

Table 1. Albania: Quantitative Performance Criteria and Indicative Targets for 2000-2001 1/

	End-June 2000			End-Sept. 2000 2/			End-Dec. 2000	End-Mar. 2001 2/
	Prog.	Adj. Prog.	Actual	Prog.	Adj. Prog.	Actual	Rev. Prog.	Rev. Prog.
(In billions of Lek)								
1. Ceiling on domestic credit to the government	10	13.6	9.6	18	16.1	10.9	24	29
2. Ceiling on net domestic assets of the BOA	10	13.6	2.4	11	13.8	6.2	8	8
3. Indicative target for tax revenues	38	38	38.2	60	60	59.5	82	103
4. Indicative target for revenues collected by Customs Department	21	21	20.9	32	32	32.9	47	57
(In millions of US Dollars)								
5. Floor for net international reserves of the BOA	-25	-51.8	-4	-24	-44.5	64.6	75	94
6. Ceiling on contracting or guaranteeing of non-concessional external debt with maturities 1-15 years	20	20	9.8	40	40	24.6	60	60
Of which: 1-5 years	5	5	0	5	5	0	10	10
7. Ceiling on public and publicly-guaranteed external debt with maturities of up to 1 year	0	0	0	0	0	0	0	0

1/ The performance criteria and indicative targets envisaged under the program, and their adjustors, are defined in the Technical Memorandum of Understanding.

2/ Performance criteria, except for tax revenues and revenues collected by the Customs Department, which are indicative targets.

Table 2. Albania: Prior Actions for Completion of the First Review of the Third Annual PRGF Arrangement, and Structural Performance Criteria and Structural Benchmarks Under the Third Annual PRGF Arrangement

A. Prior actions

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| 1. | Pass 2001 budget consistent with the PRGF program. | Done. |
| 2. | Appoint privatization advisor for the Savings Bank, and recapitalize the bank by issuing marketable securities. | Done. |
| 3. | Amend the free-zone act to abolish the profit tax holiday. | Done. |

B. Structural Performance Criteria

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| 1. | Finalize privatization of AMC and two out of five mid-sized enterprises (end-September 2000). | Not met; completed on October 4 |
| 2. | Appoint privatization advisor for the Savings Bank (end-September 2000). | Not met; has become a prior action. |
| 3. | Announce tender for privatization of the Savings Bank (end-November 2000). | Postponed to end-June 2001. |

C. Structural Benchmarks

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| 1. | Internal audit unit to continue to produce bi-weekly reports on the implementation of customs valuation rules and the Director General of Customs to take disciplinary actions and submit monthly reports to the Minister of Finance on corrective actions taken (throughout)—revised as item D.4. below. | Done; changed to monthly IAU reports as of October 2000; disciplinary and other corrective management actions being taken. |
| 2. | Complete reviews of 16 special customs regime licenses for inward processing by end-June 2000, 151 by end-September 2000, and 396 by end-December 2000. | Partially done; 13 reviews completed by end-June, 141 by end-September. |
| 3. | Approve amendments to the Social Security Law (end-September 2000). | Delayed; expected by December 2000. |
| 4. | With respect to the Savings Bank, announce a tender for the privatization advisor (end-June 2000); start negotiations with selected buyers (end-December 2000)—revised as item D.5. below. | A tender for the privatization advisor announced in August 2000; negotiations delayed, see item B.3 above. |
| 5. | Complete process of converting government's nonmarketable obligations to the Bank of Albania into marketable securities by end-September 2000. | Ongoing; about half transferred to date; Expected to be completed by March 2001. |
| 6. | Complete first-time registration in 1,500 cadastral zones by end-June 2000, in 1,650 cadastral zones by end-September 2000, in 1,800 cadastral zones by end-December 2000, and in 1,950 cadastral zones by end-March 2001—revised as item D.6. below. | Registration of 1426 cadastral zones completed by end-June 2000, and 1501 by end-September 2000. |

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| 7. | Sell or lease the Burrel smelter and the Bulqize mine (end-December 2000). | On track |
| 8. | Prepare an action plan for selling or liquidating SERVCOM (end-June 2000), and privatize or liquidate the company (end-December 2000). | Action plan prepared in June 2000; privatization for non-strategic part on track for December; end-June 2001 for strategic part. |
| 9. | Audit the 1999 financial statements of Albtelecom (end-June 2000). | Discrepancies with respect to international accounting standards found in the 1999 audit will be taken care of in the 2000 audit. |
| 10. | Make the registry of collateralized property fully functional (end-June 2000). | Expected December 2000. |
| 11. | Make the credit information bureau fully operational (end-December 2000). | End-December 2001 due to difficulties with finding an appropriate consultant. |
| 12. | Approve in parliament the new bankruptcy law fully consistent with the law on collateralized transactions (end-December 2000). | Council of Ministers will send law to parliament in December 2000, expected to be approved in January 2001. |
| 13. | Submit to parliament the law on offices for the execution of court decisions in civil cases (end-December 2000). | Council of Ministers will send law to parliament in December 2000, expected to be approved in January 2001. |

D. New Structural Benchmarks (added at time of First Review of Third Annual Arrangement)

1. Complete the privatization of three SME's (brewery, dairy, winery) by end-December 2000.
2. Establish an operational mediation center by July 2001.
3. Fully implement an annual appraisal system in the customs department (by end-2000).
4. Internal Audit unit to produce monthly reports on the valuation of imports and the Director-General to produce at least four monthly reports (September-December 2000) covering corrective measures that were taken based on the reports of the IAU.
5. Complete due diligence for the Savings Bank, including registration of fixed assets by May 2001.
6. Complete first-time registration in 1,590 cadastral zones by end-December 2000, and in 1,680 cadastral zones by end-March 2001.