

Table 1. Performance Criteria and Indicative Targets, March 2001-April, 2002

(In billions of rupees; unless otherwise indicated)

	End-March 2001				End-September 2001		End-December 2001		End-April, 2002
	Prog. Target	Adjusted Actual	Prog. Target	Adjusted Actual	Prog. Target	Adjusted Actual	Prog. Target	Adjusted Actual	Rev. Prog.
Performance Criteria									
Ceiling on change in net domestic financing of central government deficit 1/	...	...	...	...	...	...	...	...	40
Ceiling on banks' net claims on government 2/ 4/	157	152	153	150	158	163	133	178	...
Ceiling on net domestic assets of the CBSL 2/	47	40	46	37	44	23	12	5	32
Floor on net international reserves of CBSL 3/ - historical cost In millions of U.S. dollars	710	779	745	795	810	963	1,195	1229	983
Ceiling on contracting or guaranteeing of new nonconcessional medium- and long-term external debt by the public sector	350	89	350	120	350	144	350	127	400
Ceiling on the stock of short-term external debt	150	0	150	0	150	0	150	3	150
Accumulation of external payments arrears Continuous performance criterion during the program period	0	0	0	0	0	0	0	0	0
Indicative targets									
Floor on central government revenue Cumulative from January 1, 2001 Cumulative from January 1, 2002	58	58	119	119	190	178	258	231	83
Primary fiscal balance of central government excluding interest payments Cumulative from January 1, 2001 Cumulative from January 1, 2002	-9	-18	-15	-18	-20	-30	-32	-58	-10
Ceiling on Stock of Net Domestic Debt of the Central Government 2/ 4/	692	687	714	706	740	734	729	762	...
Ceiling on banks' net claims on government 2/ 4/	...	...	...	...	...	...	...	...	208
Credit to public corporations by the banking system 5/	45	38	50	46	42	43	31	40	41
Ceiling on reserve money of the CBSL	111	106	113	103	115	107	120	116	119

1/ Performance criterion on change in net domestic financing of central government is new and is being set for April, 2002.

2/ Adjusted downward by the full amount of excess rupee equivalent of privatization receipts and upward by shortfall of rupee amount of privatization up to quarterly limits as set out in Table 1 of the TMU; adjusted upward/downward by shortfall/excess of rupee equivalent of foreign program assistance as set out in Table 2 of the TMU.

3/ Net International Reserves (NIR) is valued at historical cost adjusted for program exchange rates. Adjusted upward by the full amount of excess privatization receipts and downward by shortfall in privatization receipts up to quarterly limits as set out in Table 1 of the TMU; adjusted upward/downward by excess/shortfall of foreign program assistance as set out in Table 2 of the TMU.

4/ Net claims on government (NCG) was a performance criterion up to December, 2001.

5/ Based on the stock of credit to public corporations by the banking system.

**Table 2. Sri Lanka: Proposed Prior Actions and Structural Benchmarks
for the Stand-By Arrangement**

I. Prior Actions for the Completion of the First and Second Reviews

A. Outstanding Measures in the Original Program for 2001

1. Presentation to Parliament of the agreed budget for 2002 (including a significant reduction in the NSL and a compensating increase in the GST).
2. All tax concessions to be consolidated into the Inland Revenue Department Act; GST to be brought under the Large Taxpayers Unit, and the Board of Investment (BOI) would cease to grant new tax incentives.
3. Remove limits on inward foreign direct investment, other than those maintained for national security.

B. New Prior Actions

4. Implement the recommendations in the Safeguards Assessment Report:
(i) Prepare an IAS-compliant financial reporting template and restate FY 2000 financial statements in accordance with IAS,
(ii) Prepare IAS-compliant financial statements for FY 2001, and
(iii) Appoint an audit firm to conduct the financial audit of the CBSL for FY 2001.
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II. Structural Benchmarks for End-June 2002

1. Privatize two state-owned enterprises (Lanka Marine and Pelwatte Sugar).
 2. Advertise the sale of shares for Shell Lanka and SLT to the public and implementation plan for sale of SLIC agreed with financial advisors.
 3. Develop an action plan for People's Bank and Bank of Ceylon by May based on options developed with assistance of World Bank and Fund TA. Specific and measurable targets to be identified and agreed by June.
 4. Finalized report of the task forces on the transactions between the state banks, the government and public corporations, and a strategy for recalcitrant debtors.
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Table 3. Sri Lanka: Revised Schedule of Reviews and Purchases

Date	Amount of Purchase (In millions of SDRs)	In Percent of Quota	Conditions
Board approval	103.35	25.0	Disbursed upon Board Approval on April 20, 2001.
Revised Schedule			
April 15, 2002	48.33	11.7	Observance of end-December 2001 performance criteria and completion of combined first and second review.
June 30, 2002	48.32	11.7	Observance of end-April 2002 performance criteria and completion of third review.
Total	200.0	48.4	
Memorandum item:			
Total quota	413.4	100.0	