

Table 1. Ethiopia. Quantitative Benchmarks and Performance Criteria Under the First-Year PRGF Program, October 2000-September 2001 1/

(In millions of birr, unless otherwise indicated)

	2000			2001		
	July 7 Actual (Stock)	End-September Preliminary Outturn (Flow)	End-December Projections (Flow)	End-March Performance Criteria (Flow)	July 7 Benchmarks (Flow)	End-September Indicative 2/ (Flow)
A. Quantitative benchmarks and performance criteria						
Floor on net foreign assets of the National Bank of Ethiopia 3/ 4/	1,929	-293	-800	-508	454	142
Ceiling on net domestic assets of the National Bank of Ethiopia 5/ 6/	9,901	1,461	-991	-1,741	-2,949	100
Ceiling on net domestic financing of the general government (including privatization receipts) 5/ 6/ 7/	17,261	-27	829	1,242	746	168
Ceiling on outstanding external payments arrears 8/ (in millions of U.S. dollars)	21	0	0	-21	0	0
Ceiling on new nonconcessional external debt contracted or guaranteed by the public sector 9/	0	0	0	0	0	0
B. Triggers for adjusters to quantitative criteria						
Disbursed nonproject external funding (in millions of U.S. dollars)	0	10	21	179	385	12
C. Indicative targets						
Floor on net foreign liquid reserves of the National Bank of Ethiopia	520	-176	-497	-165	1,133	39

1/ Cumulative from July 8, 2000-July 7, 2001. Cumulative from July 8, 2001-September 30, 2001.

2/ To be established as performance criteria in the context of the first review.

3/ Adjusted upward for external assistance (nonproject) that exceeds programmed amounts (paragraph 14 of the Technical Memorandum (TM)).

4/ Adjusted downward for 50 percent of any shortfall in programmed external assistance (nonproject) up to a maximum of US\$20 million (paragraph 14 of TM).

5/ Adjusted downward for external assistance (nonproject) that exceeds programmed amounts (paragraph 14 of TM).

6/ Adjusted upward for 50 percent of any shortfall in programmed external assistance (nonproject) up to a maximum of US\$20 million (paragraph 14 of TM).

7/ Stock at July 7, 2000 reflects domestic government borrowing, but excludes privatization receipts.

8/ There shall be a continuous performance criterion on the nonaccumulation of new external arrears.

9/ Excludes short-term import credits and long-term financing operations of Ethiopian Airlines.

Table 2. Ethiopia: Prior Actions, Structural Benchmarks, and Performance Criteria Under the First Annual Program, October 2000–September 2001

I. Prior Actions

1. Submit draft tax legislation to parliament. ^{1/}	November 30, 2000
2. Sterilize excess reserves of the commercial banks.	November 30, 2000
3. Announce publicly that a management contract for the Commercial Bank of Ethiopia (CBE) will be tendered in January 2001.	November 30, 2000
4. Submit a satisfactory CBE draft tender document for review.	First week of December 2000
5. Announce publicly that a VAT will be introduced in 2003.	November 30, 2000
6. Eliminate trade restrictions and administrative controls on access to the wholesale foreign exchange auction. ^{2/}	December 15, 2000
7. Increase the top sales tax rate to 15 percent and simultaneously eliminate the 10 percent import duty surcharge.	January 1, 2001

II. Structural Benchmarks and Performance Criteria

1. Sign a management contract for CBE with a reputable international firm that provides experienced and qualified management staff. ^{3/}	June 30, 2001 (Performance Criterion)
2. Establish a tax reform implementation task force.	April 31, 2001 (Benchmark)
3. Establish a fully operational large taxpayer unit.	July 1, 2001 (Performance Criterion)
4. Terminate the wholesale foreign exchange auction and move foreign exchange operations to the interbank market.	October 1, 2001 (Benchmark)

1/ Income tax legislation on withholding taxes (5 percent on imports, 5 percent on payments to hard-to-tax taxpayers, 2 percent minimum tax on turnover of category A and B tax taxpayers), transitional computation and standard assessment measures, and withholding tax on interest; as well as an increase in the top sales tax rate to 15 percent.

2/ Eliminate 100 percent advance deposit on imports, 10 percent import duty surcharge (effectiveness January 1, 2001), and administrative ceilings on the approval of import permits.

3/ The management team, preferably from a bank, will consist of at least three individuals with at least ten years of relevant experience. Specific terms of reference for each member of the management team will be developed by the Board of Directors of the CBE in close collaboration with the NBE and Fund staff.