

Table 1. Sierra Leone: Quantitative Performance Criteria and Benchmarks
Under the Poverty Reduction and Growth Facility Arrangement, 2001-03

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

	2001			2002						2003			
	December Actual	Dec. Adj. Performance Criteria	December Performance Criteria	March Actual	March Adj. Performance Criteria	March Performance Criteria	June Performance Criteria	September Performance Criteria	December Performance Criteria	March Indicative Targets	June Indicative Targets	September Indicative Targets	December Indicative Targets
Performance criteria and benchmarks													
Net domestic bank credit to the central government (ceiling) 2/ 3/	42,842	48,415	21,000	-12,684	24,082	20,665	31,294	55,075	16,780	4,063	-26,239	-15,726	12,041
Net domestic assets of the central bank (ceiling) 2/ 4/ 5/	32,539	59,306	22,944	12,567	14,842	20,665	46,294	4,247	-26,511	1,305	-17,412	6,573	15,089
Domestic primary budget balance of the central government (floor) 6/	-83,681	-91,873	-91,873	-13,962	-20,701	-20,701	-28,391	-48,151	-89,848	16,471	21,367	10,901	-11,677
Change in the stock of verified domestic arrears of the central government (ceiling)	-4,828	-6,314	-6,314	-242	-500	-500	-1,000	-1,500	-2,000	-1,750	-5,250	-7,000	-7,000
Subsidies to National Power Authority (ceiling)	3,449	3,000	3,000	150	150	150	300	450	600	250	500	750	1000
Gross foreign exchange reserves of the central bank, in U.S. dollars (floor)7/	2.23	-26.62	8.01	1.48	-10.28	-9.79	-20.79	-0.21	23.75	6.55	11.85	5.92	7.97
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	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	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	0.0
Financial indicators													
Total domestic government revenue (floor)	207,669	184,953	184,953	59,960	52,115	52,115	116,943	177,112	237,749	70,445	139,369	207,867	279,582
Government wage bill (ceiling)	111,858	100,318	100,318	29,822	26,388	26,388	56,245	99,982	135,120	36,037	72,075	108,112	144,149
Memorandum items:													
External budgetary assistance 14/ in U.S. dollars 14/	115,122 54.82	115,122 54.82	187,845 89.45	17,610 8.47	17,610 8.47	11,787 5.67	27,266 13.11	43,484 20.92	153,278 73.72	686 0.33	47,673 22.93	84,305 40.55	100,106 48.15

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 US dollar to the SDR, the Euro and the UK 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: Status of Structural Performance Criteria and Benchmarks Under the 2002-02 Program
Supported by the PRGF Arrangement

	Timing	Status	Comment
For calendar year 2001			
Pass new Financial Institutions Bill in parliament	September 30, 2001 (Performance criterion)	Done	
Passage of the bill setting up the autonomous Central Statistical Office	September 30, 2001 (Benchmark)	Not met	Upgraded to prior condition to the Board discussions of the Second Review.
Make regular settlement of cross debts between public enterprises and the government according to the timetable agreed between the two parties	Continuous (Benchmark)	Ongoing	
Do not accumulate arrears in regard to the electricity and water bills from the National Power Authority and Guma Valley Water Company	Continuous (Benchmark)	Not achieved	Upgraded to prior condition to the Board discussions of the Second Review. (See Table 3).
For calendar year 2002			
Central Statistical Office			
Pass bill setting up the autonomous Central Statistical Office	June 30, 2002 (Benchmark)		Upgraded to prior condition to the Board discussions of the Second Review. (See Table 3).
Fiscal reforms 1/			
Pass enabling legislation of the NRA	March 31, 2002 (Benchmark)	Not met	Upgraded to prior condition to the Board discussions of the Second Review. (See Table 3).
Develop and implement a National Revenue Authority (NRA)	July 31, 2002 (Performance criterion)	Not met	
Appoint the board of the NRA	January 31, 2002 (Benchmark)	Not met	Delayed owing to delay in passing enabling legislation. Revised target date in Table 3.
Develop staff transition policy for divisions of NRA	March 31, 2002 (Benchmark)	Not met	Delayed owing to delay in passing enabling legislation. Revised target date in Table 3.
Appoint Chief Executive Officers of Income Tax and Customs Divisions of NRA	March 31, 2002 (Benchmark)	Not met	Delayed owing to delay in passing enabling legislation. Revised target date in Table 3.
Complete audit of the stock of government's domestic arrears to suppliers and contractors, including verification of overdue bills from the government-owned hotels	March 31, 2002 (Performance criterion)	Completed	Audit was completed and new medium term settlement plan for the verified Le29,230 million was agreed to.
The non-accumulation of arrears in regard to the electricity and water bills from the National Power Authority and Guma Valley Water Company	Continuous (Benchmark)	Not met.	Some arrears built up in 2001 and first quarter of 2002 but budgetary provisions have been revised to eliminate all arrears by end of 2002.
Government will elaborate measures to control the teachers' payroll within the limits of the budget	June 30, 2002 (Benchmark)	Not met.	Upgraded to prior condition to the Board discussions of the Second Review. (See Table 3).
Financial sector reforms 2/			
Bank of Sierra Leone (BSL)			
Conduct review of human resources management with focus on performance-based appraisal, training, remunerations and promotions policy	December 31, 2002 (Performance criterion)		Subject to the Third Review (See Table 3).
Finalize strategic plan for banking supervision reforms	June 30, 2002 (Benchmark)	Done	Completed with technical assistance from MAE.
Prepare draft regulations on liquidity, large credits, and requirement for independent audits	June 30, 2002 (Benchmark)	Done	Completed with technical assistance from MAE.
Prepare draft CAMELS rating system	June 30, 2002 (Benchmark)	Done	Completed with technical assistance from MAE.
Evaluate check-based payment system and develop proposals to improve its efficiency	June 30, 2002 (Benchmark)	Done	Completed with technical assistance from MAE.
Develop computer program for conducting treasury securities market	September 30, 2002 (Benchmark)	Done	Subject to the Third Review (See Table 3).
Develop action plan for introduction of repo instruments	December 31, 2002 (Benchmark)		Subject to the Third Review (See Table 3).
Other sectors			
Complete the mining sector study	December 31, 2002 (Benchmark)		Subject to the Third Review (See Table 3).
Complete diagnostic studies of the functions and staffing in Ministries of Agriculture, Education, Health, and Local Government	December 31, 2002 (Performance criterion)		Financing for the studies is being finalized, and terms of reference are being drafted. Completion unlikely until the PRSP is completed in 2003.

1/ Fiscal reforms are being generally pursued in line with the recommendations of the IMF FAD mission of June 2001.

2/ Financial sector reforms are being pursued in line with the recommendations and pace of support from the IMF MAE Department.

Table 3. Sierra Leone: Performance Criteria and Structural Benchmarks for September-December, 2002
Under the Program Supported by the PRGF Arrangement

Performance Criteria and Structural Benchmarks	Timing
Prior conditions to Executive Board discussions of the Second Review	
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 CSO	
Pass by Parliament, enabling legislation relating to the National Revenue Authority (NRA)	
Identify and implement concrete measures to control the teachers' payroll	
Complete the Rapid School Audit that will verify the number and type, location and salary of all teachers on the government's payroll	
Clear all arrears accrued during 2001-2002 to the National Power Authority and the Guma Valley Water Company	
As agreed with the World Bank, pass legislation relating to the draft Privatization Act	
Structural reforms subject to the Third Review	
Performance Criterion	
Conduct review of human resources management of the BSL, with focus on performance-based appraisal, training, remunerations and promotions policy	December 31, 2002
Benchmarks	
Appoint the board of the NRA and the Commissioner-General	September 30, 2002
Develop staff transition policy for divisions of NRA	September 30, 2002
Appoint Chief Executive Officers of Income Tax and Customs Divisions of NRA	September 30, 2002
Develop computer program for conducting treasury securities market for BSL 1/1	September 30, 2002
Develop action plan for introduction of repo instruments for BSL 1/1	December 31, 2002
Engage a Head of the Internal Audit Department of the BSL and strengthen audit staff professional and technical capacity.	December 31, 2002
Complete the mining sector study	December 31, 2002
Prepare amendments to the Income Tax Act, Sales Tax Act, and Customs Act to ensure consistency with the NRA.	December 31, 2002
No accumulation of arrears in regard to the electricity and water bills from the National Power Authority and Guma Valley Water Company	Continuous
1/ Financial sector reforms are expected to be pursued in line with the recommendations and pace of support from MAE.	