

Table 1. Madagascar: Quantitative Performance Criteria and Benchmarks  
for the first year under the 2001-03 PRGF arrangement  
(In billions of Malagasy francs, unless otherwise indicated)

	2001 1/											2002			
	March			June			September			December		Change from January 1 to March 31			
	Bench- mark	Adj.	Actual	Performance Criteria	Adj.	Actual	Bench- mark	Adj.	Actual	Perf. criteria	Adj.	Actual	Bench- mark	Adj.	Actual.
<b>I. Quantitative benchmarks and performance criteria</b>															
Ceiling on external arrears (in millions of SDRs) 2/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.6
Floor on net foreign assets (NFA) of the central bank 3/ 4/ 5/ 6/	239.1	31.4	131.7	202.6	-191.2	309.4	208.5	-233.9	304.3	513.6	274.2	674.4	-22.1	-96.8	-48.0
Ceiling on net domestic assets (NDA) of the central bank 5/ 6/ 8/	-93.7	114.0	-46.5	-333.0	60.8	-254.5	6.8	449.2	3.8	-279.2	-39.8	167.2	130.0	204.7	-130.5
Ceiling on domestic financing of the government 5/ 7/ 11/	101.2	171.8	171.3	140.6	239.6	-71.7	506.7	590.5	466.4	462.1	589.7	658.1	315.0	389.7	-157.5
Ceiling on contracting or guaranteeing of external debt on nonconcessional terms 9/ 10/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Floor on tax revenue	736.5	736.5	610.2	1,672.1	1,672.1	1,536.0	2,572.9	2,572.9	2,155.4	3,470.0	3470.0	2906.4	710.0	710.0	424.3
<b>II. Indicative limits</b>															
Ceiling on reserve money	141.9	141.9	34.8	-134.0	-134.0	-2.9	211.8	211.8	280.4	225.7	225.7	805.5	108.0	108.0	-215.1
Ceiling on broad money (including foreign currency deposits) (M3)	95.6	95.6	140.8	-163.3	-163.3	477.8	328.0	328.0	623.1	958.5	958.5	1,440.9	161.0	161.0	130.9
<b>III. Memorandum items: 1/</b>															
Budget support grants and loans (in millions of SDRs)	23.7	...	13.7	59.7	...	43.0	72.3	...	43.0	92.5	...	43.0	0.0	...	0.0
Cash debt service (in millions of SDRs)	8.1	...	8.2	18.5	...	15.8	26.9	...	21.0	39.0	...	39.0	6.1	...	15.1
Privatization proceeds	142.0	...	4.9	315.9	...	21.1	390.9	...	32.3	215.9	...	104.1	12.0	...	10.8
Privatization related costs	29.5	...	61.0	81.0	...	61.0	183.6	...	68.5	191.9	...	70.5	20.0	...	...

1/ Cumulative change since the beginning of each year.

2/ Excludes all debt service outstanding that is subject to rescheduling. During the program period, the government will not accumulate any new arrears.

3/ Net foreign assets of the Central Bank of Madagascar (BCM) are defined as gross reserves minus all foreign liabilities of the BCM, both long and short term, including use of Fund credit.

4/ This amount will be valued at the exchange rates that were set for the purposes of this program.

5/ The floor on NFA of the central bank will be adjusted upward, and the ceilings on NDA of the central bank and on domestic financing of the government will be reduced, by the amount of any excess disbursements of balance of payments assistance relative to the cumulative timetable indicated in III. In case of a shortfall in balance of payments assistance, the floor on NFA of the central bank will be reduced by the amount of the shortfall, up to a maximum of SDR 25 million at end March 2001, and SDR 30 million at end June, September and December 2001, and the ceilings on NDA of the central bank and on net domestic financing of the government will be raised on a cumulative basis by the same amount.

6/ NFA and NDA of the central bank will be adjusted for any deviation from programmed amounts of privatization receipts from abroad, net of privatization-related outlays. In case of a shortfall in net privatization receipts, the downward adjustment of the NFA (and the upward adjustment of the NDA) will be capped at the equivalent of SDR 40 million.

7/ The ceiling on domestic financing of the government will be adjusted for deviations from programmed privatization-related outlays; the ceiling is defined to exclude the impact of foreign currency adjustments on bank financing of government.

8/ NDA of the central bank are defined to exclude the foreign currency adjustment.

9/ Excluding normal import-related credits.

10/ Defined as debt with concessionality level of less than 35 percent, calculated using the 10-year average of the OECD's commercial interest reference rate (CIRR)-based discount rate for loans of a maturity greater than 15 years, and the 6-month average CIRR-based discount rates for maturities below 15 years.

11/ Defined as excluding the assumption by the government of debt of the state petroleum company SOLIMA toward the BCM at the time of the final closing of SOLIMA operations.

Table 2. Status of Structural Performance Criteria and Benchmarks  
Under the First Annual Program (2001)  
Under the PRGF

Prior Actions, Benchmarks, and Criteria	Timing	Status
I. The following <b>structural performance criteria</b> will be used to monitor the 2001 annual program:		
a. The new “ASYCUDA 2.7” customs computer system will become operational at the three main customs offices.	By June 30, 2001	Completed on time
b. The adoption by the Council of Ministers of a bill to revise upward the mining royalty based on the value of the first transaction, and lower the excise tax.	By end-2001	Done
c. The treasury computer system, designed to centralize each month the accounts of the 22 main treasury offices, will be operational.	By end-November 2001	Done
II. The following <b>structural benchmarks</b> will be used to monitor the 2001 annual program:		
a. A study on the improvement in the operations of the State Inspector General (IGE) will be completed, and implemented during the second half of the year.	No later than end-June 2001	Study completed on time
b. The separation of the functions of the Chairman of the Central Procurement Committee ( <i>Commission Centrale des Marchés</i> ) and the Director General of Expenditure Commitment Control will become effective.	By June 30, 2001	Implemented on time
c. In the Directorate General of Customs, the “ASYCUDA 3 plus plus” system will be installed in the three most important offices.	By end-September 2001	Delayed
d. In the Directorate General of Customs, the “ASYCUDA 3 plus plus” system will be installed in four other offices.	By end-December 2001	Delayed

Table 3. Madagascar: Quantitative Performance Criteria and Benchmark:  
for 2002-03 under the PRGF arrangement  
(In billions of Malagasy francs, unless otherwise indicated)

	2002	2003 1/			
	December Performance Criteria 1/	March Benchmark	June Performance Criteria	September Benchmark	December Indicative
<b>I. Quantitative benchmarks and performance criteria</b>					
Ceiling on external arrears (in millions of SDRs) 2/	0.0	0.0	0.0	0.0	0.0
Floor on net foreign assets (NFA) of the central bank 3/ 4/ 5/ 6/	-142.3	-88.6	-67.6	186.1	314.0
Ceiling on net domestic assets (NDA) of the central bank 5/ 6/ 8/	707.7	8.3	-60.0	135.8	246.0
Ceiling on domestic financing of the government 5/ 7/ 11/	530.9	182.8	-46.3	122.6	157.2
Ceiling on contracting or guaranteeing of external debt on nonconcessional terms 9/ 10/	0.0	0.0	0.0	0.0	0.0
Floor on tax revenue	2,162.3	755.0	1,700.0	2,480.0	3,509.0
<b>II. Indicative limits</b>					
Ceiling on reserve money	415.3	-110.2	-185.1	236.0	440.0
Ceiling on broad money (including foreign currency deposits) (M3)	875.1	306.1	263.5	791.6	1,025.1
<b>III. Memorandum items: 1/</b>					
Budget support grants and loans (in millions of SDRs)	110.4	11.4	68.0	82.5	82.5
Cash debt service (in millions of SDRs)	38.3	6.0	17.9	25.4	41.9
Privatization proceeds	49.4	96.4	117.8	130.6	132.9
Privatization related costs	9.5	10.0	20.0	25.0	30.0

1/ Cumulative change since the beginning of each year.

2/ Excludes all debt service outstanding that is subject to rescheduling. During the program period, the government will not accumulate any new arrears.

3/ Net foreign assets of the Central Bank of Madagascar (BCM) are defined as gross reserves minus all foreign liabilities of the BCM, both long and short term, including use of Fund credit.

4/ This amount will be valued at the exchange rates that were set for the purposes of this program.

5/ The floor on NFA of the central bank will be adjusted upward, and the ceilings on NDA of the central bank and on domestic financing of the government will be reduced, by the amount of any excess disbursements of balance of payments assistance relative to the cumulative timetable indicated in III. In case of a shortfall in balance of payments assistance at end-December 2002, and end-March, June, September and December 2003, the floor on NFA of the central bank will be reduced by the amount of the shortfall, up to a maximum of SDR 40 million at end-December 2002, SDR 12 million at end-March 2003, SDR 45 million at end-June 2002, and SDR 55 million at end-September and end-December 2003, and the ceilings on NDA of the central bank and on net domestic financing of the government will be raised on a cumulative basis by the same amount.

6/ NFA and NDA of the central bank will be adjusted for any deviation from programmed amounts of privatization receipts from abroad, net of privatization-related outlays. In case of a shortfall in net privatization receipts, the downward adjustment of the NFA (and the upward adjustment of the NDA) will be capped at the equivalent of SDR 5 million for 2002; for end-March, June, September and December 2003, the adjustment will be capped at the equivalent of SDR 10 million.

7/ The ceiling on domestic financing of the government will be adjusted for deviations from programmed privatization-related outlays; the ceiling is defined to exclude the impact of foreign currency adjustments on bank financing of government.

8/ NDA of the central bank are defined to exclude the foreign currency adjustment.

9/ Excluding normal import-related credits.

10/ Defined as debt with concessionality level of less than 35 percent, calculated using the 10-year average of the OECD's commercial interest reference rate (CIRR)-based discount rate for loans of a maturity greater than 15 years, and the 6-month average CIRR-based discount rates for maturities below 15 years.

11/ Defined as excluding the assumption by the government of debt of the state petroleum company SOLIMA toward the BCM at the time of the final closing of SOLIMA operations.

**Table 4. Performance Criteria, Structural Benchmarks, and Prior Actions  
Under the 2002/03 PRGF Supported Program**

I. The following **structural performance criteria** will be used to monitor the 2002/03 annual program:

- a. By end-June 2003 new regulations will be adopted, in consultation with the Fiscal Affairs Department of the Fund, introducing a system authorizing the deferment of the VAT payment obligation until the monthly declaration following the import (MEFP, para 16).
- b. The draft budget execution laws for 2000 and 2001 will be submitted to the Audit Court by end-December 2003 (MEFP, para 23).

II. The following **structural benchmarks** will be used to monitor the 2002/03 annual program:

- a. The Treasury's monthly balances up to end 2001 will be prepared before end-June 2003.
- b. An activity plan for the central bank's internal audit department will be drawn up by end-March 2003, together with an organizational chart defining how the internal audit department will report to the various organs of the bank;
- c. An internal audit of the management of central bank reserves will be conducted by end-June 2003;
- d. The general shareholders meeting of the oil company SOLIMA will examine the accounts for 2000 by end-February 2003 and those for 2001 by end-July 2003.

III. The following measure will constitute a **prior action** for completing the second review under the PRGF:

Offsetting of JIRAMA's debts to private sector petroleum suppliers with these suppliers tax obligations (MEFP, para 32);