5.5	5.4	5.7	5.5	5.1	5.0	4.9
Gas subsidy	0.7	0.4	0.5	0.3	0.3	0.4	0.4	0.3	0.3	0.1	0.0	0.0	0.0
Electricity transfers	2.0	1.7	1.4	0.8	0.9	0.9	1.3	0.7	1.4	1.2	0.8	0.6	0.5
Capital expenditure	4.3	4.2	4.8	3.2	3.2	4.4	4.5	4.1	4.2	4.4	4.6	4.7	4.8
Relief Spending	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.3	0.0	0.0	0.0	0.0
Unallocated spending and stat. dis	0.3	-0.5	-0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Primary balance	-1.2	0.8	0.2	1.9	1.7	2.1	1.5	1.5	0.7	0.9	0.8	0.7	0.6
Measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Primary balance	-1.2	0.8	0.2	1.9	1.7	2.1	1.5	1.5	0.7	0.9	0.8	0.7	0.6
Interest	1.8	1.3	1.4	1.1	0.9	1.4	1.2	1.0	1.4	1.2	1.1	1.0	0.9
Overall balance	-3.1	-0.5	-1.2	0.8	0.8	0.6	0.3	0.5	-0.7	-0.3	-0.3	-0.3	-0.3
II. REST OF THE NON FINANCIAL PUBLIC SECTOR													
Overall balance rest of NFPS 4/	1.1	0.3	0.3	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
III. NON FINANCIAL PUBLIC SECTOR													
Overall balance NFPS	-2.0	-0.2	-0.9	0.8	0.9	0.6	0.3	0.5	-0.7	-0.3	-0.3	-0.3	-0.3
Primary Balance	-0.2	1.3	0.5	1.9	1.9	2.1	1.5	1.5	0.7	0.9	0.8	0.7	0.6
Interest	1.8	1.4	1.4	1.1	0.9	1.4	1.2	1.0	1.4	1.2	1.1	1.0	0.9
Financing NFPS	2.0	0.2	0.9	-0.8	-0.9	-0.6	-0.3	-0.5	0.7	0.3	0.3	0.3	0.3
External financing	2.0	1.0	1.4	0.2	0.0	0.3	0.2	1.0	0.7	0.3	0.4	0.4	0.6
Domestic financing	0.0	-0.8	-0.5	-0.7	-0.9	-1.0	-0.5	0.1	0.1	-0.6	-0.8	-0.5	-0.7
Financing gap	0.0	0.0	0.0	-0.2	0.0	0.0	0.0	-1.6	-0.1	0.6	0.6	0.4	0.5
IV. QUASI-FISCAL BALANCE OF THE CENTRAL BANK													
Quasi-fiscal balance of the central	-3.4	-2.5	-2.2	-1.4	-1.4	-1.9	-1.8	-1.6	-1.5	-1.3	-1.1	-0.8	-0.6
Of which : non-interest	0.1	0.1	-0.1	0.1	0.1	0.2	0.2	0.4	0.4	0.4	0.5	0.6	0.7
V. COMBINED PUBLIC SECTOR													
Combined Public Sector Balance	-5.4	-2.7	-3.1	-0.6	-0.4	-1.2	-1.5	-1.1	-2.2	-1.6	-1.3	-1.1	-0.9
Primary Balance	-0.1	1.4	0.4	2.0	2.0	2.3	1.7	1.9	1.1	1.3	1.3	1.3	1.3
Interest	5.3	4.1	3.5	2.6	2.4	3.5	3.2	3.0	3.3	2.9	2.7	2.5	2.2
Memorandum items:													
Primary spending excl. electricity a	12.6	12.7	14.2	10.0	10.1	14.1	14.1	14.1	14.1	14.3	14.6	14.8	14.9

Sources: Central Bank of the Dominican Republic and Fund staff estimates.

1/ For 2007 includes the capital gains windfall of Verizon for 0.5 percent of GDP.

2/ Primary expenditures include an unidentified residual which is the difference between the financing below the line and the overall balance registered above the line.

3/ For comparison purposes to previous years, starting in 2008 includes interest payments on Central Bank recapitalization bonds as transfers.

4/ Including electricity distribution companies (Edenorte and Edesur).

Table 6. Dominican Republic: Summary of the Banking System 1/

(In billions of Dominican pesos unless otherwise indicated)

	2003	2004	2005	2006	Prog. 2007	Proj. 2008
<b>I. Central Bank</b>						
<b>Net international reserves (DR\$ bn)</b>	4.7	17.9	51.0	59.9	75.5	78.0
In US\$ million	124	602	1,520	1,788	2,219	2,278
NIR Program definition (in US\$ million) 2/	-96	201	850	1,128	1,400	1,500
<b>Net domestic assets</b>	80.4	78.2	66.8	69.4	84.4	78.0
Net credit to the nonfinancial public sector 3/4/	-0.6	41.9	97.7	206.6	222.5	213.0
Of which : excluding quasi-fiscal related	-0.6	2.3	4.3	4.7	20.5	11.1
Net credit to commercial banks	82.0	57.7	44.0	-32.4	-29.2	-30.4
Certificates held by the private sector	-37.0	-54.4	-81.8	-117.5	-132.8	-136.1
Medium- and long-term external liabilities	-20.8	-14.9	-14.8	-13.2	-9.0	-10.8
Official capital and accumulated surplus (-) 3/4/	52.7	48.2	16.4	24.5	33.2	42.1
Other assets net	4.1	-0.3	5.2	1.5	-0.3	0.2
<b>Monetary base</b>	85.1	96.1	117.8	129.3	159.9	156.0
Currency in circulation	29.7	32.5	38.3	44.0	49.3	50.1
Cash-in-vault and bank deposits	55.4	63.5	79.5	85.3	110.6	105.9
Of which: Investment requirement	0.0	12.7	12.7	5.9	5.9	5.9
Of which: Reserves on foreign currency deposits	8.3	11.6	18.0	16.5	20.6	20.7
<b>II. Deposit Money Banks</b>						
<b>Net foreign assets</b>	5.0	23.4	30.5	37.8	46.0	44.9
In US\$ million	131	787	907	1,130	1,351	1,312
<b>Net claims on central bank</b>	-32.8	-19.5	8.6	93.6	118.0	114.0
Claims	72.2	81.9	105.4	102.0	126.3	122.0
Liabilities	-105.0	-101.4	-96.8	-8.5	-8.2	-7.9
<b>Net domestic assets</b>	225.1	215.6	205.4	127.1	153.2	140.0
Net credit to the nonfinancial public sector	8.2	14.6	5.6	2.0	-7.8	-11.3
Credit to the private sector	165.6	163.9	179.5	205.1	249.7	255.4
Capital and accumulated surplus	9.3	4.6	1.1	-0.8	-1.2	-5.9
Other assets net	42.0	32.5	19.2	-79.2	-87.5	-98.2
<b>Liabilities to the private sector</b>	197.3	219.5	244.5	258.5	317.2	298.9
<b>III. Banking System</b>						
<b>Net foreign assets</b>	9.7	41.3	81.5	97.7	121.4	123.0
In US\$ million	255	1,389	2,427	2,917	3,570	3,591
<b>Net domestic assets</b>	260.6	290.5	309.9	346.5	399.6	384.4
Net credit to the nonfinancial public sector	7.7	56.5	103.3	208.6	214.7	201.7
Of which : excluding quasi-fiscal losses		17.0	9.9	6.7	12.8	-0.2
Credit to the private sector	165.6	163.9	179.5	205.1	249.7	255.4
Denominated in pesos	105.0	129.2	144.5	170.5	212.3	214.9
Denominated in foreign currency	60.6	34.7	35.1	34.6	37.4	40.5
Medium- and long-term external liabilities	-20.8	-14.9	-14.8	-13.2	-9.0	-10.8
Capital and accumulated surplus	62.0	52.7	17.5	23.6	32.0	36.1
Other assets net (includes valuation effects)	46.1	32.2	24.4	-77.7	-87.9	-98.0
<b>M3</b>	270.2	331.7	391.4	444.2	521.0	507.4
Currency in circulation	29.7	32.5	38.3	44.0	49.3	50.1
Deposits	197.3	219.5	244.5	258.5	317.2	298.9
Central bank certificates held by the private sector	43.2	79.7	108.6	141.7	154.5	175.1
(Percentage change, y-o-y)						
Credit to the private sector	5.2	-1.0	9.6	14.3	21.7	24.5
Deposits	71.8	11.2	11.4	5.7	22.7	15.7
M3	95.8	22.8	18.0	13.5	17.3	14.2
<b>Memorandum items:</b>						
Quasi-fiscal balance (in percent of GDP)	-2.6	-4.0	-2.9	-2.5	-2.1	-2.1

Source: Central Bank of the Dominican Republic; and Fund staff estimates and projections.

1/ Includes the central bank and commercial (multiple) banks.

2/ Excludes reserve requirement on foreign currency deposits, and government and bank deposits in foreign currency. End of period.

3/ In 2004/05, the government recognized DR\$62 bn in quasi-fiscal debts to the BCRD accumulated pre-2004.

NFPS credit projections for 2006 assume a cash recapitalization of US\$200m, evenly distributed throughout the year.

4/ Following the external auditor's recommendation, the BCRD provisioned about 80 percent of its loans granted to the banking system during the 2002 crisis.