

Table 1. Pakistan: Quantitative Targets, December 2001–June 2002 1/

(Cumulative flows from July 1, 2001 unless otherwise specified)

	Outstanding Stock End-Jun. 2001	Est. End-Sep. 2001	Prog. End-Dec. 2001	Prog. End-Mar. 2002	Prog. End-Jun. 2002
Net foreign assets of the SBP (floor in millions of U.S. dollars)*	-382.0	-167.5	461.5	93.5	311.5
		(In billions of Pakistan rupees)			
Net domestic assets of the SBP *	557.6	-8.4	11.0	28.5	29.2
Overall budget deficit *	...	-54.5	-107.8	-160.5	-202.2
Net government bank borrowing *	512.9	24.6	-9.6	-4.0	-7.0
CBR revenue (floor) *	...	75.5	183.3	295.8	429.9
Net credit to public sector enterprises *	110.6	-2.7	5.5	14.0	22.5
Accumulation of budgetary arrears to WAPDA by list of priority connections *	...	0.0	0.0	0.0	0.0
Social and poverty-related spending ("I-PRSP budgetary expenditure")		30.8	62.0	96.6	136.4
		(In millions of U.S. dollars)			
Contracting of short-term public and publicly guaranteed * external debt	...	...	500.0	700.0	800.0
Contracting of nonconcessional medium- and long-term Public and publicly guaranteed external debt * 2/ <i>Of which:</i> External debt with an initial maturity Of over one year and up to five years *	...	...	600.0	600.0	600.0
Accumulation of external payments arrears (continuous performance criterion during the program period) *	...	...	0.0	0.0	0.0
SBP's forex reserves held with foreign branches of domestic banks <i>Of which:</i> other than current account *	320.0 200.0	270.0 172.0	250.0 150.0	175.0 75.0	100.0 0.0
Contracting of foreign currency swap and forward sales *	...	0.0	0.0	0.0	0.0
Memorandum items:					
Net external program financing	...	-130.4	109.7	-63.5	225.2
External cash budget grants	...	0.0	616.5	801.4	817.9
Poverty alleviation and other programs eligible for additional grant-financed expenditure (in billions of Pakistan rupees) 3/	...	17.3	41.3	63.4	90.1
Foreign currency deposits with the SBP (incl. reserve requirements)	410.0	0.0	4.0	20.0	60.0
Daily cash reserve requirement ratio (in percentage points)	4.0	4.0	4.0	4.0	4.0

Sources: Quarterly macroeconomic projections agreed between the Pakistan authorities and the Fund staff.

1/ The relevant variables are defined in the Technical Memorandum of Understanding (TMU) dated November 2001 and are subject to adjustors specified in the TMU. For variables marked "\*" the end-December 2001 and end-March 2002 flows represent ceilings (or floor, if indicated) that constitute performance criteria. All other targets are indicative.

2/ Excluding PRGF loans.

3/ See definition in the TMU, Table 4.

Table 2. Pakistan: Structural Performance Criteria, Benchmarks and Prior Actions  
Under the First Year Under the PRGF (Continued)

Measures	Timing	Status
<b>I. Structural Performance Criteria</b>		
No new exemptions or special privileges regarding income tax, custom duties, or GST to be granted, no new regulatory import duties to be imposed (except for anti-dumping measures), and all time bound exemptions and regulatory import duties to lapse without extension, except for existing contracts and exemptions based on international commitments.	Continuous	
Implement new organizational set-up for CBR headquarters per approved CBR reform plan, as described in MEFP, para. 21.	February 28, 2002	
Apply standard GST penalty regime to retailers and eliminate GST exemptions for all fertilizer wholesale and retail trade.	March 31, 2002	
Adopt timetable for the phasing out, during the program period, of the GST subsidy on electricity and of GST exemptions for edible oil, vegetable ghee, and pharmaceuticals (except life-saving drugs).	March 31, 2002	
Implementation of universal self-assessment effective for all income earned from July 1, 2002.	July 1, 2002	
Start operations of a Large Taxpayer Unit, integrating all domestic tax operations.	July 1, 2002	
Implementation of income tax reform package effective for income earned from July 1, 2002 including: elimination of at least two minor withholding taxes; elimination of at least 55 income tax rebates, concessions, and non-standard exemptions from the CRITO-list; and lowering the threshold on NSS schemes subject to withholding tax on interest income from PRs 300,000 to PRs 150,000.	July 1, 2002	
Bring KESC to point of sale, as detailed in MEFP, para. 23	July 31, 2002	
Issue circular allowing banks to purchase from August 1, 2002 foreign exchange from money changers at freely negotiated rates.	August 1, 2002	

Table 2. Pakistan: Structural Performance Criteria, Benchmarks and Prior Actions  
Under the First Year Under the PRGF (Concluded)

Measures	Timing	Status
<b>II. Structural Benchmarks</b>		
Prepare list of intermediate indicators (selected from Table 5.3 and Tracking/Monitoring Matrix in Annex I of I-PRSP) with baseline data for 2000/01, and preliminary annual targets for the period 2001/02-2003/04.	December 31, 2001	
Quarterly published progress reports on implementation of Poverty Reduction Strategy, including “I-PRSP expenditure”.	To start end-December 2001 for 2001/02 Q1 data, and continued on the basis of the same quarterly schedule throughout fiscal year 2001/02	
Publish rules and regulations including for record-keeping under the universal self assessment scheme for income tax to become effective July 1, 2002.	March 31, 2002	
Prepare proposals for revised income and sales tax appeals and dispute resolution process with a view to implement them with the 2002/03 budget.	March 31, 2002	
Bring United Bank Ltd. and PTCL to the point of sale through transparent and open public offer for sale.	May 31, 2002	
Issuance of a streamlined foreign exchange manual to simplify and clarify rules regarding access to foreign exchange and current account transactions.	July 1, 2002	
Establishment of a contributory pension scheme for new recruits in the civil service, and preparation of a third phase public pension reform package, prepared in collaboration with the World Bank and involving actuarially fair reform of early retirement and of commutation tables.	July 1, 2002	
<b>III. Prior Actions</b>		
Approve medium-term strategy and action plan on CBR reform for the period October 2001–June 2004 (MEFP para. 20-21).		
Approve audit program which includes monthly sales tax audit targets for the period November 2001–June 2002.		

Table 2. Pakistan: Structural Performance Criteria, Benchmarks and Prior Actions  
Under the First Year Under the PRGF (Concluded)

Measures	Timing	Status
<p>Provision of first progress report covering fiscal year 2000/01 on social and poverty-related spending (“I-PRSP expenditure”) in format set out in the TMU.</p>		
<p>SBP official reserves to reach at least US\$1,850 million by November 15, 2001.</p>		
<p>CBR revenue for July–October 2001 to reach at least PRs 109 billion.</p>		
<p>Issue the following texts to ensure compliance with Article VIII obligations and avoid MCP (a) circular clarifying that unlimited access to foreign exchange on the interbank market for all current transactions (including dividends and profit repatriation), beyond the current bonafide limits, will be granted on the basis of appropriate, clearly specified documentation; and (b) directive lifting the commercial backing requirement on interbank foreign exchange transactions with effect from November 25, 2001.</p>		