Distribution: Restricted | EB 99/66/R.12 | 17 March 1999
Original: English | Agenda Item 7 | English

IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board — Sixty-Sixth Session

Rome, 28-29 April 1999

REPORT AND RECOMMENDATION OF THE PRESIDENT

TO THE EXECUTIVE BOARD ON A PROPOSED IFAD CONTRIBUTION TO THE

REPUBLIC OF MALI

UNDER THE

HEAVILY-INDEBTED POOR COUNTRIES DEBT INITIATIVE

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CURRENCY EQUIVALENTS

Currency Unit	=	CFA Franc (XOF)
USD 1.00	=	XOF 600
XOF 1.00	=	USD 0.0017

WEIGHTS AND MEASURES

1 kilogram (kg)	=	2.204 pounds (lb)
1 000 kg	=	1 metric tonne (t)
1 kilometre (km)	=	0.62 miles (mi)
1 metre (m)	=	1.09 yards (yd)
1 square metre (m^2)	=	10.76 square feet (ft^2)
1 acre (ac)	=	0.405 ha
1 hectare (ha)	=	2.47 acres

ABBREVIATIONS AND ACRONYMS

BEF	Belgian Francs
CFAF	CFA Franc
DSA	Debt Sustainability Analysis
ESAF	Enhanced Structural Adjustment Facility
HIPC DI	Heavily-Indebted Poor Countries Debt Initiative
IDA	International Development Association
IFI	International Financial Institution
IMF	International Monetary Fund
NGO	Non-Governmental Organization
NPV	Net Present Value
SPA	Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification
UNDP	United Nations Development Programme

GOVERNMENT OF THE REPUBLIC OF MALI

Fiscal Year

1 January - 31 December

REPUBLIC OF MALI

HEAVILY-INDEBTED POOR COUNTRIES DEBT IINITIATIVE

FINANCING SUMMARY

INITIATING INSTITUTION:	International Development Association (IDA) International Monetary Fund (IMF)
RECIPIENT:	Republic of Mali
TOTAL INTERNATIONAL FINANCIAL INSTITUTION (IFI) CONTRIBUTION (NPV TERMS):	USD 128 million
AMOUNT OF IFAD CONTRIBUTION (NPV TERMS):	SDR 1 575 000 (equivalent to approximately USD 2 130 000)
TERMS OF IFAD CONTRIBUTION:	Grant
HIPC DI COMPLETION POINT:	December 1999 (projected)
COFINANCIERS:	IDA IMF Other International Financial Institutions (IFIs) Bilateral Donors
AMOUNT OF COFINANCING (NPV TERMS):	IDA: USD 44 million IMF: USD 14 million Other IFIs: USD 30 million Bilateral Donors: USD 37 million

REPORT AND RECOMMENDATION OF THE PRESIDENT OF IFAD TO THE EXECUTIVE BOARD ON A PROPOSED IFAD CONTRIBUTION TO THE REPUBLIC OF MALI

UNDER THE

HEAVILY-INDEBTED POOR COUNTRIES DEBT INITIATIVE

I submit the following Report and Recommendation on a proposed financial assistance to the Republic of Mali, constituting a contribution of SDR 1 575 000 in Net Present Value terms (equivalent to approximately USD 2 130 000) to reduce the Net Present Value of Mali's debt to IFAD under the Heavily-Indebted Poor Countries Debt Initiative (HIPC DI).

PART I - THE HEAVILY-INDEBTED POOR COUNTRIES DEBT INITIATIVE (HIPC DI)

1. The overall objective of the HIPC DI is to develop and implement a comprehensive, consistent framework for reducing "the net present value (NPV) of the debt of about 22 countries with unsustainable or possibly stressed levels of debt to a sustainable level that will not compromise economic reform and poverty eradication efforts."[1] The NPV concept is employed because of the need for a 'common denominator' for valuing debt with differing interest rates, grace periods, and maturities. The guiding principles of the HIPC DI stipulate that it must: "(i) address a country's aggregate debt sustainability and stipulate all creditors to be effective and equitable; (ii) assist only countries with a track record of economic policy and structural reform and that are making efforts towards poverty eradication; (iii) build on existing mechanisms of debt relief; (iv) preserve the financial integrity of the international financial institutions (IFIs) involved; and (v) secure a continued flow of new external financing on appropriately concessional terms from IFIs and the private sector."[2]

2. For each country programme, two critical milestones exist: the 'decision point', at which an agreement is reached between the IFIs and the participating government on the general targets, terms and conditions of debt relief; and the 'completion point', which is the point at which performance in attaining the agreed targets and conditions are assessed and debt relief operations are triggered. The completion point may be anywhere from one to three years after the decision point, and is determined on a case-by-case basis.

3. The rationale for IFAD participation includes: debt is a key problem that must be addressed if poverty alleviation is to occur, and the HIPC DI offers a comprehensive policy framework for accomplishing this; participation will enable IFAD to be part of a system with the potential to address the arrears issue; and participation will enable IFAD to be part of a policy dialogue process for monitoring poverty-related parameters of adjustment performance.

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[1] Document GC 20/L.6: IFAD's Participation in the Debt Initiative for Heavily-Indebted Poor Countries.
[2] Idem.

PART II - THE HIPC DI IN RELATION TO MALI

A. Preparations for the Mali HIPC DI

4. In September 1998, the executive boards of the World Bank and the International Monetary Fund (IMF) approved an HIPC DI programme for Mali, the general framework and objectives of which are presented below.

B. Rationale for the Mali HIPC DI

5. For countries to be eligible for inclusion in the HIPC DI, they must normally meet several specific conditions. First, they must be International Development Association (IDA) countries and be eligible for the Enhanced Structural Adjustment Facility (ESAF) of IMF. With a 1996 per capita income level of USD 240, Mali meets these criteria. Second, the country must have a good structural adjustment record over at least the last three years. As the following section explains, Mali meets this criterion, too. Third, the government should be current in debt payments to its multilateral creditors, which is the case of Mali. Finally, the country's debt burden at 'decision point' must be unsustainable as measured by high NPV of debt-to-exports and debt service-to-export ratios. Mali meets the latter criterion according to the Debt Sustainability Analysis (DSA) carried out in preparation for this programme.

6. In the case of Mali, IFAD participation is justified for several reasons. First, the Government is committed to pursuing economic policy reform as witnessed by its highly successful economic performance over the last decade, especially since the January 1994 CFA franc (CFAF) devaluation. Second the Government has demonstrated its strong commitment to poverty alleviation and the decentralization of decision-making. Finally, the Government has done an excellent job of managing its debt servicing to IFAD, the last (and only) suspension having occurred in 1993.

C. Policy Context, Poverty Situation and Agriculture

7. **Policy context**. As a result of important policy reforms introduced in 1992, the 50% CFAF devaluation in January 1994 and generally good climatic conditions, Mali has achieved an economic growth of about 5% per annum over the last seven years. Most of this growth was due to increased cotton and livestock exports, but increased construction and mining activities contributed also. The trade balance notably improved, with the coverage of imports by exports improving from 47% in 1980 to 61% in 1995. The overall balance of payments has improved due to long-term capital inflows, mostly from multilateral lenders.

8. Structural adjustment measures, initiated in 1982 and reinforced since 1988, have led to drastically reduced Government consumption, from 18% of gross domestic product (GDP) in 1992 to 11% in 1995, and to a simultaneous rise in public investment outlays from 6% of GDP to 12%, leading to an almost stable share of public expenditures in GDP of about 24%. The overall budget deficit, excluding grants, declined from 12% of GDP in 1992 to 9% in 1997 due to strong growth in fiscal revenues and improved management of current expenditures. The deficit in 1997, including foreign grants, has been estimated at about 4% of GDP.

9. All the macroeconomic objectives of the 1997 ESAF programme supported by the second annual arrangement of the facility have been achieved. In 1997, real GDP grew by an estimated 6.7% thanks to increased production of cotton and gold; inflation declined to less than 1%; and the external current account deficit (excluding official transfers) fell by nearly five percentage points to 9.3% of GDP. The tax revenue-to-GDP ratio rose by 0.6 percentage points to 13.3% owing to expansion of

the tax base and improvements in tax administration. The overall budgetary deficit fell to 7.8% of GDP, slightly below the 1996 level.

10. The principal structural reforms implemented in 1997 included: (i) introduction of measures to strengthen tax collection through improved coordination among revenue collection agencies; (ii) repeal of the export tax on leather and hides; (iii) rationalization of the tax on rice imports; (iv) adoption of a statute aimed at enhancing the effectiveness of commercial courts in enforcing contracts; (v) strengthening the "one-stop" investment window through the adoption of *ex post* (instead of *a priori*) investment approval procedures; (vi) initial steps (including a personnel inventory) towards reform of the Ministry of Rural Development and Water; and (vii) a financial audit of the parastatal tobacco company, in preparation for opening up its capital to private investors.

11. An average growth objective of 6% per year has been set in the Government’s development strategy through the year 2010, with a view to achieving an income per person equivalent to USD 500. Priority sectors in the strategy are the development of human resource and of infrastructure in irrigation, rural roads, and energy, and institutional reforms.

12. **Agriculture**. The agriculture is the largest in the country, providing 45% of GDP in 1995 and employing about 80% of the population. Sector performance is dominated by cotton production and processing which reached record output levels of 460 000 t in 1996/97; by rice production (438 000 t nation-wide in 1995/96), the bulk being contributed by the restructured Office of the Niger where average yields now stand at about 5t/ha compared to 2.5t/ha in 1989; and by cereals, including millet, sorghum and maize, reaching about 2 million tons in 1995/96. Livestock is estimated to contribute about 20% to GDP and has maintained steady export growth since the 1994 CFAF devaluation. The national herd size is estimated at 5-8 million heads of cattle and 12.5 million small ruminants. Fisheries also plays a crucially important role in the national economy. There are about 230 000 traditional fishermen in Mali, producing about 100 000 t of fish annually.

13. **Poverty situation**. A study undertaken by the Ministry of Economy, Planning and Integration in 1998 established a national poverty line on the basis of the valuation of a minimum level of per capita intake of 2 450 calories per day and an assumed non-food consumption of 50% of the value of food consumption. On this basis, about 70% of the population in 1994 qualified as poor (CFAF 77 204 per head, USD 154[3]) of whom nearly half, or 34% of the total population, were classified as very poor (CFAF 39 500 per head, USD 79).

14. Poverty is overwhelmingly a rural phenomenon, with 90% of all poor living in rural areas. The poorest people are located in the western and northern parts of the Sahelian zone, in the Niger Valley, in areas where no irrigation can be practised; in the livestock areas around Mopti and Goa; among the fishermen of the internal Delta area, who suffer from drought-induced reductions of stock; and on the Dogon Plateau where conditions are very harsh. Acute poverty has a strong gender dimension, with households headed by widows, divorced and separated women constituting the majority of the poorest population.

15. The survival strategies of poor rural communities (farmers, herders, nomads and fishing communities) depend largely on traditional modes of household production and on certain socio-cultural traits. Traditional forms of solidarity are generally effective but are subject to pressure from social change and deterioration of the environment’s productive capacity. The extended family continues to provide a necessary safety net in times of crisis. Traditional villages groups, or *tons*, and the modern forms of grass-roots organizations represent fall-back safety net mechanisms for their members. The village stores operated by such groups, informal credit and savings societies, and

[3] At the 1994 post-devaluation exchange rate of USD 1 = CFAF 500.

certain participatory initiatives in primary health care, drinking water supply, and income-generating activities, are examples of such forms of solidarity. One important coping strategy is labour migration of one or several family members to urban areas, neighbouring countries or France.

16. The Government is in the process of formulating a new poverty-alleviation strategy, the main elements of which will include: (i) establishment of a proper macroeconomic and social framework; (ii) promotion of labour-intensive income and employment-generating activities; (iii) improving access of the poor to financial services; (iv) development of agricultural and food production; and (v) improvement of social services and housing for the poor.

D. Debt Status

17. As mentioned above, Mali has shown a strong track record of satisfactory, uninterrupted adjustment over a nine-year period. In particular, the country has made significant efforts to manage its heavy external debt burden within tighter overall public spending limits that have focused, inter alia, on privatization of public enterprises, private sector development, financial sector reforms, and civil service reform. Improved debt management has been assisted through macroeconomic reform programmes supported by the World Bank and IMF and technical assistance to Mali's debt management unit within the Ministry of Finance.

18. The Mali DSA exercise estimated the NPV of Mali's external debt at USD 1 239 million as of the end of 1997, while for 1998 it has been estimated at USD 1 325 million. The NPV of the debt-to-exports ratio for 1998 was estimated to be 221%. Therefore, it has been concluded that Mali faces an unsustainable burden of debt, particularly in light of the country's vulnerability to climatic and international price shocks.

19. Regarding reconciliation of debt due to Paris Club creditors (excluding debt to the former Soviet Union), the Malian authorities have concluded bilateral agreements with all creditors participating in a May 1996 stock-of-debt operation on Naples terms. In April 1998, and again in June 1998, Paris Club creditors were apprised of developments under the HIPC DI. On both occasions, Paris Club creditors indicated their agreement in principle to top-up the 1996 stock-of-debt operation — which involved a 67% NPV reduction — to an 80% reduction in NPV terms on eligible debt under Lyon terms. With regard to non-Paris Club bilateral debt, the Malian authorities concluded a stock-of-debt operation with Côte d'Ivoire in April 1998 on terms comparable to the 1996 Paris Club stock-of-debt operation (which involved a 67% reduction in NPV terms).

20. The executive boards of the World Bank and the IMF approved a HIPC DI programme for Mali in September 1998, endorsing a total multilateral programme of USD 90 million in NPV terms that was designed to reduce Mali's NPV of debt-to-exports ratio to a target of 200% by the end-December 1999 completion date. This is equivalent to a 10.5% reduction of multilateral debt at the decision point.

E. The IFAD Programme in Mali

21. **Summary of past and ongoing operations**. The Fund has supported a total of seven projects in Mali, of which three have been completed and closed. Four projects have been supported through IFAD's Regular Programme in the high-to-medium potential areas, namely, the Mali Sud II Rural Development Project (closed), the Village Development Fund Programme, Phase I (closed) and Phase II (ongoing), and the Income Diversification Programme in the Mali Sud Area (ongoing). Under the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (SPA), IFAD focused on the drought-prone regions of northern Mali, where it financed the Kidal Food and Income Security Programme, and Phases I and II of the Zone Lacustre Development Project. Loan and grant assistance for these operations amounts to approximately SDR 62 million (USD 80 million), including a total grant element of about SDR 2.0 million. In addition, IFAD has

mobilized BEF 82 million (about USD 2.3 million) from the Belgium Survival Fund Joint Programme for the Zone Lacustre Development Programme, Phase II, and is in the process of mobilizing a similar amount to supplement the funding of the Kidal Food and Income Security Programme.

22. **Implementation experiences**. Project and programme implementation has been generally satisfactory. However, major constraints faced by the country, including a slender economic base, resource constraints encountered by its institutions, the fragile physical environment, a widely-dispersed population, and a rudimentary road network, have resulted in serious implementation delays in a number of cases and for certain activities such as credit operations. Particularly affected are the two interventions in the north of the country, namely, the Zone Lacustre Development Project and Kidal Food and Income Diversification Programme, which were particularly hit by problems of insecurity caused by the 1990-94 Touareg rebellion. As a result, the disbursement rates of both operations were very low at the time they were initially expected to be completed, especially the Kidal programme, and their closing dates have been extended. Some of the lessons learned are summarized below.

23. First, most IFAD-supported programmes in Mali place strong emphasis on support to grass-roots institutions, such as village associations and women's groups. However, successful support to group development is a lengthy process and it is important that transfer of responsibilities to the groups be an explicit goal right from the start. Under the Village Development Fund Programme (Phases I and II) it took 15 years for groups to manage their own village development funds and to establish a federation that bids at national level, on behalf of its members, for the sale of cereals. Second, after disappointing results with short and medium-term credit lines targeted specifically to agriculture, IFAD has achieved far better results in recent years through supporting decentralized microcredit operations. It has also been found that women borrowers generally represent a lower credit risk. Third, although the devaluation of the CFAF, and the liberalization of agricultural prices and markets created a strong incentive framework, the rural population cannot exploit that potential without access to specific training and investment funds. Fourth, there is a strong justification for gender-disagregated analysis during project design and implementation so as to ensure that the needs of women, and their potential contribution to family food and income security, are effectively addressed. Finally, there is strong demand for rural infrastructure investments like potable water facilities and rural roads.

24. **Pipeline of projects**. In December 1998, IFAD's Executive Board approved a loan to the Sahelian Areas Development Fund Programme in Mali. The programme has a total estimated cost of about USD 46.0 million, of which IFAD will contribute USD 22.0 million (or 48% of the total cost). The Government of Mali will contribute USD 6.4 million (14%) in the form of taxes, while the beneficiaries are expected to contribute just under USD 3.5 million (7%). The remaining USD 14 million will be provided by cofinanciers and is currently being mobilized. The IFAD loan was signed on 16 February 1999 and is expected to become effective by June 1999. At that point, total IFAD assistance to Mali will have reached SDR 78 million (or USD 102 million).

PART III - THE MALI HIPC DEBT INITIATIVE PROGRAMME

25. Each HIPC DI programme has two aspects: a set of policy measures to be implemented by the recipient, and the NPV debt relief operation itself. These aspects, and implications for IFAD participation, are discussed in the following sections.

A. Policy Measures to be Implemented

26. The World Bank and IMF executive boards have stipulated that an end-1999 completion point would be conditional on satisfactory implementation of on going and soon-to-be-agreed adjustment operations. In the case of IMF, Mali would need to have successfully completed a mid-term review under the third annual arrangement of the current three-year ESAF programme, obtain IMF approval of a new three-year ESAF arrangement, and have successfully completed the first mid-term review under the new ESAF. In the case of IDA, Mali is expected to implement reforms supported under an Economic Management Credit, thereby allowing release of the final tranche by the completion point. In addition, IDA will monitor progress in meeting the social development and rural development performance indicators included in Appendix III.

27. **Macroeconomic policy reforms**. The Government has set the following medium-term macroeconomic objectives for the period 1998-2001: (i) attain an annual real GDP growth of at least 5% equivalent to about 2% annual growth in per capita income; (ii) contain the rate of inflation to 2-3% a year; and (iii) reduce the current account deficit (excluding official transfers) to about 7% of GDP by the year 2001. The Government expects that growth will stem from agriculture, mining and industry, and that it will be stimulated by structural reforms designed to promote private initiative and supported by the maintenance of a prudent fiscal policy framework. In addition, the acceleration of reforms in the public enterprise sector, an improved legal environment for private sector activities, and implementation of regional integration policies are expected to facilitate growth. With regard to public finances, the overall budget deficit will be reduced from 7.8% in 1997 to 4.6% in 2001 through revenue enhancement (including a sharp reduction of exemptions, unification of the value-added tax at a single rate of 18%, and improved efficiency of tax collection), and expenditure control (through strengthening public expenditure reform). Other government priorities over the period in question include improvement of the banking sector, legal and judicial reforms to strengthen the protection of property rights, and enforcement of contractual obligations.

28. The third annual ESAF arrangement foresees real GDP growth of 5.5% and an inflation rate of 2-3% in 1998. The current account deficit is expected to widen slightly as cotton fibre export receipts decline due to lower international prices and reduced global demand. The Government’s budget deficit (excluding grants) will be limited to 7.5% of GDP.

29. **Agriculture and rural development reform**. Sectoral policy reforms for agriculture and rural development are also integral parts of the Mali HIPC DI. Strengthening the competitiveness and productivity of the rural sector will remain a major element of the Government’s reform programme. Agricultural pricing and marketing will remain free of controls, and the development of cotton and rice will continue to be top priorities. To this end, the Government's strategy will be designed to tap the potential for expanding the acreage of irrigated land and increasing yields, based largely on private investment. The Government will open up the cotton sector to increased private sector participation in accordance with modalities to be discussed with the World Bank and IMF. The Government will also complete the restructuring of the Ministry of Rural Development and Water by redeploying personnel from the ministry, transferring certain activities to the private sector, and completing an inventory of the ministry's material resources. Finally, a series of performance measures for enhancing rural empowerment and infrastructure provision form part of the HIPC DI programme for Mali.

30. **Education sector reform**. The Government has prepared a ten-year development strategy aimed at improving access to, and the quality of, education. Principal objectives include: (i) increasing the gross primary school enrolment rate from 47% in 1997 to 55% in 1999; 61% by 2002; and 75% by 2008. This will be achieved by building more schools, training teachers and greater involvement of communities and the private sector in the financing and management of schools; (ii)

improving learning and the quality of education by introducing national languages in the first two years of school as a transition to French, increasing expenditures on textbooks and learning materials from 13% of government expenditures to 16% and 19% by 2002 and 2008, respectively, and decentralization of personnel and budget management; and (iii) making the education system more cost-effective by hiring non-public service teachers to reduce wage costs, and redirecting scholarship resources for secondary school students to activities that would improve learning conditions at the secondary school level.

31. Once an agreed costed programme has been developed, it will be financed partly by the Government's own resources and donor pledges, and partly by resources expected to be freed-up as a result of HIPC DI assistance. To ensure compatibility of the strategy with available financing, a complete analysis of the education sector will be carried out through a comprehensive public expenditure review, to be completed by end-June 1999. Key targets to be reached by end-l999 include:

- reaching agreement on an integrated expenditure programme for the education sector, in coordination with international partners supporting the Government's programme;
- establishing an accounting system to monitor expenditures at all levels of education;
- reducing unit wage costs of primary education by establishing a new recruitment policy for teachers, including recruitment by local governments;
- improving the quality of education expenditures by increasing the share of non-wage outlays;
- increasing gross primary school enrolment to 55% in 1999 from 47 % in 1997; and
- increasing the share of primary education in the total education budget to 58% in 1999 from 54% in 1996.

32. **Health sector reform**. The Government's objective is to improve both access to, and the quality of, basic care which is still low in comparison with sub-Saharan African averages. Government policy emphasizes preventive health care through the provision of a minimum package of basic health services. However, the public health system continues to suffer from inadequate financing. In 1996, public health spending was about 1.7% of GDP, well below the sub-Saharan Africa average of 2.5%. Health expenditure in 1997 was about USD 5 per capita, compared with a minimum of USD 9-12 per capita recommended in the United Nations Development Programme (UNDP) *World Development Report* of 1993. Health care management is weak, with little private sector involvement. With more than 150 non-governmental organizations (NGOs) active in the sector, there is an urgent need to coordinate these activities to pursue maximum impact. The Malian authorities have prepared a ten-year development programme for the sector, and a first phase of a five-year investment programme will be presented at a donors' meeting in June 1999. In addition to a continued increase in health expenditure, emphasis will be placed on extending vaccination coverage, improving nutritional standards and reinforcing the health information campaign. Impact will be measured against specific targets and actions set out in the above-noted ten-year programme and in operations agreed with the donors. Key targets include:

- increasing the child immunization rate from 40% in 1997 to 70% in 1999;

- raising the share of the population covered by primary health services from 40% in 1996 to 45% in 1999; and

- expanding the share of current budgetary expenditure devoted to public health from 8.9% in 1997 to 10.5% in 1999.

B. Debt Relief Calculations

33. Calculating the IFAD contribution involves a three-step process:

(a) calculation of IFAD's NPV-equivalent outstanding debt at a common point in time[4] with other multilateral agencies prior to the decision point;

(b) calculation of the NPV of debt relief to be delivered by IFAD, based on World Bank and IMF projections of the total level of multilateral assistance required at completion point to bring the country down to a sustainable level of debt. This value is translated into a constant percent of each IFI's outstanding NPV at the reference date. Each participating multilateral agency has been requested to pledge the NPV value corresponding to that percentage figure as of the reference point for debt reconciliation; and

(c) calculation of the corresponding nominal value of debt relief to be delivered by IFAD, which will vary as a function of the scheduling of debt relief over time. Extending the debt relief period will result in higher nominal values of debt relief, relative to shorter schedules.

34. **Calculation of the IFAD share of debt relief**. At the end of 1997, NPV external public debt stock stood at USD 1 239 billion, of which USD 861 million, or 69%, was owed to multilateral agencies.

35. Appendix IV presents detailed calculations of the NPV stock of debt to IFAD for the Mali portfolio. By end-1997, IFAD had approved seven loans to Mali (an eighth was approved in December 1998) and, by the same date, three were closed and four were effective (see Appendix II for basic background information on the projects). All loans are classified as highly concessional.

36. Under the HIPC DI, the NPV share of each multilateral creditor is based on outstanding disbursements. As of end-1997, commitments totalled SDR 60.11 million, of which SDR 33.66 million (or 56%) had been disbursed. Repaid principal amounted to SDR 2.55 million, or about 8% of the value of disbursements, leaving SDR 31.11 million outstanding. The NPV calculations are therefore based on this outstanding amount.

37. In calculating the NPV of IFAD's SDR 31.11 million of outstanding debt, the following parameters are used: a Special Drawing Rights (SDR)-based semi-annual discount factor of 3.03% (because reimbursements to IFAD are scheduled on a semi-annual basis); and, for United States dollar calculations, an exchange rate of SDR 1 = USD 1.35135 (because World Bank/IMF figures are dollar-denominated)[5]. Given these parameters, the NPV on outstanding IFAD debt as of 31 December 1997 is estimated at SDR 15.0 million, or USD 20.28 million.

4 For the Mali debt reconciliation exercise, calculations are based on outstanding debt stock as of 31 December 1997.

5 Discount factor and exchange rate for end-1997 supplied by the World Bank.

38. **Calculation of the NPV of debt relief**. To calculate the value of the IFAD contribution, projections from the World Bank President's Report are used on amounts of debt relief at the completion point, with the World Bank then calculating the percentage of total multilateral debt stock corresponding to the total NPV value that would bring country debt down to a sustainable level. Each participating multilateral agency is then requested to pledge the NPV value corresponding to that percentage figure as of the reference point for debt reconciliation (in this case, end-1997).

39. The DSA baseline scenario elaborated by the World Bank and IMF covers the period 1998-2017 and assumes continued implementation of sound economic and financial policies. Specific assumptions include: (i) real GDP growth of 5% annually over the 20-year period, with initial growth coming primarily from cotton and gold exports, but with greater diversification later; (ii) stable inflation of 2-3% and increased gross domestic investment requiring in turn that the savings rate be increased gradually from the current 14% of GDP to 20%; (iii) increased value of exports by 7% annually through 2001, and 4.5% thereafter, with an import growth of 5% annually; and (iv) a narrowing of the current account deficit from about 9.8% of GDP in 1998 to about 4% by 2017.

40. Based on DSA calculations, in the absence of multilateral HIPC DI relief the NPV of debt-to-exports ratio with an end-1999 completion point would be 221%. The executive boards of the World Bank and IMF have agreed that the target ratio to ensure sustainable debt repayment will be 200%. This implies that the multilateral creditors' proportional share of debt relief amounts to USD 90 million in NPV terms, equivalent to a reduction of 10.5% of multilateral debt at decision point.

41. The IFAD requirement would be therefore 10.5% of its outstanding NPV debt stock of SDR 15.0 million at the end of 1997, or SDR 1 575 000 (approximately USD 2.13 million in NPV terms).

42. **Nominal value of debt relief**. As mentioned above, the more extended the period of debt relief scheduling, the greater the difference between the nominal value and the NPV of relief. However, because the proposed period is fairly short — from the first semester of 2000 through the second semester of 2002 — the difference between NPV and nominal amounts is not that great. The projected nominal value of relief amounts to SDR 1.97 million (see Appendix V for approximate calculations of projected flows of debt relief), or about USD 2.67 million.

C. Mechanism for the Reduction of Mali's Debt to IFAD

43. Debt reduction by IFAD will be accomplished through an internal IFAD HIPC DI Trust Fund, the establishment of which was approved at the Twenty-First Session of the Governing Council in February 1998. No reduction of Mali's debt to IFAD will take place:

(a) prior to the agreed completion point for the Mali HIPC DI (December 1999). IDA and IMF will monitor compliance with the monitorable conditions for debt reduction as specified above, and will report to IFI participants in the Mali HIPC DI on or by December 1999; and

(b) until Mali has satisfied the conditions for the commencement of IDA and IMF debt relief under the Mali HIPC DI.

PART IV - RECOMMENDATION

44. I recommend that the Executive Board approve the proposed contribution to the reduction of the Republic of Mali's debt to IFAD within the framework of the Mali HIPC DI in terms of the following resolution:

RESOLVED: that the Fund, upon declaration at the completion point by the World Bank and the International Monetary Fund that the Republic of Mali has satisfied the conditions for debt relief under the Mali HIPC DI, shall:

(i) reduce the value of Mali's debt to IFAD by extending a grant from the IFAD HIPC DI Trust Fund which will meet certain debt service obligations of Mali to IFAD (principal and service charge payments) as they fall due after the completion point up to the aggregate value of SDR 1 575 000 in Net Present Value (NPV) terms, corresponding to approximately USD 2 130 000, also in Net Present Value terms. This amount represents approximately 10.5% of the accumulated NPV debt with IFAD, allocated under proportional burden sharing with other multilateral creditors; and

(ii) authorize the President of IFAD to transfer an amount equivalent to USD 2 670 000 from the uncommitted accumulated surplus of IFAD's regular resources to the IFAD HIPC DI Trust Fund.

Fawzi H. Al-Sultan
President

COUNTRY DATA - MALI

Land area (km^2 thousand) 1995 1/	**1 220**	**GNP per capita (USD) 1996 2/**	**240**
Total population (million) 1996 1/	**10**	**Average annual real rate of growth of GNP per capita, 1990-96 2/**	**-0.2**
Population density (people per km^2) 1996 1/	**8**	**Average annual rate of inflation, 1990-96 2/**	**10.6**
Local currency	**CFA Franc XOF**	**Exchange rate: USD 1 =**	**CFA 600**

Social Indicators		**Economic Indicators**	
Population (average annual population growth rate) 1980-96 1/	2.6	GDP (USD million) 1996 1/	2 660
Crude birth rate (per thousand people) 1996 1/	49	Average annual rate of growth of GDP 1/	
Crude death rate (per thousand people) 1996 1/	16	1980-90	2.9
Infant mortality rate (per thousand live births) 1996 1/	120	1990-96	2.8
Life expectancy at birth (years) 1996 1/	50		
		Sectoral distribution of GDP, 1996 1/	
Number of rural poor (million) 1/	n.a.	percentage agriculture	48.1
Poor as percentage of total rural population 1/	n.a.	percentage industry	16.6
Total labour force (million) 1996 1/	5	percentage manufacturing	7.1
Female labour force as percentage of total, 1996 1/	46.4	percentage services	35.3
Education		Consumption, 1996 1/	
Primary school gross enrolment (percentage of relevant age group) 1995 1/	34.0	General government consumption (as percentage of GDP)	10.6
Adult literacy rate (percentage of total population) 1994 3/	99.0	Private consumption (as percentage of GDP)	77.6
		Gross domestic savings (as percentage of GDP)	11.8
Nutrition			
Daily calorie supply per capita, 1992 3/	n.a.	**Balance of Payments (USD million)**	
Index of daily calorie supply per capita (industrial countries=100) 1992 3/	n.a.	Merchandise exports, 1996 1/	288
Prevalence of child malnutrition (percentage of children under 5) 1990-96 1/	31.0	Merchandise imports, 1996 1/	1 159
		Balance of merchandise trade	- 871
Health			
Health expenditure, total (as percentage of GDP) 1990-95 1/	2.9	Current account balances (USD million)	
Physicians (per thousand people) 1994 1/	*0.0*	before official transfers, 1996 1/	*- 395*
Access to safe water (percentage of population) 1990-96 3/	n.a.	after official transfers, 1996 1/	*- 164*
Access to health service (percentage of population) 1990-95 3/	n.a.	Foreign direct investment, 1996 1/	23
Access to sanitation (percentage of population) 1990-96 3/	n.a.		
		Government Finance	
Agriculture and Food		Overall budget surplus/deficit (including grants) (as percentage of GDP) 1995 1/	n.a.
Food imports as percentage of total merchandise imports 1996 1/	n.a.	Total expenditure (percentage of GDP) 1995 1/	n.a.
Fertilizer consumption (hundreds of grams per ha of arable land) 1994-96 1/	83	Total external debt (USD million) 1996 1/	3 020
Food production index (1989-91=100) 1994-96 1/	114	Total external debt (as percentage of GNP) 1996 1/	4.5
		Total debt service (percentage of exports of goods and services) 1996 1/	17.9
Land Use			
Agricultural land as percentage of total land area, 1994 4/	27.0	Nominal lending rate of banks, 1996 1/	n.a.
Forest area (km^2 thousand) 1995 1/	116	Nominal deposit rate of banks, 1996 1/	n.a.
Forest area as percentage of total land area, 1995 1/	9.5		
Irrigated land as percentage of cropland, 1994-96 1/	2.6		

n.a. not available.
Figures in italics indicate data that are for years or periods other than those specified.
1/ World Bank, *World Development Report*, 1998
2/ World Bank, *Atlas*, 1998
3/ UNDP, *Human Development Report*, 1997
4/ World Bank, *The World Development Indicators CD-ROM*, 1998

BASIC FINANCIAL DATA FOR THE IFAD PORTFOLIO IN MALI

Project/Programme Name	Initiating Institution	Cooperating Institution	Lending Terms	Board Approval	Loan Effectiveness	Current Closing Date	Loan/Grant Acronym	Currency	Approved Loan/Grant Amount (USD '000)	Disbursement (as percentage of approved amount) as at 03.02.98
Village Development Fund Project	IFAD	UNOPS	HC	14 Sep 82	01 Mar 83	30 Jun 93	L - I - 103 - ML	SDR	8.05	100%
Mali Sud II Rural Development Project	World Bank	World Bank	HC	13 Sep 83	09 Aug 84	08 Jan 91	L - I - 133 - ML	SDR	11.71	100%
Development Project in the Zone Lacustre	IFAD	BOAD	HC	03 Dec 86	23 Dec 87	14 Oct 97	L - S - 4 - ML	SDR	4.84	100%
Kidal Food and Income Security Programme	IFAD	BOAD	HC	30 Nov 88	05 Jul 90	30 Jun 99	L - S - 14 - ML	SDR	5.83	77%
Village Development Fund Programme - Phase II	IFAD	UNOPS	HC	13 Dec 90	06 Aug 92	30 Jun 99	L - I - 278 - ML	SDR	9.20	69%
Income Diversification Programme in the Mali Sud Area	IFAD	BOAD	HC	05 Dec 94	25 Jul 96	30 Jun 03	L - I - 367 - ML	SDR	10.10	14%
Zone Lacustre Development Project - Phase II	IFAD	BOAD	HC	17 Apr 96	12 Jun 97	30 Jun 04	L - I - 409 - ML	SDR	8.65	7%
Sahelian Areas Development Fund Programme	IFAD	UNOPS	HC	02 Dec 98	Not yet effective	30 Sep 09	L - I - 488 - ML	SDR	15.65	--

SOCIAL DEVELOPMENT PERFORMANCE INDICATORS, 1999 TARGETS

Objectives	Verifiable Indicators	Means of Verification	Target for 1999
HEALTH			
Increase public spending on health	Share of current expenditure in health	PFP and ESAF mid-term review missions, economic management credit supervision	Increased share in current expenditure from 8.9% in 1997 to 10.5% in 1999
Improve access to health facilities form 30% to 60% of the population	Number of facilities providing minimum health care package	Review of health sector investment programme	Increase primary health care coverage from 40% of the population in 1998 to 45% in 1999
Reduce infant mortality by 40% by 2002	Vaccination coverage Incidence of death from diarrhoea, respiratory disease, malnutrition and malaria	Management information system (MIS) Review of health sector investment programme	Increase vaccination coverage for children from 40% in 1996 to 70% by 1999. Reduce by 20% compared to 1997, the incidence of death caused by diarrhoea, respiratory disease, malnutrition and malaria
Reduce maternal mortality by 30% by 2002	Increase use of prenatal care and emergency obstetrics	Demographic and health surveys (DHS)	Increase pre-natal visits from 40% to 50% of pregnant women
Increase contraceptive use from 7% in 1997 to 15% by 2002	Sales volumes and distribution of contraceptives in health facilities	MIS/quantitative surveys	Increase by 10% the number of family planning users
EDUCATION			
Increase the share of public expenditure on primary education	Target for total expenditure on primary education/total budgetary expenditures Targets for teaching material allocation for primary schools	Review of education sector investment programme/PFP and ESAF mid-term reviews.	Share of primary education in total education budget will increase from 54% in 1996 to 58% in 1999. Increase share of teaching material expenditure from 12% in 1997 to 13% of recurrent budget for primary education
Improve the intra-sectoral allocation of expenditures	Completed sector expenditure review	PFP and ESAF mid-term reviews/education learning and innovation loan (LIL)	Agreement with World Bank on a public expenditure review and on an action plan to implement its recommendations
Reduce unit cost per teachers	Agreed programme for recruitment outside civil service	Education LIL/negotiation of education sector investment programme	Contract teachers as share of newly-hired teachers to increase from 10% to 40%
Improve access to basic education in rural areas	Agreed programme to increase the number of community schools	Education LIL/negotiation of education sector investment programme	Increased primary school enrolment from 47% in 1997 to 55% in 1999.

Source: World Bank President's Report on Mali HIPC DI, August 1998.

Objectives	Verifiable Indicators	Means of Verification	Target for 1999
RURAL DEVELOPMENT			
Provide rural communities with basic infrastructure	Increase in kms of rural roads and number of bridges, water points, rural markets, alphabetization centres, animal vaccination centres	Projects (rural infrastructure and NRM) annual and SPN reports; national statistics, project (NRM) impact assessment report (1999) and ICR (2000)	Approval of PNIR project. Assessment of project Impact (NRM). Strengthening monitoring and evaluation (M&E) (NRM)
Promote local community empowerment and sustainable use of their natural resources	Increased number of communities with natural resources management plans. Sustainable growth of agricultural production	Project (NRM) annual and SPN reports, impact assessment report (1999) and ICR (2000)	Assessment of project impact (NRM). Strengthening M&E (NRM).
Increased farmer revenue in the cotton area due to new cost-sharing mechanisms.	New performance contract with CMDT to include new cost-sharing mechanism favourable to farmers	PFP-ESAF mid-term review, SPN missions. Institutional audits.	Agreement with IDA on the new performance contract with CMDT.
Improve technology generation and diffusion through research and extension.	Strategic research plan completed. Increasing number of farmers adopting new technologies. Increase in production value-added	Review of PNRA and preparation of PSAOP.	Complete preparation of PSAOP. Adopt and start implementing the strategic research plan.

NET PRESENT VALUE CALCULATIONS FOR MALI

On Disbursements as of 31 December 1997

		103-ML		133-ML		278-ML		367-ML		409-ML		S 4-ML		S 14-ML		TOTAL (SDR)	TOTAL (USD)
Loan Amount			8,050.0		11,713.6		9,200.0		10,100.0		8,650.0		4,850.0		7,550.0	60,113.6	81,234.6
Disbursed			8,050.0		11,713.6		4,540.4		666.5		446.5		4,850.0		3,391.7	33,658.8	45,484.8
% Disbursed			100.00%		100.00%		49.35%		6.60%		5.16%		100.00%		44.92%	55.99%	55.99%
Repaid Principal			1,106.7		1,317.8		-		-		-		121.3		-	2,545.8	3,440.2
Outstanding			6,943.3		10,395.9		4,540.4		666.5		446.5		4,728.7		3,391.7	31,113.0	42,044.6
6 month installment			100.6		146.4		56.8		11.1		7.4		60.6		42.4		
Interest Rate		1.00%		1.00%		1.00%		0.75%		0.75%		1.00%		1.00%			
Year	**Sem**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Total (SDR)**	**Total (USD)**
1998	1	34.7	100.6	52.0	146.4	22.7		2.5		1.7		23.6	60.6	17.0		461.8	624.1
1998	2	34.2	100.6	51.2	146.4	22.7		2.5		1.7		23.3	60.6	17.0		460.3	622.0
1999	1	33.7	100.6	50.5	146.4	22.7		2.5		1.7		23.0	60.6	17.0	42.4	501.2	677.2
1999	2	33.2	100.6	49.8	146.4	22.7		2.5		1.7		22.7	60.6	16.7	42.4	499.4	674.9
2000	1	32.7	100.6	49.1	146.4	22.7		2.5		1.7		22.4	60.6	16.5	42.4	497.7	672.5
2000	2	32.2	100.6	48.3	146.4	22.7		2.5		1.7		22.1	60.6	16.3	42.4	495.9	670.2
2001	1	31.7	100.6	47.6	146.4	22.7	56.8	2.5		1.7		21.8	60.6	16.1	42.4	550.9	744.5
2001	2	31.2	100.6	46.9	146.4	22.4	56.8	2.5		1.7		21.5	60.6	15.9	42.4	548.9	741.7
2002	1	30.7	100.6	46.1	146.4	22.1	56.8	2.5		1.7		21.2	60.6	15.7	42.4	546.9	739.0
2002	2	30.2	100.6	45.4	146.4	21.9	56.8	2.5		1.7		20.9	60.6	15.5	42.4	544.8	736.2
2003	1	29.7	100.6	44.7	146.4	21.6	56.8	2.5		1.7		20.6	60.6	15.3	42.4	542.8	733.5
2003	2	29.2	100.6	43.9	146.4	21.3	56.8	2.5		1.7		20.3	60.6	15.1	42.4	540.7	730.7
2004	1	28.7	100.6	43.2	146.4	21.0	56.8	2.5		1.7		20.0	60.6	14.8	42.4	538.7	728.0
2004	2	28.2	100.6	42.5	146.4	20.7	56.8	2.5		1.7		19.7	60.6	14.6	42.4	536.7	725.2
2005	1	27.7	100.6	41.7	146.4	20.4	56.8	2.5	11.1	1.7		19.4	60.6	14.4	42.4	545.8	737.5
2005	2	27.2	100.6	41.0	146.4	20.1	56.8	2.5	11.1	1.7		19.1	60.6	14.2	42.4	543.7	734.7
2006	1	26.7	100.6	40.3	146.4	19.9	56.8	2.4	11.1	1.7	7.4	18.8	60.6	14.0	42.4	549.0	742.0
2006	2	26.2	100.6	39.5	146.4	19.6	56.8	2.4	11.1	1.6	7.4	18.5	60.6	13.8	42.4	546.9	739.1
2007	1	25.7	100.6	38.8	146.4	19.3	56.8	2.3	11.1	1.6	7.4	18.2	60.6	13.6	42.4	544.8	736.3
2007	2	25.2	100.6	38.1	146.4	19.0	56.8	2.3	11.1	1.6	7.4	17.9	60.6	13.4	42.4	542.7	733.4
2008	1	24.7	100.6	37.3	146.4	18.7	56.8	2.2	11.1	1.6	7.4	17.6	60.6	13.1	42.4	540.6	730.6
2008	2	24.2	100.6	36.6	146.4	18.4	56.8	2.2	11.1	1.5	7.4	17.3	60.6	12.9	42.4	538.5	727.7
2009	1	23.6	100.6	35.9	146.4	18.2	56.8	2.2	11.1	1.5	7.4	17.0	60.6	12.7	42.4	536.4	724.9
2009	2	23.1	100.6	35.1	146.4	17.9	56.8	2.1	11.1	1.5	7.4	16.7	60.6	12.5	42.4	534.3	722.1
2010	1	22.6	100.6	34.4	146.4	17.6	56.8	2.1	11.1	1.5	7.4	16.4	60.6	12.3	42.4	532.2	719.2
2010	2	22.1	100.6	33.7	146.4	17.3	56.8	2.0	11.1	1.4	7.4	16.1	60.6	12.1	42.4	530.1	716.4
2011	1	21.6	100.6	32.9	146.4	17.0	56.8	2.0	11.1	1.4	7.4	15.8	60.6	11.9	42.4	528.0	713.5
2011	2	21.1	100.6	32.2	146.4	16.7	56.8	2.0	11.1	1.4	7.4	15.5	60.6	11.7	42.4	525.9	710.7
2012	1	20.6	100.6	31.5	146.4	16.5	56.8	1.9	11.1	1.3	7.4	15.2	60.6	11.4	42.4	523.8	707.8
2012	2	20.1	100.6	30.7	146.4	16.2	56.8	1.9	11.1	1.3	7.4	14.9	60.6	11.2	42.4	521.7	705.0
2013	1	19.6	100.6	30.0	146.4	15.9	56.8	1.8	11.1	1.3	7.4	14.5	60.6	11.0	42.4	519.6	702.2
2013	2	19.1	100.6	29.3	146.4	15.6	56.8	1.8	11.1	1.3	7.4	14.2	60.6	10.8	42.4	517.5	699.3
2014	1	18.6	100.6	28.6	146.4	15.3	56.8	1.7	11.1	1.2	7.4	13.9	60.6	10.6	42.4	515.4	696.5
2014	2	18.1	100.6	27.8	146.4	15.0	56.8	1.7	11.1	1.2	7.4	13.6	60.6	10.4	42.4	513.3	693.6
2015	1	17.6	100.6	27.1	146.4	14.8	56.8	1.7	11.1	1.2	7.4	13.3	60.6	10.2	42.4	511.2	690.8
2015	2	17.1	100.6	26.4	146.4	14.5	56.8	1.6	11.1	1.1	7.4	13.0	60.6	10.0	42.4	509.1	687.9
2016	1	16.6	100.6	25.6	146.4	14.2	56.8	1.6	11.1	1.1	7.4	12.7	60.6	9.8	42.4	507.0	685.1
2016	2	16.1	100.6	24.9	146.4	13.9	56.8	1.5	11.1	1.1	7.4	12.4	60.6	9.5	42.4	504.9	682.3

APPENDIX IV

Year	Sem	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Total (SDR)	Total (USD)
2017	1	15.6	100.6	24.2	146.4	13.6	56.8	1.5	11.1	1.1	7.4	12.1	60.6	9.3	42.4	502.8	679.4
2017	2	15.1	100.6	23.4	146.4	13.3	56.8	1.5	11.1	1.0	7.4	11.8	60.6	9.1	42.4	500.7	676.6
2018	1	14.6	100.6	22.7	146.4	13.1	56.8	1.4	11.1	1.0	7.4	11.5	60.6	8.9	42.4	498.6	673.7
2018	2	14.1	100.6	22.0	146.4	12.8	56.8	1.4	11.1	1.0	7.4	11.2	60.6	8.7	42.4	496.5	670.9
2019	1	13.6	100.6	21.2	146.4	12.5	56.8	1.3	11.1	0.9	7.4	10.9	60.6	8.5	42.4	494.3	668.0
2019	2	13.1	100.6	20.5	146.4	12.2	56.8	1.3	11.1	0.9	7.4	10.6	60.6	8.3	42.4	492.2	665.2
2020	1	12.6	100.6	19.8	146.4	11.9	56.8	1.2	11.1	0.9	7.4	10.3	60.6	8.1	42.4	490.1	662.4
2020	2	12.1	100.6	19.0	146.4	11.6	56.8	1.2	11.1	0.9	7.4	10.0	60.6	7.8	42.4	488.0	659.5
2021	1	11.6	100.6	18.3	146.4	11.4	56.8	1.2	11.1	0.8	7.4	9.7	60.6	7.6	42.4	485.9	656.7
2021	2	11.1	100.6	17.6	146.4	11.1	56.8	1.1	11.1	0.8	7.4	9.4	60.6	7.4	42.4	483.8	653.8
2022	1	10.6	100.6	16.8	146.4	10.8	56.8	1.1	11.1	0.8	7.4	9.1	60.6	7.2	42.4	481.7	651.0
2022	2	10.1	100.6	16.1	146.4	10.5	56.8	1.0	11.1	0.8	7.4	8.8	60.6	7.0	42.4	479.6	648.1
2023	1	9.6	100.6	15.4	146.4	10.2	56.8	1.0	11.1	0.7	7.4	8.5	60.6	6.8	42.4	477.5	645.3
2023	2	9.1	100.6	14.6	146.4	9.9	56.8	1.0	11.1	0.7	7.4	8.2	60.6	6.6	42.4	475.4	642.5
2024	1	8.6	100.6	13.9	146.4	9.6	56.8	0.9	11.1	0.7	7.4	7.9	60.6	6.4	42.4	473.3	639.6
2024	2	8.1	100.6	13.2	146.4	9.4	56.8	0.9	11.1	0.6	7.4	7.6	60.6	6.1	42.4	471.2	636.8
2025	1	7.5	100.6	12.4	146.4	9.1	56.8	0.8	11.1	0.6	7.4	7.3	60.6	5.9	42.4	469.1	633.9
2025	2	7.0	100.6	11.7	146.4	8.8	56.8	0.8	11.1	0.6	7.4	7.0	60.6	5.7	42.4	467.0	631.1
2026	1	6.5	100.6	11.0	146.4	8.5	56.8	0.7	11.1	0.6	7.4	6.7	60.6	5.5	42.4	464.9	628.2
2026	2	6.0	100.6	10.2	146.4	8.2	56.8	0.7	11.1	0.5	7.4	6.4	60.6	5.3	42.4	462.8	625.4
2027	1	5.5	100.6	9.5	146.4	7.9	56.8	0.7	11.1	0.5	7.4	6.1	60.6	5.1	42.4	460.7	622.6
2027	2	5.0	100.6	8.8	146.4	7.7	56.8	0.6	11.1	0.5	7.4	5.8	60.6	4.9	42.4	458.6	619.7
2028	1	4.5	100.6	8.1	146.4	7.4	56.8	0.6	11.1	0.4	7.4	5.5	60.6	4.7	42.4	456.5	616.9
2028	2	4.0	100.6	7.3	146.4	7.1	56.8	0.5	11.1	0.4	7.4	5.2	60.6	4.5	42.4	454.4	614.0
2029	1	3.5	100.6	6.6	146.4	6.8	56.8	0.5	11.1	0.4	7.4	4.8	60.6	4.2	42.4	452.3	611.2
2029	2	3.0	100.6	5.9	146.4	6.5	56.8	0.5	11.1	0.4	7.4	4.5	60.6	4.0	42.4	450.2	608.3
2030	1	2.5	100.6	5.1	146.4	6.2	56.8	0.4	11.1	0.3	7.4	4.2	60.6	3.8	42.4	448.1	605.5
2030	2	2.0	100.6	4.4	146.4	6.0	56.8	0.4	11.1	0.3	7.4	3.9	60.6	3.6	42.4	446.0	602.7
2031	1	1.5	100.6	3.7	146.4	5.7	56.8	0.3	11.1	0.3	7.4	3.6	60.6	3.4	42.4	443.9	599.8
2031	2	1.0	100.6	2.9	146.4	5.4	56.8	0.3	11.1	0.3	7.4	3.3	60.6	3.2	42.4	441.8	597.0
2032	1	0.5	100.6	2.2	146.4	5.1	56.8	0.2	11.1	0.2	7.4	3.0	60.6	3.0	42.4	439.7	594.1
2032	2			1.5	146.4	4.8	56.8	0.2	11.1	0.2	7.4	2.7	60.6	2.8	42.4	336.9	455.3
2033	1			0.7	146.4	4.5	56.8	0.2	11.1	0.2	7.4	2.4	60.6	2.5	42.4	335.3	453.1
2033	2					4.3	56.8	0.1	11.1	0.1	7.4	2.1	60.6	2.3	42.4	187.3	253.1
2034	1					4.0	56.8	0.1	11.1	0.1	7.4	1.8	60.6	2.1	42.4	186.4	251.9
2034	2					3.7	56.8	0.0	11.1	0.1	7.4	1.5	60.6	1.9	42.4	185.6	250.8
2035	1					3.4	56.8			0.1	7.4	1.2	60.6	1.7	42.4	173.6	234.6
2035	2					3.1	56.8			0.0	7.4	0.9	60.6	1.5	42.4	172.8	233.5
2036	1					2.8	56.8					0.6	60.6	1.3	42.4	164.5	222.3
2036	2					2.6	56.8					0.3	60.6	1.1	42.4	163.7	221.2
2037	1					2.3	56.8							0.8	42.4	102.3	138.2
2037	2					2.0	56.8							0.6	42.4	101.8	137.5
2038	1					1.7	56.8							0.4	42.4	101.3	136.9
2038	2					1.4	56.8							0.2	42.4	100.8	136.2
2039	1					1.1	56.8									57.9	78.2
2039	2					0.9	56.8									57.6	77.8
2040	1					0.6	56.8									57.3	77.5
2040	2					0.3	56.8									57.0	77.1
TOTAL 1/		1,215.1	6,943.3	1,871.3	10,395.9	1,055.7	4,540.4	111.2	666.5	77.9	446.5	933.9	4,728.7	720.7	3,391.7	37,098.7	50,133.4
																5,985.7	
		Count =	69		71		80		60		60		78		80		

1/ Totals subject to rounding error.
2/ Source: World Bank.

Discount Factor Semi-Annual (SDR) 2/==	3.03%
Net Present Value (SDR) =	15,004.1
Exchange Rate (USD/SDR) 2/ =	1.35135
USD Equivalent (USD) =	20,275.8
10.5 percent (SDR) =	1,575.4
10.5 percent (USD) =	2,129.0

NOMINAL AND NPV-EQUIVALENT PAYMENT STREAMS

(At Projected Completion Point of December 1999)

SDR discount rate: 3.03%

		Nominal			NPV-Equivalent		
Year	**Sem**	**SDR**	**USD**	**SDR (Cum)**	**SDR**	**Cumulative**	**Period** [6]
1999	2	499 415	674 884				0
2000	1	497 665	672 519	497 665	652 741	652 741	1
2000	2	495 914	670 154	993 579	631 316	1 284 057	2
2001	1	550 919	744 485	1 544 498	680 714	1 964 772	3
2001	2	548 885	741 736	2 093 384	658 256	2 623 027	4
2002	1	546 851	738 987	2 640 235	636 530	3 259 557	5
2002	2	544 817	736 239	3 185 052	615 512	3 875 069	6
2003	1	542 783	733 490	3 727 835	595 180	4 470 248	7
2003	2	540 749	730 741	4 268 584	575 511	5 045 760	8
2004	1	538 715	727 992	4 807 299	556 485	5 602 245	9
2004	2	536 681	725 243	5 343 979	538 080	6 140 325	10
2005	1	545 755	737 506	5 889 734	531 086	6 671 410	11
2005	2	543 679	734 701	6 433 413	513 507	7 184 917	12
2006	1	549 045	741 952	6 982 458	503 324	7 688 241	13
2006	2	546 942	739 110	7 529 400	486 650	8 174 892	14
2007	1	544 838	736 267	8 074 238	470 522	8 645 413	15
2007	2	542 734	733 424	8 616 972	454 921	9 100 334	16
2008	1	540 631	730 581	9 157 603	439 831	9 540 165	17
2008	2	538 527	727 738	9 696 130	425 235	9 965 400	18
2009	1	536 423	724 896	10 232 553	411 117	10 376 516	19
2009	2	534 320	722 053	10 766 872	397 461	10 773 978	20
2010	1	532 216	719 210	11 299 088	384 254	11 158 231	21
2010	2	530 112	716 367	11 829 201	371 479	11 529 710	22

Nominal USD and SDR equivalent of required debt relief:

Required NPV relief (SDR)	1 575 435
Required NPV relief (USD)	2 128 964
NPV (SDR) in period when required level reached	2 093 384
Nominal SDRs in period when required level reached	2 623 027
Approximate nominal SDR relief	1 974 033
Approximate nominal USD relief	2 667 609

[6] **Payment period after completion point.**