

Table 1. Sierra Leone: Quantitative Performance Criteria and Benchmarks  
Under the Poverty Reduction and Growth Facility Arrangement, 2002

(Cumulative change from beginning of calendar year to end of month indicated; in millions of leones, unless otherwise indicated) 1/

	March Rev. Actual	March Adj. Performance Criteria	March Performance Criteria	June Actual	June Adj. Indicative Prog. Targets	June Indicative Prog. Target	Sept. Actual	Sept. Adj. Performance Criteria	Sept. Performance Criteria	December Actual	Dec. Adj. Performance Criteria	December Performance Criteria
Performance criteria and benchmarks												
Net domestic bank credit to the central government (ceiling) 2/ 3/	-12,684	24,082	20,665	25,116	42,292	31,294	78,866	54,662	55,075	22,610	24,756	16,780
Net domestic assets of the central bank (ceiling) 2/ 4/ 5/	-12,207	14,842	20,665	16,256	51,122	46,294	9,752	10,354	4,247	-18,210	-8,554	-26,511
Domestic primary budget balance of the central government (floor) 6/	-12,912	-20,701	-20,701	-38,317	-28,391	-28,391	-54,058	-48,151	-48,151	-74,686	-89,848	-89,848
Change in the stock of verified domestic arrears of the central government (ceiling)	-242	-500	-500	-663	-1,000	-1,000	-1,140	-1,500	-1,500	-1,583	-2,000	-2,000
Subsidies to National Power Authority (ceiling)	150	150	150	150	300	300	450	450	450	450	600	600
Gross foreign exchange reserves of the central bank, (in U.S. dollars million (floor))7/	1.48	-10.28	-9.79	-14.92	-28.72	-20.79	8.90	-6.08	-0.21	32.72	6.48	23.75
Contracting or guaranteeing of nonconcessional external debt 8/												
by the public sector (ceiling) with maturities of one year or more 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
Outstanding stock of external debt owed or guaranteed by the public sector 11/												
with maturities of less than one year (ceiling) 12/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
External payment arrears of the public sector (ceiling) /13	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial indicators												
Total domestic government revenue (floor)	59,960	52,115	52,115	118,952	116,943	116,943	176,892	177,112	177,112	238,691	237,749	237,749
Government wage bill (ceiling)	29,822	26,388	26,388	66,858	56,245	56,245	98,607	99,982	99,982	142,769	135,120	135,120
Memorandum item:												
External budgetary assistance 14/	17,610	17,610	11,787	17,610	17,610	27,266	31,269	31,269	43,484	117,364	117,364	153,278

1/ Variables are based on definitions in the technical memorandum of understanding.

2/ The ceilings will be adjusted downward by the amount of any excess in programmed external budgetary assistance (see footnote 14). The ceiling will also be adjusted upward by up to 50 percent of the amount of any shortfall in external budgetary assistance (as defined above; see footnote 14).

3/ Defined as claims on government (net) in the monetary survey excluding advances from the BSL: HIPC Account from September 2002. To be adjusted downward (upward) by any net issues of government securities to non-banks up to the ceiling on net domestic credit set for the calendar year.

4/ The revised program benchmarks for September 2001 to June 2002 are valued at the end-March, 2001 official (mid-rate) exchange rate of the BSL against the US dollar and the cross exchange rates of the U.S. dollar to the SDR, the euro and the pound sterling on that date. The new program benchmarks from September 2002 are valued at the end-March, 2002 official (mid-rate) exchange rate of the BSL against the US dollar.

5/ Defined as the difference between the net foreign assets of the central bank (valued at the program exchange rate) and reserve money.

6/ Defined as domestic revenue minus total expenditure and net lending, excluding interest payments, HIPC-financed expenditures, externally financed capital expenditures, and the DDR program.

7/ In the event of an excess (shortfall) in external budgetary assistance (as defined above), the floor will be adjusted upward (downward) by the amount of the excess (shortfall).

8/ This performance criterion applies not only to debt as defined in point No. 9 of the Guidelines on Performance Criteria with Respect to Foreign Debt (Decision No. 12274-(00/85) August 24, 2000), but also to commitments contracted or guaranteed for which value has not been received.

9/ Excluded from this performance criterion are disbursements from the Fund and rescheduling arrangements.

10/ Excluded from this performance criterion are external loans with a grant element equivalent to 35 percent or more, calculated using a discount rate based on OECD commercial interest reference rates (CIRRs).

11/ The term "debt" has the meaning set forth in point No. 9 of the Guidelines on Performance Criteria with Respect to Foreign Debt (Decision No. 12274-(00/85) August 24, 2000).

12/ Excluded from this performance criterion are normal import-related credits.

13/ To be applied on a continuous basis. Excluded from this performance criterion are those debts subject to rescheduling arrangements.

14/ Including program grants, program loans, debt relief, and financing gap, but excluding financing from the BSL: HIPC Account (from September 2002), DDR, project-related grants, and loans.

Table 2. Sierra Leone: Structural Performance Criteria and Benchmarks for September-December 2002  
Under the Program Supported by the Poverty Reduction and Growth Facility Arrangement

Performance Criteria and Structural Benchmarks	Timing	Status
<b>Prior conditions to Executive Board discussions of the Second Review</b>		
Reconcile the gross foreign exchange reserves (GFER) and net domestic assets (NDA) data of the Bank of Sierra Leone (BSL) for end-December 2001 reported to the IMF under the PRGF with the annual audited and monthly financial statements of BSL		Data satisfactorily reconciled.
Pass by parliament, bill setting up the autonomous Central Statistics Office		Met.
Pass by parliament, enabling legislation relating to the National Revenue Authority (NRA)		Met.
Identify and implement concrete measures to control the teachers' payroll		Met.
Initiate the Rapid School Audit that will verify the number and type, location, and salary of all teachers on the government's payroll		Met.
Clear all arrears accrued during 2001-02 to the National Power Authority and the Guma Valley Water Company		Met.
As agreed with the World Bank, pass legislation relating to the draft Privatization Act		Met.
<b>Structural reforms subject to the third review</b>		
<b>Performance criterion</b>		
Conduct review of human resources management of the BSL, with focus on performance-based appraisal, training, remunerations and promotions policy	December 31, 2002	Done.
<b>Benchmarks</b>		
Appoint the board of the NRA and the Commissioner-General	September 30, 2002	Done.
Develop staff transition policy for divisions of NRA	September 30, 2002	Ongoing. Detailed job descriptions and organogram done.
Appoint Chief Executive Officers of Income Tax and Customs Divisions of NRA	September 30, 2002	Done.
Develop computer program for conducting treasury securities market for BSL 1/	September 30, 2002	Done.
Develop action plan for introduction of repurchase instruments for BSL 1/	December 31, 2002	MAE initial training done, but more work needed to familiarize all stakeholders
Engage a head of the Internal Audit Department of the BSL and strengthen audit staff professional and technical capacity	December 31, 2002	Done.
Complete the mining sector study	December 31, 2002	Completed.
Prepare amendments to the Income Tax Act, Sales Tax Act, and Customs Act to ensure consistency with the NRA	December 31, 2002	Not yet done. Delay in obtaining technical assistance.
No accumulation of arrears in regard to the electricity and water bills from the National Power Authority and Guma Valley Water Company	Continuous	Government has been making timely payments, but billing by these utilities has been disputed. A survey found significant billing charged to government for private consumption.

1/ Financial sector reforms are expected to be pursued in line with the recommendations and pace of support from MAE.

Table 3. Sierra Leone: Proposed Quantitative Performance Criteria and Indicative Targets  
Under the Poverty Reduction and Growth Facility Arrangement, 2003

(Cumulative change from beginning of calendar year to end of month indicated; in millions of leones, unless otherwise indicated.) 1/

	March Indicative Targets	June Performance Criteria	September Indicative Targets	December Indicative Targets
<b>Performance criteria</b>				
Net domestic bank credit to the central government (ceiling) 2/ 3/	13,264	33,078	11,473	27,188
Net domestic assets of the central bank (ceiling) 2/ 4/ 5/ 6/	68,961	50,075	12,770	13,053
Domestic primary budget balance of the central government (floor) 7/	-10,269	-36,979	-79,897	-123,031
Subsidies to National Power Authority (ceiling)	125	250	375	500
Gross foreign exchange reserves of the central bank, in U.S. dollars million (floor) 8/ 9/	-19.68	-13.17	11.21	2.43
Contracting or guaranteeing of nonconcessional external debt 10/ by the public sector (ceiling) with maturities of one year or more 11/ 12/	0.0	0.0	0.0	0.0
Outstanding stock of external debt owed or guaranteed by the public sector 13/ with maturities of less than one year (ceiling) 14/	0.0	0.0	0.0	0.0
External payment arrears of the public sector (ceiling) 15/	0.0	0.0	0.0	0.0
<b>Indicative targets</b>				
Total domestic government revenue (floor)	67,278	136,349	202,862	271,678
Government wage bill (ceiling)	38,525	77,050	115,575	154,100
Change in the stock of verified domestic arrears of the central government (ceiling)	-1,750	-5,250	-7,000	-7,000
Poverty-related expenditures (floor)		62,114		138,586
<b>Memorandum item:</b>				
External budgetary assistance 16/	0	15,578	89,776	123,182

1/ Variables are based on definitions in the technical memorandum of understanding (TMU), March 2003.

2/ The ceilings will be adjusted downward by the amount of any excess in programmed external budgetary assistance (see footnote 14). The ceiling will also be adjusted upward by up to 50 percent of the amount of any shortfall in external budgetary assistance (as defined in the TMU; see footnote 16).

3/ Defined as claims on government (net) in the monetary survey. To be adjusted downward (upward) by any net issues of government securities to the nonbank private sector up to the ceiling on net domestic bank credit to the central government.

4/ The program benchmarks for January - December 2003 are valued at the program exchange rate as defined in the technical memorandum of understanding (TMU) of March 2003.

5/ Defined as the difference between the net foreign assets of the central bank (valued at the program exchange rate) and reserve money.

6/ The program net domestic assets PC will also be adjusted for higher-than-programmed oil prices with an upside adjustment cap of US \$10 million translated into leones at the actual exchange rate, as specified in paragraph 31 of the TMU of March 2003.

7/ Defined as domestic revenue minus total expenditure and net lending, excluding interest payments, externally financed capital expenditures, and the externally financed DDR program.

8/ In the event of an excess (shortfall) in external budgetary assistance (as defined above), the floor will be adjusted upward (downward) by the amount of the excess (shortfall).

9/ The floor will also be adjusted downward for higher-than-programmed oil prices, with a downside adjustment cap of US \$10 million, as specified in paragraph 31 of the TMU of March 2003.

10/ This performance criterion applies to debt as defined in Annex 1 of the TMU of March 2003.

11/ Excluded from this performance criterion are disbursements from the Fund and rescheduling arrangements.

12/ Excluded from this performance criterion are external loans with a grant element equivalent to 35 percent or more, calculated using a discount rate based on OECD commercial interest reference rates (CIRRs).

13/ The term "debt" has the meaning set forth in Annex 1 of the TMU of March 2003.

14/ Excluded from this performance criterion are normal import-related credits.

15/ To be applied on a continuous basis. Excluded from this performance criterion are those debts subject to rescheduling arrangements.

16/ Including program grants, program loans, debt relief, and financing gap, but excluding DDR, project-related grants, and loans.

Table 4. Sierra Leone: Structural Performance Criteria and Benchmarks for 2003  
Under the Program Supported by the Poverty Reduction and Growth Facility Arrangement

Performance Criteria and Structural Benchmarks	Timing	Review
<b>Prior actions</b>		
The clearance of expenditures by the Office of the President is no longer required.		Done
All departmental bank accounts except those required for donor-funded projects or programs have been closed and all balances transferred to the treasury main account.		Done
<b>Performance criteria</b>		
Payroll photo verification has been completed for all existing teachers, who have valid letters of appointment.	May 31, 2003	Subject to the fourth review
Identification cards have been issued by Ministry of Finance for all verified teachers.	June 30, 2003	Subject to the fourth review
Financial Audit of the Ministry of Education has been completed.	September 30, 2003	Subject to the fifth review
<b>Benchmarks</b>		
The photo verification system for civil servants and teachers in the Establishment Secretary's Office (ESO) is operational and adequately staffed.	April 30, 2003	
The ESO database of civil servants and teachers is updated monthly and used to update the payroll database of the Accountant General's Office.	Continuous	
The Financial Secretary approves all new teachers before they are added to the payroll.	Continuous	
Payment of teachers' salaries through the banking system has started.	June 30, 2003	
Specific measures have been elaborated to strengthen the Office of the Auditor General, including the use of private accounting firms to expedite audits of government ministries and agencies.	September 30, 2003	
Terms and conditions for securitization of all remaining verified domestic arrears have been announced publicly.	December 31, 2003	
New personnel management regulations for the civil service have been introduced.	December 31, 2003	
Project has been launched to convert the Establishment Secretary's Office into a personnel management office.	December 31, 2003	
Legislation relating to customs and inland revenue has been revised to ensure consistency with provisions under the NRA Act.	December 31, 2003	