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February 7, 1995

To: Members of the Executive Board

From: The Secretary

Subject: Issues and Developments in Multilateral Debt and Financing for  
the Heavily Indebted Poor Countries - Preliminary Considerations

Attached for consideration by the Executive Directors is a paper on preliminary considerations on issues and developments in multilateral debt and financing for the heavily indebted poor countries, which will be brought to the agenda for discussion on a date to be announced. Issues for consideration appear on pages 17-18.

Mr. Kuhn (ext. 36555) or Mr. Boote (ext. 34508) is available to answer technical or factual questions relating to this paper prior to the Board discussion.

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INTERNATIONAL MONETARY FUND

Issues and Developments in Multilateral Debt and Financing  
for the Heavily Indebted Poor Countries--Preliminary Considerations

Prepared by the Policy Development and Review Department

(In consultation with other Departments)

Approved by Jack Boorman

February 6, 1995

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## I. Introduction

The role of the multilateral institutions in the financing of developing countries, and in particular the heavily indebted poor countries, has become the focus of increasing attention. A number of organizations, both public and non-governmental, have recently put forward proposals aimed at easing the burden of multilateral debt of the poorest countries and/or suggested new instruments and modalities to increase the financial contributions of the multilateral institutions, including the Fund, to these countries. The Interim and Development Committee Communiques of October 1994, noting the "special needs and problems of countries emerging from economic and political disruption and also of the poorest, most indebted countries," requested the Executive Boards of the Fund and the Bank to examine proposals in these areas.

In order to provide a basis for this discussion, the staffs of the Fund and World Bank have jointly prepared the paper "Multilateral Debt of the Heavily Indebted Poor Countries" (SM/95/30, 2/9/95). That paper lays out the factual materials and a stylized framework for projecting future debt-service profiles on multilateral debt and net multilateral transfers to these countries.

This paper supplements the joint paper, focussing on the Fund's involvement in the heavily indebted poor countries. It provides further background information, including for the countries with protracted arrears to the Fund which were excluded from detailed examination in the joint paper. The paper also notes a number of issues that arise from the analysis in the joint background paper. It aims to provide a basis for the discussion of the various aspects of multilateral debt and financing, and to seek the guidance of Executive Directors. 1/

It is intended that the first discussion be followed by a second discussion, in late March, which would address those specific issues that Executive Directors wish to have further examined. That discussion could also consider the feasibility and implications of some of the specific proposals that have been made regarding the scope and modalities of the Fund's financial operations with the heavily indebted poor countries. The second discussion would then provide the basis for the report by the Managing Director to the Interim Committee and the report of the Managing Director and the President of the World Bank to the Development Committee.

This paper is organized as follows: Section II summarizes the main findings of the joint background paper and discusses a number of general issues that emerge from the analysis in that paper; section III examines the implications for the Fund's financial involvement in the heavily indebted poor countries, including the countries with protracted arrears to the Fund; and section IV presents issues for consideration.

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1/ The Executive Directors of the World Bank will be discussing the joint background paper in early March, 1995.

## II. General Issues

### 1. Main findings of the Joint Background Paper

The joint background paper reviews the level and structure of multilateral debt and debt service of 41 heavily indebted poor countries, assesses the future debt-servicing burden arising from existing multilateral debt, and examines the impact and sustainability of continued multilateral lending. The detailed examination covers 34 countries. <sup>1/2/</sup> The country-specific projections in the paper are illustrative in nature and are largely based on stylized assumptions as to future lending by the multilateral institutions and the growth of debt-servicing capacity.

Though based on policy framework papers (where agreed) for 1995-97, the paper does not discuss the policies or the level of resource transfers needed to ensure growth in the countries covered or the current account or fiscal implications of multilateral debt service. Addressing these issues and their implications for economic growth would require detailed case-by-case studies, based on a comprehensive macroeconomic and financial framework for each country.

However, the paper does establish that, contrary to assertions often voiced,

- multilateral institutions in aggregate have continued to make large and positive net contributions to the financing of the heavily indebted poor countries;
- future debt-servicing requirements are on a declining trend for most countries as a result of the switch toward financing on increasingly concessional terms; and
- there is no evidence of an unmanageable hump of debt servicing to the multilaterals for the vast majority of heavily indebted poor countries, and multilateral institutions as a group can continue to provide positive net transfers without adverse implications for debt-service profiles for the foreseeable future.

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<sup>1/</sup> The joint paper considers in aggregate a group of 41 heavily indebted poor countries. This group is composed of the 32 countries that are classified by the Bank as severely indebted low-income countries (SILICs), an additional seven rescheduling countries that have received concessional treatment from the Paris Club, and two lower middle-income countries that have recently become IDA-eligible countries (Angola and the Congo). Of these 41 countries, five cases with protracted arrears (Liberia, Somalia, Sudan, Zambia, and Zaïre) and the two lower middle-income countries are excluded from detailed country analysis, leaving 34 countries.

<sup>2/</sup> The joint background paper lists the major multilateral institutions involved in these countries.

The main findings of the joint background paper are:

- In the aggregate, multilateral debt accounts for less than a quarter of the total external debt of the heavily indebted poor countries. There are, however, wide variations in the multilateral debt burden of individual countries.

- For the majority of the 34 countries examined in detail, debt-service ratios on currently outstanding multilateral debt will be essentially unchanged or lower in the coming three years (1995-97) than during the past three years (1992-94), and will decline further in most cases over the next decade. Indeed, on the basis of the conservative assumption of no real growth in exports 1/, 16 countries have and are expected to continue to have multilateral debt-service ratios of less than 10 percent. 2/

- Taking into account the impact of new multilateral lending, 20 of the 34 countries reach stable or declining multilateral debt-service ratios of 10 percent or less in the decade 2005-2014, and six countries have multilateral debt-service ratios between 10 and 12 percent, while all continue to receive positive net transfers from multilaterals. 3/ For the other eight countries multilateral debt-service ratios could be stabilized by assuming lower (but still positive) net multilateral transfers than in recent years, or through moderately higher export growth rates or longer repayment terms, more in line with IDA lending. 4/

- The paper also examines multilateral debt in the context of the total debt burden facing these countries and finds that for most countries the total debt burden should be manageable provided that, for eligible countries, the new "Naples terms" are implemented flexibly by Paris Club creditors and provided that non-multilateral new finance is provided on highly concessional terms.

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1/ "Exports" or "exports of goods and services" as used in this paper and the joint background paper always refer to exports of goods and services and workers' remittances. The average of annualized export growth rates between 1984 and 1994 was slightly above 3 percent, with a median growth rate of 3.4 percent.

2/ This figure of 10 percent is conservative and reflects the overall approach of the paper to examine all difficult cases. It should not be seen as a threshold or as a guide to sustainability.

3/ New multilateral lending, assumed to be on concessional terms, is in line with policy framework papers (where available) for 1995-97 and thereafter assumed to be unchanged in real terms. Export growth is assumed to be 3 percent in real terms.

4/ Of course, lower transfers in the form of multilateral lending may have to be compensated by higher flows in the form of grants if growth prospects are not to be affected.

From these results, the joint paper concludes that for all but a very few heavily indebted poor countries multilateral debt-service burdens should be manageable provided new multilateral lending is on appropriately concessional terms and supports, through strong conditionality, a policy framework which generates at least moderate real export growth. The paper also emphasizes the need for caution in multilateral lending to the most indebted countries given these countries' limited capacity to take on new debt except on the most concessional terms. Thus the bulk of external resources to these countries needs to be provided in the form of grants.

## 2. Issues

These conclusions--as well as the assumptions underlying them--raise a number of general issues regarding the wider role of the Fund as well as issues relating to Fund financial support (which are discussed in section III below). The general issues include, notably, the possible role of the Fund in seeking to ensure that the terms and levels of all new borrowing by heavily indebted poor countries are consistent with countries' repayment capacities, and, more generally, that lending by multilaterals and other sources, in the context of the grant financing available to these countries, is based on an appropriate balance of adjustment and finance. Broader issues, such as the overall resource needs of these countries and policies to ensure the export growth assumed in the joint background paper are beyond the scope of this paper. 1/

The Policy Framework Paper (PFP) process already provides a mechanism for addressing these issues with the country authorities and the staffs of the Fund and the Bank. This process could be strengthened to cover medium-term financing plans and countries' medium-term fiscal prospects and their sustainability. Within this framework, the two institutions would use their respective modalities to support the medium-term adjustment and financing strategies contained in the PFP.

### a. Concessionalities of new lending

The first key assumption in the analysis summarized above is that all new multilateral lending to the heavily indebted poor countries will be on concessional terms. However, some of these countries continue to receive significant lending on non-concessional terms from regional development

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1/ While not going into detail on these issues, the implications of this paper regarding the need for appropriate volumes of highly concessional financing (including grants) are clear. A forthcoming staff paper "Aid Flows from Bilateral and Multilateral Agencies" will consider some of these issues.



banks and sub-regional multilateral institutions. 1/ Moreover, while some lending meets the OECD's Development Assistance Committee (DAC) definition for concessionality (a grant element of 25 percent on the basis of a flat 10 percent discount rate), the degree of concessionality remains well below that of financing from ESAF or IDA. Sustainable debt-service ratios on multilateral debt could remain out of reach for most of the 34 examined countries, unless these institutions switch to lending on appropriately concessional terms. This raises the question whether the Fund and its membership--which includes the membership of the other multilateral institutions--should seek to ensure that these countries' access to multilateral lending is only on appropriately concessional terms. 2/ This could imply:

- encouraging debtor countries to refrain from borrowing on nonconcessional terms through a strengthening of the PFP process in reviewing the size and composition of medium-term financing plans to ensure the sustainability of countries' financing strategies;
- encouraging other multilateral institutions to shift to highly concessional lending in these cases, which would have to be funded by the institutions' contributors, and to cease making available nonconcessional loans to heavily indebted poor countries; and
- including nonconcessional borrowing from multilaterals under the debt ceilings in Fund arrangements by extending the upper limit of maturities currently covered under such ceilings; tightening the definition of concessional borrowing used in Fund arrangements from the currently used DAC criterion to a stricter basis.

b. Link to policy performance

The second key assumption is that new multilateral lending helps generate, through appropriate conditionality, at least moderate real export growth. In the past, however, lending by some multilateral institutions to some countries has not been associated with effective policy conditionality and may have, in some cases, allowed countries to postpone the implementation of required adjustment policies. This underscores the need for all multilateral institutions to take into account the appropriateness of the overall policy framework to ensure that new lending, including lending on

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1/ This applies particularly to the six countries--Bolivia, Cameroon, Côte d'Ivoire, Guyana, Honduras, and Nicaragua--which are currently the major recipients of nonconcessional multilateral funds in the group examined. Indeed, some countries face large debt service on these nonconcessional obligations falling due over the next few years, as reflected in the charts in the joint background paper.

2/ To the extent that such a shift reduced the availability of resources to these countries from multilateral institutions, there would be a need for increased assistance in the form of grants or modifications in program design.

concessional terms, is put to effective use and supports a sustainable development path.

c. Amounts of new multilateral lending

The background paper also emphasizes the need for caution in multilateral lending except on the most concessional terms, given the limits to these countries' debt-servicing capacities. In some cases, annual multilateral lending has in the past exceeded 100 percent of annual exports for extended periods. Debt-creating flows of this magnitude, even on highly concessional terms, can quickly lead to debt-service obligations that are difficult to manage. More generally, there is a need to ensure an appropriate balance between adjustment and financing. This requires difficult judgments which need to be based on country-specific medium-term scenarios rather than the stylized framework employed in the background paper. Nevertheless, the results of that stylized exercise point to the desirability of a more rigorous assessment of medium-term adjustment paths, with implications both for the sustainability of the proposed path and for program design. This could involve, in the context of medium-term scenarios:

- presentation of illustrative longer-term analyses on the basis used in the joint paper;
- more explicit discussions in medium-term scenarios of the assumptions on aid and new disbursements from multilateral and bilateral sources, assessments of the plausibility of the medium-term financing plans, and a more explicit evaluation of the impact of the assumed multilateral and bilateral loan disbursements on the future debt-service profile;
- an assessment of members' capacity to meet obligations to the Fund placed more explicitly in the context of overall multilateral and non-restructurable bilateral debt service; and
- longer-term assessments placed in the context of comprehensive macroeconomic and financial frameworks to explore the interrelationships between overall external resource flows and economic growth.

### III. Issues Regarding Fund Financial Support

#### 1. Overview

The Fund has provided financial support in the form of upper credit tranche and SAF/ESAF arrangements for all but three of the 41 heavily indebted poor countries during the past decade. <sup>1/</sup> Fund financial

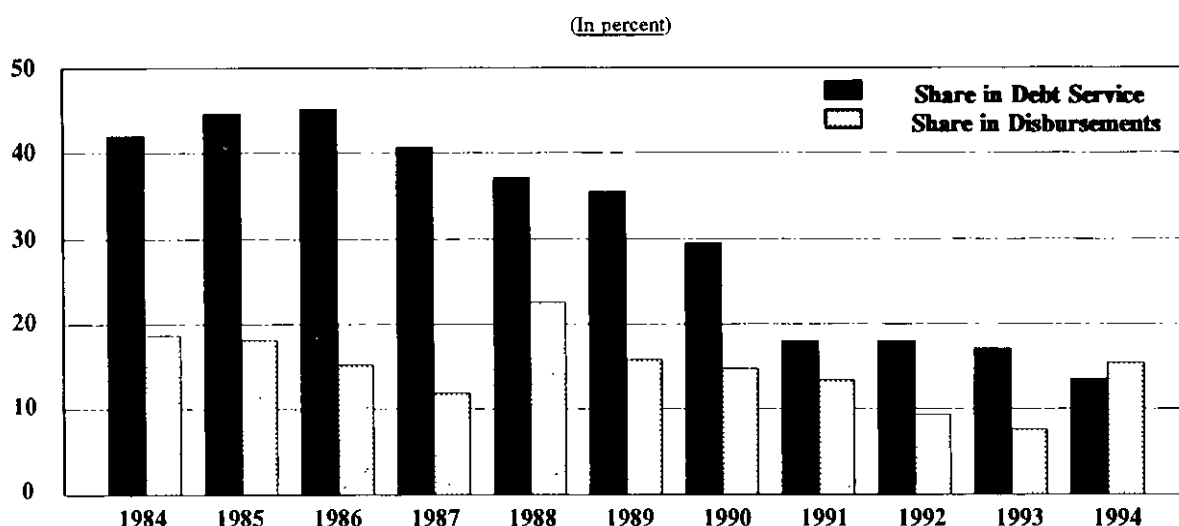
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<sup>1/</sup> For an explanation of country coverage, see Footnote 1 on page 2. Angola and the Republic of Yemen have not had arrangements with the Fund, and the last stand-by arrangement with Myanmar was approved in 1981.

involvement in many of these countries dates back to the late seventies and early eighties. By 1984, the start of the period under consideration in the joint background paper, the Fund accounted for over one quarter of these countries' aggregate indebtedness (excluding the five cases of protracted arrears) to multilateral institutions. Given this earlier involvement of the Fund, and the relatively short repayment periods of GRA resources, debt-service obligations to the Fund absorbed a large share of these countries' debt-service payments to multilateral institutions during the mid- to late 1980's, but these obligations have since declined rapidly (Chart 1 and Appendix Table 1).

The decline in debt-service payments to the Fund, both as a share in total multilateral debt service and in absolute terms, largely reflects the shift toward Fund financial support on terms more closely adapted to the special needs of these countries. Since 1986, Fund support to the heavily indebted poor countries has been provided mainly in the form of disbursements under SAF and ESAF arrangements. The Fund has maintained a significant share in aggregate multilateral gross disbursements to these countries, though, given the nature of Fund financial support, the share has varied considerably over time and even more so across countries depending on individual countries' needs and policies (Chart 1 and Appendix Table 2).

**Chart 1. Heavily Indebted Poor Countries: Share of the Fund in Total Multilateral Gross Disbursements and in Multilateral Debt Service, 1984-94 <sup>1/</sup>**



Source: World Bank Debtor Reporting System; and Fund staff estimates

<sup>1/</sup> Excluding five low-income countries with protracted arrears (Liberia, Somalia, Sudan, Zaïre, and Zambia).

Over most of the period, net transfers from the Fund to the countries in the aggregate were negative, reflecting the repurchase of the large GRA purchases made in the early 1980s (Appendix Table 5). 1/

At end-1994, Fund arrangements were in place for 24 of the 41 countries (Table 1). 2/ Most, if not all, of the remaining countries are expected to remain with or return to the Fund for financial support in the near future. The total indebtedness of these countries to the Fund at end-1994 amounted to US\$8.9 billion, including US\$1.5 billion in interest arrears and US\$2.7 billion in principal arrears. 3/4/ For most of these countries, SAF/ESAF loans represent the preponderant share of loans outstanding. Most of the remaining GRA exposure is in the five countries with protracted arrears, which together account for nearly half of the heavily indebted poor countries' total indebtedness to the Fund.

## 2. Future Fund financial involvement

The introduction by the Fund of the SAF in 1986, followed by the ESAF, which was extended and expanded in 1994, clearly represented major steps in tailoring the terms of Fund financial support to the difficult circumstances and prospects facing the heavily indebted poor countries. For almost all countries with prolonged use of Fund resources, prospective obligations to the Fund over the next decade will be significantly lower than over the past decade. This conclusion, derived from the joint background paper, is based on the debt-service profile resulting from disbursements under existing arrangements. It will continue to hold if new concessional financing from the Fund on reasonable assumptions about access is factored into the projections.

The illustrative projections for new multilateral financing in the background paper do not make a distinction between the sources of new

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1/ Given the nature of the exercise, and the need to view all multilateral institutions on a statistically consistent basis, the Fund has been included in the computations of multilateral net transfers, though net transfers on a continuous basis are not to be expected from a monetary institution.

2/ Eighteen ESAF arrangements (including Guinea-Bissau, for which an ESAF arrangement was approved on January 18, 1995), five stand-by arrangements, and one arrangement under the SAF (but excluding the SAF arrangement with Sierra Leone which also has an ESAF arrangement). The stand-by arrangements are inoperative at this time. Zambia currently has a Rights Accumulation Program.

3/ Following the methodology used for the World Bank's Debtor Reporting System, which includes interest arrears under short-term debt, interest arrears are excluded from the creditor-specific data for end-1993 on debt outstanding presented in the joint background paper.

4/ Data are provided here in U.S. dollars to be consistent with the joint background paper.

Table 1. Heavily Indebted Poor Countries: Fund Arrangements and Indebtedness to the Fund, End-1994

Country	Last Arrangement 1/			Indebtedness to the Fund		
	Type	Date of approval	Annual access 2/	Total	Of which:	
					GRA	Overdue
(In millions of U.S. dollars)						
Angola	--	--	--	--	--	--
Benin	ESAF	January 1993	35	71	--	--
Bolivia	ESAF	December 1994	27	264	--	--
Burkina Faso	ESAF	March 1993	37	48	--	--
Burundi	ESAF	November 1991	25	56	--	--
Cameroon	SBA	March 1994	40	44	44	--
Central African Republic	SBA	March 1994	40	41	16	--
Chad	SBA	March 1994	40	43	15	--
Congo	SBA	May 1994	40	20	20	--
Côte d'Ivoire	ESAF	March 1994	47	328	154	--
Equatorial Guinea	ESAF	February 1993	18	20	--	1
Ethiopia	SAF	October 1992	17	72	--	--
Ghana	ESAF	November 1988	45	700	130	--
Guinea	ESAF	November 1991	25	71	--	--
Guinea-Bissau	ESAF	January 1995	30	5	--	--
Guyana	ESAF	July 1994	27	178	46	--
Honduras	ESAF	July 1992	14	109	89	--
Kenya	ESAF	December 1993	23	405	--	--
Lao P.D.R.	ESAF	June 1993	30	47	--	--
Madagascar	ESAF	May 1989	28	86	1	--
Mali	ESAF	August 1992	30	108	1	--
Mauritania	ESAF	January 1995	30	86	--	--
Mozambique	ESAF	June 1990	34	212	--	--
Myanmar	SBA	June 1981	15	--	--	--
Nicaragua	ESAF	June 1994	42	51	22	--
Niger	SBA	March 1994	39	61	16	--
Nigeria	SBA	January 1991	20	--	--	--
Rwanda	SAF	April 1991	17	13	--	--
Sao Tome and Principe	SAF	June 1989	17	1	--	--
Senegal	ESAF	August 1994	37	300	45	--
Sierra Leone 3/	SAF/ESAF	March 1994	35/38	146	--	--
Tanzania	ESAF	July 1991	41	213	--	--
Togo	ESAF	September 1994	40	82	3	--
Uganda	ESAF	September 1994	30	383	--	--
Viet Nam	ESAF	November 1994	50	282	194	--
Yemen, Republic of	--	--	--	--	--	--
Sub-total				4,545	797	1
<u>Countries with protracted arrears to the Fund</u>						
Liberia	SBA	December 1984	60	613	294	613
Somalia	SAF/SBA	June 1987	23/75	259	141	251
Sudan	SBA	June 1985	53	1,735	882	1,735
Zaire	SAF	May 1987	23	534	265	377
Zambia	SBA	February 1986	85	1,216	795	1,216
Sub-total				4,358	2,378	4,193
Total				8,903	3,175	4,194

Source: Fund staff estimates.

1/ Includes ESAF arrangements for Guinea-Bissau and Mauritania approved in January 1995.

2/ Initial access on an annualized basis in percent of quota (Ninth General Review), except for countries with protracted arrears to the Fund. For those countries, annualized access in percent of quota at the date of approval. Excludes subsequent augmentation approved for Benin, Ghana, Mali, and Mozambique.

3/ Excludes access under the SAF arrangement.

multilateral financing. 1/ Rather, the debt-service profiles arising from new multilateral financing are based on assumed composite repayment terms. These terms would be consistent with continued Fund support on ESAF terms at aggregate levels in line with recent experience. 2/ Thus, the terms of ESAF resources would appear to remain appropriate for most countries. Fund support from GRA resources, however, unless very limited in scope, would in most cases result in a significant debt-servicing strain. This underlines the need for continued ESAF operations and maintaining ESAF as an instrument of Fund financial support if the Fund is to continue to play a financing role in these countries.

New lending even on ESAF terms can, however, in a few limited cases, strain countries' capacity to make debt-service payments. These cases fall into two distinct groups: countries with protracted arrears to the Fund, and countries where current quotas and access policies provide for large potential access to Fund resources relative to their payments capacity.

### 3. Countries with protracted arrears to the Fund

The joint background paper excluded from detailed examination the five cases with protracted arrears to the Fund (Liberia, Somalia, Sudan, Zaïre, and Zambia) because of the large uncertainties regarding current and prospective economic developments, in particular the level of current and future exports as well as the modalities and timing of eventual arrears clearance. 3/ Taken together, these five countries account for some 17 percent of total multilateral debt of the heavily indebted poor countries. For the Fund, as noted above, exposure is more concentrated, as the five arrears cases together account for half of the total indebtedness to the Fund (including all arrears), and for three quarters of GRA exposure, to the heavily indebted poor countries.

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1/ For countries where the policy framework for the next three years is laid out in a policy framework paper agreed with the Bank and the Fund, and/or where Fund-supported programs are in place, the projections on multilateral disbursements for 1995-97 are consistent with the PFP and/or the assumptions underlying the Fund arrangement.

2/ Total gross multilateral disbursements for the 34 countries examined in detail in the joint background paper were projected to increase from some US\$6 billion in 1994 to US\$8 billion in 2004. In 1994, gross disbursements from the Fund to these countries (excluding the disbursements for Sierra Leone in the context of the arrears clearance exercise) amounted to nearly US\$0.9 billion, or about 14 percent of gross multilateral disbursements (Appendix Tables 2 and 4). Maintaining this share in aggregate multilateral disbursements to these countries would call for Fund disbursements of around US\$1 billion on an annual basis over the next decade. For the next three years, these disbursement levels would appear to be well within the range feasible under the ESAF.

3/ All but Zaire are eligible for Rights Accumulation Programs under the "Rights Approach" adopted in 1990. Zambia has been implementing a Rights Accumulation Program since 1992.

The future profiles of existing multilateral debt for these five countries depend critically on the assumptions made regarding arrears clearance and the terms of associated financing. Appendix Chart 1 shows the past and prospective debt-service profile on existing multilateral debt for these five countries under the general assumptions made in the background paper for all other countries, namely no real growth in exports (3 percent growth in nominal terms) and the following illustrative assumptions on clearance of arrears to multilateral institutions.

- Arrears to the World Bank (where relevant) and other multilateral institutions are assumed to be cleared with equivalent new financing on IDA terms (40 years' maturity including a grace period of 10 years and an interest rate of 0.75 percent).
- Regarding overdue obligations to the Fund, the illustrative assumptions are as follows:

Liberia, Somalia, and Sudan are assumed to adopt Rights Accumulation Programs, which would provide the basis for access to Fund resources in 1998, following clearance of arrears, in an amount equivalent to overdue obligations to the Fund at end-1994. Fund resources up to 255 percent of new quota (i.e., not exceeding the exceptional limit) would be provided on ESAF terms, with the remainder on terms applicable to GRA resources.

Zaire, which is not eligible under the rights approach adopted in 1990, is assumed to adopt a comprehensive program in 1995, following clearance of arrears (equivalent to 70 percent of its quota 1/) which could be supported by the Fund in early 1996 through an ESAF arrangement; underlying the future debt-service profile is an assumed three-year access level of 120 percent of quota.

For Zambia, completion of the current Rights Accumulation Program and, on an illustrative basis, access to SAF and ESAF resources is assumed after clearance of arrears of SDR 833 million (equivalent to 230 percent of Zambia's quota 1/).

The effects of these illustrative scenarios on arrears clearance can be summarized as follows: 2/

- For Zaire, the profile of multilateral debt service would appear manageable (Appendix Chart 1.2).

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1/ Quota after increase under the Ninth Review of Quotas.

2/ It should also be noted that the debt-service profiles resulting from these assumptions (as shown in Appendix Chart 1) do not include debt service arising from any future new multilateral lending nor do they include debt service payments to non-multilateral creditors. As regards new lending by the Fund, the rights approach envisages some new lending, beyond the amount of accumulated rights, in successor programs and the assumption above for Zaire also includes lending in excess of end-1994 arrears.

- For Liberia, initial calculations also indicate that multilateral debt service could be manageable (Appendix Chart 1.1). However there is considerable uncertainty about current and prospective exports of goods and services and the estimates here may well be overstated, given the devastation caused by the internal conflict in recent years. A realistic assessment of Liberia's debt-service capacity would require the availability of more accurate data.

- For Zambia, repayment obligations to the Fund would result in a pronounced hump in total multilateral debt service in the range of 20-25 percent of exports of goods and services during 1999-2003, but the multilateral debt-service ratio would then decline to well below 10 percent (Appendix Chart 1.3). New multilateral lending would result in multilateral debt-service ratios around 10 percent during the second decade. 1/

- For Somalia and Sudan, the debt-service profile resulting from arrears clearance and associated new financing on the assumed terms would appear to be extraordinarily severe and difficult to reconcile with the aim of establishing a realistic debt-servicing schedule that holds out the prospect for the re-establishment of external viability and maintenance of normal relations with the Fund and other multilateral institutions (Appendix Charts 1.4 and 1.5). The adoption and sustained implementation of comprehensive reform programs should be expected to result in improvements in export performance and payments capacity more generally, and possibly substantially above that assumed in this exercise. Nonetheless, and while the situation of these (and other) countries would have to be analyzed closely on a case-by-case basis, there are major uncertainties about the scope for strengthening performance within the period of peak repayments to the Fund. These considerations suggest that it might be desirable to examine the possibility of alternative financing approaches for these most difficult cases.

#### 4. The level of access to Fund resources

Financing on ESAF terms can also impose a strain for countries that have large potential access relative to their payments capacity, as measured by exports of goods and services. Table 2 shows access under the last Fund arrangement (on an annualized basis) as a percent of quota and as a percent of exports of goods and services (in the year the arrangement was approved). Annualized access under recent ESAF arrangements has varied in terms of quota, but, as would be expected, within a relatively narrow range between 14 percent (Honduras) and 50 percent (Viet Nam). The variation in access across countries in terms of exports is considerably larger, ranging from

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1/ On the same illustrative assumptions underlying the new-financing scenarios presented in the joint background paper (Appendix I Chart 2): disbursements and export growth in line with the PFP for 1995-97, thereafter disbursements constant in real terms (3 percent growth in U.S. dollar terms), and real export growth of 3 percent (6 percent in terms of U.S. dollars).



**Table 2. Heavily Indebted Poor Countries: Access and Indebtedness to the Fund in Relation to Quota and Exports of Goods and Services**

(In percent of quota and exports of goods and services)

	Access Under Last Fund Arrangement <sup>1/</sup>		Total Indebtedness to the Fund, End-1994 <sup>2/</sup>		Ratio of Quota to Exports <sup>3/</sup>
	Quota	Exports	Quota	Exports	
Angola	--	--	--	--	12
Benin	35	14	108	16	15
Bolivia	27	15	143	27	19
Burkina Faso	37	14	74	10	13
Burundi	25	46	67	36	55
Cameroon	40	5	22	2	9
Central African Republic	40	11	69	18	28
Chad	40	14	71	24	35
Congo	40	3	24	2	8
Côte d'Ivoire	47	15	94	10	11
Equatorial Guinea	18	29	55	29	53
Ethiopia	17	9	50	9	18
Ghana	45	52	175	51	29
Guinea	25	10	62	12	19
Guinea-Bissau	30	23	30	9	30
Guyana	27	17	182	39	22
Honduras	14	5	79	9	12
Kenya	23	3	139	15	11
Lao P.D.R.	30	17	82	14	17
Madagascar	28	21	65	14	22
Mali	30	17	108	25	23
Mauritania	30	13	124	18	15
Mozambique	34	51	173	52	30
Myanmar	15	5	--	--	26
Nicaragua	42	41	36	12	33
Niger	39	11	86	25	29
Nigeria	20	3	--	--	18
Rwanda	17	28	15	10	74
Sao Tome & Principe	17	36	13	8	62
Senegal	37	14	173	22	13
Sierra Leone <sup>4/</sup>	35/38	19/62	130	70	54
Tanzania	41	24	99	15	15
Togo	40	32	103	27	26
Uganda	30	54	196	117	60
Viet Nam	50	12	80	6	8
Yemen, Republic of	--	--	--	--	7
<b>Countries with protracted arrears to the Fund</b>					
Liberia	60	9	437	102	23
Somalia <sup>5/</sup>	23/75	37/40	291	479	166
Sudan	53	11	510	261	52
Zaire	23	13	93	38	42
Zambia	85	36	229	103	45

Source: Fund staff estimates.

<sup>1/</sup> Initially approved annualized access in percent of quota (Ninth General Review), and of exports of goods and services, and workers' remittances in the year of approval. For the countries with protracted arrears to the Fund, annualized access in percent of quota at the date of approval.

<sup>2/</sup> Outstanding indebtedness as of end-1994, in percent of quota (Ninth General Review), and of exports of goods and services, and workers' remittances in 1994.

<sup>3/</sup> Quota according to the Ninth General Review, and exports of goods and services, and workers' remittances in 1994.

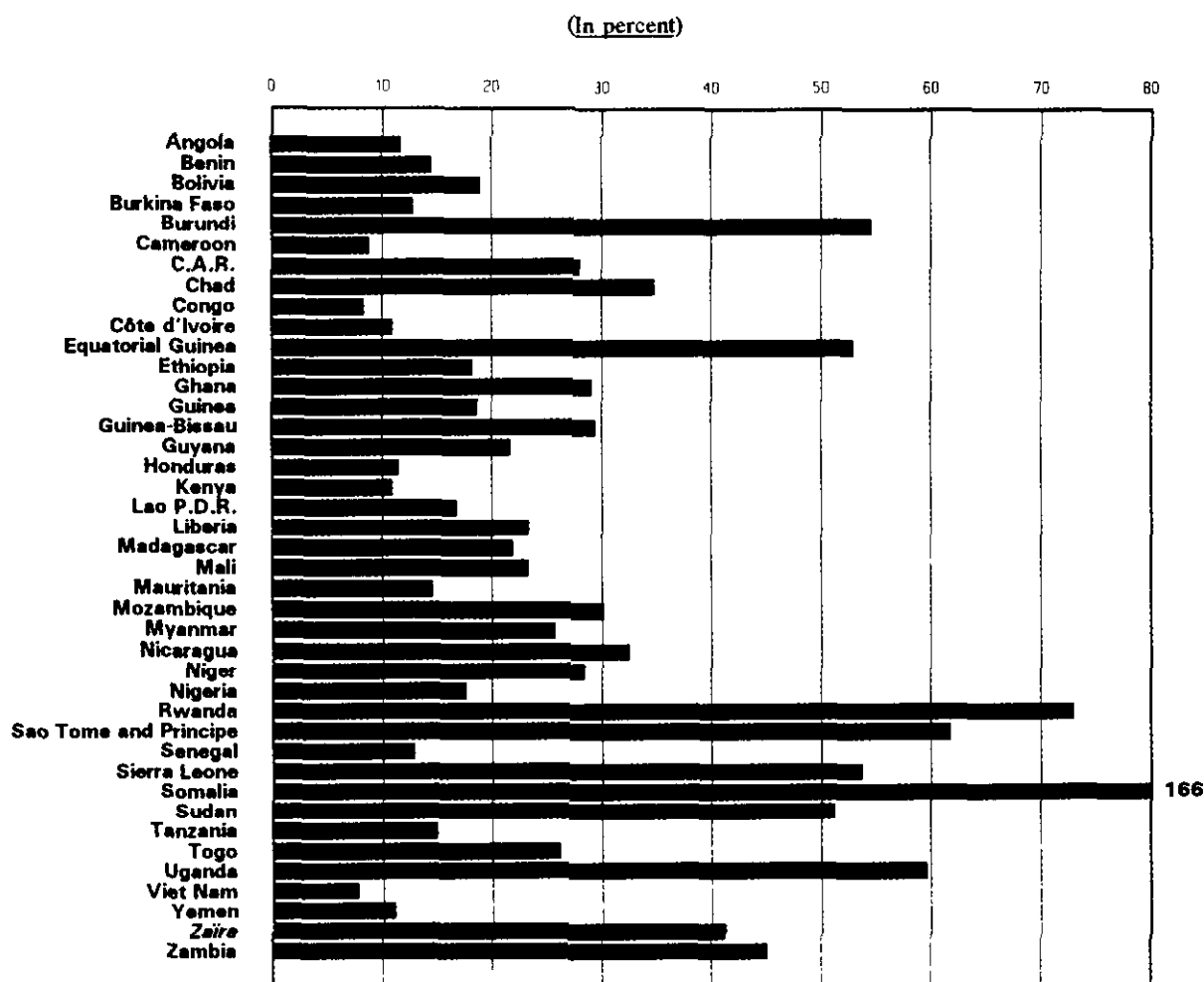
<sup>4/</sup> SAF and ESAF access, respectively.

<sup>5/</sup> SAF and SBA access, respectively.

5 percent (Honduras) to 54 percent (Uganda). <sup>1/</sup> Similarly, pronounced differences are evident in countries' total indebtedness to the Fund at end-1994 as a percent of quota compared to indebtedness as a percent of 1994 exports.

These differences are due to the wide variations across countries in the ratio of quota to exports (Chart 2). <sup>2/</sup> For the majority of countries, the ratio ranges between 10 percent to 30 percent, but there is

**Chart 2. Heavily Indebted Poor Countries: Fund Quotas in Relation to Exports of Goods and Services, 1994**



Source: Table 2.

<sup>1/</sup> This excludes access to GRA resources and also the recent arrangement with Sierra Leone and the one-year ESAF arrangement with Kenya.

<sup>2/</sup> The quotas for all countries are those under the 9th General Review. Because of the persistence of overdue obligations to the Fund since that review, the new quotas are not in effect for Liberia, Somalia, Sudan, Zaire and Zambia.

also a smaller group of countries with quota-to-export ratios above 50 percent. The latter group consists largely of countries that have recently experienced a collapse in exports and/or are experiencing a period of severe internal difficulties.

The variations in the quota-to-export ratio mean that uniform or generally similar access to Fund resources would result in widely differing debt-service ratios to the Fund. For example, access to ESAF resources at 120 percent of quota over a three-year period will result in peak repayments during years 8 to 10 after approval amounting to 24 percent of quota. With unchanged exports, this would imply a peak debt-service ratio of 18 percent for repayments to the Fund alone for a country with a quota-export ratio of two thirds, and a peak debt-service ratio of 2.4 percent for a country with a quota-export ratio of 10 percent. <sup>1/</sup>

Looking at this from the Fund's point of view, debt-service ratios to the Fund alone well in excess of 10 percent for several years can easily complicate the aim of achieving and maintaining a sustainable debt-service profile. While such debt-service ratios to the Fund have been sustained in the past by some countries, it would generally appear advisable to avoid burdening countries, ex ante, with debt obligations to the Fund of this magnitude, given the need to make payments to other creditors. While capacity to repay assessments are broader in character, this suggests that access in individual cases may need to be tailored more closely to this particular aspect of a country's current and prospective payments capacity, which could imply a greater degree of variation of access under ESAF arrangements in terms of quota than has been the case so far. It would also call for caution regarding any general increases in access to ESAF resources by the heavily indebted poor countries.

##### 5. Issues regarding the terms of ESAF lending

The situation and prospects of the few countries where potential Fund financing is large relative to exports raises a number of issues regarding the terms of ESAF lending. Proposals have been made, inter alia, for a selective lengthening of repayment terms for new ESAF lending. <sup>2/</sup> The above analysis suggests that particularly severe strains could arise for two of the RAP-eligible countries, for which access could be related to the amount of overdue obligations. Similar strains could arise in some other cases that are emerging from economic and political chaos. In these post-chaos cases, it would be particularly important to avoid a rapid build-up of debt obligations to the Fund, both because of their limited

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<sup>1/</sup> Export growth at 6 percent would lower the debt-service ratios to peaks of 11 and 1.4, respectively.

<sup>2/</sup> A lengthening of maturities would not be possible under the current instrument, and would therefore have to involve a restructuring of the ESAF Trust and associated funding. Distinctions among ESAF-eligible countries could be made to provide for a lengthening of maturities for categories of members; such distinctions would have to be based on relevant, objective criteria uniformly applied.

payments capacity and the possibility that Fund involvement might become prolonged.

There are a very few countries, other than the protracted arrears cases, that face particularly heavy obligations to the Fund over the next years (notably Uganda, and, to a lesser extent, Ghana and Sierra Leone). Proposals have been made for a selective lengthening of maturities of existing ESAF loans for such cases. As can be derived from the debt-service profiles shown in the joint background paper, a restructuring of existing loans would make a significant difference to the medium-term debt-service profile for these few cases, though at the cost of increasing the debt-service burden over the following decade. Such a restructuring, which is not possible under the current ESAF instrument, 1/ would raise a number of questions (apart from questions of funding) including:

- would a restructuring be likely to provide an "exit" restructuring, and would an exit from Fund support be consistent with the increasing importance attached by donors and other creditors to an appropriate macroeconomic and structural policy framework, the dependence of these countries on concessional financing from these sources, and their vulnerability to external and internal shocks;
- would a restructuring of loans be consistent with the Fund's general role in providing new financing in light of countries' evolving balance of payments situation, and in support of comprehensive programs; and
- would an up-front restructuring of loans (after a period of good policy performance) promote effective policy implementation on a more sustained basis?

#### 6. The role of the Fund

One assumption underlying the joint background paper has been the desirability of continued net transfers from multilaterals as a group to the heavily indebted poor countries. Over the past decade, the Fund has received net transfers for several years from a number of these countries (notably Côte d'Ivoire, Ghana, Kenya, Madagascar, Senegal, Zaïre, and Zambia, see Appendix Table 5). The balance of payments nature of Fund financing, its necessary linkage to need and policy performance, and the Fund's readiness to provide large fast disbursing support in a crisis all mean that there will not be continuous net transfers from the Fund to individual or all the heavily indebted poor countries.

In the near term, the Fund will continue to have an important role in providing balance of payments financing for many of the poorest countries in support of comprehensive macroeconomic and structural adjustment programs, conditional on the implementation of such programs. The need for direct

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1/ See footnote 2 on page 15.

Fund support should be expected to diminish as countries make progress in dealing with their balance of payments difficulties over the medium term (though they would continue to require concessional project financing from both bilateral and multilateral sources). Even with sustained progress, however, these countries will remain vulnerable to external and internal shocks, and the Fund would need to stand ready to support countries' efforts to cope with such shocks. Thus, Fund financing on terms adapted to the special circumstances of its poorest member countries will continue to be required, though, as in the past, the Fund should not be expected to provide such financing on a continuous basis for individual countries or the group as a whole.

#### IV. Issues for Consideration

The joint background paper on multilateral debt and the analysis above of particular issues of concern to the Fund draw some general conclusions and raise a number of wide-ranging issues. Some of these issues deserve more detailed analysis in follow-up papers. What follows is intended to seek Executive Directors' views on the papers' general conclusions and first reactions on the issues raised as a guide to future work.

##### General issues

1. The joint background paper concludes on the basis of a stylized common framework that on certain key assumptions most heavily indebted poor countries should be able to manage their multilateral debt service even with continued net multilateral transfers. Do Directors share the conclusion that there is no evidence of a widespread problem of multilateral debt and net transfers per se?
2. A key assumption underlying this conclusion is that all new multilateral (and bilateral) lending to the heavily indebted poor countries should be on concessional terms and that, for eligible countries, the new "Naples terms" are implemented flexibly by Paris Club creditors. Some of these countries continue to receive significant lending on nonconcessional terms from multilaterals. Do Directors consider that all multilateral (and bilateral) creditors should be encouraged to shift to concessional lending to these countries and avoid nonconcessional lending? Should consideration be given to the Fund doing more in this area through extending maturity coverage under borrowing ceilings in Fund arrangements to cover non-concessional lending by multilateral institutions and perhaps by a tightening of the definition of concessionality?
3. A second key assumption is that new multilateral lending is associated with moderate real export growth. In the past, lending by certain multilaterals to particular countries has been associated with little effective policy conditionality. Given the crucial importance of growth in debtor countries to the sustainability of the debt-service burden, should the Fund and members more actively encourage all multilateral lending to be tied to effective policy implementation?

4. The joint paper emphasizes the need for caution in multilateral lending to the most indebted countries given the limits to these countries' ability to service debt except on the most concessional terms. As a corollary, it will be important that these countries receive adequate external assistance in the form of grants. Should consideration be given to the Fund playing a greater role through a strengthened PFP process in seeking to assess the consistency of prospective multilateral lending with a sustainable level of multilateral debt service? Should this include a more in-depth assessment of likely aid and bilateral lending flows and an assessment of the capacity to repay the Fund more explicitly in the context of overall multilateral and non-reschedulable bilateral debt?

#### Fund facilities

5. As a result of the SAF/ESAF, the prospective debt-service burden to the Fund for most countries over the next decade will be less than actual debt service over the past decade. Do Directors agree with the conclusion that ESAF terms are in most cases compatible with a sustainable debt-service burden and remain appropriate?

6. For the extreme cases of arrears to the Fund, effective clearance of arrears, even with financing on ESAF terms, would imply extremely high debt-service burdens. Should alternative approaches to funding the payment of arrears in these cases be explored?

7. ESAF terms on normal access levels in relation to quota can also impose a strain for a limited set of countries where export capacity has collapsed due to internal developments (post-chaos cases). Do Directors agree that current ESAF lending levels can impose a potentially unmanageable debt-service strain for such countries? Should this potential strain be taken into account in reassessing access levels under ESAF? In such circumstances, should more concessional sources of financing be sought?

8. The nature of Fund financing implies that there will not be net transfers on a continuous basis from the Fund to the heavily indebted poor countries individually or as a group. Do Directors consider that the Fund should stand ready to provide funds on appropriately concessional terms to these countries, but that net repayments to the Fund in individual cases--in the context of net transfers from the group of multilaterals as a whole--over prolonged periods are appropriate and to be expected?

**Table 1. Heavily Indebted Poor Countries: Share of Payments to the Fund  
in Total Debt-Service Payments to Multilateral Institutions, 1984-94 <sup>1/</sup>**

(In percent)

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Angola	--	--	--	--	--	--	--	--	--	--	--
Benin	16.5	10.1	20.6	23.4	22.6	14.3	6.1	0.7	0.5	0.7	4.4
Bolivia	28.5	21.1	27.1	27.6	33.6	11.8	24.0	25.3	20.0	14.2	7.6
Burkina Faso	12.4	26.5	19.8	19.1	12.5	8.3	2.5	0.3	0.2	0.3	0.2
Burundi	50.0	27.6	30.4	22.7	22.8	14.4	4.7	1.9	10.0	18.6	20.0
Cameroon	6.4	9.9	9.9	8.3	7.4	10.6	8.2	10.9	33.2	20.6	2.8
Central African Republic	87.8	82.8	74.2	64.3	70.4	65.3	56.3	33.4	18.8	26.2	21.7
Chad	87.9	45.3	41.1	40.1	50.7	54.9	45.0	7.3	2.0	21.2	13.9
Congo	10.1	9.8	7.0	10.7	8.3	7.9	11.7	44.2	57.1	90.9	1.4
Côte d'Ivoire	41.2	52.4	51.2	45.0	40.4	40.5	30.4	24.6	22.0	14.9	14.7
Equatorial Guinea	99.6	83.0	82.3	40.6	59.0	96.4	82.8	17.2	2.2	6.6	12.1
Ethiopia	71.3	71.0	64.7	46.4	39.8	44.4	48.6	13.5	--	0.4	0.4
Ghana	52.9	61.0	69.6	83.6	85.9	80.0	71.7	57.9	49.8	49.6	56.0
Guinea	16.1	24.7	36.6	37.7	18.5	24.4	33.1	23.6	2.9	11.1	15.6
Guinea-Bissau	63.2	53.0	40.3	9.9	27.9	14.3	0.6	1.0	0.5	15.2	3.3
Guyana	51.6	28.0	6.1	11.1	0.6	22.8	58.9	18.2	12.3	17.5	40.4
Honduras	17.5	26.9	36.5	33.1	21.3	1.6	12.7	2.4	2.6	4.1	7.5
Kenya	52.5	52.2	52.6	45.8	38.6	45.8	36.1	20.2	30.2	21.7	6.2
Lao P.D.R.	80.9	87.7	72.1	62.1	60.1	37.8	11.0	3.3	2.1	2.3	3.0
Liberia	69.7	51.3	--	--	26.1	58.6	32.8	--	--	--	...
Madagascar	79.1	82.8	80.6	68.4	63.3	65.4	61.7	50.2	32.6	28.8	22.4
Mali	55.5	47.1	68.2	79.1	51.3	56.4	47.8	47.2	29.4	41.0	17.6
Mauritania	42.3	29.1	36.0	21.4	12.4	25.2	18.2	23.1	14.1	7.0	9.9
Mozambique	--	--	--	0.5	0.6	1.7	2.3	4.6	10.2	26.2	33.3
Myanmar	78.4	79.4	78.1	78.7	63.9	29.7	9.5	1.2	--	--	--
Nicaragua	18.6	62.2	0.1	--	--	--	--	0.1	3.2	2.1	4.6
Niger	22.4	25.8	35.3	57.5	61.5	59.3	62.7	56.8	51.6	18.0	16.5
Nigeria	--	--	--	--	--	--	--	--	--	--	--
Rwanda	2.2	26.3	32.4	27.7	30.4	20.4	8.0	1.3	0.5	1.1	0.3
Sao Tome and Principe	--	--	--	--	--	--	0.7	0.5	0.4	0.5	2.5
Senegal	58.3	75.6	63.9	54.2	53.4	47.6	45.5	38.6	45.3	33.3	21.3
Sierra Leone	66.7	81.0	91.5	51.8	12.0	75.5	52.1	74.7	30.6	69.8	94.6
Somalia	73.6	84.3	92.4	84.4	19.0	64.2	33.8	--	--	--	...
Sudan	63.3	71.6	16.9	28.1	0.6	27.2	7.4	--	--	--	...
Tanzania	41.2	13.0	33.6	19.0	14.3	16.1	28.7	23.3	7.9	8.0	14.4
Togo	46.0	53.0	42.4	51.2	57.7	51.6	44.6	33.8	45.1	43.5	17.5
Uganda	86.4	85.4	80.7	74.1	72.5	68.4	63.8	50.8	44.7	16.0	29.7
Viet Nam	--	--	--	--	--	65.3	49.9	63.5	14.1	73.1	50.4
Yemen, Republic of	11.9	19.9	33.2	20.4	8.9	9.6	2.1	0.2	--	--	--
Zaire	79.1	85.7	83.6	80.2	71.6	85.8	73.6	45.6	13.8	--	...
Zambia	68.7	47.6	73.1	5.5	--	38.8	25.6	19.2	38.6	46.3	30.4
Total	49.4	49.6	50.1	43.8	38.7	42.0	32.2	18.9	19.4	19.1	...
Total (excl. Liberia Somalia, Sudan Zaire, and Zambia)	42.1	44.7	45.2	40.7	37.2	35.5	29.6	18.1	18.1	17.1	13.6
<b>Memorandum:</b>											
Share of Fund in total multilateral debt	27.8	25.7	22.7	19.9	18.0	15.8	14.3	13.5	12.5	11.5	...

Sources: World Bank Debtor Reporting System; and Fund staff estimates.

<sup>1/</sup> Based on actual payments. Payments to the Fund exclude net SDR charges.

**Table 2. Heavily Indebted Poor Countries: Share of Purchases and Disbursements from the Fund in Total Gross Disbursements from Multilateral Institutions, 1984-94**

(In percent)

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Angola	--	--	--	--	--	--	--	--	--	--	--
Benin	--	--	--	--	--	11.6	--	13.7	--	23.8	33.1
Bolivia	--	--	35.7	--	26.2	17.3	13.1	13.6	17.0	--	13.4
Burkina Faso	--	--	--	--	--	--	--	8.0	--	9.0	18.2
Burundi	--	--	11.7	--	18.9	14.7	--	8.0	20.5	--	--
Cameroon	--	--	--	--	54.0	14.0	--	5.4	--	--	12.9
Central African Republic	17.5	30.0	14.5	16.3	18.9	--	8.0	--	--	--	22.6
Chad	--	52.6	--	29.2	--	16.3	10.4	--	--	--	19.1
Congo	--	--	27.8	--	--	--	33.8	--	--	--	6.5
Côte d'Ivoire	14.9	42.7	28.7	--	34.0	16.0	25.0	9.6	--	--	23.8
Equatorial Guinea	--	51.3	--	--	30.3	--	--	59.0	--	22.2	39.5
Ethiopia	--	--	39.8	--	--	--	--	--	9.5	7.4	5.8
Ghana	76.5	53.9	15.2	35.9	46.1	45.8	19.3	38.6	--	21.0	--
Guinea	--	--	19.0	31.7	--	17.3	--	6.8	7.1	--	8.3
Guinea-Bissau	12.4	--	--	5.8	--	8.7	--	--	--	--	--
Guyana	--	--	--	--	--	--	46.0	34.0	37.2	16.6	25.6
Honduras	--	--	--	--	--	--	13.2	2.0	21.8	3.4	--
Kenya	20.3	48.2	--	--	45.3	21.8	30.8	18.6	--	10.6	13.8
Lao P.D.R.	--	--	--	--	--	10.0	--	21.7	13.2	9.6	8.6
Liberia	43.1	--	--	--	--	--	--	--	--	--	--
Madagascar	42.3	27.8	26.2	19.6	6.8	22.0	11.7	9.5	--	--	--
Mali	38.5	21.7	11.4	--	14.4	7.0	19.3	--	13.3	20.2	18.4
Mauritania	--	25.6	26.9	22.8	5.0	13.9	9.3	--	9.8	9.8	27.0
Mozambique	--	--	--	20.1	30.1	17.2	11.6	33.0	28.5	12.6	8.1
Myanmar	--	--	--	--	--	--	--	--	--	--	--
Nicaragua	--	--	--	--	--	--	--	12.8	--	--	10.0
Niger	33.3	28.7	23.3	21.2	9.4	15.7	11.6	--	--	--	18.8
Nigeria	--	--	--	--	--	--	--	--	--	--	--
Rwanda	--	--	--	--	--	--	--	14.2	--	--	--
Sao Tome and Principe	--	--	--	--	--	6.0	--	--	--	--	--
Senegal	38.3	51.9	22.7	22.1	32.1	42.0	17.6	33.9	--	--	21.8
Sierra Leone	54.7	--	66.1	--	--	--	--	--	--	--	72.3
Somalia	--	35.7	25.9	24.6	--	--	--	--	--	--	--
Sudan	29.4	--	--	--	--	--	--	--	--	--	--
Tanzania	--	--	23.9	27.3	21.5	--	7.9	10.5	23.9	--	--
Togo	35.7	27.2	19.6	--	27.4	30.8	32.3	--	22.2	--	23.2
Uganda	22.8	--	--	30.7	38.7	27.3	26.0	33.1	20.2	--	20.7
Viet Nam	--	--	--	--	--	--	--	--	--	99.1	54.9
Yemen, Republic of	--	--	--	--	--	--	--	--	--	--	--
Zaire	69.6	63.6	33.9	35.7	--	44.5	--	--	--	--	--
Zambia	61.2	--	41.8	--	--	--	--	--	--	--	--
Total	26.2	21.1	17.7	13.9	19.8	17.6	13.4	11.7	8.6	7.0	14.7
Total (excl. Liberia Somalia, Sudan, Zaire, and Zambia)	18.7	18.2	15.2	11.9	22.6	15.8	14.8	13.4	9.3	7.6	15.5
Memorandum:											
Total multilateral disbursements (US\$ billions)	3.4	3.2	4.5	4.7	5.0	5.0	5.8	5.6	5.4	4.9	6.8

Sources: World Bank Debtor Reporting System; and Fund staff estimates.



Table 3. Heavily Indebted Poor Countries: Annual Debt-Service Payments to the Fund, 1984-94 <sup>1/2/</sup>

(In millions of U.S. dollars)

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Angola	--	--	--	--	--	--	--	--	--	--	--
Benin	1.1	1.2	3.0	3.3	3.1	1.9	2.0	0.2	0.1	0.2	1.2
Bolivia	31.1	28.9	42.5	42.8	66.9	23.8	58.6	52.8	41.3	30.6	15.9
Burkina Faso	1.1	2.3	3.0	3.3	3.1	1.9	0.5	0.1	--	0.1	0.2
Burundi	6.8	3.3	4.4	4.8	4.3	2.9	1.0	0.4	2.7	4.5	6.4
Cameroon	3.2	5.9	8.1	9.0	9.0	13.6	12.6	22.1	62.2	50.3	7.2
Central African Republic	9.6	13.5	11.3	8.4	13.5	15.4	10.7	4.1	1.9	1.8	7.2
Chad	4.3	5.0	2.9	2.0	2.9	5.1	3.9	0.2	0.2	1.9	3.4
Congo	1.2	2.2	3.0	4.0	3.7	4.5	8.0	5.7	0.4	1.0	3.4
Côte d'Ivoire	88.5	162.7	188.3	190.1	228.1	200.0	156.4	137.3	117.4	68.7	86.8
Equatorial Guinea	7.4	7.5	3.6	1.6	2.0	5.5	3.8	0.6	0.1	0.1	0.6
Ethiopia	36.1	42.2	42.3	24.6	20.8	26.7	27.2	6.4	--	0.2	0.3
Ghana	26.8	46.4	84.2	234.9	323.4	226.1	153.3	107.0	84.1	80.7	100.6
Guinea	2.9	4.9	13.7	15.5	7.3	11.1	16.3	9.6	1.4	3.5	6.1
Guinea-Bissau	0.6	1.1	1.3	0.5	1.4	1.0	--	--	--	0.4	0.4
Guyana	10.9	3.7	0.7	1.0	0.1	3.9	146.1	8.4	5.5	8.7	25.3
Honduras	12.7	29.8	61.3	50.9	40.6	0.7	40.6	4.6	6.1	9.1	21.0
Kenya	97.5	116.4	155.5	150.8	129.2	162.7	130.9	57.9	93.2	65.8	15.6
Lao P.D.R.	6.0	9.7	5.2	3.3	3.4	1.9	0.6	0.2	0.1	0.2	0.2
Liberia	39.7	17.8	--	--	1.4	2.8	0.9	--	--	--	--
Madagascar	37.7	48.1	67.0	53.7	58.4	65.0	60.6	40.4	19.3	15.9	12.7
Mali	8.4	13.5	27.6	32.5	28.9	27.3	22.6	12.4	8.4	10.0	10.4
Mauritania	14.0	17.7	16.9	12.5	10.7	14.9	19.0	14.9	9.0	6.5	6.4
Mozambique	--	--	--	--	0.1	0.2	0.3	0.6	2.0	6.8	11.9
Myanmar	18.0	29.3	49.8	53.2	28.7	7.7	2.5	0.3	--	--	--
Nicaragua	5.4	9.5	--	--	--	--	--	0.2	1.8	1.4	4.5
Niger	3.4	4.5	9.7	29.6	37.7	22.6	19.0	14.0	11.0	10.4	10.9
Nigeria	--	--	--	--	--	--	--	--	--	--	--
Rwanda	0.1	1.7	2.5	2.8	2.9	2.7	0.8	0.1	0.1	0.1	0.1
Sao Tome and Principe	--	--	--	--	--	--	--	--	--	--	0.1
Senegal	34.5	66.4	86.1	83.6	82.7	77.6	70.3	57.7	49.9	30.1	38.0
Sierra Leone	16.7	8.1	44.5	2.6	1.0	1.7	4.6	7.6	8.3	9.6	117.7
Somalia	12.7	14.5	54.6	28.7	0.9	14.6	3.4	--	--	--	1.3
Sudan	60.7	40.1	20.9	13.2	0.3	14.0	1.9	--	--	--	0.1
Tanzania	32.6	8.9	35.9	19.1	13.4	14.6	33.8	29.4	6.5	7.1	16.3
Togo	10.0	15.5	11.8	23.2	32.1	28.3	19.8	11.2	12.2	9.6	7.2
Uganda	69.1	97.0	111.4	89.1	96.8	89.8	55.5	39.9	32.2	11.7	26.6
Viet Nam	--	--	--	--	--	9.3	4.9	9.9	0.9	130.3	6.6
Yemen, Republic of	4.4	8.7	21.5	21.6	8.2	4.2	1.2	0.1	--	--	--
Zaire	104.5	174.6	193.4	244.1	180.3	391.2	189.8	58.8	7.9	--	4.9
Zambia	130.5	49.8	228.9	3.8	--	18.0	24.8	98.8	104.3	126.3	61.2
Total	950.3	1,112.4	1,617.0	1,463.7	1,447.3	1,515.2	1,308.2	813.9	690.4	703.4	638.5
Total (excl. Liberia, Somalia, Sudan, Zaire, and Zambia)	602.2	815.6	1,119.2	1,174.0	1,264.4	1,074.6	1,087.4	656.3	578.2	577.1	571.0

Source: Fund staff estimates.

<sup>1/</sup> Actual payments 1984-1994.<sup>2/</sup> Excludes net SDR charges.

Table 4. Heavily Indebted Poor Countries: Purchases and Disbursements from the Fund, 1984-94

(In millions of U.S. dollars)

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Angola	--	--	--	--	--	--	--	--	--	--	--
Benin	--	--	--	--	--	8.0	--	12.8	--	21.9	25.7
Bolivia	--	--	134.8	--	91.3	58.1	30.8	31.0	51.1	--	43.2
Burkina Faso	--	--	--	--	--	--	--	8.6	--	12.3	25.1
Burundi	--	--	10.0	--	17.2	10.9	--	5.8	21.0	--	--
Cameroon	--	--	--	--	93.4	19.8	--	10.9	--	--	31.1
Central African Republic	5.1	11.2	7.6	9.2	12.3	--	8.2	--	--	--	15.2
Chad	--	7.1	--	7.9	--	11.8	8.3	--	--	--	14.7
Congo	--	--	11.1	--	--	--	5.4	--	--	--	17.8
Côte d'Ivoire	42.4	61.3	59.2	--	120.6	37.6	152.9	45.3	--	--	169.1
Equatorial Guinea	--	5.5	--	--	4.9	--	--	7.6	--	3.9	2.6
Ethiopia	--	--	41.4	--	--	--	--	--	19.9	29.6	20.1
Ghana	218.9	121.8	38.4	145.5	216.8	176.6	65.1	159.3	--	65.6	--
Guinea	--	--	17.6	22.7	--	22.3	--	11.9	12.2	--	12.3
Guinea-Bissau	1.9	--	--	1.9	--	2.9	--	--	--	--	--
Guyana	--	--	--	--	--	--	104.4	37.7	25.0	12.4	12.7
Honduras	--	--	--	--	--	--	28.8	3.1	81.4	9.5	--
Kenya	47.3	125.0	--	--	176.1	103.1	136.3	48.2	--	31.6	32.1
Lao P.D.R.	--	--	--	--	--	7.5	--	12.0	8.3	8.2	8.3
Liberia	36.4	--	--	--	--	--	--	--	--	--	--
Madagascar	42.4	29.4	51.9	43.0	10.5	32.9	17.4	17.5	--	--	--
Mali	24.6	13.2	11.5	--	17.1	6.5	27.6	--	14.3	14.2	41.8
Mauritania	--	9.7	21.7	24.4	5.4	10.9	11.5	--	11.9	11.8	24.1
Mozambique	--	--	--	15.8	24.6	15.6	12.4	41.7	64.4	21.3	20.9
Myanmar	--	--	--	--	--	--	--	--	--	--	--
Nicaragua	--	--	--	--	--	--	--	23.3	--	--	28.4
Niger	14.8	15.7	22.9	23.5	11.3	10.8	9.1	--	--	--	15.8
Nigeria	--	--	--	--	--	--	--	--	--	--	--
Rwanda	--	--	--	--	--	--	--	12.0	--	--	--
Sao Tome and Principe	--	--	--	--	--	1.0	--	--	--	--	--
Senegal	32.3	56.5	58.1	72.9	57.4	65.5	28.9	58.2	--	--	67.6
Sierra Leone	19.5	--	23.0	--	--	--	--	--	--	--	135.7
Somalia	--	35.1	21.2	18.6	--	--	--	--	--	--	--
Sudan	46.6	--	--	--	--	--	--	--	--	--	--
Tanzania	--	--	38.7	43.8	43.1	--	29.0	29.3	90.4	--	--
Togo	18.5	15.2	14.1	--	24.2	23.1	20.8	--	10.8	--	15.4
Uganda	21.5	--	--	58.1	73.5	54.3	81.1	78.4	56.1	--	52.1
Viet Nam	--	--	--	--	--	--	--	--	--	101.2	171.7
Yemen, Republic of	--	--	--	--	--	--	--	--	--	--	--
Zaire	162.0	171.6	94.6	165.5	--	208.0	--	--	--	--	--
Zambia	151.2	--	121.8	--	--	--	--	--	--	--	--
Total	885.4	678.5	799.6	652.9	999.7	887.2	778.1	654.8	466.9	343.4	1,003.6
Total (excl. Liberia, Somalia, Sudan, Zaire, and Zambia)	489.2	471.7	562.0	468.8	999.7	679.1	778.1	654.8	466.9	343.4	1,003.6

Source: Fund staff estimates.

Table 5. Heavily Indebted Poor Countries: Net Transfers from the Fund, 1984-94 <sup>1/</sup>

(In millions of U.S. dollars)

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Angola	--	--	--	--	--	--	--	--	--	--	--
Benin	-1.1	-1.2	-3.0	-3.3	-3.1	6.1	-2.0	12.7	-0.1	21.7	24.6
Bolivia	-31.1	-28.9	92.4	-42.8	24.4	34.3	-27.8	-21.8	9.8	-30.6	27.3
Burkina Faso	-1.1	-2.3	-3.0	-3.3	-3.1	-1.9	-0.5	8.5	--	12.3	25.0
Burundi	-6.8	-3.3	5.6	-4.8	12.9	8.1	-1.0	5.4	18.4	-4.5	-6.4
Cameroon	-3.2	-5.9	-8.1	-9.0	84.4	6.2	-12.6	-11.1	-62.2	-50.3	23.9
Central African Republic	-4.4	-2.3	-3.6	0.8	-1.2	-15.4	-2.5	-4.1	-1.9	-1.8	8.0
Chad	-4.3	2.1	-2.9	5.9	-2.9	6.7	4.4	-0.2	-0.2	-1.9	11.3
Congo	-1.2	-2.2	8.1	-4.0	-3.7	-4.5	-2.6	-5.7	-0.4	-1.0	14.4
Côte d'Ivoire	-46.1	-101.3	-129.1	-190.1	-107.5	-162.4	-3.4	-92.0	-117.4	-68.7	82.4
Equatorial Guinea	-7.4	-2.0	-3.6	-1.6	2.9	-5.5	-3.8	6.9	-0.1	3.8	2.0
Ethiopia	-36.1	-42.2	-0.9	-24.6	-20.8	-26.7	-27.2	-6.4	19.9	29.4	19.8
Ghana	192.1	75.5	-45.8	-89.3	-106.6	-49.5	-88.2	52.3	-84.1	-15.0	-100.6
Guinea	-2.9	-4.9	3.9	7.3	-7.3	11.1	-16.3	2.3	10.9	-3.5	6.3
Guinea-Bissau	1.3	-1.1	-1.3	1.5	-1.4	1.9	--	--	--	-0.4	-0.4
Guyana	-10.9	-3.7	-0.7	-1.0	-0.1	-3.9	-41.7	29.2	19.4	3.6	-12.6
Honduras	-12.7	-29.8	-61.3	-50.9	-40.6	-0.7	-11.7	-1.4	75.3	0.4	-21.0
Kenya	-50.2	8.6	-155.5	-150.8	46.9	-59.6	5.4	-9.7	-93.2	-34.2	16.5
Lao P.D.R.	-6.0	-9.7	-5.2	-3.3	-3.4	5.6	-0.6	11.9	8.1	8.0	8.1
Liberia	-3.3	-17.8	--	--	-1.4	-2.8	-0.9	--	--	--	--
Madagascar	4.7	-18.6	-15.2	-10.7	-47.9	-32.1	-43.2	-22.8	-19.3	-15.9	-12.7
Mali	16.2	-0.3	-16.1	-32.5	-11.8	-20.8	5.0	-12.4	5.9	4.2	31.5
Mauritania	-14.0	-7.9	4.8	11.9	-5.3	-4.0	-7.5	-14.9	2.9	5.4	17.7
Mozambique	--	--	--	15.7	24.5	15.4	12.1	41.1	62.4	14.5	9.0
Myanmar	-18.0	-29.3	-49.8	-53.2	-28.7	-7.7	-2.5	-0.3	--	--	--
Nicaragua	-5.4	-9.5	--	--	--	--	--	23.1	-1.8	-1.4	23.9
Niger	11.4	11.2	13.2	-6.0	-26.4	-11.8	-9.9	-14.0	-11.0	-10.4	4.8
Nigeria	--	--	--	--	--	--	--	--	--	--	--
Rwanda	-0.1	-1.7	-2.5	-2.8	-2.9	-2.7	-0.8	11.8	-0.1	-0.1	-0.1
Sao Tome and Principe	--	--	--	--	--	1.0	--	--	--	--	-0.1
Senegal	-2.2	-10.0	-28.0	-10.7	-25.3	-12.1	-41.5	0.5	-49.9	-30.1	29.5
Sierra Leone	2.7	-8.1	-21.5	-2.6	-1.0	-1.7	-4.6	-7.6	-8.3	-9.6	18.0
Somalia	-12.7	20.6	-33.4	-10.1	-0.9	-14.6	-3.4	--	--	--	-1.3
Sudan	-14.1	-40.1	-20.9	-13.2	-0.3	-14.0	-1.9	--	--	--	-0.1
Tanzania	-32.6	-8.9	2.8	24.7	29.7	-14.6	-4.8	-0.1	83.9	-7.1	-16.3
Togo	8.5	-0.2	2.2	-23.2	-7.8	-5.3	1.1	-11.2	-1.4	-9.6	8.2
Uganda	-47.6	-97.0	-111.4	-31.0	-23.3	-35.6	25.6	38.5	23.9	-11.7	25.5
Viet Nam	--	--	--	--	--	-9.3	-4.9	-9.9	-0.9	-29.1	165.1
Yemen, Republic of	-4.4	-8.7	-21.5	-21.6	-8.2	-4.2	-1.2	-0.1	--	--	--
Zaire	57.5	-3.0	-98.8	-78.6	-180.3	-183.2	-189.8	-58.8	-7.9	--	-4.9
Zambia	20.7	-49.8	-107.1	-3.8	--	-18.0	-24.8	-98.8	-104.3	-126.3	-61.2
Total	-64.8	-434.0	-817.4	-810.8	-447.6	-628.0	-530.1	-159.1	-223.5	-360.0	365.1
Total (excl. Liberia, Somalia, Sudan, Zaire, and Zambia)	-112.9	-343.8	-557.1	-705.2	-264.7	-395.5	-309.3	-1.5	-111.3	-233.7	432.8

Source: Fund staff estimates.

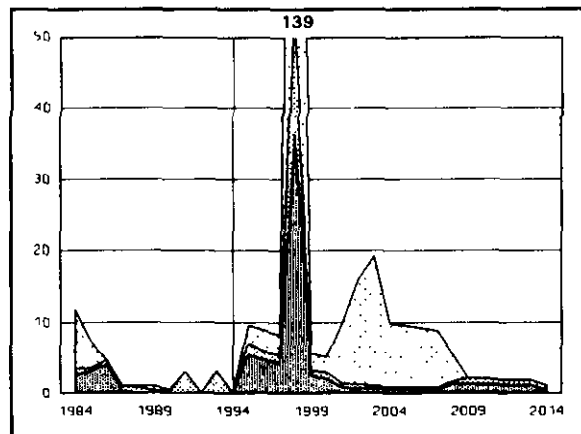
<sup>1/</sup> Purchases and disbursements minus actual debt-service payments (repurchases, loan repayments, and interest and GRA charges).

**Chart 1. Countries with Protracted Arrears to the Fund: Multilateral Debt Service**  
Actual Debt Service Ratios 1984-94 (preliminary) and Illustrative  
Profile of Future Debt Service Ratios 1995-2014 Arising from  
Existing Outstanding and Disbursed Multilateral Debt <sup>1/</sup>

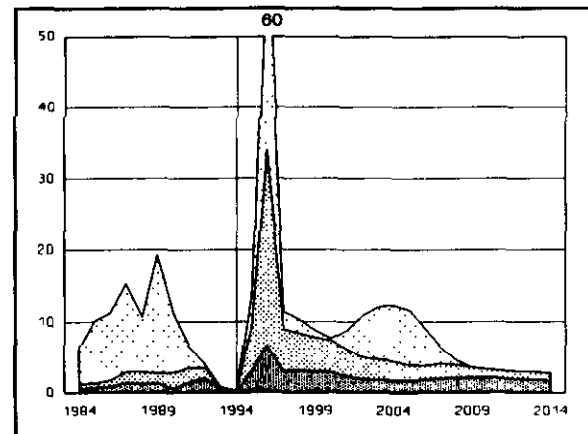
(In percent of exports of goods and services)

World Bank (IBRD and IDA)      Other multilateral institutions      Fund

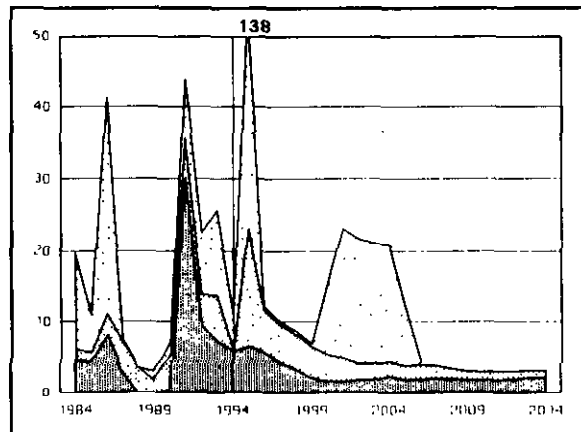
**1. Liberia**



**2. Zaïre**



**3. Zambia**



<sup>1/</sup> Based on debt outstanding and disbursed and assuming clearance of arrears with associated financing as described in Section III.3. Debt service profile from 1995 onwards based on illustrative growth rate of exports of goods and services of 3 percent p.a. in U.S. dollar terms from a base of the 1993/94 average.

**Chart 1. Countries with Protracted Arrears to the Fund: Multilateral Debt Service**  
Actual Debt Service Ratios 1984-94 (preliminary) and Illustrative  
Profile of Future Debt Service Ratios 1995-2014 Arising from  
Existing Outstanding and Disbursed Multilateral Debt <sup>1/</sup>

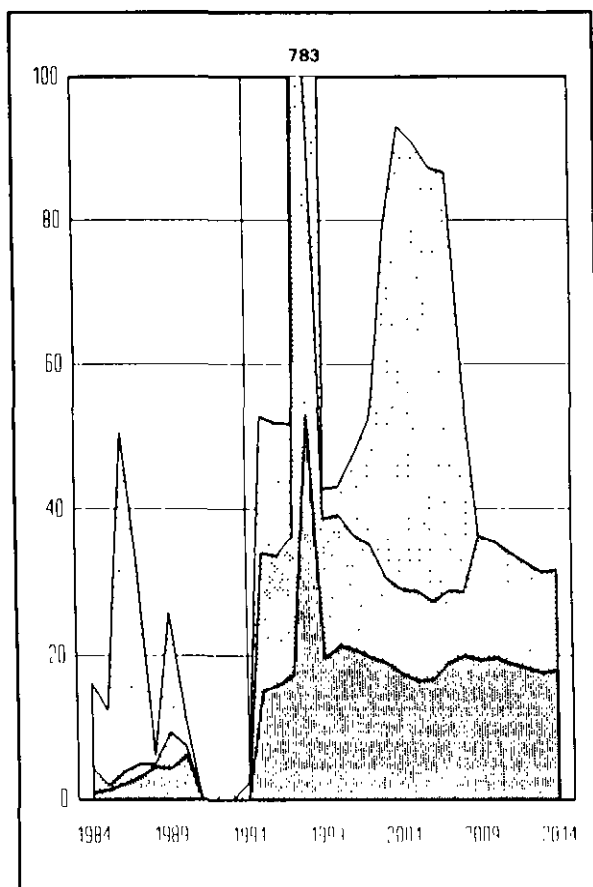
(In percent of exports of goods and services)

 World Bank (IBRD and IDA)

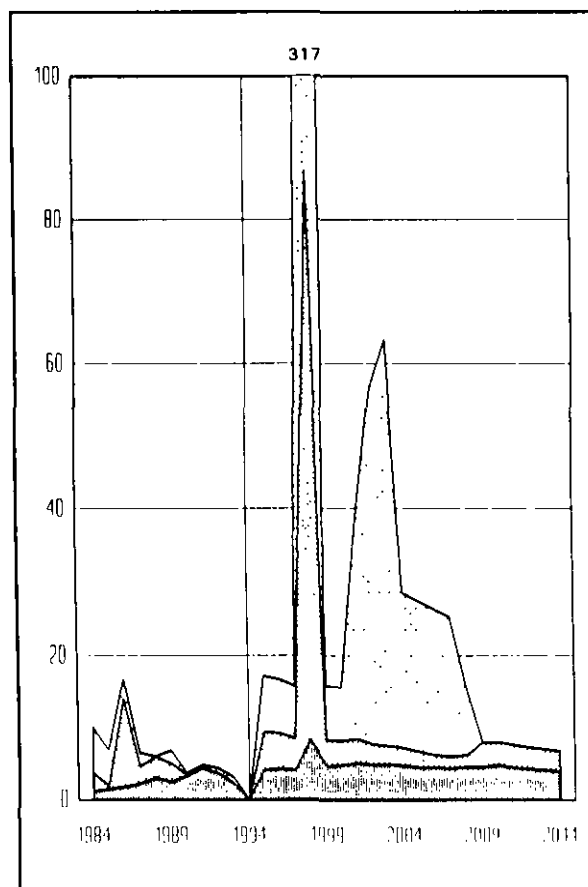
 Other multilateral institutions

 Fund

#### 4. Somalia



#### 5. Sudan



<sup>1/</sup> Based on debt outstanding and disbursed and assuming clearance of arrears with associated financing as described in Section III.3. Debt service profile from 1995 onwards based on illustrative growth rate of exports of goods and services of 3 percent p.a. in U.S. dollar terms from a base of the 1993/94 average.

