

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

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

	Outstanding Stock End-Jun. 2001	Prog. End-Dec. 2001	Adj. Prog. End-Dec. 2001	Act. End-Dec. 2001	Original Prog. End-Mar. 2002	Rev. Prog. End-Mar. 2002	Prog. End-Jun. 2002
Net foreign assets of the SBP (floor in millions of U.S. dollars)*	-253.5	461.5	211.5	1,120.0	93.5	93.5	725.8
	(In billions of Pakistani rupees)						
Net domestic assets of the SBP*	549.4	11.0	27.0	-15.6	28.5	28.5	6.8
Overall budget balance (floor)*	...	-107.8	...	-93.9	-160.5	-160.5	-212.3
Net government bank borrowing*	513.5	-9.6	6.4	-10.9	-4.0	-4.0	-6.9
CBR revenue (floor)*	...	183.3	...	174.5	295.8	277.4	414.3
Net credit to public sector enterprises*	110.6	5.5	...	16.5	14.0	14.0	22.5
Accumulation of budgetary arrears to WAPDA by list of priority connections*	0.25	0.00	...	-0.02	0.00	0.00	0.00
Social and poverty-related spending ("I-PRSP budgetary expenditure")		62.0	...	45.9	96.6	96.6	136.4
	(In millions of U.S. dollars)						
Contracting or guaranteeing of short-term external debt by the Government and the SBP*	...	500.0	...	120.0	700.0	700.0	800.0
Contracting or guaranteeing of noncessional medium-term and long-term debt by the Government* 2/ <i>Of which</i> : external debt with an initial maturity of over one year and up to five years*	...	600.0	...	223.0	600.0	600.0	750.0
Accumulation of external payments arrears (continuous performance criterion during the program period)*	...	300.0	...	0.0	300.0	300.0	300.0
SBP's forex reserves held with foreign branches of domestic banks <i>Of which</i> : other than current account*	320.0	250.0	...	238.9	175.0	175.0	100.0
Contracting of foreign currency swap and forward sales*	200.0	150.0	...	140.4	75.0	75.0	0.0
	...	0.0	...	0.0	0.0	0.0	0.0
Memorandum items:							
Net external program financing	...	109.7	...	-187.2	-63.5	-63.5	225.2
External cash budget grants	...	616.5	...	625.5	801.4	801.4	766.5
Poverty alleviation and other programs eligible for additional grant-financed expenditure (in billions of Pakistani rupees) 3/	...	41.3	63.4	63.4	90.1
Foreign currency deposits with the SBP (including reserve requirements)	399.4	4.0	...	33.6	20.0	20.0	71.9
Daily cash reserve requirements ratio (in percentage points)	4.0	4.0	...	4.0	4.0	4.0	4.0
Issuance of government bonds to banks in the context of the recapitalization of KESC and clearance of banks' claims on CBR (in billions of Pakistani rupees)	0.0	0.0	...	0.0	...	0.0	56.0

Source: Pakistani authorities.

1/ The relevant variables are defined in the Technical Memorandum of Understanding (TMU) dated November 2001 and the TMU dated March 12, 2002, and are subject to adjustors specified in the TMUs. For variables marked "*" the end-December 2001, end-March 2002, and end-June 2002 program 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 2.

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

Measures	Timing	Status as of end-February 2002
I. Structural Performance Criteria 1/		
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, and except for custom duty and income tax exemptions for the shipping industry (as described in the MEFP, para. 20).	Continuous	Met so far.
Implement new organizational set-up for CBR headquarters per approved CBR reform plan (as described in MEFP dated November 22, 2001, para. 21).	February 28, 2002	Done
Apply standard GST penalty regime to retailers and eliminate GST exemptions for all fertilizer wholesale and retail trade.	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 dated November 22, 2001, 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 for the First Review Under the PRGF (Continued)

Measures	Timing	Status as of end-February 2002
II. Structural Benchmarks		
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	Done as per I-PRSP.
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	First report published in early January 2002.
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	Issued in January 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	

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

Measures	Timing	Status as of end-February
III. Prior Actions		
Provide Fund staff with reporting on federal fiscal expenditure (unreconciled data) through end-January 2002, by end-February 2002.		Done. Data provided February 28, 2002.
Cabinet decision on KESC privatization strategy.		Done. Cabinet decision taken on February 27, 2002.
Government approval of the elimination of :		
<ul style="list-style-type: none"> • The GST exemption on pharmaceuticals (excluding possibly lifesaving drugs) effective April 1, 2002. 		

1/ The first and fourth structural performance criteria are modified from the criteria originally set (see MEFP dated November 22, 2001), as explained in the LOI and MEFP.