

Santiago, June 10th 2005.

Dear Carmen:

In accordance with your request, in continuation, are the following comments:

ED 24 Specific Issues under Cash Basis

Requirements for external assistance reporting

In terms of the need for this standard, as noted in BC1, it is completely true and reasonable. It is valid even for those who maintain accounts under the accrued basis, who should maintain accounts to the margin and parallel to what has been requested by assistant Entities and/or project borrowers.

In relation to the definition of assistance it is necessary to be more explicit, "official resources that were originated in multilateral agencies, of government or government agencies." Here donations are used to finance programs and specific projects, habitually in Institutional Classifications, as for example that of Chile, it is recognized as part to the Ministry, as a chapter to the entities or public services and as programs, the specific activities, in which the official resources can be included as external assistance. In this aspect it would be suitable to include a form of Institutional Classification in the NICSP, of a greater scope than the indicated in the MEFP of the FMI 2001.

In BC11, even if the assistance is in goods and services, these have monetary expression, therefore, information should exist about them in notes to the financial statements, or more specifically with a movement compensated for money, with the goal of not losing information.

In BC14, the suitable thing would be to recommend, in addition to the accounts in currency of functional registry that there should also be analytics in currency of origin.

Attentively,

Nelson Camsen V.

José Allende P.