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| **Annex 1. EFF’s Structural Programme Conditionality** | | |
| **A. Prior Action** | | |
| **Area** |  | **Timing** |
| **Debt** | (1) Government to launch exchange offer for debt restructuring of the stock of central government domestic debt held by private creditors and eligible for debt restructuring. |  |
| **B. Structural Benchmarks** | | |
| **SOE Reform** | | |
|  | (2) Parliament to adopt a revised FMA Act conferring greater autonomy to the MoFEA to oversee SOEs, including prior approval of all borrowings and assumptions of other liabilities. | Dec 18 |
|  | (3) Government to ensure that all SOEs listed in TMU prepare and submit to the government standardized quarterly financial reports. | Dec 18 |
|  | (4) Government to submit to parliament a consolidated report on the performance of SOEs, together with budget estimates. | Mar 19 |
|  | (5) Government to conduct a comprehensive review of all tariffs and fees charged by SOEs. | Jun 19 |
|  | (6) Government develop a system for monitoring SOE arrears on an ongoing basis; a programme target for non-accumulation of new SOE arrears will be introduced once this system is in place. | Mar 19 |
| **Growth and Business Climate** | | |
|  | (7) Parliament to adopt new Town and Country Planning legislation, aimed at streamlining and accelerating the process for permits. | Dec 18 |
|  | (8) Government to establish a Sandbox regime for regulation for fintech start-ups | Dec 18 |
|  | (9) Government to adopt a new business plan and staffing strategy for the Corporate Affairs and Intellectual Property Office (CAIPO), with a view of streamlining the registration of new business and strengthening maintenance of commercial records of existing business. | Mar 19 |
| **Central Bank Autonomy** | | |
|  | (10) Parliament to adopt an amended CBB Law to enhance its institutional, personal, and financial autonomy and, strengthen the limitation on CBB financing of the government. The revised CBB law will clarify the mandate of the CBB and introduce safeguards to protect the personal autonomy of key officials. | Jun 19 |
| **Revenue Policy and Administration** | | |
| Tax reform | (11) Government to conduct a comprehensive review of the tax system, with inputs from IMF technical assistance. | Jun 19 |
| (12) Parliament to adopt legislation to address concerns identified in the comprehensive review of the tax system, consistent with fiscal programme objectives. | Dec 19 |
| BRA | (13) The BRA to adopt measurable performance targets that increase on-time filing for CIT and VAT from current levels (less than 50 percent for both respectively) to 75 percent over calendar year 2019. | Dec 19 |
| (14) The LTU to (i) update all LTU taxpayer accounts ensuring they reflect accurate balances, and (ii) commence the conduct of audits targeting the most current tax period. | Dec 18 |
| Customs | (15) Customs Department to (i) deploy staff to the exemption monitoring unit and undertake at least 8 exemption verification assignments in 2019; (ii) train and deploy at least 6 officers in the post clearance audit unit and undertake at least 8 field audits in 2019; (iii) establish a trusted trader programme with defined benefits by the end of 2018 and have at least 8 companies participating by the end of 2019; and (iv) undertake post release verification of entries and subject at least 3500 entries to this control by the end of 2019. | Dec 18 |
| **Public Sector Reform** | | |
| Pensions | (16) Parliament to adopt a revised public pension law to enhance the sustainability of the public-sector pension scheme. | Mar 19 |
| **Public Financial Management** | |  |
| Fiscal Rule | (17) Parliament to adopt a fiscal rule to enhance fiscal transparency, and lock in the gains of fiscal consolidation, developed with the support of IMF technical assistance. | Jun 19 |
| Budget | (18) Parliament to adopt a revised FMA Act to establish a permanent binding budget calendar, envisaging budget approval prior to the FY. | Dec 18 |
| CBB and NIS | (19) Government to develop plans to recapitalize the CBB and address medium and long-term challenges for the NIS stemming from the debt restructuring. | Jun 20 |