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**IFAD**
**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**
**Executive Board – Sixty-Eighth Session**
Rome, 8-9 December 1999

# IFAD'S INVOLVEMENT IN THE HEAVILY-INDEBTED POOR COUNTRIES DEBT INITIATIVE (HIPC DI) AND ITS ENHANCEMENT

## I. INTRODUCTION

1. The purpose of the present document is to provide the Executive Board with a report on:

(a) the implementation status of the Heavily-Indebted Poor Countries Debt Initiative (HIPC DI), including the status of IFAD's participation;

(b) the developments in the policy framework governing the HIPC DI, in response to the call from the recent G-8 Summit held in Cologne, Germany, to enhance the framework; and

(c) the expected resource commitments for IFAD from the year 2000 onwards, and the financing options available.

## II. HISTORY OF THE HIPC DI

2. The initiative for providing heavily-indebted poor countries with a reliable "exit" strategy from unsustainable debt was taken by the President of the World Bank and the Managing Director of the International Monetary Fund (IMF), respectively. In endorsing the conceptual framework of the HIPC DI, the April 1996 meetings of the Interim Committee of the IMF and the World Bank/IMF Development Committee requested that a programme of action be prepared for the World Bank/IMF annual meeting in September/October of the same year. The G-7 Summit in Lyon, France, in June 1996, endorsed the proposed HIPC DI policy framework, following which the World Bank/IMF organized a series of meetings to inform and mobilize other international financial institutions (IFIs) behind the HIPC DI. The annual meeting of the World Bank/IMF in September/October 1996 launched the implementation of the HIPC DI.

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## III. IFAD's INVOLVEMENT IN THE ORIGINAL HIPC DI

3. IFAD's Executive Board endorsed the principle of IFAD's engagement in the HIPC DI in its December 1996 session[1]; in February 1997, the Governing Council approved the framework for IFAD's participation in the HIPC DI with the adoption of Resolution 101/XX[2]. At its December 1997 Session, the Executive Board approved the Operational Policy Framework for IFAD's contribution to the HIPC DI[3], and at its February 1998 Session, the Governing Council established IFAD's own trust fund to permit the Fund to do so, with Resolution 105/XXI[4]. As such, IFAD has thus far committed itself to participating in the HIPC DI as per the **original** policy framework, and up to an amount of USD 50 - 60 million (in 1996 net present value (NPV) terms).

4. In support of IFAD's resource requirements for the HIPC DI, the Government of The Netherlands pledged an amount of NLG 26.62 million (approximately USD 15.4 million) of "complementary" resources within the framework of the Fourth Replenishment of IFAD's resources. In order to meet its commitments under the HIPC DI, IFAD will need to pursue its efforts to mobilize additional resources to be channeled through its own HIPC DI Trust Fund (or through the World Bank-administered HIPC DI Trust Fund). Beyond The Netherlands' contribution, IFAD's participation in the HIPC DI is currently being financed from internal resources that would otherwise be available for commitment under the lending programme.

5. To date, the Executive Board has approved debt relief packages for seven countries: Burkina Faso, Bolivia, Côte d'Ivoire, Guyana, Mali, Mozambique and Uganda. The Fund is committed to providing a total of USD 24.5 million in relief [5]. Table 1 provides an overview of approved country cases. Bolivia, Guyana and Uganda have reached their completion point, and IFAD has begun providing those countries with front-loaded debt service relief from its trust fund. However, this debt relief will be implemented over a period of several years, in line with the loan amortization schedules of the countries' loans. In addition, preliminary documents prepared by the World Bank/IMF for Nicaragua and the United Republic of Tanzania are under review within IFAD.

**TABLE 1: IFAD AND THE HIPC DI – FACTS AND FIGURES**

| | Decision Point | Completion Point | NPV Debt/Exports Ratio (%) | NPV Debt/Exports Target Ratio (%) | Reduction in NPV of Debt (%) | IFAD Debt Reduction (USD million) |
|---|---|---|---|---|---|---|
| Uganda | Apr-97 | Apr-98 | 294 | 202 | 20 | 5.7 |
| Burkina Faso [a] | Sep-97 | Apr-2000 | 247 | 205 | 14 | 2.0 |
| Bolivia | Sep-97 | Sep-98 | 239 | 225 | 13 | 3.1 |
| Guyana | Dec-97 | May-99 | 158 | 107 *Fiscal criterion* | 24 | 0.9 |
| Cote d'Ivoire | Mar-98 | Mar-2001 | 184 | 141 *Fiscal criterion* | 6 | 0.2 |
| Mozambique [b] | Apr-98 | Jun-99 | 555 | 200 | 63 | 10.5 |
| Mali | Sep-98 | Dec-99 | 220 | 200 | 10 | 2.1 |
| Totals | | | | | | 24.5 |

a IFAD received the updated debt sustainability analysis for Burkina Faso, which indicates the likelihood of a need for top-up debt relief at the completion point, due to declining export performance.

b Because the export performance of Mozambique has continued to deteriorate between the decision and completion points, the debt relief requirement was re-assessed, and IFAD requested to increase the original debt relief to USD 12 million (to reach the common debt reduction factor of 70%); the Executive Board will be requested to consider this proposal, in line with the principles of the current approved HIPC DI framework.

1 On the basis of document EB 96/59/R.73.
2 On the basis of document GC 20/L.6 and document GC 20/L.6/Add.1.
3 On the basis of document EB 97/62/R.7.
4 On the basis of document GC 21/L6.
5 See documents EB 97/61/R.14/Rev.1, EB 97/62/R.10/Rev.1, EB 98/64/R.11, EB 98/64/R.12/Rev.1, EB 98/64/R.13, EB 98/64/R.14, and EB 99/66/R.12 for the seven country cases. Document EB 98/65/R.8/Rev.1 provides a summary overview.

## IV. THE ENHANCED HIPC DI FRAMEWORK

6. Concern was expressed regarding the slow rate of HIPC DI implementation; limited country coverage; inadequate levels of relief, especially in terms of front-loaded relief; and the weak link between debt relief and poverty eradication. Civil society continues to play an important advocacy role in this process. In order to address these concerns, the World Bank and the IMF organized the broad-based process of the 1999 HIPC DC review. Several countries of the Organisation for Economic Co-operation and Development (OECD) group drew up detailed proposals for improving the design of the HIPC DI; and the recent G-8 Summit held in Cologne, Germany, provided policy guidelines for the blueprint of an enhanced HIPC DI framework. In response to the G-8 Summit's call, the World Bank and the IMF engaged in consultations with a view to designing the expanded HIPC DI policy framework.

7. The main elements of this enhanced framework consist of: lowering the relief eligibility thresholds and target-debt ratios; promoting relief from the decision point onwards; and requiring a comprehensive country-owned, poverty-reduction strategy paper, linked to agreed international development goals, with measurable indicators to monitor progress. Attachment I describes the main modifications in the HIPC DI policy framework. As a result, more countries will obtain faster relief that will enable them to overcome unmanageable debt in an effective and sustainable manner (see Attachment II for the expanded list of countries). Linking of debt relief to the pursuit of specific poverty-reduction targets by the concerned governments is a matter that IFAD has pursued since the inception of the HIPC DI; it is now moving to centre stage in the dialogue (Attachment III provides more details on this important aspect)[6]. On 26 September 1999, the co-chairmen of the joint meeting of the Interim and Development Committees issued a statement endorsing the implementation start-up of the enhanced HIPC DI.

8. As a result of the enhancement of the HIPC DI policy framework, the total cost of the HIPC DI increased to USD 27.4 billion, [7] compared to the original estimates (see Attachment IV). The table in Attachment IV shows the considerable contribution that will be made by the bilateral creditors, and especially by the Paris Club under the longstanding, pro-active leadership of France, strongly supported by a number of other OECD countries.

9. It should be noted that the figures currently available are preliminary estimates that may continue to change, and possibly increase, for the following main reasons:

- the debt-reconciliation process leads to more comprehensive and better information on actual debt (especially with respect to commercial debt);

- the continued decline of commodity prices necessitates reassessments and higher relief requirements at the completion point; and the continued effect of financial crises, especially the Asia crisis, on the global economy leads to depressed exports from HIPCs that are largely export-dependent countries;

- more countries are becoming eligible for debt relief in light of the current global economic situation;

[6] Subject to availability of human resources, IFAD may want to play a pro-active role in supporting HIPCs to enhance the quality of their poverty-reduction strategy, at least in some strategically important countries, and in close cooperation with the Fund's strategic partners.

[7] In 1998 NPV terms.

- if international interest rates continue falling, discount rates would continue to decline. As the service charges on concessional loans are fixed, the NPV of future concessional debt repayments would be discounted at a lower rate. This means that the cost of debt relief would increase further;

- the enhancement of the HIPC DI (as described in paragraph 7 above) will increase the number of countries and the costs involved in the HIPC DI, especially since countries that have already received HIPC DI relief will benefit retroactively from the lower thresholds and targets. This also contributes to increased costs; and

- if arrears are incorporated into the HIPC DI, in response to the President of IFAD's recent initiative to look at arrears as an integral part of the HIPCs' unmanageable debt, total costs would also increase. However, IFAD's efforts to deal with arrears on a concessional basis will be accounted for under the HIPC DI.

## V. FINANCING THE HIPC DI

10. While the Development and Interim Committees endorsed the enhanced HIPC DI framework, the co-chairmen's joint statement highlighted equally the need to implement the HIPC DI in accordance with the following original principles: additionality of debt relief; maintaining the financial integrity of international financial institutions (IFIs); and cost-sharing on a broad and equitable basis. The co-chairmen also stressed that the financing of debt relief should not compromise funding provided through concessional windows. While the IFIs may be invited to examine the feasibility of allocating internal resources to the initiative, it was recognized that "there will need to be additional bilateral support in order to meet the financing requirements of the enhanced Initiative".

11. During the 1 October 1999 meeting of IFIs in Washington, D.C., the World Bank and the IMF briefed participants on the enhanced HIPC DI and urged them to participate in it. All participating IFIs pledged strong support for the HIPC DI objectives. However, with the exception of the World Bank and the IMF (which appear to have solved at least their short-term problem of funding HIPC DI commitments) and the European Union (which appears to have its resources to hand for commitment), all other participating IFIs expressed concern that providing debt relief beyond the framework originally agreed upon would compromise both their financial integrity and their capacity to sustain current levels of concessional lending – a matter of serious concern also to the Development and Interim Committees. A number of IFIs stated that their participation in the enhanced HIPC DI should not be taken for granted unless additional resources were mobilized. Most IFIs are not in a position to provide enhanced debt relief, nor to secure continuous concessional resource flows and safeguard their financial integrity at the same time. The weakness of the monitoring system may lead to some "free-rider" temptations among the more exposed IFIs, especially since the World Bank is pursuing a major campaign to mobilize bilateral resources for the HIPC DI Trust Fund.

## VI. COST IMPLICATIONS FOR IFAD

12. As far as IFAD is concerned, preliminary World Bank estimates for the Fund's participation in the enhanced HIPC DI indicate a total cost of USD 260 million (in 1998 NPV terms, using a 6% discount rate). In nominal terms, IFAD's liability would amount to a total of USD 336 million[8]. These

[8] If all necessary financial resources were to be made available to IFAD **up-front in cash**, the NPV amount of USD 260 million would be the relevant figure for the Fund's resource requirements, under the currently available estimates. If the necessary resources were to be made available to IFAD only **at the time they are required** for "disbursement" (as in the case of The Netherlands' contribution), the nominal amount of USD 336 would be the relevant figure.

resource requirements will be **additional** to the resources needed to maintain the planned critical level of new loan commitments. The total eligible debt to IFAD (of the 36 HIPCs so far listed in Attachment II) amounts to approximately USD 1.5 billion, and will be reduced by over 22%. The Executive Board and the Governing Council are invited to decide on IFAD's participation in the enhanced HIPC DI framework, beyond the originally approved amount of USD 50-60 million (see paragraph 3 above).

13. Table 2 summarizes, by year of decision point, the nominal values that IFAD will need to "disburse" (in the form of granting debt relief) in the subsequent number of years required to reach the NPV relief target. For instance, this means that the relief committed for Mozambique in 1999 will be provided over a period of about 13 years. Attachment V disaggregates (for IFAD, by country and by year) the original NPV costs (including reassessed costs at completion point) vis-à-vis the NPV costs resulting from the enhancement of the HIPC DI policy framework in response to the G-8 Summit in July 1999 (including retroactivity), and their nominal equivalents.

**TABLE 2: IFAD'S HIPC DI COMMITMENTS**
**(including retroactive treatment)**

**(USD million, in nominal values, by year of decision point)**

| | 1999 | 2000 | 2001 | 2002 | 2003 |
|---|---|---|---|---|---|
| 1999 or earlier decision point resources committed | 24.5 | | | | |
| 1999 or earlier decision point resources NOT YET committed | | 50.5 | | | |
| 2000 decision point | | 40 | 126 | | |
| 2001 or later decision point [a] | | | | 16 | 79 |
| **Cumulative Total** | **24.5** | **115** | **241** | **257** | **336** |

Source: IFAD staff estimates based on World Bank data
a The figures for Liberia, Somalia and The Sudan are tentative.

## VII. FINANCING-STRATEGY OPTIONS FOR IFAD

14. The basic principles to be considered in developing a strategy for funding IFAD's participation in the HIPC DI follow below.

(a) The President of IFAD cannot commit debt relief for a given country unless **resources are firmly on hand**, in a manner that does not compromise the Fund's financial integrity and its regular lending programme capacity.

(b) If all necessary financial resources were to be made available to IFAD in **up-front cash**, the NPV amount of USD 260 million would be the relevant figure for the Fund's resource requirements (under the currently available estimates), since IFAD would be able to invest the resources and ensure their enhancement to the required nominal level.

(c) If the necessary resources were only to be made available to IFAD in cash **at the time they are required** for "disbursement", or in the form of promissory notes that would be encashed as and when resources are needed, the nominal amount of USD 336 million would be the relevant figure. But IFAD would need to be fully ensured that these resources will be available without conditions as and when they are required by the Fund.

(d) If **no additional resources** were forthcoming, IFAD may need to consider protecting its resource base and its annual lending capacity by not participating in the enhanced HIPC DI. This would be problematic given the political consensus around the need for a comprehensive approach to assisting HIPCs.

(e) Therefore, IFAD will need to shift from the currently applied modality of straight cancellation of debt-service requirements (up to the required level of NPV-of-Debt Relief) to the modality of **debt rescheduling**, also approved by the Governing Council in 1998 (see paragraph 8 of Resolution 105/XXI), and/or work with a blend of these two modalities. This will still affect IFAD's cash flow in the next ten years, but over time IFAD will recover the nominal resources owed to it by the HIPCs, albeit at a much lower NPV. The complementary resources mobilized would be administered so as to reduce IFAD's NPV loss inherent in rescheduling.

15. During the October 1999 session of the Consultation to Review the Adequacy of the Resources Available to IFAD, the following policy stance began to emerge:

(a) IFAD needs to participate in the enhanced HIPC DI, but it is unlikely that **additional resources** could be channeled directly to IFAD to fund its participation in the HIPC DI.

(b) IFAD should ensure that the World Bank-administered HIPC DI Trust Fund accommodates IFAD's financial needs under the HIPC DI. To this effect, IFAD's member countries were urged to **earmark** their pledges to the World Bank-administered HIPC DI Trust Fund, specifically for IFAD, when they participate in the forthcoming "International Development Association (IDA)-Replenishment Type" of pledging meetings, expected to be convened by the World Bank very shortly.

(c) In this context, it will also be necessary to define how the World Bank will release these funds. If resources are released in full when commitments are made, the NPV amount constitutes what is required. However, if resources are released only as and when needed, then the nominal amounts will need to be assured, as well as the firmness of their availability to IFAD.

(d) Thus far, IFAD has committed itself to participate in the HIPC DI for an amount up to USD 60 million, compared to the USD 336 million required (i.e. 18%). To meet this requirement, IFAD will continue to accept complementary resources (such as the complementary contribution of The Netherlands), and any residual may need to come from internal resources, thereby reducing resources available for commitment.

(e) In order to mitigate the impact of the HIPC DI on IFAD's financial resource base and its capacity to provide new loans, IFAD would activate the second modality for providing NPV-of-Debt Relief, i.e. debt rescheduling; especially in countries where the long-term debt management problem appears to be a predominant issue.

(f) IFAD can only commit itself to the enhanced HIPC DI once the strategy for financing its participation has been fully designed and subscribed to, and once the resources are firmly on hand.

## VIII. RECOMMENDATION

16. It is recommended that the Board consider the following:

(a) provide a decision in principle on the participation of IFAD in the enhanced HIPC DI, through the World Bank-administered HIPC DI Trust Fund; and

(b) approve the forwarding of this report to the Governing Council.

ATTACHMENT I

# MODIFICATIONS IN THE HIPC DI FRAMEWORK

**Deeper Debt Relief**

- By lowering the NPV debt-to-export target from 200-250% to 150%
- By lowering the NPV debt-to-fiscal revenue target from 280 to 250% and the qualifying thresholds from 40 to 30% for the export-to-GDP ratio; and from 20 to 15 % for the revenue-to-GDP ratio
- Calculation of debt relief based on actual data at the decision point rather than on projections for the completion point

**Faster Debt Relief**

- The provision of interim relief between the decision and completion points
- The introduction of floating completion points permitting strong performers to reach the completion point earlier
- Front-loading of the delivery of debt relief, subject to the debt-service profile due to creditors

**Stronger Link to Poverty Reduction**

- Through the requirement of a poverty-reduction strategy paper (see Attachment III)

**Results**

- Greater safety margin for the achievement of debt sustainability
- More freeing-up of resources earlier for enhanced focus on poverty reduction
- Stronger impact on poverty eradication
- Expansion of  eligibility from 29 to 36 HIPCs and possibly other countries (see Attachment II)
- Increase in overall costs (excluding Liberia, Somalia and The Sudan) from USD 12.5 to USD 27 billion

# LIST OF POTENTIALLY ELIGIBLE COUNTRIES

## *Under the Original Framework*

**Decision points reached in 1997**

Bolivia
Burkina Faso
Guyana
Uganda

**Decision point reached in 1998**

Côte d'Ivoire
Mali
Mozambique

**Decision point expected for 1999**

Chad
Ethiopia
Guinea
Malawi
Mauritania
Nicaragua
Niger
Tanzania, United Republic of
Zambia

**Decision point expected for 2000**

Cameroon
Congo
Guinea-Bissau
Madagascar
Rwanda
Sierra Leone

**Decision point expected for 2001 or later**

Burundi
D.R. Congo
Liberia
Myanmar
Sao Tome and Principe
Somalia
Sudan

## *Under the Enhanced Framework*

**Decision points reached in 1997**

Benin*
Bolivia
Burkina Faso
Guyana
Uganda

**Decision point reached in 1998**

Côte d'Ivoire
Mali
Mozambique
Senegal*

**Decision point expected for 1999**

Chad
Ethiopia
Ghana*
Guinea
Honduras*
Laos*
Malawi
Mauritania
Nicaragua
Niger
Tanzania, United Republic of
Togo*
Zambia

**Decision point expected for 2000**

Cameroon
Congo
Guinea-Bissau
Madagascar
Rwanda
Sierra Leone

**Decision point expected for 2001 or later**

Central African Republic*
Burundi
D.R. Congo
Liberia
Myanmar
Sao Tome and Principe
Somalia
Sudan

* new countries

**Note:** ***Angola, Equatorial Guinea, Kenya, Nigeria, Viet Nam and Yemen are part of the original 41 heavily-indebted poor countries, but have not ( yet) been included in the HIPC DI list. Malawi has been added to the original list of 41.***

# POVERTY REDUCTION STRATEGY PAPER (PRSP) [1]

## Characteristics

- It must be a cogent, highly strategic and action-oriented document that describes the priorities in the government's poverty-eradication strategy, and spells out the budgetary implications of this prioritization.
- It must ensure consistency between a country's macroeconomic, structural and social policies and the goals of poverty reduction and social development.
- It should serve as the basis for designing World Bank and IMF lending operations, and as a framework with which all Enhanced Structural Adjustment Facility (ESAF) and World Bank-supported programmes should be consistent.

## Contents

- Medium and long-term goals for poverty reduction and social development, with a range of relevant results-oriented indicators for monitoring progress in poverty reduction.
- A macroeconomic framework consistent with the poverty reduction and social development goals, over at least a three-year time frame.
- Structural reforms, priorities, sectoral strategies (three-year agenda) and associated funding needs (domestic and external) necessary to deliver growth and poverty-reduction objectives.
- Anti-poverty and other social policies, linked to an analysis of the social impact of macro and structural policies, and associated funding needs (domestic and external).
- Overall external financing needs for each year of the programme.

## Process

- It must be produced in a way that ensures transparency and broad-based participation in the choice of goals, the formulation of policies and the monitoring of implementation, with ultimate ownership by the government:
    - Governments take the lead.
    - Consultations with civil society and other stakeholders (donors, etc.).
    - With possible facilitation by and technical assistance from the World Bank and the IMF.
    - Annual reviews and reworking of the PRSP, e.g. every three years, to ensure that the framework remains sufficiently current.
    - Where possible, it should be linked to the Comprehensive Development Framework (CDF) and the Common Country Assessment (CCA).

[1] Subject to the availability of human resources, IFAD may want to play a pro-active role in supporting HIPCs to enhance the quality of their poverty-reduction strategy, at least in some strategically important countries, and in close cooperation with its strategic partners.

**ATTACHMENT IV**

# HIPC DEBT INITIATIVE
# PRELIMINARY ESTIMATES OF POTENTIAL COSTS BY CREDITOR

**The current and the enhanced frameworks, which include retroactivity (USD billion in 1998 NPV terms, all 41 countries excluding Liberia, Somalia and The Sudan)** [1]

| | **Original Framework** | **Enhanced Framework** |
|---|---|---|
| Scenario criteria | | |
| NPV debt/exports target | 200 | 150 |
| Fiscal window targets | | |
| NPV debt/revenue target | 280 | 250 |
| Export/GDP, Revenue/GDP thresholds | 40/20 | 30/15 |
| Track record [2] | Baseline | Baseline |
| Debt relief fixed at | Completion point [3] | Decision point [4] |
| Number of countries expected to qualify | 26 | 33 |
| Total costs (including retroactivity) | 12.5 | 27.4 |
| Bilateral and commercial creditors | 6.3 | 14.2 |
| Paris Club | 5.2 | 11.5 |
| Other official bilateral | 1.0 | 1.7 |
| Commercial | 0.1 | 0.9 |
| Multilateral creditors | 6.2 | 13.3 |
| World Bank | 2.4 | 5.1 |
| IMF | 1.2 | 2.3 |
| AfDB/AfDF | 1.0 | 2.0 |
| IDB | 0.5 | 1.0 |
| Other | 1.3 | 2.9 |

**Source**: IMF and World Bank estimates.

1 Proportional burden-sharing of debt relief costs among creditors is assumed.

2 Baseline track record implies three years of reforms under World Bank and IMF programmes before the decision point can be reached, and a further three years of reform before the completion point can be reached.

3 Debt relief set at the completion point means that the amount of assurance would be based on projections of debt and exports for the year prior to the completion point.

4 Debt relief set at the decision point means that the amount of assistance would be based on actual debt and exports figures available the year prior to the decision point. This provides more assistance and greater probability of a robust exit, as in most programme countries the debt/exports ratios are declining over time.

## Multilateral Development Banks
## Estimated debt relief to be delivered [1] under the enhanced framework [2]
### Excluding Liberia, Somalia and The Sudan
### (in USD million, in 1998 NPV terms [3])

| Multilateral Development Banks | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | Total |
|---|---|---|---|---|---|---|---|---|
| World Bank Group | 785 | 978 | 2 230 | 699 | 22 | 300 | 121 | 5 135 |
| IMF | 359 | 370 | 1 058 | 228 | 11 | 23 | 249 | 2 298 |
| AfDB | 140 | 393 | 659 | 456 | 52 | 99 | 198 | 1 998 |
| IaDB | 534 | - | 524 | - | - | - | - | 1 058 |
| EIB/EU | 43 | 76 | 318 | 181 | 3 | 25 | 79 | 725 |
| BCIE | - | - | 389 | - | - | - | - | 389 |
| **IFAD** | **38** | **21** | **93** | **36** | **4** | **9** | **7** | **209** |
| OPEC Fund | 23 | 14 | 52 | 26 | 2 | 10 | - | 128 |
| BADEA [4] | 25 | 17 | 50 | 50 | 3 | 11 | 8 | 164 |
| BCEAO | 8 | 53 | 5 | - | - | - | - | 66 |
| BOAD | 12 | 15 | 5 | - | - | - | - | 33 |
| CMCF | 57 | - | - | - | - | - | - | 57 |
| Nordic Development Fund | 3 | 4 | 11 | - | - | - | - | 18 |
| Nordic Investment Bank | - | - | 4 | 3 | - | - | - | 7 |
| FONPLATA | 23 | - | - | - | - | - | - | 23 |
| BIAPE | 1 | - | - | - | - | - | - | 1 |
| CAF | 114 | - | - | - | - | - | - | 114 |
| IsDB | 26 | 19 | 63 | 16 | - | - | - | 124 |
| Total (I) | 2 216 | 1 976 | 5 514 | 1 745 | 101 | 488 | 670 | 12 709 |
| Residual | | | | | | | | 562 |
| Total (II) | | | | | | | | 13 271 |

**Source:** These are preliminary estimates, giving a rough order of magnitude, and are subject to change in the context of country-specific DSAs. They are based on HIPC documents or debt database from the international financial institutions (IFIs) or, in the absence of such information, the debt reporting system database of the World Bank.

**Notes:**

1 For expecting country cases, projected NPVs are based on disbursed amount at the end of December 1998.

2 It includes: (i) NPV of debt to export target of 150%; (ii) NPV of debt to revenue target of 250%; (iii) export to GDP threshold of 30%; and (iv) revenue to GDP threshold of 15%. The amount is based on the actual situation at the decision point.

3 Costs are discounted from the assumed decision points to 1998 NPV terms using a 6% discount rate.

4 Includes SAFA loans.

# TENTATIVELY ESTIMATED COSTS TO IFAD
# ORIGINAL AND ENHANCED FRAMEWORK

**IFAD: Projected Debt Relief to be Delivered [1]**
**Under the Original and the Enhanced New Framework [2]**
*(in USD million, in 1998 NPV terms [3])*

**IFAD: Debt Service Relief 1/**
**Illustrative Cash Flow Relief:**
**100% of debt service due each year until completion of total NPV Relief**
*(in USD million)*

| | Original Framework | | Enhanced Framework | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Common Debt Reduction Factor (%) | Debt Relief USD mlln | Common Debt Reduction Factor (%) | Debt Relief USD mlln | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | |
| **Decision points reached in 1999 or earlier** | | | | | | | | | | | | | | | | | | | | | | | |
| Benin | - | - | 13 | **3** | 1.3 | 1.2 | | | | | | | | | | | | | | | | | **Benin** |
| Bolivia | 8 | 3 | 35 | **11** | 3.1 | 3.1 | 2.4 | 1.8 | 1.9 | | | | | | | | | | | | | | **Bolivia** |
| Burkina Faso | 20 | 3 | 56 | **9** | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | | | | **Burkina Faso** |
| Guyana | 38 | 1 | 38 | **1** | 0.6 | 0.5 | | | | | | | | | | | | | | | | | **Guyana** |
| Uganda | 17 | 5 | 44 | **14** | 1.8 | 1.8 | 1.7 | 2.0 | 2.1 | 2.2 | 2.2 | 2.2 | 2.2 | | | | | | | | | | **Uganda** |
| Côte d'Ivoire | 3 | 0 | 28 | **1** | 0.5 | 0.0 | | | | | | | | | | | | | | | | | **Côte d'Ivoire** |
| Mali | 9 | 2 | 30 | **7** | 1.5 | 1.7 | 1.7 | 1.7 | 1.7 | 0.5 | | | | | | | | | | | | | **Mali** |
| Mozambique | 70 | 12 | 69 | **12** | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 0.5 | | | | | | **Mozambique** |
| Senegal | - | - | 8 | **2** | 0.9 | 0.5 | | | | | | | | | | | | | | | | | **Senegal** |
| **Decision points expected for 2000** | | | | | | | | | | | | | | | | | | | | | | | |
| Chad | 9 | 0 | 19 | **1** | 0.1 | 0.1 | 0.2 | | | | | | | | | | | | | | | | **Chad** |
| Ethiopia | 20 | 6 | 35 | **11** | 2.2 | 2.2 | 2.2 | 2.2 | 2.3 | 2.2 | 0.5 | | | | | | | | | | | | **Ethiopia** |
| Ghana | - | - | 13 | **4** | 1.7 | 2.0 | 0.5 | | | | | | | | | | | | | | | | **Ghana** |
| Guinea | 11 | 2 | 40 | **9** | 1.1 | 1.2 | 1.2 | 1.4 | 1.4 | 1.5 | 1.5 | 1.5 | | | | | | | | | | | **Guinea** |
| Honduras | - | - | 21 | **2** | 0.9 | 0.8 | | | | | | | | | | | | | | | | | **Honduras** |
| Laos | - | - | 25 | **2** | 0.6 | 0.6 | 0.6 | 0.6 | | | | | | | | | | | | | | | **Laos** |
| Malawi | 21 | 5 | 35 | **9** | 1.6 | 1.6 | 1.6 | 1.6 | 1.8 | 1.8 | 1.0 | | | | | | | | | | | | **Malawi** |
| Mauritania | 19 | 4 | 38 | **8** | 1.2 | 1.2 | 1.2 | 1.4 | 1.4 | 1.5 | 1.5 | 0.5 | | | | | | | | | | | **Mauritania** |
| Nicaragua | 59 | 8 | 61 | **8** | 1.7 | 1.7 | 1.1 | 0.5 | 0.6 | 0.6 | 0.7 | 0.7 | 0.7 | 0.6 | 0.6 | 0.6 | | | | | | | **Nicaragua** |
| Niger | 17 | 3 | 37 | **6** | 0.9 | 0.9 | 1.0 | 1.0 | 1.0 | 1.0 | 1.1 | 0.5 | | | | | | | | | | | **Niger** |
| Tanzania, United Republic of | 14 | 4 | 40 | **11** | 1.4 | 1.4 | 1.4 | 1.6 | 1.7 | 1.7 | 1.9 | 2.0 | 0.5 | | | | | | | | | | **Tanzania, United Republic of** |
| Togo | - | - | 15 | **1** | 0.6 | 0.6 | | | | | | | | | | | | | | | | | **Togo** |
| Zambia | 45 | 14 | 65 | **20** | 1.8 | 1.8 | 1.7 | 2.0 | 2.1 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 | 1.0 | | | **Zambia** |
| Cameroon | 8 | 1 | 26 | **3** | 0.0 | 1.2 | 1.2 | 1.2 | | | | | | | | | | | | | | | **Cameroon** |
| Congo | 20 | 1 | 66 | **3** | | 1.7 | 1.0 | | | | | | | | | | | | | | | | **Congo** |
| Guinea-Bissau | 67 | 3 | 79 | **4** | | 0.8 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | | | **Guinea-Bissau** |
| Madagascar | 10 | 2 | 42 | **9** | | 1.2 | 1.4 | 1.4 | 1.4 | 1.4 | 1.5 | 1.5 | 1.5 | | | | | | | | | | **Madagascar** |
| Rwanda | 61 | 9 | 67 | **10** | | 1.0 | 1.0 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.0 | 1.0 | 1.0 | 1.0 | | | | **Rwanda** |
| Sierra Leone | 19 | 3 | 55 | **8** | | 0.8 | 0.8 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 0.9 | 0.9 | 0.9 | 0.9 | | | | | | | **Sierra Leone** |

### IFAD: Projected Debt Relief to be Delivered [1] Under the Original and the Enhanced New Framework [2]

*(in USD million, in 1998 NPV terms [3])*

| | Original Framework | | Enhanced Framework | |
|---|---|---|---|---|
| | Common Debt Reduction Factor (%) | Debt Relief USD mlln | Common Debt Reduction Factor (%) | Debt Relief USD mlln |
| **Decision points expected for 2001** | | | | |
| Central African Republic | - | - | 36 | **4** |
| **Decision points expected for 2002** | | | | |
| Burundi | 70 | 6 | 73 | **7** |
| Myanmar | 8 | - | 28 | **-** |
| Sao Tome and Principe | 62 | 2 | 75 | **2** |
| **Decision points expected for 2003** | | | | |
| D.R. Congo | 27 | 4 | 53 | **7** |
| Liberia | 62 | 7 | 81 | **9** |
| Somalia | 72 | 10 | 72 | **10** |
| Sudan | 49 | 20 | 80 | **32** |
| **Cumulative Total** | | 142 | | **260** |
| **Excl. Liberia, Somalia and The Sudan** | | 105 | | 209 |

**Source:** HIPC costing papers, IFAD debt database and staff estimates.



**Note:**

1 For expecting country cases, project NPVs are based on disbursed amount at end-December 1998.

2 It includes: (i) NPV of debt to export target of 150%, (ii) NPV of debt to revenue target of 250%; (iii) export to GDP threshold of 30%; and (iv) revenue to GDP threshold of 15%. The amount is based on actual situation at the decision point.

3 Costs are discounted from the assumed decision points to 1998 NPV terms using a 6% discount rate.

| IFAD - Decision Point Commitments USD million | |
|---|---|
| 1999 or earlier | 75 |
| 2000 | 166 |
| 2001 | 5 |
| 2002 | 11 |
| 2003 | 79 |
| Total | 336 |

### IFAD: Debt Service Relief 1/ Illustrative Cash Flow Relief: 100% of debt service due each year until completion of total NPV Relief

*(in USD million)*

| 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | | | | | | | | | | | | **Central African Republic** |
| | | | 0.7 | 0.8 | 0.8 | 0.8 | 0.8 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | | | | **Burundi** |
| | | | 0.0 | | | | | | | | | | | | | | | **Myanmar** |
| | | | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | | | | | | **Sao Tome and Principe** |
| | | | | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | | | **D.R. Congo** |
| | | | | 3.2 | 3.2 | 3.2 | 0.5 | | | | | | | | | | | **Liberia** |
| | | | | 2.6 | 2.6 | 2.6 | 2.6 | 0.7 | | | | | | | | | | **Somalia** |
| | | | | 3.6 | 3.6 | 3.5 | 3.5 | 3.5 | 3.5 | 3.4 | 3.4 | 3.4 | 3.4 | 3.3 | 3.3 | 3.3 | 3.2 | **Sudan** |
| 28 | 34 | 27 | 27 | 36 | 34 | 31 | 24 | 18 | 13 | 13 | 13 | 10 | 9 | 9 | 5 | 3 | 3 | **TOTAL** |
| | | | | | | | | | | | | | | | | | 336 | **CUMULATIVE TOTAL** |