

Table 1. Cambodia: Key Policy Actions and Structural Benchmarks

Policy Actions	Status
<p>I. Prior Actions for Completion of First PRGF Review</p> <ol style="list-style-type: none"> 1. Sign contract with a reputable service provider for pre-shipment inspection of imports. 2. Specify additional measures to fill the revenue gap of CR 50 billion, including the following: (i) expansion of VAT base; (ii) improved collection of visa fees; (iii) accelerated collection of arrears on telecommunications, from state assets, and in tax arrears; and (iv) revisions to the service contract for the Angkor temple complex, and collect CR 20 billion in new revenue by end-July. 3. Civil service reform. Removal of 6,091 irregular cases and agreement on next steps as setout in paragraph 13 of the MEFP. 4. Revoke banking licenses for three banks. 5. Cancel three forestry concessions and reduce the annual allowable cut by 50-70 percent for other concessions. 6. Initiate national consultations on the revised Forestry Law. 7. Agree on broad framework for 2001 budget consistent with program targets (for example revenue of 12.1 percent of GDP and a current budget surplus of 1.4 percent of GDP). 	<p>Completed by August 14, 2000.</p> <p>Agreement on revenue measures was reached in July 2000. Revisions to the service contract were completed on August 31.</p> <p>Expected to be completed by September 5, 2000.</p> <p>Completed in early August 2000.</p> <p>Completed by end-June 2000.</p> <p>Completed by end-June 2000.</p> <p>Agreed in May 2000.</p>
<p>II. Prior Actions for Completion of the Second PRGF Review</p> <ol style="list-style-type: none"> 1. Launch the first phase of military demobilization by end-2000, involving the demobilization of additional 10,000 soldiers. 2. Formulate a program of tariff reductions and compensating revenue measures for 2001. 3. Formulate 2001 budget in consultation with Fund staff. 4. Review of overall progress in budget management, forestry policy, and military demobilization. 	
<p>III. Structural Performance Criteria</p> <p>Complete evaluation of all remaining banks that have re-applied for a banking license by end-November 2000.</p>	
<p>IV. Structural Benchmarks</p> <ol style="list-style-type: none"> 1. Complete computerization of the civil service payroll by end-February 2001, and eliminate additional irregular cases as they arise. 2. Formulate, in consultation with the World Bank, a civil service reform strategy by end-March 2001. 3. Provide initial recapitalization of the Foreign Trade Bank, and approve commercial banking license according to the requirements of the Financial Institutions Law by end-November 2000. 	

Table 2. Cambodia: Quantitative Performance Criteria and Benchmarks, 1999-2001

	1999			2000						2001
	Stock at End -Dec. Act.	End-March 1/		Act.	End-June		Act.	End- Sept. 1/	End-Dec.	End-March 1/
		Prog.	Adj. Prog.		Prog.	Adj. Prog.		Prog.	Prog.	Prog.
	(Maximum) cumulative change from beginning of year									
Net domestic assets of the banking system (in billions of riels) 2/3/4/	-584	7	44	-50	1	33	-78	-43	-27	12
Net credit to the government from the banking system (in billions of riels) 3/ 4/	103	-19	18	-9	-49	-17	-62	-58	-46	-15
Net domestic financing of the budget (in billions of riels) 3/ 4/	...	-19	18	-32	-49	-17	-70	-66	-46	-15
Publicly contracted or guaranteed foreign currency loans 5/										
Up to one-year maturity 6/	...	---	---	---	---	---	---	---	---	---
1-5 year's maturity	...	---	---	---	---	---	---	---	---	---
Medium - and long - term nonconcessional debt 7/	...	---	---	---	---	---	---	---	---	---
External payments arrears 8/	...	---	---	---	---	---	---	---	---	---
	(Minimum) cumulative change from beginning of year									
Net official international reserves (in millions of US dollars) 9/ 10/	349	13	3	25	26	17	44	43	56	10
Memorandum items:										
	Cumulative flows from beginning of year									
Nonproject budget support (in millions of US dollars)		10	...	0	20	...	11	30	40	10
	Stock at the end of period									
Net domestic assets of the banking system (in billions of riels)	-584	-577	-540	-634	-583	-551	-662	-626	-611	-599
Net credit to the government from the banking system (in billions of riels)	103	84	121	94	54	86	41	45	57	42
Net official international reserves (in millions of US dollars) 11/	349	362	352	375	375	367	393	392	405	415

Sources: Data provided by the Cambodian authorities; and Fund staff estimates.

1/ Performance criteria.

2/ Net domestic assets are defined as broad money minus net foreign assets of the banking system adjusted for the valuation changes arising from the difference between the program and actual exchange rates.

3/ For purposes of verifying compliance with the program, the ceiling for net domestic assets, net credit to the government from the banking system, and net domestic financing of the budget were adjusted upwards by CR 37.0 billion in March 2000 and by CR 32.2 billion in June 2000 due to shortfalls in external nonproject budget support.

4/ For purposes of verifying compliance with the program, the ceiling for net domestic assets, net credit to the government from the banking system, and net domestic financing of the budget will be adjusted upward (downward) by any shortfall (excess) in external non-project budget support from the program estimates. The adjustments for shortfalls in non-project budget support will not exceed US\$ 10 million.

5/ Maturity based on original contract.

6/ Ceiling applies to amount outstanding. Excludes normal import-related credit.

7/ Excludes amounts drawn under the government loan agreement with China dated July 26, 2000 for a maximum loan amount equivalent to US\$ 12 million.

8/ Continuous performance criterion.

9/ For purposes of verifying compliance with the program, the floor on net official international reserves was adjusted downward by US\$ 9.7 million in March 2000 and US \$ 8.7 million in June 2000 due to shortfalls in external nonproject budget support. For program purposes, valuation effects on the stock of gold holding are excluded.

10/ For purposes of verifying compliance with the program, the floor on net official international reserves will be adjusted downward (upward) by any shortfalls (excess) in external nonproject budget support from the program estimates. The adjustments for shortfalls in budget support will not exceed US\$ 10million. Valuation effects on the stock of gold holdings are excluded, and gold holdings will be evaluated at the end-December 1999 gold price.

11/ Net international reserves for 2000 are evaluated at the end-December 1999 gold price.