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The Enhanced Heavily Indebted Poor Countries (HIPC) Initiative and the Achievement of Long-Term External Debt Sustainability

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**The Enhanced HIPC Initiative and the Achievement of
Long-Term External Debt Sustainability**

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April 15, 2002

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Executive Summary

This paper assesses the impact of the recent global economic slowdown on the external debt sustainability outlook of the 24 heavily indebted poor countries (HIPCs) that had reached their decision points under the enhanced HIPC Initiative as of January 2002. The study is based on available information on economic performance of these countries in 2000–01 and updated projections made after September 2001.

The paper finds that the recent global economic slowdown, coupled with a significant decline in many primary commodity prices, has weakened the HIPCs' growth and export performance in the last two years and led to a deterioration of their external debt indicators for many but not all of these countries. There are considerable differences in the evolution of the debt indicators among the HIPCs, reflecting largely differences in the implementation of economic reform programs and their different exposure to shocks. The impact of these adverse developments on the debt sustainability outlook of the HIPCs will depend on a number of factors including notably the adequacy of policy responses and of supporting resource transfers.

Of the four countries that have passed their completion points, two (Mozambique and Tanzania) seem to be in a good position to maintain long-term debt sustainability. The picture for the other two (Uganda and Bolivia) is more mixed, with Bolivia experiencing worrisome debt-service ratios and Uganda facing very high debt indicators primarily as a result of sharply lower exports. The external debt sustainability outlook for most of the 20 countries in the interim period has worsened primarily because of lower exports, but has not necessarily been seriously impaired. The NPV of debt-to-exports ratios at the completion point are now projected to be above the 150 percent threshold in 8–10 countries; deviations for six of these had already been anticipated at the time of the decision points, although to a lesser degree.

For countries in the interim period, the enhanced HIPC Initiative allows some flexibility in exceptional cases to top-up debt relief at the completion point where exogenous factors have caused fundamental changes in their economic circumstances. The enhanced HIPC Initiative thus provides for the possibility of additional debt relief at the completion point. However, additional HIPC relief is not meant to compensate for slippages in policy reform, nor can it be provided on an ongoing basis to deal with future economic shocks. In the near term, to help countries deal with the impact of the deterioration in the external environment, some countries may require additional donor support, and increased interim relief may be helpful.

The provision of any additional debt relief at the completion point would increase the overall costs of the HIPC Initiative. The financing implications of this will need to be explored in due course.

Virtually all HIPC's are heavily dependent on primary commodities for their export earnings and government revenue, and as a result they will remain vulnerable to adverse exogenous developments. In such circumstances, it would be unrealistic to expect external debt indicators to follow a smooth monotonic downward trend after the HIPC's 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 HIPC's to implement structural and policy reforms to diversify their export base, supported by improved access for their exports to world markets and by appropriate external financing. Given the HIPC's' limited repayment capacity, the latter will have to be on highly concessional terms and in the form of grants.

I. INTRODUCTION

1. **As a background to the report on the Status of Implementation under the Heavily Indebted Poor Countries (HIPC) Initiative, this paper assesses the impact of the recent global economic slowdown on the external debt sustainability outlook of the HIPCs.** The study focuses on the twenty-four HIPCs that had reached their decision points under the enhanced HIPC Initiative as of January 2002 and is based on available information on the economic performance of these countries in 2000–01 and updated projections made after September 2001.¹ On the basis of this analysis, the paper examines the role of debt relief under the HIPC Initiative and discusses additional measures that could be taken to help HIPCs maintain long-term debt sustainability.

2. **In April 2001, during the discussion of the staff paper on the challenges of maintaining long-term debt sustainability in HIPCs, Directors noted HIPCs’ vulnerability to adverse exogenous developments.**² Directors agreed that achieving long-term debt sustainability required concerted and sustained efforts by the HIPCs, their creditors and the international community at large and called for the staffs of the IMF and World Bank to assist HIPCs to meet these challenges. The recent global economic slowdown has heightened these concerns. At their November 2001 meetings, the IMFC and Development Committees recognized the need to take into account the worsening global growth prospects and the declines in terms of trade when updating HIPC Initiative debt sustainability analyses and encouraged HIPCs to reach their completion points, thereby securing access to full debt relief without delay.³

3. **External debt sustainability is a comprehensive concept and no single debt indicator or a particular level of a debt indicator can fully inform an assessment of debt sustainability.** Analytically, public sector external debt sustainability depends on three key determinants (and their development over time): the existing stock of public and publicly guaranteed debt; the development of fiscal and external repayment capacity, which is closely related to the outlook for output and export growth; and the prospective volume and concessionality of new external borrowing. An assessment of debt sustainability would thus

¹ Most of these projections focused on macroeconomic developments rather than the debt stocks. The loan-by-loan debt sustainability analyses (DSAs) will be updated as these countries reach their completion points. Since the study compares actual performance for 2000–2001 with that projected at the time of the countries’ decision points, it does not include Ghana and Sierra Leone, which reached their decision points in February and March 2002, respectively.

² “The Challenge of Maintaining Long-Term External Debt Sustainability,” SM/01/94, March 21, 2001, <http://www.imf.org/external/np/hipc>, and IDA/SecM2001-0204, March 20, 2001, <http://www.worldbank.org/hipc>.

³ IMFC Communiqué, November 17, 2001.

involve a range of indicators, including both stock concepts and debt-service concepts relative to variables associated with a country's potential repayment capacity.

4. **The remainder of the paper is organized as follows.** Section II presents available evidence on the recent economic performance of the 24 HIPC countries and compares these developments with projections made at their decision points. Section III provides a brief assessment of the extent to which the HIPC Initiative has provided a solid basis for the four countries that have reached the completion point to maintain debt sustainability over the medium term, and whether countries in the interim period between their decision points and completion points have made progress toward this goal. Section IV discusses issues that are important in maintaining long-term debt sustainability, including the appropriate response to exogenous shocks, policy measures to reduce HIPC countries' external vulnerability, additional debt relief at the completion point in exceptional cases, and appropriate external financing for HIPC countries.

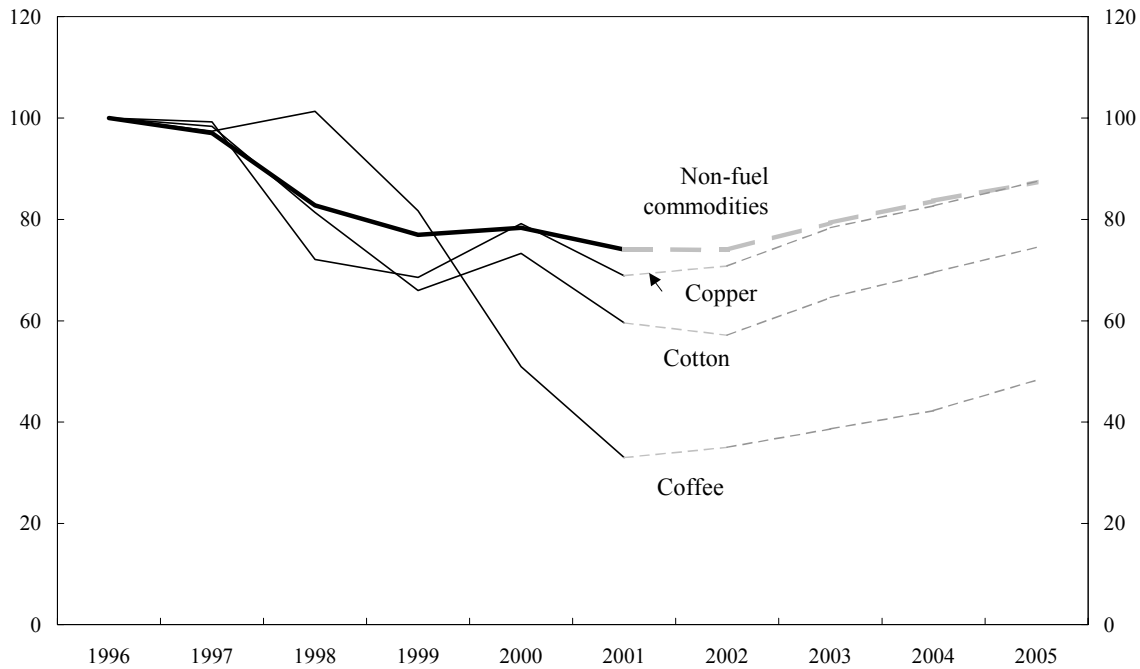
II. HIPCS' RECENT ECONOMIC PERFORMANCE

A. Exports and Growth

5. **HIPC countries' growth and export performance has been heavily influenced by developments in commodity prices in world markets.** The average export price index (in U.S. dollars terms) declined by 2.6 percent in 2001 for the 24 HIPC countries, after a 0.9 percent increase in 2000, but the weakening of export prices over the past two years was much more pronounced for some countries. For instance, on a cumulative basis, the prices of coffee and cotton—two major export commodities for a number of HIPC countries—fell by 60 percent and 10 percent, respectively during 2000 and 2001 (Figure 1). The decline in coffee prices affected mainly Ethiopia, Honduras, Nicaragua, Rwanda, Tanzania, and Uganda, while Benin, Burkina Faso, Chad, and Mali were affected by the fall in cotton prices (Appendix Table 1).⁴ The largest declines in overall export prices in 2001 were experienced by Guinea-Bissau, Nicaragua, Rwanda, and Uganda, owing mainly to the decline in the prices of their major export commodities (cashew nuts for Guinea-Bissau and coffee for Nicaragua, Rwanda and Uganda) (Appendix Tables 1, 9 and 10). Since most HIPC countries are net oil importers, the adverse impact of the commodity price decline on the balance of payments and economic activity was partially compensated by lower oil import prices. On average, the terms of trade for these countries weakened by 0.4 percent in 2000–01; there were 12 countries where the terms of trade developments were unchanged or better than initially projected (Table 1 and Appendix Tables 9–10).

⁴ Cotton exporters in Burkina Faso and Chad sold most of their products in the forward market. As a result, the effective export price received by cotton exporters in these two countries increased in 2001 but would decline sharply in 2002.

Figure 1: HIPC's: Main Export Commodity Prices, 1996 - 2005
Index: 1996 = 100



Source: IMF *World Economic Outlook*.

6. **The unweighted average export growth for the 24 HIPC's in 2000–01, at 5.4 percent, was significantly less than the 9.4 percent projected at the decision points** (Table 1 and Appendix Table 6). Staff estimates suggest that the loss of export earnings due to the decline in commodity prices could amount to 1.5–2 percent of GDP for the 24 countries during these two years. While export growth accelerated in the completion point HIPC's, albeit at a less than projected pace, at 4½ percent it was only half the average projected export growth in the 20 interim HIPC's. Again, there are significant variations across countries behind these averages. Sixteen out of 24 countries experienced lower-than-projected exports in 2000–01, two countries were broadly on target, and six countries recorded a better-than-projected export performance (Madagascar, Mali, Niger, Rwanda, Mozambique, and Tanzania) (Appendix Tables 5 and 6). The export shortfalls during 2000–01 were particularly large in Uganda (27 percent), Burkina Faso and Guinea-Bissau (20 percent), Guinea, Senegal, and Zambia (16–18 percent), Benin, Honduras, and Mauritania (10–13 per-cent). The lower exports in these countries reduced the basis for export projections over the medium term, thus shifting downward the level of projected exports and, *ceteris paribus*, upward the projected NPV of debt-to-exports ratios and worsening the medium-term projections for these countries' debt sustainability (Figure 2). The realism of export projections is assessed in Section III.C below.

Table 1. HIPC: External Environment and GDP and Export Growth, 2000-2001
(Annual percentage changes)

	1999	2000	2001	2000	2001
	Actual	Decision Point projections		Actual	Preliminary
All 24 HIPCs 1/					
GDP and Exports 2/					
Real GDP	3.8	4.7	5.7	3.6	5.0
Exports	5.0	6.9	11.6	4.9	5.8
External environment					
Export price index	...	...	...	0.9	-2.6
Terms of trade index	-9.2	-2.3	2.8	-1.2	0.5
Completion point HIPCs 1/					
GDP and Exports 2/					
Real GDP	5.7	5.3	6.9	2.9	6.5
Exports	3.9	3.1	20.8	5.4	13.1
External environment					
Export price index	...	...	...	-2.7	-5.1
Terms of trade index	0.2	-1.3	1.2	-0.8	-0.5
Interim Period HIPCs 1/					
GDP and Exports 2/					
Real GDP	3.4	4.6	5.5	3.8	4.7
Exports	5.3	7.7	9.7	4.8	4.4
External environment					
Export price index	...	...	...	1.6	-2.1
Terms of trade index	-11.1	-2.5	3.1	-1.3	0.7
<i>Memorandum items:</i>					
All developing countries 3/					
Real GDP	3.9	...	...	5.8	4.0
Exports	9.7	...	...	25.5	-2.5
Export price index	5.8	...	...	8.0	-5.0
Terms of trade index	5.0	...	...	7.5	-2.6

Sources: Decision Point documents; IMF World Economic Outlook, 2001; and IMF and World Bank staff estimates.

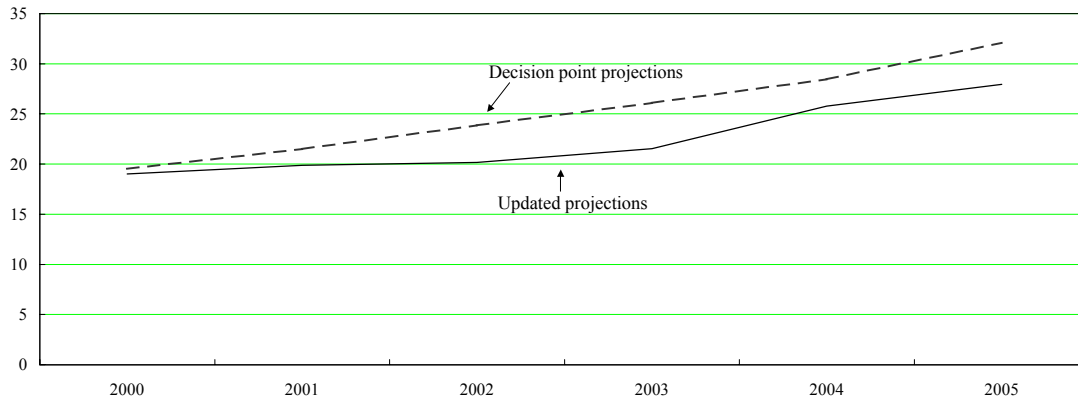
1/ Simple average.

2/ Exports of goods and non-factor services.

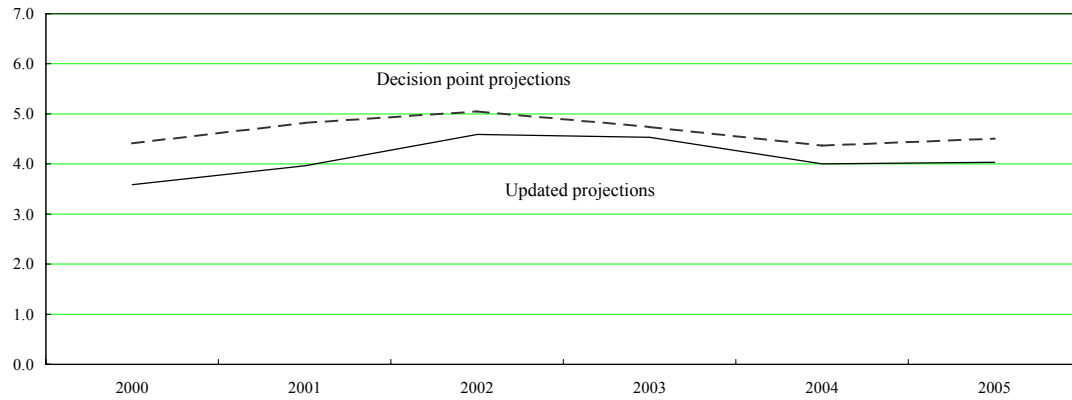
3/ As defined in the IMF WEO.

Figure 2: HIPC: Key Factors Affecting External Debt Indicators, 2000 - 2005 1/

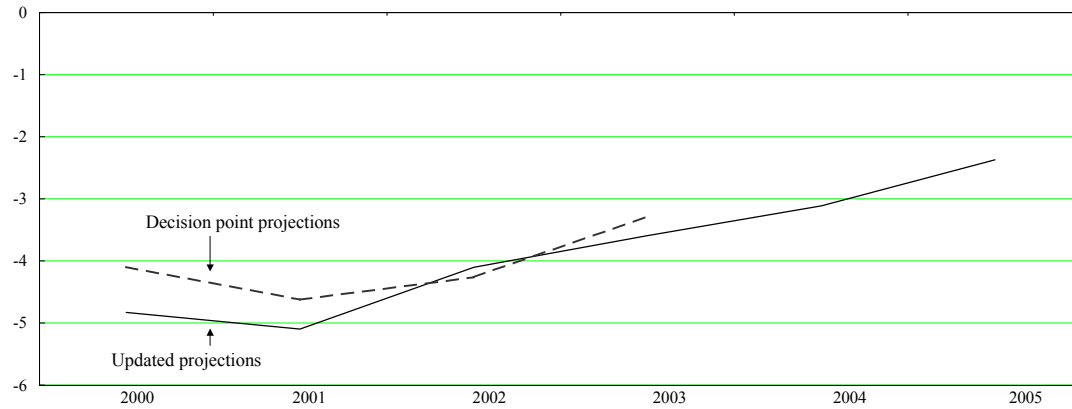
Exports of goods and services (in billions of U.S. dollars)



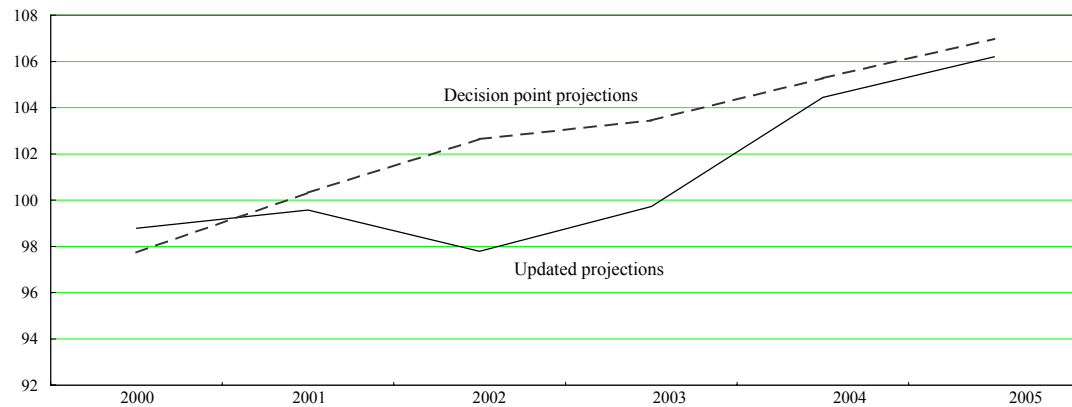
New External Borrowing (in billions of U.S. dollars)



Overall Fiscal Balance of Central Government (in percent of GDP)



Terms of Trade (1999=100)



Sources: HIPC decision point documents; and staff estimates and projections.

1/ Simple average of the 24 countries which reached their decision points as at end-January 2002.

7. **On average, real GDP growth during 2000–01 for the 24 HIPCs, at 4.3 percent, was almost one percentage point below the projections made at the decision points although growth strengthened in 2001 compared to 2000.** Average growth in HIPCs was also lower than the developing country average of 4.9 percent over the last two years, but individual country performance varied widely. Growth was weaker than projected in about half of the 24 HIPCs, but stronger in 8 countries. In 2001, the four completion point HIPCs achieved higher growth than the countries still in their interim period. In particular, Mozambique’s GDP grew by 15 percent in 2001 as a result of the recovery after the 2000 floods. Of the countries in their interim period, Chad and Ethiopia recorded the strongest growth at 8–9 percent, reflecting large investments in the oil sector and post-conflict recovery, respectively. At the other end of the spectrum, Mali and Guyana experienced very little GDP growth (Appendix Table 2).

B. Fiscal and External Current Account Balances

8. **The overall fiscal deficits (central government, including grants) of the HIPCs relative to GDP in the past two years were on average higher than projected at the decision point.** This was the case in 13 of the 24 HIPCs, some of which experienced slower-than-projected growth as noted earlier. Typically, this was the result of higher expenditures and lower revenue (excluding grants). The latter was affected by lower exports in many countries and was not fully compensated by higher grant receipts (Table 2).

9. **HIPCs’ external current accounts registered, on average, higher deficits in 2000–01 than projected at the decision point, reflecting mainly lower exports and larger fiscal deficits.** The average external current account deficit for the 24 countries widened by 1½ percentage points to over 11 percent of GDP in 2001. This reflected in part the depreciation of the CFA franc and other currencies vis-à-vis the U.S. dollar during the period, which reduced these countries’ GDP in U.S. dollar terms. Most of the countries with higher-than-projected current account deficits were still in their interim period (e.g., Burkina Faso, Mali, Nicaragua, and São Tomé and Príncipe). In some cases, sizable new investments pushed up imports at a faster pace than projected at the decision points (Mozambique and Chad). In a number of cases (e.g., Guinea-Bissau, Guyana, and Honduras), policy slippages have contributed to this outcome. The four completion point HIPCs on average recorded a lower current account deficit in 2000–01 than the HIPCs in the interim period, and experienced a narrowing of the current account gap, while it widened for the interim period HIPCs.

C. External Financing

10. **Aside from debt relief, the external financing of the HIPCs has been mainly from two sources: highly concessional loans, largely from multilateral creditors, and grants, provided mostly by bilateral donors.** For these 24 countries as a whole, disbursements of loans in 2000–01 were \$1.6 billion lower than decision point projections. Nonetheless, new external borrowing was significantly higher than projected in two HIPCs (Benin and

Table 2. HIPCs: Fiscal and External Current Account Balances and External Financing, 2000-2001
(In percent of GDP unless otherwise indicated)

	1999	2000	2001	2000	2001
	Actual	Decision Point projections		Actual	Preliminary
All 24 HIPCs 1/					
Overall fiscal balance 2/	-4.3	-4.1	-4.6	-4.8	-5.1
External current account balance 3/	-8.8	-8.2	-9.4	-9.7	-11.2
o/w grants	8.0	7.4	6.8	7.7	7.1
New borrowing	6.5	7.4	7.7	5.7	5.9
In billions of U.S. dollars	3.3	4.4	4.8	3.6	4.0
Net resource inflows 4/	10.7	10.7	11.6	9.2	10.2
In billions of U.S. dollars	4.0	6.5	6.8	5.3	6.3
Completion Point HIPCs 1/					
Overall fiscal balance 2/	-1.2	-3.0	-1.8	-4.9	-3.5
External current account balance 3/	-9.3	-8.7	-6.6	-7.9	-7.5
o/w grants	9.2	6.9	6.0	7.7	7.4
New borrowing	8.7	6.9	4.9	4.8	4.7
In billions of U.S. dollars	1.0	1.8	1.5	1.2	1.2
Net resource inflows 3/	8.3	11.8	9.4	10.3	10.5
In billions of U.S. dollars	1.3	3.0	2.8	2.5	2.5
Interim period HIPCs 1/					
Overall fiscal balance 2/	-4.9	-4.3	-5.2	-4.8	-5.4
External current account balance 3/	-8.6	-8.1	-9.8	-10.3	-12.1
o/w grants	4.1	7.6	6.9	7.6	7.0
New borrowing	6.2	7.6	8.5	6.1	6.2
In billions of U.S. dollars	2.3	2.6	3.3	2.4	2.7
Net resource inflows 3/	11.1	10.4	12.1	9.0	10.2
In billions of U.S. dollars	2.7	3.5	4.0	2.8	3.7
<i>Memorandum items:</i>					
All developing countries 5/ 6/					
Overall fiscal balance 2/	-4.1	...	...	-3.0	-3.9
External current account balance 3/	-0.7	...	...	1.1	0.1

Sources: Decision Point documents; IMF World Economic Outlook, 2001; and IMF and World Bank staff estimates.

1/ Simple averages.

2/ Central government balance, including grants.

3/ Including grants.

4/ Defined as new loans plus grants minus debt service payments for the public sector.

5/ As defined in the IMF WEO.

6/ Weighted averages.

Honduras) and was broadly as projected in four other countries. Meanwhile, new borrowing was markedly below decision point projections in 18 HIPCs, many of which have remained on-track with the underlying adjustment programs (Appendix Table 7).

11. **Most HIPCs are dependent to a large extent on grants to finance their domestic spending and balance of payments gaps.** On average, HIPCs received grants of more than 7 percent of their GDP a year in 2000–01, exceeding slightly decision point projections, while new external borrowing averaged 5.8 percent of GDP a year, 1 percentage point of GDP below decision point projections.⁵ Annual net resource flows—disbursements of loans and grants minus debt-service payments—to these countries amounted to around 9–10 percent of GDP in this period compared to 11–12 percent projected at the time of decision point. These levels are similar in the completion point and interim period HIPCs. It should be noted that financing projections of program scenarios are typically ambitious, and delays in disbursements are often experienced either due to absorption problems in the recipient countries or due to administrative problems on the creditor/donor side, even if a country’s program implementation is on track.

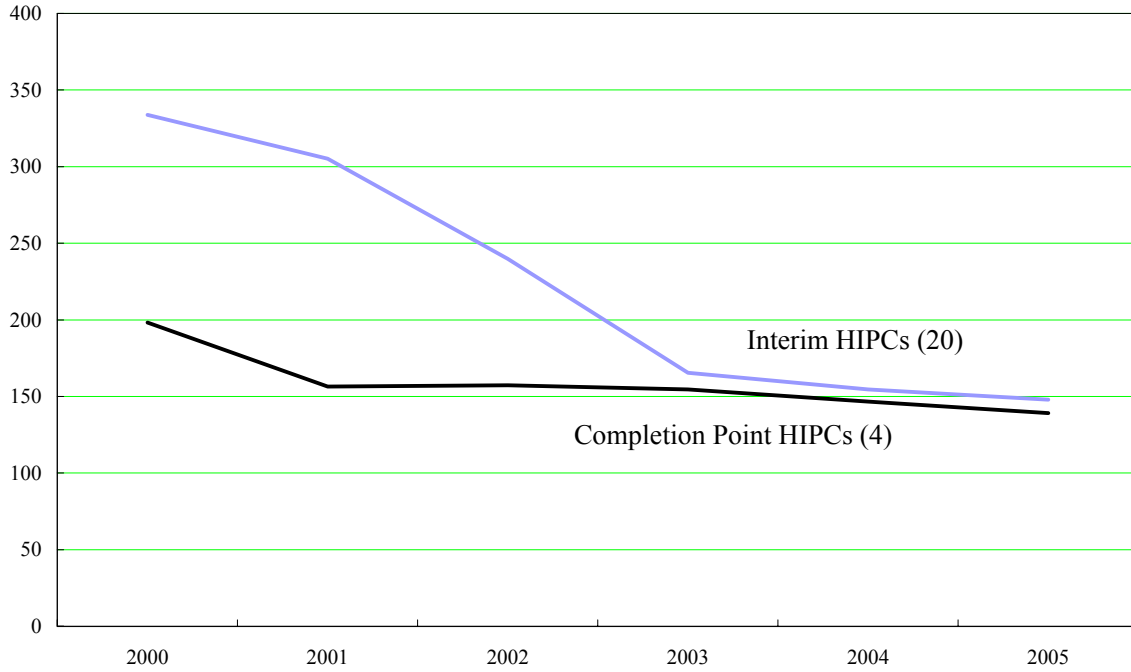
D. External Debt Indicators

12. **On average, the net present value (NPV) of debt and actual debt service relative to exports in 2000–01 were somewhat higher than anticipated at the decision point for the 24 HIPCs, reflecting mainly lower exports** (Figure 3, Table 3 and Appendix Tables 3–4). **There were considerable differences in the developments of debt indicators across the HIPCs, reflecting primarily the relative importance of export shortfalls and to a significantly lesser extent the size of their new external borrowing. Differences in the implementation of economic reform programs may also have an impact but the short-term net effect is uncertain.** The effect of policy slippages on external debt indicators is ambiguous in the short term, as interruptions in the implementation of a country’s economic program may result in lower new loan disbursements from official creditors and hence lower-than-projected debt stock and debt service, but the debt stock could also be higher than projected due to a possible accumulation of debt-service payments arrears. At the same time, weak policies adversely affect output and export growth over the longer term. The four completion point countries had on average NPV of debt-to-export ratios in 2000–01 significantly lower than the 20 countries that were in their interim period, reflecting debt relief received by them upon reaching their completion points (Figure 3 and Table 3). This is discussed in more detail below.

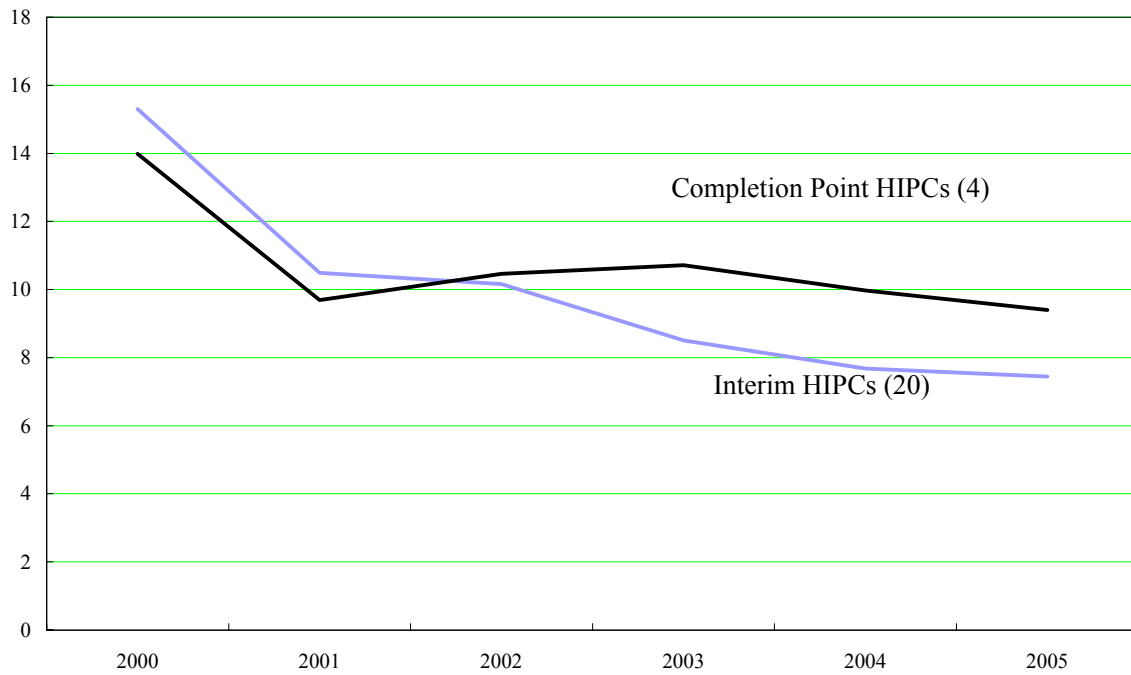
⁵ In part this reflected the fact that decision point projections typically anticipated that financing gaps would be closed by both grants and highly concessional loans, but the portion of grants was uncertain. Available data on decision point projections of grants thus may understate the magnitude of expected grants.

Figure 3. External Debt Indicators: Interim HIPCs Versus Completion Point HIPCs, 2000 - 2005 1/
(In percent)

NPV of debt-to-exports ratio



Debt service-to-exports ratio



Sources: IMF and World Bank staff estimates and projections, January 2002.

1/ Based on the latest updated projections.

**Table 3. HIPC: External Debt Indicators, 2000-2001
(In percent)**

	1999	2000	2001	2000	2001
	Actual	Decision Point projections		Actual	Preliminary
All 24 HIPCs 1/					
Debt service to exports 2/	15.0	16.7	10.4	14.9	10.3
Debt service to revenues 3/	22.0	24.0	14.5	22.8	15.6
NPV of debt to exports 4/	336.1	309.8	271.9	311.1	277.7
Completion point HIPCs 1/					
Debt service to exports 2/	19.0	14.9	8.9	12.3	9.7
Debt service to revenues 3/	18.8	14.4	9.5	12.1	10.0
NPV of debt to exports 4/	337.4	190.0	166.6	198.2	156.5
Interim Period HIPCs 1/					
Debt service to exports 2/	14.9	17.1	10.7	15.4	10.4
Debt service to revenues 3/	22.5	26.3	15.5	25.0	16.7
NPV of debt to exports 4/	335.9	335.0	293.0	333.7	301.9
<i>Memorandum item:</i>					
All developing countries 5/					
Debt service to exports 2/	20.0	...	...	21.9	21.5

Sources: Decision Point documents, IMF World Economic Outlook and IMF and World Bank staff estimates.

1/ Simple averages.

2/ Current-year exports of goods and non-factor services

3/ Government revenues before grants.

4/ Based on a three-year backward-looking averages of exports of goods and non-factor services. Figures for 1999 are after traditional debt relief; 2000-01 figures are after HIPC assistance. First column data on Chad and Ethiopia are for 2000 and 2001, respectively.

5/ As defined in the IMF WEO.

13. **The NPV of debt data available for this study is updated to fully reflect the impact of the changes in world market interest rates (used as discount rates for calculating the NPV of debt) and exchange rates only for the 4 completion point countries, but the effect of changes in interest and exchange rates on the NPV of debt for the 20 interim cases is estimated to be small.**⁶ The appreciation of the U.S. dollar against other major currencies in the past year partially offset the effect of a decline in the world market interest rates on the NPV of HIPCs' outstanding debt in U.S. dollar terms. Other factors, such as the levels of exports or fiscal revenue, which underlie a country's repayment capacity, and new borrowing, which directly adds to a country's debt-service burden over the longer term (as grace periods of concessional borrowing come to an end), were more important in affecting HIPCs' external debt sustainability outlook (see below).

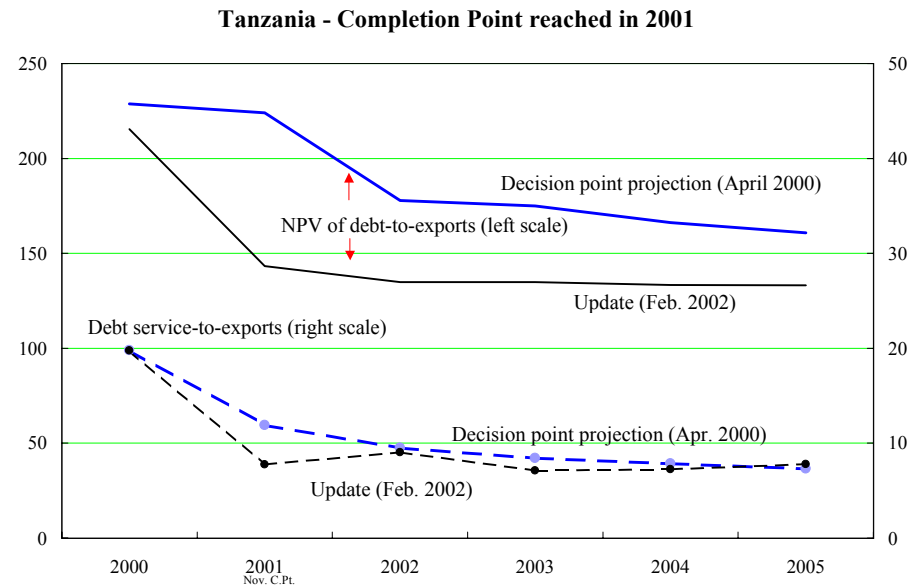
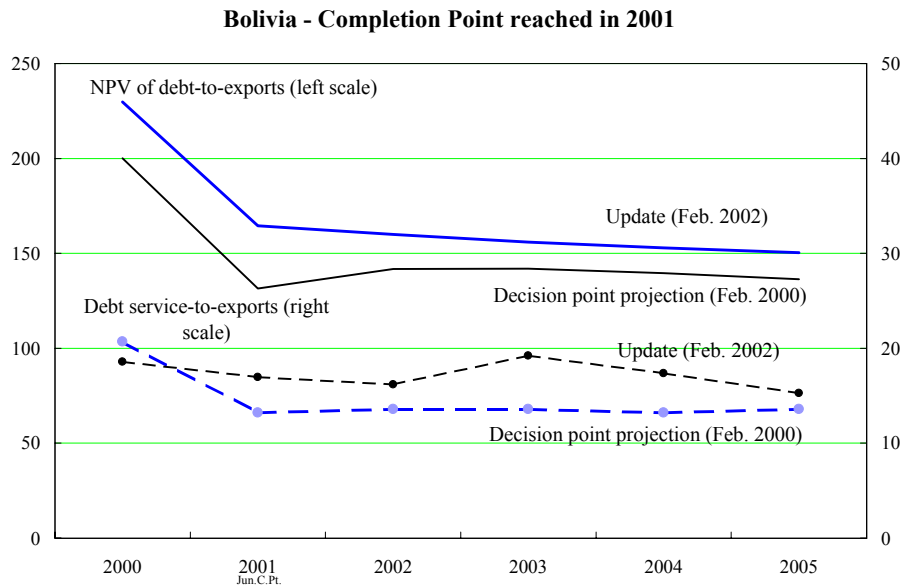
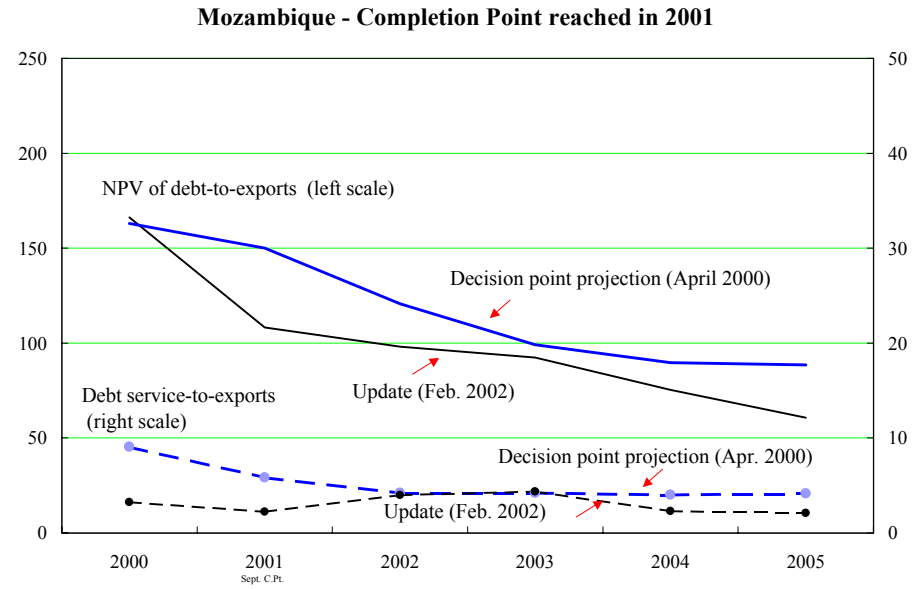
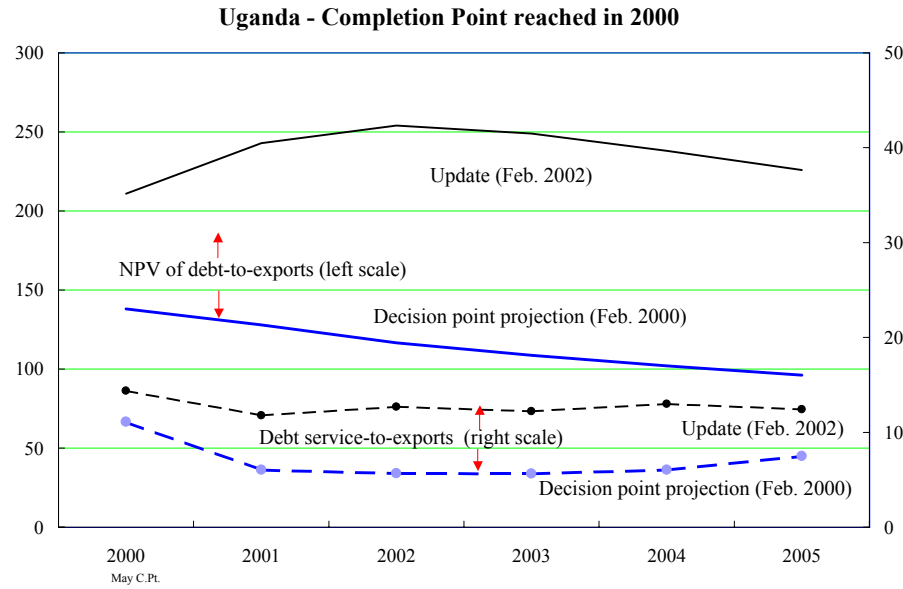
III. UPDATED DEBT SUSTAINABILITY OUTLOOK

A. Post-Completion Point Countries

14. **Two of the first four completion point countries (Mozambique and Tanzania) appear to be in a good position to maintain debt sustainability, despite a worsened external environment** (Figure 4 and Box 1). Tanzania's current situation and outlook is now significantly better than projected at the time of its decision point due to higher-than-projected exports for 2001, reflecting the increased gold production, and lower-than-expected new borrowing. Similarly, in the case of Mozambique, larger-than-expected exports in 2001 (reflecting the coming on stream of a new aluminum project one year earlier than initially anticipated) combined with lower-than-anticipated new borrowing caused an improvement in the debt indicators. As a result, the NPV of debt-to-exports ratios for these two countries are currently projected to follow a declining trend and to remain below the HIPC Initiative debt sustainability threshold over the medium term. Their debt-service ratios would remain below 10 percent in the projection period.

⁶ A decline in world market interest rates, as reflected in the currency-specific discount rates used to calculate the NPV of debt, makes the existing loan portfolio relatively more expensive than new loans at lower rates. The increases in the NPV of debt resulting from the decline in the discount rates would vary across countries, depending on the currency composition and maturity profile of their loan portfolio. Except for a few countries that reached their decision points or completion points very recently, the NPV of debt stock has not been recalculated using the latest world interest rates. Loan-by-loan based recalculation is done in the context of DSAs at the decision and completion points. The interest rate and exchange rate effects therefore will be captured fully in forthcoming HIPC completion point documents.

Figure 4. Completion Point Countries: External Debt Indicators, 2000 - 2005
(In percent)



Sources: IMF and World Bank staff estimates and projections, January 2002.

**Box 1. Recent Economic Performance and Prospects for Long-Term Debt Sustainability
in Completion Point Cases: Bolivia, Mozambique, and Tanzania**

Bolivia

Bolivia's recent performance under the PRGF-supported program in 2001 was uneven. Bolivia was affected not only by the global slowdown, but also by the effects of the Argentine economic crisis, which has reduced workers' remittances. Growth in 2001 declined to only 1 percent (compared with 4 percent targeted under the program), largely on account of the longer-than-expected duration of the adverse effects on domestic demand of the coca eradication program, a significant reduction in bank credit to the private sector, and reduced remittances, notwithstanding the strong performance of the oil and gas sectors. Bolivia contracted sizable new nonconcessional loans from the Andean Development Corporation (CAF), a regional multilateral creditor, in order to cover the higher budget deficit.

Mozambique

Among the four completion point cases, Mozambique appears to have the strongest base for maintaining long-term debt sustainability. After the devastating floods of 2000, real GDP growth in 2001, led by agriculture, rebounded strongly. At the same time, Mozambique has been largely spared from the effects of the global economic slowdown. The NPV of debt-to-export ratio is expected to decline rapidly from 108 percent in 2001 to under 100 percent in 2002, and to ease steadily to 46 percent by 2010. The country's export base is expected to benefit greatly from the Mozal aluminum smelter as it goes into full production, as well as from its large agricultural potential and strong foreign direct investment in tourism and light manufacturing.

Tanzania

Tanzania's economic performance has been quite strong in the past few years, aided by determined policy implementation and foreign direct investment, especially in mining and tourism. Although the global slowdown has seriously hit the tourism industry and led to a lower real GDP growth in 2001 (5.1 percent compared with 5.6 percent projected), its effects on exports have been mitigated by strong gold exports, whose prices have rebounded somewhat. Tanzania is set to become the third largest gold producer in Africa, which will make it less dependent on coffee—whose prices have declined sharply over the past six years. Thus Tanzania's prospects for long-term debt sustainability are favorable.

15. **Recent developments of debt indicators in Bolivia and Uganda are worrisome.** Bolivia's debt-service ratio is projected to increase from 17 percent in 2001 to 19 percent in 2003 and is projected to remain above 15 percent in 2004–05, reflecting large new borrowing after the completion point, including a significant part on nonconcessional terms, and a downward revision of export projections. Bolivia's NPV of debt-to-exports ratio is now projected to remain below 150 percent of exports over the medium term. This is lower than the decision point projections owing to the increase in interest rates in 1999–2000, appreciation of the U.S. dollar, and higher-than-anticipated exports between the decision point and the completion point. In the case of Uganda, a sharp decline in coffee prices, its major export product, led to a sharp increase in the NPV of debt-to-exports ratio to about 210 percent at end-2000/2001, while debt service relative to exports remained at around 12 percent. Over the next two years, updated projections suggest that the NPV of debt and debt service relative to exports would remain at around 250 percent and 12-13 percent,

respectively, reflecting the continued impact of lower export earnings relative to decision point projections and, to a lesser extent, somewhat higher projected new borrowing, but would decline steadily thereafter. To improve Uganda's debt sustainability outlook would thus require a major improvement in export performance and appropriate external support by its creditors and donors (see Box 2) As staff is currently undertaking a detailed update of Uganda's debt sustainability analysis, these conclusions remain tentative.

B. Countries in the Interim Period

16. **The external debt sustainability outlook for most of the 20 countries in the interim period has worsened somewhat but updated projections continue to point to a decline in the average NPV of debt-to-exports ratio over the medium term.** As in the decision point projections, at their completion points these countries will experience a substantial drop (one third on average) in the stocks of debt in NPV terms as a proportion of exports and debt-service ratios would decline substantially in the years ahead. These general trends were anticipated in the decision point documents, but the decline in debt indicators now begins from somewhat higher levels (Figure 5). The new projections in part reflect the delays from 2001 to 2002 in reaching the completion point in several countries (e.g., Benin, Burkina Faso, Guyana, Mali, Senegal).

17. **Lower levels of exports appear to be the main factor for the worsened outlook for this group of countries.** The effects of higher new borrowing and slippages in the implementation of policy reforms, if important in a few cases, appear to be limited, based on the available data and the assumption that HIPC's will pursue sound economic policies in the years ahead. Twelve of the 13 countries with higher debt/export ratios experienced lower exports in 2000–01. In general, countries that managed to stay on track with their macroeconomic stabilization and structural reform programs (e.g., Benin, Cameroon, and Mauritania) seem to be better placed to reach a viable external debt position. However, 8–10 countries, most of which had been seriously affected by export price declines, are now projected to have NPV of debt-to-exports ratios at their completion points above the sustainability threshold of the enhanced HIPC Initiative (Benin, Burkina Faso, Chad, Ethiopia, The Gambia, Guinea-Bissau, Malawi, Rwanda, Senegal, and Zambia). Six of these countries (Burkina Faso, Chad, Ethiopia, Malawi, Rwanda, Zambia) had been anticipated to be above the NPV of debt-to-exports threshold at the time of their decision points, but the magnitude of the gap is now projected to be larger.

18. **During 2001, a number of countries experienced difficulties in staying on track with their macroeconomic and structural reform programs** (Guinea, Guinea-Bissau, Guyana, Honduras, Malawi, Nicaragua, Niger, Rwanda, São Tomé and Príncipe, and Senegal), but for some this was temporary (Honduras, Niger, and Rwanda). As a result, some creditors/donors suspended their interim debt relief and aid flows to countries with extended interruption (Guinea-Bissau, Guyana, and São Tomé and Príncipe). Clearly, these countries need to address their macroeconomic imbalances and resume the implementation of their poverty reduction strategies and the achievement of their medium-term economic objectives.

Box 2. Uganda—External Debt Sustainability Outlook

External debt sustainability indicators have deteriorated since Uganda reached its completion point under the Enhanced HIPC Initiative in May 2000. This has been due primarily to the precipitous decline in coffee prices and export volumes, which have reduced Uganda’s projected export earnings by 35–40 percent, or 6 percent of GDP, on average over the next five years, compared with projections made at the time of the completion point. Consequently, the NPV of debt-to-exports is now projected to increase from 196 percent in 2001 to 240 percent in 2002/03, before declining gradually thereafter. The debt service-to-exports ratio is projected to rise to 12 percent in 2001/02 and peak at 14 percent by 2004/05 but to ease in subsequent years.

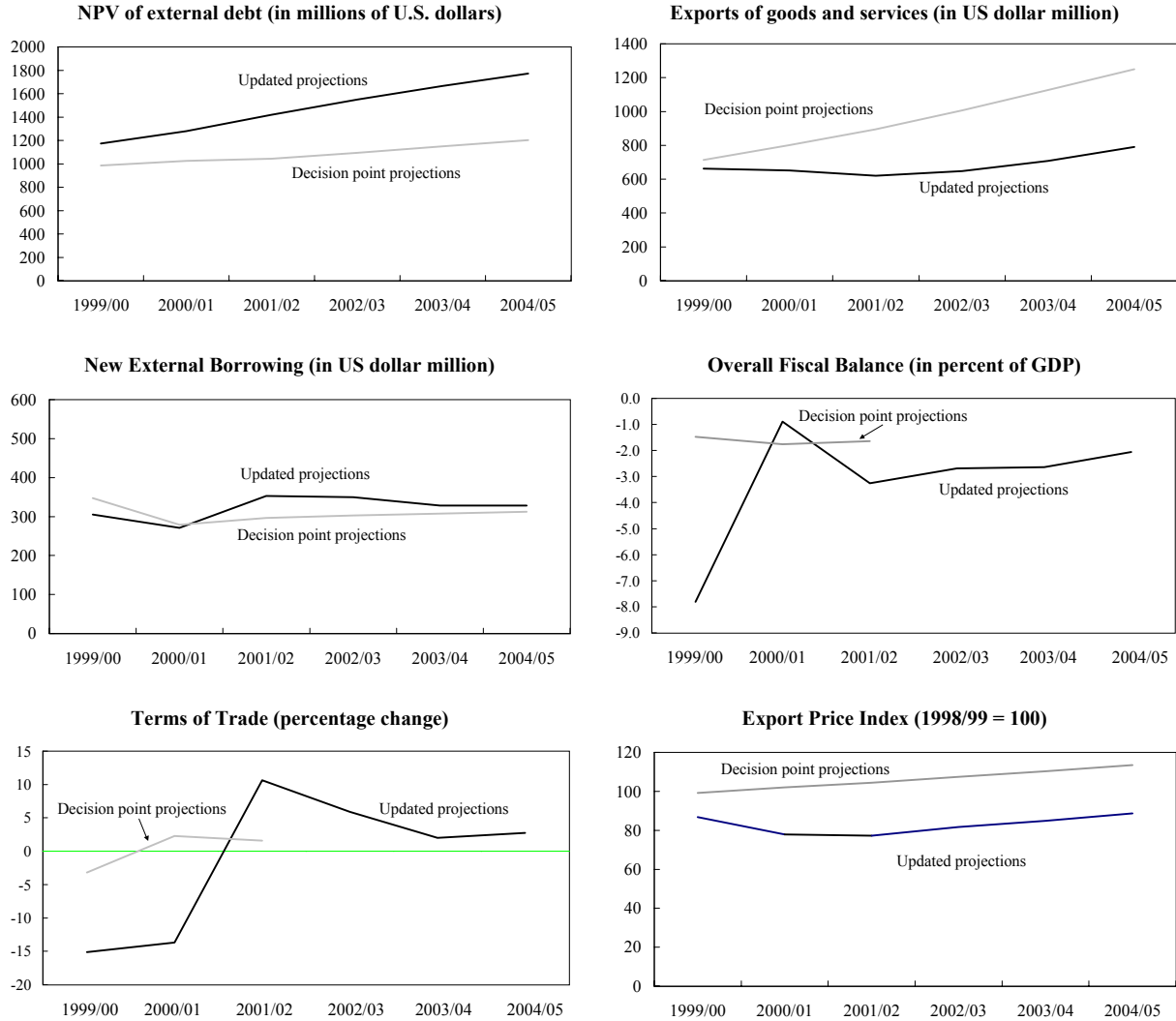


Figure 5a. Interim Period HIPC: NPV of Debt-to-Exports Ratio 1/
(In percent)

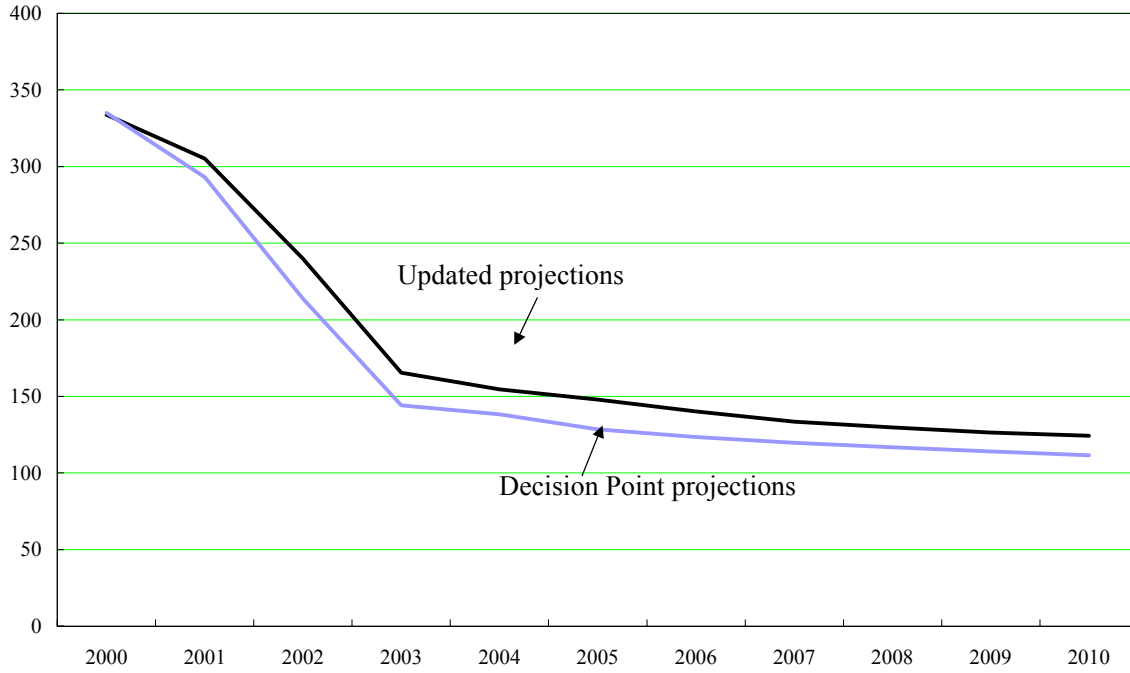
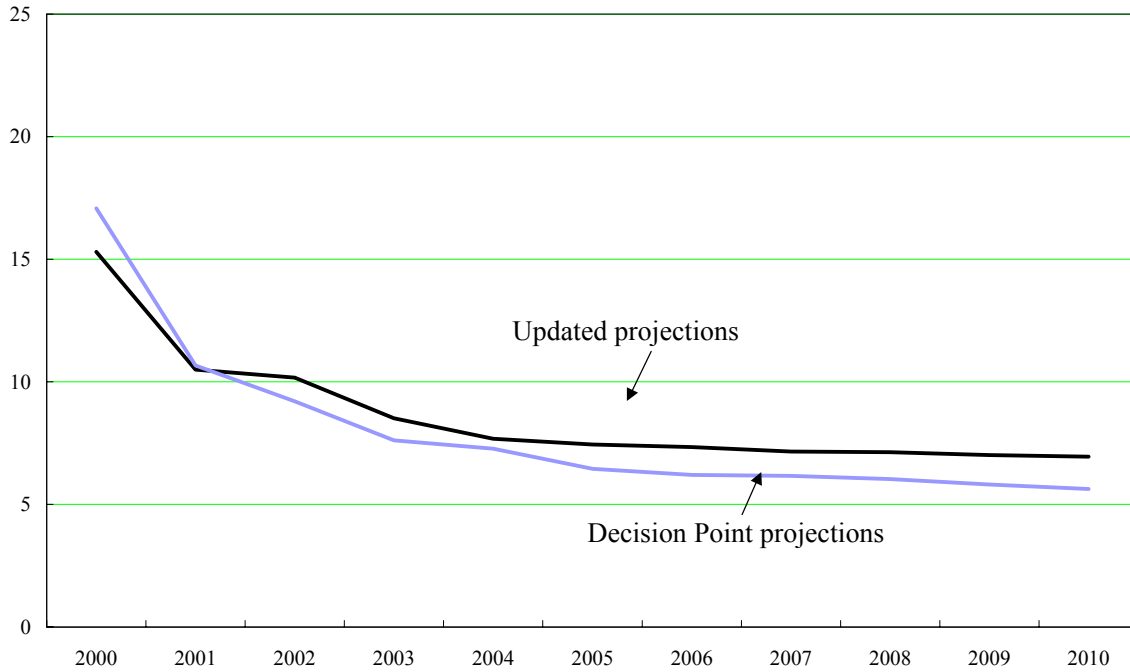


Figure 5b. Interim Period HIPC: Debt Service-to-Exports Ratio 1/
(In percent)



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

1/ Updated preliminary data, including four countries qualifying under the fiscal window (Guyana, Honduras, Mauritania, and Senegal).

19. **Overall, the updated projections continue to show significant net resources flows to the HIPCs, in the order of some 10 percent of GDP in 2002–03 and about 7 percent of GDP per annum thereafter** (see Appendix Table 8). Relative to GDP, new borrowing in NPV terms and grants are expected to decline gradually, while foreign direct investment is projected to increase. The projected pattern depends critically on the rate of success in the reform process and varies from country to country, with countries that are currently carrying out privatization programs doing relatively better in attracting foreign direct investment.

C. Have Projections Been Too Optimistic?

20. **The foregoing assessment provides evidence that the actual performance during 2000–01 of the 24 HIPCs analyzed fell short of the expectations held at the time of their decision points.** These shortfalls are quite significant with respect to export and fiscal performance and, consequently, for the external debt indicators as well. This has raised concerns that the projections underlying the HIPC debt sustainability analyses are too optimistic. A number of factors need to be taken into account in assessing the realism of the long-term economic projections under the HIPC Initiative.

21. **First, long-term economic forecasts, while useful in informing the likely trends, depend critically on the underlying assumptions, especially on the future course of government policies as well as external market conditions (as discussed below).** The decision point projections are based on policy-scenarios and thus predicated upon the successful implementation of a comprehensive set of economic and structural reforms. In the event, the HIPCs which are no longer on-track with the PRGF-supported reform agenda generally have experienced the most significant shortfalls in (export and fiscal) performance compared with expectations at the decision point. Second, the projections made at the time of the decision point did not anticipate the commodity price declines and global downturn experienced over the past 10–12 months. Finally, the updated projections for the countries under consideration are based upon actual developments in 2000–01, i.e., are drawn up from a somewhat lower starting point.

IV. ADDRESSING ADVERSE DEVELOPMENTS WITHIN THE HIPC FRAMEWORK AND BEYOND

A. HIPCs' Vulnerability to Exogenous Shocks

22. **Like many other low-income countries, the HIPCs' economic and export base is very narrow and heavily dependent on a few primary commodities.** For 17 of the 24 countries, the exports of three main commodities account for more than half of their total exports (Appendix Table 1), and this dependence has remained largely unchanged during the last two decades. The prices of these commodities in world markets have been on a secular downward trend. They are strongly influenced not only by the current weak global demand conditions, but also by the large subsidies provided by a number of industrial countries to their producers, and the success that some other developing countries are having in boosting

their supply of primary commodities. Frequently, this vulnerability affects not only the HIPCs' external position, but also their fiscal balance, as government revenue collection often relies heavily on commodity production and exports.

23. **A large number of HIPCs are facing an HIV/AIDS epidemic, which, through its devastating effects on the labor force and public finances, could seriously affect debt sustainability over the longer term.** Some HIPCs, for example, Zambia and Malawi, have prevalence rates that are among the highest in the world. As a number of studies have shown (Box 3), the negative impact of HIV/AIDS on a country's economic performance could be considerable. While more analytical work is required to fully understand the impact of the epidemic on long-term debt sustainability, the case of Zambia suggests that HIV/AIDS could reduce real GDP growth rate by 1.5 percent or more a year for the next 10–15 years, thereby weakening the country's economic performance and payment capacity. A number of the HIPC decision point documents include HIV/AIDS-related completion point triggers aimed at containing or reducing the HIV/AIDS prevalence rate.⁷

24. **HIPCs' structural vulnerability cannot be tackled by debt relief, but needs to be addressed through efforts to diversify exports and production.** At the same time, debt relief can create some fiscal space for the HIPCs to undertake improvements in areas such as public health, education, and infrastructure that enhance their longer-term growth potential.

B. The Role of the HIPC Initiative Framework

25. **The recent global economic downturn and the associated declines in primary commodity prices have raised some concerns about whether the enhanced HIPC Initiative can achieve its objective of enabling HIPCs to exit permanently from debt rescheduling.** Addressing these concerns calls for a clear understanding of the role of debt relief, as well as for other measures to help achieve long-term debt sustainability in HIPCs.

26. **The HIPC Initiative is designed to deal with one of three key elements of longer-term debt sustainability—the outstanding stock of external debt at the decision point.** By reducing the stock of external debt to sustainable levels at the decision point, the HIPC Initiative aims at eliminating any debt overhang, thereby creating the conditions for strong growth and long-term debt sustainability. However, debt relief alone, no matter how generous, cannot guarantee that a country will not fall back to unsustainable levels of debt, nor does it deal directly with a country's vulnerability to future exogenous shocks. While the existing stock of debt (and associated debt service) sets the point of departure for determining long-term debt sustainability, the growth of income, exports, and fiscal revenue—which, to a

⁷ Zambia is used for illustration purposes because it has the highest adult prevalence rates among HIPCs and is one of the few countries for which empirical analysis of the potential macroeconomic impact of the epidemic has been undertaken.

Box 3. Impact of HIV/AIDS on Long-Term Debt Sustainability in HIPCs

A number of HIPCs are facing an HIV/AIDS epidemic of crisis proportions, which has raised concerns that the rapid deterioration in the supply and quality of human capital would adversely affect factor productivity, savings and investment with concomitant effects on the prospects for economic growth.¹ The significance of the epidemic on HIPCs can be inferred from recent studies that attempt to assess the macroeconomic impact of HIV/AIDS on economic growth.² These studies estimate that over a 10 to 15 year period, countries could forego up to 1.8 percentage points of economic growth each year because of the epidemic.

The effects of other shocks precipitated by the epidemic on HIPCs are of greater relevance for the assessment of debt sustainability. Empirical studies that allow for further reductions in capital flows and capital accumulation, based on pessimistic prospects for returns on capital and consequently lower factor productivity, project that economic growth could potentially decline further on average by as much as 0.8 percentage points per year.

While the lower growth rates would have a relatively small impact on debt-service and NPV debt-to exports ratios, declining economic growth would constrain the growth of government revenues. At the same time, government expenditure is likely to increase for AIDS related spending as countries try to combat the disease. As a percentage of GDP, health expenditures in 1999, ranged between 1.0 and 3.1 percent of GDP in HIPCs. These expenditures are projected to increase by as much as 2.5 percentage points of GDP in the near future, as more concerted efforts are made to treat the epidemic in heavily affected countries. Additionally, resources for investment and other public expenditures are likely to be constrained unless additional domestic or external financing can be obtained. The fiscal impact on debt sustainability could thus be significant. The impact of HIV/AIDS has been factored into the medium-term economic prospects and DSAs for Zambia, Burkina Faso and Malawi. Seven countries (Burkina Faso, Cameroon, Mozambique, Malawi, Tanzania, Rwanda, and Zambia) have included measures to combat the epidemic as completion point triggers, aimed at continue or reducing the HIV/AIDS prevalence rates.³

¹ Uganda is one of the few cases cited for its success in reducing HIV infection rates, from 30 percent in 1992 to 8.3 percent in 1999.

² IMF (2001), Zambia “Selected Issues and Statistical Appendix, SM/01/319; UNDP (2000), “HIV/AIDS: Implications for Poverty Reduction;” Bonnel (2000), “HIV/AIDS: Does it Increase or Decrease Growth in Africa,” mimeo, World Bank; Arndt and Lewis (2000), “The Macro implications of Aids in South Africa: A Preliminary Assessment,” *South African Journal of Economics*; Haacker (2001), “Economic Consequences of HIV/Aids in Southern Africa,” IMF Policy Discussion Paper, PDP/01/3.

³ The impact of HIV/AIDS has been factored into the medium-term economic prospects and DSAs for Burkina Faso, Malawi, and Zambia. Seven countries (Burkina Faso, Cameroon, Malawi, Mozambique, Rwanda, Tanzania, and Zambia) have included measures to combat the epidemic as completion point triggers, aimed at containing or reducing the HIV/AIDS prevalence rate.

large extent, reflect a country’s economic policies—are the underlying determinants of the evolution of a country’s capacity to service external debt over the longer term. Similarly, the volume and terms of new external borrowing have a direct impact on the burden of external debt, and an indirect offsetting effect through its effect on future investment and growth.

C. Scope for Increasing Interim Relief

27. **While the importance of ensuring adequate adjustments in domestic policies in the face of external shocks cannot be overstated, it is equally important to complement such policies with external support, including adequate funds to help deal with cash-flow problems arising from exogenous shocks.** One possible option to deal with the cash-flow problem of the HIPCs in the interim period prior to their completion point is increasing the provision of interim relief, where warranted, by the creditors concerned on a case-by-case basis.

28. **For the HIPCs in the interim period, the total amount of debt relief required under the enhanced HIPC Initiative as well as the level of interim relief they may be receiving from major creditors have been determined at their decision points.** However, in the face of external shocks and a slowdown in the world economy, the enhanced HIPC framework does allow a certain degree of flexibility to accommodate shortfalls in export earnings and lower growth in revenues. To cushion the effects of what may be considered temporary setbacks, interim relief could be increased—through stronger front-loading by those creditors already providing interim relief (primarily AfDB, IaDB, IDA, and IMF) within their institutional limits, and through increasing the number of creditors providing interim relief.

D. Additional Relief at the Completion Point

29. **Under the existing HIPC framework, it is possible to reassess the amount of debt relief at the completion point in exceptional cases where severe exogenous shocks fundamentally change the HIPCs’ economic circumstances and pose prolonged debt sustainability problems for them.**⁸ However, HIPC relief is not intended to compensate for slippages in policy implementation, nor could it be provided to deal with debt problems arising from poor governance and imprudent new borrowing. Under the existing operational modalities, the reassessment of the amount of HIPC relief committed at the decision point would not be automatic, and each country’s long-term debt outlook and the nature of the exogenous shock faced will be considered on a case-by-case basis at the completion point. This reassessment will take fully into account the impact of all debt relief already provided, including additional debt relief beyond the HIPC Initiative announced by a number of official bilateral creditors.

30. **In view of the impact of recent developments on the HIPCs’ debt sustainability outlook, the staffs have attempted to gauge the potential cost of additional HIPC relief at the completion point.** Based on the latest available information on external debt and exports, the exercise compares the ratio of NPV-of-debt to exports at the countries’ expected completion points to the HIPC Initiative’s sustainability threshold.⁹ A range-estimate is established by applying different assumptions concerning the timing of the completion point: the lower-end estimates assumes that the completion point occurs as expected at the time of decision point (or in 2002 for the countries where completion points already have been delayed from 2001); the upper-end estimate assumes a one-year delay from this for each country in reaching its completion point.

⁸ See “The Enhanced HIPC Initiative – Completion Point Considerations,” IDA/SecM2001-0539/1 and EBS/01/141, August 21, 2001.

⁹ A revenue scenario on the five HIPCs that qualified under the fiscal window is not considered here because these countries exhibit NPV of debt-to-revenue ratios declining rapidly well below the 250 percent threshold. Hence, barring a catastrophic collapse of government revenues, these countries are not expected to require topping-up of HIPC debt relief at the completion point.

31. **The estimates suggest that with the combined effect of updated exports and possible delays in reaching the completion points, 8–10 countries could have NPV of debt-to-exports ratios above 150 percent at their completion points** (Table 4). In total, the debt of these countries (in NPV terms) in excess of the HIPC threshold at the completion point could range from US\$0.5 billion to US\$0.9 billion.¹⁰ This compares to the US\$0.4 billion of debt in excess of the 150 percent threshold reflected already in the projections at decision point. A similar range estimate was derived in another exercise that simulated lower or no growth in exports from the 2001 levels.

32. **Not every country with NPV of debt-to-exports ratio higher than 150 percent at the completion point would face a fundamental worsening of its economic conditions.** The figures in Table 4 include Chad, whose NPV of debt-to-exports ratio was expected (at the decision point) to experience a significant but temporary hump (with an NPV of debt about US\$0.2 billion above the level consistent with the sustainability threshold) due to public investments in oil-extraction. This temporary increase would not be exogenous and would not result in a fundamental deterioration of Chad's economic circumstances, as export earnings and fiscal revenue are expected to increase sharply with the start of significant oil exports in 2004.

33. **It is important to emphasize that these estimates are derived from a stylized exercise and depend critically on the underlying assumptions.** There should be no presumption on country eligibility for topping up or the amount of additional HIPC relief at the completion point. The outcome for each HIPC would need to be assessed based on actual data available at the completion point and a detailed loan-by-loan debt sustainability analysis, taking into account the overall economic circumstances and long-term debt outlook. Thus, more precise estimates of the costs of additional debt relief will have to await this comprehensive assessment for each of these countries at their completion points. It should be noted that most of the countries now projected to remain above the sustainability threshold after their completion points are expected to meet their floating completion point conditions only in early 2003 or beyond.

34. **The provision of any additional debt relief at the completion point would increase the overall costs of the HIPC Initiative.** The financing implications of this will need to be explored in due course.

E. Beyond the HIPC Initiative Framework

35. **For the countries beyond their completion points, over and above any topping up of relief, the emphasis must be on achieving the right blend of growth-enhancing policy reforms and external financial support from the donor community on appropriate terms.** Adjustments may need to be considered in the policy framework for

¹⁰ These estimates are highly tentative. The outlook is particularly uncertain for Zambia, where the recently announced pull-out of Anglo-American could have a major impact on Zambia copper exports.

Table 4. Potential Cost of Additional Debt Relief at the Completion Point

	Projection at Decision Point 1/				Updated Projections	
	Before additional bilateral debt forgiveness		After additional bilateral debt forgiveness		After additional bilateral debt forgiveness	
	NPV/export ratio (In percent)	Debt in excess of HIPC threshold (Millions of US\$ NPV terms)	NPV/export ratio (In percent)	Debt in excess of HIPC threshold (Millions of US\$ NPV terms)	Range for NPV/export ratio 2/ (In percent)	Range for potential topping up 2/ (Millions of US\$)
Benin	149	...	138	...	148 - 154	0 - 15
Burkina Faso 6/	186	109	180	90	198	129
Cameroon	134	...	101	...	99 - 112	...
Chad	193	103	188	85	188 - 219	91 - 161
Ethiopia	159	84	158	74	164 - 186	129 - 339
The Gambia	155	6	153	4	162 - 177	15 - 32
Guinea	144	...	123	...	139 - 141	...
Guinea-Bissau	126	...	107	...	147 - 152	0 - 1
Guyana	70	...	57	...	68 - 76	...
Honduras	106	...	74	...	90 - 91	...
Madagascar	147	...	101	...	75 - 81	...
Malawi	180	145	156	12	158 - 165	36 - 67
Mali	154	49	143	...	139 - 140	...
Mauritania	141	...	107	...	120 - 120	...
Nicaragua	145	...	93	...	108 - 117	...
Niger	177	76	164	38	144 - 148	...
Rwanda	196	58	185	44	161 - 171	16 - 33
São Tomé and Príncipe	155	1	139	...	124 - 140	...
Senegal	131	...	112	...	157 - 158	94 - 110
Zambia	168	223	106	...	151 - 154	10 - 41
Total		853		347		520 - 929
Excluding Chad		750		262		429 - 767

Source: World Bank and IMF staff estimates and projections.

1/ For the year preceding the assumed completion point.

2/ The lower limit of the range is based on data for the year preceding the completion point; the upper limit is based on data for the completion point year, i. e. it assumes a 1-year delay in the completion point.

poverty reduction and growth, in borrowing strategies, and in overall debt management. For the objective of debt sustainability to be achieved, it is essential that creditor countries help by providing financing that is consistent with these countries' repayment capacity and opening their markets further to HIPC exports. The appropriate blend between these support options will depend upon the specific-country circumstances, including the devastating effects of the HIV/AIDS epidemic in many HIPCs and the constraints stemming from high domestic debt (see Annex I).

Policy Adjustments in the Face of Adverse Developments

36. **When facing unexpected adverse developments, HIPCs will have to decide on the appropriate combination of policy adjustment and recourse to financing.** Admittedly, adjustment policies, while beneficial in the long run, may adversely affect certain segments of the society in the short run. However, avoiding adjustment in most cases is neither feasible nor desirable. The resources for financing the impact of all external shocks in many HIPCs are simply not available and delaying adjustment may indeed prolong the negative effects of an external shock and impair the ability of the HIPCs to face future shocks instead of reducing external vulnerabilities.

37. **It is important for HIPCs to deepen their structural and institutional reforms in the context of implementing their poverty reduction strategies, creating the conditions to attract non-debt creating capital inflows—such as foreign direct investment—and to diversify their production and export base.** Such policies take time to implement and it also takes time for the benefits to emerge in terms of higher output and growth. The experience so far with export diversification in low-income countries that are primary commodity producers has been rather disappointing. It reflects in part the weak supply response in these countries to the new economic opportunities, caused largely by the poor business climate (including governance concerns, limited protection of property rights, and structural impediments to private sector development), the limited availability of entrepreneurial capital and technical skills, poor infrastructure, and the modest inflows of foreign direct investment.

Appropriate External Financing Strategies

38. **A significant challenge for the HIPCs will be the adoption and consistent implementation of new borrowing policies, within a framework of transparency and accountability.** The terms and conditions for new borrowing are an important dimension of external debt management. The policy framework should specify an appropriate level of concessionality (grant element) for all new borrowing consistent with overall macroeconomic constraints. Typically a grant element of at least 35–50 percent should be sought and, in most cases, a significant proportion of new financing should be in the form of grants. For HIPCs whose debt payment capacity is particularly weak and vulnerable, almost all new financing should be in the form of grants and highly concessional borrowing (e.g., IDA-type credits). This may warrant strengthened caution in lending decisions among a number of multilateral and bilateral creditors that are currently unable to provide the level of concessionality (similar to IDA) that is required in many HIPCs. Donors and creditors, including multilateral financial institutions, should be very mindful of the consequences of their lending on the

macroeconomic conditions and the debt sustainability outlook of the recipient countries. At the same time, the aid-recipient countries should step up their efforts to enhance their aid absorption capacity, which would help to increase the benefits of aid resources.

Market Access for HIPCs

39. **Market barriers, including, agricultural subsidies in industrial countries, exacerbate the effects of economic downturns on developing countries.** As agricultural subsidies are counter-cyclical, they insulate farmers in high-income countries from changes in world prices and makes production less responsive to swings in demand. As a result, world commodity prices become more volatile, and during downturns the burden of adjustment is shifted disproportionately to producers in developing countries.

40. **Advanced countries need to improve access to their markets for HIPCs and reduce trade-distorting subsidies—which incidentally will also benefit their own citizens.** In particular, improving preferential access for the poorest counties by providing duty- and quota-free access to industrial-country markets would provide significant benefits to these countries at little cost to developed countries. The cost for other developing countries would be small because exports from the poorest estimates mostly in sub-Saharan Africa are not large enough to have a significant effect upon market prices.¹¹ This would give the poorest countries an incentive to persist with difficult domestic reforms and ensure effective use of debt relief and aid flows. Such market access preferences should be set within a framework of multilateral liberalization. The recent European Union Initiative allows duty and quota free access of imports of all commodities (except military goods) from least developed countries. HIPCs should receive such treatment in all their export markets.

Monitoring Debt Sustainability

41. **Debt management plays a critical role in ensuring long-term debt sustainability.** A recent survey conducted by the Bank and Fund staffs have revealed that most countries close to their decision point have significant weaknesses in basic debt management (data management and debt renegotiation), and in the institutional framework for debt management.¹² The biggest challenge will be for HIPCs to adopt and implement new borrowing policies consistent with long-term debt sustainability. In this regard, it is important that HIPC authorities closely monitor their external debt indicators in order to detect potential debt-servicing problems and allow them to address these problems at an early stage.

¹¹ A recent discussion paper from the Centre for Economic Policy Research has concluded that unrestricted access for all products to the domestic markets of the USA, Japan, Canada and the EU “*would produce significant benefits for sub-Saharan Africa (SSA)—a \$2.5 billion (14 percent) increase in non-oil exports.*” See Elena Ianchovichina, Aaditya Mattoo and Marcelo Olarreaga (2001) “*Unrestricted market access for Sub-Saharan Africa: How much is it worth and who pays?*” Discussion Paper # 2820, Centre for Economic Policy Research.

¹² See “External Debt Management in Heavily Indebted Poor Countries (HIPCs),” SM/02/92, March 22, 2002 and IDA/SecM2002-0148, March 21, 2002.

42. **Creditors also need to cooperate in monitoring debt sustainability after the completion point by mainstreaming debt sustainability analysis into their normal business procedures.** Furthermore, if external debt sustainability is to be secured, it must become an explicit focus of attention for the key international finance institutions and the countries when they articulate short- and medium-term development strategies at the country level. At the same time, the donor community as a group should also give much more explicit attention to issues of long-term debt sustainability as they structure their aid programs. In that context, long-term debt sustainability should be central to the agenda of Consultative Group meetings or Round Table conferences, with technical staff available to report on the overall debt-servicing implications of donor proposals.

V. CONCLUDING REMARKS

43. The main findings and conclusions of the paper are the following:

- **The global economic slowdown along with a significant decline in many primary commodity prices over the past two years, has weakened the growth and export performance for most of the 24 HIPCs considered in this paper and led to a deterioration of the external debt indicators for many but not all of these countries.** The impact of these adverse developments on the debt sustainability outlook of the HIPCs will depend on a number of factors including notably the adequacy of policy responses and of supporting resource transfers.
- **In order to address the concerns raised by these developments about whether the enhanced HIPC Initiative will be able to achieve the objective of enabling HIPCs to exit permanently from debt rescheduling, a clear understanding is needed of the role of debt relief, the flexibility within and limitations of the enhanced HIPC framework,** and of other critical measures required to help achieve long-term external debt sustainability in this group of countries.
- **While critical in removing any debt overhang, debt relief alone, no matter how generous, cannot guarantee that a country will permanently exit from rescheduling or will not fall back into unsustainable levels of debt.** While the existing stock of debt sets the point of departure for determining long-term debt sustainability, the growth of income, exports, and fiscal revenue—which reflect a country’s economic policies—are the underlying determinants of the evolution of a country’s capacity to service external debt over the longer term. Equally important, the volume and terms of new external borrowing have a direct impact on the burden of external debt, and an indirect offsetting effect through its effect on future investment and growth.
- **The enhanced HIPC framework allows some flexibility in exceptional cases to top-up debt relief at the completion point to countries where exogenous factors have caused fundamental changes in their economic circumstances.** Based on the latest available information and as a result of the combined effect of updated data and possible delays in reaching the completion points, the paper suggests that the debt of these

countries (in NPV terms) in excess of the 150 percent threshold at the completion points could amount to some US\$0.5–0.9 billion. This estimate is highly tentative and compares to a deviation of US\$0.4 billion already projected as the decision points. The provision of additional debt relief at the completion point would increase the cost of the HIPC Initiative. The financing implications of this will need to be explored in due course.

- **Additional HIPC relief is not intended to compensate for slippages in policy implementation, nor could it be provided on an ongoing basis to deal with future economic shocks, or debt problems arising from poor governance or imprudent new borrowing.** Ensuring longer-term debt sustainability will necessarily require a combination of continued growth-enhancing structural and policy reforms as well as strengthening external debt management capacity, in the countries themselves supported by improved access for their exports to world markets and by appropriate external financing. Given the HIPCs' limited repayment capacity, the latter will have to be on highly concessional terms and in the form of grants.

Domestic Debt Issues in HIPCs

Although the dearth of reliable statistics makes any in-depth analysis very problematic, given that domestic debt is typically contracted on nonconcessional terms, the fiscal costs of servicing such debt could be quite high in cases where the outstanding stock of domestic debt is quite high relative to GDP or where the need to maintain appropriately tight domestic liquidity conditions results in high domestic real interest rates. The table below shows that in most HIPCs (for which data is available), the level of domestic debt is fairly low. However, in the case of The Gambia and Guyana, the levels are quite high. For example, in The Gambia, the stock of domestic debt had risen to 33.6 percent of GDP at end-2001, or about one quarter of the stock of external debt. Moreover, given the high interest rate on domestic debt (about 11 percent in real terms), interest payments on domestic debt (3.8 percent of GDP) are even higher than interest payments on external debt (about 1.0 percent of GDP).

In general, domestic debt in most HIPCs (mainly bank loans and government securities) is often contracted on much less favorable terms than external debt with higher interest rate, shorter grace periods and repayment periods. Access to loans on highly concessional terms argues in favor of resorting to external financing—and limiting the budget deficit to the available amounts of such financing. Nevertheless, the governments may need or opt to borrow from domestic sources, even at a higher cost, to foster the development of financial markets, and/or to contain the foreign exchange costs of external debt servicing. In addition, sales of government paper by central banks in the context of domestic liquidity management operations (in part to sterilize large aid inflows) could also lead to a build-up of domestic debt. Long-term public debt sustainability depends on the level of the budget deficit as well as the terms of its financing, both domestic and external.

Table: Domestic and External Debt Indicators in Selected HIPC's at end-2001

(As a percentage share of GDP unless otherwise indicated)

	Total Debt	Domestic Debt	External Debt	Interest Payments on External Debt	Interest Payments on Domestic Debt
Burkina Faso	76.8	13.0	63.8	0.7	0.3
Cameroon	93.2	15.6	77.6	3.5	0.4
Gambia, The	161.8	33.6	128.2	1.0	3.8
Guyana	254.4	83.3	171.1	5.4	3.8
Honduras	67.3	3.2	64.1	1.0	0.5
Madagascar	111.4 1/	5.0	106.4 1/	1.2	0.8
Nicaragua	312	56	256.4	1.2	1.0
Rwanda	176.9	1.0	175.9	0.6	0.2
São Tomé and Príncipe	618.4	0.4	618.0	7.6	0.3
Senegal	70.8	9.9	60.9	1.0	0.1
Uganda	66.1	5.0	61.1	0.7	0.6
Average	175.6	19.7	115.9	3.0	1.7

Source: IMF staff estimates. See Beaugrand, Loko, and Mlachila, "The Choice Between External and Domestic Debt in Financing Budget Deficits: The Case of Central and West African Countries", IMF Working paper (forthcoming).

1/ Based on available information on the level of external debt at end-2000.

Table 1. HIPCs: Commodity Export Dependence

Country	GNP/Capita (US\$)	Main export product	Percent Share in Exports 1/		Percent change of main export product price 3/		
			Main product	Three main products	2000	2001	2002
Benin	380	Cotton	84	94	11.1	-18.7	-4.2
Bolivia 2/ 4/	980	Natural gas	18	47	79.0	2.9	-21.9
Burkina Faso	240	Cotton	39	55	11.1	-18.7	-4.2
Cameroon	580	Oil	27	47	57.0	-14.1	-17.6
Chad 2/	212	Cotton	38	94	11.1	-18.7	-4.2
Ethiopia 2/	100	Coffee	40	70	-37.7	-35.2	6.1
Gambia, The	340	Groundnuts	10	13	1.1	-1.3	1.10
Guinea	510	Bauxite	37	58	...	...	...
Guinea-Bissau	160	Cashew	69	79	-32.8	-69.2	...
Guyana	760	Sugar	25	61	-2.2	2.6	0.2
Honduras	760	Coffee	22	46	-37.7	-35.2	6.1
Madagascar	250	Shrimp	10	22	4.7	0.4	...
Malawi	190	Tobacco	61	75	-3.7	0.4	2.6
Mali	240	Cotton	47	75	11.1	-18.7	-4.2
Mauritania	380	Fish	54	94	2.1	-20.9	...
Mozambique	230	Prawns	15	24	...	...	...
Nicaragua	430	Coffee	25	48	-13.6	-38.4	1.6
Niger	190	Uranium	51	69	-14.4	-5.7	...
Rwanda	250	Coffee	43	72	-37.7	-35.2	6.1
São Tomé and Príncipe	270	Cocoa	78	79	-20.4	20.4	...
Senegal 2/	510	Fish	25	51	2.1	-20.9	...
Tanzania	240	Coffee	20	40	-37.7	-35.2	6.1
Uganda	320	Coffee	56	63	-37.7	-35.2	6.1
Zambia	320	Copper	48	67	15.4	-12.9	2.8
Simple average	368	...	39	60	-3.2	-18.5	-1.1

Sources: World Bank World Development Report; IMF World Economic Outlook and IMF staff reports.

1/ Unless otherwise indicated, all data refer to 1999.

2/ 2001 data.

3/ WEO data and projection.

4/ 2000 data for GNP per capita.

Table 2. HIPC: GDP Growth, 2000–2010

(In percent)

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Interim period countries												
Benin	Decision point projection	5.6	5.7	5.6	5.6	5.3	5.4	5.4	5.4	5.4	5.5	5.5
	Updated projection	5.8	5.8	5.0	6.0	7.0	5.2	5.2	5.2	5.3	5.3	5.3
Burkina Faso	Decision point projection	5.7	6.6	6.6	6.0	5.8	5.8	5.8	5.8	5.8	5.8	5.8
	Updated projection	2.2	5.7	5.7	5.5	5.4	5.5	5.4	5.5	5.4	5.5	5.5
Cameroon 1/	Decision point projection	4.2	5.3	5.7	6.0	6.0	6.0	6.0	6.5	6.5	6.5	6.5
	Updated projection	4.2	5.3	4.6	4.9	5.2	5.4	5.3	5.1	5.4	5.5	5.5
Chad	Decision point projection	0.6	8.2	10.6	8.9	0.2	51.6	6.6	4.3	3.9	3.1	1.0
	Updated projection	0.6	8.9	10.8	9.4	55.5	3.9	3.6	3.8	2.9	1.0	-3.4
Ethiopia 1/	Decision point projection	5.4	7.9	7.0	6.5	6.5	6.5	6.5	7.0	7.0	7.0	7.0
	Updated projection	5.4	7.9	7.0	6.4	6.5	6.5	6.5	7.0	7.0	7.0	7.0
Gambia, The	Decision point projection	5.3	5.5	5.6	5.6	5.7	5.7	5.7	5.7	5.7	5.7	5.7
	Updated projection	5.6	6.0	6.0	6.0	6.0	5.7	5.7	5.5	5.6	5.6	5.6
Guinea	Decision point projection	4.5	4.5	5.1	5.4	5.5	5.6	5.6	5.6	5.6	5.6	5.6
	Updated projection	2.0	2.9	3.6	4.5	5.2	6.8	7.2	6.6	6.5	6.5	6.5
Guinea-Bissau	Decision point projection	8.7	8.5	8.2	8.6	7.0	6.5	6.0	6.0	6.0	6.0	6.0
	Updated projection	7.5	4.0	3.9	3.9	2.9	2.9	2.9	2.9	3.0	3.0	3.0
Guyana	Decision point projection	2.5	4.2	3.3	5.3	4.0	4.4	4.5	4.5	4.5	4.5	4.5
	Updated projection	-1.4	1.4	1.8	2.8	3.0	3.4	...	...	...	...	...
Honduras	Decision point projection	5.3	5.5	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
	Updated projection	5.0	2.5	2.0	4.0	4.5	5.0	5.5	5.5	5.5	5.5	5.5
Madagascar	Decision point projection	4.8	6.0	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3
	Updated projection	4.8	6.7	4.8	5.9	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Malawi	Decision point projection	3.2	3.0	4.0	4.5	4.6	4.7	4.7	4.8	4.9	5.0	5.0
	Updated projection	1.7	2.8	3.0	4.5	5.2	5.4	5.0	5.0	5.0	5.0	5.0
Mali	Decision point projection	4.5	5.6	5.1	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
	Updated projection	4.6	0.1	6.7	5.0	5.4	5.4	...	...	...	...	...
Mauritania	Decision point projection	4.5	4.9	5.1	5.3	5.7	5.7	5.7	5.7	5.7	5.7	5.7
	Updated projection	5.0	5.2	5.6	6.2	6.5	6.5	...	...	...	...	...
Nicaragua	Decision point projection	7.0	5.5	5.5	5.4	5.4	5.5	5.5	5.5	5.5	5.5	5.5
	Updated projection	5.5	2.5	2.0	4.5	5.0	5.5	5.5	5.5	5.5	5.5	5.5
Niger	Decision point projection	3.0	3.7	4.1	4.5	4.6	4.7	4.8	5.0	5.0	5.1	5.1
	Updated projection	-1.4	5.1	4.1	4.0	4.2	4.2	4.3	4.3	...	...	...
Rwanda	Decision point projection	5.2	6.0	6.4	6.4	6.5	6.5	6.3	6.2	6.1	6.0	6.0
	Updated projection	6.0	6.2	5.8	6.1	6.2	6.4	6.5	6.5	6.1	6.0	6.0
São Tomé and Príncipe	Decision point projection	3.0	4.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
	Updated projection	3.0	4.0	5.0	5.0	5.0	5.0	10.0	10.0	10.0	10.0	10.0
Senegal	Decision point projection	5.5	4.7	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
	Updated projection	5.6	5.7	5.1	5.1	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Zambia	Decision point projection	3.6	5.0	5.0	5.5	5.0	5.0	5.0	5.0	5.0	5.0	5.0
	Updated projection	3.6	5.0	5.0	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Completion point countries												
Bolivia	Decision point projection	4.0	5.5	6.0	6.0	6.0	6.0	5.0	5.0	5.0	5.0	5.0
	Updated projection	2.4	1.0	2.8	3.7	5.4	4.5	4.4	4.4	4.4	4.3	4.3
Mozambique	Decision point projection	5.0	9.6	...	...	...	...	...	...	...	...	...
	Updated projection	1.6	15.0	8.0	7.5	9.0	6.6	6.5	6.5	6.4	6.4	6.4
Tanzania 1/	Decision point projection	5.2	5.6	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
	Updated projection	3.5	5.1	5.1	5.5	6.0	6.0	6.0	6.1	6.0	6.0	6.0
Uganda 1/	Decision point projection	7.0	7.0	7.0	...	...	...	...	...	...	...	...
	Updated projection	4.0	4.9	5.7	6.7	6.6	6.4	6.4	6.8	6.5	6.5	6.5
<i>Memorandum items:</i>												
Country group averages 2/												
Interim period HIPCs (20)	Decision point projection	4.6	5.5	5.8	5.8	5.2	7.8	5.5	5.5	5.4	5.4	5.3
	Updated projection	3.8	4.7	4.9	5.3	7.8	5.3	5.6	5.6	5.6	5.5	5.2
Completion point HIPCs (4)	Decision point projection	5.3	6.9	6.3	6.0	6.0	6.0	5.5	5.5	5.5	5.5	5.5
	Updated projection	2.9	6.5	5.4	5.8	6.8	5.9	5.8	5.9	5.8	5.8	5.8
24 HIPCs	Decision point projection	4.7	5.7	5.8	5.9	5.3	7.6	5.5	5.5	5.5	5.4	5.3
	Updated projection	3.6	5.0	5.0	5.4	7.6	5.4	5.6	5.7	5.6	5.6	5.3

Sources: World Bank and IMF staff estimates and projections.

1/ Based on fiscal year data (e.g., FY 2000/01 is 2001).

2/ Simple averages.

Table 3. HIPCs: Net Present Value of External Debt, 2000–2010 1/
(In percent of exports)

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Interim period countries												
Benin	Decision point projection	212	148	143	134	126	120	114	110	107	103	101
	Updated projection	206	133	136	131	119	105	96	90	86	82	77
Burkina Faso	Decision point projection	208	186	187	177	169	158	151	144	140	138	136
	Updated projection	223	216	239	243	239	236	229	223	218	213	208
Cameroon 2/	Decision point projection	261	193	186	116	113	109	105	102	99	97	94
	Updated projection	262	191	197	130	137	134	129	124	123	120	118
Chad	Decision point projection	222	259	210	220	201	86	55	42	42	44	47
	Updated projection	222	263	227	248	92	57	43	45	48	51	58
Ethiopia 2/	Decision point projection	...	343	293	174	174	169	162	154	147	140	134
	Updated projection	324	343	304	187	193	185	177	168	161	153	147
Gambia, The	Decision point projection	201	202	145	141	141	141	140	137	135	132	130
	Updated projection	194	199	191	179	174	169	165	159	154	147	141
Guinea	Decision point projection	216	202	134	125	119	113	108	103	100	97	95
	Updated projection	236	229	160	152	143	137	129	124	119	118	118
Guinea-Bissau	Decision point projection	759	596	548	119	126	131	135	137	138	139	137
	Updated projection	781	695	701	166	173	182	187	190	193	196	193
Guyana	Decision point projection	120	77	80	82	82	81	80	78	75	73	71
	Updated projection	124	80	136	94	95	94	91	89	85	82	81
Honduras	Decision point projection	118	119	95	84	77	70	65	61	58	55	52
	Updated projection	122	130	114	110	106	98	92	87	83	78	74
Madagascar	Decision point projection	283	218	137	133	125	118	112	108	104	101	98
	Updated projection	212	182	162	150	137	124	112	103	93	85	78
Malawi	Decision point projection	277	309	181	177	172	169	167	164	162	160	158
	Updated projection	281	320	194	191	184	180	176	173	169	166	164
Mali	Decision point projection	206	150	148	138	131	129	128	130	131	130	128
	Updated projection	203	150	148	139	134	129	126	129	137	147	156
Mauritania	Decision point projection	297	290	136	132	130	127	125	121	116	113	110
	Updated projection	326	333	161	162	160	154	148	137	129	124	125
Nicaragua	Decision point projection	537	461	128	123	119	115	111	109	105	101	97
	Updated projection	532	473	138	139	135	128	120	114	109	103	97
Niger	Decision point projection	347	367	185	190	187	183	178	173	168	163	159
	Updated projection	310	323	160	171	173	175	175	174	173	172	171
Rwanda	Decision point projection	576	525	197	193	178	167	156	152	149	147	146
	Updated projection	511	453	180	197	204	193	179	164	150	138	130
São Tomé and Príncipe	Decision point projection	921	685	666	146	142	140	147	148	145	143	141
	Updated projection	947	707	642	132	124	129	81	38	25	18	17
Senegal	Decision point projection	159	143	129	120	108	102	96	91	86	82	78
	Updated projection	183	174	175	168	153	144	137	130	...	...	...
Zambia	Decision point projection	446	388	346	161	148	140	136	131	125	121	117
	Updated projection	477	445	441	212	197	184	181	179	179	177	180
Completion point countries												
Bolivia 4/	Decision point projection	230	164	160	156	153	150	151	153	155	157	160
	Updated projection	200	131	142	142	140	136	132	131	132	134	137
Mozambique	Decision point projection	163	150	121	99	90	88	86	84	81	78	75
	Updated projection	166	108	98	92	75	61	51	49	49	49	46
Tanzania 2/	Decision point projection	229	224	178	175	166	161	158	155	153	150	148
	Updated projection	215	143	135	135	133	133	130	129	126	125	124
Uganda 2/	Decision point projection	138	128	117	109	102	96	91	84	78	73	68
	Updated projection	211	243	254	249	238	226	213	203	197	195	193
<i>Memorandum items:</i>												
Country group averages 3/												
Interim period HIPCs (20)	Decision point projection	335	293	214	144	138	128	123	120	117	114	111
	Updated projection	334	302	240	165	154	147	139	132	128	125	123
Completion point HIPCs (4)	Decision point projection	190	167	144	135	128	124	121	119	117	115	113
	Updated projection	198	156	157	155	147	139	131	128	126	126	125
24 HIPCs	Decision point projection	310	272	202	143	137	128	123	120	117	114	112
	Updated projection	311	278	226	163	152	146	137	131	128	125	123

Sources: Decision Point documents and World Bank and IMF staff estimates and projections.

1/ Unless otherwise indicated, figures do not take into consideration additional bilateral debt forgiveness over and beyond HIPC assistance.

Based on three-year backward-looking average of exports of goods and non-factor services (e.g. 2000 is average of 1998-2000).

2/ Based on fiscal year data (e.g., FY 2000/01 is 2001).

3/ Simple averages.

4/ Includes additional bilateral debt forgiveness beyond HIPC assistance.

Note: Marked values indicate completion point year or working assumption on it.

**Table 4. HIPC: External Debt Service, 2000–2010 1/
(In percent of exports)**

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Interim period countries												
Benin	Decision point projection	17	11	9	8	7	6	6	6	6	5	5
	Updated projection	16	9	9	8	7	6	...	...	...	...	...
Burkina Faso	Decision point projection	12	9	10	9	9	8	8	8	8	7	7
	Updated projection	20	14	8	8	8	7	8	8	6	6	5
Cameroon 2/	Decision point projection	22	11	8	8	9	9	9	9	8	8	8
	Updated projection	16	10	11	11	12	12	12	11	11	11	11
Chad	Decision point projection	14	9	9	9	8	2	2	2	2	2	2
	Updated projection	14	7	10	8	1	1	1	2	2	2	2
Ethiopia 2/	Decision point projection	...	20	10	7	7	8	7	7	6	6	5
	Updated projection	11	21	12	8	8	8	8	7	7	6	6
Gambia, The	Decision point projection	16	11	10	5	5	5	6	7	7	7	8
	Updated projection	10	7	10	5	6	6	7	8	8	8	8
Guinea	Decision point projection	16	8	9	9	8	7	8	7	7	6	5
	Updated projection	17	14	11	11	9	9	9	9	8	7	7
Guinea-Bissau	Decision point projection	...	6	7	8	4	3	3	3	4	5	6
	Updated projection	19	0	9	11	6	4	4	5	6	7	8
Guyana	Decision point projection	10	6	4	5	5	5	5	6	5	5	5
	Updated projection	14	8	9	6	6	6	6	7	6	5	5
Honduras	Decision point projection	6	4	6	7	6	5	5	4	4	4	4
	Updated projection	9	7	8	10	8	7	7	6	5	6	6
Madagascar	Decision point projection	11	6	5	6	6	5	6	6	6	6	5
	Updated projection	7	5	5	4	4	5	5	5	5	5	5
Malawi	Decision point projection	...	12	11	8	8	8	8	8	8	8	7
	Updated projection	18	9	12	9	8	8	8	8	8	8	7
Mali	Decision point projection	14	9	8	8	7	7	7	7	7	6	6
	Updated projection	10	10	10	10	10	10	11	10	10	11	11
Mauritania	Decision point projection	20	18	13	10	8	8	8	8	8	8	7
	Updated projection	25	22	14	13	12	11	12	12	14	14	13
Nicaragua	Decision point projection	13	11	17	12	9	9	8	6	6	6	6
	Updated projection	15	16	20	14	10	9	8	6	6	6	6
Niger	Decision point projection	36	18	17	8	9	8	8	7	7	5	5
	Updated projection	6	6	12	7	8	8	8	7	6	6	6
Rwanda	Decision point projection	31	11	8	4	5	4	4	4	4	4	3
	Updated projection	19	9	8	4	5	4	6	6	7	7	7
São Tomé and Príncipe	Decision point projection	24	11	6	6	4	3	5	6	8	8	7
	Updated projection	33	11	5	5	3	4	2	1	1	1	1
Senegal	Decision point projection	10	8	7	7	10	5	5	5	4	4	4
	Updated projection	11	8	8	6	6	6	...	...	...	...	...
Zambia	Decision point projection	16	13	10	10	13	12	5	6	6	6	6
	Updated projection	17	15	15	13	17	15	7	9	9	9	9
Completion point countries												
Bolivia	Decision point projection	20	12	12	12	12	12	13	13	13	13	14
	Updated projection	19	17	16	19	17	15	15	12	11	11	11
Mozambique	Decision point projection	9	6	4	4	4	4	4	4	5	4	5
	Updated projection	3	2	4	4	2	2	2	2	2	2	2
Tanzania 2/	Decision point projection	20	12	10	8	8	7	7	7	7	6	6
	Updated projection	13	8	9	7	7	8	7	6	5	4	4
Uganda 2/	Decision point projection	11	6	6	6	6	8	8	7	6	6	5
	Updated projection	14	12	13	12	13	12	12	11	10	9	8
<i>Memorandum items:</i>												
Country group averages 3/												
Interim period HIPCs (20)	Decision point projection	17.1	10.7	9.2	7.6	7	6	6	6	6	6	6
	Updated projection	15.4	10.4	10.3	8.6	8	7	7	7	7	7	7
Completion point HIPCs (4)	Decision point projection	14.9	8.9	7.9	7.6	7	8	8	8	8	7	7
	Updated projection	12.3	9.7	10.5	10.7	10	9	9	8	7	7	6
24 HIPCs	Decision point projection	16.7	10.4	9.0	7.6	7	7	6	6	6	6	6
	Updated projection	14.9	10.3	10.4	8.9	8	8	8	7	7	7	7

Sources: Decision Point documents and World Bank and IMF staff estimates and projections.

1/ Figures do not take into consideration additional bilateral debt forgiveness over and beyond HIPC assistance.

Based on current-year exports of goods and non-factor services.

2/ Based on fiscal year data (e.g., FY 2000/01 is 2001).

3/ Simple averages.

Note: Marked values indicate completion point year or working assumption on it.

Table 5. HIPCs: Exports, 2000–2010 1/
(In millions of U.S. dollars)

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Interim period countries												
Benin	Decision point projection	370	416	457	502	547	591	634	681	733	789	851
	Updated projection	337	370	368	427	482	534	563	583	605	630	656
Burkina Faso	Decision point projection	288	334	368	421	470	539	589	644	694	749	811
	Updated projection	235	261	281	320	351	383	417	455	493	535	587
Cameroon 2/	Decision point projection	2,743	2,766	2,868	3,051	3,286	3,538	3,768	3,995	4,240	4,499	4,791
	Updated projection	2,740	2,728	2,330	2,359	2,456	2,545	2,711	2,939	3,099	3,236	3,392
Chad	Decision point projection	233	253	271	288	402	1,696	1,921	1,953	1,987	2,008	1,939
	Updated projection	233	241	228	250	1,625	1,714	1,727	1,744	1,760	1,678	1,378
Ethiopia 2/	Decision point projection	984	957	1,005	1,077	1,166	1,274	1,400	1,527	1,662	1,811	1,974
	Updated projection	984	957	895	966	1,063	1,175	1,280	1,397	1,520	1,655	1,804
Gambia, The	Decision point projection	122	142	153	162	171	182	193	207	220	232	245
	Updated projection	125	143	152	159	164	171	179	190	195	213	225
Guinea	Decision point projection	863	942	1,013	1,090	1,168	1,251	1,339	1,433	1,534	1,641	1,757
	Updated projection	734	783	840	874	998	1,037	1,112	1,208	1,275	1,322	1,373
Guinea-Bissau	Decision point projection	74	84	92	102	114	126	138	151	166	181	197
	Updated projection	69	58	68	74	82	91	99	108	118	128	139
Guyana	Decision point projection	729	753	768	810	836	857	904	947	999	1,037	1,074
	Updated projection	685	673	666	689	720	755	796	834	880	914	937
Honduras	Decision point projection	2,610	3,066	3,484	3,955	4,479	4,996	5,446	5,936	6,471	7,053	7,689
	Updated projection	2,500	2,509	2,621	2,856	3,196	3,526	3,805	4,162	4,556	4,989	5,462
Madagascar	Decision point projection	952	1,025	1,129	1,240	1,348	1,456	1,565	1,681	1,809	1,945	2,094
	Updated projection	1,186	1,279	1,323	1,471	1,643	1,746	1,917	2,074	2,235	2,400	2,589
Malawi	Decision point projection	473	481	522	553	579	607	635	664	695	728	762
	Updated projection	451	446	481	516	546	574	603	634	666	701	737
Mali	Decision point projection	626	709	811	877	945	986	1,024	1,043	1,099	1,199	1,271
	Updated projection	652	750	822	871	943	1,022	1,044	1,013	972	973	985
Mauritania	Decision point projection	432	449	465	488	500	525	553	582	615	653	694
	Updated projection	379	386	371	391	416	443	467	554	556	573	591
Nicaragua	Decision point projection	936	1,027	1,131	1,247	1,340	1,443	1,570	1,706	1,854	2,015	2,187
	Updated projection	956	938	992	1,086	1,207	1,349	1,492	1,660	1,828	2,014	2,218
Niger	Decision point projection	261	273	290	310	336	364	391	420	450	483	520
	Updated projection	321	311	321	336	352	370	388	407	427	448	471
Rwanda	Decision point projection	126	146	161	186	219	251	289	328	368	408	449
	Updated projection	159	167	151	164	185	210	234	271	302	330	359
São Tomé and Príncipe	Decision point projection	18	20	22	25	27	30	33	36	39	42	45
	Updated projection	17	20	26	29	31	30	104	252	262	400	407
Senegal	Decision point projection	1,725	1,872	2,014	2,159	2,308	2,453	2,605	2,765	2,928	3,103	3,291
	Updated projection	1,339	1,361	1,423	1,531	1,627	1,729	1,826	1,926	-	-	-
Zambia	Decision point projection	1,036	1,241	1,413	1,506	1,604	1,709	1,821	1,941	2,068	2,204	2,348
	Updated projection	861	1,014	1,024	1,125	1,247	1,306	1,315	1,365	1,396	1,461	1,427
Completion point countries												
Bolivia	Decision point projection	1,399	1,541	1,725	1,945	2,114	2,313	2,433	2,596	2,770	2,956	3,155
	Updated projection	1,453	1,441	1,510	1,614	1,760	1,946	2,123	2,266	2,419	2,605	2,780
Mozambique	Decision point projection	551	823	1,202	1,282	1,365	1,457	1,567	1,678	1,799	1,914	2,037
	Updated projection	769	1,118	1,154	1,203	2,229	2,653	2,884	2,993	3,190	3,279	3,987
Tanzania 2/	Decision point projection	1,191	1,293	1,489	1,706	1,893	2,075	2,272	2,484	2,709	2,949	3,206
	Updated projection	1,190	1,330	1,486	1,515	1,675	1,775	1,955	2,136	2,315	2,479	2,649
Uganda 2/	Decision point projection	780	898	1,006	1,116	1,258	1,378	1,504	1,640	1,788	1,948	2,122
	Updated projection	626	602	630	710	783	878	991	1,139	1,225	1,318	1,416
<i>Memorandum items:</i>												
Country group subtotals												
Interim period HIPCs (20)	Decision point projection	15,599	16,957	18,435	20,047	21,845	24,875	26,816	28,639	30,629	32,782	34,988
	Updated projection	14,963	15,396	15,384	16,493	19,332	20,711	22,080	23,775	23,148	24,600	25,737
Completion point HIPCs (4)	Decision point projection	3,921	4,555	5,422	6,049	6,630	7,223	7,776	8,398	9,066	9,767	10,520
	Updated projection	4,038	4,491	4,781	5,042	6,446	7,252	7,954	8,535	9,149	9,681	10,832
24 HIPCs	Decision point projection	19,520	21,513	23,857	26,096	28,475	32,098	34,593	37,037	39,695	42,549	45,509
	Updated projection	19,002	19,887	20,165	21,536	25,778	27,964	30,034	32,310	32,297	34,281	36,569

Sources: World Bank and IMF staff estimates and projections.

1/ Current-year exports of goods and non-factor services.

2/ Based on fiscal year data (e.g., FY 2000/01 is 2001).

Table 6. HIPCs: Export Growth, 2000–2010 1/
(In percent)

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Interim period countries												
Benin	Decision point projection	-5.2	12.5	9.8	9.8	9.1	8.0	7.3	7.4	7.6	7.7	7.8
	Updated projection	-12.7	9.7	-0.3	15.9	12.9	10.7	5.5	3.6	3.8	4.0	4.1
Burkina Faso	Decision point projection	-1.4	15.8	10.1	14.5	11.6	14.6	9.4	9.3	7.7	8.0	8.2
	Updated projection	-10.2	10.7	8.0	13.6	9.7	9.3	8.9	9.0	8.4	8.4	9.8
Cameroon 2/	Decision point projection	22.0	0.9	3.7	6.4	7.7	7.6	6.5	6.0	6.1	6.1	6.5
	Updated projection	21.4	-0.5	-14.6	1.2	4.1	3.6	6.5	8.4	5.5	4.4	4.8
Chad	Decision point projection	-2.9	8.4	7.1	6.4	39.5	322.5	13.3	1.6	1.7	1.1	-3.5
	Updated projection	-3.5	3.6	-5.7	10.0	548.9	5.5	0.7	1.0	0.9	-4.7	-17.9
Ethiopia 2/	Decision point projection	7.7	-2.7	5.0	7.2	8.2	9.3	9.8	9.1	8.9	8.9	9.1
	Updated projection	7.5	-2.7	-6.5	7.9	10.1	10.5	8.9	9.1	8.8	8.9	9.0
Gambia, The	Decision point projection	3.1	17.2	7.1	6.0	6.1	6.1	5.9	7.2	6.6	5.5	5.5
	Updated projection	-4.5	14.4	5.6	5.2	3.2	4.2	4.2	6.3	3.0	9.1	5.5
Guinea	Decision point projection	12.8	9.1	7.6	7.5	7.2	7.1	7.0	7.0	7.0	7.0	7.0
	Updated projection	-2.0	6.6	7.3	4.1	14.1	4.0	7.3	8.6	5.5	3.7	3.9
Guinea-Bissau	Decision point projection	32.2	13.9	9.7	11.0	11.1	10.9	9.6	9.6	9.4	9.3	9.1
	Updated projection	23.2	-15.9	17.2	8.8	10.8	11.0	8.8	9.1	9.3	8.5	8.6
Guyana	Decision point projection	8.4	3.3	2.0	5.5	3.2	2.6	5.4	4.8	5.5	3.8	3.6
	Updated projection	1.9	-1.8	-1.0	3.5	4.5	4.9	5.5	4.8	5.5	3.8	2.6
Honduras	Decision point projection	12.9	17.5	13.6	13.5	13.3	11.5	9.0	9.0	9.0	9.0	9.0
	Updated projection	11.0	0.4	4.4	9.0	11.9	10.3	7.9	9.4	9.5	9.5	9.5
Madagascar	Decision point projection	3.3	7.7	10.1	9.9	8.7	8.0	7.4	7.4	7.6	7.6	7.6
	Updated projection	30.1	7.8	3.4	11.2	11.7	6.3	9.8	8.2	7.8	7.4	7.9
Malawi	Decision point projection	-3.4	1.8	8.6	5.9	4.6	4.8	4.6	4.6	4.7	4.7	4.7
	Updated projection	-9.3	-1.0	7.8	7.2	5.8	5.1	5.1	5.1	5.1	5.1	5.1
Mali	Decision point projection	-3.7	13.2	14.3	8.2	7.7	4.4	3.9	1.8	5.4	9.1	6.0
	Updated projection	-4.3	15.0	9.7	6.0	8.2	8.4	2.1	-3.0	-4.1	0.2	1.2
Mauritania	Decision point projection	5.0	3.8	3.5	5.0	2.6	5.0	5.2	5.4	5.7	6.1	6.2
	Updated projection	4.4	1.8	-3.9	5.4	6.4	6.5	5.4	18.6	0.4	3.1	3.1
Nicaragua	Decision point projection	12.2	9.7	10.1	10.3	7.4	7.7	8.8	8.6	8.7	8.7	8.5
	Updated projection	14.1	-1.8	5.7	9.5	11.1	11.8	10.6	11.3	10.1	10.2	10.1
Niger	Decision point projection	-14.0	4.5	6.2	7.1	8.3	8.4	7.3	7.4	7.3	7.4	7.5
	Updated projection	-0.1	-3.2	3.4	4.7	4.8	5.0	5.0	4.7	5.0	5.0	5.0
Rwanda	Decision point projection	15.9	16.3	9.9	15.6	17.7	15.0	15.0	13.5	12.0	11.0	10.0
	Updated projection	33.6	5.1	-9.3	8.2	12.9	13.6	11.6	15.6	11.6	9.3	8.8
São Tomé and Príncipe	Decision point projection	8.0	13.5	9.8	12.3	9.9	10.1	9.2	9.3	8.3	8.1	6.9
	Updated projection	0.1	20.1	31.8	9.1	7.3	-2.0	247.5	141.5	4.3	52.5	1.8
Senegal	Decision point projection	17.6	8.6	7.6	7.2	6.9	6.3	6.2	6.1	5.9	6.0	6.1
	Updated projection	-7.4	1.7	4.5	7.6	6.3	6.3	5.6	5.5	...	...	...
Zambia	Decision point projection	23.0	19.8	13.9	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6
	Updated projection	2.2	17.8	1.0	9.9	10.8	4.7	0.7	3.8	2.3	4.6	-2.3
Completion point countries												
Bolivia	Decision point projection	10.2	10.2	11.9	12.8	8.7	9.4	5.2	6.7	6.7	6.7	6.7
	Updated projection	10.9	-0.9	4.8	6.9	9.0	10.6	9.1	6.7	6.8	7.7	6.7
Mozambique	Decision point projection	-1.4	49.4	46.1	6.7	6.5	6.7	7.5	7.1	7.2	6.4	6.4
	Updated projection	20.3	45.4	3.2	4.3	85.3	19.0	8.7	3.8	6.6	2.8	21.6
Tanzania 2/	Decision point projection	10.2	8.6	15.2	14.5	11.0	9.6	9.5	9.3	9.1	8.9	8.7
	Updated projection	4.4	11.8	11.8	1.9	10.5	6.0	10.1	9.3	8.4	7.1	6.9
Uganda 2/	Decision point projection	-6.4	15.1	12.0	10.9	12.7	9.5	9.1	9.0	9.0	8.9	8.9
	Updated projection	-14.0	-3.8	4.7	12.6	10.3	12.2	12.9	14.9	7.6	7.6	7.4
<i>Memorandum items:</i>												
Country group subtotals:												
Interim period HIPCs (20)	Decision point projection	7.7	9.7	8.5	8.8	9.9	23.8	7.9	7.1	7.1	7.1	6.6
	Updated projection	4.8	4.4	3.4	7.9	35.8	7.0	18.4	14.0	5.4	8.1	4.2
Completion point HIPCs (4)	Decision point projection	3.1	20.8	21.3	11.2	9.7	8.8	7.8	8.0	8.0	7.7	7.7
	Updated projection	5.4	13.1	6.1	6.4	28.8	12.0	10.2	8.7	7.3	6.3	10.7
24 HIPCs	Decision point projection	6.9	11.6	10.6	9.2	9.8	21.3	7.9	7.3	7.2	7.2	6.8
	Updated projection	4.9	5.8	3.9	7.7	34.6	7.8	17.0	13.1	5.7	7.7	5.4

Sources: World Bank and IMF staff estimates and projections.

1/ Exports of goods and non-factor services.

2/ Based on fiscal year data (e.g., FY 2000/01 is 2001).

Table 7. HIPC: New Borrowing, 2000–2010
(In millions of U.S. dollars)

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Interim period countries												
Benin	Decision point projection	65	65	70	64	69	70	72	73	74	75	76
	Updated projection	74	93	84	78	85	86	87	89	89	91	92
Burkina Faso	Decision point projection	119	134	131	119	122	125	129	134	140	147	154
	Updated projection	85	143	173	166	121	150	118	127	129	140	144
Cameroon 1/	Decision point projection	175	265	363	361	407	430	455	467	445	452	458
	Updated projection	196	182	185	221	232	231	210	272	245	256	266
Chad	Decision point projection	76	162	166	161	115	118	122	125	129	133	137
	Updated projection	76	79	165	156	112	116	120	124	129	132	136
Ethiopia 1/	Decision point projection	162	320	603	427	269	255	230	194	198	202	206
	Updated projection	162	330	594	522	347	336	328	194	198	202	206
Gambia, The	Decision point projection	19	29	20	20	21	22	23	24	25	26	26
	Updated projection	22	30	54	52	39	18	10	10	10	10	10
Guinea	Decision point projection	124	147	171	153	160	174	191	211	232	255	283
	Updated projection	142	129	138	153	169	155	175	158	148	169	185
Guinea-Bissau	Decision point projection	25	22	11	12	7	8	8	6	8	12	13
	Updated projection	14	6	7	7	9	9	9	9	9	9	9
Guyana	Decision point projection	79	134	114	73	69	54	53	53	53	53	53
	Updated projection	67	69	52	74	69	61	...	...	...	...	...
Honduras	Decision point projection	48	163	232	314	335	328	557	542	609	655	692
	Updated projection	169	222	225	245	270	285	300	250	492	559	605
Madagascar	Decision point projection	201	219	175	174	128	140	153	167	182	199	218
	Updated projection	166	232	215	218	196	196	196	180	180	180	180
Malawi	Decision point projection	130	178	121	93	85	86	87	88	89	91	92
	Updated projection	133	127	147	143	134	135	144	152	161	171	181
Mali	Decision point projection	173	186	184	130	136	143	149	155	162	168	174
	Updated projection	134	138	141	147	155	162	169	172	142	148	154
Mauritania	Decision point projection	132	126	133	122	111	123	124	127	129	151	157
	Updated projection	84	86	81	68	60	63	66	70	73	77	83
Nicaragua	Decision point projection	308	331	321	315	250	250	240	240	230	230	220
	Updated projection	220	211	234	220	210	200	200	190	190	180	180
Niger	Decision point projection	111	99	101	104	74	78	83	86	89	95	99
	Updated projection	88	89	153	145	129	106	78	69	67	65	63
Rwanda	Decision point projection	114	77	82	80	32	68	56	114	116	119	120
	Updated projection	83	90	50	54	34	19	13	17	16	23	33
São Tomé and Príncipe	Decision point projection	14	11	10	9	12	11	11	11	10	9	9
	Updated projection	7	8	9	7	3	1	1	1	1	1	1
Senegal	Decision point projection	237	175	138	130	130	121	145	164	185	190	207
	Updated projection	129	209	197	170	111	185	98	98	...	...	...
Zambia	Decision point projection	320	472	422	345	309	331	170	143	122	142	174
	Updated projection	315	277	456	370	260	260	260	260	260	260	260
Completion point countries												
Bolivia	Decision point projection	369	386	367	385	381	383	410	411	430	500	545
	Updated projection	292	405	445	411	412	404	395	383	397	423	456
Mozambique	Decision point projection	537	262	227	234	249	260	253	253	255	262	260
	Updated projection	191	175	181	180	180	180	180	180	180	180	180
Tanzania 1/	Decision point projection	522	576	591	610	588	618	643	665	689	716	755
	Updated projection	434	363	249	378	340	346	368	376	396	494	521
Uganda 1/	Decision point projection	347	279	297	303	308	312	316	319	322	325	328
	Updated projection	305	271	353	350	328	328	333	338	338	338	338
<i>Memorandum items:</i>												
Country group subtotals												
Interim period HIPCs (20)	Decision point projection	2,633	3,315	3,566	3,206	2,840	2,936	3,057	3,124	3,227	3,402	3,568
	Updated projection	2,367	2,749	3,360	3,218	2,743	2,775	2,580	2,441	2,540	2,673	2,788
Completion point HIPCs (4)	Decision point projection	1,775	1,503	1,482	1,532	1,526	1,573	1,621	1,647	1,695	1,803	1,888
	Updated projection	1,221	1,213	1,229	1,318	1,260	1,258	1,276	1,278	1,312	1,435	1,495
24 HIPCs	Decision point projection	4,408	4,818	5,048	4,738	4,366	4,509	4,678	4,771	4,922	5,205	5,455
	Updated projection	3,588	3,963	4,588	4,536	4,003	4,032	3,856	3,719	3,852	4,109	4,284

Sources: Decision Point documents, and World Bank and IMF staff estimates and projections.

1/ Based on fiscal year data (e.g., FY 2000/01 is 2001).

Table 8. HIPC: Net Resource Flows, 2000–2010 1/
(In percent of GDP)

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Interim period countries												
Benin	Decision point projection	5.5	3.8	5.9	5.1	5.2	5.0	4.9	4.7	4.5	4.3	4.0
	Updated projection	3.0	5.5	4.1	3.4	3.4	3.4	...	...	...	...	...
Burkina Faso	Decision point projection	6.6	6.0	5.4	4.5	4.1	3.7	3.5	3.2	3.0	2.8	2.6
	Updated projection	12.4	15.3	14.8	13.7	11.5	11.4	9.7	9.4	9.0	8.7	8.4
Cameroon 2/	Decision point projection	-2.2	-0.1	1.9	1.5	1.6	1.3	1.1	1.1	0.8	0.6	0.4
	Updated projection	-2.7	-0.6	-0.4	0.1	0.2	-0.2	-0.6	-0.1	-0.4	-0.4	-0.4
Chad	Decision point projection	10.1	16.9	12.3	11.1	8.5	5.5	5.3	5.2	5.0	4.9	5.0
	Updated projection	10.2	7.3	14.8	13.1	6.8	6.6	6.4	6.1	5.9	5.9	6.1
Ethiopia 2/	Decision point projection	8.7	6.6	11.5	9.2	6.5	5.6	4.9	3.8	3.8	3.4	3.2
	Updated projection	5.3	8.3	11.8	10.3	7.2	6.6	5.9	4.1	3.6	3.5	3.1
Gambia, The	Decision point projection	8.2	8.6	5.9	7.2	7.0	6.8	6.4	5.9	5.7	6.5	6.0
	Updated projection	10.5	12.5	17.6	18.6	13.5	8.7	6.1	4.2	4.0	3.7	3.6
Guinea	Decision point projection	3.0	5.5	5.7	4.7	4.8	4.9	4.7	4.8	5.1	5.3	5.5
	Updated projection	3.0	4.6	5.7	3.4	4.0	3.5	3.5	2.9	2.7	3.2	3.5
Guinea-Bissau	Decision point projection	20.4	23.0	12.2	12.7	10.2	10.1	9.4	8.4	8.2	8.0	7.5
	Updated projection	21.0	13.0	8.7	8.6	9.9	9.6	9.2	8.4	7.7	6.8	5.9
Guyana	Decision point projection	3.3	14.5	13.0	6.4	5.3	3.2	2.3	1.5	1.5	1.9	1.8
	Updated projection	-1.9	6.9	2.6	7.6	6.3	5.0	...	...	...	...	...
Honduras	Decision point projection	3.3	3.8	2.6	2.5	3.0	2.6	4.9	4.5	4.9	4.6	4.3
	Updated projection	3.9	5.5	3.5	1.8	2.5	2.5	2.5	2.1	4.7	4.8	4.7
Madagascar	Decision point projection	5.9	6.9	5.7	5.1	4.4	4.5	4.4	4.4	4.4	4.5	4.4
	Updated projection	5.9	8.3	7.4	8.2	6.6	5.5	4.6	3.7	3.1	2.5	2.3
Malawi	Decision point projection	10.3	15.3	9.2	8.2	7.0	6.9	6.7	6.5	6.4	6.3	6.2
	Updated projection	12.0	11.3	10.7	11.4	10.7	10.3	10.1	9.8	9.7	9.5	9.4
Mali	Decision point projection	8.3	9.4	8.6	6.4	6.1	5.9	5.6	5.3	5.0	4.8	4.6
	Updated projection	8.2	6.5	5.7	5.8	5.6	5.2	4.3	4.5	3.5	3.4	3.2
Mauritania	Decision point projection	17.6	17.7	18.5	17.3	15.4	14.5	13.5	12.5	11.6	12.3	11.9
	Updated projection	5.8	5.7	6.3	4.7	3.8	3.8	...	...	...	...	...
Nicaragua	Decision point projection	21.3	19.9	15.5	15.5	14.6	10.2	9.2	8.7	7.4	6.2	5.2
	Updated projection	15.8	13.0	13.0	9.8	9.2	8.1	7.6	6.9	6.1	4.9	4.2
Niger	Decision point projection	7.7	5.8	6.8	7.5	5.1	5.3	5.5	5.5	5.4	5.5	5.8
	Updated projection	7.9	7.4	11.6	11.4	9.8	7.8	5.1	4.2	...	...	...
Rwanda	Decision point projection	12.4	8.5	8.0	7.9	6.7	7.0	5.3	...	...	...	...
	Updated projection	12.1	11.8	12.4	11.6	10.4	9.6	8.3	7.1	6.8	6.8	6.6
São Tomé and Príncipe	Decision point projection	41.3	52.8	49.0	46.1	42.5	40.2	39.4	37.4	34.4	31.8	31.1
	Updated projection	34.4	46.8	53.9	46.5	37.7	36.2	17.5	8.2	7.5	5.3	4.7
Senegal	Decision point projection	3.9	2.4	1.8	1.6	0.4	1.4	1.5	1.7	2.0	2.0	1.9
	Updated projection	1.4	4.0	3.8	3.3	1.9	2.9	...	...	...	...	...
Zambia	Decision point projection	13.3	14.4	12.6	9.8	7.1	7.5	6.0	4.7	4.0	4.1	4.5
	Updated projection	10.9	9.9	13.6	9.7	5.3	5.2	6.9	6.1	5.5	5.1	4.8
Completion point countries												
Bolivia	Decision point projection	2.9	3.1	3.0	2.5	2.0	1.7	1.7	1.4	1.3	1.4	1.4
	Updated projection	2.5	4.3	4.7	3.4	3.0	2.4	1.9	2.1	2.1	1.9	2.0
Mozambique	Decision point projection	20.0	12.4	10.1	9.3	8.8	8.1	7.2	6.5	5.9	5.4	4.9
	Updated projection	19.4	16.0	14.3	13.3	11.0	10.0	9.2	8.5	7.8	7.1	6.5
Tanzania 2/	Decision point projection	13.6	13.8	12.9	12.2	11.0	10.4	10.7	10.1	9.6	9.1	8.7
	Updated projection	11.0	10.5	9.0	10.2	9.1	8.6	8.3	7.8	7.6	8.6	8.1
Uganda 2/	Decision point projection	10.8	8.4	7.7	7.1	6.5	5.9	5.4	5.0	4.7	4.4	4.1
	Updated projection	8.4	11.1	11.9	10.6	9.0	8.2	7.5	6.8	6.1	5.6	5.2
<i>Memorandum items:</i>												
Country group averages 3/												
Interim period HIPCs (20)	Decision point projection	10.4	12.1	10.6	9.5	8.3	7.6	7.2	6.8	6.5	6.3	6.1
	Updated projection	9.0	10.2	11.1	10.1	8.3	7.6	6.7	5.5	5.3	4.9	4.7
Completion point HIPCs (4)	Decision point projection	11.8	9.4	8.4	7.8	7.0	6.5	6.2	5.8	5.4	5.1	4.8
	Updated projection	10.3	10.5	10.0	9.4	8.0	7.3	6.7	6.3	5.9	5.8	5.5
24 HIPCs	Decision point projection	10.7	11.6	10.2	9.2	8.1	7.4	7.1	6.7	6.3	6.1	5.9
	Updated projection	9.2	10.2	10.9	10.0	8.3	7.5	6.7	5.6	5.4	5.1	4.8

Sources: World Bank and IMF staff estimates and projections.

1/ Defined as new loans plus grants minus debt service payments of the public sector.

2/ Based on fiscal year data (e.g., FY 2000/01 is 2001).

3/ Simple averages.

Table 9. HIPCs: Terms of Trade, 2000–2010
(Percent change)

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Interim period countries												
Benin	Decision point projection	-3.1	13.2	5.5	5.7	4.5	4.0	2.8	2.9	3.1	3.2	3.4
	Updated projection	2.7	21.2	-14.3	12.7	11.9	8.2	5.7	0.3	0.4	0.6	0.8
Burkina Faso	Decision point projection	-5.7	3.7	2.7	2.2	2.1	3.1	1.1	1.1	1.1	1.1	1.1
	Updated projection	-11.5	3.6	-7.2	4.5	2.2	1.8	1.4	1.1	0.5	0.5	0.5
Cameroon 1/	Decision point projection	35.5	-6.4	-2.7	0.1	2.2	1.5	0.6	0.1	0.0	0.0	0.0
	Updated projection	41.4	3.4	-17.2	2.8	3.4	0.4	1.2	1.9	-0.8	-1.1	-1.0
Chad	Decision point projection	-2.5	19.2	2.0	-0.1	5.7	3.5	0.0	-0.8	-0.8	-0.8	-0.9
	Updated projection	-2.4	11.3	-8.1	0.2	45.2	-0.8	-1.6	-1.5	-1.5	-1.7	-2.0
Ethiopia 1/	Decision point projection	-33.9	-9.1	-1.8	3.9	4.8	2.6	3.3	1.7	0.5	0.5	0.6
	Updated projection	-33.9	-9.1	-6.6	3.6	4.1	6.0	1.7	2.1	0.5	0.5	0.6
Gambia, The	Decision point projection	-0.5	2.0	3.6	1.6	0.1	0.2	0.1	0.1	0.1	0.1	0.1
	Updated projection	-2.2	1.8	2.4	1.9	0.8	0.2	0.1	-0.4	2.7	-2.7	2.5
Guinea	Decision point projection	-7.4	-1.1	14.2	1.5	1.7	1.8	2.1	3.5	3.5	3.5	3.5
	Updated projection	-2.4	2.4	11.0	-2.5	1.5	-1.6	2.8	0.1	-1.0	-2.8	-2.8
Guinea-Bissau	Decision point projection	0.7	4.3	4.4	1.3	0.9	1.0	0.9	0.9	0.9	1.0	1.0
	Updated projection	0.4	-28.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Guyana	Decision point projection	-10.0	8.0	3.0	-2.0	2.0	0.0	-2.0	0.0	0.0	0.0	0.0
	Updated projection	-8.0	4.9	4.0	1.1	3.2	2.4	...	...	...	...	...
Honduras	Decision point projection	-0.3	3.1	0.6	0.2	0.5	0.0	0.0	0.0	0.0	0.0	0.0
	Updated projection	-2.4	-4.5	-1.3	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Madagascar	Decision point projection	-11.6	2.1	5.6	1.9	1.1	4.3	0.3	0.2	0.1	0.3	0.3
	Updated projection	18.5	8.0	0.3	-3.8	1.3	2.0	3.5	...	...	...	...
Malawi	Decision point projection	-6.1	2.2	4.3	1.3	0.7	1.1	0.3	0.3	0.3	0.3	0.3
	Updated projection	-6.4	0.7	2.6	2.0	2.3	1.6	1.6	1.6	1.6	1.6	1.6
Mali	Decision point projection	-8.8	6.4	3.8	2.8	1.6	1.0	0.3	0.6	0.2	-0.4	-0.2
	Updated projection	-4.4	7.6	-6.4	3.4	4.0	1.2	1.4	5.8	0.6	0.2	0.1
Mauritania	Decision point projection	2.3	-0.4	-1.5	-0.9	0.8	1.1	1.2	0.0	0.0	0.0	0.0
	Updated projection	-6.3	3.6	-3.0	-0.2	...	...	...	...	...	...	...
Nicaragua	Decision point projection	-1.8	1.0	3.1	2.7	1.1	1.9	1.5	1.5	0.0	0.0	0.0
	Updated projection	-4.0	-10.9	6.6	3.9	5.0	4.0	...	...	...	...	...
Niger	Decision point projection	1.4	3.9	-8.6	-14.6	1.1	1.6	1.4	-0.1	0.2	-0.1	0.2
	Updated projection	-14.8	-4.2	1.3	-0.3	-0.2	-0.4	-0.1	1.0	...	...	...
Rwanda	Decision point projection	-7.1	2.6	-0.3	-0.1	-0.8	0.1	-0.2	0.0	0.0	0.0	0.0
	Updated projection	12.6	-3.8	-1.0	2.9	5.3	3.7	3.2	7.7	3.0	3.0	3.0
São Tomé and Príncipe	Decision point projection	-1.5	6.1	11.6	5.2	4.8	4.4	-1.2	1.0	...	...	...
	Updated projection	-1.5	10.8	7.5	2.6	2.5	1.3	1.8	2.2	1.3	1.6	1.5
Senegal	Decision point projection	-2.1	0.3	-0.7	-0.3	0.0	-0.5	-0.5	-0.5	-0.4	...	...
	Updated projection	-5.6	0.8	2.1	-0.3	0.3	-0.6	-0.2	-0.2	...	...	...
Zambia	Decision point projection	13.3	0.4	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Updated projection	3.9	-3.8	-1.8	6.4	3.6	3.7	0.7	0.4	0.6	0.6	0.8
Completion point countries												
Bolivia	Decision point projection	0.9	-0.3	0.2	1.1	2.4	0.8	-0.7	0.0	0.0	0.0	0.0
	Updated projection	0.0	0.1	-3.6	-0.5	-0.9	0.0	0.0	0.0	0.0	0.0	0.0
Mozambique	Decision point projection	0.9	...	...	...	...	...	...	...	...	...	...
	Updated projection	-1.5	12.3	1.9	0.7	0.5	0.6	-0.6	0.0	0.0	0.0	0.0
Tanzania 1/	Decision point projection	-3.9	1.6	1.0	1.0	0.7	0.9	0.7	0.7	0.7	0.7	0.7
	Updated projection	13.5	-2.7	-8.2	3.0	1.9	1.9	1.7	1.6	0.5	0.5	0.5
Uganda 1/	Decision point projection	-3.2	2.3	1.6	...	...	...	...	...	...	...	...
	Updated projection	-15.1	-11.6	7.8	4.8	1.7	2.4	2.9	6.1	0.0	0.0	0.0
<i>Memorandum items:</i>												
Country group averages 2/												
Interim period HIPCs (20)	Decision point projection	-2.5	3.1	2.6	0.6	1.8	1.6	0.6	0.6	0.5	0.5	0.5
	Updated projection	-1.3	0.7	-1.4	2.1	5.1	1.8	1.4	1.4	0.6	0.1	0.5
Completion point HIPCs (4)	Decision point projection	-1.3	1.2	0.9	1.1	1.6	0.9	0.0	0.4	0.4	0.4	0.4
	Updated projection	-0.8	-0.5	-0.5	2.0	0.8	1.2	1.0	1.9	0.1	0.1	0.1
24 HIPCs	Decision point projection	-2.3	2.8	2.4	0.7	1.7	1.6	0.5	0.6	0.4	0.5	0.5
	Updated projection	-1.2	0.5	-1.3	2.1	4.4	1.7	1.3	1.5	0.5	0.1	0.4

Sources: World Bank and IMF staff estimates and projections.

1/ Based on fiscal year data (e.g., FY 2000/01 is 2001).

2/ Simple averages.

Table 10. HIPCs: Terms of Trade Index, 2000–2010
(1999=100)

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Interim period countries												
Benin	Decision point projection	97	110	116	122	128	133	137	141	145	150	155
	Updated projection	103	124	107	120	135	146	154	154	155	156	157
Burkina Faso	Decision point projection	94	98	100	103	105	108	109	110	112	113	114
	Updated projection	89	92	85	89	91	93	94	95	95	96	96
Cameroon 1/	Decision point projection	136	127	123	124	126	128	129	129	129	129	129
	Updated projection	141	146	121	124	129	129	131	133	132	131	129
Chad	Decision point projection	98	116	119	118	125	130	130	129	127	126	125
	Updated projection	98	109	100	100	145	144	142	140	137	135	132
Ethiopia 1/	Decision point projection	66	60	59	61	64	66	68	69	70	70	70
	Updated projection	66	60	56	58	61	64	65	67	67	67	68
Gambia, The	Decision point projection	100	101	105	107	107	107	107	107	107	108	108
	Updated projection	98	100	102	104	105	105	105	105	107	104	107
Guinea	Decision point projection	93	92	105	106	108	110	112	116	120	124	129
	Updated projection	98	100	111	108	110	108	111	111	110	107	104
Guinea-Bissau	Decision point projection	101	105	110	111	112	113	114	115	116	117	119
	Updated projection	100	71	72	73	74	74	75	76	77	77	78
Guyana	Decision point projection	90	97	100	98	100	100	98	98	98	98	98
	Updated projection	92	97	100	101	105	107	...	...	...	...	...
Honduras	Decision point projection	100	103	103	104	104	104	104	104	104	104	104
	Updated projection	98	93	92	92	92	92	92	92	92	92	92
Madagascar	Decision point projection	88	90	95	97	98	102	103	103	103	103	104
	Updated projection	119	128	128	123	125	128	132	...	...	...	...
Malawi	Decision point projection	94	96	100	101	102	103	104	104	104	105	105
	Updated projection	94	94	97	99	101	103	104	106	108	110	111
Mali	Decision point projection	91	97	101	104	105	106	107	107	107	107	107
	Updated projection	96	103	96	100	104	105	106	112	113	113	113
Mauritania	Decision point projection	102	102	100	99	100	101	103	103	103	103	103
	Updated projection	94	97	94	94	...	...	...	...	...	...	...
Nicaragua	Decision point projection	98	99	102	105	106	108	110	111	...	...	...
	Updated projection	96	86	91	95	99	103	...	...	...	...	...
Niger	Decision point projection	101	105	96	82	83	85	86	86	86	86	86
	Updated projection	85	82	83	82	82	82	82	83	...	...	...
Rwanda	Decision point projection	93	95	95	95	94	94	94	94	94	94	94
	Updated projection	113	108	107	110	116	120	124	134	138	142	146
São Tomé and Príncipe	Decision point projection	99	105	117	123	129	134	133	134	...	...	...
	Updated projection	99	109	117	120	123	125	127	130	132	134	136
Senegal	Decision point projection	98	98	98	97	97	97	96	96	95	...	...
	Updated projection	94	95	97	97	97	97	96	96	...	...	...
Zambia	Decision point projection	113	114	117	117	117	117	117	117	117	117	117
	Updated projection	104	100	98	104	108	112	113	113	114	115	116
Completion point countries												
Bolivia	Decision point projection	101	101	101	102	104	105	104	104	104	104	104
	Updated projection	100	100	96	96	95	95	95	95	95	95	95
Mozambique	Decision point projection	101	...	...	...	...	...	...	...	...	...	...
	Updated projection	98	111	113	113	114	115	114	114	114	114	114
Tanzania 1/	Decision point projection	96	98	99	100	100	101	102	103	103	104	105
	Updated projection	113	110	101	104	106	108	110	112	113	113	114
Uganda 1/	Decision point projection	97	99	101	...	...	...	...	...	...	...	...
	Updated projection	85	75	81	85	86	88	91	96	96	96	96
<i>Memorandum items:</i>												
Country group averages 2/												
Interim period HIPCs (20)	Decision point projection	98	101	103	104	106	107	108	109	108	109	110
	Updated projection	99	100	98	100	105	107	109	109	113	113	113
Completion point HIPCs (4)	Decision point projection	99	99	100	101	102	103	103	104	104	104	105
	Updated projection	99	99	98	100	100	102	103	104	104	105	105
24 HIPCs	Decision point projection	98	100	103	103	105	107	108	108	107	109	109
	Updated projection	99	100	98	100	104	106	108	108	111	111	111

Sources: World Bank and IMF staff estimates and projections.

1/ Based on fiscal year data (e.g., FY 2000/01 is 2001).

2/ Simple averages.

Table 11. HIPC: Updated Overall Fiscal Balance, 2000–2010 1/
(In percent of GDP)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Interim period countries											
Benin	-1.8	-0.6	-2.4	-1.5	-1.5	-0.9	-0.9	-1.0	-1.0	-1.1	-1.2
Burkina Faso	-4.3	-4.6	-3.3	-2.9	-1.3	-1.5	...	...	...	...	...
Cameroon 2/	1.4	2.4	0.4	-0.5	0.5	0.1	0.2	0.7	0.7	0.6	0.7
Chad	-7.5	-5.4	-12.0	-7.5	-2.3	-1.8	-1.6	-1.5	-1.4	0.9	-1.0
Ethiopia 2/	-11.4	-5.6	-8.4	-6.7	-4.1	-2.8	-2.3	-1.8	-1.8	-1.7	-1.6
Gambia, The	-1.4	-7.2	-1.6	-1.4	-0.9	-0.1	-0.2	-0.2	-0.4	-0.4	-0.2
Guinea	-3.3	-2.8	-2.9	-0.3	-0.1	0.6	0.9	1.1	1.1	0.4	-0.4
Guinea-Bissau	-7.6	-8.7	-8.7	-8.7	-8.7	-8.7	-8.7	-8.7	-9.5	-10.3	-10.8
Guyana	-3.5	-6.3	-6.8	-7.5	-10.6	-12.2	-5.6	...	...	...	...
Honduras	-5.1	-5.7	-5.0	-4.4	-4.0	-3.8	-3.5	-3.0	...	...	...
Madagascar	-0.6	-3.7	-4.2	-2.8	-2.6	-2.4	-2.2	-2.0	-1.8	-1.6	-1.4
Malawi	-5.3	-1.3	-0.9	0.5	1.1	0.2	-0.1	-0.4	-0.5	-0.3	-0.2
Mali	-3.8	-7.6	-6.5	-3.7	-3.1	-2.8	-3.6	-2.4	-2.8	-2.8	-2.8
Mauritania	-3.3	-4.0	8.9	0.3	...	...	...	...	...	...	...
Nicaragua	-8.1	-14.1	-5.5	-3.1	-1.6	-0.1	-0.5	-0.3	0.9	1.2	1.4
Niger	-3.5	-3.4	-5.1	-5.5	-4.8	-3.6	-2.9	-1.6	...	...	...
Rwanda	0.1	-1.3	0.3	0.7	1.7	1.9	2.4	1.9	1.6	1.2	0.8
São Tomé and Príncipe	-16.5	-15.1	-4.6	-3.0	-5.9	-3.8	4.4	9.5	8.0	14.7	13.5
Senegal	-0.2	-3.9	-0.3	-0.3	-0.3	-0.1	0.1	0.2	...	...	...
Zambia	-7.0	-8.0	-7.3	-7.1	-6.9	-6.7	-6.5	-6.3	-6.1	-5.9	-5.7
Completion point countries											
Bolivia 3/	-3.8	-6.6	-5.7	-4.0	-3.0	-2.1	-1.3	-1.3	-1.3	-1.3	-1.3
Mozambique	-4.5	-4.8	-6.8	-5.2	-4.6	-4.0	-3.8	-3.6	-3.5	-3.4	-3.2
Tanzania 2/	-3.3	-1.6	-2.3	-2.1	-1.1	-1.5	-1.5	-1.5	-1.7	-1.8	-1.7
Uganda 2/	-7.8	-0.9	-3.3	-2.7	-2.6	-2.1	-1.8	-1.4	-2.1	-2.2	-2.3
<i>Memorandum items:</i>											
Country group averages 4/											
Interim period countries (20)	-4.8	-5.4	-4.0	-3.6	-3.2	-2.4	-1.6	-1.1	-1.1	-0.5	-0.8
Completion point countries (4)	-4.9	-3.5	-4.5	-3.5	-2.8	-2.4	-2.1	-1.9	-2.1	-2.2	-2.1
24 HIPCs	-4.8	-5.1	-4.1	-3.6	-3.1	-2.4	-1.7	-1.2	-1.3	-0.9	-1.1

Sources: World Bank and IMF staff estimates and projections.

1/ Central government balance, including grants.

2/ Based on fiscal year data (e.g., FY 2000/01 is 2001).

3/ Combined public sector (non-financial public sector and quasi-fiscal balance of the Central Bank) deficit.

4/ Simple averages.