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INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL MONETARY FUND

Sierra Leone

Decision Point Document for the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative

Prepared by the Staff of IDA and the IMF[1]

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CURRENCY EQUIVALENTS

Currency Unit	=	Leone (Le)
US$1.00	=	Le 2065 (as of January 31, 2002)

WEIGHTS AND MEASURES

Metric System

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AfDB/F	African Development Bank/Fund
BADEA	Arab Bank for Economic Development in Africa
CIRR	Commercial Interest Reference Rate
DSA	Debt Sustainability Analysis
EIB	European Investment Bank
EU	European Union
EC	European Commission
GDP	Gross Domestic Product
HIPC	Heavily Indebted Poor Country
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
NDF	Nordic Development Fund
NPV	Net Present Value
OPEC	Organization of Petroleum Exporting Countries
PRGF	Poverty Reduction and Growth Facility
SDR	Special Drawing Rights

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I. Introduction

1. This paper presents a decision point assessment of Sierra Leone's eligibility for assistance under the enhanced Initiative for Heavily Indebted Poor Countries (HIPC Initiative). The Executive Boards of the IMF and IDA discussed the preliminary HIPC document (EBS/01/119, and IDA/R2001-0134) for Sierra Leone on September 20 and 25, 2001 respectively. The Government's Interim Poverty Reduction Strategy Paper (I-PRSP) and the joint staff assessment were also discussed at that time. Executive Directors made a preliminary determination that Sierra Leone was eligible for assistance under the enhanced HIPC Initiative on the basis of its heavy debt burden, its track record of performance under IDA and IMF-supported reform programs, and its current status as an IDA-only and Poverty Reduction and Growth Facility (PRGF) eligible country. Executive Directors also indicated that the I-PRSP provided a sound basis for concessional assistance from IDA and the IMF. They also indicated that Sierra Leone could reach the decision point by end December 2001, provided that: (a) adequate progress continued to be made under the peace process; and (b) the country remains on-track with its IDA and PRGF supported programs.

2. Sierra Leone has made remarkable strides in reestablishing peace in the past year, while experiencing an incipient economic recovery with low inflation. The demobilization of combatants was completed in January 2002. Government is reestablishing its authority nationwide; many refugees have returned; and elections are scheduled for May 2002. The implementation of the first annual program under the PRGF has remained broadly on track and Sierra Leone's performance in respect of IDA supported programs has also been satisfactory. **In the opinion of IDA and IMF staffs, Sierra Leone has met the conditions for reaching the decision point.**

3. This paper is organized as follows. Section II provides an assessment of Sierra Leone's eligibility, poverty situation, and macroeconomic and structural policy performance. Section III discusses Sierra Leone's medium-term outlook, policies, and prospects for poverty reduction. In section IV, a debt sustainability analysis is provided, together with the projected impact of assistance under the enhanced HIPC Initiative. Section V elaborates on the floating completion point triggers, while section VI outlines the issues for discussion.

II. Assessment of Eligibility

A. PRGF and IDA Status

4. Sierra Leone is currently a PRGF-eligible, IDA-only country with a per capita GDP estimated at about US$134 in 2000, and is ranked last among 174 countries on the United Nation's human development index . Medium term projections indicate that Sierra Leone's per capita GDP would double by 2014, which would still leave it a PRGF-eligible and IDA-only country.

B. Dimensions of Poverty

5. The last household survey carried out during 1989/90, prior to the civil war, revealed that poverty was already pervasive and endemic in Sierra Leone. That situation would have been exacerbated by the civil war of the 1990s. Life expectancy at birth is 38 years while the adult literacy rate stands at 31 percent. The paucity of up-to-date information on key social and economic indicators, compounded by weak institutional capacity as a result of the prolonged civil war limits a detailed analysis of the poverty situation in the country (Box 1). Though poverty affects all regions in the country, with nearly 82 percent of the total population living below the poverty line, it is more severe in rural areas, where 88 percent of the rural population lives below the poverty line, based on the international standard definition of poverty – those who spend less than US$1 per day. The average income level of the poor covers only about 50 percent of the minimum household food requirements.

6. After nearly a decade of brutal civil war, Sierra Leone now faces an even more desperate poverty situation. The civil war caused a devastating and massive displacement of the rural population, with an estimated 3 million people, or over half of the population being dislocated from their homes. The widespread displacement subjected the population to hardship in terms of limited sources of economic activity, and vulnerability to malnutrition and disease. Endemic diseases such as malaria and HIV/AIDS are a looming threat. The fighting caused a massive disruption in economic activity. Consequently, GDP per capita in US dollars declined by 35 percent between 1990 and 2000.

7. In an effort to enhance its knowledge base with respect to poverty indicators, the Government carried out several ad-hoc surveys in 2001 — through the Strategic Planning and Action Process (SPP) and a Multi-Indicator Cluster Survey (MICS II) with support from the United Nations Development Program (UNDP) — to examine non-income aspects of poverty. The MICS II revealed that 34 percent of children were stunted, and that large segments of the population were without access to safe drinking water (about 46 percent), health services (60 percent) and sanitary means of excreta disposal (37 percent). In light of the major destruction to educational facilities, as well as the massive displacement of families from their communities, access to educational services has been disrupted for a large number of children. Primary school net enrollment declined from 55 percent in 1990 to 42 percent in 1999, with pronounced gender and regional disparities. Nearly 80 percent of the population is illiterate, with illiteracy for females at 89 percent and for men at 69 percent. School attendance rates in the Northern and Eastern Provinces were 28 percent and 35 percent, respectively, compared with the national average of 42 percent in 1999.

C. Macroeconomic and Structural Adjustment Record

8. Over the last decade, Sierra Leone undertook a wide range of macroeconomic and structural reforms, whose implementation was at various times interrupted by the outbreak of civil strife and political instability.

Box 1. Poverty in Sierra Leone

The percentage of people living in absolute poverty (i.e. on less than a dollar a day) was estimated at 81.6 percent in 1989/90, the last year for which comprehensive survey data are available (see table below). Since then the civil war has caused the internal and external displacement of about 3 million people, that is, over three-fifths of the population. GDP per capita in US dollars declined by 35 percent between 1990-2000. This suggests very strongly that the poverty situation has worsened considerably over the period.

Some Poverty Indicators 1989/90

Region	Population Share	Poverty Indices		
		HI 1/	DI 2/	SI 3/
Eastern	26.4	80.0	55.7	46.5
Northern	35.4	85.7	65.0	55.3
Western	15.9	80.8	50.9	39.3
Southern	22.3	77.5	56.7	47.9
National	100	81.6	58.6	48.9

Source: I-PRSP, government of Sierra Leone, 2001.
1/ The head count index (HI) refers to the percentage of people with monthly per capita expenditures below the defined poverty line of Le 3,962.2 (the equivalent of one dollar per day in 1989/90).
2/ The depth of poverty index (DI) is indicative of the expenditure shortfall of the poor relative to the poverty line.
3/ The severity of poverty index (SI) is a weighted version of the DI, in which the poorer are assigned greater weights than the less poor.

Non-income poverty in Sierra Leone is no less acute than income-poverty. Several social indicators provide evidence that the country is near the bottom of the world in crucial respects. Life expectancy is just over 38 years, compared with an average of 49 years for sub-Saharan Africa. The adult illiteracy rate is close to 80 percent. Infant and maternal mortality rates are among the worst in the world. Malnutrition is pervasive and diseases such as malaria and HIV/AIDS are becoming endemic. Moreover, gender and regional inequalities mean that this heavy burden of human deprivation is unevenly shared.

The depth of the crisis of human deprivation facing Sierra Leone makes the gathering of data on poverty an urgent priority. This is recognized by the Interim Poverty Reduction Strategy Paper (I-PRSP), and a Household Income and Expenditure Survey is scheduled to be undertaken this year. This will complement the Survey Report on the Status of Women and Children (MICS-II) published in November 2000 and is an important part of the PRSP process.

9. During the three years ended in March 1994, Sierra Leone successfully implemented programs supported by the Fund under the rights approach. These programs received financial and technical support from IDA under the Reconstruction Import Credit (RIC) in 1992, and by the Structural Adjustment Credit in 1993. In 1994, Sierra Leone adopted a structural adjustment program that was supported by the Fund through Structural Adjustment Facility (SAF)/enhanced Structural Adjustment Facility (ESAF) arrangements. The implementation of the program ran into difficulties following the escalation of rebel activities during 1995. The implementation of economic reforms resumed following the installation of a democratically elected government in 1996. The new Government's economic recovery program was supported by a second annual arrangement under the ESAF. This program was implemented satisfactorily until the overthrow of the civilian government following the military coup in 1997. Reform efforts remained largely dormant during 1997-99, owing to the intensification of the civil war.

10. Structural reforms undertaken during 1992-97 focused generally on reducing the government's role in the economy and improving the environment for the private sector. The exchange and trade systems were liberalized, and price controls were reduced. A substantial proportion of public enterprises was privatized, liquidated, or put under private management under a public enterprise reform program that started in 1992. Productive activity in agriculture, mining, and fisheries benefited from reduced government intervention in production and marketing decisions. The banking system was strengthened by raising capital adequacy requirements and consolidating institutions and administrative controls on bank credit and interest rates were abolished.

11. In December 1999, the Government, in collaboration with multilateral and bilateral donors, elaborated an economic recovery program for 2000 aimed at reestablishing macroeconomic stability, rehabilitating the social and economic infrastructure, and rebuilding capacity for policy development and implementation. This program was supported by Fund resources under the emergency post-conflict assistance policy, by IDA through the Economic Rehabilitation and Recovery Credit (ERRC) and the Community Reintegration and Rehabilitation Project (CRRP), and by budget and balance of payments support from multilateral and bilateral donors (Table 1 shows macroeconomic performance indicators for 1992-2001)

12. Despite continuing security difficulties, the program for 2000 was implemented in a satisfactory manner, and the program's broad macroeconomic objectives and targets were generally attained. As a result, the economy recorded an upturn in economic activity, following many years of decline; inflation was sharply reduced while official gross external reserves of the Bank of Sierra Leone (BSL) increased significantly in US dollar terms[2]. At the same time, the Government implemented a number of structural reforms and measures intended to strengthen capacity for policy implementation. A foreign exchange auction, introduced in early 2000 has greatly improved the operation of the foreign exchange market.

[2] The surge in imports, however, resulted in a decline in reserves coverage in months of imports (Table 1).

Table 1. Sierra Leone: Key Macroeconomic Indicators 1992 - 2001

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
					(Annual percentage change)					
Real GDP growth	-19.0	1.4	3.5	-10.0	5.0	-17.6	-0.8	-8.1	3.8	5.4
Consumer prices (period average)	65.5	22.2	24.2	26.0	23.1	14.9	35.5	34.1	-0.9	3.0
					(In percent of GDP, unless otherwise indicated)					
Fiscal balance, excluding grants	-8.4	-7.4	-7.9	-9.8	-6.8	-7.5	-12.8	-14.9	-17.3	-17.1
External current account balance, excluding official grants	-18.1	-15.2	-8.5	-10.7	-17.2	-3.2	-9.0	-8.0	-18.1	-29.0
Gross international reserves, in months of exports of goods and non-factor services	1.5	2.4	3.7	1.2	2.2	2.8	3.1	2.0	1.7	1.3

Sources: Sierra Leonean Authorities; and staff estimates.

13. A computerized system of expenditure and commitment control was made operational in the Accountant General's Department and the verification of civil servants and pensioners was carried out, leading to a reduction in the number of "ghost" workers and pensioners. A reform of the external tariff was prepared and launched in January 2001. In December 2001, the Government further simplified and reduced import tariffs to an average of 16 percent from 21 percent to support private sector redevelopment.

14. Following the successful implementation of a post-conflict economic recovery program, the Sierra Leone authorities have embarked on a comprehensive medium-term program to reduce poverty and enhance the economy's capacity for growth, as outlined in the Government's I-PRSP. In support of this program, the Fund approved a three-year arrangement under the Poverty Reduction and Growth Facility (PRGF) in September 2001. In December 2001, IDA approved a second Economic Rehabilitation and Recovery Credit under its Transitional Support Strategy for Sierra Leone.

15. The implementation of the first annual program (July 1, 2001- June 30, 2002) has remained broadly on track. Real GDP is estimated to have risen by 5.4 percent during 2001, slightly higher than programmed, while the annual average inflation (consumer price) rate fell to 3 percent, well below the program target of 8 percent . Gross external reserves of the Bank of Sierra Leone (BSL), at about 1.3 months of import cover, fell short of the program target owing to the shortfall in balance of payments support.

16. All quantitative program targets and benchmarks through end-September 2001 were observed except for one relating to net domestic bank credit to the central government, which was slightly exceeded (Table 4). The structural performance criterion with regard to the passage by parliament of the Other Financial Institutions Bill was observed. Performance with regard to other structural benchmarks was mixed. The settlement of cross-debts between the Government and public enterprises was made as scheduled. However, the Government, although making a serious effort to meet utility bills (water and electricity) on time, was unable to become fully current on a sustained basis. Passage of the legislation converting the Central Statistics Office into an autonomous agency was delayed, owing to the heavy legislative agenda in 2001. Agreement

was reached on a timetable for the implementation of key reforms in the fiscal and financial sectors, following technical assistance from the Fund's Fiscal Affairs and Monetary Affairs and Exchange Departments (FAD and MAE, respectively).

17. Fiscal performance in 2001 was marked by excellent performance on the revenue front, a shortfall in external budgetary support, and higher-than-programmed reliance by the budget on domestic financing. Total domestic revenue collected exceeded the program target by 1.5 percentage points of GDP, with the overall ratio of revenue to GDP rising to 13.8 percent in 2001 from 11.4 percent in 2000. Total expenditures remained within the overall expenditure limit. However, outlays on the wage bill exceeded the budget limits by 0.7 percentage points of GDP, reflecting problems in budgeting for, and verification of, teachers. Expenditures on goods and services were slightly less than programmed, in part because of the authorities' effort to adjust expenditures to compensate for the shortfall in external budgetary aid. Capital outlays were substantially below budget owing to capacity constraints and delays in extending government control to areas previously held by rebels. Outlays on the disarmament, demobilization, and reintegration (DDR) program, which rose rapidly following the resumption of the program in May 2001, remained broadly in line with the budget estimates.

18. Sierra Leone's performance in respect of IDA-supported programs under the Transitional Support Strategies in the last two years has also been satisfactory. The restructuring of IDA portfolio for Sierra Leone has enabled the country to meet the urgent reconstruction and rehabilitation needs as it has emerged out of conflict. The Government's National Rehabilitation and Recovery Program supported by an IDA-financed ERRC, achieved solid progress in several areas, including protective security and peace building; the implementation of critical poverty reduction activities particularly in health and education; and the improvement of the governance framework through the establishment of the Anti-Corruption Commission (ACC), and the strengthening of the accountability in the use of public expenditures.

19. During 2000-01, teaching and learning materials and textbooks were provided to all government and government-assisted primary and secondary schools that were accessible. School children were also provided with subsidized transportation and free basic health care services. Free primary education was introduced for classes 1-3 in 2000 and made universal in September 2001. The Government also enhanced the provision of resources for the reintegration of a significant number of street children into communities and of health services for pregnant women and nursing mothers. Verification of the payroll was largely completed and commitment control enhanced at the Accountant General's Department through the establishment of a computerized financial information management system.

20. The National Commission for Reconstruction, Resettlement and Rehabilitation (NCRRR), and the CRRP have continued to expand the emergency recovery social fund (ERSF) activities supported by IDA, while focusing considerable attention on improving the quality of sub-projects, partners, and sub-project processing. With a total of 212 sub-projects valued at more than US$10.7 million, the ERSF is the largest, most effective, and most efficient mechanism for

reconstructing community-oriented infrastructure and reestablishing critical services and income-generating activities in war-affected areas of Sierra Leone.

III. Medium Term Outlook For Poverty Reduction

A. The PRSP Formulation Process

21. The principal elements of the government's strategy for poverty reduction are presented in the I-PRSP, which was prepared in a very participatory manner (see Box 2). The three pillars of that strategy are improved governance, revival of economic growth, and extension of social services. The I-PRSP has adopted a two-phased approach to fight poverty. In the transitional phase (2001-02), the strategy focuses on the immediate post-war needs, including consolidation of peace, resettlement of displaced population, providing basic services to the most vulnerable, rebuilding the social and physical infrastructure, and maintaining macroeconomic stability. In the second phase, the strategy, to be elaborated in the context of **a full PRSP expected to be issued by mid-2003, will focus on longer term development and poverty reduction issues.**

Box 2. Participation in the Preparation of the I-PRSP

Preparation of the IPRSP took place over a 15-month period, involving a series of consultative workshops under the guidance of a multi-agency steering committee that included nongovernmental organization (NGO) representation. The drafting process drew heavily on the results of prior consultative exercises. Most notable among these are the SPP consultations which, since 1996, have engaged more than 2000 citizens across all four regions in a structured dialogue on national vision and development priorities. The authorities also regularly consulted donors and sought their views on key policy areas. It is expected that donors will be closely associated with the consultative process of preparing the full PRSP and will provide needed technical and analytical support.

22. The I-PRSP also sets out a 24-month plan for participatory PRSP preparation, led by the Ministry of Development and Economic Planning. It proposes a four-tiered governance structure, including, an inter-ministerial policy committee; a multi-agency steering committee comprising relevant agency heads; a Poverty Alleviation Strategy Coordinating Office (PASCO); and five multipartite working committees commissioned to draft various sectoral and cross-cutting contributions to the PRSP.

23. Progress is being made in preparing the PRSP. The PASCO has been established and selection of a national coordinator is being finalized. Preparatory activities for the household expenditure survey are expected to start in early 2002. The survey results will allow for the definition of a poverty line, as well as detailed analysis of the incidence, depth, and severity of poverty.

24. In 2002, a variety of mechanisms are also expected to engage a wide range of stakeholder groups in data collection and collaborative assessment of key issues and successive PRSP drafts. The mechanisms will include the activities of the five working committees; radio and television

discussions; stakeholder consultative workshops; technical workshops; mini-Consultative Group meetings; and an expanded series of focus group discussions with ordinary citizens using the established Strategic Planning and Action Process methodologies.

25. A number of technical analyses and studies are planned for the preparation of the full PRSP. The terms of reference for sectoral studies in mining, education, health and agriculture have been developed and are being reviewed with technical assistance from bilateral donors and IDA. These will primarily provide a basis for updating the poverty profile and developing pro-poor economic growth strategies. Sectoral policies will also be reviewed with a view to determine growth potential, as well as to develop policies that are compatible with poverty reduction goals. An appropriate macroeconomic framework has been developed and will continue to serve as the basis for implementing pro-poor macroeconomic policies, as well as estimating growth-poverty reduction linkages. Other studies will focus on micro-finance, informal sector, land tenure and HIV/AIDS. The Government also plans to conduct a population census in 2002-03.

26. The Government will intensify the use of several instruments to monitor and evaluate the implementation of its poverty strategy. These instruments include: (i) SPP, in order to facilitate participatory consultations on the development strategy for poverty alleviation, the development of performance benchmarks (outcome indicators), and the assessment of community welfare through simple participatory techniques like the "Smiley Game",[3] (ii) surveys to monitor improvements in services delivery by using selected baseline indicators, and surveys to monitor implementation of development projects at the facility level, in order to determine impact on local communities; and (iii) public expenditure tracking surveys to assess the efficiency and quality of services delivery.

B. Macroeconomic Objectives

27. The macroeconomic objectives to be pursued during the medium term (2001 – 04) derive from the Government's I-PRSP. The three-year program supported by the Fund under the PRGF aims at the following macroeconomic objectives: a real GDP growth rate of 5 percent in 2001, and 6-7 percent during 2002-04; an annual average rate of inflation of 4.7 percent in 2002, declining to 4.3 percent thereafter; and an increase in gross foreign exchange reserves of the BSL to two months of import cover (quantitative benchmarks and performance criteria for 2002 under the PRGF are shown in Table 4). Key structural reforms under the program are aimed at enhancing government revenue through improvements in tax administration and the establishment of a National Revenue Authority (NRA); reforming the budgetary process by increasing its efficiency and improving services delivery, while redirecting greater outlays to poverty reduction; strengthening the financial system and the capacity of the Bank of Sierra Leone (BSL); and

[3] The "Smiley game" serves as a mechanism for ordinary citizens —regardless of whether they are illiterate— to measure progress in community welfare on an ongoing basis using commonly understood indicators known as popular benchmarks.

creating a favorable environment for the growth of the private sector (Table 5 shows structural reforms agreed under the PRGF for 2002).

28. Fiscal policy aims at raising the ratio of revenue to GDP from 13.8 percent in 2001 to 15.9 percent in 2004. Owing to the large requirements for rehabilitation and reconstruction, as well as for urgent poverty alleviation, the ratio of expenditure to GDP, including possible HIPC Initiative-financed activities, is projected to remain high (30-42 percent of GDP) through 2004. The overall budget deficit (excluding grants) is also projected to remain high over the medium term. Including grants, the overall fiscal deficit is expected to increase from 10.7 percent of GDP in 2001 to 18.1 percent in 2002, thereafter declining to 11.5 percent in 2004. In light of Sierra Leone's heavy debt burden, a key medium-term objective of fiscal policy is the steady reduction of the domestic financing of the budget deficit. This policy would strengthen the monetary policy's focus on fighting inflation and improving the relatively low gross external reserve position of the BSL.

C. Governance and Institutional and Structural Reforms

29. In its I-PRSP, the government recognizes overly centralized government, thriving corruption, and the prevalence of rent-seeking activities as important factors in undermining growth and development and worsening the poverty situation. The Government has embarked on a strong program to improve governance, reflecting the urgent need to rebuild credibility as the war comes to an end and the peace process takes hold, and the need for improved management of public resources, so as to provide basic services to the war-affected people of Sierra Leone.

30. The government's priority aims are to strengthen institutional capacity in support of the rule of law and economic management, and simultaneously to ensure that transparency and accountability are firmly established. The government's Good Governance Program aims to put in place a more decentralized, transparent and proactive system of governance to minimize corruption in government and public administration. Under the IDA-supported ERRC, the government has made positive strides in using effective fiscal and expenditure control and sound financial management systems to minimize corruption by sharpening accountability and reducing the scope for non-transparent budgetary transactions. A financial information system has been installed in the Accountant General's Department, with the assistance of the European Union. The Government is undertaking a country profile of financial accountability (CPFA), in collaboration with the World Bank and other donors, to review the existing financial management systems and develop a plan to improve the existing framework.

31. At the same time, the legal apparatus for fighting corruption has also been strengthened. The ACC investigates instances of alleged or suspected corruption referred to it by any person or authority and takes steps as may be necessary for the eradication or suppression of corrupt practices.

32. Key elements of the overall governance program are the following: (i) re-activation of local government administration and decentralization of central government functions through the

restoration of paramount chiefs and the conducting of democratic elections in vacant chiefdoms and district councils; (ii) raising of awareness among the civil populace about their rights, privileges, and obligations, and enhancement of the role of the media through improved information and communication infrastructure; (iii) public sector reform and capacity building for efficient and effective services delivery through the reorganizing and downsizing of the civil service and enhancement of economic management capacity; (iv) reinforcement of the judiciary and legal system for safeguarding the rule of law and human rights; (v) restructuring of the military and the police; (vi) enhancement of accountability in the use of public funds; and (vii) strengthened capacity of the ACC. Civil society will play a key role in the planning and monitoring of policies and budgetary oversight. In this regard, emphasis will be placed on effective participation of the populace in governance issues.

33. Progress has been made in implementing structural reforms and capacity building, although there were significant delays in implementing some structural policy measures in 2001. Greater progress is expected to be made in 2002 (Table 5). In the area of economic management, work has continued in developing the medium-term expenditure framework (MTEF). The MTEF Technical Committee, established to guide ministries, departments and agencies in budget formulation, monitoring, and execution, has played a greater role in the budget process for 2002. In July 2001, a task force was established within the technical committee to coordinate the public expenditure tracking survey (PETS), with a focus on poverty reduction outlays and service delivery. A PETS was undertaken in August 2001, the survey results of which were presented to the Cabinet in November 2001 and are being used in improving the budget objectives and targets for 2002.

34. The government has prepared a Strategic Plan for Divestiture of Public Enterprises. Since the adoption of the policy by the cabinet in May 2001, a number of important steps have been taken, including the establishment of a National Commission for Privatization (NCP). The NCP will, among other things, prepare new privatization legislation and a medium-term plan for implementation of the divestiture policy, as well as a regulatory framework for public utilities. In the meantime, public enterprises have maintained quarterly reporting on their operations and transactions between the public enterprises are generally being settled on a cash basis.

35. Reforms in the fiscal sector in 2002 are expected to streamline tax administration and improve the efficiency of the tax system. Furthermore, budgetary reforms, including the ongoing implementation of the MTEF and programmed improvements in the treasury's financial information and control system, should strengthen budgetary management and control. The reforms in the financial sector appropriately aim at comprehensive capacity building in the BSL, in order to help the institution improve its oversight responsibilities as the economy recovers from the civil war.

36. Sierra Leone already has a reasonably liberal trade regime, with no significant non-tariff barriers, and the Government continues to maintain a flexible exchange system anchored in the weekly foreign exchange auction of the BSL. In December 2001, excise duties on most imports were removed; this will be beneficial to poverty reduction, as well as economic efficiency. Import

tariffs were also further simplified and reduced in December 2001 resulting in a decline of average cumulative import taxation (including border and internal taxes) from 27.7 percent to 25.5 percent. The average simple tariff rate declined to about 16 percent. This program of tariff reduction is expected to continue during 2002-04, and should strengthen external competitiveness and export redevelopment.

D. Sectoral and Social Policies

37. **Education**. The current status of the education sector in Sierra Leone is characterized by a multitude of post-conflict challenges: disruptions to schooling owing to population displacement; a devastated school infrastructure; displacement of teachers and resulting difficulty in maintaining records and paying salaries on time; lack of basic furniture, and teaching and learning materials; overcrowding in many schools in safer areas; disorientation and psychological trauma among a large segment of the population, especially children; and a weakened institutional capacity of the Ministry of Youth Education and Sports (MYES) to manage the education system.

38. According to the MICS-2 conducted in 2000, the gross enrollment ratio for primary education was 63.3 percent and for secondary education was 9 percent . In 2001, the Government introduced universal free primary education in all state-owned and assisted schools. As a result, school enrolment—as estimated by the MYES—increased to 70 percent in 2001. The number of students from accessible areas sitting for the National Primary School Examination (NPSE) has increased from 18,903 in 1999 to 21,212 in 2000, and to 26,368 in 2001. The Government's priority is to increase school enrolment and retention rates as well as to improve the quality of basic education.

39. In the transition period, the main objective of the Government is to restore and revitalize the education system. Over the past year, the MYES, in close collaboration with UN agencies (the United Nations Children's Fund (UNICEF), the World Food Program (WFP), the United Nations Population Fund (UNFPA), and the United Nations High Commissioner for Refugees (UNHCR)), as well as over 20 international and national nongovernmental organizations (NGOs), is trying to address the demands of education in the transitional environment/post-conflict situation. The collaboration has included a wide range of activities, the major ones being: school rehabilitation and re-construction; the provision of furniture and teaching/learning and sports/recreation materials; teacher training; school feeding; reorientation and accelerated learning programs for over-age children; a non-formal program for children lacking access to formal primary schools; and the strengthening of the MYES's managerial and supervisory capacity.

40. In a joint effort by IDA, the African Development Bank (AfDB), the Department for International Development (DFID), and the Government, the Rehabilitation of Basic Education Project will be launched in 2002. The objectives of this project are to assist the government of Sierra Leone to re-establish the education services in the post-conflict situation, and lay a foundation for building up the sector. As a result, the Government expects that 90 percent of the enrolled children in primary schools will have access to reading/writing material in all grades;

5,000 unqualified teachers will be trained; and 10,000 teachers will be supplied with teaching guides.

41. In the medium term, the government aims to increase access to high-quality basic education and to raise adult literacy. Teacher's colleges will be expanded and provided with teaching and learning materials. Efforts will also be made to complete the rehabilitation of school infrastructure and facilities, as well as to expand these facilities in rural communities. These efforts will also improve on the facilities in technical and vocational schools and institutes, establish adult education training centers, and promote research and development in the University of Sierra Leone.

42. **Health**. The health situation of the population is more critical than in other sub-Saharan African countries. It is estimated that life expectancy at birth is only 38 years, and infant and under-5 are as high as 170 and 286 per 1,000 live births, respectively. The country is plagued by preventable diseases (malaria, tuberculosis, cholera, etc.) for which cost-effective interventions are available but are not being used; the lack of use is due to (i) problems with resources of all kind (financial, infrastructure and especially human resources); (ii) weak sector capacity; and (iii) limited access to some geographical areas because of the security situation, poor roads, and communications means.

43. The health delivery system is also operating poorly. Many health facilities were destroyed, their staff and equipment lost. Moreover, disruptions in transportation, communications, electricity and the water supply affected, and continue to affect, the health sector's operations. On balance, it is estimated that the country lost more than 50 percent of health facilities and that the remaining ones need rehabilitation, re-equipping, more staff, and technical and financial support. While many international and local NGOs have successfully delivered services to the districts in which the public health sector's facilities are not able to operate, they are now, consequent to the progress in peace negotiations and the increased security, phasing out their aid programs. This situation makes restoring the function of the public sector one of the most important priorities of the country.

44. The government prepared a National Health Action Plan (NHAP) in 1994. The main thrust of the NHAP was to develop a sound health delivery system. Starting in 1996, when the war and the related insecurity worsened, the government's efforts have focused on resolving a myriad of issues stemming from instability, the loss of resources, the increasing number of displaced persons and refugees, and the marked deterioration of the health status of the population. Taking into account the progress in peace negotiations and the overall improvement of the security situation, the government is updating the health sector policy. The new policy will be two pronged and will aim at (i) re-establishing the provision of health services, and; (ii) gradually strengthening the sector's capacity to deliver services by decentralizing decision making, re-instating cost recovery in a manner that will preserve the affordability of drugs and services, and improving sector management to obtain efficiency gains.

45. **HIV/AIDS**. Given the post-conflict circumstances and the absence of reliable statistics, the current HIV/AIDS situation in Sierra Leone cannot be assessed with certainty. In 1997, the Joint UN Program on HIV/AIDS (UNAIDS) estimated HIV prevalence among Sierra Leonean adults (aged 15-49) to be 3.2 percent. For the same year, however, HIV tests among women receiving antenatal care at centers in the western provinces showed HIV prevalence of 7 percent (antenatal care data are considered an acceptable proxy for the total population). These results suggest the epidemic is now more diffused in the general population, and, with the increasing integration of ex-combatants who have not had much exposure to HIV/AIDS education or avoidance behavior, the trend is likely to be on the rise. A more recent survey by the National AIDS Control Program (NACP) of potential blood donors in accessible areas put the rate at about 6 percent. Available data suggests an infection rate of at least 36 percent among sex workers.[4] It is widely accepted that the overall rate is on the increase, and that the critical threshold of 5 percent—when the infection moves from groups at risk into the general population and, therefore, becomes generalized—has already been passed or is near at hand. This situation is a cause for concern and calls for a multi-sectoral response, along with the full recognition of HIV/AIDS as a developmental problem.

46. In 1987, a National AIDS Committee that had been established in 1986 was folded into the National AIDS Control Program (NACP) in response to the World Health Organization's (WHO) request for member states to establish prevention and control programs. A National AIDS Coordinating Committee was set up in 1988. Through most of 2000, the Government's response to the unfolding HIV/AIDS situation was to focus primarily on its medical and health aspects, under the leadership of the NACP, which conducted several ad hoc workshops.

47. Over the past year, there has been heightened awareness and activity. A document entitled "Proposed National Policy on HIV/AIDS and STD-Related Issues" was circulated in 2001 and served as a useful platform for more intensive debate. A cabinet sub-committee on HIV/AIDS was formed, and it has produced a draft paper on national HIV/AIDS policy in collaboration with the UNAIDS Theme Group. A number of high government officials are publicly voicing their concern about the problem, as well as the dangers stemming from an HIV/AIDS epidemic. This more vigorous, vocal support by the government and the high degree of cooperation provided augur well for the effectiveness of the program which is being developed with support from IDA.

48. In addition to the health sector, other sectors are increasingly engaged in the HIV/AIDS campaign, such as education, social welfare, gender and children's affairs, transport, defense, agriculture, rural development, and development and economic planning.

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[4] The U.S. Centers for Disease Control (CDC), in conjunction with the MOHS and the Central Statistics Office, will be completing a national household prevalence survey in early 2002 that will provide extensive data on the type (HIV1 or HIV2), extent, and geographic concentrations of the epidemic.

49. **Rural development.** Agriculture and fishing contribute some 40 percent to GDP and provide employment for 80 – 90 percent of the rural population. Farming is almost exclusively carried out on small holdings, averaging 1.6 hectares, which raise raising mainly rice (the staple food), in addition to cassava, and sweet potatoes, as well as some coffee, oil palm and cocoa. Like all other sectors, this sector has been devastated by the country's civil war.

50. Rebuilding agriculture requires a phased approach: (i) providing emergency support to the returning refugees to reestablish their livelihoods, mainly in the form of planting and breeding materials and farming implements, in order to restore **food security** and avert famine and malnutrition; (ii) rebuilding key institutions to provide basic services (research, extension, and farmers' organizations) in order to enhance **productivity**, and rehabilitating rural roads for better market access for input and output, and (iii) promoting diversification for the **long term growth and stability** of household incomes.

51. Sierra Leone's remarkable progress in the pre-war years regarding the screening, multiplication, and distribution of improved planting materials, particularly for rice, the country's principal food crop, has been drastically reversed by the civil war. Consequently, the planting and breeding materials distributed under the ongoing emergency programs are of inferior quality, resulting yields and other productivity parameters that are remarkably low. Yet, significant productivity gains are possible, and in a very short time, through the use of high-yielding, low-input planting materials readily available in similar agro-ecological zones in the sub-region. It is, therefore, imperative to restore the **research system**'s ability to provide the very basic services of screening and multiplying these improved, low-input-high-yielding planting and breeding materials for immediate release to farmers. This task will also require revamping and improving the nation's agricultural **extension service**, including according a greater role to **NGOs** and **farmers' organizations** in technology dissemination, as well as promoting a **private-sector**-based input supply and output marketing system. During this period, it will be equally imperative to invest in **rural roads** for increased access to input/output markets and to other agricultural and social services, and to promote **rural financial intermediation** for greater access to rural credit.

52. **The Government attaches high priority to resurrecting agriculture and rural areas.** Having largely eliminated policy-induced price distortions, during the transitional phase the focus is on getting the rural population back on the land and restarting production--facilitating resettlement, rural shelter, and small-scale rehabilitation. Over the medium term, the goal is to increase productivity and income by: (i) sharply augmenting investment in feeder roads and bridges, basic services, education and health in rural areas; (ii) reestablishing agricultural extension services and generating a seed stock suitable to the local ecology; (iii) reconstituting farmers' organizations; and (iv) undertaking a fundamental review of the agricultural land tenure system to enhance private sector involvement in the sector.

53. **Transport and infrastructure.** The sparse coverage, unreliability, and extremely high costs of state-owned utilities and the transport network constitute huge barriers to sustainable economic growth and poverty reduction. The road network is severely deteriorated; roads are non-existent in most parts of rural Sierra Leone, resulting in extremely high transport costs,

market segmentation, and rural impoverishment, and contributing to the rural population's lack of access to health care and schools. Shipping costs, likewise, are far above international levels, owing mainly to the inefficiencies of the state-run Freetown port.

54. The government's program for infrastructure targets interventions that facilitate market integration (domestically and internationally), have the greatest impact on lowering production costs, and contribute most to rural welfare. Because investment needs in infrastructure are so huge, they require careful prioritization, large-scale donor support, and public-private partnerships that bring private sector business practices and capital into the sector, coordinated under the umbrella of coherent strategies for each major sub-sector. During the transitional phase, the government thus will focus on rehabilitating and constructing rural feeder roads and bridges, while completing long-standing, donor-supported projects for rehabilitating primary and secondary road networks, jetties, the port and airport, and water and sanitation in Freetown and one provincial capital. In addition, the government will introduce institutional, policy and pricing reforms.

55. In the longer term, the government intends to concentrate public infrastructure investment on rural feeder roads; maintenance of the primary and secondary road networks; and rehabilitation and construction of water and sanitation facilities in the rest of the provincial centers and rural communities. Responsibility for operating, maintaining, and expanding other infrastructure (power, the port, telecommunications, and the airport) will be shifted to the private sector in the context of sector strategies and the Government's public enterprise divestiture program. A start has been made in the National Power Authority (NPA), whose management was contracted to a local private firm last year when power generation had virtually collapsed; thepower supply in Freetown as well as NPA finances, improved substantially during 2001. In addition, the Government is developing a Private Sector Participation Strategy for Power, with support from the Bank's Public-Private Infrastructure Advisory Facility (PPIAF), and it is seeking additional funding to complete the Bumbuna Hydroelectric Dam, which would substantially increase power supply and coverage. The transport sector strategy and investment requirements are being updated with the support of IDA's Transport Sector Project. A sector strategy for water and sanitation also needs to be prepared, including the possible privatization of the Guma Valley Water Authority that serves Freetown.

IV. Debt Sustainability Analysis and Enhanced HIPC Initiative Assistance

56. The debt sustainability analysis (DSA) presented in the preliminary HIPC Initiative document in September 2001 has been updated jointly by the staffs of IDA and the IMF, and the authorities. The loan-by-loan reconciliation has been completed for multilateral creditors. Loan reconciliation for bilateral creditors is ongoing, in part through the review and conclusion of bilateral agreements with the Paris Club creditors under the 2001 rescheduling agreement (PC-VIII). In the reconciliation with Paris Club creditors, it was discovered that the stock of arrears outstanding to Paris Club creditors was larger on a net basis than originally estimated, by about US$11 million in nominal terms, partly because late interest charges had not been taken into account in the earlier data. Further data reconciliation with non-Paris Club official bilateral

creditors and commercial creditors increased the nominal debt stock owed to these creditors by about US$9 million. **Fully-reconciled debt amounts to 80 percent of the external debt outstanding at end-2000**, the base year for calculating assistance to Sierra Leone under the enhanced HIPC Initiative framework. The baseline projections simulate the impact of a hypothetical stock-of-debt operation by Paris Club creditors on Naples terms at end-December 2000, accompanied by comparable treatment from all other bilateral and commercial creditors. The exchange rates and interest rates used are presented in Table 15.

A. The Structure of Sierra Leone's External Debt

57. **Sierra Leone's public and publicly guaranteed external debt in nominal terms is now estimated at US$1.2 billion as at end-December 2000, 1.6 percent or US$20 million higher than the estimate provided in the preliminary HIPC Initiative document**, reflecting new data on late interest charges on Paris Club debt as well as new data for non-Paris Club and commercial creditors (Table 9). In net present value (NPV) terms, after the application of traditional debt relief mechanisms, total external debt amounted to US$749 million (compared with US$701 million in the preliminary document update), equivalent to 118 percent of 2000 GDP. The upward adjustment in the NPV of debt has resulted in an increase in the debt-to-exports ratio from 709 percent in the preliminary document update to 757 percent. The required NPV assistance to bring the debt-to-exports ratio down to the target of 150 percent has increased from US$553 million to US$600 million, thereby raising the common reduction factor from 78.8 percent to 80.2 percent (Table 10).

58. The structure of Sierra Leone's debt has changed to reflect the stock of late interest owed to the Paris Club, thereby increasing the share of the Paris Club in the total stock of external debt (Table 9). After the full application of traditional debt relief mechanisms, the Paris Club represents 31.3 percent of total debt; multilateral creditors account for 55.3 percent, with IDA accounting for 20.2 percent, the IMF accounting for 20.5 percent, and the AfDB accounting for 7.1 percent. Non- Paris Club bilateral creditors account for 6.8 percent, while private creditors account for 6.7 percent of total public and publicly guaranteed debt.

59. Box 3 sets out the changes in the debt statistics between the updated preliminary document and the decision point document.

Box 3. Comparison Between the Preliminary Document and the Decision Point Document, End-2000
(In millions of U.S. dollars, unless otherwise indicated)

	Updated Preliminary Document 1/	Decision Point Document	Percentage change
Nominal stock of external debt	1190.4	1210.0	1.6
NPV of external debt			
Before traditional mechanisms	791.6	843.6	6.6
After traditional mechanisms	701.0	748.7	6.8
Three-year export average	99	99	0.0
NPV of debt-to-exports ratio (percent)	709	757	6.8
Common reduction factor (percent)	78.8	80.2	1.7
NPV of HIPC Initiative debt relief	553	600	8.6

1/ EBS/01/119; and IDA/R2001-0134/1.

60. The rescheduling agreement with the Paris Club in October 2001 provided for a flow rescheduling on Naples terms, covering the period October 2001–September 2004, for arrears as at end-September 2001 and maturities falling due during that period[5]. Pre-cut-off official development assistance (ODA) credits are to be repaid over 40 years, with a 16-year grace period; 67 percent of pre-cut-off date commercial credits is cancelled, taking into account previous cancellations by the Paris Club. Among non-Paris Club creditors, China agreed to 100 percent cancellation of arrears as of end-1999, and Morocco converted its claims (amounting to about US$12.1 million) into grants. The relief provided by China and Morocco reduced Sierra Leone's debt to non-Paris Club creditors by US$21 million in nominal terms.

B. Long-Term Macroeconomic Outlook

61. The macroeconomic projections used in the DSA and agreed upon with the authorities are based on a restoration of an environment of peace, continued implementation of sound macroeconomic policies, as outlined under the current PRGF-supported program, further structural reforms, and the improvement of key social indicators through the implementation of Sierra Leone's poverty reduction strategy. Against the background of widescale disruption to official exports over the past ten years, projection of exports recovery represents a major challenge (see Box 4). Prospects for the medium term were, however, informed by recent increases in official diamond exports since the UN-led certification scheme was implemented in December 2000, as well as by plans being executed to restart rutile mining operations in mid-2003.

[5] Previous concessional reschedulings from Paris Club: November 1992 (Paris Club V) and July 1994 (Paris Club VI) on London terms; March 1996 (Paris Club VII) on Naples terms. Four earlier non-concessional Paris Club reschedulings took place in November 1986, February 1984, February 1980 and September 1977.

Box 4. Estimating Sierra Leone's unrecorded exports of diamonds

The Sierra Leonean authorities have not been able to exercise effective customs controls over the country's exports of diamonds, which is estimated at over 92 percent of total merchandise exports. Large volumes of diamonds have been smuggled out of the country and subsequently distributed and sold to the rest of the world, but mainly in industrial country markets. During the process of compiling the balance of payments tables, the IMF staff estimated the unrecorded exports of diamonds using import data available from Sierra Leone's trading partners. For 2000, the EU data and the Fund's direction of trade statistics showed total imports from Sierra Leone of US$111 million. Staff, after consultations with the authorities, used a total exports value of US$75 million, taking into account c.i.f./f.o.b. margins and adjustment for likely double counting in the trading partner statistics.

Because all diamonds produced in Sierra Leone are from alluvial mines distributed widely across the country, it has historically proved difficult to estimate output and exports. This difficulty is exacerbated by the fact that the rebels controlled most of the mining areas until recently. During the 2001 Article IV consultation discussions with the authorities, the IMF staff had an opportunity to meet with members of the Diamond Exporters Association, who provided estimates of diamonds exports similar to staff estimates. The staff also had discussions with the officials from the Ministry of Mineral Resources before finalizing the estimates of diamonds exports in the balance of payments tables.

62. Real GDP growth is assumed to average 4.9 percent per year during the projection period (2002-21).[6] Assuming that rutile mining recovers as planned, and official mining of diamonds expands, earnings from exports of goods and non-factor services should recover sharply from 16 percent of GDP in 2001 to about 23 percent in 2010;subsequently, slower growth in rutile output is expected to result in a tapering off of exports to about 22 percent of GDP by 2020. Official external financing is assumed to average about 11 percent of GDP over the projection period. The grant element on new borrowing is assumed to be held at 58 percent (see Box 5 for the main assumptions, and Table 7 for the key external assumptions).

[6] In response to several Executive Directors' queries at the Fund Board discussion of the Preliminary HIPC document, we have scaled back the real GDP growth projections from the average of 6.0 percent in the Preliminary HIPC document. Accordingly, more conservative export projections have also been made compared with those in the Preliminary HIPC document.

Box 5. Main Assumptions for the Debt Sustainability Analysis (DSA)

The following macroeconomic assumptions are used for the 20-year baseline DSA projection:

- Assuming a peaceful environment and government control of all national territory, real GDP growth is assumed to be 4.9 percent on average in the period 2001–20. On account of the high rutile export growth assumed, average real GDP growth will be 5.3 percent between 2001 and 2010 before tapering off to 4.5 percent over 2011-20.
- The terms of trade, after an average decline of 3.3 percent in 2000, are projected to remain stable through the period, after a modest increase in 2001 and 2002.
- Export earnings in U.S. dollars are projected to increase by 8.4 percent per annum, spurred by the rapid recovery of rutile exports from 2003 onward, by agricultural and official diamonds growth (including output from kimberlite mining) afterward. Excluding the surge in rutile exports, export growth would be 6.2 percent per year. To a lesser extent, exports of coffee and cocoa are expected to recover steadily after 2004.
- Imports in U.S. dollars are projected to surge in 2001 and 2002 as the pace of infrastructure reconstruction and rehabilitation intensifies. Thereafter, imports are expected to grow at a rate of about 4.2 percent, broadly in line with real GDP growth.
- Gross domestic investment as a percent of GDP would increase from 8 percent in 2000 to about 19 percent by 2008 and 22 percent by 2020. Government investment is projected to increase sharply between 2001 and 2003 (from 6.2 percent to 14 percent of GDP) as the pace of infrastructure reconstruction intensifies. Thereafter, public investment is expected to level off at about 12 percent of GDP, with foreign-financed public investment falling steadily from 13.7 percent of GDP in 2003 to 4 percent of GDP in 2020. Fifty percent of the externally financed public investment program would be funded by grants, and 50 percent by concessional loans, most of which on IDA terms.
- Foreign direct investment is projected to increase from less than 1 percent of GDP in 2000 to 3 percent in 2008. Direct investment in rutile mining of over US$100 million is expected between 2001 and 2003.
- Official budgetary grants and balance of payments support loans are expected to remain at about the 2001 levels.
- The external current account deficit, excluding grants, is projected to increase from 18 percent of GDP in 2000 to 39 percent in 2002 as investment imports surge and exports recover slowly. Thereafter, the external current account deficit is expected to narrow steadily to 14 percent of GDP by 2020.
- Gross international reserves would increase gradually to the equivalent of 9 weeks of imports by 2005, and to about 18 weeks by end-2020.

C. Debt Sustainability and Enhanced HIPC Initiative Assistance

63. On the basis of the macroeconomic assumptions outlined in Box 5, Sierra Leone's external debt would remain unsustainable even after the application of traditional debt-relief mechanisms. The NPV of debt-to-exports ratio is estimated at 757 percent in 2000 and would remain above 150 percent until 2020 (Table 12).

64. The total amount of HIPC Initiative assistance required to bring the ratio of the NPV of debt-to-exports to 150 percent would be US$600 million. Total nominal debt relief is estimated to amount to US$1,189 million over time. The assistance under the enhanced HIPC Initiative would entail a common reduction factor of 80.2 percent, based on the estimated NPV of debt outstanding at end-2000. Based on proportional burden-sharing, multilateral assistance would amount to US$332 million, Paris Club bilateral creditors would provide US$188 million, non-

total debt-service saving of US$230 million over the next 20 years. The AfDB and the IMF would contribute US$42.8 million and US$123 million in NPV terms, respectively.

D. Impact of Enhanced HIPC Initiative Assistance

65. **Status of creditor participation. IDA and IMF staffs have confirmation from multilateral and Paris Club creditors, representing about 87 percent of the NPV of debt after rescheduling, regarding their willingness to support debt relief to Sierra Leone under the enhanced HIPC Initiative.** Following the agreement on a PRGF-supported arrangement in September 2001, the Paris Club granted Sierra Leone a three-year Naples flow rescheduling in October 2001. It is assumed that the Paris Club will top up this agreement to Cologne flow rescheduling terms following attainment of the enhanced HIPC Initiative decision point. During the most recent meeting of multilateral creditors, organized by the World Bank on October 10-11, 2001,[7] IDA, the IMF, the African Development Bank (AfDB) and the European Commission/European Investment Bank (EC/EIB) indicated that they would likely be prepared to provide interim assistance, while other participants indicated that their debt relief would be delivered at the completion point.

66. While the modalities and timing of the delivery of HIPC Initiative assistance will be decided by each creditor following the approval of the decision point, the following assumptions have been made in order to assess the impact of HIPC Initiative assistance:

- IDA will provide relief (US$121.5 million in NPV terms) by forgiving 84.2 percent of debt service due on credits outstanding and disbursed as of end-2000, during the interim period and following the completion point for a total of 20 years (Table 16). Assuming that the completion point occurs in December 2004, interim assistance provided would total US$19.3 million.
- The estimated total amount of IMF assistance is US$123.3 million in NPV terms, which will be delivered over a period of 10 years. The IMF is expected to deliver interim assistance (US$78.8 million), with the balance of assistance made available at the completion point. The drawdown of assistance is expected to follow a profile that smoothes the debt service due to the Fund (Table 17).
- The AfDB will provide assistance of US$42.8 million in NPV terms through an 80 percent debt-service reduction on AfDB and African Development Fund (AfDF) credits for about 42 years, starting during the interim period as illustrated in Table 18. Interim assistance will amount to US$7.8 million and the cumulative debt-service reduction could reach US$112.3 million.
- The IFAD will provide NPV assistance of US$7.9 million at the completion point through a 100 percent debt-service reduction.

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[7] HIPC Debt Initiative – Multilateral Development Banks' Meeting – October 10-11, 2001, Chairman's Summary, IDA/SecM2001-0614 (10/18/01).

- The EC/EIB will provide NPV assistance of US$20.1 million through interim assistance, in the form of arrears clearance, and grants at the completion point to pay off outstanding loans.
- The Arab Bank for Economic Development in Africa (BADEA) (assistance of US$6.4 million), the Islamic Development Bank (IsDB) (assistance of US$1.1 million), and Organization of Petroleum Exporters Fund for International Development (OPEC Fund) (assistance of US$8.9 million) are assumed to provide concessional refinancing starting at the completion point.
- Paris Club creditors are assumed to grant a flow rescheduling on Cologne terms (90 percent NPV reduction) during the interim period; the remaining amount of assistance by Paris Club creditors would be delivered through a stock-of-debt operation on Cologne terms on eligible debt,[8] ODA debt, and post-cutoff date debt at the completion point.
- At least comparable treatment is assumed at the completion point for non-Paris Club bilateral creditors and commercial creditors.

67. Sierra Leone's debt burden would be reduced significantly with the delivery of assistance under the enhanced HIPC Initiative (Figure 3 and Table 12). The NPV debt to exports ratio after HIPC falls to 150 percent in 2000. There is a slight increase in the ratio, to 155.4 percent in 2001, 167.7 percent in 2002 and 160.8 percent in 2003 before the ratio falls to 141.8 percent by the time the completion point is expected to be reached by end-2004[9]. This hump in debt service reflects the rescheduling of arrears. Subsequently, the NPV debt to exports ratio remains below the sustainability threshold of 150 percent throughout the remainder of the projection horizon, reaching 106.9 percent in 2020 (Table 12).

68. Other debt indicators, in particular the debt-service ratio, would improve immediately and significantly. The debt service-to-exports ratio would decline from 55 percent in 2002 before relief to 21 percent in 2002 after HIPC Initiative relief. The ratio would fall further to 4.6 percent in 2007 before increasing to 5.4 percent by 2020[10] (Table 13). The enhanced HIPC Initiative relief will generate savings and reduce debt-service payments due on the order of US$37 million per year on average during the projection period. Debt-service savings from multilateral lenders would amount to US$22 million on average per year; US$25 million per year up to 2010, and US$18 million per year in the next decade. Debt service payable after enhanced HIPC relief is expected to average US$32 million a year during the period 2002-11, down from an estimated annual average of US$60 million due during 1997-2001 (Table 14). The NPV of debt-to-revenue

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[8] Pre-cutoff non-ODA debt.

[9] After HIPC debt relief committed unconditionally at end-2000.

[10] The increase in debt-service ratio over the projection in the preliminary HIPC document is due to scheduled repayments of the Fund PRGF that was approved in September 2001.

ratio would fall to 107 percent by 2020, down from 144 percent after traditional debt relief. Furthermore, the NPV of debt-to-GDP ratio would remain below 30 percent over the projection period (compared with 30-60 percent after traditional relief).

69. **Bilateral assistance beyond the HIPC Initiative.** Given the expected delivery of bilateral assistance above that required by equal burden sharing envisaged under the HIPC Initiative,[11] the NPV of debt-to-exports ratio would be 135 percent by 2004, compared with 142 percent under the enhanced HIPC Initiative. The amount of assistance beyond the HIPC Initiative totals US$32 million in NPV terms.

E. Sensitivity Analysis

70. **The medium-term balance of payments for Sierra Leone could be subject to substantial shocks, in particular if the pace of recovery of export volumes and prices are below current projection levels.** To test the sustainability of Sierra Leone's external debt after HIPC Initiative debt relief, two alternative scenarios were tested (Table 11). In alternative scenario I, we assumed that the pace of recovery of exports of goods and non-factor services is slower than the 8.4 percent average annual growth in the baseline scenario, averaging 7.6 percent per year over the period 2001-2020. Underlying this is the possible delay by one year of the start-up of rutile exports, and slower growth of diamond exports arising from continued weak mining policy and regulations, and low private investment in the sector. The delay in the start-up of rutile exports is possible if external financing being negotiated by the investor is delayed. Assuming that domestic policy actions are taken to maintain real GDP growth as in the baseline scenario, the ratio of NPV of total debt to exports of goods and non-factor services after HIPC debt relief would still remain generally below 150 percent throughout the projection period (except for 2001-05), falling from 182 percent in 2003 to 127 percent in 2020. However, any growth rate of exports lower than what was assumed in the alternative scenario I would lead to an unsustainable debt burden. In Alternative scenario II, we tested, ceteris paribus, the debt sustainability impact of a reduction in the grant element on new borrowings to 40 percent compared with 58 percent used in the baseline scenario. In this scenario, the NPV of debt to exports of goods and non-factor services remains below 150 percent to 2008, but exceeds that ratio between 2009-15 when debt service payments to the Fund on the PRGF fall due. Between 2016-20, however, the ratio of the NPV of debt to exports of goods and non-factor services remains below 150 percent under this scenario. We found, however, that further reduction of the grant element to below 40 percent would result in an unsustainable debt burden throughout the projection period.

71. The two alternative scenarios tested show that Sierra Leone's debt burden even after enhanced HIPC debt relief is barely manageable. Thus, for Sierra Leone to achieve long-term debt sustainability, it is of the utmost importance that the country achieves high and sustained growth through the maintenance of macroeconomic stability and continued pursuit of structural

[11] Committed by some Paris Club members on a bilateral basis, as indicated in Table 19.

reforms, in addition to following prudent debt management policies and avoiding a new build-up in debt.

V. The Floating Completion Point

A. Floating Completion Point Triggers

72. During the IDA and Fund Board discussions of the preliminary HIPC Initiative document, Executive Directors requested that triggers be more specific and, outcomes-based, and reflect adequate tracking mechanisms for poverty-related expenditures. The triggers proposed in the preliminary HIPC Initiative document have, therefore, been refined to focus more sharply on measurable outcomes or intermediate indicators of improvement, urgent health and education sector priorities, governance and decentralization, and key structural reforms that are likely to enhance the pace of economic recovery (Box 6). The triggers have been selected from key indicators in the matrix of policy actions of the Government's IPRSP (EBD/01/59, 7/16/01 and IDA/SecM2001-0483, 07/17/01) in consultation with the Government. The completion point will have been reached once the triggers specified in Box 6 have been achieved. **For the purposes of calculating the interim relief from multilateral creditors, the completion point is assumed to be end-2004. This will allow for over one year of implementation of the full PRSP, preparation of which is expected to be complete by mid-2003.** Debt relief from IDA and the IMF will be provided irrevocably only when both the completion point triggers have been met and satisfactory assurances of other creditors' participation under the HIPC Initiative for Sierra Leone have been received.

Box 6. Triggers for Floating Completion Point

PRSP. Preparation of a full PRSP and implementation for at least one year, as evidenced by the satisfactory joint staff assessment of the PRSP and the country's annual progress report.

Macroeconomic stability. Continued maintenance of macroeconomic stability as evidenced by satisfactory implementation of the PRGF-supported program.

Use of budgetary savings. The budgetary savings from interim debt service relief in 2002 have been used in the priority areas indicated in Table 2 and monitored in the framework for poverty reduction expenditures. The increase in total spending on these priorities will be proportionate to HIPC relief. Budgetary savings from interim debt service relief in subsequent years will be used in accordance with the agreed annual budgets for those years.

Governance and decentralization of government functions

- Completion of disarmament and demobilization and provision of reintegration assistance to all ex-combatants under the DDR program.
- Bi-annual tracking of public expenditures on priority areas within the PETS framework, including development expenditures; dissemination and publication of results.
- Adoption and implementation of the Medium Term Expenditure Framework (MTEF), and budget system for tracking expenditures at the regional levels.

Structural measures

- Bill has been passed to introduce new privatization legislation that establishes an independent National Commission for Privatization to implement the Government's Divestiture Strategy that was approved by the Cabinet in May 2000.
- Adoption by the Government of a revised mining policy to promote formal activity (including artisanal mining) and attract private investment for medium and large scale mining.

Education

- The primary gross enrollment rates for girls will have been increased to at least 65 percent.
- At least 1,500 unqualified teachers will have received formal in-service training in primary schools and at least 500 unqualified teachers will have received in-service training in secondary schools.

Health

- Distribution of insecticide-treated bed nets will have increased from 18,482 in 2000 to 60,000.
- At least 200 persons, including health professionals and staff from line ministries and civil society organizations would have been provided by the National HIV/AIDS Secretariat, with HIV/AIDS and STIs education and training on prevention and basic care, in order to encourage HIV/AIDS and STIs avoidance behavior, destigmatize the disease, and support those infected or otherwise affected by the disease.
- Immunization coverage (percentage of children aged 12 to 23 months immunized against diphtheria, pertussis and tetanus) to be increased to at least 55%.

B. The Authorities' Views

73 .The Sierra Leonean authorities welcome the contribution of resources from the enhanced HIPC Initiative in their ongoing efforts to alleviate poverty. The Government is elaborating its poverty reduction strategy. It is committed to ensuring that the PRSP process in Sierra Leone promotes pro-poor, inclusive policymaking and implementation of the various programs. The indicative budget use of HIPC resources has been presented to its Cabinet and the Government agrees with the triggers for a floating completion point.

74. The Government also notes that the review of external debt under the enhanced HIPC Initiative has provided an invaluable opportunity to improve the management and tracking of public sector external and domestic debt and to deepen institutional reforms for the management of public sector resources toward poverty alleviation.

C. Monitoring the Floating Completion Point Conditions

75. The staffs of the IMF and IDA will jointly monitor completion point conditions, with each institution assuming specific responsibilities. The IMF staff will take the lead in monitoring macroeconomic stability, revenue reforms, and budget control and management. IDA staff will take responsibility for monitoring conditions in the education and health sectors, and mining. The two institutions will jointly monitor progress regarding the preparation and implementation of the PRSP, governance, the MTEF, public enterprise reforms, and public expenditure management triggers

D. The Use and Tracking of HIPC Initiative Debt Relief

76. The Government has provided IMF and IDA staffs with an indicative framework for poverty-targeted expenditures, before and after HIPC Initiative assistance for 2001-02 (Table 2). This indicative budget reflects the proposed use of the cash relief to the budget and will have to be revised and approved by Parliament when the HIPC decision point is achieved. The priority expenditures to be included in this budget include increased outlays in the education sector, health care, rural development and local government, and possible reduction of domestic arrears to the private sector. It was agreed that IDA and IMF staff will monitor the use of these resources through: (a) the analysis of the evolving composition of public expenditures; (b) periodic surveys of household expenditures; and (c) expenditure tracking mechanisms.

77. The monitoring of poverty expenditures and their impact will also benefit from the implementation of the MTEF, which is being developed for the purpose of designing the annual budget. The MTEF has been partially implemented in the preparation of the 2002 budget and indicative ceilings for 2003; it is expected to be fully implemented by 2003. Under a new system of participatory monitoring and evaluation surveys and stakeholder consultations, greater beneficiary involvement is expected in the delivery of services and more emphasis on results and outcomes. The first set of consultations started in 2001. The Government's new budget and

accounting code will also help to track poverty-targeted outlays, particularly in rural areas, since it shows the allocation of public resources by activity and region.

VI. Issues for Discussion

78. This paper presents a decision point assessment of Sierra Leone's eligibility for assistance under the enhanced HIPC Initiative and seeks endorsement of the assessment. Executive Directors' views are being sought on the following:

- **Eligibility and decision point.** The staff and management believe that Sierra Leone is eligible for the relief under the enhanced HIPC Initiative and recommend approval of a decision point. Do Executive Directors agree?

- **Amount and delivery of assistance.** Consistent with a reduction of Sierra Leone's NPV of debt-to-exports ratio to 150 percent, total assistance under the enhanced HIPC Initiative is estimated to amount to US$600 million in NPV terms. Of this amount, US$123.3 million in NPV terms (SDR equivalent will be decided on the day of the Board meeting) is to be provided by the IMF, and US$121.5 million in NPV terms by IDA. The staff and management recommend that the IMF and IDA provide interim assistance between the decision and completion points in line with existing guidelines. Do Executive Directors agree?

- **Floating completion point.** The staff and management recommend a floating completion point, which would be reached when the conditions in Box 6 have been met. The debt relief will be provided unconditionally only when both the completion point conditions have been met and satisfactory assurances of other creditors' participation under the enhanced HIPC Initiative for Sierra Leone have been received. Do Executive Directors agree?

Table 2. Sierra Leone: Contingent Poverty-Targeted Expenditures, 2000-02
(In millions of Leones; unless otherwise indicated)

	2000	2001	2002			
			Before HIPC	After HIPC	Use of HIPC Resources	
	Provisions	Provisions	Provisions	Provisions	Le million	% of GDP
Total poverty-targeted expenditure	52,579	87,988	86,860	160,460	73,599	4.4
Recurrent poverty-targeted expenditure	52,510	81,427	82,903	129,904	47,000	2.8
Security services						
Police	4,450	9,798	11,109	12,992	1,883	0.1
Prisons department	1,750	3,888	4,487	6,323	1,836	0.1
National fire authority	230	1,009	997	5,896	4,899	0.3
Social services						
Ministry of education, youth & sports	20,646	30,653	34,281	46,016	11,735	0.7
of which:						
Pre-primary and primary education	6,749	9,665	11,818	19,246	7,428	0.4
Tertiary and teachers education	8,517	13,319	14,003	14,285	282	0.0
Technical/vocational education	1,054	1,200	1,432	1,761	329	0.0
New teachers' salary	0	0	0	1,412	1,412	0.1
Ministry of health and sanitation	10,745	16,550	17,554	27,382	9,828	0.6
of which:						
Primary health care services	1,243	4,390	4,792	9,029	4,236	0.3
District peripheral health centers		2,766	3,064	4,099	1,036	0.1
Secondary health care services (district hospitals)	3,301	890	1,460	1,742	282	0.0
Tertiary health care services (national & referral hospitals)	2,397	1,300	2,571	4,078	1,506	0.1
Support services	3,332	3,509	3,642	6,410	2,768	0.2
Ministry of social welfare, gender & children's affairs	457	810	841	1,373	532	0.0
Gender and children's affairs division	130	280	573	5,139	4,566	0.3
Economic services						
Ministry of agriculture, forestry and marine resources	1,305	3,989	4,140	7,444	3,303	0.2
of which:						
Agriculture division	373	2,200	1,754	2,330	577	0.0
Forestry conservation division	122	216	336	571	235	0.0
Veterinary services division	164	291	412	694	282	0.0
Land and water development division	64	214	339	781	442	0.0
Support to agricultural institutions	360	675	823	823	0	0.0
Ministry of transport and communications	753	3,862	4,008	4,479	471	0.0
Ministry of energy and power	1,344	2,783	3,030	3,702	672	0.0
Domestic debt buy-back programme	10,700	7,804	1,883	9,159	7,276	0.4
Development poverty-targeted expenditure	69	6,562	3,957	30,556	26,599	1.6
General services						
Ministry of rural development & local government	0	3,342	941	3,106	2,165	0.1
Support for the regeneration of local communities	0	3,342	941	3,106	2,165	0.1
Security services						
of which:						
Prison's department	0	0	188	1,491	1,302	0.1
Construction of prison institutions	0	0	188	549	361	0.0
Reconstruction of prison's barracks	0	0	0	941	941	0.1
Fire force department	0	0	235	529	293	0.0
Social services						
Ministry of education, youths and sport	0	2,050	424	7,582	7,158	0.4
of which:						
Reconstruction of primary schools-IDA project	0	0	141	3,907	3,766	0.2
Rehabilitation of secondary schools	0	500	0	2,941	2,941	0.2
Ministry of health and sanitation	0	0	132	8,598	8,466	0.5
of which:						
Rehabilitation of health educational institutions	0	0 0	0	1,883	1,883	0.1
Construction/rehabilitation of primary health care units	0	0 0	0	6,207	6,207	0.4
Ministry of social welfare, gender and children affairs	0	200	94	349	255	0.0
of which:						
Rehabilitation of remand homes in freetown	0	200	94	113	19	0.0
Construction/rehabilitation of welfare institutions	0	0	0	188	188	0.0
Gender and children's affairs division	0	0	0	1,412	1,412	0.1
National commission for war affected children	0	0	0	1,412	1,412	0.1
Economic services						
Ministry of agriculture, forestry and marine	0	210	405	3,088	2,683	0.2
of which:						
Rehabilitation of agricultural stations	0	0	113	207	94	0.0
Mud stove demonstration and training	0	0	47	141	94	0.0
Agro-machinery & equipment for Boliland cultivation	0	0	0	1,883	1,883	0.1
Marine division	0	160	132	1,320	1,188	0.1
Ministry of Works and maintenance	69	600	1,406	4,494	3,089	0.2
of which:						
Rehabilitation of feeder roads	0	500	518	1,647	1,130	0.1
Rehabilitation of second class roads	0	0	0	1,585	1,585	0.1
Memorandum items:						
GDP (nominal)	1,330,319	1,487,724	1,658,741	1,658,741	1,658,741	
Interim HIPC indicative cash assistance					73,599.4	
Average exchange rate Leone-US dollar					2,079.1	

Source: Sierra Leonean authorities and staff estimates
1/ Excluding interest and charges to the IMF.
2/ The equivalent of US$35.4 million.

Table 3. Sierra Leone: Selected Economic and Financial Indicators, 2000-07

	2000 Act.	2001 Prog.	2001 Est.	2002 Prog.	2003 Proj.	2004 Proj.	2005 Proj.	2006 Proj.	2007 Proj.
	(Annual percentage change, unless otherwise indicated)								
Income and expenditure									
Real GDP	3.8	5.0	5.4	6.6	7.0	6.5	6.0	5.0	5.0
GDP deflator	6.1	8.0	6.1	4.6	4.4	4.4	4.4	4.3	4.3
Nominal GDP	10.2	13.4	11.8	11.5	11.7	11.3	10.6	9.5	9.6
Consumer prices (end of period)	-2.7	8.0	3.5	4.8	4.3	4.3	4.3	4.0	4.0
Consumer prices (annual average)	-0.9	8.0	3.0	4.7	4.3	4.3	4.3	4.0	4.0
Money and credit									
Broad money									
(including foreign currency deposits)	9.7	14.4	31.0	11.3	11.6	10.4	11.8	9.3	14.4
(excluding foreign currency deposits)	7.7	15.2	31.3	10.6	11.6	9.9	12.4	10.6	14.4
Velocity (level; excl. foreign currency deposits)	7.1	7.0	6.1	6.1	6.1	6.2	6.1	6.0	5.8
Velocity (level; incl. foreign currency deposits)	6.1	6.1	5.2	5.2	5.2	5.3	5.2	5.2	5.0
Domestic credit 1/	-11.8	11.0	17.6	9.3	6.5	4.9	4.1	2.6	4.3
Government 1/	-13.6	9.5	14.5	5.9	3.8	2.9	2.3	0.8	0.5
Private sector 1/	1.5	1.7	3.2	3.4	2.7	2.0	1.8	1.8	3.8
(annual percentage change)	12.1	13.0	25.2	27.9	18.9	13.4	11.5	11.6	11.6
Reserve money	9.2	22.2	28.5	11.6	11.0	10.1	12.5	11.4	21.5
Interest rate 2/	20.0	20.0	20.0	15.0	13.0	12.0	12.0	12.0	11.0
External sector									
Exports (U.S. dollars)	22.3	9.5	9.4	4.1	54.1	25.5	10.0	8.8	8.7
Imports (U.S. dollars) 3/	100.3	49.3	57.6	37.6	-2.9	10.7	11.5	1.6	3.9
Terms of trade (- deterioration)	-3.3	0.9	1.2	2.2	0.7	0.7	0.1	0.1	0.1
Real effective exchange rate (- depreciation; end of period)	32.1	...	6.2	...	...	...	...	...	..
	(In percent of GDP, unless otherwise indicated)								
Gross domestic expenditure	116.1	125.8	126.8	137.7	128.6	127.1	128.6	125.6	123.8
Gross domestic consumption	108.1	104.0	117.8	120.4	111.6	110.3	110.9	109.7	109.5
Government	14.3	16.0	16.8	20.4	19.6	18.7	19.9	18.7	18.5
Private	93.8	88.0	101.0	100.0	92.0	91.6	91.0	91.0	91.0
Gross domestic investment	8.0	21.8	9.0	17.3	16.9	16.8	17.7	15.9	14.3
Government	5.2	15.0	6.2	14.2	15.9	14.7	14.6	13.1	12.6
Private	2.8	6.8	2.8	3.1	1.0	2.2	3.0	2.9	1.7
Gross national saving	-1.8	8.6	-13.4	-12.9	-2.9	-2.5	-2.4	-0.7	-1.2
Gross domestic saving	-8.1	-4.0	-17.8	-20.4	-11.6	-10.3	-10.9	-9.7	-9.5
Government	-2.9	-3.7	-3.0	-6.0	-4.6	-2.8	-3.3	-1.7	-0.9
Private	-5.2	-0.3	-14.8	-14.4	-7.1	-7.5	-7.6	-8.0	-8.5
Current account balance, including official transfers	-9.8	-13.2	-22.4	-30.2	-19.9	-19.3	-20.1	-16.7	-15.5
Current account balance, excluding official transfers	-18.1	-27.9	-29.0	-39.1	-30.9	-29.8	-31.7	-28.5	-26.6
Goods and nonfactor services (net)	-16.1	-25.8	-26.8	-37.7	-28.6	-27.1	-28.6	-25.6	-23.8
Unrequited private transfers and factor services (net)	-2.0	-2.1	-2.2	-1.4	-2.3	-2.6	-3.1	-2.9	-2.8
Overall balance of payments	0.4	-0.9	-0.3	-5.0	-3.2	-1.5	-3.0	-2.6	-4.4
Government revenue	11.4	12.3	13.8	14.4	15.1	15.9	16.6	17.0	17.5
Total expenditure and net lending	28.7	40.7	30.8	42.3	40.2	37.9	39.2	36.2	35.1
Of which: current expenditure	22.7	25.4	24.4	27.5	24.2	23.0	24.5	23.1	22.4
Overall fiscal balance									
(commitment basis, excluding grants)	-17.3	-28.4	-17.1	-27.9	-25.2	-22.0	-22.6	-19.3	-17.6
(commitment basis, including grants)	-9.3	-14.0	-10.7	-18.1	-14.1	-11.5	-11.0	-7.4	-7.1
Domestic primary fiscal balance 4/	-5.5	-6.1	-5.2	-5.5	-3.3	-2.0	-1.1	-0.8	-0.3
Domestic financing	0.1	1.4	2.3	1.2	0.8	0.7	0.6	0.2	0.0
External debt 5/	190.8	181.1	141.3	129.1	112.1	97.3	86.8	79.5	63.9
	(In percent of exports of goods and nonfactor services)								
Debt service due 5/	47.9	53.3	118.2	49.7	45.2	37.5	32.7	24.0	23.2
External interest due 5/	12.8	20.3	13.3	11.6	8.5	7.2	6.7	6.3	5.9
	(In millions of U.S. dollars, unless otherwise indicated)								
Memorandum items:									
External current account balance, excluding official transfers	-115.0	-208.1	-213.8	-311.8	-267.0	-278.0	-317.5	-304.1	-303.9
Gross international reserves	49.6	57.6	48.6	74.1	86.0	93.0	100.0	110.0	126.5
(in months of imports) 6/	1.7	1.6	1.3	1.9	2.0	2.0	2.1	2.2	2.5
GDP (billions of leones)	1,330.3	1,507.9	1,487.7	1,658.7	1,852.5	2,061.2	2,280.7	2,497.4	2,736.5
GDP	634.0	685.4	736.4	...	...	...	...	...	...

Sources: Sierra Leonean authorities; and staff estimates and projections.

1/ Changes as a percentage of beginning-of-period money stock (including foreign currency deposits).

2/ Treasury bill rate (end of period).

3/ Includes imports purchased with bilateral aid, those related to rehabilitation and reconstruction programs, and imports of embassies and peace-keeping force (UNAMSIL).

4/ Domestic revenue minus total expenditure and net lending, excluding interest payments, HIPC expenditures, and externally financed capital expenditure and DDR program.

5/ As percent of exports of goods and nonfactor services; after Naples flow and additional debt relief obtained from October 2001.

6/ In months of imports of goods and services of subsequent year.

Table 4. Sierra Leone: Quantitative Performance Criteria and Benchmarks

Under the Poverty Reduction and Growth Facility Arrangement, 2001-02

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

	2001										2002			
	March Actual	June Actual	June Adj. Benchma	June Benchmark	September Actual	Sept. Adj. Performance Criteria	September Performance Criteria	December Projection	Dec. Adj. Performance Criteria	December Performance Criteria	March Performance Criteria	June Performance Criteria	September Indicative Targets	December Indicative Targets
Performance criteria and benchmarks														
Net domestic bank credit to the central government (ceiling) 2/ 3/	11,048	24,895	28,620	17,259	49,662	49,342	19,385	32,128	50,537	21,000	20,665	31,294	2,943	16,780
Net domestic assets of the central bank (ceiling) 2/ 4/ 5/	11,542	15,911	36,321	24,960	36,372	55,974	26,017	25,767	52,481	22,944	20,665	46,294	-7,057	10,780
Domestic primary budget balance of the central government (floor) 6/	-18,826	-20,567	-36,694	-36,694	-38,332	-69,935	-69,935	-77,455	-91,873	-91,873	-20,701	-28,391	-50,463	-91,706
Stock of verified domestic payments arrears of the central government (ceiling)	-3,635	-4,828	-3,635	-3,635	-4,828	-6,600	-6,600	-4,828	-6,314	-6,314	-500	-1,000	-1,500	-2,000
Subsidies to National Power Authority (ceiling)	778	1,628	1,656	1,656	2,965	3,000	3,000	2,993	3,000	3,000	150	300	450	600
Gross foreign exchange reserves of the central bank, in U.S. dollars (floor)7/	-5.19	-18.58	-22 28	-11.46	-21.92	-36.64	-8.11	-1.05	-20.12	8.01	-9.79	-20.79	18.19	25.51
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	0.0
Outstanding stock of external debt /11 owed or guaranteed by the public sector 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	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	0.0
Financial indicators														
Total domestic government revenue (floor)	42,668	100,204	89,826	89,826	154,787	136,675	136,675	204,698	184,953	184,953	52,115	116,943	180,839	239,610
Government wage bill (ceiling)	25,457	51,433	49,586	49,586	81,776	76,821	76,821	111,583	100,318	100,318	26,388	56,245	94,441	132,002
Memorandum items:														
External budgetary assistance 14/	25,380	44,184	44,184	66,906	57,603	57,603	117,516	128,772	128,772	187,845	11,787	27,266	113,015	128,494
The DDR program loans or grants	...	...	. .	...	...	..	... .	. .	...	...	...	...	...	...
Other	25,380	44,184	44,184	66,906	57,603	57,603	117,516	128,772	128,772	187,845	11,787	27,266	113,015	128,494
in U.S. dollars	16.87	21.04	21.04	31.86	27 43	27.43	55.96	61.32	61.32	89.45	5.67	13.11	54.36	61.80

Sources: Sierra Leonean authorities; and IMF staff estimates and projections.

1/ Variables are based on definitions in the technical memorandum of understanding. The program year runs from July 1, 2001 to June 30, 2002.

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 programmed external budgetary assistance.

3/ Defined as claims on government (net) in the monetary survey. For 2002, government deposits are adjusted for changes in the DDR accounts. To be adjusted downward (upward) by any net issues of government securities to non-banks up to the Le 16,780 million ceiling on net domestic credit for 2002.

4/ The program benchmarks for 2001 are valued at the end-March 2001mid-point official exchange rate of the Bank of Sierra Leone (BSL). The program benchmarks for 2002 are valued at the end-September, 2001official exchange rate of the BSL.

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 expenditure, the DDR program, and U.K. military support.

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 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 DDR, project-related grants, and loans.

Table 5. Sierra Leone: Structural Benchmarks and Performance Criteria Under the Program Supported by the PRGF Arrangement

	Timing	Status
For calendar year 2001		
Pass new Financial Institutions Bill in parliament	September 30, 2001 (performance criteria)	Done
Passage of the bill setting up the autonomous Central Statistical Office	September 30, 2001 (benchmark)	Outstanding
Make regular settlement of cross debts between public enterprises and the government according to the timetable agreed between the two parties	Continuous	Ongoing
Do not accumulate arrears in regard to the electricity and water bills from the National Power Authority and Guma Valley Water Company	Continuous	Not fully achieved
For calendar year 2002		
Central Statistical Office		
Pass bill setting up the autonomous Central Statistical Office	June 30, 2002	Benchmark
Fiscal reforms 1/		
Develop and implement a National Revenue Authority (NRA)	July 31, 2002	Performance criterion
Appoint the board of the NRA	January 31, 2002	Benchmark
Pass enabling legislation of the NRA	March 31, 2002	Benchmark
Develop staff transition policy for divisions of NRA	March 31, 2002	
Appoint Chief Executive Officers of Income Tax and Customs Divisions of NRA	March 31, 2002	
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
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
Government will elaborate measures to control the teachers' payroll within the limits of the budget	June 30, 2002	Benchmark
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
Finalize strategic plan for banking supervision reforms	June 30, 2002	Benchmark
Prepare draft regulations on liquidity, large credits, and requirement for independent audits	June 30, 2002	Benchmark
Prepare draft CAMELS rating system	June 30, 2002	Benchmark
Evaluate check-based payment system and develop proposals to improve its efficiency	June 30, 2002	
Develop computer program for conducting treasury securities market	September 30, 2002	Benchmark
Develop action plan for introduction of repo instruments	December 31, 2002	Benchmark
Other sectors		
Complete the mining sector study	December 31, 2002	Benchmark
Complete diagnostic studies of the functions and staffing in Ministries of Agriculture, Education, Health, and Transport	December 31, 2002	Performance criterion

Sources: Sierra Leonean authorities; and IMF staff.

1/ Fiscal reforms are expected to be pursued in line with the recommendations of the IMF FAD mission of June 2001.

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

Table 6. Sierra Leone: Central Government Financial Operations, 2000-07 1/

(In millions of leones)

	2000	2001	2001	2002					2003	2004	2005	2006	2007
	Act.	Prog.	Act.	Q1 Rev. Prog.	Q2 Rev. Prog.	Q3 Rev. Prog.	Q4 Rev. Prog.	Q1-Q4 Rev. Prog.	Proj.	Proj.	Proj.	Proj.	Proj.
Total revenue and grants	258,282	401,882	299,093	73,801	98,057	130,578	99,734	402,170	483,155	543,586	642,354	720,689	765,700
Domestic revenue	152,175	184,953	204,698	52,066	64,783	63,845	58,731	239,425	279,299	327,671	377,891	423,905	479,866
Income Tax Department	39,742	47,038	52,134	14,191	14,577	16,981	14,250	59,999	74,637	91,101	108,950	130,678	154,890
Customs and Excise Department	95,424	120,930	136,987	32,542	41,018	40,229	39,351	153,139	174,998	200,095	226,318	246,456	274,846
Mines Department	1,518	2,244	1,145	432	614	235	113	1,394	1,557	5,118	8,083	9,584	10,031
Other departments	10,850	8,872	7,784	1,538	4,867	2,286	598	9,289	10,686	12,179	13,476	14,756	16,169
Road user charges	4,641	5,869	6,648	1,652	1,779	1,506	1,593	6,531	7,513	8,359	9,249	9,528	9,840
Social security contribution	0	0	0	1,710	1,929	2,608	2,826	9,073	9,908	10,820	11,815	12,903	14,090
Grants	106,107	216,929	94,394	21,735	33,274	66,733	41,003	162,745	203,857	215,914	264,462	296,784	285,834
Program	89,445	97,991	56,782	3,678	15,479	39,844	15,479	74,480	67,361	72,422	93,880	109,252	94,394
Projects	16,662	118,938	37,613	18,056	17,796	26,889	25,524	88,265	136,496	143,493	170,583	187,532	191,440
Total expenditure and net lending	382,344	613,289	458,726	152,330	162,716	167,468	219,921	702,434	745,236	780,241	894,211	904,805	960,196
Recurrent expenditure	301,831	382,459	363,363	109,347	105,663	117,115	124,661	456,787	447,488	475,093	557,948	575,651	613,169
Wages and salaries	89,495	100,318	111,583	26,388	29,857	38,196	37,561	132,002	144,149	157,415	171,901	187,720	204,995
Of which: social security payments	0	0	0	1,126	1,926	2,526	2,926	8,502	9,284	10,139	11,072	12,091	13,203
Goods and services	56,879	128,698	128,699	28,311	30,873	35,129	51,294	145,608	158,252	171,091	185,348	201,490	216,654
Security-related expenditures	53,101	50,956	48,957	10,077	11,943	14,067	18,821	54,908	58,731	62,571	64,869	67,342	69,566
Of which: Defense	28,636	35,770	32,270	5,629	7,877	10,287	13,009	36,803	39,366	41,939	44,438	46,097	47,474
Democratization and DDR 2/	13,730	43,907	22,993	14,306	10,980	5,490	5,490	36,265	0	0	0	0	0
Other	10,735	15,186	16,687	4,447	4,066	3,780	5,811	18,105	19,366	20,632	20,431	21,245	22,091
Grants to educational institutions	11,475	13,219	12,997	3,592	3,458	3,983	3,678	14,710	16,429	18,279	20,226	22,147	24,268
Transfer to Road Fund	4,930	5,869	6,644	1,652	1,779	1,506	1,593	6,531	7,513	8,359	9,249	9,528	9,840
Socially oriented outlays (soc. safety net)	2,036	1,800	1,800	350	350	350	350	1,400	1,564	1,740	1,925	2,108	2,310
Elections	0	6,385	2,600	5,348	1,669	0	0	7,017	0	0	0	0	0
Interest payments	83,915	82,263	76,047	13,909	18,495	17,312	16,538	66,253	65,668	69,432	81,572	84,696	80,986
Domestic	50,459	48,006	47,514	5,399	12,709	8,431	10,814	37,354	34,567	34,073	36,509	39,237	35,997
Foreign	33,456	34,257	28,533	8,509	5,785	8,881	5,724	28,899	31,101	35,358	45,063	45,458	44,988
Possible HIPC-financed expenditures	0	0	0	15,491	8,203	15,150	8,157	47,000	53,914	48,777	87,728	67,962	74,116
Capital expenditure and net lending	80,512	229,830	95,363	41,087	55,156	47,696	92,603	236,542	295,846	303,123	334,052	326,741	344,393
Development expenditure	68,864	226,720	92,370	40,937	55,006	47,546	92,453	235,942	294,846	302,123	334,052	326,741	344,393
Foreign	62,464	213,793	81,034	37,309	54,021	43,548	89,722	224,599	284,861	292,514	322,581	308,040	317,139
Loans	53,082	135,262	62,914	23,791	41,563	13,075	64,571	143,000	117,853	121,417	102,350	82,045	83,755
Grants	9,382	78,531	18,120	4,750	7,816	21,900	20,534	55,000	136,496	143,493	170,583	187,532	191,440
Possible HIPC-financed expenditures	0	0	0	8,767	4,642	8,574	4,616	26,599	30,512	27,605	49,648	38,462	41,945
Domestic	6,400	12,927	11,336	3,628	986	3,998	2,731	11,343	9,985	9,608	11,471	18,701	27,253
Lending minus repayments	11,648	3,110	2,993	150	150	150	150	600	1,000	1,000	0	0	0
Social security expenditures	0	0	0	1,521	1,521	2,282	2,282	7,605	1,901	2,026	2,211	2,413	2,635
Contingency	0	1,000	0	375	375	375	375	1,500	0	0	0	0	0
Overall balance (commitment basis)													
Excluding grants	-230,169	-428,336	-254,028	-100,264	-97,933	-103,623	-161,189	-463,009	-465,937	-452,570	-516,319	-480,900	-480,330
Including grants	-124,062	-211,407	-159,634	-78,529	-64,659	-36,889	-120,187	-300,264	-262,081	-236,655	-251,857	-184,117	-194,496

Table 6. Sierra Leone: Central Government Financial Operations, 2000-07 1/
(In millions of leones)

	2000	2001	2001	2002					2003	2004	2005	2006	2007
	Act.	Prog.	Act.	Q1 Rev. Prog.	Q2 Rev. Prog.	Q3 Rev. Prog.	Q4 Rev. Prog.	Q1-Q4 Rev. Prog.	Proj.	Proj.	Proj.	Proj.	Proj.
Total financing	124,062	211,407	159,634	78,529	64,659	36,889	120,187	300,264	262,081	236,655	251,857	184,117	194,496
Foreign	81,610	177,717	632,479	19,509	36,281	47,422	59,290	162,502	127,145	109,758	67,641	60,612	61,875
Borrowing	123,584	215,062	127,318	31,900	41,563	58,981	64,571	197,014	192,423	198,241	170,583	140,649	143,580
Project	53,082	135,262	62,914	23,791	41,563	13,075	64,571	143,000	117,853	121,417	102,350	82,045	83,755
Program	70,502	79,800	64,404	8,108	0	45,906	0	54,014	74,569	76,824	68,233	58,604	59,825
Amortization	-41,974	-37,345	-38,515	-12,391	-5,281	-11,559	-5,282	-34,513	-65,278	-88,483	-102,941	-80,037	-81,704
Debt relief obtained 3/	0	0	543,676	0	0	0	0	0	0	0	0	0	0
Domestic	968	21,000	34,167	21,465	11,429	-27,551	14,637	19,980	15,542	13,806	12,623	4,992	237
Bank	-26,321	21,000	32,128	20,665	10,629	-28,351	13,837	16,780	12,042	10,306	9,123	3,492	-1,263
Nonbank	27,289	0	2,039	800	800	800	800	3,200	3,500	3,500	3,500	1,500	1,500
Privatization receipts	22	2,222	2,041	968	264	150	349	1,731	0	0	0	0	0
Change in arrears	43,310	-385,697	-509,083	-1,175	-1,175	-1,175	-1,175	-4,700	-3,000	-3,000	-3,000	-3,000	-3,000
Domestic	-7,201	-6,314	-16,938	-1,175	-1,175	-1,175	-1,175	-4,700	-3,000	-3,000	-3,000	-3,000	-3,000
Foreign	50,511	-379,383	-492,145	0	0	0	0	0	0	0	0	0	0
Unaccounted	-1,847	0	29										
Financing gap	0	396,165	0	37,762	17,860	18,044	47,086	120,751	122,394	116,092	174,593	121,512	135,385
of which possible HIPC cash relief	0	0	0	24,258	12,845	23,724	12,773	73,599	84,426	76,382	137,376	106,425	116,060
Memorandum items:													
Nominal GDP 0	1,330,319	1,507,921	1,487,724	1,658,741	1,658,741	1,658,741	1,658,741	1,658,741	1,852,543	2,061,197	2,280,701	2,497,380	2,736,521
Total HIPC cash relief	-	-	-	24,258	12,845	23,724	12,773	73,599	84,426	76,382	137,376	106,425	116,060
Total HIPC cash relief (in percent of GDP)	-	-	-	1.5	0.8	1.4	0.8	4.4	4.6	3.7	6.0	4.3	4.2
						(in percent of GDP, unless otherwise indicated)							
Domestic revenue	11.4	12.3	13.8	3.1	3.9	3.8	3.5	14.4	15.1	15.9	16.6	17.0	17.5
Total expenditure and net lending	28.7	40.7	30.8	9.2	9.8	10.1	13.3	42.3	40.2	37.9	39.2	36.2	35.1
Of which: Current expenditure	22.7	25.4	24.4	6.6	6.4	7.1	7.5	27.5	24.2	23.0	24.5	23.1	22.4
Overall fiscal balance (commitment basis)													
Including grants	-9.3	-14.0	-10.7	-4.7	-3.9	-2.2	-7.2	-18.1	-14.1	-11.5	-11.0	-7.4	-7.1
Excluding grants	-17.3	-28.4	-17.1	-6.0	-5.9	-6.2	-9.7	-27.9	-25.2	-22.0	-22.6	-19.3	-17.6
Domestic primary balance 4/	-5.5	-6.1	-5.2	-1.2	-0.4	-1.4	-2.5	-5.5	-3.3	-2.0	-1.1	-0.8	-0.3
Current balance	-11.2	-13.1	-10.7	-3.5	-2.5	-3.2	-4.0	-13.1	-9.1	-7.2	-7.9	-6.1	-4.9
Domestic bank financing	-2.0	1.4	2.2	1.2	0.6	-1.7	0.8	1.0	0.7	0.5	0.4	0.1	0.0
Privatization receipts	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Military expenditure	3.6	2.4	2.2	0.3	0.5	0.6	0.8	2.2	2.1	2.0	1.9	1.8	1.7
Total wages and salaries	6.7	6.7	7.5	1.6	1.8	2.3	2.3	8.0	7.8	7.6	7.5	7.5	7.5
Total wages and salaries (percent of dom. revenue)	58.8	54.2	54.5	50.7	46.1	59.8	64.0	55.1	51.6	48.0	45.5	44.3	42.7

Sources: Sierra Leonean authorities; and staff estimates and projections.

1/ Includes the DDR program, which is managed outside the budget by a private firm hired by the DDR donors.

2/ Disarmament, demobilization, and reintegration.

3/ Debt relief granted by Paris Club and other bilateral creditors, including rescheduling of outstanding arrears of $239 million. Flow relief after 2001 is included in HIPC cash relief identified in possible financing.

4/ Domestic revenue minus total expenditure and net lending, excluding interest payments, HIPC expenditures, externally financed capital expenditures, and the DDR program.

Table 7. Sierra Leone: Medium-Term Balance of Payments Assumptions, 2000-20
(In billions of Leones, unless otherwise indicated)

	2000 Est.	2001 Est.	2002 Proj.	2003 Proj.	2004 Proj.	2005 Proj.	2006 Proj.	2007 Proj.	2008 Proj.	2009 Proj.	2010 Proj.	2015 Proj.	2020 Proj.	2000-10 Average	2011-20 Average
Economic growth and prices (annual percentage change)															
Real GDP	3.8	5.4	6.6	7.0	6.5	6.0	5.0	5.0	4.5	4.5	4.5	4.5	4.5	5.3	4.5
Inflation, average	-0.9	3.0	4.7	4.3	4.3	4.3	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.6	3.7
GDP deflator	6.1	6.1	4.6	4.4	4.4	4.4	4.3	4.4	5.0	5.0	4.0	4.0	3.0	4.8	3.7
Inflation of main trading partners (in U.S. dollar terms)	-5.5	-1.7	2.0	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	0.9	1.9
Export deflator (local terms)	13.4	-5.4	4.8	4.1	4.1	4.1	4.1	3.1	3.1	3.1	3.1	3.1	2.1	3.8	2.8
Import deflator (local terms)	17.3	-6.5	2.5	3.4	3.3	3.9	4.0	3.0	3.0	3.0	3.0	3.0	2.0	3.6	2.7
Relative inflation of Sierra Leone and main trading partners	4.9	7.9	2.9	3.1	3.0	3.0	3.1	2.1	2.1	2.1	2.1	2.1	1.1	3.3	1.8
Balance of payments															
Exports of goods and nonfactor services (GNFS)	230.8	244.2	260.7	371.9	462.6	519.8	579.3	638.7	702.6	773.0	840.4	1,253.8	1,745.0	511.3	1,312.5
(in millions of U.S. dollars)	110.0	120.9	125.4	173.6	209.6	228.6	247.2	267.0	287.7	310.0	330.2	444.3	574.2	219.1	458.9
Exports of goods and nonfactor services (3-year mvg. avg.)	207.6	217.6	246.9	299.9	374.2	463.7	535.4	592.3	652.8	718.6	787.2	1,192.7	1,656.6	463.3	1,259.3
(in millions of U.S. dollars)	98.9	107.7	118.8	140.0	169.5	203.9	228.4	247.6	267.3	288.2	309.3	422.7	545.1	198.1	434.8
As a percent of GDP	15.1	15.5	16.0	17.7	20.5	21.8	22.8	23.1	23.3	23.4	23.4	23.4	22.0	20.2	23.0
Imports of goods and nonfactor services	445.4	642.7	886.2	901.2	1,022.0	1,171.3	1,219.3	1,289.1	1,363.7	1,444.9	1,529.9	2,049.6	2,691.4	1,083.3	2,127.8
(in millions of U.S. dollars)	212.3	318.2	426.3	420.7	463.0	515.1	520.2	538.8	558.3	579.5	601.1	726.4	885.7	468.5	745.4
As percent of GDP	33.5	43.2	53.4	48.6	49.6	51.4	48.8	47.1	45.4	43.9	42.7	37.8	33.7	46.1	37.4
Current account, excluding grants	-241.3	-431.9	-648.2	-572.1	-613.7	-721.9	-712.7	-727.2	-741.8	-757.6	-780.9	-918.0	-1,111.6	-631.8	-944.5
(in millions of U.S. dollars)	-115.0	-213.8	-311.8	-267.0	-278.0	-317.5	-304.1	-303.9	-303.7	-303.9	-306.8	-325.3	-365.8	-275.1	-331.8
Current account, including grants (in percent of GDP)	-9.8	-22.4	-30.2	-19.9	-19.3	-20.1	-16.7	-15.5	-14.4	-13.1	-12.3	-9.9	-8.8	-17.6	-9.9
(in millions of U.S. dollars)	-62.2	-164.7	-241.0	-171.9	-180.2	-201.2	-177.5	-177.4	-177.0	-173.0	-173.6	-191.2	-231.7	-172.7	-197.7
Current account, excluding grants (in percent of GDP)	-18.1	-29.0	-39.1	-30.9	-29.8	-31.7	-28.5	-26.6	-24.7	-23.0	-21.8	-16.9	-13.9	-27.6	-16.8
(in millions of U.S. dollars)	-115.0	-213.8	-311.8	-267.0	-278.0	-317.5	-304.1	-303.9	-303.7	-303.9	-306.8	-325.3	-365.8	-275.1	-331.8
Goods and nonfactor services (net)	-16.1	-26.8	-37.7	-28.6	-27.1	-28.6	-25.6	-23.8	-22.0	-20.4	-19.3	-14.7	-11.8	-25.1	-14.5
Unrequited private transfers and factor services (net)	-2.0	-2.2	-1.4	-2.3	-2.6	-3.1	-2.9	-2.8	-2.7	-2.6	-2.6	-2.2	-2.1	-2.5	-2.3
Overall balance of payments (in percent of GDP)	0.4	-0.3	-5.0	-3.2	-1.5	-3.0	-2.6	-4.4	-4.8	-4.2	-3.2	-0.7	-0.2	-2.9	-1.0
Aid flows (in million of U.S. dollars)	126.5	177.7	161.8	184.9	187.6	191.3	186.6	171.6	166.8	170.9	173.2	174.1	174.1	172.6	174.1
Project loans	25.8	35.2	65.0	55.0	55.0	45.0	35.0	25.0	25.0	25.0	25.0	25.0	25.0	37.8	25.0
Program loans	47.9	93.4	26.0	34.8	34.8	30.0	25.0	20.0	15.0	15.0	15.0	15.0	15.0	32.4	15.0
Project grants	7.7	18.8	34.1	63.7	65.0	75.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	60.4	80.0
Program grants	45.1	30.3	36.7	31.4	32.8	41.3	46.6	46.6	46.8	50.9	53.2	54.1	54.1	42.0	54.1
Overall balance (in millions of US dollars)	2.7	-2.1	-39.6	-27.4	-13.6	-30.1	-27.6	-50.0	-59.1	-55.7	-44.7	-13.2	-5.1	-31.6	-16.8
Overall financing gap	0.0	0.0	185.8	161.6	119.2	150.6	120.5	197.8	228.5	213.6	194.0	116.4	72.4	142.9	112.8
(in millions of U.S. dollars)	0.0	0.0	89.4	75.4	54.0	66.2	51.4	82.7	93.5	85.7	76.2	41.2	23.8	61.3	40.5
Gross official reserves (in million of U.S. dollars)	49.6	48.6	74.1	86.0	93.0	100.0	110.0	126.5	145.5	160.0	176.0	280.9	356.4	106.3	282.3
Gross official reserves (in months of GNFS imports) 1/	1.7	1.3	1.9	2.0	2.0	2.1	2.2	2.5	2.7	2.9	3.1	4.0	4.2	2.2	3.9
Export volume growth (percentage change)	17.3	11.3	2.2	52.6	24.3	8.9	7.7	7.6	7.3	7.3	5.7	4.2	4.5	13.8	4.7
Import volume growth (percentage change)	56.6	62.3	38.1	-3.2	10.5	10.6	0.7	3.0	2.8	2.9	2.9	3.4	3.5	17.0	3.2
Terms of trade (percentage change)	-3.3	1.2	2.2	0.7	0.7	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1
Net present value (NPV) of external debt (as percent of GNFS exports)	766.9	665.2	672.6	495.9	414.7	379.9	354.6	328.6	301.4	273.9	251.0	176.4	138.0	445.9	176.1
NPV of external debt (as a percent of GDP)	133.1	109.2	105.7	99.6	93.1	86.6	82.2	76.7	70.5	64.2	58.9	40.7	30.1	89.1	40.4
NPV of debt (as a percent of domestic revenue)	1,163.3	793.5	732.3	660.4	585.4	522.5	484.5	437.4	396.7	356.6	322.7	209.4	145.8	586.8	208.0
Memorandum items:															
Nominal GDP															
In billions of leones	1,330.3	1,487.7	1,658.7	1,852.5	2,061.2	2,280.7	2,497.4	2,736.5	3,002.6	3,294.7	3,580.6	5,428.9	7,995.9	2,343.9	5,778.0
Percentage change	10.2	11.8	11.5	11.7	11.3	10.6	9.5	9.6	9.7	9.7	8.7	8.7	7.6	10.4	8.4
In millions of U.S. dollars	634.0	736.5	798.0	864.7	933.8	1,002.9	1,065.5	1,143.7	1,229.4	1,321.4	1,406.8	1,923.9	2,631.2	1,012.4	2,017.4
Government revenues															
In billions of leones	152.2	204.7	239.4	279.3	327.7	377.9	423.9	479.9	533.7	593.6	653.7	1,056.2	1,651.6	387.8	1,140.1
In millions of U.S. dollars	72.5	101.3	115.2	130.4	148.5	166.2	180.9	200.6	218.5	238.1	256.8	374.3	543.5	166.3	397.4
GDP per capita (in U.S. dollars)	134.3	153.8	163.3	171.8	185.6	193.5	200.6	210.0	220.2	231.0	239.9	290.0	350.5	191.3	297.3
Population growth rate (percentage change)	1.0	1.5	2.0	3.0	3.0	3.0	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.4	2.5
Population estimate (millions)	4.7	4.8	4.9	5.0	5.0	5.2	5.3	5.4	5.6	5.7	5.9	6.6	7.5	5.2	6.7

Sources: Sierra Leonean authorities; staff estimates and World Economic Outlook projections.

1/ In months of imports of subsequent year.
2/ Projections for 2001-2006 are based on oil price baseline of October 11, 2001.
3/ After Naples flow rescheduling provided by the Paris Club in October 2001 and additional relief from other creditors.

Table 8. Sierra Leone: Balance of Payments, 2000-20
(In millions of U.S. dollars, unless otherwise indicated)

	2000 Est.	2001 Est.	2002 Proj.	2003 Proj.	2004 Proj.	2005 Proj.	2006 Proj.	2007 Proj.	2008 Proj.	2009 Proj.	2010 Proj.	2015 Proj.	2020 Proj.	2000-10 Average	2011-20
Current account balance	-62.2	-164.7	-241.0	-171.9	-180.2	-201.2	-177.5	-177.4	-177.0	-173.0	-173.6	-191.2	-231.7	-172.7	-197.7
Trade balance	-61.7	-133.3	-210.9	-156.0	-153.4	-173.6	-163.2	-160.1	-156.1	-151.4	-149.6	-143.7	-152.8	-151.8	-146.1
Exports, f.o.b. 1/	75.0	82.1	85.4	131.6	165.2	181.8	197.8	214.9	232.9	252.4	269.5	366.1	473.0	171.7	377.7
Imports, f.o.b.	-136.7	-215.4 2/	-296.3 2/	-287.7	-318.6	-355.4	-360.9	-375.0	-389.0	-403.8	-419.2	-509.8	-625.8	-323.4	-523.7
Services	-60.1	-86.6	-110.7	-123.5	-137.6	-157.3	-155.1	-158.7	-163.3	-168.8	-174.2	-202.0	-236.2	-136.0	-206.2
Nonfactor services (net)	-40.6	-63.9	-90.0	-91.0	-100.1	-112.9	-109.9	-111.7	-114.6	-118.1	-121.3	-138.3	-158.6	-97.6	-140.5
Receipts	35.0	38.8	40.0	42.0	44.3	46.8	49.4	52.1	54.8	57.6	60.6	78.2	101.2	47.4	81.2
Payments	-75.6	-102.8	-130.0	-133.0	-144.4	-159.7	-159.3	-163.8	-169.4	-175.7	-181.9	-216.6	-259.9	-145.0	-221.7
Interest payments due before debt relief 3/	-14.1	-16.1	-14.5	-14.8	-15.1	-15.2	-15.5	-15.6	-15.7	-15.7	-15.6	-14.4	-15.0	-15.3	-14.8
Investment income (net)	-5.4	-6.6	-6.2	-17.7	-22.4	-29.2	-29.8	-31.3	-33.0	-35.1	-37.4	-49.2	-62.5	-23.1	-50.9
Transfers	59.6	55.2	80.6	107.6	110.7	129.8	140.8	141.4	142.4	147.3	150.2	154.5	157.3	115.1	154.6
Official	52.8	49.1	70.8	95.1	97.8	116.3	126.6	126.6	126.8	130.9	133.2	134.1	134.1	102.4	134.1
Private transfers (net)	6.8	6.1	9.8	12.5	12.9	13.5	14.2	14.9	15.6	16.4	17.1	20.4	23.2	12.7	20.5
Current account balance Excluding official transfers	-115.0	-213.8	-311.8	-267.0	-278.0	-317.5	-304.1	-303.9	-303.7	-303.9	-306.8	-325.3	-365.8	-275.1	-331.8
Capital account	64.9	162.6	201.5	144.5	166.6	171.1	149.9	127.4	117.9	117.4	128.9	178.0	226.6	141.1	180.9
Medium- and long-term capital (net)	48.9	50.2	111.5	94.7	99.1	94.6	75.6	47.2	34.3	29.8	37.4	63.4	84.1	65.8	63.2
Official	46.9	48.0	68.3	64.3	62.3	47.1	31.8	16.1	0.4	-7.1	-9.0	-0.1	-2.7	33.5	-3.4
Drawings	60.2	68.8	91.0	89.8	89.8	75.0	60.0	45.0	40.0	40.0	40.0	40.0	40.0	63.6	40.0
Amortization (scheduled due)	-13.2	-20.8	-22.7	-25.5	-27.5	-27.9	-28.2	-28.9	-39.6	-47.1	-49.0	-40.1	-42.7	-30.0	-43.4
Private (net)	2.0	2.2	43.3 4/	30.4	36.8	47.6	43.8	31.1	33.9	36.9	46.4	63.5	86.8	32.2	66.6
Net foreign direct investment	2.0	2.2	2.2	17.2	18.7	30.1	32.0	37.7	40.6	43.6	46.4	63.5	86.8	24.8	66.6
Loans (net)	0.0	0.0	41.1	13.2	18.1	17.5	11.8	-6.7	-6.7	-6.7	0.0	0.0	0.0	7.4	0.0
Short-term capital 5/	16.0	112.4	89.9	49.7	67.6	76.4	74.3	80.1	83.6	87.5	91.5	114.6	142.5	75.4	117.7
Overall balance	2.7	-2.1	-39.6	-27.4	-13.6	-30.1	-27.6	-50.0	-59.1	-55.7	-44.7	-13.2	-5.1	-31.6	-16.8
Financing	-2.7	2.1	39.6	27.4	13.6	30.1	27.6	50.0	59.1	55.7	44.7	13.2	5.1	31.6	16.8
Change in arrears (+ increase)	20.5	-239.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-19.9	0.0
Debt relief 6/	0.0	255.9 7/	7.2	-4.1	-12.9	-21.2	-9.2	-3.1	-3.1	-3.1	-3.2	-4.8	-5.0	18.5	-4.5
Change in net foreign assets (- increase)	-23.2	-14.8	-57.0	-43.9	-27.5	-14.9	-14.6	-29.6	-31.4	-26.9	-28.3	-23.2	-13.7	-28.4	-19.3
Central bank	-23.2	-14.8	-57.0	-43.9	-27.5	-14.9	-14.6	-29.6	-31.4	-26.9	-28.3	-23.2	-13.7	-28.4	-19.3
Net Fund credit	-11.9	-15.8	-31.5	-32.0	-20.5	-7.9	-4.6	-13.1	-12.4	-12.3	-12.3	0.0	0.0	-15.8	-1.2
Disbursements	13.5	59.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.7	0.0
Repayments	-25.4	-75.6	-31.5	-32.0	-20.5	-7.9	-4.6	-13.1	-12.4	-12.3	-12.3	0.0	0.0	-22.5	-1.2
Gross reserves (- increase)	-11.3	1.1	-25.5	-11.9	-7.0	-7.0	-10.0	-16.5	-19.0	-14.5	-16.0	-23.2	-13.7	-12.5	-18.0
Financing gap	0.0	0.0	89.4	75.4	54.0	66.2	51.4	82.7	93.5	85.7	76.2	41.2	23.8	61.3	40.5
Possible sources of financing															
IMF	...	...	54.0	36.0	18.0	...	...	...	...	...	...	...	...	...	...
Possible HIPC assistance		0.0	35.4	39.4	34.6	60.4	45.4	48.5	47.4	46.9	44.5	33.9	22.1	40.2	30.6
Other	0.0	0.0	0.0	0.0	1.4 8/	5.9	6.0	34.2	46.2	38.8	31.7	7.4	1.8	14.9	9.9
Memorandum items:															
Current account balance (in percent of GDP)	-9.8	-22.4	-30.2	-19.9	-19.3	-20.1	-16.7	-15.5	-14.4	-13.1	-12.3	-9.9	-8.8	-17.6	-9.9
Excluding official transfers	-18.1	-29.0	-39.1	-30.9	-29.8	-31.7	-28.5	-26.6	-24.7	-23.0	-21.8	-16.9	-13.9	-27.6	-16.8
Gross official reserves	49.6	48.6	74.08	86.0	93.0	100.0	110.0	126.5	145.5	160.0	176.0	280.9	356.4	106.3	282.3
Gross official reserves (in months of imports)	1.7	1.3	1.9	2.0	2.0	2.1	2.2	2.5	2.7	2.9	3.1	4.0	4.2	2.2	3.9
Debt-service ratio, including the Fund 10/	47.9	-118.2	49.7	45.2	37.5	32.7	24.0	23.2	24.9	25.3	24.3	13.3	10.9	19.7	14.4
Debt-service ratio, excluding the Fund 10/	22.9	-180.7	24.6	26.8	27.7	29.2	22.2	18.3	20.6	21.3	20.5	13.3	10.9	4.9	14.1
Nominal GDP	634.0	736.5	798.0	864.7	933.8	1,002.9	1,065.5	1,143.7	1,229.4	1,321.4	1,406.8	1,923.9	2,631.2	1,012.4	2,017.4

Sources: Sierra Leonean authorities; and staff estimates and projections.

1/ Include unrecorded diamond exports estimated from partner-country data.
2/ Imports surge because of the resumption of investment in rutile mining and security-related operations by the UN and British troops.
3/ Official interest payments due, including Fund charges.
4/ Assumes that investment increases in rutile mining, financed by foreign loans and government onlending of an EU grant.
5/ Includes capital outflows associated with unrecorded diamond exports, change in trade credit, capital inflows to finance duty-free imports by the United Nations Assistance in Sierra Leone (UNAMSIL) and others, and errors and omissions.
6/ Naples flow rescheduling provided by the Paris Club in October 2001 and additional relief by other creditors.
7/ Including rescheduling of arrears $239.1 million.
8/ Currently unidentified financing. Same for the following years.
9/ In months of imports of total goods and services of subsequent year.
10/ After Naples flow rescheduling provided by the Paris Club in October 2001 and additional relief from other creditors.

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Table 9. Sierra Leone: Nominal and Net Present Value of External Debt Outstanding, End-December, 2000

	Nominal debt before rescheduling			NPV of debt before rescheduling			NPV of debt after rescheduling 1/		
	Millions of U.S. dollars	Percent of total	Percent of group	Millions of U.S. dollars	Percent of total	Percent of group	Millions of U.S. dollars	Percent of total 3/	Percent of group
Total	1,210.0	100.0	...	843 6	100.0	...	748.7	100.0	...
Multilateral institutions	728.1	60.2	100.0	413.9	49.1	100.0	413.9	55.3	100.0
African Development Fund	123.2	10.2	16.9	53.4	6.3	12.9	53.4	7.1	12.9
BADEA	11.3	0.9	1.5	8.0	1.0	1.9	8.0	1.1	1.9
European Commission	32.9	2.7	4.5	25.0	3.0	6 0	25.0	3.3	6.0
IFAD	20.4	1.7	2.8	9.8	1.2	2.4	9.8	1.3	2.4
IMF	173.6	14.3	23.8	153.7	18.2	37.1	153.7	20.5	37.1
World Bank	353.2	29.2	48.5	151.5	18.0	36.6	151.5	20.2	36.6
Islamic Development Bank	2.6	0.2	0.4	1.4	0.2	0.3	1.4	0.2	0.3
OPEC	11.0	0.9	1.5	11.0	1.3	2.7	11.0	1.5	2.7
Official bilateral creditors	396.2	32 7	..	344.1	40.8	...	284.9	38.1	...
Paris Club	323.9	26.8	100.0	283.4	33.6	100.0	234.0	31.3	100.0
Post-cutoff date	91.8	7.6	28.4	71 6	8.5	25.2	69.0	9.2	29.5
Pre-cutoff date	232.1	19.2	71.6	211.9	25.1	74.8	165.0	22.0	70.5
Of which: ODA	86.3	7.1	26.6	81.9	9.7	28.9	77.2	10.3	33.0
Non-ODA	145.8	12.0	45.0	130.0	15.4	45.9	87.9	11.7	37.5
Of which:									
Austria	0.4	0.0	0.1	0.2	0.0	0.1	0.2	0.0	0.1
Belgium	18.3	1.5	5.6	14.1	1.7	5.0	10.4	1.4	4.4
France	23.7	2.0	7.3	25.0	3.0	8.8	16.4	2.2	7.0
Germany	13.3	1.1	4.1	14.0	1.7	5.0	9.0	1.2	3.9
Italy	57.6	4.8	17.8	48.2	5.7	17.0	41.3	5.5	17.6
Japan	67.6	5.6	20.9	67.7	8.0	23.9	67.3	9.0	28.8
Netherlands	28.7	2.4	8.8	30.0	3.6	10.6	19.4	2.6	8.3
Norway	9.7	0.8	3 0	8.9	1.1	3.1	6.5	0.9	2.8
Switzerland	21.6	1.8	6.7	15.3	1.8	5.4	10.9	1.5	4.6
United Kingdom	5.6	0.5	1.7	3.9	0.5	1.4	2.7	0.4	1.2
United States	77.5	6.4	23.9	56.1	6.6	19.8	50.0	6.7	21.4
Non-Paris Club Official Bilateral	72.3	6.0	100.0	60.6	7.2	100.0	50.9	6.8	100.0
Post-cutoff date	46.1	3.8	63.8	38.9	4.6	64.2	38.4	5.1	75.6
Pre-cutoff date	12.1	1.0	16.8	12.1	1.4	20.0	12.4	1.7	24.4
Of which: ODA	12.1	1.0	16.8	12.1	1.4	20.0	2.9	0.4	5.6
Non-ODA	0.0	0.0	0.0	0.0	0.0	0.0	9.6	1.3	18.8
Of which:									
China	44.9	3.7	62.1	37.7	4.5	62.2	37.4	5.0	73.5
Kuwait	14.0	1.2	19.4	9.6	1.1	15.8	9.6	1.3	18.8
Morocco	12.1	1.0	16.8	12.1	1.4	20.0	2.9	0.4	5.6
Saudi Arabia	1.3	0.1	1.8	1.2	0.1	2.0	1.0	0.1	2.0
Commercial loans	85.6	7.1	...	85.6	10.2	...	49.8	6.7	...
United Kingdom	5.4	0.4	6.3	5.4	0.6	6.3	1.8	0.2	3.6
Other military and commercial	80.3	6.6	93.7	80.2	9.5	93.7	48.1	6.4	96.4

Sources: Sierra Leonean authorities; and staff estimates.

1/ After full use of traditional debt-relief mechanisms and comparable treatment by non-Paris Club official bilateral and commercial creditors at end-2000.

Table 10. Sierra Leone: HIPC Initiative Assistance Levels Under a Proportional Burden-Sharing Approach 1/
(in millions of U.S. dollars in end-December 2000 NPV terms; unless otherwise indicated) 2/

	Total	Multilaterals	Bilaterals	Commercial Banks	Common Reduction Factor 3/ (Percent)	Memo item: Required NPV debt reduction on comparable treatment on bilateral debt based on overall exposure 4/ (Percent)
NPV of debt-to-exports target (in percent)	150					
Debt relief under baseline scenario	600	332	228	40	80.2	
NPV of debt 5/ 6/	749	414	285	50		
Three-year export average	99					
NPV of debt-to-export ratio (percent) 7/	757					
Paris Club Creditors:	234					93.4
of which: pre-cut-off date non-ODA	88					137.9
Non-Paris Club creditors:	51					93.4
of which: pre-cut-off date non-ODA	0					...
Commercial creditors:	50					93.4

Sources: Sierra Leonean authorities; and staff estimates and projections.

1/ Assumes proportional burden-sharing as described in "HIPC Initiative: Estimated Costs and Burden-Sharing Approaches" (EBS/97/127; 7/7/97, and IDA/SEC M97-306;7/7/97), that is, after full application of traditional debt-relief mechanisms.

2/ Using six-month backward-looking discount rates at end-December 2000, and end-2000 exchange rates.

3/ Each creditor's NPV reduction in percent of its exposure at the decision point (after hypothetical Naples stock of debt operations at the end of the base year).

4/ Includes traditional debt relief, a hypothetical stock-of-debt operation on Naples terms with comparable treatment from non Paris Club creditors.

5/ After a hypothetical stock-of-debt operation on Naples terms at end-2000.

6/ Based on latest data available at the decision point after full application of traditional debt-relief mechanisms.

7/ Based on the three-year backward looking average of exports of goods and nonfactor services (e.g., 1998-2000).

Table 11. Sierra Leone: External Debt Indicators and Sensitivity Analysis, 2000–2020 1/
(in millions of US dollars; unless otherwise indicated)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2015	2020	Average 2000-2010	Average 2011-2020
Baseline scenario															
Nominal debt stock after traditional debt relief mechanisms	1,148.7	1,173.8	1,262.6	1,292.8	1,317.4	1,333.9	1,368.9	1,392.0	1,400.4	1,401.9	1,401.3	1,412.5	1,398.5	1,317.6	1,406.4
Multilateral	728.1	693.0	645.9	583.8	534.3	509.2	492.0	477.9	464.5	451.0	437.0	359.2	270.6	547.0	349.2
Official Bilateral	369.8	361.6	352.7	330.0	307.2	285.0	277.1	269.3	262.1	253.3	250.6	223.1	176.7	301.9	216.0
o/w Paris Club	297.5	293.8	290.1	277.4	264.3	251.2	247.0	242.6	238.0	233.1	229.7	206.7	164.4	260.4	200.1
o/w Post cutoff date	91.8	88.1	84.4	72.0	59.6	47.1	43.4	39.7	36.0	32.3	30.5	21.1	11.7	56.8	20.1
Commercial	50.8	50.3	50.3	39.4	28.4	17.4	17.4	17.4	17.3	17.1	16.8	13.9	7.1	29.3	12.8
New debt	0.0	68.8	213.7	339.5	447.4	522.4	582.4	627.4	656.6	678.6	697.0	816.3	944.1	439.4	828.4
Nominal debt before traditional debt relief (including new debt)	*1,210.0*	*1,229.7*	*1,312.7*	*1,361.4*	*1,404.3*	*1,439.0*	*1,466.8*	*1,482.3*	*1,482.6*	*1,475.5*	*1,466.5*	*1,439.4*	*1,444.3*	*1,393.7*	*1,442.2*
NPV of debt	748.7	747.5	775.7	754.8	734.9	723.9	741.6	758.3	765.5	766.3	765.2	777.7	779.7	752.9	775.2
Multilateral	433.9	396.4	366.0	319.5	283.7	270.7	265.2	262.0	259.8	257.7	254.9	232.1	192.4	293.6	230.0
Official Bilateral	284.9	281.4	276.9	258.9	240.3	221.8	217.0	212.0	207.5	203.1	200.8	185.0	150.6	232.0	182.4
o/w Paris Club	234.0	233.0	232.0	222.2	211.8	201.2	199.1	196.8	194.1	191.2	189.7	176.4	144.2	207.1	173.8
o/w Post cutoff date	69.0	67.3	65.6	55.3	44.8	34.0	31.5	28.9	26.2	23.4	22.4	16.6	9.9	39.9	16.5
o/w ODA	58.0	56.4	54.7	48.1	41.2	34.0	31.5	28.9	26.2	23.4	22.4	16.6	9.9	40.2	16.5
Commercial	49.8	49.4	49.3	38.6	27.9	17.2	17.2	17.1	17.0	16.8	16.5	13.6	6.9	26.7	13.1
New debt	0.0	20.4	83.3	137.8	183.0	214.1	242.2	267.2	281.2	288.7	293.1	346.8	429.7	201.1	349.1
NPV of debt before traditional debt relief (including new debt)	843.6	837.3	859.8	856.9	854.8	861.4	872.4	881.8	881.1	873.4	864.0	835.7	849.2	862.4	840.7
							(In percent of exports of goods and nonfactor services) 2/								
NPV of debt after enhanced HIPC relief 4/	852.8	773.9	626.6	553.3	141.8	130.2	128.5	132.9	132.7	129.9	126.8	113.0	106.9	339.0	113.5
o/w multilateral	418.4	368.1	251.4	206.9	19.5	13.3	11.8	15.1	18.4	21.4	24.2	25.6	24.8	124.4	25.7
NPV of debt after unconditional delivery of enhanced HIPC relief 5/	150.0	155.6	167.9	161.0	141.8	130.2	128.5	132.9	132.7	129.9	126.8	113.0	106.9	141.6	113.5
NPV of debt after assistance beyond HIPC 5/ 6/	117.2	133.4	153.9	150.0	134.9	125.7	124.4	129.1	129.2	126.7	123.8	111.0	105.6	131.7	111.4
Debt service after enhanced HIPC relief	--	77.2	20.8	21.3	19.8	5.2	4.9	4.6	8.2	10.1	10.8	5.7	5.4	18.3	6.4
o/w multilateral	--	75.8	5.4	3.7	3.4	3.0	2.5	2.1	1.9	1.8	1.7	1.2	0.8	10.1	1.1
							(in percent)								
NPV of debt-to-revenue ratio before traditional debt relief 7/	1,668.4	1,213.5	1,139.7	1,044.3	946.0	865.9	811.0	739.1	678.5	619.8	571.0	384.6	265.7	936.1	380.2
NPV of debt-to-revenue ratio after traditional debt relief 7/	1,032.3	737.7	673.5	579.0	495.0	435.6	410.0	378.1	350.3	321.9	298.0	207.8	143.5	519.2	203.8
NPV of debt-to-revenue after (unconditional) enhanced HIPC relief 5/ 7/	204.6	165.4	173.2	172.8	161.9	159.8	162.3	164.0	162.3	157.3	152.7	127.6	107.2	166.9	126.0
NPV of debt-to-GDP ratio before traditional debt relief	133.1	113.7	107.8	99.1	91.5	85.9	81.9	77.1	71.7	66.1	61.4	43.4	32.3	89.9	43.0
NPV of debt-to-GDP ratio after traditional debt relief	118.1	101.5	97.2	87.3	78.7	72.2	69.6	66.3	62.3	58.0	54.4	40.4	29.6	78.7	39.6
NPV of debt-to-GDP ratio after (unconditional) enhanced HIPC relief 5/	23.4	22.8	23.0	26.1	25.7	26.5	27.5	28.8	28.8	28.3	27.9	24.8	22.1	26.4	24.6
Grant element in total debt	34.8	36.3	38.6	41.6	44.2	45.7	45.8	45.5	45.3	45.3	45.4	44.9	44.2	42.6	44.9
Grant element in new debt	--	70.4	60.9	59.4	59.1	59.0	58.4	57.4	57.2	57.5	58.0	57.5	54.5	59.7	57.0
Alternative scenario - lower overall exports growth															
NPV of debt after traditional debt-relief mechanisms	748.7	747.5	775.7	761.6	745.8	735.8	754.1	771.4	779.2	781.4	782.6	813.0	821.5	762.2	809.3
							(In percent of exports of goods and nonfactor services) 2/								
NPV of debt after traditional debt relief 3/	756.8	694.0	653.2	597.9	500.2	408.9	347.4	318.3	298.5	283.6	270.3	217.2	166.9	466.3	211.8
Debt service after traditional debt relief		44.8	49.9	49.9	26.6	15.5	7.1	5.9	6.3	6.3	5.9	3.3	2.4	21.8	3.5
NPV of debt after enhanced HIPC relief 4/	852.8	773.9	626.6	613.3	168.5	154.2	141.0	141.1	141.1	141.4	141.4	137.1	126.8	354.1	135.1
NPV of debt after unconditional delivery of enhanced HIPC relief 5/	150.0	155.6	167.9	182.2	168.5	154.2	141.0	141.1	141.1	141.4	141.4	137.1	126.8	153.1	135.1
NPV of debt after assistance beyond HIPC 5/ 6/	117.2	133.4	153.9	170.2	160.7	149.0	136.7	137.3	137.6	138.0	138.2	134.7	125.4	142.9	132.8
Debt service after enhanced HIPC relief		77.2	21.0	27.4	22.4	5.6	5.0	4.8	8.7	10.9	11.8	6.8	6.2	19.5	7.5
							(in percent)								
NPV of debt-to-revenue ratio 7/	1,032.3	816.6	757.6	654.6	556.8	478.4	428.8	400.5	369.4	338.4	309.7	203.4	133.1	538.5	201.2
NPV of debt-to-GDP ratio	118.1	100.2	96.2	86.7	79.1	72.7	69.4	65.8	61.6	57.2	53.1	37.7	26.0	78.2	36.8
Grant element in new debt		70.4	60.9	60.5	60.3	60.0	58.9	57.7	57.3	57.6	58.1	57.9	54.1	60.2	57.2
Alternative scenario - less concessional new borrowing															
NPV of debt after traditional debt-relief mechanisms	748.7	764.7	780.0	755.1	741.2	743.0	769.3	790.2	810.6	831.7	854.9	942.0	948.7	780.8	932.8
							(In percent of exports of goods and nonfactor services) 2/								
NPV of debt after traditional debt relief 3/	756.8	710.0	656.7	539.5	437.2	364.4	336.8	319.2	303.3	288.6	276.4	222.9	174.0	453.5	219.0
Debt service after traditional debt relief		46.5	53.7	43.3	28.4	20.2	12.8	11.5	11.8	11.7	11.2	10.7	10.3	25.1	10.6
NPV of debt after enhanced HIPC relief 4/	852.8	789.8	630.2	553.5	145.5	139.6	140.6	145.7	149.6	152.6	155.8	151.9	137.9	350.5	150.1
NPV of debt after unconditional delivery of enhanced HIPC relief 5/	150.0	171.6	171.5	161.2	145.5	139.6	140.6	145.7	149.6	152.6	155.8	151.9	137.9	153.1	150.1
NPV of debt after assistance beyond HIPC 5/ 6/	117.2	149.4	157.4	150.2	138.6	135.1	136.5	142.0	146.1	149.4	152.8	149.8	136.6	143.2	148.0
Debt service after enhanced HIPC relief	--	80.8	25.7	25.9	24.3	9.9	9.6	9.3	9.1	9.0	8.9	11.0	9.8	21.2	10.0
							(in percent)								
NPV of debt-to-revenue ratio 7/	1,032.3	754.6	677.2	579.2	499.3	447.1	425.3	394.0	370.9	349.4	332.9	251.7	174.5	532.9	244.5
NPV of debt-to-GDP ratio	118.1	103.8	97.7	87.3	79.4	74.1	72.2	69.1	65.9	62.9	60.8	49.0	36.1	81.0	47.3
Grant element in new debt	--	45.4	45.1	44.7	44.2	43.7	43.1	42.4	41.7	40.9	40.1	37.1	35.4	43.1	37.1

Sources: Sierra Leonean authorities; and staff estimates and projections

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt and are defined after rescheduling, unless otherwise indicated.

2/ As defined in IMF Balance of Payments Manual, 5th edition, 1993. Based on a three-year average of exports on the previous year (e.g. export average over 1998-2000 for NPV of debt-to-exports ratio in 2000).

3/ Assumes a stock of debt operation on Naples terms in end-2000 with comparable treatment from non-Paris Club bilateral creditors.

4/ The NPV of debt for 2002, 2003 and 2004 shows only the effect of interim assistance. The resulting NPV is therefore higher than that for traditional debt relief, which assumes a stock-of-debt operation on Naples terms.

5/ Entire assistance assumed to be delivered unconditionally at end-December 2000. The NPV of Total debt-to-exports after unconditional HIPC relief remains above the 150 percent threshold in 2001-03 because of high new borrowings over that period to finance the economic reconstruction program; exacerbated by slow three-year moving average of exports.

6/ Reflects assistance committed beyond Enhanced HIPC by some Paris Club creditors on a bilateral basis.

7/ Revenues are defined as central government revenues, excluding grants.

Table 12. Sierra Leone: Net Present Value of External Debt After Rescheduling, 2000–2020
(in millions of US dollars)

After traditional debt relief 1/	2000 Actual	2001	2002	2003	2004	2005	2006 Projected	2007	2008	2009	2010	2015	2020	2000-2010 Average	2011-2020 Average
NPV of total debt 2/	748.7	747.5	775.7	754.8	734.9	723.9	741.6	758.3	765.5	766.3	765.2	777.7	779.7	752.9	775.2
NPV of old debt	748.7	727.1	692.2	617.0	551.9	509.8	499.4	491.1	484.3	477.6	472.2	430.8	350.0	570.1	418.0
Official bilateral and commercial	334.7	330.7	326.2	297.5	268.2	239.0	234.2	229.1	224.5	219.9	217.3	198.7	157.5	265.6	191.8
Paris Club	234.0	233.0	232.0	222.2	211.8	201.2	199.1	196.8	194.1	191.2	189.7	176.4	144.2	209.6	170.8
Other official bilateral	50.9	48.4	44.9	36.7	28.5	20.6	17.9	15.2	13.3	11.9	11.1	8.7	6.4	27.2	8.4
Commercial	49.8	49.4	49.3	38.6	27.9	17.2	17.2	17.1	17.0	16.8	16.5	13.6	6.9	28.8	12.5
Multilateral	413.9	396.4	366.0	319.5	283.7	270.7	265.2	262.0	259.8	257.7	254.9	232.1	192.4	304.5	226.3
o/w IMF	153.7	132.2	98.8	51.5	16.5	4.9	1.2	0.0	0.0	0.0	0.0	0.0	0.0	41.7	0.0
o/w World Bank	151.5	156.0	160.1	162.6	163.6	164.2	164.4	164.6	164.8	165.0	164.8	151.9	0.0	162.0	135.0
o/w AfDB/AfDF	53.4	54.2	54.4	54.3	54.1	53.9	53.7	53.5	53.4	53.2	53.1	48.3	0.0	53.7	43.3
Others	55.3	53.9	52.7	51.1	49.5	47.8	45.9	43.9	41.7	39.4	37.0	31.9	192.4	47.1	48.0
NPV of new debt	0.0	20.4	83.5	137.8	183.0	214.1	242.2	267.2	281.2	288.7	293.1	346.8	429.7	182.8	357.1
Memorandum items:															
Exports of goods and services 3/	110.0	120.9	125.4	173.6	209.6	228.6	247.2	267.0	287.7	310.0	330.2	444.3	574.2	219.1	458.9
Three-year export average 4/	98.9	107.7	118.8	140.0	169.5	203.9	228.4	247.6	267.3	288.2	309.3	422.7	545.1	198.1	434.8
Central government revenue 5/	72.5	101.3	115.2	130.4	148.5	166.2	180.9	200.6	218.5	238.1	256.8	374.3	543.5	166.3	397.4
NPV of debt-to-exports ratio (percent) 6/	756.8	694.0	653.2	539.3	433.5	355.0	324.6	306.3	286.4	265.9	247.4	184.0	143.0	442.0	182.4
NPV of debt-to-revenue ratio (percent)	1032.3	737.7	673.5	579.0	495.0	435.6	410.0	378.1	350.3	321.9	298.0	207.8	143.5	519.2	203.8
After enhanced HIPC assistance 7/															
NPV of total debt 2/	843.6	833.5	744.2	774.4	240.3	265.5	293.5	328.9	354.6	374.5	392.0	477.8	582.6	495.0	490.2
NPV of old debt	843.6	813.2	660.7	636.5	57.3	51.4	51.3	61.7	73.5	85.8	99.0	131.0	152.9	312.2	133.1
Official bilateral and commercial	429.7	416.8	362.1	347.0	24.3	24.3	24.3	24.2	24.2	24.2	24.2	22.7	17.8 #	156.8	21.8
Paris Club	283.4	268.9	263.5	257.7	14.2	14.2	14.2	14.2	14.2	14.1	14.1	13.3	10.4	106.6	12.8
Other official bilateral	60.6	62.5	48.9	45.4	7.0	7.0	7.0	7.0	7.0	7.0	7.0	6.6	5.1	24.2	6.3
Commercial	85.6	85.3	49.6	43.9	3.1	3.1	3.1	3.1	3.1	3.1	3.1	2.9	2.3	26.0	2.8
Multilateral	413.9	396.4	298.6	289.5	33.0	27.2	27.0	37.5	49.2	61.5	74.8	108.2	135.1	155.3	111.2
NPV of new debt	0.0	20.4	83.5	137.8	183.0	214.1	242.2	267.2	281.2	288.7	293.1	346.8	429.7	182.8	357.1
Memorandum items:															
Exports of goods and services 3/	110.0	120.9	125.4	173.6	209.6	228.6	247.2	267.0	287.7	310.0	330.2	444.3	574.2	219.1	458.9
Three-year export average 4/	98.9	107.7	118.8	140.0	169.5	203.9	228.4	247.6	267.3	288.2	309.3	422.7	545.1	198.1	434.8
Central government revenue 5/	72.5	101.3	115.2	130.4	148.5	166.2	180.9	200.6	218.5	238.1	256.8	374.3	543.5	166.3	397.4
Old Debt															
NPV of debt-to-exports ratio (percent) 6/	852.8	755.0	556.3	454.8	33.8	25.2	22.5	24.9	27.5	29.8	32.0	31.0	28.0	255.9	30.9
NPV of debt-to-revenue ratio (percent)	1163.3	802.4	573.6	488.3	38.6	31.0	28.4	30.8	33.6	36.0	38.5	35.0	28.1	296.8	34.4
Total Debt															
NPV of debt-to-exports ratio (percent) 6/	852.8	773.9	626.6	553.3	141.8	130.2	128.5	132.9	132.7	129.9	126.8	113.0	106.9	339.0	113.5
NPV of debt-to-revenue ratio (percent)	1163.3	822.6	646.1	594.0	161.9	159.8	162.3	164.0	162.3	157.3	152.7	127.6	107.2	395.1	126.0
Beyond Enhanced HIPC 8/															
NPV of debt-to-exports ratio (percent) 6/	852.8	773.9	573.3	514.7	134.9	125.7	124.4	129.1	129.2	126.7	123.8	111.0	105.6	328.1	111.4
NPV of debt-to-revenue ratio (percent)	1163.3	822.6	591.2	552.6	154.1	154.2	157.1	159.4	158.0	153.4	149.0	125.3	105.9	383.2	123.7
After unconditional delivery of enhanced HIPC assistance 9/															
NPV of total debt 2/	148.4	167.6	199.4	225.3	240.3	265.5	293.5	328.9	354.6	374.5	392.0	477.8	582.6	271.8	490.2
NPV of old debt	148.4	147.2	115.9	87.5	57.3	51.4	51.3	61.7	73.5	85.8	99.0	131.0	152.9	89.0	133.1
Official bilateral and commercial	66.3	59.8	39.8	34.1	24.3	24.3	24.3	24.2	24.2	24.2	24.2	22.7	17.8	33.6	21.8
Paris Club	46.4	38.4	27.0	22.6	14.2	14.2	14.2	14.2	14.2	14.1	14.1	13.3	10.4	21.2	12.8
Other official bilateral	10.1	10.9	7.1	7.1	7.0	7.0	7.0	7.0	7.0	7.0	7.0	6.6	5.1	7.6	6.3
Commercial	9.9	10.5	5.7	4.4	3.1	3.1	3.1	3.1	3.1	3.1	3.1	2.9	2.3	4.7	2.8
Multilateral	82.0	87.5	76.1	53.4	33.0	27.2	27.0	37.5	49.2	61.5	74.8	108.2	135.1	55.4	111.2
NPV of new debt	0.0	20.4	83.5	137.8	183.0	214.1	242.2	267.2	281.2	288.7	293.1	346.8	429.7	182.8	357.1
Memorandum items:															
Old Debt															
NPV of debt-to-exports ratio (percent) 6/	150.0	136.7	97.6	62.5	33.8	25.2	22.5	24.9	27.5	29.8	32.0	31.0	28.0	58.4	30.9
NPV of debt-to-revenue ratio (percent)	204.6	145.3	100.6	67.1	38.6	31.0	28.4	30.8	33.6	36.0	38.5	35.0	28.1	68.6	34.4
Total Debt															
NPV of debt-to-exports ratio (percent) 6/	150.0	155.6	167.9	161.0	141.8	130.2	128.5	132.9	132.7	129.9	126.8	113.0	106.9	141.6	113.5
NPV of debt-to-revenue ratio (percent)	204.6	165.4	173.2	172.8	161.9	159.8	162.3	164.0	162.3	157.3	152.7	127.6	107.2	166.9	126.0
Beyond Enhanced HIPC 8/															
NPV of debt-to-exports ratio (percent) 6/	117.2	133.4	153.9	150.0	134.9	125.7	124.4	129.1	129.2	126.7	123.8	111.0	105.6	131.7	111.4
NPV of debt-to-revenue ratio (percent)	159.9	141.8	158.6	161.1	154.1	154.2	157.1	159.4	158.0	153.4	149.0	125.3	105.9	155.2	123.7

Sources: Sierra Leonean authorities; and staff estimates and projections.

1/ Assumes a stock of debt operation on Naples terms in end-2000 with comparable treatment from non-Paris Club bilateral creditors.
2/ Discounted on the basis of a six-month average of Commercial Interest Reference Rate (CIRR) for July-December 2000. The conversion of currency-specific NPVs into U.S. dollars occurs for all years at the base date exchange rate (end-December 2000).
3/ As defined in IMF Balance of Payments Manual, 5th edition, 1993.
4/ Backward-looking average (*e.g.* average over 1998–2000 for exports in 2000).
5/ Converted into U.S. dollars at the end-December 2000 exchange rate.
6/ NPV of debt in percent of three-year average of exports of goods and services. The NPV of Total debt-to-exports after unconditional HIPC relief remains above the 150 percent threshold in 2001-03 because of high new borrowings over that period to finance the economic reconstruction program; exacerbated by slow three-year moving average of exports.
7/ The NPV of debt for 2002-04 shows only the effect of interim assistance. The resulting NPV is therefore higher than that for traditional debt relief, which assumes a stock-of-debt operation on Naples terms.
8/ Reflects assistance committed beyond Enhanced HIPC by some Paris Club creditors on a bilateral basis.
9/ Entire assistance assumed to be delivered unconditionally at end-December 2000 .

Table 13. Sierra Leone: Debt Service Payments on Public and Publicly Guaranteed External Debt, 2001-2021
(in millions of U.S. dollars; unless otherwise indicated)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2015	2020	Average 2001-2010	Average 2011-2020
Before debt relief														
Debt service on outstanding debt	114.3	68.9	72.8	63.4	51.1	48.5	58.5	68.6	76.1	78.2	56.9	51.3	70.0	57.2
Principal	98.0	54.4	58.0	48.3	35.9	33.1	42.9	42.2	42.5	41.1	33.4	24.4	49.6	30.3
Multilateral	84.0 1/	39.7	42.9	32.9	20.7	18.1	27.4	26.8	26.8	27.7	19.2	21.0	34.7	20.0
o/w IMF	77.2 1/	31.6	32.3	20.5	7.4	4.0	12.9	12.2	12.2	12.2	0.0	0.0	22.2	1.2
o/w World Bank	2.3	3.0	5.1	6.7	7.6	8.3	8.7	8.7	8.7	9.6	14.3	16.0	6.9	13.8
o/w AfDB/AfDF	1.5	2.1	2.4	2.5	2.5	2.5	2.5	2.5	2.5	2.5	3.6	3.6	2.4	3.5
Others	3.1	3.0	3.2	3.2	3.2	3.3	3.3	3.4	3.4	3.4	1.3	1.3	3.2	1.5
Official bilateral	13.1	14.3	14.6	15.0	15.0	15.0	15.5	15.4	15.6	13.4	14.2	3.4	14.7	10.3
Paris Club	8.7	9.1	9.5	10.1	10.6	11.3	12.0	12.8	13.7	12.1	13.5	2.7	11.0	9.5
Other official bilateral	4.5	5.3	5.1	4.9	4.4	3.7	3.4	2.6	1.9	1.3	0.7	0.7	3.7	0.8
Commercial	0.9	0.4	0.4	0.4	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
Interest	15.8	13.1	12.7	12.2	11.7	11.2	10.7	10.1	9.5	8.9	5.3	2.9	11.6	5.1
Multilateral	7.7	5.2	5.1	4.9	4.7	4.6	4.4	4.3	4.1	3.9	3.1	2.4	4.9	3.0
o/w IMF	3.5	0.7	0.6	0.4	0.4	0.3	0.3	0.2	0.2	0.1	0.0	0.0	0.7	0.0
o/w World Bank	2.8	3.1	3.1	3.1	3.1	3.0	2.9	2.9	2.8	2.7	2.3	1.7	3.0	2.2
o/w AfDB/AfDF	0.8	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.6	0.5	0.8	0.6
Others	0.6	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.3	0.3	0.2	0.1	0.4	0.2
Official bilateral	8.0	7.8	7.5	7.3	7.0	6.7	6.3	5.9	5.4	5.0	2.1	0.5	6.7	2.1
Paris Club	7.7	7.5	7.3	7.0	6.8	6.4	6.1	5.7	5.3	4.8	2.0	0.5	6.5	2.0
Other official bilateral	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.0	0.2	0.1
Commercial	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New borrowing	0.5	1.3	2.1	2.9	3.5	4.2	4.9	16.3	24.1	28.3	18.2	24.0	8.8	21.8
After traditional debt relief mechanisms 2/	114.1	68.4	96.3	85.4	71.5	43.2	52.9	62.7	69.9	72.5	53.8	63.7	73.7	58.9
Principal	92.6	48.7	76.5	66.6	53.9	26.0	35.3	44.8	51.7	54.0	34.1	49.0	55.0	42.6
Multilateral	84.0 1/	39.7	42.9	32.9	20.7	18.1	27.4	26.8	26.8	27.7	19.2	21.0	34.7	20.0
o/w IMF	77.2 1/	31.6	32.3	20.5	7.4	4.0	12.9	12.2	12.2	12.2	0.0	0.0	22.2	1.2
o/w World Bank	2.3	3.0	5.1	6.7	7.6	8.3	8.7	8.7	8.7	9.6	14.3	16.0	6.9	13.8
o/w AfDB/AfDF	1.5	2.1	2.4	2.5	2.5	2.5	2.5	2.5	2.5	2.5	3.6	3.6	2.4	3.5
Others	3.1	3.0	3.2	3.2	3.2	3.3	3.3	3.4	3.4	3.4	1.3	1.3	3.2	1.5
Official bilateral	8.2	9.0	22.6	22.8	22.3	7.9	7.8	7.2	6.8	4.7	6.3	11.2	11.9	7.4
Commercial	0.5	0.0	11.0	11.0	11.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.3	0.0
New borrowing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.8	18.0	21.6	8.6	16.9	5.0	15.2
Interest	21.5	19.8	19.7	18.7	17.6	17.2	17.6	17.9	18.2	18.5	19.7	14.7	18.7	16.3
Multilateral	7.7	5.2	5.1	4.9	4.7	4.6	4.4	4.3	4.1	3.9	3.1	2.4	4.9	3.0
o/w IMF	3.5	0.7	0.6	0.4	0.4	0.3	0.3	0.2	0.2	0.1	0.0	0.0	0.7	0.0
o/w World Bank	2.8	3.1	3.1	3.1	3.1	3.0	2.9	2.9	2.8	2.7	2.3	1.7	3.0	2.2
o/w AfDB/AfDF	0.8	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.6	0.5	0.8	0.6
Others	0.6	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.3	0.3	0.2	0.1	0.4	0.2
Official bilateral	11.0	10.9	10.5	9.7	8.9	8.4	8.3	8.2	8.1	7.9	7.0	5.1	9.2	6.7
Commercial	2.4	2.4	2.0	1.2	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.0
New borrowing	0.5	1.3	2.1	2.9	3.5	4.2	4.9	5.5	6.1	6.7	9.6	7.1	3.8	6.6
After enhanced HIPC assistance 3/	93.3 1/	24.8	35.5	40.5	11.5	11.8	11.6	22.9	30.8	35.1	25.4	31.0	31.8	28.6
Principal	84.7 1/	11.9	22.7	28.0	4.7	4.3	3.5	14.3	21.6	25.4	13.6	22.1	22.1	19.8
Multilateral	84.0 1/	2.9	3.2	4.6	4.7	4.3	3.5	3.5	3.7	3.8	4.5	3.9	11.8	4.0
Official bilateral	0.3	9.0	14.1	17.9	0.0	0.0	0.0	0.0	0.0	0.0	0.4	1.2	4.1	0.5
o/w: Paris Club	0.3	3.7	8.9	13.3	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.8	2.6	0.4
Commercial	0.5	0.0	5.5	5.5	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	1.1	0.1
New borrowing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.8	18.0	21.6	8.6	16.9	5.0	15.2
Interest	8.6	12.9	12.9	12.5	6.8	7.5	8.1	8.6	9.1	9.7	11.8	8.9	9.7	8.8
Multilateral	7.7	2.5	1.9	1.7	1.6	1.6	1.5	1.5	1.4	1.3	0.6	0.5	2.3	0.7
Official bilateral	0.4	5.5	5.5	4.9	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.1	2.5	1.3
o/w: Paris Club	0.1	3.9	3.9	3.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.8	1.7	0.9
Commercial	0.0	3.6	3.4	3.0	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	1.1	0.2
New borrowing	0.5	1.3	2.1	2.9	3.5	4.2	4.9	5.5	6.1	6.7	9.6	7.1	3.8	6.6
Memorandum items:														
Exports	120.9	125.4	173.6	209.6	228.6	247.2	267.0	287.7	310.0	330.2	444.3	574.2	230.0	458.9
Debt-service ratio before HIPC relief (percent)	94.4	54.6	55.4	40.7	31.3	17.5	19.8	21.8	22.5	22.0	12.1	11.1	38.0	13.2
Debt-service ratio after HIPC relief (percent)	77.2	19.7	20.5	19.3	5.0	4.8	4.4	8.0	9.9	10.6	5.7	5.4	17.9	6.4

Source: Sierra Leonean authorities and staff estimates and projections.

1/ Includes repurchase of Post Conflict Assistance.

2/ A stock-of-debt operation under Naples terms is simulated at end-December, 2000.

3/ Completion point is assumed to be reached in December 2004.

Table 14 Sierra Leone: Debt Service Paid and Debt Service Due, 1997-2020
(In millions of U.S. dollars, unless otherwise indicated)

	1997	1998	1999	2000	2001	2002	2003	Average						
								Before debt relief			After traditional debt relief		After enhanced HIPC Initiative	
								1997-2001	2000-2010	2011-2020	2000-2010	2011-2020	2000-2010	2011-2020
Debt service due (commitment basis) 1/	34.5	45.2	53.9	52.7	114.3	69.4	73.4	60.1	68.9	57.9	72.2	58.9	34.3	28.6
Debt service paid (cash basis) 1/	11.2	8.9	36.5	32.2	89.8	69.4	73.4	35.7	64.8	57.9	70.4	58.9	32.4	28.6
Debt service due-to export ratio	30.8	47.8	58.4	47.9	94.5	55.4	42.3	56.7	31.5	12.6	33.0	12.8	15.6	6.2
Debt service due-to-revenue ratio	74.7	91.5	114.3	72.7	112.8	60.3	56.3	95.0	41.5	14.6	43.4	14.8	20.6	7.2
Debt service due -to-GDP ratio	4.1	6.7	8.1	8.3	15.5	8.7	8.5	8.5	6.8	2.9	7.1	2.9	3.4	1.4
Memorandum Items.														
Exports of goods and services	112	95	92	110	121	125	174	106	219	459	219	459	219	459
Government revenues 2/	46	49	47	73	101	115	130	63	166	397	166	397	166	397
Gross domestic product	850	672	664	634	736	798	865	711	1,012	2,017	1,012	2,017	1,012	2,017

Source: Sierra Leonean authorities and staff estimates and projections.
1/ Before relief; including the Fund.
2/ Excluding grants.

Table 15. Sierra Leone: Discount Rate and Exchange Rate Assumptions

	Discount Rates 1/ (in percent)	Exchange Rates 2/ (currency per U.S. dollar)
Currency		
United States Dollar	7.19	1.00
Special Drawing Rights	6.09	0.77
CFA Franc	6.25	704.95
Austrian Schillings	6.25	14.79
Belgian Franc	6.25	43.35
AfDF/B Unit of acct	6.09	0.77
Canadian Dollar	7.00	1.50
Swiss Franc	5.33	1.64
Chinese Yuan	6.09	8.28
Danish Kroner	6.73	8.02
Deutsche Mark	6.25	2.10
Euro	6.25	1.07
French Franc	6.25	7.05
Great Britain Sterling	6.73	0.67
Irish Punt	6.25	0.85
Italian Lira	6.25	2,080.89
Japanese Yen	2.03	114.90
Kuwaiti Dinar	6.09	0.31
Luxembourg Franc	6.25	43.35
Netherland Guilders	6.25	2.37
Norwegian Kroner	8.02	8.85
Saudi Arabia Ryal	6.09	3.75
Swedish Kroner	6.20	9.54
Memorandum item:		
Paris Club cutoff date is July 1, 1983		

Source: European Central Bank; IMF, International Financial Statistics; OECD; and staff estimates.

1/ Average Commercial Interest Reference Rates for respective currencies over the six-month period prior to end-December 2000 (i.e., the end of the period for which actual debt and export data are available).
2/ End-of-period exchange rates as of end-December, 2000.

Table 16. Sierra Leone: Possible Delivery of IDA Assistance Under the Enhanced HIPC Initiative, 2001-2022 1/

(In millions of U.S. dollars, unless otherwise indicated)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt service before HIPC Assistance	5.1	6.1	8.2	9.8	10.7	11.3	11.7	11.6	11.5	12.3	12.6	13.2	15.0	16.1	16.6	17.2	17.4	17.2	17.1	17.8	17.9	17.8
of which principal	2.3	3.0	5.1	6.7	7.6	8.3	8.7	8.7	8.7	9.6	10.0	10.6	12.5	13.7	14.3	15.0	15.3	15.3	15.3	16.0	16.3	16.3
of which interest	2.8	3.1	3.1	3.1	3.1	3.0	2.9	2.9	2.8	2.7	2.7	2.6	2.5	2.4	2.3	2.2	2.1	2.0	1.9	1.7	1.6	1.5
Debt Service after HIPC Assistance	5.1	1.9	1.3	1.6	1.7	1.8	1.8	1.8	1.8	1.9	2.0	2.1	2.4	2.5	2.6	2.7	2.7	2.7	2.7	2.8	2.8	14.8
of which principal	2.3	1.0	0.8	1.1	1.2	1.3	1.4	1.4	1.4	1.5	1.6	1.7	2.0	2.2	2.3	2.4	2.4	2.4	2.4	2.5	2.6	13.5
of which interest	2.8	1.0	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	1.2
Savings on debt service to IDA 2/	0.0	4.1	6.9	8.3	9.0	9.5	9.8	9.8	9.7	10.4	10.6	11.1	12.6	13.5	14.0	14.4	14.6	14.5	14.4	15.0	15.1	3.0
of which principal	0.0	2.0	4.3	5.7	6.4	7.0	7.3	7.3	7.3	8.1	8.4	8.9	10.5	11.5	12.0	12.6	12.9	12.9	12.9	13.5	13.7	2.7
of which interest	0.0	2.1	2.6	2.6	2.6	2.5	2.5	2.4	2.4	2.3	2.2	2.2	2.1	2.0	1.9	1.8	1.8	1.7	1.6	1.5	1.4	0.3
Savings as percent of debt service to IDA	0	68 3/	84	84	84	84	84	84	84	84	84	84	84	84	84	84	84	84	84	84	84	17 4/

Source: Staff estimates.

1/ Enhanced HIPC assistance proposed to be delivered over 20 years through 84 percent relief on the debt service falling due to IDA on credits outstanding at end-2000.
2/ Total debt service reduction of US$230.4 in nominal terms corresponding to US$121.5 millionin NPV terms, using end-2000 discount and exchange rates.
3/ For 2001, the 68% debt-service reduction applies only to the remaining debt service due to IDA between April 1-December 31,2001.
4/ For 2022, the 17% debt-service reduction applies only to the debt service due to IDA between January 1-March 31,2022.

Table 17. Sierra Leone: Possible Delivery of IMF Assistance under the HIPC Initiative 1/

(In millions of US dollars, unless otherwise indicated)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
(Based on the US$/SDR exchange rate as of January 22, 2002)										
Delivery schedule of IMF assistance (in percent of total assistance)	24	24	15	3	1	6	5	5	8	9
Debt Service due on IMF obligations 2/	31.5	32.0	20.5	7.9	4.6	13.1	12.4	12.3	12.3	12.3
Principal	30.3	31.0	19.7	7.1	3.8	12.3	11.7	11.7	11.7	11.7
Interest	1.2	1.0	0.9	0.8	0.8	0.7	0.7	0.6	0.6	0.6
IMF assistance--deposits into Sierra Leone's account										
Interim assistance 3/	29.6	29.6	18.47							
Completion point assistance			45.6 /4							
IMF assistance--drawdown schedule 5/	29.6	30.2	19.0	6.4	3.7	12.3	11.7	11.5	11.5	11.7
IMF assistance without interest	29.6	29.6	18.5	3.3	1.4	7.0	6.5	6.5	10.2	10.6
Estimated interest earnings	0.0	0.6	0.6	3.1	2.3	5.2	5.1	5.0	1.3	1.1
Debt service due on current IMF obligations after IMF assistance 5/	1.9	1.8	1.5	1.5	0.9	0.8	0.7	0.8	0.8	0.6
Share of debt service due on IMF obligations covered by IMF assistance (in percent) 5/	93.9	94.4	92.7	81.4	80.3	93.6	94.2	93.2	93.6	94 9
Proportion (in percent) of each principal repayment falling due during the period to be paid by IMF assistance from the principal deposited in Sierra Leone's account	97.5	95.6	93.9	47.0	35.6	56.9	55.8	55.8	87.4	90.5
Memorandum items:										
(Based on debt service data and exchange rates as of end-2000)										
Total debt service due 6/ 7/	68.4	96.3	85.4	71.5	43.2	52.9	62.7	69.9	72.5	70.7
Debt service due on IMF obligations 7/	32.3	32.8	20.9	7.7	4.3	13.1	12.4	12.4	12.3	12.2
Debt service due on current IMF obligations after IMF assistance 5/	2.7	2.6	1 9	1.3	0.6	0.9	0.7	0.9	0.8	0.6
(in percent of exports)	2.2	1.5	0.9	0.6	0.2	0.3	0.3	0.3	0.2	0.2
Share of total debt service covered by IMF assistance (in percent) 5/	47.2	34.1	24.5	10.8	9.9	24.8	19.8	17.7	17.0	17.3

Source: Sierra Leone authorities; and Fund staff estimates.

1/ Total IMF assistance under the enhanced HIPC Initiative is US$ 123.27 million calculated on the basis of data available at the decision point, excluding interest earned on Sierra Leone's account and on committed but undisbursed amounts as described in footnotes 4 and 5.

2/ Forthcoming obligations estimated based on rates and principal schedules in effect as of end-December 2001. Interest obligations include net SDR charges and assessments.

3/ The first delivery of interim assistance will be deposited into Sierra Leone's account at the expected decision point in March 2002 to cover obligations falling due to the Fund in the next twelve- month period.

4/ Remaining amount of assistance assumed to be disbursed into Sierra Leone's account at the completion point in December 2004, which is reflected in the calculation of interest.

5/ Includes estimated interest earnings on: (1) amounts held in Sierra Leone's account; and (2), up to the completion point, amounts committed but not yet disbursed. It is assumed that these amounts earn a rate of return of 5.25 percent in U.S. dollar terms; actual interest earnings may be higher or lower. Interest accrued on (1) during a calendar year will be used toward the first repayment obligation(s) falling due in the following calendar year except in the final year, when it will be used toward payment of the final obligation(s) falling due in that year. Interest accrued on (2) during the interim period will be used toward the repayment of obligations falling due during the three years after the completion point.

6/ After traditional debt relief mechanisms.

7/ Excludes charges in the SDR department of the IMF and includes 2001 PRGF disbursement

Table 18. Sierra Leone: Possible Delivery of Multilateral Assistance Under the Enhanced HIPC Initiative [1/]
(In millions of U.S. dollars, unless otherwise indicated)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2015	2021	2001-2010 Averages	2011-2021 Averages
Assistance under enhanced HIPC from multilateral creditors														
AfDF	0.0	2.4	2.7	2.7	2.7	2.7	2.7	2.7	2.6	2.6	3.4	3.3	2.4	3.3
BADEA	0.0	0.0	0.0	0.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.0	0.6	0.4
EC 2/	0.0	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	0.7	0.6	1.6	0.8
IDA	0.0	4.1	6.9	8.3	9.0	9.5	9.8	9.8	9.7	10.4	14.0	15.1	7.7	13.6
IFAD	0.0	0.0	0.0	0.0	1.6	1.6	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.7
IMF	0.0	29.6	30.2	19.0	6.4	3.7	12.3	11.7	11.5	11.5	0.0	0.0	13.6	1.1
IDB	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
OPEC Fund 2/	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	0.0
Total	0.0	37.9	41.6	31.8	22.5	20.3	28.3	27.6	27.4	28.0	19.8	19.8	26.5	20.0
Share of debt service covered by the assistance under the enhanced HIPC Initiative (in percent)														
AfDF		80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0
BADEA		0.0	0.0	0.0	100.0	100.0	100.0	100.0	100.0	100.0	0.0	0.0	66.7	0.0
EC 2/		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
IDA		67.8	84.2	84.2	84.2	84.2	84.2	84.2	84.2	84.2	84.2	84.2	82.4	84.2
IFAD		0.0	0.0	0.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	66.7	100.0
IMF		97.5	95.6	93.9	47.0	35.6	56.9	55.8	55.8	87.4	0.0	0.0	69.5	8.2
IDB		0.0	0.0	0.0	70.8	70.8	70.8	70.8	70.8	70.8	70.8	70.8	47.2	70.8
OPEC Fund 2/		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

Sources: Bank/Fund staff estimates and projections.

1/ Debt service projected based on the stock of debt disbursed and outstanding as of end-2000, converted from original currencies using end-December 2000 exchange rates.

2/ Delivery of HIPC assistance and share of debt service covered by enhanced HIPC assistance will change as understandings to clear arrears to these creditors come into effect.

Table 19. Paris Club Creditors' Delivery of Debt Relief Under Bilateral Initiatives Beyond the Enhanced HIPC Initiative

Creditors (countries in bold are creditors to Sierra Leone)	Countries Covered	ODA (In percent)		Non-ODA (In percent)		Provision of Relief	
		Pre-cutoff date	Post-cutoff date	Pre-cutoff date	Post-cutoff date	Decision point (In percent)	Completion point
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Australia	HIPCs	100	100	100	100 1/	1/	1/
Austria	HIPCs (Case-by-case)	Case-by-case (100)	Case-by-case (100)	Case-by-case (100)	...	Case-by-case	Case-by-case
Belgium	HIPCs	100	100	Case-by-case (up to 100)	Case-by-case	flow	Stock
Canada	HIPCs 2/	... 3/	... 3/	100	100	100 flow	Stock
Denmark	HIPCs	100	Case-by-case	...	...	...	Stock
France	HIPCs	100	100	100	...	100 flow 4/	Stock
Finland	HIPCs	95	98	...	...	...	...
Germany	HIPCs	100	100	100	...	100 flow	Stock
Ireland	...	...	...	...	...	...	...
Italy	HIPCs	100	100 5/	100	100 5/	100 flow	Stock
Japan	HIPCs	100	100	100	...	...	Stock
Netherlands	HIPCs	100	100	100	...	90–100 flow 6/	Stock 6/
Norway	HIPCs	... 3/	... 3/	100	100 7/	100 flow	Stock
Russia	Case-by-case	...	...	...	...	...	Stock
Spain	HIPCs	100	Case-by-case	Case-by-case	Case-by-case	...	Stock
Sweden	Case-by-case	... 3/	... 3/	Case-by-case (100)	...	...	Stock
Switzerland	HIPCs	... 3/	... 3/	Case-by-case	Case-by-case	Case-by-case, flow	Stock
United Kingdom	HIPCs	100	100	100	100 8/	100 flow 8/	Stock
United States	HIPCs	100	100	100	100 9/	100 flow	Stock

Source: Paris Club Secretariat.

Notes: Columns (1) to (7) describe the additional debt relief provided following a specific methodology under bilateral initiatives and need to be read as a whole for each creditor. In column (1), "HIPCs" stands for eligible countries effectively qualifying for the HIPC Initiative process. A "100 percent" mention in the table means that the debt relief provided under the enhanced HIPC Initiative framework will be topped up to 100 percent through a bilateral initiative.

1/ Australia: post-cutoff date non-ODA relief to apply to debts incurred before a date to be finalized; timing details for both flow and stock relief are to be finalized.

2/ Canada: including Bangladesh. Canada has granted a moratorium of debt service as of January 2001 on all debt disbursed before end-March 1999 for 11 out of 17 HIPCs with debt service due to Canada. The debt will be written off at the completion point. The countries to be covered are Benin, Bolivia, Cameroon, Ethiopia, Guyana, Honduras, Madagascar, Mali, Senegal, Tanzania, and Zambia.

3/ 100 percent of ODA claims have already been cancelled on HIPCs, with the exception of Myanmar's debt to Canada.

4/ France: cancellation of 100 percent of debt service on pre-cutoff-date commercial claims as they fall due starting at the decision point. Once countries have reached their completion point debt relief on ODA claims will go to a special account and will be used for specific development projects.

5/ Italy: 100 percent debt cancellation of post-COD ODA and non-ODA debt assumed prior to the Cologne summit on 6/20/1999.

6/ The Netherlands: for ODA, 100 percent ODA pre- and post-cutoff date debt will be cancelled at decision point; for non-ODA, in some particular cases (Bolivia, Burkina Faso, Mali, Ethiopia, Nicaragua, and Tanzania), the Netherlands will write off 100 percent of the consolidated amounts on the flow at decision point; all other HIPCs will receive interim relief up to 90 percent reduction of the consolidated amounts. At completion point, all HIPC countries will receive 100 percent cancellation of the remaining stock of the pre-cutoff date debt.

7/ On debt assumed before December 31, 1997.

8/ United Kingdom: "beyond 100 percent" full write-off of all debts of HIPCs as of their decision points, and reimbursement at the decision point of any debt service paid before the decision point.

9/ United States: 100 percent post-cutoff date non-ODA treated on debt assumed prior to 6/20/99 (the Cologne summit).

Table 20. HIPC Initiative: Status of Country Cases Considered Under the Initiative, February 13, 2002

Country	Decision Point	Completion Point	Target NPV of Debt-to- Export (in percent)	Target NPV of Debt-to- Gov. revenue (in percent)	Assistance Levels 1/ (In millions of U.S. dollars, present value) Total	Bilateral	Multilateral	IMF	World Bank	Percentage Reduction in NPV of Debt 2/	Estimated Total Nominal Debt Service Relief (In millions of U.S. dollars)
Completion point reached under enhanced framework											
Bolivia					1,302	425	876	84	193		2,060
original framework	*Sep. 97*	*Sep. 98*	*225*		*448*	*157*	*291*	*29*	*53*	*14*	*760*
enhanced framework	*Feb. 00*	*Jun. 01*	*150*		*854*	*268*	*585*	*55*	*140*	*30*	*1,300*
Mozambique					2,022	1,270	753	143	443		4,300
original framework	*Apr. 98*	*Jun. 99*	*200*		*1,716*	*1,076*	*641*	*125*	*381*	*63*	*3,700*
enhanced framework	*Apr. 00*	*Sep. 01*	*150*		*306*	*194*	*112*	*18*	*62*	*73*	*600*
Tanzania	Apr. 00	Nov. 01	150		2,026	1,006	1,020	120	695	54	3,000
Uganda					1,003	183	820	160	517		1,950
original framework	*Apr. 97*	*Apr. 98*	*202*		*347*	*73*	*274*	*69*	*160*	*20*	*650*
enhanced framework	*Feb. 00*	*May 00*	*150*		*656*	*110*	*546*	*91*	*357*	*37*	*1,300*
Decision point reached under enhanced framework											
Benin	Jul. 00	Floating	150		265	77	189	24	84	31	460
Burkina Faso					398	56	342	42	162		700
original framework	*Sep. 97*	*Jul. 00*	*205*		*229*	*32*	*196*	*22*	*91*	*27*	*400*
enhanced framework	*Jul. 00*	*Floating*	*150*		*169*	*24*	*146*	*20*	*71*	*27*	*300*
Cameroon	Oct. 00	Floating	150		1,260	874	324	37	179	27	2,000
Chad	May. 01	Floating	150		170	35	134	18	68	30	260
Ethiopia	Nov. 01	Floating	150		1,275	482	763	34	463	47	1,930
Gambia, The	Dec. 00	Floating	150		67	17	49	2	22	27	90
Guinea	Dec. 00	Floating	150		545	215	328	31	152	32	800
Guinea-Bissau	Dec. 00	Floating	150		416	212	204	12	93	85	790
Guyana					585	220	365	74	68		1,030
original framework	*Dec. 97*	*May 99*	*107*	*280*	*256*	*91*	*165*	*35*	*27*	*24*	*440*
enhanced framework	*Nov. 00*	*Floating*	*150*	*250*	*329*	*129*	*200*	*40*	*41*	*40*	*590*
Honduras	Jul. 00	Floating	110	250	556	215	340	30	98	18	900
Madagascar	Dec. 00	Floating	150		814	457	357	22	252	40	1,500
Malawi	Dec. 00	Floating	150		643	163	480	30	331	44	1,000
Mali					522	162	361	58	182		870
original framework	*Sep. 98*	*Sep. 00*	*200*		*121*	*37*	*84*	*14*	*44*	*9*	*220*
enhanced framework	*Sep. 00*	*Floating*	*150*		*401*	*124*	*277*	*44*	*138*	*28*	*650*
Mauritania	Feb. 00	Floating	137	250	622	261	361	47	100	50	1,100
Nicaragua	Dec. 00	Floating	150		3,267	2,145	1,123	82	189	72	4,500
Niger	Dec. 00	Floating	150		521	211	309	28	170	54	900
Rwanda	Dec. 00	Floating	150		452	56	397	44	228	71	810
Sao Tome & Principe	Dec. 00	Floating	150		97	29	68	-	24	83	200
Senegal	Jun. 00	Floating	133	250	488	193	259	45	124	19	850
Zambia	Dec. 00	Floating	150		2,499	1,168	1,331	602	493	63	3,820
Decision point reached under original framework											
Côte d'Ivoire	Mar. 98	...	141	280	345	163	182	23	91	6 3/	800
Total assistance provided/committed					**22,159**	**10,296**	**11,735**	**1,791** 4/	**5,422**		**36,620**
Preliminary HIPC document issued 5/											
Ghana	...	...		250	2,096	1,002	1,095	122	767	55	3,200
Sierra Leone	...	...	150		553	189	326	121	119	79	900

Sources: IMF and World Bank Board decisions, completion point documents, decision point documents, preliminary HIPC documents, and staff calculations.

1/ Assistance levels are at countries' respective decision or completion points, as applicable.

2/ In percent of the net present value of debt at the decision or completion point (as applicable), after the full use of traditional debt-relief mechanisms.

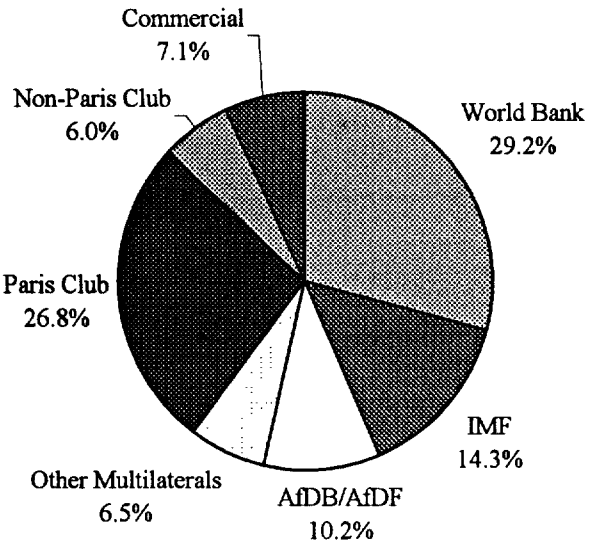
3/ Nonreschedulable debt to non-Paris Club official bilateral creditors and the London Club, which was already subject to a highly concessional restructuring, is excluded from the NPVof debt at the completion point in the calculation of this ratio.

4/ Equivalent to SDR 1,398 million at an SDR/USD exchange rate of 0.7806.

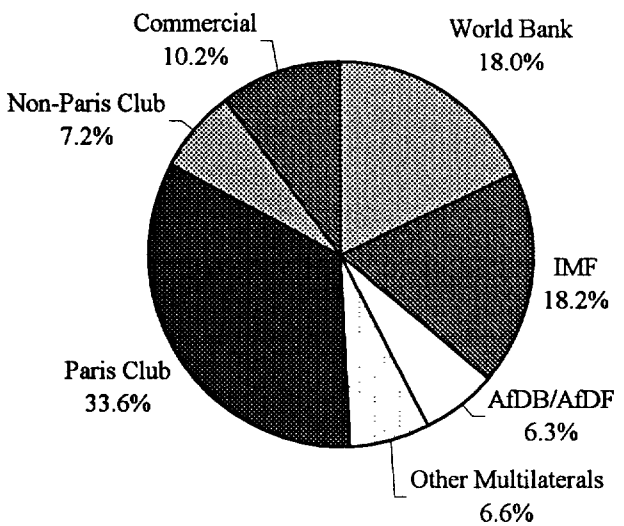
5/ Figures are based on preliminary assessments at the time of the issuance of the preliminary HIPC document; and are subject to change.

Figure 1. Sierra Leone: Composition of Stock of External Debt, End-December, 2000, Before Full Use of Traditional Debt-Relief Mechanisms

Nominal Value of Debt: US$1,210 million



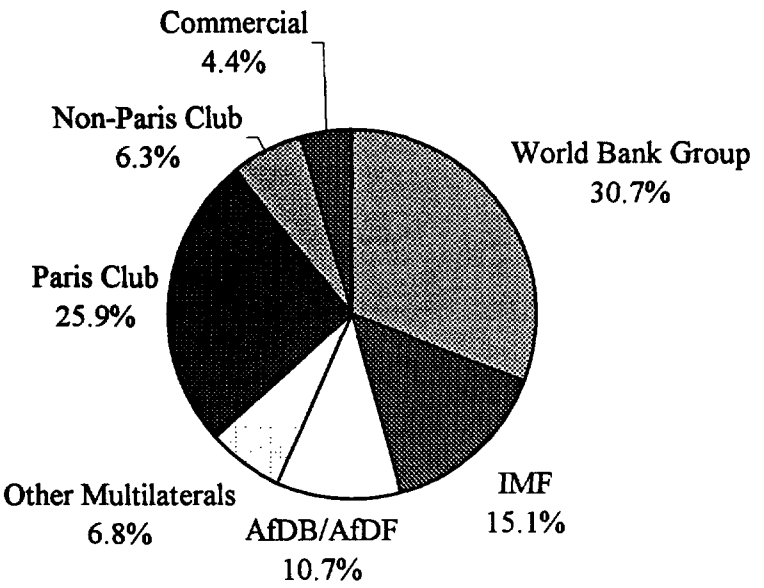
Present Value of Debt: US$844 million



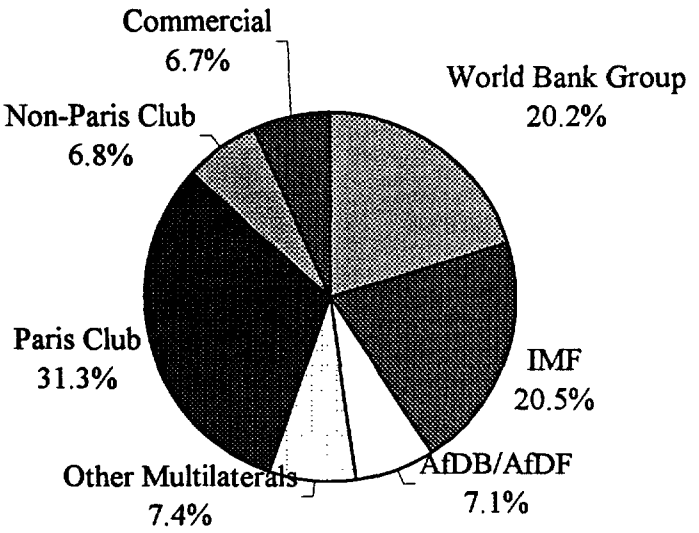
Sources: Sierra Leonean authorities; and staff estimates.

Figure 2. Sierra Leone: Composition of Stock of External Debt, End-December, 2000, After Full Use of Traditional Debt-Relief Mechanisms

Nominal Value of Debt: US$1,149 million

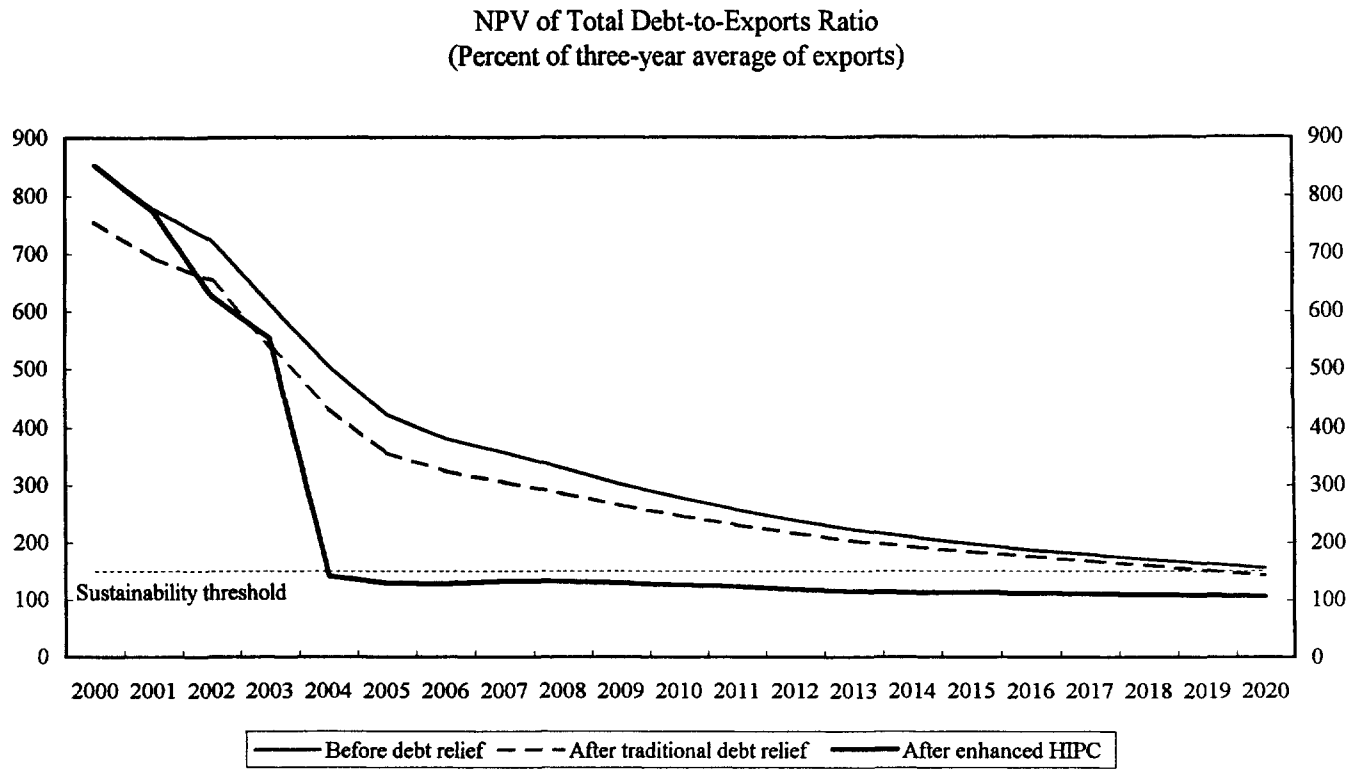


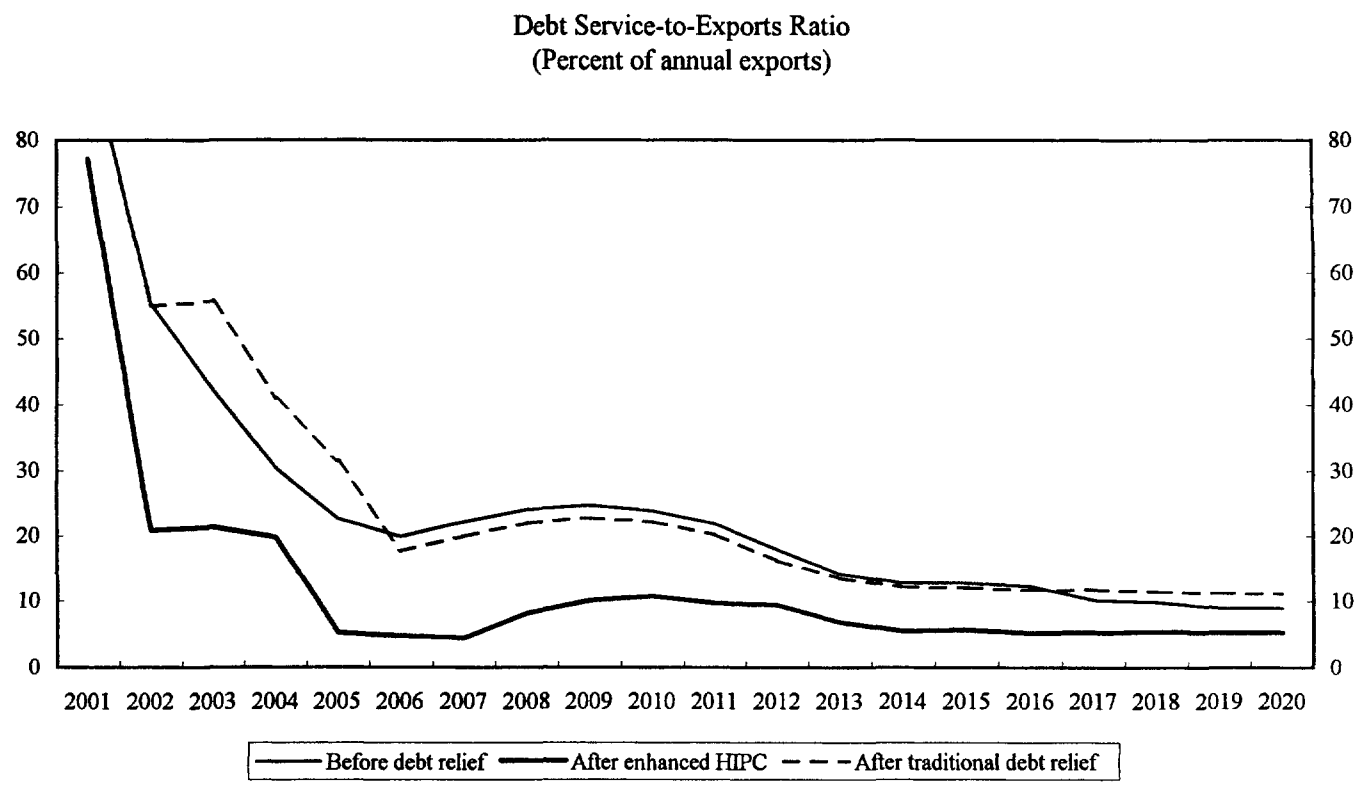
Present Value of Debt: US$749 million



Sources: Sierra Leonean authorities; and staff estimates.

Figure 3. Sierra Leone: Benefits from the HIPC Initiative, 2000-20





Sources: Sierra Leonean authorities; and staff estimates.

Sierra Leone: External Debt Management Issues

Sierra Leone's external debt-monitoring and debt-management system is run by the International Finance Department in the Bank of Sierra Leone (BSL) and by the Debt Unit in the Ministry of Finance (MoF). The International Finance Department (IFD) maintains the debt system and it is primarily responsible for government direct debt, while the Debt Unit in the MoF deals with government guaranteed debt.

The IFD and MoF both use the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) version 7.2. The department is adequately staffed and sufficiently equipped to carry out the operational and analytical need of the debt unit. The system maintains a detailed loan-by-loan database on government direct debt and government-guaranteed debt, but it is incapable of handling information on public enterprise direct debt and private non-guaranteed debt. No official committee is established to coordinate between the two debt units, but data reconciliation between them takes place on a weekly basis. From the system, reports can be produced on both debt service due and actual debt service on a monthly, quarterly, and annual basis. The units produce a debt portfolio analysis which is published in the MoF quarterly economic review and in the BSL quarterly and monthly bulletin. The government also publishes comprehensive information about the status of the country's external indebtedness in an annual publication available to the public.

Staff in the debt units can carry out basic debt management functions, but training is required on renegotiation techniques, debt sustainability analysis, and debt strategy design. In particular, an adequate number of staff must become acquainted with modern techniques and skills of debt renegotiation and gain an understanding of Paris Club terms and of the entire process of the HIPC Initiative framework. Some training has already been provided by the West African Institute for Financial and Economic Management (WAIFEM), Debt Relief International (DRI) and the Commonwealth Secretariat, but staff have been entitled to participate only on a limited basis.

The IFD keeps documentation on government and public sector debt, but the MoF receives the statements for all transactions from the creditors. Statements are then forwarded to the BSL. Often delays in the process prevent the timely updating of the system and affect forecasts of annual debt servicing obligations provided by the debt unit. Similarly, debt service payments are often delayed. Delays are caused not only by severe budget constraints, but also by lack of coordination among the units involved in the operational procedures. As a result, penalty charges represent, on average, five percent of monthly debt service payments.

Sierra Leone has completed the self-assessment questionnaire as part of the joint Bank-Fund review on debt management capacity in HIPC Initiative countries. It is intended that the results of this review will be shared with the main agencies/donors providing assistance and capacity building in debt management. This process will help establish the remaining capacity-building needs in debt management and thus provide a starting point for further assistance efforts aimed at achieving and maintaining long-term external debt sustainability. The formulation of macroeconomic policies fully reflects external debt management. Public

sector's debt servicing needs are considered in the formulation of medium-term balance of payments projections and the forecasting of the fiscal budget. A committee comprising BSL, MoF and debt management officials meets every month to exchange the necessary information. In addition, information on aid and loan-financed projects is readily available for incorporation in public investment projections and in a medium-term expenditure framework.

Sierra Leone maintains a prudent policy of contracting only concessional loans. A committee comprising the MoF, the Ministry of Development and Economic Planning (MDEP) and the Attorney General's Office is in charge of the development of new borrowing policies. The MDEP is primarily responsible for apprising and monitoring the externally financed projects. All new external borrowings must be approved by parliament through legislation. Once the level of new borrowing has been approved, the central government raises all external funding required by the public sector and on-lends the funds to public sector agencies.

Staff supports the view of the IFD that the coordination among the MoF, the BSL, and the MDEP should be strengthened in the evaluation of the level of new external borrowing and procedures should be established to ensure a timely and adequate flow and exchange of information.