

INTERNATIONAL MONETARY FUND AND  
INTERNATIONAL DEVELOPMENT ASSOCIATION

Heavily Indebted Poor Countries (HIPC) Initiative—Status of Implementation

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## ABBREVIATIONS AND ACRONYMS

AfDB	African Development Bank
AFESD	Arab Fund for Social and Economic Development
AMF	Arab Monetary Fund
AsDB	Asian Development Bank
BADEA	Arab Bank for Economic Development in Africa
BCEAO	Central Bank of West African States
BDEAC	Banque de Développement des États de l'Afrique Centrale (Central African States Development Bank)
BDEGL	Banque de Développement des États des Grand Lacs (Development Bank of Great Lake States)
BEAC	Banque des États de l'Afrique Centrale (Bank of Central African States)
BOAD	West African Development Bank
CABEI	Central American Bank for Economic Integration
CAF	Corporación Andina de Fomento
CAS	County Assistance Strategy
CDB	Caribbean Development Bank
CIRR	Commercial Interest Reference Rate
CMCF	Caricom Multilateral Clearing Facility
DRC	Democratic Republic of the Congo
DSA	Debt Sustainability Analysis
EADB	East African Development Bank
ECOWAS	Economic Community of West African States
EIB	European Investment Bank
EU	European Union
EUR	Euro
FEGECE	Fonds d'entraide et de garantie des emprunts du Conseil de l'Entente
FOCEM	Fondo Centroamericano de Estabilización Monetaria
FONPLATA	Fund for the Financial Development of the River Plate Basin
FSID	Fund for Solidarity and Economic Development
GDF	Global Development Finance
GDP	Gross Domestic Product
HIPC	Heavily Indebted Poor Country
IDB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
I-PRSP	Interim Poverty Reduction Strategy Paper
IsDB	Islamic Development Bank
MDB	Multilateral Development Bank
NPV	Net Present Value
OPEC	OPEC Fund for International Development
PTA	Eastern and Southern African Trade and Development Bank
PEM	Public Expenditure Management
PER	Public Expenditure Review
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
SDR	Special Drawing Rights
SMP	Staff Monitored Program
U.A.E.	United Arab Emirates

## EXECUTIVE SUMMARY

This report reviews progress and issues in implementing the enhanced Heavily Indebted Poor Countries (HIPC) Initiative. In addition to updating information on the delivery of HIPC debt relief and its estimated costs, it discusses two particular issues: the decline in the participation of commercial and non-Paris Club bilateral creditors to the Initiative; and the preliminary list of countries that satisfy the indebtedness eligibility criterion under the extended HIPC “sunset clause.”

**Progress in implementation.** Twenty eight Heavily Indebted Poor Countries (HIPCs) have reached the decision point, the most recent being Burundi in August 2005. Of these, 18 have reached the completion point, the most recent being Madagascar in October 2004, and Honduras, Zambia and Rwanda in April 2005. Of the remaining HIPCs in the interim period, six are advancing with the implementation of their Fund-supported and IDA-supported programs. Seven HIPCs in the interim period have completed a full PRSP.

**Costs and creditor participation.** The total cost of the HIPC Initiative for the 28 decision point HIPCs is estimated at US\$38.2 billion in 2004 NPV terms, somewhat above the 2003 estimate of US\$35.7 billion. Paris Club creditors have continued to grant, on a bilateral basis, additional debt relief beyond that committed under the HIPC Initiative. The share of relief granted by non-Paris Club creditors has declined as a number of them have withdrawn their participation from the Initiative owing to certain factors (including limited understanding of HIPC methodology, weak debt and asset management systems or restrictive legislation). *A survey conducted by the staffs of the Bank and Fund has found that the number of lawsuits initiated by commercial creditors against HIPCs has increased.*

**Implication of the extension of the “sunset clause”.** In September 2004, the Boards of the IDA and the IMF decided to extend the “sunset clause” of the enhanced HIPC Initiative to end-2006, and to “ring-fence” its application to countries satisfying enhanced HIPC Initiative income and indebtedness criteria using end-2004 data. *Staffs have identified 13 countries that could potentially be eligible for HIPC debt relief under the extended “sunset clause.”* These include nine countries already identified as potential HIPCs (Central African Republic, Comoros, the Republic of Congo, Cote d’Ivoire, Lao PDR, Liberia, Somalia, Sudan, and Togo) plus Eritrea, Haiti, Kyrgyz Republic and Nepal. More complete data is required to come to a final assessment on Bangladesh, Bhutan, Myanmar and Sri Lanka, and Tonga. *In the coming months, the staffs will seek to obtain more data for these countries with the aim of presenting to the Boards in early 2006 a final set of countries that satisfy the indebtedness criterion.*

## I. INTRODUCTION

1. This report reviews implementation of the enhanced Heavily Indebted Poor Countries (HIPC) Initiative since the last progress report of September 2004.<sup>1</sup> It updates information on the delivery of HIPC debt relief and associated assistance, and updates the estimated costs of the HIPC Initiative and the status of creditor participation. In response to the Boards' request, it provides a preliminary list of the countries that meet the enhanced HIPC Initiative's eligibility criteria for income and indebtedness as of end-2004, and estimates the cost implications of including these countries in the Initiative.<sup>2</sup>

## II. IMPLEMENTATION UPDATE

### A. Progress in Qualifying for Enhanced HIPC Initiative Debt Relief

2. **Eighteen countries have now reached the completion point while ten are in the interim period between the decision and completion point** (Table 1). The pace at which countries in the interim period reached their completion points accelerated over the last two years as countries made progress in implementing their macroeconomic programs and their Poverty Reduction Strategies. Since September 2004, Madagascar, Honduras, Zambia and Rwanda reached their completion points. Burundi reached its decision point in August 2005, being the first country to do so in over two years. Looking ahead, Chad, and Malawi could reach their completion points by the first half of next year. The Republic of Congo could reach its decision point by year-end (see Annex I).

3. **To reach the completion point, the enhanced HIPC Initiative requires that countries meet floating completion point triggers, including a track record of macroeconomic performance.** As noted in last year's report, maintaining macroeconomic stability continues to be a challenge for some countries in the interim period.

4. **Six of the 10 countries in the interim period, including Burundi, are advancing with the implementation of their macroeconomic programs.** Of these, Sierra Leone has made continued progress in the implementation of its macroeconomic programs while the Democratic Republic of the Congo is pursuing corrective measures so that the fifth review under the Poverty Reduction and Growth Facility (PRGF) arrangement can be completed. New PRGF arrangements have recently been approved for Chad, Malawi and São Tomé and Príncipe, following interruptions in their economic programs.

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<sup>1</sup> A six-monthly statistical update was also issued in April, 2005. See IMF and World Bank, "Heavily Indebted Poor Countries (HIPC) Initiative—Statistical Update," available via the Internet at <http://www.imf.org/external/np/hipc/2005/040405.htm>, and <http://siteresources.worldbank.org/INTDEBTDEPT/ProgressReports/20446696/HIPCStatUpdate200504042.pdf>

<sup>2</sup> This report does not consider the implications of the G8 debt relief proposal on the enhanced HIPC Initiative.

5. **The remaining four HIPCs in the interim period do not have an IMF-supported program in place after protracted delays in establishing a satisfactory record of performance.** Staffs of the Fund and IDA have continued to assist these countries through the implementation of Fund Staff-Monitored Programs (SMPs) and IDA-supported programs aimed at addressing obstacles in macroeconomic and structural reforms, particularly in public resource management. In Cameroon, encouraging efforts have been made in the fiscal area and in removing longstanding impediments to private sector growth. Since the nomination of the new government in December 2004, Guinea has adopted tighter fiscal and monetary policies aimed at restoring macroeconomic stability and is implementing structural reforms to support the stabilization effort. Guinea-Bissau has pursued measures to stabilize the fiscal situation, avoid domestic arrears and promote economic growth by rebuilding infrastructure.<sup>3</sup> Further efforts are required by The Gambia to implement strong macroeconomic policies, improve the fiscal position and to address the deterioration of internal controls at the central bank. These would be essential steps for agreeing on an SMP, which could pave the way for the resumption of a PRGF-supported program.

6. **As of end-July 2005, seven of the 10 interim countries had completed a full Poverty Reduction Strategy Paper (PRSP).** These countries made progress toward the one-year satisfactory implementation of their PRSPs, which is one of the conditions for reaching the completion point. Of the remaining three countries, the Democratic Republic of the Congo, which reached its decision point in July 2003, is expected to complete its full PRSP before the end of 2005. The delay, slightly longer than the average time (1½ to 2 years) taken by most HIPCs, was largely the result of security tensions in 2004. Political constraints and weak administrative capacity in Guinea-Bissau have delayed the PRSP preparation process. However, with the support received from the donor community, the government expects to complete the document by end-2005. Having just reached its decision point in August 2005, Burundi has only completed its I-PRSP.

## **B. Reduction in Debt Stocks and Debt Service**

7. **Debt stocks in the 28 HIPCs that have reached the decision point are projected to decline by about two-thirds.** In 2004 NPV terms, the total debt stock is projected to fall from an estimated US\$84 billion to US\$33 billion after the full delivery of traditional debt relief and assistance under the HIPC Initiative, and to US\$30 billion after the delivery of additional bilateral debt relief committed by several Paris Club creditors (Figure 1).<sup>4</sup> Debt stocks in the 18 countries that have reached their completion points have declined by an average of 64 percent in 2004 NPV terms, from a total of US\$59 billion to US\$21 billion; an additional decline of US\$1 billion is due to topping-up.<sup>5</sup>

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<sup>3</sup> The political transition after the coup in 2003 will be completed after presidential elections, the first round of which took place on June 19, 2005.

<sup>4</sup> Traditional relief refers to Naples terms, involving a 67 percent NPV debt reduction of eligible external debt.

<sup>5</sup> Four topping-up cases have been approved so far (Burkina Faso, Ethiopia, Niger, and Rwanda).

**Table 1. HIPC Initiative: Committed Debt Relief and Outlook 1/  
Status as of August 5, 2005**  
(In millions of US dollars, in NPV terms in the year of the decision point)

	Reduction in NPV Terms			Nominal Debt Service Relief			Completion / Decision Point Date
	Original HIPC Initiative	Enhanced HIPC Initiative	Total	Original HIPC Initiative	Enhanced HIPC Initiative	Total	
<b>Countries that have reached their Completion Points (18)</b>							
<b>TOTAL</b>	<b>3,118</b>	<b>19,020</b>	<b>22,138</b>	<b>6,364</b>	<b>31,252</b>	<b>37,616</b>	
Benin	0	265	265	0	460	460	Mar-03
Bolivia	448	854	1,302	760	1,300	2,060	Jun-01
Burkina Faso 2/	229	324	553	400	530	930	Apr-02
Ethiopia 2/	0	1,982	1,982	0	3,275	3,275	Apr-04
Guyana	256	335	591	634	719	1,353	Dec-03
Ghana	0	2,186	2,186	0	3,500	3,500	Jul-04
Honduras	0	556	556	0	1,053	1,053	Apr-05
Madagascar	0	836	836	0	1,900	1,900	Oct-04
Mali	121	417	539	220	675	895	Mar-03
Mauritania	0	622	622	0	1,100	1,100	Jun-02
Mozambique	1,717	306	2,023	3,700	600	4,300	Sep-01
Nicaragua	0	3,308	3,308	0	4,500	4,500	Jan-04
Niger 2/	0	664	664	0	1,190	1,190	Apr-04
Rwanda 2/	0	696	696	0	1,400	1,400	Apr-05
Senegal	0	488	488	0	850	850	Apr-04
Tanzania	0	2,026	2,026	0	3,000	3,000	Nov-01
Uganda	347	656	1,003	650	1,300	1,950	May-00
Zambia	0	2,499	2,499	0	3,900	3,900	Apr-05
<b>Countries that have reached their Decision Points (10)</b>							
<b>TOTAL</b>	<b>0</b>	<b>10,934</b>	<b>10,934</b>	<b>0</b>	<b>18,751</b>	<b>18,751</b>	
Burundi	0	826	826	0	1,472	1,472	Aug-05
Cameroon	0	1,260	1,260	0	2,800	2,800	Oct-00
Chad	0	170	170	0	260	260	May-01
Congo, Dem. Rep. of the	0	6,311	6,311	0	10,389	10,389	Jul-03
Gambia, The	0	67	67	0	90	90	Dec-00
Guinea	0	545	545	0	800	800	Dec-00
Guinea-Bissau	0	416	416	0	790	790	Dec-00
Malawi	0	643	643	0	1,000	1,000	Dec-00
São Tomé and Príncipe	0	97	97	0	200	200	Dec-00
Sierra Leone	0	600	600	0	950	950	Mar-02
<b>Countries still to be considered (10)</b>							
Côte d'Ivoire 3/	345	...	345	800	...	800	Mar-98
Central African Republic	...	...	...	...	...	...	
Comoros	...	...	...	...	...	...	
Congo, Rep. of	...	...	...	...	...	...	
Lao PDR	...	...	...	...	...	...	
Liberia	...	...	...	...	...	...	
Myanmar	...	...	...	...	...	...	
Somalia	...	...	...	...	...	...	
Sudan	...	...	...	...	...	...	
Togo	...	...	...	...	...	...	
<i>Memorandum item:</i>							
Debt relief committed	<b>3,118</b>	<b>29,954</b>	<b>33,071</b>	<b>6,364</b>	<b>50,003</b>	<b>56,367</b>	

Sources: HIPC country documents; and World Bank and IMF staff estimates.

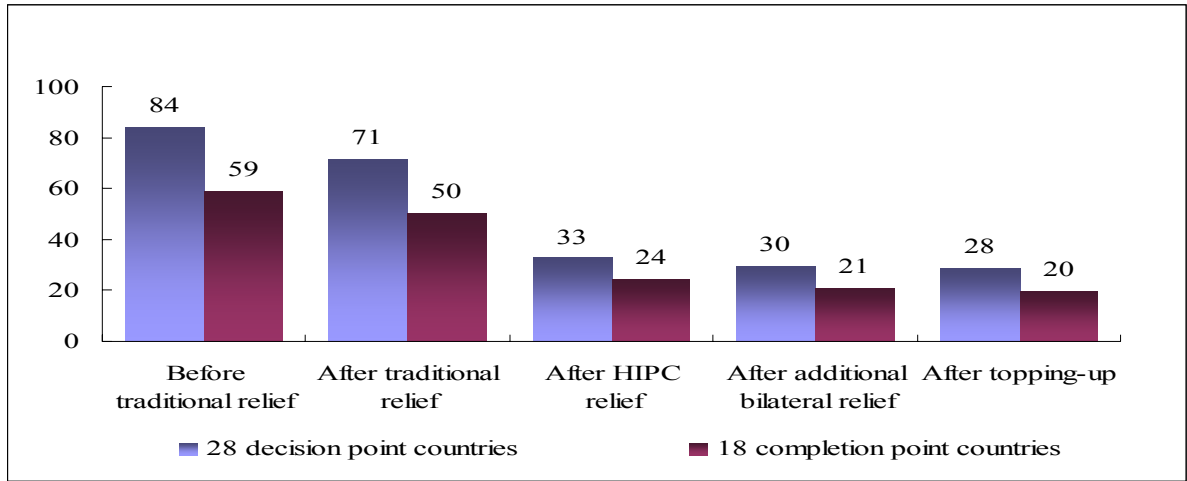
1/ Committed debt relief under the assumption of full participation of creditors.

2/ The assistance under the enhanced HIPC Initiative includes topping up with the NPV calculated in the year of the completion point.

3/ Côte d'Ivoire reached its decision point under the original HIPC Initiative in 1998, but did not reach its completion point under the original HIPC Initiative, nor has it reached the decision point under the enhanced HIPC Initiative. The amounts of debt relief shown are only indicative of debt relief under the original HIPC Initiative and are based on a preliminary document issued.



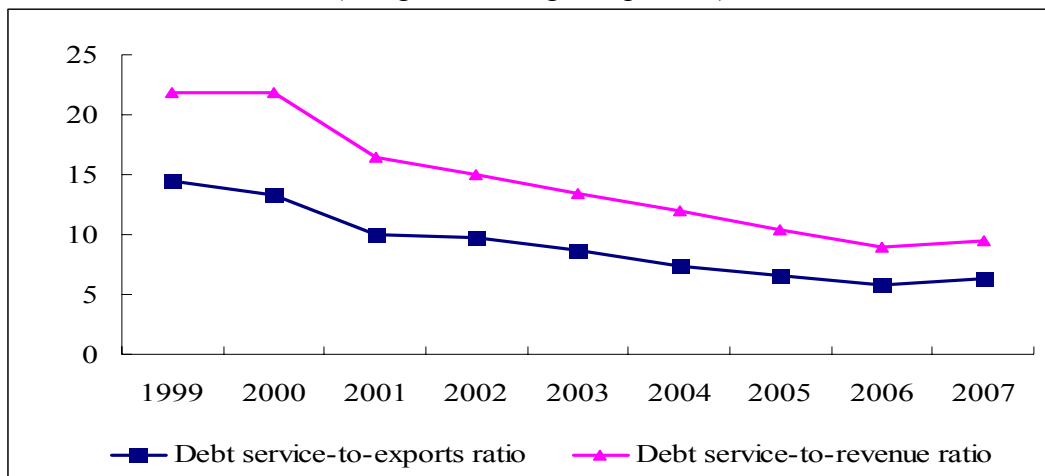
**Figure 1. Debt Stock Reduction**  
(In billions of U.S. dollars in 2004 NPV terms)



Source: HIPC Initiative country documents; and World Bank and IMF staff estimates.

8. **Debt relief from the HIPC Initiative is projected to lower the debt service substantially for most HIPCs that have reached the decision point to below 10 percent of their exports** (Figure 2). HIPCs in the interim period benefit from debt relief from Paris Club creditors as well as key multilateral creditors. The debt-service-to-exports ratio for the 28 decision point countries declined from an average of 15.7 percent in 1998-1999 to 7.3 percent in 2004 (Appendix Tables 1A and 1B).

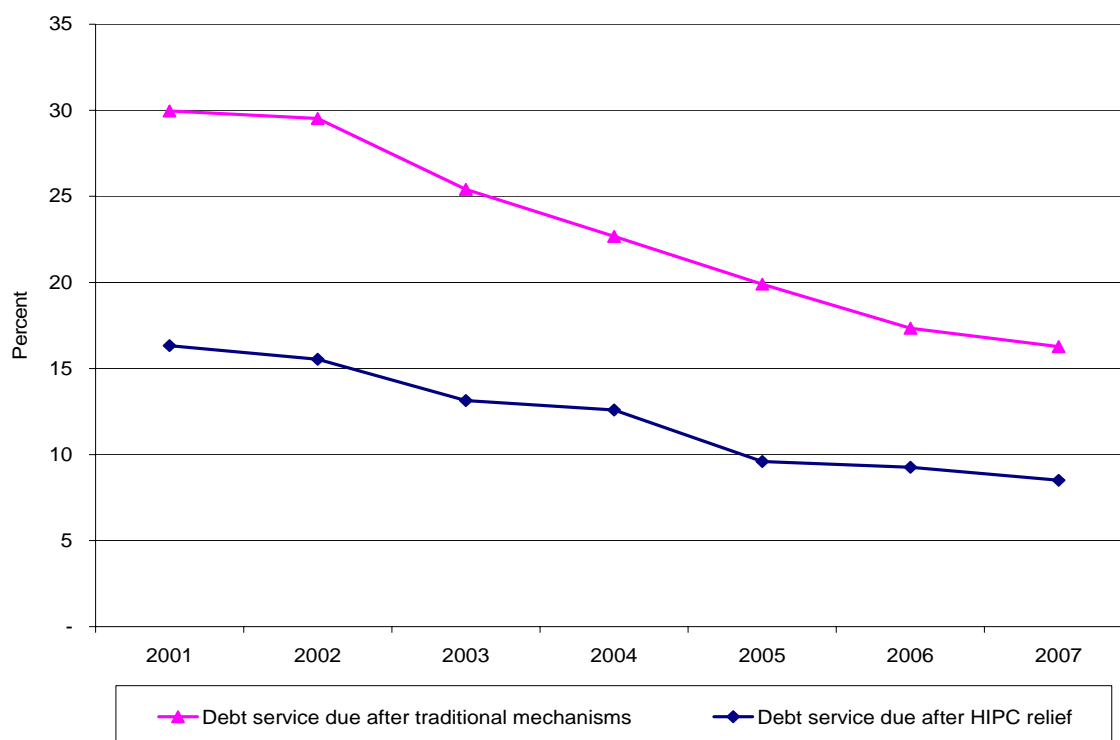
**Figure 2. Debt-Service Reductions**  
(Weighted average, in percent)



Source: HIPC documents and Fund staff estimates.

9. **Savings from the HIPC Initiative have reduced debt service due** (Figure 3). Over the 2001-2007 period, debt service due as a proportion of revenue has fallen by almost 50 percent, or almost US\$2.3 billion a year. The reduction in debt service due for countries reaching the decision point is larger than the reduction in debt service paid. The cash-flow savings for HIPC countries depends on the extent to which they were running arrears prior to reaching decision point. In HIPC countries with large arrears, actual pre-decision-point-debt-service payments represented a small fraction of required debt service.

**Figure 3. Reduction in Debt Service due for the 27 Countries that Have Reached Decision or Completion Points <sup>1/</sup>**  
(In percent of government revenue)



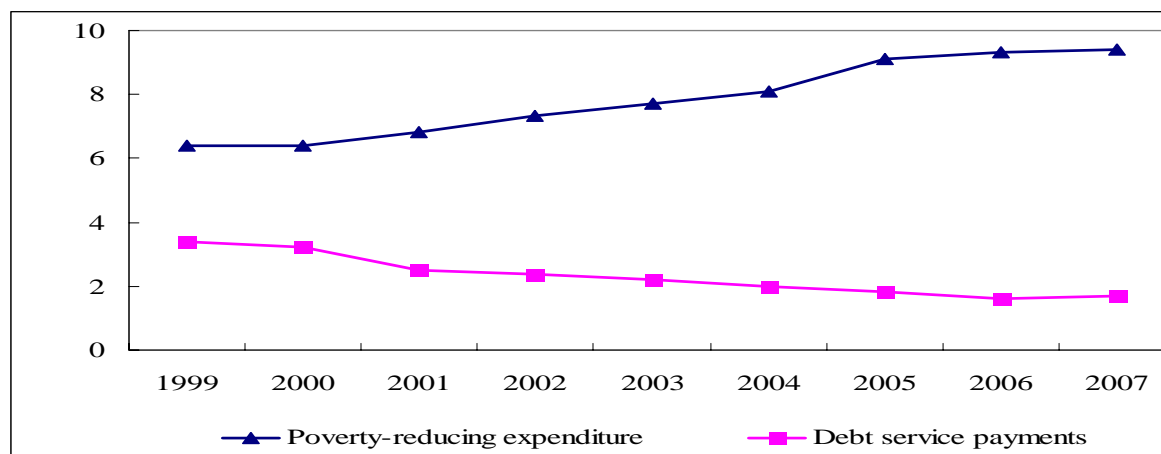
Source: HIPC documents and Fund staff estimates.  
1/ These figures exclude estimates for Burundi.

10. **Poverty-reducing expenditures in the 28 countries that have reached the decision point were almost four times as great as debt-service payments in 2004** (Figure 4).<sup>6</sup> Annual debt service by the 28 decision point countries is projected to be about 30 percent lower during 2001-05 than in 1998-1999, freeing about US\$1 billion in annual debt-service savings. Poverty-reducing expenditures increased from about US\$5.9 billion in 1999 to

<sup>6</sup> The definition of poverty-reducing expenditures varies across countries. In most countries, it includes primary education and basic health as well as expenditures for rural development. Country-specific definitions are included in Appendix Table 2B.

US\$10.8 billion in 2004 and are projected to increase to US\$16.5 billion in 2007 (Appendix Tables 2A and 2B).<sup>7</sup>

**Figure 4. Poverty-Reducing Expenditures and External Debt Service**  
(Weighted average, in percent of GDP)



Source: HIPC Initiative country documents; and World Bank and IMF staff estimates.

### III. COSTS AND CREDITOR PARTICIPATION

#### A. Projected Costs of the HIPC Initiative Relief

11. **The total cost of the HIPC Initiative for the 28 HIPCs that have reached the decision point is estimated at US\$38.2 billion in 2004 NPV terms, or about US\$56.4 billion in nominal terms** (Table 2 and Appendix Table 4).<sup>8</sup> About seventy percent of the total cost in 2004 NPV terms, US\$26.1 billion, is associated with the 18 countries that have reached the completion point. Total costs are higher than the earlier estimate of US\$35.7 billion in 2003 NPV terms. This reflects updated costs for Burundi and Rwanda (including the topping-up assistance approved at its completion point) as well as a lower discount rate.<sup>9</sup> These costs are about equally divided between multilateral and bilateral creditors. The World Bank, IMF, AfDB and IDB account for about 44 percent while Paris Club creditors account for about 36 percent of the total costs.

<sup>7</sup> Country authorities are putting in place public expenditure management systems that would ensure the efficiency of poverty-reducing expenditures. See IMF and World Bank, "Update on the Assessments and Implementation of Action Plans to Strengthen Capacity of HIPCs to Track Poverty-Reducing Public Spending" available via the Internet at <http://www.imf.org/external/np/pp/eng/2005/041205a.htm> and <http://www1.worldbank.org/publicsector/pe/HIPC/HIPCBoardPaperApril2005.pdf>.

<sup>8</sup> The costs related to the eleven (previously identified) pre decision point countries are dealt with in Section IV.

<sup>9</sup> The underlying assumptions and caveats are detailed in Annex I. The SDR discount rate declined from 4.8 percent to 4.64 percent (reflecting the decline in world interest rates).

**Table 2. HIPC Initiative: Distribution of Estimated Costs by Main Creditors and by Country Groups**

(In billions of U.S. dollars, in 2004 NPV terms)

	Decision and Completion Point HIPC Cases		
	Completion Point cases (18 countries)	Decision Point cases (10 countries)	Total (28 countries)
<b>Total costs</b>	<b>26.1</b>	<b>12.1</b>	<b>38.2</b>
<b>Bilateral and commercial creditors</b>	<b>12.0</b>	<b>6.4</b>	<b>18.3</b>
Paris Club	8.3	5.5	13.8
Other official bilateral	3.1	0.5	3.6
Commercial	0.6	0.3	0.9
<b>Multilateral creditors</b>	<b>14.2</b>	<b>5.7</b>	<b>19.9</b>
World Bank	6.8	2.5	9.2
<i>Of which</i> : IDA	6.8	2.2	9.0
IBRD	0.1	0.2	0.3
IMF	2.2	0.8	3.0
AfDB/AfDF	1.8	1.6	3.3
IDB	1.3	0.0	1.3
Other	2.1	0.9	3.0
<i>Memorandum item: Percent of total cost</i>	68.4	31.6	100

Sources: Country authorities; and staff estimates.

Note: Some numbers in the table may not add up due to rounding.

## B. Multilateral Creditors

12. **The number of multilateral creditors (23) that have indicated their intention to participate in the enhanced HIPC Initiative remained unchanged from September 2004.** Debt relief committed by these institutions for the 28 countries that have reached the decision point amounts to approximately US\$19.6 billion in 2004 NPV terms, or more than 99 percent of the total exposure to these creditors (Appendix Table 5). Large multilateral creditors, including IDA, the IMF, AfDB, and the IDB have provided relief to most countries in the interim period. Eight small creditors have not indicated their willingness to participate in the Initiative due principally to financial constraints.<sup>10</sup>

13. **The total potential costs to IDA for the 28 countries that reached the decision point have increased by about US\$1 billion since last September to US\$9.2 billion in 2004 NPV terms.** This is due to Burundi reaching the decision point and topping up for Rwanda (US\$782.5 million and US\$304.2 million of assistance in nominal terms, respectively).

<sup>10</sup> Costs of providing debt relief for these creditors represent an estimated 0.5 percent of total costs. While previously committing to participation in the HIPC Initiative, the East African Development Bank (EADB) has recently agreed to deliver its share of HIPC debt relief to Uganda and Tanzania.

14. **As of end-June 2005, IDA has delivered debt relief in an amount of US\$3.3 billion in nominal terms to the 28 decision point HIPC, of which US\$2.6 billion was delivered to the 18 completion point countries (Appendix Table 6A).**<sup>11</sup> IDA's financing needs for HIPC debt relief have been met through the IDA-13 period and will continue to be met through IDA-14. Interim relief is being provided to all interim countries, with the exception of The Gambia, where IDA interim relief has reached its limit. Since the last report, the IDA Board approved an extension of interim relief from a maximum one-third of total NPV debt relief committed by the World Bank at decision point to 50 percent in exceptional cases (see Box 1).

15. **The total potential cost to the IMF for the 28 countries that have reached decision point has remained about the same since July 2004 and continues to be fully financed.** The cost for the 28 countries that have reached the decision points is estimated at US\$3 billion in 2004 NPV terms. Resources in the PRGF-HIPC Trust and the investment income from the Special Disbursement Account (SDA) allocated to finance debt relief under the Enhanced HIPC Initiative are estimated to be sufficient to cover the costs of debt relief committed and expected in the near term.

16. **While the Fund's commitments to the HIPC Initiative remained almost unchanged (US\$2.8 billion, in nominal terms), the amount disbursed (US\$2.4 billion, in nominal terms) increased by about 20 percent relative to end-July 2004.** The latter is due to Honduras, Rwanda, and Zambia reaching the completion point in April (Appendix Table 7A). HIPC relief has continued to be disbursed in the form of grants. The amount disbursed as a percentage of the total amount committed has increased by 11 percentage points, to 85 percent. The ratio of disbursed over committed amounts shows a significant variation among countries, ranging from 4 percent to 116 percent.<sup>12</sup> The lower ratios reflect the suspension of interim debt relief to countries during periods when their PRGF-supported programs are off track.<sup>13</sup> These ratios can be over 100 percent for HIPCs that have reached completion point and have received interest on the amounts committed at decision point.<sup>14</sup>

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<sup>11</sup> The IDA delivery of debt service covers the decision point HIPCs as of end-June 2005, of which there were 27. Burundi reached decision point in August 2005.

<sup>12</sup> This excludes the countries that have not received any disbursement, either because they have recently reached decision point or had no eligible debt at decision point.

<sup>13</sup> Examples include The Gambia and Guinea Bissau.

<sup>14</sup> For example, Senegal, Nicaragua, and Honduras.

### **Box 1. Extension of Limit for the Delivery of Interim Relief by IDA**

In September 2004, the IDA Board approved new guidelines for the provision and extension of the limit for the delivery of interim debt-service relief to HIPCs in exceptional circumstances, following the experience of Cameroon and Honduras, which had reached the then applicable one-third debt reduction limit. The extension of the interim relief limit recognizes the longer-than-anticipated duration of the interim period for many HIPCs owing to interruptions in macroeconomic and structural reform programs.

Under the new arrangement, the limit could be raised to 50 percent of the committed World Bank debt relief identified at the decision point. Delivery, and extension, of interim assistance will continue to be conditional on satisfactory macroeconomic performance and structural reforms. This would: (i) allow more time for countries to prepare and implement high quality PRSPs; (ii) help avoid potentially disruptive allocation of budget resources caused by higher debt service; (iii) help protect key social services of poverty-reducing expenditures; and (iv) strengthen the Bank's leverage in persuading non-participating creditors to provide HIPC relief.

Along with this extension, the Board also approved changes to the procedures for triggering the suspension of interim relief. World Bank country teams will perform detailed assessments of progress on completion point triggers and preparation and/or implementation of the PRSP for countries that are experiencing protracted delays in reaching completion point. If corrective measures are deemed necessary, authorities are notified of required remedial actions. If, after one year, the country fails to implement the remedial actions or reach completion point, Management will decide whether the Bank's interim relief should be suspended and indicate the actions needed for interim relief to be restored. In addition, Management will inform the Board of decisions to extend or suspend interim relief at least five business days ahead of the effectiveness of these decisions.

17. **The AfDB and IDB have been providing interim relief to HIPCs.** As of end-2004, the AfDB has delivered approximately US\$867 million in relief to 23 countries under the HIPC Initiative. The AfDB has reached its cumulative limit for interim assistance of 40 percent of total debt relief commitment in NPV terms to Cameroon, The Gambia, Guinea, Madagascar, and Zambia. AfDB's interim assistance to Malawi (end-2003), Rwanda, Sierra Leone, São Tomé and Príncipe and Chad lapsed at the end of 2004, due to an exhaustion of the HIPC Trust Fund financing AfDB's interim relief.<sup>15</sup> At end-2004, the IDB delivered approximately US\$439 million in debt relief to Bolivia, Guyana, Honduras, and Nicaragua.

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<sup>15</sup> The AfDB Board approved the request to replenish the Trust Fund in early July 2005 and interim relief will resume shortly.

### C. Official Bilateral Creditors

18. **Paris Club creditors have continued to provide interim relief for countries in the interim period and to approve stock of debt reductions for countries that have reached their completion point.** The estimated cost to Paris Club creditors of providing HIPC debt relief to the 28 countries that have reached decision point is US\$13.8 billion in 2004 NPV terms (Appendix Table 9A). Since September 2004, Paris Club creditors agreed to deliver their share of debt relief under the HIPC Initiative to Madagascar, Honduras, Rwanda, and Zambia as they reached their completion points.<sup>16</sup>

19. **Almost all 19 Paris Club creditors have agreed, on a bilateral basis, to grant additional debt relief beyond that committed under the HIPC Initiative** (Appendix Table 10 and Box 2). Practices to provide the additional relief vary depending on the HIPC Initiative stage reached and on the categories of eligible claims:

- At decision point, most creditors have provided up to 100 percent interim debt relief on eligible debts. In addition, three creditors (Finland, the Netherlands, and United Kingdom) have granted full debt-stock reductions on ODA debts and two creditors (Finland and UK) have also written off all non-ODA debts. The Netherlands has cancelled non-ODA debt service for some countries.
- At completion point, most creditors have cancelled 100 percent of pre-cutoff date ODA and non-ODA debt. Of the creditors holding post-cutoff date ODA debt of HIPCs at the completion point, seven creditors (Australia, Canada, Finland, The Netherlands, Norway, Sweden, and Switzerland) have already cancelled all ODA claims; three creditors (Belgium, Denmark, and UK) have agreed to cancel debt contracted before a certain date; five creditors (France, Germany, United States, Italy, Spain) have provided cancellation of debt incurred before June 1999; Japan cancels ODA claims without taking into consideration the cutoff date and Austria has not provided additional debt relief. With regard to post-cutoff date non-ODA debt, only five creditors have agreed to grant debt cancellation.

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<sup>16</sup> Paris Club creditors are expected to consider provision of interim debt relief for Burundi in September 2005.

### **Box 2. Paris Club--Debt Relief Under the HIPC Initiative<sup>1</sup>**

Paris Club creditors sign bilateral agreements of debt relief with countries that reach their decision and completion points in line with the Paris Club's Agreed Minutes. The general terms of the bilateral agreements are:

- At decision point, most creditors provide HIPC interim relief through a flow treatment. Maturities falling due during the interim period are treated under Cologne terms, with cancellation of 90 percent of pre-cutoff-date non-official development assistance (non-ODA) and the remaining rescheduled over 23 years, including 6 years of grace, at the appropriate market rate. Likewise, 100 percent of pre-cutoff-date ODA maturities are rescheduled over 40 years, including 16 years of grace, at an interest rate at least as favorable as the original interest rate.
- At completion point, creditors are expected to grant HIPCs a stock of debt reduction treatment of eligible debt of up to 90 percent in present value terms, or more if necessary, to reduce the debt ratios by a proportion equivalent to the common reduction factor.

1/ Source: Paris Club Secretariat

20. **The number of non-Paris Club creditors that have delivered or committed to delivering their share of debt relief on all claims to HIPCs has declined.** Of the 51 non-Paris Club official bilateral creditors, eight have remained fully committed to delivering their share of debt relief on all claims on HIPCs. Libya has withdrawn its participation in the Initiative, because of insufficient support for ratification;<sup>17</sup> and Argentina could not reach an agreement with Guyana. As a result, the share of estimated HIPC Initiative debt relief that these creditors have delivered, or are committed to delivering has decreased from 13.6 percent over the past year to 6.4 percent of the estimated US\$3.6 billion in 2004 NPV terms (Appendix Table 11A and 11B). Twenty creditors have committed to deliver HIPC Initiative debt relief on some claims on HIPCs. The remaining 23 creditors (accounting for 28 percent of the debt relief to be provided by these creditors) have not yet agreed to provide their share of HIPC Initiative debt relief.<sup>18</sup> In addition, while Brazil has agreed to provide its share of HIPC Initiative assistance to Zambia under the same terms as the Paris Club, actual delivery has not taken place yet.

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<sup>17</sup> Libya informed the Fund that their early commitment to participate in the HIPC initiative failed to get approval for ratification from the concerned authorities in July 2004. However, Libya indicates that it will provide debt relief as determined bilaterally with HIPCs.

<sup>18</sup> The non-Paris Club creditors share in the total cost of the HIPC initiative is about 11 percent.



### **Box 3. Non-Paris Club Creditors Participation Under the HIPC Initiative**

On the basis of a survey of non-Paris Club creditors' participation under the HIPC Initiative for countries that have reached the completion point before September 2004 and direct contact with non-Paris Club creditors, staff has tried to identify the problems faced by non-Paris Club creditors in the delivery of the HIPC assistance.<sup>1</sup> In spite of the good will of some creditors, their capacity to participate in the HIPC Initiative is hampered by:

- **Lack of understanding of the HIPC methodology.** This seems to be one of the main impediments to provide HIPC relief: (i) creditors fall short of delivering their share of the HIPC Initiative because they consider that only non-ODA debt can be cancelled. However, they are expected to provide relief on NPV terms of all debt outstanding in a proportion equivalent to the common reduction factor; (ii) creditors that have provided debt relief under traditional mechanisms (even before the approval of the HIPC Initiative) sometimes consider that they have already done their share. However, the proportional reduction of debt under the HIPC Initiative is applied to the NPV of the stock of debt outstanding after the application of traditional debt relief mechanisms (Naples terms, 67 percent NPV debt reduction); and (iii) differences between creditors and HIPCs regarding the methodology to be applied to calculate in current US dollar terms the NPV debt reduction estimated at the decision point.
- **Some HIPCs make little effort to contact their creditors.** Some creditors have indicated that some HIPCs have not initiated contact yet. However, even when countries have actively sought relief, the progress in negotiation has not been very encouraging. For example, Nicaragua has only received about one third of HIPC relief from its non-Paris Club creditors.
- **Weak debt and asset management systems.** Another factor delaying provision of HIPC Initiative debt relief is the lack of appropriate debt management systems in debtor countries and asset management systems in creditor countries. Some debtors and creditor have indicated that debts identified to be treated under the Initiative do not appear on their books.
- **Restrictive domestic legislation.** Some creditors have indicated that current domestic legislation does not allow them to cancel their claims on HIPCs or their legislation does not allow them to cancel claims held by central banks.

In view of these difficulties, Fund staff will continue to discuss non-Paris Club creditor participation in the HIPC initiative during the Article IV consultation discussions and possible means to overcome these and other obstacles to debt relief delivery. Likewise, Fund and World Bank staff, in close coordination with the international community, will continue to support technical assistance efforts.

1/ This is the second year the survey has been conducted. The response rate has been about 20 percent.

21. **However, non-Paris Club creditors have signed a few more debt relief agreements since September 2004.** Some creditors (e.g.; Hungary, India, Kuwait, and Saudi Arabia) have signed debt relief agreements since September 2004, benefiting countries such as Chad, Ethiopia, Madagascar, Nicaragua, Senegal, and Tanzania. In some cases, these creditors provided traditional debt relief but fell short of delivering their share of debt relief expected under the HIPC Initiative. In all, the amount of HIPC debt relief fully delivered to the 14 countries that reached the completion point before September 2004 has remained unchanged at about 19 percent of the US\$2.8 billion in 2004 NPV terms expected to be provided to these countries.<sup>19</sup> In view of the slow progress of non-Paris Club creditor participation, staff have tried to identify the factors that are hampering their participation and ways to address these difficulties (Box 3).

#### **D. Commercial Creditors and Creditor Litigation**

22. **Although commercial creditors account for about 2 percent of the total debt relief due under the Initiative, most have not provided their share.** Not only does non-delivery of debt relief substantially affect HIPC's debt outlook, but several commercial creditors have put pressure on HIPC's to settle claims by resorting to litigation and other unilateral action.<sup>20</sup> Since August 2002, staffs have monitored creditor litigation against HIPC's. Of the 21 governments responding to this year's survey, 11 HIPC's indicated having no lawsuits.<sup>21</sup> Of the remaining, 9 were facing litigation of which four were new legal actions (Table 3). With respect to last year's results, the key changes are two additional lawsuits against Cameroon (Cameroon vs. Sconset and Cameroon vs. Grace Church Capital), one additional lawsuit against the Democratic Republic of the Congo (vs. KHD Humboldt Wedag AG Koln and others) and an additional legal action against Zambia (Connecticut Bank of Commerce). In many cases, debtors have not made payments on court judgments obtained by creditors.

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<sup>19</sup> This is less than the total debt relief delivered so far. Lack of information on partial debt relief provided precludes staff from estimating the total cost. In some cases, non-Paris Club creditors have indicated their agreement to deliver HIPC debt relief but have not reported on the bilateral agreements signed.

<sup>20</sup> Threats of creditor litigation have been leveled against HIPC's, including such cases as Greganti Secondo, ARCADE, and Industrie Biscoti against Sierra Leone, and First International Bank of Israel against the Democratic Republic of the Congo.

<sup>21</sup> The survey was sent to the 27 countries that had reached decision point as of end-May 2005.

**Table 3: Creditors Involved in Litigation Against HIPCs 1/ 2/**

<b>Creditor 3/</b>	<b>Domicile of Creditor</b>	<b>HIPC Debtor</b>	<b>Original Claim 4/</b> (millions of U.S. dollars)	<b>Status of Legal Action</b>	<b>Judgment for Creditor</b> (millions of U.S. dollars)
Winslow Bank	Bahamas	Cameroon	9.9	Judgement to pay	19.9
Del Favaro Spa	Italy	Cameroon	2.9	Judgement to pay	4.6
Sconsset	British Virgin Islands	Cameroon	18.2	Pending	
GraceChurch CAPITAL	Cayman Islands	Cameroon	8.9	Pending	
ENERGOINVEST	Former SFR Yugoslavia	Congo, D.R.	55.8	Judgement to pay	81.7
KHD Humboldt Wedag AG Koln and others	Germany	Congo, D.R.	—	Judgement to pay	80.4
Laboratories Bago	Argentina	Honduras	1.45	Pending	—
Yugoimport	Former SFR Yugoslavia	Mozambique	10.9	Pending	—
LNC Investments	U.S.	Nicaragua	26.3	Judgement to pay	87.1
GP Hemisphere Associates	U.S.	Nicaragua	30.9	Judgement to pay	126.0
Van Eck Emerging Markets	British Virgin Islands	Nicaragua	10.5	Judgement to pay	62.5
Export-Import Bank	Taiwan, Republic of China	Niger	60.0	Judgement to pay	58.8
J&S Franklin Ltd.	U.K.	Sierra Leone	1.1	Judgement to pay, Sierra Leone has paid US\$2.0 million.	2.4
UMARCO	France	Sierra Leone	0.6	Pending; Sierra Leone has paid US\$ 0.1 million.	—
Executive Outcomes, International Inc.	South Africa/Panama	Sierra Leone	19.5	Pending; Sierra Leone has paid US\$1.1 million	28.5
Chatelet Investment Ltd.	Sierra Leone	Sierra Leone	0.4	Pending	—
Scancem International ANS	Norway	Sierra Leone	3.7	Out of Court Settlement, Sierra Leone has paid US\$2.0 million.	3.7
Banco Arabe Espanol	Spain	Uganda	1.0	Judgement awarded and paid	2.7
Transroad Ltd	United Kingdom	Uganda	5.5	Judgement awarded and paid	10.6
Industry of Construction Machinery and Equipment	Former SFR Yugoslavia	Uganda	8.4	Judgement awarded and paid	8.9
Sours Fab Famous Rz Promet	Former SFR Yugoslavia	Uganda	1.3	Judgement awarded and paid	1.8
Arab Fund For External Development	Iraq	Uganda	2.6	Judgement to pay	6.4
Shelter Afrique	Kenya	Uganda	0.1	Out of court settlement.	0.1
Connecticut Bank of Commerce	United States	Zambia	0.9	Judgement awarded and paid	0.3
		<b>Grand Total</b>	<b>280.9</b>		<b>586.4</b>

Source: HIPC authorities.

1/ The following exchange rates were used in cases where amounts were not given in US dollars; 1.74 UK Pound Sterling= \$1 USD; 1.19 Euro=\$1 USD.

2/ Based on a survey of 27 countries that reached decision point at end-May 2005. The following 11 countries reported having no creditor lawsuits: Benin, Bolivia, Ghana, Guinea, Guyana, Madagascar, Malawi, Mali, Mauritania, Sao Tome Principe and Tanzania.

3/ Either original creditor or holder of current claim.

4/ Excludes accumulated interest and charges.

23. **The Debt Reduction Facility (DRF) for IDA-only countries has been an important instrument in reducing commercial debt owed by HIPCs.**<sup>22 23</sup> Since its extension, the DRF has been, or will be, tapped by Mozambique, Nicaragua, Democratic Republic of the Congo, and Sierra Leone. Negotiations with commercial creditors are most advanced in Mozambique. Financial advisors have been chosen in the case of Nicaragua, and proposals to hire financial advisors will be submitted to the IDA Board for the Democratic Republic of the Congo and Sierra Leone in the second half of 2005.<sup>24</sup>

#### **IV. COUNTRIES POTENTIALLY ELIGIBLE FOR ASSISTANCE UNDER THE ENHANCED HIPC INITIATIVE**

##### **A. Preliminary List of Countries Potentially Eligible for Assistance under the Enhanced HIPC Initiative**

24. **In September 2004, the Boards of the IDA and the IMF decided to extend the “sunset clause” of the enhanced HIPC Initiative to end-2006, and to “ring-fence” its application to countries satisfying the enhanced HIPC Initiative income and indebtedness criteria using end-2004 data.**<sup>25, 26</sup> The expectation was that the assessment of the end-2004 indebtedness eligibility criterion would have allowed for a closed list of member countries eligible for debt relief to be established and that list would be presented for information of the Fund and Bank Boards by mid-2005.<sup>27</sup> Staffs have begun assessing information on such countries, but due to some data deficiencies, have been only able to prepare a preliminary list on the basis of aggregated data provided by country authorities and

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<sup>22</sup> Since 1989, the DRF for IDA-only countries has supported operations and provided technical assistance to 20 of the 27 decision point HIPCs (21 operations) retiring about US\$4.1 billion in principal and US\$3.4 billion of associated interest due to commercial creditors.

<sup>23</sup> In June 2004, the IDA Board approved an enhancement to the facility that, inter alia: (i) extended the facility for three years; (ii) consolidated buy-back operations between HIPCs when cost effective; (iii) provided a discount under the operation of no less than the combined effect of the provision of traditional and HIPC relief. In addition, the IBRD Board of Governors approved a transfer of \$50 million from FY04 IBRD net income to support a replenishment of resources for the Debt Reduction Facility for IDA-only countries. These measures will assist in buying back at a discount a portion of the remaining US\$1.7 billion commercial credits in decision point countries.

<sup>24</sup> The Nicaragua operation will be the first involving debts that are in litigation.

<sup>25</sup> The sunset clause stems from the 1996 Program of Action which established a time limit in order to prevent the HIPC Initiative from becoming a permanent facility and to encourage HIPCs to adopt adjustment programs that could be supported by the Fund and IDA.

<sup>26</sup> For a country to be eligible for debt relief under the HIPC Initiative, it needs to satisfy the following requirements before the sunset clause expires: (i) to be IDA-only and PRGF-eligible; (ii) to have debt indicators in excess of the enhanced HIPC Initiative thresholds after the application of traditional debt relief based on end-2004 data; and (iii) to have started a Fund- and IDA- supported program by October 1, 1996 or in the period between October 1, 1996 and December 31, 2006.

<sup>27</sup> See PRGF-HIPC Trust Instrument—Amendments to Eligibility Criteria, available via the Internet at <http://www.imf.org/external/np/prsp/2004/100704.htm>.

loan-by-loan data from most multilateral creditors.<sup>28</sup> While the data received for some countries was generally sufficient, data deficiencies identified in others could lead to their misclassification. (Table 4). To minimize this risk of misclassification, staffs will undertake a more detailed assessment for all subject countries to determine, by early 2006, the definitive list of countries that meet the indebtedness eligibility criterion.<sup>29</sup>

**25. Based on the analysis undertaken so far, 13 countries have estimated debt burden indicators above the enhanced HIPC Initiative thresholds using end-2004 data.** These include nine of the pre-decision point countries already identified (Central African Republic, Comoros, the Republic of Congo, Côte d'Ivoire, Lao PDR, Liberia, Somalia, Sudan, and Togo), as well as Eritrea, Haiti, Kyrgyz Republic and Nepal. Four of these thirteen countries could be potentially eligible under the fiscal revenue criteria (See Table 4). With the exception of the Republic of Congo, Côte d'Ivoire, and Togo, all these countries are potentially eligible taking into account only their outstanding multilateral obligations.<sup>30</sup>

**26. Five countries, (Afghanistan, Cape Verde, Georgia, Moldova, and Tajikistan) have ratios below the enhanced HIPC Initiative thresholds.** However, in the case of Afghanistan there are substantial claims (US\$10.8 billion) under dispute with Russia. Under the enhanced HIPC Initiative guidelines, outstanding claims must be reconciled before they can be considered for debt relief. Reconciliation of these claims may affect whether Afghanistan is eligible for HIPC Initiative assistance.

**27. Five countries (Bangladesh, Bhutan, Myanmar, Sri Lanka, and Tonga) provided incomplete data that precludes the staffs to conclude firmly at this time.** The authorities of Bangladesh, Bhutan, Myanmar, and Tonga provided external debt data based on their respective fiscal year and not for end-December 2004.<sup>31</sup> The determination of Sri Lanka's eligibility is subject to further verification of data on obligations owed by state-owned enterprises.

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<sup>28</sup> A description of the approach taken, data sources, and the assessment of data quality is presented in Annex III.

<sup>29</sup> At the respective decision points, the Fund and Bank Boards would confirm that the member country has in fact met all eligibility criteria and at that time, the amount of debt relief for which the member qualifies under the enhanced HIPC Initiative will be determined based, inter alia, on the eligible debt outstanding at the last reference year before the decision point.

<sup>30</sup> Detailed data was obtained from most multilateral creditors. This allowed the use of the loan-by-loan approach prescribed under the HIPC Initiative.

<sup>31</sup> The fiscal year period for Bangladesh, Bhutan and Tonga extends from July to June while that for Myanmar extends from April to March.

**Table 4: Preliminary List of Countries Potentially Eligible for Assistance under the HIPC Initiative, based on end-2004 data 1/**

Exports Window		Revenue Window	
Country	NPV/X ratio 2/	Country	NPV/R ratio 3/
Liberia	1433%	Togo 4/	394%
Somalia	1091%	Cote D'Ivoire 4/	361%
Sudan	561%	Republic of Congo 4/	354%
Central African Republic 4/	546%	Kyrgyz Republic 4/	345%
Comoros	378%		
Lao, PDR 4/	197%		
Eritrea	362%		
Nepal 4/	201%		
Haiti 4/	190%		
HIPC Threshold - 150 percent		HIPC Threshold - 250 percent	
Cape Verde	127%		138%
Afghanistan	83%		105%
Georgia	71%		96%
Moldova	54%		128%
Tajikistan	54%		134%
Data provided is incomplete			
Bangladesh	158%		195%
Myanmar	150%		748%
Bhutan	148%		204%
Tonga	126%		96%
Sri Lanka	111%		238%

Data source: Country authorities, multilateral creditors, Paris Club Secretariat, Global Development Finance and staff estimates.

1/ All countries considered are IDA-only and PRGF-eligible and have not benefited from assistance under the HIPC Initiative. If a country qualifies under both the Exports and Revenue Windows, the criterion that maximises the amount of debt relief to be provided is retained.

2/ Exports refer to the last three-year average of exports of goods and non-factor services.

3/ Revenue refers to the reference year revenue of the central government, excluding grants. A country can qualify under the revenue window only if its exports to GDP ratio and revenue to GDP ratio are above 30 percent and 15 percent, respectively.

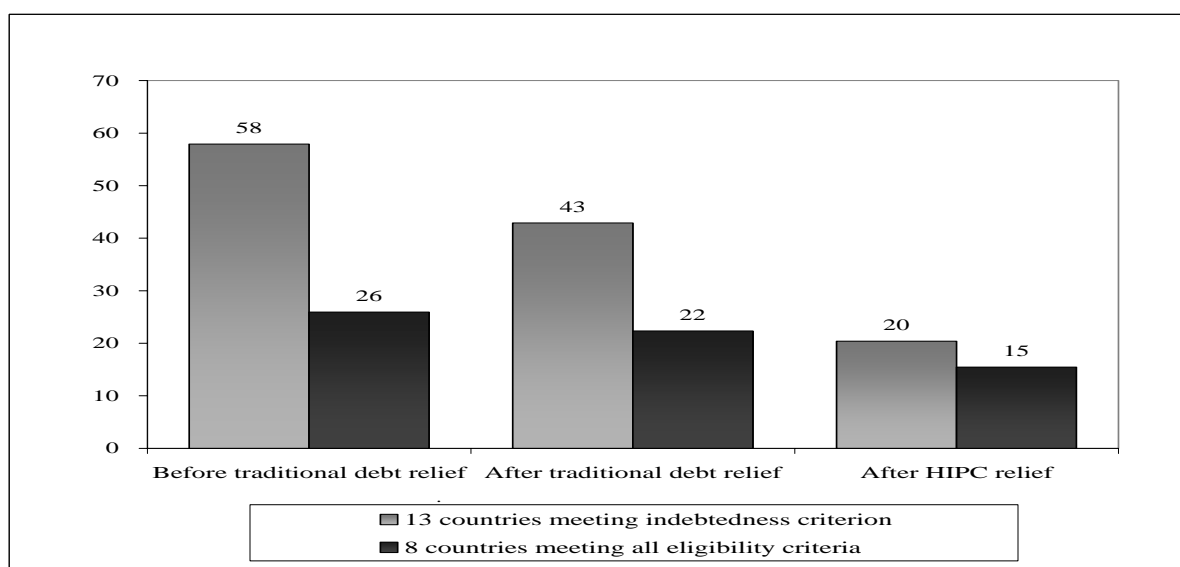
4/ Countries that have started a Fund- and IDA- supported program since 1995.

**28. A final list of countries meeting the indebtedness criterion as of end-2004, together with updated cost estimates, will be presented to the Boards in early 2006.** During this process staffs will seek to ensure that the data available for the final assessment is reliable. Staff will also review submissions from countries that express disagreement with their classification. Missions to countries will be considered on the invitation of country authorities and where staffs determine that field work would improve the coverage and reliability of data.

29. Among the 13 countries that meet the indebtedness criterion based on satisfactory data, eight have started a Fund and IDA-supported program since 1995 and thus would satisfy all the criteria for eligibility under the enhanced HIPC Initiative (see Table 4). They are Central African Republic, the Republic of Congo, Côte d'Ivoire, Haiti, Kyrgyz Republic, Lao PDR, Nepal and Togo. To become eligible, the remaining five countries would need to start a Fund- and IDA-supported program before the expiration of the sunset clause.

30. For these 13 countries, the outstanding stock of debt is estimated at US\$58 billion in end-December 2004 NPV terms.<sup>32</sup> Debt stocks could be reduced by about 64 percent to US\$20 billion after the delivery of traditional debt relief by bilateral creditors, and assistance under the HIPC Initiative (Figure 5).

**Figure 5. Estimated Debt Stock Reduction**  
(In billions of U.S dollars in 2004 NPV terms)



Sources: Country authorities, multilateral creditors, Paris Club Secretariat, Global Development Finance and staff estimates.

31. Estimated HIPC Initiative assistance for these 13 countries is projected to be US\$23 billion in 2004 NPV terms (Table 5). Roughly a third of this amount (US\$7 billion)

<sup>32</sup> The IMF's and World Bank's exposure to these countries in nominal terms, as of end-December 2004, amounted to US\$3.5 billion and US\$10 billion respectively, of which US\$2.8 billion and US\$2.4 billion, respectively correspond to the protracted arrears cases. The IMF's and World Bank's exposure to the four newly identified potential HIPCs are US\$240 million and US\$3 billion, respectively. Bangladesh and Sri Lanka are the only countries among the five countries for which the results are inconclusive that have outstanding debt to the IMF. Their outstanding debt to the Fund at end-December 2004 is estimated at US\$524.5 million. The World Bank's exposure to these five countries is US\$12 billion. Bangladesh represents US\$8.9 billion of that amount.

corresponds to the estimated debt relief in NPV terms to the eight countries that have already met the eligibility requirements. The three protracted arrears cases (Liberia, Somalia and Sudan) would represent a substantial share of the estimated debt relief (US\$15 billion, or about 70 percent of the total). The amount of debt relief for the newly identified potential cases (Eritrea, Haiti, Kyrgyz Republic and Nepal) is estimated at US\$1.3 billion.

32. **Bilateral creditors would bear about half of the cost of providing HIPC Initiative assistance to these 13 countries (Table 5).** About 60 percent of the US\$14 billion in the cost of bilateral assistance is attributable to Paris Club creditors. The cost to multilateral creditors is about US\$9 billion. Among these creditors, IDA would carry the largest share with about US\$3 billion. The share of the IMF would amount to around US\$2 billion (most of which correspond to the three protracted arrears cases), while the costs to the AfDB group would be approximately US\$1 billion.

**Table 5. Potentially Eligible Countries: Estimated Costs by Main Creditors and by Country Group**

(In billions of U.S. dollars, in end-December 2004 NPV terms)

	Potentially Eligible Countries (13 countries)	Countries meeting all eligibility criteria (8 countries)	Remaining Countries (5 countries)	
			Total	Of which: Liberia, Somalia and Sudan
<b>Total costs</b>	<b>22.5</b>	<b>6.9</b>	<b>15.6</b>	<b>15.3</b>
<b>Bilateral and commercial creditors</b>	<b>14.0</b>	<b>4.1</b>	<b>9.8</b>	<b>9.8</b>
Paris Club	7.6	2.7	4.9	4.9
Other official bilateral	3.5	0.3	3.2	3.2
Commercial	2.9	1.2	1.7	1.7
<b>Multilateral creditors</b>	<b>8.6</b>	<b>2.8</b>	<b>5.8</b>	<b>5.5</b>
World Bank	3.0	1.4	1.6	1.5
IMF	2.4	0.2	2.2	2.2
AfDB Group	1.0	0.4	0.6	0.6
AsDB	0.5	0.5	0.0	0.0
Other	1.6	0.3	1.3	1.3
Memorandum item:				
In percent of total cost	<b>100</b>	<b>30.6</b>	<b>69.4</b>	<b>67.9</b>

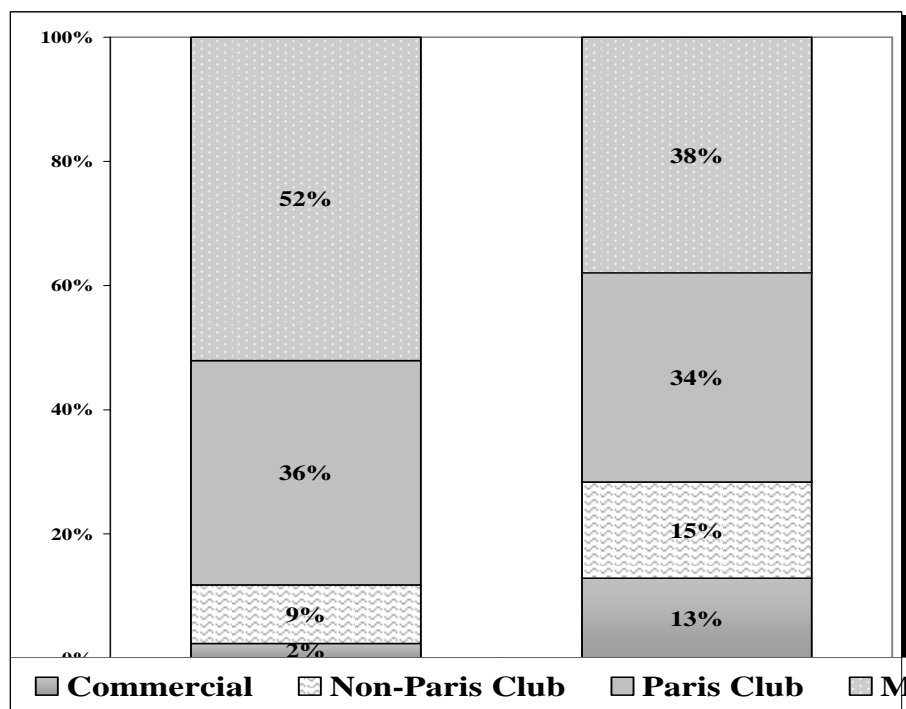
Sources: Country authorities; multilateral creditors, Paris Club Secretariat, Global Development Fund and staff estimates.

33. **The exposure of commercial creditors to the 13 countries meeting the indebtedness criterion is significantly higher than that to the 28 decision point countries.** While commercial creditors accounted for only 2 percent of the costs of debt relief to the 28 decision point countries, their share of debt relief to the 13 potentially eligible countries is estimated at 13 percent (Figure 6). The poor record of these creditors in delivering debt relief and their attempts at recovering claims through litigation is a cause for



concern.<sup>33</sup> The international community and the affected countries will have to prepare for the challenge of mobilizing the participation of these creditors for the delivery of debt relief.

**Figure 6. Structure of the Estimated Cost of HIPC Initiative Assistance for the 13 Countries Potentially Eligible for the HIPC Initiative**



Sources: Country authorities, multilateral creditors, Paris Club Secretariat, Global Development Finance and staff estimates.

## B. Progress in Implementation of Conditions to Qualify for the HIPC Initiative

34. **To qualify for debt relief, countries must have a track record of performance and must have in place a satisfactory poverty reduction strategy.**<sup>34</sup> Five of the 13 countries that could qualify for the HIPC Initiative are on track with their macroeconomic programs and have PRSPs in various stages of preparation (Table 6). The Republic of Congo, is on track with its macroeconomic program, has completed its I-PRSP, and could reach its decision point by end 2005. The Kyrgyz Republic and Nepal are pursuing PRGF-supported programs and have completed their full PRSPs. Both the Central African Republic and Haiti

<sup>33</sup> For example, Montrose Capital has purchased claims from some of Liberia's former commercial bank creditors. It has filed a lawsuit against the Central Bank of Liberia for one claim and is threatening litigation on another. About 10 percent of the Republic of Congo's external debt (US\$ 900 million), held by 12 creditors, is in litigation

<sup>34</sup> A satisfactory poverty reduction strategy could be in the form of an I-PRSP, PRSP preparation status report, PRSP, or APR.

have Emergency Post Conflict Assistance (EPCA) arrangements and are preparing their PRSP and I-PRSP, respectively.

35. **Côte d'Ivoire, Lao PDR, and Togo have had protracted interruptions in their PRGF-supported programs.** Continuing domestic conflict or unsettled transitions from post-conflict situations have hampered effective policy implementation and institution building in Côte d'Ivoire and Togo. The authorities in both countries have expressed a willingness to seek Fund support for their programs as soon as the security condition stabilizes. In previous consultations with staff, the Lao authorities have stated that they do not wish to avail themselves of the HIPC Initiative.

36. **The remaining five countries (Comoros, Eritrea, Liberia, Somalia, and Sudan) have not been engaged in Fund- or IDA-supported programs for at least eight years.** Nearly all these countries have been affected by conflict and several have large arrears to various creditors which have complicated the design and implementation of viable policy adjustment and reform programs. A concerted international effort would be needed to resolve the outstanding arrears situation of Liberia, Somalia and Sudan. Notwithstanding these difficulties, Comoros and Sudan are making satisfactory progress in establishing a track record of macroeconomic performance under SMPs that could eventually pave the way for Fund- and IDA-supported programs.

## V. ISSUES FOR DISCUSSION

**Eligibility for the HIPC Initiative.** Do Directors agree with the approach taken by staff in identifying countries potentially eligible for the enhanced HIPC Initiative?

**Creditor participation.** Do Directors have any further suggestions on how to enhance creditor participation under the enhanced HIPC Initiative?

**Table 6. Progress in Implementation in Countries that are potentially eligible for the HIPC Initiative**  
Status as of August 2005

Country	Political developments	Status of Adjustment Programs and qualification for the HIPC Initiative1/
<b>Countries that have had a Fund-supported economic program of adjustment and reform since 1995</b>		
Central African Republic	Political tensions have eased after the conclusion of the second round of the presidential and parliamentary elections held on May 8. The incumbent president Bozizé won the widely contested election with 65 percent of the vote. Despite some logistical problems and complaints of fraud by a number of political parties, most observers suggest that the problems encountered did not materially affect the outcome.	The PRGF arrangement, which was approved in July 1998, went off track in 2001 after the completion of the first review and the endorsement of the I-PRSP by the Boards of IDA and the IMF. An EPCA program was approved in July 2004. Preparation of the full PRSP was delayed due to political instability and erosion of capacity. Preparation has resumed and a full PRSP is expected in 2006. The Central African Republic could reach its decision point by late 2006. The country has a significant stock of arrears.
Republic of Congo	A government reshuffle took place in early 2005, but the political situation remains stable.	In December 2004 the IMF Board approved a PRGF arrangement and the World Bank approved an Economic Recovery Credit. This was followed by a Paris Club rescheduling agreement to restructure the Republic of Congo's external public debt under Naples terms. The Fund Executive Board completed the first review under the PRGF arrangement on August 1, 2005. Assuming good performance under the PRGF-supported program, the Republic of Congo could reach the Decision Point in late 2005. An I-PRSP and a Joint Staff Advisory Note were discussed by the Boards in December 2004. A full PRSP is expected by end-2006.
Cote d'Ivoire	The security and political situation has worsened further since November 2004. The re-activation of the peace process in December 2004 by South Africa's President Mbeki raises new hope for a durable peace.	The PRGF arrangement, which was approved in March 1994 expired in 1997 before the final review. Another PRGF-supported program was approved in March 1998 went off-track in 1999. Currently, there is no IMF program in place. The 2002 PRGF arrangement, which became inoperative soon after its inception, expired in March 2005. Assuming normalization of the security and political situation, IMF's reengagement could be in the context of an EPCA, which, upon satisfactory implementation, could lead to a new PRGF arrangement and a possible HIPC decision point in 2006. An I-PRSP was endorsed in March 2002. Conflict intervened, delaying the completion of the full PRSP. The country has large external arrears.
Haiti	National elections are scheduled to take place in October-November 2005, however the prospects for holding fair and safe elections are uncertain.	A PRGF-supported program was approved in October 1996 but a review was never completed. In January 2005 the IMF Board approved an EPCA following satisfactory performance under the SMP in 2004. Performance under the EPCA-supported program has been broadly satisfactory. The authorities and staff are discussing a second EPCA purchase. Once an elected government takes office, the authorities are expected to request a PRGF-supported program. The authorities have started working on an I-PRSP.
Kyrgyz Republic	Stable political environment.	A new PRGF arrangement was approved in March 2005 following the satisfactory completion of the predecessor arrangement which was approved in December 2001. A full PRSP was completed and endorsed by the Boards in February 2003 and the first annual progress report was endorsed by the Boards in June 2004..
Nepal	King Gyanendra took over the government in February 2005 following dissatisfaction with the progress of peace talks. The political situation remains difficult.	A PRGF arrangement was approved in November 2003 and the first review was completed in October 2004. A full PRSP was completed and endorsed by the Boards in November 2003
Lao PDR	Stable political environment.	The PRGF arrangement, which was approved in June 1993 expired in 1997 before the final review. The 3rd review under the PRGF arrangement that was approved in April 2001 was completed in September 2003, but the PRGF expired in April 2005 without any further reviews being completed. The full PRSP was discussed by the Boards in November 2004. The authorities have emphasized that despite the country's HIPC eligibility, they do not wish to avail of the facility (as noted in the Article IV Staff Report of November 2004).
Togo	In April 2005, Faure Gnassingbé won the presidential elections after a period of political turmoil and a new government was formed in late June.	The PRGF arrangement, which was approved in September 1994 went off track in 1998. The country has not had an IMF arrangement since then, but the authorities are eager to enter into a new SMP. Satisfactory performance under the SMP could pave the way for agreement on a possible new PRGF. An I-PRSP was approved by the Council of Ministers in November 2004 but has not been submitted to the Boards'. Assuming a satisfactory track record of policy implementation under a Fund-supported program, Togo could then reach its decision point by late 2007.

**Table 6 (concluded). Progress in Implementation in Countries that are potentially eligible for the HIPC Initiative**

Status as of August 2005

Country	Political developments	Status of Adjustment Programs and qualification for the HIPC Initiative <sup>1/</sup>
<b>Countries that have not had a Fund-supported economic program of adjustment and reform since 1995</b>		
Comoros	The political situation has improved reflecting national reconciliation and enhanced cooperation between the island governments. The Union Parliament is examining the relevant implementing legislation on the delineation of responsibilities and revenue sharing among island governments.	Comoros has not had a Fund arrangement since 1991. There was mixed performance under the SMP covering the July 2001 - June 2002 period. An SMP was approved in February 2005. A draft update of the I-PRSP has been circulated for comments and is expected to be issued in the near future.
Eritrea	Eritrea remains in a state of mobilization over the border demarcation dispute with Ethiopia. The ongoing "no war/no peace" impasse could continue indefinitely.	Eritrea has never had an IMF arrangement. A draft I-PRSP was completed but further work on the project has halted
Liberia	Intermittent civil wars have undermined the capacity to devise and implement policies. A transitional government operating under a power-sharing formula took office in late 2003, with elections to be held in October 2005. The security environment has improved, but is still considered unpredictable.	Nearly all of the debt is in arrears. Monthly token payments to the IMF resumed in early 2004 and that to other multilaterals are expected in the new budget year. Since the NTGL took office, cooperation with the Fund on policies and payments has broadly strengthened. However, the momentum of reforms has recently slackened. The authorities are interested in a SMP to build a track record that could lead to the start of de-escalating the IMF's remedial measures against Liberia and to an eventual resolution of the heavy debt burden, but a sufficiently strong track record toward an SMP may not be established until early 2006. Liberia could reach its decision point by mid-2007 once it satisfactorily completes the SMP and establishes a track record of policy implementation under a Fund-supported program. Liberia has not begun the PRSP process.
Somalia	In early 2004, an agreement was signed to define the structure and composition of the future government. This represents the final phase of the peace process launched in October 2002. A Transitional Parliament was inaugurated in August 2004, and a cabinet was appointed in January 2005. The Transitional Federal Government is now seeking to return to Somalia from its current base of operations in neighboring Kenya.	The Transitional Federal Government has made initial contacts with the IMF, but the status of the new government in the international community is unclear and the issue of arrears has yet to be discussed. No PRSP process is in place. The World Bank is engaged with Somalia under the LICUS approach. There are substantial external arrears.
Sudan	The government and the Sudan's People Liberation Movement are taking steps to implement the recent peace agreement, including the drafting of a new constitution and the formation of a government of national unity. However, progress towards the resolution of the conflict in Darfur has been slow. At a recent donors' conference in Oslo, delegations pledged a total of US\$1.9 billion in development assistance to Sudan over the next three years, part of which will be conditional on progress in implementing the peace agreement and resolving the situation in Darfur.	Sudan's external debt is quite large and most of it is in arrears. Restoring Sudan's external viability would require wide international support and exceptional debt relief, including under the HIPC Initiative. Performance under the 2004 SMP was satisfactory, and a new SMP has been presented to the Board in April 2005. An I-PRSP is being prepared. A Rights Accumulation Program could be in place as soon as appropriate financing assurances are in place. Financing assurances are needed to clear about US\$1.5 billion of arrears to the Fund.

Source: IMF Country Documents

<sup>1/</sup> Refers to the Enhanced HIPC Initiative.

**Annex I: Enhanced HIPC Initiative: Country Implementation Status Notes  
Implementation Status of HIPCs in the Interim Period  
(As of end-July 2005)**

**Burundi**

**PRSP Status:** An I-PRSP was completed in November 2003 and issued in January 2004. The final PRSP has been delayed because of difficulties with consultations in some provinces still affected by security problems. Burundi's PRSP has benefited from a Diagnostic Trade Integration Study program, which was conducted in 2003. It is now expected that the PRSP will be finalized by end-2005. A JSAN on the PRSP preparation status report was prepared in July 2005. Budgetary social expenditures were kept at 6-7 percent of GDP during 2003-04 and are expected to be in the same range in 2005.

**Policy performance:** Burundi has had a satisfactory policy track record under programs supported by the Emergency Post-Conflict Assistance Policy (2002-03) and the PRGF (2004-05). The second review under the PRGF arrangement was completed in July 2005. The program for 2005 contains important structural measures to strengthen public financial management and to support the revival of private sector investment, including privatization in the productive sectors. Macroeconomic developments through early 2005 have been broadly in line with program objectives, although inflation has been higher than programmed. The successful political transition to an elected government has strengthened prospects for sustained economic recovery. Following the successful referendum on the new constitution in early 2005, parliamentary elections were held in early July and the new president is to be elected by parliament in late August.

**Social and Structural Completion Point Triggers:** Policy measures have been agreed with the government in the area of public expenditure management, governance, demobilization, structural reforms, key social sectors (health and education), and debt management.

**Decision and Completion Points:** Burundi reached the decision point in August 2005. The completion point will be reached once the floating completion point triggers have been met, including at least one year's satisfactory implementation of the PRSP (end-2006 at the earliest).

**Creditor Participation:** At the decision point, Burundi received financing assurances of HIPC relief from creditors holding about 84 percent of its debt. Interim assistance will be provided by the World Bank, the AfDB, the IMF and the Paris Club creditors. Prior to the decision point, Burundi reached agreement to clear debt in arrears owed to the AfDB and the European Union and to reschedule debt owed to BADEA. Burundi is finalizing talks with the OPEC Fund to resume a previously agreed arrears clearance program. A rescheduling on Naples terms was granted by the Paris Club already in March 2004. Burundi is also making major efforts to normalize relations with other creditors.

## Cameroon

**PRSP Status:** The government of Cameroon approved the PRSP in April 2003. The Executive Boards of the IMF and the World Bank discussed the PRSP in July 2003 and concluded that it provided a satisfactory framework for the implementation of the authorities' poverty reduction strategy. The authorities prepared the first annual progress report (APR) on the implementation of the PRSP and submitted it to the IMF and the World Bank in July 2004, covering PRSP implementation during April 2003-March 2004. The staffs of the IMF and the World Bank reviewed the first APR in a JSAN issued to their Boards for information in May 2005. The authorities intend to prepare the next APR (covering the year ending March 2005) by end-September 2005.

**Policy Performance:** A PRGF-arrangement lapsed at end-2004 after going off track due to a deterioration of government finances that threatened to undermine prospects for growth and poverty reduction. Limited progress has been made in recent years with removing longstanding impediments to private sector growth, such as inadequate investment in infrastructure and human capital, poor service delivery from troubled state enterprises, and an investment climate overshadowed by weak governance. To address these problems, the authorities are building a track record of policy implementation through an SMP for 2005, and intend to request a new PRGF arrangement from the IMF. Implementation of the SMP during the first quarter of 2005 was encouraging, particularly in the area of budget implementation and increased transparency. Progress in the area of structural reforms was mixed.

**Social and Structural Completion Point Triggers:** Progress has been made on the HIPC completion point triggers pertaining to the social sectors (especially education and healthcare) and combating HIV/AIDS. Other achievements include the satisfactory conclusion of SAC III at end-March, 2004, covering reforms in forestry, transport, the financial sector and privatization. Improvements in governance have been less satisfactory: fiscal reporting remains to be strengthened, the audit chamber is to become operational at end-2005, but the constitutional council has been further delayed, the reform of the judiciary system is ongoing and yielding some improvements. Some problems remain in the implementation of the public procurement reform. The authorities established an integrated financial management system, which has helped improve public expenditure management but still needs to be completed and fully integrated into the normal budgetary procedures.

**Decision and Completion Points:** Cameroon reached its decision point in October 2000. Provided Cameroon meets all of the remaining completion point triggers, including a satisfactory implementation of a new PRGF-supported program, Cameroon could reach the completion point in 2006.

**Creditor Participation:** Cameroon has received financing assurances of total HIPC debt relief from official creditors holding more than 98 percent of its debt. About 79 percent of eligible commercial debt was retired by August 2003 under the Debt Reduction Facility for IDA-only countries administered by the World Bank. Some of the commercial creditors that did not participate in the buy-back deal sold part of their claims to vulture funds. Paris Club creditors, the World Bank, the IMF, the AfDB, and the European Commission have provided

HIPC interim assistance. IDA and AfDB interim relief ended in March 2003 and October 2003, respectively, as Cameroon reached the cumulative limits. In June 2004, Cameroon signed an agreement on the provision of interim assistance with the OPEC Fund. With respect to non Paris Club creditors, the country has signed a partial debt cancellation agreement with China, and a stock of debt rescheduling agreement on ODA terms with Kuwait. Saudi Arabia has expressed its willingness to provide HIPC relief.

### **Chad**

**PRSP Status:** The PRSP was completed in June 2003 and discussed by the Boards of the two institutions in November 2003. The strategy underlines the need for strong and sustained growth in the non-oil sector, improved human capital, improved living conditions for vulnerable groups, and preservation of the environment. The authorities completed their first annual PRSP progress report in December 2004. This progress report, along with a JSAN, was circulated to the Boards of the Bank and the Fund in June 2005. The report covers the period during which Chad became a petroleum producer; production started in late 2003 and oil revenue became available to the budget in July 2004. Progress in the implementation of the strategy has been limited, with delays in setting up the institutional consultation and monitoring mechanisms and weaknesses in budget execution.

**Policy Performance:** A PRGF arrangement was approved in January 2000 and extended to January 2004 following the completion of the fifth review in July 2003. The last review was not completed because of poor overall performance under the program, notably in the area of public finance management. A successor PRGF arrangement was approved by the Board in February 2005. In 2004, rising oil production pushed real GDP up by 31 percent. However, growth in the non-oil sector was limited to 1.9 percent because of low rainfall and a desert locust infestation. Inflation remained subdued. Fiscal performance was mixed in 2004. Budget execution was hampered by a shortfall in non-oil revenue, delayed receipt of oil revenues, and a significant shortfall in budgetary aid flows. Despite expenditure cuts, the government accumulated domestic and external payments arrears. The Government is preparing a plan for the clearance of arrears.

**Social and Structural Completion Point Triggers:** Progress in the areas of governance, health (including HIV/AIDS), education, basic infrastructure and rural development has been uneven. Nevertheless most triggers have already been reached in the health, education, and basic infrastructure and transport and water sectors.

**Decision and Completion Points:** Chad reached the decision point in May 2001 and is expected to reach the completion point in the first half of 2006.

**Creditor Participation:** Chad has received assurances of HIPC debt relief from creditors holding 93 percent of its debt at the decision point. Most non-Paris Club bilateral creditors, excluding Kuwait, have not yet indicated they will provide HIPC relief but may do so after Chad reaches the completion point. Chad has been receiving HIPC interim assistance from the World Bank, the IMF, the AfDB, the European Commission, the OPEC Fund, and Paris Club creditors in 2003. Interim relief by AfDB lapsed at the end of 2004, but will resume as of July 2005. Paris Club interim assistance was extended under the new PRGF arrangement

until September 2005. The Islamic Development Bank has started delivering its share of relief by implementing a concessional debt rescheduling in January 2005. The Arab Bank for Economic Development in Africa (BADEA) granted interim assistance in the form of concessional rescheduling of arrears after the decision point.

### **Democratic Republic of the Congo**

**PRSP Status:** The preparation of the full PRSP is expected to be completed by end-2005. A first draft was circulated to development partners and civil society in March 2005. The final version will incorporate results from surveys on employment, the informal sector, and household consumption.

**Policy Performance:** A PRGF arrangement was approved in July 2002. Completion of the fifth review and conclusion of the Article IV consultation are expected to be completed in August 2005. Performance under the program was satisfactory until mid-2004 with sustained broad-based growth and low inflation. Real GDP growth for 2004 is estimated at 6.8 percent, compared with 6 percent programmed. However, in the second half of last year, money-financed government expenditure for security and political institutions prompted a depreciation of the Congolese franc and an increase in inflation. In addition, delays in completing the political transition process have led to political and social tensions creating an environment undermining macroeconomic stability. The authorities took corrective fiscal and monetary measures to restore and preserve macroeconomic stability which are starting to have a positive impact. In terms of policy challenges the authorities face the completion of the political transition process, the implementation of the demobilization, disarmament, and reintegration program (DDR), the creation of an integrated army, and the pursuit of the restructuring of the economy.

**Social and Structural Completion Point Triggers:** Measures to meet completion point triggers have been taken, with good progress in the areas of public expenditure and debt management, governance and service delivery. Work on sectoral strategies is progressing satisfactorily. The authorities have created a framework for tracking poverty-reducing expenditures. In 2005, the government will use up to 0.2 percent of GDP of HIPC resources to finance the operating expenses of nursing, primary, secondary, and technical schools, and has put mechanisms in place to monitor their utilization.

**Decision and Completion Points:** The Democratic Republic of the Congo reached the decision point in July 2003 and is expected to reach the completion point in early 2007.

**Creditor Participation:** The Democratic Republic of the Congo received assurances of HIPC debt relief from creditors holding 93 percent of its debt at the decision point in 2003. Interim assistance by various multilateral creditors (World Bank, IMF, and AfDB) has been provided in the form of a rescheduling of arrears. In November 2003, Paris Club creditors agreed to provide debt relief on Cologne terms. Only the United States still has to make this agreement effective. One Paris Club creditor, Switzerland, has already cancelled its claims on the Democratic Republic of the Congo in full, while seven others have indicated their preparedness to do so at the completion point. In addition, four creditors have allowed the suspension of debt service during the interim period. Regarding non-Paris Club creditors, the



authorities have signed 13 bilateral agreements with commercial creditors (about 40 percent of commercial debt).

### **The Gambia**

**PRSP Status:** A full PRSP was completed in April 2002 and presented to the World Bank and IMF Boards in July 2002. The PRSP focuses on promoting macroeconomic stability, growth and employment; improving the delivery of social services, strengthening multisector programs in order to reduce gender inequality, HIV/AIDS, and environmental degradation. Budgeted poverty-reducing spending has been at or above 5 percent of GDP since 2000, and is expected to remain at that level for the next few years. The first PRSP Annual Progress Report was finalized in December 2004 and the JSAN in April 2005.

**Policy Performance:** The PRGF arrangement, approved in July 2002, went off-track due to fiscal and monetary policy slippages, and misreporting and governance issues. A financial safeguards assessment mission in November 2003 concluded that there were high risks to IMF resources and recommended, among other things, a special audit of foreign exchange transactions at the central bank. The final audit reports were submitted to the IMF in May 2005. The special audit of foreign exchange transactions confirmed amongst other findings that there had been significant withdrawals of foreign currencies from the central bank's reserves to individuals who were not deposit holders and that there were advances made to the government that violated the central bank Act. The authorities are implementing an action plan to strengthen internal control at the central bank. This action plan includes all the recommendations suggested by the Fund's safeguards assessment concluded in February 2004. The Board discussion of the 2005 Article IV consultation took place in July 2005. Macroeconomic performance strengthened in the last 18 months in response to strong financial policies, although some slippages occurred in the first quarter of 2005 owing mainly to unbudgeted expenditures of  $\frac{3}{4}$  percent of GDP.

**Social and Structural Completion Point Triggers:** Delays have been experienced in tracking the use of HIPC relief and promoting private sector development. A multi-sector regulatory agency (Public Utilities Regulatory Agency) has been established but has not been properly staffed, while efforts to privatize the assets of the Gambia Groundnut Corporation (GGC) - a HIPC completion point trigger—continue to lag. A further obstacle to the fulfillment of this trigger has been the government's decision to license a monopoly quasi-public enterprise, the Gambian Agricultural Marketing Corporation (GAMCO), to market and process groundnuts. There have been significant delays pertaining to PRSP implementation and the restructuring of the Central Statistics Department, and planned increases in the allocation of the recurrent budget for primary and secondary health care have not materialized.

**Decision and Completion Points:** The Gambia reached the decision point in December 2000. The enhanced HIPC completion point could be reached in early-2007 provided that there is satisfactory performance under a PRGF-supported program for a minimum of 6 months.

**Creditor Participation:** Creditors holding about 81 percent of The Gambia's debt have agreed to provide HIPC debt relief. Paris Club creditors agreed in January 2003 to provide interim relief on Cologne terms; however, the second annual tranche of the rescheduling (July 2003 – July 2004) was not implemented due to the failure to complete the first PRGF review. The World Bank, the IMF, the AfDB, the European Commission, the IsDB, and the OPEC Fund have provided interim HIPC assistance. Interim assistance by the IMF was suspended in December 2003. World Bank interim assistance ended in March 2005 because the cumulative limit for interim assistance was reached. Interim assistance from the AfDB was also exhausted in October 2003. China, Kuwait, Libya, and Taiwan Province of China, accounting for about 19 percent of HIPC relief, have not yet signed agreements to provide relief but could do so after the completion point.

## Guinea

**PRSP Status:** A full PRSP was completed in January 2002 and endorsed by the IMF and the World Bank Boards in July 2002. In 2003, the authorities organized regional consultations to update the full PRSP. Those consultations revealed that, while the strategy as laid out in the PRSP was appropriate, some regions faced unique poverty-related problems stemming from location and resource endowments. Regional poverty reduction strategies were finalized in December 2003. The first annual progress report and Joint Staff Assessment, discussed by the Boards in August 2004, underscored the constraints that the authorities faced during the first two years of the implementation of the PRSP. These include institutional weaknesses, notably at the local level, weak government revenues, higher spending due to security conditions on the borders with neighboring countries, and weak domestic investment. The second progress report is being prepared and is expected to be completed in August 2005.

**Policy Performance:** A PRGF arrangement was approved in May 2001. After the first review of the PRGF-supported program was completed in July, the program went off-track in December 2002, largely due to budgetary overruns in non priority sectors and excessive bank financing. Negotiations on a SMP began in January 2003 but could not be finalized because expansionary fiscal and monetary policies continued throughout the year and in the first quarter of 2004. Since the nomination of a new Prime Minister in December 2004, the authorities have shown a new resolve in addressing macroeconomic imbalances. They have adopted tighter fiscal and monetary policies, liberalized the foreign exchange system, and are pushing for restructuring public utility companies. A Staff-Monitored Program covering the period April 2005-March 2006 commenced at end-May 2005. The program supports the authorities' efforts in restoring macroeconomic stability and in establishing a track record of policy implementation that could pave the way for a new PRGF arrangement. The program also includes structural reforms targeted to support stabilization efforts.

**Social and Structural Completion Point Triggers:** Despite some delays, good progress has been made towards achieving the completion point triggers in the areas of governance, the regulatory framework for microfinance institutions, health, and education.

**Decision and Completion Points:** Guinea reached the decision point in December 2000 and could reach the completion point in the last quarter of 2006 at the earliest, assuming inter

alia, that performance under the SMP leads to a PRGF arrangement that is satisfactorily implemented.

**Creditor Participation:** Guinea has received satisfactory assurances of debt relief from creditors holding 85 percent of its debt at the decision point. The World Bank, the IMF, the AfDB, the European Commission, and Paris Club creditors started providing interim assistance in 2001. However, owing to poor performance under the PRGF-supported program, Guinea's eligibility for interim HIPC assistance from Paris Club members, and the IMF was suspended in 2003. The AfDB also suspended delivering interim assistance in 2003 as its cumulative limit was reached. Among non-Paris Club creditors, Egypt, Kuwait, Saudi Arabia, and Morocco have indicated willingness to provide HIPC relief. The others—Bulgaria, China, Iraq, Romania, Libya, North Korea and Thailand—have not yet agreed to provide HIPC relief but could do so after the completion point.

### **Guinea-Bissau**

**PRSP Status:** The preparation of the full PRSP was delayed as a result of political instability following the coup d'état in 2003, and also due to capacity constraints. In the meantime, the political situation has improved substantially and presidential elections were held in July 2005. In June 2004 a draft PRSP was discussed, on an informal basis, with World Bank and IMF staff and representatives of the donor community. A revised draft PRSP is expected to be submitted for a broad-based participatory discussion in the third quarter of 2005. A final document reflecting a national consensus should be ready by end-2005.

**Policy Performance:** The PRGF-supported program went off track immediately after its inception at the end of 2000, reflecting fiscal policy slippages associated with heavy defense spending, increases in the wage bill, and political interference in public financial management. A lack of commitment to reform and adjustment policies under the post-conflict strategy resulted in declining economic activity and mounting fiscal deficits. The transition government adopted an emergency economic management plan (EEMP) for 2004, which was not fully executed. In March 2005, the government engaged in a Staff Monitored Program (SMP) with the Fund, which covers the period April-December 2005. The SMP focuses on stabilizing the fiscal situation and avoiding new domestic arrears, promoting economic growth by rebuilding infrastructure and removing excessive regulation, and promoting political stability through improved governance.

**Social and Structural Completion Point Triggers:** Progress in meeting completion point triggers in education and governance has been slow; some progress has been noted in health. Public expenditure management remains a central focus of concern. The transition Government took a number of measures to reinstate fiscal control, concerning tax liabilities and tax exemptions, and the nomination of a Treasury Committee to ensure that expenditures are limited to available resources. The demobilization program has made significant progress and is expected to be successfully completed in 2005.

**Decision and Completion Points:** Guinea-Bissau reached its decision point in December 2000. Completing the PRSP and building a track record toward reaching the completion

point remains a challenge. Consequently, the earliest possible date for reaching the completion point is not expected before 2007.

**Creditor Participation:** Creditors holding more than 81 percent of Guinea-Bissau's debt at the decision point have agreed to provide HIPC relief. The World Bank, the IMF, the European Commission, the AfDB, the International Fund for Agricultural Development (IFAD), and Paris Club creditors agreed to provide interim assistance. China and Cuba have written off their claims. Agreements to reschedule arrears have been concluded with a number of multilateral creditors, but because of the continuing political and economic problems, they have not been implemented for the most part. In view of nonperformance under the PRGF-supported program, IMF interim assistance stopped after one year at end-2001, and in January 2003 the Paris Club creditors declared the rescheduling agreements of 2002 and 2003 inoperative. Currently, the World Bank and the AfDB are the only creditors providing interim relief to Guinea-Bissau. Of non-Paris Club Creditors, only Kuwait has agreed to provide debt relief. Angola, Algeria, Pakistan, Libya, United Arab Emirates, and Taiwan Province of China have not yet agreed to do so, while negotiations with Saudi Arabia have yet to take place. Under the SMP, the Government has committed to regularize relations with these creditors.

### Malawi

**PRSP Status:** The first Annual Progress Report and Joint Staff Assessment were discussed by the Boards in October 2003 and indicated that MPRSP implementation was limited. The second progress report and JSAN (looking at the period July 2003-June 2004) were submitted to the Boards in mid-2005 and indicated that the MPRSP implementation required especial attention in the areas of monitoring and evaluation in order to have a results-oriented implementation process. In addition the share of resources allocated to pro-poor activities was considerably lower than envisaged under the PPRSP. The condition of a satisfactory one-year implementation of the PRSP could be met at the earliest in late 2005.

**Policy Performance:** A PRGF arrangement was approved in December 2000 and expired in 2004, after completing only one review in 2003. The authorities subsequently requested a twelve month SMP from June 2004 to help stabilize the economy and establish a track record towards a new PRGF arrangement. Performance through March 2005 was satisfactory. Real GDP growth accelerated from less than 4 percent in 2003 to 4½ percent in 2004 and core (non-food) inflation fell to 13¼ percent at end 2004, from over 20 percent at end 2003. Progress has been made in expenditure management and the Government has implemented difficult structural reforms in the context of the World Bank SAC (Social Adjustment Credit). Discussions on a new PRGF arrangement started in early 2005 and a new arrangement was approved by the Board in August 2005.

**Social and Structural Completion Point Triggers:** Good progress has been made toward meeting the completion point triggers in governance, public expenditure management, education and health. More progress is needed in the areas of land reform, implementation of the Integrated Financial Management System (IFMIS), procurement and distribution of medication, as well as the provision teacher training, school boarding facilities, and the rationalization of social safety nets.

**Decision and Completion Points:** Malawi reached the decision point in December 2000. The completion point could be reached in the first half of 2006, if (i) the PRGF-supported program is on track; (ii) the country completes one year of satisfactory implementation of the PRSP; and (iii) the remaining completion point triggers are met.

**Creditor Participation:** Malawi has been receiving interim relief under the enhanced HIPC Initiative from the World Bank, the IMF, the AfDB, and the European Commission. Interim relief from the IMF will resume after the IMF Board approves a new PRGF arrangement. Interim relief by the AfDB lapsed at end-2003, but will resume as of July 2005. Other multilateral creditors will start providing relief at the completion point. The rescheduling agreement with Paris Club creditors expired at end-2004 and, under the 2004/05 SMP, Malawi accumulated arrears to these creditors. Once a new PRGF arrangement is approved, the authorities intend to request an extension of the consolidation period and provision of the 2001 Paris Club agreed minute. With respect to non-Paris Club creditors, South Africa has written off Malawi's debt but no agreement has been reached with Taiwan Province of China.

### São Tomé and Príncipe

**PRSP Status:** A full PRSP was adopted by the government in December 2002 and presented to the World Bank and the IMF in early 2005. The PRSP was discussed at the World Bank board in April 2005. The IMF Board discussed São Tomé and Príncipe's PRSP together with the approval of a new PRGF arrangement on August 1, 2005. The first annual progress report would then be expected for mid 2006. Five pillars have been identified for the PRSP: (i) reforming public institutions, building capacity, and promoting good governance; (ii) fostering growth; (iii) creating opportunities to increase and diversify income for the poor; (iv) developing human capital and access to basic social services; and (v) adopting mechanisms to monitor, assess, and update the strategy.

**Policy Performance:** The PRGF arrangement, approved in April 2000, went off track in 2001 due to fiscal and structural reform slippages, compounded by governance concerns in the oil sector. Structural reforms and macroeconomic policy implementation were broadly satisfactory during 2002 under a Staff Monitored Program, and this track record was broadly maintained in 2003. A new PRGF arrangement was discussed in early July 2003, but political instability (a short-lived coup d'état followed by efforts to form a new democratic government) placed program discussions on hold. In 2004, the economy grew at a moderate pace, but inflation increased to 15 percent by year-end as bank credit to the private sector rose sharply and the government loosened fiscal policy. In particular, the government raised expenditures to an unsustainable level in anticipation of a large oil signature bonus, which in the event was not received. External payments arrears continued to increase in 2004, although the country remained current in its debt to multilateral institutions. The new PRGF-supported program recently approved by the IMF Board is designed to strengthen macro-economic stability while protecting pro-poor expenditures.

**Social and Structural Completion Point Triggers:** Significant progress has been made toward meeting the completion point triggers in the areas of education and health. Progress has been made on triggers on governance, including parliamentary approval at end-2004, of

the Oil Revenue Management Law. Progress still remains to be made in making the tribunal of arbitration in business and contract matters operational.

**Decision and Completion Points:** São Tomé and Príncipe reached the decision point in December 2000. The completion point could be reached in 2006, provided that the PRGF-supported program has been satisfactorily implemented for at least one year in addition to a year's satisfactory implementation of the PRSP.

**Creditor Participation:** At the decision point, São Tomé and Príncipe received financing assurances for HIPC relief from creditors holding about 85 percent of its debt. Interim assistance is being provided by the World Bank, the AfDB, and the European Union. The IMF is not providing assistance because it had no claims at the decision point. Interim relief by AfDB lapsed at the end of 2004, but will resume as of July 2005. The OPEC Fund delivered its full share of debt relief in March 2003. Paris Club creditors provided interim assistance until the PRGF program went off track. In May 2005, Paris Club creditors agreed to provide financing assurances to São Tomé and Príncipe in support of its request for the new PRGF arrangement. Subject to approval of the arrangement by the Fund Board, São Tomé and Príncipe will receive a retroactive debt rescheduling on Cologne terms. Non-Paris Club bilateral creditors (Algeria, Angola, Former Yugoslavia, and China) have not signed agreements to provide HIPC relief but could do so after the completion point.

### **Sierra Leone**

**PRSP Status:** An I-PRSP was completed in September 2001. The final PRSP was delayed pending the full disarmament and demobilization of Revolutionary United Front rebels; the resettlement and reintegration of internally displaced persons, refugees, and ex-combatants; and the holding of presidential and parliamentary elections. Administrative and financing difficulties also delayed the final PRSP. The final PRSP circulated to the World Bank and IMF and to the rest of the donor community in spring 2005. Implementation of the PRSP is to start after a Consultative Donor meeting in Paris in fall 2005.

**Policy Performance:** Satisfactory progress has been made under the PRGF arrangement approved in September 2001. The sixth review was successfully completed in June 2005 and discussions for a new arrangement have started. The improved political and security situation, including in neighboring Liberia, has strengthened confidence and helped sustain the economic recovery. Structural reforms have been started and local government elections were successfully held in May 2004. A fourth Economic Rehabilitation and Recovery operation was approved by the World Bank in June 2005 to support the government's updated agenda for post-conflict reconstruction and poverty reduction.

**Social and Structural Completion Point Triggers:** Most triggers have been fully or substantively met. In particular, progress towards meeting the conditions for privatization and education has been satisfactory. Steps forward remain to be made regarding the trigger on immunization coverage.

**Decision and Completion Points:** Sierra Leone reached the decision point in February 2002. The completion point is not likely to be reached before the second half of 2006, provided the PRSP has been implemented satisfactorily for one year.

**Creditor Participation:** At decision point, Sierra Leone received financing assurances of HIPC assistance from creditors holding 87 percent of its debt. Most multilateral creditors (the World Bank, the Fund, the AfDB, and the European Commission/EIB) have been providing interim assistance. Interim relief by AfDB lapsed at the end of 2004, but will resume as of July 2005. IFAD and BADEA started providing assistance in the form of arrears clearance and will provide the rest of the assistance at completion point. The government has signed debt-rescheduling accords on Naples and Cologne terms with ten out of eleven Paris Club creditors. Six creditors have agreed to go beyond Cologne terms, already in the interim period. In addition, France has agreed 100 percent relief for all pre-cut-off non-ODA debt. Of the non-Paris Club creditors, only Morocco has started to provide HIPC interim assistance. China has agreed under the African Initiative to cancel all loans outstanding and The Saudi Fund has provided interim relief by rescheduling outstanding arrears. Validated commercial and military debt amounts to about US\$80–100 million, of which about US\$35 million is under litigation. The government is making its best effort to engage in negotiations with these creditors, with limited success. A debt buy-back operation under the IDA debt-reduction facility is being considered.

## **Annex II: Country Coverage, Data Sources, and Assumptions for the HIPC Costing Exercise**

### **Country Coverage**

- The costing analysis is based on 28 HIPCs: Benin, Bolivia, Burkina Faso, Burundi, Cameroon, Chad, Democratic Republic of the Congo, Ethiopia, The Gambia, Ghana, Guinea, Guinea-Bissau, Guyana, Honduras, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nicaragua, Niger, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, Tanzania, Uganda, and Zambia.

### **Data Sources**

- Enhanced decision/completion point documents have been presented to the Boards of the Bank and the Fund for the following 28 countries: Benin, Bolivia, Burkina Faso, Burundi, Cameroon, Chad, Democratic Republic of the Congo, Ethiopia, The Gambia, Ghana, Guinea, Guinea-Bissau, Guyana, Honduras, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nicaragua, Niger, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, Tanzania, Uganda, and Zambia.
- Recently collected debt figures were used to update the potential cost estimates for Madagascar, Honduras, Rwanda, Zambia and Burundi.

### **Assumptions for the HIPC Costing Exercise**

- Calculations of total costs include costs under the original and enhanced HIPC Initiative frameworks, including assistance that has already been delivered.
- Cost estimates are based on debt data after full use of traditional debt-relief mechanisms.
- All countries considered in this costing exercise are assumed to request assistance under the enhanced HIPC Initiative.
- The total cost of assistance to the Democratic Republic of the Congo includes relief provided by bilateral and commercial creditors on short-term debt in arrears.
- Each country-specific Debt Sustainability Analysis (DSA) is based on macroeconomic assumptions about exports and fiscal revenues developed by Bank and Fund staffs in consultation with country authorities.



### **Update of Cost Estimates in Net Present Value Terms**

The cost of HIPC assistance calculated in NPV terms at the time of the decision point was increased each year after the decision point year by the average interest rate applicable to the debt relief. This rate was estimated as 4.6 percent and corresponds to the implicit long-term interest rate of currencies that comprise the SDR basket over the period 2002-2004, calculated as an average of the average Commercial Interest Reference Rate (CIRR) over 2002-2004 weighted by the participation of the currencies in the SDR basket..

## **Annex III: The Identification of Countries Potentially Eligible for the HIPC Initiative**

### **I. Introduction**

1. In September 2004, the Boards of the IDA and the IMF decided to extend the “sunset clause” of the HIPC Initiative to end-2006 and to “ring-fence” its application to countries satisfying HIPC Initiative income and indebtedness criteria using end-2004 data. This annex outlines the steps taken to prepare a preliminary list of countries that could be eligible for HIPC Initiative assistance and to finalize, by early 2006, the definitive list of such countries. Section II of the annex elaborates on the methodology used by IDA and IMF staffs to identify the countries potentially eligible for HIPC Initiative debt relief. Section III presents a discussion on the data sources, method of estimation, and quality of the results.

### **II. Methodology**

2. Staffs are following a three-stage approach to establish the list of countries potentially eligible for HIPC Initiative debt relief. In the first stage, staffs defined a short-list of countries based on their debt burden indicators as of end-2003. In a second stage, authorities from the short-listed countries were asked to provide debt and macroeconomic data necessary to calculate their end-2004 debt burden indicators. Once validated, the data provided by the authorities was used to prepare the preliminary list presented in this Status of Implementation Report. Finally, in the third stage, staffs will seek to resolve the data deficiencies identified in the earlier stages. The definitive list of countries potentially eligible for HIPC assistance will be presented to the Boards in early 2006. Below is a detailed description of the methodological procedures undertaken at each stage.

#### **Stage 1: Defining a short-list of countries based on end-2003 debt burden indicators**

3. End-2003 NPV of debt-to-exports and NPV of debt-to-revenue ratios were calculated for all IDA-only and PRGF-eligible countries, excluding those that have already reached the decision point under the enhanced HIPC Initiative. These ratios were calculated based on available data on public and publicly-guaranteed external debt, GDP, exports, and government revenue data for end-2003 from the most recent IDA and IMF country documents and the World Bank’s Global Development Finance database. Countries were included in the short-list if their end-2003 debt ratios were above pre-determined cutoff ratios. The cutoff ratios used for the short-list were 120 percent for the NPV of debt-to-exports ratio and 200 percent for the NPV of debt-to-revenue ratio, before the application of traditional debt relief. Cutoff ratios below the ones defined under the enhanced HIPC Initiative were established to minimize the possibility of excluding potentially eligible countries due to data deficiencies and/or differences in the methodology to calculate the NPV of debt. Table 1 below presents the final classification resulting from the short-listing exercise.

**Table 1: Countries Short-listed based on end-2003 Debt Indicators before full application of Traditional Debt Relief**

Countries short-listed	Countries not short-listed
<p><b>1. Countries already in the HIPC list</b></p> <p>Central African Republic Comoros Côte D'Ivoire Lao, PDR Liberia Myanmar Republic of Congo Somalia Sudan Togo</p> <p><b>2. New countries</b></p> <p>Afghanistan Bangladesh Bhutan Cape Verde Eritrea Georgia Haiti Kyrgyz Republic Moldova Nepal Sri Lanka Tajikistan Tonga</p>	<p>Albania Angola Armenia Cambodia Djibouti Kenya Kiribati Lesotho Maldives Mongolia Samoa Solomon Islands Timor-Leste Vanuatu Vietnam Yemen</p>

**Stage 2: Establishing a List of Countries Based on end-2004 Debt Burden Indicators**

4. Staffs sent a request, in the form of a template, to authorities of the short-listed countries to provide the data needed to calculate end-2004 NPV of debt-to-exports and NPV of debt-to-revenue ratios.<sup>35</sup> In parallel, staffs sent a request to multilateral creditors for end-2004 loan-by-loan data on these countries.

5. Seventeen of the 24 countries provided data that was judged by staff to be sufficiently complete to undertake the exercise (Section III below discusses in detail the quality of the data received). Bangladesh, Bhutan, Myanmar, and Tonga provided some data in accordance with their respective fiscal year, which do not coincide with the calendar year. Consequently, a definitive assessment on their potential eligibility for HIPC Initiative debt relief based on

<sup>35</sup> The data request sent to the authorities had the breakdown needed to allow for: i) the validation of the data with the information sent by creditors; and ii) the calculation of the NPV of debt after full delivery of traditional debt relief as well as the calculation of HIPC costs.

end-December 2004 data could not be completed. In the case of Sri Lanka, concerns on data coverage (largely regarding debt owed by state-owned enterprises) impeded an assessment. Eritrea and Somalia did not provide any data, whilst Liberia provided incomplete data. In these cases staffs used data received from multilateral creditors, the Paris Club Secretariat, the Global Development Finance database and data from IDA and IMF country documents. Simulations of full delivery of traditional debt relief (stock operation under Naples terms) were applied to all final external debt data obtained. The results for the 23 short-listed countries are presented in Table 2 below.

6. The results obtained so far indicate that thirteen countries have end-December 2004 debt burden indicators that exceed the enhanced HIPC Initiative thresholds based on reliable data: Central African Republic, Comoros, the Republic of Congo, Côte d'Ivoire, Eritrea, Haiti, Kyrgyz Republic, Lao PDR, Liberia, Nepal, Somalia, Sudan, and Togo. With the exception of the Republic of Congo, Côte d'Ivoire, and Togo, all of these countries satisfy the end-2004 indebtedness criterion and thus would be potentially eligible for HIPC assistance on the basis of their outstanding multilateral debt (see Table 2 below).

### **Stage 3: Solving Data Deficiencies and Defining the Final List of Potentially HIPC-Eligible Countries**

7. After the discussion by the Boards on the Status of Implementation Report, staffs will work toward making a final assessment and solving other possible data deficiencies. Staffs will also investigate submissions from countries that may disagree with their exclusion/inclusion from the list. Missions to countries could be considered where significant gaps or inconsistencies are identified and staffs determine, on the basis of discussions with the authorities, that the data needed could be obtained through mission work. The definitive list of eligible countries, together with updated cost implications, will be presented in early 2006 and will include any new information that may have become available.

**Table 2: Preliminary List of Countries Potentially Eligible for Assistance under the HIPC Initiative, based on end-2004 data 1/**

Exports Window			Revenue Window		
Country	NPV/X ratio 2/		Country	NPV/R ratio 3/	
	Based on total debt	Based on multilateral debt data only		Based on total debt	Based on multilateral debt only
Liberia	1433%	1020%	Togo 4/	394%	206%
Somalia	1091%	630%	Cote D'Ivoire 4/	361%	102%
Sudan	561%	150%	Republic of Congo 4/	354%	38%
Central African Republic 4/	546%	350%	Kyrgyz Republic 4/	345%	262%
Comoros	378%	321%			
Lao, PDR 4/	197%	161%			
Eritrea	362%	259%			
Nepal 4/	201%	181%			
Haiti 4/	190%	160%			
<b>HIPC Threshold - 150 percent</b>			<b>HIPC Threshold - 250 percent</b>		
Cape Verde	127%	105%		138%	114%
Afghanistan	83%	67%		105%	84%
Georgia	71%	52%		96%	70%
Moldova	54%	40%		128%	97%
Tajikistan	54%	44%		134%	110%
<b>Data provided is incomplete</b>					
Bangladesh	158%	120%		195%	148%
Myanmar	150%	31%		748%	156%
Bhutan	148%	70%		204%	97%
Tonga	126%	113%		96%	86%
Sri Lanka	111%	52%		238%	111%

Data source: Country authorities, multilateral creditors, Paris Club Secretariat, Global Development Finance and staff estimates.

1/ All countries considered are IDA-only and PRGF-eligible and have not benefited from assistance under the HIPC Initiative. If a country qualifies under both the Exports and Revenue Windows, the criterion that maximises the amount of debt relief to be provided is retained.

2/ Exports refer to the last three-year average of exports of goods and non-factor services.

3/ Revenue refers to the reference year revenue of the central government, excluding grants. A country can qualify under the revenue window only if its exports to GDP ratio and revenue to GDP ratio are above 30 percent and 15 percent, respectively.

4/ Countries that have started a Fund- and IDA- supported program since 1995.

### III. Data Sources, Method of Estimation and Data Quality

8. All countries, with the exception of Eritrea, Liberia, and Somalia, submitted their respective templates. External debt data submitted by country authorities were complemented with loan-by-loan data from most multilateral creditors. Additionally, for countries that did

not submit data, estimated end-2004 figures were provided by the Paris Club Secretariat, and staffs estimated the end-2004 debt figures for non-Paris Club and commercial creditors using data from Global Development Finance database as well as IMF and World Bank documents.<sup>36</sup> In a number of cases, economic data provided by the authorities for end-2004 reflects preliminary estimates.

9. Staffs performed validation and consistency checks and followed up with the authorities and multilateral creditors to resolve inconsistencies and discrepancies on the data submitted. The NPV of debt after full application of traditional debt relief mechanisms and the corresponding debt burden indicators (the basis for the determination of potential eligibility for assistance under the HIPC Initiative) were then estimated. For loan-by-loan data the NPV of debt was calculated using average currency-specific CRRs as discount rates for the period July-December 2004, as required by the HIPC Initiative guidelines. For the remaining bilateral and commercial debt, as well as for those multilateral creditors for which no loan-by-loan data was available, the NPV of debt was calculated using the SDR discount rate as a proxy for the currency-composition of these obligations.<sup>37</sup>

10. Box 1 presents a detailed description of the process of validation of the data provided by the authorities. The main findings are presented in Table 3. The validation process involved continuous exchanges with the authorities on inconsistencies in their submissions. Most inconsistencies in the data provided by 19 of the countries were satisfactorily minimized so that remaining inconsistencies would not affect their classification.<sup>38</sup>

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<sup>36</sup> Insufficient data on the Paris Club treatment received on Lyon Terms was provided by the authorities in Côte d'Ivoire, staffs estimated the NPV of debt-after-traditional debt relief based on a reconciled loan-by-loan bilateral debt data set as of end-2001.

<sup>37</sup> The SDR discount rate was calculated as the weighted average of the currency-specific CRRs for the currencies in the SDR basket.

<sup>38</sup> Although the data is considered robust enough for assessing potential eligibility under the HIPC Initiative, staffs will continue to clear any pending issues and improve the accuracy of the related cost estimates.

### **Box 1. Data Collection and Validation**

This box discusses the safeguards put in place by staffs to ensure the quality and integrity of the data used for the exercise. Such safeguards were established at three levels: data collection, data validation and the use of supplementary information.

#### **Data collection**

Data for the calculation of end-2004 debt burden ratios was collected from the respective country authorities through country-specific templates. The templates were designed in such a way that the validation of the data and the simulation of the NPV of debt after traditional debt relief by staffs would be streamlined. Definitions of the data required and instructions for completing the templates were provided. In particular the:

- definition of macroeconomic data (exports of goods and services, central government revenue, GDP, local currency to US dollar exchange rates and external debt data requested),
- coverage of external debt data,
- cutoff date for debt stocks and time horizon for debt service projections,
- disaggregation of bilateral and commercial debt, where relevant, into: “pre-cutoff”, “post-cutoff”, ODA, Non-ODA and by Paris Club treatment.
- currency in which the data should be provided, and
- exchange rates to be used for the conversion of debt figures from loan currencies to US dollars.

Consistency checks were also included in the template to alert persons filling them to inconsistencies between debt stocks and flows.

#### **Data validation**

Once submitted, the data provided in the templates was validated and its consistency checked. This was done by:

- Assessing the responses given in a questionnaire completed by data compilers about the specifics on the coverage of external debt and macroeconomic data provided. The questionnaire was also useful as a “check list” in providing additional guidance to country authorities on the data required for the exercise.
- Comparing the detailed loan-by-loan information from multilateral creditors with the data sent by the country authorities. Country authorities were informed of the differences observed and asked to reconcile them. Follow-up with the respective country authorities was done in such cases.

#### **Supplementary information**

Alternative sources of information were used whenever there was not a response or a partial response from the respective country authorities. These sources included data from:

- the Paris Club Secretariat on obligations towards its members
- Global Development Finance.
- Bank and Fund documents

**Table 3: Sources, Coverage and Quality of External Debt Data and Coverage of Economic Data**

Countries	Deficiencies/Issues Identified on Debt Data <sup>1/</sup>			Deficiencies/Issues on economic variables <sup>3/</sup>
	Additional source of debt data <sup>2/</sup>	Data coverage	Cutoff date <sup>4/</sup> Assessment of data quality <sup>5/</sup>	
Afghanistan		Excludes significant amounts (\$10.96 billion) in disputed debt and unverified debt. Debt under dispute to Russia is \$10.8 billion.	Satisfactory.	Data on macroeconomic variables are weak and largely reflect extrapolations and assumptions.
Bangladesh			Bilateral and commercial debt data as at end-June 2004  Not satisfactory. Concerns due to use of inappropriate cutoff date for bilateral and commercial debt and improper categorization of ODA and non-ODA debt.	
Bhutan			Bilateral and commercial debt data as at end-June 2004  Not satisfactory. Concerns due to inappropriate cut-off date for bilateral and commercial debt and improper categorization of ODA and non-ODA debt.	
Cape Verde			Satisfactory	
Central African Republic			Satisfactory	
Comoros			Satisfactory	
Congo, Rep. of			Satisfactory	
Côte d'Ivoire		End-December 2004 Paris Club debt was projected based on reconciled figures as of end-December 2001.	Satisfactory.	



**Table 3 (continued): Sources, Coverage and Quality of External Debt Data and Coverage of Economic Data**

Countries	Additional source of debt data <sup>2/</sup>	Deficiencies/Issues Identified on Debt Data <sup>1/</sup>		Deficiencies/Issues on economic variables <sup>3/</sup>
		Data coverage	Cutoff date <sup>4/</sup> Assessment of data quality <sup>5/</sup>	
Eritrea	Paris Club Secretariat and Global Development Finance	End-December 2004 data for Paris Club was projected based on end-December 2001 figures. Estimates for other bilateral and commercial debt are based on end-December 2003 data from Global Development Finance. Data may not include late interest charges on bilateral and commercial debt.	Satisfactory.	
Haiti			Satisfactory	
Kyrgyz Republic			Satisfactory	
Lao PDR			Satisfactory.	
Liberia	Paris Club Secretariat	Data does not include late interest on bilateral and commercial debt.	Satisfactory	
Moldova			Satisfactory	
Myanmar	Paris Club Secretariat	Data may not include some non-Paris Club creditors.	Not satisfactory. Concerns due to potential exclusion of data for non-Paris Club creditors and use of inappropriate cut-off date.	Data on macroeconomic variables reflect the fiscal year position at end-March.
Nepal		Bilateral ODA and non-ODA debts may not be properly classified	Satisfactory.	

Table 3 (concluded): Sources, Coverage and Quality of External Debt Data and Coverage of Economic Data

Countries	Additional source of debt data <sup>2/</sup>	Deficiencies/Issues Identified on Debt Data <sup>1/</sup>		Deficiencies/Issues on economic variables <sup>3/</sup>
		Data coverage	Cutoff date <sup>4/</sup> Assessment of data quality <sup>5/</sup>	
Somalia	Paris Club Secretariat and Global Development Finance	End-December 2004 data for Paris Club was projected based on end-December 2001 figures. Estimates for other bilateral and commercial debt are based on end-December 2003 data from Global Development Finance. Data may not include late interest on non-Paris Club and commercial creditors.	Satisfactory.	Data on macroeconomic variables are weak and largely reflect extrapolations and assumptions.
Sri Lanka		Data may not include obligations owed by state-owned enterprises.	Not satisfactory. Concerns due to possible exclusion of obligations owed by state-owned enterprises.	
Sudan			Satisfactory	
Tajikistan			Satisfactory	
Togo			Satisfactory	
Tonga		Bilateral debt data as at end-June 2004.	Satisfactory.	Data on macroeconomic variables reflect the fiscal year position at end-June

1/ Unless otherwise stated the debt covered reflects public and publicly-guaranteed disbursed outstanding external debt, related principal and interest arrears, and late interest charges at end December 2004.

2/ Sources other than country authorities and multilateral creditors.

3/ Refers to exports of goods and services (less intratrade), central government revenue excluding grants, nominal GDP, and average and end period exchange rates.

Unless otherwise stated, data are at end-December 2002 to 2004.

4/ For the purpose of the ring-fencing exercise, debt data should be based on stock of debt outstanding as of end-December 2004.

5/ Data used are considered satisfactory when identified data deficiencies are not likely to have an impact on the classification of the country.

**Table 1A. Summary Debt Service for 28 HIPCs that have Reached Decision Points**

(In millions of US dollars, unless otherwise indicated)

	Average						2007
	1998-99 1/	2000	2001	2002	2003	2004	
	Actual						Projected
<b>African Countries</b>						Preliminary	
Debt service paid	2541.8	2337.3	1789.5	1737.0	1812.1		
Total debt service due after enhanced HIPC Initiative relief 2/						2054.1	1987.4
Ratio of debt service to exports (in percent) 3/	15.2	13.7	9.9	9.3	8.1	7.2	5.7
Ratio of debt service to government revenue (in percent) 3/	23.5	23.4	16.7	14.1	12.1	11.6	8.4
Ratio of debt service to GDP (in percent) 3/	3.2	3.1	2.3	2.1	1.9	1.8	1.4
							1.6
<b>Latin American Countries</b>							
Debt service paid	895.8	722.0	637.8	706.7	752.4		
Total debt service due after enhanced HIPC Initiative relief 2/						632.6	624.9
Ratio of debt service to exports (in percent) 3/	17.1	12.1	10.4	10.9	10.5	7.6	6.4
Ratio of debt service to government revenue (in percent) 3/	23.8	17.9	15.9	17.7	18.2	13.2	11.1
Ratio of debt service to GDP (in percent) 3/	5.5	3.8	3.3	3.7	3.8	3.0	2.6
							2.4
<b>Total (28 countries)</b>							
Debt service paid	3437.6	3059.3	2427.3	2443.7	2564.5		
Total debt service due after enhanced HIPC Initiative relief 2/						2686.7	2612.2
							2995.6
<b>Weighted average (28 countries)</b>							
Debt service/exports (in percent)	15.7	13.3	10.0	9.7	8.7	7.3	5.8
Debt service/government revenue (in percent)	23.5	21.8	16.5	15.0	13.4	11.9	9.0
Debt service/GDP (in percent)	3.6	3.2	2.5	2.4	2.2	2.0	1.6
							1.7

Sources: HIPC country documents; and IMF staff estimates.

1/ Debt service figures for 1998 and 1999 reflect debt relief already provided to Bolivia, Guyana, Mozambique and Uganda under the original framework.

2/ The debt service figures for 2000 largely reflect pre-HIPC relief debt service because many countries did not reach their decision point until late in 2000 or later. Thus, the full impact of relief for them will not be felt until 2001 and thereafter. See Table 1B for a detailed breakdown.

3/ Weighted averages.

Table 1B. Debt Service for Individual HIPC that have Reached Decision Points, by Country

(In millions of US dollars, unless otherwise indicated)

	Average					2004	2005	2006	2007
	1998-99	2000	2001	2002	2003				
	Actual					Preliminary	Projected		
<b>Benin</b>									
Debt service paid	65.1	54.5	36.2	35.7	32.5				
Debt service due after enhanced HIPC Initiative relief 1/						35.8	36.1	38.1	42.0
Debt service/exports (in percent)	16.6	13.8	9.8	9.5	8.0	7.6	6.7	6.2	6.2
Debt service/government revenue (in percent)	17.2	14.6	9.4	7.8	5.4	5.4	4.6	4.6	4.6
Debt service/GDP (in percent)	2.8	2.3	1.4	1.3	0.9	0.9	0.8	0.8	0.8
<b>Bolivia</b>									
Debt service paid	319.7	268.3	260.5	274.9	374.0				
Debt service due after enhanced HIPC Initiative relief 1/						321.8	342.1	344.6	328.2
Debt service/exports (in percent)	23.8	18.3	17.1	17.6	20.0	13.2	12.7	12.1	10.6
Debt service/government revenue (in percent)	15.9	13.7	14.1	15.6	21.8	15.3	15.5	14.1	12.6
Debt service/GDP (in percent)	3.8	3.2	3.3	3.5	4.8	3.8	3.8	3.7	3.3
<b>Burkina Faso</b>									
Debt service paid	58.9	57.4	35.3	42.5	45.9				
Debt service due after enhanced HIPC Initiative relief 1/						41.0	40.5	49.0	57.1
Debt service/exports (in percent)	20.8	22.9	12.8	13.6	11.4	7.9	7.2	8.0	8.6
Debt service/government revenue (in percent)	15.7	18.5	11.4	10.3	8.1	5.8	5.4	5.7	6.0
Debt service/GDP (in percent)	2.1	2.2	1.2	1.3	1.1	0.8	0.7	0.8	0.9
<b>Burundi</b>									
Debt service paid	...	20.9	15.2	25.1	27.8				
Debt service due after enhanced HIPC Initiative relief 1/						92.3	72.2	84.7	97.9
Debt service/exports (in percent)	...	42.7	39.5	81.0	74.0	192.8	104.4	122.5	117.2
Debt service/government revenue (in percent)	...	16.5	11.9	22.7	22.3	69.7	49.2	51.3	54.4
Debt service/GDP (in percent)	...	2.9	2.3	4.0	4.7	13.9	9.0	9.4	10.1
<b>Cameroon 2/3/</b>									
Debt service paid	401.0	339.7	260.9	240.4	284.8				
Debt service due after enhanced HIPC Initiative relief 1/						259.0	423.7	325.9	344.9
Debt service/exports (in percent)	16.3	12.4	9.6	8.8	8.8	6.9	10.1	7.3	7.4
Debt service/government revenue (in percent)	26.0	22.1	18.2	12.8	12.8	10.7	14.7	10.6	10.5
Debt service/GDP (in percent)	4.2	3.8	3.1	2.4	2.3	1.8	2.7	2.0	1.9
<b>Chad 3/</b>									
Debt service paid	27.8	33.5	11.4	32.7	37.0				
Debt service due after enhanced HIPC Initiative relief 1/						46.0	63.9	45.9	43.4
Debt service/exports (in percent)	10.1	14.1	4.5	13.5	6.8	2.0	2.1	1.7	1.7
Debt service/government revenue (in percent)	22.0	29.4	9.3	18.6	14.9	12.4	12.0	8.6	7.9
Debt service/GDP (in percent)	2.1	2.4	0.7	1.6	1.4	1.1	1.2	0.9	0.8
<b>Democratic Republic of the Congo</b>									
Debt service paid	1.9	...	...	34.2	126.1				
Debt service due after enhanced HIPC Initiative relief 1/						92.0	135.0	198.7	334.8
Debt service/exports (in percent)	0.2	...	...	2.9	13.1	9.6	11.5	13.4	16.9
Debt service/government revenue (in percent)	0.9	...	...	8.2	21.0	13.6	10.0	13.8	20.7
Debt service/GDP (in percent)	0.0	...	...	0.6	2.2	1.4	2.0	2.6	4.0
<b>Ethiopia 2/3/</b>									
Debt service paid	114.0	119.2	188.9	108.4	82.9				
Debt service due after enhanced HIPC Initiative relief 1/						92.3	72.2	84.7	97.9
Debt service/exports (in percent)	11.8	12.1	19.3	11.0	7.3	6.2	4.0	4.3	4.8
Debt service/government revenue (in percent)	9.8	10.2	15.5	8.9	6.4	6.0	3.9	3.8	4.4
Debt service/GDP (in percent)	1.8	1.8	2.9	1.8	1.3	1.2	0.8	0.9	1.0
<b>Gambia, The 3/</b>									
Debt service paid	22.9	20.7	16.6	26.1	12.2				
Debt service due after enhanced HIPC Initiative relief 1/						28.5	25.2	26.9	20.2
Debt service/exports (in percent)	13.7	19.5	16.0	23.9	12.0	23.5	20.0	18.1	12.4
Debt service/government revenue (in percent)	18.9	26.6	26.3	43.2	22.0	34.0	27.7	27.6	19.5
Debt service/GDP (in percent)	5.4	4.9	4.0	7.0	3.5	7.1	5.7	5.6	4.0
<b>Ghana 3/</b>									
Debt service paid	540.8	538.0	277.8	266.8	160.9				
Debt service due after enhanced HIPC Initiative relief 1/						195.0	206.6	106.5	153.7
Debt service/exports (in percent)	21.6	22.0	11.6	10.2	5.2	5.6	5.6	2.8	3.8
Debt service/government revenue (in percent)	47.2	78.8	29.5	39.1	17.1	18.7	13.3	5.1	6.0
Debt service/GDP (in percent)	7.1	10.8	5.2	4.3	2.1	2.2	2.0	0.9	1.2
<b>Guinea 3/</b>									
Debt service paid	129.9	104.4	62.8	76.2	68.3				
Debt service due after enhanced HIPC Initiative relief 1/						61.5	109.8	117.0	139.8
Debt service/exports (in percent)	16.5	14.2	7.8	9.7	8.5	7.6	12.6	12.3	13.5
Debt service/government revenue (in percent)	34.4	33.1	18.5	19.7	18.1	16.7	28.5	25.4	27.1
Debt service/GDP (in percent)	3.7	3.4	2.1	2.4	1.9	1.6	3.1	3.2	3.5

**Table 1B (continued). Debt Service for Individual HIPCs that have Reached Decision Points, by Country**  
(In million of US dollars, unless otherwise indicated)

	Average									
	1998-99	2000	2001	2002	2003	2004	2005	2006	2007	
	Actual					Preliminary	Projected			
<b>Guinea-Bissau 3/</b>										
Debt service paid	6.5	13.1	0.4	2.2	4.8					
Debt service due after enhanced HIPC Initiative relief 1/						14.2	16.1	15.1	15.7	
Debt service/exports (in percent)	17.1	21.1	0.7	3.6	6.4	13.8	14.4	13.1	12.6	
Debt service/government revenue (in percent)	39.0	31.3	1.2	6.9	12.8	28.2	28.7	27.9	27.8	
Debt service/GDP (in percent)	3.1	6.1	0.2	1.1	2.0	5.3	5.4	4.8	4.7	
<b>Guyana 3/</b>										
Debt service paid	100.4	54.5	52.8	58.4	48.9					
Debt service due after enhanced HIPC Initiative relief 1/						33.1	32.3	34.7	37.8	
Debt service/exports (in percent)	14.7	8.0	7.9	8.8	7.3	4.4	4.4	4.7	5.0	
Debt service/government revenue (in percent)	50.2	23.6	24.0	25.0	20.9	12.7	12.7	11.4	12.3	
Debt service/GDP (in percent)	14.1	7.7	7.4	8.0	6.6	4.2	4.1	4.2	4.4	
<b>Honduras</b>										
Debt service paid	275.5	214.5	171.2	215.5	236.6					
Debt service due after enhanced HIPC Initiative relief 1/						201.7	150.0	144.5	149.0	
Debt service/exports (in percent)	11.6	8.6	7.0	8.6	9.7	8.0	5.6	4.7	4.3	
Debt service/government revenue (in percent)	27.3	20.5	14.7	17.9	18.4	13.8	9.6	8.5	8.2	
Debt service/GDP (in percent)	5.2	3.6	2.7	3.3	3.4	2.7	1.8	1.7	1.6	
<b>Madagascar 3/</b>										
Debt service paid	136.2	64.9	44.9	50.5	53.6					
Debt service due after enhanced HIPC Initiative relief 1/						62.7	56.2	71.3	82.7	
Debt service/exports (in percent)	16.1	5.5	3.4	6.9	4.2	4.5	3.6	4.2	4.3	
Debt service/government revenue (in percent)	33.4	13.9	9.8	14.3	9.3	11.9	9.8	11.0	11.3	
Debt service/GDP (in percent)	3.6	1.7	1.0	1.1	1.0	1.4	1.1	1.3	1.4	
<b>Malawi 3/</b>										
Debt service paid	77.3	101.7	72.3	55.5	107.5					
Debt service due after enhanced HIPC Initiative relief 1/						69.9	59.6	74.5	72.2	
Debt service/exports (in percent)	14.3	22.8	15.1	11.8	22.4	13.7	10.3	12.1	11.4	
Debt service/government revenue (in percent)	21.2	36.1	25.7	18.6	28.6	17.4	12.0	15.2	13.7	
Debt service/GDP (in percent)	4.4	5.9	4.2	2.9	6.1	3.7	3.0	3.6	3.2	
<b>Mali</b>										
Debt service paid	78.8	77.3	54.6	66.5	65.9					
Debt service due after enhanced HIPC Initiative relief 1/						84.4	81.0	83.3	99.1	
Debt service/exports (in percent)	11.9	12.0	6.2	6.2	5.7	6.3	5.8	5.1	5.7	
Debt service/government revenue (in percent)	18.5	20.9	12.9	12.5	9.1	9.8	8.3	7.4	8.0	
Debt service/GDP (in percent)	2.9	2.9	1.8	2.0	1.5	1.7	1.4	1.3	1.5	
<b>Mauritania</b>										
Debt service paid	84.7	87.2	74.2	74.1	50.0					
Debt service due after enhanced HIPC Initiative relief 1/						49.0	49.4	55.6	60.1	
Debt service/exports (in percent)	22.2	23.0	19.2	19.4	14.0	10.9	7.8	3.3	3.6	
Debt service/government revenue (in percent)	32.7	36.1	40.2	20.9	15.6	12.6	11.4	8.7	9.1	
Debt service/GDP (in percent)	9.2	8.1	6.8	6.6	3.8	3.2	2.6	1.8	1.8	
<b>Mozambique</b>										
Debt service paid	82.1	18.0	27.1	62.0	71.8					
Debt service due after enhanced HIPC Initiative relief 1/						57.9	78.9	86.0	96.1	
Debt service/exports (in percent)	25.2	2.5	2.7	5.2	5.3	3.2	3.8	4.0	4.3	
Debt service/government revenue (in percent)	17.7	4.1	6.7	12.3	11.6	6.5	7.4	6.8	6.7	
Debt service/GDP (in percent)	2.0	0.5	0.7	1.5	1.5	1.0	1.0	0.9	1.0	
<b>Nicaragua 3/</b>										
Debt service paid	200.2	184.7	153.3	158.0	92.9					
Debt service due after enhanced HIPC Initiative relief 1/						76.0	87.3	101.0	91.0	
Debt service/exports (in percent)	24.1	14.1	9.9	9.2	4.9	3.6	3.8	4.1	3.4	
Debt service/government revenue (in percent)	36.5	23.3	20.1	19.6	10.4	7.9	7.9	8.5	7.4	
Debt service/GDP (in percent)	11.5	4.7	3.7	3.9	2.2	1.7	1.8	1.9	1.7	
<b>Niger 3/</b>										
Debt service paid	17.9	22.4	34.1	53.0	27.1					
Debt service due after enhanced HIPC Initiative relief 1/						22.7	26.6	31.9	37.6	
Debt service/exports (in percent)	5.4	7.9	12.2	17.5	6.4	5.0	5.5	6.1	7.0	
Debt service/government revenue (in percent)	9.8	14.5	18.8	23.0	9.3	6.8	7.4	7.8	8.2	
Debt service/GDP (in percent)	1.1	1.2	1.8	2.4	1.0	0.7	0.8	0.9	1.0	
<b>Rwanda 3/</b>										
Debt service paid	27.5	37.3	22.2	15.9	15.5					
Debt service due after enhanced HIPC Initiative relief 1/						18.5	15.1	17.8	22.8	
Debt service/exports (in percent)	34.5	24.9	14.1	12.0	11.1	9.8	8.0	8.7	10.3	
Debt service/government revenue (in percent)	19.5	23.4	11.8	8.1	7.2	7.1	5.2	5.8	6.8	
Debt service/GDP (in percent)	2.2	2.1	1.3	0.9	0.9	1.0	0.7	0.8	1.0	

**Table 1B (concluded). Debt Service for Individual HIPCs that have Reached Decision Points, by Country**  
(In million of US dollars, unless otherwise indicated)

	Average								
	1998-99	2000	2001	2002	2003	2004	2005	2006	2007
	Actual					Preliminary	Projected		
<b>São Tomé and Príncipe 3/</b>									
Debt service paid	4.3	3.9	4.7	4.9	5.5				
Debt service due after enhanced HIPC Initiative relief 1/						3.1	3.8	3.2	4.0
Debt service/exports (in percent)	33.4	25.0	30.1	25.0	24.4	12.5	13.8	11.0	12.6
Debt service/government revenue (in percent)	52.8	38.7	46.4	39.2	36.6	18.6	20.3	15.8	17.8
Debt service/GDP (in percent)	10.2	8.4	9.8	9.1	9.3	4.8	5.4	4.2	4.8
<b>Senegal</b>									
Debt service paid	192.5	173.6	160.7	170.5	186.2				
Debt service due after enhanced HIPC Initiative relief 1/						127.8	139.0	142.0	161.4
Debt service/exports (in percent)	13.5	13.3	11.5	11.2	10.2	6.0	6.0	5.9	6.4
Debt service/government revenue (in percent)	24.0	21.8	19.6	16.5	13.8	8.1	8.4	8.2	8.7
Debt service/GDP (in percent)	4.0	3.9	3.5	3.4	2.9	1.7	1.6	1.6	1.7
<b>Sierra Leone</b>									
Debt service paid	22.7	52.7	94.2	21.0	14.3				
Debt service due after enhanced HIPC Initiative relief 1/						24.5	26.9	10.3	11.6
Debt service/exports (in percent)	24.5	29.3	74.3	14.7	7.2	9.9	9.5	2.9	2.8
Debt service/government revenue (in percent)	47.8	44.4	88.6	19.2	12.7	28.0	18.9	5.9	5.6
Debt service/GDP (in percent)	3.4	5.1	12.2	2.2	3.0	4.0	2.4	0.8	0.9
<b>Tanzania 2/ 4/</b>									
Debt service paid	208.5	154.4	92.0	90.3	83.2				
Debt service due after enhanced HIPC Initiative relief 1/						105.0	115.0	108.7	153.0
Debt service/exports (in percent)	18.5	11.8	6.7	6.0	4.8	5.5	4.7	3.9	4.9
Debt service/government revenue (in percent)	24.4	16.1	8.3	8.0	6.8	7.7	7.0	5.8	7.0
Debt service/GDP (in percent)	2.5	1.7	1.0	1.0	0.8	1.0	1.0	0.8	1.0
<b>Uganda 2/</b>									
Debt service paid	104.0	103.3	60.6	59.7	61.7				
Debt service due after enhanced HIPC Initiative relief 1/						97.8	107.5	123.9	124.8
Debt service/exports (in percent)	13.4	15.6	8.9	8.5	8.0	10.0	10.0	10.7	10.1
Debt service/government revenue (in percent)	14.5	15.3	9.3	8.6	8.6	10.5	10.2	10.2	9.2
Debt service/GDP (in percent)	1.7	1.8	1.0	1.0	1.0	1.3	1.3	1.3	1.3
<b>Zambia 3/</b>									
Debt service paid	136.7	139.1	142.1	122.7	186.9				
Debt service due after enhanced HIPC Initiative relief 1/						373.2	152.4	86.3	116.7
Debt service/exports (in percent)	15.5	15.9	13.5	11.4	15.0	20.2	7.6	4.1	5.5
Debt service/government revenue (in percent)	23.6	29.3	21.7	18.3	23.6	37.6	14.1	7.4	9.2
Debt service/GDP (in percent)	4.3	4.3	3.9	3.3	4.3	6.9	2.4	1.3	1.7
<b>Total debt service paid 3/</b>	<b>3437.6</b>	<b>3059.3</b>	<b>2427.3</b>	<b>2443.7</b>	<b>2564.5</b>				
<b>Total debt service due 1/</b>						<b>2686.7</b>	<b>2724.3</b>	<b>2612.2</b>	<b>2995.6</b>
<b>Ratio of debt service to exports (in percent)</b>									
Simple average	17.3	16.2	14.0	13.8	12.2	15.4	11.5	11.3	11.3
Weighted average	15.7	13.3	10.0	9.7	8.7	7.3	6.6	5.8	6.3
<b>Ratio of debt service to government revenue (in percent)</b>									
Simple average	26.0	24.3	19.5	17.8	14.9	14.2	12.4	10.8	11.0
Weighted average	23.5	21.8	16.5	15.0	13.4	11.9	10.3	9.0	9.5
<b>Ratio of debt service to GDP (in percent)</b>									
Simple average	4.4	3.8	3.2	3.0	2.8	2.9	2.5	2.3	2.4
Weighted average	3.6	3.2	2.5	2.4	2.2	2.0	1.8	1.6	1.7

Sources: HIPC country documents; and IMF staff estimates.

1/ Debt service due after the full use of traditional debt relief mechanism and assistance under the enhanced HIPC Initiative. For the completion point countries, these figures are also after additional bilateral assistance beyond HIPC.

2/ On fiscal year basis, i.e. 2000 column shows FY 1999/2000. For Cameroon, data on calendar year basis from 2002 onward.

3/ The debt service figures for 2000 largely reflect pre-HIPC relief debt service because these countries did not reach their decision point until late in 2000 or later. Thus, the full impact of relief for did not take effect until 2001 and thereafter.

4/ Debt service reflects some payments to commercial creditors and payments on moratorium interest not reflected in the completion point document.

**Table 2A. Poverty Reducing Expenditure by the 28 HIPCs that have Reached Decision Points**

	1999	2000	2001	2002	2003	2004	2005	2006	2007
	Actual				Preliminary				
<i>(In millions of US dollars)</i>									
<b>Poverty-reducing expenditures 1/</b>									
African Countries	4,140	4,188	4,634	5,516	6,955	8,512	11,081	12,363	13,534
Latin American Countries	1,800	1,873	2,052	2,055	2,095	2,328	2,559	2,748	2,921
Total	5,940	6,061	6,686	7,571	9,050	10,840	13,640	15,111	16,456
<i>(In percent)</i>									
<b>Ratio of poverty-reducing expenditures to government revenue 2/</b>									
African Countries	38.6	42.0	43.1	44.8	46.3	47.9	52.3	52.5	52.8
Latin American Countries	47.6	46.4	51.3	51.3	50.8	48.6	49.9	48.8	49.0
Total	40.9	43.2	45.4	46.4	47.3	48.1	51.8	51.8	52.1
<b>Ratio of poverty-reducing expenditures to GDP 2/</b>									
African Countries	5.5	5.6	5.9	6.6	7.1	7.6	8.7	8.9	9.1
Latin American Countries	10.8	9.8	10.7	10.7	10.6	10.9	11.2	11.4	11.4
Total	6.4	6.4	6.8	7.4	7.7	8.1	9.1	9.3	9.4

Sources: HIPC country documents; and IMF staff estimates.

1/ Data is not available for all countries, for all years. To aggregate, the last available data were used for future years, thus understating the likely level of social spending. Furthermore, the coverage of poverty reducing expenditure varies across countries, but is generally consistent with the definition in the PRSP and the budget. In some countries, the definition of poverty reducing expenditures has evolved over time to include more sectors; therefore, some of the increase in such spending over the 1999-2003 period may reflect changes in the definition.

2/ Weighted averages.

**Table 2B. Poverty Reducing Expenditure for the 28 HICPs that have Reached Decision Points, by Country, 1999-2007 1/**  
(In millions of US dollars)

	1999	2000	2001	2002	2003	2004	2005	2006	2007
	Actual				Preliminary		Projections		
<b>Benin</b>									
Poverty-Reducing Expenditures 2/	114.5	110.2	161.0	162.2	153.1	165.8	199.0	250.9	300.8
Poverty-Reducing Expenditures/Government Revenue (in percent) 20/	30.0	29.5	41.8	35.4	25.3	24.9	25.3	30.2	33.1
Poverty-Reducing Expenditures/GDP (in percent)	4.8	4.6	6.4	5.8	4.3	4.1	4.4	5.2	5.8
<b>Bolivia</b>									
Poverty-Reducing Expenditures 3/	882.0	899.6	989.6	1018.9	962.7	1055.0	1126.2	1146.5	1222.8
Poverty-Reducing Expenditures/Government Revenue (in percent) 22/	44.8	45.8	53.4	58.0	56.2	50.3	51.1	46.9	47.0
Poverty-Reducing Expenditures/GDP (in percent)	10.7	10.7	12.4	13.1	12.3	12.4	12.6	12.2	12.2
<b>Burkina Faso</b>									
Poverty-Reducing Expenditures 4/	113.8	99.1	109.4	174.1	218.5	296.3	336.7	350.4	367.9
Poverty-Reducing Expenditures/Government Revenue (in percent) 20/	29.6	31.8	35.3	42.0	38.7	42.0	44.5	41.1	38.8
Poverty-Reducing Expenditures/GDP (in percent)	4.0	3.8	3.8	5.3	5.1	5.8	5.9	5.7	5.6
<b>Burundi</b>									
Poverty-Reducing Expenditures 12/	...	26.4	28.5	27.1	29.0	33.5	25.2	28.5	30.7
Poverty-Reducing Expenditures/Government Revenue (in percent) 20/	...	20.9	22.4	24.6	23.3	25.3	17.1	17.2	17.0
Poverty-Reducing Expenditures/GDP (in percent)	...	3.7	4.3	4.3	4.9	5.0	3.1	3.2	3.2
<b>Cameroon</b>									
Poverty-Reducing Expenditures 2/	264.0	286.7	335.6	365.0	489.0	499.6	533.3	581.4	629.6
Poverty-Reducing Expenditures/Government Revenue (in percent) 20/	15.8	17.3	23.4	19.4	22.0	20.7	18.5	18.8	19.2
Poverty-Reducing Expenditures/GDP (in percent)	2.9	3.2	3.9	3.7	3.9	3.5	3.4	3.5	3.6
<b>Chad</b>									
Poverty-Reducing Expenditures 2, 5/	63.0	62.4	64.3	84.8	112.8	183.3	293.7	261.2	275.4
Poverty-Reducing Expenditures/Government Revenue (in percent) 20/	50.0	54.8	52.2	48.2	45.4	49.2	55.0	49.0	50.1
Poverty-Reducing Expenditures/GDP (in percent)	4.0	4.5	3.9	4.2	4.3	4.3	5.7	5.2	5.4
<b>Democratic Republic of the Congo</b>									
Poverty-Reducing Expenditures 6/	...	...	...	26.2	96.1	382.1	468.1	573.3	702.3
Poverty-Reducing Expenditures/Government Revenue (in percent) 20/	...	...	...	6.3	16.0	56.7	34.6	39.9	43.4
Poverty-Reducing Expenditures/GDP (in percent)	...	...	...	0.5	1.7	5.9	6.8	7.4	8.4
<b>Ethiopia</b>									
Poverty-Reducing Expenditures 9/	710.0	534.2	733.5	884.1	1001.4	1374.5	1759.1	1948.0	2051.1
Poverty-Reducing Expenditures/Government Revenue (in percent) 22/	61.0	43.6	60.1	72.6	77.1	89.9	94.4	87.2	91.9
Poverty-Reducing Expenditures/GDP (in percent)	11.0	8.4	11.3	14.7	15.4	17.2	19.7	20.4	20.1
<b>The Gambia</b>									
Poverty-Reducing Expenditures 8/	23.5	20.8	19.6	18.4	16.3	21.5	23.7	27.5	30.9
Poverty-Reducing Expenditures/Government Revenue (in percent) 20/	30.2	27.2	31.1	30.5	29.5	25.6	26.0	28.3	29.8
Poverty-Reducing Expenditures/GDP (in percent)	5.4	5.0	4.7	5.0	4.6	5.4	5.4	5.8	6.1
<b>Ghana</b>									
Poverty-Reducing Expenditures 9/	344.8	189.2	236.3	276.1	483.3	676.2	855.2	980.5	1118.1
Poverty-Reducing Expenditures/Government Revenue (in percent) 20/	35.3	52.4	25.1	26.5	31.1	32.2	33.5	35.9	37.5
Poverty-Reducing Expenditures/GDP (in percent)	4.4	7.2	4.5	4.5	6.3	7.6	8.1	8.3	8.7
<b>Guinea</b>									
Poverty-Reducing Expenditures 2/	85.1	79.8	102.9	131.5	121.9	116.3	126.7	137.3	151.0
Poverty-Reducing Expenditures/Government Revenue (in percent) 20/	22.8	21.5	30.3	34.0	32.3	31.7	32.9	29.8	29.3
Poverty-Reducing Expenditures/GDP (in percent)	2.5	2.4	3.4	4.1	3.4	3.0	3.6	3.7	3.8
<b>Guinea-Bissau</b>									
Poverty-Reducing Expenditures 2/	...	...	...	6.4	7.3	9.4	12.6	11.3	11.1
Poverty-Reducing Expenditures/Government Revenue (in percent) 20/	...	...	...	20.3	19.5	18.7	22.4	20.9	19.7
Poverty-Reducing Expenditures/GDP (in percent)	...	...	...	3.2	3.1	3.5	4.2	3.6	3.3
<b>Guyana</b>									
Poverty-Reducing Expenditures 10/	87.0	131.0	136.2	134.4	127.6	133.6	150.4	160.5	168.2
Poverty-Reducing Expenditures/Government Revenue (in percent) 20/	43.6	52.0	61.8	57.6	54.4	51.3	59.2	52.9	54.8
Poverty-Reducing Expenditures/GDP (in percent)	12.5	14.8	19.1	18.5	17.1	17.0	19.3	19.4	19.6
<b>Honduras</b>									
Poverty-Reducing Expenditures 11/	487.7	493.2	564.9	493.5	520.8	626.2	699.9	816.5	877.1
Poverty-Reducing Expenditures/Government Revenue (in percent) 20/	46.9	56.5	48.4	40.9	40.5	42.7	44.7	48.1	48.4
Poverty-Reducing Expenditures/GDP (in percent)	9.0	10.2	8.8	7.5	7.5	8.4	8.6	9.4	9.5
<b>Madagascar</b>									
Poverty-Reducing Expenditures 2/	156.0	185.4	190.9	190.9	202.9	134.5	205.7	216.0	223.6
Poverty-Reducing Expenditures/Government Revenue (in percent) 20/	36.7	39.6	41.8	54.3	35.4	25.6	36.0	33.3	30.7
Poverty-Reducing Expenditures/GDP (in percent)	4.2	4.8	4.2	4.2	3.7	3.1	4.2	4.0	3.8
<b>Malawi</b>									
Poverty-Reducing Expenditures 12/	208.0	161.0	135.0	190.0	194.0	218.8	270.9	331.5	340.8
Poverty-Reducing Expenditures/Government Revenue (in percent) 20/	66.1	57.1	48.0	63.7	51.7	54.6	54.3	67.4	64.5
Poverty-Reducing Expenditures/GDP (in percent)	11.5	9.3	7.9	9.8	10.9	11.6	13.5	15.9	15.2
<b>Mali</b>									
Poverty-Reducing Expenditures 12/	103.4	151.1	132.5	204.9	314.9	328.2	354.1	380.0	421.4
Poverty-Reducing Expenditures/Government Revenue (in percent) 20/	24.3	40.9	31.2	38.5	43.4	38.1	36.3	33.9	34.0
Poverty-Reducing Expenditures/GDP (in percent)	3.8	5.6	4.4	6.1	7.1	6.6	6.3	6.1	6.2
<b>Mauritania</b>									
Poverty-Reducing Expenditures 13/	85.0	69.5	79.1	105.0	214.2	179.3	151.0	192.8	211.3
Poverty-Reducing Expenditures/Government Revenue (in percent) 21/	34.7	28.7	42.9	29.7	66.8	46.1	34.8	30.3	31.9
Poverty-Reducing Expenditures/GDP (in percent)	9.0	6.5	7.2	9.4	16.1	11.7	8.0	6.4	6.5
<b>Mozambique</b>									
Poverty-Reducing Expenditures 14/	543.0	688.0	665.2	647.4	762.7	847.3	1293.9	1370.8	1505.8
Poverty-Reducing Expenditures/Government Revenue (in percent) 20/	52.8	156.5	163.8	128.1	123.7	95.1	121.4	109.0	105.4
Poverty-Reducing Expenditures/GDP (in percent)	6.3	18.5	18.0	15.8	15.9	13.9	15.7	15.0	15.0



**Table 2B (concluded). Poverty Reducing Expenditure for the 28 HIPCs that have Reached Decision Points, by Country, 1999-2007 1/**  
(In millions of US dollars)

	1999	2000	2001	2002	2003	2004	2005	2006	2007
	Actual			Preliminary		Projections			
<b>Nicaragua</b>									
Poverty-Reducing Expenditures 15/	342.9	349.3	361.5	408.2	483.6	512.7	582.5	624.3	653.4
Poverty-Reducing Expenditures/Government Revenue (in percent) 22/	60.1	44.1	47.4	50.7	54.4	53.1	52.5	52.7	52.8
Poverty-Reducing Expenditures/GDP (in percent)	15.5	8.9	8.8	10.1	11.7	11.3	11.8	11.9	12.0
<b>Niger</b>									
Poverty-Reducing Expenditures 2/	104.4	104.3	97.3	125.9	142.0	144.5	152.0	155.1	163.7
Poverty-Reducing Expenditures/Government Revenue (in percent) 20/	58.2	67.5	53.7	54.5	49.0	43.6	42.0	37.7	35.8
Poverty-Reducing Expenditures/GDP (in percent)	5.1	5.8	5.0	5.8	5.2	4.6	4.5	4.3	4.3
<b>Rwanda</b>									
Poverty-Reducing Expenditures 16/	75.2	72.4	90.6	107.8	115.4	137.0	192.6	236.0	261.2
Poverty-Reducing Expenditures/Government Revenue (in percent) 20/	39.5	45.4	48.1	54.8	53.9	52.8	66.8	76.8	78.4
Poverty-Reducing Expenditures/GDP (in percent)	3.9	4.0	5.3	6.2	6.9	7.5	9.4	10.7	11.1
<b>São Tomé and Príncipe</b>									
Poverty-Reducing Expenditures 12/	8.0	8.0	11.9	10.4	15.8	14.3	20.3	22.1	24.3
Poverty-Reducing Expenditures/Government Revenue (in percent) 20/	87.8	79.9	118.1	83.1	105.2	84.9	109.7	109.2	107.9
Poverty-Reducing Expenditures/GDP (in percent)	17.0	17.3	25.0	19.4	26.7	22.1	29.3	29.3	29.3
<b>Senegal</b>									
Poverty-Reducing Expenditures 2/	254.3	238.6	303.6	313.0	456.3	622.2	718.2	749.8	784.0
Poverty-Reducing Expenditures/Government Revenue (in percent) 20/	30.8	29.9	37.0	30.3	33.8	39.2	43.4	43.3	42.5
Poverty-Reducing Expenditures/GDP (in percent)	5.3	5.3	6.7	6.3	7.1	8.1	8.4	8.3	8.1
<b>Sierra Leone</b>									
Poverty-Reducing Expenditures 2/	...	23.5	36.7	57.5	63.7	66.6	72.3	78.3	84.4
Poverty-Reducing Expenditures/Government Revenue (in percent) 20/	...	25.7	38.2	52.8	56.7	53.4	50.7	44.6	40.6
Poverty-Reducing Expenditures/GDP (in percent)	...	3.7	4.6	6.1	6.4	6.2	6.4	6.4	6.4
<b>Tanzania</b>									
Poverty-Reducing Expenditures 17/	412.3	525.5	603.6	818.2	974.5	1035.1	1382.1	1781.6	2030.0
Poverty-Reducing Expenditures/Government Revenue (in percent) 20/	42.8	54.2	53.7	73.0	80.0	76.3	83.8	93.1	93.1
Poverty-Reducing Expenditures/GDP (in percent)	4.8	6.1	6.5	8.8	9.7	9.7	11.4	13.3	13.6
<b>Uganda</b>									
Poverty-Reducing Expenditures 18/	306.0	402.5	444.8	553.1	724.8	914.7	1000.2	1012.7	1028.3
Poverty-Reducing Expenditures/Government Revenue (in percent) 20/	40.4	59.7	68.0	79.3	101.3	98.0	94.5	83.8	75.7
Poverty-Reducing Expenditures/GDP (in percent)	5.3	7.1	7.7	9.7	12.3	12.4	11.9	11.0	10.3
<b>Zambia</b>									
Poverty-Reducing Expenditures 19/	166.0	149.0	51.6	35.7	44.9	111.0	634.3	685.8	786.7
Poverty-Reducing Expenditures/Government Revenue (in percent) 20/	30.1	31.3	7.9	5.3	5.7	11.2	58.8	59.0	62.1
Poverty-Reducing Expenditures/GDP (in percent)	5.3	4.6	1.4	0.9	1.0	2.1	10.2	10.5	11.3
<b>Total Poverty-Reducing Expenditures 23/</b>	5939.9	6060.6	6685.9	7570.9	9049.6	10839.8	13639.6	15110.7	16455.8
<b>Ratio of Poverty-Reducing Expenditures to government revenue</b>									
Simple average	42.3	45.8	49.4	46.9	49.0	47.6	51.6	50.7	50.5
Weighted average	40.9	43.2	45.4	46.4	47.3	48.1	51.8	51.8	52.1
<b>Ratio of Poverty-Reducing Expenditures to GDP</b>									
Simple average	7.0	7.1	7.7	7.9	8.4	8.4	9.4	9.5	9.6
Weighted average	6.4	6.4	6.8	7.4	7.7	8.1	9.1	9.3	9.4

Sources: HIPC country documents; and staff estimates.

- 1/ The coverage of Poverty-Reducing Expenditures varies across countries, but is generally consistent with the definition in the PRSP and the budget. In some countries, the definition of Poverty-Reducing Expenditures has evolved over time to include more sectors; therefore, some of the increase in such spending over the 1999-2003 period may reflect changes in the definition.
- 2/ Data refer to health and education spending.
- 3/ Refers to poverty related spending by the public sector. Includes spending on health, education, basic sanitation, and selected urban and rural development, both current and capital. Excludes education spending at the university level, pension contributions, and health and education spending by the Ministry of Defense.
- 4/ Spending on health, education, roads, youth and employment, promotion of women, agriculture, environment and justice.
- 5/ There have been recent revisions in classification.
- 6/ Spending on health, education, reintegration of demobilized soldiers, forestry and agriculture, water and sanitation, infrastructure and rural development, and community facilities; for 2005-2006, amount estimated based on HIPC assistance projected.
- 7/ Spending on health, education, rural infrastructure.
- 8/ Spending on education, health and agriculture.
- 9/ Basic education, primary health care, poverty-focused agriculture and infrastructure spending.
- 10/ For 2003 and 2004, social expenditure definition reflects the I-PRSP objectives and uses the new pro-poor definition, which includes infrastructures. Projections for 2005-2007 are minimum estimated amounts based on expected HIPC assistance.
- 11/ Spending on education, health, water and sanitation, rural infrastructure, and social safety projects.
- 12/ Spending on education, health, and social safety nets.
- 13/ Spending on education, health, and poverty reduction programs.
- 14/ Includes expenditures on health, education, HIV, roads, sanitation, public works, governance and judicial system, agriculture and rural development, and other.
- 15/ Education, health, rural infrastructure and food assistance.
- 16/ Includes health and education expenditure. Series revised from 2002 to include relevant capital expenditures, and from 2005 to include spending on energy development.
- 17/ Spending on education, health, water, agricultural research and extension, lands, roads, and the judiciary.
- 18/ Spending on health, education, Poverty Action Fund, some donor funded and administered projects.
- 19/ Beginning with 2005, the definition of PRSPs was broadened to include spending on basic health and education. During 2001-04 figures reflect poverty reducing priorities (mostly investment projects) financed by HIPC relief.
- 20/ Level of government is central government.
- 21/ Level of government includes central and local.
- 22/ Level of government includes central, local, and public enterprises.
- 23/ For countries without projections, the last available data are used in the aggregate total for future years, thus understating the likely level of social spending.

**Table 3. HIPC Initiative: Changes in the Estimates of Potential Costs by Creditor Group for the 28 HIPCs that have Reached Decision Points 1/**  
(In billions of U.S. dollars)

	September-05		September-04		September-05	
	2004 NPV Terms 2/ 3/	(In percent)	2003 NPV Terms 4/	2003 NPV Terms 4/	2003 NPV Terms 2/ 4/	2003 NPV Terms 2/ 4/
<b>Total costs</b>	<b>38.2</b>	<b>100.0</b>	<b>35.7</b>	<b>35.7</b>	<b>36.7</b>	<b>36.7</b>
<b>creditors</b>	<b>18.3</b>	<b>47.9</b>	<b>17.5</b>	<b>17.5</b>	<b>17.6</b>	<b>17.6</b>
Paris Club	13.8	36.0	13.1	13.1	13.2	13.2
Other official bilateral	3.6	9.5	3.5	3.5	3.5	3.5
Commercial	0.9	2.4	0.9	0.9	0.9	0.9
<b>Multilateral creditors</b>	<b>19.9</b>	<b>52.1</b>	<b>18.2</b>	<b>18.2</b>	<b>19.1</b>	<b>19.1</b>
World Bank	9.4	24.5	8.5	8.5	9.0	9.0
<i>Of which: IDA</i>	9.0	23.6	8.1	8.1	8.7	8.7
IBRD	0.3	0.9	0.3	0.3	0.3	0.3
IMF	3.0	7.8	2.8	2.8	2.9	2.9
AfDB/AfDF	3.3	8.8	2.9	2.9	3.2	3.2
IaDB	1.3	3.5	1.3	1.3	1.3	1.3
Other	2.8	7.5	2.7	2.7	2.7	2.7

Sources: HIPC Initiative country documents; and staff estimates.

1/ Includes the cost of all HIPC countries that have reached decision point (27 countries in September 2004 and 28 countries in September 2005).

2/ Reflects updated DSAs for Madagascar and Burundi .

3/ The discount rate used is the 3-year average SDR CIRR for 2002-2004, which was 4.6 percent.

4/ The discount rate used is the 3-year average SDR CIRR for 2001-2003, which was 4.8 percent

**Table 4. HIPC Initiative: Breakdown of Estimated Potential Costs by Main Creditors and by Country Groups**

(In billions of U.S. dollars, in 2004 NPV terms)

	Post-Decision Point Cases (28)		
	Retroactive 1/ (8 countries)	New cases 2/ (20 countries)	Total (28 countries)
<b>Total costs</b>	<b>8.3</b>	<b>29.9</b>	<b>38.2</b>
<b>Bilateral and commercial creditors</b>	<b>3.3</b>	<b>15.0</b>	<b>18.3</b>
Paris Club	2.5	11.3	13.8
Other official bilateral	0.7	3.0	3.6
Commercial	0.1	0.8	0.9
<b>Multilateral creditors</b>	<b>5.0</b>	<b>14.9</b>	<b>19.9</b>
World Bank	2.2	7.0	9.2
<i>Of which</i> : IDA	2.2	6.8	9.0
IBRD	0.0	0.3	0.3
IMF 5/	0.8	2.2	3.0
AfDB/AfDF	0.6	2.8	3.3
IaDB	0.7	0.6	1.3
Other	0.7	2.2	3.0
Memorandum item:			
In percent of total cost	14.2	51.3	65.5

Sources: Country authorities; and staff estimates.

1/ Benin, Bolivia, Burkina Faso, Guyana, Mali, Mozambique, Senegal, and Uganda. Côte d'Ivoire is a retroactive case but has not reached its enhanced decision point.

2/ Burundi, Cameroon, Chad, Democratic Republic of the Congo, Ethiopia, The Gambia, Ghana, Guinea, Guinea-Bissau, Honduras, Madagascar, Malawi, Mauritania, Nicaragua, Niger, Rwanda, São Tomé and Príncipe, Sierra Leone, Tanzania, and Zambia.

**Table 5. HIPC Initiative: Estimated Costs for Multilateral Creditors  
and Status of Their Commitments**

(In millions of U.S. dollars, in 2004 NPV terms)

Creditors	Cost of Providing HIPC Relief 28 countries
<b>Total</b>	<b>19,724</b>
<b>Delivering or committed to deliver debt relief to the 28 decision point countries 1/</b>	<b>19,645</b>
World Bank Group	9,237
International Monetary Fund (IMF)	2,986
African Development Bank (AfDB)	3,345
Inter-American Development Bank (IaDB)	1,344
Central American Bank for Economic Integration (CABEI)	613
European Union/European Investment Bank (EU/EIB)	805
International Fund for Agricultural Development (IFAD)	328
Arab Bank for Economic Development in Africa (BADEA)	230
OPEC Fund for International Development	189
Islamic Development Bank (IsDB)	150
Corporación Andina de Fomento (CAF)	114
Arab Fund for Social and Economic Development (AFESD)	76
Caricom Multilateral Clearing Facility (CMCF)	69
West African Development Bank (BOAD)	52
Fund for the Financial Development of the River Plate Basin (FONPLATA)	30
Nordic Development Fund (NDF)	27
Caribbean Development Bank (CDB)	20
Arab Monetary Fund (AMF)	14
Central Bank of West African States (BCEAO)	7
Nordic Investment Bank (NIB)	4
East African Development Bank (EADB)	4
Banque des Etats de l'Afrique Centrale (BDEAC)	1
Asian Development Bank (AsDB)	0
<b>Have not indicated intentions to provide relief under the HIPC Initiative</b>	<b>79</b>
Banque des Etats de l'Afrique Centrale (BEAC)	39
Economic Community of West African States (ECOWAS)	17
Eastern and Southern African Trade and Development Bank (PTA Bank)	9
Banque de Développement des Etats des Grands Lacs (BDEGL)	8
Conseil de L'Entente (FEGECE)	3
Fondo Centroamericano de Estabilización Monetaria (FOCEM)	2
Fund for Solidarity and Economic Development (FSID)	1
Arab Petroleum Investment Corporation (APICORP)	0

Sources: HIPC documents; HIPC authorities; and World Bank staff estimates.

1/ Some of these creditors are providing relief on a case-by-case basis and have yet to agree to full participation in the enhanced HIPC Initiative. Moreover, for a few of these creditors, there have been significant delays in developing the modalities for the actual delivery of debt relief.

**Table 6A. HIPC Initiative: Status of Delivery of Assistance by the World Bank**  
(In millions of U.S. dollars as of June 30, 2005)

Member	Decision Point	Completion Point	Total Committed Debt Service Reduction	Debt Service Reduction Delivered 1/	Debt Service Reduction Delivered (in percent of total committed reduction)
<b>Under the Original HIPC Initiative 2/</b>					
Bolivia	Sep. 1997	Sep. 1998	65.4	65.4	100.0
Burkina Faso 3/	Sep. 1997	Jul. 2000	182.8	182.8	100.0
Guyana 3/	Dec. 1997	May. 1999	60.8	60.8	100.0
Mali 4/	Sep. 1998	Sep. 2000	78.6	78.6	100.0
Mozambique 5/	Apr. 1998	Jun. 1999	975.0	975.0	100.0
Uganda 5/	Apr. 1997	Apr. 1998	354.5	354.5	100.0
<b>Total Original HIPC</b>			<b>1,717.0</b>	<b>1,717.0</b>	<b>100.0</b>
<b>Under the Enhanced HIPC Initiative 6/</b>					
Benin	Jul. 2000	Mar. 2003	124.3	35.5	28.6
Bolivia	Feb. 2000	Jun. 2001	221.8	41.7	18.8
Burkina Faso 7/	Jul. 2000	Apr. 2002	236.7	38.7	16.4
Burundi	Aug. 2005	Floating	782.5	0.0	0.0
Cameroon 8/	Oct. 2000	Floating	265.6	63.9	24.1
Chad	May. 2001	Floating	106.7	22.3	20.9
Congo, Dem. Rep. Of 9/	Jul. 2003	Floating	1,031.2	64.8	6.3
Ethiopia 7/	Nov. 2001	Apr. 2004	1,278.4	113.9	8.9
Gambia, The	Dec. 2000	Floating	31.8	9.1	28.6
Ghana	Feb. 2002	Jul. 2004	1,445.7	152.5	10.5
Guinea	Dec. 2000	Floating	233.6	53.4	22.9
Guinea Bissau	Dec. 2000	Floating	179.6	23.0	12.8
Guyana	Nov. 2000	Dec. 2003	72.0	10.3	14.3
Honduras	Jun. 2000	Apr. 2005	107.7	37.2	34.6
Madagascar	Dec. 2000	Oct. 2004	444.4	73.9	16.6
Malawi	Dec. 2000	Floating	588.5	90.8	15.4
Mali	Sep. 2000	Mar. 2003	213.2	53.0	24.8
Mauritania	Feb. 2000	Jun. 2002	172.8	32.3	18.7
Mozambique	Apr. 2000	Sep. 2001	80.1	35.0	43.7
Nicaragua	Dec. 2000	Jan. 2004	382.6	37.7	9.9
Niger 7/	Dec. 2000	Apr. 2004	408.7	48.6	11.9
Rwanda 7/	Dec. 2000	Apr. 2005	709.0	64.9	9.2
São Tomé and Príncipe	Dec. 2000	Floating	44.9	5.5	12.3
Senegal	Jun. 2000	Apr. 2004	163.9	63.4	38.7
Sierra Leone	Mar. 2002	Floating	229.9	24.3	10.6
Tanzania	Apr. 2000	Nov. 2001	1,157.1	228.6	19.8
Uganda	Feb. 2000	May. 2000	629.1	94.3	15.0
Zambia	Dec. 2000	Apr. 2005	885.2	111.4	12.6
<b>Total Enhanced HIPC</b>			<b>12,227.0</b>	<b>1,629.8</b>	<b>13.3</b>
<b>Grand Total</b>			<b>13,944.1</b>	<b>3,346.9</b>	<b>24.0</b>

Sources: HIPC country documents; and World Bank staff estimates.

1/ Assistance is considered as provided: i) at the effective date of the purchase of IDA credits, provision of IDA grants or prepayment of IBRD loans; and ii) at the due date in the case of debt service reduction.

2/ Figures are from the respective completion point documents, they include the reduction in interest payments associated with the cancellation of loans and the provision of grants instead loans. Assistance provided through the reduction of the debt service to IDA, unless otherwise indicated.

3/ Assistance provided through the purchase by the HIPC Trust Fund of selected IDA credits.

4/ Assistance provided through the purchase by the HIPC Trust Fund of selected IDA credits and the reduction of the debt service to IDA.

5/ Assistance provided through the provision of IDA grants; the purchase by the HIPC Trust Fund of selected IDA credits and the reduction of the debt service to IDA.

6/ Unless otherwise indicated, assistance to be provided through the reduction of the debt service to IDA.

7/ Includes topping-up assistance.

8/ Assistance to be provided through: i) IDA grants which would be used to cover 45 percent of IBRD debt service during the interim period; ii) an IDA credit to prepay all IBRD outstanding debt at the completion point; and iii) a reduction of IDA debt service.

9/ Corresponds to the assistance provided through the reduction of debt service payments to IDA on the disbursed and outstanding debt as of end-2002, which would provide a relief of US\$597 million in NPV terms. The remaining US\$223 million in NPV terms needed to cover the World Bank share of assistance was provided through the clearance of arrears.

Table 6B. HIPC Initiative: Estimated Delivery of World Bank Assistance, 2000-10

(In millions of U.S. dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Debt service before HIPC relief 1/</b>											
Benin	10	12	14	16	18	21	21	22	23	24	26
Bolivia	31	21	23	27	32	28	24	26	31	37	40
Burkina Faso 2/	13	14	19	21	24	27	27	28	29	30	31
Burundi	13	14	16	19	19	21	22	22	24	26	27
Cameroon	87	80	69	59	60	57	50	40	41	42	40
Chad	8	11	11	12	17	14	17	18	20	22	25
Congo, Dem. Rep. of	-	-	353	37	40	43	46	51	53	54	54
Ethiopia	34	36	42	54	63	70	73	75	89	94	95
Gambia, The	4	4	4	5	5	6	6	7	7	8	8
Ghana	56	63	65	76	87	97	103	110	117	124	131
Guinea	18	21	22	26	27	31	33	34	38	42	45
Guinea-Bissau	5	5	5	6	7	7	8	8	9	10	10
Guyana 2/	8	8	8	8	8	7	8	8	8	8	9
Honduras	56	46	45	45	40	28	25	26	27	31	32
Madagascar	27	29	32	37	42	46	50	54	60	63	68
Malawi	36	35	36	42	47	50	54	56	58	65	67
Mali 2/	20	23	25	28	33	36	39	41	43	45	47
Mauritania	9	9	10	11	13	14	15	16	18	19	21
Mozambique 2/	19	22	24	27	30	33	34	36	37	40	45
Nicaragua	12	12	10	12	15	18	19	19	21	24	27
Niger	14	14	15	17	20	22	25	28	30	31	31
Rwanda	11	14	16	19	21	23	24	25	27	28	29
São Tomé and Príncipe	1	1	1	2	2	2	2	2	2	2	2
Senegal	27	29	31	35	39	44	48	52	58	61	67
Sierra Leone	4	5	6	9	11	13	13	14	14	13	14
Tanzania	57	61	68	78	89	91	92	99	102	106	119
Uganda	29	34	42	53	65	73	72	75	81	85	93
Zambia	27	33	35	43	45	50	55	58	61	65	68
<b>TOTAL</b>	<b>637</b>	<b>652</b>	<b>1,048</b>	<b>824</b>	<b>920</b>	<b>971</b>	<b>1,006</b>	<b>1,052</b>	<b>1,127</b>	<b>1,201</b>	<b>1,274</b>
<b>Debt service after HIPC relief</b>											
Benin	8	6	7	9	11	12	12	13	14	15	16
Bolivia											
<i>after: original HIPC relief</i>	13	-	17	27	32	28	24	26	31	37	40
<i>enhanced HIPC relief</i>	13	-	8	14	18	14	9	10	13	17	20
Burkina Faso											
<i>after: original HIPC relief</i>	10	8	13	16	18	21	22	23	23	23	24
<i>enhanced HIPC relief</i>	7	1	6	9	9	12	13	14	15	14	14
<i>topping up</i>	7	1	6	9	9	12	13	14	15	14	14
Burundi	13	14	16	19	19	11	1	1	1	1	2
Cameroon	87	74	41	30	14	16	22	22	23	33	38
Chad	8	7	6	7	11	8	10	11	12	14	15
Congo, Dem. Rep. of	-	-	25	12	7	9	9	10	11	11	11
Ethiopia	34	35	17	26	32	37	38	39	48	51	52
<i>topping up</i>	34	35	17	26	21	13	12	13	18	19	19
Gambia, The	4	2	2	2	3	3	3	4	4	5	5
Ghana	56	63	32	31	39	44	46	50	53	56	60
Guinea	18	10	11	14	14	17	19	20	22	24	26
Guinea-Bissau	4	0	0	1	1	1	2	2	2	2	3
Guyana											
<i>after: original HIPC relief</i>	6	6	7	7	6	5	6	6	6	6	7
<i>enhanced HIPC relief</i>	6	4	5	4	4	3	3	3	3	3	4
Honduras	51	27	33	45	40	23	16	16	17	19	20
Madagascar	27	14	16	20	24	27	29	32	36	39	42
Malawi	36	18	18	22	25	26	28	29	31	35	37
Mali											
<i>after: original HIPC relief</i>	16	19	21	24	29	33	35	38	39	42	44
<i>enhanced HIPC relief</i>	14	9	10	13	17	19	20	23	24	25	27
Mauritania	5	3	4	5	6	7	8	8	9	10	12
Mozambique											
<i>after: original HIPC relief</i>	9	11	12	13	14	14	15	15	16	17	21
<i>enhanced HIPC relief</i>	5	6	6	5	5	4	5	5	4	14	21
Nicaragua	12	6	2	3	5	6	6	6	7	9	11
Niger	14	4	5	7	8	10	12	13	14	15	15
<i>topping up</i>	14	4	5	7	6	7	8	8	9	9	10
Rwanda	11	1	2	4	5	6	6	6	7	8	9
<i>topping up</i>	11	1	2	4	5	4	3	3	3	3	3
São Tomé and Príncipe	1	0	0	0	0	0	0	0	1	1	1
Senegal	22	15	16	24	29	26	29	31	36	38	61
Sierra Leone	4	5	2	2	3	3	4	4	4	4	4

Table 6B (concluded). HIPC Initiative: Estimated Delivery of World Bank Assistance, 2000-10

(In millions of U.S. dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Debt service after HIPC relief</b>											
Tanzania	29	22	25	32	41	42	43	46	48	50	61
Uganda 3/	16	17	32	47	87	101	99	105	112	119	133
<i>after: original HIPC relief</i>	13	14	23	33	57	65	64	68	72	76	84
<i>enhanced HIPC relief</i>	4	3	9	14	30	36	35	37	40	43	48
Zambia	27	14	13	17	16	16	17	19	21	23	27
<b>TOTAL</b>	<b>520</b>	<b>365</b>	<b>337</b>	<b>391</b>	<b>422</b>	<b>416</b>	<b>415</b>	<b>444</b>	<b>483</b>	<b>542</b>	<b>622</b>
<b>World Bank debt relief 7/</b>											
Benin	3	6	7	8	8	8	9	9	9	10	10
Bolivia	18	21	15	13	13	14	15	16	18	19	20
<i>of which: original HIPC 5/</i>	18	21	6	-	-	-	-	-	-	-	-
<i>enhanced HIPC</i>	-	0	9	13	13	14	15	16	18	19	20
Burkina Faso	6	13	13	14	15	16	16	16	17	18	18
<i>of which: original HIPC 5/</i>	3	6	6	6	6	6	6	6	6	7	7
<i>enhanced HIPC</i>	3	7	7	7	9	9	9	9	9	9	10
<i>topping up</i>	-	-	-	1	1	1	2	2	2	2	1
Burundi	-	-	-	-	-	10	21	21	23	24	26
Cameroon	-	6	28	29	46	40	28	18	17	9	2
Chad	-	3	5	5	6	6	7	7	8	9	9
Congo, Dem. Rep. Of 4/	-	-	329	25	32	34	37	40	42	43	43
Ethiopia	-	1	25	29	43	57	60	62	71	75	76
<i>enhanced HIPC</i>	-	1	25	29	31	33	35	36	41	43	44
<i>topping up</i>	-	-	-	-	11	24	26	27	30	32	33
Gambia, The	-	2	2	2	2	2	3	3	3	3	3
Ghana	-	-	33	45	49	53	57	60	64	68	71
Guinea	-	11	11	12	13	13	14	15	16	18	19
Guinea-Bissau	1	4	4	5	6	6	6	6	7	7	8
Guyana	1	4	4	4	4	5	5	5	5	5	5
<i>of which: original HIPC 5/</i>	1	2	2	2	2	2	2	2	2	2	2
<i>enhanced HIPC</i>	0	2	2	2	3	3	3	3	3	3	3
Honduras 9/	6	19	12	-	-	5	10	10	10	12	12
Madagascar	-	15	16	16	17	19	20	22	24	25	25
Malawi	-	17	19	21	23	23	26	27	28	30	31
Mali	6	13	14	15	16	17	18	19	19	20	20
<i>of which: original HIPC 5/</i>	4	4	4	4	4	4	4	4	4	4	3
<i>enhanced HIPC</i>	2	10	11	11	12	14	15	15	16	16	17
Mauritania	5	6	6	6	7	7	8	8	9	9	9
Mozambique	14	16	18	22	25	29	29	31	33	26	24
<i>of which: original HIPC 5/</i>	11	11	13	14	16	19	19	20	22	23	24
<i>enhanced HIPC 6/</i>	3	5	5	8	9	10	10	11	12	3	-
Nicaragua	-	6	8	8	10	12	13	13	14	15	15
Niger	-	9	10	10	14	15	18	19	21	21	21
<i>enhanced HIPC</i>	-	9	10	10	12	12	14	15	16	16	16
<i>topping up</i>	-	-	-	-	2	3	4	5	5	5	5
Rwanda	-	12	14	15	16	19	21	22	23	25	26
<i>enhanced HIPC</i>	-	12	14	15	16	17	18	19	19	20	21
<i>topping up 10/</i>	-	-	-	-	-	2	3	3	4	5	5
São Tomé and Príncipe	-	1	1	1	1	1	1	2	2	2	2
Senegal	5	14	15	11	11	18	19	20	22	23	6
Sierra Leone	-	-	4	7	8	9	10	10	10	10	10
Tanzania	28	39	43	46	48	49	50	53	54	57	59
Uganda	25	31	33	39	35	37	37	38	41	42	45
<i>of which: original HIPC 5/</i>	17	20	20	20	8	8	8	8	9	9	9
<i>enhanced HIPC</i>	9	11	14	20	27	29	29	30	32	33	36
Zambia	-	19	22	26	29	34	38	40	40	42	41
<b>TOTAL</b>	<b>117</b>	<b>288</b>	<b>711</b>	<b>434</b>	<b>499</b>	<b>559</b>	<b>595</b>	<b>613</b>	<b>650</b>	<b>665</b>	<b>659</b>
<b>Memorandum item</b>											
<b>Average Annual Debt Service</b>											
<b>Reduction 7/</b>	<b>18%</b>	<b>44%</b>	<b>68%</b>	<b>53%</b>	<b>54%</b>	<b>58%</b>	<b>59%</b>	<b>58%</b>	<b>58%</b>	<b>55%</b>	<b>52%</b>

Sources: HIPC country documents; and World Bank staff estimates.

1/ From 2000 to 2005, information corresponds to debt service actually paid to the World Bank. Debt service after 2005 are based on stocks as of end-June 2005.

2/ Debt service before the purchase of IDA credits.

3/ These numbers differ from those in the 2nd completion point document, as the document did not reflect new borrowing that took place between the original decision point and the enhanced decision point.

4/ Corresponds to the assistance provided through the reduction of debt service payments to IDA on the disbursed and outstanding debt as of end-2002, including the assistance delivered through concessional financing of the bridge loan to clear arrears.

5/ Figures from the Completion Point Document under the original HIPC.

6/ These numbers differ from those in the 2nd completion point document, as a new schedule of delivery was approved at end-January 2003.

7/ Weighted by each country's share in total debt service before HIPC.

8/ From 2000 to 2005, figures correspond to actual debt relief received.

9/ Delivery amounts from 2005 onwards are preliminary and dependent upon the exact amount of debt relief credit granted to prepay the IBRD debt outstanding. The IDA debt credit was recently approved by the Honduran Congress, and thus, the estimates for the IBRD debt prepayment amount and the IDA delivery schedule will be revised.

10/ Topping up amount is preliminar and subject to receiving financial assurances from Rwanda's creditors and being approved by the Executive Board of IDA.

**Table 7A. HIPC Initiative: Status of Commitments by the IMF**

(In millions of SDRs, as of August 10, 2005)

Member	Decision Point	Completion Point	Amount Committed	Amount Disbursed 1/	Amount Disbursed (in percent of amount committed) 2/
<b>Under the Original HIPC Initiative</b>					
Bolivia	Sep. 1997	Sep. 1998	21.2	21.2	100.0
Burkina Faso	Sep. 1997	Jul. 2000	16.3	16.3	100.0
Côte d'Ivoire 3/	Mar. 1998	--	16.7	--	--
Guyana	Dec. 1997	May. 1999	25.6	25.6	100.0
Mali	Sep. 1998	Sep. 2000	10.8	10.8	100.0
Mozambique	Apr. 1998	Jun. 1999	93.2	93.2	100.0
Uganda	Apr. 1997	Apr. 1998	51.5	51.5	100.0
<b>Total Original HIPC</b>			<b>235.3</b>	<b>218.6</b>	<b>92.9</b>
<b>Under the Enhanced HIPC Initiative</b>					
Benin	Jul. 2000	Mar. 2003	18.4	20.1	109.0
Bolivia	Feb. 2000	Jun. 2001	41.1	44.2	107.5
Burkina Faso	Jul. 2000	Apr. 2002	27.7	29.7	107.3
Burundi	Aug. 2005	Floating	19.3	0.1	0.4
Cameroon	Oct. 2000	Floating	28.5	5.5	19.5
Chad	May. 2001	Floating	14.3	8.6	60.0
Congo, Democratic Rep. 4/	Jul. 2003	Floating	228.3	2.3	1.0
Ethiopia	Nov. 2001	Apr. 2004	45.1	46.7	103.4
Gambia, The	Dec. 2000	Floating	1.8	0.1	4.4
Ghana	Feb. 2002	Jul. 2004	90.1	94.3	104.7
Guinea	Dec. 2000	Floating	24.2	5.2	21.3
Guinea-Bissau	Dec. 2000	Floating	9.2	0.5	5.9
Guyana	Nov. 2000	Dec. 2003	31.1	34.0	109.5
Honduras	Jun. 2000	Apr. 2005	22.7	26.4	116.3
Madagascar	Dec. 2000	Oct. 2004	14.7	16.4	111.5
Malawi	Dec. 2000	Floating	23.1	11.6	50.0
Mali	Sep. 2000	Mar. 2003	34.7	38.5	110.8
Mauritania	Feb. 2000	Jun. 2002	34.8	38.4	110.4
Mozambique	Apr. 2000	Sep. 2001	13.7	14.8	108.0
Nicaragua	Dec. 2000	Jan. 2004	63.5	71.2	112.0
Niger	Dec. 2000	Apr. 2004	31.2	34.0	108.8
Rwanda 5/	Dec. 2000	Apr. 2005	33.8	37.5	110.9
São Tomé and Príncipe 6/	Dec. 2000	Floating	--	--	--
Senegal	Jun. 2000	Apr. 2004	33.8	38.4	113.6
Sierra Leone	Mar. 2002	Floating	98.5	66.0	67.0
Tanzania	Apr. 2000	Nov. 2001	89.0	96.4	108.4
Uganda	Feb. 2000	May. 2000	68.1	70.2	103.0
Zambia	Dec. 2000	Apr. 2005	468.8	508.3	108.4
<b>Total Enhanced HIPC</b>			<b>1,609.5</b>	<b>1,359.2</b>	<b>84.4</b>
<b>Grand Total</b>			<b>1,844.8</b>	<b>1,577.7</b>	<b>85.5</b>

Source: IMF Finance Department; also available at [www.imf.org/external/fin.htm](http://www.imf.org/external/fin.htm).

1/ Includes interest on amounts committed under the Enhanced HIPC Initiative.

2/ Ratios could be over 100 percent for HIPCs that have reached completion point under the Enhanced HIPC Initiative and that have received interest earnings on amounts committed at decision point but not disbursed up to completion point.

3/ Equivalent to the committed amount of US \$22.5 million at decision point exchange rates (3/17/98).

4/ Amount committed is equivalent to the remaining balance of the total IMF HIPC assistance of SDR 337.9 million, after deducting SDR 109.6 million representing the concessional element associated with the disbursement of a PRGF loan following the DRC's clearance of arrears to the IMF on June 12, 2002.

5/ Excludes commitment of additional enhanced HIPC assistance of SDR 12.98 million subject to receipt of satisfactory financing assurances from other creditors.

6/ At the time of its decision point, São Tomé and Príncipe did not have any eligible debt to the IMF.



Table 7B. HIPC Initiative: Estimated Delivery of IMF Assistance, 1998-2010 1/

(In millions of U.S. dollars; as of August 10, 2005)

	Actual								Projections				
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>IMF debt service before HIPC relief 2/</b>													
Benin	6	17	14	16	16	16	12	9	6	4	2	2	1
Bolivia	42	34	31	32	30	30	40	32	25	18	11	2	0
Burkina Faso	4	6	11	15	15	18	19	16	12	10	6	3	1
Burundi	10	8	6	6	3	1	29	1	1	1	1	5	10
Cameroon	20	20	21	5	3	12	26	33	40	40	36	22	9
Chad	11	5	2	4	8	10	13	14	13	8	6	4	3
Congo, Democratic Rep 3/	2	3	0	0	570	5	6	5	5	64	126	129	129
Ethiopia 4/	3	7	12	14	15	16	13	10	8	13	13	11	9
Gambia, The	5	4	2	1	0	0	10	2	3	3	3	2	1
Ghana	133	72	39	68	17	22	40	48	37	47	41	23	15
Guinea	10	8	9	13	13	16	18	20	15	14	8	3	1
Guinea Bissau	1	1	1	1	2	5	5	3	3	2	1	1	1
Guyana	22	22	26	17	17	17	18	16	14	9	5	2	1
Honduras	3	7	10	14	44	41	15	26	22	22	22	13	1
Madagascar	15	13	6	3	5	8	8	12	22	18	15	15	11
Malawi	26	22	10	8	8	10	13	14	11	8	6	3	1
Mali	12	13	19	24	29	29	29	25	18	12	8	4	1
Mauritania	8	10	12	15	18	19	17	13	9	6	2	2	0
Mozambique	25	32	31	29	24	21	22	23	21	16	11	4	0
Nicaragua	1	4	7	7	7	9	17	26	26	26	24	13	1
Niger	14	6	3	2	4	9	13	13	12	9	4	1	1
Rwanda 5/	4	9	13	12	7	2	5	10	12	12	10	7	3
São Tomé and Príncipe	0	0	0	0	0	0	0	0	0	0	0	0	0
Sierra Leone	1	13	27	78	31	32	20	8	5	13	12	12	12
Senegal	63	34	25	31	30	39	46	41	31	22	12	5	1
Tanzania 4/	39	36	32	27	27	26	31	48	59	64	48	38	0
Uganda 4/	58	60	53	50	44	45	40	46	36	25	13	2	2
Zambia	9	9	9	222	220	222	223	224	12	10	9	8	0
<b>TOTAL</b>	<b>546</b>	<b>478</b>	<b>429</b>	<b>711</b>	<b>1206</b>	<b>678</b>	<b>746</b>	<b>736</b>	<b>477</b>	<b>496</b>	<b>458</b>	<b>337</b>	<b>212</b>
<b>IMF debt service after Enhanced HIPC Initiative relief 2/</b>													
Benin	6	17	11	11	11	10	7	6	5	2	2	2	1
Bolivia	36	23	21	23	19	21	23	18	18	17	11	2	0
Burkina Faso	4	6	8	8	9	4	3	3	7	8	6	3	1
Burundi	10	8	6	6	3	1	29	1	1	1	1	1	2
Cameroon	20	20	20	4	3	12	22	24	30	33	30	15	9
Chad	11	5	2	2	5	6	12	11	8	3	6	4	3
Congo, Democratic Rep	2	3	0	0	570	4	4	4	4	29	32	36	37
Ethiopia 4/	3	7	12	14	10	10	9	0	1	1	1	1	2
Gambia, The	5	4	2	1	0	0	10	2	2	2	2	2	1
Ghana	133	72	39	68	8	5	23	23	23	24	24	22	15
Guinea	10	8	9	10	12	14	17	10	11	11	8	3	1
Guinea Bissau	1	1	1	0	2	5	5	0	0	0	0	0	1
Guyana	22	15	17	6	10	8	6	4	5	4	3	2	1
Honduras	3	7	10	12	39	41	10	13	14	14	22	13	1
Madagascar	15	13	6	2	3	4	7	9	14	14	15	15	11
Malawi	26	22	10	5	8	8	9	7	5	1	4	2	1
Mali	12	13	18	17	19	18	17	13	10	6	4	4	1
Mauritania	8	10	7	7	7	8	9	8	4	4	2	2	0
Mozambique	25	18	0	2	6	9	9	7	5	5	5	3	0
Nicaragua	1	4	7	7	6	6	9	1	1	7	6	4	1
Niger	14	6	3	2	3	6	7	0	0	0	0	1	1
Rwanda 5/	4	9	13	4	3	2	1	2	2	3	6	3	1
São Tomé and Príncipe	0	0	0	0	0	0	0	0	0	0	0	0	0
Sierra Leone	1	13	27	78	2	2	2	1	2	1	1	1	1
Senegal	63	34	23	26	25	32	32	27	23	22	12	5	1
Tanzania 4/	39	36	25	6	5	9	16	36	48	53	38	28	0
Uganda 4/	58	45	32	20	20	22	16	24	24	17	10	2	2
Zambia	9	9	9	71	67	70	221	6	5	7	9	8	0
<b>TOTAL</b>	<b>541</b>	<b>431</b>	<b>338</b>	<b>411</b>	<b>873</b>	<b>340</b>	<b>536</b>	<b>259</b>	<b>271</b>	<b>292</b>	<b>262</b>	<b>184</b>	<b>92</b>

Table 7B (concluded). HIPC Initiative: Estimated Delivery of IMF Assistance, 1998-2010 1/

(In millions of U.S. dollars; as of June 30, 2005)

	Actual						Projections						
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>IMF Original and Enhanced HIPC Initiative assistance 6/</b>													
Benin	...	...	2	5	5	6	5	2	1	1	0	0	0
Bolivia	6	11	10	9	11	9	17	14	7	1	0	0	0
Burkina Faso	...	...	3	6	6	14	15	14	5	2	0	0	0
Burundi	...	...	...	...	...	...	...	0	0	0	0	4	8
Cameroon	...	...	1	1	0	0	4	10	10	7	6	6	0
Chad	...	...	0	2	3	4	1	3	5	5	0	-	-
Congo, Democratic Rep	...	...	...	...	...	1	2	2	2	35	95	94	92
Ethiopia 4/	...	...	...	...	5	5	3	10	7	12	12	11	8
Gambia, The	...	...	0	0	0	0	0	0	1	1	1	0	0
Ghana	...	...	...	...	9	17	17	25	14	23	17	1	0
Guinea	...	...	0	3	1	2	0	10	5	3	0	0	0
Guinea Bissau	...	...	0	1	0	0	0	2	3	2	1	0	0
Guyana	...	8	9	11	7	9	12	12	9	5	3	0	0
Honduras	...	...	0	1	5	0	5	13	7	7	0	0	0
Madagascar	...	...	0	1	2	4	2	3	8	4	0	0	0
Malawi	...	...	0	3	0	2	4	7	6	7	1	1	0
Mali	...	...	1	7	9	10	12	12	8	6	4	0	0
Mauritania	...	...	5	8	11	11	8	5	5	2	0	0	0
Mozambique	...	14	31	27	18	12	12	16	16	11	6	1	0
Nicaragua	...	...	0	0	1	2	8	25	25	19	18	9	0
Niger	...	...	0	1	1	4	7	13	12	9	4	0	0
Rwanda 5/	...	...	0	9	4	0	4	8	10	9	5	4	2
São Tomé and Príncipe	...	...	0	0	0	0	0	0	0	0	0	0	0
Sierra Leone	...	...	...	...	30	30	19	7	3	12	11	11	11
Senegal	...	...	2	4	5	7	13	15	8	0	0	0	0
Tanzania 4/	...	...	7	21	22	16	15	12	12	11	11	10	0
Uganda 4/	...	15	21	29	24	22	24	22	12	8	2	0	0
Zambia	...	...	0	151	154	152	2	217	6	3	0	0	0
<b>TOTAL</b>	<b>6</b>	<b>47</b>	<b>91</b>	<b>300</b>	<b>333</b>	<b>338</b>	<b>211</b>	<b>477</b>	<b>206</b>	<b>204</b>	<b>196</b>	<b>153</b>	<b>120</b>
<i>Memorandum item:</i>													
<i>Average Annual Debt Service Reduction 7/</i>	1%	10%	21%	42%	28%	50%	28%	65%	43%	41%	43%	45%	57%

Sources: HIPC country documents and staff estimates.

1/ Under Original and Enhanced HIPC Initiative.

2/ Obligations to the Fund as presented in the members' respective decision and completion point documents under the Enhanced HIPC Initiative, with revisions where necessary.

3/ The figures for 1998-2002 shown in the table represent actual payments made by the DRC to the IMF, including the settlement of its arrears on June 12, 2002.

4/ Fiscal year data.

5/ Excludes commitment of additional enhanced HIPC assistance of SDR 12.98 million subject to receipt of satisfactory financing assurances from other creditors.

6/ Using SDR/U.S. dollar exchange rate at the completion point (for original HIPC assistance) or at the decision point (for enhanced HIPC assistance). Includes projected investment income.

7/ Weighted average.

**Table 8. Status of Bilateral Donor Pledges to the HIPC Trust Fund**

(As of June 30, 2005, amounts in millions of U.S. dollars)

Donor	Inception through September 2002			From October 2002 through October 2004			
	Contributions Pledged		Total Contributions	Contributions Pledged			Total Contributions
	EC-ACP Contribution	Bilateral	Including EC-ACP Contribution	EC-ACP Contribution 1/	Bilateral 2/	Paid-in	Including EC-ACP Contribution
Australia		14	14				
Austria	18	26	44	6			6
Belgium	26	20	46	10	9	1	18
Canada		114	114		79	3/ 79	79
Denmark	15	45	60	5	21	21	26
Finland	10	25	35	3	20	3/ 20	23
France	166	21	187	60	11		71
Germany	160	72	232	58	60	4/	118
Greece	9	3	12	3	2	2	5
Iceland		2	2		1	0.8	1
Ireland	4	20	24	1			1
Italy	86	70	156	31	31		61
Japan		200	200		56	19	56
Korea					10	10	10
Luxembourg	2	1	2	1			1
Netherlands 5/	36	138	174	13	56		68
New Zealand		2	2				
Norway		80	80		97	3/ 83	97
Portugal	7	15	22	2			2
Russian Federation					10	10	10
Spain	40	85	125	15	25		40
Sweden	19	58	77	6	26	26	32
Switzerland		60	60		33	33	33
United Kingdom 5/	88	221	309	32	95	29	127
United States		600	600		150		150
<i>EC-ACP Contributions</i>	685	685		246 4/	246	126	
<b>Total</b>	<b>685</b>	<b>2,575</b>	<b>2,575</b>	<b>246</b>	<b>1,036</b>	<b>471</b>	<b>1036</b>
<i>contributions less contributions earmarked for IDA</i>	<b>685</b>	<b>2,515</b>	<b>2,515</b>	<b>246</b>	<b>1,006</b>	<b>441</b>	<b>1006</b>

**Note:** Many donors have also provided debt relief through other initiatives and mechanisms including: the Debt Reduction Facility for IDA-only Countries (providing financing for commercial debt reduction efforts), specific country-held multilateral debt relief facilities and the Central American Emergency Trust Fund with bilateral donor funding (in \$ million) of: Spain-\$30; Norway-\$15.3; Netherlands-\$12.8; Switzerland-\$18.3; Italy-\$12; United Kingdom - \$16.3; Austria - \$2.7; Canada - \$5.4; Germany-\$13.2; Sweden-\$23.4; United States-\$25; and Denmark-\$10.9 (through a bilateral trust fund administered by IDB). These resources are not included herewith as the debt relief under HIPC is additional to these efforts.

- 1/ This column reflects the decision on May 16, 2003 when the ACP-EU Council bringing together Ministers from African, Caribbean, and Pacific countries ; and EU Member States approved a new contribution to the HIPC Trust Fund of EUR 200 million (eq. \$246 million). This contribution is funded from resc already allocated to EU-ACP co-operation through the 8th and 9th European Development Fund.
- 2/ From Chairman's Summary of HIPC Technical Meeting of Oct. 24, 2002. Most EU Member States pledges made at the October 2002 meeting included th donor's share of an expected EC-ACP contribution. The bilateral pledges of EU members have as a result been adjusted to take into account the new EC-ACP contribution. This bilateral attribution is based on each donor's share in EDF9. Subsequent contributions include Greece (EUR3 million), Korea (\$10 million) and Russia (\$10 million). Many donors linked the level of their additional pledges to specific funding gap estimates. In addition, a number of donors have increased the amount of their pledges from the October 2002 meeting including Canada, Finland, Norway, and the UK.
- 3/ Includes pledges were made after October 2004 - \$ 28 million from Canada, \$ 7 million from Finland and \$ 20 million from Norway.
- 4/ Contribution agreements have been signed covering all of outstanding balance. The EC has signed and paid for EUR100 million (one-half of the EUR200 million pledge).
- 5/ In addition, the United Kingdom contributed SDR31.5 million to the HIPC Trust Fund for the IMF for debt relief to Uganda. The Netherlands provided US\$20 million for debt relief provided by the IMF to Zambia over and above the debt relief called for under the HIPC Debt Initiative. These amounts are not included in the contribution amounts presented above.

**Table 9A. HIPC Initiative: Estimated Paris Club Costs, by Creditor Country**  
(In millions of U.S. dollars, in 2004 NPV terms)

	Total (28 countries)	Benin	Bolivia	Burkina Faso	Burundi	Cameroon	Chad	Dem. Rep. of the Congo	Ethiopia	The Gambia	Ghana	Guinea	Guinea- Bissau	Guyana	Honduras
<b>Total</b>	<b>13,759</b>	<b>77</b>	<b>496</b>	<b>27</b>	<b>82</b>	<b>1,031</b>	<b>17</b>	<b>3,616</b>	<b>576</b>	<b>6</b>	<b>947</b>	<b>182</b>	<b>180</b>	<b>213</b>	<b>202</b>
Australia	2	-	-	-	-	-	-	-	1	-	-	-	-	-	-
Austria	439	-	35	3	6	208	0	46	2	3	14	4	-	-	-
Belgium	681	-	31	-	0	91	-	465	3	-	2	3	5	-	-
Brazil 1/	356	-	-	-	-	-	-	1	-	-	-	4	8	-	-
Canada	185	-	0	-	-	74	-	24	0	-	2	-	-	1	5
Denmark	30	-	1	-	0	26	-	-	-	-	-	-	-	1	3
Finland	15	-	-	-	-	1	-	-	0	-	-	-	-	-	-
France	2,155	36	31	10	51	323	14	584	3	1	74	60	6	-	22
Germany	1,458	3	130	-	0	127	0	262	38	-	91	2	2	3	4
Israel 1/	15	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Italy	1,100	-	-	5	0	76	2	140	113	-	11	10	89	-	12
Japan	2,614	-	153	-	22	0	-	564	6	-	591	9	-	1	80
Netherlands	468	9	25	5	0	7	0	219	0	-	67	-	-	4	5
Norway	74	25	-	-	-	-	-	11	-	2	-	7	-	-	-
Portugal 1/	226	-	-	-	-	-	-	-	-	-	-	-	59	-	-
Russia	1,104	-	-	1	2	-	0	-	366	-	-	70	6	2	-
South Africa 1/	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Spain	371	-	35	2	-	2	-	2	-	-	22	4	3	-	29
Sweden	126	-	-	-	-	33	-	57	2	-	20	-	-	-	-
Switzerland	50	-	-	-	-	23	-	11	-	-	-	-	-	-	2
Trinidad and Tobago 1/	135	-	-	-	-	-	-	-	-	-	-	-	-	135	-
United Kingdom	679	4	33	1	0	25	-	97	9	-	49	2	-	60	-
United States	1,471	-	24	-	-	13	-	1,133	31	-	2	8	-	3	41

**Table 9A (concluded). HIPC Initiative: Estimated Paris Club Costs, by Creditor Country**

(In millions of U.S. dollars, in 2004 NPV terms)

	Madagascar	Malawi	Mali	Mauritania	Mozambique	Nicaragua	Niger	Rwanda	Sao Tome and Principe	Senegal	Sierra Leone	Tanzania	Uganda	Zambia
<b>Total</b>	<b>469</b>	<b>155</b>	<b>135</b>	<b>164</b>	<b>1,245</b>	<b>1,041</b>	<b>128</b>	<b>41</b>	<b>23</b>	<b>151</b>	<b>205</b>	<b>902</b>	<b>143</b>	<b>1,303</b>
Australia	-	-	-	-	-	1	-	-	-	-	-	-	-	-
Austria	17	9	-	51	10	2	-	2	-	-	0	18	5	5
Belgium	16	-	-	-	-	-	0	0	0	1	11	53	-	-
Brazil 1/	-	-	-	24	168	46	-	-	-	-	-	71	-	35
Canada	15	-	-	-	-	-	-	1	-	1	-	28	-	32
Denmark	-	-	-	-	-	-	-	0	-	-	-	-	-	-
Finland	-	-	-	-	-	8	-	-	-	-	-	-	5	-
France	132	4	79	32	206	51	92	29	2	110	17	60	22	101
Germany	36	-	-	4	119	295	-	0	5	0	9	43	1	282
Israel 1/	1	-	-	-	-	1	-	-	-	-	-	-	14	-
Italy	68	-	0	0	291	77	-	0	7	7	26	59	61	43
Japan	61	137	4	4	38	67	13	8	-	0	68	343	5	440
Netherlands	-	-	2	24	-	28	-	0	-	6	20	46	-	0
Norway	-	-	-	-	-	-	-	-	-	11	7	6	5	-
Portugal 1/	-	-	-	-	161	-	-	-	6	-	-	-	-	-
Russia	47	-	43	-	116	249	-	-	1	-	-	61	-	140
South Africa 1/	-	1	-	-	-	-	-	-	-	-	-	-	-	-
Spain	42	3	-	14	8	177	9	-	2	13	0	0	5	-
Sweden	7	-	-	-	6	-	-	-	-	-	-	-	-	-
Switzerland	3	-	-	-	-	-	-	-	-	-	12	-	-	-
Trinidad and Tobago 1/	-	-	-	-	-	-	-	-	-	-	-	-	-	-
United Kingdom	14	-	6	9	95	1	8	0	-	0	3	102	18	140
United States	11	-	0	3	27	39	5	0	-	1	31	11	1	86

Sources: HIPC documents; and staff estimates.

1/ Creditor invited on a case-by-case basis to participate in some Paris Club agreements.

**Table 9B. HIPC Initiative: Paris Club Debt Relief 1/  
Status as of July 2005**

Country	Date of Enhanced Decision/ Completion Point	Interim Relief Provided?	Topping up or New Rescheduling	Date of Paris Club Rescheduling	Comments
<b>I. Enhanced completion point reached</b>					
<b>Benin</b>	Jul-00 / Mar-03	yes	new rescheduling	23-Apr-03	Paris Club stock operation on Cologne terms, US\$65 million in nominal terms canceled, this does not take into account additional cancellation committed by some creditors on a bilateral basis.
<b>Bolivia</b>	Feb-00 / Jun-01	yes	new rescheduling	10-Jul-01	Paris Club stock operation on Cologne terms, US\$685 million canceled. No interim relief beyond original HIPC relief from the Paris Club.
<b>Burkina Faso</b>	Jul-00 / Apr-02	yes	topping up	19-Jun-02	Paris Club stock operation on Cologne terms, US\$29 million canceled. Creditors also US\$18.8 million in topping up relief. As the decision point under the enhanced HIPC Initiative and the completion point under the original framework were reached on the same day, creditors did not grant a stock operation, but a flow rescheduling on Lyon terms.
<b>Ethiopia</b>	Nov-01/Apr-04	yes	topping up	13-May-04	Paris Club stock operation and topping up on Cologne terms, US\$1.3 billion canceled. Agreed minute was signed on October 13, 2005, after being only initialed on May 2005. Most creditors also committed on a bilateral basis to cancel up to 100 percent of their claims.
<b>Ghana</b>	Feb-02/Jul-04	yes	new rescheduling	22-Jul-04	Paris Club stock operation on Cologne terms, US\$821 million in nominal terms canceled. Most creditors also committed on a bilateral basis to grant additional relief, US\$823 million. At decision point, cutoff date was reset to June 20, 1999.
<b>Guyana</b>	Nov-00 / Dec-03	no	new rescheduling	14-Jan-04	Paris Club and Trinidad and Tobago stock operation on Cologne terms, US\$156 million canceled. The majority of Paris Club creditors (Denmark, France, Germany, the Netherlands, and the UK) offered to provide complete write-off of their debts.
<b>Honduras</b>	Jul-00/Apr-05	yes	new rescheduling	12-May-05	Paris Club stock operation on Cologne terms. Creditors cancelled US\$206 million in nominal terms. Most creditors also committed on a bilateral basis to grant additional relief, US\$855 million. Cologne flow rescheduling on pre-cutoff date credits in arrears as of end-2003 and maturities between January 2004 and Jun 2005 were granted in April 2004. After the decision point, creditors decided not to provide a HIPC treatment because Honduras was benefiting from a deferral of debt service during November 1998–March 2002, following Hurricane Mitch.
<b>Madagascar</b>	Dec-00/Oct-04	yes	new rescheduling	16-Nov-04	Paris Club stock operation on Cologne terms, US\$752 million in nominal terms cancelled. Most of the creditors agreed to provide additional debt relief, US\$699 million.
<b>Mali</b>	Sep-00 / Mar-03	yes	new rescheduling	12-Mar-03	Paris Club stock operation on Cologne terms, US\$145 million canceled. Interim relief was initially approved for September 2000–December 2002.
<b>Mauritania</b>	Feb-00 / Jun-02	yes	new rescheduling	8-Jul-02	Paris Club stock operation on Cologne terms, US\$210 million cancelled. After decision point, maturities between July 1999 and June 2002 were subject to interim relief.
<b>Mozambique</b>	Apr-00 / Sep-01	yes	new rescheduling	20-Nov-01	Paris Club stock operation on Cologne terms, US\$2.3 billion canceled.
<b>Nicaragua</b>	Dec-00 / Jan-04	yes	new rescheduling	4-Mar-04	Paris Club and Israel stock operation on Cologne terms, US\$3 billion canceled. Brazil declined to participate. Debt service due from October 2002 to completion point was subject to interim relief under Cologne terms.
<b>Niger</b>	Dec-02/Apr-04	yes	topping up	12-May-04	Paris Club stock operation on Cologne terms, including topping up. Following Spain's initiative, creditors decided on a bilateral basis to cancel all remaining maturities. Interim relief was originally approved on debt service falling due between December 2000–December 2003.
<b>Rwanda</b>	Dec-00/Apr-05	yes	topping up	10-May-05	Paris Club stock operation on Cologne terms reduced nominal debt by US\$82.7 million. After additional relief (US\$7.7 million) to be provided on a bilateral basis, debt would be fully cancelled. The April 2000 Paris Club rescheduling agreement on Naples terms was topped up to Cologne terms for the period December 2000–April 2002 at decision point, which was subsequently extended until end-June 2005.
<b>Senegal</b>	Jun-00/Apr-04	yes	new rescheduling	11-Jun-04	Paris Club and Brazil stock operation on Cologne terms, US\$127 million canceled. Most creditors also committed on a bilateral basis to grant additional relief. Interim relief was originally approved for June 2000–December 2003.
<b>Tanzania</b>	Apr-00 / Nov-01	yes	new rescheduling	14-Jan-02	Paris Club and Brazil stock operation on Cologne terms, US\$973 million canceled. In a side letter, Japan agreed to a deferral over three years of maturities due under the 1997 rescheduling in light of the continuing delays in signing bilateral agreements. Interim relief was provided on maturities due from April 2000.
<b>Uganda</b>	Feb-00 / May-00	yes	new rescheduling	11-Sep-00	Paris Club stock operation on Cologne terms, US\$147 million cancelled. No interim relief from the Paris Club beyond original HIPC relief because of the short time period between the decision and completion points.
<b>Zambia</b>	Dec-00/Apr-05	yes	topping up	11-May-05	Paris Club stock operation on Cologne terms. Debt cancellation of US\$1.4 billion in nominal terms. Most creditors committed on a bilateral basis to provide additional debt relief, a further US\$0.4 billion reduction in nominal terms. In addition, creditors rescheduled 50 percent of the payments due in 2005-07. From January 2001, Paris Club creditors provided interim debt relief on Cologne flow terms on pre-cutoff date debt.

**Table 9B (concluded). HIPC Initiative: Paris Club Debt Relief 1/  
Status as of July 2005**

Country	Date of Enhanced Decision Point	Interim Relief Provided?	Topping up or New Rescheduling	Date of Paris Club Rescheduling	Comments
<b>2. Decision point cases</b>					
<b>Burundi</b>	Aug-05	yes	n.a.		Paris Club meeting [will take place in September].
<b>Cameroon</b>	Oct-00	yes	new rescheduling	24-Jan-01	Paris Club Cologne flow rescheduling on pre-cutoff date debt in arrears accumulated during October–December 2000 and all maturities on pre-cutoff date debt falling due during January 2001–December 2003. In December 2003, creditors extended the consolidation period in line with the extension of the PRGF and agreed on the entry into force of the third phase under the 2001 Agreed Minute.
<b>Chad</b>	May-01	yes	new rescheduling	12-Jun-01	The Paris Club provided a Cologne flow rescheduling on maturities on all pre-cutoff date debt falling due during May 2001–March 2003. Arrears on pre-cutoff date debt as of April 2001 were rescheduled on Naples terms. In April 2003, the Paris Club decided to extend the consolidation period until the end of the current PRGF arrangement (January 2004). In January 2005, creditors agreed to extend the consolidation period to end-September 2005.
<b>Democratic Republic of the Congo</b>	Jul-03	yes	topping up	17-Nov-03	Paris Club creditors agreed to top-up their debt relief to Cologne terms. Rescheduling on Naples terms covering the period from July 1, 2002 up to June 30, 2005.
<b>Gambia, The</b>	Dec-00	yes	n.a.	9-Jan-03	The Paris Club provided a Cologne flow rescheduling on the maturities falling due from July 17, 2002 to July 17, 2005. Given the absence of a Fund program, in October 2003, creditors agreed to send a letter informing the authorities of the non-entry into force of the second phase of the consolidation period under the January 2003 Agreed Minute.
<b>Guinea</b>	Dec-00	yes	new rescheduling	15-May-01	The Paris Club provided a Cologne flow rescheduling on pre-cutoff, non-ODA debt falling due during December 2000–March 2004. Arrears on pre-cutoff date debt outstanding at end-November 2000 were rescheduled on Naples terms. In June 2003, Paris Club creditors agreed that in the absence of a Fund supported program, the third phase of the 2001 Agreed Minute will not enter into force.
<b>Guinea-Bissau</b>	Dec-00	yes	new rescheduling	26-Jan-01	The Paris Club provided a Cologne flow rescheduling on pre-cutoff date debt falling due during December 2000–December 2003 (except the payments on a deferral in the context of the 1995 agreement, which were deferred again on nonconcessional terms). Arrears on pre-cutoff date debt were rescheduled on Naples terms. Given the absence of a Fund program, in January 2003, creditors decided on the explicit non-entry into force of the phase envisioned under the Agreed Minute.
<b>Malawi</b>	Dec-00	yes	new rescheduling	25-Jan-01	The Paris Club provided a Cologne flow rescheduling on all pre-cutoff date debt falling due during December 2000–December 2003. Also, creditors moved the cutoff date from January 1, 1982 to January 1, 1997, which made all of Malawi's debt, pre-cutoff date debt. As Malawi's program under the PRGF arrangement went off-track in January 2003, creditors decided on the explicit non-entry into force of the phase envisioned under the 2001 Agreed Minute. In November 2003, creditors agreed to extend the consolidation period in line with the extension of the PRGF arrangement to December 2004.
<b>São Tomé and Príncipe</b>	Dec-00	to be provided	topping up	16-May-00	The Paris Club agreed in May 2000 to a rescheduling on Naples terms. However, phases 2 and 3 covering the period from May 2001 until April 2003 did not take effect because of PRGF interruptions.
<b>Sierra Leone</b>	Mar-02	yes	topping up	10-Jul-02	The Paris Club provided a Cologne flow rescheduling on maturities falling due on pre-cutoff date debt during March 2002–September 2004. Following an extension of the PRGF arrangement, creditors agreed to an extension of the consolidation period to June 2005.

Source: Paris Club Secretariat.

1/ For the 28 countries that have already reached the decision point under the Enhanced HIPC Initiative.

**Table 10. Paris Club Creditors' Delivery of Debt Relief Under Bilateral Initiatives Beyond the HIPC Initiative 1/**  
(In percent)

	ODA		Non-ODA		Provision of relief	
	Pre-cutoff date debt	Post-cutoff date debt	Pre-cutoff date debt	Post-cutoff date debt	Decision point	Completion point
	(1)	(2)	(3)	(4)	(5)	(6)
Australia	100	100	100	- 2/	flow	stock 2/
Austria	100	-	100	-	flow	stock
Belgium	100 3/	100 3/	100	-	flow	stock 3/
Canada	4/	4/	100 4/	100 4/	flow	stock 4/
Denmark	100 5/	100 5/	100 5/	100 5/	flow	stock 5/
France	100 6/	100 6/	100 6/	-	flow 6/	flow/stock 6/
Finland	100 7/	7/	100	7/	stock 7/	7/
Germany	100	100	100	- 8/	flow	stock 8/
Ireland	-	-	-	-	-	-
Italy	100 9/	100 9/	100 9/	100 9/	flow 9/	stock 9/
Japan	100	100	100	- 10/	-	stock 10/
Netherlands, the	100 11/	100 11/	100 11/	- 11/	90-100 flow/stock 11/	stock 11/
Norway	12/	12/	100 12/	-	-	stock 12/
Russia	13/	13/	- 13/	- 13/	- 13/	- 13/
Spain	100 14/	100 14/	100	-	flow	stock
Sweden	15/	15/	100 15/	-	-	stock 15/
Switzerland	15/	16/	16/	16/	Case-by-case, flow 16/	stock 16/
United Kingdom	100	100	100	100	stock 17/	17/
United States	100	100	100	100 18/	flow	stock 18/

Source: Paris Club Secretariat.

1/ Debt relief beyond HIPC is provided on a bilateral basis after the debtor country reaches the decision and completion point.

A "100 percent" mention in the table indicates that the debt relief provided under the enhanced-HIPC Initiative is topped up to 100 percent through a bilateral agreement.

2/ Australia will provide relief on post-cutoff date non-ODA claims incurred before a date to be finalized.

3/ Belgium cancels all ODA debt granted before December 31, 2000.

4/ Canada had already cancelled 100 percent of ODA claims on HIPCs prior to 1996. It has granted a moratorium of debt service on all non-ODA debt and commercial credits disbursed before end-March 1999 for 13 out of 17 HIPCs with debt due to Canada (Benin, Bolivia, Cameroon, Dem. Rep. Of Congo, Ethiopia, Ghana, Guyana, Honduras, Madagascar, Rwanda, Senegal, Tanzania, and Zambia). Canada's debt moratorium is extended to countries meeting governance and human rights standards.

For the other HIPCs, debt relief is granted at decision and completion point.

5/ Denmark provides 100 percent cancellation of ODA loans and non-ODA credits contracted and disbursed before September 27, 1999.

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

7/ Finland does not have post-COD claims. All ODA debt stock is canceled at decision point.

8/ Germany will cancel all debts incurred before June 20, 1999 depending on a consensus within Paris Club creditors.

9/ Italy cancels 100 percent of all debts (pre- and post-cutoff date, ODA and non-ODA) incurred before June 20, 1999 (date of the Cologne Summit).

10/ Japan is ready to support expanding the coverage of debt to include claims on post-COD commercial debts contracted before June 20, 1999.

11/ At decision point, the Netherlands cancelled all ODA debts. For some countries it also cancelled non-ODA debt service due during the interim period (Benin, Bolivia, Burkina Faso, Ethiopia, Ghana, Mali, Mozambique, Nicaragua, Rwanda, Tanzania, Uganda and Zambia).

All other HIPCs will receive interim relief up to 90 percent reduction of the consolidated amounts. At completion point, all HIPCs will receive

100 percent cancellation of the remaining stock of the pre-cutoff date debt.

12/ Norway has already cancelled all ODA claims. Due to the current World Bank/IMF methodology for recalculating debt reduction needs at HIPC completion point, Norway has postponed the decisions on whether to grant 100% debt reduction until after the completion point. Only pre-COD commercial claims are cancelled.

13/ Russia provides debt relief within the scope of Paris Club Agreed Minutes. However, the Russian authorities are currently considering further steps to provide debt relief beyond HIPC (up to 100% debt relief on pre-COD commercial claims).

14/ Spain cancels 100 percent of all debts (pre- and post-cutoff date, ODA and non-ODA) incurred before June 20, 1999 (date of the Cologne Summit).

15/ Sweden has already cancelled all ODA claims. It provides 100 percent debt cancellation only after the completion point and on a case-by-case basis. Only pre-COD commercial claims are cancelled.

16/ Switzerland grants, in principle, 100 percent cancellation of pre-cutoff date non-ODA debt. However, Switzerland claims the right at the decision point to forgive only 90 percent in

case of major political weaknesses. During the 1990s, 20 HIPCs were granted 100% debt relief and 4 countries were provided partial debt reduction.

17/ United Kingdom provides 100 percent flow relief at decision point, and holds in trust any debt service paid before the decision point, to be reimbursed at the completion point.

18/ United States cancels 100 percent of post-cutoff date non-ODA debt assumed prior to June 20, 1999.



Table 11A. HIPC Initiative: Estimated Non-Paris Club Official Bilateral Creditors' Costs, by Creditor Country 1/

(In millions of U.S. dollars, in 2004 NPV terms)

	Benin	Bolivia	Burkina Faso	Burundi	Cameroon	Chad	Dem. Rep. of the Congo	Ethiopia	The Gambia	Ghana	Guinea	Guinea-Bissau	Guyana	Honduras
<b>Total:</b>	<b>15.1</b>	<b>22.9</b>	<b>73.8</b>	<b>11.0</b>	<b>15.8</b>	<b>22.8</b>	<b>229.5</b>	<b>116.6</b>	<b>15.1</b>	<b>38.5</b>	<b>74.1</b>	<b>72.9</b>	<b>33.2</b>	<b>52.6</b>
Algeria	0.0	0.0	1.3	0.0	0.0	0.0	0.0	3.7	0.0	0.0	0.0	4.3	0.0	0.0
Angola	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.4	0.0	0.0
Argentina	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.8	0.0
<i>Brazil</i>	0.0	<b>6.0</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.4	0.0
Bulgaria	105.4	0.0	0.0	0.0	0.0	0.0	0.0	<b>11.6</b>	0.0	0.0	1.3	0.0	0.2	0.0
Burundi 2/	1.4	0.0	0.0	0.0	0.0	0.0	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Cameroon 2/</i>	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cape Verde 2/	0.2	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
China	313.9	5.1	2.1	1.2	<b>5.8</b>	4.0	28.3	<b>11.6</b>	2.7	<b>10.5</b>	<b>9.8</b>	<b>1.1</b>	<b>5.0</b>	0.0
Colombia	4.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.4
Costa Rica	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	5.6
Cote d'Ivoire	11.7	0.0	10.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cuba	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.4</b>	0.2	0.0
Czech Republic	6.3	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
Congo, Dem. Rep. of 2/	0.4	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
Egypt	11.4	0.0	0.0	0.0	0.0	0.0	7.6	0.0	0.0	0.0	<b>3.6</b>	0.0	0.0	0.0
Former Yugoslavia	100.9	0.0	0.0	0.0	0.0	0.0	30.9	28.3	0.0	0.0	1.7	0.0	0.2	0.0
Guatemala 3/	<b>429.8</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.9
<i>Honduras</i>	<b>116.4</b>	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
Hungary	1.60	0.0	0.0	0.0	0.0	0.0	0.0	<b>2.5</b>	0.0	0.0	0.0	0.0	0.0	0.0
India	35.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>1.1</b>	0.0	<b>0.9</b>	0.0	0.0
Iran	64.7	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
Iraq	101.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.0	0.0
Israel	15.1	0.0	0.0	0.0	0.0	0.1	15.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kuwait	330.0	6.2	0.0	4.2	6.7	5.9	34.6	5.5	1.4	<b>13.3</b>	<b>19.2</b>	<b>15.2</b>	7.7	7.6





**Table IIA (concluded). HIPC Initiative: Estimated Non-Paris Club Official Bilateral Creditors' Costs, by Creditor Country**  
(In millions of U.S. dollars, in 2004 NPV terms)

	Madagascar	Malawi	Mali	Mauritania	Mozambique	Nicaragua	Niger	Rwanda	Sao Tome and Principe	Senegal	Sierra Leone	Tanzania	Uganda	Zambia
Libya	27.1	0.0	1.3	12.5	36.0	67.9	13.2	0.5	0.0	0.0	0.0	23.9	17.9	0.0
<i>Mexico</i>	0.0	0.0	0.0	0.0	0.0	<b>49.4</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Morocco</i>	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
Namibia	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
Niger 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
Nigeria	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.9	0.0
Oman	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5	0.0	0.0	0.0	0.0
Pakistan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	0.0
People's Dem. Rep. of Korea	0.0	0.0	0.0	0.0	0.2	1.9	0.0	0.0	0.0	0.0	0.0	0.2	5.8	0.0
Peru	0.0	0.0	0.0	0.0	0.0	9.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Poland	0.0	0.0	0.0	0.0	4.2	7.0	0.0	0.0	0.0	0.0	0.0	1.9	0.0	0.0
Republic of Korea	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.9	0.0
Romania	0.0	0.0	0.0	0.0	30.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.1
Rwanda	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.7</b>	0.0
Saudi Arabia	2.7	0.0	19.0	36.3	0.0	0.0	27.1	11.0	0.0	25.8	0.9	8.3	2.7	0.1
Senegal	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
<i>Slovak Republic</i>	0.0	0.0	0.0	0.0	9.0	<b>23.2</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
<i>South Africa</i>	0.0	0.0	0.0	0.0	<b>4.5</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Taiwan Province of China	0.0	15.9	0.0	0.0	0.0	142.6	54.3	0.0	0.0	13.5	0.0	0.0	0.0	0.0
<i>Tanzania</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.9	0.0
Thailand 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
Togo	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
United Arab Emirates	0.8	0.0	6.0	<b>4.6</b>	0.0	0.0	2.5	1.2	0.0	4.7	0.0	6.8	0.4	0.0
Venezuela	0.0	0.0	0.0	0.0	0.0	56.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Zambia 2/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0
Zimbabwe 2/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0

Sources: HIPC country documents; and IMF staff estimates.

1/ Countries whose names appear in bold italics have delivered or agreed to deliver HIPC debt relief on all claims. Figures surrounded by a box represent HIPC debt relief already delivered. Figures in bold indicate that creditors have delivered or agreed to deliver HIPC debt relief. Figures in italics indicate that less than the traditional debt relief has been delivered.

2/ Total claims are less than 0.5 million.

3/ Guatemala's claims on Nicaragua were taken over by Spain in a debt swap. Spain has agreed to provide HIPC relief to Nicaragua on those claims.

**Table 11B. HIPC Initiative: Delivery of HIPC Assistance by Non-Paris Club Creditors**  
 Status as of end-June 2005  
 (In millions of U.S. dollars, 2004 NPV terms)

Creditor Country	Total Costs	Percent of Total Costs (In percent)
<b>I. Delivered debt relief on all claims on HIPCs:</b>		
South Africa 1/	4.5	0.1
Slovak Republic	32.2	0.9
Total	36.7	1.0
<b>II. Committed to deliver debt relief on all claims on HIPCs:</b>		
Brazil 1/	8.4	0.2
Cameroon 2/	0.0	0.0
Honduras	116.4	3.2
Mexico	60.7	1.7
Morocco	5.6	0.2
Tanzania 3/	3.9	0.1
Total	195.1	5.4
<b>III. Committed debt relief on some, but not all, claims on HIPCs: 4/</b>		
Argentina 5/	4.6	0.1
Algeria	223.1	6.2
Bulgaria	105.4	2.9
China	313.9	8.8
Costa Rica	452.3	12.6
Cuba	2.3	0.1
Czech Republic	6.3	0.2
Egypt	11.4	0.3
Guatemala 6/	429.8	12.0
Hungary	16.0	0.4
India 7/	35.7	1.0
Kuwait	330.0	9.2
Oman	1.5	0.0
Pakistan	4.4	0.1
Poland	18.7	0.5
Republic of Korea	6.6	0.2
Rwanda 8/	0.9	0.0
Saudi Arabia	212.0	5.9
United Arab Emirates	95.1	2.7
Venezuela	66.3	1.8
Total	2,336.2	65.2
<b>IV. Not yet committed to deliver HIPC relief: 9/</b>		
Angola	28.7	0.8
Burundi	1.4	0.0
Cape Verde 2/	0.2	0.0
Colombia	4.4	0.1
Congo, Dem. Rep. of the 2/	0.4	0.0
Cote d'Ivoire	11.7	0.3
Former Yugoslavia	100.9	2.8
Iran	64.7	1.8
Iraq	101.4	2.8
Israel 1/	15.1	0.4
Libya 10/	250.6	7.0
Namibia	0.5	0.0
Niger 2/	0.3	0.0
Nigeria	1.9	0.1
People's Democratic Republic of Korea	25.3	0.7
Peru	9.0	0.3
Romania	40.7	1.1
Senegal 2/	0.0	0.0
Taiwan Province of China	357.5	10.0
Thailand	0.5	0.0
Togo 2/	0.0	0.0
Zambia 2/	0.2	0.0
Zimbabwe 2/	0.1	0.0
Total	1,015.4	28.3
<b>Grand Total (I+II+III+IV)</b>	<b>3,583.4</b>	<b>100.0</b>

Sources: HIPC country documents, country authorities; and staff estimates.

1/ Some claims have been dealt with in the context of the Paris Club.

2/ Total claims are less than \$0.5 million.

3/ Claims on Uganda are under dispute. Therefore, Tanzania has been moved from category I to II.

4/ In many cases, commitments to provide relief may only materialize at the completion point of the debtor countries.

5/ Recent information indicates that no agreement could be reached in the debt relief negotiations between Argentina and Guyana. Hence, Argentina has been moved from category II to category III.

6/ Guatemala's claims on Nicaragua were taken over by Spain in a debt swap. Spain has agreed to provide HIPC relief to Nicaragua on those claims.

7/ In June 2003, India announced its intention to write off all non-export credit claims on HIPCs. However, most bilateral agreements have not yet been finalized or signed.

8/ Rwanda has provided relief to Uganda, but has not yet agreed to provide HIPC relief on its claim on the Democratic Republic of the Congo.

9/ Including countries which have not provided any information to the World Bank and the International Monetary Fund.

10/ Libya was moved from Category II to IV as a result of a recent letter to the IMF, indicating Libya's intention to withdraw its participation in the Initiative due to insufficient support for ratification.