

SM/02/223
Correction 2

CONTAINS CONFIDENTIAL
INFORMATION

September 4, 2002

To: Members of the Executive Board
From: The Secretary
Subject: **Lao People's Democratic Republic—Selected Issues**

The attached correction to SM/02/223 (7/15/02) has been provided by the staff:

Page 32, Table IV.1, line 29: for “Russian debt (in U.S. dollars)” read “Russian debt (in millions of U.S. dollars)”

Questions may be referred to Mr. Winglee (ext. 35693) and Mr. Q. Hussain (ext. 37334) in APD.

Att: (1)

Other Distribution:
Department Heads

denominated debt, total public debt would amount to 91 percent of GDP and 177 percent of exports of goods and services (three year average), above the cutoff point under the HIPC initiative.

11. Rescheduling under Naples terms would reduce the NPV ratio from 177 percent to 150 percent, the HIPC initiative cut-off point. In addition, debt service to the Russian Federation would be contained at 0.3 percent of exports of goods and services, 2 percentage point below the baseline scenario in 2005-09 and would thus be manageable. Rescheduling with an 85 percent NPV reduction would reduce the debt stock further to 143 percent of exports, but would initially result in a slight increase in the debt service.

C. Public External Debt Management

12. Important progress has been made regarding the management of existing debt. The data base now includes all loans contracted by the government, as of end- 2001, with the details on the terms of each loan. Debt service obligations are routinely reconciled with the creditors, so as to ensure realistic budget appropriation and timely payments. Information on disbursements is also compared with creditors' data. The hardware and software system (the Commonwealth Secretariat Debt Recording and Monitoring System or CS-DRMS) is being used to monitor debt and will be used to develop a comprehensive debt strategy with technical assistance from the Fund. Also, the authorities are committed to extend debt monitoring to all public debt, including the external debt contracted by public enterprises or guaranteed by the government. The authority to approve any new borrowing is vested in the Prime Minister.

Table IV.1. Lao P.D.R.: External Debt Stock by Creditor, End-2001
(In millions of U.S. dollars; unless specified otherwise)

	Baseline Scenario			Grant element
	Nominal	NPV	% of Total	
Total external public debt in convertible currency	1,213.5	709.1	100.0	41.6
Multilateral Creditors	1,089.3	588.2	82.9	46.0
Asian Development Bank	575.0	306.9	43.3	46.6
IDA	406.6	210.1	29.6	48.3
IFAD	20.0	10.2	1.4	48.8
IMF	37.4	32.3	4.6	13.5
Nordic Development Fund	33.5	16.0	2.3	52.2
OPEC	14.5	11.4	1.6	21.6
EU	2.3	1.3	0.2	44.5
Bilateral and Commercial Creditors	124.3	120.9	17.1	2.7
Paris Club	43.3	40.5	5.7	6.4
France	0.4	0.4	0.1	3.0
Germany	6.9	6.0	0.8	13.8
Japan	35.9	34.1	4.8	5.0
Non-Paris Club	24.6	20.8	2.9	15.6
China	21.5	17.7	2.5	17.8
Czech Republic	0.1	0.1	0.0	0.0
Hungary	0.3	0.3	0.0	0.0
Slovakia	0.1	0.1	0.0	0.0
Vietnam	2.6	2.6	0.4	0.0
Commercial creditors	56.4	59.6	8.4	-5.8
Private external debt stock 1/	244.7	244.7		
Total public and private debt in convertible currency	1,458.2	953.8		
Memorandum items:				
Public debt in percent of GDP	69.2	40.5		
Total debt in percent of GDP 1/	83.2	54.4		
NPV of public debt (in percent of exports) 2/	...	137.0		
NPV of public debt (in percent of exports) 2/ 3/	...	152.3		
Russian debt stock (before debt relief)				
(in millions of SUR) 4/	771.7	...		
Russian debt (in millions of U.S. dollars) 5/	386.2	209.0	...	45.9
Public debt (in percent of GDP, including Russia) 5/	91.3	52.4		
Total debt (in percent of GDP, including Russia) 5/	105.2	66.3		

Sources: Data provided by the Ministry of Finance; and Fund staff estimates.

1/ NPV estimated with insufficient details about the terms of the private debt.

2/ Three-year average exports.

3/ Nonhydroelectric exports plus net receipts from the hydroelectric sector.

4/ Preliminary estimate subject to verification.

5/ Under baseline scenario assumptions.