

INTERNATIONAL MONETARY FUND AND
INTERNATIONAL DEVELOPMENT ASSOCIATION

**Heavily Indebted Poor Countries (HIPC) Initiative:
Status of Implementation**

Prepared by the Staffs of the IMF and World Bank

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I. INTRODUCTION

1. This paper reviews the implementation of the Initiative for the Heavily Indebted Poor Countries (HIPC) since the last report of September 2001.¹ In addition to updating the estimated costs of the HIPC Initiative and the status of creditor participation, this paper discusses policy issues related to assisting countries already past their decision points to reach their floating completion points and the delivery of HIPC relief. The impact of a worsened global economic environment on HIPCs' external debt sustainability outlook is discussed briefly in this paper, and more fully in a background paper.²

II. IMPLEMENTATION UPDATE

2. As of late March 2002, 26 countries are benefiting from HIPC relief (Table 1). Since September 2001, two countries (Mozambique and Tanzania) have reached their completion points, and Burkina Faso is expected to do so by end-March 2002.³ Three countries (Ethiopia, Ghana, and Sierra Leone) reached their decision points during the same period. It is expected that the Boards of the IMF (the Fund) and the International Development Association (IDA) will shortly consider a preliminary HIPC document for Côte d'Ivoire.

3. While progress has been made in bringing new countries to the decision point, fewer countries than expected reached their completion points during the review period. Countries have required more time than anticipated to develop poverty-reduction strategies, and some countries have experienced delays in implementing key macroeconomic or structural reforms. Of the five countries that were expected to reach their completion points in late 2001, four have yet to do so (Appendix Table 1). Looking ahead, in the next six months, three countries--Benin, Mali, and Mauritania--could reach their completion points, and Côte d'Ivoire could reach its decision point under the enhanced HIPC Initiative. Preliminary documents could be issued for an additional three countries (Central African Republic, Comoros, and Democratic Republic of Congo) if they make progress toward Fund-supported programs (Table 2).

¹ See "Heavily Indebted Poor Countries (HIPC) Initiative: Status of Implementation," September 26, 2001, <http://www.imf.org/external/hp/hipc/doc.htm> and IMFC/Doc/4/01/3, IDASECM2001-0543, and "Development Committee: Progress Report" DC/2001-0027, September 28, 2001 <http://www.worldbank.org/hipc> and IDA SECM2001-0216.

² See "The Enhanced HIPC Initiative and the Achievement of Long-Term External Debt Sustainability" (forthcoming).

³ Burkina Faso reached its completion point on April 11, 2002.

Table 1. Enhanced HIPC Initiative: Committed Debt Relief and Outlook, Status as of March 2002
(In millions of U.S. dollars, in NPV terms in the year of the decision point)

	Reduction in NPV Terms			Nominal Debt Service Relief			Date of Approval
	Original HIPC Initiative	Enhanced HIPC Initiative	Total	Original HIPC Initiative	Enhanced HIPC Initiative	Total	
Countries that have reached their Completion Points (4)							
Total	2,511	3,842	6,353	5,110	6,200	11,310	
Bolivia	448	854	1,302	760	1,300	2,060	Jun-01
Mozambique	1,716	306	2,022	3,700	600	4,300	Sep-01
Tanzania	...	2,026	2,026	0	3,000	3,000	Nov-01
Uganda	347	656	1,003	650	1,300	1,950	May-00
Countries that have reached their Decision Points (22)							
Total	606	17,642	18,248	1,060	28,120	29,180	
Benin	0	265	265	0	460	460	Jul-00
Burkina Faso	229	169	398	400	300	700	Jul-00
Cameroon	0	1,260	1,260	0	2,000	2,000	Oct-00
Chad	0	170	170	0	260	260	May-01
Ethiopia	0	1,275	1,275	0	1,930	1,930	Nov-01
The Gambia	0	67	67	0	90	90	Dec-00
Ghana	...	2,186	2,186	0	3,700	3,700	Feb-02
Guinea	0	545	545	0	800	800	Dec-00
Guinea-Bissau	0	416	416	0	790	790	Dec-00
Guyana	256	329	585	440	590	1,030	Nov-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
Mali	121	401	522	220	650	870	Sep-00
Mauritania	0	622	622	0	1,100	1,100	Feb-00
Nicaragua	0	3,267	3,267	0	4,500	4,500	Dec-00
Niger	0	521	521	0	900	900	Dec-00
Rwanda	0	452	452	0	800	800	Dec-00
São Tomé and Príncipe	0	97	97	0	200	200	Dec-00
Senegal	0	488	488	0	850	850	Jun-00
Sierra Leone	0	600	600	0	950	950	Mar-02
Zambia	0	2,499	2,499	0	3,850	3,850	Dec-00
Countries still to be considered (12)							
Côte d'Ivoire	345	...	345	800	...	800	Mar-98 1/
Burundi	...	...	...	...	...	...
Central African Republic	...	...	...	...	...	...
Comoros	...	...	...	...	...	...
Congo, Dem. Rep. of	...	...	...	...	...	...
Congo, Rep. of	...	...	...	...	...	...
Lao P.D.R.	...	...	...	...	...	...
Liberia	...	...	...	...	...	...
Myanmar	...	...	...	...	...	...
Somalia	...	...	...	...	...	...
Sudan	...	...	...	...	...	...
Togo	...	...	...	...	...	...
Memorandum item:							
Debt relief committed under original and enhanced frameworks 2/	3,462	21,484	24,946	6,970	34,320	41,290	

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

1/ Approved debt relief under the original framework.

2/ Countries that have reached their decision points under the enhanced HIPC framework through late March 2002 and Côte d'Ivoire, which had reached the decision point under the original framework earlier.

Table 2. Progress Status of Countries Under the Enhanced HIPC Initiative, as of late March, 2002

Completion Points Reached (4)	Decision Points Reached (22)			Decision Point not yet Reached (12)		Sustainable Cases (4)
Bolivia Mozambique Tanzania Uganda	Benin Burkina Faso Cameroon Chad Ethiopia The Gambia Ghana Guinea	Guinea-Bissau Guyana Honduras Madagascar Malawi Mali Mauritania	Nicaragua Niger Rwanda São Tomé and Príncipe Senegal Sierra Leone Zambia	Burundi Central African Rep. Comoros Congo, Dem. Rep. Congo, Rep. of Cote d'Ivoire Lao P.D.R.	Liberia Myanmar Somalia Sudan Togo	Angola Kenya Vietnam Yemen 1/

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

1/ Yemen reached its decision point in June 2000. Its debt sustainability analysis indicated that the country has a sustainable debt burden after the application of traditional debt relief mechanisms (See SM/00/138 and IDA/SecM2000-359, June 28, 2000). The Paris Club provided a stock-of-debt operation on Naples terms in July 2001.

4. The implementation of the Initiative in 2002 will continue to face challenges. First, countries already past their decision points will need to strive to remain on track with their economic reform and poverty reduction programs to reach their floating completion points. Several countries in this group have encountered problems in the implementation of their macroeconomic programs (Guinea, Guinea-Bissau, Guyana, Honduras, Malawi, Nicaragua, Niger, Rwanda, Senegal, and São Tomé and Príncipe⁴) although for some (Honduras, Niger, and Rwanda) this was temporary (Appendix Table 1). Some other countries (e.g., Mauritania) have found that implementation of certain completion point triggers in social and structural areas would take longer than previously anticipated. Other countries (Benin, Burkina Faso, Cameroon, and Mali) have experienced delays in preparing full PRSPs. In addition, for many of these countries, securing the delivery of relief from creditors, as anticipated at the decision point, remains an important challenge (see Section V below).

5. Second, the remaining countries (most of which are conflict-affected⁵ and/or have substantial arrears problems) need to be brought to their decision points as soon as conditions in these countries permit. The challenges are daunting as these countries strive to achieve peace and internal stability, pursue sound economic policies, and develop their economic management capacity. The PRSP process may be particularly difficult for some of these countries, as many of them have large displaced populations and are facing difficulties in undertaking a broadly-based participatory process. Staffs continue to work with the authorities in these countries to develop, where possible, strategies for moving ahead, acknowledging the need for flexibility in these strategies. Some progress has been

⁴ A staff-monitored program has recently been agreed with São Tomé and Príncipe.

⁵ For an in-depth analysis of the challenges facing post-conflict countries, see "Assistance to Post-Conflict Countries and the HIPC Initiative," April 20, 2001, <http://www.imf.org/external/np/hipc> and IMFC/Doc/3/01/7, and DC2001-0014, <http://www.worldbank.org/hipc>.

made with the Democratic Republic of Congo, and a preliminary HIPC document is under preparation.

6. Finally, the challenge of achieving and maintaining external debt sustainability has become more difficult with the deterioration of the global economic environment (see Section IV.B below). As discussed in detail in the forthcoming background paper on HIPCs' long-term external debt sustainability, virtually all HIPCs are heavily dependent on primary commodities for their export earnings and government revenue, and as a result they would remain vulnerable to declines in world commodity prices and other adverse exogenous developments. In such circumstances, it would be unrealistic to expect external debt indicators to follow a smooth monotonic downward trend after the HIPCs have reached their completion points, or that countries will always stay below the HIPC debt sustainability thresholds. Instead, there may be fluctuations over time, and the objective of policies should be to ensure that the underlying trend is downward. The paper underscores the need for all HIPCs to implement policy reforms to diversify their export base, supported by appropriate external financing. Given the HIPCs' limited repayment capacity, the latter will have to be on highly concessional terms or in the form of grants. For countries in the interim period, the enhanced HIPC Initiative provides for the possibility of additional debt relief at the completion point in exceptional cases where exogenous factors have caused fundamental changes in a country's economic circumstances. In the near term, to deal with the cash-flow impact of the recent shocks, these countries could also benefit from increased interim HIPC debt relief, as well as concessional loans and more grant financing from donors. The paper also emphasizes the need for all HIPCs to pursue prudent debt management policies as a means of achieving long-term debt sustainability.⁶

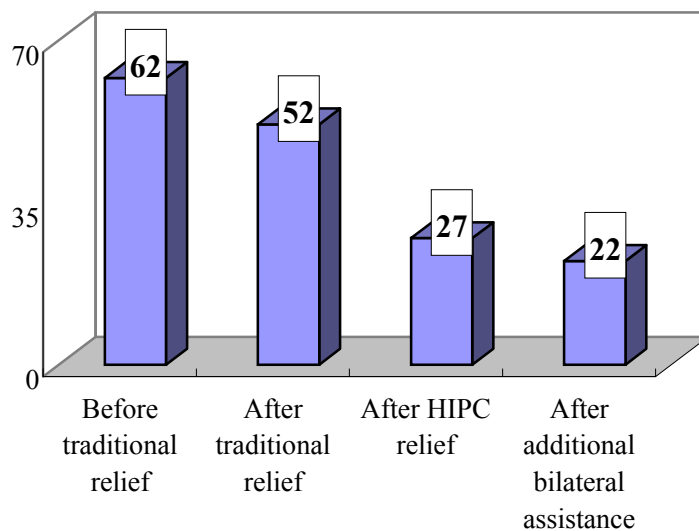
III. IMPACT OF DEBT RELIEF

A. Impact on Debt Stocks and Debt Service

7. For the 26 countries that have reached their decision points under the enhanced HIPC Initiative, debt relief worth US\$25 billion in net present value (NPV) terms has been committed to date (Appendix Table 2). This amounts to about US\$40 billion in nominal debt-service relief over time. The debt stocks for these countries taken as a whole will fall from a level of around US\$62 billion in NPV terms to US\$27 billion after the full application of traditional relief mechanisms and assistance under the HIPC Initiative, and to US\$22 billion after bilateral debt relief beyond the HIPC Initiative committed by several bilateral donors--an overall fall of nearly two-thirds (Figure 1).

⁶ Also see "External Debt Management in HIPCs" EBS/02/92, March 22, 2002, and IDA SecM 2002-0148, March 21, 2002.

Figure 1. NPV of Debt for the 26 Decision Point Countries
(In billions of U.S. dollars, in decision point terms)



Sources: HIPC documents.

8. Countries reaching their enhanced decision points will benefit from a reduction of their debt-service obligations as a result of interim assistance from a number of creditors that will be delivered prior to reaching the completion point.⁷ For the 26 countries as a whole, overall annual debt service paid during 2001–05 is expected to be cut by about 30 percent relative to actual annual debt-service payments made in 1998–99 (Table 3 and Appendix Tables 3 and 4). This translates to an annual average decline in debt service payments of 1.3 percent of GDP. Debt service as a percentage of exports is projected to fall from an annual average of 16.1 percent in the past to a projected 8.8 percent in 2001–05, and debt service relative to government revenue is projected to fall from an average of 24.3 percent a year in 1998–99 to 13.1 in 2001–05 (Figure 2). These figures still show significant reductions in the debt service burden of HICPs, notwithstanding the recent declines in exports as a result of the worsened global environment.

⁷ In cases where HICPs have not received interim assistance, debt service due may overstate actual payments being made to creditors, as HICPs may not be servicing those debts for which they are attempting to negotiate a rescheduling agreement.

Table 3. Impact of Debt Relief for the 26 Countries that Have Reached Enhanced Decision Points 1/

	After Traditional Debt Relief (1)	After HIPC Relief (2)	After Additional Bilateral Relief (3)	Percent Change (4) = (2 vs. 1)
Debt Stock 2/				
NPV Debt (in billions of U.S. dollars)	52	27	22	-47
NPV Debt/Exports (in percent) (21 countries) 3/	302	150	133	-50
NPV Debt/Revenues (in percent) (5 countries) 4/	398	250	209	-37
NPV Debt/GDP (in percent)	56	30	24	-47
Debt Service (in billions of U.S. dollars)				
Average paid, 1998–99	3.4	...	...	...
Average due, 2001–05 5/ 6/	4.2	2.3	...	-45
Debt-Service Ratios (in percent) 7/				
Debt Service/Exports Ratio				
Average paid, 1998–99	16.1	...	...	...
Average due, 2001–05 5/ 6/	16.3	8.8	...	-46
Debt Service/Revenues Ratio				
Average paid, 1998–99	24.3	...	...	...
Average due, 2001–05 5/ 6/	24.4	13.1	...	-46
Debt Service/GDP Ratio				
Average paid, 1998–99	3.7	...	...	...
Average due, 2001–05 5/ 6/	4.1	2.4	...	-41

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

1/ Impact shown for those 26 countries that reached their enhanced decision points by late March 2002. All ratios are weighted averages of annual data.

2/ As of each country's decision point, assuming that debt relief is provided unconditionally at the decision points.

3/ Assistance granted based on the NPV to exports target: Benin, Bolivia, Burkina Faso, Cameroon, Chad, Ethiopia, The Gambia, Guinea, Guinea-Bissau, Madagascar, Malawi, Mali, Mozambique, Nicaragua, Niger, Rwanda, São Tomé and Príncipe, Sierra Leone, Tanzania, Uganda, and Zambia.

4/ Fiscal window cases: Ghana, Guyana, Honduras, Mauritania, and Senegal.

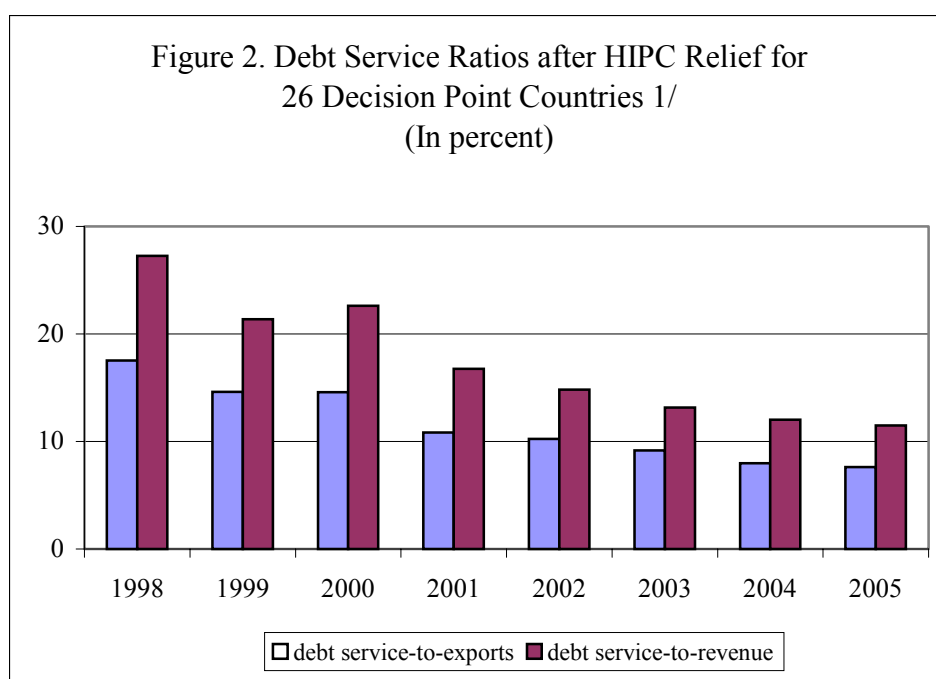
5/ Debt service for 2000 is not included because many countries reached their enhanced decision point only in December 2000, or later.

6/ Actual debt service paid is provided for 2001 for most countries.

7/ Ratios reflect updated information on exports, revenue, and GDP to take into account the effects of the worsened global environment.

9. Relief under the HIPC Initiative will enable governments to substantially increase resources devoted to reducing poverty. On average, the 26 decision point countries will spend on social sectors in 2002–05 more than three times than what they plan to spend on

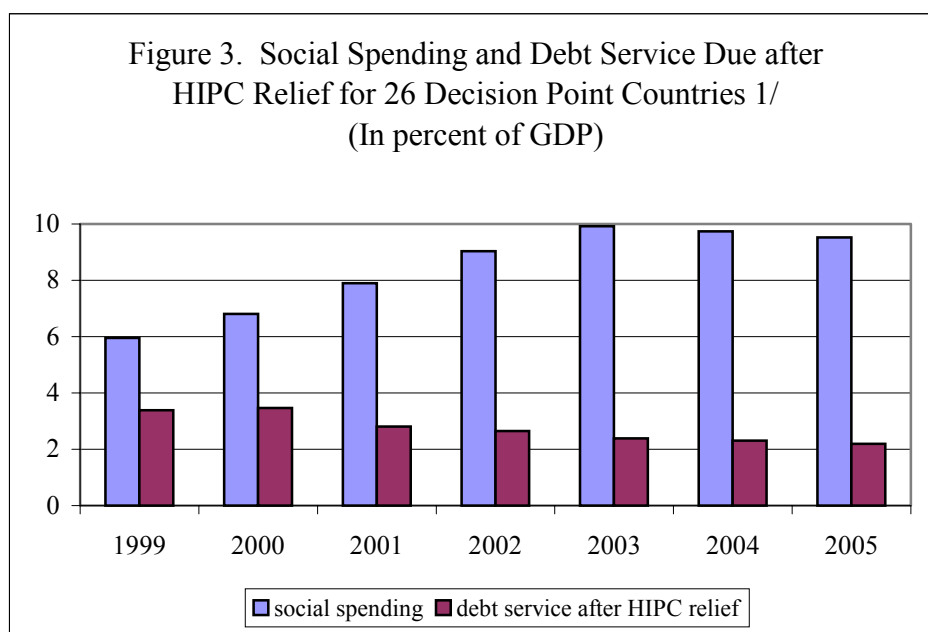
debt service over that same period (Figure 3 and Appendix Table 5).⁸ More specifically, this is projected to be the case for 13 out of the 19 countries for which data are available during the entire period 2002–05 (Appendix Table 6). Of the remaining countries, all six will spend at least one and a half times as much on social sectors as on debt service. Although there is significant variability among HIPC countries regarding debt service and social expenditure, social spending increased from 37 percent to 47 percent of revenue, on average, between 1999 and 2001.⁹ This reflects a significant re-orientation of government expenditure, with spending on social expenditures projected to rise from 6 percent of GDP in 1999 to 9 percent of GDP in 2002. As a share in government revenue, social spending would increase from 37 percent before HIPC relief to an average of 55 percent after HIPC relief.



Sources: HIPC documents; and Bank and Fund staff estimates.

⁸ It should be noted that not all spending on social sectors is poverty reducing, but due to data weaknesses on poverty-reducing outlays, social spending (in particular, health and education spending) is often taken as an imperfect proxy (see “Review of the Key Features of the Poverty Reduction and Growth Facility – Staff Analyses,” February 15, 2002, <http://www.imf.org/external/hp/prgf>, SM/02/51). and <http://www.worldbank.org/hipc>, [Date] Over time, PRSPs will provide the basis for identifying the main poverty-reducing programs in HIPC countries.

⁹ Figures on social spending have been updated based on the latest data available up to 2001, and revised staff projections for 2002–05. The realization of these projections depends crucially on the effective implementation of the authorities’ poverty reduction strategies and the availability of external financing. Data on social spending often become available with long lags. The Bank and the Fund efforts to help HIPC countries strengthen their expenditure monitoring capacities are outlined in “Actions to Strengthen the Tracking of Poverty-Reducing Public Spending in Heavily Indebted Poor Countries,” <http://www.imf.org/external/hp/hipc>, January 30, 2002, SM/02/30 and <http://www.worldbank.org/hipc>, IDA/SecM2002-0030/31.



Sources: HIPC documents; and Bank and Fund staff estimates.

1/ Weighted averages.

B. Resource Flows to HIPCs

10. In order to achieve their objectives of increased economic growth and poverty reduction in the context of the Millennium Development Goals,¹⁰ HIPCs continue to require substantial inflows of grants and concessional loans. It is therefore essential that HIPC relief not be offset by reductions in other aid flows, and that the mix of grants and loans and the terms of new loans to these countries be appropriate.

11. While it is too early to draw conclusions on the additionality of HIPC relief (see Box 1), preliminary evidence indicates that annual net resource transfers (defined as total external grants and loans minus debt-service payments) to most of the 26 decision point countries in 2001 increased from the levels in 1997–2000. This reflected in part the resumption of Fund and IDA support to several countries during this period. For 2001, the first year during which most countries started receiving interim assistance,¹¹ the delivery of debt relief occurred alongside an increase in external grants and loans.

¹⁰ The Millennium Development Goals were set out in the United Nations Millennium Declaration and include targets related to the eradication of poverty and hunger, access to universal primary education, gender equality, etc.

¹¹ Ghana, Nicaragua, São Tomé and Príncipe, and Sierra Leone did not receive interim assistance in 2001.

Box 1. Additionality of HIPC Relief

A key concept underlying the HIPC Initiative—that of additionality—is that debt relief should supplement, not replace, the flow of assistance in the form of grants and concessional loans to the poorest countries. However, assessing whether HIPC relief has been additional to other aid flows is in practice far from straightforward.

- One difficulty lies in assessing the baseline. A simple comparison with historical figures can be misleading. For example, HIPC relief could well have been additional, but if ODA flows were trending downward, the overall result could still be lower net flows.
- Comparing data for individual countries also runs a risk of misinterpreting upward or downward shifts in aid flows, which could be related to the particular policies pursued by that country (for example resumption of lending following a period of internal conflict), rather than additionality or otherwise of HIPC relief.
- Aggregate data for all HIPCs may show an increase in aid flows to this group—but not necessarily to each of the countries in the group—that may come at the expense of reduced ODA flows to other developing countries.
- Both recipient and creditor/donor data would need to be examined to establish whether HIPC relief is additional, and the conclusions from different data sets may not be consistent.
- Finally, it will be necessary to collect data over several years to test for additionality since much aid comes in the form of project support, which typically is disbursed two or more years after the contract has been signed. The reporting lags for data on project assistance by DAC donors are also quite lengthy.

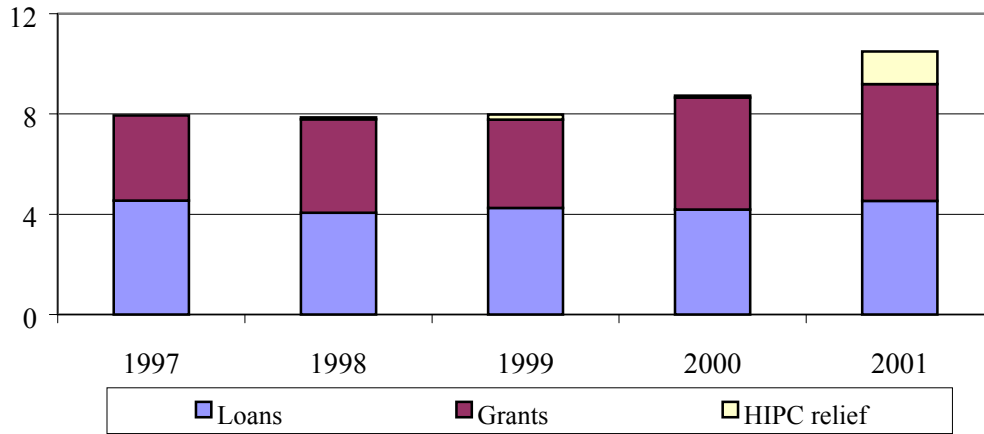
Inflows of grants and loans rose to an estimated US\$9.2 billion (or 10.4 percent of GDP) in 2001, compared to an annual average of US\$8.0 billion (or 9.0 percent of GDP) during 1997–2000. In addition, the 26 HIPCs also received about US\$1.4 billion in debt service relief during 2001 (Figures 4 and 5).¹²

12. On a country-by-country basis, however, the picture is not so clear. Not all HIPCs have experienced an increase in net aid inflows. For some countries, inflows of external financing fell in 2001 compared to the levels seen in 1997–2000. Three (Guinea, Guinea-Bissau, and São Tomé and Príncipe) of the six countries whose net flows were lower in 2001 than in 1997–2000 experienced delays in completing PRGF reviews, likely leading to reduced aid flows. The other three (Chad, Mali, and Mauritania) experienced delays in grant or loan disbursements. This reflected in large part delayed aid disbursements by a major donor in the case of Chad due to administrative difficulties; and an unexpected

¹² Debt-service relief is calculated as the difference between debt service due after traditional relief and debt service due after HIPC relief and is based on information included in the decision point documents. In cases where interim assistance is not delivered as assumed at the decision point, HIPC relief may be biased upward.

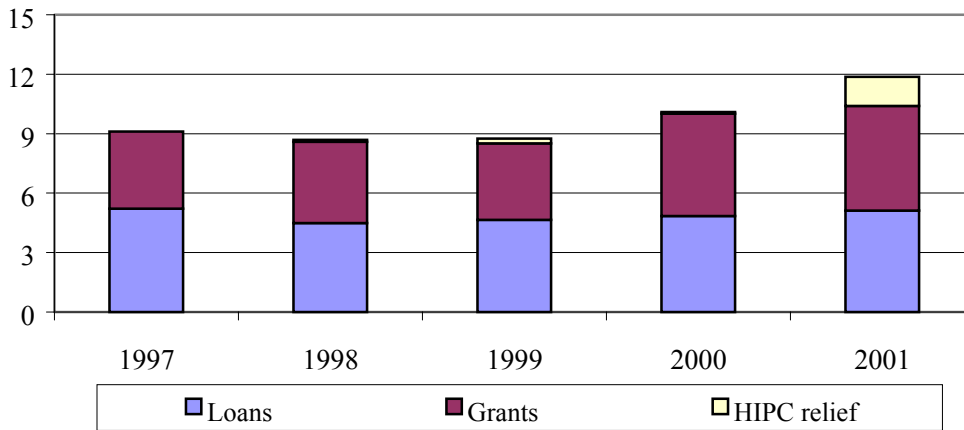
temporary delay in fishing royalty payments (shown as grants in the BOP) in the case of Mauritania.

Figure 4. External Financing and HIPC Relief in the 26 Decision Point HIPCs, 1997-2001
(In billions of U.S. dollars)



Sources: HIPC documents; and Bank and Fund staff estimates.

Figure 5. External Financing and HIPC Relief in the 26 Decision Point HIPCs, 1997-2001
(In percent of GDP)



Sources: HIPC documents; and Bank and Fund staff estimates.

IV. UPDATE OF COSTS

A. Projected Costs of HIPC Relief

13. Based on the most recent available information, the costs of providing debt relief under the HIPC Initiative are estimated to be slightly higher than the projections made last September (Table 4). The underlying assumptions and caveats are detailed in Annex I. The main differences with the September 2001 costing exercise stem from revisions of costs in light of new debt sustainability analyses (DSAs) for new decision points and preliminary HIPC documents.¹³ The costs of additional debt relief at the completion point are discussed separately below. It should be noted that these costs do not include any estimates of the potential debt relief need for Liberia, Somalia, and Sudan, and of the potential topping up of debt relief that may need to be provided to HIPCs at the completion point.

14. The total cost of assistance under the HIPC Initiative is now estimated at US\$34.4 billion in 2000 NPV terms, or US\$36.4 billion in 2001 NPV terms, whereas the previous estimate stood at US\$33.2 billion in 2000 NPV terms. The share of assistance remains broadly equally divided between bilateral and multilateral creditors. The revision in total costs reflects mainly (i) revision of costs for Ethiopia (upward by US\$350 million in 2000 NPV terms), Ghana (downward by US\$30 million in 2000 NPV terms), and Sierra Leone (upward by US\$15 million in 2000 NPV terms) made in their decision point documents; (ii) upward adjustment of Mozambique's debt relief figures at the completion point (by US\$50 million in 2000 NPV terms); (iii) refinements in debt data for Burkina Faso in light of its upcoming completion point (upward by US\$40 million in 2000 NPV terms); and (iv) upward revision of costs for the Democratic Republic of Congo (by US\$1.2 billion in 2000 NPV terms) and downward revision of costs for Côte d'Ivoire (by US\$390 million in 2000 NPV terms), based on new DSAs.

¹³ New countries have not been added since the last status report. The policy on entry and exit of HIPCs from the Initiative is detailed in Box 2.

Table 4. HIPC Initiative: Estimates of Potential Costs by Creditor Group
(34 countries)

	September 2001 Costing Exercise 2000 NPV Terms 1/	March 2002 Costing Exercise 2000 NPV Terms 1/ 2/	March 2002 Costing Exercise 2001 NPV Terms 2/ 3/	March 2002 Share of Total Costs
	(In billions of U.S. dollars)			(In percent)
Total costs	33.2	34.4	36.4	100.0
Bilateral and commercial creditors	17.1	17.8	18.8	51.7
Paris Club	12.8	13.3	14.1	38.6
Other official bilateral	2.8	3.0	3.2	8.8
Commercial	1.5	1.4	1.5	4.2
Multilateral creditors	16.1	16.6	17.6	48.3
World Bank	7.4	7.6	8.1	22.2
<i>Of which:</i> IDA	6.7	7.0	7.4	20.3
IBRD	0.8	0.7	0.8	2.2
IMF	2.5	2.6	2.7	7.5
AfDB/AfDF	2.6	2.9	3.0	8.4
IaDB	1.1	1.1	1.2	3.3
Other	2.4	2.4	2.6	6.8
Memorandum item: Total costs including Liberia, Somalia, and Sudan	41.6	42.7	45.3	124.2

Sources: HIPC Initiative country documents; and Fund and Bank staff estimates.

1/ All HIPCs, excluding Liberia, Somalia, Sudan, Angola, Kenya, Lao P.D.R., Vietnam, and Yemen (see Annex I).

2/ Reflects updated DSAs for Democratic Republic of Congo, Côte d'Ivoire, Ethiopia, Ghana, and Sierra Leone.

3/ The cost figures in 2001 NPV terms are derived from the figures in 2000 NPV terms compounded by a factor of 6 percent.

15. An estimated US\$25.9 billion (over 70 percent of the total cost in 2001 NPV terms), has been committed to the 26 decision point countries (Table 5 and Appendix Table 7).¹⁴ About 80 percent of the cost to multilateral creditors and 65 percent of the cost to bilateral creditors reflect commitments already made to these countries.

Table 5. HIPC Initiative: Breakdown of Potential Costs by Main Creditors and by Country Groups
(In billions of U.S. dollars, in 2001 NPV terms) 1/

	Decision Point Cases (26)			Post-2001	
	Total (34 countries)	Retroactive 2/ (8 countries)	New cases 3/ (18 countries)	Total (26 countries)	Other 4/ (8 countries)
Total costs	36.4	7.3	18.7	25.9	10.5
Bilateral and commercial creditors	18.8	2.9	9.3	12.2	6.6
Paris Club	14.1	2.2	6.5	8.7	5.3
Other official bilateral	3.2	0.6	2.3	2.9	0.3
Commercial	1.5	0.1	0.5	0.6	0.9
Multilateral creditors	17.6	4.4	9.3	13.7	3.9
World Bank	8.1	1.9	4.6	6.5	1.6
<i>Of which:</i> IDA	7.4	1.9	4.3	6.2	1.2
IBRD	0.8	0.0	0.3	0.3	0.5
IMF	2.7	0.7	1.4	2.1	0.6
AfDB/AfDF	3.0	0.5	1.3	1.8	1.2
IaDB	1.2	0.6	0.6	1.2	0.0
Other	2.6	0.6	1.5	2.1	0.4
Memorandum item:					
In percent of total cost	100.0	19.9	51.3	71.2	28.8

Sources: Country authorities; and IMF and World Bank staff estimates.

1/ Excluding Liberia, Somalia, Sudan, Angola, Kenya, Lao P.D.R., Vietnam, and Yemen.

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, 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, Democratic Republic of Congo, Republic of Congo, Côte d'Ivoire, Myanmar, and Togo.

¹⁴ One retroactive case, Côte d'Ivoire, reached its decision point under the original framework in 1998, but has not yet reached its completion point under the original framework or its decision point under the enhanced HIPC Initiative.

Box 2. Entry and Exit of Countries from the HIPC Initiative

Countries are deemed eligible under the HIPC Initiative if they are eligible for IDA credits (i.e., they are IDA-only) and assistance under the Poverty Reduction and Growth Facility (PRGF). To qualify for HIPC relief, countries must have established a strong track record of policy performance (normally three years), and be judged to have an unsustainable debt after the full application of traditional relief mechanisms. Traditional debt relief mechanisms include: (i) a stock-of-debt operation under Naples terms by the Paris Club; and (ii) comparable treatment by other official bilateral and commercial creditors.

To determine whether a country's debt is sustainable, the NPV of debt is measured against exports of goods and non-factor services and, for very open economies, against central government revenues (excluding grants). If a country's ratio of the NPV of debt-to-exports (revenue) after traditional relief is greater than 150 (250) percent, the country's debt is considered unsustainable.

All countries with unsustainable debt levels that meet the other eligibility requirements can request assistance under the HIPC Initiative. Since 1996, the Comoros, The Gambia, and Malawi have become eligible for HIPC relief.¹ Equatorial Guinea graduated from HIPC status when--thanks to the beginning of oil exports--its per capita income rose sharply and it graduated from IDA-only status.²

If a country's debt is found to be sustainable after the full application of traditional debt relief mechanisms, the country can reach its decision point without qualifying for relief and exit from the HIPC Initiative. This has been the case in Yemen, and is expected also for Angola, Kenya, and Vietnam.

¹ The staffs are examining whether the Kyrgyz Republic and Moldova are eligible for HIPC relief (see "Poverty Reduction, Growth, and Debt Sustainability in Low-Income CIS Countries," February 5, 2002 <http://www.imf.org/external/hp/hipc>, SM/02/34 and <http://www.worldbank.org/hipc>, SecM2002-0067), and intend to discuss this issue further in the next progress report.

² Nigeria was among the countries used in the analytical work leading up to the development of the HIPC Initiative, but it is not IDA-only and thus is not eligible for HIPC relief. Moreover, Nigeria's debt would not exceed the HIPC thresholds after the full use of traditional debt relief. (See "Nigeria: 2001 AIV Consultation--Staff Report", August 6, 2001, <http://www.imf.org/external/pubs>.)

B. Global Economic Environment and Potential Costs of Completion Point Topping Up

16. The impact of the deterioration in the global environment on the external debt sustainability of HIPCs is assessed in the forthcoming background paper, which updates the assessment made in 2001.¹⁵ The paper finds that the recent global economic slowdown, coupled with a significant decline in many primary commodity prices, has weakened the HIPCs' export performance in the last two years and led to a deterioration of their external debt indicators. There are considerable differences in the evolution of debt indicators across the HIPCs, reflecting largely differences in the implementation of economic reform programs and their different exposure to shocks. The impact of these

¹⁵ See "The Enhanced HIPC Initiative and the Achievement of Long-Term External Debt Sustainability" (forthcoming). This paper provides a broad update of the analysis included in: "The Challenge of Maintaining Long-Term External Debt Sustainability," April 20, 2001, <http://www.imf.org/external/np/hipc>, and IMFC/Doc/3/01/5, and <http://www.worldbank.org/hipc>, DC2001-0013.

developments on the debt sustainability outlook of the HIPC countries will depend importantly on these countries' policy responses. Of the four countries that have passed their completion points, two (Mozambique and Tanzania) are in a good position to maintain long-term debt sustainability, while for Uganda and Bolivia, the picture is more mixed.

17. The external debt sustainability outlook for most of the 20 countries which are between their decision and completion points has worsened primarily because of lower exports. At the completion point the NPV of debt-to-exports ratio in 8-10 countries could be above the 150 percent threshold. In total, the debt of these countries (in NPV terms), after additional debt forgiveness already announced by a number of bilateral creditors, in excess of the HIPC threshold at the completion point could be US\$0.5-0.9 billion. About US\$0.4 billion of this had already been projected in the decision point documents.

18. The enhanced HIPC Initiative provides for the consideration of additional debt relief at completion point in exceptional cases where exogenous factors have caused fundamental changes in a country's economic circumstances as set out in the completion point consideration papers.¹⁶ Additional HIPC relief at the completion point is not meant to compensate for slippages in the implementation of policy reforms and/or imprudent new external borrowing. Some temporary increases in the debt ratios are due to country-specific circumstances that do not imply a deterioration in the country's economic prospects (e.g., investments in the oil sector in Chad). Whether or not a country should be considered for topping up and, if so, for what amount, would need to be evaluated on a case-by-case basis at the completion point, in light of available data on debt stocks, exports, and other economic variables, and a comprehensive assessment of the country's economic circumstances.

V. STATUS OF CREDITOR PARTICIPATION

A. Multilateral Creditors

19. Multilateral creditors account for US\$17.6 billion of the US\$36.4 billion in total costs estimated for the HIPC Initiative in 2001 NPV terms. Nearly all multilateral creditors have agreed to participate in the HIPC Initiative and all the major creditors have made commitments to provide interim relief. Almost all have pledged irrevocable debt relief to countries that have reached their completion points (see Section D). IDA, the IMF, the AfDB, and the IaDB are the largest multilateral creditors, and are all also providing assistance to countries that have reached their decision points. They have delivered their full share on an irrevocable basis to countries that have reached their completion points.

¹⁶ "The Enhanced HIPC Initiative—Completion Point considerations", August 21, 2001, <http://www.imf.org/external/hp/hipc>, EBS/01/141, and August 20, 2001, <http://www.worldbank.org/hipc>, IDA/SECM2001-0539/1.

20. Virtually all multilateral creditors have indicated a willingness, in principle, to participate in the Initiative and most of them (representing over 90 percent of multilateral claims) have formally approved the specific mechanisms for the delivery of HIPC relief. Most creditors have experienced some delays in establishing institutional arrangements for the delivery of debt relief, designing appropriate legal instruments, and finalizing the requisite financing arrangements. Yet significant progress has been made in delivering debt relief to most countries that have reached their decision points. However, red tape and other delays may have had and continue to have a negative impact on the fiscal scope to fully finance pre-identified poverty alleviation programs. So far, multilateral creditors have delivered over US\$3.2 billion in relief, a 28 percent increase since the last progress report in September 2001. Disbursements under the original HIPC framework are accounting for almost 80 percent of that amount, and both IDA and the IMF represent 11 percent of total disbursements delivered to date under both frameworks.

21. The total cost to the **World Bank Group** is estimated to be US\$8.1 billion in 2001 NPV terms, of which the 26 HIPCs that have reached their decision points account for US\$6.5 billion, or over US\$10.9 billion in debt service relief over time. For these 26 countries, IDA is providing debt relief under the original framework and interim relief under the enhanced framework, and has already delivered more than US\$1.8 billion in HIPC relief (in nominal terms). As of December 31, 2001, IDA has provided debt relief under the original framework through: (i) a cancellation of US\$1.143 billion of IDA credits to Burkina Faso, Guyana, Mali, Mozambique and Uganda via the HIPC Trust Fund; (ii) IDA grants amounting to US\$229 million to Mozambique and Uganda; and (iii) debt-service reductions of US\$97 million to Bolivia and Uganda. Under the enhanced framework, IDA has provided to date: (i) US\$271 million in debt-service relief (including 100 percent debt service relief for Guinea Bissau, Mozambique and São Tomé and Príncipe, a portion of which was provided by the HIPC Trust Fund); and (ii) US\$53 million in debt-service grants to Cameroon and Honduras.

22. Looking forward, **IDA** debt relief assistance to the 26 HIPCs in 2002 is projected to total US\$395 million, including debt-service grants to Cameroon and Honduras, and will average US\$500 million each year over 2003–09 (Appendix Table 8). Compared with average annual World Bank Group net transfers of US\$1.2 billion to these 26 countries during 1998–2001, IDA's net transfers to HIPCs could increase by over 40 percent as a result of the HIPC Initiative. IDA is providing interim relief to the 22 qualifying countries, and has delivered irrevocable debt relief to Uganda, Bolivia, Guyana,¹⁷ Mozambique, and Tanzania under the original and enhanced Initiatives.

¹⁷ Guyana reached its completion point under the original HIPC framework.

23. The **IBRD** has so far allocated US\$1.4 billion out of its net income and surplus to the World Bank component of the HIPC Trust Fund (Box 3), out of a total pledge of US\$2.15 billion in NPV terms over time. In order to fulfill the IBRD's total pledge, an estimated transfer of about US\$200–220 million per year over the next four years would need to be made to the HIPC Trust Fund. This would ensure that the IBRD component of the Trust Fund would have sufficient resources to reimburse IDA for the debt-service relief it is expected to provide on IDA debt through the end of the IDA13 replenishment period. However, because IBRD net income transfers to the HIPC Trust Fund cannot be used to provide relief for the three countries that have substantial levels of outstanding IBRD debt (Cameroon, Côte d'Ivoire, and Honduras), additional donor resources will be required in IDA13 to finance the Bank's debt relief costs for these three countries. IDA debt-relief financing requirements beyond IDA13 (of over US\$500 million per year well into the second decade of this century) are expected to be considered by IDA donors during the IDA14 replenishment discussions.

24. The total cost to the **IMF** is estimated at US\$2.7 billion (2001 NPV terms), and US\$2.1 billion (2001 NPV terms) for the 26 countries that have reached their enhanced decision points. The IMF has already committed US\$1.9 billion (equivalent to SDR 1.6 billion) to countries that reached their decision points under the HIPC Initiative. Of this, US\$0.8 billion (equivalent to SDR 0.7 billion) in HIPC relief has already been delivered in the form of grants (Appendix Tables 10 and 11).¹⁸ The IMF has thus far

Box 3. The HIPC Trust Fund Administered by IDA

For the second consecutive year, donors in 2001 have made significant efforts to provide financial support to the debt relief operations of a number of regional and sub-regional multilateral creditors through the HIPC Trust Fund administered by IDA. Total bilateral pledges to the HIPC Trust Fund have reached more than US\$2.5 billion for the other multilateral creditors, with paid-in contributions exceeding US\$1.6 billion as of December 31, 2001 (Appendix Table 9)—an increase of US\$680 million from a year earlier. Key elements of this progress include the payment to the HIPC Trust Fund of €250 million (US\$226 million) by the European Commission and US\$239 million by the United States. Other individual contributions of US\$10 million or more received during 2001 were provided by Austria, Germany, Italy, Norway Spain, Sweden, Switzerland, and the United Kingdom. In all, payments were received from 21 donors during 2001. Trust Fund resources helped finance the participation of the AfDB (over US\$455 million), IDB (US\$78 million), CABEI (US\$57 million), CAF (US\$36 million) and BOAD (US\$19 million) in the Initiative.

While this funding by donors represents a major achievement, further donor pledges are required to ensure full financing of the HIPC Initiative. Based on current estimates of the external funding requirements of eligible regional and sub-regional multilateral creditors for the 34 countries expected to be eligible for HIPC relief over the near term, the resources that have been pledged to date for the HIPC Trust Fund for these creditors fall close to US\$700 million short of what is estimated to be needed. It will therefore be necessary to secure new pledges during the course of 2002 to provide the commitment authority to the HIPC Trust Fund to support the debt relief requirements of the last countries in this group to reach their decision points.

¹⁸ With the exception of São Tomé and Príncipe, which had no outstanding obligations to the IMF at the decision point, and Nicaragua, which has experienced track record interruptions in its PRGF arrangement.

secured sufficient resources to finance its participation in the HIPC Initiative (excluding the potential debt relief cost for Liberia, Somalia, and Sudan, and the cost of any possible topping up at completion points).¹⁹

25. The **AfDB's** costs for the 22 African decision point countries are US\$1.8 billion in 2001 NPV terms. The AfDB Board has approved HIPC relief for all of these countries with the exception of Ghana and Sierra Leone, which reached their decision points only recently and as such have yet to be considered by the AfDB Board. A total of US\$1.5 billion has been committed, of which US\$307 million will be contributed from internal resources.

26. The **IaDB's** costs for the 4 Latin American decision point HIPC's are US\$1.2 billion in 2001 NPV terms. Since the last status report, debt relief of US\$133 million in NPV terms was agreed for Honduras in October, including, for the first time, interim debt relief covering 50 percent of the debt service due on the Fund for Special Operations loans. In December 2001, the IaDB Board approved debt relief for Nicaragua totaling US\$386 million in NPV terms, again with provision of interim relief, including retroactive relief for 2001. By end-2001, the IaDB had delivered about US\$88.4 million under the original framework and US\$50 million under the enhanced framework.

27. The costs for the 27 **other multilateral creditors** are roughly US\$2.6 billion in 2001 NPV terms, of which relief to the first 26 countries amounts to some US\$2.1 billion (Appendix Table 12). Practically all multilateral creditors have indicated their willingness to participate in the enhanced HIPC Initiative. However, problems remain with some of the smaller creditors, such as ECOWAS and the Islamic Development Bank, which are unwilling to participate in full in the HIPC Initiative in the absence of further donor financing (Table 6). While their share of the debt is not large, it is important that the integrity of the Initiative be respected.

¹⁹ See "Concessional Financing Under the PRGF, HIPC, and Post-Conflict Emergency Assistance"(forthcoming).

Table 6. Delivery of HIPC Relief by Multilateral Creditors

Status	Multilateral Creditors
Delivering or committed to delivering debt relief 1/	African Development Bank (AfDB) West African Development Bank (BOAD) Central American Bank for Economic Integration (CABEI) Corporación Andina de Fomento (CAF) Caribbean Development Bank (CDB) Caricom Multilateral Clearing Facility (CMCF) Fund for the Financial Development of the River Plate Basin (FONPLATA) Inter-American Development Bank (IaDB) International Fund for Agricultural Development (IFAD) International Monetary Fund (IMF) Nordic Development Fund (NDF) World Bank Arab Bank for Economic Development in Africa (BADEA) European Union/European Investment Bank (EU/EIB) Islamic Development Bank (IsDB) 2/ OPEC Fund for International Development Nordic Investment Bank (NIB)
Not yet approved debt relief for any HIPCs	Arab Fund for Social and Economic Development (AFESD) Arab Monetary Fund (AMF) East African Development Bank (EADB) Economic Community of West African States (ECOWAS) Conseil de L'Entente (FEGECE) Fondo Centroamericano de Estabilizacion Monetaria (FOCEM) Eastern and Southern African Trade and Development Bank (PTA Bank)

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

1/ Several 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 significant delays in developing the modalities and the actual delivery of debt relief have been experienced.

2/ The IsDB has not yet committed its full share of assistance to Burkina Faso.

28. There is also an urgent need for these multilateral creditors to demonstrate their commitment to the Initiative by **accelerating the approval and delivery** of the much-needed debt relief. While the Bank and the IMF have been quick in beginning the delivery of debt relief, many smaller African and Arab MDBs, as well as the EU (a multilateral creditor) have been slow to reach agreements with HIPCs that have reached their decision point. In some cases, the actual delivery of interim relief came with significant delay after the decision point. The delays are often due to administrative bottlenecks, difficulties in finalizing legal agreements, or slower-than-expected data reconciliation between the debtor and creditor countries. In addition, arrears clearance by several countries, agreed with creditors as part of interim relief for the decision point, has not progressed as anticipated. Finally, some multilateral creditors have not yet indicated their intention to provide relief to their HIPC debtors. It will be important for the international community, including the Bank and the Fund, to continue to urge these

creditors to provide their share of HIPC relief. These and other concerns were addressed during a meeting with multilateral creditors in March 13-14, 2002.

B. Paris Club Creditors

29. Paris Club creditors are estimated to account for US\$14.1 billion, or 38.6 percent, of the total cost of the HIPC Initiative in 2001 NPV terms. They are participating fully in the enhanced HIPC Initiative and have committed about US\$9 billion for the 26 decision point countries (Appendix Tables 13 and 14). They are also delivering relief to countries past their decision points, although some delays have occurred.

30. Since the previous status report, Mozambique and Tanzania have reached their completion points under the enhanced Initiative and have received a stock-of-debt operation on Cologne terms. In addition, since Benin, Burkina Faso, Mali, and Senegal are expected to reach their completion points later than previously anticipated, the Paris Club has agreed to extend interim relief for these countries. Although the Paris Club has agreed to deliver interim relief to countries past their decision points, there have been delays of an administrative nature or due to the protracted discussions required to reach a consensus among creditors. For example, Zambia reached its decision point in December 2000, and interim relief has not yet been approved.

31. The majority of Paris Club creditors have committed to provide debt relief beyond the assistance that they are required to provide under the HIPC Initiative (Appendix Table 15). The overall effect of these commitments will be to reduce further HIPCs' debt burdens by an estimated US\$4.9 billion in NPV terms, lowering the average post-HIPC relief NPV of debt to exports by 21 percentage points to 120 percent (Appendix Table 16).

C. Non-Paris Club Official Bilateral and Commercial Creditors

Non-Paris Club official bilateral creditors

32. Non-Paris Club official bilateral creditors are required to deliver relief of US\$3.2 billion out of the US\$36.4 billion in 2001 NPV terms, or 8.8 percent of the total cost. Most of this (US\$2.9 billion) reflects costs for the 26 decision point HIPCs. To date, commitments by the creditors that have agreed to provide relief to the 26 decision point countries amount to about 40 percent of the US\$2.9 billion cost for the decision point HIPCs, but few of these creditors have actually delivered relief (Appendix Table 17).

33. Since the last progress report, participation by non-Paris Club official bilateral creditors, although still low, has been increasing. Hungary has indicated its willingness to provide relief to HIPCs on which it has claims and South Africa has agreed to write-off its claims on Malawi (Appendix Table 18).

34. The staffs have also been informed that Saudi Arabia has provided or agreed to provide relief only on Naples terms²⁰ to Madagascar and Uganda,²¹ while it has agreed to provide interim relief to Mauritania on Cologne terms. Kuwait has rescheduled its claims on Burkina Faso, Cameroon, and Uganda, but only on Naples terms, and has agreed to provide relief to Tanzania and Mauritania.²² Staff have been in contact with several creditors, providing information regarding claims on HIPC's and on technical issues regarding the modalities for providing relief.²³

35. Although the recent progress is encouraging, there are still 27 creditor countries which have not yet expressed their intention to provide relief (Table 7). Participation by all creditors and the prompt delivery of the required debt relief by these creditors has become a pressing issue, especially for countries that have already reached their completion points (see Section V.D below).

Commercial creditors

36. Commercial creditors' claims on the 26 decision point HIPC's amount to approximately US\$1.2 billion in NPV terms after traditional relief, and the cost to these creditors of participating in the enhanced HIPC framework is estimated to be about US\$0.6 billion (2 percent of total costs) in 2001 NPV terms. Debt relief from commercial creditors is the most difficult to obtain and track, as these creditors generally have little interaction with the Bank and the Fund. Securing their participation in the HIPC Initiative will require extra effort by the international community.

37. The most frequently used means of retiring commercial claims is the IDA-administered commercial debt reduction facility, which provides grant financing and logistical support to HIPC's to conduct commercial debt-buyback operations. This facility has so far been successful in retiring some US\$6.8 billion in principal and interest payments due to the commercial creditors of HIPC's (Appendix Table 19). Honduras recently completed its buyback under the facility and Mozambique is currently considering the possible use of the IDA-administered buyback facility to retire debt not treated in its 1991 IDA buyback. It is expected that more decision point HIPC's will use this facility in the future.

²⁰ While the provision of debt relief on Naples terms is a step in the right direction, it is not sufficient to fulfill the creditor's requirements under the HIPC Initiative. Comparable treatment with the Paris Club would include a stock-of-debt operation on Cologne terms.

²¹ Saudi Arabia and Madagascar signed an agreement which provides relief roughly equivalent to Naples terms. Saudi Arabia also recently completed negotiations with Uganda, although an agreement has yet to be signed.

²² Kuwait has agreed to provide interim relief on Cologne terms to Mauritania.

²³ These creditors include India, Mexico, and the Republic of Korea.

Table 7. Delivery of HIPC Relief by Non-Paris Club Official Bilateral Creditors

Status	Non-Paris Club Official Bilateral Creditors	
Delivered debt relief on all claims on HIPC	Argentina Brazil	South Africa* Tanzania
Agreed to deliver debt relief on all claims on HIPC	Egypt 1/ Honduras Hungary*	Morocco Pakistan*
Delivered or agreed to deliver debt relief to some, but not all, claims on HIPC	Algeria 2/ China* 3/ Costa Rica 4/ Côte d'Ivoire 5/ Czech Republic* 6/ Guatemala 4/ Kuwait*	Mexico* 7/ Poland* 8/ Saudi Arabia* Slovak Republic* 6/ United Arab Emirates* 9/ Venezuela 10/
Not yet agreed to deliver HIPC relief	Angola Bulgaria Burundi Cameroon Cape Verde Colombia* Cuba Democratic Republic of Congo Former Yugoslavia 11/ India* Iran Iraq Libya Niger	Nigeria Oman* People's Democratic Republic of Korea Peru* Republic of Korea* Romania Rwanda Senegal Taiwan Province of China Thailand Togo Zambia Zimbabwe

Sources: HIPC documents; HIPC authorities; and correspondence between Bank and Fund staff and creditor authorities.

* denotes creditors that have been in touch with Bank and Fund staff regarding the provision of HIPC relief.

1/ Egypt has written off its (small) claims on Tanzania, and has contacted Guinea about the delivery of HIPC relief.

2/ Algeria provided relief to Mozambique on Lyon terms in 1998 under the original HIPC Initiative. Mozambique has requested a topping up to Cologne terms under the enhanced HIPC Initiative.

3/ In the context of a broader debt relief for 32 African countries, China has offered or provided debt relief to 16 decision point HIPC. The Chinese authorities have indicated that currently there is no political basis to provide debt relief to countries which do not have diplomatic ties with China.

4/ Costa Rica and Guatemala have indicated their intention to provide relief to Nicaragua.

5/ Côte d'Ivoire provided relief to Mali on Lyon terms in 1999 under the original HIPC Initiative.

6/ The Czech and Slovak Republics have already provided relief on terms consistent with the HIPC Initiative to Nicaragua and Zambia, but have sold claims on other HIPC to commercial creditors in the secondary market.

7/ Mexico granted relief to Nicaragua in 1996 through a buyback with a 92 percent upfront reduction.

8/ Poland has agreed to provide relief to Mozambique and Nicaragua, and to work toward finding a solution with Tanzania once the nature of the claims is established.

9/ United Arab Emirates and Mauritania have begun negotiations for the delivery of HIPC relief.

10/ Venezuela wrote off its claims on Bolivia in 1997.

11/ Successor states.

38. Aside from the buyback option, and according to the information currently available to the staffs, very few commercial creditors have agreed to provide even limited debt relief under the enhanced HIPC Initiative. These include Fourways and F&H International for Uganda, and Hong Kong Itochu Bank for Madagascar. In some instances, HIPCs have paid commercial creditors in full (and thus decided not to seek debt relief) because of the threat of litigation, or a desire to avoid disrupting a commercial relationship, or the fear of loss of collateral in the case of collateralized commercial debt.

Problems in securing HIPC relief

39. In some cases, non-Paris Club official bilateral and commercial creditors have resorted to litigation as a means of recovering assets. There are also cases where claims of these creditors were bought on the secondary market at a discount by entities such as debt brokers that then seek to maximize recovery through litigation. Litigation can prove to be very costly for HIPCs in terms of legal representation and costs of adverse judgments. While such litigation cases mainly involve non-Paris Club official bilateral and commercial creditors, potential litigation could also involve some regional multilateral development banks.²⁴

40. The staffs have discovered or been informed that several non-Paris Club official bilateral creditors have sold or attempted to sell their claims on HIPCs in the secondary market, including Bulgaria, the Czech Republic, Romania, and the Slovak Republic. In some cases, when the staffs have discovered that creditors were attempting to sell claims, they have discouraged the creditors involved from selling their claims, and encouraged them to provide their share of the HIPC relief directly to the debtors as done by other creditors. Bank and Fund managements have also written to the creditor country authorities, urging them not to sell their claims. Other official bilateral creditors have sought or threatened to litigate against HIPCs.²⁵

41. Several cases of commercial creditors resorting to litigation as a means of recovering their claims were discussed in the previous status report. In the case of Uganda, two commercial creditors--Transroad Ltd. and Banco Arabe Espanol--are litigating or have served the government with papers indicating their intent to sue. AGIP unsuccessfully litigated against Madagascar. In the case of Booker vs. Guyana, Booker has sought arbitration to decide its claim on Guyana.

D. Delivery of Debt Relief to Completion Point Countries

42. Under the enhanced HIPC Initiative, creditors are expected to deliver relief irrevocably and unconditionally once a HIPC has reached its completion point. For the four countries--Bolivia (June 2001), Mozambique (September 2001), Tanzania (November 2001), and Uganda (May 2000)--that have reached their completion points, securing debt relief from all creditors is needed to have their external debt reduced to sustainable levels. The World Bank, the IMF, AfDB, and IaDB have delivered full HIPC

²⁴ An example is Shelter Afrique, which has threatened to litigate against Uganda.

²⁵ Iraq, for example, has initiated litigation against Uganda.

relief to all four countries, as have some other multilateral creditors. Similarly, the Paris Club has provided debt relief in the form of stock-of-debt operations on Cologne terms. These creditors account for 88 percent of HIPC relief for Bolivia, 83 percent for Mozambique, 84 percent for Tanzania, and 87 percent for Uganda.

43. However, few non-Paris Club official bilateral and commercial creditors have delivered relief to these countries and several regional multilateral banks have postponed delivery due to unresolved legal or methodological issues (Appendix Table 20). In fact, and as noted above, several of these creditors have either questioned the legal basis of requests for HIPC relief, refused to provide relief, and/or resorted to litigation. Although progress has been made in securing the participation of some non-Paris Club creditors, the actions by other creditors undermine the implementation of the Initiative and adversely affect the achievement of external debt sustainability in HIPCs.

VI. POLICY ISSUES

A. Creditor Participation

44. Increasing the participation of creditors, especially non-Paris Club official bilateral and commercial creditors, remains a challenge for the successful implementation of the HIPC Initiative, especially for creditors with which the Bank and Fund have infrequent or little communication. The international community is limited in its ability to secure creditor participation because the Bank's and the Fund's decisions on the HIPC Initiative are not binding on creditors and the Paris Club's Agreed Minutes create no obligations on the part of non-Paris Club creditors. The non-cooperation of these creditors would have adverse implications for the debt sustainability of HIPCs. It is thus important that HIPCs fully assume the responsibility of obtaining debt relief and engage actively in a constructive dialogue with their non-Paris Club official bilateral and commercial creditors and seek debt relief within the framework of the enhanced HIPC Initiative. The staffs of the Bank and the Fund have sought to assist through communication with creditors and semi-annual memoranda to the Executive Directors representing the creditor country authorities. The IDA-administered commercial debt reduction facility has been a key vehicle for retiring commercial claims of HIPCs, and should continue to be over time.

45. In addition to these measures, the Bank and the Fund currently have guidelines in place to address the issue of increasing the participation of non-Paris Club creditors (Annex III). These guidelines rely primarily on moral suasion to secure the participation of these creditors. To supplement the guidelines, the staffs propose that:

- Bank and Fund country teams discuss participation in the HIPC Initiative with non-Paris Club official bilateral creditors during missions and in discussions with the authorities at the Spring and Annual Meetings.
- For non-Paris Club official bilateral creditors that have programs with the Bank and the Fund, or who are in the process of negotiating new programs, the amount of debt relief to be provided by these creditor countries be included in the financing gaps being considered for program purposes.

- HIPC debtors could establish escrow accounts as a sign of their intention to service their (residual) external debt obligations to creditors once an agreement for debt relief has been reached.
- The cases of creditor countries that have sold their claims on HIPCs in the secondary market should continue to be highlighted in HIPC Initiative status of implementation reports.

B. Track Record Interruptions and Interim Relief

46. Problems have arisen in terms of the financing of countries' poverty reduction strategies in a number of countries that have gone off track in implementing their Fund- and Bank-supported programs. Creditors and donors in such situations often suspend financial support, both in terms of interim HIPC relief and other aid flows, which at times aggravate the economic difficulties faced by the debtor country.

47. Each creditor has its own mechanism for the delivery of interim relief. In the case of the **Paris Club** and the **IMF**, relief is delivered in (typically) annual tranches, and the approval of the next tranche is conditional either upon the approval by the Fund of a new PRGF arrangement or the satisfactory implementation of an ongoing PRGF arrangement. For the IMF, satisfactory assurance regarding the provision of interim relief by other creditors must also be in place. If an interim relief tranche is fully released and the PRGF-supported program is off track (or no PRGF arrangement is in place), no new tranche of interim relief is released. Thus, a "suspension" of interim relief from these creditors is basically automatic in the case of HIPCs with track record problems, although--depending on the timing of the interim relief tranche and of the PRGF review--a country may have some time to bring its program back on track. There were performance-related delays in the disbursement of IMF interim relief for Honduras²⁶ and Nicaragua,²⁷ and IMF interim relief has not yet been replenished since end-2001 for The Gambia, Guinea, Guinea Bissau, Guyana, Malawi, and Zambia.

48. **IDA** does not tranche interim relief and has not suspended it to any HIPC so far. However, it does have the ability to suspend interim relief if it is not satisfied with the country's progress in carrying out its adjustment program or its poverty-reduction strategy, or with the commitment by other creditors to provide debt relief to the country. It may, if necessary, put countries with protracted performance interruptions on notice. Aimed at normalizing the situation, such a notice would signal that if the country is not back on track with its Bank- and Fund-supported program within one year, IDA will also suspend interim relief. Such a warning has recently been given to the authorities of Guinea Bissau.

²⁶The IMF began to provide interim relief to Honduras (enhanced decision point reached in June 2000) only after satisfactory financing assurances were in place and a PRGF arrangement was approved (October 2001).

²⁷ The IMF has not yet provided interim relief to Nicaragua (enhanced decision point reached in December 2000) in the absence initially of satisfactory financing assurances, and later of a PRGF arrangement.

C. Track Record Prior to the Completion Point

49. The linkage between debt relief, policy reform, and poverty reduction is central to the success of the HIPC Initiative. In order to ensure that debt service savings are used effectively for the benefit of the poor, the enhanced framework envisages a track record of strong and sustainable policy performance under IMF- and IDA-supported programs for the completion point to be reached. Track record issues arise when a PRGF- or IDA-supported program goes off track between the decision and completion points.

50. In approving the enhanced HIPC Initiative, Fund Directors agreed that if the interruption of a country's track record was less than six months, the completion point could be reached when a PRGF program review is completed or a new PRGF arrangement is approved.²⁸ In the case of an extended interruption (more than six months), the country could be required to complete a period of uninterrupted track record immediately prior to the completion point.

51. Recent experience suggests that there is a need to specify more clearly the required minimum track record of macroeconomic performance prior to the completion point, as extended interruptions in PRGF-supported programs have already occurred in Guinea, Guinea-Bissau, Guyana, Malawi, Nicaragua, Rwanda, and São Tomé and Príncipe, as noted in section II above. Most HIPCs are expected to prepare a full PRSP and satisfactorily implement it for at least one year in order to reach the completion point.²⁹ All HIPCs are also expected to maintain macroeconomic stability. In view of this, the staffs propose to interpret the general track record requirement for countries with extended track record interruptions to mean satisfactory performance for at least six months before the completion point can be reached. That is, a satisfactory track record in the form of the completion of a review of a PRGF-supported program covering a period of policy implementation of at least six months and satisfactory performance under an IDA-supported adjustment program would be required immediately before the completion point. This would help ensure that appropriate policies are being pursued and debt relief is used to support the HIPCs' poverty-reduction strategies.

D. Floating Completion Point Conditions

52. When the original HIPC framework was modified, one of the primary goals was to provide faster debt relief. To achieve this, the concept of the floating completion point was introduced, under which a country's performance would be based on specific outcomes of pre-defined policy reforms and poverty reduction and the maintenance of macroeconomic stability. The specific outcomes took the form of floating completion point triggers and a country would reach its completion point once all triggers were met.

²⁸ See "Modifications to the Heavily Indebted Poor Countries (HIPC) Initiative," July 23, 1999, <http://www.imf.org/external/hp/hipc>, EBS/99/138, and <http://www.worldbank.org/hipc>, July 26, 1999, IDA/SECM99-475, Box 3.

²⁹ Except retroactive cases—countries that reached their decision points before the HIPC Initiative was enhanced in 1999. For these countries development of a full PRSP is required.

53. Of the four countries that have reached their completion points under the enhanced HIPC Initiative, Uganda and Bolivia met all of the completion point triggers presented in their decision point documents. While there was some question whether Mozambique had implemented the trigger on the adoption of a strategic plan for the justice system, on the basis of the progress made by the authorities in this area, the Boards reached the conclusion that the undertakings of the condition as envisaged at the decision point had been observed.³⁰ In the case of Tanzania, two completion point conditions (the privatization of state utility companies and the updating of poverty indicators) were not met, but the nonobservance of these two conditions reflected factors not entirely under the authorities' control (tenders offered but no willing bidders in the case of utility company reform) or "technical factors" (poverty indicators were not statistically significant due to small sample size of preliminary analysis). The staffs will continue to recommend that the Boards show flexibility in assessing completion point triggers, particularly in cases where the triggers were not met because of factors beyond the control of the authorities.

54. Regarding the completion point requirement of one year satisfactory implementation of a full PRSP in all non-retroactive cases, some HIPC governments and NGOs have urged the Bank and the Fund in the recent PRSP review to de-link decisions under the enhanced HIPC Initiative from the PRSP. This would ensure that there is no delay in receiving and/or making debt relief irrevocable, and that countries can take sufficient time to prepare quality PRSPs. Others, including several HIPCs, some donors and Civil Society Organizations (CSOs), were concerned that such delinking would reduce the likelihood that debt relief would be well used and might excessively weaken the incentives to complete preparation of, and begin implementing, a PRSP. In this connection, it should be recognized that, for many HIPCs, the annual debt relief received during the interim period between the decision and completion points is a substantial share of the annual debt relief after the completion point. Hence, these countries do not need to rush completion of their PRSP for the sake of increasing flows of debt relief. However, this is not the case for some other countries (Chad, The Gambia, Mauritania, and Niger) for which a large part of the debt is held by creditors that do not provide any interim debt relief, or for which the debt service profile is lower right after the decision point than 2–3 years later.

³⁰ Mozambique was considered on track under the PRGF-supported program as the Board completed the third program review at the same time as the completion point, granting a waiver on the nonobservance of a structural performance criteria (recapitalization of two commercial banks).

55. As a result of the recent review of the PRSP approach,³¹ the staffs recommended that the Bank and Fund retain the presumption of a one-year period of satisfactory PRSP implementation before the completion point, but allow for some flexibility in timing in cases where there has been satisfactory progress in implementing the PRSP, the other completion point triggers have been met, and, despite efforts to ensure maximum interim relief, the financial cost of delaying the completion point is significant. In such cases, the staff proposed that countries' completion point requests be submitted for Board consideration without waiting for a full year of PRSP implementation.

VII. ISSUES FOR DISCUSSION

56. Views of Executive Directors are sought on the following issues:

- **HIPC Implementation.** Do Directors agree that steady progress is being made in the implementation of the HIPC Initiative?
- **Creditor Participation.** Do Directors agree with the staff proposals (paragraph 45) for increasing the participation of non-Paris Club creditors?
- **Track record prior to the completion point.** Do Directors agree with the proposal that a satisfactory track record in the form of the completion of a review of a PRGF-supported program covering a period of policy implementation of at least six-months and satisfactory performance under an IDA-supported adjustment program be required immediately before the completion point?
- **Potential Costs of Completion Point Topping Up.** Do Directors agree that more complete DSA updates are needed, as potentially affected HIPCs approach their completion points, before the staff would be in a position to present any firm cost estimates?

³¹ See "Review of the Poverty Reduction Strategy Paper Approach – Main Findings and Issues for Discussion," February 15, 2002, <http://www.imf.org/external/hp/prgf>, SM/02/53 and February 20, 2002, <http://www.worldbank.org/hipc>, SECM2002-0085.

Country Coverage, Data Sources, and Assumptions for HIPC Costing Exercise

Country Coverage

- The costing analysis is based on 42 HIPCs: Angola, Benin, Bolivia, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Republic of Congo, Côte d'Ivoire, Ethiopia, The Gambia, Ghana, Guinea, Guinea-Bissau, Guyana, Honduras, Kenya, Lao P.D.R., Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Myanmar, Nicaragua, Niger, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, Somalia, Sudan, Tanzania, Togo, Uganda, Vietnam, Yemen, and Zambia.
- From the above list, Lao P.D.R., with debt deemed unsustainable after application of traditional debt-relief mechanisms, has been excluded from the costing exercise because reliable debt data are not yet available.
- Yemen has been excluded from the costing exercise because its debt levels have been found to be sustainable after traditional debt relief, based on the latest debt sustainability analysis. In addition, Angola, Kenya, and Vietnam have been excluded because their debt levels are expected to be sustainable after application of traditional debt-relief mechanisms.
- As in the past, Liberia, Somalia, and Sudan have not been included due to weaknesses in the data and/or the protracted time that will be required to resolve their arrears problems.

Data Sources

- Enhanced decision point documents have been presented to the Boards of the Bank and the Fund for the following 26 countries: Benin, Bolivia, Burkina Faso, Cameroon, Chad, Ethiopia, The Gambia, Ghana, Guinea, Guinea-Bissau, Guyana, Honduras, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nicaragua, Niger, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, Tanzania, Uganda, and Zambia.
- Recently collected debt figures have been used to update the potential cost estimates for Côte d'Ivoire and the Democratic Republic of Congo.
- There have been no data updates for the following 13 countries: Angola, Burundi, Central African Republic, Republic of Congo, Kenya, Lao P.D.R., Liberia, Myanmar, Somalia, Sudan, Togo, Vietnam, and Yemen. Data for the following three countries are particularly weak or unavailable: Liberia, Myanmar, and Somalia.

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.
- Countries must make full use of traditional debt-relief mechanisms (i.e., a stock-of-debt operation which provides a 67 percent reduction in the NPV of eligible debt from the Paris Club, and comparable treatment by non-Paris Club bilateral and commercial creditors) before becoming eligible for assistance under the enhanced HIPC Initiative. The cost estimates are based on data after full use of traditional debt-relief mechanisms.
- All eligible countries are assumed to request assistance under the enhanced HIPC Initiative.
- Each country-specific DSA is based on macroeconomic assumptions regarding exports and fiscal revenues developed by Bank and Fund staffs in consultation with country authorities.

Enhanced HIPC Initiative: Country Implementation Status Notes

These notes provide information on the status of 9 HIPC-eligible countries that are expected to reach decision points after March 2002. From the group of 42 HIPCs, this excludes those countries that have already reached their decision point under the enhanced Initiative (26); are considered sustainable under the Initiative (4);³² and for which there is inadequate data and/or have protracted arrears to the World Bank and the IMF (3).³³

Burundi

After protracted discussions, a peace agreement was signed in August 2000 in Arusha, Tanzania, by 19 political parties in an attempt to bring the civil conflict to an end. Agreement was reached in July 2001 on the installation of transitional institutions for a three-year period to lead to full democratization. Implementation of the agreement culminated in January 2002 with the installation of the transitional institutions. Burundi launched its PRSP process in July 2000, the last round of consultations was carried out in the regions in July 2001 and the I-PRSP document is expected by November 2001. The Bank has been providing assistance to Burundian authorities, including in the area of consultation and participatory diagnostic analysis. IDA is currently supporting Burundi with an Emergency Economic Recovery Credit and a number of other projects. In July 2001, a visiting Burundi delegation reached an agreement with Fund staff on a Staff Monitored Program covering the period July 1 through December 31, 2001. A successful implementation of this program could pave the way for a program that could be supported by the use of Fund resources, and eventually allow Burundi to benefit from HIPC relief. Preliminary analysis indicates that Burundi has a heavy debt burden. However, it has managed to remain current in its debt service obligations to the Bank and the Fund but is in arrears to the AfDB. As a follow-up to the Paris Conference, there has been a concerted effort within the international community to set up a multi-donor Trust Fund to assist Burundi clear its arrears and pay its debt to its multilateral creditors during the period leading to its access to the enhanced HIPC Initiative.

Central African Republic

In January 2001, the Fund approved a second annual arrangement under the PRGF, and IDA disbursed the second tranche of its Fiscal Consolidation Credit. At end-March 2001, the first performance test date, the PRGF-supported program was significantly off-track. Large revenue shortfalls from April onwards and an attempted coup d'état at end-May foreclosed any possibility for the authorities to bring the PRGF-supported program back on track. The staff and the authorities agreed on a six-month staff-monitored program (SMP) starting in October 2001, with a view to establishing a track record that would allow the resumption of Fund financial support in 2002. Preliminary indications are that

³² Angola, Kenya, Vietnam, and Yemen.

³³ Liberia, Somalia, and Sudan.

developments through end-December 2001 were less than satisfactory. A mission is scheduled for April to evaluate performance under the SMP through February 2002, and to discuss steps leading to a possible new PRGF-supported program, including the timing of negotiations. In light of these circumstances, the earliest possible date for a HIPC decision point is the first half of 2003.

Comoros

Following a period of political instability, a national referendum adopted a new constitution in December 2001. General and regional elections will follow in March and April 2002. After holding these elections, the country would have formally overcome its secessionist and institutional crisis. An interim support strategy was approved by IDA's Board in November 2000. The strategy includes an Emergency Economic Recovery Credit, approved in August 2001. The authorities also adopted an economic program for the period July 2001–June 2002, which is being monitored by IMF staff. Satisfactory performance under this program and the presentation of an I-PRSP would facilitate a shift to a PRGF-supported program. After a minimum of a six-month track record under the PRGF, the Comoros could benefit from debt relief under the HIPC Initiative if the Comoros can reach an agreement with its multilateral creditors, particularly AfDB, on a work-out of its arrears.

Congo, Democratic Republic of

The DRC has been continuously in arrears to the Fund since November 1990 and in non-accrual status to the Bank since November 1993. Since assuming office in January 2001, President Joseph Kabila has moved to reactivate the Lusaka cease-fire accord, start the inter-Congolese dialogue, restore relations with the Bretton Woods Institutions, and take steps to open up the economy. A Fund staff monitored program (SMP) covering the period June 2001–March 2002 is being implemented with strong performance through end-2001. A Fund mission in early March 2002 reviewed performance under the SMP and discussed a medium-term program for the transition phase (2002–04) that could be supported by a three-year PRGF arrangement from around mid-2002, following clearance of arrears through a bridge loan. Following IDA Board approval of a transitional support strategy along with a post-conflict IDA grant in July 2001, the Bank has been preparing an Economic Recovery Credit (ERC) and an Emergency Multi-sector Rehabilitation and Reconstruction Project (EMRRP) both expected to be approved by the IDA's board during 2002, following arrears clearance through a bridge loan. The decision point under HIPC could be envisaged for early 2003 following a satisfactory track record of policy implementation under the SMP and the PRGF.

Congo, Republic of

The Republic of Congo received Fund support under the emergency post-conflict assistance policy in November 2000. Implementation of the post-conflict program met with difficulties, including non-oil revenue shortfalls and expenditure overruns. The policy framework and quantitative targets were revised in July 2001 in the context of a

Fund staff-monitored program (see EBS/01/126, 7/31/01). Performance during the second half of 2001 remained disappointing preventing initiation of discussions on a more ambitious medium-term program that could be supported by the Fund under the PRGF and open the way to possible debt relief under the HIPC Initiative. IDA's Board approved a post-conflict economic rehabilitation credit on July 31, 2001. On July 31, 2001, the IDA's Board approved a post-conflict economic rehabilitation credit and an emergency demobilization, disarmament and reintegration credit. The Congo cleared its arrears to the Bank on August 8, 2001, paving the way for the disbursement of the approved credits and future IDA lending. In addition, a recently approved Governance and Transparency Capacity Building Project will help finance the external financial audit of the national oil company (SNPC) and, at a subsequent stage, the audit of the entire oil sector. The timing of a possible three-year PRGF arrangement and the HIPC decision point will depend on improved fiscal performance, progress in transparency in the oil sector, and normalization of relations with external creditors.

Côte d'Ivoire

Côte d'Ivoire had reached a decision point under the original HIPC framework in March 1998. However, the Fund- and IDA-supported programs went off-track in early 1999 due to significant fiscal and governance problems. In the context of the 2001 Article IV consultation discussions, agreement was reached on a staff-monitored program covering the period July–December 2001. Satisfactory performance under the SMP and financing assistance has paved the way for a PRGF-supported program and an updated preliminary HIPC document to be presented to the Boards by end-March 2002. Provided that policy implementation under the PRGF-supported program is satisfactory, the staff has proposed that the decision point could be reached in September 2002.

Lao P.D.R.

In April 2001, the Fund Board approved a new three-year PRGF arrangement with Lao P.D.R., and considered the accompanying I-PRSP and JSA. The IDA Board has also endorsed the I-PRSP and JSA, and a Financial Management Adjustment Credit is being prepared. On Feb 25, 2002, the Fund Board completed the first review of the PRGF-supported program. The authorities are still in the process of evaluating the advantages and disadvantages of requesting HIPC relief, and work is underway to prepare a debt sustainability analysis.

Myanmar

There has been no Fund-supported program since 1981–82. The World Bank has approved no new lending since 1987 and does not have an active program in Myanmar. Poor debt statistics make an assessment of the debt burden difficult. Highly tentative estimates indicate that Myanmar's debt ratios exceed the thresholds under the HIPC Initiative.

Togo

IDA released the last tranche of its last adjustment credit to Togo in May 1998. Accumulation of arrears to IDA led to the suspension of disbursements on IDA investment operations between November 2000 and mid-August 2001. Following a further accumulation of arrears, IDA disbursements to Togo have been suspended since January 1, 2002. There has not been a Fund-supported program since mid-1998. The IMF Executive Board concluded the 2001 Article IV consultation with Togo in April 2001, and a staff-monitored program covering the period April–December 2001 was put in place. Legislative elections are currently scheduled for March 2002, and their satisfactory execution, has been identified by the EU (Togo's main donor) as a condition for the resumption of financial assistance. A request for extension of the staff-monitored program by nine months will be presented to the Board in April 2002. With satisfactory performance under the extended SMP, and provided that financing assistances are obtained, a PRGF-supported program could be considered, possibly by the end of 2002. This would, in turn, make an IDA adjustment operation feasible provided that prior actions in key areas of structural reforms are met. The European Union and other major donors continue to make resumption of their assistance contingent upon the organization of transparent legislative elections as part of the *Accord Cadre de Lomé* (July 1999), which have been repeatedly postponed; those scheduled for March 2002 have also recently been postponed.

Guidance Note on Increasing the Participation of Non-Paris Club Bilateral and Commercial Creditors in the HIPC Initiative
(Issued by the Joint Implementation Committee of the Bank and the Fund, June 2001)

The Bank and Fund Boards have endorsed the overall HIPC Initiative framework, including the principle of proportional burden-sharing, a key component of the Initiative. The Boards have also called for flexibility by staffs in identifying ways to achieve the full participation of non-Paris Club official bilateral and commercial creditors in the Initiative. These creditors are not a homogenous group--they include some HIPCs, low- and middle-income countries as well as various commercial creditors. Each one of them may face different (political, legal, or financial) constraints. The approach to be followed to ensure full participation by them in the Initiative has to be multifaceted so as to address the specific challenges posed by the various categories creditors. The legal basis for Bank and Fund staff pushing more forcefully for creditor participation is rather weak, however, and care needs to be taken to avoid the emergence of any legal problems.³⁴

The current approach. The Boards of the Fund and Bank discussed at length in April 2000 issues related to the participation of all creditors in the HIPC Initiative, including those creditors who are not members of the Paris Club.³⁵ Since these discussions, IMF and World Bank staffs have continued to seek non-Paris Club bilateral creditors' participation through letters to, and meetings with Executive Directors representing these creditors in individual cases being brought to the Board, and on the occasions of Annual/Spring Meetings. Management wrote to the governors of non-Paris Club creditor countries last fall and discussed the matter with the largest creditors during the 2000 Annual Meetings in Prague. Mission teams have been requested to follow up on these efforts, and have already started to do so. This approach relies primarily on **moral suasion** by the Bretton Woods institutions (BWIs) and by the HIPCs themselves.

The suggested approach. Staff should make all efforts possible to enhance the chances of success of the moral suasion approach. To the extent possible, however, the staff should remain neutral in issues of debt dispute, and fundamentally limit its role to providing good offices and technical assistance. While the Fund Executive Board has refrained from codifying the role of the Fund in the settlement of disputes between members relating to external financial obligations³⁶, the staff should be guided by the

³⁴ The Fund's and Bank's decisions on the HIPC Initiative are not binding on creditors and a Paris Club Minute creates no obligations on the part of non-Paris Club creditors.

³⁵ See "HIPC Initiative—Participation of Official Bilateral Creditors," (EBS/00/59, March 29, 2000).

³⁶ See "The Role of the Fund in the Settlement of Disputes Between Members Relating to External Financial Obligations," (SM/84/89, April 25, 1984) and the Chairman's summing up of the IMF Board discussion on this paper (BUFF/84/107, July 13, 1984).

following principles. All Fund-supported programs' financing assumptions typically assume comparable treatment. If the authorities choose to pay a non-Paris Club

creditor--in an amount exceeding the program assumptions--who refuses to agree to HIPC provisions, the staff have an obligation to advise them that this could amount to a breach of their agreement with the Paris Club. It could also lead to a breach of the program's performance criteria. For program purposes, if a country is deemed to be making best efforts to reach rescheduling agreements with its creditors, arrears on reschedulable debt service (i.e., amounts subject to comparable treatment) are not be considered as arrears for the purpose of performance criteria under IMF arrangements. The following actions could help increase creditor participation in HIPC relief.

1. **HIPC country teams** should

- Advise debtors that they have the primary responsibility to seek debt relief from creditors and they need to do so constructively, minimizing the possibility of a negative reply from creditors.
- Enlist the help of Fund and Bank Managements when high-level involvement could make a difference. HIPCs could ask for Management and other multilateral or bilateral assistance and mediation in their dealings with bilateral creditors.
- Report to the Boards on the status of creditor participation, including negative responses to debtor countries' requests for debt relief, in HIPC documents and staff reports (or other Board papers) on Bank- and Fund-supported programs. The documents could seek Board guidance on any follow-up actions that may be necessary/possible.
- Consult the relevant departments in the Fund and the Bank on the treatment of debt service obligations if a negative answer is received from a creditor. This needs to be handled on a case-by-case basis and the relevant Bank and Fund departments stand ready to provide guidance.
- Continue to use the existing mechanisms for commercial debt reduction--debt-buybacks and operations offering a menu of restructuring options designed to achieve debt and debt service reduction. Most of these operations could be supported by IDA grants under the Debt Reduction Facility for IDA-only countries.
- Follow closely the development by the World Bank of options for mobilizing donor resources to fund debt buybacks, especially of HIPC-to-HIPC debt.

2. **Non-Paris Club creditor country mission teams and HIPC mission teams** should

- Approach the creditor country authorities and their Executive Directors in the Fund and the Bank more actively on participation in the HIPC Initiative, including during missions and Annual/Spring Meetings.
- In consultative group (CG) meetings for the creditor concerned, raise the issue of the need for the HIPC/PRGF creditor to provide debt relief as part of the financing need of the creditor.
- Bring up the issue of debt relief (flow rescheduling and HIPC relief) to be provided by a non-Paris Club bilateral creditor in discussions of Fund-supported programs or Article IV consultations for these countries, as well as in the relevant Bank Board documents. Note that debt relief, while representing a cost to the creditor country, does not require cash outlays or a loss of debt service receipts where the debt is not being serviced.

3. **Relevant Fund and Bank departments** should

- Work together closely on mobilizing donor resources to fund debt buybacks, especially of HIPC-to-HIPC debt.
- Compile and publish comprehensive information on the status of creditor participation. This information would identify separately all non-Paris Club creditors, and, for those still not providing HIPC debt relief, it will state the reasons for their non-participation. The information would be part of the six-monthly HIPC implementation report to the Boards and, with Management approval, could be also posted separately on the Bank and Fund external websites.

Table 1. Floating Completion Points under the Enhanced HIPC Initiative; Status as of end-February 2002

Country	DP Date	Assumed CP Date 1/	Actual CP Date	Progress towards the floating completion point 2/
Uganda	Feb-00	Apr-00	May-00	
Bolivia	Feb-00	Mar-01	Jun-01	
Mozambique	Apr-00	Apr-01	Sep-01	
Tanzania	Apr-00	mid-2001	Nov-01	
Enhanced Decision Point Countries				
Burkina Faso	Jul-00	spring 2001		Slower PRSP implementation than expected. Enhanced completion point expected by end-March 2002.
Benin	Jul-00	mid-2001		Delays in preparing full PRSP. Enhanced completion point expected by mid-2002.
Mali	Sep-00	mid-2001		Delays in preparing full PRSP. Enhanced completion point expected by mid-2002.
Guyana	Nov-00	late 2001		Delays in completing PRGF reviews in 2001. Successor PRGF to be agreed. PRSP was finalized in early 2002.
Senegal	Jun-00	end-2001		Delays in completing PRGF reviews in 2001. Full PRSP expected by early 2002.
Honduras	Jul-00	mid-2002		Delays in completing PRGF review in 2001. PRGF arrangement extended until Dec. 2002. PRSP completed in Aug. 2001.
Mauritania	Feb-00	mid-2002		PRGF on track in 2001.
Chad	May-01	Dec-02		PRGF on track. PRSP expected in mid-2002.
The Gambia	Dec-00	Dec-02		PRGF on track in 2001. PRSP expected in early 2002.
Guinea	Dec-00	Dec-02		Delay in completing PRGF reviews in 2001. PRSP completed at end-2001.
Madagascar	Dec-00	Dec-02		PRGF on track in 2001. PRSP expected in Q1 2002.
Malawi	Dec-00	Dec-02		Delays in completing PRGF reviews in 2001 and 2002. PRSP expected in March 2002.
Nicaragua	Dec-00	Dec-02		Staff-monitored program off track in 2001. Negotiations on a new three-year PRGF to begin in March 2002.
Niger	Dec-00	Dec-02		PRGF reviews delayed in 2001. PRSP presented to Boards in February 2002.
Rwanda	Dec-00	Dec-02		Delays in completing review of PRGF in 2001.
Cameroon	Oct-00	Q1 2003		PRGF on track in 2001. PRSP has been delayed, but is expected to be completed by mid-2002.
Guinea-Bissau	Dec-00	Oct-03		Delays in completing review of PRGF in 2001.
São Tomé and Príncipe	Dec-00	Dec-03		Delays in completing review of PRGF in 2001.
Zambia	Dec-00	Dec-03		PRGF on track in 2001. PRSP expected in May 2002.
Ethiopia	Nov-01	Jul-03		PRGF on track in 2001. PRSP being prepared.
Ghana	Feb-02	Q1 2004		PRSP expected mid-2002.
Sierra Leone	Mar-02	end-2004		PRSP expected mid-2003.

Sources: IMF and World Bank staff estimates.

1/ Based on information from HIPC decision point documents.

2/ This is based on Bank and Fund staffs' judgment of progress towards the completion point.

Table 2. Preliminary Estimates of Overall Debt Relief
and Under the HIPC Initiative

(In billions of U.S. dollars)

	Debt Stocks	Debt Relief 2/				Debt Stocks	
	On basis of HIPC documents or GDF data 3/ 4/	Traditional debt relief 1/	HIPC relief	Additional bilateral relief 6/	Total relief	Remaining Debt	
			(In NPV terms)				
1. Countries that have reached the decision point (26 countries)	62	10	25	5	39	22	
2. Other HIPCs (8 countries) 5/	31	9	11	3	23	8	
Total (1+2) (34 countries)	93	19	36	8	63	30	
			(In nominal terms)				
1. Countries that have reached the decision point (26 countries)	87	14	40	7	62	...	
2. Other HIPCs (8 countries) 5/	36	13	16	4	33	...	
Total (1+2) (34 countries)	124	28	56	11	95	...	

Sources: HIPC documents; The World Bank, Global Development Finance, 2000; and Bank and Fund staff estimates.

1/ The traditional debt relief mechanisms shown in this table reflect only the relief that the HIPCs have not yet benefitted from; i.e., this excludes relief already given in the past.

2/ Debt relief in nominal terms refers to debt service relief over time. The figures are rough estimates, using country-specific information where available.

3/ Data from HIPC Initiative country documents on a decision point basis for group 1 and from GDF figures for group 2. Debt relief figures for group 2 are estimates. Data for Chad, Comoros, and Ghana are in 2000 terms. Data for Benin, Bolivia, Cote d'Ivoire, Mali, Mauritania, Mozambique, and Senegal are in 1998 terms. Data for all other countries in 1999 terms.

4/ GDF data, which are for 1999, rely on country reporting and are not as comprehensive as the data used under the HIPC Initiative. Calculations of the NPV of debt in the GDF are based on a common (10 percent) discount rate, a methodology which differs from the currency-specific discount rates (or Commercial Interest Reference Rates) used in DSAs for the HIPC documents.

5/ Includes Burundi, Central African Republic, Cote d'Ivoire, Comoros, Democratic Republic of Congo, Republic of Congo, Myanmar, and Togo.

6/ Refers to debt relief pledged by individual bilateral creditors over and beyond HIPC relief.

Table 3. Summary Debt Service for 26 HIPCs that Reached Decision Points

(In million of US dollars, unless otherwise indicated)

	1998	1999	2000	2001	2002	2003	2004	2005
African Countries								
Debt service paid	2,658	2,418	2,369	1,738				
Total debt service due after enhanced HIPC Initiative relief 1/					1,568	1,455	1,586	1,645
Ratio of debt service to exports (in percent) 2/	17	15	15	10	9	8	7	7
Ratio of debt service to government revenue (in percent) 2/	27	23	23	16	13	11	11	10
Ratio of debt service to GDP (in percent) 2/	4	3	3	2	2	2	2	2
Latin American Countries								
Debt service paid	1,030	668	740	631				
Total debt service due after enhanced HIPC Initiative relief 1/					706	778	717	725
Ratio of debt service to exports (in percent) 2/	19	13	13	11	12	12	10	10
Ratio of debt service to government revenue (in percent) 2/	28	18	20	17	18	19	16	15
Ratio of debt service to GDP (in percent) 2/	6	4	4	4	4	4	4	3
Total (26 countries)								
Debt service paid	3,687	3,086	3,109	2,369				
Debt service due after enhanced HIPC Initiative relief 1/					2,274	2,233	2,302	2,371
Weighted average (26 countries)								
Debt service/exports (in percent)	18	15	14	11	10	9	8	8
Debt service/government revenue (in percent)	27	21	22	16	14	13	12	11
Debt service/GDP (in percent)	4	3	3	3	3	2	2	2

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 their decision point until late in 2000 or later. Thus, the full impact of relief for them will not be felt until 2001 and thereafter. See Table 5 for a detailed breakdown.

2/ Weighted averages.

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

Table 4. Debt Service for Individual HIPCs that Reached Decision Points, by Country, 1998-2005
(In million of US dollars, unless otherwise indicated)

	1998	1999	2000	2001	2002	2003	2004	2005
Benin								
Debt service paid	64	66	55	33				
Debt service due after enhanced HIPC Initiative relief 1/					34	34	36	31
Debt service/exports (in percent)	16	17	16	9	9	8	7	6
Debt service/government revenue (in percent)	17	17	14	9	8	7	7	5
Debt service/GDP (in percent)	3	3	2	1	1	1	1	1
Bolivia								
Debt service paid	390	249	270	244				
Debt service due after enhanced HIPC Initiative relief 1/ 2/					244	310	306	297
Debt service/exports (in percent)	29	19	19	17	16	19	17	15
Debt service/government revenue (in percent)	19	13	14	14	13	16	14	13
Debt service/GDP (in percent)	5	3	3	3	3	4	4	3
Burkina Faso								
Debt service paid	60	53	48	37				
Debt service due after enhanced HIPC Initiative relief 1/					24	25	27	29
Debt service/exports (in percent)	16	20	20	14	9	8	8	7
Debt service/government revenue (in percent)	18	15	17	11	6	6	6	6
Debt service/GDP (in percent)	2	2	2	2	1	1	1	1
Cameroon 3/ 4/								
Debt service paid	401	401	437	271				
Debt service due after enhanced HIPC Initiative relief 1/ 5/					267	261	284	313
Debt service/exports (in percent)	18	15	16	10	11	11	12	12
Debt service/government revenue (in percent)	28	24	26	15	16	16	16	16
Debt service/GDP (in percent)	4	4	5	3	3	3	3	3
Chad 4/								
Debt service paid	38	30	32	17				
Debt service due after enhanced HIPC Initiative relief 1/					22	19	23	23
Debt service/exports (in percent)	12	12	14	7	10	8	1	1
Debt service/government revenue (in percent)	29	23	29	14	15	10	6	6
Debt service/GDP (in percent)	2	2	2	1	1	1	1	1
Ethiopia 3/ 4/								
Debt service paid	101	127	112	197				
Debt service due after enhanced HIPC Initiative relief 1/					104	73	84	99
Debt service/exports (in percent)	10	14	11	21	12	8	8	8
Debt service/government revenue (in percent)	9	11	10	16	8	5	5	6
Debt service/GDP (in percent)	2	2	2	3	2	1	1	1
Gambia, The 2/ 4/								
Debt service paid	26	20	13	10				
Debt service due after enhanced HIPC Initiative relief 1/					16	9	10	11
Debt service/exports (in percent)	12	15	10	7	10	5	6	6
Debt service/government revenue (in percent)	12	25	16	16	23	12	12	13
Debt service/GDP (in percent)	6	5	3	3	4	2	2	2
Ghana 4/								
Debt service paid	560	521	560	215				
Debt service due after enhanced HIPC Initiative relief 1/					129	115	104	112
Debt service/exports (in percent)	22	21	23	9	5	4	3	3
Debt service/government revenue (in percent)	41	53	82	25	12	9	8	8
Debt service/GDP (in percent)	7	7	11	4	2	2	1	1
Guinea 4/								
Debt service paid	128	132	122	106				
Debt service due after enhanced HIPC Initiative relief 1/					90	99	92	89
Debt service/exports (in percent)	15	18	17	14	11	11	9	9
Debt service/government revenue (in percent)	34	35	36	30	24	23	20	17
Debt service/GDP (in percent)	4	4	4	4	3	3	3	2
Guinea-Bissau 4/								
Debt service paid	7	6	13	0				
Debt service due after enhanced HIPC Initiative relief 1/					6	8	5	4
Debt service/exports (in percent)	23	11	19	0	9	11	6	4
Debt service/government revenue (in percent)	63	15	32	0	15	17	9	7
Debt service/GDP (in percent)	3	3	6	0	2	3	2	1

Table 4 (continued). Debt Service for Individual HIPCs that Reached Decision Points, by Country, 1998-2005
(In million of US dollars, unless otherwise indicated)

	1998	1999	2000	2001	2002	2003	2004	2005
Guyana 4/ 6/								
Debt service paid	131	70	94	53				
Debt service due after enhanced HIPC Initiative relief 1/					58	39	42	43
Debt service/exports (in percent)	19	10	14	8	9	6	6	6
Debt service/government revenue (in percent)	65	35	46	24	26	16	17	17
Debt service/GDP (in percent)	18	10	13	8	8	5	6	6
Honduras 7/								
Debt service paid	311	240	233	181				
Debt service due after enhanced HIPC Initiative relief 1/					209	276	246	258
Debt service/exports (in percent)	13	11	9	7	8	10	8	7
Debt service/government revenue (in percent)	32	23	22	16	17	22	18	18
Debt service/GDP (in percent)	6	4	4	3	3	4	3	3
Madagascar 4/ 8/								
Debt service paid	166	106	87	63				
Debt service due after enhanced HIPC Initiative relief 1/					68	62	70	79
Debt service/exports (in percent)	21	12	7	5	5	4	4	5
Debt service/government revenue (in percent)	42	25	19	12	11	9	9	9
Debt service/GDP (in percent)	4	3	2	1	1	1	1	1
Malawi 4/								
Debt service paid	90	65	81	42				
Debt service due after enhanced HIPC Initiative relief 1/					57	45	45	47
Debt service/exports (in percent)	16	13	18	9	12	9	8	8
Debt service/government revenue (in percent)	22	21	27	13	15	11	11	10
Debt service/GDP (in percent)	5	4	5	2	3	2	2	2
Mali								
Debt service paid	74	84	68	76				
Debt service due after enhanced HIPC Initiative relief 1/					86	90	95	103
Debt service/exports (in percent)	11	12	10	10	10	10	10	10
Debt service/government revenue (in percent)	17	20	18	18	17	16	15	15
Debt service/GDP (in percent)	3	3	3	3	3	3	3	3
Mauritania 9/								
Debt service paid	88	81	95	84				
Debt service due after enhanced HIPC Initiative relief 1/					53	50	50	49
Debt service/exports (in percent)	22	22	25	22	14	13	12	11
Debt service/government revenue (in percent)	35	30	39	40	14	15	16	15
Debt service/GDP (in percent)	10	8	10	8	5	4	4	4
Mozambique								
Debt service paid	104	60	25	25				
Debt service due after enhanced HIPC Initiative relief 1/					46	52	51	56
Debt service/exports (in percent)	41	9	3	2	4	4	2	2
Debt service/government revenue (in percent)	23	12	5	6	9	9	7	7
Debt service/GDP (in percent)	3	1	1	1	1	1	1	1
Nicaragua 4/ 10/								
Debt service paid	198	108	144	153				
Debt service due after enhanced HIPC Initiative relief 1/					194	153	123	127
Debt service/exports (in percent)	7	13	15	16	20	14	10	9
Debt service/government revenue (in percent)	37	19	24	27	32	23	17	16
Debt service/GDP (in percent)	9	5	6	6	8	6	4	4
Niger 4/								
Debt service paid	17	19	18	20				
Debt service due after enhanced HIPC Initiative relief 1/					37	25	30	31
Debt service/exports (in percent)	5	6	6	6	12	7	8	8
Debt service/government revenue (in percent)	9	11	12	11	17	10	11	11
Debt service/GDP (in percent)	1	1	1	1	2	1	1	1
Rwanda 4/ 5/								
Debt service paid	14	47	31	15				
Debt service due after enhanced HIPC Initiative relief 1/					12	7	9	9
Debt service/exports (in percent)	13	40	19	9	8	4	5	4
Debt service/government revenue (in percent)	7	25	17	8	5	3	3	3
Debt service/GDP (in percent)	1	2	2	1	1	0	0	0

Table 4 (concluded). Debt Service for Individual HIPCs that Reached Decision Points, by Country, 1998-2005
(In million of US dollars, unless otherwise indicated)

	1998	1999	2000	2001	2002	2003	2004	2005
São Tomé and Príncipe 4/								
Debt service paid	7	2	5	2				
Debt service due after enhanced HIPC Initiative relief 1/					1	1	1	1
Debt service/exports (in percent)	55	12	33	11	5	5	3	4
Debt service/government revenue (in percent)	84	21	53	19	11	11	7	7
Debt service/GDP (in percent)	16	4	12	4	3	2	1	2
Senegal								
Debt service paid	222	146	143	113				
Debt service due after enhanced HIPC Initiative relief 1/					120	99	97	99
Debt service/exports (in percent)	14	10	11	8	8	6	6	6
Debt service/government revenue (in percent)	27	18	18	14	13	10	9	8
Debt service/GDP (in percent)	5	3	3	2	2	2	2	2
Sierra Leone								
Debt service paid	9	37	32	90				
Debt service due after enhanced HIPC Initiative relief 1/					25	36	41	12
Debt service/exports (in percent)	9	40	29	74	20	20	19	5
Debt service/government revenue (in percent)	18	77	44	89	21	27	27	7
Debt service/GDP (in percent)	1	5	5	12	3	4	4	1
Tanzania 3/ 11/								
Debt service paid	224	193	154	103				
Debt service due after enhanced HIPC Initiative relief 1/					134	108	121	138
Debt service/exports (in percent)	21	16	13	8	9	7	7	8
Debt service/government revenue (in percent)	29	20	16	9	12	9	10	10
Debt service/GDP (in percent)	3	2	2	1	1	1	1	1
Uganda 3/								
Debt service paid	110	98	90	71				
Debt service due after enhanced HIPC Initiative relief 1/					80	87	102	109
Debt service/exports (in percent)	15	12	14	12	13	12	13	12
Debt service/government revenue (in percent)	16	13	13	12	11	10	11	11
Debt service/GDP (in percent)	2	2	1	1	1	1	1	1
Zambia 4/								
Debt service paid	147	126	148	149				
Debt service due after enhanced HIPC Initiative relief 1/					158	151	211	202
Debt service/exports (in percent)	16	15	17	15	15	13	17	15
Debt service/government revenue (in percent)	24	23	24	22	23	19	25	22
Debt service/GDP (in percent)	5	4	5	4	4	4	5	4
Total debt service paid 4/	3,687	3,086	3,109	2,369				
Total debt service due 1/					2,274	2,233	2,302	2,371
Ratio of debt service to exports (in percent)								
Simple average	18	16	16	13	11	9	8	7
Weighted average	18	15	14	11	10	9	8	8
Ratio of debt service to government revenue (in percent)								
Simple average	29	24	26	19	15	13	12	11
Weighted average	27	21	22	16	14	13	12	11
Ratio of debt service to GDP (in percent)								
Simple average	5	4	4	3	3	2	2	2
Weighted average	4	3	3	3	3	2	2	2

Sources: HIPC country documents; and World Bank 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.

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

Table 5. Social Expenditure by the 26 Countries that Reached Decision Points

	1999	2000	2001	2002	2003	2004	2005
	<i>(In millions of US dollars)</i>						
Social expenditure 1/							
African Countries	3,530	3,959	4,747	5,446	5,712	6,383	5,688
Latin American Countries	1,800	1,971	2,152	2,191	2,466	1,519	1,637
Total	5,330	5,930	6,898	7,637	8,178	7,902	7,326
	<i>(In percent)</i>						
Ratio of social expenditure to government revenue 2/							
African Countries	33	39	44	51	58	58	54
Latin American Countries	48	52	58	57	59	65	65
Total	37	43	47	53	59	60	56
Ratio of social expenditure to GDP 2/							
African Countries	5	6	7	8	9	9	9
Latin American Countries	11	11	12	12	13	14	14
Total	6	7	8	9	10	10	9

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

1/ Data is not available for all countries, particularly in 2004 and 2005. For this reason, social spending may appear to be declining in those years. See Appendix Table 6 for details.

2/ Weighted averages account for unavailable data

Table 6. Social Expenditure for Individual HIPCs that Reached Decision Points, by Country
(In millions of US dollars)

	1999	2000	2001	2002	2003	2004	2005
Benin							
Social Expenditure	115	110	161	...	...	...	...
Social Expenditure/Government Revenue (in percent)	30	29	41	...	...	...	...
Social Expenditure/GDP (in percent)	5	5	7	...	...	...	...
Bolivia							
Social Expenditure 1/	882	921	918	956	1,086	...	...
Social Expenditure/Government Revenue (in percent)	45	48	52	52	55	...	...
Social Expenditure/GDP (in percent)	11	11	11	12	13	...	...
Burkina Faso							
Social Expenditure	141	121	143	207	223	241	259
Social Expenditure/Government Revenue (in percent)	36	43	49	57	57	54	51
Social Expenditure/GDP (in percent)	5	6	6	8	8	8	8
Cameroon 2/							
Social Expenditure	264	287	336	437	461	524	564
Social Expenditure/Government Revenue (in percent)	16	17	19	26	28	29	29
Social Expenditure/GDP (in percent)	3	3	4	5	5	5	5
Chad 2/							
Social Expenditure	190	186	231	298	309	420	396
Social Expenditure/Government Revenue (in percent)	150	165	185	202	165	113	109
Social Expenditure/GDP (in percent)	12	13	14	16	15	12	11
Ethiopia 2/							
Social Expenditure	268	534	694	1,007	1,144	1,339	1,490
Social Expenditure/Government Revenue (in percent)	23	44	56	77	80	84	83
Social Expenditure/GDP (in percent)	4	8	11	15	16	17	17
The Gambia 2/							
Social Expenditure	24	22	23	23	24	26	29
Social Expenditure/Government Revenue (in percent)	30	27	34	32	31	30	31
Social Expenditure/GDP (in percent)	5	5	6	6	6	6	6
Ghana 2/							
Social Expenditure 3/	345	358	246	285	...	...	...
Social Expenditure/Government Revenue (in percent)	35	52	27	27	...	...	...
Social Expenditure/GDP (in percent)	4	7	5	5	...	...	...
Guinea 2/							
Social Expenditure	85	73	68	72	78	85	92
Social Expenditure/Government Revenue (in percent)	23	22	19	19	19	18	17
Social Expenditure/GDP (in percent)	2	2	2	2	2	2	3
Guinea-Bissau 2/							
Social Expenditure	70	89	82	92	100	107	114
Social Expenditure/Government Revenue (in percent)	182	215	227	221	216	210	205
Social Expenditure/GDP (in percent)	32	40	34	34	34	34	34
Guyana 2/							
Social Expenditure	87	105	104	124	125	130	134
Social Expenditure/Government Revenue (in percent)	44	52	47	55	53	52	53
Social Expenditure/GDP (in percent)	13	15	15	17	17	18	18
Honduras							
Social Expenditure	488	601	750	769	882	983	1,055
Social Expenditure/Government Revenue (in percent)	47	56	65	63	69	72	73
Social Expenditure/GDP (in percent)	9	10	12	12	13	14	14
Madagascar 2/							
Social Expenditure	156	188	230	298	376	416	456
Social Expenditure/Government Revenue (in percent)	37	41	42	46	52	53	52
Social Expenditure/GDP (in percent)	4	5	5	6	7	7	7
Malawi 2/							
Social Expenditure	208	167	205	226	255	287	316
Social Expenditure/Government Revenue (in percent)	66	56	64	60	65	68	69
Social Expenditure/GDP (in percent)	12	10	11	11	12	12	12
Mali							
Social Expenditure	103	105	123	136	122	128	134
Social Expenditure/Government Revenue (in percent)	24	28	28	27	21	20	19
Social Expenditure/GDP (in percent)	4	4	5	5	4	4	4

Table 6 (concluded). Social Expenditure for Individual HIPC by Country 1/
(In million US dollars)

	1999	2000	2001	2002	2003	2004	2005
Mauritania							
Social Expenditure	85	95	84	117	118	127	141
Social Expenditure/Government Revenue (in percent)	35	39	40	32	39	41	43
Social Expenditure/GDP (in percent)	9	10	9	11	11	11	12
Mozambique							
Social Expenditure	259	312	343	336	351	391	425
Social Expenditure/Government Revenue (in percent)	53	66	78	66	59	56	54
Social Expenditure/GDP (in percent)	6	8	10	9	8	8	8
Nicaragua 2/							
Social Expenditure	343	344	379	342	373	407	448
Social Expenditure/Government Revenue (in percent)	60	58	66	56	55	55	56
Social Expenditure/GDP (in percent)	15	14	15	13	14	14	14
Niger 2/							
Social Expenditure	104	88	95	122	150	159	164
Social Expenditure/Government Revenue (in percent)	58	57	52	54	63	61	57
Social Expenditure/GDP (in percent)	5	5	5	6	7	7	6
Rwanda 2/							
Social Expenditure	75	73	90	96	112	129	150
Social Expenditure/Government Revenue (in percent)	40	41	47	45	44	46	48
Social Expenditure/GDP (in percent)	4	4	5	5	6	6	7
São Tomé and Príncipe 2/							
Social Expenditure	8	8	9	10	11	13	12
Social Expenditure/Government Revenue (in percent)	88	79	83	83	85	93	78
Social Expenditure/GDP (in percent)	17	17	18	19	19	20	17
Senegal							
Social Expenditure	254	226	293	...	...	...	...
Social Expenditure/Government Revenue (in percent)	31	28	35	...	...	...	...
Social Expenditure/GDP (in percent)	5	5	6	...	...	...	...
Sierra Leone 2/							
Social Expenditure	15	15	25	46	...	...	...
Social Expenditure/Government Revenue (in percent)	32	21	25	40	...	...	...
Social Expenditure/GDP (in percent)	2	2	3	6	...	...	...
Tanzania							
Social Expenditure 4/	289	352	622	837	1,025	1,090	...
Social Expenditure/Government Revenue (in percent)	30	36	56	75	88	88	...
Social Expenditure/GDP (in percent)	3	4	7	9	11	11	...
Uganda							
Social Expenditure	306	401	438	569	593	614	633
Social Expenditure/Government Revenue (in percent)	40	60	72	77	71	67	63
Social Expenditure/GDP (in percent)	5	7	8	9	9	8	8
Zambia 2/							
Social Expenditure	166	149	205	231	261	286	313
Social Expenditure/Government Revenue (in percent)	30	24	30	33	34	34	34
Social Expenditure/GDP (in percent)	5	5	6	6	6	6	6
Total social expenditure	5,330	5,930	6,898	7,637	8,178	7,902	7,326
Ratio of social expenditure to government revenue							
Simple average	49	54	59	64	66	64	61
Weighted average	37	43	47	53	59	60	56
Ratio of social expenditure to GDP							
Simple average	8	9	9	10	11	11	11
Weighted average	6	7	8	9	10	10	9

Sources: HIPC country documents; and staff estimates.

1/ Data refer to pro-poor expenditure comprising health, non-university education, basic sanitation, and certain rural development and urban development programs.

2/ The figures for 2000 largely reflect social expenditure before HIPC relief because these countries reached their decision points in late 2000 or in 2001. Thus, the full impact of HIPC relief for them will not be felt until 2001 and thereafter.

3/ Data reported for Ghana do not cover all the expenditure by the health and education ministries, as it is missing donor flows and expenditure financed by internally generated funds. For 2002, data are not based on outturn or finalized budget data and are not directly comparable with the 1998-2001 data.

4/ Data for 2003 and 2004 are contingent on adequate external financing.

**Table 7. Estimated HIPC Relief Costs for Individual HIPCs, by Creditor Group 1/
(26 Countries)**

(In millions of U.S. dollars, in 2001 NPV terms)
O:\Drafts\OC\HIPC\HIPC progress report\spring2002\Appendix Tab.15

	Grand Total	(In percent of total)	Benin	Bolivia	Burkina Faso	Cameroon	Chad	Ethiopia	The Gambia	Ghana	Guinea	Guinea- Bissau	Guyana	Honduras
<i>(26 countries)</i>														
Total	25,943	100	281	1,438	466	1,336	170	1,275	71	2,063	578	441	636	589
Bilateral	12,236	47	81	472	84	992	36	512	18	1,023	230	225	239	228
<i>Of which :</i>														
Paris Club	8,738	33	68	444	30	913	15	402	5	781	162	159	191	179
Non-Paris Club	2,888	12	14	21	54	14	20	80	13	32	66	65	27	47
Commercial	611	2	0	7	0	66	1	30	0	211	3	1	21	3
Multilateral	13,709	53	200	968	382	343	134	763	52	1,040	348	216	397	361
<i>Of which :</i>														
World Bank	6,502	24	89	213	184	190	68	463	24	737	161	99	74	104
IMF	2,112	8	26	93	50	39	18	34	2	106	33	13	81	32
AfDB/AfDF	1,807	7	40	0	70	83	37	216	17	124	80	64	0	0
IaDB	1,194	5	0	516	0	0	0	0	0	0	0	0	126	142
Others	2,094	8	45	146	77	31	11	49	9	73	74	41	117	83
<hr/>														
	Madagascar	Malawi	Mali	Mauritania	Mozambique	Nicaragua	Niger	Rwanda	Sao Tome and Principe	Senegal	Sierra Leone	Tanzania	Uganda	Zambia
Total	863	681	554	659	2253	3463	552	480	103	518	566	2149	1108	2649
Bilateral	485	172	171	277	1415	2273	224	59	31	225	253	1067	204	1238
<i>Of which :</i>														
Paris Club	406	137	112	145	1105	923	111	37	21	134	177	799	128	1154
Non-Paris Club	75	15	57	131	256	1307	110	22	10	91	38	202	62	59
Commercial	4	20	3	0	54	44	2	0	0	1	38	67	13	24
Multilateral	378	509	383	382	839	1190	328	420	72	293	313	1082	905	1411
<i>Of which :</i>														
World Bank	267	351	192	106	461	201	180	241	25	131	115	736	569	523
IMF	23	32	61	50	149	86	29	46	0	48	116	127	178	638
AfDB	63	75	72	77	157	0	39	79	36	60	40	132	89	155
IaDB	0	0	0	0	0	410	0	0	0	0	0	0	0	0
Others	25	51	59	150	72	493	79	53	10	54	42	86	69	95

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

1/ Data are expressed in 2001 NPV terms in contrast to decision point figures used in Table 1. For example, for Bolivia, HIPC relief under the original framework is US\$448 million in 1998 NPV terms, or US\$534 million in 2001 NPV terms, while enhanced HIPC relief is US\$854 million assessed at the decision point (2000 NPV terms) and US\$905 million in 2001 NPV terms. This lead to a total at the decision point of \$1,302 million in Table 1 and a total in 2001 NPV terms of US\$1,438 million in this table.

Table 8. Estimated Delivery of World Bank Assistance under the HIPC Initiative, 2000-09

(In million U.S. dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt service before HIPC relief										
Benin	11	12	14	15	16	17	17	18	18	19
Bolivia	18	21	24	25	27	28	31	32	36	38
Burkina Faso	13	15	19	20	20	22	23	23	23	25
Cameroon	80	72	60	54	55	41	34	29	30	30
Chad	-	10	10	10	11	12	13	14	15	18
Ethiopia	35	37	42	48	50	54	57	59	63	65
Gambia	4	4	4	4	5	5	5	6	6	6
Ghana	-	55	62	67	72	79	85	89	95	101
Guinea	20	22	22	24	25	26	29	30	33	35
Guinea-Bissau	4	5	5	6	6	7	7	7	7	8
Guyana	2	3	4	4	4	5	5	5	5	5
Honduras	49	36	33	29	22	21	20	17	16	7
Madagascar	28	30	31	33	35	37	40	44	47	48
Malawi	-	30	34	38	41	42	47	49	50	53
Mali	20	23	24	26	28	30	32	33	34	36
Mauritania	7	9	9	10	10	11	12	13	13	13
Mozambique	19	19	22	24	27	30	31	33	36	38
Nicaragua	12	11	9	9	11	13	14	14	15	17
Niger	13	14	15	16	17	17	20	22	24	24
Rwanda	12	14	16	17	18	19	21	21	22	23
Sao Tome & Principe	-	1	2	1	1	2	2	2	2	2
Senegal	30	30	30	32	33	36	38	41	44	45
Sierra Leone	-	5	6	8	10	10	11	11	11	11
Tanzania	45	54	60	63	70	70	71	75	78	80
Uganda	33	39	45	53	62	72	73	74	92	93
Zambia	17	22	26	31	34	40	45	48	47	49
TOTAL	471	594	625	665	710	746	780	806	864	889
Debt service after HIPC relief										
Benin	8	6	7	7	8	8	8	9	9	10
Bolivia										
after: original HIPC relief	0	1	17	25	27	28	31	32	36	38
enhanced HIPC relief	0	0	9	12	13	14	15	16	18	19
Burkina Faso										
after: original HIPC relief	10	9	13	14	15	16	17	17	17	18
enhanced HIPC relief	7	2	6	6	6	8	8	9	9	9
Cameroon	58	46	30	7	9	11	12	12	15	27
Chad	-	7	5	5	6	6	6	7	8	9
Ethiopia	35	24	15	17	18	19	20	21	23	23
Gambia	4	2	2	2	2	3	3	3	3	3
Ghana	-	55	29	22	24	26	28	29	31	33
Guinea	20	11	11	12	12	13	14	15	17	18
Guinea-Bissau	4	-	-	0	1	1	1	1	1	1
Guyana										
after: original HIPC relief	7	7	6	7	6	5	5	5	5	5
enhanced HIPC relief	7	5	4	4	4	2	2	2	2	2
Honduras	39	18	9	3	1	1	1	1	1	1
Madagascar	28	15	16	16	17	18	20	22	23	24
Malawi	-	14	15	17	18	19	21	22	22	24
Mali										
after: original HIPC relief	18	19	21	22	24	27	29	30	31	32
enhanced HIPC relief	16	9	10	11	12	13	14	14	15	16
Mauritania	3	3	3	3	4	4	4	4	5	5
Mozambique										
after: original HIPC relief	8	9	9	10	11	11	12	13	14	15
enhanced HIPC relief	1	2	4	4	4	4	4	5	5	13
Nicaragua	12	6	1	1	1	1	1	1	1	2
Niger	13	5	5	5	6	6	7	7	8	8
Rwanda	12	2	2	2	2	2	2	2	3	3
Sao Tome & Principe	-	-	-	-	0	0	0	0	0	0
Senegal	25	16	15	16	17	18	19	20	22	31
Sierra Leone	-	5	2	1	1	1	1	1	1	1

Table 8 (concluded). Estimated Delivery of World Bank Assistance under the HIPC Initiative, 2000-09
(In million U.S. dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt service after HIPC relief										
Tanzania	35	17	18	20	22	22	22	23	24	25
Uganda 1/ after: original HIPC relief	16	19	25	33	54	64	65	66	83	83
enhanced HIPC relief	12	9	13	19	29	35	36	36	51	51
Zambia	17	4	4	5	5	6	7	7	7	8
TOTAL	355	281	235	218	242	260	277	291	324	363
World Bank debt relief										
Benin	3	6	7	8	8	9	9	9	9	10
Bolivia	18	21	15	13	13	14	15	16	18	19
of which: original HIPC	18	21	6	-	-	-	-	-	-	-
enhanced HIPC	-	0	9	13	13	14	15	16	18	19
Burkina Faso	6	13	13	13	14	14	14	14	15	16
of which: original HIPC	3	6	6	6	6	6	6	6	6	7
enhanced HIPC	3	7	7	7	8	8	8	8	9	9
Cameroon	14	27	30	47	45	31	22	17	15	3
Chad	-	3	5	5	6	6	7	7	8	9
Ethiopia	-	13	27	31	32	35	36	38	41	42
Gambia	-	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	5	5	5	5	6	6	6	7	7
Guyana	1	4	4	4	4	5	5	5	5	5
of which: original HIPC	1	2	2	2	2	2	2	2	2	2
enhanced HIPC	0	2	2	2	3	3	3	3	3	3
Honduras	10	18	24	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	4	14	14	15	16	17	18	19	19	20
of which: original HIPC	2	4	4	4	4	4	4	4	4	4
enhanced HIPC	2	10	11	11	13	14	15	15	16	17
Mauritania	5	6	6	6	7	7	8	8	9	9
Mozambique	18	17	18	21	23	26	27	28	31	25
of which: original HIPC	11	11	13	14	16	19	19	20	22	23
enhanced HIPC	7	6	5	6	7	8	8	8	9	3
Nicaragua	-	6	8	8	10	11	13	13	13	15
Niger	-	9	10	10	11	12	14	15	16	16
Rwanda	-	12	14	15	16	17	18	19	19	20
Sao Tome & Principe	-	1	2	1	1	1	1	2	2	2
Senegal	5	14	15	16	17	18	19	20	22	14
Sierra Leone	-	-	4	7	8	9	10	10	10	10
Tanzania	10	38	41	44	48	49	49	52	54	55
Uganda	21	29	32	34	33	37	37	37	41	42
of which: original HIPC	17	20	20	20	8	8	8	8	9	9
enhanced HIPC	4	10	12	14	25	29	29	29	32	33
Zambia	0	19	22	26	29	34	38	40	40	41
TOTAL	115	318	395	452	472	488	505	517	542	528
Memorandum item										
<i>Average Annual Debt Service Reduction 2/</i>	<i>24%</i>	<i>54%</i>	<i>63%</i>	<i>68%</i>	<i>66%</i>	<i>65%</i>	<i>65%</i>	<i>64%</i>	<i>63%</i>	<i>59%</i>

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

1/ 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

2/ Weighted average.

Table 9. Enhanced HIPC Framework: Status of Bilateral Donor Pledges to the IDA-Administered HIPC Trust Fund 1/
(As of March 20, 2002, amounts in millions of US dollars)

Donor	(1)	(2)		(3)	(4)	(5)	(6)	Memo: Total Contributions Pledged, Including EC Attribution to Bilaterals (Cols. 4,2)
	at end-August 1999	Contributions Pledged		Total Bilateral Outstanding Contr/ Pledges (Cols.1,3) 3/ 4/	Total Bilateral Paid-in Contributions	Outstanding Bilateral Contr/ Pledges(Col.4-5)		
		After August 1999 EU/EC Attribution 2/	Bilateral					
Australia 5/	7		7	14	14			14
Austria 5/		17	26	26	26			44
Belgium	13	25	7	20	20			45
Canada	27		86	114	114			114
Denmark	26	15	19	45	42	3	6/	60
Finland	15	10	13	28	20	8		38
France	21	160		21		21		181
Germany	24	154	48	72	50	22	6/	226
Greece	1	8	2	3	3			11
Iceland 5/			2	2	2			2
Ireland	15	4	5	20	15	5		24
Italy 5/		83	70	70	36	34	6/	153
Japan	10		190	200	115	85		200
Korea 7/								
Luxembourg	1	2		1	1			2
Netherlands 8/	61	34	77	138	138			172
New Zealand 5/			2	2	2			2
Norway	42		37	80	80			80
Portugal	15	6		15	15			21
Spain	15	39	70	85	40	45	6/	124
Sweden	28	18	30	58	58			76
Switzerland	30		30	60	60			60
United Kingdom 9/	171	85	50	221	109	112		306
United States			600	600	238	362		600
<i>Total EU/EC Contributions</i>		661		661	500	161	6/	
Total	522	661	1,371	2,554	1,697	857		2,554

Source: IDA.

- 1/ Figures are approximate. Some pledges are in the donor's national currency and a number of the contributions are in the form of promissory notes.
- 2/ For illustration, the exchange rate used is EUR0.90 = US\$1 and the attribution to member states is based on their respective contributions to EDF8. Of this amount, EUR 554 million (eq. to US\$500 million) has been received.
- 3/ Includes allocations from the Interest Subsidy Fund (ISF) to the HIPC Trust Fund. There remain approximately \$100 million in ISF surplus assets that have not been allocated or committed to the HIPC Trust Fund.
- 4/ Many donors have also provided debt relief through other initiatives and mechanisms including: the Commercial Debt Reduction Facility for IDA-only Countries (providing financing for commercial debt reduction efforts), and specific country-held multilateral debt relief facilities. Most notably, additional debt service relief has also been provided to several Central American countries in the aftermath of Hurricane Mitch through the Central American Emergency Trust Fund. Bilateral donor funding to that trust fund to provide debt service relief to Honduras and Nicaragua includes (in \$ million): Spain - \$30; Norway - \$15.3; Netherlands - \$12.8; Switzerland - \$18.3; Italy - \$12; United Kingdom - \$16.3; Austria - \$2.7; Canada - \$5.4; Germany - \$13.2; Sweden - \$23.4; United States - \$25; and Denmark - \$10.9 (through a bilateral trust fund administered by IDB). These resources are not included herewith as the debt relief under HIPC is additional to these efforts.
- 5/ The contributions provided by Australia, Iceland, and New Zealand are allocated for debt relief provided by IDA/IBRD. Of Italy's contribution, \$25 million is available for debt relief to be provided by IDA. Of Austria's contribution, \$18 million is available for IDA.
- 6/ For these donors, contribution agreements have been signed covering part or all of their outstanding balances.
- 7/ Korea has confirmed that it will contribute to the HIPC Trust Fund but has not indicated the exact amount.
- 8/ 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.
- 9/ In addition, the United Kingdom contributed SDR31.5 million to the HIPC Trust Fund for the IMF for debt relief to Uganda.

**Table 10. Status of Commitments of HIPC Assistance by the IMF
as of March 22, 2002**

(In millions of SDRs in NPV terms)

Member	Decision Point	Completion Point	Amount Committed	Amount Disbursed
Benin	Jul. 2000	Floating	18.4	7.4
Bolivia	Sep. 1997 1/	Sep. 1998	21.2	21.2
Bolivia 3/	Feb. 2000	Jun. 2001	44.2	44.2
Burkina Faso	Sep. 1997 1/	Jul. 2000	16.3	16.3
Burkina Faso	Jul. 2000	Floating	15.0	4.2
Cameroon	Oct. 2000	Floating	28.5	2.5
Chad	May 2001	Floating	14.3	2.9
Côte d'Ivoire	Mar. 1998 2/	-	16.7 4/	-
Ethiopia	Nov. 2001	Floating	26.9	4.0
Gambia, The	Dec. 2000	Floating	1.8	0.1
Ghana	Feb. 2002	Floating	90.1	9.9
Guinea	Dec. 2000	Floating	24.2	2.4
Guinea Bissau	Dec. 2000	Floating	9.2	0.5
Guyana	Dec. 1997 1/	May 1999	25.6	25.6
Guyana	Nov. 2000	Floating	30.7	6.1
Honduras	Jun. 2000	Floating	22.7	4.5
Madagascar	Dec. 2000	Floating	16.6	2.1
Malawi	Dec. 2000	Floating	23.1	2.3
Mali	Sep. 1998 1/	Sep. 2000	10.8	10.8
Mali	Sep. 2000	Floating	33.6	6.4
Mauritania	Feb. 2000	Floating	34.8	16.9
Mozambique	Apr. 1998 1/	Jun. 1999	93.2	93.2
Mozambique 3/	Apr. 2000	Sep. 2001	14.8	14.8
Nicaragua	Dec. 2000	Floating	63.0	-
Niger	Dec. 2000	Floating	21.6	1.5
Rwanda	Dec. 2000	Floating	33.8	9.1
São Tomé & Príncipe	Dec. 2000	Floating	-	-
Senegal	Jun. 2000	Floating	33.8	4.8
Sierra Leone	Mar. 2002	Floating	98.5	23.6
Tanzania 3/	Mar. 2000	Nov. 2001	96.4	96.4
Uganda	Apr. 1997 1/	Apr. 1998	51.5	51.5
Uganda 3/	Feb. 2000	May 2000	70.2	70.2
Zambia	Dec. 2000	Floating	468.8	117.2
27 members, of which 26 members received commitments of enhanced HIPC relief			1,570.2	672.8

Source: www.imf.org/external/fin.htm.

1/ Original HIPC decision point.

2/ Decision point under the original framework. The Fund's HIPC assistance will be committed at the completion point, subject to satisfactory assurances regarding exceptional assistance to be provided by other creditors under the HIPC Initiative.

3/ Includes interest (in nominal terms) on amounts committed but not disbursed during the interim period.

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

**Table 11. Delivery of IMF Assistance under the Enhanced HIPC Initiative
(as of early March 2002)**

(In millions of U.S. dollars)

	Actual				Projections									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
IMF debt service before HIPC relief 1/														
Benin	14	16	16	16	12	9	6	4	2	2	1	-
Bolivia	42	34	31	32	29	29	36	32	25	18	11	2	-	-
Burkina Faso	11	15	15	18	19	16	12	10	6	3	1	-
Cameroon	21	5	2	6	20	33	40	40	36	22	9	-
Chad	4	8	10	12	14	13	8	6	4	2	-
Ethiopia 2/	11	15	12	10	8	10	9	7	-	-
Gambia, The	2	1	0	0	1	2	3	3	3	2	1	-
Ghana	13	22	40	48	38	47	42	23	15	-
Guinea	9	13	13	16	21	20	15	14	8	3	1	-
Guinea Bissau	1	1	1	3	3	3	3	2	1	1	1	-
Guyana	...	22	26	17	17	17	18	16	14	9	6	2	0	-
Honduras	10	14	45	42	15	26	22	22	21	13	0	-
Madagascar	6	3	5	9	9	12	20	16	13	13	11	-
Malawi	10	8	8	10	13	14	11	8	6	3	1	-
Mali	19	24	29	29	30	25	18	12	8	4	1	-
Mauritania	12	15	18	19	16	13	9	6	2	2	0	-
Mozambique	...	32	31	29	24	20	21	23	21	16	11	4	-	-
Nicaragua	7	7	7	9	17	26	26	26	24	13	1	-
Niger	3	2	5	10	13	13	12	9	4	1	1	-
Rwanda	13	12	8	3	6	10	12	12	10	7	3	-
Sao Tomé & Príncipe	0	0	0	0	0	0	0	0	0	0	0	-
Senegal	25	31	31	40	48	42	32	22	13	9	3	-
Sierra Leone	32	32	21	8	5	13	12	12	12	12
Tanzania 2/	32	27	26	26	31	48	59	64	48	38	-	-
Uganda 2/	...	60	53	50	43	44	51	46	36	25	13	2	2	-
Zambia	9	222	219	219	219	220	5	4	3	1	0	-
TOTAL	42	149	344	546	626	665	704	727	464	422	319	195	66	12
IMF debt service after Enhanced HIPC Initiative relief 1/														
Benin	11	11	10	10	8	7	5	2	2	2	1	-
Bolivia	36	23	21	23	18	18	18	18	18	17	11	2	-	-
Burkina Faso	8	8	8	8	9	8	8	8	6	3	1	-
Cameroon	21	2	2	4	14	24	32	32	30	17	7	-
Chad	2	5	5	8	11	11	7	6	4	2	-
Ethiopia 2/	7	9	7	4	4	4	3	3	-	-
Gambia, The	2	1	0	0	1	2	2	2	2	2	1	-
Ghana	4	5	14	21	22	28	26	19	15	-
Guinea	9	10	11	11	11	10	11	11	8	3	1	-
Guinea Bissau	1	0	0	0	1	0	0	0	0	0	1	-
Guyana	...	15	17	4	6	6	6	6	6	6	6	2	0	-
Honduras	8	9	38	35	10	22	18	20	21	13	0	-
Madagascar	6	2	3	3	4	6	15	14	13	13	11	-
Malawi	10	5	4	5	5	7	5	5	5	3	1	-
Mali	18	16	18	18	18	15	10	7	5	4	1	-
Mauritania	7	6	8	8	7	6	4	4	2	2	0	-
Mozambique	...	18	0	2	4	6	7	7	5	5	5	3	-	-
Nicaragua	7	7	4	5	6	2	6	7	6	5	1	-
Niger	3	2	3	5	5	5	5	5	4	1	1	-
Rwanda	13	4	2	1	2	1	4	4	4	4	3	-
Sao Tomé & Príncipe	0	0	0	0	0	0	0	0	0	0	0	-
Senegal	24	25	25	31	35	30	26	22	13	9	3	-
Sierra Leone	2	2	2	1	1	1	1	1	1	1
Tanzania 2/	25	7	2	5	15	36	48	53	38	28	-	-
Uganda 2/	...	45	31	21	17	20	25	24	24	17	10	2	2	-
Zambia	9	71	63	63	113	109	5	4	3	1	0	-
TOTAL	36	102	252	238	265	284	350	383	296	288	232	147	53	1

**Table 11 (concluded). Delivery of IMF Assistance under the Enhance Initiative
(as of early March 2002)**

(In millions of U.S. dollars)

	Actual				Projections									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
IMF Original and Enhanced HIPC Initiative assistance 3/														
Benin	2	5	6	6	4	2	1	1	-	-	-	-
Bolivia	6	11	10	9	11	11	18	14	7	1	-	-	-	-
Burkina Faso	3	7	7	9	10	8	3	2	-	-	-	-
Cameroon	-	3	0	2	6	9	8	8	6	5	1	-
Chad	-	2	3	5	5	3	2	1	0	0	-	-
Ethiopia 2/	4	6	6	5	4	7	6	4	-	-
Gambia, The	-	0	0	0	0	0	1	1	1	0	-	-
Ghana	9	17	26	27	16	19	16	4	-	-
Guinea	-	3	2	5	10	10	5	3	0	0	-	-
Guinea Bissau	-	1	1	2	2	2	3	2	1	0	0	-
Guyana	...	8	9	13	12	11	12	10	8	3	0	-	-	-
Honduras	2	5	7	7	5	4	4	1	-	-	-	-
Madagascar	-	1	3	5	4	6	5	2	0	0	-	-
Malawi	-	3	4	5	8	7	6	3	1	0	-	-
Mali	1	8	11	11	12	10	8	6	3	-	-	-
Mauritania	5	8	10	11	8	7	5	2	-	-	-	-
Mozambique	...	14	31	27	20	14	14	16	16	11	6	1	-	-
Nicaragua	-	-	3	4	11	24	20	19	17	8	-	-
Niger	-	1	1	5	8	8	7	4	0	0	-	-
Rwanda	-	9	6	2	3	8	8	8	6	3	-	-
Sao Tomé & Príncipe	-	-	-	-	-	-	-	-	-	-	-	-
Senegal	2	6	6	10	13	12	5	-	-	-	-	-
Sierra Leone	30	30	19	6	4	12	12	11	11	12
Tanzania 2/	7	19	25	21	16	12	12	11	11	10	-	-
Uganda 2/	...	15	21	29	26	24	26	22	12	8	2	0	-	-
Zambia	-	151	156	156	107	111	0	0	0	0	-	-
TOTAL	6	47	92	308	361	381	354	344	168	133	87	48	13	12
Memorandum item														
<i>Average Annual Debt</i>														
<i>Service Reduction 4/</i>	13%	32%	27%	56%	58%	57%	50%	47%	36%	32%	27%	25%	20%	95%

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

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

2/ Fiscal year data.

3/ 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.

4/ Weighted average.

Table 12. HIPC Initiative: Estimates of Costs for Other Multilateral Creditors

(In millions of U.S. dollars, in 2001 NPV terms)

HIPC/HIPC progress report\spring200	Total Costs (34 countries) 1/	Decision Point Cases (26 countries) 2/
Total other multilateral	2,551	2,094
EU/EIB	507	406
CABEI	539	539
IFAD	273	237
BADEA	212	157
OPEC Fund	173	149
IsDB	138	130
EIB	85	73
CAF	102	102
AsDB	70	0
AFESD	68	68
BOAD	65	43
CMCF	63	63
BCEAO	34	6
FONPLATA	27	27
NDF	24	24
CDB	19	19
ECOWAS (CEDEAO)	15	15
AMF	13	13
BDEAC	4	1
PTA Bank	8	8
NIB	4	4
EADB	4	4
FEGECE	4	3
EU	94	2
FOCEM	2	2
FSID	1	1
BDEGL	4	0
Memorandum items:		
European MDBs 3/	714	509
Latin American MDBs 4/	750	750
Arab MDBs 5/	430	367
African MDBs 6/	133	80
Other MDBs 7/	523	389

Sources: Creditor statements; and IMF and World Bank staff estimates.

1/ Excluding Angola, Kenya, Lao P.D.R., Liberia, Somalia, Sudan, Vietnam, and Yemen. Costs for the World Bank, IMF, AfDB, and IaDB are presented in Appendix Table 8.

2/ The 26 decision point cases include Benin, Bolivia, Burkina Faso, Cameroon, Chad, Ethiopia, The Gambia, Ghana, Guinea, Guinea-Bissau, Guyana, Honduras, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nicaragua, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Tanzania, Uganda and Zambia.

3/ Includes the EU/EIB, NDF, and NIB.

4/ Includes CABEI, CAF, CMCF, FONPLATA, and CDB.

5/ Includes BADEA, IsDB, AFESD, and AMF.

6/ Includes BOAD, BCEAO, BDEAC, ECOWAS, PTA, EADB, and FEGECE.

7/ Includes OPEC, IFAD, AsDB, and FOCEM.

Table 13. Estimated Paris Club Costs of HIPC Relief, by Creditor Country 1/

(26 Countries)

(In millions of U.S. dollars, in 2001 NPV terms)

	Total	Benin	Bolivia	Burkina Faso	Cameroon	Chad	Ethiopia	The Gambia	Ghana	Guinea	Guinea-Bissau	Guyana	Honduras
<i>(26 countries)</i>													
Total	8,737	68	444	30	913	15	402	5	781	162	159	192	179
Australia	3	-	-	-	-	-	3	-	-	-	-	-	-
Austria	186	-	11	2	76	0	2	2	13	2	-	-	-
Belgium	145	1	25	-	35	-	1	-	1	1	4	-	-
Brazil	204	-	-	-	-	-	-	-	-	1	7	-	-
Canada	103	0	1	-	36	-	0	-	10	-	-	1	2
Denmark	23	-	0	-	17	-	-	-	-	-	-	1	1
Finland	12	-	-	-	0	-	1	-	4	-	-	-	-
France	1,452	28	21	18	441	11	2	2	48	85	5	1	5
Germany	976	1	107	-	153	0	22	-	60	1	2	7	8
Israel	6	-	-	-	-	-	-	-	-	-	-	-	-
Italy	716	10	22	3	37	1	49	-	16	8	85	-	16
Japan	2,253	9	162	-	10	-	7	-	466	20	-	1	99
Netherlands	157	4	9	3	8	0	0	0	41	-	-	5	2
Norway	27	10	-	-	-	-	-	1	-	2	-	-	0
Portugal	226	-	-	-	-	-	-	-	-	-	44	-	-
Russia	904	2	-	0	-	0	273	-	-	19	8	1	-
South Africa	1	-	-	-	-	-	-	-	-	-	-	-	-
Spain	404	-	49	4	26	2	6	-	23	2	6	-	32
Sweden	44	-	1	-	14	-	8	-	14	-	-	-	-
Switzerland	88	-	-	-	9	-	-	-	68	-	-	-	1
Trinidad and Tobago	115	-	-	-	-	-	-	-	-	-	-	115	-
United Kingdom	366	2	11	1	38	-	4	-	-	1	-	49	-
United States	327	0	25	-	14	-	26	-	18	20	-	12	13

Table 13 (concluded). Estimated Paris Club Costs of HIPC Relief, by Creditor Country 1/
(26 Countries)

(In millions of U.S. dollars, in 2001 NPV terms)

	Madagascar	Malawi	Mali	Mauritania	Mozambique	Nicaragua	Niger	Rwanda	Sao Tome and Principe	Senegal	Sierra Leone	Tanzania	Uganda	Zambia
Total	406	137	112	145	1,104	923	111	37	21	134	177	799	128	1,154
Australia	-	-	-	-	-	1	-	-	-	-	-	-	-	-
Austria	8	7	-	22	7	1	-	2	-	-	0	16	12	3
Belgium	8	-	-	-	-	-	-	-	1	2	8	60	-	-
Brazil	-	-	-	8	89	32	-	-	-	-	-	42	-	26
Canada	6	-	-	-	-	-	-	2	-	0	-	18	-	26
Denmark	-	-	-	-	-	-	-	-	-	4	-	-	-	-
Finland	-	-	-	-	-	6	-	-	-	-	-	-	2	-
France	97	5	69	55	213	37	80	22	3	53	12	53	13	74
Germany	18	0	-	2	86	240	-	-	4	16	7	35	1	209
Israel	0	-	-	-	-	1	-	-	-	-	-	-	5	-
Italy	32	-	0	0	194	46	-	-	5	16	31	71	37	37
Japan	144	121	27	31	66	108	15	10	-	21	51	330	28	528
Netherlands	-	-	1	11	-	19	-	-	-	2	15	37	-	0
Norway	-	-	-	-	-	-	-	-	-	5	5	3	0	-
Portugal	-	-	-	-	177	-	-	-	5	-	-	-	-	-
Russia	50	-	14	-	172	264	-	-	1	-	-	52	-	48
South Africa	-	1	-	-	-	-	-	-	-	-	-	-	-	-
Spain	27	3	-	13	25	139	6	-	2	10	-	9	22	-
Sweden	3	-	-	-	3	-	-	-	-	0	-	-	-	-
Switzerland	1	-	-	-	-	1	-	-	-	-	8	-	-	-
Trinidad and Tobago	-	-	-	-	-	-	-	-	-	-	-	-	-	-
United Kingdom	6	0	1	3	54	1	7	-	-	0	2	66	8	112
United States	6	-	0	1	19	28	4	0	-	5	38	7	0	90

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

1/ See footnote 1 in Table 7.

Table 14. Paris Club Debt Relief Under the Enhanced HIPC Initiative

Country	Date of Enhanced Decision Point	Interim Relief Provided?	Topping up to Cologne Terms or New Rescheduling?	Date of PC Rescheduling	Comments
1. Enhanced completion point reached					
Uganda	Feb-00	no	n.a.	Sep-00	Enhanced completion point May 2000; Paris Club stock operation on Cologne terms September 11, 2000; no interim relief from the Paris Club because short time period between decision and completion points.
Bolivia	Feb-00	no	n.a.	Jul-01	Enhanced completion point June 2001. Paris Club stock operation on Cologne terms July 10, 2001. No interim relief from Paris Club.
Mozambique	Apr-00	yes	n.a. - see comments	Nov-01	Enhanced completion point September 2001. On July 9, 1999, Mozambique was granted a stock-of-debt reduction of pre-cutoff date debt with 90 percent debt reduction in NPV terms after reaching the completion point under the original framework, but repayment terms were not defined in absence of agreement on Cologne terms (reached only in November 1999). Following the floods in Mozambique in early 2000, creditors deferred all payments due by Mozambique through the earlier of June 30, 2001 or the completion point. This deferral was subsequently extended to December 2001, following the delay in reaching its completion point.
Tanzania	Apr-00	yes	new rescheduling	Jan-02	Enhanced completion point November 2001. Paris Club stock operation on Cologne terms on January 14, 2002. Arrears outstanding at end-March 2000 and maturities on pre-cutoff date debt falling due during April 2000–March 2003 were rescheduled on Cologne terms. Exempt were arrears accrued since the end of the consolidation period (end-November 1999) of the 1997 rescheduling, which were paid by end-November 2000. In a side letter Japan agreed to a deferral over 3 years of maturities due under the 1997 rescheduling in light of the continuing delays in signing the bilateral agreement.
2. Retroactive cases					
2a. No assistance under original framework					
Benin	Jul-00	yes	topping up	Oct-00	85 percent of payments on non-ODA debt falling due between July 18, 2000 and end-June 2002 on the 1993 flow rescheduling (London terms) and 70 percent of payments on non-ODA debt on the 1996 Naples stock operation were canceled or rescheduled. In the case of creditors that rescheduled, moratorium interest on the rescheduling was capitalized. At the completion point, the rescheduled amounts and capitalized moratorium interest will be treated so as to secure comparable treatment with the creditors that chose the debt reduction option.
Senegal	Jun-00	yes	topping up	Oct-00	70 percent of payments falling on non-ODA due between July 12, 2000 and April 19, 2002 on the 1995 Naples flow rescheduling and the 1998 Naples stock operation were canceled or rescheduled. In the case of creditors that chose the rescheduling option, moratorium interest on the rescheduling was capitalized. At the completion point, the rescheduled amounts and capitalized moratorium interest will be treated so as to secure comparable treatment with the creditors that chose the debt rescheduling option.
2b. After completion point under original framework					
Burkina Faso	Jul-00	yes	topping up	Oct-00	As the decision point under the enhanced HIPC Initiative and the completion point under the original framework were reached on the same day, creditors decided not to grant a stock operation on Lyon terms to Burkina Faso. Interim relief was provided through a flow topping up to Cologne terms. 70 percent of payments on non-ODA debt on the 1996 Naples stock operation falling due between July 11, 2000 and end-June 2001 was canceled.
Guyana	Nov-00	no	n.a.	n.a.	On June 25, 1999, Guyana was granted a stock-of-debt reduction on Lyon terms after o-cpt. Of the stock of pre-cutoff date medium- and long-term public debt, 65 percent was topped up from a 67 percent to an 80 percent NPV reduction. No additional interim relief.
Mali	Sep-00	yes	topping up	Oct-00	As the decision point under the enhanced HIPC Initiative and the completion point under the original framework were reached on the same day, creditors decided not to grant a Lyon stock-of-debt reduction to Mali. Interim relief: flow topping to Cologne terms: 70 percent of payments on non-ODA debt falling due between September 8, 2000 and end-June 2002 on the 1996 Naples stock operation was canceled or rescheduled. In the case of creditors that rescheduled, moratorium interest on the rescheduling was capitalized. At the completion point, the rescheduled amounts and capitalized moratorium interest will be treated so as to secure a comparable treatment with the creditors that chose the debt reduction option.

Table 14 (concluded). Paris Club Debt Relief Under the Enhanced HIPC Initiative

Country	Date of Enhanced Decision Point	Interim Relief Provided?	Topping up to Cologne Terms or New Rescheduling?	Date of PC Rescheduling	Comments
3. New decision point cases					
Cameroon	Oct-00	yes	new rescheduling	Jan-01	Arrears on pre-cutoff date debt accumulated during October–December 2000 and all maturities on pre-cutoff date debt falling due during January 2001–December 2003 were rescheduled on Cologne terms (90 percent debt reduction). Arrears outstanding at end-September were rescheduled on Naples terms (67 percent debt reduction).
Chad	May-01	yes	new rescheduling	Jun-01	Arrears on pre-cutoff date debt at April 30, 2001 were rescheduled on Naples terms. Maturities on all pre-cutoff date debt falling due during May 2001–March 2003 were rescheduled on Cologne terms.
Ethiopia	Nov-01	to be provided	topping up	...	Paris Club agreed in principle to provide a topping up to Cologne terms. To be confirmed.
Gambia	Dec-00	no	n.a.	n.a.	Paris Club agreed in principle to provide a Cologne flow rescheduling. To be confirmed.
Ghana	Feb-02	to be provided	new rescheduling	...	Paris Club meeting to take place in Spring 2002.
Guinea	Dec-00	yes	new rescheduling	May-01	Maturities on pre-cutoff date on non-ODA debt falling due during December 2000–March 2001 were rescheduled on Cologne terms (90 percent debt reduction). Arrears on pre-cutoff date debt outstanding at end-November 2000 were rescheduled on Naples terms (67 percent of debt reduction).
Guinea-Bissau	Dec-00	yes	new rescheduling	Jan-01	November 2000 arrears and December 2000–December 2003 maturities were rescheduled on Cologne terms (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 accumulated before the decision point were rescheduled on Lyon terms (80 percent debt reduction) as they had been incurred since the preliminary HIPC Initiative consideration of Guinea-Bissau in early 1998. Arrears on post-cutoff date debt were deferred.
Honduras	Jul-00	yes	n.a. - see comments	n.a.	Given the fact that Honduras had been granted a total payment deferral during November 1998–March 2002 following Hurricane Mitch, creditors considered that full interim relief had already been provided to Honduras.
Madagascar	Dec-00	yes	new rescheduling	Mar-01	Maturities on all pre-cutoff date debt falling due during December 2000–February 2004 were rescheduled on Cologne terms.
Malawi	Dec-00	yes	new rescheduling	Jan-01	Maturities on all pre-cutoff date debt falling due during December 2000–December 2003 were rescheduled on Cologne terms. 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.
Mauritania	Feb-00	yes	new rescheduling	Mar-00	Arrears outstanding at end-June 1999 and maturities on all pre-cutoff date debt falling due during July 1999–June 2002 were rescheduled on Cologne terms. Half of the moratorium interest due was capitalized.
Nicaragua	Dec-00	to be provided	new rescheduling	n.a.	Nicaragua was granted a total payment deferral during December 1998–February 2001 following Hurricane Mitch. Creditors have agreed to see Nicaragua for a flow rescheduling on Cologne terms once a new three-year PRGF arrangement has been approved by the Board.
Niger	Dec-00	yes	new rescheduling	Jan-01	Maturities on all pre-cutoff date debt falling due during December 2000–December 2003 were rescheduled on Cologne terms. Arrears outstanding at end-November 2000 were rescheduled on Naples terms (67 percent reduction). Arrears on post-cutoff date debt were deferred.
Rwanda	Dec-00	yes	topping up	TOR; Apr-00	The April 2000 Paris Club rescheduling agreement on Naples terms was topped up to Cologne terms (by mail) for the period December 2000–end-2001.
Sao Tome and Principe	Dec-00	to be provided	topping up	TOR	The May 2000 Paris Club rescheduling agreement on Naples terms will be topped up to Cologne terms (by mail) as soon as the review under the PRGF has been completed.
Sierra Leone	Mar-02	to be provided	topping up	...	Paris Club agreed in principle to provide a topping up to Cologne terms. To be confirmed.
Zambia	Dec-00	to be provided	topping up	TOR;	The April 1999 Paris Club rescheduling agreement on Naples terms will be topped up to Cologne terms (by mail).

Table 15. Paris Club Creditors' Delivery of Debt Relief Under Bilateral Initiatives Beyond the HIPC Initiative (January 1, 2002)

Countries covered		ODA (In percent)		Non-ODA (In percent)		Provision of relief	
		Pre-COD	Post-COD	Pre-COD	Post-COD	Decision point (In percent)	Completion point
(1)		(2)	(3)	(4)	(5)	(6)	(7)
Australia	HIPCs	100	100	100	100 1/	1/	1/
Austria	HIPCs (case-by-case)	Case-by-case (100)	Case-by-case (100)	Case-by-case (100)	-	Case-by-case	Case-by-case
Belgium	HIPCs	100	100	Case-by-case (up to 100)	Case-by-case	flow	Stock
Canada	HIPCs 2/	- 3/	- 3/	100	100	100 flow	Stock
Denmark	HIPCs	100	Case-by-case	-	-	-	Stock
France	HIPCs	100	100	100	-	100 flow 4/	Stock
Finland	HIPCs	95	98	-	-	-	-
Germany	HIPCs	100	100	100	-	100 flow	Stock
Ireland	-	-	-	-	-	-	-
Italy	HIPCs	100	100	100	100	100 flow	Stock
Japan	HIPCs	100	100	100	-	-	Stock
Netherlands	HIPCs	100	100	100	-	90–100 flow 5/	Stock 5/
Norway	HIPCs	- 3/	- 3/	100	100 6/	100 flow	Stock
Russia	Case-by-case	-	-	-	-	-	Stock
Spain	HIPCs	100	Case-by-case	Case-by-case	Case-by-case	-	Stock
Sweden	Case-by-case	- 3/	- 3/	Case-by-case (100)	-	-	Stock
Switzerland	HIPCs	- 3/	- 3/	Case-by-case	Case-by-case	Case-by-case, flow	Stock
United Kingdom	HIPCs	100	100	100	100 7/	100 flow 7/	Stock
United States	HIPCs	100	100	100	100 8/	100 flow	Stock

Source: Paris Club Secretariat.

1/ Australia: (a) post-COD non-ODA relief to apply to debts incurred before a date to be finalised; (b) timing details for both flow and stock relief are to be finalised.

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

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

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

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

6/ On debt assumed before December 31, 1997.

7/ United Kingdom: "beyond 100%": 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.

8/ United States: 100 percent post-COD non-ODA treated on debt assumed prior to 06/20/99 (the Cologne Summit).

Note: 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 means that the debt relief provided under the enhanced HIPC framework will be topped up to 100 percent through a bilateral initiative.

**Table 16. Estimates of Bilateral Pledges for Debt Relief
Beyond the HIPC Initiative 1/**

(In millions of U.S. dollars and in percent)

Countries	Possible decrease in debt (NPV terms, US\$ millions) 2/	NPV-of-Debt-to Exports Ratio (In percent)		
		After HIPC relief 3/	After possible additional bilateral relief	Percent reduction
Benin	42	150	139	8
Bolivia	163	150	138	9
Burkina Faso	19	150	144	4
Cameroon	762	150	117	29
Chad	18	150	143	5
Ethiopia	10	150	149	1
Gambia	2	150	148	1
Ghana	536	69	47	46
Guinea	162	150	129	16
Guinea-Bissau	9	150	131	15
Guyana	90	70	57	22
Honduras	626	104	78	32
Madagascar	386	150	103	45
Malawi	133	150	126	19
Mali	68	150	139	8
Mauritania	156	137	103	33
Mozambique	265	150	98	54
Nicaragua	286	150	116	29
Niger	38	150	137	9
Rwanda	14	150	139	8
Sao Tome and Principe	2	150	134	12
Senegal	239	131	115	13
Sierra Leone	32	150	117	28
Tanzania	240	150	129	16
Uganda	23	150	147	2
Zambia	614	150	88	70
Total/average	4,935	141	120	21

Sources: HIPC decision point documents and staff estimates.

1/ Calculated for illustrative purposes at each country's respective decision point based on creditor indications so far.

2/ In NPV terms in the year of the decision point.

3/ Assuming unconditional delivery of assistance.

**Table 17. Estimated Non-Paris Club Official Bilaterals' Costs of HIPC Relief, by Creditor Country 1/
(26 Countries)**

(In millions of U.S. dollars, in 2001 NPV terms)

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	Total	Benin	Bolivia	Burkina Faso	Cameroon	Chad	Ethiopia	The Gambia	Ghana	Guinea	Guinea-Bissau	Guyana	Honduras
<i>(26 countries)</i>													
Non-Paris Club official bilateral	2,889	14	21	54	14	20	80	13	32	66	65	27	47
Algeria	195	-	-	1	-	-	3	-	-	-	4	-	-
Angola	26	-	-	-	-	-	-	-	-	-	6	-	-
<i>Argentina</i>	4	2	-	-	-	-	-	-	-	-	-	1	-
<i>Brazil</i>	7	-	5	-	-	-	-	-	-	-	-	2	-
Bulgaria	90	-	-	-	-	-	8	-	-	1	-	-	-
Burundi 2/	0	-	-	-	-	-	-	-	-	-	-	-	-
Cameroon 2/	0	-	-	-	-	0	-	-	-	-	-	-	-
Cape Verde 2/	0	-	-	-	-	-	-	-	-	-	-	-	-
China	246	4	9	2	5	4	8	2	9	9	1	4	-
Colombia	4	-	-	-	-	-	-	-	-	-	-	-	4
Costa Rica	396	-	-	-	-	-	-	-	-	-	-	-	5
Côte d'Ivoire	8	-	-	8	-	0	-	-	-	-	-	-	-
Cuba	2	-	-	-	-	-	-	-	-	-	0	-	-
Czech Republic	6	1	-	-	-	-	-	-	-	-	-	-	-
Congo, Dem. Rep. of 2/	0	0	-	-	-	-	-	-	-	-	-	-	-
Egypt	3	-	-	-	-	-	-	-	-	3	-	-	-
Former Yugoslavia	56	-	-	-	-	-	19	-	-	2	-	0	-
Guatemala 3/	377	-	-	-	-	-	-	-	-	-	-	-	5
<i>Honduras</i>	102	-	-	-	-	-	-	-	-	-	-	-	-
Hungary	14	-	-	-	-	-	2	-	-	-	-	-	-
India	32	-	-	-	-	-	-	-	1	-	-	1	-
Iran	54	-	-	-	-	-	-	-	-	-	-	-	-
Iraq	85	-	-	-	-	-	-	-	-	1	-	-	-
Israel 2/	0	-	-	-	-	0	-	-	-	-	-	-	-
Kuwait	251	5	-	13	6	5	4	1	11	17	13	7	7

Table 17 (continued). Estimated Non-Paris Club Official Bilaterals' Costs of HIPC Relief, by Creditor Country 1/
(26 Countries)

(In millions of U.S. dollars, in 2001 NPV terms)

	Madagascar	Malawi	Mali	Mauritania	Mozambique	Nicaragua	Niger	Rwanda	Sao Tome and Principe	Senegal	Sierra Leone	Tanzania	Uganda	Zambia
Non-Paris Club official bilateral	75	15	57	131	256	1,307	110	22	10	91	38	202	62	59
Algeria	13	-	4	20	103	19	8	-	0	2	-	19	-	-
Angola	1	-	-	-	12	-	-	-	6	-	-	1	-	-
<i>Argentina</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Brazil</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulgaria	-	-	-	-	7	63	-	-	-	-	-	10	-	1
Burundi 2/	-	-	-	-	-	-	-	-	-	-	-	-	0	-
Cameroon	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cape Verde 2/	-	-	-	-	-	-	-	-	0	-	-	-	-	-
China	7	-	19	18	6	3	4	4	2	15	28	40	11	34
Colombia	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Costa Rica	-	-	-	-	-	391	-	-	-	-	-	-	-	-
Côte d'Ivoire	-	-	1	-	-	-	-	-	-	-	-	-	-	-
Cuba	-	-	-	-	2	-	-	-	-	-	-	-	-	-
Czech Republic	-	-	-	-	-	5	-	-	-	-	-	1	-	0
Congo, Dem. Rep. of 2/	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Egypt	-	-	-	-	-	-	-	-	-	-	-	0	-	-
Former Yugoslavia	-	-	-	-	1	4	-	-	1	-	-	19	-	10
Guatemala 3/	-	-	-	-	-	372	-	-	-	-	-	-	-	-
<i>Honduras</i>	-	-	-	-	-	102	-	-	-	-	-	-	-	-
Hungary	-	-	-	-	4	5	-	-	-	-	-	3	-	-
India	-	-	-	-	2	1	-	-	-	-	-	9	8	10
Iran	-	-	-	-	-	27	-	-	-	-	-	27	-	-
Iraq	25	-	3	19	20	-	0	-	-	0	-	17	0	0
Israel	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kuwait	4	1	7	28	20	-	19	8	-	34	7	22	11	-

Table 17 (concluded). Estimated Non-Paris Club Official Bilaterals' Costs of HIPC Relief, by Creditor Country 1/
(26 Countries)

(In millions of U.S. dollars, in 2001 NPV terms)

	Madagascar	Malawi	Mali	Mauritania	Mozambique	Nicaragua	Niger	Rwanda	Sao Tome and Principe	Senegal	Sierra Leone	Tanzania	Uganda	Zambia
Libya	23	-	1	11	34	60	11	0	-	-	-	21	16	-
Mexico	-	-	-	-	-	43	-	-	-	-	-	-	-	-
Morocco	-	-	-	-	-	-	-	-	-	-	2	-	-	-
Niger 2/	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nigeria	-	-	-	-	-	-	-	-	-	-	-	-	2	-
Oman	-	-	-	-	-	-	-	-	-	1	-	-	-	-
Pakistan	-	-	-	-	-	-	-	-	-	-	-	-	0	-
People's Democratic Republic of Korea	-	-	-	-	0	2	-	-	-	-	-	0	5	-
Peru	-	-	-	-	-	8	-	-	-	-	-	-	-	-
Poland	-	-	-	-	4	6	-	-	-	-	-	2	-	-
Republic of Korea	-	-	-	-	-	-	-	-	-	-	-	-	2	-
Romania	-	-	-	-	28	-	-	-	-	-	-	0	-	4
Rwanda	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Saudi Arabia	2	-	17	32	-	-	22	9	-	23	1	7	2	0
Senegal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Slovak Republic	-	-	-	-	8	20	-	-	-	-	-	-	-	-
South Africa	-	-	-	-	4	-	-	-	-	-	-	-	-	-
Taiwan Province of China	-	14	-	-	-	125	44	-	-	12	-	-	-	-
Tanzania	-	-	-	-	-	-	-	-	-	-	-	-	4	-
Thailand 2/	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Togo	-	-	-	-	-	-	-	-	-	-	-	-	-	-
United Arab Emirates 4/	1	-	5	4	-	-	2	1	-	4	-	6	0	-
Venezuela	-	-	-	-	-	49	-	-	-	-	-	-	-	-
Zambia 2/	-	-	-	-	-	-	-	-	-	-	-	0	-	-
Zimbabwe 2/	-	-	-	-	-	-	-	-	-	-	-	0	-	-

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

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.

Figures in shading represent relief promised.

1/ See footnote 1 in Table A7.

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.

4/ Includes Abu Dhabi.

Table 18. Reschedulings of HIPC's with non-Paris Club Official Bilateral Creditors, 1996 - mid-2001

	O\Drafts\OC\HIPC\HIPC ₁	Agreement Date	Total amount (US\$ million)	Coverage 1/	Terms and other comments
Algeria	Mozambique	Dec-98	382.0	P+I	Lyon terms
Argentina	Benin	Jun-98	20.5	P	Buyback with 84 percent discount
Argentina	Guinea	Dec-98	22.5	P	Buyback with 86 percent discount
Brazil	Bolivia	Jan-01 2/	...	P+I	Rescheduling of outstanding obligations to be on terms comparable to Paris Club agreement
Brazil	Guyana	Jan-01 2/	...	P+I	Rescheduling of outstanding obligations to be on terms comparable to Paris Club agreement
China	African HIPC's	Oct-00	1,200.0	A+P	Full debt write-off pledged to 16 African HIPC's
Costa Rica	Nicaragua	Dec-00	383.0 3/	A+P	Creditor agreed to deliver HIPC assistance
Côte d'Ivoire	Mali	Aug-99	6.3	A+P	Lyon terms
Czech Republic	Guinea	Oct-97	20.0	A	Buyback with 88.5 percent discount; payment in local (Guinean currency)
Czech Republic	Nicaragua	Nov-96	132.0 4/	P	Rescheduled over 13 years, zero interest rate for first 8 years and 5 percent thereafter
Czech Republic	Zambia	Nov-00	0.1 3/	P	Buyback with 89 percent discount
Egypt	Tanzania	Jul-00	0.4 3/	P	Creditor agreed to 90 percent NPV reduction of outstanding debt
Guatemala	Nicaragua	Dec-00	364.0 3/	A+P	HIPC assistance delivered through a debt swap with Spain.
Honduras	Nicaragua	Dec-00	100.0 3/	A+P	Creditor agreed to deliver HIPC assistance
Hungary	All HIPC's	Dec-01	...	A+P	Creditor indicated willingness to provide HIPC relief.
Kuwait	Burkina Faso	...	17.4	A+P	Rescheduled over 40 years with 16 years grace; HIPC relief not delivered.
Kuwait	Cameroon	...	12.0	A+P 5/	Rescheduled over 40 years with 16 years grace; HIPC relief not delivered.
Kuwait	Uganda	...	25.5	A+P 5/	Rescheduled over 30 years with 9 years grace; HIPC relief not delivered.
Mexico	Nicaragua	Sep-96	996.0 4/	P	Upfront reduction of 92 percent; remaining \$83 mn to be paid over 15 years.
Morocco	Guinea	Dec-00 2/	24.7 3/	A+P	Creditor pledged to forgive outstanding claims
Poland	Bolivia	Jul-97	1.5	P	Upfront payment of 18 percent
Saudi Arabia	Madagascar	Apr-01	5.9	A+P	Rescheduled over 40 years with 7 years grace; falls short of HIPC relief.
Slovak Republic	Nicaragua	Apr-00	81.1	P	90 percent upfront reduction; remaining \$8 mn to be repaid over 13 years
Slovak Republic	Tanzania	Mar-01	0.6 6/	P+I	Buyback with 90 percent discount.
Slovak Republic	Yemen	Feb-01	20.0	A+P+I	Buyback with 90 percent discount.
Slovak Republic	Zambia	Oct-00	0.2	P	Buyback with 88 percent discount
South Africa	Malawi	Aug-01	3.2	P	Full debt write-off granted by creditor
South Africa	Mozambique	Mar-00 2/	2.0	P	Full debt write-off granted by creditor
Tanzania	Uganda	Aug-97	122.5	A	Buyback with 85 percent discount; US\$58.1 mn of the total is pending verification
Venezuela	Bolivia	Jun-97	4.0	P	100 percent forgiven

Sources: Country authorities; and IMF and World Bank staff estimates.

1/ A = arrears; P = principal; I = interest

2/ Approximate date.

3/ Amounts in net present value terms.

4/ Rescheduling took place in 1996.

5/ Only arrears on principal (not on interest) were included in the rescheduling agreement.

6/ To be confirmed by debtor.

**Table 19. IDA-Administered Commercial Debt Reduction Facility
Summary of Completed Operations for HIPC's -- 1991 to 2001
(End-February 2002)
(In million of U.S. dollars)**

Date Completed	Country	Principal and Interest Extinguished	Price in cents Per dollar 1/	% Eligible Debt Extinguished	Total Resources Utilized 2/	IBRD Resources Utilized
March 1991	Niger	207	18	99	19.37	8.42
December 1991	Mozambique	198	10	64	13.41	5.91
November 1992	Guyana	93	14	100	10.23	10.00
February 1993	Uganda	177	12	89	22.58	10.21
May 1993	Bolivia	170	16	94	27.26	9.81
August 1994	Sao Tome & Principe	10	10	87	1.27	1.27
September 1994	Zambia	408	11	78	24.99	11.76
September 1995	Sierra Leone 3/	286	13	73	31.53	21.00
December 1995	Nicaragua	1,819	8	81	89.20	40.75
January 1996	Ethiopia	284	8	80	18.83	6.18
August 1996	Mauritania	89	10	98	5.82	3.18
December 1996	Senegal 4/	112	20	96	15.00	7.46
December 1997	Togo	74	13	99	6.11	5.11
March 1998	Côte d'Ivoire 5/	2,027	24	100	173.90	20.00
March 1999	Guinea	61	13	75	8.67	5.59
August 1999	Guyana II	34	9	62	3.36	1.20
February 2001	Yemen 6/	675	3	91	11.36	7.60
October 2001	Honduras	35	18	90	2.65 7/	0.65
Operations Waiting Financial Closure and Under Preparation						
...	Cameroon	...	...	...	...	...
...	Tanzania	...	...	...	...	...
	Total	6,759.54	13.9 8/	88.65 8/	485.54	176.10

Source: World Bank

1/ Of original face value of principal.

2/ Represent resources for IBRD, donors and contributions from certain recipient countries. These figures also include US\$15 million for technical assistance grants and closing costs, and other related expenses.

3/ Two tier operation. Commercial debt was bought back at 15 cents and suppliers credit at 8 cents.

4/ 16 cents for the cash buy-back and 20 cents for long terms exchange bonds.

5/ The numbers relate only to the cash buy-back component of the total debt under the operation since the Facility financed exclusively the cash buy-back option, as approved by the Executive Directors (Report No. P-7151-IVC). Other external resources for the operation included an IDA credit, French concessional financing, and IMF financing.

6/ Excludes US\$40.7 of bilateral non-Paris Club debt that was financed with bilateral support. The buyback was at 10 cents of eligible principal debt. The implicit price reflects a previous debt reduction of 80 percent on the Russian supplier's debts.

7/ This figure may increase somewhat as not all expenses relating to technical assistance have been fully disbursed.

8/ Weighted average.

**Table 20. Remaining Relief to be Provided by Non-Paris Club Official
Bilateral Creditors to the Completion Point HIPC's**

(In millions of U.S. dollars)

	Claims at the Decision Point (in NPV terms) 1/					Remaining Relief (in 2001 NPV terms)				
	Total	Bolivia	Mozambique	Tanzania	Uganda	Total	Bolivia	Mozambique	Tanzania	Uganda
Creditor	750	29	298	353	70	519	15	244	201	59
Algeria	160	-	127	33	-	122	-	103	19	-
Angola	17	-	15	2	-	13	-	12	1	-
Bulgaria	25	-	9	17	-	17	-	7	10	-
Burundi	1	-	-	-	1	0	-	-	-	0
China 2/	101	17	7	69	7	65	9	6	40	11
Cuba	2	-	2	-	-	2	-	2	-	-
Former Yugoslavia	34	-	1	33	-	20	-	1	19	-
Hungary 2/	10	-	5	5	-	7	-	4	3	-
India 2/	28	-	3	15	10	19	-	2	9	8
Iran	48	-	-	48	-	27	-	-	27	-
Iraq	54	-	25	29	0	37	-	20	17	0
Kuwait 2/	81	-	25	39	18	53	-	20	22	11
Libya	99	-	40	37	22	71	-	34	21	16
Nigeria	2	-	-	-	2	2	-	-	-	2
Pakistan 2/	1	-	-	-	1	0	-	-	-	0
People's Democratic Republic of Korea	1	-	0	0	1	6	-	0	0	5
Poland	8	-	5	3	-	6	-	4	2	-
Republic of Korea 2/	2	-	-	-	2	2	-	-	-	2
Romania	34	-	34	0	-	28	-	28	0	-
Rwanda	2	-	-	-	2	1	-	-	-	1
Saudi Arabia 2/	17	-	-	13	4	10	-	-	7	2
Taiwan Province of China	12	12	-	-	-	6	6	-	-	-
United Arab Emirates	11	-	-	11	1	6	-	-	6	0
Zambia	0	-	-	0	-	0	-	-	0	-
Zimbabwe	0	-	-	0	-	0	-	-	0	-

Sources: HIPC documents; and Bank and Fund staff estimates.

Boxes around figures indicate that relief has already been provided by the creditor. Shading represents relief promised.

1/ After assuming the full delivery of traditional relief.

2/ These creditors have been in touch with the staffs regarding their participation in the Initiative.