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January 31, 1996

To: Members of the Executive Board

From: The Secretary

Subject: Debt Sustainability Analysis for the Heavily Indebted Poor Countries

Attached for consideration by the Executive Directors is a paper, prepared jointly by the staffs of the Fund and the World Bank, on debt sustainability analysis for the heavily indebted poor countries. Issues for discussion appear on pages 18 and 19.

This paper, together with the paper on analytical aspects of the debt problems of heavily indebted poor countries (SM/96/23, 1/31/96), is tentatively scheduled for discussion on Wednesday, February 14, 1996.

Mr. Boote (ext. 34508) or Mr. Bredenkamp (ext. 38881) is available to answer technical or factual questions relating to this paper prior to the Board discussion.

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INTERNATIONAL MONETARY FUND AND THE WORLD BANK

Debt Sustainability Analysis for the Heavily Indebted Poor Countries

Prepared jointly by the staffs of the
International Monetary Fund and The World Bank

Approved by Jack Boorman and Michael Bruno

January 30, 1996

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This paper assesses the prospects for debt sustainability in the 41 Heavily Indebted Poor Countries (HIPCs). For 23 of these countries, the paper draws on detailed debt sustainability analyses that have recently been completed by the staffs of the Bank and the Fund in the context of their work on PFPs, Article IV consultations, Fund-supported programs, and the Bank's Country Assistance Strategies. For the other countries, preliminary judgments are offered on the basis of previous work in this area.

Countries for which detailed analysis is available are grouped initially by comparing the projected evolution of two debt indicators in relation to threshold ranges: 20-25 percent for the ratio of debt service to exports and 200-250 percent for the net present value of debt to exports. Roughly half of these countries would cross the lower bound of both these thresholds within five years. Given this relatively rapid improvement, they are considered to have a sustainable debt profile. Countries where the debt indicators would remain above the tops of the threshold ranges even after 10 years of good policies are considered to be unsustainable. Those falling between the two extremes are characterized as "possibly stressed," and the sustainability of their debt situation is assessed by examining more closely their specific circumstances, in particular their possible vulnerability to adverse shocks.

On this basis the paper concludes that, of the 23 countries for which detailed analysis is available, four have unsustainable debt burdens: Mozambique, Sudan, Zambia, and probably Zaïre. In addition, for the countries outside that group of 23, it is likely that the debt profiles of Burundi, Guinea-Bissau, Nicaragua, and São Tomé and Príncipe would be considered unsustainable once the analysis for these countries is completed--giving a total of 8 unsustainable cases out of the 41 HIPCs. Bolivia, Cameroon, Côte d'Ivoire, Tanzania, and Uganda are judged on the basis of the detailed analysis to be "possibly stressed", and a preliminary assessment suggests that a further seven cases are likely to fall into this category. These groupings are laid out in Table 1.

The scenarios assume that the countries will pursue sound macroeconomic policies and continue structural reforms. They also include debt relief under existing mechanisms (on Naples terms), including in all but a few cases a stock-of-debt operation, once the necessary track record has been established. They are not forecasts, but show the extent to which country debt profiles can reach what are believed to be manageable ranges. The analysis is subject to a number of caveats. The empirical support for the particular threshold ranges used is weak, and these are therefore somewhat arbitrary, as is the 5-10 year horizon for assessing sustainability. With different thresholds and time frames some countries at the borderline of the three groups could be classified differently. In addition, the projected improvement in the debt indicators could be delayed in the event of adverse external or internal shocks, to which many of the HIPCs are vulnerable. Improved economic policies may generate supply responses that are weaker

than anticipated. And external financing may be more limited or less concessional than assumed. At the same time, of course, some of these factors could turn out more positive than assumed in the analyses.

Finally, the paper looks at the composition of HIPCs' external debt by creditor, and finds a wide variation across countries. This fact will need to be taken into account in considering possible initiatives to provide additional debt relief for the problem cases. The options in this regard will be the subject of a subsequent paper.

I. Introduction

In the course of 1995, the staffs of the World Bank and IMF prepared a number of papers for their respective Boards on the debt situation of the Heavily Indebted Poor Countries (HIPCs). These papers, some of which were prepared jointly by the two staffs, examined the extent to which debt burdens for the poorest countries could be brought down to manageable levels through a combination of maximum relief on official bilateral and commercial debt under existing mechanisms, and new official financing on concessional terms, in the context of continued adjustment and reform efforts by the countries themselves.

The President of the World Bank and the Managing Director of the IMF reported on this work to the Development Committee in October 1995. 1/ They noted that existing instruments appeared adequate to enable the majority of HIPCs to achieve their growth potential with manageable levels of debt and debt service. The conclusions were sensitive to the assumptions made, however. 2/ For a small number of countries, it appeared that the debt situation was likely to be unsustainable given existing financing mechanisms, and for these cases there was a need to explore new approaches. The Development Committee endorsed these conclusions and requested that the Bank and Fund consider the issue further, based on detailed country-specific analyses of debt sustainability, and report with proposals to the Committee at its next meeting.

The staffs of the Bank and the Fund have since completed detailed debt sustainability analyses for 23 of the 41 HIPCs, and will continue to collaborate on the remainder in the context of work on PFPs, the Bank's Country Assistance Strategies, and Fund-supported programs and Article IV consultations. This paper draws together the results of the available country analyses, and reassesses the prospective debt situation for these countries. In particular, it attempts to identify cases where a country's debt burden appears unmanageable--taking into account likely risk factors--or poses a clear threat to economic performance. 3/ The paper also reviews what information exists on the debt positions of 16 other HIPCs, and offers a preliminary assessment along similar lines. 4/ Finally, for the cases judged to be "unsustainable" or "possibly stressed," the structure of debt is examined, with a view to indicating where new or enhanced mechanisms might be sought in each case to help bring about or strengthen debt

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1/ "Progress Report on Multilateral Debt," DC/95-16 (SecM95-1040/2), October 4, 1995.

2/ The previous joint analyses were based on stylized scenarios, adopting common assumptions across countries.

3/ For a list of the 23 countries for which debt sustainability analyses are available, see Table 3.

4/ In the remaining two cases--Liberia and Somalia--information on economic developments and prospective policies is inadequate to permit a meaningful consideration of these countries' debt-servicing capacities.

sustainability. It is envisaged that a subsequent paper would consider policy options, taking into account Executive Directors' reactions to the analysis set out below.

II. Defining Debt Sustainability and Debt Overhang 1/

1. Debt sustainability

Broadly speaking, a country can be said to have a sustainable external position if it is expected to be able to meet its current and future external obligations in full, without recourse to relief or rescheduling of debts or the accumulation of arrears, and without unduly compromising economic growth. 2/

Of those HIPCs that have rescheduled their debts in the past, the majority are not expected to exit the rescheduling process immediately. For these countries, therefore, today's debt levels are unsustainable by definition. This static viewpoint has limited relevance for policy, however. The prospects for most HIPCs are evolving rapidly as their debts are restructured or reduced under existing mechanisms, and as the effects of recent and continuing economic reforms make themselves felt. 3/ The important question is whether a given country's debt burden can be expected to reach sustainable levels within a reasonable time horizon, once existing mechanisms (to the extent they are needed) have been fully exploited.

This raises two further questions, the answers to which inevitably require a large element of judgment. First, on what basis can one assess a country's ability to meet its debt-service obligations without further recourse to rescheduling or arrears? The most direct indicators of external sustainability are the ratios to export earnings of current debt service and/or the net present value of all future debt-service payments. Levels of 20-25 percent and 200-250 percent for these indicators have been cited as thresholds which, if exceeded, may presage imminent debt-servicing difficulties.

1/ This section draws on the companion paper, "Analytical Aspects of the Debt Problems of Heavily Indebted Countries," which discusses a number of these and other analytical issues in more detail.

2/ The concept of sustainability used here differs importantly from the normal Fund definition of medium-term viability, which precludes recourse to further exceptional financing, including use of Fund resources and other forms of balance of payments assistance. Given the dependence of the HIPCs on continued aid inflows, including those of an exceptional nature, and their likely need to continue drawing on ESAF resources, it would be extremely difficult for many of these countries to achieve viability excluding all such forms of financing.

3/ See "Official Financing for Developing Countries," SM/95/224, for a description of Paris Club rescheduling terms for low-income countries.

While there is evidence that countries are increasingly likely to run into debt-servicing difficulties as they rise above these thresholds, it is also true that countries which in the past have run external payments arrears or sought debt rescheduling have done so with widely differing debt burdens, measured using the standard indicators. Clearly, other factors are also at work. These are likely to include the country's fiscal and foreign exchange reserve positions, the efficiency of its foreign exchange market, the pace and variability of economic growth, and the general thrust and credibility of the country's policies. A country's prospective ability to close future financing gaps based on reasonable assumptions of available (non-exceptional) finance is also a key indicator.

Any approach to assessing debt sustainability must therefore be eclectic. The analysis in section III takes the conventional thresholds as a starting point, but also looks more broadly at a range of other indicators, especially in the borderline cases.

The second key question is how quickly a country should be expected to arrive at "safe" levels of debt and debt service for it to be regarded as being on a sustainable path. This is perhaps an even more difficult question to answer than the first. Again, a country's specific circumstances are likely to have an important bearing. The countries analyzed in this paper have been grouped into three broad categories: those which reach manageable debt thresholds in a period of five years or less; those that do so only after 10 years or more; and those countries remaining above or close to the borderline for 5-10 years. This is an arbitrary classification, and longer or shorter horizons could be justified, depending among other things on how important debt overhang effects are considered to be.

2. <u>Debt overhang effects</u>

Mechanisms have been suggested whereby high levels of external debt may, in and of themselves, impair economic performance. A country for which this is the case can be said to suffer from a debt overhang.

The standard debt overhang hypothesis depends on there being a non-zero probability of future debt-servicing problems, together with a perception that the amount of debt service that is actually paid will be an increasing function of output. Under these circumstances, a part of the benefit from any activity that involves present sacrifice for future output--including investment in plant, infrastructure or human capital, or the implementation of difficult economic reforms--may be expected to accrue to existing foreign creditors, and hence be discouraged. Growth would tend to suffer as a result. Such effects may be more significant in cases where the debt is regarded as unsustainable, but could occur in any country with less than perfect credibility regarding the servicing of future debt obligations.

It is also argued that countries with high debt levels may incur significant costs as a result of the almost continuous negotiations their governments must engage in to obtain refinancing or rescheduling of their debt payments. Such a process imposes a burden on the often limited administrative capacity of the debtor (as well as the creditor), and may adversely affect investor confidence by adding to the general climate of uncertainty in the economy.

High debt-service burdens may also, of course, directly crowd out productive expenditures (public or private) in the debtor country, and thereby reduce growth. Such effects are quite distinct from debt overhang effects, however. Whereas the presence of a debt overhang may create a *prima facie* case for debt reduction, this does not necessarily follow in the case of crowding out effects. Displaced expenditures could be restored in a number of ways, of which debt reduction is only one (alternatives would include grants, new loans, or non-concessional debt rescheduling). Indeed, donors may prefer--should they wish to provide assistance--to target a given aid dollar directly at expenditure on the affected activity (infrastructure, health, education), rather than supply it through debt reduction.

The empirical evidence regarding the existence of debt overhang effects is summarized in the companion analytical paper. A number of econometric studies, based mainly on the experience of middle-income highly indebted countries, find that investment is negatively correlated with external debt variables. A few have found similar effects for African countries. While suggestive, these results need to be interpreted with caution: debt variables may be picking up the influence of other factors, and most studies do not distinguish between overhang and crowding out effects. From a different perspective, some researchers have found that Brady Plan debt reduction operations for certain middle-income countries had beneficial effects on economic performance--principally by reducing uncertainty--but only when preceded by a period of strong policy reforms. In sum, the hypothesis that HIPCs suffer from significant debt overhangs can be neither confirmed nor denied given the present state of knowledge.

III. Country-Specific Debt Sustainability Analyses

1. Methodology

Previous staff papers on the HIPCs' debt situation and outlook were based primarily on illustrative scenarios, using stylized assumptions. 1/

1/ See: World Debt Tables, 1994-95 (Vol.3, Chapter III); "Issues and Developments in Multilateral Debt and Financing for the Heavily Indebted Poor Countries - Preliminary Considerations" (SM/95/29, SecM95-215); "Multilateral Debt of the Heavily Indebted Poor Countries" (SM/95/30); "Issues and Developments in Multilateral Debt and Financing for the Heavily Indebted Poor Countries - Further Consideration" (SM/95/61, SecM95-231); "Official Financing for Developing Countries and Their Debt Situation" and Background Paper (SM/95/224 and SM/95/228). This last paper, produced by Fund staff only, examined scenarios for 14 HIPCs which included stylized Paris Club stock-of-debt operations, but which in other respects adopted country-specific assumptions.

The principal focus, particularly of the joint papers, was on the burden of multilateral debt. It was acknowledged that broader questions of debt sustainability could be answered with more confidence only on the basis of detailed and comprehensive analyses that took account of country-specific factors.

The scenarios reviewed here are intended to meet that specification. Country teams in the Bank and the Fund were asked to agree on long-term balance of payments projections that combined assumptions on policy adjustment, external financing and macroeconomic performance which both staffs considered to be appropriate for the specific country in question. 1/

The assumption of prudent financial policies and the continuation of structural reform--embodied to varying degrees in all the scenarios except that for Nigeria--is crucial. None of the countries concerned can expect to reach, or maintain, a sustainable external position in the absence of reasonably sound policies. Moreover, without these policies, financing on the scale and terms assumed (and needed to support growth) will not be forthcoming.

It is, of course, true that the assumption of adherence to good policies for an unbroken period of five to ten years or more does not generally conform with past experience. But the scenarios are not intended to be simple forecasts. Rather, they are designed to answer the conditional question: if a country's authorities adhere to sound adjustment policies, can that country combine adequate growth with a reasonably rapid improvement in its debt position? If the answer is no, there is *prima facie* a "debt problem." If, on the other hand, the answer is yes, but there is concern that policy implementation might fall short of what is feasible, the appropriate remedy would be to address those factors that are hampering effective policy implementation. In this case, new initiatives on debt would be required only if the level of debt itself were thought to lie behind the policy failures (one element of the debt overhang hypothesis).

As regards the volume and terms of external financing, country teams have based their projections on an assessment of what is likely to be available to the country in question, given its particular needs and circumstances (including its debt position) and taking into account general trends in the supply of development assistance and private capital. The

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1/ The country projections presented in this paper correspond to those that have been reported to the Fund's Executive Board in the period since October 1995, or are to be reported shortly. In some cases (Bolivia, Kenya), subsequent revisions have been incorporated, where these have been agreed by both Bank and Fund staff.

pattern of assumed financing flows for the countries examined is summarized in Table 2. The salient features are:

- aggregate projected gross financing needs decline in nominal U.S. dollar terms over the next ten years, compared with 1990-94, as adjustment policies take effect; 1/ since reliance on exceptional financing is assumed to decline, however, the need for new money is projected to increase significantly over the next five years, and thereafter remain roughly constant in real terms;

- in all but a few cases, the projections assume a sharply rising contribution from private sector investment; 2/

- in view of the pressures on aid budgets in donor countries, the flow of grants and concessional lending has been assumed to decline in real terms (in some cases even in nominal terms) over time; 3/ the contribution of official transfers to total gross financing declines only slightly, however, as bilateral donors are expected to provide more of their aid to these countries in the form of grants rather than loans;

- the shares of new bilateral lending in total gross financing vary considerably from country to country, but are on average somewhat below levels seen in recent years; multilaterals' share, on the other hand, is assumed to be higher, particularly in the near term.

For all countries eligible for concessional treatment from the Paris Club, the analysis has included the effects of a stock-of-debt operation on Naples terms (as applicable to the specific country) for debt to official

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1/ Bolivia, Lao PDR, Uganda and Vietnam are exceptions in this regard. Of these, all but Uganda are expected to receive large inflows of direct investment, and the related imports boost the projected current account deficit and hence gross financing need. The rise in Uganda's financing needs is modest when expressed in real terms.

2/ Comparisons, however, between past and future net private capital flows in Table 2 are subject to the caveat that data for the past include errors and omissions, not all of which would necessarily correspond to unrecorded private capital flows.

3/ This reflects the views expressed by Fund Directors in recent discussions on bilateral and multilateral aid flows--see Chairman's Summing Up, Buff/95/48, June 6, 1995.

Paris Club creditors. 1/2/ Unlike in previous exercises, the stock-of-debt operation has been assumed to occur only after the necessary track record of performance under rescheduling agreements and Fund arrangements will have been established (generally over a three-year period). Coverage has typically been determined with reference to previous rescheduling agreements, though alternatives (for example, "topping up" under Naples terms debt that had previously been rescheduled on Toronto or London terms) have been considered where justified in the light of the country's overall indebtedness. In general, the terms for rescheduling and relief of debts to non-Paris Club bilateral and private creditors are assumed to be comparable to those on Paris Club debt. 3/ Flow reschedulings on applicable terms have been assumed for the period prior to a stock-of-debt operation.

Finally, for each country, sensitivity analyses have been conducted in order to shed some light on the robustness of the central results to changes in key parameters. The choice of which parameters to examine in this context has varied across countries, according to what was considered most relevant in each case, but has generally included a variant with lower export growth.

2. Definition of broad groupings

As noted earlier, there is no straightforward way to divide the HIPCs into those that have sustainable debt positions and those that do not. A

1/ For Bolivia and Uganda, Paris Club stock-of-debt operations have already been granted, and the central scenarios reflect the terms given. Stock-of-debt operations have not been considered in the following cases: (i) Sudan, Zambia and Mozambique, whose prospects would not warrant assuming that a stock-of-debt operation would be an exit rescheduling, and who are therefore ineligible; (ii) Kenya and Vietnam, because they have already received exit flow reschedulings (of arrears only); (iii) Lao PDR, because it has never sought a rescheduling of Paris Club debt; (iv) Equatorial Guinea, where the expected coming-on-stream of oil revenues and the resulting improvement in the balance of payments and debt situation make it an unlikely candidate for stock-of-debt treatment; and (v) Sierra Leone, for which a scenario incorporating a stock-of-debt operation will be prepared in due course, on the basis of revised data (the analysis reported to the Fund Board, and used in this paper, assumed only flow reschedulings.)

2/ Where the terms of forthcoming debt restructurings from non-Paris Club creditors could be anticipated (for instance, in the case of imminent agreements on commercial bank debt), these were incorporated.

3/ In the case of Vietnam and Lao PDR, however, partly reflecting the preponderance of Russian claims in the total debt of these countries, the scenarios assume that these claims receive somewhat more favorable treatment (from the point of view of the debtor). Less favorable terms would result in Vietnam's indicators exceeding sustainable levels. The assumptions made are, of course, without prejudice to the ongoing negotiations between the parties involved.

variety of indicators needs to be taken into account, and some element of judgment is inevitably required. The approach taken here is a two-step one.

First, the "threshold ranges" are used to identify three broad groupings:

- those cases where it is fairly clear that the debt profile, looking ahead, suggests a relatively rapid improvement in the indicators (i.e., within 5 years); this group has been labelled "sustainable" in Table 3;

- those cases where debt and debt service remains high over the medium term (5-10 years), labelled "possibly stressed" in the table, and for which an assessment regarding sustainability necessitates closer examination of the specific circumstances and risks; and finally

- those cases--the "unsustainable"--where it is quickly apparent that, even with sound policies, the country will be unable to work its way out of debt problems for at least a decade under current mechanisms.

The second stage consists of looking more closely at the "possibly stressed" countries, with a view to judging in each case whether their debt prospects could be characterized as sustainable, given strong adjustment policies and full exploitation of existing debt relief mechanisms.

3. Results of country debt sustainability analyses

General findings...

A summary of the results and background information for each of the detailed country studies available to date are presented in the attached appendices. Among other things, these summaries serve to bring out the enormous diversity in circumstances and prospects for the countries examined.

The key results of these studies are drawn together in Table 3. Countries have been classified here as "sustainable" if their debt-service ratios and NPV debt-export ratios fall below the bottom of the threshold ranges--i.e., of 20 percent and 200 percent respectively--within 5 years, and remain below. This could be regarded as a fairly strict test of sustainability. 1/ Based on these criteria, a total of 14 countries would be classified as sustainable. In the case of Côte d'Ivoire, however, the rapid improvement in the indicators depends critically on the terms assumed for a debt restructuring agreement with the commercial banks, which is expected to take place in 1996. 2/ Given the particular uncertainties involved in this case, the staff considers it appropriate to view Côte d'Ivoire as "possibly stressed" rather than "sustainable," and it has been classified accordingly.

At the other end of the spectrum, countries have already at this stage been assessed to have an "unsustainable" debt profile if either their debt-service or NPV debt-export ratios still exceed the top of the respective threshold ranges--i.e., of 25 percent or 250 percent--beyond ten years. Of the 23 cases for which country-specific analysis is available, three countries fall into this category: Mozambique, Sudan, and Zambia. 3/

Finally, the "possibly stressed" group--defined residually as those not falling into either of the two polar categories--comprises six countries: Bolivia, Cameroon, Côte d'Ivoire, Tanzania, Uganda, and Zaïre. These cases are examined more closely below.

An alternative perspective on the debt and debt-service thresholds, looking explicitly at different horizons, is shown in Table 4. This presentation tells much the same story, insofar as all countries appearing in the bottom half of the table are those classified above as "possibly stressed" or "unsustainable," while the large majority of countries fall consistently below the various debt thresholds.

A closer look at risk factors...

The economies of almost all the HIPCs are, by their nature, fragile and vulnerable with respect to both external and internal (e.g., climate-related) shocks; they would be so even without heavy debt burdens. The diverse nature of the risks they face needs to be taken into account in

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1/ The NPV debt-export ratios have been calculated on the basis of contemporaneous debt and export projections. Bank estimates of debt sustainability, which compare the net present value of debt to the average level of exports during the year in question and the preceding two years, are more conservative and would show countries crossing the debt thresholds in Table 3 one or two years later. In any event, in cases where thresholds are crossed only toward the end of the five- or ten-year periods, the classification needs to be interpreted cautiously.

2/ Among the HIPCs, Côte d'Ivoire owes an unusually high proportion of its total external debt to foreign commercial banks.

3/ Nigeria has been left unclassified in Table 3, despite its highly adverse debt indicators, because of the considerable uncertainty regarding the outlook for policy adjustment, and the difficulties in making acceptable assumptions about possible debt rescheduling terms. Staff analysis suggests that favorable rescheduling terms would improve Nigeria's external debt situation substantially.

making an informed judgment regarding debt sustainability, particularly in the less clear-cut cases.

Tables 3, 5, and 6 present a variety of measurable risk indicators, which can be interpreted as follows:

- **export diversity**: the first two columns of Table 5 show the extent to which a country relies for its export earnings on a narrow range of products; the assumption is that less diversity will tend to imply more volatility in total exports;

- **sensitivity to export shortfalls**: Table 6 illustrates how sensitive the debt-service ratio is over time to a persistent underperformance in export growth;

- **underlying resource gap**: the non-interest current account deficit, excluding net official transfers (third column of Table 5), measures the extent to which a country would remain reliant on foreign resources even if all its external debts were canceled or continuously rolled over;

- **aid dependency**: the fourth column of Table 5 shows the degree of reliance on net official financing flows; a high figure suggests less exposure to volatility in private capital flows but more sensitivity with respect to the terms of official financing (including the proportion provided as grants);

- **reserve coverage**: higher reserve coverage indicates a greater capacity to cope with adverse shocks; coverage could be considered, crudely, as a negative risk factor if it were below three months of imports, and a positive factor above four months of imports;

- **the fiscal burden**: figures are reported in Table 3 for the share of external debt service in government revenue and expenditure, and in Table 5 for the shares of tax revenue and foreign grants in GDP; high shares of external debt service in the budget are taken to be a negative risk factor, as they reduce the flexibility of the government to respond to adverse shocks; high levels of tax revenue in GDP (and less reliance on grants) are interpreted as a crude indicator of a more developed tax base, which should strengthen the government's ability to weather hard times, assuming that there is scope to raise taxes further when needed;

- **policy track record**: recent policy performance can be viewed as an indicator of the country's capacity to manage the economy effectively; this could reduce risk in two ways: by making projected financing (especially private flows) more secure; and by increasing the likelihood that the adverse effects of future shocks can be minimized through a combination of appropriate policy adjustment and temporary balance of payments support.

Specific country cases...

Looking first at the countries that have been identified as clearly unsustainable, **Mozambique** has suffered a prolonged civil war, which finally came to an end in the early 1990s, but which left its economy severely damaged. Growth subsequently accelerated, but exports still remain far below their level of the early 1980s. The NPV debt-export ratio at end-1995 is estimated at around 1,000 percent and debt-service ratios are projected to remain above 30 percent until the middle of the next decade. The economy will continue to be heavily dependent on aid to meet external resource imbalances (non-interest current account deficits, excluding official transfers), which approach one quarter of GDP.

Sudan's external debt situation is the most difficult of all the HIPCs'. Roughly 80 percent of its debt is in arrears (including all its obligations to the Fund), and scheduled debt service over the next five years exceeds both projected export earnings and domestic budget revenues. The projections assume that, on current policies, only a fraction of debt service due would actually be paid, the rest being accumulated as additional arrears. While a much stronger policy effort will inevitably be required to eliminate the underlying resource imbalances, it seems likely that the existing debt burden would remain unmanageable under any plausible adjustment scenario.

In the case of **Zambia**, the debt-service ratio exceeds 27 percent in 2001-02, when repayments relating to the current ESAF arrangement begin to fall due, and is projected to remain above or within the threshold range until 2006. Its outlook is clouded by the weak prospects for copper and other metals, on which the country depends for 85 percent of its exports. Financing gaps averaging 4 percent of GDP stretch out to 2010. On the fiscal side, the authorities face a variety of uncertainties that could result in unplanned expenditures, including contingent pension liabilities. In addition, new donor assistance is clearly predicated on good governance as well as sound economic performance.

Turning to the more vulnerable economies in the other groups, Table 7 pulls together the positive and negative risk factors both for those classified as "possibly stressed" (Bolivia, Cameroon, Côte d'Ivoire, Tanzania, Uganda, and Zaïre), and those "sustainable" cases that have debt service ratios averaging above 20 percent over the next five years, and that might therefore be especially vulnerable to negative shocks (Honduras, Kenya, and Sierra Leone).

Looking at this last group first, **Honduras** stands out as having a noticeably higher fiscal burden of external debt service than the average HIPC (Table 3). This is a case where successful management of the external debt situation will depend heavily on the willingness of the authorities to contain expenditures effectively, and on a readiness to take additional fiscal measures in the face of unanticipated increases in external debt service obligations. More generally, in both **Honduras** and **Kenya**, prudent policies and the continuation of reforms will be necessary if foreign private investors are to provide financing on the scale envisaged for these countries. For **Honduras**, the currently low level of official reserve coverage (less than two months of imports) is also a significant risk factor, though it should be alleviated if the reserve build-up envisaged in the country's current ESAF-supported program is achieved. Finally, in **Sierra Leone** the principal threat at present is the continuing internal strife, which is hampering production of its key export products. In all these countries, however, the risks would appear manageable--and their debt situations sustainable--provided that reforms can be strengthened as envisaged in the projections, and financial balances kept in check.

Turning to the "possibly stressed" cases, **Bolivia**'s main weakpoint would appear to be a large underlying resource imbalance: its non-interest current account deficit (excluding official transfers) is projected to average almost 8½ percent of GDP over the next five years (Table 5). In addition, according to the projections, the country is counting on private capital inflows to meet almost half of its gross financing needs over the next ten years (Table 2). These facts are linked, however, since the current account deficits reflect sizable imports associated with new foreign investments expected under Bolivia's capitalization program. 1/ If the foreign investment does not materialize, neither will the related imports. In most other respects, moreover, Bolivia's external position is relatively robust. Its debt and debt-service ratios put it right on the borderline with the "sustainable" group; its export sector is the most diversified of all the HIPCs; it has a high level of reserve coverage to withstand temporary trade and other external shocks; and the country's authorities have had an excellent track record of economic management and policy adjustment over the past decade.

Like Bolivia, **Cameroon** is a borderline case--its debt service ratio takes six rather than five years to fall below 20 percent. It also has an underlying surplus in the current account (i.e., excluding interest and net official transfers) and a relatively diversified export sector. The main risk factor is the heavy burden of external debt service on the government budget. This is a particular cause for concern insofar as Cameroon's planned development expenditures are already compressed, suggesting limited room for maneuver in the event of adverse shocks. Cameroon should therefore be looking to strengthen its relatively narrow revenue base as its adjustment program proceeds.

Fiscal caution is likewise a priority in **Côte d'Ivoire**, where external debt service is projected to continue to absorb more than a third of budget revenues for some years to come. Of more immediate concern for this country, however--as noted earlier--are the terms of a forthcoming agreement on restructuring of commercial bank debt. The scenario assumes not only

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1/ The capitalization program in Bolivia envisages the transfer to the private sector of control over the largest public enterprises (oil, electricity, telecommunications, railway, airlines and smelter companies) in exchange for specific commitments to undertake new capital expenditure.

that the banks will grant relief comparable to that from Paris Club creditors, but also that the buyback element will be financed on concessional terms from multilateral and bilateral sources. Neither outcome is assured, and less favorable terms could imply a significantly more onerous debt-service burden for Côte d'Ivoire over the medium term. The projected improvement in the country's external outlook also depends on the assumption that, with sound policies and a competitive exchange rate, exports and foreign equity investment in the country will strengthen markedly compared to recent years. The potential consequences of disappointing performance in these areas--including the need to borrow more if equity investment falls short--may therefore be more than usually severe.

Tanzania is expected to continue running large non-interest current account deficits in the near term (on the order of 12 percent of GDP, excluding official transfers). Its prospects therefore depend heavily on being able to continue financing these deficits--primarily from official sources--on reasonably favorable terms. This in turn presupposes a better policy performance than has been achieved in the recent past, especially in the fiscal area. That being said, Tanzania's projected debt-service ratio over the next five years is relatively low, and would remain below the threshold range even if export volume growth were half the rate assumed in the scenario (Table 6). 1/

Uganda's position is more finely balanced than the other "possibly stressed" cases. Its average projected debt-service ratio over the next five years is not much higher than that for a number of countries classified as "sustainable" (and is significantly lower than Uganda itself has been paying in recent years). Yet its debt indicators are expected to improve only gradually, leaving the country vulnerable to adverse shocks for an extended period. It is particularly exposed to a weakening in world coffee prices, since this one product accounts for two thirds of the country's total exports. 2/ Private transfers from abroad--which have been growing extremely rapidly in recent years and are projected to continue rising, albeit at a modest 2 percent in real terms--could also turn around sharply if confidence were to falter. Most importantly, the projections assume that, following several years of rapid expansion, the pace of import growth drops sharply over the next few years (see Box 1 for an explanation). If the aggregate import elasticity instead remained at or close to unity, the debt indicators would improve much more slowly than currently envisaged, and the external constraint could cause economic growth to fall substantially short of potential. On the other side of the ledger, Uganda starts out with comfortable reserve levels and, most importantly, a proven ability to

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1/ A sharp drop in coffee prices could have a more significant impact, though Tanzania's export base is--by HIPC standards--relatively well-diversified.

2/ The scenario assumes coffee prices drop 30 percent in U.S. dollar terms over the next five years, and thereafter remain constant in real terms.

implement sound adjustment policies. 1/ In the event of temporary adverse shocks, Uganda should therefore be in a strong position to address such problems--with Fund support as appropriate--with the minimum of disruption to growth. 2/

On balance--and on the assumption that these countries continue to pursue prudent policies--there are at present no strong grounds for believing that the debt situations of **Bolivia**, **Cameroon**, **Côte d'Ivoire**, **Tanzania**, and **Uganda** are unmanageable.

Zaïre is in a considerably weaker position than the other "possibly stressed" cases. It has no recent track record of implementing adjustment policies--indeed, its current situation is to a large extent a consequence of poor economic management in the past--and it faces high debt and debt-service ratios and large financing gaps for more than a decade ahead. Questions of governance are also a factor. Its debt-service burden in the near term, most of which is associated with the need to clear non-reschedulable arrears, is particularly severe, and--given the low level of domestic resource mobilization--weighs heavily on the state budget. Zaïre is also ill-equipped to deal with adverse shocks: its reserve coverage is low, and not projected to rise in the near term; and it has little or no room for maneuver in the budget, should debt service turn out higher than expected. For these reasons, Zaïre's debt situation may not be sustainable without further relief, even in the event that the authorities strengthen their adjustment effort (hence, Zaïre is assigned in Table 1 to the unsustainable group). Until the policy framework is clarified, however, this judgment must be regarded as preliminary.

To sum up, the country-specific debt sustainability analyses available to date point to four cases--Mozambique, Sudan, Zambia, and probably Zaïre--whose external debt burdens would appear unsustainable, even after allowing for maximum relief under existing mechanisms. For Nigeria, no meaningful assessment can be made at this time. In the other cases so far examined, the countries' debt burdens--while varying in severity--appear manageable on current prospects, assuming continued adjustment policies. It should be emphasized, however, that most would face difficulties if the flow of official aid declined more sharply than already assumed, or if the terms of such aid were made significantly less concessional.

Countries for which detailed analysis is not yet available...

Of the 16 HIPCs whose situation has not yet been examined in the same degree of detail as those reported above (and excluding Liberia and Somalia, for the reasons noted earlier), preliminary analysis suggests another four countries that are likely to have unsustainable debt burdens: Burundi, Guinea-Bissau, Nicaragua, and São Tomé and Príncipe. Each of these was

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1/ Reserve coverage declines gradually in the projections, as the export sector is assumed to become increasingly diversified (and hence export earnings less volatile).

2/ The scenario builds in Fund financing for Uganda only through 1996/97.

estimated in an earlier joint paper (SM/95/61; SecM 95-231, Table 4) to have an NPV debt-export ratio in excess of 350 percent at end-1993, even after assuming a hypothetical up-front debt reduction operation. 1/ Burundi's situation has since worsened as a result of serious civil strife. Madagascar has on previous occasions also been identified as a potential problem case; it is now thought more likely to fall into the "possibly stressed" category, assuming favorable treatment of its arrears, including outstanding Russian claims.

For the other 11 countries, only the most tentative assessment can be given at this stage, pending full country-specific debt sustainability analyses. Ethiopia and Guyana are the most likely to be classified as "possibly stressed": both were projected in previous studies to have debt-service ratios averaging above 20 percent through 2002, after assuming a hypothetical up-front stock-of-debt operation; 2/ moreover, Ethiopia's external outlook has recently deteriorated further. Other probable candidates for this group would be Myanmar and Rwanda, based on their relatively high NPV debt ratios; and Niger and Congo, according to some preliminary debt sustainability projections by Fund staff. Detailed analysis is likely to show a further five countries as having sustainable debt situations: Angola, Central African Republic, Chad, Ghana, and Mali. These were estimated in earlier papers to have end-1993 NPV debt-export ratios, after stock relief, below 200 percent and 1995 debt-service ratios below 20 percent. 3/

Some general caveats...

All the debt sustainability analyses reported in this paper are subject to a number of general risks and uncertainties, which may have a bearing on the interpretation of the results.

First, while it is appropriate--for the reasons given earlier--to adopt normative assumptions about future policies when considering debt sustainability, estimates of the extent to which supply performance responds to these policies must be subject to a wide margin of error. Attempts to quantify the capacity of a particular country to spur investment, diversify and shift production toward tradeables, or encourage inflows of private capital on the basis of past or cross-country experience are fraught with difficulty. The outlook for debt sustainability would be worse in a number of the countries considered (and the number of "possibly stressed" cases

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1/ The assumptions in the illustrative scenario were 67 percent debt stock reduction (in NPV terms) for ODA and nonconcessional pre-cutoff date debt--to both Paris Club and other bilateral creditors--plus a 100 percent buyback of private long-term debt. Guinea-Bissau and Nicaragua were also identified as potential problem cases, along with Mozambique and Zambia, in recent analysis by Fund staff (see "Official Financing for Developing Countries and Their Debt Situation," SM/95/224).

2/ See SM/95/228 (Table 17).

3/ See Table 4 in SM/95/61 (SecM95-231), and Table 2, Appendix I in SM/95/228.

could increase) if prudent policies and continuing reform were not to have these beneficial effects, or if such effects were significantly weaker than anticipated. 1/

Box 1. Trade Projections

The projections for export volume growth and aggregate import elasticities are set out in Table 8, alongside data for the recent past. In most cases, export performance is expected to improve over the medium term, in response to continuing policy adjustment and reform. For the CFA franc zone countries in particular (Benin, Burkina Faso, Côte d'Ivoire, Equatorial Guinea, Senegal, Togo, and Cameroon), the substantial exchange rate devaluation in January 1994 has already begun to stimulate exports and should contribute to significantly higher export growth over the next five years than was experienced in the early 1990s. 2/ In cases where past export performance has been stronger (Bolivia, Kenya, Tanzania, Vietnam, and Uganda), volume growth rates are projected to decline or--for Kenya--remain roughly constant.

As the economies recover and demand strengthens, import growth is also expected to accelerate in most of the countries. Sharp import declines in the CFA franc zone countries in 1994, following the devaluation, are expected to be partially reversed in the near term. Hence, average implicit elasticities are assumed to be substantially above unity for this group over the next five years, declining to around 0.9 thereafter. In the case of Uganda, import volume growth (which has been considerably faster than GDP growth in recent years) is projected to slow sharply over the next 2-3 years. This reflects an assumed unwinding of the coffee boom, which boosted consumption, and a slowdown in project-related imports linked to the assumed decline in donor inflows. In the longer term, the projection for Uganda is based on an elasticity of imports to GDP of 0.7.

Second, the scenarios do not take explicit account of possible debt overhang effects. These would be difficult to incorporate since, as noted, there is no direct empirical evidence on their existence in the heavily indebted poor countries, let alone their likely magnitude.

1/ The relatively low import elasticities assumed in some scenarios, for example, depend on there being scope for significant import substitution. See Box 1 for a discussion of the assumptions on trade performance (and Table 8 for data and projections of trade volumes).

2/ This is not evident in the period averages for Benin, since exports in this country boomed early, rising 32 percent in volume terms in 1994 alone.

Third, in most cases, the assumed policy reforms include significant fiscal consolidation, requiring a strengthening of tax bases and budgetary institutions. Many HIPCs have performed poorly in this area in the past, and therefore have much still to do. Here, again, the staff has made its best assessment of what is feasible, assuming the continuation of technical assistance to these countries. Nevertheless, the potential trade-offs between raising tax revenues and boosting growth--for example, higher trade taxes could conflict with export promotion--are complex and may not always be fully reflected in the projections.

Finally, central scenarios naturally exclude adverse shocks and cyclical downturns, as well as the possibility of beneficial shocks and cyclical upturns: they focus on trends, and assume that temporary fluctuations cancel out over the medium term. The analysis does acknowledge, however, that the capacity of countries to cope with the negative shocks is relevant for assessing sustainability; hence the focus on vulnerability indicators such as reserve positions, fiscal indicators and policy track records. More generally, there are established mechanisms whereby the international community can assist countries in temporary difficulties, and these are assumed to continue to be available in the future.

IV. Structure of Debt Burdens and Scope for Enhancing Sustainability

The composition of HIPCs' external debt varies widely. In order to highlight where new initiatives, if any, would need to focus if they are to have a significant impact on debt burdens, this section looks in somewhat more detail at the structure of these countries' debts. Table 9A pulls together all those countries identified as "possibly stressed" or "unsustainable" (see Table 1), and shows the breakdown of debt by creditor at end-1994 in present value terms. (Similar data for all the other HIPCs are shown for reference in Table 9B.) The figures in these tables understate somewhat the prospective shares of multilateral debt, since they do not take account of the debt relief from Paris Club and other creditors that is assumed to take place in the coming years. Nevertheless, they provide some useful insights.

First, it is apparent from Table 9A that <u>post-cutoff date Paris Club debt</u> accounts for a relatively small share of total external debt for most countries in the sample, with the notable exception of Cameroon. An adjustment to cutoff dates by Paris Club creditors would therefore have only a limited direct impact for this group.

Second, for almost half the countries in Table 9A, debt to <u>non-Paris Club official bilateral creditors</u> accounts for a quarter or more of the total. Ruble-denominated debt to Russia is a sizable component in the cases of Ethiopia, Guinea-Bissau, Mozambique and Nicaragua. For this particular debt, issues of valuation and repayment terms remain largely unresolved, and the outcome of continuing negotiations will have a significant bearing on the debt position of the affected countries. Similarly, Guyana's position depends crucially on the resolution of its large bilateral debt to Trinidad and Tobago (more than a quarter of its total debt), which is currently under discussion.

Third, obligations to IDA constitute a large share of total debt in a number of cases, even in present value terms (i.e., after allowing for IDA's high degree of concessionality). This is particularly true for Burundi, Niger, Uganda and Rwanda. Cameroon and Côte d'Ivoire are the only cases with significant debt to the IBRD. The IMF's claims constitute a small share of total debt in most cases, but are significant for five of the countries--Burundi, Guyana, Sudan, Uganda and Zambia. For the African countries, the AfDB/AfDF accounts for sizable shares in the case of Burundi, Guinea-Bissau, Rwanda and São Tomé and Príncipe, while IDB claims are significant for Bolivia, Guyana and (to a lesser extent) Nicaragua.

Finally, debt to private creditors is important in five countries in the sample--Congo, Côte d'Ivoire, Nicaragua, Niger, and Sudan. In each case, the debt consists almost entirely of accumulated arrears. For Nicaragua, however, this share will drop sharply following a recent buyback operation, which will extinguish over 80 percent of the country's outstanding commercial bank debt. It is expected that Côte d'Ivoire's debt to commercial banks will also be substantially reduced, possibly in early 1996, once agreement on terms has been reached.

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V. Issues for Discussion

1. It is difficult to determine any precise threshold levels for the debt and debt-service indicators beyond which a country's debt situation can be confidently described as unsustainable. Nevertheless, for analytical purposes, thresholds must be chosen to guide the kind of categorization of countries presented in this paper. Are Directors satisfied with the criteria that have been proposed?

2. Judgments regarding debt sustainability also have a time dimension. How quickly should the indicators improve in order for a country's debt position to be assessed as sustainable: immediately? within five years? within ten?

3. The paper considers a number of identifiable risk factors that have a bearing on the assessment of sustainability. Do Directors consider this approach to be useful, and to which factors would they attach more or less weight than the staff?

4. Do Directors agree with the specific categorization of countries (i.e., as sustainable, stressed and unsustainable) suggested by this analysis? Are there any countries which Directors would classify differently?

5. Are there aspects of the country scenarios which Directors feel are consistently too optimistic or conservative? The scenarios for a number of countries assume that private investment inflows will respond strongly to sound policies and improving economic fundamentals. Do Directors share the staff's assessment in this regard?

6. A basic question arises in some cases as to whether to anticipate potential weakness and provide additional relief *ex ante* (possibly through a framework for providing special assistance to all such countries) or to support the country under current mechanisms, including a preparedness by the Fund and others to intervene with additional support as and when circumstances warrant it. Directors' views on the factors that should influence this choice would be welcome.

Table 1 : Overall Assessments of Debt Sustainability for the 41 HIPCs

Countries for which detailed analysis is available			Other HIPCs (preliminary assessments)			
Sustainable	Possibly Stressed	Unsustainable	Sustainable	Possibly Stressed	Unsustainable	Not yet determined
Benin	Bolivia	Mozambique	Angola	Congo	Burundi	Liberia
Burkina Faso	Cameroon	Sudan	C.A.R.	Ethiopia	Guinea-Bissau	Nigeria
Eq. Guinea 1/	Cote d'Ivoire	Zaire	Chad	Guyana	Nicaragua	Somalia
Guinea	Tanzania	Zambia	Ghana	Madagascar	Sao Tome-Principe	
Honduras	Uganda		Mali	Myanmar		
Kenya				Niger		
Lao PDR				Rwanda		
Mauritania						
Senegal						
Sierra Leone						
Togo						
Vietnam						
Yemen						
(13 countries)	(5 countries)	(4 countries)	(5 countries)	(7 countries)	(4 countries)	(3 countries)

1/ The assessment of Equatorial Guinea depends critically on the projected coming-on-stream of new oil production.

Table 2 : Balance of Payments Financing

	Gross Financing Need (US$ millions) 1/			Percent Contribution to Total Gross Financing Needs: Official Transfers			Gross Bilateral Loan Disbursements			Gross Multilateral Loan Disbursements			Net Private Capital Flows 2/			Exceptional Financing 3/		
	1990–94	1995–99	2000–04	1990–94	1995–99	2000–04	1990–94	1995–99	2000–04	1990–94	1995–99	2000–04	1990–94	1995–99	2000–04	1990–94	1995–99	2000–04
Benin	284	252	229	42.4	44.4	42.0	5.7	5.5	5.1	31.8	30.9	29.3	0.1	6.4	9.9	20.1	12.8	13.7
Bolivia	870	1049	846	23.3	15.7	15.4	13.5	4.1	4.3	32.5	31.1	30.8	12.8	45.7	49.5	17.9	3.4	0.0
Burkina Faso	382	394	323	71.5	54.5	60.5	...	...	...	...	...	...	−2.6	8.3	8.3	2.0	0.0	−0.0
Cameroon	1037	860	578	17.2	4.3	0.0	19.3	21.9	28.2	19.6	24.7	28.2	−25.4	22.1	26.5	69.3	27.0	17.1
Cote d'Ivoire	2036	1158	847	5.5	7.8	7.5	17.2	19.3	22.0	24.1	37.9	27.5	6.0	20.7	43.0	47.3	14.3	0.0
Equatorial Guinea 4/	66	−1	−103	44.4	...	...	17.1	...	...	4.8	...	...	−0.4	...	...	34.1	...	...
Guinea	463	444	510	25.2	36.1	35.6	7.7	8.8	10.8	34.5	41.7	43.2	13.8	11.1	10.4	18.8	2.4	0.0
Honduras	626	617	541	26.6	18.1	21.9	24.4	20.7	17.5	30.2	39.5	34.5	6.6	19.8	25.8	12.2	1.9	0.3
Kenya	801	669	591	19.8	18.2	21.0	55.8	15.8	26.6	0.0	49.2	39.4	9.2	14.3	13.0	15.2	2.5	0.0
Lao PDR	145	278	168	49.2	43.0	51.6	0.2	0.0	0.0	50.2	34.0	19.2	0.4	23.0	29.2	−0.0	0.0	0.0
Mauritania	286	223	190	33.6	46.5	55.7	15.2	14.6	18.9	25.1	18.6	15.5	−1.3	−4.4	−1.5	27.4	24.7	11.4
Mozambique	1173	1133	1018	42.9	37.3	41.2	4.5	0.0	0.0	14.7	24.3	23.6	1.7	14.4	11.8	36.2	24.0	23.4
Nigeria 5/	3853	3245	2433	0.1	−1.8	−4.6	4.9	2.6	2.9	12.5	12.7	24.4	−0.3	21.4	53.6	82.8	65.1	23.7
Senegal	755	592	498	41.0	55.7	63.0	11.3	12.5	6.6	26.8	22.6	23.1	1.3	2.9	5.6	19.6	6.3	1.7
Sierra Leone	171	185	176	17.0	16.9	14.0	19.0	19.4	41.4	22.8	26.5	0.0	16.5	21.4	31.8	24.7	15.8	12.8
Sudan 5/	2032	1774	2072	7.0	3.2	3.1	7.5	0.5	0.3	5.1	4.4	4.3	20.3	24.8	24.0	60.1	67.1	68.3
Tanzania	1112	1027	1042	45.4	43.4	38.7	1.0	0.0	1.6	22.1	33.9	37.0	6.5	13.2	22.7	25.0	9.5	0.0
Togo	197	194	182	35.8	34.3	46.4	0.7	2.7	2.4	23.5	24.6	21.6	0.0	4.9	10.1	40.0	33.5	19.5
Uganda	588	701	719	44.1	40.6	41.3	8.5	10.7	8.5	43.6	41.9	41.5	−4.7	2.2	6.2	8.5	4.6	2.5
Vietnam	1112	2859	4257	8.0	5.9	4.8	...	...	...	...	...	...	28.7	76.0	75.2	40.0	0.0	0.0
Yemen	1302	783	435	10.4	4.8	9.8	11.0	3.5	22.9	5.7	33.5	40.6	12.6	−26.1	14.7	60.3	84.3	12.0
Zaire 5/	1475	882	625	7.2	8.5	9.9	1.6	0.0	0.0	3.8	6.9	17.9	12.3	6.0	42.8	75.1	78.6	29.4
Zambia 5/	898	1173	1367	48.3	31.3	24.3	10.1	0.0	0.0	25.2	32.6	11.9	−9.7	14.2	15.9	26.1	21.9	47.9
TOTAL FINANCING	21664	20492	19544															
Total excluding exceptional financing	8161	12416	14474															
AVERAGE CONTRIBUTIONS				29.0	25.9	27.4	12.2	8.1	11.0	21.8	28.6	25.7	4.5	15.6	24.0	33.2	22.7	12.9

1/ Defined as the current account deficit (excluding official transfers), scheduled amortization payments, and accumulation of net international reserves; annual averages.
2/ For 1990–94, includes errors and omissions.
3/ Exceptional financing is defined as the change in arrears, plus debt rescheduling/relief, plus financing gaps (if any).
4/ Figures for contribution to financing need are not shown for the future, because financing need becomes negative.
5/ These are countries with sizable unfilled financing gaps in the future. For 1995–2004, the gaps average 90, 61, 40 and 17 percent of gross financing need for Nigeria, Sudan, Zaire and Zambia respectively.

Table 3 : Sustainability Indicators

	Number of years to fall below debt-service ratio of: 1/ 2/		Average debt-service ratio 2/	Number of years to reach NPV debt-export ratio of: 1/ 2/			Public sector external debt service payable in 1998 as percent of: 2/			Projected financing gaps 2/		Average annual growth in real GDP	
	25 percent	20 percent	1996-2000	250 percent	200 percent	150 percent	Domestic revenue	Public spending	GDP	Average as percent of GDP	Eliminated in year	1995-2004	
Sustainable													**Sustainable**
Benin	0	0	11	0	0	1	24	17	3	None		5.1	Benin
Burkina Faso	0	1	14	2	5	9	15	14	2	0.9	1999	5.6	Burkina Faso
Equatorial Guinea	1	1	11	0	0	0	54	43	...	2.7	2002	8.2	Equatorial Guinea
Guinea	0	0	15	1	4	7	19	14	2	None		4.9	Guinea
Honduras	2	4	21	0	0	3	51	45	9	None		4.4	Honduras
Kenya	1	5	21	0	0	4	22	21	6	0.5	1999	5.7	Kenya
Lao PDR	0	0	5	0	0	1	2	1	<1	None		6.8	Lao PDR
Mauritania	0	0	19	0	5	9	12	14	...	None		4.6	Mauritania
Senegal	0	0	14	0	0	0	34	34	5	0.5	1998	4.2	Senegal
Sierra Leone	2	2	21	2	4	7	...	...	...	1.6	2004	3.7	Sierra Leone
Togo	0	0	13	0	0	3	21	17	3	3.6	1999	5.8	Togo
Vietnam	0	0	6	0	0	0	8	7	2	None		9.0	Vietnam
Yemen	0	0	7	0	0	0	7	7	2	2.7	2001	4.7	Yemen
Possibly Stressed													**Possibly Stressed**
Bolivia	2	7	23	0	2	7	22	...	...	None		5.0	Bolivia
Cameroon	2	6	21	4	4	7	41	...	...	None		5.0	Cameroon
Cote d'Ivoire 3/	1	4	21	2	5	9	36	32	5	None		5.7	Cote d'Ivoire 3/
Tanzania 3/ 4/	0	0	16	4	7	11	31	28	...	None		5.3	Tanzania 3/ 4/
Uganda 3/	5	9	24	6	11	17	17	13	2	None		5.7	Uganda 3/
Zaire	10	12	49	10	12	16	68	53	6	2.8	>2014	4.4	Zaire
Unsustainable													**Unsustainable**
Mozambique	14	18	38	9	>10	>10	47	29	...	None		5.7	Mozambique
Sudan	>20	>20	163	>20	>20	>20	134	61	...	14.6	>2014	2.2	Sudan
Zambia	9	11	25 5/	11	14	>15	24	25	4	4.0	>2010	4.5	Zambia
Not Yet Determined													**Not Yet Determined**
Nigeria	>10	>10	36	...	...	...	59	71	16	7.1	>2005	4.5	Nigeria

Note: The NPV debt-export ratios referred to in this table are calculated using contemporaneous exports as the denominator. This differs from the measure reported in the World Bank's World Debt Tables, which uses for the denominator the average export values for the current and two prior years.

1/ From 1995 (or 1994/95).
2/ After assumed debt rescheduling/relief, including Paris Club stock-of-debt operation, where applicable.
3/ Fiscal ratios are for 1997 or 1997/98.
4/ Exports of goods, services and private transfers used to compute ratios.
5/ Average is for 2001-05 (when debt service peaks).

Table 4 : Positions Relative to Alternative Debt and Debt-Service Thresholds 1/

	Ten-Year Horizon 2/				Five-Year Horizon 2/			
	Debt-service ratio of 25 percent	Debt-service ratio of 20 percent	NPV debt-export ratio of 250 percent	NPV debt-export ratio of 200 percent	Debt-service ratio of 25 percent	Debt-service ratio of 20 percent	NPV debt-export ratio of 250 percent	NPV debt-export ratio of 200 percent
Below Threshold	Benin	Benin	Benin	Benin	Benin	Benin	Benin	Benin
	Bolivia	Bolivia	Bolivia	Bolivia	Bolivia		Bolivia	Bolivia
	Burkina Faso	Burkina Faso	Burkina Faso	Burkina Faso	Burkina Faso	Burkina Faso	Burkina Faso	Burkina Faso
	Cameroon	Cameroon	Cameroon	Cameroon	Cameroon		Cameroon	Cameroon
	Cote d'Ivoire	Cote d'Ivoire	Cote d'Ivoire	Cote d'Ivoire	Cote d'Ivoire	Cote d'Ivoire	Cote d'Ivoire	Cote d'Ivoire
	Eq. Guinea	Eq. Guinea	Eq. Guinea	Eq. Guinea	Eq. Guinea	Eq. Guinea	Eq. Guinea	Eq. Guinea
	Guinea	Guinea	Guinea	Guinea	Guinea	Guinea	Guinea	Guinea
	Honduras	Honduras	Honduras	Honduras	Honduras	Honduras	Honduras	Honduras
	Kenya	Kenya	Kenya	Kenya	Kenya	Kenya	Kenya	Kenya
	Lao PDR	Lao PDR	Lao PDR	Lao PDR	Lao PDR	Lao PDR	Lao PDR	Lao PDR
	Mauritania	Mauritania	Mauritania	Mauritania	Mauritania	Mauritania	Mauritania	Mauritania
			Mozambique					
	Senegal	Senegal	Senegal	Senegal	Senegal	Senegal	Senegal	Senegal
	Sierra Leone	Sierra Leone	Sierra Leone	Sierra Leone	Sierra Leone	Sierra Leone	Sierra Leone	Sierra Leone
	Tanzania	Tanzania	Tanzania	Tanzania	Tanzania	Tanzania	Tanzania	
	Togo	Togo	Togo	Togo	Togo	Togo	Togo	Togo
	Uganda	Uganda	Uganda		Uganda			
	Vietnam	Vietnam	Vietnam	Vietnam	Vietnam	Vietnam	Vietnam	Vietnam
	Yemen	Yemen	Yemen	Yemen	Yemen	Yemen	Yemen	Yemen
	Zaire		Zaire		Zaire			
	Zambia							
Above Threshold						Bolivia		
						Cameroon		
	Mozambique	Mozambique		Mozambique	Mozambique	Mozambique	Mozambique	Mozambique
	Sudan	Sudan	Sudan	Sudan	Sudan	Sudan	Sudan	Sudan
								Tanzania
				Uganda		Uganda	Uganda	Uganda
		Zaire		Zaire		Zaire	Zaire	Zaire
		Zambia	Zambia	Zambia	Zambia	Zambia	Zambia	Zambia

1/ After assumed debt rescheduling/relief, including Paris Club stock-of-debt operation, where applicable.
2/ Measured from 1995, or 1994/95.

Table 5 : Vulnerability Indicators

	Percent share in exports of: 1/			Average non-interest current account balance as percent of GDP 2/	Percent contribution to financing of current account deficits (excl. official transfers): 3/			Reserve coverage (months of imports)		Fiscal indicators (shares in GDP of): 4/		Recent policy performance 5/	
	Main product		Three main products		Net official financing	of which: transfers	loans	1995	2000 (proj.)	Tax revenue	Grants		
Sustainable													**Sustainable**
Benin	84	(cotton)	94	-4.2	94	67	27	CFA Zone		11.5	3.0	good	Benin
Burkina Faso	24	(cotton)	43	-10.3	86	62	24	CFA Zone		10.1	5.0	satisfactory	Burkina Faso
Equatorial Guinea	45	(petroleum)	87	17.1	CA in surplus			CFA Zone		14.5	4.1	poor	Equatorial Guinea
Guinea	56	(bauxite)	83	-5.0	97	52	45	3.4	4.0	12.5	3.7	uneven	Guinea
Honduras	28	(bananas)	55	-2.1	90	43	47	1.8	3.3	16.6	0.4	uneven	Honduras
Kenya	20	(tea)	42	1.2	16	174	-158	2.6	4.3	29.5	2.1	uneven	Kenya
Lao PDR	35	(timber)	62	-9.9	80	61	19	1.9	3.0	11.1	5.8	satisfactory	Lao PDR
Mauritania	55	(fish)	99	-0.6	277	170	107	2.1	5.2	17.1	2.5	satisfactory	Mauritania
Senegal	27	(fish)	51	-4.0	92	87	5	CFA Zone		14.3	1.2	uneven	Senegal
Sierra Leone	47	(rutile)	86	-12.6	62	21	41	2.3	4.9	13.2	3.0	satisfactory	Sierra Leone
Togo	37	(phosphates)	80	-4.7	51	59	-8	CFA Zone		15.3	2.6	uneven	Togo
Vietnam	24	(petroleum)	50	-7.0	22	1	21	2.7	2.9	19.8	0.6	satisfactory	Vietnam
Yemen	89	(petroleum)	96	-2.0	-45	16	-61	2.3	3.0	...	...	uneven	Yemen
Possibly Stressed													**Possibly Stressed**
Bolivia	16	(zinc)	37	-8.4	38	19	19	5.9	5.4	...	...	good	Bolivia
Cameroon	29	(petroleum)	52	2.5	-95	8	-103	CFA Zone		13.1	...	uneven	Cameroon
Cote d'Ivoire	27	(cocoa)	48	3.0	42	21	21	CFA Zone		18.8	0.1	satisfactory	Cote d'Ivoire
Tanzania	26	(coffee)	54	-12.3	79	59	20	2.6	3.2	16.6	2.8	poor	Tanzania
Uganda	68	(coffee)	73	-6.6	99	58	41	4.3	5.3	11.5	3.8	good	Uganda
Zaire	27	(diamonds)	48	0.6	-83	18	-101	1.4	1.9	5.8	0.9	poor	Zaire
Unsustainable													**Unsustainable**
Mozambique	41	(prawns)	58	-24.4	71	57	-4	1.3	3.5	16.1	21.5	uneven	Mozambique
Sudan	19	(cotton)	50	-5.9	-4	4	-8	0.6	0.7	...	...	poor	Sudan
Zambia	70	(copper)	85	-10.5	48	47	1	2.5	4.0	17.5	3.8	uneven	Zambia
Not Yet Determined													**Not Yet Determined**
Nigeria	98	(petroleum)	99	4.7	CA in balance			1.4	3.0	26.4	0.0	poor	Nigeria

1/ Most recent available data from REDs and Statistical Appendices.
2/ Current account balance excludes net official transfers. Average is for 1996-2000 (1996/97-2000/01).
3/ Average for 1996-2000 (1996/97-2000/01), or furthest available year, based on staff projections.
4/ Average 1996-1997 (1996/97-1997/98) if available, based on staff projections; otherwise, latest available year.
5/ Assessments relate to performance over the past five years or so. "Good" indicates consistently strong implementation over that period; "satisfactory" indicates some slippages, but a good record on remedial action; "uneven" indicates that the thrust of policy is maintained, but slippages have been common; "poor" indicates policy performance has persistently been judged inadequate.

Table 6 : Effect on Debt – Service Ratio of Halving Projected Export Volume Growth Rates in Selected Countries 1/

	Average annual export volume growth in baseline 1996–2005	Debt–service ratio after 5 years 2/		Debt–service ratio after 10 years 2/	
		Baseline	Lower exports	Baseline	Lower exports
Benin	7 1/2 percent	10.0	13.2	7.1	9.3
Bolivia	6 percent 3/	20.8	22.9	15.2	19.4
Cameroon	4 percent	22.6	24.9	14.9	18.2
Honduras	10 percent 3/	14.4	15.9	9.1	13.3
Kenya	5 percent	18.7	20.2	8.6	10.6
Lao PDR	8 percent	4.7	4.7	3.2	3.4
Mozambique	8 1/2 percent	40.6	44.5	28.7	37.0
Senegal	5 percent	13.4	14.4	9.4	10.9
Tanzania	4 percent	15.9	16.9	12.2	14.2
Togo	6 percent	10.6	10.9	7.2	8.3
Uganda	10 percent 4/	23.2	24.7	18.4	21.9
Yemen	3 percent	11.7	11.9	8.3	9.1
Zaire	6 percent	23.3	26.6	24.1	30.7
Zambia	11 percent 3/	27.1 5/	35.5 5/	21.7	28.0

1/ Countries where the reported sensitivity analysis does not permit estimation of the effects of halving export volume growth have been omitted.
2/ Measured from 1995 or 1994/95.
3/ Non–traditional exports.
4/ Non–coffee exports.
5/ Six years (first year of ESAF repurchases).

Table 7. Main Risk Factors for Selected Countries

	Negative Risk Factors	Positive Risk Factors
Bolivia	• Large non-interest current account deficits	• Relatively diversified export base • Comfortable reserve position • Consistently strong track record on policies
Cameroon	• Relatively heavy burden of external debt on government budget	• Relatively diversified export base
Côte d'Ivoïre	• Relatively heavy burden of external debt on government budget • Sensitive to terms of commercial bank debt deal • Heavy reliance on private capital flows; especially after 2000	• Relatively diversified export base • Low reliance of budget on grants; • Relatively good track record on policies • Non-interest current account surpluses
Honduras	• Relatively low reserve coverage • High burden of external debt on budget	• Low reliance of budget on grants; strong tax effort • Debt-service ratio comes down sharply five years out and is relatively robust to export shortfalls • Low non-interest current account deficits
Kenya	• Poor record on governance, damaging relations with donors • Heavy reliance on private inflows	• Relatively diversified export base • Large domestic tax base • Relatively low burden of external debt on budget
Sierra Leone	• Fragile security situation • Highly concentrated export base • Low reserve coverage, though expected to rise sharply	• Relatively good track record on policies
Tanzania	• Poor track record on policy implementation	• Relatively diversified export base • Relatively low burden of external debt on government budget
Uganda	• Highly concentrated export base • Sensitive to terms on official financing	• Consistently strong track record on policies • Low reliance on private inflows • Comfortable reserve position • Relatively low burden of external debt on budget
Zaïre	• Low reserve coverage • Heavy fiscal burden of external debt • Poor track record on policy implementation and governance • Potential spillover of regional conflicts	• Relatively diversified export base

Table 8 : Comparison of Recent Trade Performance with Projections

	Export Volume Growth 1/				Import Elasticity 2/			
	1990–94	1995–99	2000–04	2005–14	1990–94	1995–99	2000–04	2005–14
Benin	8.6	8.2	5.2	5.4	−0.43	1.92	0.98	1.00
Bolivia	10.1	6.0	6.3	5.0	1.50	1.45	0.47	1.10
Burkina Faso 3/	5.9	7.1	3.7	3.0	−0.48	1.59	0.45	0.55
Cameroon	−0.1	2.4	4.8	5.0	1.29	0.77	0.88	0.80
Cote d'Ivoire	1.4	9.0	5.8	6.7	*	2.11	0.94	1.02
Equatorial Guinea 4/	27.2	23.7	2.7	2.3	−1.21	0.42	0.21	0.29
Guinea	0.6	10.2	6.2	6.7	0.05	1.35	1.31	1.28
Honduras	3.5	4.6	4.3	4.4	2.57	0.86	0.98	0.96
Kenya	5.1	6.2	5.1	5.1	0.40	0.85	0.92	0.92
Lao PDR	...	9.5	7.5	8.6	...	0.50	0.97	1.26
Mauritania	−5.3	4.2	1.5	1.5	−1.17	−0.06	0.79	0.71
Mozambique 5/	6.8	8.5	7.9	7.1	0.86	−0.56	0.92	1.10
Nigeria 3/	1.5	3.6	3.7	3.6	0.23	0.57	0.74	0.77
Senegal	0.3	6.1	4.6	4.0	−1.62	0.95	0.88	0.88
Sudan	−3.0	7.4	3.6	3.5	−2.39	0.67	1.13	1.20
Tanzania	6.8	4.5	3.9	4.0	1.92	0.71	0.80	0.80
Togo	−6.1	8.0	5.6	5.0	2.03	1.76	1.00	1.00
Uganda	15.9	8.2	6.3	5.6	2.20	0.03	0.72	0.71
Vietnam	31.0	16.1	9.2	8.0	1.73	1.51	0.86	0.81
Yemen	14.8	1.8	2.4	2.9	−5.75	5.06	0.90	0.87
Zaire	−16.5	8.2	4.9	5.5	1.71	3.31	1.00	1.08
Zambia 6/	13.1	13.0	10.0	10.0	1.01	1.99	0.94	0.78
AVERAGES	5.8	8.0	5.2	5.1	0.2	1.3	0.85	0.90

Note: Sierra Leone has been excluded from this table, since there exist no reliable deflators.
for aggregate trade volumes in this country.
" * " indicates not computed because denominator is at or near zero.
1/ Average annual percentage change.
2/ Ratio of import volume growth to real GDP growth.
3/ Projections through 2005 only.
4/ Projections through 2006 only.
5/ Non–energy sector.
6/ Projections through 2010 only. Export growth excludes metal exports.

Table 9a: Structure of Medium-and Long-Term Public and Publically Guaranteed External Debt
Countries Classified as Possibly Stressed or Unsustainable
(Percent Shares in End-1994 Debt Stock in Present Value Terms 1/)

	Paris Club			Other	Multilaterals					Private	NPV of Debt
	Post cut-off	Pre cut-off Concessional	Other	Bilateral	IDA	IBRD	IMF	AfDF/ AfDB	Other	Creditors	US$ millions end-1994
Bolivia	8	15	15	1	6	3	6	—	35	11	3,513
Burundi	—	11	1	11	39	—	9	17	11	1	492
Cameroon	11	18	31	3	2	11	1	5	3	14	5,871
Congo	6	8	32	13	1	2	—	4	4	28	4,436
Cote d'Ivoire	8	5	8	—	1	10	2	5	1	59	15,349
Ethiopia	—	9	10	49	16	—	1	8	2	4	3,152
Guinea-Bissau	1	14	24	29	12	—	1	10	9	2	533
Guyana	3	13	15	33	4	3	10	—	17	3	1,420
Madagascar	4	12	30	27	12	—	2	6	3	3	2,961
Mozambique	7	16	26	37	6	—	4	3	1	1	4,035
Myanmar	—	71	9	5	6	—	—	—	7	—	4,865
Nicaragua	1	6	2	55	1	1	—	—	9	25	9,726
Niger	4	1	22	14	21	—	6	5	11	15	869
Rwanda	—	16	1	10	38	—	2	18	12	4	451
Sao Tome and Principe	—	5	19	28	11	—	1	24	8	4	134
Sudan	8	4	20	32	3	—	10	1	4	18	16,032
Tanzania	6	20	20	27	13	2	3	3	3	3	5,350
Uganda	6	5	11	20	28	1	15	6	4	4	1,895
Zaire	4	9	56	4	4	1	5	7	2	8	10,484
Zambia	5	19	12	15	6	4	23	5	5	7	5,060

1/ These data are based on the World Bank's Debtor Reporting System. They will not always be fully consistent with other debt data referred to in this paper.

Table 9b: Structure of Medium-and Long-Term Public and Publically Guaranteed External Debt
Other Countries
(Percent Shares in End-1994 Debt Stock in Present Value Terms 1/)

	Paris Club			Other Bilateral	Multilaterals					Private Creditors	NPV of Debt US$ millions end-1994
	Post cut-off	Pre cut-off Concessional	Pre cut-off Other		IDA	IBRD	IMF	AfDF/ AfDB	Other		
Angola	11	2	20	53	—	—	—	1	—	13	9,692
Benin	4	18	20	15	19	—	6	7	8	3	834
Burkina Faso	—	2	8	12	34	—	6	14	21	5	563
CAR	6	5	4	26	28	—	8	11	8	4	447
Chad	5	6	11	8	28	—	9	13	18	2	385
Equatorial Guinea	37	13	3	14	7	—	7	8	4	5	209
Ghana	—	19	12	2	21	2	17	6	4	16	3,344
Guinea	10	8	11	35	13	—	3	9	6	4	1,961
Honduras	5	11	13	9	3	13	3	—	29	14	3,377
Kenya	—	19	13	1	12	9	6	3	2	33	5,153
Lao PDR	—	4	—	56	14	—	5	—	19	2	609
Liberia	4	16	6	3	2	8	29	8	3	20	1,867
Mali	2	18	—	44	18	—	5	7	5	1	1,538
Mauritania	5	10	6	42	6	1	4	7	13	5	1,573
Nigeria	7	3	62	5	—	10	—	4	—	9	29,924
Senegal	8	9	12	12	14	2	10	11	9	13	2,417
Sierra Leone	3	8	16	3	7	—	9	2	4	48	1,026
Somalia	3	17	16	29	7	—	11	3	12	1	2,101
Togo	8	10	32	2	19	—	7	4	5	13	907
Vietnam	2	3	6	85	—	—	1	—	—	3	21,013
Yemen	—	7	1	73	6	—	—	—	6	7	4771

1/ These data are based on the World Bank's Debtor Reporting System. They will not always be fully consistent with other debt data referred to in this paper.

BENIN
Debt Sustainability Analysis

Background and Macro Assumptions
- ESAF (3rd Year) approved 5/22/95.
- Recent policy performance has been strong.

Volume Growth
(Annual averages, in percent)

	1990-94	1995-2004	2005-14
Export	8.6	6.7	5.4
Import	-1.6	7.5	5.1
Real GDP	3.7	5.1	5.0

Structure of External Debt (percent shares, end-1994)
IDA 31; AfDB 13; IMF 4; other multilateral 15; Paris Club 20; other bilateral 17; commercial 0.

Financing Assumptions
- Paris Club stock-of-debt operation on Naples terms in 1996.
- Both bilateral and multilateral disbursements decline in nominal terms through 2000, then flat; new borrowing contracted at average interest rate of 1.5 percent.
- Official grants decline in nominal terms during 1996-2000 and remain constant thereafter.

External Financing
(Annual averages, in US$ million)

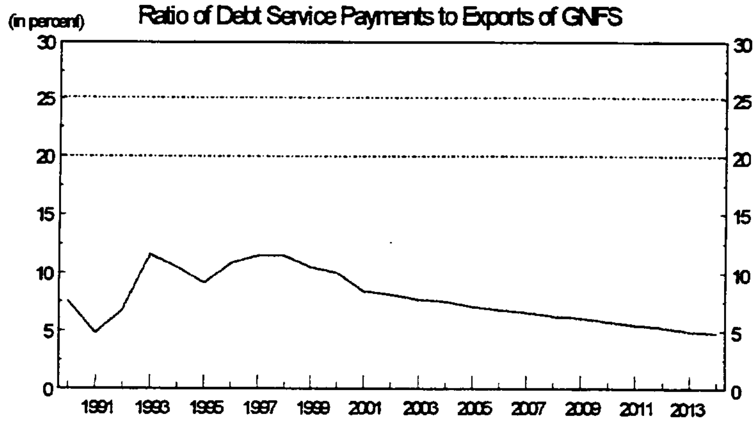
	1990-94	1995-2004	2005-14
Total financing need 1/	284	240	255
Gross multilateral disbur-ements	87	72	67
Net official transfers	119	104	96

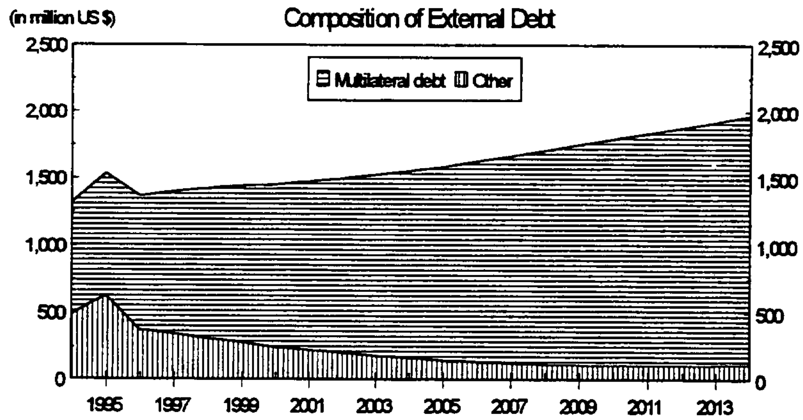
Debt Burden Indicators
- Debt-service ratio:
  below 20 percent throughout projection period
- NPV debt-export ratio:
  below 200 percent throughout projection period
- Public external debt service-revenue ratio:
  1995: 19 percent
  1997: 24 percent
- Public external debt service-expenditure ratio:
  1995: 12 percent
  1997: 16 percent

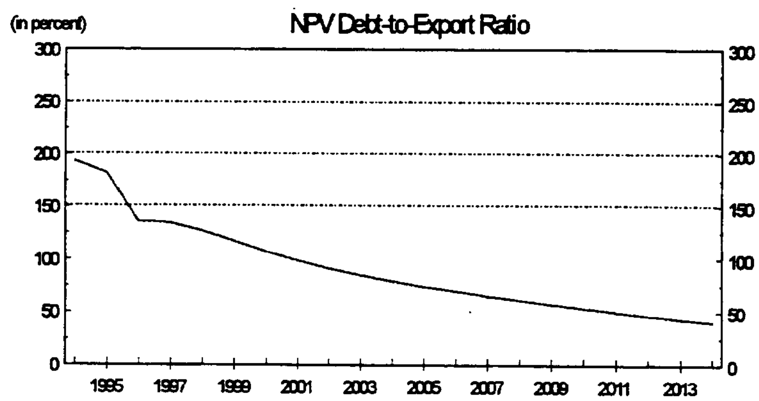
Sensitivity Analysis 2/

Debt-Service Ratios
(In percent of exports of GNFS)

	1996	2004	2014
Baseline	10.8	7.5	4.5
Lower export growth	12.2	11.3	7.6







Assessment and Risks
- Debt indicators are relatively favorable and improving gradually. Satisfactory growth rates are consistent with halving of noninterest current account deficit (excluding official transfers) to 3½ percent of GDP by 2001.
- Sensitivity analysis: vulnerability is moderate with respect to trade shocks, reflecting concentrated export base.

1/ Defined as current account deficit (excluding official transfers), amortization payments and buildup of international reserves, net of IMF drawings.
2/ See attached table for detailed assumptions.

Benin: Debt Indicators, 1995-2014
(In percent unless otherwise indicated)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2014	Average 1995-2004	Average 2005-2014
Debt and debt service indicators 1/														
Debt-service ratio 2/	9.1	10.8	11.6	11.5	10.5	10.0	8.4	8.1	7.7	7.5	7.1	4.5	9.5	5.7
before restructuring (scheduled)	17.3	16.1	18.7	18.0	15.2	14.7	13.2	12.5	10.7	10.0	9.3	5.1	14.6	7.0
Multilateral debt-service ratio 2/	6.1	6.1	6.7	7.1	7.6	8.1	8.2	7.5	7.1	6.2	5.2	4.0	7.1	4.6
Public sector debt-service (scheduled)														
as percent of revenues (excl.grants)	19.1	22.2	24.3	23.8	22.3	22.6	20.3	18.7	17.3	15.6	13.8	7.8	20.6	10.3
as percent of expenditures	11.9	14.7	16.1	16.8	16.6	17.3	15.9	14.9	14.0	12.8	11.3	7.2	15.1	8.9
NPV debt-export ratio	182.2	136.0	134.2	126.4	116.6	106.6	98.3	91.1	84.6	78.9	73.9	40.3	115.5	56.0
before restructuring	182.2	161.1	159.7	151.2	140.0	128.7	119.1	110.6	103.0	96.1	89.9	47.5	135.2	67.4
Debt-GDP ratio (after restructuring)	75.0	62.0	59.4	56.8	54.3	51.5	48.9	46.5	44.1	42.0	40.1	26.8	54.1	33.1
Multilateral debt-GDP ratio	42.1	38.4	35.4	32.9	30.7	28.6	26.6	24.8	23.1	21.6	20.2	17.6	30.4	18.9
Key Assumptions/Projections 1/														
Real GDP growth	5.8	5.3	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.1	5.0
Export volume growth	-4.8	27.1	10.0	6.0	5.0	5.0	5.8	5.3	4.9	4.9	5.0	5.9	6.7	5.4
Import volume growth	41.1	1.5	4.2	4.0	4.0	4.2	5.1	5.1	5.1	5.1	5.1	5.1	7.5	5.1
Terms of trade (% change)	21.6	-9.0	-11.2	-1.7	0.0	-0.0	-0.3	-0.3	-0.3	-0.3	-0.3	-0.2	-0.5	-0.3
Non-interest current account (% of GDP)	-1.3	1.9	-0.2	-0.4	-0.5	-0.3	-0.3	-0.5	-0.7	-0.8	-1.0	-0.7	-0.3	-1.0
excluding official transfers	-7.1	-3.9	-4.8	-4.6	-4.2	-3.7	-3.5	-3.5	-3.5	-3.4	-3.4	-2.0	-4.2	-2.8
Net official transfers (% change in dollar terms)	5.0	6.2	-15.4	-3.2	-7.3	-0.9	--	--	--	--	--	--	-1.7	--
Gross official reserves (in months of imports)	5.1	6.2	9.3	9.1	9.2	9.0	8.6	8.1	7.7	7.3	6.9	5.6	8.0	5.8
Financing gap (% of GDP)	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Sensitivity Analysis 1/														
Debt-service ratio in the event of:														
Lower export growth 3/	10.2	12.2	13.8	14.0	13.7	14.6	13.5	12.8	12.2	11.3	10.3	7.6	12.8	8.7

1/ Assumes Paris Club stock-of-debt operation on Naples terms (67 percent NPV debt reduction) in 1996.
2/ Debt service paid (scheduled from 1996 onward) in percent of exports of goods and nonfactor services.
3/ Assumes a yearly growth rate of exports of 2 percent.

BOLIVIA
Debt Sustainability Analysis

Background and Macro Assumptions
- ESAF approved 12/19/94.
- Sound policy performance since 1988.

Volume Growth
(Annual averages, in percent)

	1990-94	1995-2004	2005-14
Export	10.1	6.1	5.0
Import	6.0	4.8	5.5
Real GDP	4.0	5.0	5.0

Structure of External Debt (percent shares, end-1995)
IDB 30; IBRD/IDA 18; IMF 6; ADC 5; other multilateral 2; Paris Club 37; other bilateral 1; other 1.

Financing Assumptions
- Comparable treatment from other bilateral and commercial creditors to December 1995 Paris Club stock-of-debt operation.
- New financing on concessional terms: grant element averages 40 percent until 2004 and declines to 25 percent by 2014.
- Official transfers fall by an annual average of 8 percent, in US dollar terms, until 2006 and remain constant thereafter.
- Foreign direct investment associated with capitalization of public enterprises averages 4 percent of GDP in 1995-2000.

External Financing
(Annual averages, in US$ million)

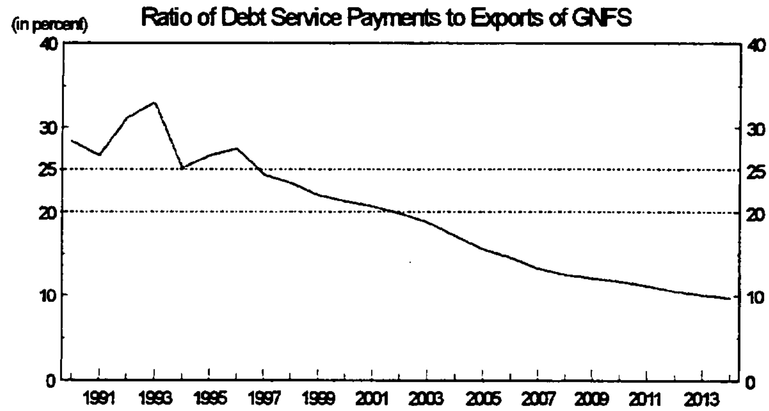
	1990-94	1995-2004	2005-14
Total financing need 1/	870	948	1103
Gross multilateral disbursements	277	293	244
Net official transfers	203	147	100

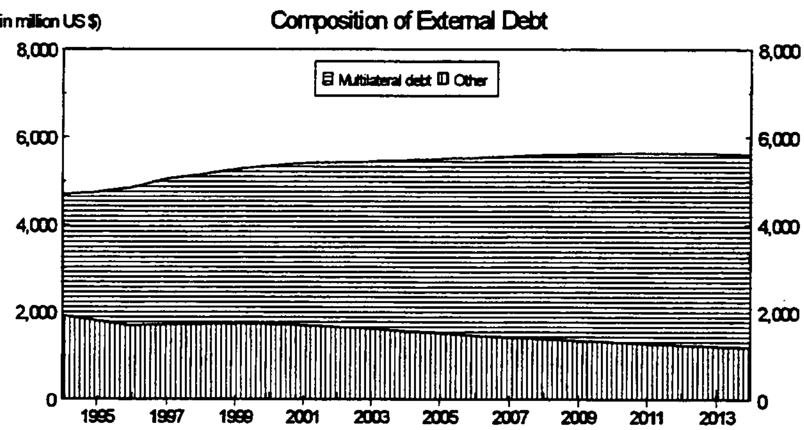
Debt Burden Indicators
- Debt-service ratio: 2/
  - below 25 percent by 1997
  - below 20 percent by 2002
- NPV debt-export ratio: 2/
  - below 250 percent in 1995 and beyond
  - below 200 percent by 1997
- Public external debt service-revenue ratio:
  - 1995: 38 percent
  - 1997: 23 percent

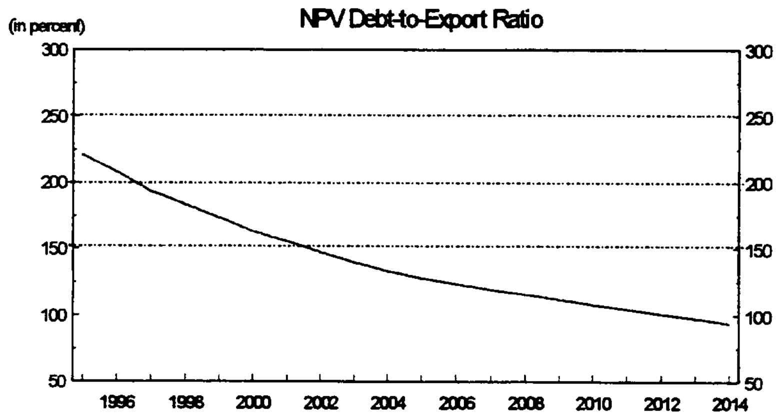
Sensitivity Analysis 3/

Debt-Service Ratios
(In percent of exports of goods and services)

	1996	2004	2014
Baseline	26.9	16.7	9.5
Lower export growth	27.2	18.0	12.4
Less favorable financing	26.9	17.5	11.0
Weaker terms of trade	28.0	18.3	11.6
Lower transfers	27.0	17.2	10.3







Assessment and Risks
- Debt indicators decline steeply. Solid growth is consistent with reducing noninterest current account deficit (excluding official transfers) to below 4 percent of GDP beyond 2000, while official reserves remain close to 5 months of imports.
- Sensitivity analysis: vulnerability is low with respect to financing terms; slightly higher with respect to trade shocks.

1/ Defined as current account deficit (excluding official transfers), amortization payments and buildup of international reserves, net of IMF drawings.
2/ Calculated on the basis of exports of goods and services.
3/ See attached table for detailed assumptions.

Bolivia: Debt Indicators, 1995-2014
(In percent unless otherwise indicated)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2014	Average 1995-2004	Average 2005-2014
Debt and debt service indicators 1/														
Debt-service ratio 2/	26.1	26.9	23.7	22.8	21.5	20.8	20.2	19.5	18.4	16.7	15.2	9.5	21.7	11.9
before restructuring (scheduled)	41.2	35.7	30.2	28.8	26.3	23.7	22.7	21.7	20.4	18.3	16.4	9.5	26.9	12.4
Multilateral debt-service ratio	20.5	21.7	19.3	18.1	16.4	15.3	13.9	13.2	12.2	11.0	10.0	7.2	16.2	8.4
Public sector debt-service													0.0	0.0
as percent of revenues (excl.grants)	37.7	25.6	22.8	21.9	20.8	20.5	20.0	19.3	18.2	15.8	14.4	9.0	22.2	11.2
before restructuring (scheduled)	...	...	...	...	...	...	...	...	...	...	...	...	...	...
NPV debt-export ratio	221.2	208.1	193.3	183.4	173.2	163.0	155.2	147.5	139.9	133.0	127.9	93.7	171.8	110.3
before restructuring	252.9	230.9	209.4	193.6	178.6	165.4	155.2	145.1	135.5	127.0	120.7	82.7	179.4	100.5
Debt-GDP ratio	78.8	74.1	72.0	68.5	65.7	62.8	59.5	56.3	53.1	50.0	47.1	26.6	64.1	36.2
Multilateral debt-GDP ratio	48.0	47.5	46.8	44.7	43.3	41.7	40.2	38.5	36.8	35.2	33.6	20.7	42.3	27.1
Key Assumptions/Projections 1/														
Real GDP growth	3.8	5.0	5.8	5.8	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Export volume growth	3.8	7.3	6.4	6.4	6.2	6.2	6.3	6.3	6.3	6.4	5.0	5.0	6.1	5.0
Import volume growth	3.8	17.7	14.2	1.2	1.1	1.3	-5.5	5.5	6.5	4.5	5.5	5.5	4.8	5.5
Terms of trade (% change)	-3.9	1.2	1.6	1.0	1.2	1.5	0.0	--	--	--	--	--	0.2	--
Non-interest current account (% of GDP)	-2.8	-6.3	-8.3	-6.9	-5.6	-4.4	-2.0	-2.2	-2.5	-2.4	-2.6	-3.3	-4.3	-3.0
excluding official transfers	-6.2	-8.8	-10.4	-8.9	-7.5	-6.2	-3.5	-3.5	-3.7	-3.4	-3.5	-3.8	-6.2	-3.6
Net official transfers (% change in dollar terms)	-20.7	-19.4	-8.9	0.0	0.0	0.0	-6.7	-7.1	-7.7	-8.3	-9.1	0.0	-8.2	-0.9
Gross official reserves (in months of imports) 3/	5.9	5.6	5.5	5.4	5.3	5.4	5.4	5.2	5.0	4.9	4.8	4.6	5.4	4.7
Financing gap (% of GDP)	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Sensitivity Analysis 1/														
Debt-service ratio in the event of:														
Lower export growth 4/	41.2	27.2	24.1	23.2	22.0	21.5	21.1	20.5	19.5	18.0	16.6	12.4	23.8	14.0
Less favorable financing 5/	41.2	26.9	23.8	22.9	21.7	21.2	20.7	20.1	19.0	17.5	16.2	11.0	23.5	13.2
Weaker terms of trade 6/	41.2	28.0	24.9	24.0	22.7	22.2	21.7	21.0	20.0	18.3	16.9	11.6	24.4	13.7
Lower transfers 7/	41.2	27.0	23.8	22.9	21.7	21.1	20.6	19.9	18.8	17.2	15.8	10.3	23.4	12.6

1/ Assumes implementation of December 1995 Paris Club agreement.
2/ Debt service paid (scheduled from 1996 onward) in percent of exports of goods and services.
3/ Imports of goods and nonfactor services.
4/ Assumes that nontraditional export growth is 1 percentage point lower than in the baseline scenario.
5/ Assumes all new borrowing is on nonconcessional terms
6/ Assumes that metal export prices are 10 percent lower than in the baseline scenario.
7/ Assumes that foreign grants decline by 5 percentage points faster than in the baseline scenario.

BURKINA FASO
Debt Sustainability Analysis

Background and Macro Assumptions
- Third annual ESAF approved 5/31/95.
- Strengthened policy performance since 1994.

Volume Growth
(Annual averages, in percent)

	1990-94	1995-2004	2005-14
Export	5.9	5.4	n.a.
Import	-1.1	5.6	n.a.
Real GDP	2.3	5.6	n.a.

Structure of External Debt (percent shares, end-1994)
IDA 39; AfDF/AfDB 18; IMF 3; other multilateral 15; Paris Club 5; other bilateral 15; commercial 5.

Financing Assumptions
- Paris Club flow reschedulings followed by a stock-of-debt operation in 1996.
- All new borrowing contracted on highly concessional terms; project loans unchanged from 1996 to 2005, declining sharply thereafter; no more recourse to program loans after 1998.
- Official grants, equivalent to 10 percent of GDP in 1995, projected to cover about 60 percent of the total financing need in the next ten years.

External Financing
(Annual averages, in US$ million)

	1990-94	1995-2004	2005-14
Total financing need 1/	382	359	n.a.
Gross Multilateral loans	n.a.	86	n.a.
Net Official transfers	272	204	n.a.

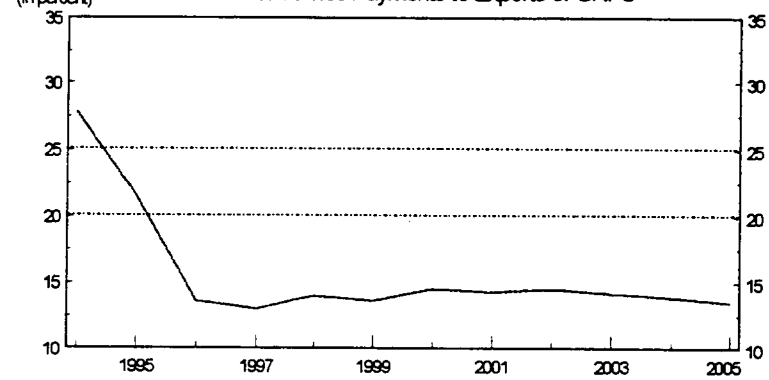
Debt Burden Indicators
- Debt-service ratio:
  below 20 percent by 1996
- NPV debt-export ratio:
  below 250 percent by 1997
  below 200 percent by 2000
- Public external debt service-revenue ratio:
  1995: 27 percent
  1997: 14 percent
- Public external debt service-expenditure ratio:
  1995: 15 percent
  1997: 13 percent

Sensitivity Analysis 2/

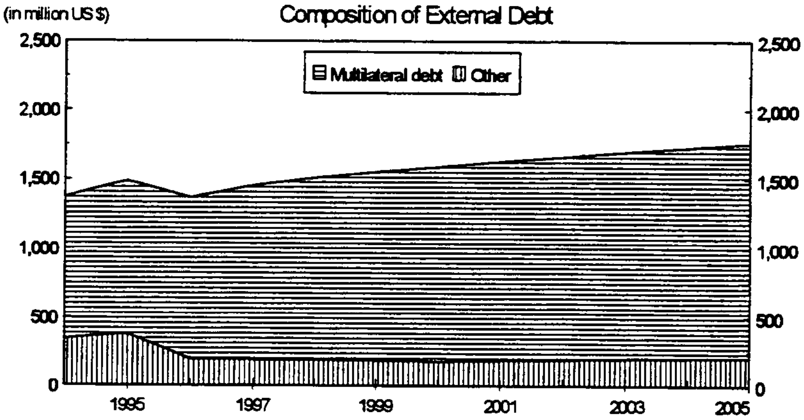
Debt-Service Ratios
(In percent of exports of GNFS)

	1996	2004	2015
Baseline	13.6	13.9	10.3
Lower export growth	13.6	14.2	11.6
Less favorable financing	15.3	31.5	17.2

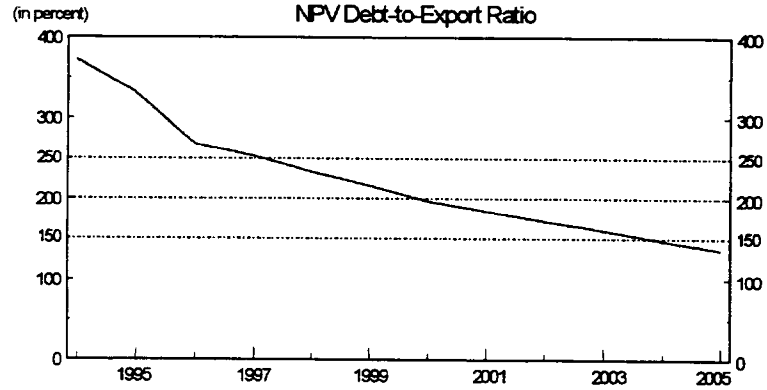
Ratio of Debt Service Payments to Exports of GNFS



Composition of External Debt



NPV Debt-to-Export Ratio



Assessment and Risks
- Debt indicators remain moderate throughout the projection period. Satisfactory growth rates are consistent with halving of noninterest current account deficit (excluding official transfers) as a share of GDP in the following ten-year period.
- Sensitivity analysis: vulnerability is moderate with respect to trade shocks; high with respect to financing terms.

1/ Defined as current account deficit (excluding official transfers), amortization payments and buildup of international reserves, net of IMF drawings.
2/ See attached table for detailed assumptions.

Burkina Faso: Debt Indicators, 1995-2015
(In percent unless otherwise indicated)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2015	Average 1995-2004	Average 2005-2014
Debt and debt service indicators 1/														
Debt-service ratio 2/	21.6	13.6	13.0	14.0	13.6	14.5	14.3	14.5	14.2	13.9	13.5	10.3	14.7	...
before restructuring (scheduled)	21.6	18.9	17.3	18.1	17.5	19.4	18.0	18.0	17.4	16.9	16.7	10.9	18.3	...
Multilateral debt-service ratio 2/	11.9	11.7	11.2	12.3	12.4	13.0	12.8	13.1	12.8	12.5	11.9	10.5	12.3	...
Public sector debt-service (scheduled)														
as percent of revenues (excl.grants)	27.0	15.6	14.2	14.7	14.4	14.7	13.8	13.3	12.4	11.5	10.4	8.3	15.2	...
as percent of expenditures	15.2	13.7	13.1	13.9	13.8	15.8	14.6	14.4	13.8	13.3	13.0	...	14.2	...
NPV debt-export ratio	331.6	262.9	247.0	228.0	210.9	191.7	179.8	167.8	156.2	144.8	133.4	...	212.1	...
before restructuring	331.6	311.3	297.7	280.3	265.0	247.5	238.0	228.7	220.7	211.6	203.0	96.7	263.2	...
Debt-GDP ratio	64.0	53.2	52.2	50.2	49.0	47.6	46.0	44.3	42.7	41.1	39.4	16.4	49.0	
Multilateral debt-GDP ratio	47.6	46.9	46.9	45.9	45.5	45.0	44.0	42.9	40.5	39.4	38.4	16.4	44.5	...
Key Assumptions/Projections 1/														
Real GDP growth	4.5	5.0	5.2	6.0	6.4	6.2	5.9	5.8	5.7	5.6	5.5	5.0	5.6	...
Export volume growth	12.1	7.5	5.4	6.0	4.6	4.6	3.7	3.5	3.3	3.3	3.0	3.0	5.4	...
Import volume growth	27.9	11.5	0.5	2.6	2.7	2.4	1.9	2.9	2.9	3.0	3.0	3.0	5.6	...
Terms of trade (% change)	6.7	5.3	1.1	1.5	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	2.4	...
Non-interest current account (% of GDP)	-2.1	-3.1	-4.3	-3.8	-2.9	-2.6	-2.0	-1.8	-1.7	-1.4	-1.2	...	-2.6	...
excluding official transfers	-12.7	-12.7	-11.0	-10.0	-9.3	-8.6	-7.7	-7.1	-6.5	-6.0	-5.5	...	-9.1	...
Net official transfers (% change in dollar terms)	16.2	0.1	-24.3	-1.0	9.6	-1.0	-0.0	-2.2	-1.7	-1.3	-1.0	...	-1.1	...
Gross official reserves (in months of imports) 3/	9.4	9.1	8.9	8.1	7.1	6.2	5.5	4.7	4.0	3.5	3.1	...	6.6	...
Financing gap (% of GDP)	0.0	1.7	0.6	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	...	0.3	...
Sensitivity Analysis 1/														
Debt-service ratio in the event of:														
Lower nontraditional exports 4/	21.6	13.6	13.0	14.1	13.7	14.6	14.4	14.7	14.4	14.2	13.8	11.6	14.8	...
Less favorable financing 5/	21.6	15.3	15.4	17.1	17.3	18.8	32.5	32.6	32.0	31.5	30.9	17.2	23.4	...

1/ Assumes a stock-of-debt operation on Naples terms (67 percent NPV debt reduction) in March 1996.
2/ Debt service paid (scheduled from 1996 onward) in percent of exports of goods and nonfactor services.
3/ Imports of goods and nonfactor services.
4/ Assumes that value of cotton exports (in CFAF) is 20 percent lower in 1996-2005, and growth rate in the overall value of exports of goods and nonfactor services is 1 percentage point lower thereafter.
5/ Assumes new borrowing is on nonconcessional terms with an interest rate of 6 rather than 2 percent, 15 instead of 30 years maturity and a grace period of 5 instead of 10 years.

CAMEROON
Debt Sustainability Analysis

Background and Macro Assumptions
- SBA approved 9/27/95.
- Strengthened policy performance since 1994.

Volume Growth
(Annual averages, in percent)

	90/91-94/95	95/96-04/05	05/06-14/15
Export	-0.1	3.6	5.0
Import	-3.6	4.1	4.0
Real GDP	-2.8	5.0	5.0

Structure of External Debt (percent shares, end-1995)
IDA/IBRD 10; AfDB 3; other multilateral 5; Paris Club 68; other bilateral 1; commercial 9; other 4.

Financing Assumptions
- Paris Club flow reschedulings on Naples terms succeeded by stock-of-debt operation in 1998/99.
- All new borrowing (half of which from multilateral sources) is contracted on highly concessional terms and remains broadly constant in nominal terms.
- Official grants fall rapidly to be fully dried up by 1998/99.

External Financing
(Annual averages, in US$ million)

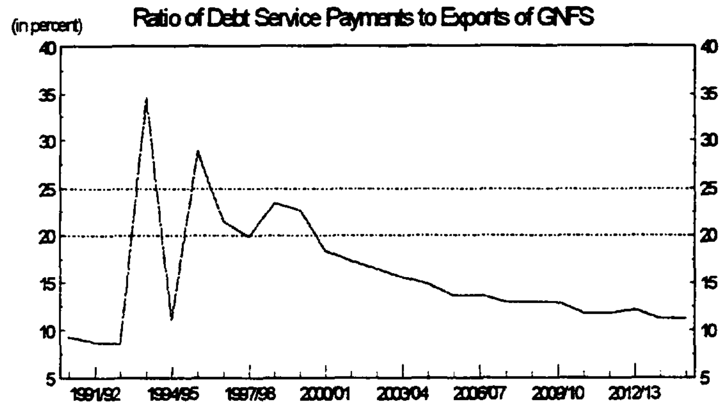
	90/91-94/95	95/96-04/05	05/06-14/15
Total financing need 1/	1037	719	547
Gross multilateral disbursements	202	186	192
Net official transfers	179	21	0

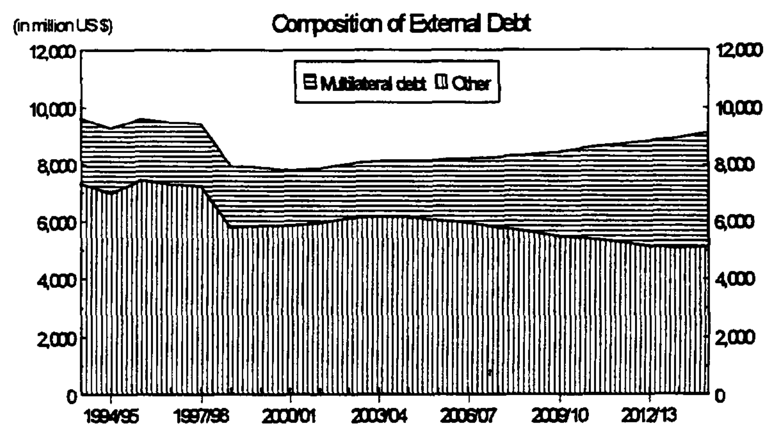
Debt Burden Indicators
- Debt-service ratio:
  - below 25 percent by 1996/97
  - below 20 percent in 1997/98 and from 2000/01 on
- NPV debt-export ratio:
  - below 250 and 200 percent by 1998/99
- Public external debt service-revenue ratio:
  - 1995: 63 percent
  - 1997: 35 percent
- Public external debt service-expenditure ratio:
  - 1995: n.a. percent
  - 1997: n.a. percent

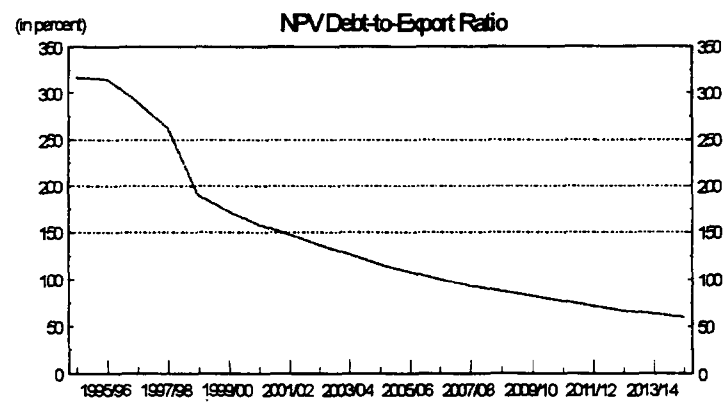
Sensitivity Analysis 2/

Debt-Service Ratios
(In percent of exports of GNFS)

	1996/97	2004/05	2014/15
Baseline	21.4	14.9	11.2
Lower export growth	22.8	19.8	19.8







Assessment and Risks
- Debt indicators improve gradually. Strong growth is consistent with surplus in noninterest current account (excluding official transfers) throughout projection period.
- Sensitivity analysis: vulnerability is high with respect to trade shocks.

1/ Defined as current account deficit (excluding official transfers), amortization payments and buildup of international reserves, net of IMF drawings.
2/ See attached table for detailed assumptions.

Cameroon: Debt Indicators, 1995/96-2014/15
(In percent unless otherwise indicated)

	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2014/15	Average 1995/96 2015/16	Average 2005/06 2014/15
Debt and debt service indicators 1/														
Debt-service ratio 2/	28.8	21.4	19.8	23.4	22.6	18.4	17.4	16.5	15.6	14.9	13.6	11.2	19.9	12.4
before restructuring (scheduled)	46.4	39.9	36.6	34.8	30.4	23.4	20.1	20.5	20.2	19.0	16.9	8.2	29.1	11.8
Multilateral debt-service ratio 2/	10.1	9.7	9.1	8.2	7.7	6.4	4.8	4.2	3.8	3.4	2.3	1.7	6.8	1.8
Public sector debt-service (scheduled)														
as percent of revenues (excl.grants)	63.2	39.6	35.4	41.0	39.4	31.7	29.1	26.9	24.8	22.9	20.3	15.0	35.4	17.4
as percent of expenditures	...	...	...	...	...	...	...	...	...	...	...	...	...	...
NPV debt-export ratio	315.2	290.4	262.3	188.7	171.5	157.8	147.4	137.4	126.8	116.4	108.1	59.7	191.4	80.8
before restructuring (scheduled)	325.4	309.4	289.0	264.4	241.2	221.4	206.3	192.3	178.0	164.1	152.8	83.8	239.1	114.3
Debt-GDP ratio (after restructuring)	97.0	91.5	85.9	68.6	64.6	60.6	57.4	54.7	51.6	48.3	45.3	27.3	68.0	35.3
Multilateral debt-GDP ratio	16.2	16.5	16.5	16.2	15.1	14.1	13.1	12.3	11.5	10.8	10.4	7.4	14.2	9.0
Key Assumptions/Projections 1/														
Real GDP growth	5.0	5.1	5.3	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Export volume growth	1.7	1.6	2.4	2.7	3.5	4.1	5.0	5.0	5.0	5.0	5.0	5.0	3.6	5.0
Import volume growth	0.2	4.5	2.4	6.0	6.5	6.0	4.0	4.0	4.0	4.0	4.0	4.0	4.1	4.0
Terms of trade (% change)	-3.1	-2.9	-2.2	-0.1	0.1	-0.3	--	--	--	--	--	--	-0.9	--
Non-interest current account (% of GDP)	5.2	3.4	3.0	2.5	2.2	2.0	2.4	2.4	2.2	2.0	1.9	1.8	2.7	1.3
excluding official transfers	3.9	2.8	2.8	2.5	2.2	2.0	2.4	2.4	2.2	2.0	1.9	1.8	2.5	1.3
Net official transfers (% change in dollar terms)	50.7	-54.7	-59.1	-100.0	--	--	--	--	--	--	--	--	-100.0	--
Gross official reserves (in months of imports)	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Financing gap (% of GDP) 3/	--	-3.1	-2.6	-1.3	0.4	-0.5	-0.6	-0.6	-0.4	-0.3	-0.4	0.6	-0.9	0.9
Sensitivity Analysis 1/														
Debt-service ratio in the event of:														
Lower export growth 4/	33.7	22.8	21.7	26.3	26.1	21.9	21.2	20.8	20.2	19.8	18.6	19.8	23.4	19.3

1/ Assumes Paris Club flow reschedulings on Naples terms (50 percent NPV debt reduction) in 1995/96-1997/98, followed by a stock-of-debt operation.
2/ Debt service paid (scheduled from 1996 onward) in percent of exports of goods and nonfactor services.
3/ Surpluses associated with debt relief could be used to finance higher imports or additional reserves; gaps in later years are assumed to be filled equally through multilateral and bilateral loans.
4/ Assumes that export growth is 3 percentage points lower than in the baseline.

COTE D'IVOIRE
Debt Sustainability Analysis

Background and Macro Assumptions
- ESAF (2nd year) approved 5/19/95.
- Sound policy performance since 1994.

Volume Growth
(Annual averages, in percent)

	1990-94	1995-2004	2005-14
Export	1.4	7.4	6.7
Import	-4.1	8.8	6.7
Real GDP	0.1	5.7	6.6

Structure of External Debt 1/ (percent shares, end-1994) IBRD 10; IDA 3; AfDB 5; IMF 2; other multilateral 4; Paris Club 27; other bilateral 1; commercial (largely in arrears) 48.

Financing Assumptions
- Current Paris Club flow rescheduling on Naples terms succeeded by stock-of-debt operation in March 1997.
- Debt reduction operation with commercial banks on terms comparable to Naples terms implemented in 1996.
- Reliance on official transfers diminishes from 1999 onward.
- Foreign direct investment finances growing proportion of current account deficit.

External Financing
(Annual averages, in US$ million)

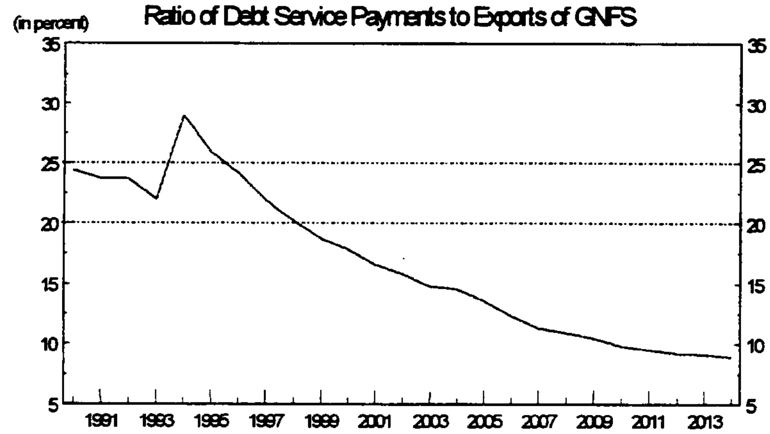
	1990-94	1995-2004	2005-14
Total financing need 2/	2036	1002	1459
Gross multilateral disbursements	484	333	370
Net official transfers	117	72	30

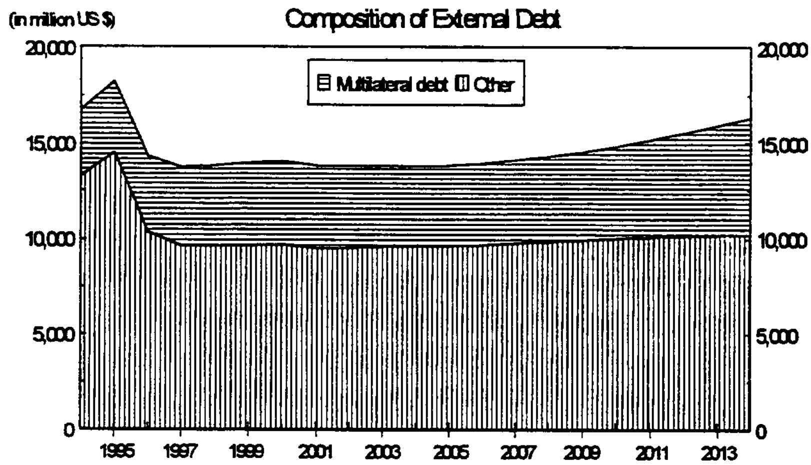
Debt Burden Indicators
- Debt-service ratio:
  - below 25 percent by 1996
  - below 20 percent by 1999
- NPV debt-export ratio:
  - below 250 percent by 1997
  - below 200 percent by 2000
- Public external debt service-revenue ratio:
  - 1995: 70 percent
  - 1997: 40 percent
- Public external debt service-expenditure ratio:
  - 1995: 57 percent
  - 1997: 36 percent

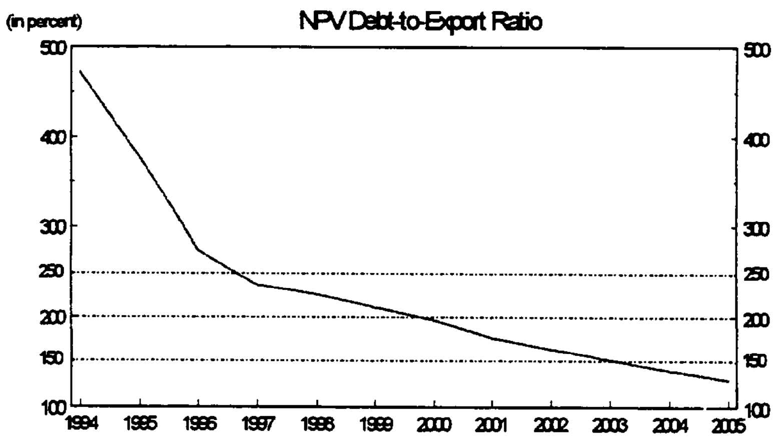
Sensitivity Analysis 3/

Debt-Service Ratios
(In percent of exports of GNFS)

	1996	2004	2014
Baseline	24.2	14.5	8.9
Weaker terms of trade	24.2	14.9	10.0
Lower growth	24.2	16.7	12.8







Assessment and Risks
- Debt indicators decline rapidly. Strong growth is compatible with small and stable current account deficits and surpluses in noninterest current account (excluding official transfers).
- Sensitivity analysis: vulnerability is low to moderate with respect to trade and productivity shocks.

1/ Includes private debt with a total share of 17 percent.
2/ Defined as current account deficit (excluding official transfers), amortization payments and buildup of international reserves, net of IMF drawings.
3/ See attached table for detailed assumptions.

Cote d'Ivoire: Debt indicators, 1995–2015
(In percent unless otherwise indicated)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2014	Average 1995–2004	Average 2005–2014
Debt and debt service indicators 1/														
Debt-service ratio 2/	25.9	24.2	21.9	20.2	18.7	17.8	16.6	15.8	14.8	14.5	13.6	8.9	19.0	10.5
before restructuring (scheduled) 3/	36.6	33.3	28.1	26.7	23.0	21.8	20.6	19.4	17.7	15.9	13.5	8.0	24.3	9.8
Multilateral debt-service ratio 2/	11.0	9.3	8.5	7.5	6.6	6.4	5.6	5.3	4.8	4.2	3.5	1.1	6.9	2.0
Public sector debt-service (scheduled) 4/														
as percent of revenues (excl.grants)	70.3	63.1	40.0	36.0	33.5	32.0	30.2	28.7	26.8	26.5	24.5	16.2	38.7	18.8
as percent of expenditures	56.8	53.0	35.6	32.1	29.9	29.3	28.8	27.5	24.9	24.7	22.5	14.1	34.2	16.5
NPV debt-export ratio	377.6	275.0	235.7	225.4	210.5	196.4	177.0	163.9	152.0	139.9	129.4	...	215.3	...
before restructuring 3/	377.6	364.2	317.3	304.2	284.6	265.6	237.8	217.0	198.5	181.1	167.3	...	274.8	...
Debt-GDP ratio	204.6	147.5	130.3	123.3	116.7	109.8	102.4	95.6	89.3	83.1	77.4	43.8	120.3	58.8
Multilateral debt-GDP ratio	40.8	39.4	37.0	35.4	33.9	31.5	28.9	26.5	24.4	22.5	21.1	12.1	32.0	16.4
Key Assumptions/Projections 1/														
Real GDP growth	6.5	6.5	6.7	5.3	5.2	5.3	5.2	5.1	5.3	5.6	5.7	7.0	5.7	6.6
Export volume growth	15.8	13.4	7.4	3.2	5.9	6.1	6.4	5.2	5.3	5.8	5.6	7.2	7.4	6.7
Import volume growth	35.2	9.6	7.5	9.0	4.8	4.6	4.0	5.3	5.5	5.5	6.1	7.0	8.8	6.7
Terms of trade (% change)	15.3	–7.6	1.5	–0.5	–0.5	–0.5	–0.5	–0.5	–0.5	–0.5	–0.5	–0.5	0.4	–0.5
Non-interest current account (% of GDP)	6.7	4.6	5.5	2.7	2.7	3.0	3.5	3.1	2.7	2.5	2.0	–0.4	3.7	0.5
excluding official transfers	6.0	3.9	4.7	1.9	2.0	2.3	3.0	2.7	2.3	2.2	1.8	–0.4	3.1	0.3
Net official transfers (% change in dollar terms)	152.6	15.6	27.6	9.0	–10.9	–10.7	–10.7	–10.7	–10.7	–10.7	–10.7	–10.7	7.5	–10.7
Gross official reserves (in months of imports)	2.3	2.9	3.2	2.9	2.6	2.4	2.2	2.0	1.9	1.8	1.8	2.3	2.4	2.1
Financing gap (% of GDP)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sensitivity Analysis 1/														
Debt-service ratio in the event of:														
Weaker terms of trade 5/	25.9	24.2	21.9	20.2	18.9	18.0	16.9	16.2	15.2	14.9	14.0	10.0	19.2	11.3
Lower growth 6/	25.9	24.2	21.9	20.5	19.4	18.8	18.0	17.5	16.7	16.7	15.8	12.8	20.0	13.3

1/ Assumes Paris Club flow rescheduling on Naples terms succeeded by stock-of-debt operation (67 percent NPV debt reduction) in March 1997.
2/ Debt service paid (scheduled from 1996 onward) in percent of exports of goods and nonfactor services.
3/ Assumes implementation of debt reduction operation with commercial banks in 1996 on terms comparable to Naples terms.
4/ Excluding debt service on non-guaranteed private sector debt and debt-service payments of public enterprises.
5/ Assumes terms of trade to deteriorate by one percentage point more than in the baseline scenario from 1998 onward.
6/ Assumes lower increase in total factor productivity to reduce real GDP growth by 2.4 percentage points on average in 1996–2015.

EQUATORIAL GUINEA
Debt Sustainability Analysis

Background and Macro Assumptions
• ESAF approved 2/3/93; off track.
• Poor policy performance in recent years.

Volume Growth
(Annual averages, in percent)

	1990-94	1995-2004	2005-14
Export	27.2	12.7	n.a.
Import	-9.2	3.0	n.a.
Real GDP	7.6	8.2	n.a.

Structure of External Debt (percent shares, estimates 1995)
IDA 22; AfDF 14; IMF 8; other multilateral 7; Paris Club 29; other bilateral 20 (China 10).

Financing Assumptions
• No rescheduling assumed, due to policy weaknesses.
• Project-related official bilateral transfers and loans grow 4 percent annually in 1996-2006.
• Large net outflows of private capital from 1997 onward.

External Financing
(Annual averages, in US$ million)

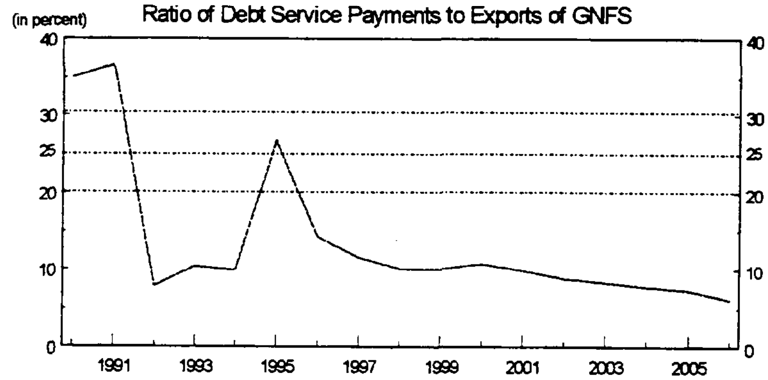
	1990-94	1995-2004	2005-14
Total financing need 1/	66	-52	n.a.
Gross multilateral disbursements	3	–	n.a.
Net official transfers	30	11	n.a.

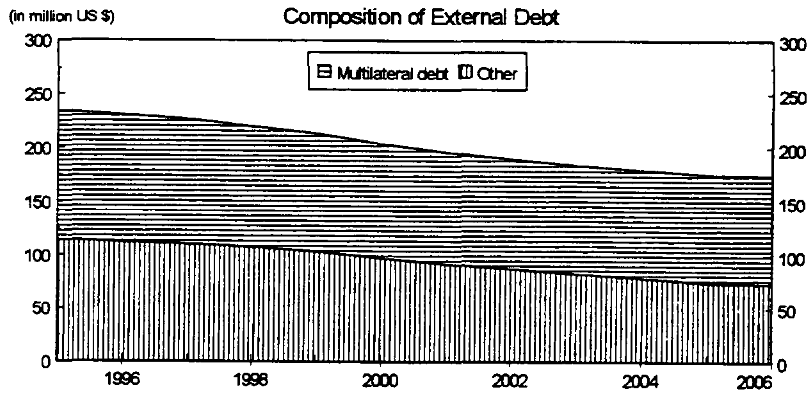
Debt Burden Indicators
• Debt-service ratio:
below 20 percent by 1996
• NPV debt-export ratio:
below 200 percent throughout projection period
• Public external debt service-revenue ratio:
1995: 93 percent
1997: 57 percent
• Public external debt service-expenditure ratio:
1995: 56 percent
1997: 41 percent

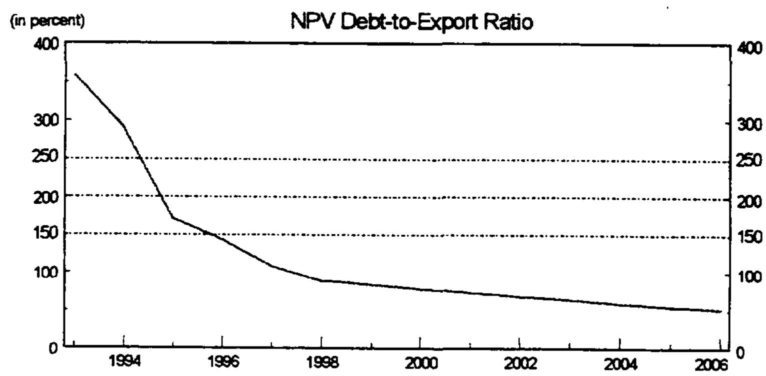
Sensitivity Analysis 2/

Debt-Service Ratios
(In percent of exports of GNFS)

	1996	2004	2006
Baseline	14.3	7.7	6.1
Lower export growth	14.9	8.3	6.6
Less favorable financing	14.3	7.7	6.1







Assessment and Risks
• Debt ratios come down sharply in 1996, due to high oil exports; fiscal burden of debt, however, is heavy at least until 2000. High medium-term and moderate long-term growth rates are consistent with large surpluses in noninterest current account (excluding official transfers) from 1997 on.
• Sensitivity analysis: vulnerability is high with respect to trade shocks; low with respect to external financing shortfalls which, however, would likely impair growth through reduced imports.

1/ Defined as current account deficit (excluding official transfers), amortization payments and buildup of international reserves, net of IMF drawings.
2/ See attached table for detailed assumptions.

Equatorial Guinea: Debt Indicators, 1995-2006
(In percent unless otherwise indicated)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1995-2004	Average 2005-2014
Debt and debt service indicators 1/														
Debt-service ratio 2/	26.8	14.3	11.5	10.1	10.0	10.7	9.8	8.8	8.3	7.7	7.3	6.1	11.8	...
Multilateral debt-service ratio 1/	5.8	5.1	5.0	4.0	3.7	3.5	3.3	3.2	3.0	2.9	2.8	2.7	4.0	...
Public sector debt-service (scheduled)														
as percent of revenues (excl.grants)	92.8	52.6	57.0	53.8	52.2	55.3	50.6	45.2	42.8	39.9	37.9	32.3	54.2	...
as percent of expenditures	56.4	34.1	40.7	43.4	44.1	48.6	45.1	40.5	38.3	35.6	33.8	28.6	42.7	
NPV debt-export ratio	171.1	143.9	108.2	88.8	84.0	77.9	72.9	68.1	63.5	59.1	54.9	51.8	93.7	...
Debt-GDP ratio	139.3	115.7	91.6	75.3	68.2	60.9	55.0	50.2	45.8	42.0	38.7	36.2	74.4	...
Multilateral debt-GDP ratio	71.2	59.4	46.7	38.3	34.8	31.7	30.6	29.7	28.7	27.8	27.0	26.2	39.9	...
Key Assumptions/Projections 1/														
Real GDP growth	11.2	15.7	17.3	12.7	4.3	4.3	4.3	4.4	4.4	4.4	4.4	4.4	8.2	...
Export volume growth 3/	34.5	23.1	36.7	22.8	4.3	4.2	2.3	2.3	2.3	2.3	2.3	2.3	12.7	...
Import volume growth	39.3	5.6	-5.4	-3.9	-3.8	0.7	0.8	0.9	1.0	1.1	1.2	1.3	3.0	...
Terms of trade (% change)	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Non-interest current account (% of GDP)	-18.2	-7.8	14.5	28.2	33.8	35.9	36.2	37.0	36.8	36.7	36.6	36.4	23.3	...
excluding official transfers	-23.9	-12.8	10.4	24.7	30.5	32.7	33.1	33.9	33.9	34.0	33.9	33.8	19.6	...
Net official transfers (% change in dollar terms)	...	4.2	1.0	2.0	2.9	2.8	1.8	4.5	1.7	-2.5	5.2	1.3	1.8	...
Gross official reserves (in months of imports)	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Financing gap (% of GDP)	–	6.1	3.9	2.4	1.8	1.1	0.8	–	–	–	–	–	1.6	...
Sensitivity Analysis 1/														
Debt-service ratio in the event of:														
Lower oil exports 4/	26.8	14.9	12.2	10.8	10.7	11.4	10.5	9.4	8.9	8.3	7.9	6.6	12.4	...
Less favorable financing 5/	26.8	14.3	11.4	10.1	10.0	10.7	9.8	8.8	8.3	7.7	7.3	6.1	11.8	...

1/ No Paris Club rescheduling assumed in baseline.
2/ Debt service scheduled, including envisaged repayment of arrears, in percent of exports of goods and nonfactor services. Data on actual debt service payments in 1995 are not available.
3/ Both oil and non-oil.
4/ Assumes that value of oil exports is 10 percent lower.
5/ Assumes that inflow of grants and loans is 10 percent lower.

GUINEA
Debt Sustainability Analysis

Background and Macro Assumptions
• ESAF (3rd year) approved 12/20/95.
• Recent policy performance uneven.

Volume Growth
(Annual averages, in percent)

	1990-94	1995-2004	2005-14
Export	0.6	8.2	6.7
Import	0.2	6.5	6.4
Real GDP	3.7	4.9	5.0

Structure of External Debt (percent shares, end-1994)
IDA 28; AfDB/AfDF 9; IMF 2; other multilateral 9; Paris Club 29; other bilateral 21; commercial 2.

Financing Assumptions
• Paris Club stock-of-debt operation on Naples terms (50 percent NPV reduction) at end-1996 and comparable debt relief from commercial creditors.
• Rescheduling with Russia on terms comparable to the 1992 Paris Club agreement.
• New borrowing (mostly from multilateral sources) increases 7 percent annually; largely project-related; highly concessional (60 percent grant element).
• Official grants constitute 40 percent of external assistance.

External Financing
(Annual averages, in US$ million)

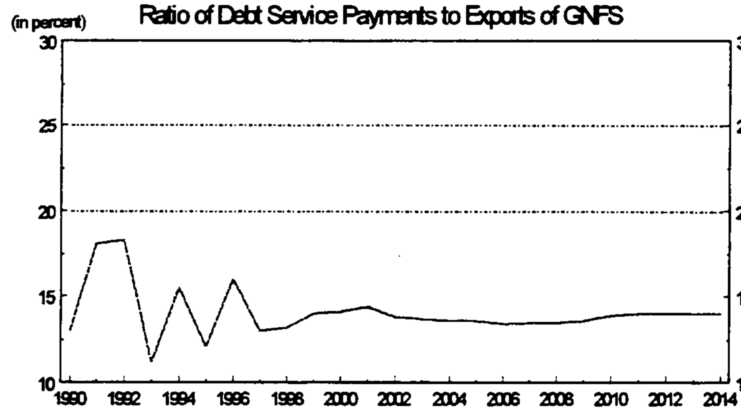
	1990-94	1995-2004	2005-14
Total financing need 1/	463	477	800
Gross multilateral disbursements	160	203	352
Net official transfers	117	171	308

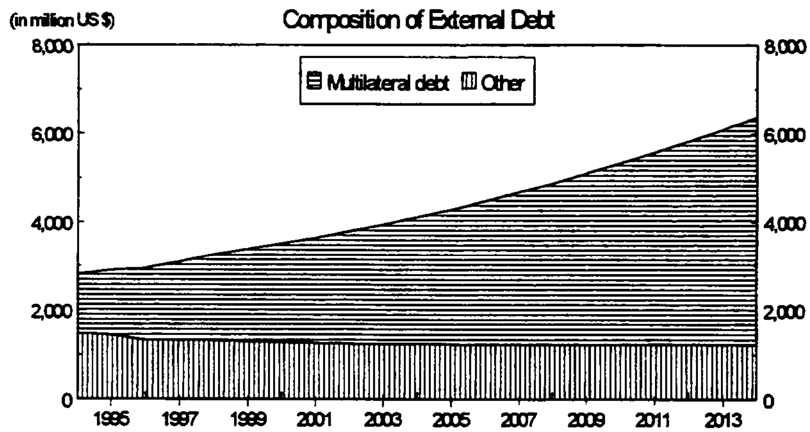
Debt Burden Indicators
• Debt-service ratio: 2/
below 20 percent throughout projection period
• NPV debt-export ratio: 2/
below 250 percent by 1996
below 200 percent by 1999
• Public external debt service-revenue ratio:
1995: 36 percent
1997: 20 percent
• Public external debt service-expenditure ratio:
1995: 23 percent
1997: 15 percent

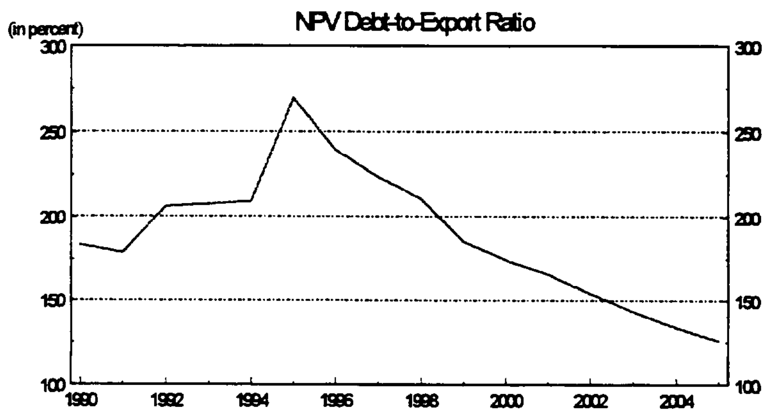
Sensitivity Analysis 3/

Debt-Service Ratios
(In percent of exports of goods)

	1996	2004	2014
Baseline	17.0	14.0	14.3
Lower export growth	17.7	14.9	15.4
Less favorable financing	17.7	17.6	19.4
Weaker terms of trade	18.0	14.6	14.6







Assessment and Risks
• Debt indicators remain moderate throughout. Strong growth is compatible with declining current account deficits; non-interest current account in balance by 2014, but continued reliance on official transfers.
• Sensitivity analysis: vulnerability is moderate with respect to trade shocks and high with respect to the availability of external financing on appropriately concessional terms.

1/ Defined as current account deficit (excluding official transfers), amortization payments and buildup of international reserves, net of IMF drawings.
2/ Calculated on the basis of exports of goods.
3/ See attached table for detailed assumptions.

Guinea: Debt indicators, 1995 - 2014
(In percent unless otherwise indicated)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2014	Average 1995-2004	Average 2005-2014
Debt and debt service indicators 1/														
Debt-service ratio 2/	12.0	17.0	13.7	13.9	14.6	14.7	15.0	14.4	14.3	14.0	14.0	14.3	14.4	14.1
before restructuring (scheduled)	20.7	18.8	15.3	14.9	15.1	15.0	15.2	14.4	14.2	14.0	14.0	14.0	15.8	13.9
Multilateral debt-service ratio 2/	7.3	6.8	7.1	7.0	6.4	6.8	7.6	7.5	7.9	8.0	8.2	9.2	7.2	8.7
Public sector debt-service														
as percent of revenues (excl.grants)	35.6	27.1	20.0	19.3	20.3	19.5	19.3	18.1	17.2	16.4	15.7	12.6	21.3	13.9
as percent of expenditures	23.4	19.1	14.7	14.3	15.8	15.4	15.3	14.6	14.4	14.0	13.9	14.4	16.1	14.0
NPV debt-export ratio 3/	268.8	236.1	220.2	207.8	182.2	173.2	162.4	148.9	140.5	131.3	124.3	64.1	187.1	92.2
before restructuring (scheduled)	271.9	238.9	222.7	210.3	184.3	175.3	164.3	150.6	142.2	132.8	125.8	64.8	189.3	93.3
Debt-GDP ratio	78.9	74.0	71.1	68.7	65.3	62.1	59.0	56.2	54.1	52.2	50.3	37.9	64.1	43.5
Multilateral debt-GDP ratio	39.9	40.4	40.1	40.1	39.3	38.4	37.4	36.6	36.1	35.8	35.4	33.9	38.4	34.4
Key Assumptions/Projections 1/														
Real GDP growth	4.6	4.7	4.8	4.9	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.9	5.0
Export volume growth	8.4	10.9	10.4	5.4	16.2	5.3	6.2	8.3	4.7	6.6	4.6	7.5	8.2	6.7
Import volume growth	8.6	6.4	5.3	5.7	6.4	5.9	7.3	7.3	5.8	6.5	6.1	6.4	6.5	6.4
Terms of trade (% change)	2.8	2.7	-3.8	0.2	-2.3	-1.2	-0.4	--	0.3	-0.5	--	-0.5	-0.2	-0.2
Non-interest current account (% of GDP)	-2.6	-1.9	-1.9	-1.9	-0.7	-1.0	-1.1	-1.0	-1.0	-0.9	-1.0	-0.0	-1.4	-0.6
excluding official transfers	-6.6	-5.6	-5.6	-5.6	-4.0	-4.2	-4.0	-3.5	-3.5	-3.4	-3.5	-2.5	-4.6	-3.1
Net official transfers (% change in dollar terms)	23.3	0.5	7.5	6.8	-0.2	5.9	-1.0	-5.9	8.1	8.1	8.1	7.6	5.1	7.9
Gross official reserves (in months of imports)	3.4	3.6	3.7	3.9	3.9	4.0	4.0	4.0	4.1	4.3	4.4	5.3	3.9	4.7
Financing gap (% of GDP)	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Sensitivity Analysis 1/														
Debt-service ratio in the event of:														
Lower nonmining exports 4/	21.6	17.7	14.2	14.5	15.4	15.5	15.8	15.2	15.1	14.9	15.0	15.4	16.0	15.2
Less favorable financing 5/	20.7	17.7	14.9	15.5	16.6	17.1	17.8	17.4	17.6	17.6	17.9	19.4	17.3	18.8
Weaker terms of trade 6/	22.0	18.0	14.5	14.7	15.4	15.4	15.7	15.0	14.8	14.6	14.6	14.6	16.0	14.6

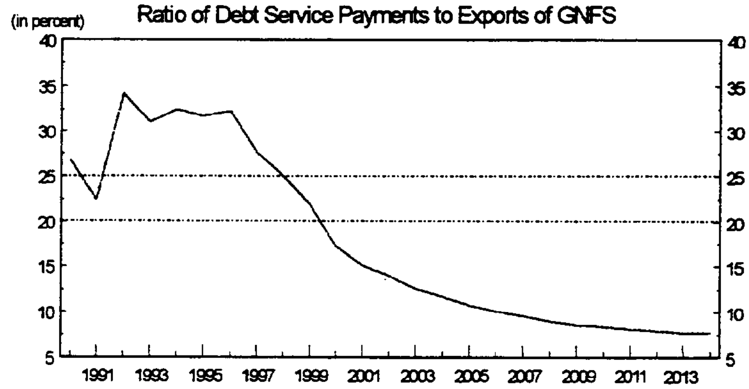
1/ Assumes the implementation of a Paris Club stock-of-debt operation on Naples terms (50 percent NPV debt reduction) in the last quarter of 1996.
2/ Debt service paid (scheduled from 1996 onward) in percent of exports of goods.
3/ In percent of exports of goods and services.
4/ Assumes that nonmining company exports are 10 percent lower.
5/ Assumes that interest rate on new borrowing is 2.5 percentage points higher, implying a decline in the grant element from 60 to 40 percent.
6/ Assumes that bauxite and alumina export prices are 10 percent lower.

HONDURAS
Debt Sustainability Analysis

Background and Macro Assumptions
• ESAF (2nd Year) approved 1/30/95.
• Recent policy performance has been mixed.

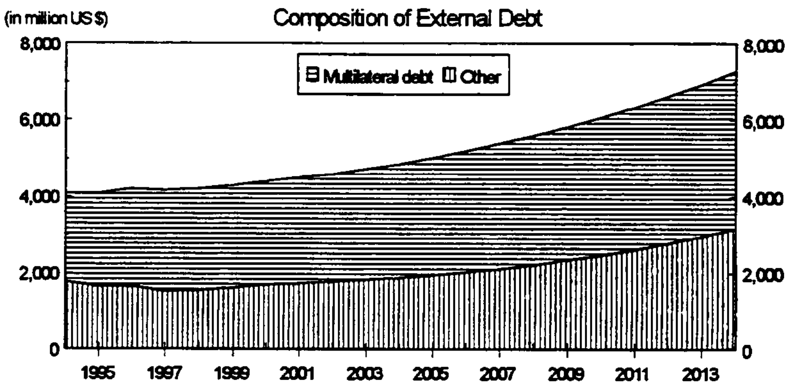
Volume Growth
(Annual averages, in percent)

	1990-94	1995-2004	2005-14
Export	3.5	4.4	4.4
Import	7.2	4.0	4.3
Real GDP	2.8	4.4	4.5



Structure of External Debt (percent shares, end-1994)
IDB 23; IDA 19; IMF 3; other multilateral 11; Paris Club 32; other bilateral 6; commercial 5.

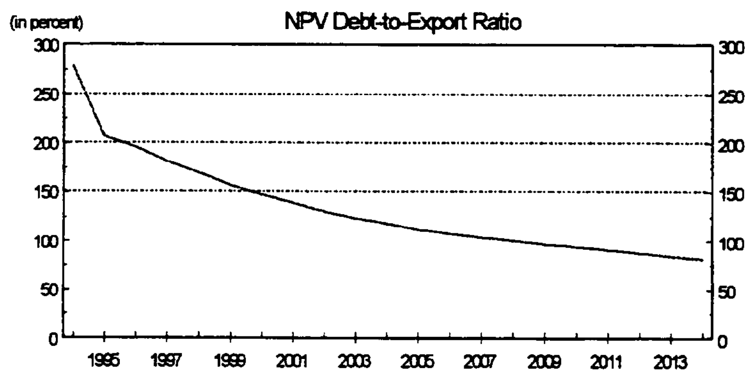
Financing Assumptions
• Paris Club flow rescheduling on Naples terms (50 percent NPV reduction), followed by stock-of-debt operation in early 1997.
• Borrowing from official sources flat in nominal terms through 2005; grant element in bilateral loans averages 40 percent (as in recent years).
• Official grants decline in real terms.



External Financing
(Annual averages, in US$ million)

	1990-94	1995-2004	2005-14
Total financing need 1/	626	579	778
Gross multilateral disbursements	189	216	225
Net official transfers	163	114	148

Debt Burden Indicators
• Debt-service ratio: 2/
  below 25 percent by 1997
  below 20 percent by 1999
• NPV debt-export ratio: 2/
  below 200 percent throughout the projection period
• Public external debt service-revenue ratio:
  1995: 82 percent
  1997: 57 percent
• Public external debt service-expenditure ratio:
  1995: 68 percent
  1997: 50 percent



Sensitivity Analysis 3/

Debt-Service Ratios
(In percent of exports of goods and services)

	1996	2004	2014
Baseline	27.6	9.8	6.7
Lower export growth	27.6	10.5	9.7
Less favorable financing	27.7	11.3	9.1
Weaker terms of trade	28.7	10.7	7.9

Assessment and Risks
• Debt indicators improve considerably; fiscal burden remains heavy in the medium term. Satisfactory growth rates are consistent with maintaining noninterest current account deficit (excluding official transfers) between 2 and 3 percent of GDP for the next decade, with reserves rising to 3 months of imports.
• Sensitivity analysis: vulnerability is moderate with respect to trade shocks and financing terms.

1/ Defined as current account deficit (excluding official transfers), amortization payments and buildup of international reserves, net of IMF drawings.
2/ Calculated on the basis of exports of goods and services.
3/ See attached table for detailed assumptions.

Honduras: Debt Indicators, 1995-2014
(In percent unless otherwise indicated)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2014	Average 1995-2004	Average 2005-2014
Debt and debt service indicators 1/														
Debt-service ratio 2/	30.0	27.6	23.3	21.1	18.5	14.4	12.7	11.8	10.6	9.8	9.1	6.7	18.0	7.5
before restructuring (scheduled)	33.7	30.7	27.6	24.9	22.3	18.3	16.6	15.4	14.0	13.0	11.1	7.0	21.7	8.6
Multilateral debt-service ratio 2/	17.7	17.1	14.1	13.2	11.9	8.9	7.4	6.5	5.7	4.8	4	1.3	10.7	2.4
Public sector debt-service (scheduled)														
as percent of revenues (excl.grants)	82.0	69.9	56.9	51.1	44.7	34.7	30.4	28.0	25.1	22.9	21.2	14.7	44.6	17.0
as percent of expenditures	68.2	59.9	49.7	44.6	39.0	30.3	26.6	24.4	21.9	20.0	18.5	12.8	38.5	14.8
NPV debt-export ratio	179.6	167.5	155.3	142.7	131.7	123.7	116.4	109.7	104.1	99.5	94.7	70.5	133.0	82.1
before restructuring	196.2	186.5	177.3	165.4	152.7	141.8	131.5	122.0	113.9	107.1	100.5	70.2	149.4	84.4
Debt-GDP ratio	103.6	104.9	96.9	92.1	87.0	83.0	78.8	74.8	71.3	68.2	65.4	49.0	86.1	56.3
Multilateral debt-GDP ratio	59.3	61.9	60.7	57.9	54.4	51.5	49.1	46.6	44.5	42.7	41.1	29.6	52.9	35.0
Key Assumptions/Projections 1/														
Real GDP growth	3.6	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.4	4.5
Export volume growth	2.4	10.8	4.4	1.1	4.4	4.4	4.4	4.3	4.1	4.1	4.2	4.5	4.4	4.4
Import volume growth	8.2	1.9	2.0	3.0	3.5	4.0	4.5	4.5	4.5	4.5	4.5	4.2	4.0	4.3
Terms of trade (% change)	13.6	-7.3	-2.0	-0.7	-0.7	-0.8	-1.0	-1.0	-1.0	-1.0	-0.9	-0.7	-0.3	-0.8
Non-interest current account (% of GDP)	0.5	0.0	0.2	0.1	0.4	0.3	-0.0	-0.3	-0.7	-1.1	-1.4	-2.6	-0.1	-2.2
excluding official transfers	-2.5	-2.7	-2.2	-2.2	-1.8	-1.8	-2.0	-2.3	-2.5	-2.8	-3.1	-3.7	-2.3	-3.6
Net official transfers (% change in dollar terms	-6.3	-8.3	-4.5	0.0	3.0	3.0	3.0	3.1	3.0	3.0	3.0	3.0	-0.2	3.0
Gross official reserves (in months of imports)	1.8	2.7	3.0	2.9	3.0	3.3	3.5	3.5	3.5	3.5	3.5	3.5	3.1	3.5
Financing gap (% of GDP)	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Sensitivity Analysis 1/														
Debt-service ratio in the event of:														
Lower nontraditional exports 3/	33.7	27.6	23.4	21.3	18.7	14.7	13.1	12.3	11.2	10.5	10.0	9.7	18.7	9.3
Less favorable financing 4/	33.7	27.7	23.5	21.4	19.2	15.5	13.8	13.1	12.1	11.3	10.7	9.1	19.1	9.6
Weaker terms of trade 5/	33.7	28.7	23.9	21.6	19.0	14.9	13.5	12.6	11.5	10.7	10.1	7.9	19.0	8.6

1/ Assumes Paris Club flow rescheduling from August 1995 to January 1997 followed by a stock-of-debt operation, both on Naples terms (50 percent NPV debt reduction).
2/ Debt service paid (scheduled from 1996 onward) in percent of exports of goods and services.
3/ Assumes one percentage point lower volume growth for nontraditional exports.
4/ Assumes that interest rates on official bilateral financing are 2 percentage points higher and maturity and grace period are 10 and 2 years shorter, respectively, implying a decline in the grant element from 40 to 20 percent.
5/ Assumes that coffee export prices decline in 1996 to US$1.00/lb compared to $US1.20/lb in baseline.

KENYA
Debt Sustainability Analysis

Background and Macro Assumptions
- No current Fund program.
- Recent policy performance uneven.

Volume Growth
(Annual averages, in percent)

	1990-94	1995-2004	2005-14
Export	5.1	5.6	5.1
Import	0.8	5.0	5.5
Real GDP	2.0	5.7	6.0

Structure of External Debt (percent shares, end-1994)
IDA 32; IBRD 9; IMF 7; other multilateral 7; Paris Club 36; other bilateral 1; commercial 8.

Financing Assumptions
- Debt restructuring assumed only for arrears to commercial banks; authorities have opted to avoid concessional reschedulings.
- Net official disbursements are negative on average in 1995-2004.
- Gap financing, averaging $US137 million a year in 1995-98, on concessional terms.
- Moderate increase in foreign direct investment associated with improved competitiveness and strong adjustment policies.

External Financing
(Annual averages, in US$ million)

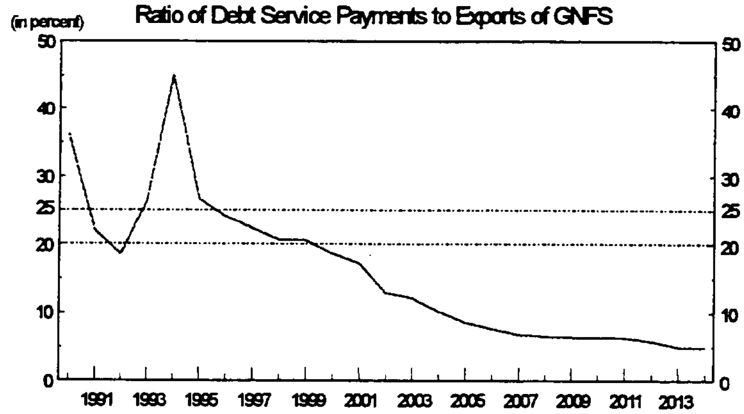
	1990-94	1995-2004	2005-14
Total financing need 1/	801	630	605
Gross multilateral disbursements	n.a.	283	110
Net official transfers	160	121	124

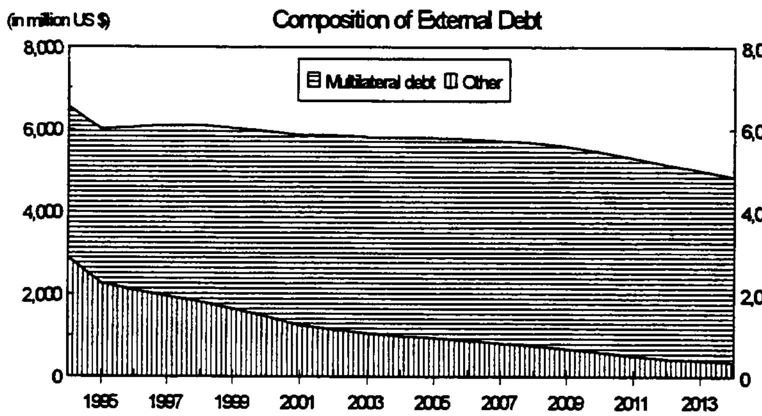
Debt Burden Indicators
- Debt-service ratio: 2/
  - below 25 percent by 1996
  - below 20 percent by 2000
- NPV debt-export ratio: 2/
  - below 200 percent throughout projection period
- Public external debt service-revenue ratio:
  - 1995: 28 percent
  - 1997: 24 percent
- Public external debt service-expenditure ratio:
  - 1995: 27 percent
  - 1997: 23 percent

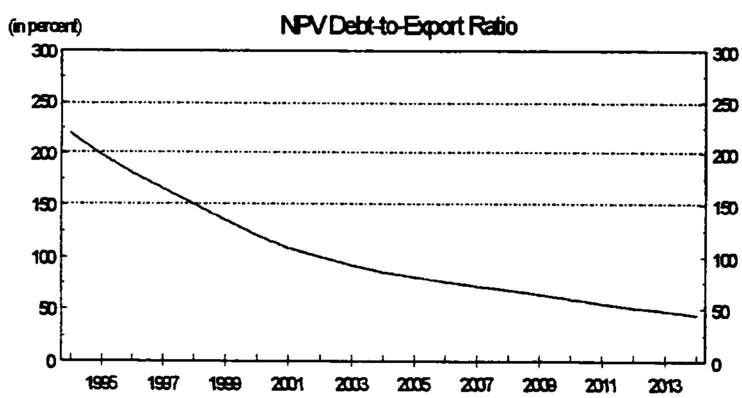
Sensitivity Analysis 3/

Debt-Service Ratios
(In percent of exports of goods and services)

	1996	2004	2014
Baseline	24.1	10.2	4.9
Lower export growth	24.3	10.9	8.0
Less favorable financing	24.6	12.2	7.0
Weaker terms of trade	24.1	10.5	8.6







Assessment and Risks
- Debt ratios follow continuously declining trend. Consistent with reasonably high growth rates, deficit in noninterest current account (excluding official transfers) remains below 1 percent of GDP throughout the projection period (surplus until 2004), while official reserves increase to above 4 months of imports from 1998 onward.
- Sensitivity analysis: vulnerability is low with respect to trade shocks; moderate with respect to less favorable financing terms.

1/ Defined as current account deficit (excluding official transfers), amortization payments and buildup of international reserves, net of IMF drawings.
2/ Calculated on the basis of exports of goods and services.
3/ See attached table for detailed assumptions.

Kenya: Debt Indicators, 1995-2014
(In percent unless otherwise indicated)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2014	Average 1995-2004	Average 2005-2014
Debt and debt service indicators 1/														
Debt-service ratio 2/	26.7	24.1	22.3	20.7	20.6	18.7	17.2	12.8	12.1	10.2	8.6	4.9	18.5	6.5
Multilateral debt-service ratio 2/	8.1	8.3	8.2	7.4	7.0	5.5	4.4	4.2	4.4	4.1	3.6	3.2	6.2	3.2
Public sector debt-service (scheduled) 3/														
as percent of revenues (excl.grants)	28.2	27.1	24.3	21.9	21.0	18.2	15.7	11.0	9.8	7.8	6.2	2.2	18.5	3.8
as percent of expenditures	26.8	25.9	23.2	20.9	20.0	17.3	15.0	10.5	9.3	7.4	5.9	2.0	17.6	3.6
NPV debt-export ratio	198.1	181.4	166.2	150.9	135.4	120.8	108.5	100.0	91.9	85.4	80.5	44.2	133.8	61.7
Debt-GDP ratio	74.8	74.1	68.5	62.4	55.6	49.5	43.9	39.5	35.3	31.7	28.4	9.2	53.5	17.6
Multilateral debt-GDP ratio	41.1	42.6	40.5	37.9	34.9	32.4	30.1	27.8	25.4	23.1	21.0	7.5	33.6	13.6
Key Assumptions/Projections 1/														
Real GDP growth	5.0	5.0	5.3	5.7	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.7	6.0
Export volume growth	9.7	8.0	3.0	5.2	5.3	5.3	5.1	5.0	5.0	5.0	5.0	5.3	5.6	5.1
Import volume growth	3.2	4.2	5.0	5.3	5.3	5.4	5.6	5.5	5.5	5.5	5.7	5.0	5.0	5.5
Terms of trade (% change)	-7.4	-3.2	0.6	0.9	0.8	0.3	0.3	0.7	0.6	0.8	0.8	0.8	-0.6	0.8
Non-interest current account (% of GDP)	2.3	2.8	2.4	2.3	2.3	1.9	1.5	1.3	1.0	0.8	0.5	-0.2	1.9	-0.1
excluding official transfers	1.3	1.3	1.3	1.2	1.2	1.0	0.7	0.5	0.3	0.1	-0.1	-0.5	0.9	-0.6
Net official transfers (% change in dollar terms)	18.3	32.1	-6.2	5.1	5.1	-4.8	0.0	0.0	0.0	0.0	0.0	0.0	4.4	0.0
Gross official reserves (in months of imports) 3/	2.6	3.2	3.9	4.3	4.3	4.3	4.3	4.5	4.7	5.0	5.3	4.1	4.1	5.0
Financing gap (% of GDP)	--	0.4	0.8	0.4	--	--	--	--	--	--	--	--	0.2	--
Sensitivity Analysis 1/														
Debt-service ratio in the event of:														
Lower export growth 4/	26.7	24.3	22.5	21.1	21.0	19.3	17.8	13.3	12.7	10.9	9.4	8.0	8.6	8.3
Less favorable financing 5/	26.7	24.6	23.1	21.9	21.9	20.3	18.9	14.6	14.0	12.2	10.7	7.0	9.2	8.7
Weaker terms of trade 6/	26.7	24.1	22.3	20.8	20.7	18.8	17.3	12.9	12.3	10.5	9.1	8.6	8.6	8.4

1/ No Paris Club rescheduling assumed in baseline.
2/ Debt service paid (scheduled from 1996 onward) in percent of exports of goods and services
3/ Months of imports of goods
4/ Assumes that export volume growth is one percentage point less per year.
5/ Assumes that average interest rate on new borrowing, including on gap, is 3 percentage points higher than in baseline scenario.
6/ Assumes higher import prices by 1 percent in U.S. dollar terms each year compared with baseline scenario.

LAO PDR
Debt Sustainability Analysis

Background and Macro Assumptions
- ESAF (2nd year) approved 6/4/93.
- Performance broadly back on track since mid-1995.

Volume Growth
(Annual averages, in percent)

	1990-94	1995-2004	2005-14
Export	n.a.	8.5	8.6
Import	n.a.	4.9	8.2
Real GDP	6.3	6.8	6.5

Structure of External Debt (percent shares, end-1994)
Nonconvertible 70; remainder: IDA 44; ADB 38; IMF 8; other multilateral 4; bilateral 6.

Financing Assumptions
- Standstill agreement on Russian debt discontinued after 2005.
- Official grants and loans fall from 14 percent of GDP in 1997 to 1 percent in 2014.
- Net transfers from multilaterals are positive until 2001 and between 2007-2010.
- Foreign direct investment increases to more than twice the current level of US$100 million by 2014.

External Financing
(Annual averages, in US$ million)

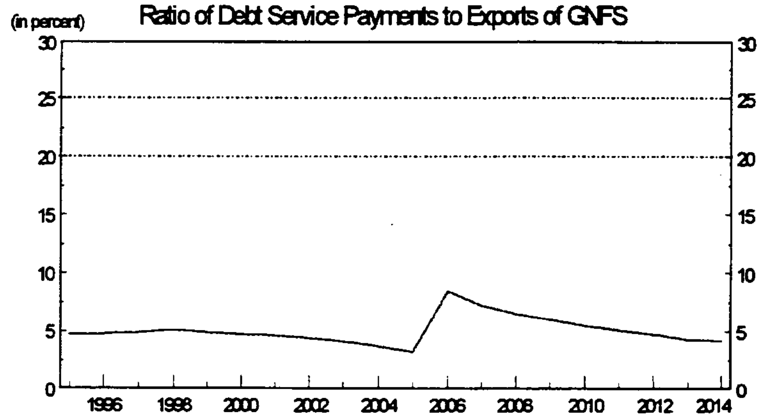
	1990-94	1995-2004	2005-14
Total financing need 1/	145	230	215
Gross multilateral disbursements	62	62	25
Net official transfers	76	105	63

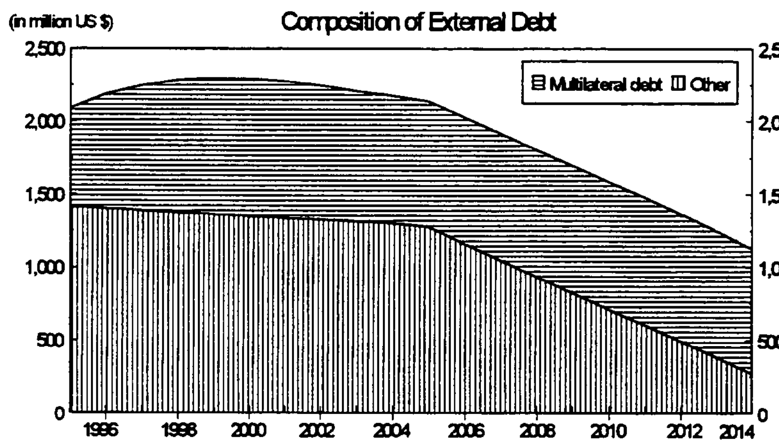
Debt Burden Indicators
- Debt-service ratio:
  well below 20 percent throughout projection period
- NPV debt-export ratio:
  well below 200 percent throughout projection period
- Public external debt service-revenue ratio:
  1995: 2.3 percent
  1997: 2.3 percent
- Public external debt service-expenditure ratio:
  1995: 1.2 percent
  1997: 1.4 percent

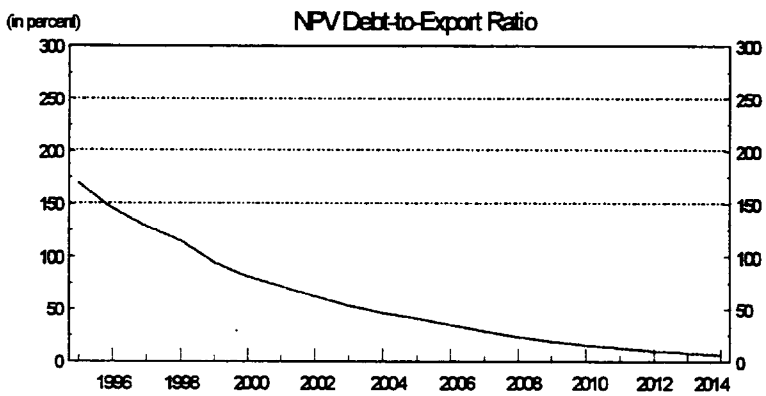
Sensitivity Analysis 2/

Debt-Service Ratios
(In percent of exports of GNFS)

	1996	2004	2014
Baseline	4.8	3.7	4.2
Lower export growth	4.8	3.8	8.8







Assessment and Risks
- Debt indicators remain low. Consistent with strong growth, current account deficits are small and declining, while reserve coverage is held at 3 months of imports until 2005 and 3.5 months thereafter.
- Sensitivity analysis: vulnerability is low with respect to trade shocks.

1/ Defined as current account deficit (excluding official transfers), amortization payments and buildup of international reserves, net of IMF drawings.
2/ See attached table for detailed assumptions.

Lao PDR: Debt indicators, 1995 – 2015
(In percent unless otherwise indicated)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2014	Average 1995–2004	Average 2005–2014
Debt and debt service indicators 1/														
Debt-service ratio 2/	4.7	4.8	4.9	5.1	4.9	4.7	4.6	4.4	4.1	3.7	3.2	4.2	4.6	5.5
Multilateral debt-service ratio 2/	2.3	2.4	2.7	3.0	3.1	3.1	3.3	3.2	3.0	2.8	2.5	1.4	2.9	1.6
Public sector debt-service														
as percent of revenues (excl.grants)	2.3	2.5	2.3	2.1	1.9	1.7	1.6	1.4	1.2	1.0	0.9	0.3	1.8	0.6
as percent of expenditures	1.2	1.5	1.4	1.4	1.3	1.2	1.1	1.0	0.9	0.8	0.8	0.3	1.2	0.5
NPV debt-export ratio	169.5	145.5	128.5	114.4	94.8	81.2	71.8	62.1	53.5	46.2	40.6	6.6	96.7	20.1
Debt-GDP ratio	119.4	123.9	111.8	101.5	92.7	83.9	75.9	68.3	61.2	54.9	49.2	11.3	89.3	27.1
Multilateral debt-GDP ratio	38.6	44.6	42.8	40.5	37.8	34.6	31.4	28.0	24.8	22.0	19.4	6.1	34.5	11.9
Key Assumptions/Projections 1/														
Real GDP growth	6.8	7.5	7.0	7.0	7.0	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.8	6.5
Export volume growth 3/	8.1	11.4	7.0	5.4	16.2	9.6	4.1	6.9	8.3	8.7	7.3	9.2	8.5	8.6
Import volume growth 3/	0.4	9.0	12.5	2.0	-5.1	1.8	6.9	6.8	7.8	8.2	7.9	8.5	4.9	8.2
Terms of trade (% change)	-8.3	1.2	1.2	0.7	0.3	1.1	1.0	0.9	0.9	0.8	0.8	0.6	-0.1	0.7
Non-interest current account (% of GDP)	-4.5	-6.0	-8.0	-6.3	-2.7	-0.5	-0.7	-0.1	0.3	0.5	0.4	0.6	-2.8	0.6
excluding official transfers	-12.0	-13.1	-13.8	-11.3	-7.0	-4.2	-3.9	-2.9	-2.1	-1.5	-1.4	0.1	-7.2	-0.4
Official transfers (% change in dollar terms)	4.9	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-4.1	-5.0
Gross official reserves (in months of imports)	1.9	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.5	2.9	3.5
Financing gap (% of GDP)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sensitivity Analysis 1/														
Debt-service ratio in the event of:														
Lower export growth 4/	4.7	4.8	4.9	5.1	4.9	4.7	4.7	4.5	4.2	3.8	3.3	8.8	4.6	7.0

1/ No Paris Club rescheduling assumed in baseline.
2/ Debt service paid (scheduled from 1996 onward) in percent of exports of goods and nonfactor services.
3/ Merchandise only.
4/ Assumes export growth rates to gradually worsen in the medium term such that the average percentage change is lower by 2 percentage points for the projection period.

MAURITANIA
Debt Sustainability Analysis

Background and Macro Assumptions
• ESAF approved 1/25/95.
• Policy performance has been satisfactory since October 1992.

Volume Growth
(Annual averages, in percent)

	1990-94	1995-2004	2005-14
Export	-5.3	2.9	1.5
Import	-2.8	1.6	3.2
Real GDP	2.4	4.6	4.5

Structure of External Debt (percent shares, end-1995)
IDA 15; IMF 5; other multilateral 25; Paris Club 20; other bilateral 30; commercial 4 (all in arrears).

Financing Assumptions
• Paris Club flow rescheduling on Naples terms followed by a stock-of-debt operation in late 1997.
• All new borrowing from official creditors on concessional terms; proportions of bilateral and multilateral borrowing remain broadly unchanged.
• Official grants decline in real terms by about 1 percent annually in 1996-2014.

External Financing
(Annual averages, in US$ million)

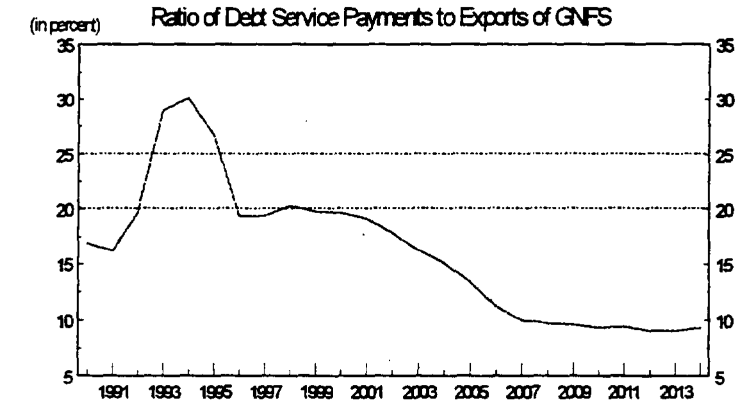
	1990-94	1995-2004	2005-14
Total financing need 1/	286	206	234
Gross multilateral disbursements	70	36	45
Net official transfers	94	105	137

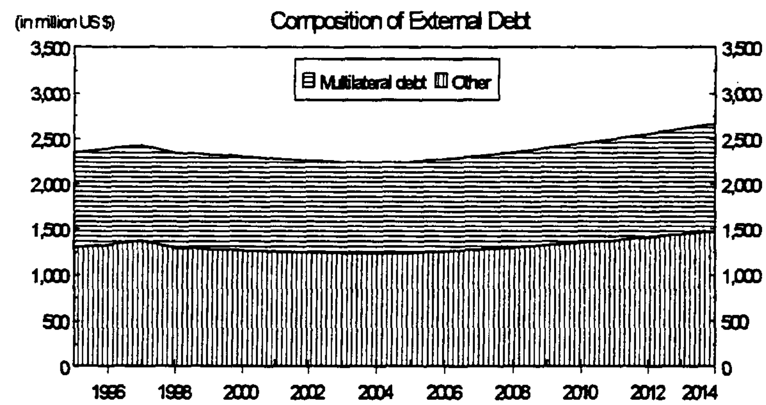
Debt Burden Indicators
• Debt-service ratio: 2/
below 20 percent throughout projection period
• NPV debt-export ratio:
below 250 percent throughout projection period
below 200 percent by 2000
• Public external debt service-revenue ratio:
1995: 13 percent
1997: 15 percent
• Public external debt service-expenditure ratio:
1995: 13 percent
1997: 16 percent

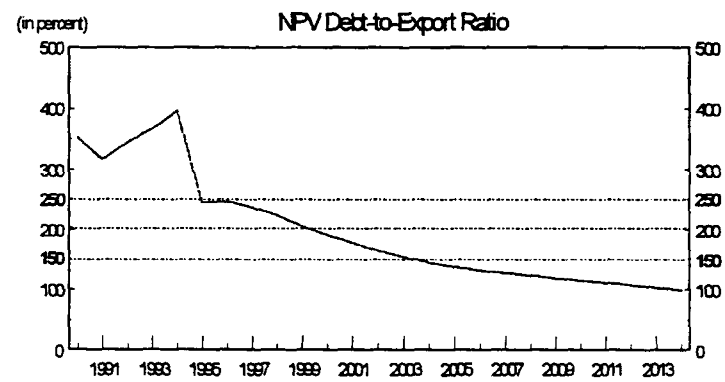
Sensitivity Analysis 3/

Debt-Service Ratios
(In percent of exports of goods and services)

	1996	2004	2014
Baseline	19.2	14.7	9.0
Lower export growth	19.4	15.5	9.5
Weaker terms of trade	20.2	15.7	10.1







Assessment and Risks
• Debt indicators improve after 1998 and fall rapidly beyond 2002. Satisfactory growth rates are consistent with maintaining noninterest current account deficit (excluding official transfers) at about 1 percent of GDP, while reserves rise gradually from an equivalent of 3 to almost 6 months of imports during the following decade.
• Sensitivity analysis: vulnerability is moderate with respect to trade shocks.

1/ Defined as current account deficit (excluding official transfers), amortization payments and buildup of international reserves, net of IMF drawings.
2/ Debt service in percent of exports of goods and services.
3/ See attached table for detailed assumptions.

Mauritania: Debt Indicators, 1995–2014
(In percent unless otherwise indicated)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2014	Average 1995–2004	Average 2005–2014
Debt and debt service indicators 1/														
Debt-service ratio 2/	18.4	19.2	19.1	19.9	19.4	19.3	18.8	17.5	15.9	14.7	13.0	9.0	18.2	9.7
before restructuring (scheduled)	28.0	29.5	28.3	26.5	23.4	22.1	20.1	18.6	16.5	14.5	13.1	8.6	22.8	10.0
Multilateral debt-service ratio 2/	12.0	13.0	11.0	10.4	9.7	10.2	9.5	8.8	6.7	7.1	7.4	4.0	9.8	4.5
Public sector debt-service (scheduled)														
as percent of revenues (excl.grants)	13.2	11.6	14.8	12.4	10.6	9.7	...	...	...	...	...	...	...	...
as percent of expenditures	13.1	12.0	15.8	13.7	12.2	11.5	...	...	...	...	...	...	...	...
NPV debt-export ratio	243.0	244.0	233.0	220.0	202.0	187.0	174.0	161.0	151.0	141.0	131.7	95.9	195.6	113.8
before restructuring	304.0	294.7	272.9	251.8	229.9	213.4	197.9	183.7	171.3	160.5	149.3	100.9	228.0	124.2
Debt-GDP ratio (after restructuring)	214.3	213.1	203.5	186.1	173.6	161.5	150.2	139.9	130.9	122.8	115.8	79.0	169.6	95.7
Multilateral debt-GDP ratio	77.3	76.6	71.0	66.5	61.3	56.1	51.2	46.6	42.6	39.1	36.0	20.2	58.8	27.5
Key Assumptions/Projections 1/														
Real GDP growth	4.6	4.7	4.8	4.8	4.8	4.8	4.5	4.5	4.5	4.5	4.5	4.5	4.6	4.5
Export volume growth	13.1	0.8	2.4	1.6	3.7	1.4	1.8	1.5	1.5	1.5	1.5	1.5	2.9	1.5
Import volume growth	–11.4	–0.5	4.0	3.0	4.4	4.4	3.6	3.7	3.2	3.2	3.2	3.2	1.6	3.2
Terms of trade (% change)	4.0	–6.6	1.5	1.5	1.3	1.5	1.3	1.2	1.2	1.2	—	—	0.8	—
Non-interest current account (% of GDP)	7.5	6.6	7.0	7.4	7.2	6.4	5.9	5.7	5.6	5.6	5.3	3.1	6.5	4.2
excluding official transfers	–1.9	–1.5	–0.9	–0.3	–0.0	–0.5	–0.8	–0.8	–0.7	–0.6	–0.7	–1.6	–0.8	–1.2
Net official transfers (% change in dollar terms)	3.4	–12.4	3.4	3.5	–0.3	1.3	3.4	3.4	3.5	3.5	3.5	3.5	1.2	3.5
Gross official reserves (in months of imports)	2.1	3.3	4.3	4.6	5.0	5.2	5.3	5.3	5.4	5.6	5.7	7.8	4.6	6.7
Financing gap (% of GDP)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sensitivity Analysis 1/														
Debt-service ratio in the event of:														
Lower export growth 3/	18.4	19.4	19.6	20.5	20.4	20.3	19.8	18.4	16.8	15.5	13.7	9.5	18.9	10.3
Weaker terms of trade 4/	18.0	20.2	20.1	21.0	20.5	20.6	19.9	18.5	16.9	15.7	14.0	10.1	19.1	10.6

1/ Assumes Paris Club flow rescheduling in 1996–97 followed by stock-of-debt operation in end-1997.
2/ Debt service paid in percent of exports of goods and services.
3/ Assumes that merchandise export volume growth averages 1.1 percent per annum during 1996–2004 rather than 1.8 percent under the baseline scenario.
4/ Assumes 10 percent lower prices for fish.

MOZAMBIQUE
Debt Sustainability Analysis

Background and Macro Assumptions
- ESAF approved 6/1/90 off track; new ESAF assumed in 1996.
- Uneven policy performance in recent years.

Volume Growth
(Annual averages, in percent)

	1990-94	1995-2004	2005-14
Export1/	6.8	8.2	7.1
Import	4.8	0.8	5.5
Real GDP	5.6	5.7	5.0

Structure of External Debt (percent shares, end-1994) 2/
IDA 14; AfDB 4; IMF 4; other multilateral 3; Paris Club 38; other bilateral 37.

Financing Assumptions
- Continuous flow rescheduling on Naples terms through 2005 (including topping up of Toronto terms rescheduled debt).
- All new borrowing from multilateral sources contracted on highly concessional terms; declining in nominal terms after 1998.
- Official grants remain roughly constant in nominal terms throughout the projection period, covering more than 40 percent of the total financing needs.

External Financing
(Annual averages, in US$ million)

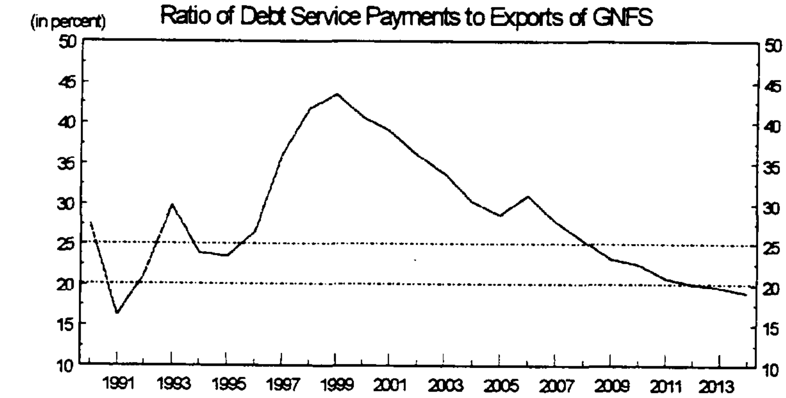
	1990-94	1995-2004	2005-14
Total financing need 3/	1,173	1,076	877
Gross multilateral disbursements	175	258	223
Net official transfers	504	420	405

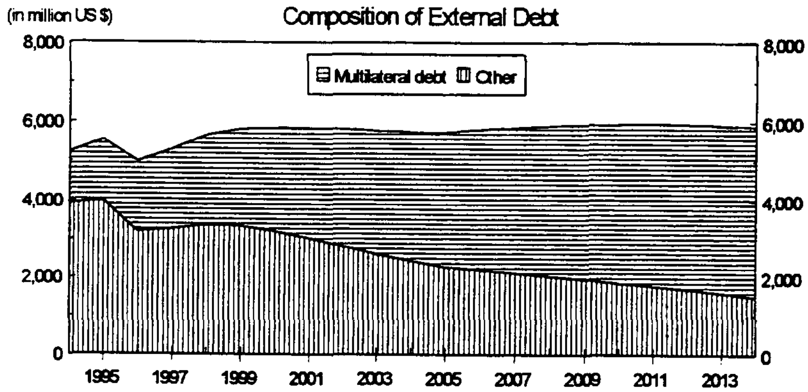
Debt Burden Indicators
- Debt-service ratio:
  - below 25 percent by 2009
  - below 20 percent by 2013
- NPV debt-export ratio:
  - below 250 percent by 2004
- Public external debt service-revenue ratio:
  - 1995: 130 percent
  - 1997: 46 percent
- Public external debt service-expenditure ratio:
  - 1995: 61 percent
  - 1997: 27 percent

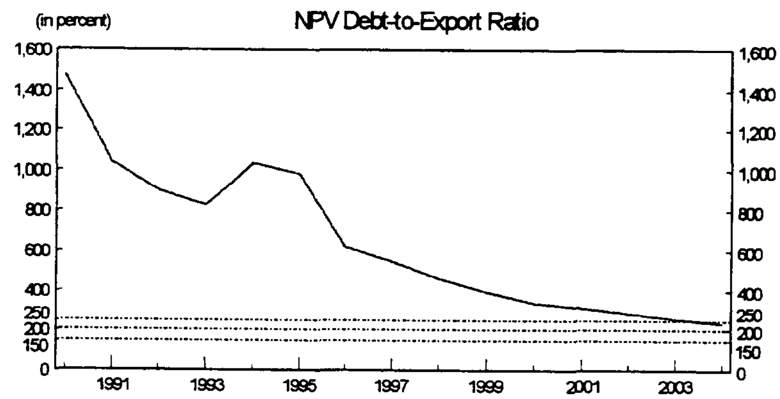
Sensitivity Analysis 4/

Debt-Service Ratios
(In percent of exports of GNFS)

	1996	2004	2014
Baseline	26.3	30.3	19.0
Lower export growth	26.3	32.0	23.6
Less favorable financing	26.3	32.3	22.0







Assessment and Risks
- Debt indicators remain very high over the next ten years. Satisfactory growth rates are achievable only in the context of persistent large noninterest current account deficits (excluding official transfers) over the next ten years.
- Sensitivity analysis: vulnerability is high with respect to trade shocks, lower with respect to financing terms.

1/ Non-energy sector exports.
2/ Excludes military debt to the Russian Federation.
3/ Defined as current account deficit (excluding official transfers), amortization payments and buildup of international reserves, net of IMF drawings.
4/ See attached table for detailed assumptions.

Mozambique: Debt Indicators, 1995–2014
(in percent unless otherwise indicated)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2014	Average 1995–2004	Average 2005–2014
Debt and debt service indicators 1/														
Debt-service ratio 2/	23.4	26.3	36.0	41.5	43.4	40.6	38.9	36.0	33.8	30.3	28.7	19.0	35.0	23.8
before restructuring (scheduled)	107.1	85.6	76.1	81.0	73.6	69.7	63.5	58.4	53.9	46.6	41.1	19.0	71.5	25.1
Multilateral debt-service ratio 2/	9.9	10.0	10.6	10.2	10.3	9.8	9.6	9.1	9.0	8.8	8.8	6.6	9.7	7.5
Public sector debt-service (scheduled)														
as percent of revenues (excl.grants)	129.7	37.9	46.2	47.3	46.7	46.3	45.7	43.8	41.9	37.1	34.0	...	52.3	...
as percent of expenditures	61.4	20.9	27.0	28.5	29.8	30.9	31.3	30.9	30.3	27.7	25.7	...	31.9	...
NPV debt-export ratio	982.3	622.4	546.6	461.6	393.5	339.1	313.0	283.9	257.2	233.4	...	...	443.3	...
before restructuring	1010.2	884.1	761.9	624.2	528.9	440.4	396.1	349.6	308.4	274.7	...	...	557.9	...
Debt-GDP ratio (after restructuring)	257.3	226.2	214.4	199.1	178.5	156.5	139.2	122.1	106.4	92.4	80.9	27.5	169.2	51.0
Multilateral debt-GDP ratio	63.7	65.6	62.7	58.4	51.5	45.0	40.1	35.4	31.1	26.9	23.2	6.6	48.0	13.5
Key Assumptions/Projections 1/														
Real GDP growth	2.9	5.0	7.0	7.7	6.6	6.9	4.5	5.5	5.4	5.3	5.0	5.0	5.7	5.0
Export volume growth 3/	2.9	13.1	8.8	9.2	8.8	8.7	7.7	7.7	7.8	7.8	7.8	6.8	8.2	7.1
Import volume growth	-20.8	-3.4	2.5	2.9	5.0	5.0	5.0	5.0	5.0	5.5	5.5	5.5	0.8	5.5
Terms of trade (% change)	3.0	-0.0	-2.8	-0.7	-0.5	0.7	0.8	0.8	0.8	0.8	0.8	0.9	0.3	0.9
Non-interest current account (% of GDP)	-9.5	-8.5	-12.6	-8.8	-0.3	2.9	2.6	2.4	2.3	2.1	2.0	1.0	-2.7	1.4
excluding official transfers	-30.0	-29.2	-33.0	-28.2	-18.1	-13.3	-12.5	-11.5	-10.6	-9.7	-8.8	-4.1	-19.6	-6.3
Net official transfers (% change in dollar terms)	-26.5	-1.2	3.0	1.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-3.0	-0.5
Gross official reserves (in months of imports)	1.3	2.0	2.4	2.9	3.3	3.5	3.5	3.5	3.5	3.5	3.5	3.5	2.9	3.5
Financing gap (% of GDP)	—	—	—	—	—	—	—	—	—	—	—	-0.1	—	0.1
Sensitivity Analysis 1/														
Debt-service ratio in the event of:														
Lower export growth 4/	23.4	26.3	36.1	41.9	44.1	41.5	40.0	37.4	35.3	32.0	30.6	23.6	35.8	27.1
Less favorable financing 5/	23.4	26.3	36.1	41.7	43.7	40.9	39.8	37.4	35.4	32.3	31.0	22.0	35.7	26.6

1/ Assumes Paris Club flow reschedulings on Naples terms until the year 2005.
2/ Debt service paid (scheduled from 1996 onward) in percent of exports of goods and nonfactor services.
3/ Excludes energy sector exports.
4/ Assumes that merchandise export growth is 1 percentage point lower than in the baseline, due to lower growth of non-energy exports.
5/ Assumes that only half of the official borrowing is on IDA terms.

NIGERIA
Debt Sustainability Analysis

Background and Macro Assumptions
- No Fund program.
- Persistent policy weaknesses since 1990.

Volume Growth
(Annual averages, in percent)

	1990-94	1995-2004
Export	1.5	3.6
Import	0.9	3.0
Real GDP	3.9	4.5

Structure of External Debt (percent shares,end-1994)
Paris Club 64; multilateral 14; (IMF 0); London Club 7; other 15; large arrears to offical bilateral creditors.

Financing Assumptions
- No debt rescheduling assumed in baseline scenario.
- Large financing gaps associated with negative net disbursements from official creditors throughout 2005.
- Net official transfers remain slightly negative.
- Decline in private transfers and foreign direct investment, in real terms.

External Financing
(Annual averages, in US$ million)

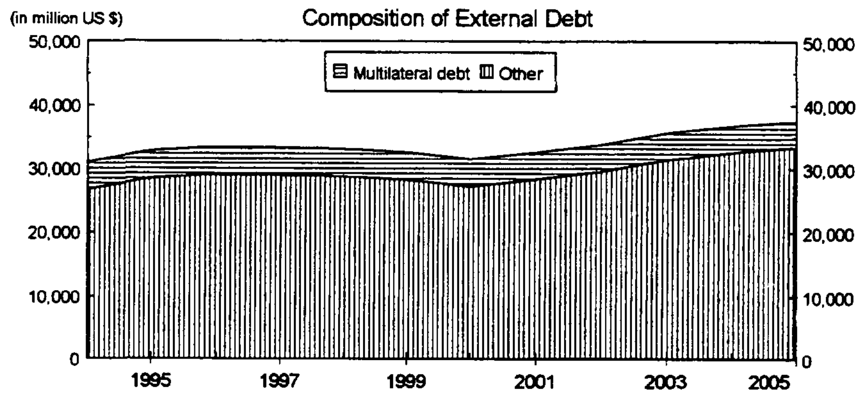
	1990-95	1996-2000	2001-05
Total financing need 1/	3826	2603	2855
Gross multilateral disbursements	475	383	311
Net official transfers	-5	-58	-74

Debt Burden Indicators
- Debt-service ratio:
  above 25 throughout projection period, except in year 2000.
- NPV debt-export ratio not available.
- Public external debt service-revenue ratio:
  1995: 48 percent
  1997: 64 percent
- Public external debt service-expenditure ratio:
  1995: 44 percent
  1997: 75 percent

Sensitivity Analysis 2/

Debt-Service Ratios
(In percent of exports of GNFS)

	1996	2000	2005
Baseline	48.4	20.3	39.4
Lower export growth	48.9	22.2	49.1
Weaker terms of trade	51.4	22.4	46.3



Assessment and Risks
- Debt indicators remain high with large financing gaps pushing debt-service ratios back above 40 percent by 2001 despite positive turnaround in current account position. Current policies and lack of track record prevents assessment of sustainability through application of existing debt relief mechanisms.
- Sensitivity analysis: vulnerability is moderate with respect to lower nonoil exports and high with respect to oil price shocks.

1/ Defined as current account deficit (excluding official transfers), amortization payments and buildup of international reserves, net of IMF drawings.
2/ See attached table for detailed assumptions.

Nigeria: Debt Indicators, 1995-2014
(In percent unless otherwise indicated)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2014	Average 1995-2004	Average 2005-2014
Debt and debt service indicators 1/														
Debt-service ratio 2/	16.2	48.4	40.0	36.0	35.2	20.3	40.2	41.1	41.3	41.3	39.4	...	36.0	...
Multilateral debt-service ratio 2/	7.4	6.3	5.8	5.3	5.1	4.2	4.0	3.8	3.6	3.4	3.2	...	4.9	...
Public sector debt-service (scheduled)														
as percent of revenues (excl.grants)	47.5	87.4	64.3	59.1	61.0	41.3	81.2	82.4	82.1	81.5	77.2	...	68.8	...
as percent of expenditures	43.8	91.6	74.8	71.3	74.8	46.0	90.4	91.8	91.5	90.8	86.0	...	76.7	...
NPV debt-export ratio	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Debt-GDP ratio	90.3	85.9	79.2	72.4	65.8	58.9	58.2	57.6	59.2	59.6	59.3	...	68.7	...
Multilateral debt-GDP ratio	12.8	12.2	11.2	10.3	9.5	8.9	8.4	7.9	7.7	7.4	7.1	...	9.6	...
Key Assumptions/Projections 1/														
Real GDP growth	3.3	3.8	4.8	5.3	4.7	4.7	4.7	4.7	4.7	4.7	4.7	...	4.5	...
Export volume growth	1.9	4.2	3.3	3.8	4.7	4.3	3.6	3.6	3.5	3.5	3.6	...	3.6	...
Import volume growth	0.5	2.1	2.9	3.4	3.5	3.1	3.4	3.6	3.6	3.6	3.6	...	3.0	...
Terms of trade (% change)	0.3	-2.8	0.5	0.3	0.5	0.8	1.0	1.0	1.0	1.0	1.0	...	0.4	...
Non-interest current account (% of GDP)	3.9	3.8	4.3	3.9	5.2	5.5	6.1	6.4	6.7	7.3	7.8	...	5.3	...
excluding official transfers	4.0	3.9	4.5	4.0	5.3	5.6	6.2	6.5	6.9	7.4	7.9	...	5.4	...
Net official transfers (% change in dolar terms) 3/	4.2	6.0	3.8	5.5	5.2	4.9	4.7	6.0	4.2	5.4	5.1	...	5.0	...
Gross official reserves (in months of imports) 4/	1.4	1.5	1.7	2.0	2.5	3.0	3.0	3.0	3.0	3.0	3.0	...	2.4	...
Financing gap (% of GDP)	--	37.8	5.0	3.3	3.3	-1.1	3.1	3.2	3.0	2.9	2.2	...	6.0	...
Sensitivity Analysis 1/														
Debt-service ratio in the event of:														
Lower export growth 5/	46.1	48.9	40.8	37.3	37.4	22.2	44.1	46.2	47.9	49.7	49.1	...	42.1	...
Weaker terms of trade 6/	46.1	51.4	42.6	38.7	38.0	22.4	44.0	45.8	47.1	48.0	46.3	...	42.4	...

1/ No Paris Club rescheduling assumed in baseline.
2/ Debt service paid (scheduled from 1996 onward) in percent of exports of goods and nonfactor services.
3/ Percent change in net ouflows.
4/ Imports of goods and nonfactor services.
5/ Assumes that the volume growth of nonoil exports is 50 percent lower.
6/ Assumes that oil export price is $US1 per barrel lower.

SENEGAL
Debt Sustainability Analysis

Background and Macro Assumptions
• ESAF (2nd year) approved 12/11/95.
• Strengthened policy performance since 1994.

Volume Growth
(Annual averages, in percent)

	1990-94	1995-2004	2005-14
Export	0.3	5.3	4.0
Import	-2.1	3.8	3.5
Real GDP	1.3	4.2	4.0

Structure of External Debt (percent shares, end-1994)
IDA 33; AfDB 10; IMF 9; other multilateral 8; Paris Club 24; other bilateral 13; commercial 3.

Financing Assumptions
• Paris Club flow rescheduling on Naples terms succeeded by stock-of-debt operation in 1997.
• All new borrowing (more than two-thirds from multilateral sources) contracted on highly concessional terms; declining trend in nominal terms throughout.
• Official grants more than halve as a share of GDP.

External Financing
(Annual averages, in US$ million)

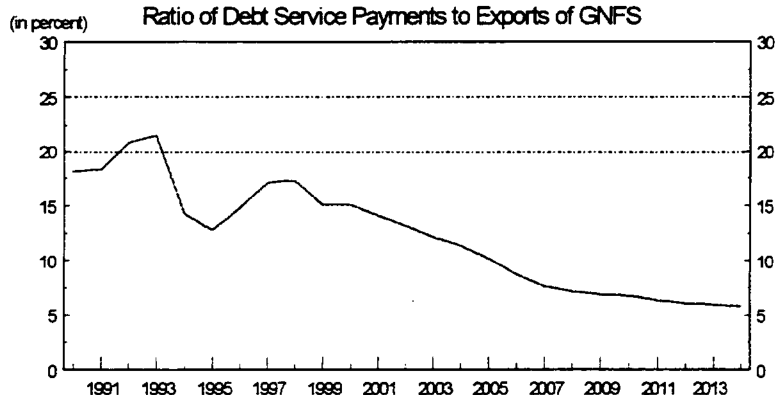
	1990-94	1995-2004	2005-14
Total financing need 1/	755	545	462
Gross multilateral disbursements	202	125	109
Net official transfers	309	320	282

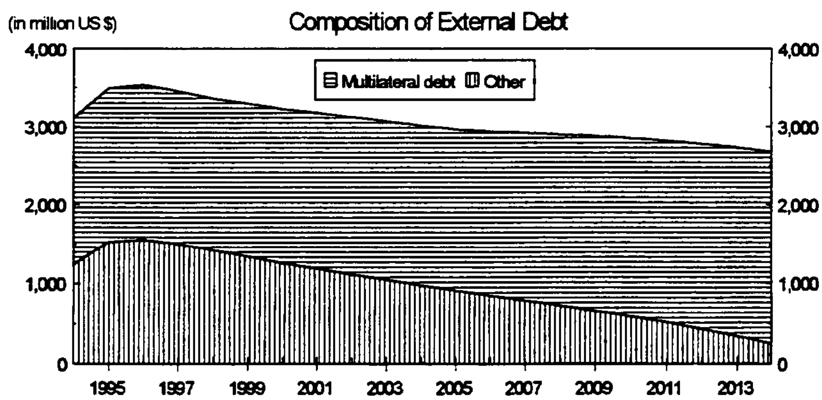
Debt Burden Indicators
• Debt-service ratio: 2/
below 20 percent throughout projection period
• NPV debt-export ratio: 2/
below 200 percent throughout projection period
• Public external debt service-revenue ratio:
1995: 42 percent
1997: 38 percent
• Public external debt service-expenditure ratio:
1995: 35 percent
1997: 36 percent

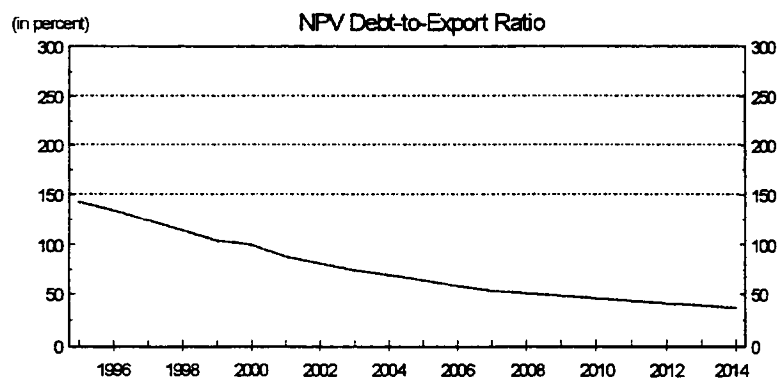
Sensitivity Analysis 3/

Debt-Service Ratios
(In percent of exports of GNFS and private transfers)

	1996	2004	2014
Baseline	13.9	10.4	5.6
Lower export growth	14.0	11.0	6.3







Assessment and Risks
• Debt indicators decline from moderate levels. Satisfactory growth rates are consistent with decline in noninterest current account deficit (excluding official transfers) to below 3 percent of GDP by 2001.
• Sensitivity analysis: vulnerability is moderate with respect to trade shocks.

1/ Defined as current account deficit (excluding official transfers), amortization payments and buildup of international reserves, net of IMF drawings.
2/ Calculated on the basis of exports of goods, nonfactor services, and private transfers.
3/ See attached table for detailed assumptions.

Senegal: Debt Indicators, 1995 - 2014
(In percent unless otherwise indicated)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2014	Average 1995-2004	Average 2005-2014
Debt and debt service indicators 1/														
Debt-service ratio 2/	11.9	13.9	16.0	15.5	13.5	13.4	12.5	11.8	11.0	10.4	9.4	5.6	13.0	6.8
before restructuring (scheduled)	18.1	17.0	17.0	16.0	14.0	13.8	12.9	12.1	11.3	10.6	9.5	5.6	14.3	6.9
Multilateral debt-service ratio 2/	9.3	8.8	9.6	9.0	7.0	6.2	6.0	5.8	5.6	5.6	5.1	3.8	7.3	4.3
Public sector debt-service (scheduled)														
as percent of revenues (excl.grants)	42.0	38.5	37.6	33.7	28.3	27.1	25.0	23.4	21.7	20.4	18.2	10.0	29.8	11.8
as percent of expenditures	34.6	34.1	35.9	33.7	29.8	29.4	27.4	25.7	23.6	22.0	19.7	10.4	29.6	13.6
NPV debt-export ratio	131.7	124.3	115.2	106.2	97.0	93.5	82.8	76.5	70.4	65.6	60.9	35.0	96.3	45.7
before restructuring	134.3	126.9	117.8	108.8	99.2	95.2	84.1	77.4	71.0	65.9	61.1	35.0	98.1	45.7
Debt-GDP ratio	71.7	67.6	62.5	57.3	53.3	49.5	46.0	42.5	39.3	36.4	33.9	18.0	52.6	25.4
Multilateral debt-GDP ratio	45.1	43.7	41.0	37.8	35.5	33.3	31.6	30.0	28.4	26.9	25.5	15.7	35.3	20.4
Key Assumptions/Projections 1/														
Real GDP growth	4.5	4.5	4.5	4.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.2	4.0
Export volume growth	7.0	7.5	5.7	5.2	5.0	4.8	4.7	4.5	4.4	4.4	4.0	4.0	5.3	4.0
Import volume growth	5.0	4.2	4.0	3.9	3.7	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.8	3.5
Terms of trade (% change)	-0.6	-1.3	0.6	0.3	0.3	0.2	0.2	0.2	0.2	0.1	0.1	--	--	--
Non-interest current account (% of GDP)	2.9	1.2	1.2	1.3	1.5	1.7	1.7	1.6	1.6	1.5	1.2	0.8	1.6	0.9
excluding official transfers	-5.1	-4.8	-4.3	-4.0	-3.6	-3.2	-2.9	-2.7	-2.4	-2.2	-2.1	-1.1	-3.5	-1.6
Net official transfers (% change in dollar terms)	6.6	-20.1	-1.9	1.6	1.7	0.8	0.0	-0.7	-0.7	-1.4	-4.6	0.0	-1.7	-1.1
Gross official reserves (in months of imports)	1.4	2.2	1.9	1.2	...	...	...	...	...	...	...	...	...	...
Financing gap (% of GDP)	--	0.4	0.5	--	--	--	--	--	--	--	--	--	0.1	--
Sensitivity Analysis 1/														
Debt-service ratio in the event of:														
Lower export growth 3/	11.9	14.0	16.1	15.8	13.8	13.8	12.9	12.3	11.5	11.0	10.0	6.3	13.3	7.4

1/ Assumes Paris Club flow reschedulings on Naples terms through August 1997, succeded by a stock-of-debt operation, and the implementation of commercial debt buy-back.
2/ Debt service paid (scheduled from 1996 onward) in percent of exports of goods, nonfactor services, and private transfers.
3/ Assumes one percentage point lower export growth.

SIERRA LEONE
Debt Sustainability Analysis

Background and Macro Assumptions
- ESAF (2nd year) approved 12/18/95.
- Policy implementation hampered by security problems.

Volume Growth
(Annual averages, in percent)

	1990-94	1995-2004	2005-14
Export	n.a.	n.a.	n.a.
Import	n.a.	n.a.	n.a.
Real GDP	-2.6	3.6	5.0

Structure of External Debt (percent shares, end-1995)
IMF 19; other multilateral 43; Paris Club 27; other bilateral 10; commercial 1.

Financing Assumptions
- Paris Club flow rescheduling on Naples terms until remainder of ESAF (1997); further reschedulings thereafter until 2004 to fill small financing gaps.
- New financing on concessional terms only.
- Steady decline in official grants and loans, in nominal terms.
- Net multilateral disbursements negative beyond 1997.
- Recovery in foreign direct investment associated with privatization and reform.

External Financing
(Annual averages, in US$ million)

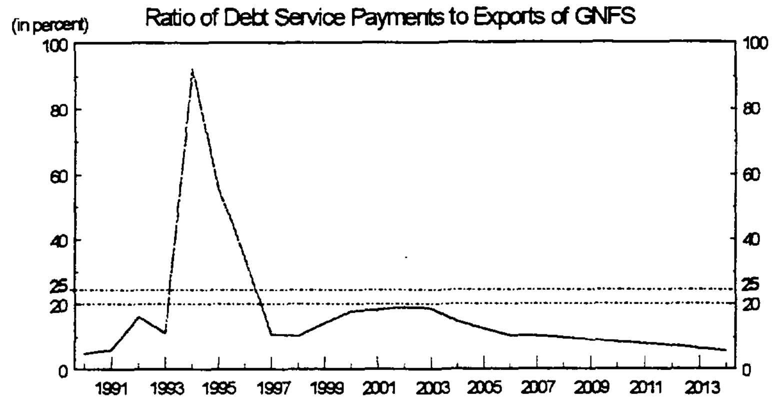
	1990-94	1995-2004	2005-14
Total financing need 1/	171	181	178
Gross multilateral disbursements	32	25	0
Net official transfers	29	28	21

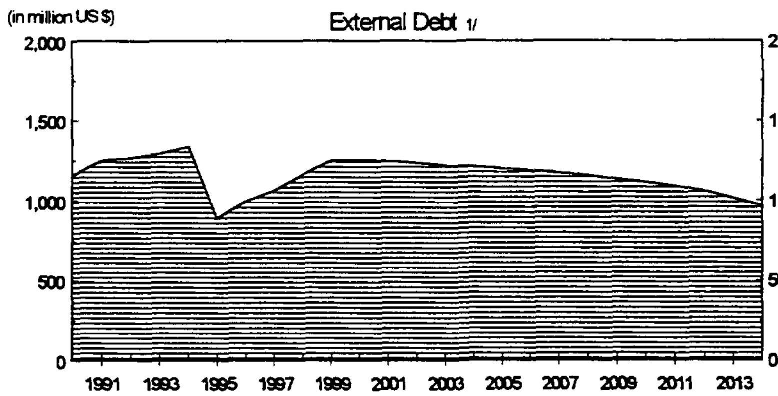
Debt Burden Indicators
- Debt-service ratio: 2/
  below 25 and 20 percent by 1997
  slightly above 20 percent in 2002, only
- NPV debt-export ratio: 2/
  below 250 percent by 1997
  below 200 percent by 1999
- Public external debt service-revenue ratio:
  1995 n.a.
  1997 n.a.
- Public external debt service-expenditure ratio:
  1995 n.a.
  1997 n.a.

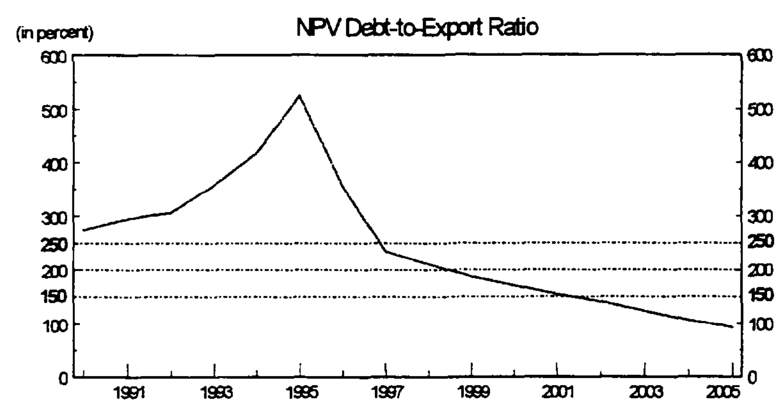
Sensitivity Analysis 3/

Debt-Service Ratios
(In percent of exports of goods and services)

	1996	2004	2014
Baseline	36.7	15.2	5.1
Lower export growth	38.0	15.9	5.3
Less favorable financing	36.7	14.7	4.6
Weaker terms of trade	36.7	15.2	5.1







1/ Composition of debt by creditor was not available.

Assessment and Risks
- Debt indicators decline sharply in 1997, rise slightly until 2002, and fall rapidly, thereafter. Solid growth is consistent with declining trend of current account deficit from relatively high levels, while reserve coverage increases from currently 2 months to above 5 months of imports by 2000.
- Sensitivity analysis: vulnerability is low to moderate with respect to financing and trade shocks.
- Conclusions are highly sensitive to the security situation which could lead to a shortfall in foreign investment.

1/ Defined as current account deficit (excluding official transfers), amortization payments and buildup of international reserves, net of IMF drawings.
2/ Calculated on the basis of exports of goods and services.
3/ See attached table for detailed assumptions.

Sierra Leone: Debt Indicators, 1995–2014
(In percent unless otherwise indicated)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2014	Average 1995–2004	Average 2005–2014
Debt and debt service indicators 1/														
Debt–service ratio 2/	55.5	36.7	16.4	14.3	16.9	19.8	19.9	20.2	19.1	15.2	10.8	5.1	23.4	7.5
before restructuring (scheduled)	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Multilateral debt–service ratio 2/	9.4	8.3	4.5	5.8	9.9	13.0	13.6	14.3	13.9	10.1	6.0	2.4	10.3	3.3
Public sector debt–service (scheduled)														
as percent of revenues (excl.grants)	...	...	...	...	...	...	...	...	...	...	...	...	...	...
as percent of expenditures	...	...	...	...	...	...	...	...	...	...	...	...	...	...
NPV debt–export ratio	519.4	351.4	233.0	209.2	185.1	168.9	153.1	138.9	121.6	104.6	91.8	20.8	218.5	52.8
before restructuring	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Debt–GDP ratio	110.8	119.6	116.8	118.7	118.4	110.7	102.1	93.9	86.2	79.5	73.2	30.4	105.7	50.4
Multilateral debt–GDP ratio	68.6	77.3	78.4	74.1	68.6	62.2	55.8	49.6	43.8	39.3	36.2	19.0	61.8	26.9
Key Assumptions/Projections 1/														
Real GDP growth	–10.0	4.9	6.8	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	3.6	5.0
Export volume growth	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Import volume growth	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Terms of trade (% change)	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Non–interest current account (% of GDP)	–8.5	–11.1	–10.7	–10.7	–8.8	–6.6	–5.5	–5.3	–5.2	–5.1	–5.0	–4.1	–7.7	–4.5
excluding official transfers	–13.4	–15.1	–14.0	–13.5	–11.3	–8.9	–7.5	–7.2	–6.9	–6.6	–6.4	–4.7	–10.5	–5.5
Net official transfers (% change in dollar term	57.9	–15.8	–9.9	–10.6	–2.3	–2.3	–2.3	–2.3	–2.3	–2.3	–2.3	–2.2	–0.7	–2.3
Gross official reserves (in months of imports)	2.3	1.9	2.8	3.8	4.3	4.9	5.3	5.3	5.3	5.2	5.2	5.1	4.1	5.2
Financing gap (% of GDP)	0.0	3.4	2.7	3.7	3.6	2.7	1.6	1.6	1.4	0.6	–0.4	–1.4	2.1	–0.9
Sensitivity Analysis 1/														
Debt–service ratio in the event of:														
Lower rutile export 3/	80.1	38.0	17.3	15.0	17.7	20.7	20.9	21.2	20.0	15.9	11.3	5.3	26.7	7.8
Less favorable financing 4/	80.1	36.7	16.3	14.3	16.8	19.7	19.5	19.8	18.7	14.7	10.3	4.6	25.7	7.0
Weaker terms of trade 5/	80.1	36.7	16.4	14.3	16.9	19.8	19.9	20.2	19.1	15.2	10.8	5.1	25.9	7.5

1/ Assumes that Paris Club flow rescheduling on Naples terms (67 percent NPV debt reduction) is extended beyond 1995 until 1997 – end of current ESAF. By 1997, all eligible debts will have been rescheduled on concessional terms, and Sierra Leone is assumed thereafter to receive cash flow relief on nonconcessional terms as long as there are financing gaps in the balance of payments.

2/ Debt service paid (scheduled from 1996 onward) in percent of exports of goods and services.

3/ Assumes that rutile export volumes are 20 percent lower.

4/ Assumes that program support (excluding IMF) is 20 percent lower, equivalent to a decline in total aid flowsof 6 and 5 percent in 1996 and 1997, resecpectively, and between 2 and 3 percent thereafter.

5/ Assumes that the cost of oil imports is 20 percent higher.

SUDAN
Debt Sustainability Analysis

Background and Macro Assumptions
- No current Fund program.
- Policy performance weak.

Volume Growth
(Annual averages, in percent)

	1991/92 -94/95	1995-2004	2005-14
Export	-3.0	5.5	3.5
Import	-12.2	2.0	2.4
Real GDP	5.1	2.2	2.0

Structure of External Debt (percent shares, end-1995)
IDA 6; IMF 10; other multilateral 7; Paris Club 28; other bilateral 30; commercial 21. Mostly in arrears (82).

Financing Assumptions
- Private transfers grow 3 percent in real terms; no real growth in official transfers and loan disbursements.
- Further accumulation of arrears to finance balance of payments deficit.

External Financing
(Annual averages, in US$ million)

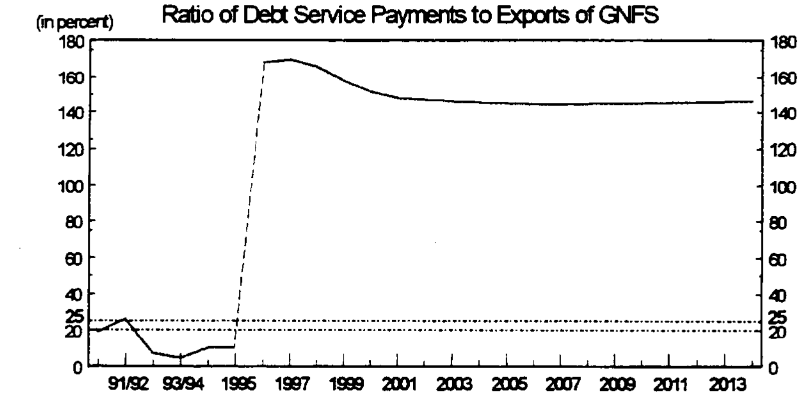
	1990/91 -94/95	1995-2004	2005-14
Total financing need 1/	2,032	1,923	3,073
Gross multilateral disbursements	105	83	110
Net official transfers	148	60	81

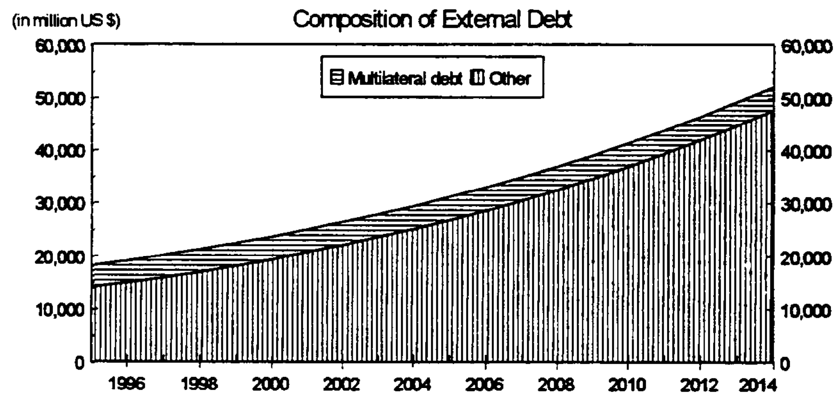
Debt Burden Indicators
- Debt-service ratio:
  above 25 percent throughout projection period
- NPV debt-export ratio:
  above 250 percent throughout projection period
- Public external debt service-revenue ratio:
  1995: 172 percent
  1997: 148 percent
- Public external debt service-expenditure ratio:
  1995: 69 percent
  1997: 62 percent

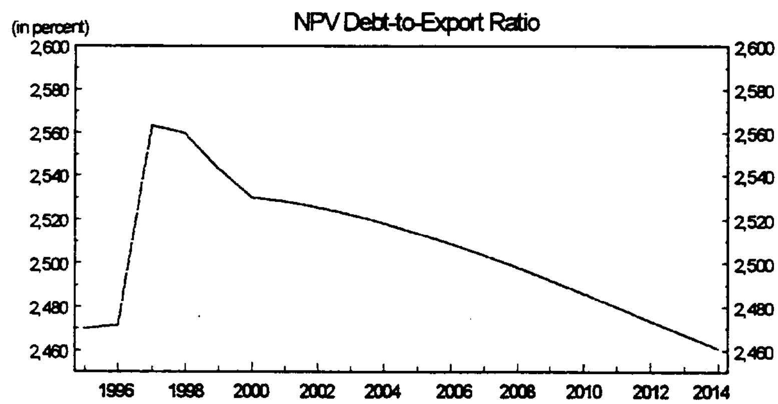
Sensitivity Analysis 2/

Debt-Service Ratios
(In percent of exports of GNFS)

	1996	2004	2014
Baseline	168	148	149
Higher export growth	167	139	126
More favorable financing	151	121	112







Assessment and Risks
- Debt indicators unsustainable over whole projection period. Even under optimistic assumptions on strong policy adjustment and international support through debt relief, debt-service ratios would remain above 25 percent for next 20 years.
- Sensitivity analysis: more optimistic assumptions on export growth and terms of new financing do not change the above assessment.

1/ Defined as current account deficit (excluding official transfers), amortization payments and buildup of international reserves, net of IMF drawings.
2/ See attached table for detailed assumptions.

Sudan: Debt Indicators, 1995-2014
(In percent unless otherwise indicated)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2014	Average 1995-2004	Average 2005-2014
Debt and debt service indicators 1/														
Debt-service ratio 2/	10.0	168.0	169.8	165.7	157.8	152.0	149.7	148.6	148.0	147.5	147.1	149.4	141.7	147.9
Multilateral debt-service ratio 2/	23.9	19.3	19.2	18.4	17.7	17.0	16.5	16.0	15.4	14.7	13.8	11.6	17.8	12.3
Public sector debt-service (scheduled)														
as percent of revenues (excl.grants)	172.1	164.7	148.2	133.5	123.8	116.2	115.6	115.9	116.5	117.4	118.2	132.2	132.4	124.8
as percent of expenditures	69.4	71.5	61.5	60.7	59.0	58.1	57.8	57.9	58.3	58.7	59.1	66.1	61.3	62.4
NPV debt-export ratio	3179.9	2833.3	2941.5	2924.1	2890.5	2862.3	2849.7	2836.2	2822.2	2807.9	2793.5	2663.3	2894.8	2727.8
Debt-GDP ratio	244.7	244.3	247.2	248.3	249.4	250.5	252.0	253.4	254.8	256.3	258.0	276.8	250.1	266.9
Multilateral debt-GDP ratio	55.3	53.9	52.5	51.2	49.9	48.6	47.3	46.1	44.9	43.8	42.7	34.0	49.3	38.2
Key Assumptions/Projections 1/														
Real GDP growth	4.0	2.4	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.2	2.0
Export volume growth	-3.4	31.7	4.0	4.0	4.0	4.0	3.5	3.5	3.5	3.5	3.5	3.5	5.5	3.5
Import volume growth	-5.9	8.6	2.0	2.0	2.1	2.1	2.3	2.3	2.3	2.3	2.3	2.4	2.0	2.4
Terms of trade (% change)	16.0	-12.3	-4.6	-0.4	0.2	0.0	--	--	--	--	--	--	-0.3	--
Non-interest current account (% of GDP)	-6.7	0.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	1.8	3.0
excluding official transfers	...	-5.9	-6.1	-5.9	-5.8	-5.6	-5.6	-5.5	-5.4	-5.4	-5.3	-4.7	...	-5.0
Net official transfers (% change in dollar terms)	-24.4	0.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	-0.4	3.0
Gross official reserves (in months of imports)	0.6	0.8	0.8	0.7	0.7	0.7	0.6	0.6	0.6	0.5	0.5	0.3	0.7	0.4
Financing gap (% of GDP)	15.2	14.9	14.6	14.5	14.0	13.6	13.6	13.6	13.7	13.9	14.0	15.9	14.2	14.9
Sensitivity Analysis 1/														
Debt-service ratio (scheduled) in the event of:														
Higher nonmining exports 3/	192.9	166.8	168.8	163.7	154.9	148.2	144.9	142.8	141.0	139.4	137.7	126.3	156.4	132.1
More favorable financing 4/	192.9	150.9	150.7	145.2	136.2	129.3	125.9	123.7	122.0	120.5	118.9	111.8	139.7	115.0

1/ There is no assumption of restructuring in the baseline scenario.
2/ Debt service paid (scheduled from 1996 onward) as a percentage of exports of goods and nonfactor services.
3/ Assumes a one percent increase in export volume growth (which can be interpreted as a one percent improvement in the terms of trade).
4/ Assumes a 100 basis point reduction in rates used to calculate late interest (non-multilaterals).

TANZANIA
Debt Sustainability Analysis

Background and Macro Assumptions
- No current Fund program.
- Recent weaknesses in policy performance.

Volume Growth
(Annual averages, in percent)

	90/91-94/95	95/96-04/05	05/06-14/15
Export	6.8	4.2	4.0
Import	6.9	4.0	4.0
Real GDP	3.6	5.3	5.0

Structure of External Debt (percent shares, end-1994)
IDA 30; IMF 3; other multilateral 11; Paris Club37; other bilateral (incl. Russia) 17; commercial 2.

Financing Assumptions
- Paris Club flow reschedulings on Naples terms followed by a stock-of-debt operation in 1998/99.
- New borrowing on highly concessional terms increases first by 4 percent and later by 3 percent in real terms.
- Official grants decline in real terms by 3 percent annually through 2000/01 and 7 percent thereafter.

External Financing
(Annual averages, in US$ million)

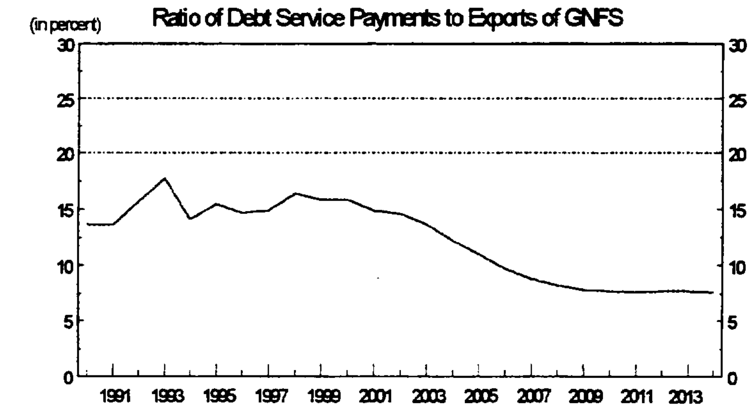
	90/91-94/95	95/96-04/05	05/06-14/15
Total financing need 1/	1,112	1,035	1,288
Gross multilateral disbursements	244	366	500
Net official transfers	507	422	276

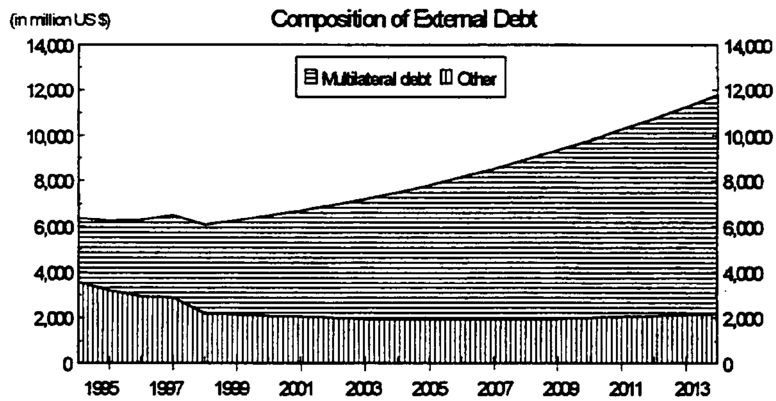
Debt Burden Indicators
- Debt-service ratio: 2/
  below 20 percent throughout projection period
- NPV debt-export ratio: 2/
  below 250 percent by 1998/99
  below 200 percent by 2001/02
- Public external debt service-revenue ratio:
  1995/96: 34 percent
  1997/98: 28 percent
- Public external debt service-expenditure ratio:
  1995/96: 26 percent
  1997/98: 25 percent

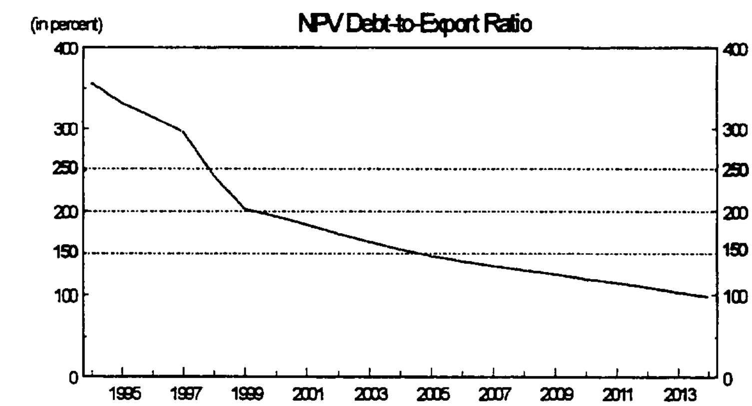
Sensitivity Analysis 3/

Debt-Service Ratios
(In percent of exports of goods, services, and private transfers)

	1996/97	2004/05	2014/15
Baseline	14.7	12.2	7.6
Lower export growth	15.1	14.2	12.9
Less favorable financing	14.7	n.a.	n.a.
Weaker terms of trade	15.0	n.a.	n.a.







Assessment and Risks
- Debt indicators remain moderate throughout. Strong growth requires large deficits in noninterest current account (excluding official transfers), while reserves are maintained at 3 to 5 months of imports.
- Sensitivity analysis: vulnerability is moderate with respect to trade shocks; lower with respect to financing terms.

1/ Defined as current account deficit (excluding official transfers), amortization payments and buildup of international reserves, net of IMF drawings.
2/ Calculated on the basis of exports of goods, services, and private transfers.
3/ See attached table for detailed assumptions.

Tanzania: Debt Indicators, 1995-2014
(In percent unless otherwise indicated)

	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2014/15	Average 1995/96-2004/05	Average 2005/05 2014/15
Debt and debt service indicators 1/														
Debt-service ratio 2/	15.5	14.7	14.9	16.4	15.9	15.9	14.9	14.6	13.7	12.2	11.0	7.6	14.9	8.4
before restructuring (scheduled)	30.7	29.1	17.9	16.8	16.2	16.2	15.2	15.0	14.2	12.7	11.6	7.6	18.4	8.8
Multilateral debt-service ratio 2/	6.9	6.6	7.5	7.3	7.1	7.4	7.3	6.8	6.2	5.8	5.2	2.9	6.9	3.7
Public sector debt-service (scheduled)														
as percent of revenues (excl.grants)	34.4	30.0	28.3	30.7	29.4	28.9	27.1	26.6	24.9	22.0	19.8	13.0	28.2	14.7
as percent of expenditures	26.4	25.1	25.1	27.8	26.6	26.2	24.5	24.1	22.5	19.9	17.9	11.8	24.8	13.3
NPV debt-export ratio 3/	331.2	314.8	296.1	244.4	202.1	194.4	183.8	173.4	163.5	154.1	145.9	97.2	225.8	121.0
before restructuring (scheduled)	...	...	...	...	...	...	...	...	...	...	...	...	--	--
Debt-GDP ratio (after restructuring)	146.1	136.1	129.5	111.5	106.4	101.4	97.9	94.4	91.1	88.3	85.8	68.7	110.3	76.9
Multilateral debt-GDP ratio	71.4	70.7	69.7	68.7	67.8	66.9	66.4	65.9	64.4	63.8	63.0	53.9	67.6	58.6
Key Assumptions/Projections 1/														
Real GDP growth	5.0	6.0	6.0	6.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.3	5.0
Export volume growth	5.7	4.2	4.3	4.5	3.8	3.9	4.0	3.8	3.9	3.9	...	4.2	4.2	4.0
Import volume growth	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Terms of trade (% change)	-2.0	-2.9	-0.8	-1.1	-0.3	-0.7	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.8	-0.1
Non-interest current account (% of GDP)	-2.3	-3.1	-3.1	-2.3	-3.1	-3.1	-2.7	-2.6	-2.8	-3.0	-3.2	-4.4	-2.8	-4.0
excluding official transfers	-13.0	-12.5	-11.8	-13.0	-12.5	-11.8	-10.8	-10.1	-9.7	-9.1	-8.6	-6.2	-11.4	-7.3
Net official transfers (% change in dollar terms)	21.3	-4.7	0.6	0.6	0.5	0.6	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-0.4	-5.0
Gross official reserves (in months of imports)	2.6	3.1	3.4	3.2	3.2	3.2	3.3	3.2	3.2	3.3	3.5	4.7	3.2	4.4
Financing gap (% of GDP)	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Sensitivity Analysis 1/														
Debt-service ratio in the event of:														
Lower export growth 4/	30.7	15.1	15.4	17.2	16.9	17.3	16.3	16.4	15.7	14.2	13.2	12.9	17.5	11.8
Less favorable financing 5/	30.7	14.7	15.0	16.6	16.3	16.6	...	...	...	...	...	...	...	...
Weaker terms of trade 6/	30.7	15.0	15.3	16.8	16.4	16.4	...	...	...	...	...	...	...	...

1/ Assumes Paris Club flow reschedulings on Naples terms during 1995/96-1997/98 followed by a stock-of-debt operation in 1998/99.
2/ Debt service paid (scheduled from 1996 onward) in percent of exports of goods and services and private transfers.
3/ Ratio of NPV external debt service obligations to current-year exports of goods, services, and private transfers based on World Bank external debt data.
4/ It is assumed that export volume growth rate is half the rate in the baseline scenario.
5/ Assumes an annual 7.5 percent decline in official transfers in real terms during 1995/96-2000/01, with reserves remaining above 3 months of imports after 1995/96.
6/ Assumes coffee export prices to fall by twice as much as in the baseline during 1995/96-2000/01, with reserves falling to 2.8 months of imports after 1997/98.

TOGO
Debt Sustainability Analysis

Background and Macro Assumptions
- ESAF approved 9/16/94.
- Policy performance improved in 1994 and 1995.

Volume Growth
(Annual averages, in percent)

	1990-94	1995-2004	2005-14
Export	-6.1	6.8	5.0
Import	-12.6	8.3	5.0
Real GDP	-2.8	5.8	5.0

Structure of External Debt (percent shares, end-1994)
IDA 40; AfDB 6; IMF 6; other multilateral 10; Paris Club 31; other bilateral 2; commercial 5.

Financing Assumptions
- Paris Club flow rescheduling on Naples terms succeeded by stock-of-debt operation in 1998;
- All new borrowing contracted on highly concessional terms with an average nominal interest rate of 2.5 percent;
- Official grants cover about half of total financing need during the projection period.

External Financing
(Annual averages, in US$ million)

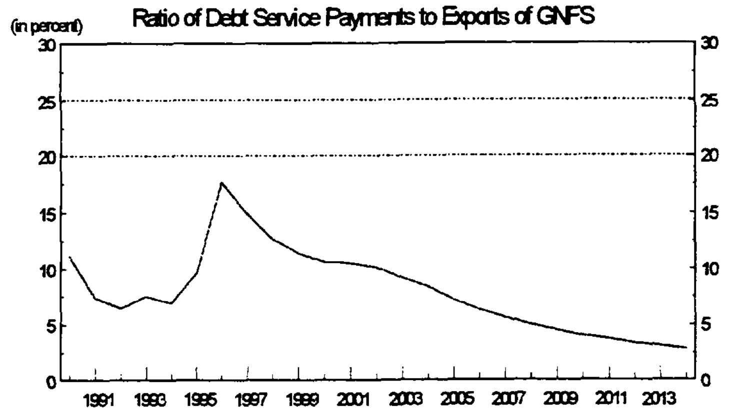
	1990-94	1995-2004	2005-14
Total financing need 1/	197	194	182
Gross multilateral disbursements	43	44	54
Net official transfers	71	74	132

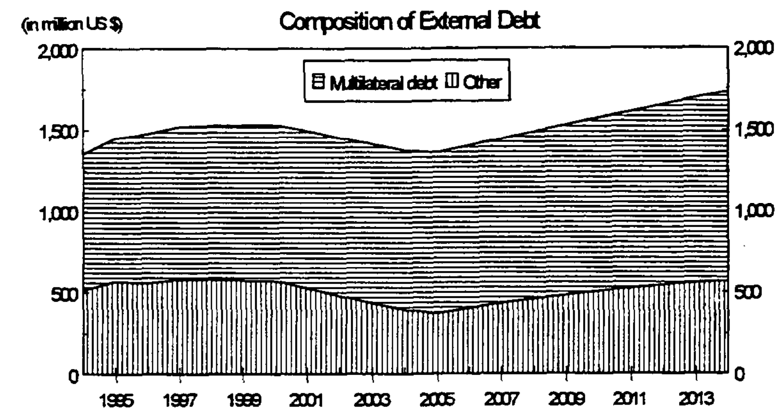
Debt Burden Indicators
- Debt-service ratio:
  below 20 percent throughout projection period
- NPV debt-export ratio:
  below 200 percent throughout projection period
- Public external debt service-revenue ratio:
  1995: 20 percent
  1997: 24 percent
- Public external debt service-expenditure ratio:
  1995: 13 percent
  1997: 19 percent

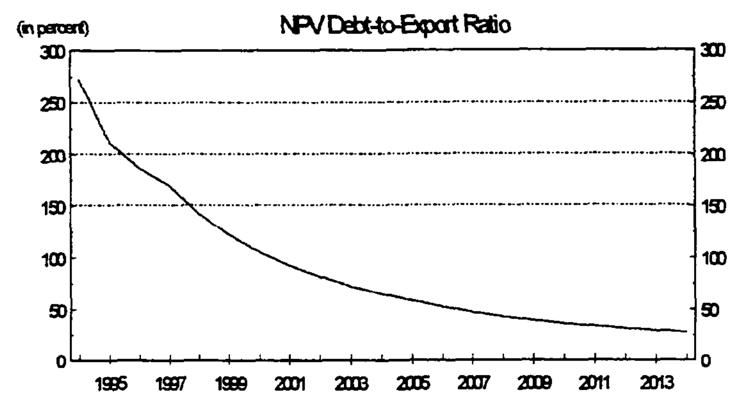
Sensitivity Analysis 2/

Debt-Service Ratios
(In percent of exports of GNFS)

	1996	2004	2014
Baseline	17.7	8.4	3.0
Lower export growth	17.7	9.9	n.a.







Assessment and Risks
- Debt indicators are moderate and improve gradually from 1996 onward. Satisfactory growth rates are consistent with reduction in noninterest current account deficit (excluding official transfers) to 3.5 percent of GDP by 2004.
- Sensitivity analysis: vulnerability is moderate with respect to lower export growth.

1/ Defined as current account deficit (excluding official transfers), amortization payments and buildup of international reserves, net of IMF drawings.
2/ See attached table for detailed assumptions.

Togo: Debt Indicators, 1995-2014
(In percent unless otherwise indicated)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2014	Average 1995-2004	Average 2005-2014
Debt and debt service indicators 1/														
Debt-service ratio 2/	9.6	17.7	14.9	12.7	11.4	10.6	10.5	10.1	9.2	8.4	7.2	3.0	11.5	5.1
before restructuring (scheduled)	24.9	24.5	20.4	18.5	17.5	16.8	16.2	15.6	14.3	13.0	11.2	3.5	18.2	7.3
Multilateral debt-service ratio 2/	7.7	7.7	7.6	7.9	6.8	6.2	6.0	5.8	5.5	5.3	5.1	2.6	6.7	3.8
Public sector debt-service (scheduled)														
as percent of revenues (excl.grants)	20.1	31.0	24.4	20.8	18.7	17.3	17.1	16.5	15.0	13.6	11.7	5.0	19.4	8.3
as percent of expenditures	12.8	22.3	18.7	16.7	15.9	15.4	15.4	15.1	13.9	12.8	11.2	4.7	15.9	8.0
NPV debt-export ratio	197.7	173.2	157.1	123.3	106.0	91.5	80.0	70.3	62.2	55.8	50.1	25.3	111.7	37.7
before restructuring (scheduled)	212.3	187.0	169.7	143.0	122.7	105.7	92.7	81.8	72.6	65.3	58.8	29.6	125.3	44.2
Debt-GDP ratio	108.6	95.7	88.7	75.5	71.0	66.2	59.9	54.0	48.7	44.0	40.0	25.0	71.2	32.5
Multilateral debt-GDP ratio	67.4	62.4	57.8	49.2	46.2	43.2	39.0	35.2	31.7	27.8	28.0	21.7	46.0	24.5
Key Assumptions/Projections 1/														
Real GDP growth	8.3	6.8	6.5	6.5	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.8	5.0
Export volume growth	10.2	3.1	7.3	11.7	8.0	8.2	5.0	5.0	5.0	5.0	5.0	5.0	6.8	5.0
Import volume growth	27.9	12.1	9.5	5.1	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	8.3	5.0
Terms of trade (% change)	16.6	9.3	-5.5	-0.4	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	1.5	-0.5
Non-interest current account (% of GDP)	0.1	-1.4	-1.5	-0.4	-0.2	--	--	--	--	--	--	-0.5	-0.3	-0.3
excluding official transfers	-4.4	-5.0	-5.5	-4.7	-4.3	-3.8	-3.7	-3.6	-3.5	-3.5	-3.4	-3.3	-4.2	-3.3
Net official transfers (% change in dollar terms)	141.8	-8.6	22.3	18.4	2.1	1.7	4.6	4.3	4.5	4.5	5.3	4.9	14.8	6.2
Gross official reserves (in months of imports)	4.7	5.1	5.4	5.3	5.0	4.8	4.6	4.6	4.5	4.5	4.5	3.7	4.9	4.1
Financing gap (% of GDP)	--	5.5	4.2	1.2	--	--	--	--	--	--	--	--	--	--
Sensitivity Analysis														
Debt-service ratio in the event of:														
Lower export growth 3/	9.6	17.7	15.1	13.0	11.8	11.1	11.3	11.1	10.5	9.9	8.8	...	12.1	...

1/ Assumes Paris Club flow reschedulings on Naples terms (67 percent NPV debt reduction) succeeded by stock-of-debt operation in 1998.
2/ Debt service paid (scheduled from 1996 onward) in percent of exports of goods and nonfactor services.
3/ Assumes goods export volume growth is limited to 2 percent annually, beginning in 1997.

UGANDA
Debt Sustainability Analysis

Background and Macro Assumptions
• ESAF (2nd Year) approved 11/29/95.
• Strong policy performance since 1987.

Volume Growth
(Annual averages, in percent)

	90/91-94/95	95/96-04/05	05/06-14/15
Export	15.9	7.2	5.6
(noncoffee)	23.1	10.0	8.0
Import	14.1	2.0	3.9
Real GDP	6.4	5.7	5.5

Structure of External Debt (percent shares, mid-1995)
IDA 50; IMF 12; other multilaterals 11; Paris Club 11; other bilaterals 12; commercial 4.

Financing Assumptions
• Comparable treatment from other bilateral and commercial creditors to Paris Club stock-of-debt operation implemented in February 1995.
• New financing on highly concessional terms (80 percent on IDA terms, remainder slightly less favorable).
• Project-related donor inflows grow by 2 percent in real terms until 1997/98 and are constant thereafter.
• External arrears of US$228 million eliminated in 1995/96.

External Financing
(Annual averages, in US$ million)

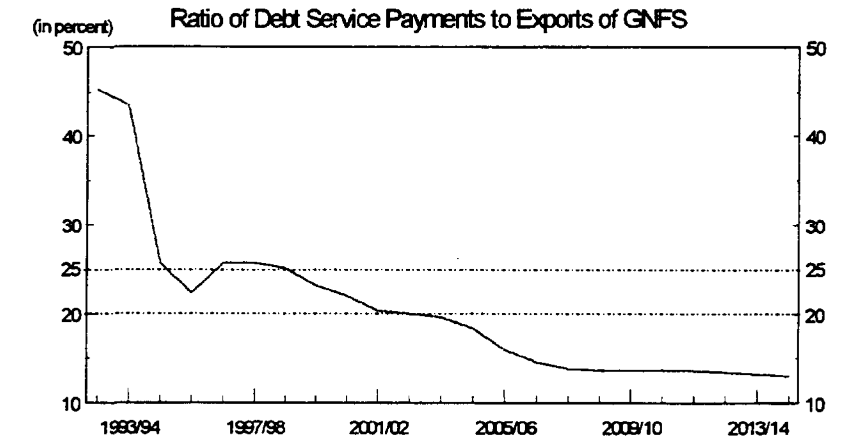
	90/91-94/95	95/96-04/05	05/06-14/15
Total financing need 1/	588	710	821
Gross multilateral disbursements	256	296	316
Net official transfers	258	291	319

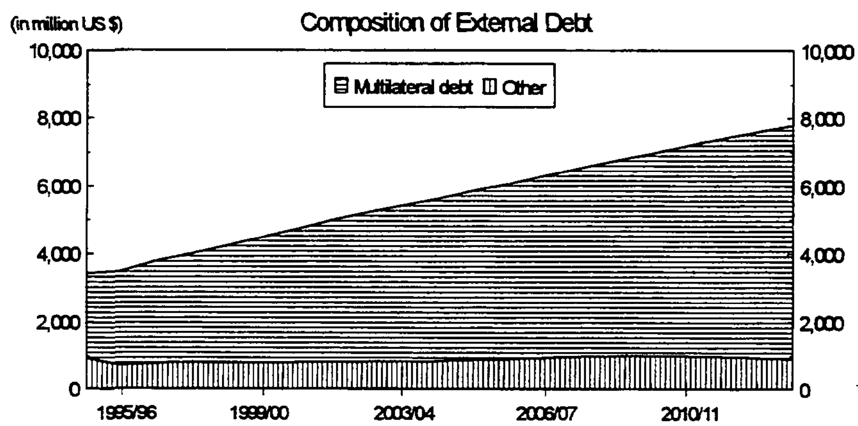
Debt Burden Indicators
• Debt-service ratio:
below 25 percent by 1999/00
below 20 percent by 2003/04
• NPV debt-export ratio:
below 250 percent by 2000/01
below 200 percent by 2005/06
• Public external debt service-revenue ratio:
1995/96: 21 percent
1997/98: 17 percent
• Public external debt service-expenditure ratio:
1995/96: 14 percent
1997/98: 13 percent

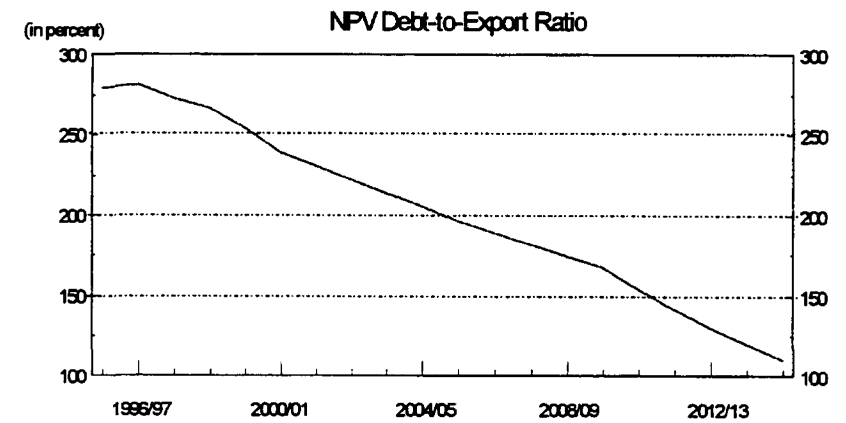
Sensitivity Analysis 2/

Debt-Service Ratios
(In percent of exports of GNFS)

	1996/97	2004/05	2014/15
Baseline	25.7	18.4	13.0
Lower export growth	25.7	19.1	15.8
Less favorable financing	25.7	22.3	18.0
Weaker terms of trade	27.3	20.6	15.3







Assessment and Risks
• Debt indicators remain high for the next 5-7 years, but improve steadily. Over the next 10 years, solid growth is consistent with reducing noninterest current account deficit (excluding official transfers) from 7 to 4 percent of GDP while holding official reserves at 4-5 months of imports.
• Sensitivity analysis: vulnerability is moderate to high with respect to trade shocks; high with respect to availability of financing on appropriately concessional terms.
• Bank staff are concerned that imports may grow faster than projected.

1/ Defined as current account deficit (excluding official transfers), amortization payments and buildup of international reserves, net of IMF drawings.
2/ See attached table for detailed assumptions.

Uganda: Debt Indicators, 1995/96 – 2014/15
(In percent unless otherwise indicated)

												Average	
	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2014/15	1995/96 2004/5	2005/06 2014/15
Debt and debt service indicators 1/													
Debt-export ratio	529.7	580.6	597.1	603.0	593.4	576.8	560.9	538.3	512.6	488.3	294.2	558.1	377.8
before restructuring (scheduled)	577.1	628.2	643.2	647.0	634.1	614.3	595.3	569.8	541.4	514.6	305.6	596.5	394.8
Debt-service ratio 2/	22.4	25.7	25.7	25.2	23.2	22.0	20.3	20.1	19.7	18.4	13.0	22.3	13.9
before restructuring (scheduled)	29.1	31.8	32.8	32.1	28.7	26.7	24.0	22.7	20.3	17.9	12.4	26.6	13.3
Multilateral debt-service ratio 2/	15.6	19.4	19.9	19.4	17.2	16.5	15.3	14.8	14.2	13.3	9.1	16.6	9.4
Public sector debt-service (scheduled)													
as percent of revenues (excl. grants)	20.6	19.8	17.1	...	...	...	...	...	...	...	...	...	...
as percent of expenditures	13.6	13.8	12.9	...	...	...	...	...	...	...	...	...	...
NPV debt-export ratio	279.2	281.5	273.0	266.6	253.8	239.2	231.3	222.8	214.4	206.4	110.1	246.8	156.8
before restructuring	300.9	...	...	...	...	...	...	...	...	...	...	...	...
Debt-GDP ratio	63.2	61.2	58.1	55.9	54.1	52.5	50.8	48.8	46.6	44.4	26.1	53.6	34.0
Multilateral debt-GDP ratio	53.5	51.7	49.0	47.8	46.7	45.5	44.3	42.8	40.9	39.1	23.7	46.1	30.1
Key Assumptions/Projections 1/													
Real GDP growth	6.5	6.5	6.0	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.7	5.5
Export volume growth	8.2	7.7	10.8	7.3	7.2	6.3	6.3	6.2	6.3	6.3	5.5	7.2	5.6
Import volume growth	–4.6	0.3	0.6	1.5	3.1	3.9	3.9	3.9	4.0	4.0	3.7	2.0	3.9
Terms of trade (% change)	–15.4	–10.6	–10.0	–5.1	–2.1	–0.2	–0.4	0.3	0.2	0.1	1.2	–4.5	1.1
Non-interest current account (% of GDP)	–2.4	–2.8	–2.7	–2.7	–2.6	–2.6	–2.5	–2.6	–2.6	–2.5	–0.9	–2.6	–1.7
excluding official transfers	–7.3	–7.3	–6.9	–6.5	–6.2	–5.9	–5.7	–5.3	–5.0	–4.7	–2.1	–6.1	–3.3
Net official transfers (% change in dollar terms)	–10.0	0.9	3.6	2.4	2.4	2.4	2.4	–5.6	–5.8	2.9	3.2	–0.5	2.3
Gross official reserves (in months of imports) 3/	4.3	5.1	5.2	5.3	5.3	5.3	5.4	5.1	4.5	3.9	1.6	4.9	2.1
Financing gap (% of GDP)	—	—	—	—	—	—	—	—	—	—	—	—	—
Sensitivity Analysis 1/													
Debt-service ratio in the event of:													
Lower export growth 4/	22.4	25.7	25.9	25.5	23.5	22.4	20.7	20.6	...	19.1	15.8	...	...
Less favorable financing 5/	22.4	25.7	26.1	26.3	24.5	23.8	22.4	22.9	...	22.3	18.0	...	...
Weaker terms of trade 6/	23.8	27.3	27.2	26.6	24.4	23.2	21.3	21.9	...	20.6	15.3	...	...

1/ Incorporates effects of February 1995 Paris Club stock-of-debt operation on Naples terms.
2/ Debt service paid (scheduled from 1996 onward) in percent of exports of goods and nonfactor services.
3/ Imports of goods and nonfactor services.
4/ Assumes 1 percentage point lower growth rate of noncoffee exports in real terms from 1996/97 onward.
5/ Assumes that only half instead of 80 percent of all new borrowing is on IDA terms, while the remainder is on terms consistent with a 50 percent grant element (calculated using a 10 percent discount rate).
6/ Assumes coffee prices are 10 percent lower from 1995/96 onward.

VIETNAM
Debt Sustainability Analysis

Background and Macro Assumptions
- ESAF (2nd Year) to be considered for approval 2/96.
- Strong policy performance since 1995.

Volume Growth
(Annual averages, in percent)

	1990-94	1995-2004	2005-14
Export	31.0	12.6	8.0
Import	12.6	10.7	7.3
Real GDP	7.3	9.0	9.0

Structure of External Debt (percent shares, end-1994)
Largest part Russia; remainder multilateral 7; Paris Club 39; other bilateral 16; commercial 38.

Financing Assumptions
- Commercial debt restructured on terms comparable to the 50 percent NPV reduction granted by Paris Club creditors in December 1993; ruble debt assumed to be repaid at 25 percent of its accounting value, based on the official transferable ruble rate of 0.6 per dollar.
- ODA disbursements constant in real terms after 2000; commercial borrowing growing moderately in real terms.
- Continued high foreign direct investment (6-7 percent of GDP).

External Financing
(Annual averages, in US$ million)

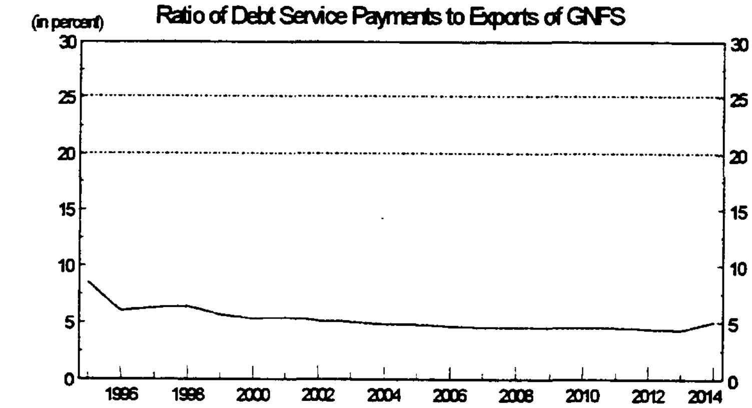
	1990-94	1995-2004	2005-14
Total financing need 1/	1112	3558	7135
Gross Multilateral disbursements	n.a.	n.a.	n.a.
Net official transfers	89	185	254

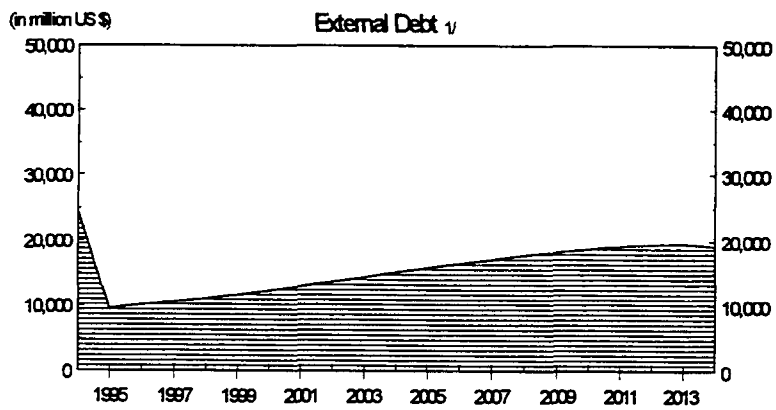
Debt Burden Indicators
- Debt-service ratio:
  below 20 percent throughout the projection period.
- NPV debt-export ratio:
  below 200 percent throughout the projection period
- Public external debt service-revenue ratio:
  1995: 13 percent
  1997: 8 percent
- Public external debt service-expenditure ratio:
  1995: n.a.
  1997: n.a.

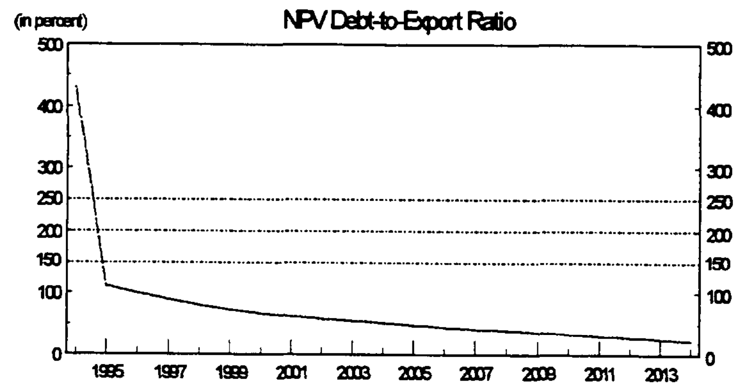
Sensitivity Analysis 2/

Debt-Service Ratios
(In percent of exports of GNFS)

	1996	2004	2014
Baseline	6.0	4.8	5.0
Lower export growth	6.1	5.7	7.1







1/ Projections for composition of debt by creditor are not available.

Assessment and Risks
- Debt indicators remain low throughout the projection period. Strong growth is consistent with a gradually declining noninterest current account deficit (excluding official transfers), while reserves are held at 3 months of imports.
- Sensitivity analysis: vulnerability is low with respect to trade shocks, if imports are reduced, accordingly.

1/ Defined as current account deficit (excluding official transfers), amortization payments and buildup of international reserves, net of IMF drawings.
2/ See attached table for detailed assumptions.

Vietnam: Debt Indicators, 1995–2014
(In percent unless otherwise indicated)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2014	Average 1995–2004	Average 2005–2014
Debt and debt service indicators 1/														
Debt-service ratio 2/	8.5	6.0	6.3	6.4	5.7	5.3	5.4	5.1	5.0	4.8	4.8	5.0	5.9	4.6
before restructuring (scheduled)	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Multilateral debt-service ratio 2/	0.3	0.4	0.9	1.0	0.4	0.3	0.5	0.7	0.7	0.6	0.4	0.0	0.6	0.1
Public sector debt-service (scheduled)														
as percent of revenues (excl.grants)	12.8	8.3	7.9	7.4	6.0	5.5	5.7	5.3	5.2	5.1	5.0	5.6	5.7	4.9
as percent of expenditures	...	...	...	...	...	...	...	...	...	...	...	...	...	...
NPV debt-export ratio	110.1	98.8	88.8	79.3	72.5	66.2	62.2	58.5	54.9	51.5	48.2	22.5	74.3	35.2
before restructuring	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Debt-GDP ratio (after restructuring)	47.3	41.7	38.4	35.6	33.3	31.3	29.8	28.3	26.9	25.5	24.1	11.7	33.8	17.9
Multilateral debt-GDP ratio 4/	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Key Assumptions/Projections 1/														
Real GDP growth	9.5	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Export volume growth	18.2	17.7	16.1	15.3	13.4	12.7	8.3	8.3	8.3	8.3	8.3	8.0	12.6	8.0
Import volume growth	24.5	15.1	10.9	9.9	9.2	9.2	7.6	7.3	7.3	7.3	7.3	7.3	10.7	7.3
Terms of trade (% change)	2.9	–3.9	–4.0	–2.6	–2.3	–1.2	0.0	0.0	0.0	0.0	0.0	0.0	–1.1	0.0
Non-interest current account (% of GDP)	–6.0	–6.8	–6.6	–6.3	–6.3	–6.1	–5.9	–5.6	–5.3	–5.1	–4.8	–3.1	–6.0	–4.0
excluding official transfers	–6.7	–7.5	–7.2	–6.8	–6.8	–6.6	–6.3	–6.0	–5.7	–5.4	–5.1	–3.3	–6.5	–4.2
Net official transfers (% change in dollar terms)	13.6	5.0	5.0	5.0	5.0	5.0	3.0	3.0	3.0	3.0	3.0	3.0	5.0	3.0
Gross official reserves (in months of imports)	2.7	2.6	2.8	2.8	2.9	2.9	2.9	3.0	3.1	3.2	3.3	3.3	2.9	3.3
Financing gap (% of GDP)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sensitivity Analysis 1/														
Lower export growth 5/	...	6.1	6.5	6.7	6.2	5.8	6.0	5.8	5.7	5.7	5.7	7.1	5.5	5.9

1/ Assumes restructuring of non-multilateral convertible currency debt on terms comparable to 1993 Paris Club rescheduling (50 percent NPV debt reduction). Ruble denominated debt is assumed to be repaid at 25 percent of its accounting value, if converted at the official exchange rate of 0.6 TR per dollar.
3/ Figures are based on a transferable ruble rate of TR 2.4 per U.S. dollar for illustrative purposes, only. This rate is not specified in contracts and is in dispute.
4/ 2 percent of GNP at end-1994.
5/ Assumes that export growth is 2 percentage point lower, with the shortfall offset equally by reduced imports and additional commercial external borrowing.

YEMEN
Debt Sustainability Analysis

Background and Macro Assumptions
• SBA to be considered for approval 2/96.
• Satisfactory policy performance since 1995.

Volume Growth
(Annual averages, in percent)

	1990-94	1995-2004	2005-14
Export	14.8	2.1	2.9
Import	-2.3	12.2	4.8
Real GDP	0.4	4.7	5.5

Structure of External Debt (percent shares, end-1994)
Multilateral 13; Paris Club 4; Russia 66; other bilateral 15; commercial 2.

Financing Assumptions
• Paris Club flow rescheduling on Naples terms succeeded by a stock-of-debt operation in 2000; comparable treatment of Russian debt.
• All new borrowing assumed to have a 35 percent grant element.
• Disbursements from multilateral institutions increase substantially during the projection period.

External Financing
(Annual averages, in US$ million)

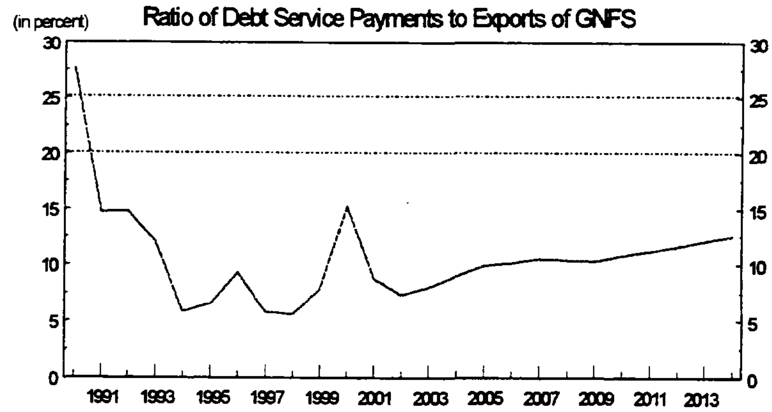
	1990-94	1995-2004	2005-14
Total financing need 1/	1302	609	761
Gross multilateral disbursements	75 2/	217	207
Net official transfers	136	39	53

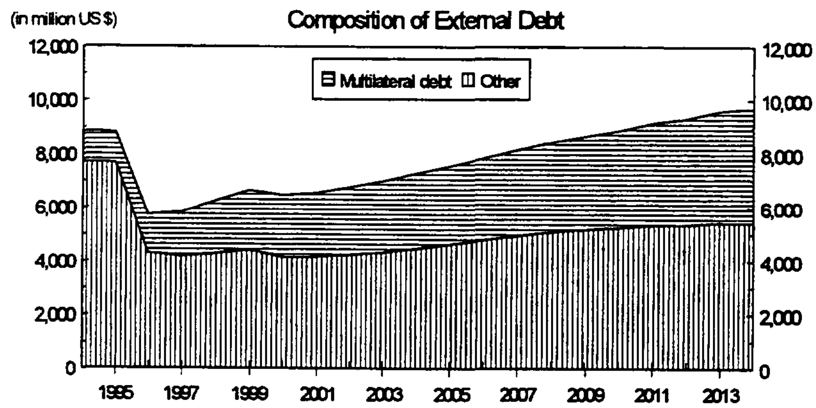
Debt Burden Indicators
• Debt-service ratio: 3/
below 20 percent throughout projection period
• NPV debt-export ratio: 3/
below 200 percent throughout projection period
• Public external debt service-revenue ratio:
1995: 38 percent
1997: 8 percent
• Public external debt service-expenditure ratio:
1995: 27 percent
1997: 7 percent

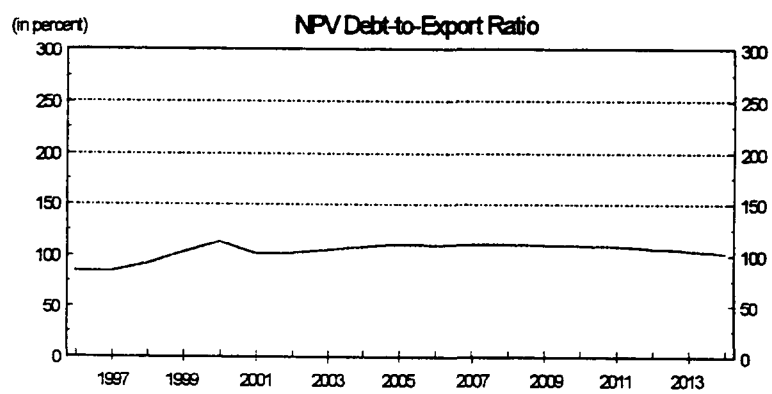
Sensitivity Analysis 4/

Debt-Service Ratios
(In percent of current account receipts)

	1996	2004	2014
Baseline	8.0	7.5	8.3
Lower export growth	8.0	7.8	10.2
Less favorable financing	8.0	7.9	10.1
Weaker terms of trade	8.4	8.6	10.8







Assessment and Risks
• Debt indicators show a large one step improvement in 1996 as a result of rescheduling and remain low during the projection period.
• Satisfactory growth rates are consistent with a noninterest current account deficit (excluding official transfers) stable at around 2.0 percent of GDP.
• Sensitivity analysis: vulnerability is low with respect to trade shocks or less favorable financing terms.

1/ Defined as current account deficit (excluding official transfers), amortization payments and buildup of international reserves, net of IMF drawings.
2/ Annual average for 1991 to 1994.
3/ Calculated on the basis of current account receipts.
4/ See attached table for detailed assumptions.

Yemen: Debt Indicators, 1995–2014
(In percent unless otherwise indicated)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2014	Average 1995–2004	Average 2005–2014
Debt and debt service indicators 1/														
Debt-service ratio 2/	6.1	8.0	5.1	4.7	6.3	11.7	6.8	5.6	6.4	7.5	8.3	8.3	6.8	8.0
before restructuring (scheduled)	37.1	32.1	25.2	20.9	20.1	19.0	8.4	5.6	6.4	7.5	8.3	8.3	18.2	8.0
Multilateral debt-service ratio 2/	1.4	3.4	1.8	1.4	2.9	4.2	2.5	1.3	1.7	2.3	2.6	2.0	2.3	2.1
Public sector debt-service (scheduled)														
as percent of revenues (excl. grants)	38.0	12.2	7.9	7.4	10.0	19.5	...	...	...	...	...	...	...	...
as percent of expenditures	26.5	9.6	7.2	6.8	9.3	18.1	...	...	...	...	...	...	...	...
NPV debt-export ratio	...	73.4	74.1	77.4	82.2	87.3	77.5	76.6	77.7	78.6	79.6	68.0	70.5	75.6
before restructuring	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Debt-GDP ratio (after restructuring)	...	112.1	108.8	112.1	114.5	107.0	97.0	90.1	84.3	79.3	75.1	45.5	90.5	60.1
Multilateral debt-GDP ratio	1.4	1.7	0.9	0.7	1.5	2.3	1.3	0.6	0.8	1.0	1.1	0.6	1.2	0.8
Key Assumptions/Projections 1/														
Real GDP growth	3.6	2.5	5.1	4.3	4.3	4.8	5.5	5.5	5.5	5.5	5.5	5.5	4.7	5.5
Export volume growth	–5.8	3.2	7.5	2.8	1.4	2.2	3.7	2.0	2.1	2.2	2.3	3.0	2.1	2.9
Import volume growth 3/	38.5	29.3	23.0	7.7	5.0	4.9	4.8	4.8	4.8	4.8	4.8	4.8	12.2	4.8
Terms of trade (% change)	0.6	–8.7	4.4	4.2	2.9	4.2	—	—	—	—	—	—	0.7	—
Non-interest current account (% of GDP)	4.3	–0.8	–0.9	–1.1	–1.8	–2.1	–1.2	–1.5	–1.7	–1.8	–2.1	–2.5	–0.9	–2.2
excluding official transfers	3.4	–1.5	–1.5	–1.8	–2.4	–2.7	–1.8	–2.0	–2.2	–2.3	–2.5	–2.8	–1.5	–2.6
Official transfers (% change in dollar terms)	–44.0	–5.1	—	—	—	—	3.8	3.8	3.8	3.8	3.7	3.7	–4.7	3.7
Gross official reserves (in months of imports)	2.3	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.8	2.9	3.4
Financing gap (% of GDP)	—	1.5	1.9	1.7	2.3	6.3	—	—	—	—	—	—	1.4	—
Sensitivity Analysis 1/														
Debt-service ratio in the event of:														
Lower export growth 4/	37.1	8.0	5.1	4.7	6.4	11.8	8.1	5.7	6.6	7.8	8.8	10.2	10.1	9.1
Less favorable financing 5/	37.1	8.0	5.1	4.8	6.4	11.8	8.3	5.9	6.8	7.9	8.8	10.1	10.2	9.7
Weaker terms of trade 6/	37.1	8.4	5.5	5.2	6.9	12.5	8.8	6.4	7.3	8.6	9.5	10.8	10.7	9.9
Other 7/	37.1	11.8	8.5	7.6	8.8	10.7	8.2	6.7	6.9	7.1	7.3	3.1	11.3	4.3

1/ Assumes Paris Club flow reschedulings on Naples terms during 1996–99, succeeded by a stock-of-debt operation in 2000.
2/ Debt service paid (scheduled from 1996 onward) in percent of current account receipts, excluding the foreign oil companies' share of petroleum exports.
3/ For imports excluding food and oil sector capital goods.
4/ Non-oil export volume growth is assumed to be one percentage point lower per year than in the baseline.
5/ Less concessional terms for bilateral and non-IDA multilateral borrowing are assumed as 20-year maturity with a 7-year grace period at an interest rate of LIBOR – 2 percentage points. Baseline terms for bilateral and non-IDA multilateral borrowing are assumed as 30-year maturity with a 10-year grace period at an interest rate of LIBOR – 3 percentage points.
6/ Crude oil export prices are assumed to be 10 percent lower than in the baseline.
7/ A buyback of of 87.5 percent of Russian Federation debt in 1996 with the payment of 12.5 percent financed on commercial terms over 10 years.

ZAIRE
Debt Sustainability Analysis

Background and Macro Assumptions
- ESAF assumed by 1997.
- Stabilization program since 1995.

Volume Growth
(Annual averages, in percent)

	1990-94	1995-2004	2005-14
Export	-16.4	6.5	5.5
Import	-16.2	8.4	5.5
Real GDP	-9.5	4.4	5.1

Structure of External Debt (percent shares, end-1995)
Multilaterals (other than the IMF) 18; IMF 4; Paris Club 68; other bilateral 5; commercial 4.

Financing Assumptions
- Paris Club flow rescheduling on Naples terms from 1997 to 1999 succeeded by stock-of-debt operation in 2000
- All new borrowing contracted on highly concessional terms.
- Private capital inflows beginning in 1997 peak at 3 percent of GDP in 2001.

External Financing
(Annual averages, in US$ million)

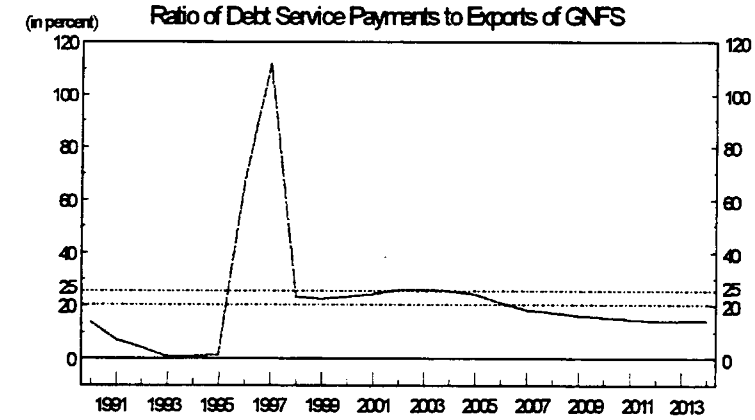
	1990-94	1995-2004	2005-14
Total financing need 1/	1475	753	521
Gross multilateral disbursements	59	78	157
Net official transfers	103	69	80

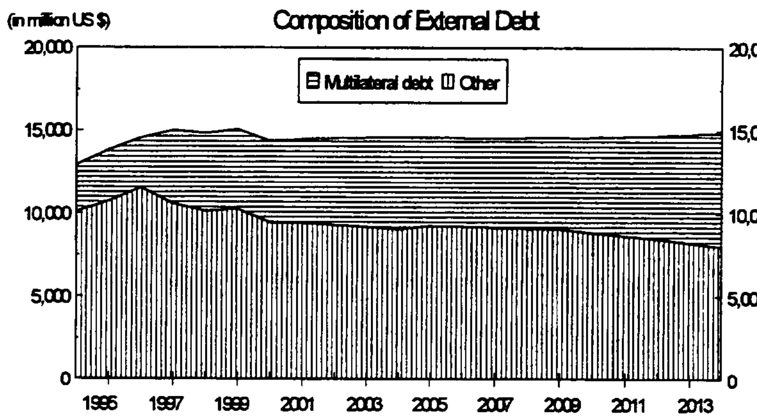
Debt Burden Indicators
- Debt-service ratio:
  - below 25 percent in 1998-2001 and from 2005 onward
  - below 20 percent by 2007
- NPV debt-export ratio:
  - below 250 percent by 2005
  - below 200 percent by 2007
- Public external debt service-revenue ratio:
  - 1995: 303 percent
  - 1997: 400 percent (68 percent in 1998)
- Public external debt service-expenditure ratio:
  - 1995: 83 percent
  - 1997: 256 percent (53 percent in 1998)

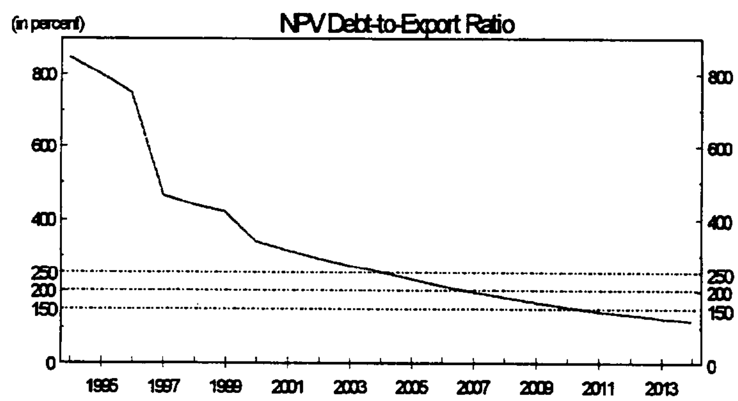
Sensitivity Analysis 2/

Debt-Service Ratios
(In percent of exports of GNFS)

	1996	2004	2014
Baseline	66.5	25.4	14.2
Lower export growth	66.8	27.1	20.6
Less favorable financing	68.7	26.8	15.9
Weaker terms of trade	67.4	26.3	16.4







Assessment and Risks
- Debt indicators improve considerably from 1998 on. Substantial debt relief and/or refinancing required to solve arrears problem. After debt relief, balance in noninterest current account (excluding official transfers) is consistent with satisfactory growth rates.
- Sensitivity analysis: vulnerability is high with respect to lower export growth, moderate with respect to terms of trade shocks and less favorable financing terms.

1/ Defined as current account deficit (excluding official transfers), amortization payments and buildup of international reserves, net of IMF drawings.
2/ See attached table for detailed assumptions.

Zaïre: Debt Indicators, 1995–2014
(In percent unless otherwise indicated)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2014	Average 1995–2004	Average 2005–2014
Debt and debt service indicators 1/														
Debt-service ratio 2/	1.5	66.5	111.9	23.1	22.3	23.3	24.2	25.9	26.0	25.4	24.1	14.2	35.0	16.9
before restructuring (scheduled) 3/	598.5	502.0	32.2	37.8	34.5	30.6	30.1	30.6	26.5	23.8	22.9	8.3	134.7	12.8
Multilateral debt-service ratio 2/	12.3	10.4	8.6	7.6	6.4	5.2	4.6	4.3	4.1	3.7	3.5	1.3	6.7	2.3
Public sector debt-service (scheduled)														
as percent of revenues (excl.grants)	303.3	177.7	400.2	68.1	57.1	55.8	55.3	56.4	54.0	50.6	46.2	25.0	127.8	31.3
as percent of expenditures	83.2	57.1	255.9	53.0	51.8	55.7	58.9	62.7	61.4	58.2	53.2	30.1	79.8	36.7
NPV debt-export ratio	800	749	464	439	421	340	314	291	271	252	233	118	434.0	167.3
before restructuring	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Debt-GDP ratio (after restructuring)	229.3	224.1	216.0	196.8	185.9	164.0	152.9	142.2	132.0	122.4	113.3	60.2	176.5	83.9
Multilateral debt-GDP ratio	50.9	47.9	26.5	23.3	20.7	18.4	16.4	14.6	13.0	11.5	10.1	3.0	24.3	6.0
Key Assumptions/Projections 1/														
Real GDP growth	–0.7	2.5	5.2	5.4	5.4	5.3	5.2	5.2	5.2	5.2	5.2	5.1	4.4	5.1
Export volume growth	7.5	15.5	6.9	6.0	5.1	5.1	5.1	4.6	4.6	4.9	5.1	5.5	6.5	5.5
Import volume growth	28.5	7.4	12.3	7.1	4.8	5.6	5.5	5.2	4.8	4.9	5.2	5.5	8.4	5.5
Terms of trade (% change)	–1.4	–1.4	0.8	–3.6	–1.9	1.3	–0.7	–0.9	–1.0	–1.1	–1.2	—	–1.0	–0.1
Non-interest current account (% of GDP)	1.7	1.8	2.2	0.8	0.7	1.2	1.2	1.1	1.0	0.8	0.7	–0.0	1.3	0.2
excluding official transfers	–0.8	0.9	1.2	0.3	0.1	0.6	0.6	0.5	0.4	0.3	0.2	–0.4	0.4	–0.2
Net official transfers (% change in dollar terms)	10.4	–61.3	13.1	–36.1	15.3	15.5	3.4	3.4	3.4	3.4	3.4	3.4	–7.3	3.4
Gross official reserves (in months of imports)	1.4	1.6	1.6	1.7	1.8	1.9	1.9	1.9	1.9	1.9	1.9	2.1	1.7	2.0
Financing gap (% of GDP) 4/	—	—	28.3	5.0	1.8	1.6	1.5	1.6	1.5	1.3	1.1	1.3	4.3	0.7
Sensitivity Analysis 1/														
Debt-service ratio in the event of:														
Lower export growth 5/	598.5	66.8	126.6	23.7	23.1	24.4	24.5	26.7	27.2	27.1	26.3	20.6	96.9	21.1
Less favorable financing 6/	598.5	68.7	112.5	24.4	23.7	24.8	25.6	27.4	27.4	26.8	25.6	15.9	96.0	18.5
Weaker terms of trade 7/	598.5	67.4	128.0	23.9	23.4	24.7	24.6	26.6	26.8	26.3	25.2	16.4	97.0	18.6

1/ Assumes Paris Club flow rescheduling in 1997 and stock-of-debt operation in 2000. A buyback of commercial bank debt is assumed in 1998.
2/ Debt service paid (scheduled from 1996 onward) in percent of exports of goods and nonfactor services (GNFS). With assumed rescheduling of arrears in 1997 the ratio for 1996 excludes arrears but includes late interest, equivalent to 29 percent of exports of GNFS.
3/ Includes arrears equivalent to 536 percent of exports of GNFS in 1995 and 465 percent in 1996.
4/ Total need for program finance, excl. debt relief. After 1997 there is projected to be no residual gap (i.e. over and above reasonable projections of program assistance, based on past experience).
5/ Assumes that export volume growth is one percentage point lower than in baseline scenario.
6/ Assumes that interest rate on gap financing is 100 basis points higher than in baseline scenario.
7/ Assumes that average dollar price for copper, cobalt, gold, silver, and zinc is 10 percent lower than in baseline scenario.

ZAMBIA
Debt Sustainability Analysis

Background and Macro Assumptions
• ESAF approved 12/6/95.
• Uneven policy performance under previous RAP.

Volume Growth
(Annual averages, in percent)

	1990-94	1995-2004	2005-10
Export 1/	13.1	11.5	10.0
Import	0.3	6.5	3.5
Real GDP	0.3	4.5	4.5

Structure of External Debt (percent shares, end-1994) IDA/IBRD 21; IMF 19; AfDB 3; other multilateral 3; Paris Club 38; other bilateral 14; commercial 2.

Financing Assumptions
• Consecutive Paris Club flow reschedulings on Naples terms from 1996 onward; no stock-of-debt operation assumed as exit from rescheduling appears unlikely.
• Official grants and loans fall from 50 to 20 percent of nonmetal sector imports; decline is only partly offset by increase in project aid.
• Financing gaps filled on IDA terms.
• Moderate increase in private capital inflows.

External Financing
(Annual averages, in US$ million)

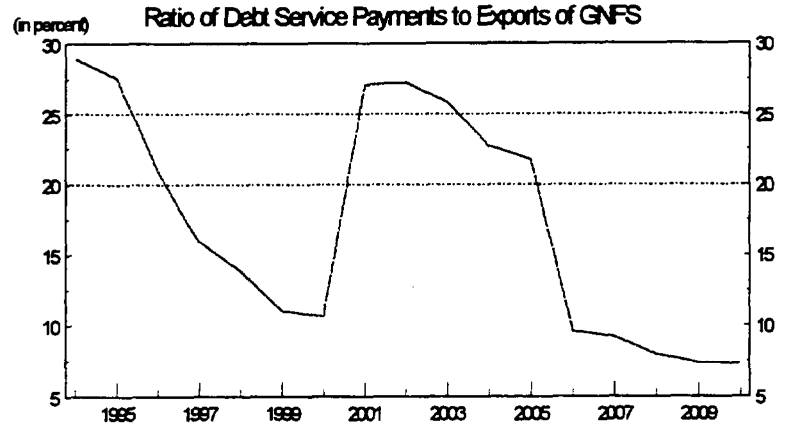
	1990-94	1995-2004	2005-10
Total financing need 2/	898	1270	1062
Gross multilateral disbursements	149	318	120
Net official transfers	435	327	368

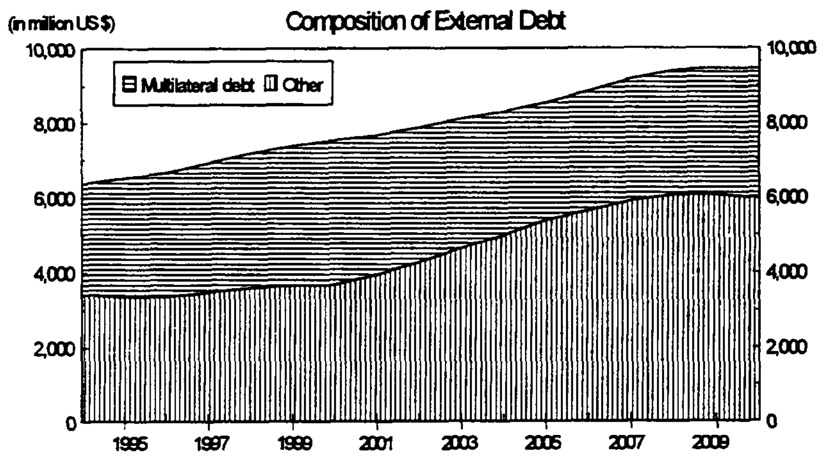
Debt Burden Indicators
• Debt-service ratio:
below 25 percent in 1996-2000 and beyond 2003
below 20 percent in 1997-2000 and beyond 2005
• NPV debt-export ratio:
below 250 percent by 2006
below 200 percent by 2009
• Public external debt service-revenue ratio:
1995: 55.4 percent
1997: 29.2 percent
• Public external debt service-expenditure ratio:
1995: 57.8 percent
1997: 31.0 percent

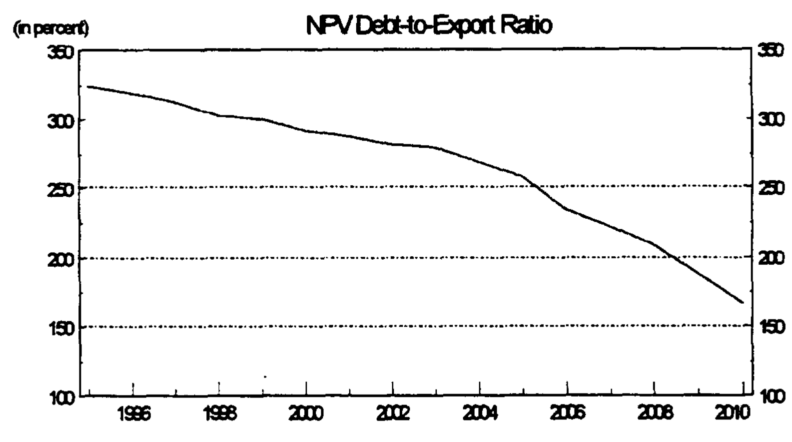
Sensitivity Analysis 3/

Debt-Service Ratios
(In percent of exports of GNFS)

	1996	2004	2010
Baseline	20.9	22.7	7.3
Lower export growth 1/	24.1	27.9	10.9
Less favorable financing	24.9	29.2	12.8
Weaker terms of trade	25.5	24.7	8.4







Assessment and Risks
• Consistent improvement in debt indicators only after 2005. Satisfactory growth rates require noninterest current account deficit (excluding official transfers) to remain above 8 percent of GDP until 2008, with reserve coverage equivalent to 3 to 4 months of imports.
• Sensitivity analysis: vulnerability with respect to external trade and financing shocks is high.

1/ Nontraditional (nonmetal) exports, only.
2/ Defined as current account deficit (excluding official transfers), amortization payments and buildup of international reserves, net of IMF drawings.
3/ See attached table for detailed assumptions.

Zambia: Debt Indicators, 1995-2010
(In percent unless otherwise indicated)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2010	Average 1995-2004	Average 2005-2010
Debt and debt service indicators 1/														
Debt-service ratio 2/	27.6	20.9	16.0	13.9	10.9	10.7	27.1	27.4	25.9	22.7	21.7	7.3	20.3	10.5
before restructuring (scheduled)	42.8	32.7	22.9	20.0	22.9	26.3	41.3	40.3	36.3	28.7	23.8	6.0	31.4	9.9
Multilateral debt-service ratio 2/	14.6	11.1	8.8	7.8	6.1	5.4	21.3	21.0	19.4	16.7	15.7	2.5	13.2	5.1
Public sector debt-service (scheduled)														
as percent of revenues (excl.grants)	55.4	36.5	29.2	23.7	19.7	18.1	43.2	41.0	40.0	38.2	36.3	14.3	34.5	18.4
as percent of expenditures	57.8	36.8	31.0	25.1	19.7	18.1	43.2	41.0	40.0	38.2	36.3	14.3	35.1	18.4
NPV debt-export ratio	324.0	319.0	313.0	303.0	300.0	292.0	288.0	282.0	280.0	269.0	258.0	167	297.0	213.0
before restructuring (scheduled)	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Debt-GDP ratio	179.8	171.9	166.7	161.9	155.9	149.4	142.8	137.4	132.8	127.4	122.9	99.0	152.6	112.6
Multilateral debt-GDP ratio	91.2	88.3	85.3	82.6	80.4	78.2	71.2	64.6	58.3	52.3	46.7	37.3	75.2	41.8
Key Assumptions/Projections 1/														
Real GDP growth	0.0	6.0	6.0	6.0	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Export volume growth 3/	15.0	15.0	15.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	11.5	10.0
Import volume growth 4/	22.9	5.4	4.9	6.7	5.7	7.5	3.4	3.3	3.5	3.5	3.4	3.5	6.5	3.5
Terms of trade (% change)	14.3	-7.6	-5.1	-11.0	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-1.3	-0.2
Non-interest current account (% of GDP)	-0.3	-0.8	-0.2	-3.2	-4.7	-7.0	-7.9	-8.1	-7.0	-5.1	-6.6	-0.9	-4.4	-4.1
excluding official transfers	-9.3	-9.1	-8.0	-10.5	-11.6	-13.5	-14.0	-13.9	-12.4	-10.3	-11.5	-5.1	-11.3	-8.6
Net official transfers (% change in dollar terms)	-3.3	-1.2	0.0	0.3	0.3	0.3	0.6	0.6	0.6	0.9	1.1	3.9	-0.1	3.1
Gross official reserves (in months of imports) 5/	2.5	2.9	4.0	4.0	4.0	4.0	3.8	3.6	3.5	3.3	3.0	3.0	3.6	3.0
Financing gap (% of GDP)	--	1.1	1.8	1.8	1.9	2.8	7.3	8.3	8.9	7.4	7.2	0.1	4.1	3.1
Sensitivity Analysis 1/														
Debt-service ratio in the event of:														
Lower copper export 6/	27.6	25.7	20.0	17.5	16.7	16.4	33.1	33.0	30.8	24.9	23.7	8.6	24.6	12.1
Lower nontraditional export growth 7/	27.6	24.1	19.1	17.0	16.6	16.7	34.7	35.9	34.2	27.9	27.4	10.9	25.4	14.4
Less favorable financing 8/	27.6	24.9	20.6	19.3	19.2	19.7	36.3	37.1	35.2	29.2	28.2	12.8	26.9	16.7
Weaker terms of trade 9/	27.6	25.5	19.8	17.3	16.6	16.3	32.8	32.8	30.6	24.7	23.5	8.4	24.4	11.8
Higher nonmetal import growth 10/	27.6	23.8	18.6	16.3	15.6	15.4	31.2	31.3	29.2	23.6	22.5	8.0	23.3	11.3

1/ Assumes continuous flow rescheduling on Naples terms (67 percent NPV debt reduction) from 1996 onward.
2/ Debt service paid (scheduled from 1996 onward) in percent of exports of goods and nonfactor services.
3/ Excluding traditional (metal) exports.
4/ Excluding imports of metals and maize.
5/ Nonmaize imports of goods and services.
6/ Assumes that copper export volumes are 10 percent lower.
7/ Assumes that nontraditional export volume growth rates are 5 percentage points lower.
8/ Assumes that transfers are reduced by 10 percent and replaced by nonconcessional financing.
9/ Assumes that copper export prices are 10 percent lower.
10/ Assumes an income elasticity for nonmetal imports of 1.2.