

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 Etats des Grand Lacs (Development Bank of Great Lake States)
BEAC	Banque des Etats 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 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
FECECE	Fonds d'entraide et de garantie des emprunts du Conseil del'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
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
I-PRSP	Interim Poverty Reduction Strategy Paper
IsDB	Islamic Development Bank
MDB	Multilateral Development Bank
MTEF	Medium-Term Expenditure Framework
NDF	Nordic Development Fund
NIB	Nordic Investment Bank
NPV	Net Present Value
OPEC	OPEC Fund for International Development
PTA	Eastern and Southern African Trade and Development Bank
PEM	Public Expenditure Management
PERs	Public Expenditure Reviews
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
SDR	Special Drawing Rights
SMP	Staff Monitored Program

## I. EXECUTIVE SUMMARY

**Progress in implementation.** Since September 2003, six countries (Guyana, Nicaragua, Niger, Ethiopia, Senegal, and Ghana) have reached their completion points. As a result, fourteen countries, more than half of the 27 that have reached the decision point, have now qualified to receive irrevocably all debt relief committed under the enhanced HIPC Initiative.

Maintaining macroeconomic stability remains a challenge for the 13 countries that are in the interim period. Roughly half of these countries have experienced difficulties in policy implementation, particularly in the areas of public resource management and structural reform. Only three countries have yet to complete their full PRSPs.

**Impact of HIPC relief.** HIPC relief committed to the 27 countries that have reached their decision or completion points, together with other debt relief initiatives, represents a two-thirds reduction of the overall debt stock of these countries. Debt service-to-exports ratios have also been substantially reduced to an average of 10 percent. Savings from lower debt-service payments have contributed to a substantial increase in poverty-reducing expenditures.

**Cost and creditor participation.** The cost of providing debt relief under the HIPC Initiative to 37 HIPCs including Liberia, Somalia, and Sudan is estimated at US\$54.5 billion in 2003 NPV terms. Over 20 non-Paris Club official bilateral and most commercial creditors have not indicated their intention to participate in the enhanced HIPC Initiative. Mobilizing the participation of these creditors requires persistent efforts by HIPCs.

**Sunset clause.** In light of Board discussions in July on a staff paper outlining the possible options, staffs propose that the sunset clause be extended by another two years to end-2006 to provide the opportunity for the remaining HIPCs to begin to establish a policy track record that would allow their consideration for HIPC relief.

**Analysis for topping up.** The case for topping up should continue to be considered on a case-by-case basis based on a strengthened analysis at the completion point, including on the impact of discount rate changes and unanticipated new borrowing, where relevant.

**Debt situation in post-completion point countries.** An update of debt stock and debt-service indicators in these countries indicates that, notwithstanding HIPCs' high vulnerability to shocks, sound economic policies, and close monitoring using the framework of debt sustainability analysis for low-income countries would help prevent the re-emergence of unsustainable debt.

## II. INTRODUCTION

1. This report reviews progress in the implementation of the enhanced HIPC Initiative since September 2003.<sup>1</sup> It includes updates on the status of implementation in countries during their interim period, the status of creditor participation under the Initiative, and the estimated costs of the HIPC Initiative including Liberia, Somalia, and Sudan. The report suggests improvements to the analysis for the consideration of additional debt relief at the completion point (topping up) taking into account the experience so far and proposes an extension of the sunset clause based on discussions in the Boards of a joint staff paper outlining the possible options.<sup>2</sup> Finally, the report provides an update of the external debt situation in post-completion point countries, emphasizing the importance of sound policies and close monitoring using the framework of debt sustainability analysis for low-income countries in preventing the re-emergence of unsustainable debt.

## III. IMPLEMENTATION UPDATE

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

2. **Since September 2003, six countries (Guyana, Nicaragua, Niger, Ethiopia, Senegal, and Ghana) have reached their completion points**, increasing the number of post-completion point HIPCs from eight to 14 as of end-July 2004 (Table 1). These countries are in the process of receiving all debt relief committed under the enhanced HIPC Initiative. Looking ahead, Madagascar could reach the completion point by the end of 2004.

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<sup>1</sup> A six-monthly statistical update was issued in April 2004. See IMF and World Bank “Initiative for Heavily Indebted Poor Countries—Statistical Update” (SM/04/109, 4/1/04), <http://www.imf.org/external/np/hipc/doc.htm> and IDA/SecM 2004-0184, <http://worldbank.org/hipc>.

<sup>2</sup> See IMF and World Bank “Enhanced HIPC Initiative: Possible Options Regarding the Sunset Clause” (EBS/04/96, 7/8/04) and IDA/SecM2004-0512, July 7, 2004.

**Table 1. HIPC Initiative: Committed Debt Relief and Outlook 1/  
As of July 2004**  
(In millions of US dollars, in NPV terms in the year of the decision or completion 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 (14)</b>							
<b>TOTAL</b>	<b>3,118</b>	<b>14,433</b>	<b>17,552</b>	<b>6,364</b>	<b>22,999</b>	<b>29,363</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
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
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
<b>Countries that have reached their Decision Points (13)</b>							
<b>TOTAL</b>	<b>0</b>	<b>14,430</b>	<b>14,430</b>	<b>0</b>	<b>24,329</b>	<b>24,329</b>	
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	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
Honduras	0	556	556	0	900	900	Jul-00
Madagascar	0	814	814	0	1,500	1,500	Dec-00
Malawi	0	643	643	0	1,000	1,000	Dec-00
Rwanda	0	452	452	0	800	800	Dec-00
São Tomé and Príncipe	0	97	97	0	200	200	Dec-00
Sierra Leone	0	600	600	0	950	950	Mar-02
Zambia	0	2,499	2,499	0	3,850	3,850	Dec-00
<b>Countries still to be considered (11)</b>							
Côte d'Ivoire 3/	345	...	345	800	...	800	
Burundi	...	...	...	...	...	...	
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>28,863</b>	<b>31,981</b>	<b>6,364</b>	<b>47,328</b>	<b>53,692</b>	

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

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

2/ The assistance under the enhanced HIPC Initiative includes the 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 did it reach its decision point under the enhanced-HIPC Initiative. The amounts of debt relief shown are only indicative, based on a preliminary document issued, and are not included in the totals.

3. **Maintaining macroeconomic stability remains a challenge for countries that are in the interim period between their decision and completion points.** Of the 13 countries in the interim period, six are on track with their macroeconomic programs. The Democratic Republic of Congo, Madagascar, Rwanda, and Sierra Leone have made continued progress in the implementation of their Fund- and IDA-supported programs. Having implemented corrective measures following the expiration of the earlier PRGF arrangements in 2002 and 2003, respectively, Honduras and Zambia have put in place economic adjustment programs supported by new PRGF arrangements. Of the remaining seven interim period countries, Cameroon, Chad, and Malawi have recently experienced difficulties in program implementation primarily in the fiscal policy area and are pursuing measures to bring their economic programs back on track (Table 2 and Annex III). Restoring macroeconomic stability in The Gambia, Guinea, Guinea-Bissau, and São Tomé and Príncipe will require strong efforts to address obstacles in public resource management and structural reforms. Creating a stable and favorable domestic environment remains a priority in Guinea-Bissau and São Tomé and Príncipe.<sup>3</sup> Staffs of the Fund and IDA have continued to assist macroeconomic management and reform in these countries through the implementation of Fund Staff Monitored Programs (SMPs) and IDA-supported programs. Under their SMPs, Guinea has implemented a number of measures aiming at fiscal consolidation and The Gambia is strengthening its public expenditure management. Progress under the SMPs will pave the way for the resumption of PRGF-supported programs in these countries.

4. **Most HIPCs in the interim period have prepared their PRSPs.** As of end-June 2004, nine of the 13 HIPCs in the interim period had prepared a full PRSP and were making good progress in their implementation. São Tomé and Príncipe has already completed a full PRSP but has not submitted it to the IDA and Fund Boards pending further progress in macroeconomic stabilization and adjustment.

5. **Serious institutional and capacity constraints are the main factors contributing to the delays in the three countries in the interim period that have not yet completed their full PRSPs.** The Democratic Republic of Congo and Sierra Leone are experiencing the longest PRSP preparation times. Both countries were affected by conflict and suffer from weak administrative capacity and difficulties in engaging stakeholders in the broad participatory process needed for the development of a PRSP. The difficult political situation in Guinea-Bissau in 2002-03 has delayed the PRSP preparation process. With significant progress made in the first half of 2004, Sierra Leone and Guinea-Bissau are now expected to complete their PRSP by end-2004. The completion of PRSPs followed by implementation in the subsequent year should not impede progress in reaching the completion point, provided that performance under Fund- and IDA-supported programs remains satisfactory.

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<sup>3</sup> The president of Guinea-Bissau was removed after a coup d'état in September 2003 and a new government was nominated on May 12. Political and social tensions have increased since the attempted coup d'état in São Tomé and Príncipe in July, 2003 and have delayed discussions on an economic program that could be supported by a PRGF arrangement.



**Table 2. HIPCs in the Interim Period: Key Factors Affecting Policy Performance in Countries that Experience Delays in the Implementation of PRGF-Supported Programs**  
(As of end-July 2004)

	Macroeconomic Policies	Structural Reforms (incl. on governance)	Political/Security Factors	Exogenous Shocks
<b>Countries with interruptions/delays in PRGF-supported programs of less than six months</b>				
Cameroon	Weak non-oil revenue performance, overruns in current expenditure, and non-payment of scheduled domestic public debt obligations.	Deterioration of the financial position of some state-owned companies, including the national airline company and the postal savings bank.		
Malawi	Expenditure overruns financed by higher than projected domestic borrowing.			
Chad	Weak revenue performance, shortfalls in external budgetary support, and the accumulation of external arrears.	Delays in implementation of regulatory procedures for revenue elements.		
<b>Countries with interruptions/delays in PRGF-supported programs of between one and two years</b>				
Guinea	Shortfalls in revenue and unprogrammed expenditure overruns due to defense and election spending, weak budgetary management. This was exacerbated by an inappropriate increase in central bank financing which was inflationary.		Security situation along borders deteriorated.	Cumulative 16 percent decline in bauxite prices during 2001-03.
The Gambia	Expenditure overruns due to debt service payments and revenue shortfalls related to weak tax administration. Monetary expansion with credit growth far in excess of targets.	Serious concerns about data reporting and governance issues related to the central banks reserves.	Border closures with Senegal that impeded transit trade and higher petroleum prices.	Major crop failure due to delayed rains.
<b>Countries with interruptions/delays in PRGF-supported programs of more than two years</b>				
Guinea-Bissau	Loss of budgetary control in 2000, due to expenditure overruns largely on unprogrammed defense spending. Monetary expansion with credit growth far in excess of targets.	Large errors and omissions in budget execution; measures to address weaknesses in public resource management were not observed.	Transition after 1999 civil conflict has been difficult. Parliament dissolved in 11/02 and the increased political instability, which culminated in a coup in September 2003 and adversely affected the decision-making process.	30 percent decline in cashew nut prices in 2001 and adverse weather conditions resulted in a fall in economic activity.
São Tomé and Príncipe	Expenditure overruns in the civil wage bill, utilities and election costs.	Governance issues related to oil-sector contracts, and delays in the reform measures for the utility sector and the civil service.	A coup in July 2003 and increased political uncertainty and adversely affected the decision-making process.	

6. **Moving forward with the remaining 11 countries that have not yet reached their decision points has been difficult.** Nearly all these countries have been affected by conflict and several have large arrears to various creditors (Annexes II and III).<sup>4</sup> These problems have complicated the design and implementation of viable policy adjustment and reform programs. Notwithstanding these difficulties, some are making good progress in establishing a track record of macroeconomic performance. A PRGF arrangement was approved for Burundi in early 2004, and discussions between the authorities and the Fund staff on a PRGF-supported program are underway in the Republic of Congo. The Fund also approved an Emergency Post-Conflict Assistance program for the Central African Republic in July 2004, which could lead to a PRGF-supported program in early 2005.

### **B. Impact of HIPC Initiative Relief**

7. **The HIPC Initiative relief committed so far to the 27 countries that have either reached their completion points or are in their interim period, together with other debt relief, represents a two-thirds reduction of the overall debt stock of these countries.** In 2003 NPV terms, the outstanding debt stock of these countries would fall from about US\$80 billion to US\$26 billion after the delivery of traditional debt relief by bilateral creditors, assistance under the HIPC Initiative, and additional bilateral forgiveness (Figure 1).<sup>5</sup> For the 14 countries that have reached their completion points, their debt stock has declined from US\$37 billion to US\$12 billion, or by about 67 percent in NPV terms.<sup>6</sup> HIPC Initiative and associated debt relief is expected to lower the NPV of debt-to-exports ratio of the 27 countries to levels comparable to or lower than that of other non-HIPC low-income countries and developing countries in general (Annex IV).

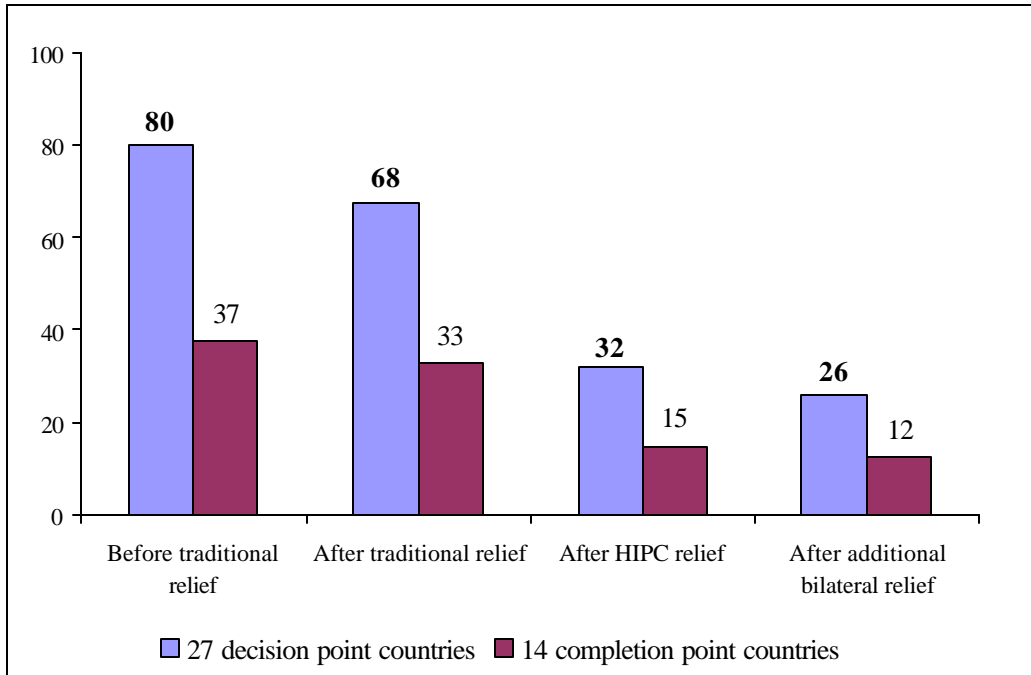
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<sup>4</sup> For an in-depth analysis of the challenges facing post-conflict countries, see "Assistance to Post-Conflict Countries and the HIPC Initiative," IMFC/Doc/3/01/7 and DC2001-0014, April 20, 2001, <http://www.imf.org/external/np/hipc> and <http://www.worldbank.org/hipc/progress-to-date/progress-to-date.html>.

<sup>5</sup> Traditional debt relief refers to 67 percent NPV reductions of pre-cut off date debt by official bilateral and commercial creditors (Naples terms).

<sup>6</sup> These calculations are based on the assumption of full creditor participation. Financing assurances already obtained for these countries average approximately 90 percent of total required HIPC relief.

**Figure 1. Debt Stock Reduction**  
(In billions of U.S. dollars in 2003 NPV terms)



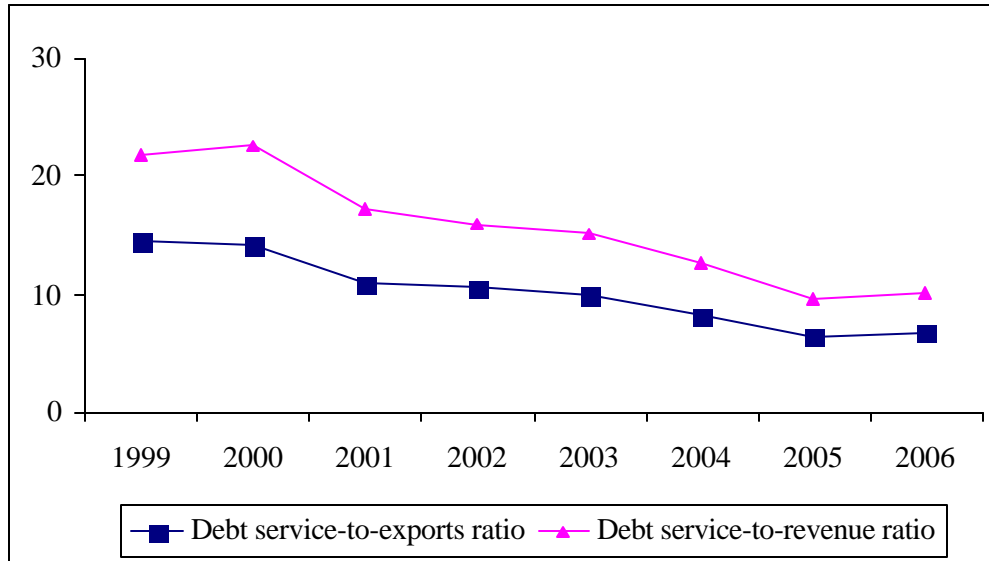
Source: HIPC Initiative country documents; and World Bank and IMF staff estimates.

8. **The HIPC Initiative continues to provide substantial savings in terms of debt-service payments for HIPCs.** Interim assistance from key creditors starts flowing to HIPCs once they have reached the decision point, lowering their near-term debt-service payments. Compared with the 1998-99 averages, debt-service payments relative to exports and fiscal revenue in the 27 countries that have reached their decision or completion points have declined from an average of about 16 percent and 24 percent to 10 percent and 15 percent in 2003, respectively. These ratios are projected to decline further to less than half of the 1998-99 average by 2006 (Figure 2 and Appendix Tables 1A and 1B).<sup>7</sup> The debt-service ratios of these countries in the near term are below the average in non-HIPC low-income countries.

<sup>7</sup> An exception is the Democratic Republic of Congo, where debt-service ratios rise significantly after the decision point. The increase is partly due to the resumption of debt-service payments following the arrears clearance operation, as the Democratic Republic of Congo had not been servicing most of its debt in the previous period.

**Figure 2. Debt-Service Ratios for the 27 Countries that have Reached Decision or Completion Points**

(Weighted average, in percent)



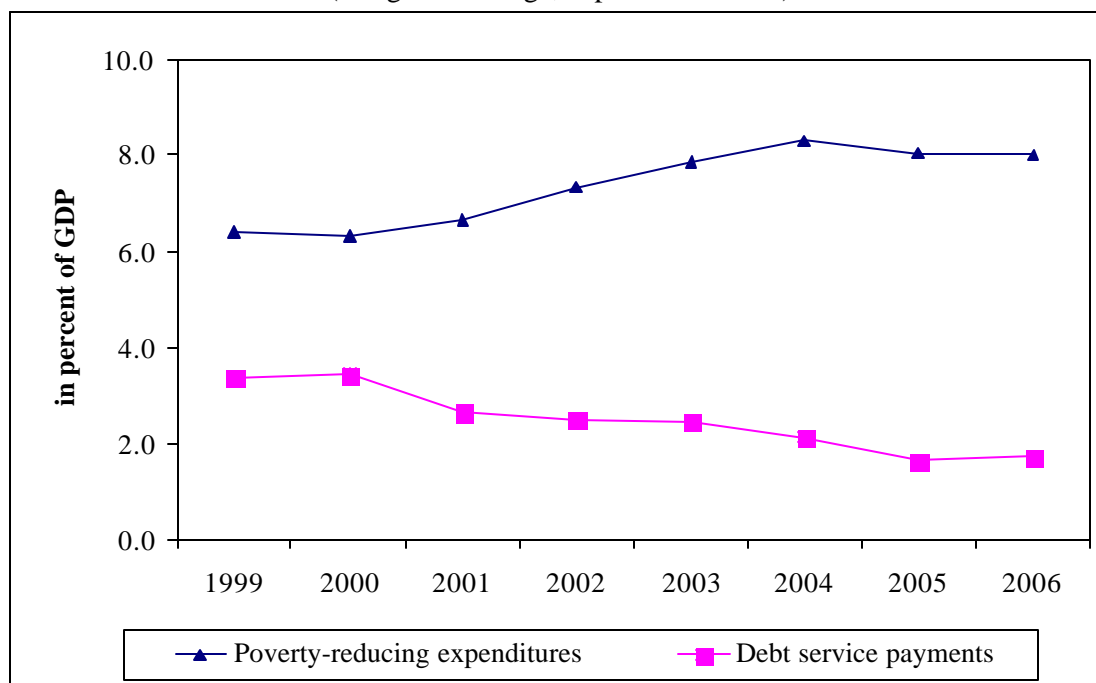
Source: HIPC documents and Fund staff estimates.

9. **Debt relief under the HIPC Initiative has helped countries to increase poverty-reducing expenditures**, which on average have risen from 6.4 percent of GDP in 1999 to 7.9 percent of GDP in 2003, a level about three times that spent on debt service (Figure 3).<sup>8</sup> Poverty-reducing expenditures are expected to increase in all countries that are making steady progress in implementing their PRSPs and are on track with their economic reform programs, with financing from increased domestic revenue and international assistance in the form of new aid flows and debt relief (Appendix Tables 1A, 2A, and 2B).<sup>9</sup>

<sup>8</sup> The definition of poverty-reducing expenditures varies across countries, although many countries include primary education and basic health as well as expenditures for rural development. Country-specific definitions are included in Appendix Table 2B.

<sup>9</sup> Country authorities are putting in place public expenditure management systems that would ensure the efficiency of poverty-reducing expenditures. See IMF and IDA “Update on Implementation of Action Plans to strengthen capacity of HIPCs to Track Poverty-Reducing Public Spending” (SM/03/90, 3/11/03) <http://www.imf.org/external/np/hipc/>; and March 11, 2003, IDA SecM2002-30/2, <http://www.worldbank.org/hipc>.

**Figure 3. Poverty-Reducing Expenditures and External Debt Service in 27 Countries that have Reached Decision or Completion Points**  
(Weighted average, in percent of GDP)



Source: HIPC documents and Fund staff estimates.

#### IV. UPDATE OF COSTS

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

10. **The cost of providing debt relief under the Initiative to 37 countries including Liberia, Somalia, and Sudan is estimated at US\$54.5 billion in 2003 NPV terms, slightly higher than earlier estimates.**<sup>10</sup> The revision in total costs reflects mainly topping-up assistance to Niger and Ethiopia approved at their completion points and debt data updates for Liberia, Somalia, and Sudan. Nearly two-thirds of this amount has already been committed to countries that have reached the decision or completion point. The cost of potential debt relief to Liberia, Somalia, and Sudan accounts for two-thirds of the estimated US\$18.9 billion for pre-decision point countries (Table 4 and Appendix Table 3).

<sup>10</sup> The underlying assumptions and caveats are detailed in Annex I. These estimates do not include Angola, Kenya, Vietnam, or Yemen, which are estimated to have debt ratios below the HIPC thresholds. Lao P.D.R. is not included due to uncertainty on debt data. The cost revisions from 2002 to 2003 NPV terms reflect the decline in the SDR discount rate from 5.45 percent to 4.8 percent (reflecting the decline in world interest rates).

11. **The cost of assistance is roughly equally divided between multilateral and bilateral creditors.** IDA, the IMF, AfDB, and IDB account for around two-fifths of the total costs, with Paris Club creditors accounting for nearly as much. Commitments already made by multilateral creditors reflect about 73 percent of their estimated total costs; for official bilateral creditors, the comparative percentage is 59 percent. Commercial creditors account for about 5 percent of the total costs, which are concentrated in a few pre-decision point countries (Côte d'Ivoire, the Republic of Congo, and Sudan).

**Table 3: HIPC Initiative: Distribution of Estimated Costs by Main Creditors and Country Groups**  
(In billions of U.S. dollars, in 2003 NPV terms) 1/

	Decision and Completion Point HIPCs (27)			Pre-Decision Point HIPCs (10)		
	Total (37 countries)	Completion Point cases 2/ (14)	Decision Point cases 3/ (13)	Total (27)	Pre-Decision Point Cases 4/ (10)	Liberia, Somalia, and Sudan 5/ (3)
<b>Total costs</b>	<b>54.5</b>	<b>20.1</b>	<b>15.6</b>	<b>35.7</b>	<b>18.9</b>	<b>12.5</b>
Bilateral and commercial creditors	<b>29.4</b>	<b>9.3</b>	<b>8.2</b>	<b>17.4</b>	<b>11.9</b>	<b>7.9</b>
Paris Club	19.0	6.0	7.1	13.1	5.9	3.0
Other official bilateral	7.6	2.8	0.7	3.5	4.1	4.0
Commercial	2.8	0.5	0.3	0.9	1.9	0.9
Multilateral creditors	<b>25.2</b>	<b>10.8</b>	<b>7.4</b>	<b>18.2</b>	<b>6.9</b>	<b>4.6</b>
World Bank	10.8	5.3	3.2	8.5	2.3	1.2
of which IDA	10.0	5.3	2.9	8.1	1.8	1.2
of which IBRD	0.8	0.0	0.3	0.3	0.5	0.0
IMF	5.2	1.3	1.6	2.8	2.3	2.1
AfDB/AfDF	3.9	1.2	1.7	2.9	1.0	0.5
IaDB	1.3	1.1	0.2	1.3	0.0	0.0
Other	4.0	1.9	0.8	2.7	0.4	0.9
<i>Memorandum: percent of total cost</i>	100	36.8	28.6	65.4	34.6	23.0

Source: Country authorities and staff estimates

1/ All HIPCs, excluding potentially sustainable cases (Angola, Kenya, Vietnam, and Yemen). Lao P.D.R. is not included due to data

2/ Benin, Bolivia, Burkina Faso, Ethiopia, Ghana, Guyana, Mali, Mauritania, Mozambique, Nicaragua, Niger, Senegal, Tanzania, and Uganda.

3/ Cameroon, Chad, Gambia, Guinea, Guinea-Bissau, Honduras, Madagascar, Malawi, Mauritania, Rwanda, Sao Tome and Principe, Tanzania and Zambia.

4/ Burundi, Central African Republic, Comoros, Congo Rep. Of, Cote d'Ivoire, Liberia, Myanmar, Somalia, Sudan, and Togo.

5/ No provision was made for Liberia, Somalia and Sudan in the resources mobilized for the PRGF-HIPC trust Fund in 1999.

## B. Potential Costs of Topping Up

12. **Additional debt relief beyond that committed at the decision point has been committed to three countries** (Burkina Faso, Niger, and Ethiopia) at their completion points. Total topping-up relief to these countries amounts to US\$978 million in NPV terms. At present, 7 of the 13 countries in the interim period are projected to have external debt in excess of the HIPC Initiative thresholds, which would sum up to a total of around

US\$1.1 billion in 2003 NPV terms (see Appendix Table 5). In no case should an estimate indicating that a country is projected to have external debt above the thresholds under the HIPC Initiative be taken as an expectation that it would be eligible to receive topping-up assistance. These countries' eligibility for topping up will depend on a comprehensive assessment to be made at the completion point based on actual debt and other data.

## V. CREDITOR PARTICIPATION

### A. Multilateral Creditors

13. **Twenty-three of the 30 multilateral creditors of HIPCs have indicated their intention to participate in the enhanced HIPC Initiative**, representing more than 99 percent of the total exposure to these creditors. Large multilateral creditors, including IDA, the IMF, AfDB, and the IDB have provided relief to most countries in the interim period. Of the remaining multilateral creditors, seven small creditors have not indicated their willingness to participate in the Initiative due mainly to financial constraints (Appendix Table 6).<sup>11</sup>

14. **IDA's financing needs for HIPC debt relief to the 27 countries that have reached decision point have been met through the IDA-13 period** (see Box 1). As of end-June 2004, IDA has delivered debt relief in an amount of US\$2.9 billion in nominal terms to the 27 decision point HIPCs, including US\$2.4 billion delivered to the 14 completion point countries (Appendix Table 7A). Interim debt relief is being provided by IDA to all remaining countries in the interim period with the exception of Cameroon and Honduras where the cumulative limit for interim relief of one-third of the total NPV of relief has been reached. Prior to reaching completion point, the cumulative limit was reached in Senegal in September 2003 and it is expected that The Gambia will do so in December 2004. IDA staff is preparing a note for the consideration of its Board that reviews the IDA policy on interim relief and clarifies procedures for extending and discontinuing interim assistance.

15. **The total cost to the Fund is estimated at US\$5.2 billion (2003 NPV terms), of which US\$2.8 billion are for the 27 countries that have reached their decision or completion points.** The Fund has already committed to provide the latter in full; this amounts to SDR 1.8 billion on a cash basis. Of this, SDR 1.3 billion in HIPC relief has already been delivered in the form of grants (Appendix Table 8A). Grant resources in the PRGF-HIPC Trust are estimated to be sufficient to cover the costs of debt relief committed so far and expected in the near term. However, additional resources in the amount of

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<sup>11</sup> Costs of providing debt relief for these creditors represents 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. Also, the Fondo Centroamericano de Estabilización Monetaria (FOCEM) has recently engaged in preliminary discussions with Nicaraguan authorities about its participation in the HIPC Initiative.

US\$2.1 billion will be needed to enable the Fund to provide HIPC debt relief to Liberia, Somalia, and Sudan should they become qualified for such assistance.

16. **The AfDB and IDB have been providing interim relief to HIPCs.** As of end 2003, the AfDB has delivered US\$675 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. Between 1998 and 2003, the IDB delivered US\$468 million to Bolivia, Guyana, Honduras, and Nicaragua and stopped providing interim relief to Honduras in 2002 when one-third of the debt relief committed had been delivered.

### **B. Official Bilateral Creditors**

17. **Since September 2003, Paris Club creditors have agreed to deliver their share of debt relief committed under the HIPC Initiative to Nicaragua, Guyana, Ethiopia, Niger, Senegal and Ghana at their completion points through debt-stock reduction.** In addition, they agreed to provide topping-up assistance to Niger in line with the relevant decision of the Boards of IDA and the Fund.<sup>12</sup> Paris Club creditors have continued to provide interim assistance to the HIPCs that are in the interim period and have remained on track with their PRGF-supported programs. Total commitments made by Paris Club creditors so far amount to about US\$13.1 billion in NPV terms (Appendix Table 10A). Most Paris Club creditors have committed to additional debt forgiveness (up to 100 percent cancellation) over and beyond the enhanced HIPC Initiative (Appendix Table 11).

18. **There have been no major changes in the status of participation by non-Paris Club creditors since September 2003.** Of the 51 non-Paris Club official bilateral creditors, 10 have indicated commitments to deliver their share of debt relief under the HIPC Initiative and 19 have made commitments to deliver HIPC Initiative relief on some claims on HIPCs. The remaining 22 (accounting for about 21 percent of the costs to the non-Paris Club official bilateral creditors) have not yet agreed to provide their share of HIPC relief (Appendix Tables 12A and B). As of end-July 2004 non-Paris Club official bilateral creditors have delivered 31 percent of their share of HIPC relief to the 8 countries that had reached the completion point by September 2003. To facilitate creditor participation, staffs of the Bank and Fund have recently launched a survey aiming to update the status of debt relief commitments and delivery by non-Paris Club creditors. Mobilizing the participation of the remaining creditors for full delivery of HIPC relief requires persistent efforts by HIPCs. Staffs of the Fund and Bank will continue to assist HIPCs in their efforts through moral suasion, discussions with non-participating creditors, and the dissemination of reports on the status of creditor participation

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<sup>12</sup> Paris Club discussions on the provision of topping-up relief to Ethiopia are ongoing.



### Box 1. IDA's HIPC Trust Fund

The HIPC Trust Fund, established in 1996 at the commencement of the HIPC Initiative, has been an important vehicle for the provision of financial assistance to support HIPC debt relief being delivered by IDA and eligible regional and sub-regional multilateral creditors. The Trust Fund has two components: the first is for funds provided to reimburse IDA for HIPC debt relief. The second uses contributions from donors to support HIPC debt relief being provided by eligible regional and sub-regional multilateral creditors (Appendix Table 9).

The HIPC Trust Fund has to date reimbursed IDA for the debt relief it has provided to the 27 decision point countries. Funding for this has primarily come from the Bank's net income transfers to the IDA component of the HIPC Trust Fund. Total Bank net income allocations to the HIPC Trust Fund has so far been US\$1.9 billion. But, resources available to IDA in the HIPC Trust Fund are expected to be exhausted by the first year of the IDA-14 period. Donors have reaffirmed that the costs of financing HIPC debt relief should not damage IDA's finances. The IDA deputies have decided that IDA's HIPC debt relief costs will be addressed in conjunction with the IDA-14 replenishment discussions. Without new funding, about US\$ 1.9 billion (equivalent to SDR 1.3 billion) in IDA debt relief costs would remain unfunded over the IDA 14 period (FY2006-08).

Donors have pledged a total of US\$3.4 billion to the HIPC Trust Fund to support eligible regional and sub-regional creditors, and have already contributed more than US\$2.9 billion. Disbursements to eligible regional and sub-regional creditors now total over US\$1.8 billion, including US\$557 million during FY04. The largest recipient is the African Development Bank with a total of US\$1.2 billion from inception through June 2004 (see table below).

The financing requirements of the HIPC Trust Fund are subject to considerable uncertainty surrounding the timing and level of debt relief required for countries that have not yet reached their decision points, and the level of topping up that may be approved. A HIPC technical meeting will be held in early October 2004 back-to-back with the IDA-14 replenishment meeting to review the HIPC Trust Fund financing requirements.

#### Recipients of HIPC Trust Fund Resources

Status as of June 30, 2004

(In millions of U.S. dollars)

Creditors	Amount	
	As of June 30, 2003	As of June 30, 2004
<b>Total</b>	<b>1,229.4</b>	<b>1,788.7</b>
African Development Bank Group	948.2	1,177.5
Inter-American Development Bank	84.3	148.9
Central American Bank for Economic Integration	81.9	308.5
Corporacion Andina de Fomento	55.6	55.6
West African Development Bank	24.9	37.2
Fund for the Financial Development of the River Plate Basin	18.7	18.7
Nordic Development Fund	3.6	5.9
International Fund for Agricultural Development	9.7	33.9
Caricom Multilateral Clearing Facility	2.5	2.5

Source: IDA.

### C. Commercial Creditors and Creditor Litigation

19. **While debt relief from commercial creditors required under the Initiative accounts for just 5 percent of HIPC debt relief, most of such creditors have not provided their share of traditional and HIPC debt relief to HIPCs.** As such, non-delivery of debt relief can substantially affect HIPCs' debt outlook. Moreover, several commercial creditors have put pressure on HIPCs to settle claims by resorting to litigation and other unilateral actions.

20. **The Debt Reduction Facility for IDA-only countries (the Facility) has been an important instrument in reducing commercial debt owed by HIPCs.**<sup>13</sup> The IDA Board in July 2004 approved an enhancement of the Facility including, *inter alia*:<sup>14</sup> (i) extending the facility by three years; (ii) consolidating buy-back operations between HIPCs where cost effective; and (iii) providing 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 has recommended to its Board of Governors that they approve 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\$2 billion commercial credits in decision point countries.

21. **In many instances, commercial creditors and some non-Paris Club official bilateral creditors have resorted to litigation or threats of litigation to recover their debt.**<sup>15</sup> To monitor creditor litigation against HIPCs, staffs have conducted a follow-up to the August 2003 survey of the 27 HIPC governments for countries that had reached the decision point. Of the 19 governments responding to the survey, 10 indicated that they were not facing any lawsuits. Nine responded that they were facing litigation on claims held by commercial creditors and two non-Paris Club creditors (Table 4). These survey results are similar to last year's results, with the key changes being the conclusion or withdrawal of two cases—Red Mountain vs. the Democratic Republic of Congo and Banque Belgoise vs. Niger. Although in many cases debtors have not made payments on court judgments obtained by creditors, in some cases debtors have made payments in excess of HIPC parameters. Pending litigation and outstanding court judgments may also inhibit HIPCs from regularizing financial relationships with the international banking community.

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<sup>13</sup> Since 1989, the Debt Reduction Facility for IDA-only countries (the Facility) 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>14</sup> See The World Bank "Debt Reduction Facility for IDA-only Countries—Progress Review, Support to the HIPC Initiative and Proposed Enhancements" (IDA/R2004-0184), June 28, 2004.

<sup>15</sup> Threats of creditor litigation have been leveled against HIPCs, including such cases as Greganti Secondo, ARCADE, and Industrie Biscoti against Sierra Leone, Cote d'Ivoire's threat against Burkina Faso, Donegal against Zambia and Yugo import-SDPR against Ethiopia.

**Table 4: Creditors Involved in Litigation Against HIPCs**

<b>Creditor 1/ 5/</b>	<b>Domicile of creditor</b>	<b>HIPC debtor 3/ 4/</b>	<b>Original claim 2/ 6/ (millions of U.S. dollars)</b>	<b>Status of legal action</b>	<b>Judgment for creditor (millions of U.S. dollars)</b>
Winslow Bank	Bahamas	Cameroon	8.9	Judgement to pay	51.5
Del Favaro Spa	Italy	Cameroon	2.9	Judgement to pay	4.9
ENERGOINVEST	Former SFR Yugoslavia	Congo, D.R.	55.8	Judgement to pay	74.9
Kintex	Bulgaria	Ethiopia	8.7	Uncertain	--
Laboratories Bago	Argentina	Honduras	1.45	Pending	--
Yugoimport	Former SFR Yugoslavia	Mozambique	10.9	Pending	--
LNC Investments	U.S.	Nicaragua 7/	26.3	Judgement to pay	87.1
GP Hemisphere Associates	---	Nicaragua 7/	30.9	Judgement to pay	126.0
Van Eck Emerging Markets	U.S.	Nicaragua 7/	13	Judgement to pay	62.5
Export-Import Bank	Taiwan Republic of China	Niger	60.0	Judgement to pay	72.3
J&S Franklin Ltd.	U.K.	Sierra Leone	1.2	Judgement to pay, Sierra Leone has paid US\$2.0 million.	2.7
UMARCO	France	Sierra Leone	0.6	Pending; Sierra Leone has paid US\$0.1 million.	--
Executive Outcomes, International Inc.	United States	Sierra Leone	19.5	Pending; Sierra Leone has paid US\$1.1 million	--
Chatelet Investment Ltd.	Sierra Leone	Sierra Leone	0.4	Pending	--
Scancem International	Norway	Sierra Leone	3.7	Out of Court Settlement, Sierra Leone has paid US\$0.9 million.	3.7
Banco Arabe Espanol	Spain	Uganda	1.0	Judgement to pay; payments ongoing	2.4
Transroad Ltd	U.K.	Uganda	3.9	Judgement to pay	8.3
Industry of Construction Machinery and Equipment	Former SFR Yugoslavia	Uganda	7.0	Judgement to pay	8.9
Sours Fab Famous Rz Promet	Former SFR Yugoslavia	Uganda	0.3	Judgement to pay; payments ongoing	1.4
Iraq Fund For External Development	Iraq	Uganda	6.0	Judgement to pay	6.4
Shelter Afrique	Kenya	Uganda	0.9	Out of court settlement.	0.1
<b>Grand Total</b>			<b>263.4</b>		<b>513.1</b>

Source: HIPC authorities.  
 -- Indicates no data provided.

1/ Guyana-Big Food Group Plc. withdrew its lawsuit in 2003 and an agreement was reached resulting in a write down of a total of approximately US\$23.8 million of Guyana's commercial debt.

2/ The following exchange rates were used in cases where amounts were not given in US dollars; 537.150 CFA Franc=US\$1; 0.5460 UK Pound Sterling=US\$1; 0.8190 Euro=US\$1.

3/ The following 10 countries reported having no creditor lawsuits: Benin, Bolivia, Chad, The Gambia, Ghana, Guinea-Bissau, Guyana, Madagascar, Malawi, and Tanzania.

4/ The following 8 countries have not reported updated information as of July 2004: Guinea, Mali, Mauritania, Nicaragua, Rwanda, São Tomé and Príncipe, Senegal, and Zambia.

5/Either original creditor or holder of current claim.

6/Excludes accumulated interest and charges.

7/Data obtained from September 2003, Status of Implementation, Table 7.

## VI. OTHER HIPC INITIATIVE ISSUES

### A. Extension of the Sunset Clause

22. **A sunset clause was included in the HIPC Initiative to prevent the Initiative from becoming a permanent facility, minimize moral hazard, and encourage the early adoption of programs of reform.**<sup>16</sup> This clause has been extended three times since the HIPC Initiative was launched in 1996. Currently, 11 potentially eligible HIPCs have not yet reached their decision points and have estimated debt levels in excess of HIPC Initiative thresholds. Of these countries, five have not had a Fund-supported economic program since 1995.<sup>17</sup> In view of the complexities involved, Directors of IDA and the Fund requested suggestions from the staff on alternative options for dealing with the sunset clause this time (see below).

23. **The Fund and IDA Boards discussed a paper jointly prepared by the staffs in July 2004.**<sup>18</sup> Four options were presented: (i) letting the sunset clause take effect at end-2004 (Option 1); (ii) extending the sunset clause by another two years (Option 2); (iii) extending the HIPC Initiative for five years solely for countries meeting predefined criteria to reach the decision point (Option 3); and (iv) limiting debt subject to debt relief under the HIPC Initiative using a cutoff date of end-2004 (Option 4). Directors rejected Option 1. Most Directors were in favor of a two-year extension on the grounds that it provides an opportunity for the remaining countries to benefit from HIPC Initiative relief and avoids modifications of the Initiative associated with Options 3 and 4. A number of Directors who preferred Option 2, however, favored an extension applying only to the current list of potentially eligible HIPCs to minimize adverse incentives and to limit the Initiative. Some Directors considered that a two-year extension may be insufficient and preferred a five-year extension (Option 3). There was no support for Option 4. Managements and staffs were to reflect further on the way forward and to submit proposals for approval by the Boards in this HIPC Initiative progress report.

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<sup>16</sup> The 1996 HIPC Initiative Program of Action stated that “the Initiative would be open to all HIPCs that pursue or adopt programs of adjustment and reform supported by the IMF and IDA in the next two years, after which the Initiative would be reviewed and a decision made whether it should be continued.” See “A Program for Action to Resolve the Debt Problem for HIPCs—Draft Report of the Managing Director of the IMF and the President of the World Bank to the Interim and Development Committees” (EBS/96/152, 9/17/96) and SecM96-975. Under the sunset clause, IDA-only and PRGF-eligible countries need to have adopted a program of adjustment and reform supported by the Fund and IDA by end-2004 to be eligible for assistance under the Initiative; there is no deadline for eligible countries which, after the application of traditional debt relief mechanisms, qualify for assistance under the Initiative to reach the decision point.

<sup>17</sup> These five countries are Comoros, Liberia, Myanmar, Somalia, and Sudan.

<sup>18</sup> See footnote 2.

**24. The staffs see the following points as key factors which should shape any decision:**

- There is no realistic prospect for the remaining countries to adopt Fund-/IDA-supported programs to meet the requirements of the current sunset clause.
- The enhanced HIPC Initiative is an agreed framework for comprehensive debt relief, and so the objective should be to try to bring within the Initiative all PRGF-eligible/IDA-only countries with current unsustainable debts after the full use of traditional debt-relief mechanisms.
- The Initiative was intended to be a temporary mechanism to deal with current unsustainable debts, not a permanent facility to provide a remedy for future debt build up for an unlimited group of countries. Prevention of future build up of unsustainable debts should be helped by the framework for low-income countries' debt sustainability.
- Any limitation on eligibility under the Initiative should respect the principle of uniformity of treatment and be based on the application of criteria relevant to the Initiative. Applying the extension only to a specific list of countries would be inconsistent with this principle and would entail a change to the Initiative's architecture.<sup>19</sup>

**25. In the light of these considerations and the views of Directors, the staffs propose that, as it has been done previously, the existing sunset clause be extended for a further two years through end-2006.** Such an extension would provide more time for countries to meet the HIPC eligibility requirements.

**26. However, Directors could consider a modification of the extension that would involve ring-fencing countries eligible for the Initiative** utilizing criteria established now. Specifically, the only countries that would be considered for an extension would be those that meet the HIPC Initiative's income criteria (IDA-only and PRGF-eligible) and indebtedness criteria (external public debt exceeding the enhanced Initiative thresholds after full application of traditional debt relief mechanisms) at some point in time.<sup>20</sup> There are two possible ways in which this can be done:

- First, the two-year extension could be modified to limit eligibility to a set of countries using income and indebtedness criteria that are applied based on end-2004 data.

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<sup>19</sup> It would also require an amendment to the Fund's PRGF-HIPC Trust Instrument.

<sup>20</sup> The income and indebtedness criteria for eligibility are specified in "The HIPC Debt Initiative—Elaboration of Key Features and Proposed Procedures," (EBS/96/135, 8/26/96 and IDA SecM96-927, August 26, 1996).

Under such an option, staffs would prepare a list of countries meeting the criteria by mid-2005 together with the cost implications based on end-2004 data.

or

- Second, Directors could decide that the income and indebtedness criteria should be applied based on end-2006 data. In such an instance, the staffs would produce a list of countries, together with cost implications, for approval of the Boards by mid-2007.

In all cases, countries would (as now) receive debt relief under the Initiative based on their level of debt on reaching the decision point.

### **B. The Analysis for Topping Up**

27. **During the Board discussions on Niger and Ethiopia's completion points, Directors called for a strengthening of the analysis and rationale for topping up in future completion point documents** where topping up is being proposed, particularly on whether changes in discount rates and unanticipated new borrowing during the interim period can be considered exogenous factors giving rise to a fundamental change in a country's economic circumstances.<sup>21</sup> A number of Directors expressed concern that, in the cases of Niger and Ethiopia, staff did not provide sufficient evidence that changes in the discount rate fundamentally affected the debt sustainability outlook of these countries.

28. **A country-specific analysis is required under the existing framework to assess the case for topping up.**<sup>22</sup> The impact of international interest rate changes on a HIPC's economic circumstances will thus continue to be assessed case by case.<sup>23</sup> To strengthen the

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<sup>21</sup> The Acting Chair's Summing Up, Niger—Enhanced Initiative for HIPC—Completion Point, Executive Board Meeting 04/34 (BUFF/04/70, 4/9/04) and The Acting Chair's Summing Up, The Federal Democratic Republic of Ethiopia—Enhanced Initiative for HIPC—Completion Point Document Executive Board Meeting 04/39 (BUFF/04/80, 4/22/2004). Chairman's Summing up, Republic of Niger - Completion Point Document for the Enhanced HIPC Initiative, Meeting of the Board of Executive Directors of IDA, IDA/SecM 2004-0213, April 9, 2004 and Chairman's Summing up, Ethiopia - Completion Point Document for the Enhanced HIPC Initiative, Meeting of the Board of Executive Directors of IDA, IDA/SecM 2004-0269, April 29, 2004.

<sup>22</sup> See IMF and World Bank "Enhanced HIPC Initiative—Completion Point Considerations" (EBS/01/141, 8/20/01), <http://www.imf.org/external/np/hipc/doc.htm> and IDA/SecM2001-0539/1, August 17, 2001, [http://www.worldbank.org/hipc/hipc-review/Completion\\_Point\\_Consideration.pdf](http://www.worldbank.org/hipc/hipc-review/Completion_Point_Consideration.pdf).

<sup>23</sup> After the issuance of the completion point document for Niger, a Fund staff note on the informational content of the Commercial Interest Reference Rate (CIRR) Discount Rate was issued to the Board of the Fund (FO/Dis/04/25, 3/18/04). The note maintains that changes in industrial countries' interest rates reflect changed inflation expectations and hence are expected to affect the ability of HIPC countries to service their debt. It provides empirical evidence of a positive correlation between CIRR and prices of the principal exports as well as between CIRR and export volumes of HIPC countries. While the staff note provides relevant empirical evidence supporting the view that changes in discount rates could affect the economic circumstances of HIPCs, each future topping-up case will have to be judged based on a country-specific analysis.

(continued)

analysis at the completion point, staffs suggest that in future topping-up cases, medium-term projections, including the outlook for the main prices of the exports of the HIPC concerned, be carefully assessed based on available evidence and the analysis be reported in the completion point document. Staffs also suggest that a thorough analysis be provided, where relevant, on new borrowing triggered by unforeseen developments in the completion point document. For instance, if an unexpected shortfall in grants is a key factor leading to the higher-than-expected new borrowing, the staff team would contact the donors concerned to ascertain the reasons for the shortfall and the prospects for future financing.

## VII. DEBT AND DEBT SERVICE IN POST-COMPLETION POINT COUNTRIES

29. **This chapter provides an update of key debt indicators in post-completion point countries.**<sup>24</sup> The NPV of debt ratios have climbed for most post-completion point countries since the completion point. On average, the NPV of debt-to-exports ratio as of end-2003 was higher by 40 percentage points for countries with a 2001 completion point reference year and by 19 percentage points for countries with a 2002 reference year (Table 5). The three HIPCs that qualified for debt relief under the fiscal window have experienced an average increase in their debt-to-fiscal-revenue ratio of about 30 percentage points. Most of the increase is due to interest and exchange rate changes while high exports lowered the debt ratio significantly (Table 5).

30. **Debt-service ratios for the post-completion point countries have also increased somewhat from completion point projections, but remain close to 10 percent on average.**<sup>25</sup> The low level of debt-service ratios reflect the impact of HIPC debt relief and the high concessionality of new debt. The average change in the debt indicators masks important differences across countries (Annex II Table 3).

31. **Medium-term projections for the NPV of debt and debt-service ratios in post-completion point countries point to a stable or declining trend.** The updated projections of NPV of debt ratios are broadly in line with the completion point projections in six countries (Benin, Burkina Faso, Mali, Mauritania, Nicaragua, and Senegal). For another two countries (Mozambique and Tanzania), the NPV of debt-to-exports ratios are expected to be higher than earlier projections but well below 130 percent over the medium term. In the cases of Bolivia, Guyana, Niger, and Uganda, the updated projections show substantial upward

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<sup>24</sup> Ghana and Ethiopia are not included in this review because the recent completion point documents contain the latest available information. The assessment is based on updates of the completion point debt sustainability analysis (DSAs) taking into account exchange and discount rates prevailing in 2003, and the volume of new borrowing since the completion point reference year. The estimates assume full creditor participation and additional bilateral relief where applicable.

<sup>25</sup> Since the decline in the discount rate has no direct effect on debt-service obligations, the increase in the debt-service ratios is less pronounced than for the NPV of debt ratios.

deviations from the completion point projections. Uganda and Niger have pursued strong macroeconomic policies in the recent past. Moreover, with the exception of Bolivia, debt service-to-export ratios in these countries are close to 10 percent.<sup>26</sup> These factors may help mitigate the risk of debt distress.

**Table 5. Change in Debt Ratios from Completion Point Reference Year to end-2003:  
Decomposition of Contributing Factors 1/  
(Percentage Points)**

	Reference Year NPV Ratio	Contributing Factors					Current Estimate NPV Ratio
		Export/Fiscal Revenues 5/	Anticipated New Borrowing 6/	Unanticipated New Borrowing 7/	Discount Rates 8/	Exchange Rates 9/	
2001 Export Cases 2/	<b>135</b>	-29	30	0	23	17	<b>176</b>
2002 Export Cases 3/	<b>145</b>	-19	17	1	18	12	<b>173</b>
Fiscal Window Cases 4/	<b>188</b>	-18	12	1	15	20	<b>218</b>

Source: Completion Point documents; and World Bank and Fund staff estimates.

1/ Simple averages.

2/ Countries included: Benin, Bolivia, Burkina Faso, Mali, Mozambique, Tanzania, and Uganda. Uganda's completion point reference year is end-June 1999, but end-June 2001 data is used for this analysis. Mozambique's reference year is end-2000, but end-2001 data is used for this analysis.

3/ Countries included: Niger and Nicaragua.

4/ Countries included: Guyana, Senegal and Mauritania.

5/ This column reflects the contribution of the change in exports/revenues from the completion point to end-2003.

6/ Anticipated changes refer to changes in new borrowing that were projected at completion point. New borrowing shown is gross new borrowing net of amortizations.

7/ This column reflects only the contribution of new borrowing between the completion point and end-2003 that was unanticipated at the completion point.

8/ This column reflects the change in NPV of debt due to discount rate (the average 6-month CIRR) changes between the completion point and end-2003.

9/ This column reflects the change in NPV of debt due to changes in the US dollar exchange rate and other major currencies between the completion point and end-2003.

32. **This review has a number of implications.** First, debt and debt service indicators in post-completion point countries have deviated from earlier projections, in some cases significantly, reflecting the impact of domestic economic policies and exogenous developments beyond their control. Second, despite their high vulnerability to shocks, the build-up of unsustainable debt is preventable, depending importantly on governance, economic policies including debt management, and the terms of external financial assistance. Third, maintaining long-term debt sustainability will require persistent efforts by HIPC's and their international supporters. In this regard, close monitoring using the debt sustainability analysis framework for low-income countries will help strengthen debt management. Such a

<sup>26</sup> Bolivia has a large domestic debt mostly denominated in U.S. dollars, and this is being taken into account by the government in its debt sustainability analysis.



framework would need to take into account the quality of economic institutions and policy implementation, domestic debt, and vulnerability to exogenous shocks.

### **VIII. ISSUES FOR DISCUSSION**

**Sunset Clause.** Do Directors agree to extend the sunset clause under the enhanced HIPC Initiative by a further two years through end-2006 as they have in the past? Alternatively, if Directors wish to modify the two-year extension, do they want to ring-fence application to IDA-only/PRGF-eligible countries that have not yet benefited from HIPC debt relief and are assessed to have external public debt in excess of the enhanced HIPC Initiative thresholds after full application of traditional debt-relief mechanisms based on end-2004 or end-2006 data?

**Creditor participation.** Do Directors have any further suggestions to encourage creditor participation by multilateral, bilateral, or commercial creditors?

## **Annex I Country Coverage, Data Sources, and Assumptions for the HIPC Costing Exercise and the Post-Completion Point Debt Ratio Updates**

### **A. HIPC Costing Exercise**

#### **1. Country Coverage**

- The costing analysis is based on 37 HIPCs:<sup>27</sup> Benin, Bolivia, Burkina Faso, Burundi, Cameroon, the Central African Republic, Chad, Comoros, Democratic Republic of Congo, Republic of Congo, Côte d'Ivoire, Ethiopia, The Gambia, Ghana, Guinea, Guinea-Bissau, Guyana, Honduras, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Myanmar, Nicaragua, Niger, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, Somalia, Sudan, Tanzania, Togo, Uganda, and Zambia.

#### **2. Data Sources**

- Enhanced decision and completion point documents for the following 27 countries: Benin, Bolivia, Burkina Faso, Cameroon, Chad, the Democratic Republic of 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.
- For the remaining countries, the estimates of the cost of HIPC assistance are based on preliminary debt figures from creditor statements and other additional sources.

#### **3. 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.

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<sup>27</sup> Yemen was excluded from the costing exercise because its level of indebtedness, after full use of traditional debt-relief mechanisms, was found to be below the HIPC thresholds. Angola, Kenya, and Vietnam were excluded because their debt ratios were expected to be below the thresholds after application of traditional debt-relief mechanisms. Lao P.D.R. is not included in the cost estimates because of uncertainty on the terms of rescheduling arising from an agreement with Russia on the former Soviet Union debt that has not yet been resolved.

- The total cost of assistance to the Democratic Republic of Congo includes relief provided by bilateral and commercial creditors on short-term debt in arrears.

#### **4. 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 4.8 percent and corresponds to the implicit long-term interest rate of currencies that comprise the SDR over the period 2001-03, calculated as an average of the average Commercial Interest Reference Rate (CIRR) over 2001-03 weighted by the participation of the currencies in the SDR basket.

### **B. Post-Completion Point Country Debt Ratio Updates**

The main objective of Chapter VI and the post-completion point country notes is to compare debt-ratio estimates calculated at the time of the completion point with current estimates (i.e., end-2003), and highlight the reasons for the changes. The results are indicative only and should not be viewed as a substitute for a formal debt sustainability analysis (DSA).

#### **5. Country Coverage**

- The analysis is based on 12 countries: Benin, Bolivia, Burkina Faso, Guyana, Mali, Mauritania, Mozambique, Nicaragua, Niger, Senegal, Tanzania, and Uganda

#### **6. Data Sources and Assumptions**

- The underlying data used for the updates covers the total external public and publicly-guaranteed debt of the above-mentioned countries. The data is obtained from the completion point loan-by-loan databases that have been reconciled between the country authorities and their respective creditors prior to the completion point. These databases include completion point assumptions regarding the delivery of HIPC debt relief by creditors, which are retained in the updates. Note, however, that actual delivery of HIPC debt relief since the completion point may differ from the completion point assumptions regarding such delivery. Consequently, the updates should not be considered formal DSAs and will vary from the results of other DSAs that use different, and often more precise, assumptions on the delivery schedule of HIPC relief.
- The updates are based on information on exchange rates and currency-specific discount rates prevailing at end-2003 that have been applied to the stock of debt existing at the time of the completion point, borrowing since the completion point, and projected new borrowing.

- The updates utilize updated export and fiscal revenue projections, aggregated actual new borrowing that has taken place from the completion point reference year to end-2003, and updated medium-term projections of new borrowing from the respective IMF country staff reports are also used.

#### 7. **Caveats**

- While the updates are comparable to completion point debt-ratio estimates, the results may be less accurate than a full DSA based on detailed creditor-by-creditor reconciliation and the latest information on the delivery of HIPC and additional bilateral debt relief. Moreover, the results are sensitive to the exchange and discount rates used. For example, using a single discount rate as is done in the application of the new low-income country DSA framework template rather than currency-specific discount rates as done in these updates can have a significant impact on the results.

**Table 1. HIPC Initiative: Progress in Implementation of Countries between the Decision and Completion Point  
Status as of July 2004**

Country	Progress in development and implementation of PRSP	Performance under PRGF supported programs	Actual DP Date 1/	Expected CP Date 1/ 2/
<i>Cameroon</i>	The full PRSP was endorsed by the Boards at end-July 2003. The first PRSP progress report has been submitted to the World Bank and the IMF in July 2004.	The 4th review under the PRGF arrangement was completed in December 2003. The program was extended through December 20, 2004. Due to fiscal policy slippages the completion of the 5th review has been delayed.	Oct-00	Q1 2005
<i>Chad</i>	The full PRSP was discussed by the Boards in November 2003. The first annual PRSP implementation review is expected to be completed by November 2004.	The 5th review under the PRGF arrangement was completed in July 2003. The 6th review could not be completed before the program expired in January 2004. A number of performance criteria were outstanding.	May-01	Q3 2005
<i>Congo, Dem. Rep. of</i>	The I-PRSP was presented in June 2002. The full PRSP is expected in the third quarter of 2005.	The 4th review of the PRGF supported program was completed in July 2004. The 5th review is expected in January 2005.	Jul-03	Q3 2006
<i>Gambia, The 3/</i>	The full PRSP was presented to the Boards in July 2002. The 1st annual progress report is expected in the third quarter of 2004.	The PRGF, approved in July 2002, is off-track due to fiscal and monetary policy slippages, misreporting and governance issues.	Dec-00	Q1 2006
<i>Guinea 3/</i>	The full PRSP was endorsed by the Boards in July 2002. The first annual PRSP progress report was submitted in April 2004 and will be discussed by the Boards in August 2004.	The PRGF arrangement has been off-track since December 2002 because of fiscal and monetary imbalances. Discussions are envisaged on a SMP that could start in the last quarter of 2004. Provided a track record is established under the SMP, a new PRGF could be in place by late 2005.	Dec-00	Q1 2006
<i>Guinea-Bissau 3/</i>	The preparation of the full PRSP was delayed. As the political situation has substantially improved, progress toward the full PRSP has been achieved and the document should be ready for final discussion and endorsement by end-2004.	The PRGF went off track in 2001 and macroeconomic performance has since been poor. In December 2003 an Emergency Economic Management Program for 2004 was approved.	Dec-00	Q4 2005
<i>Honduras 3/</i>	PRSP completed in August 2001. The 1st annual progress report was completed in December 2003 and endorsed by the Boards in February 2004.	PRGF off track since December 2001 mainly due to fiscal policy slippages. A new PRGF was approved in February 2004.	Jul-00	Q1 2005
<i>Madagascar</i>	The full PRSP was presented to the Boards in November 2003 after a significant delay caused by the political crisis in 2002. The 1st annual review of the PRSP was submitted in July 2004.	The 4th review under the PRGF was completed in March 2004 and the program was extended through March 2005.	Dec-00	Q4 2004
<i>Malawi</i>	A full PRSP was finalized in April 2002 and the first annual progress report was presented in October 2003.	The 1st review was delayed until October 2003 due to policy slippages and the 2002 drought. Completion of the 2nd review was also delayed and the PRGF was abandoned in May 2004. The IMF is working with the authorities on an SMP.	Dec-00	Q4 2005
<i>Rwanda</i>	The full PRSP was finalized in June 2002. The 1st annual progress report was issued in June 2003 and a JSA was endorsed by the Boards in June 2004.	The 1st review under the PRGF arrangement was completed in June 2003. The 2nd and 3rd review were completed in June 2004 with waivers for the nonobservance of some quantitative and structural performance criteria.	Dec-00	Q4 2004
<i>São Tomé and Príncipe 3/</i>	A full PRSP was adopted by the government in December 2003 and is expected to be submitted to the Boards in the fourth quarter of 2004.	The PRGF arrangement went off track in 2001. Performance under the SMP in 2002 was satisfactory and continued into 2003. Discussions on a new PRGF are to resume by September 2004.	Dec-00	Q1 2006
<i>Sierra Leone</i>	The full PRSP, expected by mid 2003, has been delayed. Significant progress has been achieved in early 2004 and the full PRSP is expected to be completed by September 2004.	A PRGF arrangement was approved in September 2001. The 4th review was successfully completed in February 2004. The fifth review is expected to be completed in October 2004.	Feb-02	Q4 2005
<i>Zambia 3/</i>	The PRSP was endorsed by the Boards in May 2002. Preparations are underway for the 1st progress report.	The PRGF expired in March 2003 without the conclusion of the last review. A SMP was adopted in July 2003 and extended through June 2004. The satisfactory progress under the SMP led to the installment of a new PRGF in June 2004.	Dec-00	Q1 2005

Source: IMF Country Documents

1/ Refers to the Enhanced HIPC Initiative

**Table 2. HIPC Initiative: Progress in Implementation of Countries still to be considered  
Status as of July 2004**

Country	Political developments	HIPC Status 1/
Burundi	Recent progress in the peace process led to the approval of a PRGF program in January 2004.	Paris Club rescheduling granted in March 2004. A full DSA and preliminary HIPC document to be completed at the time of the 1st PRGF review in late 2004. The PRSP process launched in July 2000. An I-PRSP endorsed by the Boards in January 2004. A full PRSP scheduled for mid-2005. DP could be reached in mid-2005.
CAR	Political situation generally calm since the installment of the transitional government.	Sizable stock of arrears. An EPCA program approved in July 2004. An I-PRSP completed. The full PRSP was delayed due to the political instability and conflict. The preparation has recently been resumed and the full PRSP expected by mid-2005.
Comoros	Following the signing of an agreement for joint governance between Union and island governments, the National Assembly was elected in early 2004 and a new government was formed in July 2004.	A broad range of measures still need to be taken to form the basis for a SMP negotiation. The modalities for the negotiation of a SMP were discussed in December 2003. An I-PRSP was produced and after some updates the revised I-PRSP could be presented to the Boards.
Congo, R. of	Stable political environment. The country has benefitted from an EPCA program in 2002.	An I-PRSP expected to be completed in Q3 2004. The broadly satisfactory implementation of the SMP led to the initiation of negotiations on a possible PRGF in May 2004.
Cote d'Ivoire	The security and political situation has worsened further since March 2004. The agreements reached at the Accra III summit in July 2004 raised new hopes for durable peace.	Large external arrears. An I-PRSP was endorsed in March 2002. The intervening conflict delayed the completion of the full PRSP. No IMF program in place.
Lao PDR	Stable political environment.	The full PRSP was completed and will be discussed by the Boards in August 2004. The 3rd review under the PRGF completed in September 2003, the 4th could be completed in October 2004. Provided Lao decides to participate in the HIPC Initiative and stays on track with its PRGF program, the DP could be reached quickly.
Liberia 2/	Intermittent wars have undermined the capacity to devise and implement policies. The NTGL, which took office in October 2003, has shown commitment to implement fiscal and governance measures.	Nearly all external debt in arrears. Token payments to the IMF resumed in early 2004. Relations with the IMF will need to be normalized and policies put in place as a basis for establishing a track record. Liberia has not yet engaged in the PRSP process.
Myanmar 2/	Politically stable. However, deterioration in the institutional infrastructure and governance problems continue to erode Myanmar's potential.	No active engagement with the World Bank and IMF. Little prospect for moving beyond IMF surveillance and World Bank's LICUS approach.
Somalia 2/	Domestic conflict continues, no fully functional national authority. 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.	Substantial external arrears. No relations with the IMF. No PRSP process in place.
Sudan	The agreement reached in May 2004 between the government and the Liberation Army, resolved, in principle, all outstanding issues. The formal signing of the comprehensive agreement expected in late summer of 2004.	External arrears. An I-PRSP is near completion. Performance under SMP so far broadly on track. An IMF's Rights Accumulation Program may be put in place by end-2004. Financing assurances are being sought for clearing arrears to the IMF.
Togo	Politically stable. Consultations launched with the EU under Article 96 of the Cotonou Partnership Agreement in April 2004.	No IMF arrangement in place since 1998. The I-PRSP was discussed in the Council of Ministers in March 2004. It first needs to be adopted by the government and will be submitted to the World Bank and IMF once a satisfactory macroeconomic framework is in place.

Source: IMF Country Documents

1/ Refers to the Enhanced HIPC Initiative

2/ Countries in non-accrual status with World Bank disbursements suspended.

**Table 3. Change in Debt Ratios from Completion Point Reference Year to end-2003:  
Decomposition of Contributing Factors  
(Percentage Points)**

Country	Reference Year NPV Ratio	Contributing Factors					Current Estimate NPV Ratio
		Export/Fiscal Revenues 1/	<i>Anticipated</i> New Borrowing 2/	<i>Unanticipated</i> New Borrowing 3/	Discount Rates 4/	Exchange Rates 5/	
<b>Export Cases</b>							
Benin	<b>155</b>	-19	21	1	20	18	<b>196</b>
Bolivia	<b>117</b>	-19	34	11	26	8	<b>176</b>
Burkina Faso	<b>150</b>	-45	59	-11	23	23	<b>199</b>
Mozambique	<b>113</b>	-35	20	0	23	9	<b>130</b>
Mali	<b>134</b>	-48	18	-3	13	20	<b>134</b>
Nicaragua	<b>138</b>	-3	13	2	10	4	<b>164</b>
Niger	<b>150</b>	-35	22	0	25	19	<b>182</b>
Tanzania	<b>105</b>	-24	19	-3	23	20	<b>140</b>
Uganda	<b>171</b>	-16	42	8	30	24	<b>258</b>
<b>Fiscal Cases</b>							
Guyana	<b>206</b>	-2	9	4	13	13	<b>243</b>
Mauritania	<b>201</b>	-28	22	1	24	36	<b>256</b>
Senegal	<b>156</b>	-25	7	-1	8	10	<b>154</b>

Source: Completion Point documents; and World Bank and Fund staff estimates.

1/ This column reflects the contribution of the change in exports/revenues from completion point to end-2003.

2/ Anticipated changes refer to changes in new borrowing that were projected at completion point. New borrowing shown is gross new borrowing net of amortizations.

3/ This column reflects only the contribution of new borrowing between completion point and end-2003 that was unanticipated at the completion point.

4/ This column reflects the change in NPV of debt due to discount rate (the average 6-month CIRR) changes between the completion point and end-2003.

5/ This column reflects the change in NPV of debt due to changes in the US dollar exchange rate and other major currencies between the completion point and end-2003.

## Annex III Enhanced HIPC Initiative: Country Implementation Status Notes

### A. Implementation Status of HIPCs in the Interim Period

(As of end-June 2004)

#### Cameroon

**PRSP Status:** The full PRSP was discussed by the World Bank and the IMF Boards at the end of July 2003. The document, built on a large consultative and participatory process, provides an adequate framework for guiding the implementation of a credible poverty-reduction strategy. The Government has set the institutional framework for the monitoring and evaluation of the implementation of the PRSP. The committees in charge, namely the Inter-Ministerial Committee under the leadership of the prime minister and the Technical Committee under the leadership of the minister of economy, have produced two quarterly reports in 2003 and the first annual PRSP progress report, which was submitted to the World Bank and the IMF in July 2004.

**Policy Performance:** Cameroon's macroeconomic environment is characterized by average real GDP growth of 4.5 percent per annum over the last five years, low inflation (under 1 percent in 2003), and a total overall fiscal surplus (on a commitment basis, including grants) of 1.9 percent of GDP. The fourth review under the PRGF arrangement was completed in December 2003, after a long delay due to difficulties in reconciling fiscal data. The program was extended for a year through December 20, 2004. Completion of the fifth review has been delayed because lower-than-programmed non-oil revenue and lower domestic public debt repayments resulted in significant deviations from fiscal program targets at end-December 2003 and end-March 2004. Also, the financial situation of some key public enterprises, in particular the public airline CAMAIR and the postal entity CAMPOST, deteriorated sharply. The Government is currently reviewing the options for liquidation of CAMAIR and recapitalization of CAMPOST.

**Social and Structural Completion Point Triggers:** At this stage, Cameroon has met most social and structural triggers. Important achievements include: (i) the satisfactory conclusion of SAC III at end-March 2004, covering reforms in forestry, transport, the financial sector and privatization; (ii) measures to improve governance: the creation of the audit chamber and the constitutional council, ongoing budget tracking surveys, completion of an audit of the judiciary system as well as of an action plan to improve it, and implementation of the procurement reform; and (iii) satisfactory implementation of the triggers in the education and health sector. Cameroon's policy in the anti-retroviral (ARV) treatment of patients is now quoted as good practice by UNAIDS.

The main social and structural measures that remain are the completion of the audit of HIPC expenditures and the adoption of the procurement code. The authorities expect these measures to be in place by August 2004.



**Decision and Completion Points:** The decision point was reached in October 2000. Cameroon could reach the completion point by end-2004 or early 2005 provided it meets all of the remaining completion point triggers and satisfactorily implements the PRGF-supported program.

**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. Paris Club creditors, the World Bank, the IMF, the AfDB, the European Commission, and the Islamic Development Bank have provided HIPC interim assistance. A proposal for the provision of interim assistance by the OPEC Fund was sent to the authorities and an agreement is expected to be reached soon. IDA and AfDB interim relief ended in March 2003 and October 2003, respectively, as Cameroon reached its interim relief cumulative limit. So far, only Saudi Arabia has not yet committed to provide full HIPC debt relief. Bilateral agreements have been signed with Kuwait and China.

### **Chad**

**PRSP Status:** The PRSP was transmitted to the IMF and the World Bank in June 2003 and discussed by the Boards of the two institutions in November 2003. A donor round table is expected to take place in Geneva in late 2004. The authorities have launched the review of the PRSP implementation, and are expected to complete the first annual PRSP progress report by November 2004.

**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 macroeconomic performance was weak in 2003, and the authorities did not have enough time to take corrective measures before the PRGF arrangement expired. Real GDP growth was about 10 percent in 2003 and is projected to reach about 40 percent in 2004, due to expected higher oil revenues. The appreciation of the CFA franc (pegged to the Euro) against the US dollar contributed to a faster-than-projected decline of the inflation rate, which decreased from 12.4 percent in 2001 to 1.8 percent in 2003. At end-June 2004, weak revenue performance and shortfalls in external budgetary support led to the accumulation of external arrears to multilateral and bilateral creditors. Negotiations on a successor PRGF arrangement are expected to start in August 2004.

**Social and Structural Completion Point Triggers:** Progress on meeting conditions in the areas of governance, health (including HIV/AIDS), education, and rural infrastructure has been uneven, but progress has been observed in several sectors in late 2003 and early 2004. A number of triggers have already been reached in the governance, health, education, infrastructure and water sectors. However, some indicators in the social sectors and in rural development remain far from target.

**Decision and Completion Points:** Chad reached the decision point in May 2001 and is expected to reach the completion point in the third quarter of 2005.

**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. Paris Club interim assistance expired in December 2003 following the expiration of the PRGF arrangement. The IsDB committed to deliver HIPC assistance, but has not yet started to provide it. 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 Congo**

**PRSP Status:** The I-PRSP was presented to the Boards in June 2002, and completion of a full PRSP is expected in the third quarter of 2005. A first Joint Staff Assessment (JSA) on progress made in the preparation of the full PRSP was approved by the Boards of the IMF and the World Bank in June 2003. An annual update of the PRSP preparation status report and the JSA, covering the period June 2003 to May 2004, was discussed by the Boards in July 2004. The authorities have created a framework for channeling and tracking poverty-reducing expenditures (including infrastructure), which in 2003 amounted to 1.5 percent of GDP, up from 0.3 percent the year before.

**Policy Performance:** A PRGF arrangement was approved in July 2002. Performance under the program has been broadly satisfactory, with good progress on the structural side. After 13 years of decline, real GDP growth became positive in 2002 (3.5 percent), accelerated to 5.6 percent in 2003, and is expected to be 6.3 percent in 2004. Inflation has continued to decrease sharply from 511 percent at end-2000 to 16 percent at end-2002, and is expected to reach 4.4 percent in 2003, and the cumulative rate at end-June 2004, 2.7 percent, was in line with the program. The exchange rate of the Congo franc against the U.S. dollar has continued to be stable. The return to a normal budgetary process has led to a continued strengthening of public finances. The business climate has improved, owing to far-reaching structural reforms that will be implemented across the entire nation, now that the country is reunified. A new Transitional Support Strategy (TSS) was discussed and a post-reunification economic recovery credit was approved by the World Bank Board in February 2004. To help achieve effective reunification, the World Bank Board approved in May 2004 a US\$100 million grant to support the government's efforts to demobilize and reintegrate ex-combatants. The IMF Board completed the fourth review under the PRGF arrangement in July 2004. The fifth review is expected to be completed in January 2005.

**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. While there have been delays in launching the participatory surveys, the

government is on track for completing a full PRSP in August 2005 and achieving a full year of implementation by the third quarter of 2006. The PRGF-supported program is on track. An independent Pro-Poor Spending Monitoring Committee has been created, and will track all pro-poor spending for 2004, including about US\$107 million to be spent from HIPC savings. The triggers on public expenditure management are being met and the reforms implemented, and it is expected that the governance and service delivery triggers will similarly be met. Work on sectoral strategies is progressing satisfactorily. The software to monitor debt has been identified and funding for its purchase and associated training is being sought. Unless there are further delays in the execution of the participatory consultations, the completion point triggers are expected to be met on schedule.

**Decision and Completion Points:** The Democratic Republic of Congo reached the decision point in July 2003 and is expected to reach the completion point in the third quarter of 2006.

**Creditor Participation:** The Democratic Republic of Congo received assurances of HIPC debt relief from creditors holding 93 percent of its debt at the decision point in 2003.

### **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 promotion of growth and employment; improved delivery of social services, stronger gender, HIV/AIDS, and environmental policies. 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 annual PRSP implementation report is expected in the third quarter of 2004.

**Policy Performance:** The PRGF arrangement, approved in July 2002, is off track due to fiscal and monetary policy slippages, misreporting and governance issues. In March 2004, the IMF Board concluded the 2003 Article IV consultations and decided that The Gambia should repay two non-complying disbursements totaling SDR 6.87 million that were made in 2001 under the previous PRGF arrangement. 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, a change in the external auditor, and a re-audit of the 2001/02 financial statements. The authorities have agreed to these measures and the final audit reports are expected to be submitted to the IMF at end-August 2004. Receipt of the reports should also allow the finalization of a Staff-Monitored Program (SMP) that was negotiated during a staff mission in June/July 2004. The SMP covers the second half of 2004 and could lead to a resumption of PRGF support in early 2005. With continued tight monetary policy and additional revenue measures taken in May 2004, the monetary and fiscal outlook for 2004 has significantly improved. The recovery from the crop failure in 2002 is expected to continue, with real GDP growth of about 7 percent in 2003 and 2004. Two of the World Bank's six active projects (Education and Capacity Building for Economic Management) are currently rated as unsatisfactory because of poor execution arrangements.

**Social and Structural Completion Point Triggers:** Satisfactory progress has been made in implementing measures in health and education, but 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 still needs to be made functional, while efforts to privatize the assets of the Gambia Groundnut Corporation (GGC) continue to lag. Donors, including the World Bank, have indicated that continued efforts on structural measures are needed. The fulfillment of triggers related to PRSP implementation, the restructuring of the Central Statistics Department, and the allocation of recurrent budget for primary and secondary health care are still pending.

**Decision and Completion Points:** The Gambia reached the decision point in December 2000 and could reach the enhanced HIPC completion point by early-2006, provided a PRGF-supported program is in place and has been satisfactorily implemented.

**Creditor Participation:** Creditors holding about 81 percent of The Gambia's debt have agreed to provide HIPC debt relief. 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. 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. The provision of IMF interim assistance lapsed as of end-2003. Interim assistance from the AfDB ended in October 2003 as the cumulative limit was reached, and IDA interim relief will end in December 2004 for the same reason. Among multilateral creditors, only the Economic Community of West African States (ECOWAS) has not yet committed to participate in the enhanced HIPC Initiative.

## Guinea

**PRSP Status:** A full PRSP was completed in January 2002 and endorsed by the IMF and the World Bank Boards in July 2002. Poverty-reducing spending increased in 2002 with the use of interim assistance but slowed down in 2003 as a result of revenue shortfalls and the suspension of interim assistance by some creditors after the 2001–04 PRGF program went off track. 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. The regional poverty reduction strategies, conceived as subsets of Guinea's PRSP, were finalized in December 2003. The authorities transmitted to the Fund and the Bank their first PRSP progress report in April 2004, incorporating some feedback provided by Fund and Bank staffs on a draft submitted in January. The report 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 regional security conditions, and weak domestic investment. The progress report is expected to be discussed by the Boards in August 2004.

**Policy Performance:** A PRGF arrangement was approved in May 2001. A first review of the PRGF-supported program was concluded in July 2002 after the authorities took measures in the first quarter of 2002 to correct weaknesses in revenue mobilization and to improve budgetary management. The PRGF-supported 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. In April 2004, the government started implementing an emergency recovery program to stabilize the economy. The PRGF arrangement expired in May 2004. The government's emergency program was discussed with IMF staff during the 2004 Article IV consultation conducted in May 2004. Good implementation of this program and progress in specific structural areas could form the basis for Staff-Monitored Program (SMP) that could start in the last quarter of 2004. Provided a track record of policy performance is established under the SMP, a new PRGF arrangement could be put in place by late 2005.

**Social and Structural Completion Point Triggers:** Despite some delays, good progress has been made toward achieving the completion point triggers in the areas of governance, the regulatory framework for microfinance institutions, health, and education. While an autonomous Anti-Corruption Committee was established, it recently became an agency supervised by the Ministry of Economic and Financial Inspection, which could undermine the achievements in the governance and corruption area.

**Decision and Completion Points:** Guinea reached the decision point in December 2000 and could reach the completion point in the first quarter of 2006 at the earliest. The completion point would depend on the timing of the SMP and the ensuing PRGF arrangement and Guinea's performance thereunder.

**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 had been providing interim assistance since 2001. However, owing to poor performance under the PRGF-supported program, Guinea's eligibility for interim HIPC assistance from Paris Club members, the IMF, and the AfDB was suspended at end-April, end-June, and end-December 2003 respectively. Among non-Paris Club creditors, Egypt, Kuwait, and Morocco have indicated willingness to provide HIPC relief. The others—Bulgaria, China, Iraq, Romania, Saudi Arabia, Libya, North Korea, and Thailand—have not indicated willingness to provide HIPC relief but could do so after the completion point.

## Guinea-Bissau

**PRSP Status:** The political situation has improved substantially. On September 14, 2003, President Kumba Yalá was deposed in a bloodless coup d'état. The military quickly restored power to civilian control. New legislative elections were held on March 28, 2004; presidential elections will be held no more than 12 months later. A new cabinet was appointed and took office in May. The preparation of the full PRSP was delayed as a result of the political instability, administrative difficulties, and lack of technical expertise. With the help of the donor community, however, the government has made progress in the preparation of the document. Currently, the full PRSP is nearly complete. 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 2004. A final draft document reflecting a national consensus should be ready by end-2004.

**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 for 2004 at end-December 2003. The plan includes a budget for 2004 based on realistic revenue projections, minimum expenditure needs, and priority for the social sectors. Despite considerable external financial assistance, the authorities have been unable to fully execute the emergency budget, due to lower-than-projected tax revenue in the first half of 2004.

All IDA-financed projects are currently rated satisfactory. Encouraging, albeit slow, developments have occurred in addressing structural and social issues, including demobilization, public procurement reform, privatization, private sector development, and HIV/AIDS. In order to keep its reform agenda on track, the Government requested a restructuring of the IDA portfolio in 2003, with amendments to Development Credit Agreements of the Basic Education and Private Sector Rehabilitation Projects. The World Bank approved the restructuring package in 2003 and disbursed the two floating tranches under the Economic Rehabilitation and Recovery Credit in March 2004, one with conditionality related to the government's demobilization program and the other with conditionality related to the government's domestic arrears settlement program.

**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 estimated in the fourth quarter of 2005.

**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. Kuwait has agreed to provide debt relief but the other bilateral creditors, Angola, Algeria, Pakistan, Libya, United Arab Emirates, Saudi Arabia, and Taiwan Province of China have not yet agreed to do so. The newly elected government has indicated that it will shortly be contacting its creditors to regularize relations.

### Honduras

**PRSP Status:** A PRSP was completed in August 2001 and endorsed by World Bank and IMF Boards in October 2001. The first annual progress report was endorsed by the Boards in February 2004. Civil society was consulted on the draft progress report in April and May 2003. Poverty-reducing expenditures have been below PRSP targets: actual PRSP spending reached 3.2 percent of GDP in 2001 and 2.5 percent in 2002, versus spending targets of 5.4 and 5.9 percent in those two years. This shortfall is largely explained by the temporary derailment of the economic program during 2001-03 and the consequent decline in aid flows targeted for poverty-reducing activities. Poverty-reducing spending has been redefined in the annual progress report, and is programmed to increase by 0.6 percent of GDP per year in 2004-06.

**Policy Performance:** The PRGF-supported program initiated in March 1999 went off track at the end of 2001, due mainly to fiscal policy slippages associated with a continued increase in the government wage bill, weak tax collections and weak progress on key structural reforms. The program expired at the end of 2002. Subsequently, the fiscal situation further deteriorated and the pace of reforms remained slow. A new PRGF arrangement was approved by the IMF Board in February 2004. Key elements of the program are fiscal adjustment supported by a new salary law and additional revenue measures, recovery of public investment and PRSP-spending, and ambitious financial sector reforms. All 12 World Bank-funded projects are currently rated as satisfactory.

**Social and Structural Completion Point Triggers:** The authorities have been making good progress in implementing reforms and in meeting completion point triggers. In the area of

governance, an anti-corruption strategy was prepared and published in consultation with the civil and donor community. Schools with community participation have been created, and the rate of student enrollment is on target. The delivery of a package of health services has been delayed, but an action plan to meet the target has been agreed upon. The envisioned reforms of the social security system are well advanced, as is the program to increase the efficiency and targeting of safety nets through participatory planning methodologies. Additional efforts are needed, however, to strengthen the financial system for compliance with the Basel Core Principles.

**Decision and Completion Points:** Honduras reached the decision point in July 2000 and could reach the completion point by early 2005.

**Creditor Participation:** Creditors holding 93 percent of Honduras' debt have indicated their intention to deliver debt relief. The Paris Club and major multilateral creditors delivered interim relief in 2000 and 2001. However, interim relief from the World Bank and IDB ended in July 2002, because both institutions reached their cumulative NPV ceilings for interim relief. Interim relief from the IMF expired in October 2002, when the first tranche of assistance was fully exhausted but was subsequently resumed in 2004 in connection with the new PRGF arrangement. The previous agreement with Paris Club creditors expired in April. In April 2004, following approval of the new PRGF arrangement, the Paris Club rescheduled accumulated arrears and debt service falling due in 2004 and the first half of 2005. Costa Rica, Mexico, and Venezuela have not yet agreed to provide HIPC relief to Honduras but could do so after the completion point.

### Madagascar

**PRSP Status:** The full PRSP was completed in July 2003 and presented to the World Bank and IMF Boards in November 2003. The preparation of the full PRSP took significantly longer than had been expected due to the 2002 political crisis in the country. The final PRSP is markedly different from the pre-crisis PRSP, partly due to the social impact of the crisis necessitating emergency social policy actions. Budgetary allocations to the health and education sectors have increased in recent years, due in part to HIPC assistance. In the first half of 2004, the Government produced reports on the use of resources made available from interim debt relief in 2002 and 2003, which were discussed with donors. In mid-January 2004, the Government organized a workshop to conduct a mid-year review of the implementation of the PRSP and produced a first draft of the annual PRSP progress report. Subsequently, a series of regional workshops were held in the period March–May 2004. The final progress report for the first year of implementation of the PRSP was submitted to the World Bank and the IMF in July 2004.

**Policy Performance:** A PRGF arrangement was approved in March 2001. The political crisis of the first half of 2002 severely affected economic activity and real GDP in 2002 dropped by 12.7 percent. The economy rebounded in 2003, with real GDP growth of 9.8 percent and inflation of -0.8 percent (on a year-on-year basis). Fiscal performance, however, was weaker than envisaged under the program, as slippages (lower tax revenues



and extra budgetary expenditures) occurred during the second half of 2003. In March 2004, the IMF Board completed the fourth review of the PRGF-supported program and approved the extension of the arrangement until March 1, 2005. However, preliminary estimates of the macroeconomic performance of the first half 2004 indicate that the risks to macroeconomic stability have increased markedly. The exchange rate has depreciated sharply in the recent months leading to a rising inflation and a weakening balance of payments position, with low foreign exchange reserves. The World Bank endorsed the first Poverty Reduction Support Credit for Madagascar in July 2004.

**Social and Structural Completion Point Triggers:** Currently all the conditions pertaining to the completion point are broadly met, despite the delay caused by the 2002 crisis. Financial monitoring and control have been improved as follows: (i) monitoring systems for the budgetary cycle in six ministries are established and the government is in the process of further consolidating the monitoring systems; (ii) the government has produced biannual reports on education and health sector activities at central and decentralized levels, including budgetary allocations, expenditure execution, and physical achievements; (iii) all the laws pertaining to the strengthening and modernization of procedures and internal control systems have been passed by the parliament and the Senate; (iv) the treasury accounting system was strengthened; (v) despite a significant delay, a transparent public information system on granting of licenses in the mining, forestry, and fishing sectors has been implemented. Substantial progress has been made by the government in improving service delivery in the health and education sectors.

**Decision and Completion Points:** Madagascar reached the decision point in December 2000 and could reach the completion point in the fourth quarter of 2004.

**Creditor Participation:** At decision point, Madagascar received satisfactory assurances of relief from creditors holding 91 percent its total debt. It continues to receive interim HIPC assistance from the World Bank, the IMF, the AfDB, the European Commission, the OPEC Fund, and Paris Club creditors. With the exception of China and Kuwait, none of Madagascar's non-Paris Club bilateral creditors has agreed to provide HIPC relief, but could do so after the completion point is reached.

## Malawi

**PRSP Status:** The PRSP was finalized in April 2002 and presented to the World Bank and IMF Boards in August 2002. The Boards approved the first annual PRSP progress report in October 2003. The resources made available from interim debt relief have been used to fund an expansion in pro-poor spending programs, including health and education expenditures identified in the PRSP as primarily benefiting the poor. Government poverty-reducing expenditures have increased and reached 11.2 percent of GDP in 2003.

**Policy Performance:** A PRGF arrangement was approved in December 2000. Due to policy slippages and the 2002 drought, the conclusion of the first review was delayed until October 2003. Completion of the second review was also delayed and the PRGF-supported

program was abandoned in May 2004. The IMF is working with the authorities on a Staff Monitored Program. Discussions on a new PRGF arrangement could start in early 2005, at the earliest, depending on a satisfactory performance under the SMP. Economic performance during 2003/04 has been mixed. Economic growth is projected to slow down from 4.5 percent in 2003 to about 4 percent in 2004, and inflation is expected to increase from 10 percent at end-2003 to 18-20 percent by end-2004. The Central Bank has reduced interest rates from 45 percent in September 2003 to 25 percent in June 2004. Implementation of structural reforms has improved considerably. The Government has implemented difficult structural reforms in preparation for the World Bank SAC (FIMAG), notably in tobacco marketing, land fees, parastatal reforms, and the fight against HIV/AIDS. The authorities have also repealed the ADMARC Act and incorporated it as a limited liability company. Moreover, the Corrupt Practices Act has been approved, measures that underpin civil service wage reform have been adopted, and progress has been made in the audit of domestic arrears.

**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 land and credit reform, and the development of social safety nets.

**Decision and Completion Points:** Malawi reached the decision point in December 2000. The completion point could be reached in late 2005 if (i) macroeconomic performance is satisfactory; (ii) the second year of PRSP implementation is satisfactory (a progress report on implementation during FY2003/04 is expected in the fall); and (iii) progress is made in meeting the few outstanding completion point triggers.

**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, extended after the conclusion of the first PRGF review, will be exhausted by September 2004 and will be resumed only after the IMF Board approves a new PRGF arrangement. Interim relief by the AfDB was exhausted at end-2003. Other multilateral creditors will start providing relief at the completion point. Bilateral agreements covering the initial interim period were signed with all Paris Club creditors, except for France. The second and third phases of the Paris Club agreement signed in January 2001 entered into force in November 2003. With respect to non-Paris Club creditors, South Africa has written off its debt; no agreement has yet been signed with Taiwan Province of China. The authorities will contact their creditors to identify their willingness to extend the provision of interim relief during the SMP period.

## **Rwanda**

**PRSP Status:** A PRSP was completed in June 2002 and discussed by the Boards of the IMF and the World Bank in July and August 2002, respectively. Performance in the social sectors continues to be strong. Poverty-reducing spending has been steadily increasing, and this trend is projected to continue. Such spending stood at 3.9 percent of GDP in 1999 and rose to 6.1 percent in 2002. It reached 6.3 percent of GDP in 2003 and is projected to rise to

7.4 percent in 2004 and 2005. The first annual progress report was issued in June 2003. A Joint Staff Assessment was completed and endorsed by the Boards of the World Bank and the IMF in June 2004.

**Policy Performance:** A PRGF arrangement was approved in July 2002 and the first review under the arrangement was completed in June 2003. As of end-June 2003 macroeconomic performance had been satisfactory. During the June 2003 review of the PRGF arrangement, six quantitative performance criteria and all structural criteria were met. Three quantitative measures were narrowly missed due to weakened policy performance as of August 2003, brought on by exogenous shocks. Real GDP growth in 2003 slowed to one percent, owing to poor rains and weak prices for the major export crop. The increase in inflation, which reached 7 percent in 2003, was mainly driven by sharp food and fuel price increases. Unforeseen expenditures for the national elections and one-off expenditures to the health sector led to an increase in the fiscal deficit. The situation was exacerbated when programmed external grant financing did not materialize. To correct for the above slippages, the 2004 PRGF-supported program includes a substantial reduction in net credit to the government from the banking system, slower reserve money growth, and a fiscal program that incorporates contingent cuts to assure the domestic fiscal balance remains consistent with macroeconomic objectives. In June 2004, the IMF Board completed the second and third reviews of the PRGF-supported program and approved the disbursement of continued interim assistance under the HIPC Initiative. To address concerns about external debt sustainability and to achieve targeted improvements in agricultural productivity, the Government is currently engaged in discussions with the World Bank and other development partners to outline a clear strategy for export promotion and the related generation of foreign exchange and employment.

**Social and Structural Completion Point Triggers:** Progress in meeting the triggers in the areas of tracking HIPC expenditures, privatization, education, health, and gender has been satisfactory. All triggers related to HIPC expenditures, education, and gender have been met, and advances on the outstanding triggers continue to be satisfactory.

**Decision and Completion Points:** Rwanda reached the decision point in December 2000 and subject to continued satisfactory performance under the PRGF-supported program it could reach its completion point by the end of 2004.

**Creditor Participation:** Rwanda has received financing assurances of HIPC assistance from creditors holding 95 percent of its debt at the decision point. Interim assistance has been provided by the AfDB, the World Bank, the IMF, the European Commission, and the Paris Club. BADEA and IFAD have agreed to provide HIPC relief at the completion point. The OPEC Fund has already disbursed its share of debt relief. Among the non-Paris Club creditors, the Kuwaiti Fund and Saudi Arabia signed a rescheduling agreement. The other creditors (China, Libya, and the Abu Dhabi Fund) have not yet signed agreements to provide HIPC debt relief, but could do so after the completion point is reached. An agreement with the Abu Dhabi Fund is expected to be concluded in the near future.

### **São Tomé and Príncipe**

**PRSP Status:** A full PRSP was adopted by the government in December 2002 and could be submitted to the World Bank and IMF Boards in the fourth quarter of 2004. The first annual progress report would then be expected to be produced by the end of 2005. 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 resource and access to basic social services; and (v) adopting mechanisms to monitor, assess, and update the strategy. Poverty-reducing expenditures are expected to increase to around 23 percent of GDP in 2004 and 2005, from some 20 percent in 2002 and 2003.

**Policy Performance:** The PRGF arrangement, approved in April 2000, went off track in 2001 due to fiscal and structural reform slippages, compounded by oil sector governance concerns. 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. Discussions on the PRGF arrangement resumed in November 2003 at the time of an Article IV consultation mission but the authorities explained that they could not yet commit to medium-term financial policies citing the tense sociopolitical environment and the need to build consensus. Discussions on the PRGF arrangement are to resume by September 2004. Macroeconomic performance in 2003 was broadly satisfactory, and real GDP is estimated at 5 percent with inflation near 10 percent.

**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, excepting the tribunal of arbitration in business and contract matters, which is not yet operational.

**Decision and Completion Points:** São Tomé and Príncipe reached the decision point in December 2000. The completion point, originally expected for late 2003, could be reached in the first quarter of 2006, provided a PRGF-supported program is in place and has been satisfactorily implemented in addition to a year's satisfactory implementation of the PRSP.

**Creditor Participation:** At the decision point, São Tomé and Príncipe received financing assurances of 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. The OPEC Fund delivered its full share of debt relief in March 2003. Paris Club creditors have provided interim assistance, but due to the PRGF program going off track, only the first phase of the May 2000 agreement was implemented. Non-Paris Club bilateral creditors (Algeria, Angola, Former SFR 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. According to the schedule in the I-PRSP, the final PRSP was originally expected by December 2002. It 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 in 2002. Administrative and financing difficulties also delayed the final PRSP. Significant progress has been achieved in early 2004 in establishing better organizational arrangements on the PRSP production team within the Government. The final PRSP is now expected to be completed by September 2004; the first PRSP annual review is expected to be completed by September 2005. A household survey was completed in June 2004, and data are currently being processed. Participatory data and information collection has commenced (an HIV/AIDS survey was conducted, for example). Most sector reviews have now been completed. Poverty-reducing expenditures stood at 7.3 percent of GDP in 2003 and are projected to increase to 8.3 percent in 2004 and 2005.

**Policy performance:** Satisfactory progress has been made under the PRGF arrangement approved in September 2001. The fourth review was successfully completed in February 2004. The fifth review is expected to be completed in October 2004. The improved political and security situation, including in the neighboring Liberia, has strengthened confidence and helped sustain the economic recovery. Structural reforms have been strengthened and local government elections were successfully held in May 2004. A Third Economic Rehabilitation and Recovery Credit (ERRC III) was approved by the World Bank in May 2003 to support the government's updated agenda for post-conflict reconstruction and poverty reduction.

**Social and Structural Completion Point Triggers:** Progress in implementing the five remaining triggers in health, education, governance, public expenditure management, and privatization/mining has been satisfactory.

**Decision and Completion Points:** Sierra Leone reached the decision point in February 2002. The completion point is not likely to be reached before late-2005, provided a full PRSP has been completed as envisioned by the authorities, and implemented satisfactorily for one year.

**Creditor Participation:** At decision point, Sierra Leone received financing assurances of HIPC assistance from creditors holding 84 percent of its debt. Most multilateral creditors (the World Bank, the Fund, the AfDB, the European Commission/EIB) and Paris Club creditors are providing interim assistance. 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 terms with ten out of eleven Paris Club creditors and on Cologne terms with six of them. Of these six creditors, five have agreed to go beyond Cologne terms and provide 100 percent interim relief. Of the bilateral non-Paris Club creditors only Morocco has started to provide HIPC interim assistance and has canceled all debt. China has agreed under the African Initiative to cancel all loans with

maturity up to 1999. For the remaining arrears China indicated that currently no payments need to be made. Sierra Leone has nonetheless requested treatment of the remainder, but there has been no official response yet. The Saudi Fund has rescheduled outstanding arrears, but on terms that fall short of HIPC requirements.

Validated commercial and military debt amounts to about US\$80-100 million, of which about US\$35 million is under litigation. In a bid to address the issue of outstanding debts owed to commercial creditors, the Sierra Leonean government has so far adopted a “best-effort” approach to engage these creditors, with a view to rescheduling the verified arrears over a long period. Success so far has been limited. Furthermore, it is considering a debt buy-back operation under the IDA debt-reduction facility.

### **Zambia**

**PRSP Status:** A full PRSP was received in April 2002 and endorsed by the World Bank and IMF Boards in May 2002. The first annual PRSP Progress Report, covering the period January 2002–June 2003, was submitted in March 2004 and was discussed by the IMF and World Bank Boards in June 2004. The JSA concluded that Zambia’s Poverty Reduction Strategy continues to articulate a sound set of policies and programs. However, despite satisfactory growth performance and some progress on reforms related to public expenditure management processes, satisfactory implementation of the PRSP still needs to be established. An updated PRSP Progress Report, covering the period July 2003–June 2004, is needed to demonstrate satisfactory implementation of the PRSP. Poverty-reducing spending was lower than programmed, due to limited implementation capacity and fiscal slippages. Priority poverty-reducing programs amounted to 1.8 percent of GDP in 2001 and about 2.4 percent of GDP in 2002 and 2003.

**Policy Performance:** The PRGF arrangement, which was approved in May 1999, expired at end-March 2003 without the completion of the final review. Agreement on a new three-year PRGF arrangement could not be reached because of delays in the privatization of the Zambia National Commercial Bank (ZNCB) and because of a large increase in compensation awarded to government employees in April 2003. Agreement was reached on a SMP in July 2003 to run from July to December 2003. Performance under the SMP was poor, owing mainly to weak expenditure management and policy that necessitated the authorities’ request for an extension of the SMP through June 2004. Satisfactory progress under the extended SMP led to the approval of a new PRGF program in June 2004.

**Social and Structural Completion Point Triggers.** One of the key outstanding completion point triggers is the successful implementation of the PRSP, as demonstrated by an annual progress report. The recent Joint Staff Assessment of IDA and the IMF of the first annual PRSP Progress Report, however, concluded that satisfactory implementation of the PRSP is yet to be established by the government. The implication of this conclusion is that an updated PRSP progress report, covering the period July 2003 to June 2004, is necessary to conclude whether this trigger will have been met. HIPC completion point triggers in the areas of HIV/AIDS, health, and education have been met. The government has also made

considerable progress on the following completion point triggers: (i) commercialization of the Zambia Energy Supply Company (ZESCO); (ii) increasing the discretionary budget share of education to 20.5 percent; (iii) the issuance of bidding documents for the privatization of the ZNCB; and (iv) implementation of the Medium Term Expenditure Framework. Progress has been relatively slow in the implementation of an Integrated Financial Management Information System (IFMIS).

**Decision and Completion Points:** Zambia reached the decision point in December 2000. The completion point, initially envisaged for the end of 2003, could be reached by early 2005, provided the government successfully adheres to the conditions under the new PRGF arrangement and demonstrates satisfactory implementation of the remaining triggers.

**Creditor Participation:** At decision point, Zambia received financing assurances of HIPC assistance from creditors holding about 97 percent of its total debt. The World Bank, the IMF, the AfDB, the European Commission, and Paris Club creditors have provided interim relief. IMF interim relief expired at the end of December 2003. India has written off 50 percent of its claims (Government of India lines of credit) on Zambia. So far, Kuwait and Romania have sold their claims to commercial creditors. Bulgaria, China, Iraq, and Saudi Arabia have not signed agreements to provide HIPC relief to Zambia but could do so after the completion point.

## **B. Countries that Could Reach the Decision Point after June 2004**

### **Burundi**

Burundi has had post-conflict emergency assistance programs in 2002 and 2003, and recent progress in the peace process has culminated in the approval of a PRGF-supported program in January 2004. The program for 2004 aims at consolidating the peace process and stabilizing the macroeconomic situation. The World Bank is currently supporting Burundi with the Economic Rehabilitation Credit and a number of other projects planned in the context of a Transitional Support Strategy. That strategy, approved by the World Bank Board on March 7, 2002, has underpinned IDA assistance to Burundi. In addition to the Economic Rehabilitation Credit, it envisages exceptional World Bank assistance to Burundi for HIV/AIDS, capacity building, health care, demobilization and reintegration, and social action.

The Arusha agreement of August 2000 represented a turning point. All but one of the major rebel groups has joined the peace process. After intensive political discussions, including with regional country partners to the peace process, the timing of national elections to end the transitional process has been set for October 2004. A new constitution and electoral and communal law remain to be agreed, however, as does an agreement on military integration of rebel forces leading up to the IDA-funded Demobilization, Disarmament and Rehabilitation (DDR) process.

**PRSP Status:** Burundi launched its PRSP process in July 2000, and a Joint Staff Assessment of the I-PRSP was reviewed by the Directors of the World Bank and the IMF in January 2004. The World Bank has been providing assistance in consultation and participatory diagnostic analysis. The Burundi authorities recently requested further assistance in this area within the context of preparing the full PRSP. Burundi is one of the first countries to seek assistance under the Diagnostic Trade Integration Study program, which was done in 2003. A full PRSP is scheduled for mid-2005.

**HIPC Status:** Burundi faces unsustainably heavy debt-service obligations. A Paris Club rescheduling on Naples terms was granted in March 2004. It is expected that a full DSA and preliminary HIPC document will be prepared at the time of the first review under the PRGF arrangement in late 2004. Subject to satisfactory program implementation, the HIPC decision point could be reached by the time of the second review in mid-2005.

### **Central African Republic**

A civil conflict, which erupted in October 2002, culminated in a coup d'état in March 2003. The conflict has taken a heavy toll on most sectors of the economy and on physical and economic infrastructure. A Post-Conflict Emergency Assistance program was approved by the IMF Board in July 2004 and could potentially lead to a PRGF arrangement in early 2005 if performance associated with the EPCA is satisfactory, and the administrative capacity of the authorities is restored to an appropriate level.

The political situation has been generally calm since the transitional government has been installed in the aftermath of the coup. A constitutional referendum is scheduled for October 2004, before legislative and presidential elections in early 2005.

The World Bank approved a Country Re-Engagement Note (CRN) in July 2004. In the context of the CRN, the World Bank would provide support under its Low-Income Countries Under Stress (LICUS) facility to finance technical assistance in economic management and to support the rehabilitation of the social sectors. The IMF program is expected to catalyze much needed budgetary support from the European Union and France as part of a concerted international effort.

**PRSP Status:** The JSA of the I-PRSP stressed that the PRSP would need to address weaknesses in the preparation of the I-PRSP. In particular, the work leading to the preparation of the PRSP would need to improve the statistical database; strengthen the participatory process; better prioritize the objectives for poverty reduction; clearly define quantitative targets for poverty reduction in the context of a detailed costing and financing exercise; and design an effective system for monitoring progress in reducing poverty, including the tracking of poverty outlays. The work on the full PRSP was delayed due to political instability and conflict. However, the authorities have recently resumed the preparation of the full PRSP. With the support of UNDP, two household surveys were undertaken in 2003 in urban and rural areas. The authorities are also building on the outcome



of a joint assessment mission (JAM) led by the World Bank in February 2004. The JAM worked with the authorities and civil society to assess the constraints and opportunities for socio-economic recovery in the C.A.R. and identify entry points where actions by the government and appropriate donor support will lead to visible and quick pay-offs for its citizens. The authorities plan to complete their full PRSP by mid-2005.

**HIPC Status:** The C.A.R. has a sizable stock of arrears and a very heavy debt burden over the medium term. Currently, the C.A.R. has accumulated arrears to all its external creditors (except the IMF) including multilateral creditors, notably the World Bank and the AfDB. The C.A.R. has been in non-accrual status with the World Bank since June 2002. The country could be in a position to benefit from the HIPC Initiative but would need to have a plan in place to clear the arrears and to establish a track record of policy implementation under a Fund-supported program.

### Comoros

Comoros has not had a Fund arrangement in place since 1991. Disputes between Union and Island governments over competencies and revenue sharing led to mixed performance under the SMP covering the period July 2001–June 2002. A Transitional Agreement establishing joint governance between Union and Island governments was signed on December 20, 2003. In June 2004 the newly elected National Assembly, in which the opposition to President Azali has a two-thirds majority, met for the first time. In mid-July, a Union government was announced, including personal representatives of two of the island presidents, one of whom was given the finance portfolio. The IMF staff feels that discussion on an SMP requires assurances on cooperation for coherent economic management, including the establishment of a consolidated budget. In addition, a broader and timelier flow of information and statistics has been urged to permit a meaningful monitoring of an SMP. The president has promised to act on these issues and present the Fund staff with the required information. Once this happens, an SMP mission can be fielded.

**PRSP Status:** The PRSP process was initiated in March 2002, when the country was in the process of overcoming its secessionist crisis. Since then, for at least some time, the PRSP process proved to be a useful tool to facilitate discussions between the conflicting parties. An I-PRSP was produced and discussed through participatory workshops in May 2003. Since then, the process came to a virtual halt, reflecting the uncertain political environment. The process could be revived under the auspices of the new National Assembly. Modifications would need to concentrate on issues of decentralization and the design and implementation of coherent economic and social policies for the country as a whole. After such updates, the revised I-PRSP could be presented to the Boards of the World Bank and the IMF.

**HIPC Status:** The country's debt situation is clearly unsustainable, with NPV debt stocks of over 500 percent of exports of goods and services, and of more than 400 percent of domestic revenue in 2003. In early October 2003, a Comorian delegation met with Fund management to explain the country's need for debt relief under the HIPC Initiative. Fund management concurred with the need, but insisted on a track record under an SMP which would lay the

basis for an arrangement under the PRGF and allow Comoros to meet the entry requirements for the HIPC Initiative. In late December, a Fund mission discussed with the authorities the modalities for the negotiation of a SMP. Since then, the authorities have on a number of occasions repeated their call for steps toward debt relief under the HIPC Initiative. Large arrears to the African Development Bank/Fund complicate the issue.

### **Congo, Republic of**

The Republic of Congo has benefited from a Fund emergency post-conflict assistance program in 2002. Since then, despite some encouraging results during the 2003 SMP, overall performance was not sufficiently strong to allow a move to a PRGF-supported program. A new six-month SMP (covering January–June 2004) provides the authorities with an opportunity to develop a sufficient track record of policy implementation for a possible move to a PRGF-supported program. The implementation of the 2004 Staff-Monitored Program (SMP) was broadly satisfactory through end-April. Particularly noteworthy are the efforts being made to enhance transparency and governance in the oil sector operations and management.

**PRSP Status:** The preparation of an I-PRSP is at an advanced stage and is expected to be completed in the third quarter of 2004.

**HIPC Status:** With respect to the HIPC Initiative, it would be important for the Republic of Congo to establish the necessary track record for a PRGF-supported program. On the basis of the broadly satisfactory implementation of the SMP so far, the IMF staff initiated negotiations in May 2004 on a program that could potentially be supported by a new three-year arrangement under the PRGF. The conclusion of these negotiations would be conditional on continued good implementation under the SMP through end-June 2004, and obtaining full financing assurances. A Fund mission is planned for August 2004 to assess the implementation of the SMP through June and to continue negotiations on a possible PRGF-supported program.

### **Côte d'Ivoire**

Progress in PRGF-supported programs in Côte d'Ivoire has been derailed since the outbreak of a political crisis in September 2002 resulting in Côte d'Ivoire not being able to reach the decision point in that year. The implementation of the Bank's Economic Recovery Credit (ERC), which had been approved before the crisis in June 2002, was also interrupted. On the political front, progress toward reconciliation has proven difficult in a deeply polarized and territorially divided country. The disarmament, demobilization and reintegration process has stalled, and the fundamental issues at the core of the crisis—nationality, rural land ownership rights, and eligibility for the presidency—are yet to be addressed. The security and political situation has worsened further since March 2004. There have been renewed attempts since then to help put the implementation of the January 2003 Linas-Marcoussis (LMA) peace accord back on track, including the most recent, third Accra Summit on the implementation of LMA, on July 29–30, 2004. The fiscal situation suffered in 2003 and 2004, as lack of

progress in political reconciliation and in normalizing the security situation complicated budget implementation. Without access to fresh financing, the government accumulated large external arrears. The agreements reached at the most recent Accra III Summit held in July 2004 with planned demobilization to begin in mid-October 2004 raised new hopes for durable peace.

**PRSP Status:** The IMF and the World Bank Boards endorsed the I-PRSP in March 2002. A first draft of the full PRSP was prepared in September 2002 and reviewed by World Bank and IMF staff. The intervening conflict, however, delayed completion of the PRSP and implementation of anti-poverty measures. It is estimated that poverty increased from an official 38 percent of the population before the conflict to about 42 to 44 percent after the conflict, including the large number of refugees. The PRSP process has been reactivated, but the completion of the PRSP will have to take into account worse economic and social “initial conditions” for mapping out a post-conflict poverty-reduction strategy than had been envisaged at the time of the I-PRSP. The Bank has prepared a draft Interim Transitional Support Strategy (I-TSS) and taken proactive measures to restructure its portfolio toward the most urgent post-conflict needs. The political and security situation deteriorated during the opposition protests in May 25–27, 2004 that claimed at least 120 lives. In the aftermath, more ministers of the opposition suspended their participation in the government. The resulting complete political impasse could ease up if the undertakings included in the final communiqué of the third Accra Summit on Côte d’Ivoire are actually implemented. The implementation of the Accra III agreement will likely determine the pace of completion of the PRSP.

**HIPC Status:** With respect to the HIPC Initiative and reaching of the decision point, this cannot be envisaged before a new program is put in place and the authorities have re-established a policy implementation track record. Such a track record could be established under the IMF Emergency Post-Conflict Assistance (EPCA) program, for which Côte d’Ivoire could qualify, provided understandings are reached on an appropriate macroeconomic framework and minimum structural reforms. In terms of key actions to reestablish a track record for the Bank and the Fund, there are likely to be three preconditions: (i) re-establishing and maintaining the policy of no debt-service arrears to the Bank and the Fund; (ii) re-establishing a credible government of national reconciliation; and (iii) making some progress toward demobilization and disarmament. In addition, putting in place a post-conflict program with the Fund with minimum macroeconomic policy and structural measures would constitute key actions toward attaining a satisfactory track record.

### **Lao People’s Democratic Republic**

The third review of Lao P.D.R.’s PRGF arrangement was completed in September 2003 at which time, the IMF Board agreed on a one-year extension of the arrangement. During the delay in the third review, measures to address the shortfall in budget revenue in 2002/03 were undertaken and structural reform measures in the banking sector were strengthened. Recent macroeconomic performance has been satisfactory. The Laotian kip has remained stable, and although inflation remains relatively high at around 12 percent, this reflects mainly a surge in

food, fuel, and administered utility prices. The economy is continuing to grow at a steady pace. Real GDP growth of about 6 percent is expected in 2004, and this should rise to close to 7 percent in 2005 when a new copper mine comes on stream. Concerns over the decline in fiscal revenue have caused the fourth review to be delayed. A joint IMF Article IV and PRGF arrangement review mission was carried out at the end of July 2004. The aim is to complete the fourth review in October 2004.

The first tranche of the World Bank Financial Management Adjustment Credit was disbursed in January 2003, and the second tranche was released in May 2004, following the completion of all 17 actions.

**PRSP Status:** The World Bank and IMF Boards considered the country's I-PRSP in April 2001. The first draft of the PRSP was delivered by the Lao authorities at the end of May 2003. The final PRSP called the National Growth and Poverty-Eradication Strategy (NGPES) was approved by the National Assembly in October 2003, delivered to the Bank and Fund on April 1, 2004 and is expected to be presented to the Boards in October 2004.

**HIPC Status:** In the context of the Article IV consultation discussions in July/August 2004, technical work on a DSA was undertaken by the staff of the World Bank, IMF, and ADB. The preliminary findings were that although Lao P.D.R. currently has a high stock of debt, debt-service flows in the medium term are manageable, and the level of debt can be steadily lowered, provided that exports and GDP continue to grow robustly, progress is made in raising the ratio of revenue to GDP, and the government continues to adhere strictly to a prudent debt management policy. The results of the analysis are sensitive to the outcome of ongoing discussions between Lao P.D.R. and Russia on debt owed to the former Soviet Union. Although it is likely that Lao P.D.R. would qualify for HIPC assistance after traditional relief, it is uncertain if the authorities will seek HIPC relief. The decision point could be reached fairly quickly provided Lao P.D.R. decides to participate in the HIPC Initiative and stays on track with its PRGF-supported program.

### **Liberia**

Liberia's relations with the IMF deteriorated steadily prior to the NTGL (National Transitional Government of Liberia) taking office in October 2003. Liberia has been in continuous arrears to the IMF since 1984 and the IMF Board decided to suspend the country's voting and related rights in March 2003 due to a protracted lack of cooperation. Liberia has not yet engaged in the PRSP process.

Intermittent civil wars have largely destroyed Liberia's physical and economic infrastructure and the government's capacity to devise and implement policies. However, the NTGL has shown commitment in implementing a first set of fiscal and governance measures. Cooperation with the Fund has improved in terms of implementation of policies, and token payments to the Fund resumed in early 2004. On March 1, 2004, the IMF Board decided to resume technical assistance to Liberia.

In December 2003, the UN, the World Bank and the IMF assisted the government in a needs assessment covering 10 priority sectors that led to a time- and cost-bound action plan, the Results Focused Transitional Framework (RFTF), which was presented at an international conference held in New York in February 2004. Donors pledged US\$440 million for reconstruction needs and US\$85 million for humanitarian assistance. Should arrears clearance be achieved, a post-conflict World Bank allocation would be sought, and a Transitional Support Strategy (TSS) would be prepared. This sequence is likely to monitor Liberia's transition from the RFTF to a PRSP framework.

**HIPC Status:** The stock of Liberia's external public debt amounted to about US\$2.9 billion (600 percent of GDP) at the end of 2003. Nearly all of Liberia's external debt is in arrears. For purposes of establishing a track record, relations with the Fund will need to be normalized and policies put in place that will help start the process of establishing a track record to meet the entry requirements (i.e., either a EPCA or a Fund-supported PRGF program). In recent Board discussions, Fund Directors have welcomed the resumption of monthly token payments toward arrears. They stressed the need for a continued track record of cooperation and strong policies to lay the basis for normalizing relations with the Fund (and other creditors) over time.

### Myanmar

Myanmar has not had a Fund-supported program since 1981/82, and its Fund relations have entailed annual Article IV consultations. The last consultation, concluded in March 2004, noted that Myanmar's macroeconomic situation had deteriorated, although official statistics point to continued double-digit growth. The fiscal deficit spiked in 2000/01 and, despite declining since, remains unsustainable. The deterioration in the institutional infrastructure (including a distortionary dual exchange rate regime), the decline in human capital, and governance problems continue to erode Myanmar's development prospects. Near-term prospects have been further undermined by an intensification of international sanctions and a weak banking sector. The World Bank has approved no new lending since 1987 and does not have an active program in Myanmar. However, the Bank maintains dialogue with key donors in Myanmar and provides technical and analytical input in areas of the Bank's comparative advantage. For example, a participatory assessment has been completed by UNDP in collaboration with the Ministry of Planning, and a household expenditure survey is expected to be launched, on the content and design of which the Bank has provided technical assistance. Without active engagement with the World Bank and the IMF, Myanmar is not engaged in the PRSP process.

**HIPC Status:** Myanmar is in arrears to the World Bank and to other multilateral and bilateral agencies. Poor debt statistics make assessment of the debt burden difficult. Highly tentative estimates indicate that Myanmar's debt ratios exceed the HIPC thresholds. Given Myanmar's poor relations with the international community and the lack of economic reforms, there is currently little prospect for moving beyond IMF surveillance, the World Bank's LICUS approach, and the requirement for minimum dialogue and basic due diligence in a member country. Without an active engagement with the World Bank and IMF,

Myanmar is neither engaged in a process to proceed with preparing an I-PRSP nor working to develop a track record of economic performance to receive HIPC relief.

### **Somalia**

Given the lack of a fully functional national authority and continued domestic conflict, Somalia is not expected to proceed with preparing an I-PRSP.

The Somali peace process, which was launched in October 2002 under the auspices of the Intergovernmental Authority on Development (IGAD) has reached its third and final phase. On January 29, 2004, a broad cross-section of Somali leaders agreed on a framework for the structure and composition of the future government of Somalia. The inauguration of the transitional parliament, which will include Somalia's main factions, was scheduled originally for July 30 in Nairobi, Kenya, but the formation of parliament is the subject of current discussions. The World Bank provided technical expertise during the second phase of the process to the committee on economic recovery and trade. The World Bank is also an active member of the Somalia Aid Coordination Body (SACB), which provides a framework for UN agencies, international and Somali NGOs, and donors to develop a common approach for the allocation of development assistance to Somalia. There is no PRSP process in place.

**HIPC Status:** The Fund has had no relations with Somalia and the World Bank has not had an active lending program in the country since 1991. Somalia is in arrears to both institutions. A joint World Bank/UNDP Country Re-Engagement Note was approved in June 2003 by the World Bank's Board of Directors and is currently being implemented in Somalia. The following areas of intervention are being pursued: (i) support to macroeconomic data analysis and dialogue; (ii) creation of an enabling environment for the livestock and meat industry; (iii) coordinated action plan to address HIV/AIDS issues; and (iv) capacity-building for skills development and training centers. In collaboration with other development partners and the donor community, these activities are being implemented with the support of a Post-Conflict Grant of US\$4.6 million. The World Bank is also currently undertaking a Conflict Analysis Framework for Somalia to ensure conflict-sensitive development assistance. The World Bank is also providing access to global electronic knowledge and resources to tertiary educational institutions.

### **Sudan**

Sudan has not had a Fund-supported program since 1984, but has been implementing SMPs since 1997. On the peace front, an agreement in May 2004 between the Government of Sudan and the Sudan People's Liberation Movement/Sudan People's Liberation Army resolved all outstanding issues. The formal signing of the comprehensive agreement is expected in late summer. Since mid-2003, the security and humanitarian situation has deteriorated in Darfur (western Sudan). The government has made good progress in preparing an I-PRSP, which is near completion, and work on a full nationwide PRSP, to be developed in collaboration with civil society, will begin once peace agreement is in place.

**HIPC Status:** Sudan's economic performance under the 2003 SMP was broadly on track. The IMF Board has agreed that the quality of policies envisaged under the 2004 SMP was equivalent to what would be required under a Rights Accumulation Program (RAP). A RAP could be initiated once the peace agreement is finalized, the situation in Darfur is stabilized, and the appropriate financing assurances are secured. Some work has been completed in recent months to lay the groundwork for a possible arrears clearance for Sudan in the event that conditions improve sufficiently to allow for re-engagement by the international community. With the establishment of a Fund-supported program, Sudan would have met the entry requirements and commenced the establishment of a track record. To this end, financing assurances are being sought for clearing arrears to the Fund.

### **Togo**

Togo had a Fund-supported PRGF program approved in 1998. The stabilization program for 2002 yielded mixed results, as did the April–December 2001 SMP, with some progress on the structural front but a disappointing macroeconomic and fiscal performance. As indicated in the last Article IV staff report (SM/04/125, 4/14/04), while the Togolese authorities are eager to enter into a new SMP, the possibility of an SMP hinges on the track record of policy implementation and the normalization of relations with the EU.

The government issued a draft I-PRSP in November 2002 on which donors' feedback was sought. In March 2004, the I-PRSP was presented and discussed in the Council of Ministers and a *communiqué* was issued. The final I-PRSP will be validated in a national seminar and then adopted by the government. It will be submitted to the Bank and the IMF once a satisfactory macroeconomic framework is in place.

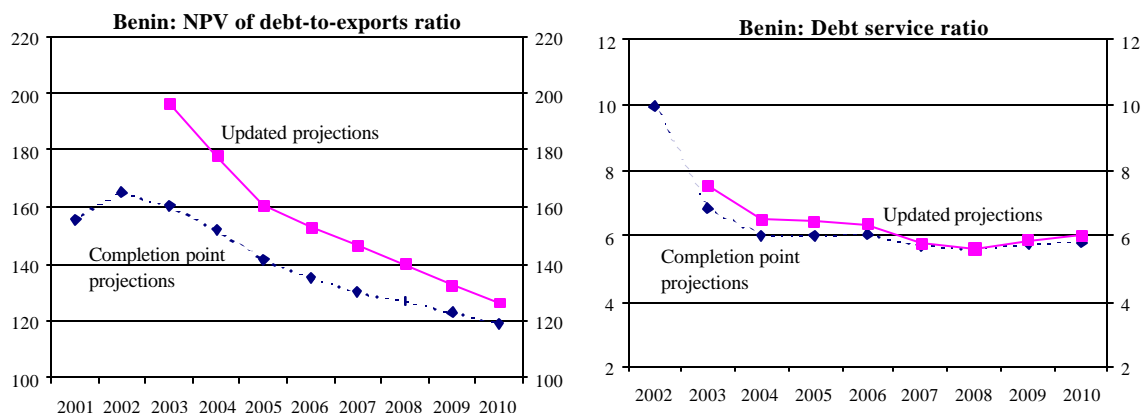
The World Bank is currently preparing a Country Re-Engagement Note scheduled for Board discussion in the third quarter of 2004. The Note will lay out an assistance strategy for Togo that describes the key steps toward the normalization of relations between Togo and the Bank. In April 2004, the government and the European Union launched consultations under Article 96 of the Cotonou Partnership Agreement, which could lead to the resumption of financial assistance from the EU in the medium term.

**HIPC Status:** In the context of the November 2003 Article IV IMF staff visit, the authorities discussed with Fund staff a macroeconomic framework for 2004 that aims to demonstrate commitment to improve revenue mobilization and strengthen expenditure management, sustain the on-going rehabilitation of the phosphate sector, and lay a foundation for normalizing relations with external creditors.

### C. Countries that had reached the completion point by the end of July 2004

#### Benin

#### External Debt Indicators After HIPC Debt Relief



Benin reached its completion point under the enhanced HIPC Initiative in March 2003 and is expected to receive debt relief of US\$265 million in net present value (NPV) terms (approximately US\$460 million in nominal relief).

Benin’s updated NPV of debt-to-exports ratio at end-2003<sup>28</sup> is estimated to be 196 percent.<sup>29</sup> This represents an increase of 41 percentage points compared to the ratio estimated at end-2001 (155 percent)<sup>30</sup>. The updated figures follow the same declining trend but remain above as the completion point projections over the complete period of analysis (2004–10). The updated debt-service ratio also shows a declining trend, averaging 6 percent over the medium term. The depreciation of the U.S. dollar against major international currencies and the decline in discount rates from end-2001 to end-2003 are the main factors leading to the increase in the dollar value of the NPV of debt relative to completion point projections. The effect of new disbursements since the completion point on the NPV of debt-to-exports ratio is almost offset by increased export earnings.

**Creditor Participation:** Creditors holding 98 percent of Benin’s debt at the completion point are providing HIPC relief. BADEA has recently approved its modality for the delivery of HIPC assistance, joining The World Bank, IMF, the AfDB, the AfDF, IFAD, the EU, the OPEC Fund, the IsDB, and the BOAD, who were already providing relief. Only ECOWAS

<sup>28</sup> After full delivery of enhanced HIPC assistance and additional bilateral debt relief.

<sup>29</sup> Updated projections in this note might differ from those in other staff reports on this country due to methodological differences outlined in Annex I.

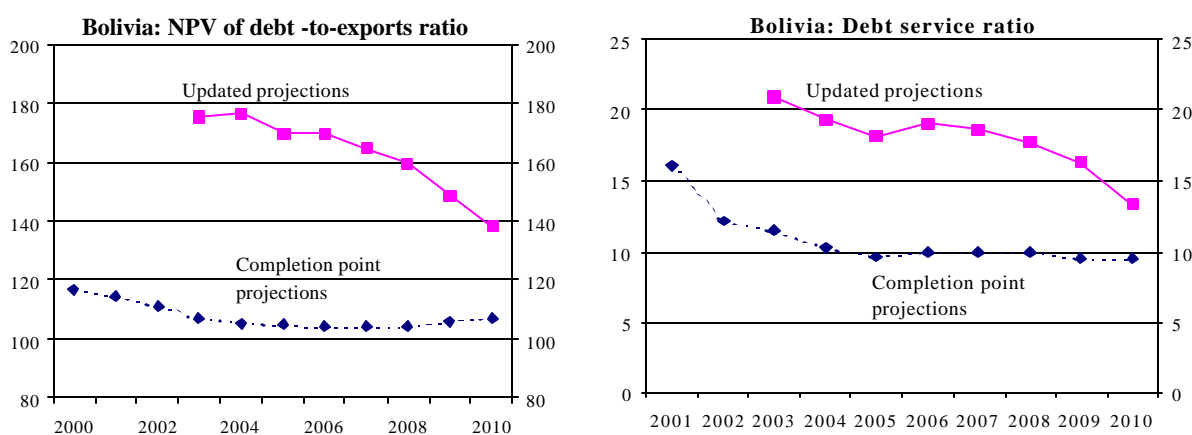
<sup>30</sup> 2001 was the reference year in the completion point document.



and BCEAO have not yet confirmed their participation in the Initiative. The Paris Club agreed in April 2003 to implement a stock-of-debt operation that would deliver in full its share of assistance. Furthermore, three (China, Kuwait, and Libya) out of seven non-Paris Club creditors have indicated their intention to provide HIPC relief. Finally, debt owed to Argentina, as well as debt held by commercial creditors, was settled through buyback operations.

## Bolivia

### External Debt Indicators After HIPC Debt Relief



Bolivia reached the completion point under the original and enhanced HIPC Initiatives in September 1998 and May 2001, and is expected to receive debt relief of US\$448 million and US\$854 million in NPV terms, respectively. In total, estimated nominal assistance under both Initiatives amounts to approximately US\$2.1 billion.

Bolivia's updated NPV of debt-to-exports ratio<sup>31</sup> increased from 117 percent at end-2000<sup>32</sup> to 176 percent at end-2003 (a 59 percentage points increase). The updated projections exhibit a declining trend, but never reach the levels projected at the time of completion point over the medium term.<sup>33</sup> The main factors accounting for the increase in the NPV of debt-to-export ratio are: (i) higher than expected fiscal deficits and less concessional new borrowing than expected at the completion point, and (ii) lower export earnings compared to the completion

<sup>31</sup> After full delivery of HIPC assistance and bilateral debt relief beyond HIPC.

<sup>32</sup> Corresponds to the estimate presented in the completion point document.

<sup>33</sup> Updated projections in this note might differ from those in other staff reports on this country due to methodological differences outlined in Annex I.

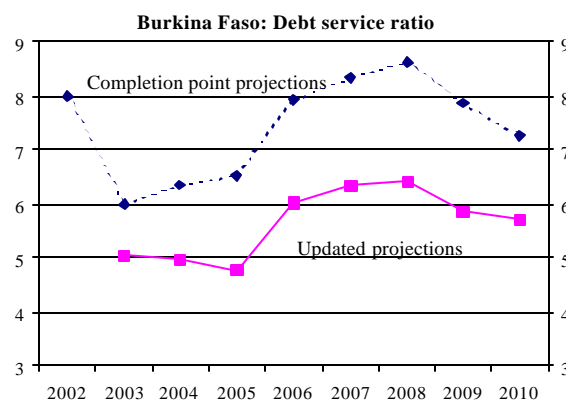
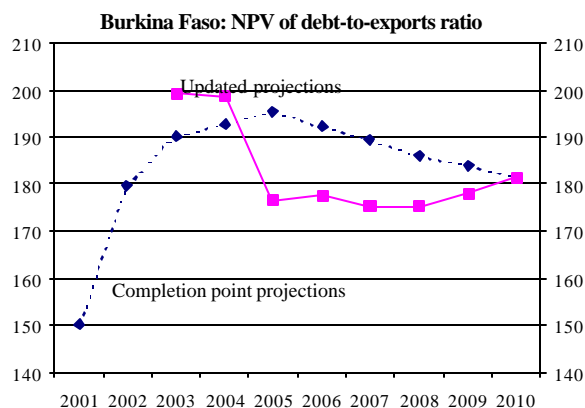
point projections. Changes in global interest rates as well as the depreciation of the U.S. dollar against the Euro also played a role in the increase in the ratio.

Debt-service ratios are projected to be higher than that estimated at the completion point. By end-2003 this ratio was estimated at 20.9 percent, and is expected to decrease gradually to 13.3 percent by end-2010.

**Creditor Participation:** Creditors holding about 95 percent of Bolivia’s debt have agreed to provide debt relief. All multilateral creditors are delivering their share of assistance, and virtually all bilateral agreements with Paris Club creditors have been signed.<sup>34</sup> Brazil has also agreed to provide debt relief on comparable Paris Club terms. Of the three non-Paris Club creditors, assurances of debt relief have not been provided by BIAPE (Venezuela), China, and Taiwan Province of China.

### Burkina Faso

#### External Debt Indicators After HIPC Debt Relief



Burkina Faso reached its completion point under the original and enhanced HIPC Initiatives in July 2000 and March 2002 and is expected to receive debt relief of US\$229 million and US\$195 million in NPV terms respectively. An additional US\$129 million in NPV terms was approved as topping-up assistance at the second completion point.

At end-2003 the updated NPV of debt-to-exports ratio had increased to 199 percent, relative to 150 percent at end-2001.<sup>35</sup> The updated ratios decline after 2005 and by end-2010

<sup>34</sup> Under the Agreed Minutes dated October 1998 and July 2001.

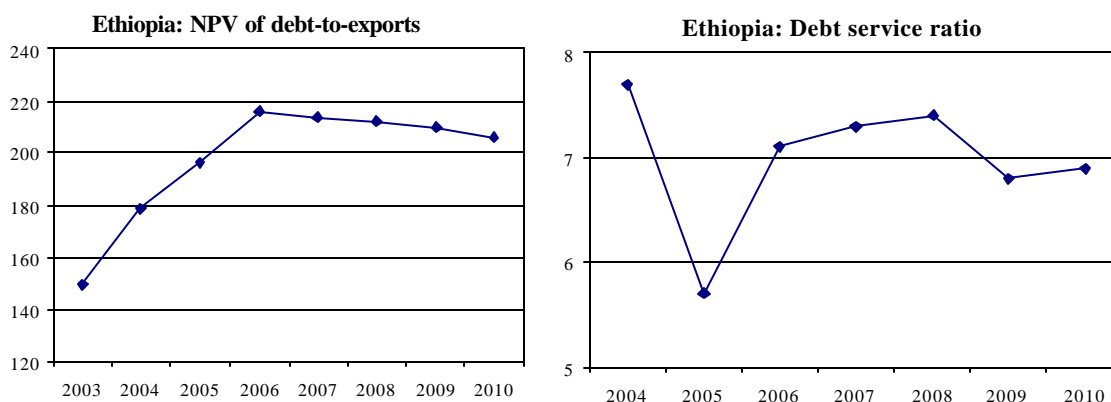
<sup>35</sup> The reference year for Burkina Faso’s completion point calculations was end-2001.

converge to the 181 percent projected at the completion point.<sup>36</sup> Higher-than-projected export earnings, relative to the completion point projections help explain the sharp decline in the profile. Debt-service ratios average 5.6 percent over the medium term and are 2 percentage points lower relative to completion point estimations.

**Creditor Participation:** Creditors holding 76 percent of Burkina Faso’s debt have started to provide enhanced HIPC relief. Of seven non–Paris Club creditors, Kuwait, and Saudi Arabia have agreed to provide debt relief in amounts lower than envisaged under the HIPC Initiative. ECOWAS has indicated that it will not provide its share of assistance. Financing assurances for topping up have been obtained from the World Bank, the AfDB, BADEA, BOAD, the IsDB, the OPEC Fund, the EU, and Paris Club creditors.

## Ethiopia

### External Debt Indicators After HIPC Debt Relief



Ethiopia reached its completion point under the enhanced HIPC Initiative in April 2004 and is expected to receive debt relief of US\$1.3 billion in NPV terms (approximately US\$3.3 billion in nominal terms) as well as US\$0.7 billion in NPV terms in topping-up assistance.

At completion point, the end-2003 NPV of debt-to-exports ratio after additional bilateral relief and topping up was estimated at 150 percent. The ratio peaks at 216 percent in 2006 before modestly declining over the medium term to 206 percent in 2010. This profile reflects an increase in the NPV of debt after full provision of relief, explained mainly by expected new debt disbursements in the years following the completion point. The debt-service ratio is projected to decrease from 7.7 percent in 2004 to 6.9 percent by end-2010. The relatively

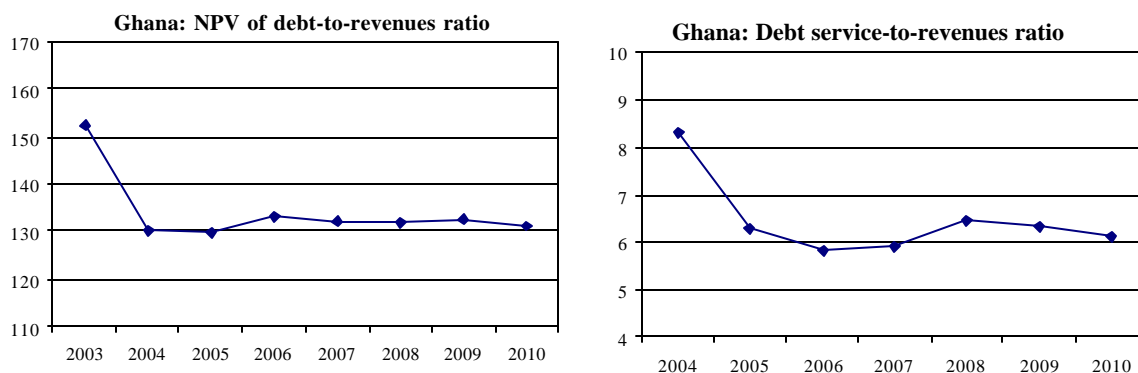
<sup>36</sup> Updated projections in this note might differ from those in other staff reports on this country due to methodological differences outlined in Annex I.

modest debt service level over the medium term reflects the impact of concessional new lending.

**Creditor Participation.** Creditors representing 92 percent of total HIPC Initiative debt relief estimated at the decision point have given satisfactory financing assurances. Paris Club creditors have agreed in principle to provide assistance under the enhanced HIPC Initiative on Cologne terms. Non-Paris Club bilateral and commercial creditors are expected to provide treatment comparable to that of Paris Club, however, as of June 2004 only Bulgaria, Hungary, and Poland have indicated their intentions to provide HIPC relief. The Ethiopian authorities will continue their effort to obtain HIPC Initiative relief from creditors that are not yet participating in the Initiative.

## Ghana

### External Debt Indicators After HIPC Debt Relief



Ghana reached its completion point in July 2004 and is expected to receive debt relief of US\$2.2 billion in NPV terms (approximately US\$3.5 billion in nominal terms).

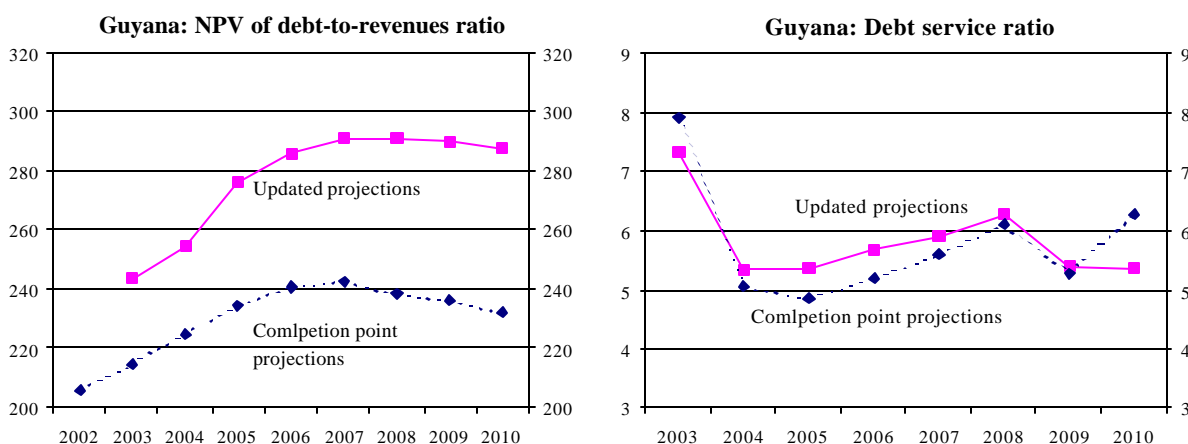
The completion point debt sustainability analysis shows that after HIPC assistance and additional bilateral relief Ghana's NPV of debt-to-fiscal revenues at end-2003 is 152 percent, and is projected to hover around 130 percent until 2010. The debt-service-to-revenues ratio is expected to average 6.2 percent over the medium term. The completion point debt-ratio projections are predicated on a stable revenue-to-GDP ratio (21 percent on average), new borrowing that is on highly concessional terms and a significant portion of its gross financing in the form of grants.

**Creditor Participation:** As of May 2004, satisfactory financing assurances with respect to creditor participation in enhanced HIPC assistance for Ghana have reached 89.6 percent of the total assistance approved in February 2002. The IMF, IDA, AfDB, and the EU/EIB have provided interim assistance. Negotiations with Paris Club creditors were successfully concluded in July 2004, and many creditors also agreed to provide additional assistance beyond HIPC relief on a bilateral basis. A number of non-Paris Club creditors have also

agreed to participate but have not signed any formal agreements so far. Korea and India are still in negotiations with Ghana. The authorities are actively seeking the official endorsement of the remaining creditors.

## Guyana

### External Debt Indicators After HIPC Debt Relief



Guyana reached its completion point under the original and enhanced HIPC Initiatives in May 1999 and December 2003 and is expected to receive debt relief of US\$256 million and US\$335 million in NPV terms, respectively (approximately US\$1.4 billion in nominal terms).

Guyana’s updated debt ratios indicate that the NPV of debt-to-fiscal revenues ratio at end-2003 is estimated to be 243 percent, representing an increase of 37 percentage points relative to the ratio at end-2002 (206 percent).<sup>37</sup> The updated NPV debt-ratio projections show a rising trend over the medium term, reaching 280 percent in 2010.<sup>38</sup> The depreciation of the U.S. dollar against major international currencies and the decline in discount rates from end-2001 to end-2003 are the main factors contributing to the increase in the dollar value of the NPV of debt relative to completion point projections. New borrowing anticipated at the completion point outpaced fiscal revenue growth over the same period, which also contributed to the increase. Updated debt-service ratios are similar in level and trend to completion point projections and remain below 7 percent over the medium term.

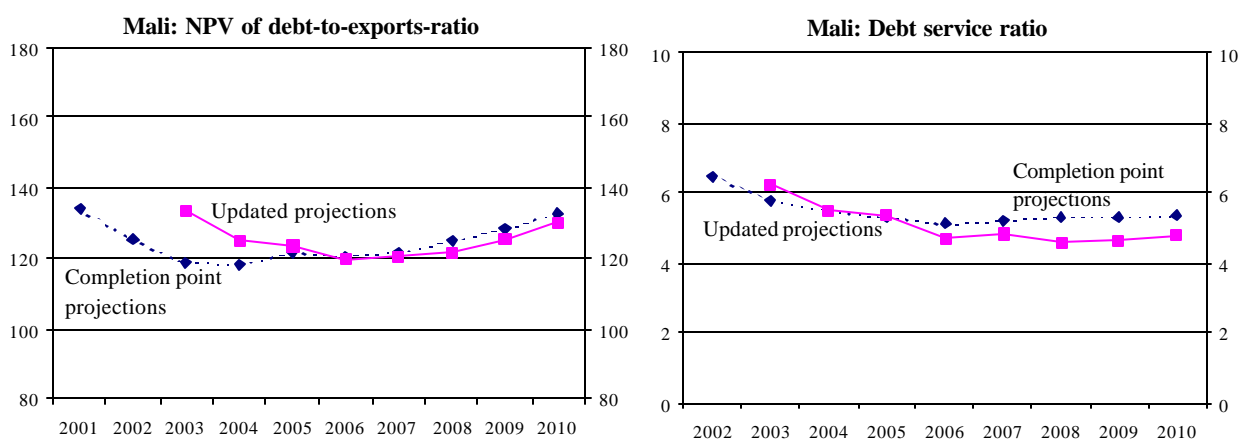
<sup>37</sup> End-2001 was the reference year for completion point calculations.

<sup>38</sup> Updated projections in this note might differ from those in other staff reports on this country due to methodological differences outlined in Annex 1.

**Creditor Participation:** Guyana has received satisfactory financing assurances for 81 percent of HIPC assistance required. In 2003, all Paris Club creditors and Trinidad and Tobago agreed to deliver relief of US\$95 million through a stock-of-debt reduction. A number of Paris Club creditors indicated that they will provide additional voluntary bilateral relief. One multilateral creditor (CMCF) has not yet agreed to provide its assistance to Guyana. Of the 12 non-Paris Club official bilateral creditors, China, India, and Libya indicated their intention to provide their share of HIPC assistance.

## Mali

### External Debt Indicators After HIPC Debt Relief



Mali reached its completion point under the original and enhanced HIPC Initiatives in September 2000 and March 2003, and is expected to receive debt relief of US\$121 million and US\$417 million in 1998 NPV terms, respectively (approximately US\$895 million in nominal terms).

Updated debt ratios for Mali indicate that the NPV of debt-to-exports ratio for end-2003 is 134 percent, unchanged from end-2001.<sup>39</sup> The updated debt-ratio profile is similar to the profile estimated at completion point, which is expected to reach 130 percent by 2010.<sup>40</sup> A higher level of export earnings over the medium term largely explains the improvement in the ratio relative to completion point projections from 2006. The significant increase in the level of exports over the 2001-03 period offsets the increase in the NPV of debt due to

<sup>39</sup> End-2001 was Mali's reference year for the completion point.

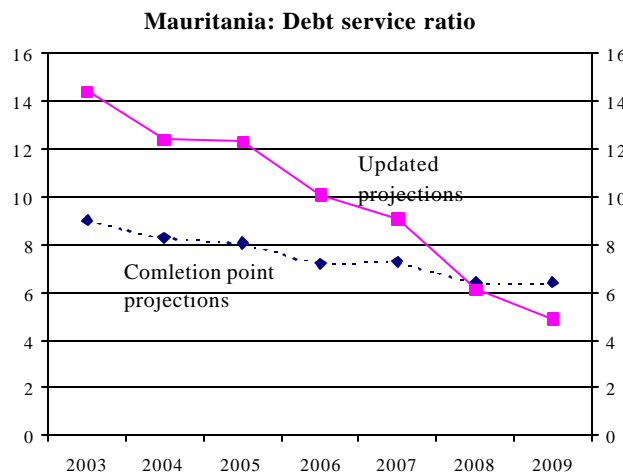
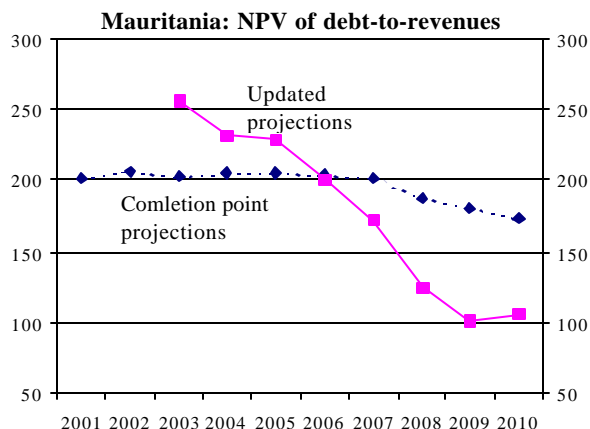
<sup>40</sup> Updated projections in this note might differ from those in other staff reports on this country due to methodological differences outlined in Annex I.

parameter changes<sup>41</sup> and anticipated new borrowing over the same period. The updated debt- service ratio shows a decreasing trend and is expected to be less than 5 percent of exports from 2006 onward.

**Creditor Participation:** As of June 2004, creditors holding about 85 percent of Mali’s debt have started providing debt relief. Mali has received HIPC financing assurance from creditors holding 99 percent of its total debt. Only two multilateral creditors (BCEAO and ECOWAS) and three non-Paris Club bilateral creditors (Algeria, Cote d’Ivoire, and Iraq) have not yet agreed to provide debt relief to Mali.

## Mauritania

### External Debt Indicators After HIPC Debt Relief



Mauritania reached its completion point under the enhanced HIPC Initiative in May 2002 and is expected to receive debt relief of US\$622 million in NPV terms (approximately US\$1.1 billion in nominal terms).

An update of Mauritania’s debt ratios indicate that the NPV of debt-to-fiscal revenues ratio at end-2003 is estimated to be 256 percent,<sup>42</sup> representing an increase of 55 percentage points relative to the ratio at end-2001 (201 percent). The updated profile is above the completion point projections until 2006 when the expected effect of sharply increasing fiscal revenues from exports of crude oil helps reduce the ratio to 111 percent by 2010. Prior to 2006, the key factors explaining the increase in the ratio relative to completion point projections is the

<sup>41</sup> The depreciation of the U.S. dollar against major international currencies and the decline in discount rates from end-2001 to end-2003 led to an increase in the dollar value of the NPV of debt over this period.

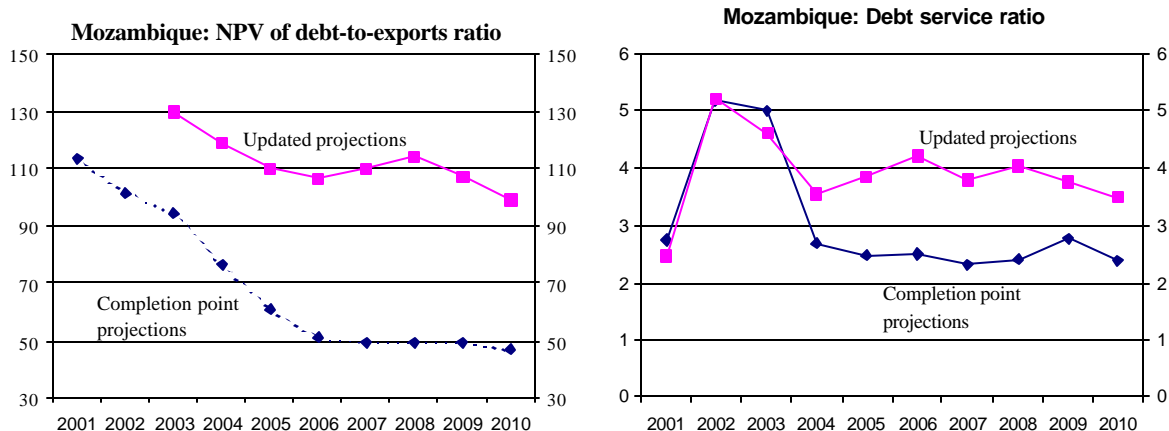
<sup>42</sup> Updated projections in this note might differ from those in other staff reports on this country due to methodological differences outlined in Annex I.

depreciation of the U.S. dollar against major international currencies and the decline in discount rates from end-2001 to end-2003. The updated debt-service ratios are estimated to fall to 5 percent over the medium term as compared with 6 percent in the completion point projection.

**Creditor Participation:** Mauritania has received satisfactory financing assurances of HIPC assistance from creditors holding about 90 percent of its debt. In July 2002, Paris Club creditors agreed to deliver a stock-of-debt reduction of US\$188 million in NPV terms. The authorities have written to all non-Paris Club creditors to secure comparable treatment. Of the seven non-Paris Club creditors, Algeria, Libya, and Iraq have not yet provided irrevocable HIPC debt relief. Among Paris Club creditors, only Brazil has yet to agree on HIPC debt relief.

## Mozambique

### External Debt Indicators After HIPC Debt Relief



Mozambique reached its completion point under the original and enhanced HIPC Initiatives in June 1999 and September 2001 and is expected to receive debt relief of US\$1.7 billion and US\$306 million in NPV terms, respectively (approximately US\$4.3 billion in nominal terms).

An update of Mozambique’s debt ratios indicate an NPV of debt-to-exports ratio of 130 percent at end-2003, 17 percentage points higher than end-2001 (113 percent).<sup>43</sup> The ratio shows a decreasing trend over the medium term, reaching 87 percent by end-2010, but remains above completion point projections over the period.<sup>44</sup> The updated projections also

<sup>43</sup> End-2001 was the reference year used for completion point calculations.

<sup>44</sup> Updated projections in this note might differ from those in other staff reports on this country due to methodological differences outlined in Annex 1.

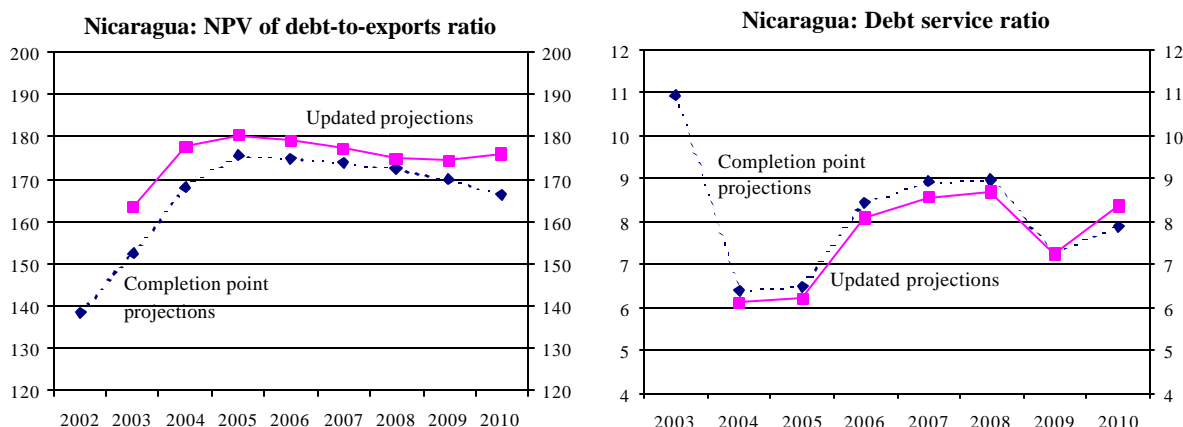


show the debt-service ratio averaging 4 percent over the period, just above the 2.5 percent average estimated at completion point. The depreciation of the U.S. dollar against major international currencies and the decline in discount rates from end-2001 to end-2003 are the main factors leading to the increase in the dollar value of the NPV of debt relative to completion point projections. A strong increase in the level of export receipts over the 2001-03 period has constrained the increase in the debt ratios.

**Creditor Participation:** Creditors holding about 88 percent of Mozambique’s debt provided financing assurances for HIPC debt relief. Of the 16 non-Paris Club official bilateral creditors, China, Kuwait, and South Africa have signed agreements to provide HIPC assistance. Moreover, Algeria and India have made commitments to provide HIPC comparable debt relief. The agreement with India is expected shortly. Libya and Poland have indicated their intention to participate in the Initiative. Most Paris Club creditors have signed agreements committing to provide 100 percent debt relief.

## Nicaragua

### External Debt Indicators After HIPC Debt Relief



Nicaragua reached the completion point under the enhanced HIPC Initiative in January 2004 and is expected to receive debt relief of US\$3.3 billion in NPV terms (approximately US\$4.5 billion in nominal terms).<sup>45</sup>

Updated debt ratios indicate that Nicaragua’s NPV of debt-to-exports ratio at end-2003 reached 164 percent,<sup>46</sup> a 25 percentage points increase compared to the completion point

<sup>45</sup> At the time of the completion point, the assistance approved the decision point was slightly increased due to revision of exports and debt data.

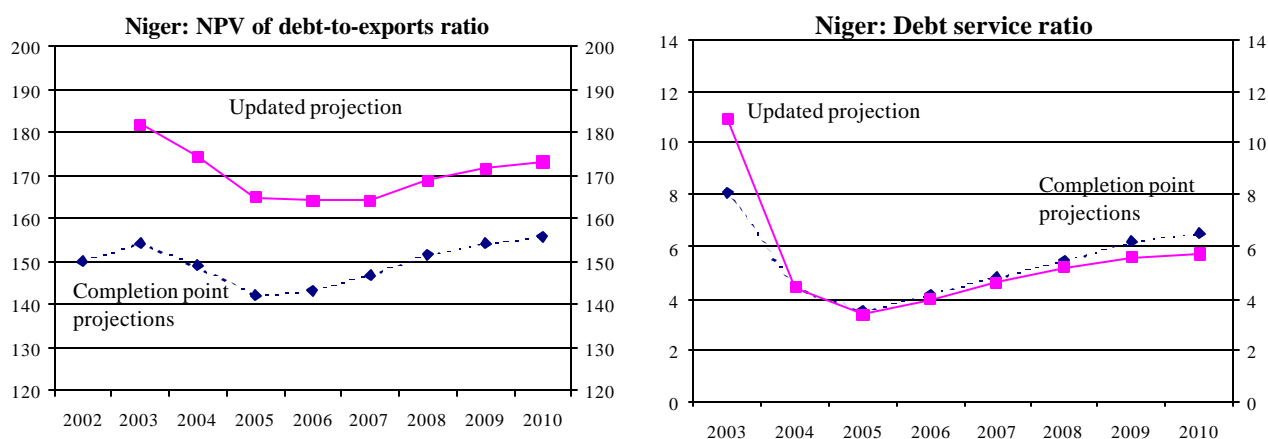
<sup>46</sup> Updated projections in this note might differ from those in other staff reports on this country due to methodological differences outlined in Annex I.

estimate for end-2002 (139 percent).<sup>47</sup> Key factors contributing to the increase are the decline in international interest rates and the weakening of the U.S. dollar against international currencies, whose impact outweighs the effect on the ratio of better than anticipated exports earnings. The updated projections for debt service-to-exports ratio are similar to the path projected at the time of the completion point, and remain less than 9 percent over the period.

**Creditor Participation:** Nicaragua has received satisfactory assurances for about 87 percent of the debt relief required under the enhanced HIPC Initiative. All multilateral creditors have delivered or intend to deliver their share of HIPC assistance in full. Additionally, in March 2004, Paris Club creditors granted a stock treatment delivering their share of assistance under the HIPC Initiative. Regarding non-Paris Club creditors, 17 creditors out of a total of 24 have not agreed to provide debt relief. Nicaragua is the latest HIPC that has requested use of the IDA debt buyback facility. It is expected that US\$270 million of its commercial debt will be bought back with support from the facility.

## Niger

### External Debt Indicators After HIPC Debt Relief



Niger reached its completion point under the enhanced HIPC Initiative in April 2004 and is expected to receive debt relief in the amount of US\$521 million in NPV terms. In addition, topping-up assistance in the amount of US\$143 million in NPV terms was approved at the completion point. Total nominal debt relief, including topping up, was estimated to be approximately US\$1.2 billion.

At completion point, the NPV of debt-to-exports ratio after full delivery of HIPC assistance (including topping up) was estimated at 150 percent as of end-2002. Updated debt ratios

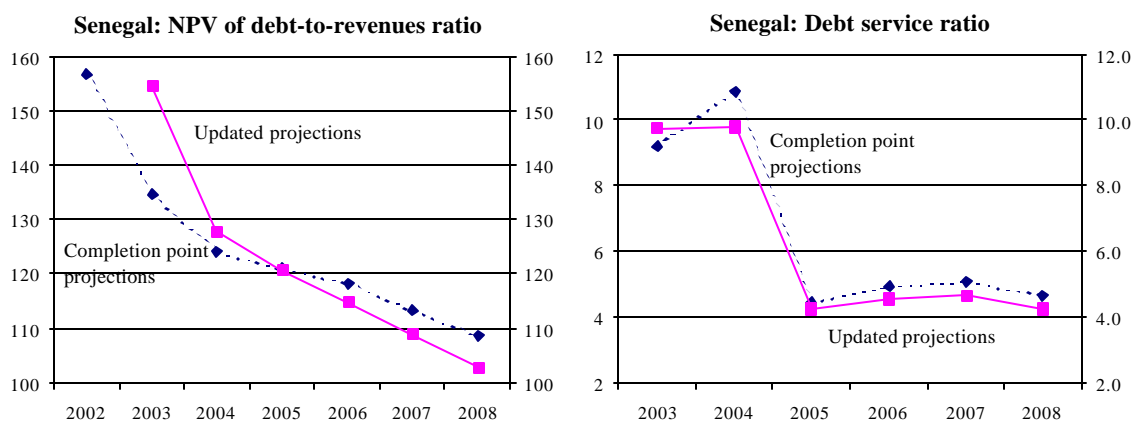
<sup>47</sup> The reference year for the completion point document.

indicate the NPV of debt-to-exports ratio was 182 percent at end-2003, gradually decreasing to 173 percent by end-2010.<sup>48</sup> The higher NPV of debt ratio at end-2003 is explained by the impact of lower discount rates and the depreciation of the U.S. dollar against major international currencies, both having the effect of increasing the dollar value of Niger’s external debt. After 2004, the debt service-to-exports ratio falls below completion point projections during our period of analysis, reaching 5.8 percent by end-2010.

**Creditor Participation:** Niger has received satisfactory financing assurances from creditors holding about 86 percent of its total debt. Among multilateral creditors, only ECOWAS, WAEMU Commission and FECECE (Conseil de l’Entente) have indicated that they would not participate in the HIPC Initiative due to financial constraints. In May 2004, Paris Club creditors cancelled 100 percent of Niger’s obligations. Algeria, China, Kuwait, Libya, and the United Arab Emirates have indicated their intention to provide debt relief in the context of the enhanced HIPC Initiative.

## Senegal

### External Debt Indicators After HIPC Debt Relief



Senegal reached its completion point under the enhanced HIPC Initiative in April 2004 and is expected to receive debt relief of US\$488 million in NPV terms (approximately US\$850 million in nominal terms).

An update of Senegal’s debt ratios indicates that the NPV of debt-to-exports ratio at end-2003 is estimated to be 154 percent, a decrease of 2 percentage points relative to the ratio at end-2002 (156 percent).<sup>49</sup> The updated ratio is projected to decrease gradually to

<sup>48</sup> Updated projections in this note might differ from those in other staff reports on this country due to methodological differences outlined in Annex I.

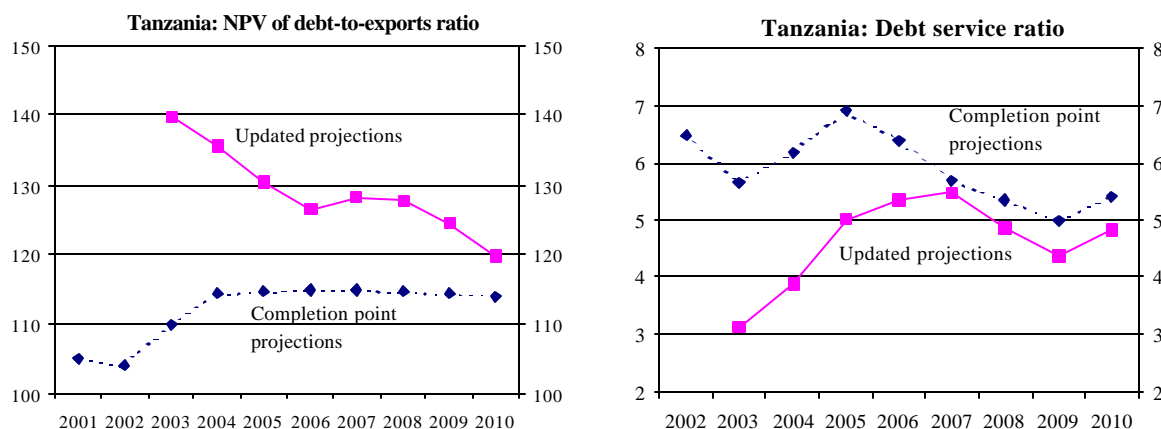
<sup>49</sup> End-2001 was the reference year for completion point calculations.

103 percent by end-2008, about 6 percentage points below the completion point projection.<sup>50</sup> An upward revision to government revenues compared to the completion point assumptions is the key factor explaining the improvement in the profile from 2005. The debt-service ratio is similar to the estimated completion point profile, remaining close to 4 percent of revenues in the medium term.

**Creditor Participation.** Senegal has received assurances of HIPC assistance from creditors holding about 81 percent of its debt. The World Bank, the AfDB, the European Commission, the BOAD, the IMF, and Paris Club creditors have provided interim assistance. The OPEC Fund delivered its full share of debt relief in November 2002. All Paris Club creditors have assured participation and provision of HIPC debt relief. All but one of the multilateral development banks (ECOWAS) have, in principle, agreed to participate in the Initiative. To date, no agreements with non-Paris Club have been signed.

### Tanzania

#### External Debt Indicators After HIPC Debt Relief



Tanzania reached its completion point under the enhanced HIPC Initiative in November 2001 and is expected to receive debt relief of US\$2 billion in NPV terms (approximately US\$3 billion in nominal terms).

Tanzania's updated debt ratios indicate that the NPV of debt-to-exports ratio at end-2003 is estimated to be 140 percent,<sup>51</sup> representing an increase of 35 percentage points relative to the ratio at end-2001 (105 percent).<sup>52</sup> The updated projections show a sharply declining trend

<sup>50</sup> Updated projections in this note might differ from those in other staff reports on this country due to methodological differences outlined in Annex I.

<sup>51</sup> Updated projections in this note might differ from those in other staff reports on this country due to methodological differences outlined in Annex I.

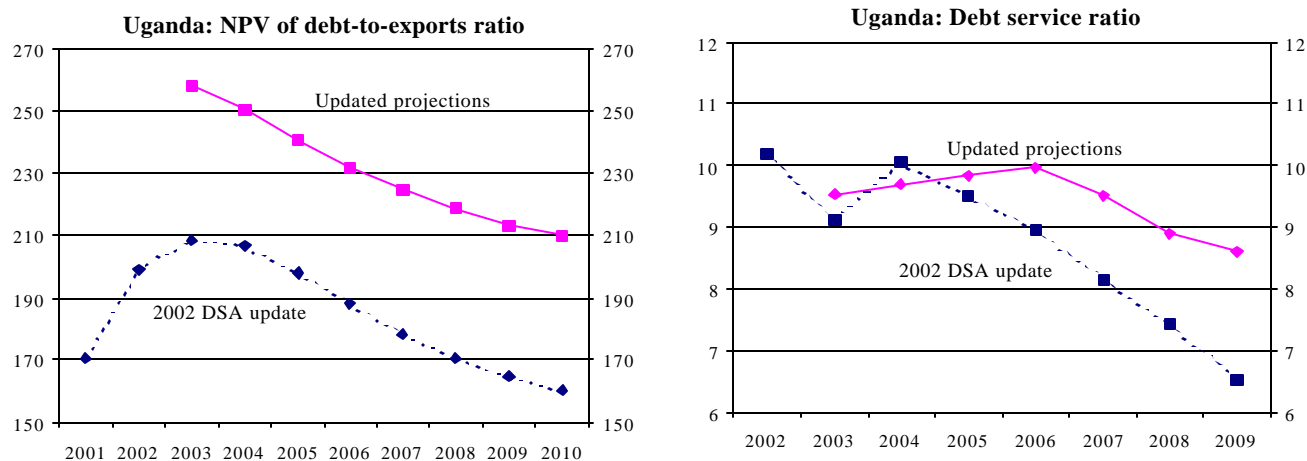
<sup>52</sup> End-2001 was the reference year for completion point calculations.

over the medium term reaching 120 percent in 2010, still 5 percentage points higher than that projected at completion point. The depreciation of the U.S. dollar against major international currencies and the decline in discount rates from end-2001 to end-2003 are the main factors leading to the increase in the dollar value of the NPV of debt relative to completion point projections. The growth in the NPV of new borrowing was more than offset by the increase in export revenues over the 2001–03 period. The updated debt-service ratio profile is lower relative to completion point projections, averaging about 5 percent of exports in the medium term.<sup>53</sup>

**Creditor Participation:** Tanzania has received financing assurances of HIPC assistance from creditors holding about 90 percent of its total debt. Multilateral and Paris Club creditors have committed to deliver debt relief according to the terms of the HIPC Initiative, and most Paris Club creditors have provided additional bilateral debt relief. As of March 2004, among countries that attended the Paris Club negotiations, only Brazil has yet to sign a bilateral agreement. An agreement with Japan, covering a portion of total debt, has recently been signed. Of the non-Paris Club creditors, Bulgaria, China, and Kuwait have provided debt relief, while a few other countries have indicated their intention to do so.

## Uganda

### External Debt Indicators After HIPC Debt Relief



Uganda reached the completion point under the original and enhanced HIPC frameworks in April 1998 and May 2000 and is expected to receive debt relief of US\$347 million and

<sup>53</sup> The change in discount rates over the 2001-03 period does not affect the nominal stream of debt-service payments, allowing the strong growth in export revenues to more than offset the increase in debt service due to exchange rate changes. Moreover, the new borrowing that has occurred since the completion point was largely anticipated at completion point, implying very little change in debt service due to unanticipated new borrowing.

US\$656 million in NPV terms, respectively. Nominal debt service relief under both frameworks amounts to approximately US\$2 billion.

Updated calculations indicate that Uganda's NPV of debt-to-exports ratio at end-June 2003 reached 258 percent, 87 percentage points higher than the estimated end-2001 ratio.<sup>54</sup> The new estimates remain above the 2002 projections during the complete period of analysis.<sup>55</sup> A key factor in explaining this increase was the reduction in global interest rates and weakening of the U.S. dollar relative to other currencies (in particular the Euro and the Yen), which had a negative impact on the NPV value of external debt in dollar terms. New borrowing, largely in line with projections in the 2002 DSA, accounted for some of the increase in the present value of debt between end-2001 and end-2003. The updated debt service-to-export ratio profile is similar to the 2002 projections and declines over the medium term, reaching 7 percent by 2010.

**Creditor Participation:** Thirty-one creditors, corresponding to approximately 96 percent of total HIPC assistance, have agreed to provide debt relief to Uganda. These creditors include the governments of India, Libya, Pakistan, and the Republic of Korea, which have recently pledged to provide debt relief on official debt. The Eastern and Southern African Trade and Development Bank (PTA Bank), Shelter Afrique, ISDB, Burundi, Iraq, Nigeria, Libya, and the United Arab Emirates have not committed to provide debt relief. The Ugandan authorities have paid creditors from Spain and have reached settlement to pay out creditors from the U.K. and the Former SFR Yugoslavia.

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<sup>54</sup> Reference year for the 2002 Debt Sustainability Analysis.

<sup>55</sup> Updated projections in this note might differ from those in other staff reports on this country due to methodological differences outlined in Annex I.

**Annex IV: Comparison of Debt Indicators Between HIPCs and Other Developing Countries**

The comparability of NPV statistics derived from Global Development Finance (GDF) data (on developing countries) and HIPC documents and staff estimates (on HIPCs) is limited by the use of different methodologies to account for debt relief and differences in debt coverage. Notwithstanding these differences, it is worth noting that:

- Debt relief committed under the HIPC Initiative, once delivered, will reduce HIPCs' NPV of debt-to-exports ratio to about 120 percent, around the developing country average but below the average in non-HIPC low-income countries.
- HIPC relief, including interim assistance, has already lowered HIPCs' debt service to about 10 percent of their exports. Their debt service ratios are well below the similar ratios in non-HIPC low-income countries and significantly below those in other developing countries, reflecting the concessionality of their debt.
- Sustainable debt service-to-exports ratios in HIPCs are lower than that in other developing countries, reflecting HIPCs' high vulnerability to shocks.

**Debt Indicators for Developing Countries and HIPCs 1/  
(In percent, weighted averages)**

	Developing Countries		HIPCs 2/			
	Developing Countries Average 3/ (2001)	Non-HIPC Low-income Countries (2002)	Before Enhanced HIPC Relief 4/	Debt Indicators for 2001	Debt Indicators for 2003	After Enhanced HIPC Relief at the Completion Point 5/
NPV of debt-to-exports ratio 6/	120	143	274	275	206	121
NPV of debt-to-GDP ratio	38	39	61	65	45	29
Debt service-to-exports 7/	19	15	16 8/	10	10	7

Sources: Global Development Finance, World Bank; HIPC country documents; and staff estimates.

1/ Figures represent weighted averages. Serbia and Montenegro, Liberia, Somalia, and Turkmenistan have been excluded because of incomplete data. Debt indicators for HIPCs cover public and public guaranteed debt whereas debt indicators for developing countries cover total public and private debt.

2/ The term HIPC countries refers to those 27 countries that have reached the completion or decision point under the enhanced HIPC Initiative by July 2004.

3/ Developing countries comprise low- and middle-income countries according to the World Bank income classification.

4/ Debt stocks are after traditional Paris Club relief before the decision point. Data refer mostly to end-1998 and end-1999 data; for Democratic Republic of Congo, data refer to end-2002.

5/ Data are for 2006.

6/ Exports are defined as the three-year average of exports of goods and non-factor services up to the date specified.

7/ Exports are defined as exports of goods and non-factor services in the current year.

8/ Average over 1998 and 1999.

**Table 1A. Summary Debt Service for 27 Decision Point HIPC**  
(In millions of US dollars, unless otherwise indicated)

	1999	2000	2001	2002	2003	2004	2005	2006
	Actual			Preliminary		Projected		
<b>African Countries (23)</b>								
Debt service paid	2451.0	2518.1	1840.7	1821.2	2056.6			
Total debt service due after enhanced HIPC Initiative relief 1/						2060.0	1702.5	1923.0
Ratio of debt service to exports (in percent) 2/	14.5	14.8	10.2	9.9	9.3	7.8	6.1	6.4
Ratio of debt service to government revenue (in percent) 2/	22.7	24.5	17.0	15.1	14.1	11.9	8.9	9.3
Ratio of debt service to GDP (in percent) 2/	3.1	3.4	2.4	2.2	2.1	1.9	1.5	1.5
<b>Latin American Countries (4)</b>								
Debt service paid	728.3	706.1	721.2	733.6	786.4			
Total debt service due after enhanced HIPC Initiative relief 1/						673.5	569.7	641.2
Ratio of debt service to exports (in percent) 2/	14.4	12.6	13.0	13.0	12.7	9.9	8.0	8.5
Ratio of debt service to government revenue (in percent) 2/	19.3	17.4	18.0	18.4	19.1	15.1	12.3	13.3
Ratio of debt service to GDP (in percent) 2/	4.6	3.7	3.8	3.8	4.0	3.3	2.7	2.9
<b>Total (27 countries)</b>								
Debt service paid	3179.3	3224.2	2561.8	2554.8	2843.0			
Debt service due after enhanced HIPC Initiative relief 1/						2733.5	2272.2	2564.2
<b>Weighted average (27 countries)</b>								
Debt service/exports (in percent)	14.5	14.3	10.8	10.6	10.0	8.2	6.5	6.8
Debt service/government revenue (in percent)	21.8	22.5	17.3	15.9	15.2	12.6	9.6	10.0
Debt service/GDP (in percent)	3.4	3.5	2.7	2.5	2.5	2.1	1.7	1.7

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

1/ The debt service figures for 2000 largely reflect pre-HIPC relief debt service because many countries did not reach the decision point until late in 2000 or later. Thus, the full impact of relief will not be felt until 2001 and thereafter. See Table 5 for a detailed breakdown.

2/ Weighted averages.



**Table 1B. Debt Service for Individual HIPCs that Reached Decision Points, by Country, 1999-2006**  
(In millions of US dollars, unless otherwise indicated)

	1999	2000	2001	2002	2003	2004	2005	2006
	Actual					Projections		
<b>Benin</b>								
Debt service paid	66.0	54.5	36.2	33.0	30.9			
Debt service due after enhanced HIPC Initiative relief 1/						30.3	33.5	36.6
Debt service/exports (in percent)	17.1	15.8	10.1	8.9	6.3	5.5	5.6	5.6
Debt service/government revenue (in percent)	17.3	14.6	9.4	7.2	5.2	4.7	4.8	4.7
Debt service/GDP (in percent)	2.8	2.4	1.5	1.2	0.9	0.7	0.8	0.8
<b>Bolivia</b>								
Debt service paid	249.4	268.3	260.5	274.9	374.0			
Debt service due after enhanced HIPC Initiative relief 1/ 2/						314.5	281.0	324.7
Debt service/exports (in percent)	19.0	18.3	17.1	17.6	20.1	14.7	12.7	14.2
Debt service/government revenue (in percent)	12.7	13.7	14.1	15.6	21.8	16.7	14.7	16.6
Debt service/GDP (in percent)	3.0	3.2	3.3	3.5	4.7	3.8	3.3	3.7
<b>Burkina Faso</b>								
Debt service paid	60.6	57.4	35.3	42.5	51.2			
Debt service due after enhanced HIPC Initiative relief 1/						44.1	43.4	49.3
Debt service/exports (in percent)	23.9	22.9	12.8	13.7	12.5	8.8	7.6	7.9
Debt service/government revenue (in percent)	15.8	18.6	11.4	11.4	9.2	6.9	6.0	5.9
Debt service/GDP (in percent)	2.2	2.2	1.3	1.3	1.1	0.9	0.8	0.8
<b>Cameroon 3/ 4/</b>								
Debt service paid	401.0	437.2	260.9	223.1	279.5			
Debt service due after enhanced HIPC Initiative relief 1/ 5/						283.5	313.1	330.2
Debt service/exports (in percent)	14.6	16.1	9.6	8.2	8.7	8.2	8.9	9.4
Debt service/government revenue (in percent)	24.1	26.3	14.9	11.7	12.3	10.5	10.9	10.9
Debt service/GDP (in percent)	4.4	4.9	3.1	2.3	2.2	2.0	2.0	2.0
<b>Chad 4/</b>								
Debt service paid	29.6	33.5	14.3	32.3	33.7			
Debt service due after enhanced HIPC Initiative relief 1/						48.0	45.3	53.4
Debt service/exports (in percent)	12.3	14.0	5.6	13.2	5.4	2.2	2.3	2.7
Debt service/government revenue (in percent)	24.0	29.4	11.4	20.4	13.6	12.5	11.4	12.4
Debt service/GDP (in percent)	1.9	2.4	0.9	1.6	1.3	1.1	0.9	1.0
<b>Democratic Republic of Congo</b>								
Debt service paid	2.7	...	...	34.2	126.7			
Debt service due after enhanced HIPC Initiative relief 1/						91.7	135.0	198.7
Debt service/exports (in percent)	0.3	...	...	2.9	8.9	5.8	8.0	10.9
Debt service/government revenue (in percent)	1.4	...	...	7.4	23.0	9.0	9.1	12.9
Debt service/GDP (in percent)	0.1	...	...	0.6	2.2	1.4	1.8	2.5
<b>Ethiopia 3/ 4/</b>								
Debt service paid	127.0	119.2	188.9	108.4	82.9			
Debt service due after enhanced HIPC Initiative relief 1/						90.0	73.2	98.3
Debt service/exports (in percent)	13.9	12.1	19.3	11.0	7.3	7.7	5.7	7.1
Debt service/government revenue (in percent)	11.0	10.2	15.5	8.9	6.7	6.3	4.6	5.6
Debt service/GDP (in percent)	2.0	1.8	2.9	1.8	1.2	1.2	0.9	1.1
<b>Gambia, The 2/ 4/</b>								
Debt service paid	19.6	20.7	17.9	11.3	14.0			
Debt service due after enhanced HIPC Initiative relief 1/						18.3	12.3	14.7
Debt service/exports (in percent)	15.0	19.5	19.2	10.8	14.0	12.9	8.2	9.4
Debt service/government revenue (in percent)	25.5	26.6	28.4	18.7	25.0	26.0	17.6	19.9
Debt service/GDP (in percent)	4.5	4.9	4.3	3.1	3.9	4.9	3.1	3.5
<b>Ghana 4/</b>								
Debt service paid	521.5	533.2	242.6	267.0	161.0			
Debt service due after enhanced HIPC Initiative relief 1/						161.6	135.1	133.2
Debt service/exports (in percent)	21.1	21.9	10.1	10.2	5.2	4.8	3.8	3.6
Debt service/government revenue (in percent)	53.4	78.1	25.7	39.1	17.1	15.5	8.7	6.8
Debt service/GDP (in percent)	6.7	10.7	4.6	4.3	2.1	1.9	1.4	1.3
<b>Guinea 4/</b>								
Debt service paid	131.5	143.8	72.5	88.0	85.8			
Debt service due after enhanced HIPC Initiative relief 1/						88.0	82.2	82.8
Debt service/exports (in percent)	17.6	19.6	9.0	11.2	10.7	10.9	9.3	8.8
Debt service/government revenue (in percent)	35.3	45.5	21.3	22.8	22.8	23.2	19.9	18.8
Debt service/GDP (in percent)	3.8	4.6	2.4	2.7	2.4	2.5	2.3	2.2
<b>Guinea-Bissau 4/</b>								
Debt service paid	6.0	13.1	0.4	2.2	4.8			
Debt service due after enhanced HIPC Initiative relief 1/						5.8	4.0	4.6
Debt service/exports (in percent)	10.7	21.1	0.9	4.3	9.4	10.5	6.7	7.3
Debt service/government revenue (in percent)	15.5	35.8	1.0	6.4	15.1	14.6	8.5	10.5
Debt service/GDP (in percent)	2.7	9.4	0.3	1.7	3.1	3.6	2.2	2.5

**Table 1B (continued). Debt Service for Individual HIPCs that Reached Decision Points, by Country, 1999-2006**  
(In million of US dollars, unless otherwise indicated)

	1999	2000	2001	2002	2003	2004	2005	2006
	Actual					Projections		
<b>Guyana 4/ 6/</b>								
Debt service paid	70.0	78.0	96.5	92.2	65.6			
Debt service due after enhanced HIPC Initiative relief 1/						32.8	30.3	33.1
Debt service/exports (in percent)	10.4	11.4	14.5	13.8	9.5	4.6	4.4	4.8
Debt service/government revenue (in percent)	35.0	34.4	43.9	39.5	28.1	13.5	12.3	13.1
Debt service/GDP (in percent)	10.1	11.0	13.5	12.8	8.8	4.2	3.9	4.2
<b>Honduras 7/</b>								
Debt service paid	239.8	175.1	210.9	208.5	229.8			
Debt service due after enhanced HIPC Initiative relief 1/						219.3	184.9	182.4
Debt service/exports (in percent)	10.6	7.0	8.7	8.4	9.5	8.7	7.0	6.4
Debt service/government revenue (in percent)	23.0	16.4	18.1	17.3	17.7	15.6	12.6	11.8
Debt service/GDP (in percent)	4.4	2.9	3.3	3.2	3.4	3.0	2.4	2.2
<b>Madagascar 4/ 8/</b>								
Debt service paid	106.3	64.9	44.9	50.5	53.6			
Debt service due after enhanced HIPC Initiative relief 1/						74.8	72.7	78.4
Debt service/exports (in percent)	11.7	5.5	3.4	6.9	4.7	6.2	4.9	4.6
Debt service/government revenue (in percent)	25.0	14.4	9.8	13.8	9.5	15.2	13.5	13.1
Debt service/GDP (in percent)	2.8	1.7	1.0	1.1	1.0	1.8	1.7	1.7
<b>Malawi 4/</b>								
Debt service paid	64.6	91.6	82.6	53.9	106.5			
Debt service due after enhanced HIPC Initiative relief 1/						53.0	61.6	121.8
Debt service/exports (in percent)	13.0	20.5	17.2	11.3	23.1	10.4	11.7	22.3
Debt service/government revenue (in percent)	20.5	32.5	29.4	18.1	30.5	13.8	16.6	29.6
Debt service/GDP (in percent)	3.6	5.3	4.8	2.9	6.2	3.0	3.2	6.1
<b>Mali</b>								
Debt service paid	83.6	77.3	54.6	66.5	65.9			
Debt service due after enhanced HIPC Initiative relief 1/						73.3	73.1	75.5
Debt service/exports (in percent)	12.3	12.0	6.2	6.2	5.8	5.4	5.1	4.7
Debt service/government revenue (in percent)	19.6	20.8	13.1	11.2	8.1	8.7	7.8	7.1
Debt service/GDP (in percent)	3.1	2.9	1.8	2.0	1.5	1.5	1.3	1.3
<b>Mauritania 9/</b>								
Debt service paid	81.4	87.2	74.2	74.1	55.2			
Debt service due after enhanced HIPC Initiative relief 1/						56.3	55.4	55.6
Debt service/exports (in percent)	22.4	23.0	19.2	19.4	15.7	13.4	12.8	7.4
Debt service/government revenue (in percent)	30.4	36.1	40.1	20.9	18.0	16.1	15.2	13.0
Debt service/GDP (in percent)	8.5	9.1	7.5	7.5	4.9	4.5	4.1	3.2
<b>Mozambique</b>								
Debt service paid	60.2	18.0	27.1	42.0	49.7			
Debt service due after enhanced HIPC Initiative relief 1/						62.2	68.5	78.1
Debt service/exports (in percent)	9.4	2.3	2.7	3.8	3.9	3.7	4.0	4.4
Debt service/government revenue (in percent)	12.3	4.1	6.7	8.3	8.1	8.4	8.3	8.5
Debt service/GDP (in percent)	1.5	0.5	0.8	1.2	1.2	1.2	1.2	1.3
<b>Nicaragua 4/ 10/</b>								
Debt service paid	169.1	184.7	153.3	158.0	117.0			
Debt service due after enhanced HIPC Initiative relief 1/						106.9	73.4	101.0
Debt service/exports (in percent)	20.3	19.3	16.2	17.5	11.7	10.1	6.5	8.5
Debt service/government revenue (in percent)	29.7	23.3	20.1	20.0	13.5	11.4	7.3	9.6
Debt service/GDP (in percent)	12.5	4.7	3.8	3.9	2.8	2.5	1.6	2.2
<b>Niger 4/</b>								
Debt service paid	18.9	22.4	34.1	53.0	24.8			
Debt service due after enhanced HIPC Initiative relief 1/						23.1	25.6	30.9
Debt service/exports (in percent)	5.9	7.9	12.2	17.5	6.4	5.3	5.4	6.3
Debt service/government revenue (in percent)	10.6	14.5	18.8	23.0	9.2	7.2	7.1	7.7
Debt service/GDP (in percent)	0.9	1.2	1.8	2.4	0.9	0.7	0.8	0.9
<b>Rwanda 4/ 5/</b>								
Debt service paid	37.0	37.3	17.9	13.6	12.6			
Debt service due after enhanced HIPC Initiative relief 1/						13.6	10.0	15.7
Debt service/exports (in percent)	39.0	24.9	11.4	10.3	10.0	9.9	6.3	9.0
Debt service/government revenue (in percent)	23.0	23.4	9.5	6.9	6.0	6.0	4.1	6.1
Debt service/GDP (in percent)	2.4	2.1	1.0	0.8	0.7	0.8	0.6	0.8

**Table 1B (concluded). Debt Service for Individual HIPCs that Reached Decision Points, by Country, 1999-2006**  
(In million of US dollars, unless otherwise indicated)

	1999	2000	2001	2002	2003	2004	2005	2006
	Actual					Projections		
<b>São Tomé and Príncipe 4/</b>								
Debt service paid	2.0	3.9	4.7	4.9	5.5			
Debt service due after enhanced HIPC Initiative relief 1/						16.1	6.9	2.7
Debt service/exports (in percent)	11.8	25.0	30.1	25.0	24.5	64.5	24.4	8.4
Debt service/government revenue (in percent)	21.4	38.7	46.4	39.2	35.8	94.6	40.5	14.8
Debt service/GDP (in percent)	4.1	8.4	9.8	9.1	9.2	24.9	11.2	4.0
<b>Senegal</b>								
Debt service paid	178.0	253.4	242.1	311.8	444.6			
Debt service due after enhanced HIPC Initiative relief 1/						203.6	88.5	102.4
Debt service/exports (in percent)	12.0	19.4	17.3	20.4	23.4	9.1	3.7	4.1
Debt service/government revenue (in percent)	22.0	32.0	29.4	32.6	35.8	13.7	5.4	5.8
Debt service/GDP (in percent)	4.0	5.8	5.2	6.2	6.8	2.6	1.1	1.1
<b>Sierra Leone</b>								
Debt service paid	36.5	52.7	94.7	21.0	19.9			
Debt service due after enhanced HIPC Initiative relief 1/						23.6	13.7	10.6
Debt service/exports (in percent)	39.6	48.1	82.1	14.7	10.9	10.3	4.7	3.0
Debt service/government revenue (in percent)	77.4	72.7	90.6	18.4	16.3	17.9	9.1	6.3
Debt service/GDP (in percent)	5.5	8.3	12.6	2.7	2.5	2.9	1.5	1.1
<b>Tanzania 3/ 11/</b>								
Debt service paid	193.0	154.4	92.0	109.0	100.3			
Debt service due after enhanced HIPC Initiative relief 1/						129.6	150.0	150.6
Debt service/exports (in percent)	16.2	11.8	6.4	7.3	5.8	6.9	7.4	7.0
Debt service/government revenue (in percent)	19.8	16.1	9.1	10.2	8.9	10.0	10.1	8.8
Debt service/GDP (in percent)	2.2	1.7	1.0	1.2	1.0	1.2	1.3	1.2
<b>Uganda 3/</b>								
Debt service paid	98.0	103.3	60.6	56.3	60.6			
Debt service due after enhanced HIPC Initiative relief 1/						93.0	99.1	112.2
Debt service/exports (in percent)	11.8	15.6	8.8	8.1	7.8	10.0	10.2	10.9
Debt service/government revenue (in percent)	12.9	16.1	9.7	8.1	8.5	10.7	10.8	11.9
Debt service/GDP (in percent)	1.7	1.8	1.0	1.0	1.0	1.4	1.4	1.5
<b>Zambia 4/</b>								
Debt service paid	126.0	139.1	142.1	122.7	186.9			
Debt service due after enhanced HIPC Initiative relief 1/						376.5	100.4	86.6
Debt service/exports (in percent)	14.9	15.9	13.5	11.4	14.1	23.4	5.5	4.4
Debt service/government revenue (in percent)	22.9	18.7	23.6	20.0	24.4	44.7	11.9	9.8
Debt service/GDP (in percent)	4.0	4.3	3.9	3.3	4.3	7.3	1.9	1.5
<b>Total debt service paid 4/</b>	3179.3	3224.2	2561.8	2554.8	2843.0			
<b>Total debt service due 1/</b>						2733.5	2272.2	2564.2
<b>Ratio of debt service to exports (in percent)</b>								
Simple average	15.8	16.7	14.2	11.6	10.9	10.9	7.5	7.5
Weighted average	14.5	14.3	10.8	10.6	10.0	8.2	6.5	6.8
<b>Ratio of debt service to government revenue (in percent)</b>								
Simple average	23.8	26.4	21.2	17.7	16.7	16.8	11.4	11.2
Weighted average	21.8	22.5	17.3	15.9	15.2	12.6	9.6	10.0
<b>Ratio of debt service to GDP (in percent)</b>								
Simple average	3.9	4.4	3.6	3.2	3.0	3.2	2.2	2.1
Weighted average	3.4	3.5	2.7	2.5	2.5	2.1	1.7	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 Bolivia and Mozambique, these figures are also after additional bilateral assistance beyond HIPC.

2/ Debt service is higher than anticipated at the decision point due to higher new borrowing than previously projected.

3/ On fiscal year basis, i.e. 2000 column shows FY 1999/2000.

4/ 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.

5/ Debt service is lower than anticipated at the decision point due to lower financing needs than previously projected.

6/ Debt service in 2002 is higher than anticipated at the decision point because the completion point has been delayed.

7/ Honduras received less interim relief in 2001 than anticipated at the decision point.

8/ The relief for Madagascar is indicative and subject to change. The Madagasy authorities and Paris Club creditors would need to revisit the outstanding bilateral debt numbers. Also, minor adjustments need to be incorporated in the case of three multilateral creditors. Consequently, the IMF Board approved US\$790 million in HIPC relief with the understanding that Madagascar's exact level of HIPC assistance will be determined once such revisions are made.

9/ Debt service figures differ from those in the decision point document due to exchange rate changes.

10/ Debt service due in 2002/03 reflects a hypothetical assumption that arrears to non-Paris Club creditors (about US\$2 billion) would be regularized and serviced. It also reflects the resumption of payments to the Paris Club creditors that had provided a total deferral of debt service in the wake of Hurricane Mitch in 1998, and upfront payments associated with debt rescheduling agreements.

11/ 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 27 Countries that Reached Decision Points**

	1999	2000	2001	2002	2003	2004	2005	2006
<i>(In millions of US dollars)</i>								
<b>Poverty reducing expenditure 1/</b>								
African Countries	4140.3	4031.7	4463.9	5430.3	6976.6	8402.9	8636.3	9243.4
Latin American Countries	1799.7	1883.1	1975.0	2027.2	2102.4	2296.6	2423.2	2626.3
Total	5939.9	5914.8	6438.9	7457.5	9079.0	10699.6	11059.5	11869.8
<i>(In percent)</i>								
<b>Ratio of poverty reducing expenditure to government revenue 2/</b>								
African Countries	38.6	39.2	41.3	44.9	47.8	48.7	45.2	44.5
Latin American Countries	47.6	46.5	49.4	50.8	51.2	51.4	52.3	54.7
Total	40.9	41.3	43.5	46.4	48.5	49.3	46.6	46.4
<b>Ratio of poverty reducing expenditure to GDP 2/</b>								
African Countries	5.5	5.4	5.8	6.6	7.3	7.8	7.4	7.4
Latin American Countries	10.8	9.9	10.3	10.6	10.7	11.2	11.4	11.7
Total	6.4	6.3	6.7	7.4	7.9	8.3	8.0	8.0

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 Individual HIPCs that Reached Decision Points, by Country 1/

	1999	2000	2001	2002	2003	2004	2005	2006
	Actual			Preliminary		Projections		
<b>Benin</b>								
Poverty Reducing Expenditure 2/	114.5	110.2	161.0	162.2	179.9	289.0	289.0	289.0
Poverty Reducing Expenditure/Government Revenue (in percent)	30.0	29.5	41.8	35.4	30.4	45.2	41.4	37.4
Poverty Reducing Expenditure/GDP (in percent)	4.8	4.8	6.7	6.0	5.2	7.1	6.6	6.1
<b>Bolivia</b>								
Poverty Reducing Expenditure 3/	882.0	899.6	978.2	981.6	959.4	1018.4	1080.6	1146.5
Poverty Reducing Expenditure/Government Revenue (in percent) 25/	44.8	45.8	52.8	55.9	56.0	54.1	56.4	58.8
Poverty Reducing Expenditure/GDP (in percent)	10.7	10.7	12.2	12.6	12.2	12.4	12.8	13.1
<b>Burkina Faso</b>								
Poverty Reducing Expenditure 4/	113.8	98.1	135.4	156.7	237.2	271.7	304.0	331.9
Poverty Reducing Expenditure/Government Revenue (in percent)	29.6	31.9	43.5	42.0	42.6	42.6	42.0	40.0
Poverty Reducing Expenditure/GDP (in percent)	4.0	3.7	4.8	4.9	5.2	5.5	5.7	5.7
<b>Cameroon</b>								
Poverty Reducing Expenditure 2/	264.0	286.7	335.6	365.0	489.0	499.6	533.3	581.4
Poverty Reducing Expenditure/Government Revenue (in percent)	15.8	17.3	19.2	19.2	21.5	18.4	18.6	19.2
Poverty Reducing Expenditure/GDP (in percent)	2.9	3.2	3.9	3.7	3.9	3.4	3.4	3.5
<b>Chad</b>								
Poverty Reducing Expenditure 5/	63.0	62.4	64.3	84.8	112.8	198.7	232.7	261.3
Poverty Reducing Expenditure/Government Revenue (in percent)	50.0	54.8	51.4	53.7	45.5	51.7	58.7	60.7
Poverty Reducing Expenditure/GDP (in percent)	4.0	4.4	3.9	4.2	4.3	4.4	4.6	4.9
<b>Democratic Republic of Congo</b>								
Poverty Reducing Expenditure 6/	...	...	...	26.2	96.1	438.0	459.9	482.9
Poverty Reducing Expenditure/Government Revenue (in percent)	...	...	...	5.7	17.4	43.1	31.0	31.3
Poverty Reducing Expenditure/GDP (in percent)	...	...	...	0.5	1.7	6.5	6.3	6.0
<b>Ethiopia</b>								
Poverty Reducing Expenditure 7/	710.0	534.2	733.5	884.1	1001.4	1291.6	1379.7	1522.8
Poverty Reducing Expenditure/Government Revenue (in percent) 26/	60.9	45.9	60.1	72.6	80.7	90.0	86.9	87.3
Poverty Reducing Expenditure/GDP (in percent)	11.0	8.2	11.3	14.6	15.1	17.6	17.5	17.8
<b>The Gambia</b>								
Poverty Reducing Expenditure 8/	23.5	20.8	23.0	21.1	18.6	18.7	19.5	20.9
Poverty Reducing Expenditure/Government Revenue (in percent)	30.2	26.7	36.5	35.0	33.2	26.6	28.0	28.2
Poverty Reducing Expenditure/GDP (in percent)	5.4	4.9	5.5	5.7	5.2	5.0	5.0	5.0
<b>Ghana</b>								
Poverty Reducing Expenditure 9/	344.8	189.2	236.3	276.1	483.3	584.9	644.7	697.2
Poverty Reducing Expenditure/Government Revenue (in percent)	35.3	27.7	25.1	26.5	31.1	30.0	30.0	30.4
Poverty Reducing Expenditure/GDP (in percent)	4.4	3.8	4.5	4.5	6.3	6.8	6.8	6.8
<b>Guinea</b>								
Poverty Reducing Expenditure 10/	85.1	79.8	102.9	104.9	85.0	85.4	134.8	139.2
Poverty Reducing Expenditure/Government Revenue (in percent)	22.8	25.3	30.3	27.1	22.5	22.5	32.6	31.5
Poverty Reducing Expenditure/GDP (in percent)	2.5	2.6	3.4	3.3	2.3	2.4	3.8	3.7
<b>Guinea-Bissau</b>								
Poverty Reducing Expenditure 2/	...	...	...	6.3	7.3	7.6	8.0	8.6
Poverty Reducing Expenditure/Government Revenue (in percent)	...	...	...	18.4	23.0	19.0	17.2	19.7
Poverty Reducing Expenditure/GDP (in percent)	...	...	...	4.9	4.8	4.7	4.5	4.7
<b>Guyana</b>								
Poverty Reducing Expenditure 11/	87.0	146.5	147.6	150.7	158.6	157.5	154.7	159.5
Poverty Reducing Expenditure/Government Revenue (in percent)	43.6	64.7	67.2	64.6	67.9	64.8	62.8	63.0
Poverty Reducing Expenditure/GDP (in percent)	12.5	20.6	20.7	20.9	21.4	20.2	20.0	20.4
<b>Honduras</b>								
Poverty Reducing Expenditure 12/	487.7	476.4	638.4	493.7	512.5	625.0	662.7	763.6
Poverty Reducing Expenditure/Government Revenue (in percent)	46.9	44.5	54.7	40.9	39.6	44.4	45.2	49.5
Poverty Reducing Expenditure/GDP (in percent)	9.0	7.9	10.0	7.5	7.5	8.7	8.7	9.4
<b>Madagascar</b>								
Poverty Reducing Expenditure 13/	156.0	128.4	147.8	164.9	229.4	199.5	205.7	216.0
Poverty Reducing Expenditure/Government Revenue (in percent)	36.7	28.4	32.2	45.2	40.6	40.6	38.1	36.1
Poverty Reducing Expenditure/GDP (in percent)	4.2	3.3	3.3	3.6	4.2	4.9	4.7	4.6
<b>Malawi</b>								
Poverty Reducing Expenditure 14/	208.0	161.0	135.0	190.0	194.0	191.6	196.9	219.5
Poverty Reducing Expenditure/Government Revenue (in percent)	66.1	57.1	48.0	63.7	55.5	50.0	53.0	53.3
Poverty Reducing Expenditure/GDP (in percent)	11.5	9.3	7.9	10.1	11.3	10.7	10.2	11.0
<b>Mali</b>								
Poverty Reducing Expenditure 15/	103.4	149.6	145.7	203.1	308.6	334.1	356.5	381.4
Poverty Reducing Expenditure/Government Revenue (in percent)	24.3	40.2	34.8	34.3	38.0	39.6	38.2	35.9
Poverty Reducing Expenditure/GDP (in percent)	3.8	5.6	4.8	6.1	7.1	6.6	6.5	6.4
<b>Mauritania</b>								
Poverty Reducing Expenditure 16/	85.0	69.8	78.6	104.7	131.2	152.8	168.2	187.9
Poverty Reducing Expenditure/Government Revenue (in percent) 26/	34.7	28.9	42.5	29.6	42.7	43.7	46.3	43.8
Poverty Reducing Expenditure/GDP (in percent)	9.0	7.3	8.0	10.6	11.7	12.1	12.5	11.0
<b>Mozambique</b>								
Poverty Reducing Expenditure 17/	543.0	629.8	590.6	642.4	762.7	853.3	940.0	1007.9
Poverty Reducing Expenditure/Government Revenue (in percent) 26/	52.8	143.3	145.5	127.1	123.7	114.6	113.8	109.7
Poverty Reducing Expenditure/GDP (in percent)	6.3	17.4	17.2	17.8	17.7	16.4	16.4	16.3
<b>Nicaragua</b>								
Poverty Reducing Expenditure 18/	342.9	349.3	361.5	401.2	471.8	495.7	525.1	556.7
Poverty Reducing Expenditure/Government Revenue (in percent) 25/	60.1	44.1	47.4	50.7	54.4	53.1	52.5	52.7
Poverty Reducing Expenditure/GDP (in percent)	15.5	8.8	9.0	10.0	11.4	11.5	11.7	11.9

Table 2B (concluded). Poverty Reducing Expenditure for Individual HIPCs that Reached Decision Points, by Country

	1999	2000	2001	2002	2003	2004	2005	2006
	Actual			Preliminary		Projections		
<b>Niger</b>								
Poverty Reducing Expenditure 2/	104.4	104.3	97.3	125.9	142.0	155.8	178.3	193.4
Poverty Reducing Expenditure/Government Revenue (in percent)	58.2	67.5	53.7	54.5	52.7	48.6	49.4	48.2
Poverty Reducing Expenditure/GDP (in percent)	5.1	5.8	5.0	5.8	5.2	5.0	5.4	5.5
<b>Rwanda</b>								
Poverty Reducing Expenditure 19/	75.2	72.4	90.6	105.7	109.9	120.4	134.8	149.6
Poverty Reducing Expenditure/Government Revenue (in percent)	39.5	45.4	48.1	53.7	52.1	53.3	55.6	58.0
Poverty Reducing Expenditure/GDP (in percent)	3.9	4.0	5.3	6.1	6.5	7.0	7.4	7.8
<b>São Tomé and Príncipe</b>								
Poverty Reducing Expenditure 2/	8.0	8.0	11.9	10.4	11.6	14.3	19.0	17.4
Poverty Reducing Expenditure/Government Revenue (in percent)	87.8	79.9	118.1	83.1	75.8	84.2	110.6	94.6
Poverty Reducing Expenditure/GDP (in percent)	17.0	17.3	25.0	19.4	19.6	22.2	30.6	25.6
<b>Senegal</b>								
Poverty Reducing Expenditure 20/	254.3	227.3	242.6	304.5	517.1	611.2	0.0	0.0
Poverty Reducing Expenditure/Government Revenue (in percent)	30.8	28.7	29.5	31.8	41.7	41.0	0.0	0.0
Poverty Reducing Expenditure/GDP (in percent)	5.3	5.2	5.3	6.0	8.0	7.8	0.0	0.0
<b>Sierra Leone</b>								
Poverty Reducing Expenditure 21/	...	23.5	36.7	57.5	63.7	66.8	72.3	78.8
Poverty Reducing Expenditure/Government Revenue (in percent) 26/	...	32.3	35.1	50.6	52.0	50.6	48.3	46.6
Poverty Reducing Expenditure/GDP (in percent)	...	3.7	4.9	7.3	7.9	8.1	8.1	8.1
<b>Tanzania</b>								
Poverty Reducing Expenditure 22/	412.3	524.7	581.2	790.9	974.7	1038.3	1318.5	1447.7
Poverty Reducing Expenditure/Government Revenue (in percent)	42.8	54.6	57.3	74.0	86.5	80.1	88.6	84.6
Poverty Reducing Expenditure/GDP (in percent)	4.8	5.8	6.2	8.4	10.1	9.9	11.6	11.5
<b>Uganda</b>								
Poverty Reducing Expenditure 23/	306.0	402.5	447.5	553.1	719.9	874.0	885.6	860.5
Poverty Reducing Expenditure/Government Revenue (in percent) 26/	40.4	62.6	71.3	79.3	100.6	101.1	96.9	91.2
Poverty Reducing Expenditure/GDP (in percent)	5.3	7.1	7.7	9.7	12.2	12.7	12.5	11.6
<b>Zambia 3/</b>								
Poverty Reducing Expenditure 24/	166.0	149.0	66.4	89.6	101.0	105.7	154.8	171.0
Poverty Reducing Expenditure/Government Revenue (in percent)	30.1	20.1	11.0	14.6	13.2	12.5	18.4	19.3
Poverty Reducing Expenditure/GDP (in percent)	5.3	4.6	1.8	2.4	2.3	2.1	2.9	3.0
<b>Total poverty reducing expenditure 27/</b>	<b>5,939.9</b>	<b>5,914.8</b>	<b>6,438.9</b>	<b>7,457.5</b>	<b>9,079.0</b>	<b>10,699.6</b>	<b>11,059.5</b>	<b>11,869.8</b>
<b>Ratio of poverty reducing expenditure to government revenue</b>								
Simple average	42.3	46.0	50.0	47.7	49.7	50.6	50.4	49.3
Weighted average	40.9	41.3	43.5	46.4	48.5	49.3	46.6	46.4
<b>Ratio of poverty reducing expenditure to GDP</b>								
Simple average	7.0	7.2	7.9	8.0	8.5	9.0	9.1	8.9
Weighted average	6.4	6.3	6.7	7.4	7.9	8.3	8.0	8.0

Sources: HIPC country documents; and IMF staff estimates.

1/ 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/ 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/ Spending on health, education, rural development, infrastructure, and good governance.

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/ From 2001 onward, reflects GPRS definition of poverty expenditure by Federal government, including primary healthcare, basic education, agriculture, rural water, feeder roads, and rural electricity (and total education and health spending before 2001).

10/ Spending on justice, agriculture, fisheries and aquaculture, public works, urbanization, health, social affairs, primary education, professional and technical education.

11/ Spending on health, education, housing, water, and severances

12/ Spending on education, health, water and sanitation, rural infrastructure, and social safety projects.

13/ Spending on health, education and water

14/ Spending on education, health, social security, welfare, housing, community and social development, publishing and broadcasting services.

15/ Spending on education, health, and social safety nets

16/ Spending on education, health, and poverty reduction programs

17/ Spending on health, education, infrastructure, agriculture, governance, and macroeconomic management.

18/ Education, health, rural infrastructure and food assistance

19/ Spending on internal affairs, agriculture, commerce, education, youth and sports, health, transport and communication, energy and water resources, gender, public service, lands and resettlement, and support to local government.

20/ Health, education and promotion of women

21/ Spending on health, education, social welfare, and some economic services and security-related services

22/ Spending on education, health, water, agricultural research and extension, lands, roads, and the judiciary

23/ Spending on health, education, Poverty Action Fund, some donor funded and administered projects

24/ Coverage extended since 2001: health, education, housing, welfare, information services, and general social services

25/ Level of government includes central, local, and public enterprises

26/ Level of government includes central and local

27/ 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 37 HIPCs 1/  
(In billions of U.S. dollars)**

	September-04		September-03	September-04
	2003 NPV Terms 2/ 4/	(In percent)	2002 NPV Terms 3/	2002 NPV Terms
<b>Total costs 5/</b>	<b>54.5</b>	<b>100.0</b>	<b>50.0</b>	<b>52.0</b>
<b>Bilateral and commercial creditors</b>	<b>29.4</b>	<b>53.9</b>	<b>27.6</b>	<b>28.0</b>
Paris Club	19.0	34.9	18.0	18.1
Other official bilateral	7.6	13.9	7.0	7.2
Commercial	2.8	5.1	2.6	2.7
<b>Multilateral creditors</b>	<b>25.2</b>	<b>46.2</b>	<b>22.4</b>	<b>24.0</b>
World Bank	10.8	19.8	9.6	10.3
<i>Of which</i> : IDA	10.0	18.3	8.9	9.5
IBRD	0.8	1.4	0.8	0.8
IMF 6/	5.2	9.5	4.2	4.9
AfDB/AfDF	3.9	7.2	3.7	3.8
IaDB	1.3	2.4	1.3	1.3
Other	4.0	7.3	3.6	3.8
Memorandum item:				
Total costs excluding Liberia, Somalia, and Sudan	42.0		39.4	40.2

Sources: HIPC Initiative country documents; and staff estimates.

1/ All HIPCs, excluding potentially sustainable cases (Angola, Kenya, Vietnam, and Yemen) and Lao P.D.R., due to uncertainty on debt data.

2/ Reflects: i) updated DSAs for Democratic Republic of Congo and Mali; and ii) updated assumptions on the discount rate used in the NPV calculation.

3/ The discount rate used is the 3-year average SDR CIRR for 1999-2002, which was 5.5 percent

4/ The discount rate used is the 3-year average SDR CIRR for 2000-2003, which was 4.8 percent.

5/ Total costs include estimated costs for Liberia, Somalia and Sudan, based on preliminary DSAs. These estimates are subject to change.

6/ For the IMF, no provision was provided for Somalia, Liberia, and Sudan in the resources mobilized for the PRGF-HIPC Trust in 1999. New bilateral grant resources will need to be mobilized to enable the Fund to provide HIPC Initiative assistance to these countries at an appropriate time.

**Table 4. HIPC Initiative: Breakdown of Estimated Potential Costs by Main Creditors and by Country Groups**  
(In billions of U.S. dollars, in 2003 NPV terms) 1/

	Total (37 countries)	Post-Decision Point Cases (27)		Total (27 countries)	Pre-Decision Point Cases (10)
		Retroactive 2/ (8 countries)	New cases 3/ (19 countries)		Other 4/ (10 countries)
<b>Total costs</b>	<b>54.5</b>	<b>8.0</b>	<b>27.7</b>	<b>35.7</b>	<b>18.9</b>
<b>Bilateral and commercial creditors</b>	<b>29.4</b>	<b>3.1</b>	<b>14.3</b>	<b>17.4</b>	<b>11.9</b>
Paris Club	19.0	2.4	10.7	13.1	5.9
Other official bilateral	7.6	0.6	2.8	3.5	4.1
Commercial	2.8	0.1	0.8	0.9	1.9
<b>Multilateral creditors</b>	<b>25.2</b>	<b>4.8</b>	<b>13.4</b>	<b>18.2</b>	<b>6.9</b>
World Bank	10.8	2.1	6.4	8.5	2.3
<i>Of which</i> : IDA	10.0	2.1	6.0	8.1	1.8
IBRD	0.8	0.0	0.3	0.3	0.5
IMF 5/	5.2	0.8	2.1	2.8	2.3
AfDB/AfDF	3.9	0.5	2.4	2.9	1.0
IaDB	1.3	0.7	0.6	1.3	0.0
Other	4.0	0.7	2.0	2.7	1.3
Memorandum item:					
In percent of total cost	100.0	14.6	50.8	65.4	34.6

Sources: Country authorities; and staff estimates.

1/ All HIPCs, excluding potentially sustainable cases (Angola, Kenya, Vietnam, and Yemen) and Lao P.D.R., for which debt data is not available.

2/ 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.

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

4/ Burundi, Central African Republic, Comoros, Republic of Congo, Côte d'Ivoire, Myanmar, and Togo, Liberia, Somalia, and Sudan.

5/ For the IMF, no provision was made for Somalia, Liberia and Sudan in the resources mobilized for the PRGF-HIPC Trust in 1999.

New bilateral grant resources will need to be mobilized to enable the Fund to provide HIPC Initiative assistance to these countries at an appropriate time.



**Table 5: Projected NPV of Debt in Excess of HIPC Threshold Ratios 1/  
(In millions of U.S. dollars)**

	Parameters as of the Decision Point 2/	Parameters as of end- 2003 2/
Countries qualifying under export criterion		
Cameroon	0	0
Chad	11	194
Congo, Dem. Rep. of	0	0
The Gambia	79	135
Guinea	0	66
Guinea-Bissau	2	23
Madagascar	0	0
Malawi	154	349
Rwanda	131	207
Sao Tome and Principe	0	0
Sierra Leone	0	0
Zambia	0	119
<u>Countries qualifying under the fiscal window</u>		
Honduras	0	0
Senegal	0	0
<b>Total</b>	<b>378</b>	<b>1,093</b>
Memorandum Item: Cost Breakdown		
IMF	17	110
World Bank	242	629
Other multilaterals	99	270
Other bilaterals	20	84

Source: Data on expected completion point, exports and government revenue from country desks, multilateral disbursement data from the WB and the IMF, and IMF and WB Staff estimates.

1/ Countries in the interim period.

2/ The parameters refer to the 6-month average SDR CIRR and the end-of period USD/SDR exchange rate.

**Table 6. HIPC Initiative: Estimates of Costs to Multilateral Creditors and Status of Their Commitments**  
(In millions of U.S. dollars, in 2003 NPV terms)

Creditors	Cost of Providing HIPC Relief	
	27 countries	37 countries
<b>Total</b>	<b>18,183</b>	<b>25,106</b>
<b>Delivering or committed to delivering debt relief 1/</b>	<b>18,108</b>	<b>24,984</b>
World Bank Group	8,447	10,734
International Monetary Fund (IMF)	2,825	5,168
African Development Bank (AfDB)	3,028	4,051
Inter-American Development Bank (IaDB)	1,295	1,295
Central American Bank for Economic Integration (CABEI)	590	590
European Union/European Investment Bank (EU/EIB)	713	904
International Fund for Agricultural Development (IFAD)	290	394
Arab Bank for Economic Development in Africa (BADEA)	205	273
OPEC Fund for International Development	169	281
Islamic Development Bank (IsDB)	144	199
Corporación Andina de Fomento (CAF)	110	110
Arab Fund for Social and Economic Development (AFESD)	73	391
Caricom Multilateral Clearing Facility (CMCF)	66	66
West African Development Bank (BOAD)	50	74
Fund for the Financial Development of the River Plate Basin (FONPLATA)	29	29
Nordic Development Fund (NDF)	26	26
Caribbean Development Bank (CDB)	20	20
Arab Monetary Fund (AMF)	14	251
Central Bank of West African States (BCEAO)	7	39
Nordic Investment Bank (NIB)	4	4
East African Development Bank (EADB)	4	4
Banque des Etats de l'Afrique Centrale (BDEAC)	1	4
Asian Development Bank (AsDB)	0	79
<b>Have not indicated intentions to provide relief under the HIPC Initiative</b>	<b>75</b>	<b>122</b>
Banque des Etats de l'Afrique Centrale (BEAC)	37	37
Economic Community of West African States (ECOWAS)	16	27
Eastern and Southern African Trade and Development Bank (PTA Bank)	9	9
Banque de Développement des Etats des Grands Lacs (BDEGL)	6	6
Conseil de L'Entente (FEGECE)	3	4
Fondo Centroamericano de Estabilización Monetaria (FOCEM)	2	2
Fund for Solidarity and Economic Development (FSID)	1	1
Arab Petroleum Investment Corporation (APICORP)	0	35

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 participation in the entire 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 7A. HIPC Initiative: Status of Delivery of Assistance by the World Bank**  
(In millions of U.S. dollars as of June 1, 2004)

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	27.1	21.8
Bolivia	Feb. 2000	Jun. 2001	221.8	28.0	12.6
Burkina Faso 7/	Jul. 2000	Apr. 2002	236.7	29.0	12.3
Cameroon 8/	Oct. 2000	Floating	265.6	63.9	24.1
Chad	May. 2001	Floating	106.7	16.0	15.0
Congo, Dem. Rep. Of 9/	Jul. 2003	Floating	1,031.2	29.6	2.9
Ethiopia 7/	Nov. 2001	Apr. 2004	1,278.4	67.7	5.3
Gambia, The	Dec. 2000	Floating	31.8	7.1	22.2
Ghana	Feb. 2002	Jul. 2004	1,445.7	99.9	6.9
Guinea	Dec. 2000	Floating	233.6	39.8	17.0
Guinea Bissau	Dec. 2000	Floating	179.6	16.5	9.2
Guyana	Nov. 2000	Dec. 2003	72.0	7.7	10.7
Honduras 8/	Jun. 2000	Floating	179.8	36.8	20.5
Madagascar	Dec. 2000	Floating	436.7	54.9	12.6
Malawi	Dec. 2000	Floating	588.5	67.2	11.4
Mali	Sep. 2000	Mar. 2003	213.2	40.0	18.7
Mauritania	Feb. 2000	Jun. 2002	172.8	25.3	14.6
Mozambique	Apr. 2000	Sep. 2001	80.1	25.2	31.4
Nicaragua	Dec. 2000	Jan. 2004	382.6	26.6	7.0
Niger 7/	Dec. 2000	Apr. 2004	408.7	34.5	8.4
Rwanda	Dec. 2000	Floating	404.8	48.1	11.9
São Tomé and Príncipe	Dec. 2000	Floating	44.9	4.2	9.3
Senegal	Jun. 2000	Apr. 2004	163.9	45.3	27.6
Sierra Leone	Mar. 2002	Floating	229.9	15.2	6.6
Tanzania	Apr. 2000	Nov. 2001	1,157.1	177.8	15.4
Uganda	Feb. 2000	May. 2000	629.1	65.4	10.4
Zambia	Dec. 2000	Floating	885.2	80.0	9.0
<b>Total Enhanced HIPC</b>			<b>11,204.7</b>	<b>1,178.8</b>	<b>10.5</b>
<b>Grand Total</b>			<b>12,921.8</b>	<b>2,895.8</b>	<b>22.4</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 a percentage of IBRD debt service during the interim period (45 percent of IBRD debt service for Cameroon, 50 percent for Honduras); 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 7B. HIPC Initiative: Estimated Delivery of World Bank Assistance, 2000-09

	(In millions of U.S. dollars)									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Debt service before HIPC relief 1/</b>										
Benin	10	12	14	16	16	18	19	20	21	22
Bolivia	31	21	23	27	32	33	36	38	42	47
Burkina Faso 2/	13	14	19	21	15	16	17	17	17	17
Cameroon	87	80	69	59	59	56	49	38	39	39
Congo, Dem. Rep. of	-	-	353	37	40	42	45	49	52	53
Chad	8	11	11	12	14	15	16	18	19	22
Ethiopia	34	36	42	54	63	67	71	74	85	90
Gambia, The	4	4	4	5	5	6	6	6	7	7
Ghana	56	63	65	76	86	93	101	108	115	123
Guinea	18	21	22	26	28	30	33	34	38	41
Guinea-Bissau	5	5	5	6	7	7	8	8	9	9
Guyana 2/	8	8	8	8	6	6	7	7	7	7
Honduras	56	46	45	45	41	40	43	40	41	36
Madagascar	27	29	32	37	42	44	48	52	57	61
Malawi	36	35	36	42	47	49	54	56	58	64
Mali 2/	20	23	25	28	24	27	29	30	31	32
Mauritania	9	9	10	11	12	14	15	16	17	18
Mozambique 2/	19	22	24	27	30	31	33	36	38	41
Nicaragua	12	12	10	12	15	17	18	18	20	23
Niger	14	14	15	17	20	21	25	27	30	30
Rwanda	11	14	16	19	20	22	24	24	26	28
São Tomé and Príncipe	1	1	1	2	2	2	2	2	2	2
Senegal	27	29	31	35	39	43	46	49	55	57
Sierra Leone	4	5	6	9	11	12	13	13	13	13
Tanzania	57	61	68	78	86	87	90	97	100	103
Uganda	29	34	42	53	65	71	72	75	81	85
Zambia	27	33	35	43	41	49	54	58	60	63
	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>624</b>	<b>638</b>	<b>1,033</b>	<b>805</b>	<b>866</b>	<b>918</b>	<b>971</b>	<b>1,012</b>	<b>1,078</b>	<b>1,136</b>
<b>Debt service after HIPC relief</b>										
Benin	8	6	7	9	8	10	10	11	12	12
Bolivia										
<i>after: original HIPC relief</i>	13	-	17	27	32	33	36	38	42	47
<i>enhanced HIPC relief</i>	-	-	8	14	18	19	20	21	24	28
Burkina Faso										
<i>after: original HIPC relief</i>	10	8	13	16	9	11	12	12	11	10
<i>enhanced HIPC relief</i>	7	1	6	9	1	2	3	3	3	1
<i>topping up</i>	-	-	-	8	0	1	1	1	1	-
Cameroon	87	74	41	30	7	16	21	20	21	30
Congo, Dem. Rep. of	-	-	25	12	7	8	8	9	9	10
Chad	8	7	6	7	9	9	10	11	12	13
Ethiopia	34	35	17	26	32	34	36	38	44	47
<i>topping up</i>	34	35	17	26	21	10	11	11	14	15
Gambia, The	4	2	2	2	3	3	3	4	4	4
Ghana	56	63	32	31	37	40	44	48	51	54
Guinea	18	10	11	14	16	17	19	19	22	24
Guinea-Bissau	4	0	0	1	1	1	2	2	2	2
Guyana										
<i>after: original HIPC relief</i>	6	6	7	7	4	4	5	5	5	5
<i>enhanced HIPC relief</i>	6	4	5	4	2	2	2	2	2	2
Honduras	51	27	33	19	20	20	24	24	26	30
Madagascar	27	14	16	20	24	25	28	30	34	37
Malawi	36	18	18	22	24	25	28	29	30	35
Mali										
<i>after: original HIPC relief</i>	16	19	21	24	21	23	25	26	27	29
<i>enhanced HIPC relief</i>	14	9	10	13	8	9	10	11	11	12
Mauritania	5	3	4	5	6	7	7	8	9	9
Mozambique										
<i>after: original HIPC relief</i>	9	11	12	13	14	12	14	16	16	18
<i>enhanced HIPC relief</i>	5	6	6	5	5	2	4	5	4	15
Nicaragua	12	6	2	3	5	5	5	6	6	8
Niger	14	4	5	7	9	9	11	13	14	14
<i>topping up</i>	14	4	5	7	7	6	7	8	9	9
Rwanda	11	1	2	4	5	5	5	6	6	8
São Tomé and Príncipe	1	0	0	0	0	0	0	0	0	0
Senegal	22	15	16	24	28	25	27	29	33	35
Sierra Leone	4	5	2	2	3	3	3	4	4	4

**Table 7B (concluded). HIPC Initiative: Estimated Delivery of World Bank Assistance, 2000-09**  
(In millions of U.S. dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Debt service after HIPC relief</b>										
Tanzania	29	22	25	32	37	38	40	43	45	47
Uganda 3/	16	17	32	47	87	97	98	104	110	118
<i>after: original HIPC relief</i>	13	14	23	33	57	63	64	67	71	75
<i>enhanced HIPC relief</i>	4	3	9	14	30	34	34	37	39	42
Zambia	27	14	13	17	13	15	16	18	20	22
<b>TOTAL</b>	<b>487</b>	<b>350</b>	<b>315</b>	<b>345</b>	<b>343</b>	<b>356</b>	<b>390</b>	<b>418</b>	<b>450</b>	<b>507</b>
<b>World Bank debt relief 8/</b>										
Benin	3	6	7	8	8	8	9	9	9	10
Bolivia	18	21	15	13	13	14	15	16	18	19
<i>of which: original HIPC 5/</i>	18	21	6	-	-	-	-	-	-	-
<i>enhanced HIPC</i>	-	0	9	13	13	14	15	16	18	19
Burkina Faso	6	13	13	14	15	16	16	16	17	18
<i>of which: original HIPC 5/</i>	3	6	6	6	6	6	6	6	6	7
<i>enhanced HIPC</i>	3	7	7	7	8	9	9	9	9	9
<i>topping up</i>	-	-	-	1	1	1	2	2	2	2
Cameroon 9/	-	6	28	29	52	40	28	18	17	9
Congo, Dem. Rep. Of 4/	-	-	329	25	32	34	37	40	42	43
Chad	-	3.4	5	5	6	6	7	7	8	9
Ethiopia	-	1	25	29	43	57	60	62	71	75
<i>enhanced HIPC</i>	-	1	25	29	31	33	35	36	41	43
<i>topping up</i>	-	-	-	-	11	24	26	27	30	32
Gambia, The	-	2	2	2	2	2	3	3	3	3
Ghana	-	-	33	45	49	53	57	60	64	68
Guinea	-	11	11	12	12	13	14	15	16	18
Guinea-Bissau	1	4	4	5	6	6	6	6	7	7
Guyana	1	4	4	4	4	5	5	5	5	5
<i>of which: original HIPC 5/</i>	1	2	2	2	2	2	2	2	2	2
<i>enhanced HIPC</i>	0	2	2	2	3	3	3	3	3	3
Honduras 9/	6	19	12	26	21	20	19	16	15	6
Madagascar	-	15	16	16	17	18	20	22	23	24
Malawi	-	17	19	21	23	23	26	27	28	30
Mali	6	13	14	15	16	17	18	19	19	20
<i>of which: original HIPC 5/</i>	4	4	4	4	4	4	4	4	4	4
<i>enhanced HIPC</i>	2	10	11	11	12	14	15	15	16	16
Mauritania	5	6	6	6	7	7	8	8	9	9
Mozambique	14	16	18	22	25	29	29	31	33	26
<i>of which: original HIPC 5/</i>	11	11	13	14	16	19	19	20	22	23
<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
Niger	-	9	10	10	13	15	18	19	21	21
<i>enhanced HIPC</i>	-	9	10	10	11	12	14	15	16	16
<i>topping up</i>	-	-	-	-	2	3	4	5	5	5
Rwanda	-	12	14	15	16	17	18	19	19	20
São Tomé and Príncipe	-	1	1	1	1	1	1	2	2	2
Senegal	5	14	15	11	11	18	19	20	22	23
Sierra Leone	-	-	4	7	8	9	10	10	10	10
Tanzania	28	39	43	46	48	49	50	53	54	57
Uganda	25	31	33	39	35	37	37	38	42	42
<i>of which: original HIPC 5/</i>	17	20	20	20	8	8	8	8	9	9
<i>enhanced HIPC</i>	9	11	14	20	27	29	29	30	32	33
Zambia	-	19	22	26	29	34	38	40	40	42
<b>TOTAL</b>	<b>117</b>	<b>288</b>	<b>712</b>	<b>460</b>	<b>523</b>	<b>562</b>	<b>581</b>	<b>595</b>	<b>628</b>	<b>629</b>
<b>Memorandum item</b>										
<i>Average Annual Debt Service</i>	<i>19%</i>	<i>45%</i>	<i>69%</i>	<i>57%</i>	<i>60%</i>	<i>61%</i>	<i>60%</i>	<i>59%</i>	<i>58%</i>	<i>55%</i>

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

1/ From 2000 to 2003, information corresponds to debt service actually paid to the World Bank. Debt service after 2004 are based on stocks as of end-Dec. 2003.

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 to IDA and IBRD

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 2003, figures correspond to actual debt relief received.

9/ Countries that reached the 1/3 limit for IDA interim relief. Delivery of interim relief stopped in March 2003 for Cameroon and July 2002 for Honduras. Debt relief after 2004 corresponds to the original relief schedules in the respective decision points. This schedule will be adjusted once each country reaches its completion point, in order to provide the total relief committed.

**Table 8A. HIPC Initiative: Status of Commitments by the IMF**  
(In millions of SDRs as of end-July 2004)

Member	Decision Point	Completion Point	Amount Committed	Amount Disbursed 1/	Amount Disbursed (in percent of amount committed)
<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 2/	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 3/	Jul. 2000	Apr. 2002	16.7	18.1	108.0
Cameroon	Oct. 2000	Floating	28.5	5.5	19.5
Chad	May. 2001	Floating	14.3	7.2	50.4
Congo, Democratic Rep. 4/	Jul. 2003	Floating	228.3	2.3	1.0
Ethiopia 5/	Nov. 2001	Apr. 2004	26.9	28.1	104.4
Gambia, The	Dec. 2000	Floating	1.8	0.1	4.4
Ghana	Feb. 2002	Jul. 2004	90.1	90.1	100.0
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	Floating	22.7	8.8	38.8
Madagascar	Dec. 2000	Floating	16.6	5.6	33.9
Malawi	Dec. 2000	Floating	23.1	6.9	30.0
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 6/	Dec. 2000	Apr. 2004	21.6	24.1	111.8
Rwanda	Dec. 2000	Floating	33.8	14.4	42.7
São Tomé & Príncipe	Dec. 2000	Floating	--	--	--
Senegal	Jun. 2000	Apr. 2004	33.8	38.4	113.6
Sierra Leone	Mar. 2002	Floating	98.5	62.0	63.0
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	Floating	468.8	351.6	75.0
<b>Total Enhanced HIPC</b>			<b>1,553.3</b>	<b>1,096.7</b>	<b>70.6</b>
<b>Grand Total</b>			<b>1,788.6</b>	<b>1,315.3</b>	<b>73.5</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.

2/ Equivalent to the committed amount of US \$22.5 million at decision point exchange rates

3/ Excludes commitment of additional enhanced HIPC assistance of SDR 10.93 million subject to receipt of satisfactory financing assurances from other creditors.

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 18.19 million subject to receipt of satisfactory financing assurances from other creditors.

6/ Excludes commitment of additional enhanced HIPC assistance of SDR 9.664 million subject to receipt of satisfactory financing assurances from other creditors.

**Table 8B. HIPC Initiative: Estimated Delivery of IMF Assistance, 1998-2010 1/  
(In millions of U.S. dollars)**

	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	36	32	25	18	11	2	0
Burkina Faso	4	6	11	15	15	18	19	16	12	10	6	3	1
Cameroon	20	20	21	5	3	12	20	33	40	40	36	22	9
Chad	11	5	2	4	8	10	12	14	13	8	6	4	2
Congo, Democratic Rep <sup>3</sup>	2	3	0	0	570	5	5	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	1	2	3	3	3	2	1
Ghana	133	72	39	68	17	22	39	48	37	47	41	23	15
Guinea	10	8	9	13	13	16	21	20	15	14	8	3	1
Guinea Bissau	1	1	1	1	2	5	3	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	21	13	1
Madagascar	15	13	6	3	5	8	9	12	20	16	13	13	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	16	13	9	6	2	2	0
Mozambique	25	32	31	29	24	21	21	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	4	9	13	12	7	2	6	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	21	8	5	13	12	12	12
Senegal	63	34	25	31	30	39	<b>38</b>	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	51	46	36	25	13	2	2
Zambia	9	9	9	222	220	222	224	224	12	10	9	8	0
<b>TOTAL</b>	<b>536</b>	<b>470</b>	<b>424</b>	<b>706</b>	<b>1203</b>	<b>677</b>	<b>703</b>	<b>735</b>	<b>474</b>	<b>493</b>	<b>455</b>	<b>331</b>	<b>203</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	18	18	18	17	11	2	0
Burkina Faso	4	6	8	8	9	4	6	13	9	8	6	3	1
Cameroon	20	20	20	4	3	12	14	24	30	33	30	15	9
Chad	11	5	2	2	5	6	8	11	11	7	6	4	2
Congo, Democratic Rep	2	3	0	0	570	4	4	4	4	29	32	36	37
Ethiopia 4/	3	7	12	14	10	10	7	6	6	6	6	7	6
Gambia, The	5	4	2	1	0	0	1	2	2	2	2	2	1
Ghana	133	72	39	68	8	5	13	23	23	24	24	22	15
Guinea	10	8	9	10	12	14	11	10	11	11	8	3	1
Guinea Bissau	1	1	1	0	2	5	1	0	0	0	0	0	1
Guyana	22	15	17	6	10	8	5	4	5	4	3	2	1
Honduras	3	7	10	12	39	41	10	18	17	9	21	13	1
Madagascar	15	13	6	2	3	4	5	5	13	14	13	13	11
Malawi	26	22	10	5	8	8	5	7	5	1	4	2	1
Mali	12	13	18	17	19	18	16	13	10	6	4	4	1
Mauritania	8	10	7	7	7	8	7	8	4	4	2	2	0
Mozambique	25	18	0	2	6	9	7	7	5	5	5	3	0
Nicaragua	1	4	7	7	6	6	8	1	1	7	6	4	1
Niger	14	6	3	2	3	6	6	6	6	4	2	1	1
Rwanda	4	9	13	4	3	2	2	1	4	4	4	4	3
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	1	1	2	1	1	1	1
Senegal	63	34	23	26	25	32	25	27	23	22	12	5	1
Tanzania 4/	39	36	25	6	5	9	15	36	48	53	38	28	0
Uganda 4/	58	45	32	20	20	22	25	24	24	17	10	2	2
Zambia	9	9	9	71	67	70	220	3	7	10	9	8	0
<b>TOTAL</b>	<b>530</b>	<b>423</b>	<b>333</b>	<b>406</b>	<b>870</b>	<b>339</b>	<b>446</b>	<b>277</b>	<b>291</b>	<b>304</b>	<b>264</b>	<b>188</b>	<b>96</b>

**Table 8B (concluded). HIPC Initiative: Estimated Delivery of IMF Assistance, 1998-2010 1/**  
(In millions of U.S. dollars)

	Actual						Projections						
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>IMF Original and Enhanced HIPC Initiative assistance 5/</b>													
Benin	...	...	2	5	5	6	5	2	1	1	0	0	0
Bolivia	6	11	10	9	11	9	18	14	7	1	0	0	0
Burkina Faso 7/	...	...	3	6	6	14	12	4	2	2	0	0	0
Cameroon	...	...	1	1	0	0	7	10	10	7	6	6	0
Chad	...	...	0	2	3	4	5	3	2	1	0	0	0
Congo, Democratic Rep	...	...	...	...	...	1	2	2	2	35	95	94	92
Ethiopia 4/ 7/	...	...	...	...	5	5	6	4	2	6	7	5	4
Gambia, The	...	...	0	0	0	0	0	0	1	1	1	0	0
Ghana	...	...	...	...	9	17	26	25	14	23	17	1	0
Guinea	...	...	0	3	1	2	10	10	5	3	0	0	0
Guinea Bissau	...	...	0	1	0	0	2	2	3	2	1	0	0
Guyana	...	8	9	11	7	9	13	12	9	5	3	0	0
Honduras	...	...	0	1	5	0	5	8	5	12	0	0	0
Madagascar	...	...	0	1	2	4	4	7	7	2	0	0	0
Malawi	...	...	0	3	0	2	8	7	6	7	1	1	0
Mali	...	...	1	7	9	10	14	12	8	6	4	0	0
Mauritania	...	...	5	8	11	11	8	5	5	2	0	0	0
Mozambique	...	14	31	27	18	12	14	16	16	11	6	1	0
Nicaragua	...	...	0	0	1	2	9	25	25	19	18	9	0
Niger 7/	...	...	0	1	1	4	7	7	6	5	2	0	0
Rwanda	...	...	0	9	4	0	3	8	8	8	6	3	0
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	14	15	8	0	0	0	0
Tanzania 4/	...	...	7	21	22	16	16	12	12	11	11	10	0
Uganda 4/	...	15	21	29	24	22	26	22	12	8	2	0	0
Zambia	...	...	0	151	154	152	3	221	4	0	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>257</b>	<b>458</b>	<b>183</b>	<b>189</b>	<b>191</b>	<b>142</b>	<b>107</b>
<i>Memorandum item:</i>													
<i>Average Annual Debt</i>													
<i>Service Reduction 6/</i>	1%	10%	21%	43%	28%	50%	37%	62%	39%	38%	42%	43%	53%

Sources: IMF Finance Department.

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/ 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.

6/ Weighted average.

7/ Excluding topping-up assistance, which will be disbursed when the Fund determines that the satisfactory assurances for the disbursement of additional assistance have been obtained.



**Table 9. Status of Bilateral Donor Pledges to the HIPC Trust Fund 1/**  
(In millions of U.S. dollars as of June, 2004)

Donor	Inception through end-September 2002				Since October 2002 4/			
	Commitments			Paid-in Contributions	Commitments			Paid in Contributions
	EC-ACF Contribution	Bilateral	Total	Including EC-ACP Contribution	EC-ACP Contribution	Bilateral	Total	
Australia		14	14	14				
Austria	18	26	44	44	6		6	
Belgium	26	20	46	46	10	9	18	
Canada		114	114	114		51	51	51
Denmark	15	45	60	60	5	15	20	4
Finland	10	25	35	35	3	13	16	13
France	166	21	187	187	60	11	71	
Germany	160	72	232	232	58	60	118	
Greece	9	3	12	12	3	2	5	2
Iceland		2	2	2		1	1	
Ireland	4	20	24	24	1		1	
Italy	86	70	156	156	31	31	61	
Japan		200	200	200		56	56	19
Korea						10	10	10 6/
Luxembourg	2	1	3	2	1		1	
Netherlands 2/	36	138	174	174	13	56	68	
New Zealand		2	2	2				
Norway		80	80	80		47	47	47
Portugal	7	15	22	22	2		2	
Russian Federation						10	10	10
Spain	40	85	125	125	15	25	40	
Sweden	19	58	77	77	6	26	32	
Switzerland		60	60	60		33	33	33
United Kingdom 3/	88	221	309	261	32	95	127	
United States		600	600	600		150	150	
<i>EC-ACP Contributions</i>	<i>685</i>	<i>685</i>			<i>246</i>	<i>246</i>		<i>126</i>
<b>Total</b>	<b>685</b>	<b>2,575</b>	<b>2,575</b>	<b>2,527</b>	<b>246</b>	<b>945</b>	<b>945</b>	<b>315</b>
<b>Memo: Total contributions</b>	<b>685</b>	<b>2,515</b>	<b>2,515</b>		<b>246</b>	<b>945</b>	<b>945</b>	<b>315</b>

Source: IDA

1/ 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. Bilateral donor funding for such measures has been (in US\$ million) of: Spain-US\$30; Norway-US\$15.3; Netherlands-US\$12.8; Switzerland-US\$18.3; Italy-US\$12; United Kingdom-US\$16.3; Austria-US\$2.7; Canada-US\$5.4; Germany-US\$13.2; Sweden-US\$23.4; United States-US\$25; and Denmark-US\$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. Figures in the table might not add up due to rounding.

2/ In addition, 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. This amount is not included in the contribution amount presented above.

3/ In addition, the United Kingdom contributed SDR31.5 million to the HIPC Trust Fund for the IMF for debt relief to Uganda. This amount is not included in the contribution amount presented above.

4/ These figures correspond to the Chairman's Summary of HIPC Technical Meeting of Oct. 24, 2002, adjusted to take into account the new EC-ACP contributions that were included as part of the EU Member States pledges. The 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 including Canada, Finland, Norway, and the UK.

5/ On May 16, 2003, 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 (\$246 million). This contribution is funded from resources already allocated to EU-ACP co-operation through the 8th and 9th European Development Fund.

6/ Promissory notes with encashment schedule.

**Table 10A. HIPC Initiative: Estimated Paris Club Costs, by Creditor Country**

(In millions of U.S. dollars, in 2003 NPV terms)

	Total (27 countries)	Benin	Bolivia	Burkina Faso	Cameroon	Chad	Dem. Rep. Congo	Ethiopia	The Gambia	Ghana	Guinea	Guinea Bissau	Guyana	Honduras
<b>Total</b>	<b>13,125</b>	<b>74</b>	<b>479</b>	<b>26</b>	<b>992</b>	<b>16</b>	<b>3,457</b>	<b>553</b>	<b>6</b>	<b>910</b>	<b>170</b>	<b>173</b>	<b>205</b>	<b>194</b>
Australia	2	-	-	-	-	-	-	1	-	-	-	-	-	-
Austria	418	-	34	3	200	0	44	2	3	10	4	-	-	-
Belgium	652	-	30	-	88	-	444	3	-	2	3	5	-	-
Brazil 1/	360	-	-	-	-	-	1	-	-	-	4	8	-	-
Canada	220	-	0	-	72	-	23	0	-	18	-	-	1	7
Denmark	31	-	1	-	25	-	-	-	-	-	-	-	1	5
Finland	21	-	-	-	1	-	-	0	-	7	-	-	-	-
France	2,071	35	30	10	311	14	558	3	1	81	58	6	1	20
Germany	1,537	3	126	-	123	0	251	36	-	75	2	2	3	5
Israel 1/	15	-	-	-	-	-	-	-	-	-	-	-	-	-
Italy	1,099	-	-	5	74	2	134	108	-	26	9	86	-	8
Japan	2,116	-	147	-	0	-	539	6	-	446	9	-	1	75
Netherlands	448	9	24	5	7	0	210	0	-	65	-	-	4	3
Norway	71	24	-	-	-	-	10	-	2	-	7	-	-	0
Portugal 1/	218	-	-	-	-	-	-	-	-	-	-	57	-	-
Russia	927	-	-	1	-	0	-	351	-	-	67	6	2	-
South Africa 1/	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Spain	364	-	34	2	2	-	1	-	-	39	3	3	-	18
Sweden	126	-	-	-	32	-	55	2	-	26	-	-	-	-
Switzerland	48	-	-	-	23	-	10	-	-	-	-	-	-	2
Trinidad and Tobago 1/	130	-	-	-	-	-	-	-	-	-	-	-	130	-
United Kingdom	805	4	32	1	24	-	93	9	-	109	2	-	58	-
United States	1,442	-	23	-	12	-	1,084	30	-	8	2	-	3	52

**Table 10A (concluded). HIPC Initiative: Estimated Paris Club Costs, by Creditor Country**

(In millions of U.S. dollars, in 2003 NPV terms)

	Madagascar	Malawi	Mali	Mauritania	Mozambique	Nicaragua	Niger	Rwanda	Sao Tome and Principe	Senegal	Sierra Leone	Tanzania	Uganda	Zambia
<b>Total</b>	<b>441</b>	<b>149</b>	<b>130</b>	<b>158</b>	<b>1,198</b>	<b>1,002</b>	<b>124</b>	<b>40</b>	<b>23</b>	<b>145</b>	<b>197</b>	<b>868</b>	<b>138</b>	<b>1,255</b>
Australia	-	-	-	-	-	1	-	-	-	-	-	-	-	-
Austria	16	8	-	49	10	1	-	5	-	-	0	17	5	7
Belgium	15	-	-	-	-	-	(0)	-	0	1	10	51	-	-
Brazil 1/	-	-	-	23	161	44	-	-	-	-	-	69	-	51
Canada	14	-	-	-	-	-	-	5	-	1	-	27	-	52
Denmark	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finland	-	-	-	-	-	7	-	-	-	-	-	-	5	-
France	124	4	76	30	199	49	89	23	2	106	16	58	21	146
Germany	34	-	-	3	115	284	-	-	5	0	9	42	1	418
Israel 1/	1	-	-	-	-	1	-	-	-	-	-	-	13	-
Italy	64	-	0	0	281	74	-	-	6	7	25	57	59	74
Japan	57	132	4	4	36	64	13	5	-	0	66	330	5	176
Netherlands	-	-	2	23	-	27	-	-	-	5	19	45	-	0
Norway	-	-	-	-	-	-	-	-	-	11	6	6	5	-
Portugal 1/	-	-	-	-	155	-	-	-	6	-	-	-	-	-
Russia	44	-	41	-	111	240	-	-	1	-	-	58	-	3
South Africa 1/	-	1	-	-	-	-	-	-	-	-	-	-	-	-
Spain	39	3	-	14	7	171	9	-	2	13	0	0	5	-
Sweden	6	-	-	-	6	-	-	-	-	-	-	-	-	-
Switzerland	2	-	-	-	-	-	-	-	-	-	11	-	-	-
Trinidad and Tobago 1/	-	-	-	-	-	-	-	-	-	-	-	-	-	-
United Kingdom	13	-	6	8	91	1	8	-	-	0	3	99	18	226
United States	11	-	0	3	26	38	5	1	-	1	30	11	1	102

Sources: HIPC documents; and staff estimates.

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

**Table 10B. HIPC Initiative: Paris Club Debt Relief 1/  
Status as of July 2004**

Country	Date of Enhanced Decision/ Completion Point	Interim Relief Provided?	Topping up or New Rescheduling	Date of Paris Club Rescheduling	Comments
<b>1. 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.
<b>Bolivia</b>	Feb-00 / Jun-01	yes	new rescheduling	10-Jul-01	Paris Club stock operation on Cologne terms. 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. 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.
<b>Ghana</b>	Feb-02/Jul-04	yes	new rescheduling	22-Jul-04	Paris Club stock operation on Cologne terms.
<b>Guyana</b>	Nov-00 / Dec-03	no	new rescheduling	14-Jan-04	Paris Club and Trinidad and Tobago stock operation on Cologne terms. The majority of Paris Club creditors (Denmark, France, Germany, the Netherlands, and the UK) offered to provide complete write-off of their debts.
<b>Mali</b>	Sep-00 / Mar-03	yes	new rescheduling	12-Mar-03	Paris Club stock operation on Cologne terms.
<b>Mauritania</b>	Feb-00 / Jun-02	yes	new rescheduling	8-Jul-02	Paris Club stock operation on Cologne terms.
<b>Mozambique</b>	Apr-00 / Sep-01	yes	new rescheduling	20-Nov-01	Paris Club stock operation on Cologne terms.
<b>Nicaragua</b>	Dec-00 / Jan-04	yes	new rescheduling	4-Mar-04	Paris Club stock operation on Cologne terms. Brazil declined to participate.
<b>Niger</b>	Dec-02/Apr-04	yes	topping up	12-May-04	Paris Club stock operation on Cologne terms including topping up. Creditors pledged to cancel all remaining maturities on a bilateral basis.
<b>Senegal</b>	Jun-00/Apr-04	yes	new rescheduling	11-Jun-04	Paris Club stock operation on Cologne terms.
<b>Tanzania</b>	Apr-00 / Nov-01	yes	new rescheduling	14-Jan-02	Paris Club stock operation on Cologne terms. 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.
<b>Uganda</b>	Feb-00 / May-00	yes	new rescheduling	11-Sep-00	Paris Club stock operation on Cologne terms. No interim relief from the Paris Club beyond original HIPC relief because of the short time period between decision and completion points.
<b>2. Decision point cases</b>					
<b>Cameroon</b>	Oct-00	yes	new rescheduling	24-Jan-01	Paris Club provided a 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	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).
<b>Democratic Republic of 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 1 July 2002 up to 30 June 2005.
<b>Gambia, The</b>	Dec-00	yes	n.a.	9-Jan-03	Paris Club provided a Cologne flow rescheduling on the maturities falling due from July 17, 2002 to July 17, 2005. Given the absence of 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	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.

**Table 10B (concluded). HIPC Initiative: Paris Club Debt Relief 1/  
Status as of July 2004**

Country	Date of Enhanced Decision Point	Interim Relief Provided?	Topping up or New Rescheduling	Date of Paris Club Rescheduling	Comments
<b>Guinea-Bissau</b>	Dec-00	yes	new rescheduling	26-Jan-01	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>Honduras</b>	Jul-00	yes	new rescheduling	14-Apr-04	Paris Club provided a Cologne flow rescheduling on pre-cutoff date credits in arrears as of end-2003 and maturities between January 2004 and Jun 2005. In 2000, after Honduras reached 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	yes	new rescheduling	7-Mar-01	Paris Club provided a Cologne flow rescheduling on all pre-cutoff date debt falling due during December 2000–February 2004. In October 2003, creditors agreed to extend the consolidation period in line with the extension of the PRGF (November 2004).
<b>Malawi</b>	Dec-00	yes	new rescheduling	25-Jan-01	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. 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>Rwanda</b>	Dec-00	yes	topping up	7-Mar-02	The April 2000 Paris Club rescheduling agreement on Naples terms was topped up to Cologne terms (by mail) for the period December 2000–April 2002, which was subsequently extended until end-June 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	Paris Club provided a Cologne flow rescheduling on maturities falling due on pre-cutoff date debt during March 2002–September 2004.
<b>Zambia</b>	Dec-00	yes	topping up	13-Sep-02	Paris Club provided a Cologne flow rescheduling on pre-cutoff date debt falling due during Jan 2001–March 2003. In June 2003, Paris Club agreed to provide financing assurances for Zambia.

Source: Paris Club Secretariat.

1/ For the 27 countries that have already reached the decision point under the Enhanced HIPC Initiative.

**Table 11: Paris Club Creditors' Delivery of Debt Relief Under Bilateral Initiatives  
Beyond the HIPC Initiative 1/**

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

Source: Paris Club Secretariat.

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

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

3/ Canada: including Bangladesh. Canada has granted a moratorium of debt service as of January 2001 on all debt disbursed before end-March 1999 for 13 out of 17 HIPCs with debt service due to Canada. Eligible countries are Benin, Bolivia, Cameroon, Dem. Rep. Of Congo, Ethiopia, Ghana, Guyana, Honduras, Madagascar, Rwanda, Senegal, Tanzania, and Zambia. 100% cancellation will be granted at completion point. As of July 2004, Canada has provided completion point stock of debt cancellation for Benin, Bolivia, Guyana, Senegal and Tanzania.

4/ 100 percent of ODA claims have already been cancelled on HIPCs, with the exception of Myanmar's debt to Canada.

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

6/ France: cancellation of 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: no post-COD claims

8/ Germany proposes to cancel all debts incurred before June 20, 1999 provided that a consensus among Paris Club creditors is reached.

9/ Italy: cancellation of 100 percent of all debts (pre- and post-cutoff date, ODA and non-ODA) incurred before June 20, 1999 (the Cologne Summit). At decision point, cancellation of the related amounts falling due in the interim period. At completion point, cancellation of the stock of remaining debt.

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

11/ Norway has cancelled all ODA claims.

12/ Due to the current World Bank/IMF methodology for recalculating debt reduction needs at HIPC completion point, Norway has postponed the decisions on whether or not to grant 100% debt reduction until after the completion point.

13/ Sweden has no ODA claims.

14/ Switzerland: 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 and/or political weaknesses.

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

16/ United States: 100 percent post-cutoff date non-ODA treated on debt assumed prior to June 20, 1999 (the Cologne Summit).

**Table 12A. HIPC Initiative: Estimated Non-Paris Club Official Bilaterals' Costs, by Creditor Country 1/**

(In millions of U.S. dollars, in 2003 NPV terms)

	Total: (27 countries)	Benin	Bolivia	Burkina Faso	Cameroon	Chad	Dem. Rep. Congo	Ethiopia	The Gambia	Ghana, The	Guinea	Guinea-Bissau	Guyana	Honduras
<b>Total</b>	<b>3,423.8</b>	<b>14.6</b>	<b>22.1</b>	<b>71.0</b>	<b>15.3</b>	<b>21.9</b>	<b>219.4</b>	<b>111.9</b>	<b>14.6</b>	<b>37.0</b>	<b>71.3</b>	<b>70.2</b>	<b>31.9</b>	<b>50.6</b>
Algeria	211.8	0.0	0.0	1.3	0.0	0.0	0.0	3.5	0.0	0.0	0.0	4.1	0.0	0.0
Angola	27.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.1	0.0	0.0
<i>Argentina</i>	<b>4.4</b>	<b>2.7</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>1.8</b>	0.0
<i>Brazil</i>	<b>8.1</b>	0.0	<b>5.8</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>2.3</b>	0.0
Bulgaria	101.4	0.0	0.0	0.0	0.0	0.0	0.0	<b>11.1</b>	0.0	0.0	1.3	0.0	0.2	0.0
Burundi 2/	1.3	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
Cameroon 2/	<b>0.0</b>	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	301.0	<b>5.0</b>	9.6	2.0	<b>5.6</b>	3.9	27.1	<b>11.1</b>	2.6	<b>10.1</b>	<b>9.4</b>	<b>1.1</b>	<b>4.8</b>	0.0
Colombia	4.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.2
Costa Rica	435.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>5.4</b>
Côte d'Ivoire	11.2	0.0	0.0	10.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cuba	2.2	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	6.1	<b>0.0</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
Congo, Dem. Rep. of 2/	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Egypt	11.0	0.0	0.0	0.0	0.0	0.0	7.3	0.0	0.0	0.0	<b>3.5</b>	0.0	0.0	0.0
Former Yugoslavia	96.8	0.0	0.0	0.0	0.0	0.0	29.5	27.1	0.0	0.0	1.6	0.0	0.2	0.0
Guatemala 3/	<b>413.5</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	<b>5.7</b>
<i>Honduras</i>	<b>112.0</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	15.4	0.0	0.0	0.0	0.0	0.0	0.0	<b>2.4</b>	0.0	0.0	0.0	0.0	0.0	0.0
India	34.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>1.1</b>	0.0	0.0	<b>0.9</b>	0.0
Iran	62.3	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
Iraq	91.1	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	14.5	0.0	0.0	0.0	0.0	0.1	14.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kuwait	311.7	<b>6.0</b>	0.0	<b>16.2</b>	<b>6.5</b>	<b>5.6</b>	33.1	5.3	1.3	<b>12.8</b>	<b>18.5</b>	<b>14.6</b>	7.4	<b>7.3</b>

**Table 12A (continued). HIPC Initiative: Estimated Non-Paris Club Official Bilaterals' Costs, by Creditor Country**

(In millions of U.S. dollars, in 2003 NPV terms)

	Total: (27 countries)	Benin	Bolivia	Burkina Faso	Cameroon	Chad	Dem. Rep. Congo	Ethiopia	The Gambia	Ghana, The	Guinea	Guinea-Bissau	Guyana	Honduras
<i>Libya</i>	<b>238.8</b>	<b>0.3</b>	0.0	<b>3.9</b>	0.0	0.0	0.0	<b>29.9</b>	<b>1.0</b>	0.0	<b>4.3</b>	<b>0.6</b>	<b>6.7</b>	0.0
<i>Mexico</i>	<b>58.4</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	<b>10.8</b>
<i>Morocco</i>	<b>5.4</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>3.0</b>	0.0	0.0	0.0
Namibia	0.5	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Niger 2/	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nigeria	1.8	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
Oman	1.4	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
Pakistan	4.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.3	0.0	0.0
People's Democratic Republic of 1	24.6	0.0	0.0	0.0	0.0	0.0	0.0	16.1	0.0	0.0	0.2	0.0	0.2	0.0
Peru	8.7	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
Poland	18.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>5.4</b>	0.0	0.0	0.0	0.0	0.0	0.0
Republic of Korea	6.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.5	0.0	0.0	0.0	0.0
Romania	39.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.6	0.0	0.0	0.0
Rwanda	0.9	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Saudi Arabia	199.4	0.0	0.0	<b>7.5</b>	3.2	3.2	15.6	0.0	0.7	<b>8.5</b>	22.8	10.3	0.0	0.0
Senegal 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
<i>Slovak Republic</i>	<b>31.0</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
<i>South Africa</i>	<b>4.4</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
Taiwan Province of China	343.9	0.0	6.7	29.7	0.0	9.1	28.9	0.0	8.9	0.0	0.0	30.5	0.0	12.4
<i>Tanzania</i>	<b>3.7</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
Thailand 2/	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0
Togo 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
United Arab Emirates 3/	90.4	0.0	0.0	0.0	0.0	0.0	61.7	0.0	0.0	0.0	0.0	0.1	2.7	0.0
Venezuela	63.8	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.6	<b>4.9</b>
Zambia 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
Zimbabwe 2/	0.1	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



**Table 12A. (continued). HIPC Initiative: Estimated Non-Paris Club Official Bilaterals' Costs, by Creditor Country**

(In millions of U.S. dollars, in 2003 NPV terms)

	Madagascar	Malawi	Mali	Mauritania	Mozambique	Nicaragua	Niger	Rwanda	Sao Tome and Principe	Senegal	Sierra Leone	Tanzania	Uganda	Zambia
<b>Total</b>	<b>81.7</b>	<b>16.8</b>	<b>62.2</b>	<b>142.7</b>	<b>270.3</b>	<b>1,436.5</b>	<b>131.5</b>	<b>24.1</b>	<b>11.3</b>	<b>98.4</b>	<b>42.8</b>	<b>220.1</b>	<b>69.1</b>	<b>64.5</b>
Algeria	14.4	0.0	4.4	21.3	109.4	20.8	9.6	0.0	0.4	2.0	0.0	20.5	0.0	0.0
Angola	0.6	0.0	0.0	0.0	12.9	0.0	0.0	0.0	7.0	0.0	0.0	1.1	0.0	0.0
<i>Argentina</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
<i>Brazil</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
Bulgaria	0.0	0.0	0.0	0.0	7.5	69.5	0.0	0.0	0.0	0.0	0.0	10.4	0.0	1.5
Burundi 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	0.2	0.0
Cameroon 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
Cape Verde 2/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0
China	7.1	0.0	21.2	19.3	6.4	3.3	5.1	4.6	2.2	16.0	31.5	43.0	12.3	36.9
Colombia	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
Costa Rica	0.0	0.0	0.0	0.0	0.0	429.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Côte d'Ivoire	0.0	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cuba	0.0	0.0	0.0	0.0	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Czech Republic	0.0	0.0	0.0	0.0	0.0	5.1	0.0	0.0	0.0	0.0	0.0	0.9	0.0	0.1
Congo, Dem. Rep. of 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
Egypt	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
Former Yugoslavia	0.0	0.0	0.0	0.0	1.0	4.5	0.0	0.0	1.5	0.0	0.0	20.5	0.0	10.9
Guatemala 3/	0.0	0.0	0.0	0.0	0.0	407.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Honduras</i>	0.0	0.0	0.0	0.0	0.0	112.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hungary	0.0	0.0	0.0	0.0	4.5	5.6	0.0	0.0	0.0	0.0	0.0	2.9	0.0	0.0
India	0.0	0.0	0.0	0.0	2.4	1.4	0.0	0.0	0.0	0.0	0.0	9.3	8.7	10.7
Iran	0.0	0.0	0.0	0.0	0.0	32.8	0.0	0.0	0.0	0.0	0.0	29.5	0.0	0.0
Iraq	26.8	0.0	3.0	20.7	21.3	0.0	0.1	0.0	0.0	0.0	0.0	18.0	0.0	0.4
Israel	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
Kuwait	4.3	1.5	7.6	30.0	21.4	0.0	23.2	8.7	0.0	36.6	8.0	23.9	11.9	0.0

**Table 12A (Concluded). HIPC Initiative: Estimated Non-Paris Club Official Bilaterals' Costs, by Creditor Country**

(In millions of U.S. dollars, in 2003 NPV terms)

	Madagascar	Malawi	Mali	Mauritania	Mozambique	Nicaragua	Niger	RwandaSao Tome and Princi	Senegal	Sierra Leone	Tanzania	Uganda	Zambia
<i>Libya</i>	25.2	0.0	1.3	12.0	34.8	65.4	12.7	0.4	0.0	0.0	23.0	17.3	0.0
<i>Mexico</i>	0.0	0.0	0.0	0.0	0.0	47.6	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	2.4	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
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
Nigeria	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
Oman	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.4	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	1.9	0.0
People's Democratic Republic of Korea	0.0	0.0	0.0	0.0	0.2	1.9	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	8.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Poland	0.0	0.0	0.0	0.0	4.0	6.7	0.0	0.0	0.0	0.0	1.8	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	1.9	0.0
Romania	0.0	0.0	0.0	0.0	29.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.9
Rwanda	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0
Saudi Arabia	2.5	0.0	18.3	35.0	0.0	0.0	26.1	9.4	0.0	24.9	0.9	8.0	2.6
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
<i>Slovak Republic</i>	0.0	0.0	0.0	0.0	8.7	22.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>South Africa</i>	0.0	0.0	0.0	0.0	4.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Taiwan Province of China	0.0	15.3	0.0	0.0	0.0	137.2	52.3	0.0	0.0	13.0	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	3.7	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
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
United Arab Emirates	0.8	0.0	5.7	4.5	0.0	0.0	2.4	1.0	0.0	4.5	0.0	6.5	0.4
Venezuela	0.0	0.0	0.0	0.0	0.0	54.2	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	0.2	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	0.1	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 relief on all claims on the 26 HIPCs. Figures surrounded by a box represent relief already delivered. Numbers in bold indicate commitment to deliver debt relief.

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 12B. HIPC Initiative: Delivery of Assistance by Non-Paris Club Creditors**  
**Status as of July 2004**

(In millions of U.S. dollars, 2003 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/	4.4	0.1
Slovak Republic	31.0	0.9
Tanzania	3.7	0.1
Total	39.0	1.1
<b>II. Committed to deliver debt relief on all claims on HIPCs:</b>		
Argentina 2/	4.4	0.1
Brazil 1/ 3/	8.1	0.2
Cameroon 10/	0.0	0.0
Honduras	112.0	3.3
Libya 4/	238.8	7.0
Mexico	58.4	1.7
Morocco	5.4	0.2
Total	427.2	12.5
<b>III. Committed debt relief on some, but not all, claims on HIPCs: 5/</b>		
Algeria	211.8	6.2
Bulgaria	101.4	3.0
China	301.0	8.8
Costa Rica	435.2	12.7
Cuba	2.2	0.1
Czech Republic	6.1	0.2
Egypt	11.0	0.3
Guatemala 6/	413.5	12.1
Hungary	15.4	0.5
India 7/	34.4	1.0
Kuwait	311.7	9.1
Oman	1.4	0.0
Pakistan	4.3	0.1
Poland	18.0	0.5
Republic of Korea	6.3	0.2
Rwanda 8/	0.9	0.0
Saudi Arabia	199.4	5.8
United Arab Emirates 9/	90.4	2.6
Venezuela	63.8	1.9
Total	2,228.3	65.1
<b>IV. Not yet committed to deliver HIPC relief: 10/</b>		
Angola	27.7	0.8
Burundi	1.3	0.0
Cape Verde 11/	0.2	0.0
Colombia	4.2	0.1
Congo, Dem. Rep. of 11/	0.3	0.0
Cote d'Ivoire	11.2	0.3
Former Yugoslavia	96.8	2.8
Iran	62.3	1.8
Iraq	91.1	2.7
Israel 1/	14.5	0.4
Namibia	0.5	0.0
Niger 11/	0.3	0.0
Nigeria	1.8	0.1
People's Democratic Republic of Korea	24.6	0.7
Peru	8.7	0.3
Romania	39.2	1.1
Senegal 11/	0.0	0.0
Taiwan Province of China	343.9	10.0
Thailand	0.5	0.0
Togo 11/	0.0	0.0
Zambia 11/	0.2	0.0
Zimbabwe 11/	0.1	0.0
Total	729.4	21.3
<b>Grand Total (I+II+III)</b>	<b>3,423.8</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/ Previous information on Argentina indicated that a debt buy-back had taken place with Guyana; recent information, however, indicates that this is yet to occur.

3/ Previous information on Brazil indicated that an agreement with Bolivia had been signed and was expected to be ratified by Parliament but recent information however indicates that ratification still outstanding.

4/ In September 2002, Libya announced its intention to write off all claims on HIPCs. However, it has not signed or finalized any bilateral agreements finalized or signed.

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

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 not agreed to provide HIPC relief on its claim on the Democratic Republic of Congo

9/ Includes Abu Dhabi

10/ Including no information received by the staffs of the World Bank and the International Monetary Fund.

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