Table 1. Uganda: Quantitative Performance Criteria and Benchmarks
Under the Third Annual PRGF Arrangement, 1999/2000 1/

	Sep. 1999	Dec. 1999 2/			Mar. 2000			June 2000 2/				
	Act.	Prog.	Adj. prog.	Actual	Prog.	Adj. prog	Prel.	Prog.	Rev. target	Adj. prog.	Adj. rev. target	Proj.
Cumulative change from end-June 1999					(In billions of Uganda shillings; end of period)							
Ceiling on the increase in net domestic assets (NDA) of the banking system 3/ 4/	107.3	111.7	192.9	73.6	140.2	308.5	130.5	23.5	23.5	84.4	84.4	49.6
Ceiling on the increase in net claims on the government (NCG) by the banking system 3/ 4/ 5/	121.8	69.5	189.0	126.8	77.6	313.7	197.5	-57.6	-0.8	125.5	182.3	132.7
Ceiling on the gross issuance of promissory notes by the government 6/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minimum nonwage expenditures on Priority Program Areas (including the Universal Primary Education component of development expenditures) 7/	50.3	112.3	112.3	110.0	174.9	174.9	168.9	239.7	239.7	239.7	239.7	246.8
Accumulation of new domestic budgetary arrears of the central government 6/	0.0	0.0	0.0	6.4	0.0	0.0	4.6	0.0	0.0	0.0	0.0	0.0
					(In millions of U.S. dollars; end of period)							
Ceiling on the stock of external payments arrears 8/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ceiling on new nonconcessional external borrowing over one year contracted or guaranteed by the government or the Bank of Uganda 9/	10.0	10.0	0.0	0.0	10.0	0.0	0.0	10.0	0.0	0.0	0.0	0.0
Minimum increase in net international reserves (NIR) of the Bank of Uganda 3/ 4/ 10/ 11/	-51.8	2.0	-55.0	2.1	8.4	-108.2	-30.7	102.3	87.3	50.2	35.2	35.2
Memorandum items (in billions of Uganda shillings, unless otherwise indicated):												
Adjustment to program ceiling on increase in NDA of the banking system owing to			81.2			168.3				60.9	60.9	
Deviation in import support			91.6			184.1				58.8	58.8	
Deviation in debt service paid			-10.4			-15.8				2.1	2.1	
Adjustment to program ceiling on increase in NCG by the banking system owing to			119.6			236.1				183.0	183.0	
Deviation in import support			91.6			184.1				58.8	58.8	
Deviation in debt service paid			-10.4			-15.8				2.1	2.1	
Deviation in nonbank financing			-6.1			-23.4				30.9	30.9	
The cost of bank restructuring			44.5			91.2				91.2	91.2	
Adjustment to program ceiling on increase in NIR of the Bank of Uganda owing to			57.0			107.6				-52.1	-52.1	
Deviation in import support (in millions of U.S. dollars)			65.3			120.7				54.8	54.8	
Deviation in debt service paid (in millions of U.S. dollars)			-8.3			-13.1				-2.8	-2.8	

1/ Fiscal year begins in July.

2/ Performance criteria.

3/ Net domestic assets of the banking system and net claims on government by the banking system would be adjusted upward (downward) and net international reserves would be adjusted downward (upward) for any shortfall (excess) in import support (including debt relief provided under the Heavily Indebted Poor Countries (HIPC) Initiative) projected at U Sh 24.8 billion at end-September 1999; U Sh 205.1 billion at end-December 1999; U Sh 320.1 at end-March 2000; and at U Sh 495.8 billion at end-June 2000.

4/ Net domestic assets of the banking system and net claims on the government by the banking system would be adjusted downward (upward) and net international reserves upward (downward) by the amount that external debt service paid by the central government falls short of (exceeds) the cumulative sum of U Sh 47.4 billion at end-September 1999; U Sh 81.8 billion at end-December 1999; U Sh 126.3 billion at end-March 2000; and U Sh 154.4 billion at end-June 2000.

5/ To be adjusted upward by the amount of any issue of government securities for the completion of the recapitalization of the Bank of Uganda and resolution of deposit payments/transfers of the three commercial banks closed in 1998/99, and for any further recapitalization of Uganda Commercial Bank. To be adjusted downward (upward) by any excess (shortfall) in nonbank financing of the government budget cumulatively projected at U Sh -76.1 billion at end-September 1999; U Sh -120.7 billion at end-December 1999; U Sh -151.8 billion at end-March 2000; and U Sh -130.8 billion at end-June 2000.

6/ Continuous performance criterion.

7/ To be adjusted upward by 60 percent of budgeted contingent expenditures that are spent during any quarter, cumulatively projected at U Sh 0 for end-September 1999, U Sh 10 billion for end-December 1999, U Sh 15.3 billion for end-March 2000, and U Sh 26.4 billion for end-June 2000.

8/ Comprises those external arrears reported by the Trade and External Debt Department of the Bank of Uganda that cannot be rescheduled. This performance criterion/benchmark is to be observed on a continuous basis.

9/ Excludes debts contracted in the context of rescheduling agreements; includes financial leases and other instruments giving rise to external liabilities, contingent or otherwise, on nonconcessional terms. Commercial interest reference rates (CIRRs) published by the OECD should be used as the discount rate for assessing the level of concessionality, while the six-month average CIRRs should be used for loans with shorter maturities. To both the ten-year and six-month averages the following margins for differing repayment periods should be added: 0.75 percent for repayment periods of less than 15 years; 1 percent for 15-19 years; 1.15 percent for 20-29 years, and 1.25 percent for 30 years or more.

10/ The change in definitions contained in footnotes 9 and 11 became effective on May 1, 2000; therefore, earlier lease-purchase transactions, such as that of the jet, concluded on March 30, 2000, are not caught by the borrowing limits.

11/ Net international reserves are defined for this purpose, consistent with the definition of the Special Data Dissemination Standard (SDDS) template, as external assets readily available to, or controlled by, the Bank of Uganda net of external liabiliti the Bank of Uganda. Pledged or otherwise encumbered reserve assets including but not limited to reserve assets used as collateral or guarantee for third-party external liabilities are to be excluded.

Table 2. Uganda: Prior Actions Structural Performance Criteria, and Benchmarks
Under the Third Annual PRGF Arrangement, 1999/2000 1/

Action	Programmed Completion Date	Current Status
Fiscal		
Recapitalization of Bank of Uganda (BOU), and transfer of BOU's 1997/98 operating surplus to the treasury (prior action for first review)	March 31, 2000	Observed
Completion of 12 comprehensive and 200 issue-oriented audits by the Uganda Revenue Authority 2/	December 31, 1999	Observed
Verification by Auditor General of domestic budget arrears outstanding at end-June 1999 2/	June 30, 2000	Observed
Completion of a cumulative 28 comprehensive, 450 issue-oriented, and 90 refund audits by the Uganda Revenue Authority 3/	June 30, 2000	Observed
Financial sector		
The BOU will intervene in banks that have not adhered to commitments to fully recapitalize by June 30, 1999, as previously agreed with the BOU	December 31, 1999	Observed with a delay
Poverty		
Distribution of equalization grant to districts 2/	December 31, 1999	Not observed. Distributed in January 2000
Completion of output-oriented work plans for all districts for absorption of the Poverty Action Fund conditional grants for 2000/01 3/	March 31, 2000	Not observed. Most workplans received
Development of a strategic communication plan to disseminate information on the respective roles and responsibilities of communities, local government authorities, and the central government in accounting for and monitoring the Poverty Action Fund resources 3/	June 30, 2000	Observed
Privatization		
Completion of the prequalification process and issuance of invitations for bids of Uganda Telecommunications Limited; privatization of Masindi Hotel, SAIMMCO, and Uganda Spinning Mills; and sale of all but 10 percent of government shares in British-American Tobacco (Uganda) 3/	December 31, 1999	Observed, some with delay
Public utilities reform		
Appointment of restructuring and privatization advisors to implement Uganda Electricity Board reform (prior action for first review)	December 31, 1999	Observed
Public service reform		
Limiting of the upper bound of "number-limited" staff (excluding primary school teachers) to 51,640, until cabinet approves the restructuring of departments, commissions, secondary and tertiary education, police, prisons, delegated staff, and other autonomous and semiautonomous bodies 2/	Continuous beginning November 30, 1999	Observed

1/ Fiscal year begins in July.
2/ Structural performance criterion
3/ Benchmark.

Table 3. Uganda: Quantitative Performance Criteria and Benchmarks
Under the Third Annual PRGF Arrangement, 2000/01 1/

	Sep. 2000 2/ Prog.	Dec. 2000 Prog.	March 2001 Proj.	June 2001 Proj.
Cumulative change from end-June 2000	(In billions of Uganda shillings; end of period)			
Ceiling on the increase in net domestic assets of the banking system 3/ 4/	109.7	172.6	190.2	6.4
Ceiling on the increase in net claims on the government by the banking system 3/ 4/ 5/ 6/	75.2	124.5	133.7	-87.2
Ceiling on the gross issuance of promissory notes by the government 7/	0.0	0.0	0.0	0.0
Accumulation of new domestic budgetary arrears of the central government 7/	0.0	0.0	0.0	0.0
	(In millions of U.S. dollars; end of period)			
Ceiling on the stock of external payments arrears 8/	0.0	0.0	0.0	0.0
Ceiling on new nonconcessional external borrowing over one year contracted or guaranteed by the government or the Bank of Uganda 9/	0.0	0.0	0.0	0.0
Minimum increase in net international reserves of the Bank of Uganda 3/ 4/ 10/	-44.9	-35.6	-15.8	84.4

1/ Fiscal year begins in July.

2/ Performance criteria.

3/ Net domestic assets of the banking system and net claims on government by the banking system would be adjusted upward (downward) and net international reserves would be adjusted downward (upward) for any shortfall (excess) in import support (including debt relief provided under the Heavily Indebted Poor Countries (HIPC) Initiative projected at U Sh 121.8 billion at end-September 2000; U Sh 221.1 billion at end-December 2000; U Sh 346.5 at end-March 2001; and U Sh 685.5 billion at end-June 2000.

4/ Net domestic assets of the banking system and net claims on the government by the banking system would be adjusted downward (upward) and net international reserves upward (downward) by the amount that external debt service paid by the central government falls short of (exceeds) the cumulative sum of U Sh 48.8 billion at end-September 2000; U Sh 83.5 billion at end-December 2000; U Sh 126.4 billion at end-March 2001; and U Sh 161.3 at end-June 2001.

5/ To be adjusted upward by the amount of any issue of government securities for the completion of the recapitalization of the Bank of Uganda and resolution of deposit payments/transfers of the three commercial banks closed in 1998/99, and for any further recapitalization of Uganda Commercial Bank. To be adjusted downward (upward) by any excess (shortfall) in nonbank financing of the government budget cumulatively projected at minus U Sh 72.2 billion at end-September 1999; U Sh 130.9 billion at end-December 2000; U Sh 122 billion at end-March 2001; and minus U Sh 103.2 billion at end-June 2001.

6/ Net claims on government by the banking system would be adjusted downward by the amount that nonwage recurrent and development expenditures under the Poverty Action Fund (PAF) fall short of U Sh 73 billion at end-September 2000; U Sh 143.8 billion at end-December 2000; U Sh 221.1 billion at end-March 2001; and U Sh 298.6 billion at end-June 2001.

7/ Continuous performance criterion.

8/ Comprises those external arrears reported by the Trade and External Debt Department of the Bank of Uganda that cannot be rescheduled. This performance criterion/benchmark is to be observed on a continuous basis.

9/ Excludes debts contracted in the context of rescheduling agreements; includes financial leases and other instruments giving rise to external liabilities, contingent or otherwise, on nonconcessional terms. Commercial interest reference rates (CIRRs) published by the OECD should be used as the discount rate for assessing the level of concessionality, while the six-month average CIRRs should be used for loans with shorter maturities. To both the ten-year and six-month averages the following margins for differing repayment periods should be added: 0.75 percent for repayment periods of less than 15 years; 1 percent for 15-19 years; 1.15 percent for 20-29 years, and 1.25 percent for 30 years or more.

10/ Net international reserves are defined for this purpose, consistent with the definition of the Special Data Dissemination Standard (SDDS) template, as external assets readily available to, or controlled by, the Bank of Uganda net of Uganda. Pledged or otherwise encumbered reserve assets including but not limited to reserve assets used as collateral or guarantee for third-party external liabilities are to be excluded. Benchmark for June 2001 is equivalent to 5.0 months of imports of goods and nonfactor services.

Table 4. Uganda: Prior Actions Structural Performance Criteria, and Benchmarks
Under the Third Annual PRGF Arrangement

Action	Programmed Completion Date	Current Status
Fiscal		
Presentation of a budget for 2000/01 that is consistent with the program understandings. 1/	Prior action	Observed
Appointment of a new Commissioner-General of the Uganda Revenue Authority. 2/	September 30, 2000	
The Uganda Revenue Authority will produce an operational plan against which monitorable revenue targets are to be set by the Ministry of Finance, Planning and Economic Development. 2/	September 30, 2000	
Budgetary resources will be allocated to the Uganda Revenue Authority to achieve the objectives of the operational plan as well as the revenue targets for 2000/01. 3/	December 31, 2000	
The Auditor General will verify the stock of domestic central government budget arrears outstanding as at end-June 2000. 2/	December 31, 2000	
Financial sector		
Two banks determined to have been insolvent as at end-March 1999 will be either fully recapitalized by private investors or closed. 1/	Prior action	Observed
Include appropriations in the 2000/01 budget proposal submitted to parliament to regularize the compensation of depositors of the three closed banks. 1/	Prior action	Observed
Presentation of the new Financial Institutions Bill to parliament. 3/	December 31, 2000	
External sector		
The Government will contact all its non-Paris Club creditors to offer settlement of outstanding claims in terms comparable to those provided by the Paris Club. 3/	September 30, 2000	
A study of the protection accorded to the sugar and textile industries will be undertaken. 3/	September 30, 2000	
The recommendations of the study on the protection accorded to sugar and textiles will be implemented. 3/	December 31, 2000	

1/ Prior action for circulation of the staff report and the letter of intent to Executive Directors.
2/ Structural performance criterion
3/ Benchmark.