

Table 1. Sierra Leone: Quantitative Performance Criteria and Indicative Targets  
Under the Poverty Reduction and Growth Facility Arrangement (January-December 2003)

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

	March				Performance Criteria (PC)	June				September			December Indicative Targets
	Indicative Targets	Adjusted Targets	Act.	Met or Not met		Adjusted PCs	Act.	Met or Not met	Indicative Targets	Adjusted Targets	Prel.	Met or Not met	
<b>Performance criteria</b>													
Net domestic bank credit to the central government (ceiling) 2/ 3/	13,264	17,274	21,304	Not met	33,078	27,612	32,682	Not met	11,473	13,373	5,578	Met	27,188
Unadjusted target (ceiling)		13,264				33,078				11,473			
Adjustment for the shortfall (excess) external budget support		0				2,100				-10,507			
Adjustment for the issuance of treasury securities to the private sector		-4,009				3,366				8,607			
Net domestic assets of the central bank (ceiling) 2/ 4/ 5/ 6/	68,961	80,501	13,747	Met	50,075	67,074	37,420	Met	12,770	50,018	25,575	Met	13,053
Unadjusted target (ceiling)		68,961				50,075				12,770			
Adjustment for the shortfall (excess) external budget support		0				2,100				-10,507			
Adjustment for higher fuel prices		381				1,176				0			
Adjustment for exchange rate depreciation (appreciation)		11,158				17,923				26,741			
Domestic primary budget balance of the central government (floor) 7/	-10,269	-10,269	-11,514	Not met	-36,979	-36,979	-42,771	Not met	-79,897	-79,897	-80,558	Not met	-123,031
Subsidies to National Power Authority (ceiling)	125	125	0	Met	250	250	0	Met	375	375	250	Met	500
Gross foreign exchange reserves of the central bank (in millions of U.S. dollars (floor)) 8/ 9/	-19.68	-19.84	-19.64	Met	-13.17	-12.70	-8.27	Met	11.21	-18.61	-1.16	Met	2.43
Unadjusted target (floor)		-19.68				-13.17				11.21			
Adjustment for higher fuel prices (in millions of U.S. dollars)		-0.17				-0.51				0.00			
Adjustment for the shortfall (excess) external budget support		0.00				0.98				-9.81			
Adjustment for the shortfall in the U.S. dollar value of IMF disbursement		0.00				0.00				-20.02			
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	Met	0.0	0.0	0.0	Met	0.0	0.0	0.0	Met	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	Met	0.0	0.0	0.0	Met	0.0	0.0	0.0	Met	0.0
External payment arrears of the public sector (ceiling) 15/	0.0	0.0	0.0	Met	0.0	0.0	0.0	Met	0.0	0.0	0.0	Met	0.0
<b>Indicative targets</b>													
Total domestic government revenue (floor)	67,278	67,278	60,887	Not met	136,349	136,349	138,704	Met	202,862	202,862	211,481	Met	271,678
Government wage bill (ceiling)	38,525	38,525	33,760	Met	77,050	77,050	76,025	Met	115,575	115,575	116,655	Not met	154,100
Change in the stock of verified domestic arrears of the central government (ceiling) 16/	-1,750	-1,750	0	Met	-5,250	-5,250	-10	Met	-7,000	-7,000	-4,280	Met	-7,000
Poverty-related expenditures (floor)			15,984		62,114	62,114	53,138	Not met			96,705		138,586
<b>Memorandum items:</b>													
External budgetary assistance 17/			0		15,578	15,578	17,678		89,776	89,776	68,762		123,182
Net credit to the central government by nonbank sector 18/			5,624				19,268				31,991		

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

2/ The ceilings will be adjusted downward by the amount of any excess in programmed external budgetary assistance (see footnote 16). 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 - September 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 performance criterion 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/ The indicative target is meant to define an upper bound for the clearance of verified domestic arrears.

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

18/ Comprises treasury bills purchased by the National Social Security and Insurance Trust (NASSIT) and the non-financial private sector.

Table 2. Sierra Leone: Structural Performance Criteria and Benchmarks for April-September 2003  
Under the Program Supported by the Poverty Reduction and Growth Facility Arrangement

Performance Criteria and Structural Benchmarks	Timing	Status
<b>Prior actions</b>		
The clearance of expenditures by the Office of the President is no longer required.		Observed.
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.		Observed.
<b>Performance criteria</b>		
Payroll photo verification has been completed for all existing teachers who have valid letters of appointment.	May 31, 2003	Not observed.
Identification cards have been issued by Ministry of Finance to all verified teachers.	June 30, 2003	Not observed.
<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	Not observed.
Financial Audit of the Ministry of Education has been completed.	September 30, 2003	Not observed.
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	Partially observed.
The Financial Secretary approves all new teachers before they are added to the payroll.	Continuous	Observed.
Payment of teachers' salaries through the banking system has started.	June 30, 2003	Partially observed. The authorities began at end-September 2003 to pay schools via the banking system and will make efforts to encourage teachers to open individual bank accounts that can be used for direct depositing of salaries.

Table 3. Sierra Leone: Quantitative Performance Criteria and Indicative Targets  
Under the Poverty Reduction and Growth Facility Arrangement (January-December 2004)

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

	2004			
	March Performance Criteria	June Indicative Targets	September Performance Criteria	December Indicative Targets
<b>Performance criteria</b>				
Net domestic bank credit to the central government (ceiling) 2/ 3/	-25,000	-5,000	-2,000	1,500
Net domestic assets of the central bank (ceiling) 2/ 4/ 5/	-5,000	23,000	26,000	42,100
Domestic primary budget balance of the central government (floor) 6/	-46,049	-81,415	-109,578	-135,607
Subsidies to National Power Authority (ceiling)	0	0	0	0
Gross foreign exchange reserves of the central bank (in millions of U.S. dollars (floor)) 7/	18.31	5.67	21.7	31.6
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
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
External payment arrears of the public sector (ceiling) 13/	0.0	0.0	0.0	0.0
<b>Indicative targets</b>				
Total domestic government revenue (floor)	82,642	165,967	248,495	333,157
Government wage bill (ceiling)	43,023	86,045	129,068	172,090
Poverty-related expenditures (floor)	54,937	102,888	139,573	173,755
<b>Memorandum items:</b>				
External budgetary assistance 14/	75,816	103,007	142,007	166,967
Net credit to the central government by nonbank private sector 15/	556	11,513	11,406	22,568

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

2/ The ceilings will be adjusted downward by the amount of any excess in programmed external budgetary assistance (see footnote 16). 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 December 2003 - June 2004 are valued at the program exchange rate as defined in the technical memorandum of understanding (TMU) of December 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/ Defined as domestic revenue minus total expenditure and net lending, excluding interest payments, externally financed capital expenditures, and the externally financed 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 to debt as defined in Annex 1 of the TMU of December 2003.

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 Annex 1 of the TMU of December 2003.

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 and program loans.

15/ Comprises treasury bills purchased by the National Social Security and Insurance Trust (NASSIT) and the non-financial private sector.

Table 4. Sierra Leone: Structural Performance Criteria and Benchmarks for September 2003 - December 2004  
Under the Program Supported by the Poverty Reduction and Growth Facility Arrangement

Performance Criteria and Structural Benchmarks	Timing	Status
<b>Prior actions</b>		
Payroll photo verification has been completed for all existing <sup>1</sup> teachers who have valid letters of appointment.	October 30, 2003	Observed.
Identification cards have been issued by Ministry of Finance for at least eighty percent of all verified <sup>2</sup> teachers.	December 15, 2003	Observed.
Financial audit of the Ministry of Education has been completed.	November 15, 2003	Observed.
<b>Performance criteria</b>		
Guidelines have been issued by the Ministry of Finance requiring double signatures in operating school bank accounts; one of the signatures to be that of a member of the community-based school management committee.	February 28, 2004	
Identification cards have been issued by Ministry of Finance for the remaining twenty percent of all verified <sup>2</sup> teachers.	March 15, 2004	
The reconciliation of fiscal and monetary data for 2000-02 has been completed.	May 31, 2004	
New personnel management regulations for the civil service, establishing a code of ethics, and including a system for performance-based appraisal and promotions, have been introduced.	May 31, 2004	
<b>Benchmarks</b>		
Specific measures have been elaborated to strengthen the Auditor General's Office, including the use of private accounting firms to expedite audits of government ministries and agencies.	September 30, 2003	Partially observed. The terms and conditions of the audit service have been submitted to cabinet for approval.
The photo verification system for civil servants and teachers in the Establishment Secretary's Office (ESO) is operational and adequately staffed.	September 30, 2003	Partially observed. Technical and financial resources are being sought.
Legislation relating to customs and inland revenue has been revised to ensure consistency with provisions under the National Revenue Authority Act.	December 31, 2003	Partially observed. Amendments to the Income Tax Act and to other related acts have been approved by cabinet.
Employment ceilings for individual schools have been established, and these data have been published in the government gazette.	February 28, 2004	
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	
Terms and conditions for securitization of all remaining verified domestic arrears have been announced publicly.	March 31, 2004	
An action plan has been formulated to implement recommendations of the financial audit of the Ministry of Education.	March 31, 2004	
Diagnostic studies and reforms have been completed in six key ministries to rationalize structure, functions, and staffing in these ministries.	March 31, 2004	
A medium-term budgetary framework incorporating all major mineral revenues has been formulated and discussed with development partners.	May 31, 2004	
Project has been launched to convert the Establishment Secretary's Office into a personnel management office.	June 30, 2004	
Identification cards have been issued for all civil servants.	June 30, 2004	

<sup>1</sup> Existing teachers refer to those with valid letters of appointment as of August 31, 2003.

<sup>2</sup> Verified teachers refer to existing teachers as of August 31, 2003 who have been photo verified.