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EBS/00/189
Supplement 1
Correction 1

CONFIDENTIAL

December 19, 2000

To: Members of the Executive Board

From: The Secretary

Subject: **Nicaragua—First and Second Reviews Under the Second Annual Arrangement Under the Poverty Reduction and Growth Facility and Requests for Waiver of Performance Criteria and for Extension of Commitment Period**

The following correction has been made in EBS/00/189, Supplement 1 (12/14/00):

Page 11, last two columns, line 1: for “ -206 -2,179”
read “-1,666 -719”

A corrected page is attached.

Att: (1)

Other Distribution:
Department Heads

Table 2. Nicaragua: Quantitative Benchmarks of the Modified 2000 Program

	Cumulative Flows from January 1, 2000								
	June 30, 2000			September 30, 2000			December 31, 2000		
	Adj. Modif. Prog.	Outcome	Margin (+) Deviation (-)	Adj. Modif. Prog.	Outcome	Margin (+) Deviation (-)	Adj. Modif. Prog.	Projection Deviation (-)	Margin (+) Deviation (-)
(In millions of cordobas)									
Net domestic financing of the nonfinancial public sector 1/	-178	-446	268	-841	-614	-227	-2,385	-1,666	-719
Savings of the combined public sector	790	808	18	1,165	1,149	-15	1,475	1,437	-38
Net domestic assets of the central bank 1/ 2/	642	469	173	-806	806	-1,612	-2,838	509	-3,347
(In millions of U.S. dollars)									
Net international reserves of the central bank 1/ 2/	-67	-53	14	45	-81	-126	240	-40	-280
Disbursements of nonconcessional external loans contracted or guaranteed by the public sector 3/									
Maturity of more than one year 4/	0	0	0	0	0	0	0	0	0
Maturity of one year or less 5/	0	0	0	0	0	0	0	0	0
Stock of external payments arrears limit 6/	0	0	0	0	0	0	0	0	0
(In millions of cordobas)									
Memorandum items: 7/									
Deficit of the combined public sector	-2,420	-1,827	593	-3,445	-2,915	530	-4242	-4,045	197
Total expenditures of the central government	5,660	5,223	437	8,625	8,157	469	11,542	11,176	366

Sources: Ministry of Finance; Central Bank of Nicaragua; and Fund staff estimates.

1/ The January-June 2000 targets were adjusted by (i) US\$10.5 million because of lower-than-programmed disbursements, and (ii) US\$6.2 million because of larger-than-envisaged associated with the privatization of ENITEL and agreements with bilateral creditors. The January-September 2000 targets were adjusted by (i) US\$7.4 million because of larger-than-interest payments, associated with the privatization of ENITEL and agreements with bilateral creditors. The January-December targets were adjusted by (i) US\$115 million, represent from the privatization of ENEL; (ii) US\$10 million for poverty-related expenditure; (iii) US\$26 million for external debt payments of ENEL; and (iv) US\$7.4 million for debt service.

2/ The January-September targets were adjusted by US\$82.7 million because of the higher-than-envisaged net issue of central bank or government paper. The January-December target by US\$135 million, representing the projected higher-than-envisaged net issue of central bank or government paper.

3/ Loans of a grant element of less than 35 percent on the basis of currency specific CIRR discount rates.

4/ Excludes Paris Club resources resulting from the deferral of Nicaragua's debt service.

5/ Excluding normal import related credits.

6/ Excluding reschedulable arrears, measured on a continuous basis.

7/ Indicative ceilings.

Table 3. Nicaragua: Selected Macroeconomic Indicators, 1999-2000

		2000	
	1999 Actual	Modified Prog. With Priv. 1/	Revised Proj. 2/
(Annual percentage change; unless otherwise indicated)			
National income and prices			
GDP at constant prices	7.0	5.5	5.0
Consumer prices (end of period)	7.2	10.0	9.0
Financial sector			
Financial system liabilities to private sector	21.9	17.3	9.9
Financial system credit to private sector	40.0	17.1	14.5
(In percent of GDP)			
Combined public sector 3/			
Saving	5.3	4.9	4.6
Overall balance (before grants)	-15.4	-13.6	-12.9
Overall balance (after grants)	-6.9	-6.9	-6.4
Domestic financing	-3.7	-4.9	-3.8
External sector			
External current account balance	-37.0	-33.4	-31.8
(In percent; unless otherwise indicated)			
Gross international reserves			
In months of imports	3.9	4.0	3.1
In percent of short-term debt	203.0	257.5	203.8

Sources: Central Bank of Nicaragua; Ministry of Finance; and staff estimates.

1/ Assumes net privatization receipts of US\$37 million.

2/ Assumes net privatization receipts of US\$79 million.

3/ Includes quasi-fiscal losses.