

Table 1. Malawi: Quantitative Performance Criteria and Indicative Targets Under the PRGF Arrangement, 2003-04

	2003 End-June Actual Stock	2003		2004		
		End-Sep. Performance Criteria	End-Dec.	End-March	End-June Indicative Targets	End-Sep.
(In millions of Malawi kwacha)						
1. Ceiling on net domestic assets of the Reserve Bank of Malawi (RBM) 1/ 2/ 3/ 4/	10,989	3,568	-804	-3,547	-6,448	-8,601
2. Ceiling on banking system's net claims on the central government 2/ 3/ 4/	18,374	4,207	-1,937	-2,749	-5,549	-6,053
3. Reduction in the outstanding stock of domestic arrears of the central government 3/ 5/	400	50	100	150	200	250
(In millions of U. S. dollars)						
4. Floor on net foreign assets (NFA) of the monetary authorities 3/ 6/	-8.6	-15.1	27.9	46.8	95.9	100.6
5. Ceiling on the accumulation of external payments arrears 3/ 7/	0.0	0.0	0.0	0.0	0.0	0.0
6. Ceiling on the contracting or guaranteeing of external debt with original maturities of over one year by the central government, the RBM or other agencies on behalf of the central government. 3/ 8/	0.0	0.0	0.0	0.0	0.0	0.0
7. Ceiling on the contracting or guaranteeing of external debt with original maturities of one year or less by the central government, the RBM or other agencies on behalf of the central government. 3/ 9/	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum item:						
Baseline for balance of payments support for NFA adjuster (in millions of U.S. dollars) 3/	...	25.5	122.6	178.1	229.8	278.4

1/ Defined as reserve money minus net foreign assets of the RBM.

2/ The ceilings on net domestic assets of the RBM and net banking system's claims on the central government will be adjusted downwards by the full amount by which the cumulative receipts from the baseline for balance of payments assistance exceed the program target; new domestic arrears are accumulated; and nonbank domestic borrowing is increased beyond the additional nonbank borrowing done in July 2003 (MK 320.1 million).

3/ Cumulative flow since June 30, 2003.

4/ Valued at the program exchange rate of MK 89.915 per US\$1.

5/ Any new domestic arrears of the central government accumulated during the quarter will be cleared by the end of that same quarter.

6/ The floor on NFA of the monetary authorities will be adjusted downward by the amount of the shortfall in balance of payments assistance, with a maximum limit of US\$30 million. Correspondingly, the floor will be adjusted upward by the full amount by which the cumulative receipts from the balance of payments assistance exceed the program target.

7/ Applied on a continuous basis.

8/ Loans contracted or guaranteed by the central government or the RBM with a grant element of less than 35 percent.

9/ Excluding normal trade credits for imports.

Table 2. Malawi: Structural Performance Criteria and Benchmarks Under the PRGF Arrangement, September 2003–December 2004

Measure	Implementation Date
<b>1. Structural performance criteria</b>	
1.1. Limit subsidies to ADMARC to MK 60 million	End-June 2004
1.2. Issue regulations and instructions under the Public Finance Management Act	End-March 2004
1.3. Issue report by Anti-Corruption Bureau on NFRA audit	End-December 2003
1.4. Complete Audit of Domestic Arrears	End-December 2003
1.5. Complete an action plan for a comprehensive revision of the public service pension scheme	End-September 2003
1.6. Publish the wage policy statement	End-October 2003
1.7. Establishment of a public service remuneration board	End-October 2003
1.8 Engage a pay policy advisor	End-November 2003
1.9. Consolidation of allowances into the salary structure	End-December 2003
1.10. Submit to Parliament amendments to the Anti-Corruption Act to allow the Anti-Corruption Bureau to prosecute cases without prior approval from the Director of Public Prosecutions	End-October 2003

Table 2. Malawi: Structural Performance Criteria and Benchmarks Under the PRGF Arrangement, September 2003 – December 2004 (concluded)

Measure	Implementation Date
<b>2. Structural benchmarks</b>	
2.1. The RBM will establish formal procedures to ensure that program monetary data are in accordance with the TMU	End-December 2003
2.2. The RBM Board will pass a resolution to require that, commencing with the audit of its 2003 financial statements, the audit opinion of the primary external auditor will be signed by a second office of the same audit firm located in an international financial center	End-September 2003
2.4. Adoption of generally acceptable accounting standards by the Ministry of Finance	End-September 2004
2.5. Establish a task force for improving domestic debt management	End-September 2003
2.6. RBM's external auditors should review data compilation procedures including the mapping of accounting data to program data sent to the IMF	End-March 2004
2.7. Reduce the commercial bank liquidity reserve requirement to 10 percent	End-September 2004
2.8. Eliminate the export surrender requirement	End-September 2004

Table 3. Malawi: Quantitative Fiscal Benchmarks Under the PRGF Arrangement, 2003-04

(In millions of Malawi kwacha)

	2003	2003		2004		
	End-June Actual	End-Sep. Indicative Targets	End-Dec. Indicative Targets	End-Mar. Indicative Targets	End-June Indicative Targets	End-Sep. Indicative Targets
Ceiling on central government wages and salaries 1/ 2/	10,929	2,714	5,571	8,441	11,444	14,558
Floor on pro-poor expenditures (PPEs) 3/	11,059	2,972	5,966	9,016	12,174	15,673

1/ Defined as personal emoluments (wages and allowances) and payment of past wage arrears.

2/ Cumulative flow since June 30, 2003. End-June 2003 figure refer to total for FY 2002/03.

3/ Expenditure for wages, goods and services and capital expenditure on pro-poor activities.

**Table 4. Malawi: Disbursements and Test Dates Under the PRGF Arrangement, 2003-04**

Fund Quota	SDR 69.40 million	
Amount approved	SDR 45.11 million	December 21, 2000
Amount disbursed	SDR 6.44 million	December 21, 2000
Undrawn balance	SDR 38.67 million	June 25, 2003

**Proposed disbursement schedule and test dates**

<u>Amount (In millions of SDRs)</u>	<u>Disbursement Dates</u>	<u>Conditions</u>
6.44	October 15, 2003	Completion of first review, based on performance through end-June 2003.
6.44	November 15, 2003	Completion of second review, and observance of performance criteria for end-September 2003.
6.44	February 15, 2004	Completion of third review, and observance of performance criteria for end-December 2003.
6.44	May 15, 2004	Completion of fourth review, and observance of performance criteria for end-March 2004.
6.44	September 15, 2004	Completion of fifth review, and observance of performance criteria for end-June 2004.
6.44	November 15, 2004	Completion of sixth review, and observance of performance criteria for end-September 2004.

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