

Annex I. Tajikistan: Quantitative Performance Criteria and Indicative Targets Under the Second Annual PRGF Arrangement

(In stocks, unless otherwise indicated)

	1999										2000			
	June		September		October 1999				November		December	January	April	
	Program 1/	Actual	Program 2/	Actual	MOU	Actual	Prior action	Actual	Prior action	Prog.	Prog.			
(In billions of Tajik rubles)														
1. Quantitative Performance Targets														
Ceiling on net domestic assets of the NBT	99.6	131.2	110.9	136.2	156.7	157.0	149.7	149.6	137.4	134.9	136.2			
Ceiling on NBT's net credit to general government	102.6	98.6	92.2	96.1	120.3	116.8	120.3	117.9	118.9	118.9	117.9			
Ceiling on cumulative overall fiscal balance during the program period	-10.0	-9.1	-21.0	-25.6	-1.2	3/	-1.3	3/	n/a	...	0.2	4/	-26.6	-34.9
General government wage, and nonworking pensioners' pension arrears	0.0	5.0	0.0	0.0	0.0	0.0	0.0	...	0.0	0.0	0.0			
Tax collection of the STC and SCC	19.0	32.2	39.7	56.0	n/a	n/a	n/a	...	n/a	91.3	113.7			
(In millions of US dollars)														
Floor on total net international reserves	-10.0	-61.6	-36.6	-60.8	-57.1	-57.1	-50.6	-50.5	-41.0	-39.3	-36.4			
Ceiling on cumulative amount of non-concessional loans contracted or guaranteed: 5/	10.0	0.0	10.0	0.0	10.0	0.0	0.0	...	0.0	10.0	10.0			
Sub-ceilings:														
With maturities of 1 to 5 years	10.0	0.0	10.0	0.0	10.0	0.0	0.0	...	0.0	10.0	10.0			
With maturities of less than 1 year	0.0	0.0	0.0	0.0	0.0	0.0	0.0	...	0.0	0.0	0.0			
New external payments arrears (continuous)	0.0	0.1	0.0	0.0	0.0	0.0	0.0	...	0.0	0.0	0.0			
2. Indicative Targets														
Reserve money	64.0	67.2	72.9	73.1	74.7	75.0	77.0	77.1	78.5	78.4	83.9			
Memorandum item:														
Accounting exchange rate	1,038	1,038	1,038	1,038	1,436	1,436	1,436	1,436	1,436	1,436	1,436			

1/ Taking into account the program adjustor of the Tajik ruble equivalent of US\$10 million as partial adjustment for the delay in the disbursement of the second tranche of the World Bank's Structural Adjustment Credit (US\$40 million).

2/ Taking into account the shortfall of US\$7.5 million in net foreign financing of the budget which resulted from the delay in the World Bank disbursement of US\$15 million, and postponement of the programmed debt repayment of US\$7.5 million to the EU.

3/ For the month of October 1999 only.

4/ Cumulative for the fourth quarter.

5/ These limits exclude the extension of two government guarantees to the cotton sector totaling US\$90 million. These guarantees remain effective until end-1999 and they will not be extended further. As of end-September 1999, the total outstanding government guaranteed debt amounted to US\$44 million (including accrual). The room remaining under the extended guarantee will not be used for any additional external borrowing.

Structural Performance Criteria and Benchmarks

Continuous performance criteria:

1. Issue all NBT credit via credit auctions during the program period.

Structural benchmarks

Continuous

1. Ensure free availability of foreign exchange cash so that the spread between the exchange rates in the deposit foreign exchange market (TICEX) and the cash market does not exceed 7 percent.

For end-December 1999

1. Sign sale contracts for at least 180 medium- and large-scale enterprises with full payment received for at least 140 sold enterprises (cumulative since January 1, 1998).
2. Convert at least 110 state and collective farms into private farms by issuing marketable land use and land share certificates to private farmers (cumulative since April 1, 1999).
3. Privatize at least 400 small-scale enterprises cumulatively since May 1, 1999.

For end-March 2000

1. Sign sale contracts for at least 210 medium- and large-scale enterprises with full payment received for at least 170 enterprises (cumulative since January 1, 1998).
2. Convert at least 160 state and collective farms into private farms by issuing marketable land use and land share certificates to private farmers (cumulative since April 1, 1999).
3. Increase households electricity tariffs to cover 50 percent of operating costs.
4. Complete audit of the NBT's IAS-based 1999 accounts by an internationally reputable firm.

TARGETS FOR TAX ADMINISTRATION REFORM

Action	Responsibility	Date
1. Propose legislation to empower the Large Taxpayer Inspectorate (LTI) with the same authority as local tax offices.	Government/STC	November 5, 1999
2. Notify Dushanbe and Khujand tax offices that large taxpayers will submit tax declarations, and balance sheets directly to the LTI	STC	December 15, 1999
3. Notify large taxpayers in Dushanbe and Khujand that effective February 1, 2000 their responsible tax office will be the LTI.	STC	January 2, 2000
4. Revise the VAT declaration form to provide for the following entries: (i) VAT charged on imports, (ii) value of purchases that are tax exempt, and (iii) value of sales that are tax exempt.	MinFin/STC	January 31, 2000
5. Establish a mechanism ensuring availability of VAT invoices.	MinFin	December 31, 1999
6. Print VAT invoices and deliver invoices to local tax offices for distribution to taxpayers.	STC	February 20, 2000
7. Establish procedures for making VAT refunds as required by Article 206 of the Tax Code.	MinFin	December 31, 1999
8. Recruit 8 people with basic computer skills to implement the computerization component of the Swiss-funded Tax Administration Reform Project and take measures to retain the staff for a minimum of three years	STC	January 15, 2000

TARGETS FOR TREASURY SYSTEM REFORM

Action	Responsibility	Date
1. Restructure the central treasury in clearly defined payment, revenue, and internal control divisions; abolish the cash implementation division.	MinFin	December 31, 1999
2. Expand treasury coverage to bring all revenues under the treasury system:	MinFin	
• Customs committee collections of VAT, excise and customs duties outside Dushanbe;		January 1, 2000
• Revenues of sale of state property.		January 1, 2000
3. Expand treasury coverage to include all central government and regional government expenditures:	MinFin	
• Close all extra-budgetary foreign exchange accounts of the budgetary organizations;		December 31, 1999
• Bring central budget transactions occurring outside Dushanbe under treasury control;		March 31, 2000
• Set up regional treasuries in the remaining 7 rayons subject to banking facilities being available.		July 1, 2000
4. Establish internal audit mechanism at the Treasury	MinFin	January 1, 2000
5. Complete preparation of the treasury instruction manual.	MinFin	September 30, 2000
6. Submit to Parliament the Treasury Law.	MinFin	September 30, 2000