

Table 1. Armenia: Quantitative Targets, March 2002–June 2003 1/
(End of period stocks, unless otherwise specified)

	2002						2003	
	March		June		September	December	March	June
	Prog. 2/	Act.	Prog. 2/	Act.	Prog. 3/	Prog. 4/	Prog. 5/	Prog. 5/
	(In billions of drams)							
Net domestic assets of the CBA (ceiling) 6/	-1.7	-11.7	-4.7	-13.4	-0.2	1.8	-0.2	0.1
Net banking system credit to the central government	9.6	2.5	10.2	0.0	3.5	6.6	4.6	7.7
Domestic arrears of the central government 7/	24.5	28.8	19.0	29.7	26.2	14.9	3.6	0.0
Stock of arrears of the State Fund for Social Insurance	0.0	-0.2	0.0	0.0	0.0	0.0	0.0	0.0
Tax revenues of the central government (floor) 8/	40.2	39.9	88.7	89.1	139.4	194.6	42.5	95.7
Balance of the central government on a cash basis 7/ 8/	-8.9	-5.6	-15.0	-5.5	-20.4	-42.9	-21.5	-35.0
Reserve money								
Corridor/actual 5/	(73.6 - 76.6)	72.4	(76.8 - 79.9)	74.4	(79.9 - 83.1)	(86.6 - 90.2)	(80.8 - 84.0)	(85.0 - 88.4)
Primary balance of the energy sector (floor) 5/ 8/	-1.5	-1.1	-2.0	-0.9	-3.5	-6.3	-0.2	-0.9
	(In millions of U.S. dollars)							
Contracting and guaranteeing of new nonconcessional external debt of the public sector								
maturity of less than one year 9/	0	0	0	0	0	0	0	0
maturity of more than one year	0	0	0	0	0	0	0	0
External arrears (continuous criterion)	0	23	0	28	0	0	0	0
Net official international reserves (floor) 6/	137	153	143	156	158	165	158	165

1/ The definitions of the line items and the adjusters on the fiscal balance and the stock of domestic arrears are specified in the technical memorandum of understanding.

2/ As elaborated with Fund staff in February 2002.

3/ Benchmark.

4/ Performance criterion.

5/ Indicative target.

6/ Based on program exchange rates as specified in the technical memorandum of understanding.

7/ Subject to adjusters on the amount of non-programmed foreign-financed project disbursements and World Bank SAC financing.

8/ Cumulative from beginning of calendar year until the end of the month indicated.

9/ Continuous criterion. Excluding normal import-related credit and sales of treasury bills to non-residents.

Table 2. Armenia: Prior Actions and Structural Performance Criteria, 2002–03

Measure	Timing of Implementation
Prior Actions	
1. Enact legislation providing that, effective January 1, 2003; VAT is paid at the time of importation on an additional list of products comprising at least 5 percent of all imported goods by value (by 2001 import weights) before their release from customs.	Effected May 2002
2. Publish key data under the Financial Disclosure Law for Senior Public Officials and introduce the necessary procedures and regulations to ensure its full enforcement.	Effected June 2002
3. Meet the cumulative target for tax revenues of the central government for the first half of 2002 (Table 1).	Effected June 2002
4. Approve government decrees requiring the MSR and the Customs Committee (CC) to exchange information on VAT taxpayers, including the content and periodicity of information from entry and export declarations to be provided by the CC to the MSR, and TIN numbers issued and cancelled to be provided by the MSR to the CC.	Effected August 2002
5. Prepare a report on the situation of the three largest banks under interim administration containing, for each bank, a brief description of its history, ownership structure, problems that led to its insolvency, steps taken by the CBA, main findings of the administrators, assets recovered, an evaluation of remaining assets and expected recovery, the amounts already paid to depositors and outstanding amounts, and any contingent or other liabilities. The report will map out a timetable for the steps that will be taken toward a final resolution for these banks.	Effected September 5, 2002
6. Eliminate all external arrears through cash payments, provision of goods, or deferrals by creditors.	Pending 1/
7. Repay to the central government budget the AMD 4.9 billion loan extended to the energy sector in the first quarter of 2002.	Pending 1/
Structural Performance Criteria Under the Third Review	
1. Establish a computerized valuation database at customs based on import prices and linked to the ASYCUDA system for the verification of customs values of imported goods.	End-December 2002
2. Revoke the licenses and appoint liquidators for at least three of the five smallest banks (by value of assets) currently under interim CBA administration.	End-December 2002
3. Revoke the licenses and appoint liquidators for the remaining banks among the five smallest banks under current CBA administration.	End-February 2003

1/ Information on the date of implementation will be provided before the Board meeting.

Table 3. Armenia: Structural Benchmarks, October 2002–June 2003

Measure	Timing of Implementation 1/
1. Implement commitment control procedures and improved budget reporting system, as defined by the regulations and procedures on budget execution under the new treasury law.	October 2002
2. Adopt codes of conduct for MSR and customs officials aimed at improving transparency and integrity of tax and customs operations.	November 2002
3. Issue written guidelines for the conduct of temporary intervention of banks.	December 2002
4. Establish internal audit capacity as determined by article 9.1.b of the treasury system law.	January 2003
5. Reduce the individual duty-free exemption to US\$300 for every six months.	January 2003
6. Approve guidelines for the resolution of problem banks, including a “least-cost” test.	February 2003
7. Expand the customs Consultative and Legislation Review Committee to include additional business community representatives, external advisors, and other public officials.	April 2003
8. Introduce version 1.16d of the ASYCUDA system, which will allow for random checking of imported goods and improved management reporting.	April 2003
9. Complete least-cost diagnostic analyses, with the help of external experts, of the three largest banks under interim administration and formulate a resolution strategy.	April 2003
10. Improve administration of VAT refunds: simplify procedures and reduce the processing time to three working days for exporters with a good compliance history; and prepare quarterly reports on outstanding amounts of VAT due.	June 2003
11. Establish fully operational internal audit units at the MSR and at customs and prepare and share quarterly internal audit reports with the MFE, the Prime Minister, the President’s office, and the staffs of the Fund and the World Bank.	June 2003
12. Introduce a post-clearance verification program at the customs’ headquarters.	June 2003
13. The CBA will cease to be an administrator of the largest bank in temporary administration unless a final contract on capitalization has been signed with a legitimate investor. If no such contract has been signed the bank will be liquidated immediately.	June 2003

1/ End of period.