

Table 1. Nicaragua: Ceilings on the Cumulative Net Domestic Financing
Of the Nonfinancial Public Sector 1/ 2/

(In millions of cordobas)

Period	Limits
December 31, 1998–March 31, 1999 (actual)	-557
December 31, 1998–June 30, 1999 (preliminary)	-1,376
December 31, 1998–September 30, 1999	-1,130
December 31, 1998–December 31, 1999 3/	-1,815
December 31, 1999–March 31, 2000	-500
December 31, 1999–June 30, 2000 3/	-1,090
December 31, 1999–September 30, 2000	-1,320
December 31, 1999–December 31, 2000	-1,300

1/ The net domestic financing of the nonfinancial public sector is defined as the change from their respective stock at end of the previous year of the (i) outstanding stock of indebtedness of the nonfinancial public sector to the domestic banking system (central bank and commercial banks including the FNI) net of deposits (including arrears that correspond to obligations considered eligible for refinancing or rescheduling, or other debt-reduction mechanism) with the foreign currency part of the net debt to the banking system converted into cordobas at C\$11.9 per U.S. dollar in 1999 and C\$12.7 per U.S. dollar in 2000; (ii) outstanding stock of domestic public debt (excluding compensation bonds) held by the private sector; (iii) outstanding stock of supplier credits; and (iv) outstanding stock of floating debt. In addition, the net domestic financing includes the net financial support provided by the government to commercial banks.

2/ These ceilings will be adjusted: (i) downward (unlimited) by the proceeds from privatization of ENITEL; (ii) downward (unlimited)/up by a maximum of US\$15 million over 1999 in the event of higher (lower) disbursements of balance of payments support resources with respect to US\$103.2 million up to the first half of 1999, US\$117.8 million up to the first three quarters of 1999, and US\$180.8 million over 1999; (iii) cumulative from end-1999 downward (unlimited)/upward (by a maximum of US\$30 million) over 2000 in the event of higher/lower disbursements of balance of payments resources with respect to US\$6.2 million up to the first quarter of 2000, US\$20.3 million up to the first half of 2000, US\$51.5 million up to the first three quarters of 2000, and US\$86.8 million over 2000; (iv) adjusted upward by up to US\$3.5 million over 1999 for any early repayment of nonconcessional borrowing made in the first semester of 1999.

3/ Performance criterion.

Table 2. Nicaragua: Floors on Cumulative Savings of the Combined Public Sector 1/

(In millions of cordobas)

Period	Limits
December 31, 1998–March 31, 1999 (actual)	471
December 31, 1998–June 30, 1999 (preliminary)	947
December 31, 1998–September 30, 1999	1,160
December 31, 1998–December 31, 1999 2/	1,300
December 31, 1999–March 31, 2000	545
December 31, 1999–June 30, 2000 2/	1,100
December 31, 1999–September 30, 2000	1,495
December 31, 1999–December 31, 2000	1,845

1/ Defined as the difference between current revenue and current expenditure of the nonfinancial public sector plus the operational balance of the central bank.

2/ Performance criterion.

Table 3. Nicaragua: Floors for Cumulative Flows of Net International Reserves
Of the Central Bank 1/ 2/

(In millions of U.S. dollars)

Period	Limits
December 31, 1998–March 31, 1999 (actual)	-20
December 31, 1998–June 30, 1999 (actual)	69
December 31, 1998–September 30, 1999	38
December 31, 1998–December 31, 1999 3/	118
December 31, 1999–March 31, 2000	-5
December 31, 1999–June 30, 2000 3/	16
December 31, 1999–September 30, 2000	15
December 31, 1999–December 31, 2000	45

1/ Net international reserves are defined as the difference between the (i) foreign assets of the central bank; and (ii) central bank's reserve liabilities (including outstanding purchases from the IMF) plus arrears on foreign debt service; and foreign currency deposits of commercial banks at the central bank.

2/ These floors will be adjusted: (i) upward (unlimited)/downward (by a maximum of US\$15 million over 1999–00) with respect to the net issue of CENIs during 1999–2000; (ii) upward (unlimited)/downward (by a maximum of US\$15 million) over 1999 in the event of higher (lower) disbursements of balance of payments support resources with respect to US\$113.2 million up to the first half of 1999, US\$127.8 million up to the first three quarters of 1999, and US\$190.8 million over 1999; (iii) cumulative from end-1999 upward (unlimited)/downward (by a maximum of US\$30 million) over 2000 in the event of higher (lower) disbursements of balance of payments support resources with respect to US\$6.2 million up to the first quarter of 2000, US\$20.3 million up to the first half of 2000, US\$51.5 million up to the first three quarters of 2000, and US\$86.8 million over 2000; (iv) adjusted downward by up to US\$3.5 million over 1999 for any early repayment of nonconcessional borrowing made in the first semester of 1999; and (v) upwards (unlimited) by the proceeds from privatization of ENITEL, except those used for debt reduction operations and to finance social expenditures in consultation with the staffs of the Fund and the World Bank.

3/ Performance criterion.

Table 4. Nicaragua: Ceilings on the Cumulative Change in the Net Domestic Assets
Of the Central Bank 1/ 2/

(In millions of cordobas)

Period	Limits
December 31, 1998–March 31, 1999 (actual)	266
December 31, 1998–June 30, 1999 (actual)	-870
December 31, 1998–September 30, 1999	-575
December 31, 1998–December 31, 1999 3/	-1,230
December 31, 1999–March 31, 2000	-65
December 31, 1999–June 30, 2000 3/	-375
December 31, 1999–September 30, 2000	-355
December 31, 1999–December 31, 2000	-420

1/ The change in the net domestic assets of the central bank (NDA) is defined as the difference between the change in the stock of currency issue and in the net international reserves (as defined in footnote 1 of Table 3) valued at C\$11.9 per U.S. dollar in 1999 and at C\$12.7 per U.S. dollar in 2000.

2/ Corresponding offsetting adjustments will be made to the ceilings on the net domestic assets of the central bank for the adjustments in net international reserves spelled out in the footnotes in Table 3.

3/ Performance criterion.

Table 5. Nicaragua: Ceilings on the Cumulative Disbursements of Nonconcessional External Loans Contracted or Guaranteed by the Public Sector 1/

(In millions of U.S. dollars)

Period	Limits
More than one year maturity 2/	
December 31, 1998–March 31, 1999 (actual)	3.5
December 31, 1998–June 30, 1999 (actual)	3.5
December 31, 1998–September 30, 1999	3.5
December 31, 1998–December 31, 1999 3/	3.5
December 31, 1999–March 31, 2000	0.0
December 31, 1999–June 30, 2000 3/	0.0
December 31, 1999–September 30, 2000	0.0
December 31, 1999–December 31, 2000	0.0
One year or less maturity 4/	
December 31, 1998–March 31, 1999 (actual)	0.0
December 31, 1998–June 30, 1999 (preliminary)	0.0
December 31, 1998–September 30, 1999	0.0
December 31, 1998–December 31, 1999 3/	0.0
December 31, 1999–March 31, 2000	0.0
December 31, 1999–June 30, 2000 3/	0.0
December 31, 1999–September 30, 2000	0.0
December 31, 1999–December 31, 2000	0.0

1/ These ceilings refer to loans contracted or guaranteed by the public sector, with maturity of more than one year and grant element of less than 35 percent calculated on the basis of currency specific Commercial Interest Reference Rates (CIRR) as discount rates. These limits exclude reserve liabilities of the central bank and the capitalization of interest resulting from rescheduling or refinancing operations.

2/ These limits will be adjusted downwards (by up to US\$3.5 million) over 1999 for any early repayment or rescheduling on concessional terms of non-concessional borrowing made in the first semester of 1999.

3/ Performance criterion.

4/ Excludes normal import-related credits.

Table 6. Nicaragua: Ceilings on the Cumulative Deficit of Combined Public Sector 1/

(In millions of cordobas)

Period	Limits
December 31, 1998–March 31, 1999 (actual)	-613
December 31, 1998–June 30, 1999 (preliminary)	-1,472
December 31, 1998–September 30, 1999	-2,540
December 31, 1998–December 31, 1999	-3,700
December 31, 1999–March 31, 2000	-465
December 31, 1999–June 30, 2000	-1,170
December 31, 1999–September 30, 2000	-2,130
December 31, 1999–December 31, 2000	-3,265

1/ These are only indicative. The balance of the combined public sector (excluding grants) is measured from above the line and is defined as the savings of the combined public sector (as given in Table 2) plus capital revenue less capital expenditure (including net lending) of the nonfinancial public sector.

Table 7. Nicaragua: Ceilings on the Cumulative Total Expenditures of the Central Government 1/

(In millions of cordobas)

Period	Limits
December 31, 1998–March 31, 1999 (actual)	2,314
December 31, 1998–June 30, 1999 (preliminary)	4,595
December 31, 1998–September 30, 1999	7,000
December 31, 1998–December 31, 1999	9,450
December 31, 1999–March 31, 2000	2,355
December 31, 1999–June 30, 2000	4,865
December 31, 1999–September 30, 2000	7,585
December 31, 1999–December 31, 2000	10,220

1/ These are only indicative. Total expenditures include current spending, capital spending, and net lending operations.

Table 8. Nicaragua: Structural Benchmarks Under the Second Enhanced Structural Adjustment Facility

Policy Measures	Program Schedule	Status
1. Public sector reform		
Restructuring of the revenue and customs departments:		
– A law on transformation of the revenue and customs department approved	November 1999	
– Start implementation of performance indicators for collection, as recommended by the IDB	January 2000	
Continue to implement a labor mobility program aiming at reducing public sector positions (excluding reductions resulting from privatization of public enterprises).	700 positions to June; 1,200 positions to December 1999	About 740 positions reduced in January–June
2. Privatization and public sector tariffs		
ENITEL (reactivated privatization program):	Final offer expected for January 1999 was postponed because the prequalified potential investors withdrew.	
– Announce a program to reduce the enterprise's operating expenditure by at least 20 percent and start implementation.	June 1999	Done
– Start negotiation to transfer ENITEL's debt to CABEL to the government.	July 1999	Done
– Approve tariff adjustment along the lines recommended by the World Bank and the advisory international investment bank.	August 1999 1/	Done
– Invite final bids of potential investors for 40 percent of ENITEL assets.	January 2000 2/	
ENACAL:		
Continue adjusting water and sewerage tariffs by 1.5 percent a month.	June 1998–2000	Ongoing
ENEL:		
– Issue regulation on setting tariffs for electricity generation and distribution by the ENEL units to be privatized	October 1999	
– Issue final bid documents for ENEL's generation and distribution units; 2/ this would include the announcement of a tariff adjustment in January 2000 to cover long-term marginal costs in accordance with the IDB tariff adjustment plan. 3/	December 1999 2/	
3. Governance		
TRANSPARENCY:		
Ensure that all domestic receipts (revenue and transfers) of the public sector entities are recorded at the treasury (cuenta única).	July 1999	Done
Achieve full coverage of revenues and transfers in the financial control system (SIGFA).	September 1999	
Ensure transparency and accountability in public sector procurement of goods and services and in awarding public works:		
– Submit revisions to the draft procurement law in line with recommendations of the World Bank, the IDB, and IMF to the national assembly.	August 1999 1/	Done
– Approval of the law.	September 1999	
– Issue the regulations.	September 1999	
JUDICIAL REFORM:		
Establish a National Center for Property Mediation.	September 1999	

Table 8. Nicaragua: Structural Benchmarks Under the Second Enhanced Structural Adjustment Facility

Policy Measures	Program Schedule		Status
PROPERTY RIGHTS:			
Accelerate issuing of property titles and continue progress in resolving property rights claims.			
Property titles issued in 1999:			
- Urban:	Through June	3,000	
	Through December	10,000	
- Rural:	Through June	1,600	
	Through December	4,000	
Property rights claims settled:	During 1999	1,000	
	During 2000	1,400	
4. Financial system reform:			
Passage of the revised laws on the central bank, commercial banks, and the superintendency of banks:			
- Complete draft laws in consultation with IDA, the IDB (financial sector loan), and IMF, and submit the laws to the National Assembly;	August 1999		
- Approval of the three laws by the national assembly.	October 1999		
Implement fully according to the initially established schedule the prudential norms on banks' capital adequacy and lending to related parties.	from mid-1999 to mid-2000		
Issue a revised prudential norm on asset-risk classification and provisioning based on a review conducted with the World Bank.	October 1999		
5. Social security reform			
Submit to the national assembly a draft social security reform law with revised parameters to reduce losses of the current system and introduce a new system of individually-funded accounts managed by private sector.	August 1999		
Approval of the social security reform law by the National Assembly.	December 1999 2/		
Implement the revised parameters (the retirement age, minimum duration of contribution, and level of contribution).	January 2000		
Start to introduce the new pension system based on individually-funded accounts.	September 2000		
6. Trade and investment policy			
Reduce maximum tariff to:			
15 percent	January 1999		Done
10 percent	July 1999		Done
Submit to the national assembly a revised law on foreign investment.	September 1999		
Have the law on foreign investment approved.	December 1999		

1/ Prior action for the Board consideration of the second annual arrangement under the ESAF.

2/ Performance criterion.

3/ Prior action for the completion of the first review under the second annual ESAF.