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September 26, 1997

To: Members of the Executive Board

From: The Secretary

Subject: **Official Financing for Developing Countries**

Attached for the information of the Executive Directors is a background paper on official financing for developing countries. It is planned to publish this paper in the World Economic and Financial Surveys series after the Annual Meetings.

Mr. Boote (ext. 34508) or Ms. D. Ross (ext. 37188) is available to answer technical or factual questions relating to this paper.

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INTERNATIONAL MONETARY FUND

Policy Development and Review Department

Official Financing for Developing Countries

Approved by Jack Boorman

September 25, 1997

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I. INTRODUCTION AND SUMMARY

This paper discusses the main developments in official financing for developing countries, including debt restructuring by official creditors, since the Executive Board's last consideration of the debt situation in September 1996.[1] It is planned to publish this paper in the World Economic and Financial Surveys series after the Annual Meetings.

Official flows in context

Overall gross resource flows to developing countries have surged in the 1990s—from some $100 billion in 1990 to over $250 billion in 1996.[2] Within the total there has been a pronounced shift in the composition of net resource flows: the growth reflected almost entirely flows from private sources to emerging markets and other strong performers in Asia and Latin America, and reforming transition economies in Eastern Europe. Private flows consist largely of foreign direct investment (about half of the total), portfolio equity flows, bank credit, and bond lending, with considerable variability from year to year. While private lending in the second half of the 1980s was mainly to public entities or with a guarantee from the debtor government, private sector entities in developing countries have been able to attract some 40 percent of gross private lending in 1996 without requiring government guarantees. Indications are that, as in the past, private flows in 1996 have continued to be concentrated in a relatively small number of developing countries. In real terms, private flows are estimated to be higher now than at their previous peak in 1981. In contrast, official flows (for a definition, see Box 1) have changed relatively little in nominal terms in the 1990s—OECD/Development Assistance Committee (DAC) sources estimate annual net flows of Official Development Finance (ODF) at some $70 billion over the period, not including trade-promoting export credits. However, in real terms official flows declined by nearly 17 percent in 1990s compared to the second half of 1980s.

This pattern of resource flows reflected the divergent economic trends that have emerged during the past decade in the developing world (see World Economic Outlook, IMF, May 1997). The largest and more developed countries have, for the most part, been able to

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[1]Official Financing for Developing Countries, Their Debt Situation, and Recent Developments on Commercial Bank Debt Restructuring (SM/96/230 of 9/4/96). An update was provided in Debt Situation—Recent Developments in Official Bilateral and Commercial Bank Debt Restructuring (EBS/97/84 of 5/15/97).

[2] While the exact figures differ among various sources due to incompatible coverage and definitions, the overall magnitudes are similar. See for example *World Economic Outlook*, IMF, Washington, May 1997; and *Global Development Finance*, World Bank, Washington, March 1997. Note that the data in Table 4, Chapter IV show debt-creating flows only, not including foreign direct investment, portfolio equity flows, or grants.

Box 1. Data Sources and Definitions for Official Financing Flows

The World Bank and the Organization for Economic Cooperation and Development (OECD) are the main compilers of data on official financing flows. World Bank data--published annually in *Global Development Finance* (formerly the *World Debt Tables*)--are derived from a debtor-based information system. Disbursements of officially insured credits are classified as disbursements from banks or suppliers and, as a result, official bilateral support is understated in that it covers only disbursements, not guarantees. The coverage of military debt is not comprehensive.

The World Bank definition of developing countries includes all low-income and middle-income countries (except economies with a population of less than 30,000), including countries in transition. The 1997 *Global Development Finance* included 136 developing countries that reported data to the World Bank.

OECD Development Assistance Committee (DAC) data--published in the *Geographical Distribution of Financial Flows to Aid Recipients*--are derived from creditor sources. The data are, however, available only with a considerable lag: as of July 1997, estimates for aggregate net disbursements were available for 1996, while the comprehensive individual country data were available only for 1995.

The OECD defines official development assistance (ODA) as grants or loans to developing countries on Part I of the DAC list of aid recipients that are undertaken by the official sector with promotion of economic development and welfare as the main objective, and are extended at concessional terms (with a grant element of at least 25 percent). The grant element is defined as the difference between the face value of a loan and the present value, calculated at a discount rate of 10 percent, of the debt service payments to be made over the lifetime of the loan, expressed as a percent of the face value. For example, the grant element is nil if the loan carries an interest rate of 10 percent; it is 100 percent for a grant; and it lies between these two limits for a soft loan. It is widely acknowledged that there are problems associated with the use of a fixed discount rate of 10 percent, as discussed in Annex III of *Officially Supported Export Credits: Recent Developments and Prospects*, World Economic and Financial Surveys (Washington: International Monetary Fund, March 1995). Other official development financing comprises flows for development purposes that have too low a grant element to qualify as ODA. It should also be noted that the definition of other official development financing excludes officially supported export credits, since export credits are regarded as primarily trade promoting rather than development oriented. IMF financing from the General Resources Account is excluded, while financing from the Trust Fund, Structural Adjustment Facility (SAF), or Enhanced Structural Adjustment Facility (ESAF) is included. Official development financing (ODF) is the sum of ODA and other official development financing.

The OECD definition of developing countries includes those countries on part I of the DAC list of aid recipients (see Table 18, Appendix II). This includes more than a dozen countries that the World Bank considers high-income countries, including Bermuda and Israel, as well as some low- and middle-income countries with populations below 30,000. The OECD classification of developing countries excludes, but the World Bank includes, most of the countries in transition in Eastern Europe (Bulgaria, the Czech Republic, Hungary, Poland, Romania, and the Slovak Republic) and the Baltic countries, Russia, and some other countries of the former Soviet Union (Belarus, Moldova, and Ukraine). These countries are on part II of the DAC list of aid recipients.

The differences in coverage and definition make World Bank and OECD data difficult to reconcile without detailed knowledge of the respective databases. For example, the OECD recorded net ODF from multilateral institutions to developing countries as $26 billion in 1996 (Table 1), while the World Bank recorded significantly lower net disbursements from multilateral institutions to all countries, at $15 billion in 1996 (Table 4). Part of the explanation for this difference lies in the different definition of multilateral institutions and the treatment of grants. For instance, the OECD includes significant grants from UN agencies and the EU in ODF from multilateral institutions while the World Bank does not record these flows in the multilateral category (it uses instead the total OECD grant figure when calculating total flows to all countries).

Data on officially supported export credits are compiled by the OECD, the OECD and Bank for International Settlements (BIS) together, and the Berne Union, each with different concepts and coverage.

Section II relies primarily on OECD (DAC) data.

access private capital markets and integrate into global economic and financial markets. In contrast, large parts of the developing world have made less progress in improving the policy environment and have yet to implement comprehensive reform strategies. Such countries, including many of the poorest countries in Africa, had little, if any, access to private flows—in part reflecting the detrimental effect of a high debt burden on private flows, the lack of physical and institutional infrastructure, and other impediments to growth. These countries often continued to rely mainly on official sources of development finance.

Strong economic performance attracted capital inflows

Middle-income countries attracted virtually all private capital flows—with the exception of the sizeable private flows to China and India. Net resource flows to them have surged. They have also shown an increased variability from year to year, in part reflecting the greater volatility of private flows. This has exposed recipient countries to increasing risks and market volatility in response to perceived policy weaknesses, as evidenced in the crisis in Mexico at the end of 1994, the Thailand crisis in mid-1997, and the simultaneous turbulences in the foreign exchange markets in other emerging markets in Asia. In support of Mexico's corrective policies, multilateral and bilateral creditors provided large amounts of assistance in early 1995 ($29 billion in 1995), and substantial repayments were already made in 1996 ($15 billion, of which $11 billion to bilateral creditors). In support of Thailand's adjustment program, multilateral and bilateral creditors have pledged about $14 billion in assistance for 1997–98. In addition, middle-income countries also received some 50–60 percent of official bilateral and multilateral loans. These official resources often have a catalytic character, both indirectly through official support for policies that allow a country to attract other inflows, and more directly, such as through co-financing of projects by multilateral institutions and private lenders. Most middle-income countries have exited from debt reschedulings and no longer require exceptional financing.

Most low-income countries continue to depend on official capital flows

In contrast, most low-income countries—and especially Heavily Indebted Poor Countries (HIPCs)—experienced a withdrawal of private lenders and became more and more dependent on official financing flows, including in the form of debt rescheduling. There are only few low-income countries—such as China and India—that have avoided debt rescheduling and have been able to maintain access to private capital flows both to the public sector—directly or with a debtor government guarantee—and, albeit on a relatively small scale, to the private sector without government guarantees. Overall, net bilateral loan disbursements to low-income countries have fallen to very low levels in light of the limited debt-servicing capacity of many of these countries, and bilateral flows are often provided in the form of grants. Thus multilateral institutions became the main source of loan finance for most low-income countries, and they, too, have been lending on increasingly concessional terms.

Greater targeting of aid flows

In parallel to the growing dependence of many low-income countries on Official Development Assistance (ODA), creditors have been providing such resources more selectively based on countries' policy performance. Their aid policies have undergone a re-orientation following the dramatic political changes in the 1990s—with the end of the Cold War, new claims on aid from transition countries, and new demands such as emergency assistance—and in response to domestic pressure to reduce aid budgets. Aid has been aimed increasingly at promoting long-term economic development and welfare in recipient countries, including poverty reduction and good governance, and building the institutional infrastructure necessary for a country to achieve sustainable development.

Increasingly concessional debt relief for low-income countries

The international community has recognized the heavy debt burden of low-income countries as a solvency rather than a liquidity problem. Bilateral creditors have rescheduled debt of low-income countries on increasingly concessional terms since late 1988, and the reduction granted in the present value (NPV) of rescheduled debt has reached up to 67 percent under Naples terms since end-1994. Commercial creditors have also restructured their claims on many developing countries, often through debt-buy backs at high discounts, especially for the poorest countries. These mechanisms have already allowed, or are expected to allow in the future, most countries to resolve their external debt problems and graduate from the rescheduling process.

Debt relief culminated in HIPC Initiative

There are a number of countries for which such traditional debt relief mechanisms would not be sufficient, even if the country undertakes strong reform policies, to make their external debt burdens sustainable. To assist these countries, the HIPC Initiative was adopted in the fall of 1996, based on joint proposals by the IMF and World Bank. It is designed to assist eligible HIPCs to lower their external public debt to sustainable levels through concerted action by all creditors, including, for the first time, multilateral creditors, after these countries have established a strong track record of adjustment and reform. The HIPC Initiative thus completes the array of instruments available to the international financial community for dealing with debt problems of low-income countries. The Initiative allows those countries that pursue appropriate adjustment and reform policies to exit from the rescheduling process, and should eliminate external debt as an impediment to economic development and growth, thereby enabling HIPC governments to focus on the difficult policies and reforms necessary to achieve sustainable development.

Chapter summaries

This paper is organized as follows. Section II discusses **new official development finance (ODF) flows** to developing countries[3] as recorded by the OECD/DAC. These changed little in 1996, but have fallen by nearly 17 percent in real terms since 1990 to the lowest level since 1980. This reflected fiscal consolidation and some aid fatigue in many countries providing such resources, but also competing demands from transition countries in the 1990s. Some two-thirds of ODF stems from bilateral sources, and is provided mainly in the form of concessional and grant flows (ODA). The sharp drop in bilateral ODA in 1996 was partly offset by an increase in multilateral ODA. The development assistance effort, measured as the ratio of ODA to GNP, dropped to 0.25 percent for the group of OECD/DAC member countries—the lowest in the 30 years since the UN established a target level of 0.7 percent. There appears little prospect of an early recovery in ODA flows, and the need for aid selectivity based on policy performance, poverty and social objectives is broadly acknowledged. DAC members have adopted a new strategy (*"21st Century"*) to focus better their resources on countries that undertake reform efforts; it includes, for the first time, a set of quantitative targets for poverty alleviation, social development, and environmental sustainability against which the success of development cooperation is to be measured.

Bilateral support for developing countries in the form of **export credit exposure** (Section III) declined marginally in 1996—for the first time since 1992. New commitments were slightly lower, particularly in a few major markets in Asia with already high exposure. Export credit flows are highly concentrated in countries with positive market assessments—the top 10 (20) countries received 66 (90) percent of new commitments in 1996, which is more than their share in trade flows or GDP (about 50-55 (80) percent). Most export credit agencies' financial performance, as measured by net cash flow, improved in 1996 with an aggregate net cash surplus of $1¼ billion—the first surplus since 1981; new claims payments dropped by 10 percent, while recoveries increased by 13 percent, and premium income rose slightly.

Multilateral lending (section IV) fell in 1996 after a record high in 1995 that reflected exceptionally large IMF lending in support of Mexico and Russia. As noted above, for low-income countries, multilateral flows have become the largest source of public borrowing in net terms, while middle-income countries increasingly have been relying on borrowing from private sources. Nonetheless middle-income countries received about half of net multilateral disbursements in 1996. Concessional lending has increased to close to 60 (28) percent of net (gross) multilateral disbursements to all developing countries in 1996. For HIPCs, over 80 percent of gross disbursements were on concessional terms in 1996 and concessional resources have been used to repay nonconcessional debt in the 1990s. As a result, the multilateral debt service ratio of developing countries has declined gradually from

[3]For a list of these countries, see Table 18 Appendix II; these do not include transition countries.

4½ percent of exports in the first half of the 1990s to 3 percent in 1996—for HIPCs from 8½ to 7 percent. HIPCs continued to receive positive net transfers from multilaterals. Recent changes in the regional allocation of multilateral flows reflected the exceptional lending patterns in 1995; over the last decade, lending to transition economies in Eastern Europe surged, while the share of loans to countries in Latin America and South Asia fell sharply reflecting in part their increasing access to financial markets as well as recent net payments from India to the IMF.

The dichotomy between middle- and low-income countries is very clear in terms of their **debt restructuring** status (section V). Most middle-income countries have already exited from the Paris Club rescheduling process or are expected to graduate after the end of their current consolidation periods. To assure that, the 1996 flow rescheduling agreements with Peru and Russia included the nonconcessional restructuring of substantial debt stocks falling due after the end of their consolidation periods. In contrast, less than a quarter of low-income countries has exited—albeit their number has doubled over the last two years. All low-income rescheduling countries over the last two years have received Naples terms involving a 67 percent NPV debt reduction (except for Cameroon, Guinea and Honduras where the NPV reduction was 50 percent). Six countries have now received comprehensive stock-of-debt operations, all involving a 67 percent NPV debt reduction, and thirteen countries received flow reschedulings over the last two years, virtually all with a goodwill clause for stock treatment at the end of the consolidation period. This indicates improved prospects for these countries to exit from the rescheduling process, and these prospects have been enhanced by the adoption of the HIPC Initiative.

There have also been further **debt restructurings with non-Paris Club bilateral creditors**. Russia—the largest such creditor with claims on developing countries of $123 billion—has reached a number of restructuring agreements with developing countries. In June 1997, an understanding in principle was reached between Russia and Paris Club creditors on the basis for Russia's participation in Paris Club reschedulings as a creditor, which was finalized in September 1997. This is expected to facilitate the regularization of relations of many developing countries with Russia.

The **HIPC Initiative** is summarized in Appendix I, Appendix II provides **supplementary statistics**, and Appendix III contains a **glossary**.

II. NEW OFFICIAL FINANCING FLOWS TO DEVELOPING COUNTRIES[4]

Official bilateral financing remains an important source of finance for developing countries, particularly countries with limited access to international capital markets. Analysis of the flows has to take into account systematic differences in the statistics derived from debtor and creditor sources and in their coverage of the various instruments (see Box 1). What follows is based primarily on creditor data from the OECD Development Assistance Committee (DAC). Chart 1 illustrates both the providers and recipients of official flows.

Total net official development finance (ODF, comprising total official flows excluding officially supported export credits) to developing countries have changed little in recent years and amounted to around $70 billion (Chart 2, Table 1). In real terms, after adjusting for changes in prices and exchange rates, ODF flows changed little in 1996, but have declined by nearly 17 percent since 1990. One factor that has contributed to the decline in official flows has been the substitution of non-concessional borrowing from official sources with private capital flows to countries with access to international capital markets. At the same time, there were competing demands for official resources; in fact, official financing to countries in transition has more than doubled in nominal terms between 1990 and 1995 to at least $20 billion (the latest year for which data are available).

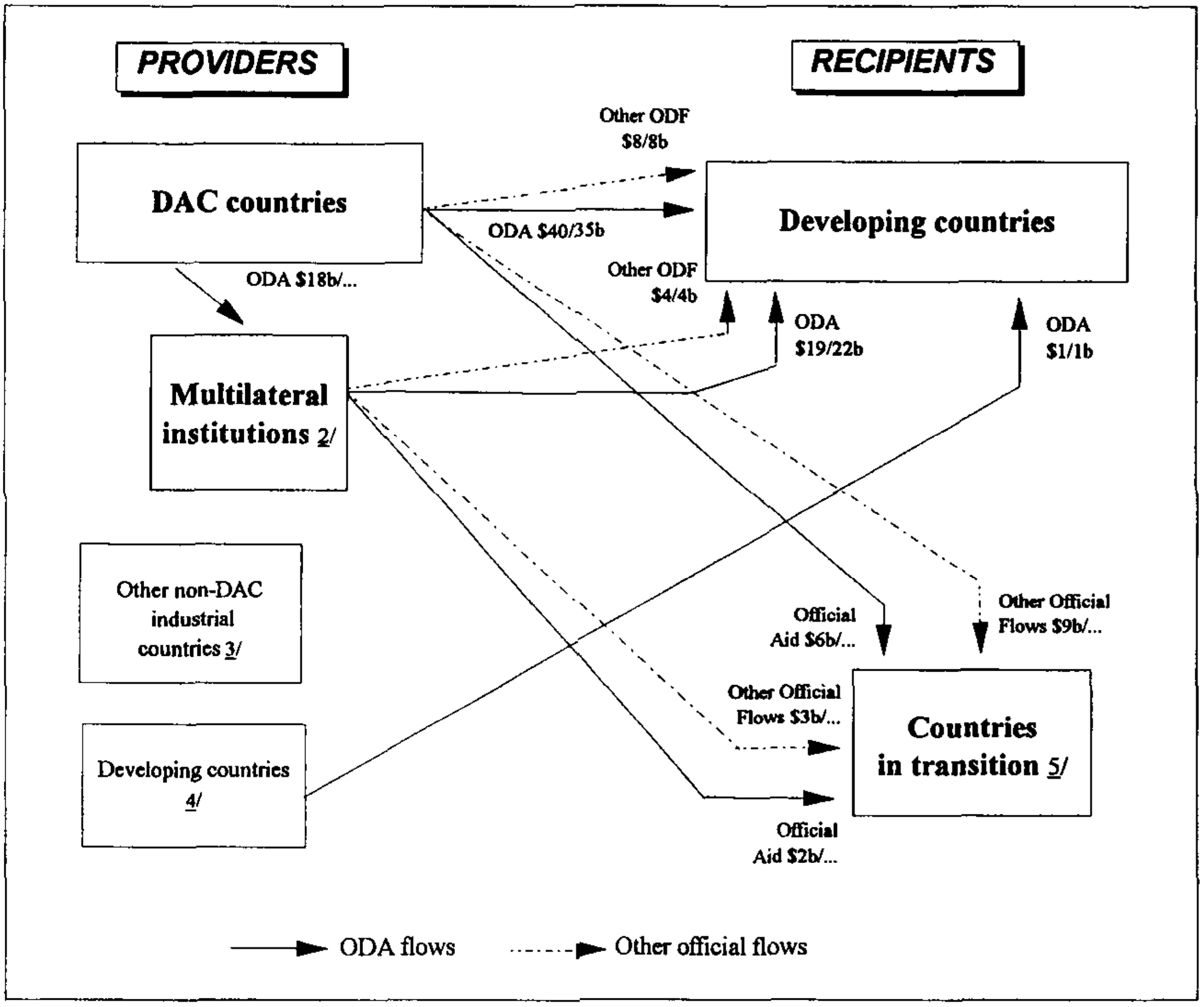
Bilateral sources still provide the bulk of ODF flows—about two-thirds—yet their share in total ODF has been declining gradually. In 1996 bilateral ODF at $43 billion registered a sharp decline both in real (7 percent) and nominal terms (10 percent) due to a reduction in its ODA component (Table 1). This was partly offset by a 16 percent increase, in real terms, in ODF from multilateral sources to $26 billion, which was entirely attributable to a significant rise in multilateral ODA flows. Nonetheless, ODF from multilateral sources has declined by nearly 8 percent in real terms since 1990. At the same time, the composition of multilateral ODF indicates a shift in favor of ODA flows reflecting the trend toward more concessional financing for the poorest countries with limited debt-servicing capacity.[5]

[4] Main sources of data cited throughout this section are Press release of Organization for Economic Cooperation and Development (OECD) dated June 18, 1997; *1996 Development Co-operation Report*, OECD Development Assistance Committee (DAC); and *Geographical Distribution of Financial Flows to Aid Recipients 1991–95*, OECD. Preliminary statistics for 1996 do not include data on flows to "countries in transition" which are included in Part II of the DAC List of Aid Recipients (see Table 18, Appendix II).

[5] It should be noted that DAC data include only concessional flows from the IMF, thus exclude transactions from the IMF's General Resources Account—the bulk of IMF lending. The World Bank DRS figures used in Chapter IV include all operations of the IMF.

Chart 1. Direction of Net Official Flows in 1995/96 1/

(In billions of U.S. dollars)

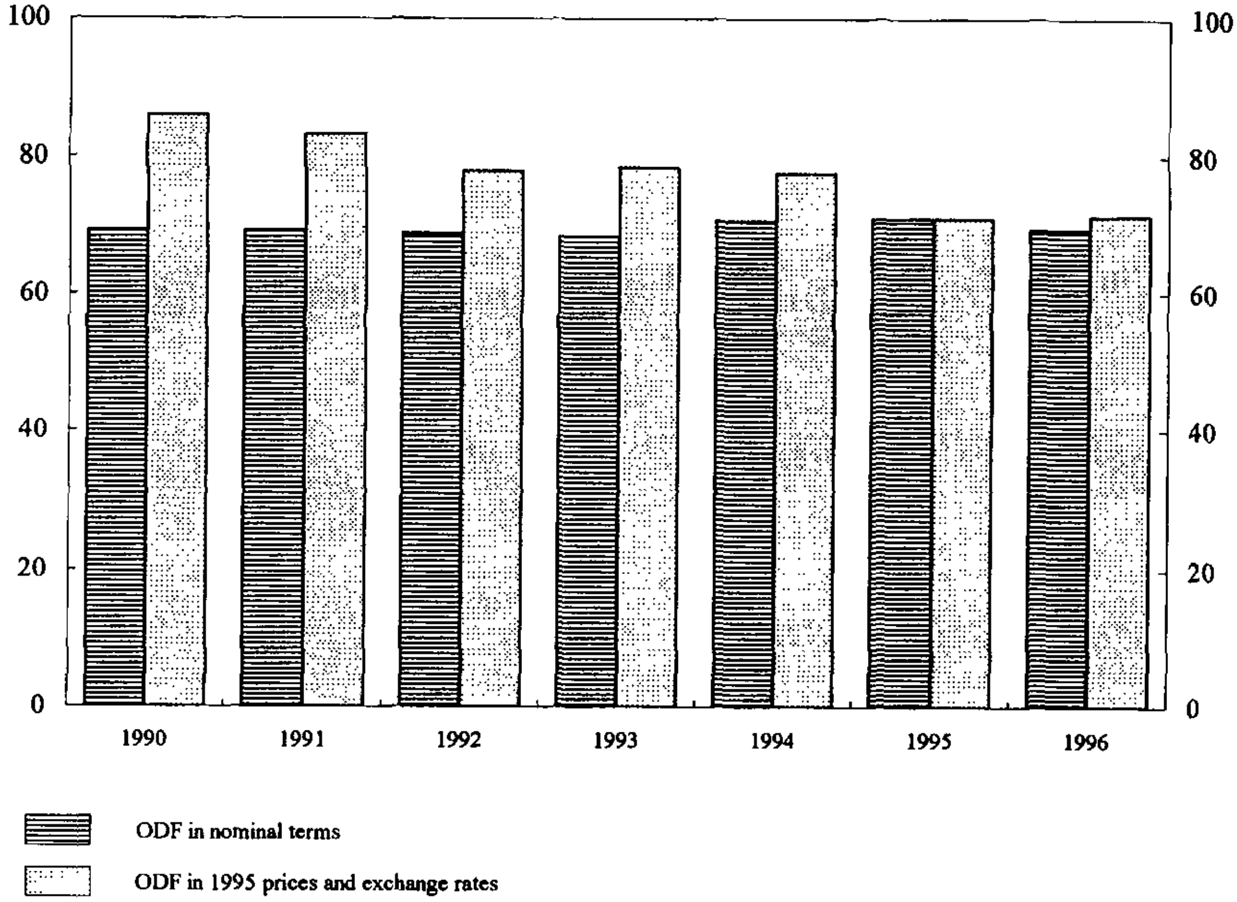


Sources: Tables 1 and 2.

1/ Figures shown are for 1995/96, or 1995/... where 1996 figures are not yet available.
2/ Multilateral disbursements (including from the IMF) differ from OECD Development Assistance Committee countries' contribution to multilateral institutions.
3/ Flows have been negligible since 1992.
4/ Mostly Arab countries.
5/ Receipts of official financing reported by some country authorities suggest that the OECD figures may understate the flows.

Note:
ODA: Flows of official financing with the main objective of promotion of economic development, and with a grant element of at least 25 percent (based on a 10 percent discount rate).
Other official flows: Official development financing that does not meet the ODA criteria; includes officially supported export credits.

Chart 2. Net Official Development Finance (ODF) Flows to Developing Countries, 1990-96
(In billions of U.S. dollars)



Source: OECD

Table 1. Total Net Official Financing Flows to Developing Countries, 1990-96

	1990	1991	1992	1993	1994	1995	1996 1/
				(In billions of U.S. dollars)			
Net Official Development Finance (ODF) 2/	69.3	69.3	68.9	68.4	70.8	71.2	69.5
Net Official Development Assistance (ODA) 3/	52.6	58.5	57.9	54.9	59.7	59.2	57.7
Other	16.7	11.1	10.9	13.7	11.1	12.0	11.8
Bilateral	45.7	46.7	47.8	44.5	48.0	47.9	43.3
ODA 3/	39.2	42.3	40.4	38.1	40.5	40.0	35.4
Other	6.5	4.4	7.4	6.4	7.5	7.9	7.9
Multilateral 4/	23.6	22.9	21.0	24.1	22.8	23.3	26.2
ODA	13.4	16.2	17.5	16.8	19.2	19.2	22.3
Other	10.2	6.7	3.5	7.3	3.6	4.1	3.9
				(In percent of total ODF)			
Bilateral	65.9	67.4	69.4	65.1	67.8	67.3	62.3
ODA 3/	56.6	61.0	58.6	55.7	57.2	56.2	50.9
Other	9.4	6.3	10.7	9.4	10.6	11.1	11.4
Multilateral	34.1	33.0	30.5	35.2	32.2	32.7	37.7
ODA	19.3	23.4	25.4	24.6	27.1	27.0	32.1
Other	14.7	9.7	5.1	10.7	5.1	5.8	5.6
				(In billions of U.S. dollars)			
Memorandum items:							
ODF (at constant 1995 prices and exchange rates)	86.1	83.2	77.9	78.6	77.8	71.2	71.5
Total net flows 5/	122.8	118.3	130.8	131.6	210.4	232.4	307.0
Net official financing to countries in transition 6/	8.7	12.8	10.8	14.1	15.8	19.7	...
Of which: Net official aid	2.3	6.6	6.0	6.0	6.8	8.3	...
ODA share of respective ODF (in percent)							
Total	75.9	84.4	84.0	80.3	84.3	83.1	83.0
Bilateral	85.8	90.6	84.5	85.6	84.4	83.5	81.8
Multilateral	56.8	70.7	83.3	69.7	84.2	82.4	85.1

Source: OECD.

1/ Provisional.
2/ See Glossary for definitions of ODA and ODF. For a list of aid recipients see Table 18, Appendix II. Based on resource receipts of developing countries on Part 1 of the OECD's DAC list of aid recipients.
3/ Excluding debt forgiveness of non-ODA claims (including military debt) in 1990 (US$1.5 billion), 1991 (US$1.9 billion), and 1992 (US$1.9 billion). Differs from bilateral ODA in Table 2 because of inclusion of non-DAC industrial donors. (see memorandum items in Table 2).
4/ Disbursements by multilateral institutions (see Table 2 for contributions to multilateral institutions). Includes only concessional flows from the IMF.
5/ Includes ODF, export credits, foreign direct investments, international bank and bond lending, grants by nongovernmental organizations, and other private flows.
6/ Comprises countries in transition on part II of the OECD's DAC list of aid recipients (see Table 18, Appendix II). Includes official aid, officially supported export credits and other official financing. Intra-country-transition flows are excluded. Receipts reported by some country authorities suggest that the OECD figures may understate the flows.

Net ODA flows constitute the bulk (close to 85 percent) of total net ODF flows and are provided largely (95 percent of total ODA flows) by the members of the DAC of the OECD.[6] These are provided mainly directly to developing countries ($41 billion in 1995) or take the form of contributions to multilateral institutions ($18 billion) (Chart 1 and Table 2). Development assistance effort, as measured by the ratio of ODA flows from DAC member countries to their combined GNP, declined in 1996 to 0.25 percent—the lowest ratio recorded in nearly 30 years since the United Nations established a goal of 0.7 percent of GNP (Charts 3 and 4, Table 3). In 1996, only four countries exceeded the UN target: Denmark, the Netherlands, Norway, and Sweden; these countries combined contributed nearly 15 percent of total ODA flows from the members of DAC.

An analysis of developments in 1996 in ODA flows from major DAC countries shows that the overall decline in ODA reflected largely a decline by $5 billion, or 25 percent in real terms, in flows from Japan, which nonetheless remained the largest ODA provider. The nominal decline reflected in part exchange rate movements, but also Japan's contributions to multilateral institutions declined in 1996 and rising repayments dampened net flows of bilateral ODA loans. This was partly offset by higher aid flows from Italy and the United States, which rebounded from their unusually low levels in 1995 reflecting in part the timing of their subscriptions to multilateral agencies; in the case of the United States, delays in the approval of the 1996 budget implied that two years' worth of grant disbursements to some major recipients were included in the 1996 data. Nonetheless, ODA flows from these two countries in 1996 remained below their 1990–94 levels. Among the other major ODA providers, Denmark, Germany, the Netherlands, and Sweden, increased their ODA flows in 1996, while those from Canada, France, and the United Kingdom declined. The outlook for a recovery in ODA flows is bleak due to the continuing fiscal consolidation and continuing aid fatigue in most DAC member countries and plans for a 10 percent cut in Japan's foreign aid budget for the 1998 fiscal year.

Data on the regional and income distribution of disbursements of ODA from DAC member countries become available only with long lags (Table 19, Appendix II). The main change in 1995 was a rise in the share of flows to Asia, the main recipient, to 35 percent, with Sub-Saharan Africa the second largest recipient (24 percent). The share of disbursements to the "North Africa and Middle East" region dropped by 5 percentage points in 1995, mainly as a result of sharply lower disbursements to Israel from the United States and to Egypt from Germany and Italy. In terms of income groups, retaining the historical pattern, nearly three-quarters of ODA was received by the groups of least developed countries, low-income countries, and lower-middle income countries combined.

[6]Members of DAC are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, the United States, and the Commission of the European Communities.

Table 2. Net ODA Disbursements to Developing Countries, 1990-96

	1990	1991	1992	1993	1994	1995	1996 1/
		(In billions of U.S. dollars)					
Total Net ODA	53.0	56.7	60.8	56.5	59.2	58.9	55.1
Bilateral ODA 2/	37.2	41.3	41.2	39.4	41.3	40.6	...
Contributions to multilateral institutions 3/	15.8	15.4	19.6	17.1	17.9	18.3	...
Total Net ODA (at 1995 prices and exchange rates)	64.8	67.4	67.8	64.9	64.8	58.9	56.4
Bilateral ODA	51.7	53.7	47.5	47.2	45.4	40.6	...
Contributions to multilateral institutions	17.7	16.6	20.0	17.8	17.9	16.7	...
		(In percent of donors' GNP)					
Total net ODA	0.33	0.33	0.33	0.30	0.30	0.27	0.25
Bilateral ODA	0.24	0.23	0.24	0.21	0.21	0.19	...
Contributions to multilateral institutions	0.09	0.10	0.09	0.09	0.09	0.08	...
Distribution 4/		(In percent of total)					
Net ODA by income group							
Least developed countries	27.6	25.9	27.0	26.5	26.6	27.5	...
Low income countries	27.6	28.9	27.8	24.9	26.2	23.6	...
Lower-middle income countries	22.1	22.2	22.1	25.0	24.9	24.6	...
Upper-middle income countries	4.2	3.7	3.0	4.2	3.8	4.3	...
High income countries	3.1	3.5	3.9	3.0	2.8	1.4	...
Unallocated	15.4	15.8	16.3	16.5	15.9	18.6	...
Net ODA by region							
Sub-Saharan Africa	30.9	28.6	31.1	30.5	30.9	30.5	...
North Africa and Middle East	19.9	19.5	14.8	12.1	13.6	9.8	...
Asia	22.7	24.1	25.7	25.2	27.0	25.6	...
Western Hemisphere	9.2	9.7	9.1	9.9	10.0	11.4	...
Europe 5/	2.5	3.6	3.7	5.6	3.6	3.8	...
Other 6/	14.8	14.5	15.6	16.8	14.9	18.9	...
		(In billions of U.S. dollars)					
Memorandum items:							
Total net ODA to developing countries 7/	52.9	58.6	58.9	56.4	60.5	62.4	...
DAC countries 2/	37.2	41.3	41.2	39.4	41.3	40.6	...
Multilateral institutions	13.4	16.2	17.5	16.8	19.2	19.2	...
Other 8/	2.3	1.1	0.2	0.2	0.0	2.6	...
Total intra-developing countries flows (net ODA) 9/	6.0	2.6	1.0	1.2	1.2	0.7	...

Sources: OECD; and Fund staff estimates.

1/ Provisional

2/ Excludes debt forgiveness of non-ODA claims (including military debt) in 1990 (US$1.5 billion), 1991 (US$1.9 billion), and 1992 (US$1.9 billion).

3/ Includes contributions to the IMF Trust Fund, IMF Interest Subsidy Account, IMF SAF and ESAF, and IMF Administered Account.

4/ Distribution of total net ODA from DAC and other sources, including unspecified. The data is not consistent with the aggregate data because the country level detail of revised aggregate data is not yet available--however, the revisions to the aggregate data were not large.

5/ Excludes countries in transition not on part I of the OECD's DAC list of aid recipients.

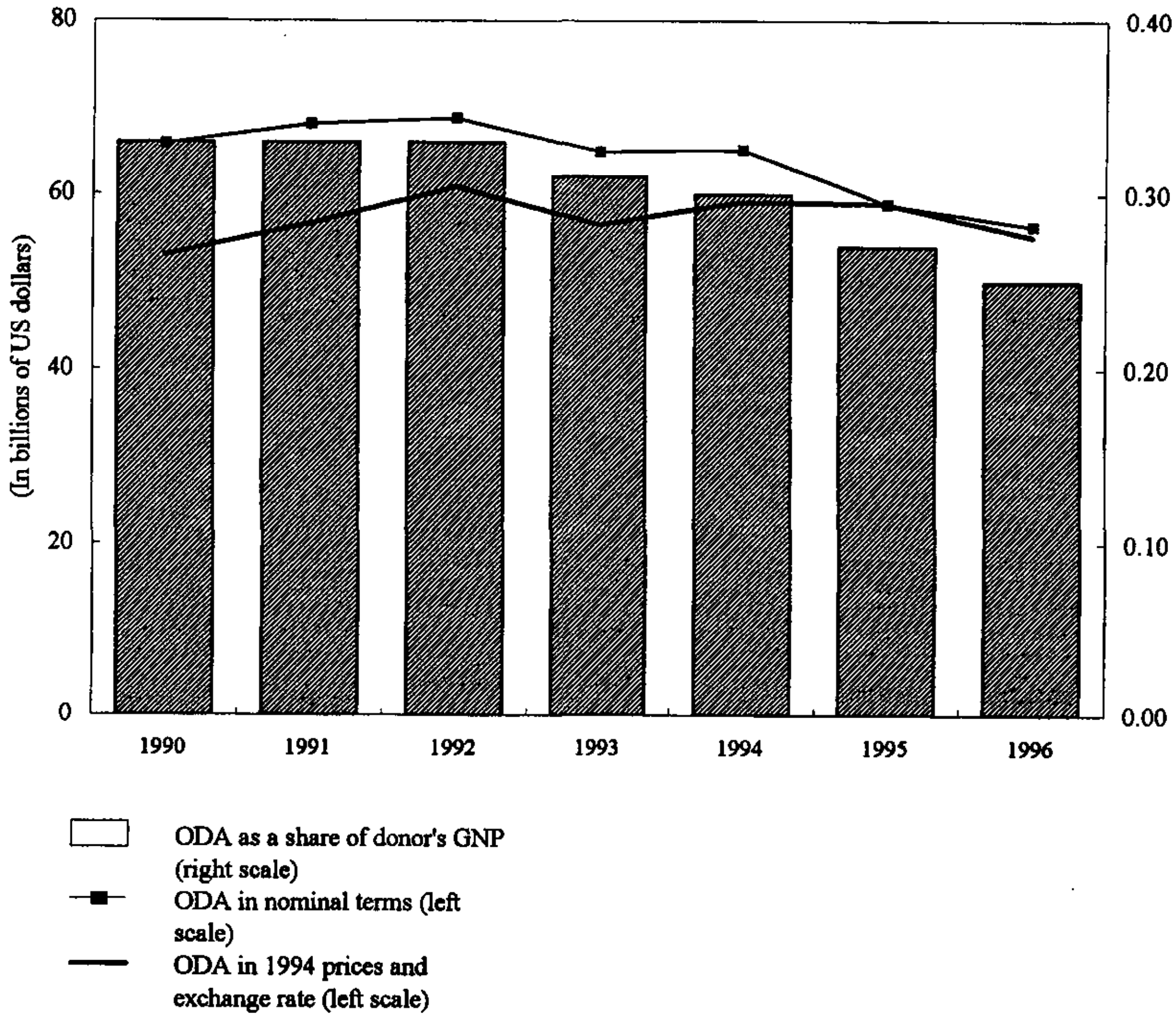
6/ Oceania and unspecified.

7/ Excludes intra-developing country resource flows; based on resource receipts of developing countries, consistent with Table 1.

8/ Other industrial countries and unallocated.

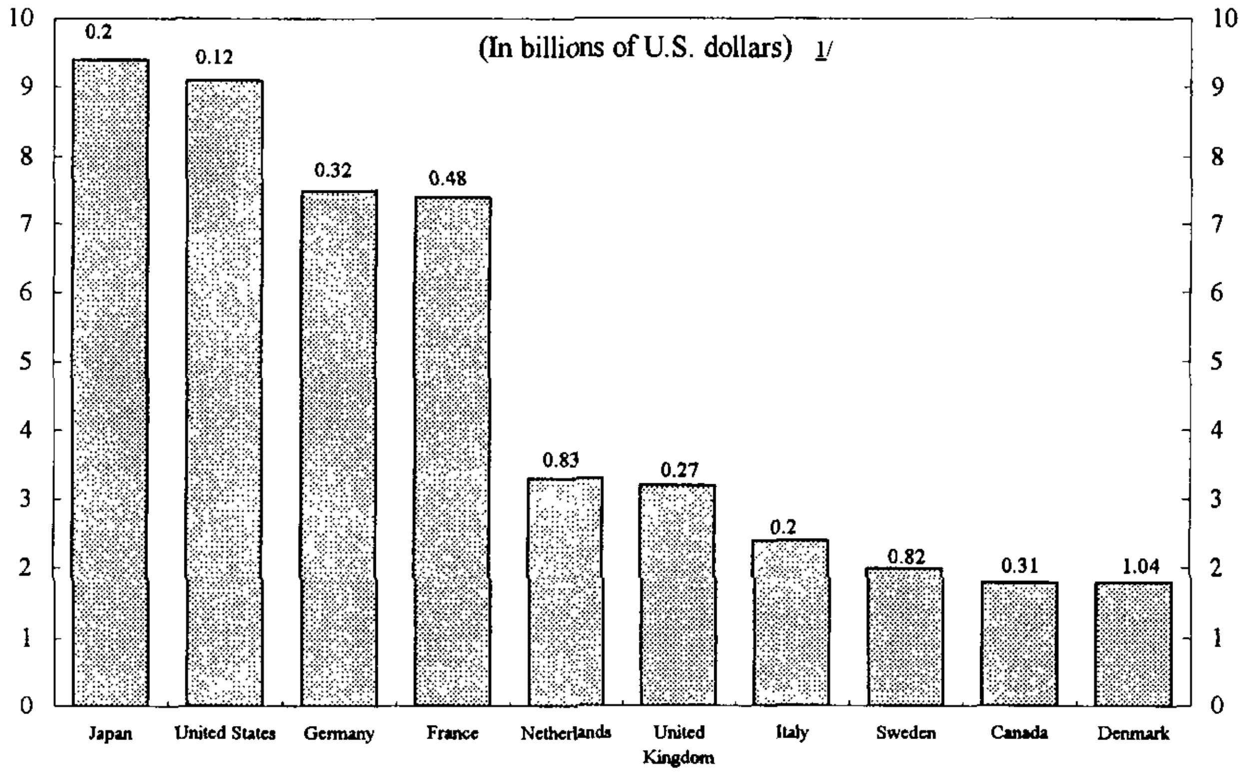
9/ Includes flows from Arab countries and other developing country donors (including China, India, South Korea, and Taiwan Province of China).

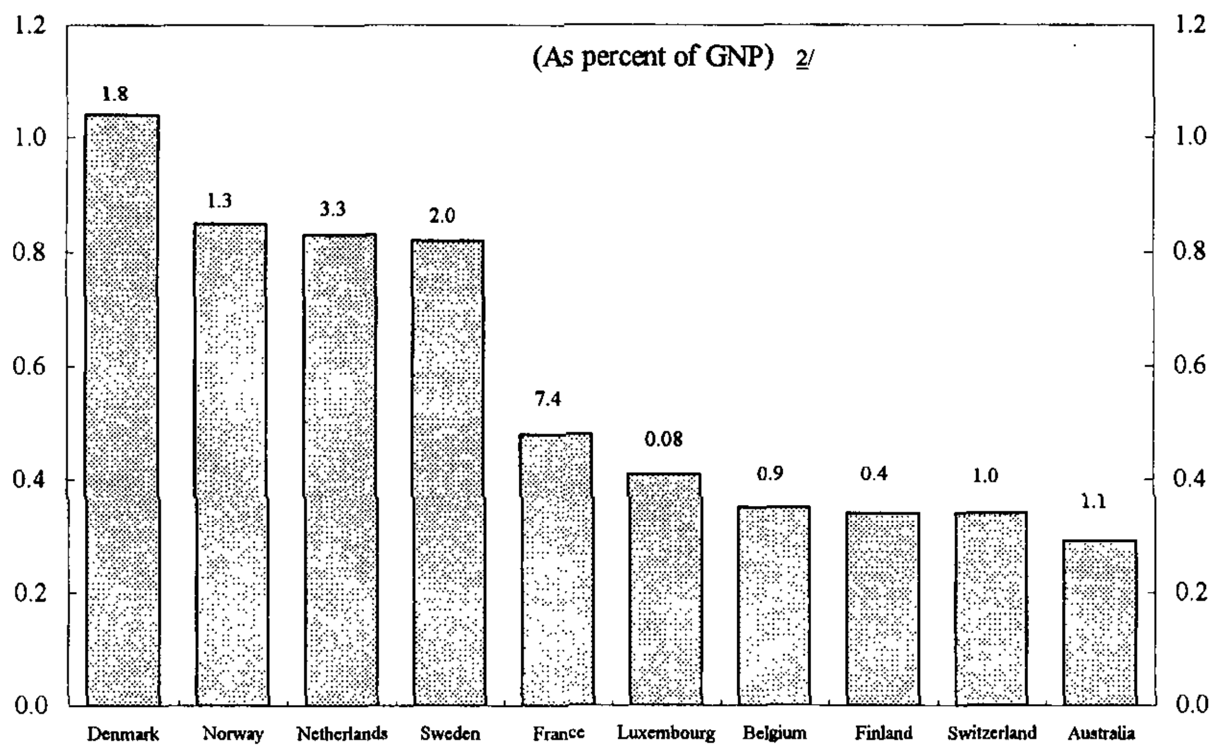
Chart 3. Net ODA Disbursements, 1990-1996



Source: OECD, and IMF staff estimates.

Chart 4. Net ODA Disbursements by Major DAC Donors, 1996





Source: OECD.

1/ Figures on top of the country columns give net ODA disbursements in percent of the country's GNP.

2/ Figures on top of the country columns give net ODA disbursements in billions of U.S. dollars.

Table 3. Net ODA Disbursements by Major DAC Countries, 1990-96

	At Current Prices							At Constant 1995 Prices 1/	Change 1995/96		Share of Donor's
	1990	1991 2/	1992 2/	1993 2/	1994	1995	1996 Prov.	1996 Prov.	At Current Prices	At Constant 1995 Prices 1/	GNP 1996 Prov.
	(In billions of U.S. dollars)								(In percent)		
Canada	2.5	2.6	2.5	2.4	2.3	2.1	1.8	1.7	-14.3	-19.0	0.31
Denmark	1.2	1.2	1.4	1.3	1.4	1.6	1.8	1.8	10.6	10.6	1.04
France	7.2	7.4	8.3	7.9	8.5	8.4	7.4	7.5	-11.9	-11.1	0.48
Germany	6.3	6.9	7.6	7.0	6.8	7.5	7.5	7.8	0.3	4.3	0.32
Italy	3.4	3.3	4.1	3.0	2.7	1.6	2.4	2.2	50.0	37.5	0.20
Japan	9.1	11.0	11.2	11.3	13.2	14.5	9.4	10.9	-35.1	-24.7	0.20
Netherlands	2.5	2.5	2.8	2.5	2.5	3.2	3.3	3.4	3.1	6.3	0.83
Sweden	2.0	2.1	2.5	1.8	1.8	1.7	2.0	1.8	17.6	5.9	0.85
United Kingdom	2.6	3.2	3.2	2.9	3.2	3.2	3.2	3.1	0.5	-2.7	0.27
United States	11.4	11.3	11.7	10.1	9.9	7.4	9.1	8.9	23.0	20.3	0.12
Ten major donors above 3/	46.6	49.6	53.3	50.2	52.4	51.2	47.9	49.1	-6.4	-4.1	...
Other DAC donors 4/	6.3	7.1	7.5	6.2	6.8	7.7	7.2	7.3	-6.7	-4.9	...
Total DAC 3/	53.0	56.7	60.8	56.5	59.2	58.9	55.1	56.4	-6.4	-4.2	0.25
(in percent of GNP)	0.33	0.33	0.33	0.3	0.30	0.27	0.25	...	...	...	...

Source: OECD.

1/ At 1995 prices and exchange rates.
2/ Includes debt forgiveness of non-ODA claims.
3/ Excludes debt forgiveness of non-ODA claims.
4/ Includes Australia, Austria, Belgium, Finland, Ireland, Luxembourg, New Zealand, Norway, Portugal, Spain and Switzerland.

In 1996, DAC members reassessed their aid policies in the light of the changing policy environment, the growing complexity of development finance, and the wide diversity that exists among developing countries. An ambitious new strategy to guide future development cooperation was set out in the 1996 DAC report *Shaping the 21st Century: The Contribution of Development Co-operation* (Box 2). This included, for the first time, a set of quantitative targets for poverty alleviation, social development, and environmental sustainability against which the success of development cooperation is to be measured. In May 1997, DAC members agreed on guidelines regarding the related issues of *Conflict, Peace, and Development Cooperation*[7]—spelling out approaches and key policies for conflict prevention and resolution to help prevent violent conflicts in developing countries before the toll of human and material destruction spirals and before an international response becomes vastly more difficult and costly—and on *Participatory Development and Good Governance*[8]. The guidelines on good governance reflect the growing consensus among ODA providers that participatory, accountable and efficient governance harnesses the activities of the state and its citizens to the objectives of sustainable social and economic development. Aid policies, therefore, should aim to strengthen the nexus between development, local participation, and governance for achieving the goals specified in the DAC strategy.[9]

III. Recent Developments in Export Credits

Officially supported export credits[10] represent a large share of the external debt of developing countries and economies in transition. In 1996, they accounted for more than

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[7]*Conflict, Peace and Development Cooperation on the Threshold of the 21st Century*, Development Assistance Committee, OECD, Policy Statement, May 1997.

[8]*Final Report of the Ad Hoc Working Group on Participatory Development and Good Governance*, Development Assistance Committee, OECD, 1997.

[9]The IMF has also recently adopted guidelines regarding governance issues (IMF News Brief, No. 97/15 of 8/4/97).

[10]This section updates the information provided in earlier papers based on data from the International Union of Credit and Investment Insurers (the Berne Union), the OECD, and individual export credit agencies. For a detailed description of the role of export credit agencies in financing developing countries and economies in transition, and of the basic features of official support for export credits, see "Officially Supported Export Credits—Developments and Prospects," World Economic and Financial Surveys, March 1995. Also, see "Recent Export Credit Market Developments," by Paulo Drummond (International Monetary Fund, Working Paper, WP/97/27).

Box 2. Guiding Principles of Aid Disbursement Policies

The lessons of development co-operation in the past show that properly applied in propitious environments, development assistance has been able to achieve a significant improvement in the quality of life of a large number of people in many developing countries. However, at the same time, the experience also shows that development assistance is essentially a complementary factor, albeit a critical one, as civil conflict and poor governance, despite aid, can set back development for generations. Based on the above experience and the need to meet new challenges posed by the increased complexity of relationships between the developed and developing countries and changing circumstances within the developing countries themselves, DAC member countries in 1995 adopted a policy statement on "Development Partnership in the New Global Context" and subsequently outlined in their 1996 report *Shaping the 21st Century: The Contribution of Development Co-operation* (OECD, Paris, 1996), a shared approach to development co-operation and have pledged to modify and strengthen their aid disbursement policies accordingly.

This strategy includes, for the first time, **quantitative targets** as well as key qualitative factors. The quantitative targets for poverty reduction, social development, and environmental sustainability are drawn from those already endorsed in other international fora.[1] They reflect broad agreement in the international community regarding measures of progress and have been arrived at with the active participation of developing countries.

1. **Economic well-being**: The proportion of people living in extreme poverty in developing countries should be reduced by at least one-half by 2015.

2. **Social development**: There should be substantial progress in primary education, gender equality, basic health care and family planning, as follows:

- universal primary education in all countries by 2015;
- demonstrated progress towards gender equality and the empowerment of women by eliminating gender disparity in primary and secondary education by 2005;
- a reduction by two-thirds in the mortality rates for infants and children under age 5 and a reduction by three-fourths in maternal mortality, all by 2015;
- access through primary health-care system to reproductive health services for all individuals of appropriate ages as soon as possible and no later than the year 2015.

3. **Environmental sustainability and regeneration**: Implementation of national strategies for sustainable development in all countries by 2005, so as to ensure that current trends in the loss of environmental resources are effectively reversed at both global and national levels by 2015.

The 21st Century strategy also stresses that aid programs should focus on several key **qualitative factors**, reflecting an increasing awareness that essential to the attainment of the above measurable goals will be factors such as more stable, safe, participatory and just societies. This requires the development of capacity for effective, democratic and accountable governance, the protection of human rights and respect for the rule of law. Thus successful development strategies must integrate a number of key elements:

- a sound policy framework encouraging a stable growing economy with full scope for a vigorous private sector and an adequate fiscal base;
- investment in social development, especially education, primary health care, and population activities;
- enhanced participation of all people, and notably women, in economic and political life, and the reduction of social inequalities;
- good governance and public management, democratic accountability, the protection of human rights and the rule of law;
- sustainable environmental practices; and
- addressing root causes of potential conflict, limiting military expenditure, and targeting reconstruction and peace-building efforts toward longer-term reconciliation and development.

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[1] United Nations conferences on education (Jomtien, 1990), children (New York, 1990), the environment (Rio de Janeiro, 1992), human rights (Vienna, 1993), population (Cairo, 1994), social development (Copenhagen, 1995), and women (Beijing, 1995).

24 percent of total indebtedness of these countries, and for 56 percent of their indebtedness to official creditors. In addition, exports covered by Berne Union members—largely through new export credit insurance and guarantees, but also through direct lending—comprise about 13 percent of all exports from the countries of Berne Union members, which in turn account for about 80 percent of world exports. Since export credits are regarded as primarily trade-promoting rather than development-oriented, they are not included in OECD data on official financing flows to developing countries (discussed in Chapter II).

A. Total Export Credits

Total export credit exposure to developing countries and economies in transition declined by 2 percent in 1996 to $466 billion, compared with an average growth rate of 11 percent during 1990–95 (Chart 5).[11] Approximately two thirds of total exposure was due to outstanding export credit commitments,[12] while unrecovered claims and arrears accounted for the remaining one third. Total export credit commitments outstanding, which had contributed to the rise in total exposure over the 1992–95 period, declined by some 4 percent in 1996 as repayments exceeded new commitments. In addition, unrecovered claims have risen sharply in recent years—the majority of this increase represents payments of insurance claims by agencies in the context of a few large Paris Club reschedulings. Export credit agencies' exposure is concentrated in relatively few countries—the 10 (20) main recipients accounted for 55 (80) percent of agencies' total exposure (Chart 6), broadly in line with their shares in trade flows (56 (78) percent) and GDP (51 (83) percent).

Total new export commitments to developing countries and economies in transition reported by agencies to the Berne Union fell by 3 percent to about $105 billion in 1996, reflecting a substantial decline in new commitments in a few major markets (Chart 7). This marked the first decline in total new commitments since 1992, which had risen by 9 percent per annum over the 1992–95 period.[13] As in the past, new commitments in 1996 were concentrated in a few countries with relatively large export activity, favorable risk assessments, and existing high agency exposure (Chart 8). In fact, the concentration is higher than for total exposure as approximately 66 (90) percent of all new export commitments were reported to the top 10 (20) countries receiving this form of financing. While six Asian

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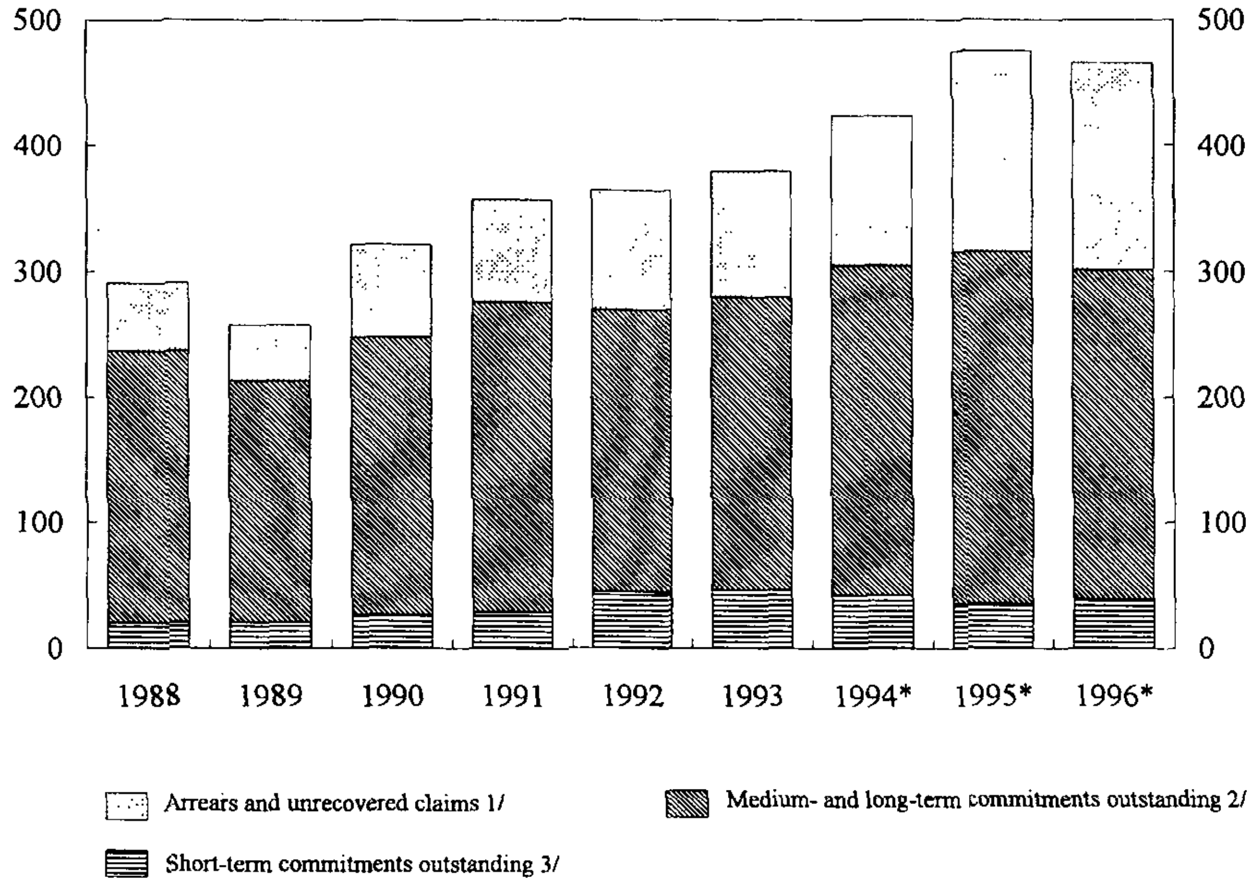
[11] While the trends reported here are clear, specific figures need to be interpreted with caution. The problems that arise in discussing export credit statistics are discussed in Appendix II of "Officially Supported Export Credits—Developments and Prospects," World Economic and Financial Surveys, March 1995. Starting in 1994, the figures supplied by the Berne Union include data for some smaller export credit agencies, and cover 20 additional debtor countries. The effect of this expansion on total exposure was reflected in 1994 and on new commitments in 1995.

[12] This includes undisbursed credit, see the glossary in Appendix III.

[13] Based on 1994 country coverage.

Chart 5. Export Credit Exposure, 1988-96
(In billions of U.S. dollars)



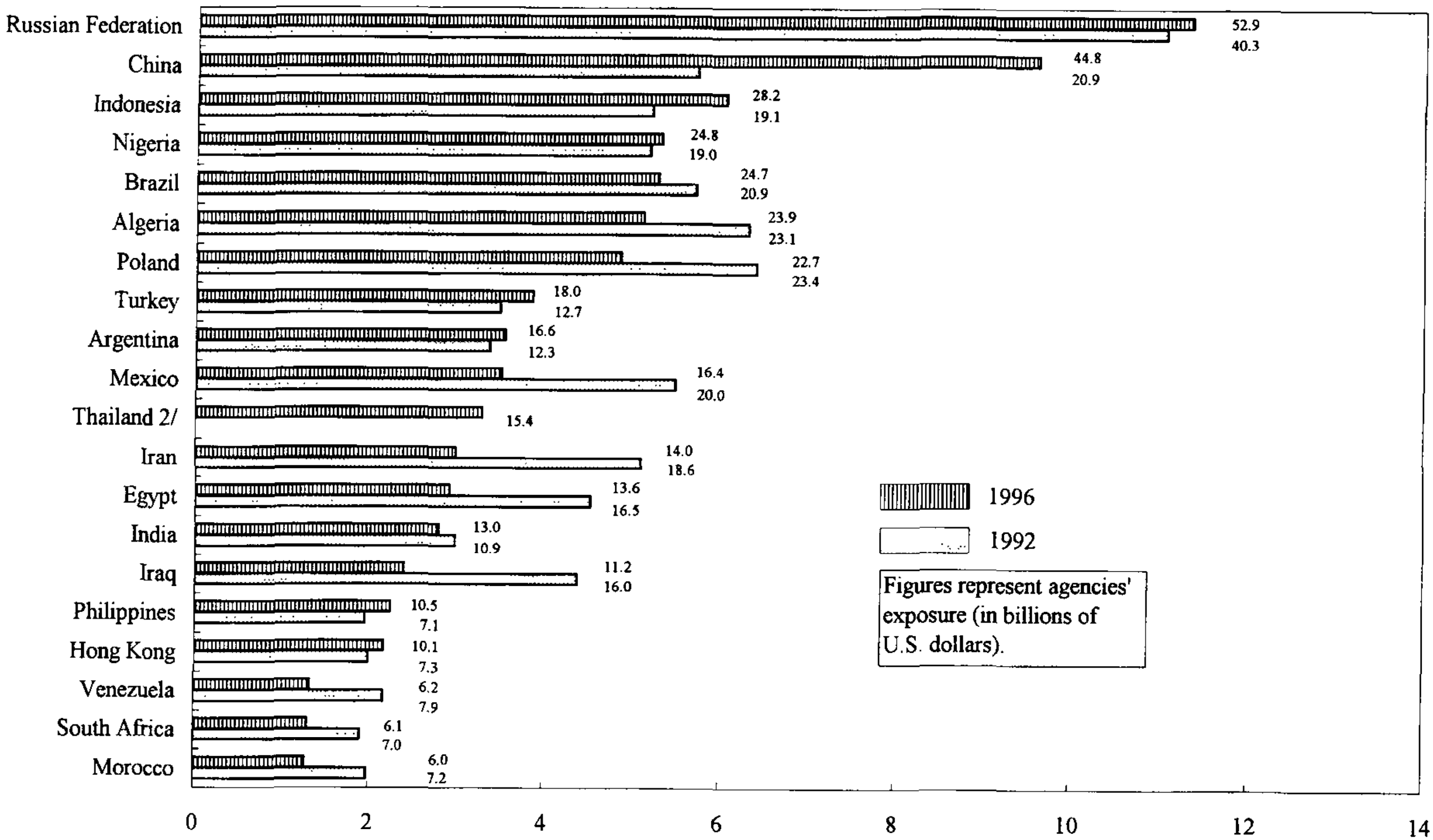
Sources: Berne Union; and IMF staff estimates.

1/ **Arrears and Unrecovered Claims** - overdue payments by borrowers, classified as arrears if overdue payments have not yet resulted in claims on export credit agencies.
2/ **Commitments** - total amount of loans by, or guaranteed or insured by, an export credit agency, either globally or to entities in a specific country, excluding amounts that are in arrears or on which claims have been paid. Usually includes principal and contractual interest payable by the importing country on disbursed and undisbursed credits, and sometimes includes not only liabilities of the agency but also uninsured parts of the loan.
3/ **Short-term commitments** - commitments which provide repayment within a short period, usually six months. Some agencies define short-term credits as those with repayment terms of up to one or two years.

* The figures reflect an enhanced debtor country coverage by the Berne Union of 20 countries with total exposure that amounted to $9.4 billion in 1994, $35.7 billion in 1995, and $37.7 billion in 1996.

Chart 6. Twenty Main Recipients of Export Credits Among Developing Countries and Countries in Transition, 1992 and 1996

(Percent share in agencies' portfolio) 1/



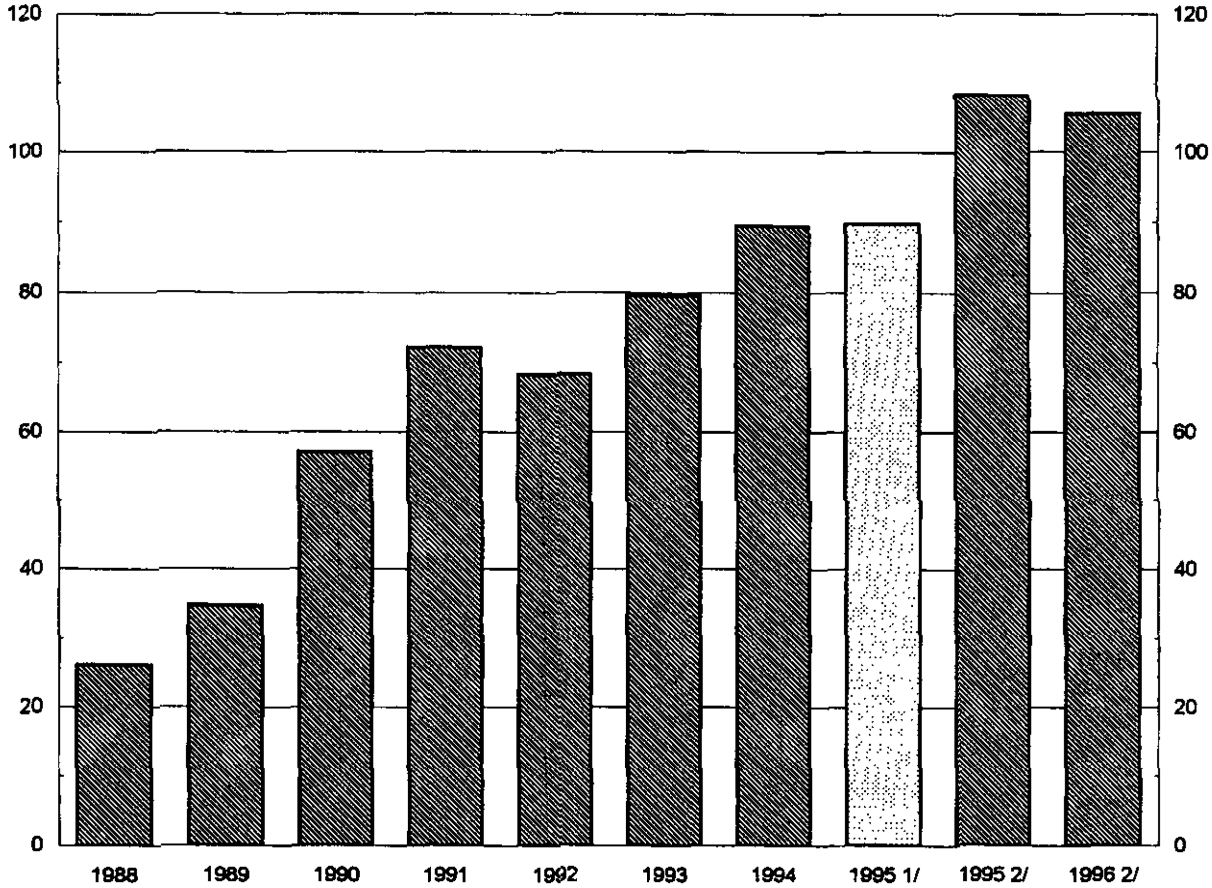
Sources: Berne Union, and IMF staff estimates.

1/ Berne Union reporting agencies.

2/ 1992 data not available.

Chart 7. Officially Supported Export Credits: New Commitments, 1988-96

(In billions of U.S. dollars)

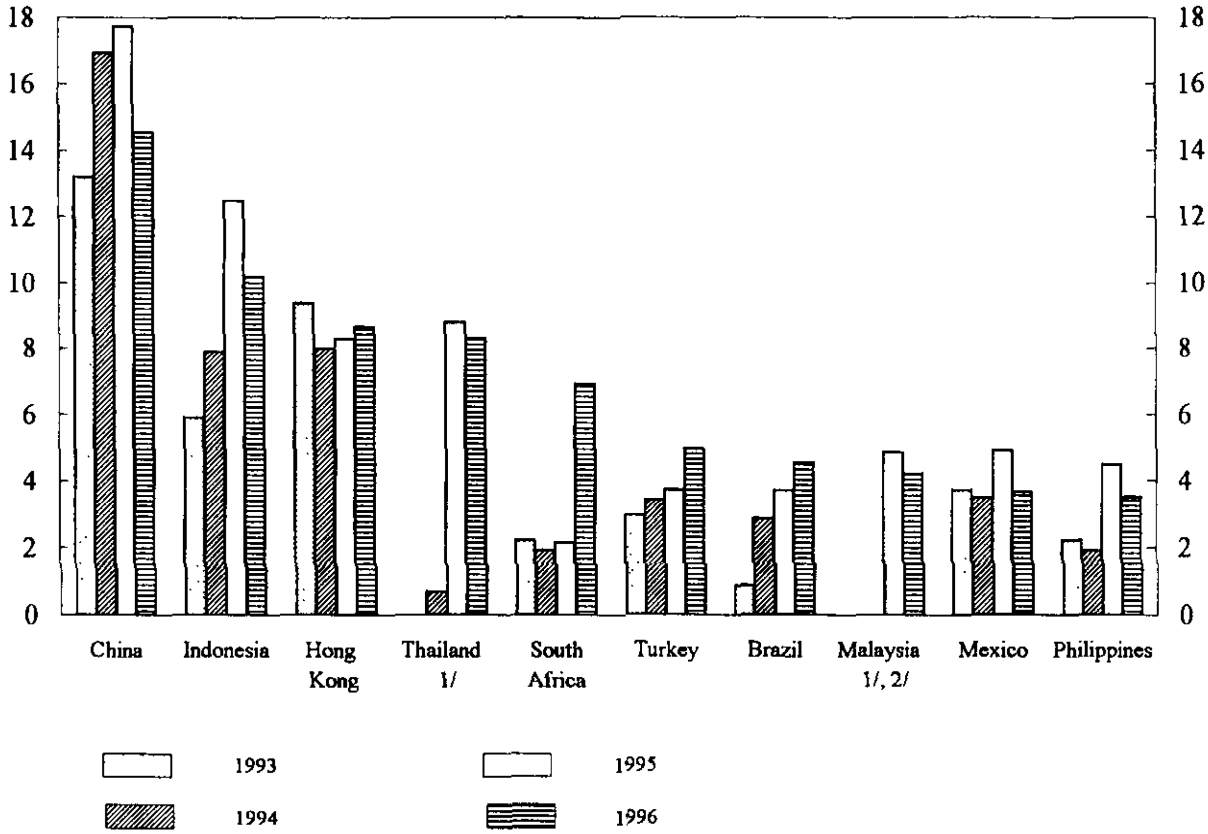


Sources: Berne Union; and IMF staff estimates.

1/ Same country coverage as in 1994.

2/ Figures reflect an increased number of countries (20) covered in agencies' reporting to the Berne Union. New commitments to these countries were $18.4 billions in 1995 and $18.8 billions in 1996, over 80 percent of which reflected commitments to Thailand, Malaysia and Greece.

Chart 8: New Export Credit Commitments in Selected Major Markets, 1993 - 1996
(In billions of U.S. dollars)



Sources: Berne Union, and IMF staff estimates.

1/ Data for 1993 not available.
2/ New commitments in 1994 were small.

countries (China, Hong Kong, Indonesia, Malaysia, Philippines, and Thailand) continued to receive the bulk of new export commitments in 1996, all but Hong Kong showed substantial decreases from 1995. In general, the slower growth in new export credit commitments reflected some slowing down of project financing, which tends to be lumpy, and, in part, growing concerns regarding macroeconomic imbalances in some countries in Asia and the ability of the debtor countries to assimilate previous amounts of export finance. Nonetheless, new commitments to some countries increased in 1996, particularly to South Africa, which accounted for less than 2 percent of agencies' existing exposure, but received over 7 percent of all new commitments in 1996 following the strengthening of economic performance in the previous year. Brazil and Turkey also saw an increase in new commitments.

By the end of 1996, export credits were on average around 27 percent of the total external debt of the 20 largest countries in terms of export credit agencies' exposure (Chart 9). For several countries (Algeria, Iran, Nigeria), export credits have been their main source of foreign finance in the past, representing some two thirds or more of their external debt. For other countries with a more diversified base of foreign financing such as Brazil, India, and Mexico, export credits represented less than 20 percent of their external debts.

B. Financial Performance of Export Credit Agencies

The financial performance of most export credit agencies, as measured by net cash flow, continued to improve during 1996 (Chart 10).[14] Of the 41 agencies surveyed, 32 recorded improvements in their cash flow balances, with four large agencies responsible for the bulk of this enhancement. For the first time since 1981, Berne Union members' combined cash-flow results were in surplus ($1.3 billion) in 1996, compared to a deficit of $0.4 billion in 1995, as premium income and rising recoveries offset new claims payments and administrative costs. New claims payments, which had peaked at $16 billion in 1994, dropped an additional 10 percent in 1996 to about $10.6 billion, reflecting mainly lower payments on former Soviet Union debt.[15] At the same time, recoveries on claims previously paid increased by 13 percent reaching $8.9 billion, while premium income rose by 3 percent to $3.6 billion.

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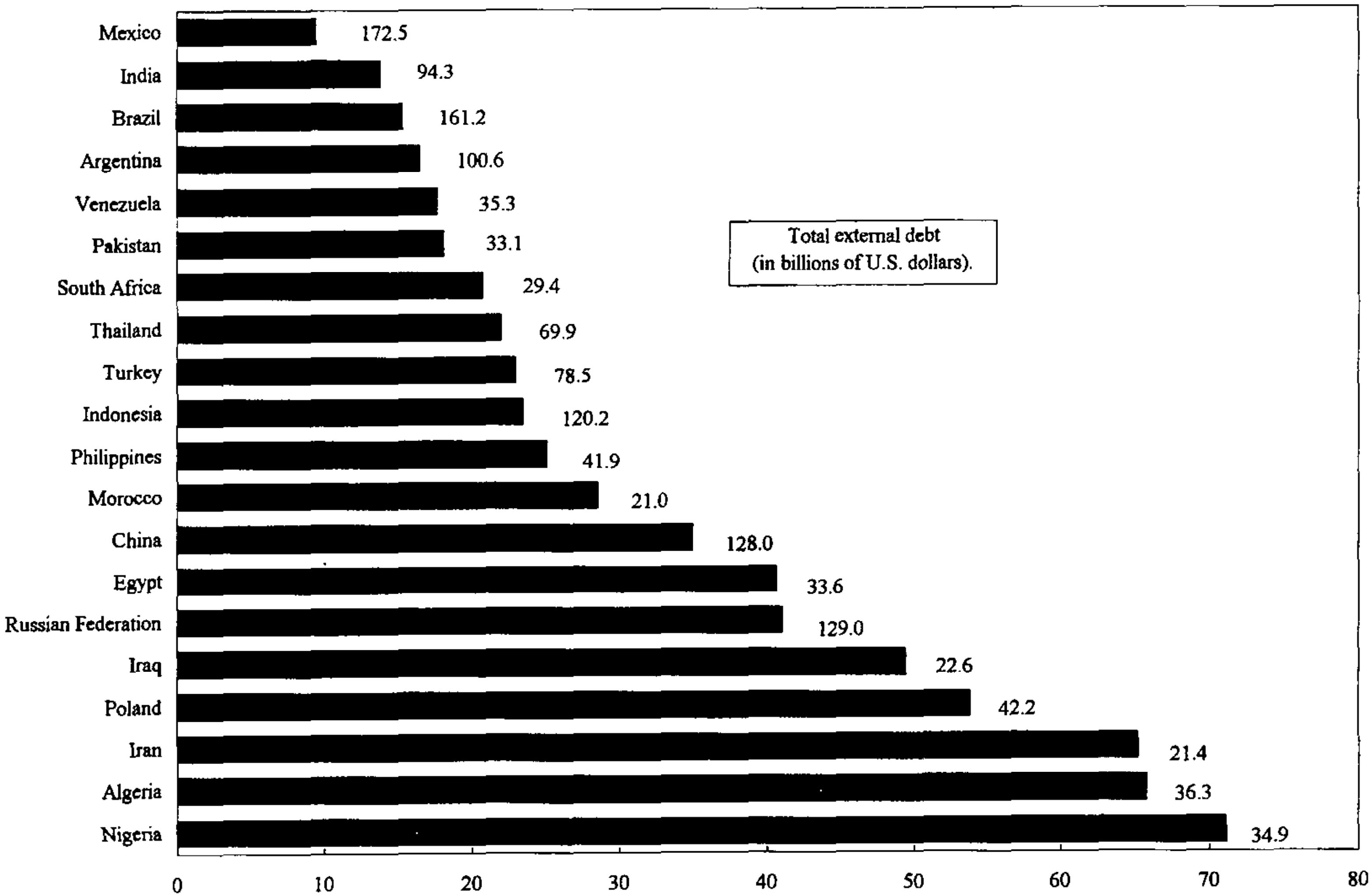
[14]Accounting practices of agencies differ and only data on a net cash flow basis—not on an accrual basis—are available on a consistent basis from all export credit agencies. Assessing the financial position of export credit agencies on an accrual basis requires, inter alia, estimating the expected recovery of claims and provisioning for possible eventual losses. An increasing number of agencies have been moving towards more sophisticated accounting systems but inter-agency comparisons remain extremely difficult given differences in accounting treatment between agencies.

[15]As discussed above, the accounting treatment of arrears and restructured debts differs among agencies. In particular, agencies that restructure an insured claim by refinancing will not reflect this in new commitments and in the cash flow of the agency, whereas this would be reflected for agencies that reschedule an insured claim involving a cash payment by the agency to the claimant. For this reason, inter alia, the Berne Union data and cash flow balances reported by the agencies should be interpreted with caution.

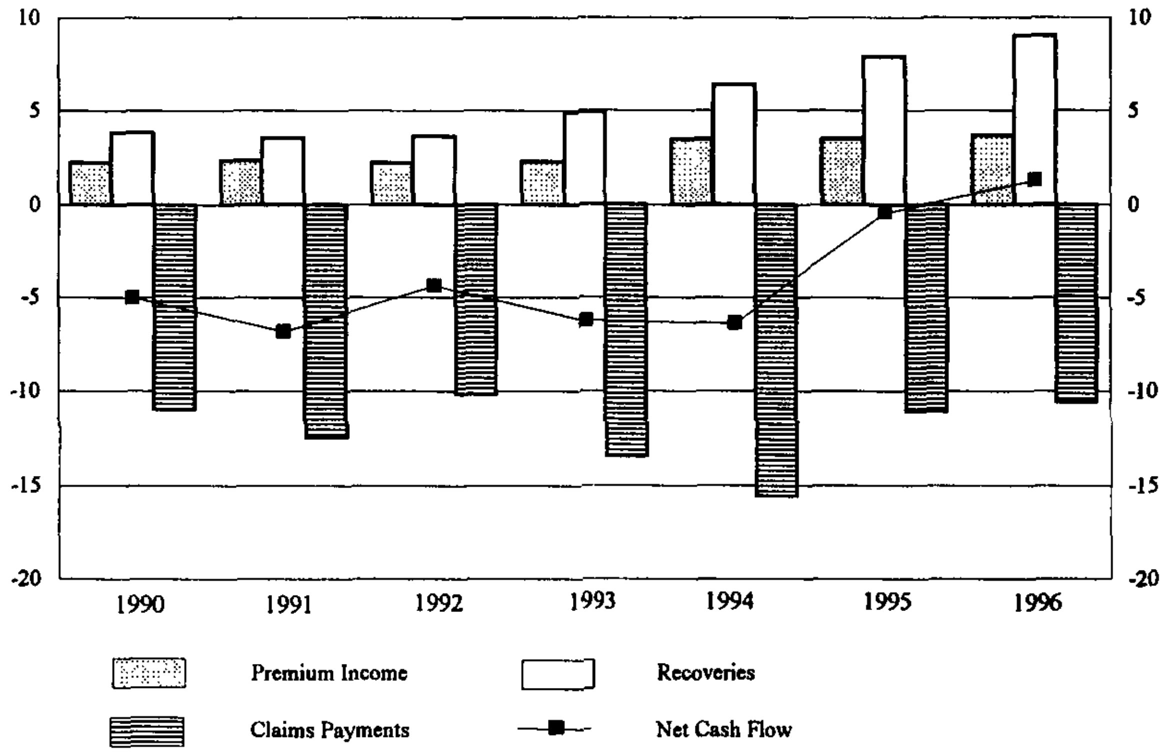
Chart 9. Main Recipients of Export Credits Among Developing Countries and Countries in Transition, 1996

(Percent share of export credits in total external debt)



Source: Berne Union, World Bank Debtor Reporting System, and IMF staff estimates.

Chart 10. Export Credit Agencies: Premium Income, Recoveries, Claims and Net Cash Flow, 1990-96
(In billions of U.S. dollars)



Source: Berne Union.

This improvement in the agencies' financial position reflected in part debtors' better ability to service export credits owing much to the high level of world economic activity, as well as three developments in export credit markets in recent years. First, a number of major debtor countries (particularly Russia), have experienced an improvement in their payments' position and several countries have exited from the Paris Club rescheduling process. Second, recoveries on rescheduled debts have become a significant source of income, particularly for large agencies. Third, many agencies have adjusted their premium schedules to reflect better the risk of transactions covered in recent years. Most export credit agencies expect these trends to continue in 1997.

C. New Commitments and Cover Policy for Selected Countries

The strong flow of new commitments to Asia—including tied-aid credits—continued in 1996, although at a somewhat slower pace than the record amounts reported in 1994–95. These sizeable flows of new credits over the last few years have caused total export credit exposure to Asia to double since 1992. The slowdown in 1996 reflected some slowing down of project financing, which tends to be lumpy, and in part concerns regarding the sustainability of current account deficits of some of the recipient countries as well as possible signs of overheating. However, given the rapid output growth of countries in the region, the large projected need for infrastructure projects and the corresponding robust demand for capital imports, new commitment flows to this region are expected to remain significant.

All agencies remained open for business, generally without restrictions, in *China* and *Indonesia*, the largest recipients of new commitments. New commitments to China and Indonesia slowed to $15 billion and $10 billion, respectively, in 1996, down 25 percent from their record 1995 levels. Given substantial inflows of new credits, agencies' exposure to China has more than doubled since 1992, reaching $45 billion in 1996. Similarly, agencies' exposure to Indonesia has grown by some 25 percent since 1992. Also, not withstanding specific concerns regarding the external current account deficits of the *Philippines* (4.3 percent of GNP in 1996) and *Thailand* (7.9 percent of GDP in 1996), most export credit agencies continued to hold a positive long-term assessment of these countries and provided over $12 billion in new commitments in 1996, as all agencies were open for all business without restrictions.

New commitments to *Russia* rose from $2.5 billion in 1995 to $3 billion in 1996. Most agencies were generally open for short-term business in Russia, but with restrictions on some transactions. Some agencies remained off cover for medium- and long-term transactions and others were open only with a sovereign guarantee and with limits on new business. No agency was prepared to accept regional government guarantees. Many agencies welcomed the joint work by the EBRD and the World Bank on deepening the financial sector, under which 30 Russian commercial banks have been accredited. Partly as a result, some agencies were accepting or considering to accept guarantees by a small number of commercial banks, largely for short-term business.

Cover policies for the Baltics and the other countries of the former Soviet Union have continued to remain restrictive. Most agencies were on cover for the *Baltic countries*, but required a government guarantee. The volume of new commitments to these countries was some $200 million in 1996. For the resource-rich Asian states of *Kazakhstan*, *Turkmenistan*, and *Uzbekistan*, most agencies were open for business only with a sovereign guarantee. New commitments to individual countries were in the range of $300–500 million in 1996.

Despite concerns that the political and economic situation in *Turkey* has remained vulnerable, new commitments rose to almost $5 billion in 1996. Given that Turkey has been a major market for many agencies and has an excellent payment record, agencies were generally open for cover on all business with very few restrictions. Nevertheless, agencies were watching political developments very carefully and some had either tightened their cover policies recently, or downgraded Turkey in their risk assessments, and/or raised their fees. Similarly, in spite of a difficult political and fragile economic environment, most agencies were open for cover with some restrictions in *Pakistan* due to its good payments record. New commitments in Pakistan have stayed around $2–3 billion a year since 1994. Also, most agencies were open for all business in *India* with few restrictions (new commitments in 1996 of $3.6 billion), but required central government guarantees. New commitments in *Iran* totaled approximately $3 billion in 1996; however, a German court ruling on state-supported terrorism in the spring of 1997 has practically frozen new business.

Most agencies were off cover on medium- and long-term business with the *Venezuelan* public sector, except for a couple of large state-owned mining/oil companies. While many agencies reported some payments on arrears in 1996, significant arrears remained. Most agencies were generally more positive towards operations with the private sector. New commitments to Venezuela have remained around $600–650 million in the last two years, after a peak of $2 billion in 1993.

D. Market Developments and Institutional Changes

The market for export credits has developed in recent years within the framework provided by the Arrangement on Guidelines for Officially Supported Export Credits (the OECD "Consensus").[16] The agreement also set in motion new work on areas not covered by

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[16]The last comprehensive change to the Consensus took place in August 1994, when participants agreed to a package of measures—the "Schaerer Package"—designed to tighten and simplify the implementation of the earlier agreement. A detailed description of the operation of the OECD Consensus is contained in "Officially Supported Export Credits—Recent Developments and Prospects", World Economic and Financial Surveys, March 1995, Annex III. The package agreed in 1994 contained a number of measures, including restrictions on "grandfathering" of credits already in the pipeline when changes are made, the abolition of the subsidized SDR interest rate on export credits, and a tightening of

(continued...)

the Consensus, including export credits for agricultural products, the setting of pricing mechanisms and premium fees for export credits as well as the stricter application of existing OECD rules on tied-aid credits. Throughout 1996, a group of experts, chaired by Belgium, has worked toward establishing a consensus on maximum export subsidy levels. A particular sticking point has been the different methods used by export credit agencies in the setting of premium rates for export credit guarantees. Some agencies prefer to set premium rates according to market conditions and associated levels of risk, while other agencies have not traditionally differentiated between markets in the setting of premium rates. A factor that limits the effectiveness of the OECD Consensus is the rapidly growing competition from countries outside of the OECD, especially emerging markets in Asia.

An on-going development in the market for export credits has been the growth in agencies' business devoted to investment insurance. Agencies have reported that the demand for investment insurance has surged in recent years in the context of growing external finance for developing countries from private sources, including foreign direct investment, and the transfer of a number of public enterprises to the private sector through privatization programs in these countries.[17] Berne Union members reported an increase demand for investment insurance cover to over $15 billion in 1996 from $8 billion in 1995, while at the same time the value of investment insurance claims paid fell by almost 50 percent. In addition, members' investment insurance portfolios rose by 28 percent from 1995, to approximately $43.5 billion. Traditionally, export credit agencies have supplied insurance against political risks other than the usual transfer risks, including host government actions that might interfere with the performance of private sector projects.[18] The uncertainties in many developing countries about the future of the political, legal, and regulatory regimes governing foreign direct investment more generally, and project finance in particular, are often intractable from the point of view of prospective foreign investors. The investment insurance offered by official bilateral and multilateral agencies has helped developing countries catalyze more private finance for projects in recent years.

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[16](...continued)
March 1995, Annex III. The package agreed in 1994 contained a number of measures, including restrictions on "grandfathering" of credits already in the pipeline when changes are made, the abolition of the subsidized SDR interest rate on export credits, and a tightening of the definition of concessionality in the calculation of tied-aid credits.

[17]Investment Insurance cover is not subject to the Consensus.

[18]There are broadly three categories of investment insurance risk which usually covered by bilateral and multilateral agencies: currency (in)convertibility and transfer, nationalization and expropriation (without compensation), and war and civil disturbance.

A new development in recent years has been the growing participation of private insurers in the export credit insurance market, as well as the privatization of some ECA businesses.

IV. Financing from Multilateral Institutions[19]

A. Recent Trends in Multilateral Lending

Total multilateral lending to all developing countries[20] fell in 1996 (gross $42 billion; and net $15 billion) after the record high level in 1995 (gross $60 billion; and net $28 billion) that reflected exceptionally large IMF lending in support of Mexico and Russia (Table 4).[21] Following a steady growth over the last decade, multilateral lending to all developing countries has reached in gross terms nearly double the size of official bilateral lending. For low-income countries, and HIPCs in particular, multilateral lending has become the largest source of public borrowing in net terms, while middle-income countries have been increasingly relying on borrowing from private sources.[22] Concurrently, middle-income countries continued to receive the bulk (65 percent) of multilateral lending amounting to $27 billion (gross) in 1996. Reflecting the higher share of concessional lending, which is generally of longer maturity and therefore involves smaller repayments, however, low-income countries received about half of net disbursements from multilateral institutions.

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[19]In line with the definition used in the World Bank Debtor Reporting System (DRS), multilateral lending in this chapter refers to lending by international organizations, including the World Bank, regional development banks, and other multilateral and intergovernmental agencies (also see Box 3). Lending by the IMF is also included. Lending by funds administered by an international organization on behalf of a single donor government is excluded. The statistical information used in this section is derived mostly from the DRS supplemented by IMF staff estimates. The data for 1996 are provisional estimates.

[20]A group of 136 countries reporting to the DRS. There have been two changes in the composition of this group: the Republic of Korea has been reclassified as a high-income country and thus excluded from the group, and Bosnia and Herzegovina was included in the group for the first time. The data is not consistent with that derived from OECD (DAC) sources used in Chapter II.

[21]Mexico drew SDR 8.8 billion (equivalent to $13.3 billion). In addition, there was a number of large IMF loans in 1995 including to Russia (SDR 3.6 billion), Zambia (SDR 1.8 billion), Argentina (SDR 1.6 billion), and Ukraine (SDR 0.8 billion), resulting in total IMF lending of SDR 18.4 billion in 1995 compared to SDR 6.0 billion in 1996.

[22]Middle-income countries have also received an increasing share of disbursements of private non-guaranteed debt in recent years.

Table 4. Developing Countries: Gross and Net Disbursements on Public External Debt by Analytical Group and Creditor, 1985-96 1/

(In billions of U.S. dollars)

	Gross disbursements					Net disbursements				
	Annual average				Prov.	Annual average				Prov.
	1985-89	1990-94	1994	1995	1996	1985-89	1990-94	1994	1995	1996
All developing countries 2/	95.4	115.1	114.2	157.0	158.7	35.4	38.2	30.3	61.3	49.7
Multilateral	25.1	36.7	37.4	59.9	41.8	9.8	15.0	11.9	27.8	15.3
Official bilateral	18.2	22.3	20.6	32.8	21.3	8.9	9.6	3.1	12.9	-5.0
Private	52.0	56.2	56.1	64.2	95.6	16.7	13.6	15.2	20.6	39.4
Middle-income countries 3/	66.1	78.9	77.0	114.8	118.9	17.3	18.3	13.2	46.6	38.4
Multilateral	15.9	22.8	22.5	44.1	27.1	4.7	6.2	3.2	21.4	8.0
Official bilateral	11.3	15.2	14.2	23.1	15.1	4.4	5.9	0.9	8.8	-5.8
Private	39.0	41.0	40.3	47.6	76.6	8.2	6.1	9.0	16.5	36.2
Low-income countries 4/	29.3	36.2	37.2	42.3	39.8	18.1	19.9	17.1	14.7	11.3
Multilateral	9.3	13.8	14.9	15.8	14.7	5.2	8.8	8.7	6.4	7.3
Official bilateral	6.9	7.1	6.4	9.8	6.2	4.5	3.7	2.2	4.2	0.8
Private	13.1	15.2	15.8	16.7	18.9	8.5	7.5	6.2	4.1	3.2
Heavily indebted poor countries 5/	11.2	9.4	8.6	10.3	9.0	6.3	4.6	3.9	3.0	1.9
Multilateral	4.5	5.6	6.5	7.9	6.2	2.5	3.2	3.9	3.3	3.1
Official bilateral	3.8	2.4	1.5	1.6	1.7	2.9	1.4	0.5	0.3	-0.1
Private	2.9	1.4	0.6	0.8	1.1	1.0	0.0	-0.5	-0.5	-1.1
Memorandum items:										
Private non-guaranteed debt 6/										
All developing countries 2/	7.4	31.7	47.2	58.8	67.0	-1.6	15.9	22.3	31.1	37.6
Middle-income countries 3/	6.4	30.3	45.5	55.9	60.4	-1.6	15.4	21.6	29.0	32.3
Low-income countries 4/	1.0	1.4	1.7	2.9	6.6	0.0	0.5	0.7	2.1	5.3
Heavily indebted poor countries 5/	0.6	0.4	0.4	0.2	0.8	0.0	0.0	-0.1	0.1	0.3

Sources: World Bank Debtor Reporting System (DRS); and IMF International Financial Statistics (IFS).

1/ Disbursements on medium- and long-term public and publicly guaranteed debt; including to the IMF. Differences in coverage and definitions make the World Bank data presented in this table incompatible with OECD data.

2/ A group of 136 countries reporting to the DRS.

3/ A group of 75 DRS reporting countries for which 1995 GNP per capita was between $766 and $9,386 as calculated by the World Bank.

4/ A group of 61 DRS reporting countries for which 1995 GNP per capita was no more than $765 as calculated by the World Bank.

5/ A group of 41 Heavily Indebted Poor Countries; for countries covered, see Appendix II, Table 20.

6/ Only 31 DRS reporting countries report their private non-guaranteed debt to the DRS; estimates are made by the World Bank for 29 other DRS reporting countries for which this type of debt is known to be significant.

Box 3. Coverage of Multilateral Institutions

In addition to the IMF, which is a monetary rather than a development institution, the major multilateral lenders in size of lending are the World Bank, comprising both the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA)[1]; the three regional development banks[2]: the African Development Bank (AfDB), the Asian Development Bank (AsDB), and the Inter-American Development Bank (IDB); and a group of European multilateral institutions primarily associated with the European Union[3], such as the European Investment Bank (EIB). The European Bank for Reconstruction and Development (EBRD)[4] and the International Fund for Agricultural Development (IFAD) are also the multilateral institutions with wider membership, but with a relatively small size of lending. Other multilateral lenders include institutions based in Arab countries (e.g., Arab Fund for Economic and Social Development, the OPEC Fund for International Development, and the Islamic Development Bank) and a large number of sub-regional organizations (e.g., Central American Bank for Economic Integration (CABEI), and Corporacion Andina de Fomento (CAF)).

The EIB has unique features as the development financing institution of the European Union. It provides long-term finance for capital projects both within and outside the European Union. Outside the Union, its financing operations involve countries with which the Union has concluded cooperation agreements, and are conducted either from its own resources or, under mandate, from Union or member states' budgetary resources. For the Central and Eastern European countries, support has been provided within the G-24 framework. Lending operations from Union or member states' budgetary resources are more of bilateral nature, but are not shown separately in the DRS.

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[1]The World Bank, together with the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Center for the Settlement of Investment Disputes (ICSID), forms the World Bank Group. These institutions are separate legal entities established by the respective international agreements. The IFC and MIGA play an important role in supporting the private sector in developing countries by complementing the support provided by the IBRD and IDA, while the ICSID provides a forum to resolve cross-border investment disputes rather than financial resources.

[2]The three regional development banks have affiliated institutions and/or special funds established for specific purposes. For example, the AsDB has the Asian Development Fund (ADF) that provides loans on concessional terms; and the IDB has the Inter-American Investment Corporation (IIC) as an autonomous affiliate and the Multilateral Investment Fund (MIF), both of which were established to support directly private sector development. The African Development Fund (AfDF) is a legal entity separate from the African Development Bank that provides loans on concessional terms.

[3]The World Bank Debtor Reporting System distinguishes between the Council of Europe, European Community (EC), European Development Fund (EDF), and the European Investment Bank (EIB).

[4]While all EU members, the EIB and the European Community are shareholders of the EBRD, the membership also includes a number of other countries.

Gross disbursements to all developing countries from multilateral institutions other than the IMF continued to increase modestly to reach $33 billion in 1996 while net disbursements recovered to $15 billion from the lower level in 1994–95 that reflected large repayments by middle-income countries (Table 5). At the same time, IMF flows turned from substantial net repayment in the second half of the 1980s to positive net flows in the 1990s; after a surge in 1995, gross (net) disbursements amounted to $8.7 (0.7) billion in 1996. Thus total net multilateral lending to all developing countries has stepped up, although with year-to-year fluctuations, from an annual average of $10 billion in 1985–89 to $15 billion in the 1990s and a peak of $28 billion in 1995 (Chart 11). For HIPCs, multilateral net disbursements fluctuated at around $3–4 billion over the last decade, in contrast to a sharp decline in net lending from official bilateral and private sources since 1993. Most HIPCs continued to receive positive net disbursements from multilateral institutions in 1996 (Table 20, Appendix II), except for countries not undertaking adjustment policies (Democratic Republic of Congo, Liberia, and Myanmar) or with an interrupted adjustment program (Honduras).

Multilateral lending on concessional terms to developing countries increased steadily over the last decade notwithstanding somewhat lower flows in 1996 (gross $12 billion; and net $9 billion, Table 5). Concessional lending reached close to 60 percent of net disbursements in 1996. For HIPCs, the concessional share in gross multilateral disbursements has risen steadily from below 60 percent in 1985–89 to over 80 percent in 1996. For low-income countries, and HIPCs in particular, concessional resources have been used to repay nonconcessional debt to multilateral institutions in the 1990s—as reflected in net concessional lending of over 100 percent of net disbursements in 1995 and 1996.

Recent changes in the regional allocation of multilateral disbursements reflected the exceptional lending pattern in 1995 (Table 6 and Table 21, Appendix II). A major development over the last decade was the reversal of flows to Europe and Central Asia—from net outflows in the second half of the 1980s to inflows reaching over 40 percent of net multilateral lending in 1996—reflecting the assistance provided to reforming transition economies. At the same time, the share of lending to countries in the Western Hemisphere (except for 1995) and South Asia dropped sharply from half of total flows in 1985–89 to 12 percent in 1996 as Latin American countries increasingly used private funding sources, and India started to make substantial net payments to the IMF after 1993.

B. Multilateral Debt Service

Notwithstanding the buildup of multilateral debt, the multilateral debt-service ratio for all developing countries has gradually declined by a cumulative 2½ percentage points since the mid-1980s to reach 3 percent of exports of goods and services in 1996 (Chart 12 and Table 7). This trend reflects the increased share of concessional lending. For HIPCs, the

Table 5. Developing Countries: Gross and Net Disbursements from Multilateral Institutions by Analytical Group and Concessionality, 1985-96 1/

	Gross disbursements					Net disbursements				
	Annual average				Prov.	Annual average				Prov.
	1985-89	1990-94	1994	1995	1996	1985-89	1990-94	1994	1995	1996
	(In billions of U.S. dollars)									
All developing countries 2/	25,110	36,656	37,374	59,938	41,771	9,823	15,008	11,929	27,791	15,273
IMF	4,613	7,902	8,401	27,914	8,681	-2,767	1,343	1,573	16,781	743
Other	20,497	28,755	28,973	32,024	33,090	12,590	13,665	10,355	11,010	14,530
Concessional	6,220	9,503	11,454	12,198	11,559	4,803	7,693	9,294	9,467	8,629
Of which: IMF 3/	480	841	1,303	2,171	1,029	-81	647	984	1,604	325
Nonconcessional	18,889	27,153	25,920	47,740	30,212	5,020	7,315	2,635	18,325	6,644
Middle-income countries 4/	15,857	22,829	22,467	44,128	27,112	4,668	6,231	3,209	21,371	7,974
IMF	3,356	5,789	6,668	24,227	7,295	-1,398	916	1,638	17,600	1,785
Other	12,501	17,040	15,800	19,901	19,817	6,067	5,315	1,572	3,771	6,189
Concessional	1,035	1,753	1,998	2,496	1,921	486	953	1,153	1,470	959
Of which: IMF 3/	25	37	49	26	49	-113	24	32	-4	13
Nonconcessional	14,821	21,077	20,470	41,631	25,191	4,183	5,277	2,056	19,901	7,015
Low-income countries 5/	9,253	13,827	14,906	15,811	14,659	5,155	8,777	8,719	6,420	7,299
IMF	1,257	2,113	1,733	3,688	1,386	-1,368	427	-64	-819	-1,042
Other	7,996	11,714	13,173	12,123	13,273	6,523	8,351	8,784	7,240	8,341
Concessional	5,185	7,751	9,456	9,702	9,638	4,317	6,739	8,140	7,997	7,670
Of which: IMF 3/	456	804	1,254	2,146	980	31	623	952	1,609	312
Nonconcessional	4,068	6,076	5,451	6,108	5,021	838	2,038	579	-1,576	-371
Heavily indebted poor countries 6/	4,511	5,628	6,522	7,875	6,207	2,487	3,204	3,866	3,255	3,135
IMF	805	651	1,012	3,025	974	-297	16	524	575	312
Other	3,706	4,978	5,510	4,849	5,233	2,784	3,189	3,342	2,680	2,823
Concessional	2,666	3,972	4,997	5,875	5,084	2,246	3,401	4,198	4,897	3,906
Of which: IMF 3/	305	489	786	2,010	824	139	397	572	1,651	367
Nonconcessional	1,845	1,656	1,525	1,999	1,124	241	-197	-332	-1,643	-771
	(In percent)									
Concessional share in disbursements										
All developing countries 2/	25	26	31	20	28	49	51	78	34	57
Middle-income countries 4/	7	8	9	6	7	10	15	36	7	12
Low-income countries 5/	56	56	63	61	66	84	77	93	125	105
Heavily indebted poor countries 6/	59	71	77	75	82	90	106	109	150	125

Sources: World Bank Debtor Reporting System (DRS); and IMF International Financial Statistics (IFS).

1/ Disbursements on medium- and long-term public and publicly guaranteed debt; including to the IMF.

2/ A group of 136 countries reporting to the DRS.

3/ SAF, ESAF, and Trust Fund.

4/ A group of 75 DRS reporting countries for which 1995 GNP per capita was between $766 and $9,386 as calculated by the World Bank.

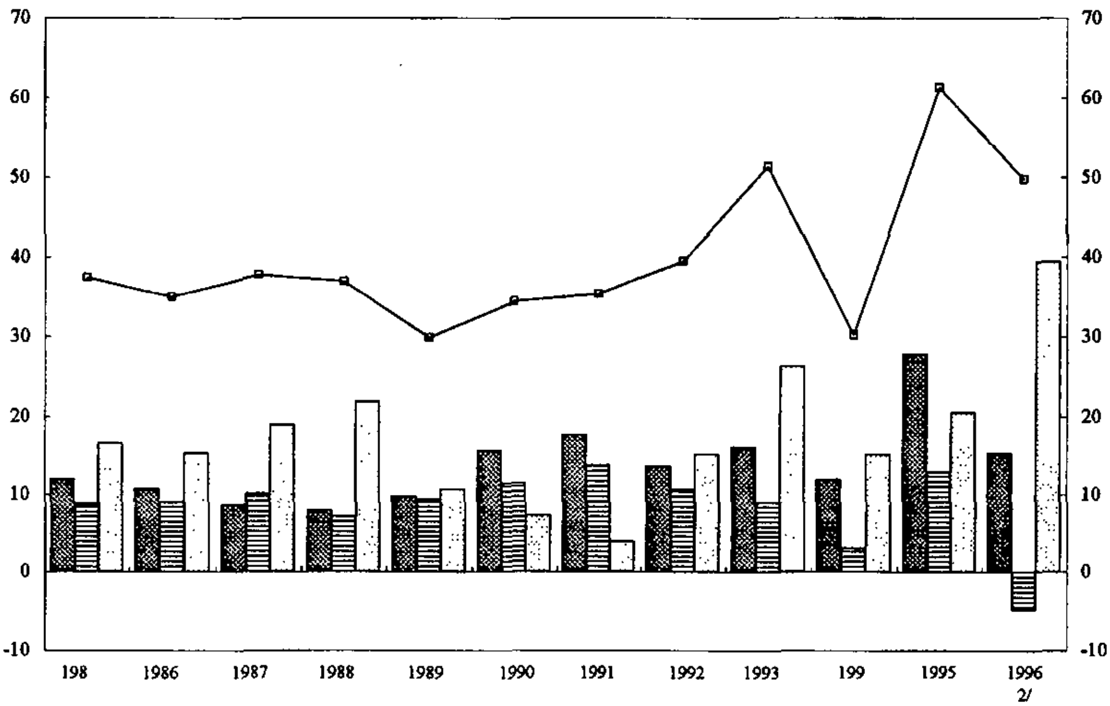
5/ A group of 61 DRS reporting countries for which 1995 GNP per capita was no more than $765 as calculated by the World Bank.

6/ A group of 41 Heavily Indebted Poor Countries; for countries covered, see Appendix II, Table 20.

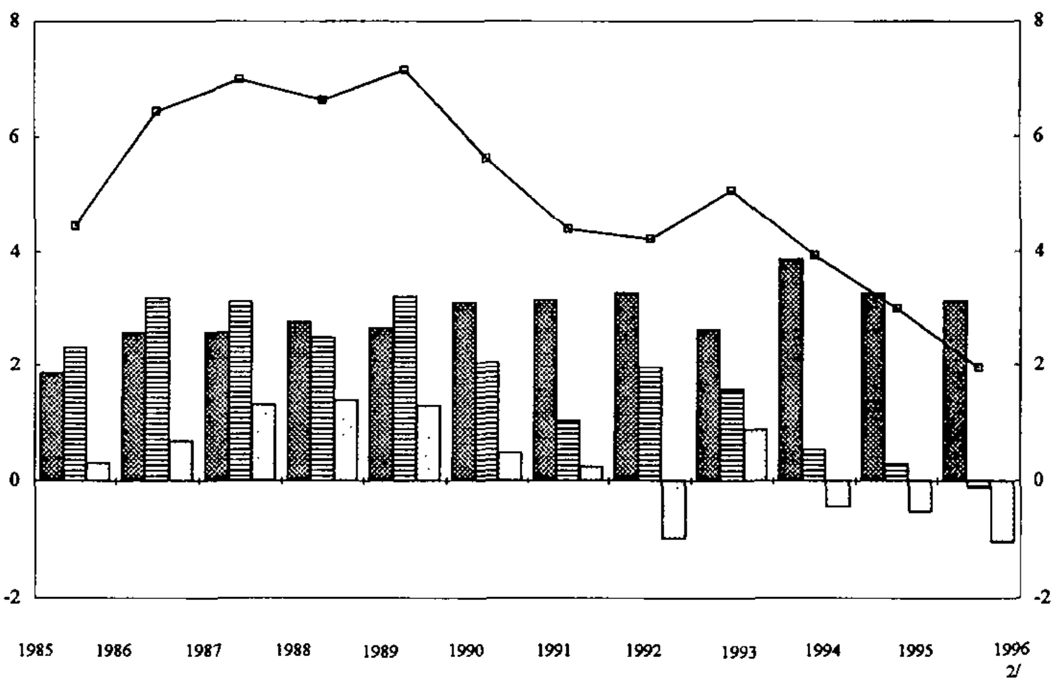
Chart 11. Developing Countries: Net Disbursements on Public External Debt by Creditor, 1985-96 1/

(In billions of U.S. dollars)

a. All developing countries



b. Heavily indebted poor countries



Multilateral creditors

Official bilateral creditors

Private creditors

Net disbursements from all creditors

Sources: World Bank Debtor Reporting System (DRS); and IMF International Financial Statistics.

[1] Net disbursements on medium- and long-term public and publicly guaranteed debt; including to the IMF

[2] The estimates for 1996 are provisional.

Table 6. Developing Countries: Gross and Net Disbursements from Multilateral Institutions by Region, 1985-96 1/

	Gross disbursements					Net disbursements				
	Annual average				Prov.	Annual average				Prov.
	1985-89	1990-94	1994	1995	1996	1985-89	1990-94	1994	1995	1996
	(In millions of U.S. dollars)									
All developing countries 2/	25,110	36,656	37,374	59,938	41,771	9,823	15,008	11,929	27,791	15,273
IMF	4,613	7,902	8,401	27,914	8,681	-2,767	1,343	1,573	16,781	743
Other	20,497	28,755	28,973	32,024	33,090	12,590	13,665	10,355	11,010	14,530
Sub-Saharan Africa	4,323	5,319	5,897	7,354	5,712	2,334	3,110	3,444	2,924	2,904
IMF	809	595	918	2,994	652	-335	-8	452	581	55
Other	3,514	4,724	4,979	4,360	5,060	2,669	3,118	2,993	2,343	2,849
North Africa and the Middle East	2,196	3,107	3,752	3,715	4,004	991	1,083	1,558	1,283	1,611
IMF	388	374	935	590	985	38	-49	529	200	648
Other	1,808	2,732	2,817	3,126	3,019	953	1,132	1,028	1,083	963
East Asia and the Pacific	4,103	5,525	6,219	6,325	6,287	2,118	2,241	2,267	2,840	2,631
IMF	588	270	275	203	195	-192	-367	-26	-188	-119
Other	3,515	5,255	5,944	6,123	6,092	2,310	2,608	2,293	3,028	2,750
South Asia	3,772	6,016	5,380	4,105	4,903	1,846	3,804	2,197	-117	1,180
IMF	342	1,348	520	202	156	-1,027	484	-794	-1,794	-1,584
Other	3,430	4,668	4,860	3,903	4,747	2,874	3,320	2,991	1,677	2,764
Western Hemisphere	8,535	10,489	7,852	25,714	10,714	3,086	1,042	-1,729	14,486	581
IMF	2,312	2,575	1,166	15,772	1,477	-134	-711	-1,276	12,878	-1,951
Other	6,223	7,914	6,686	9,942	9,237	3,220	1,753	-453	1,608	2,532
Europe and Central Asia	2,180	6,201	8,274	12,724	10,152	-551	3,728	4,191	6,375	6,367
IMF	174	2,739	4,586	8,154	5,217	-1,116	1,994	2,688	5,104	3,695
Other	2,006	3,462	3,688	4,570	4,935	564	1,735	1,503	1,271	2,672
	(In percent of total)									
Sub-Saharan Africa	17.2	14.5	15.8	12.3	13.7	23.8	20.7	28.9	10.5	19.0
North Africa and the Middle East	8.7	8.5	10.0	6.2	9.6	10.1	7.2	13.1	4.6	10.5
East Asia and the Pacific	16.3	15.1	16.6	10.6	15.1	21.6	14.9	19.0	10.2	17.2
South Asia	15.0	16.4	14.4	6.8	11.7	18.8	25.3	18.4	-0.4	7.7
Western Hemisphere	34.0	28.6	21.0	42.9	25.6	31.4	6.9	-14.5	52.1	3.8
Europe and Central Asia	8.7	16.9	22.1	21.2	24.3	-5.6	24.8	35.1	22.9	41.7

Sources: World Bank Debtor Reporting System (DRS); and IMF International Financial Statistics (IFS).

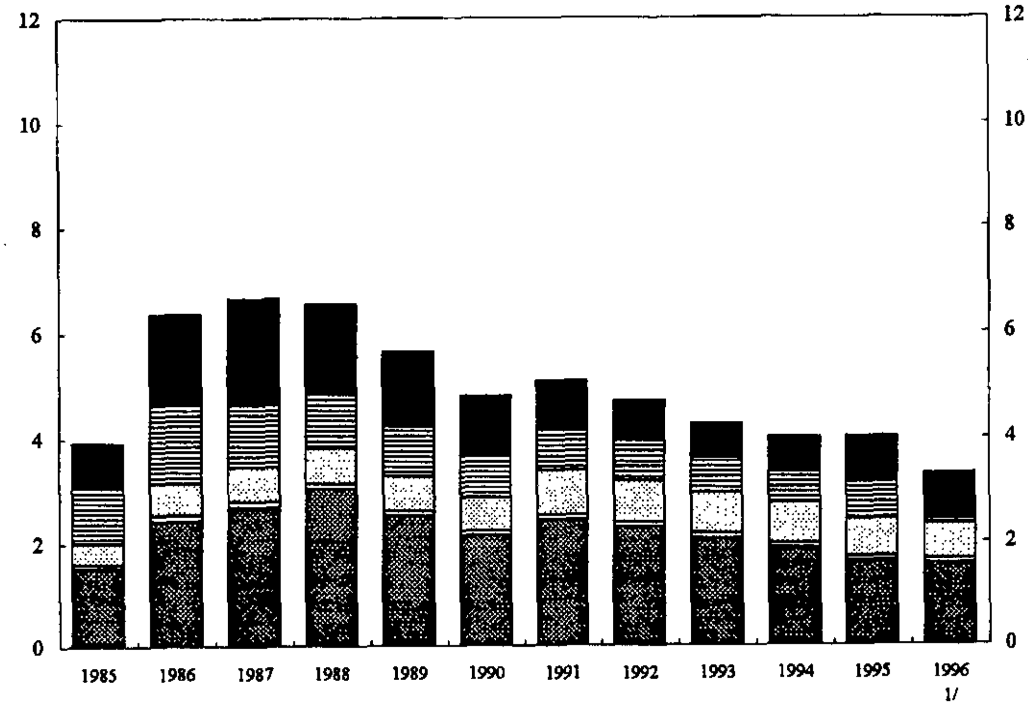
1/ Disbursements of medium- and long-term public and publicly guaranteed debt; including to the IMF.

2/ A group of 136 countries reporting to the DRS.

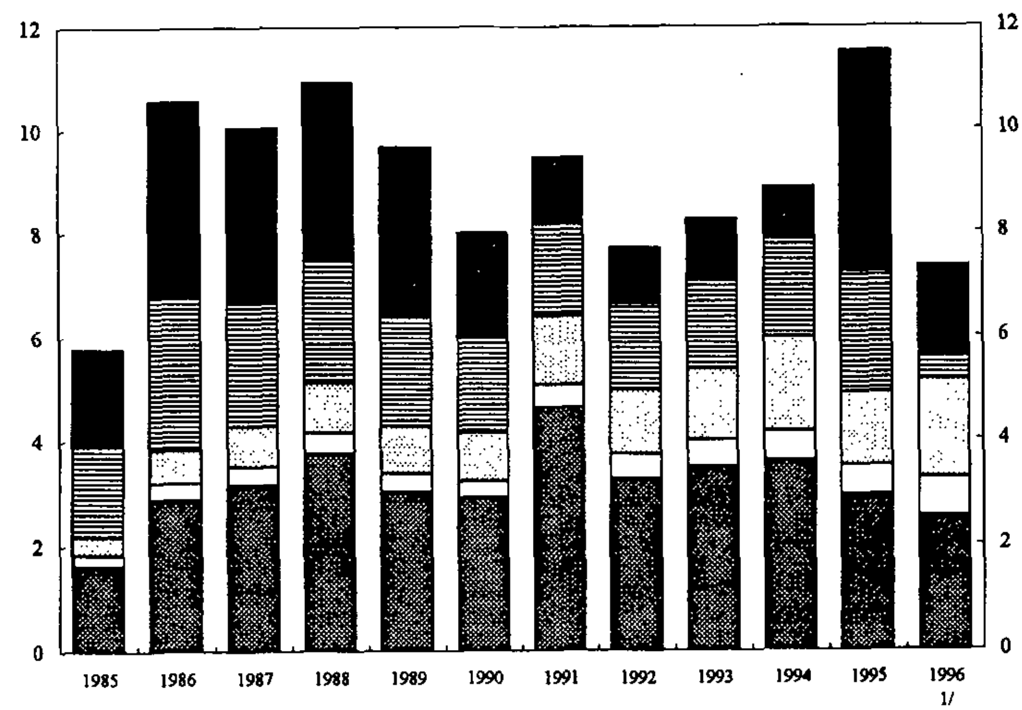
Chart 12: Developing Countries: Debt-Service Payments on Multilateral Debt, 1985-96

(In percent of exports of goods and services)

a. All developing countries



b. Heavily indebted poor countries



Sources: World Bank Debtor Reporting System (DRS); and IMF Treasurer's Department.

IBRD   IDA   Regional development banks

Other   IMF

[1] The estimates for 1996 are provisional.

Table 7. Developing Countries: Multilateral Debt Service, 1985-96 1/

	Annual average				Prov.
	1985-89	1990-94	1994	1995	1996
	(In millions of U.S. dollars)				
Multilateral debt service					
All developing countries 2/	25,624	36,171	40,655	48,641	43,668
Middle-income countries 3/	19,042	27,542	30,484	34,825	31,935
Low-income countries 4/	6,582	8,629	10,171	13,816	11,733
Heavily indebted poor countries 5/	3,251	4,032	4,284	6,464	4,714
	(In percent of exports of goods and services)				
Multilateral debt-service ratio					
All developing countries 2/	5.8	4.6	4.0	4.0	3.3
Middle-income countries 3/	5.7	4.5	3.9	3.8	3.2
Low-income countries 4/	6.1	4.7	4.3	4.9	3.7
Heavily indebted poor countries 5/	9.4	8.5	8.9	11.5	7.3
	(In percent of exports of goods and services)				
Memorandum items:					
Multilateral debt					
All developing countries 2/	42.5	34.5	31.2	28.9	27.3
Middle-income countries 3/	34.4	25.4	22.3	21.5	20.2
Low-income countries 4/	67.4	64.7	60.4	53.1	50.0
Heavily indebted poor countries 5/	103.7	115.1	129.9	120.1	109.3

Sources: World Bank Debtor Reporting System (DRS); IMF International Financial statistics; and IMF Treasurer's Department.

1/ Debt service on medium- and long-term public and publicly guaranteed debt; including to the IMF.
2/ A group of 136 countries reporting to the DRS.
3/ A group of 75 DRS reporting countries for which 1995 GNP per capita was between $766 and $9,386 as calculated by the World Bank.
4/ A group of 61 DRS reporting countries for which 1995 GNP per capita was no more than $765 as calculated by the World Bank.
5/ A group of 41 Heavily Indebted Poor Countries; for countries covered, see Appendix II, Table 20.

multilateral debt service ratio has declined to 7 percent in 1996 compared to 9-10 percent in 1986-91.[23]

Middle-income countries made net transfers to multilateral institutions over the last decade at around one percent of exports of goods and services (Table 8). In contrast, low-income countries continued to receive positive net transfers, albeit with a declining trend. For HIPCs, the level of net transfers in relation to exports fell slightly from 3½ percent in 1985–89 to 2½ percent in 1995–96.

C. Multilateral Debt

The share of multilateral debt in total debt of developing countries increased modestly by 3 percentage points during the first half of the 1990s to reach 26 percent at end-1996 (Chart 13 and Table 9). For HIPCs, the share reached 34 percent at end-1996, up from 26 percent at end-1990, reflecting in part continued support from multilaterals, bilateral debt forgiveness, particularly of ODA claims, increasing use by bilaterals of grant (rather than loan) finance, and a withdrawal by private creditors. In contrast, for middle-income countries, the share of multilateral debt remained broadly unchanged at around 20 percent during the first half of the 1990s. For all developing countries, the share of concessional debt in total multilateral debt has risen by 6 percentage points over the last decade to reach 36 percent at end-1996 (Table 10); for HIPCs, the share has risen from less than one half to over three quarters over the same period. IMF concessional debt constituted about 8½ percent of multilateral concessional debt of HIPCs (Table 22, Appendix II).

The creditor composition of multilateral debt has remained broadly unchanged over the recent past, although the exceptional lending in 1995 slightly increased the share of IMF and reduced that of the World Bank. The World Bank remained the largest multilateral creditor with its share in total multilateral debt of developing countries of over 50 percent; IDA's relative share has increased in recent years to over 20 percent (Table 11). The three main regional development banks together accounted for 23 percent of total multilateral debt in 1996—their share has risen by nearly 10 percentage points over the last decade. The IMF accounted for 16 percent of total multilateral debt, European institutions for 4 percent, and other multilateral institutions for the remainder.

For HIPCs, the share of the World Bank in total multilateral debt increased from 47 percent in 1985 to 55 percent in 1996 (Table 22, Appendix II). The share of IDA debt increased from 26 to 46 percent over the same period, and that of IBRD debt fell from 21 to 9 percent reflecting the continued move toward concessional lending to these countries. The share of concessional resources in overall World Bank group exposure to HIPCs rose from 55 percent in 1985 to 84 percent in 1996. The share of the three major regional development

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[23]Debt service was exceptionally high in 1995, reflecting the clearance of Zambia's arrears to the IMF.

Table 8. Developing Countries: Multilateral Net Transfers, 1985-96 1/

	Annual average 1985-89	Annual average 1990-94	1994	1995	Prov. 1996
	(In millions of U.S. dollars)				
All developing countries 2/	-514	485	-3,281	11,298	-1,897
IMF	-5,374	-969	-197	14,092	-1,728
Other	4,860	1,455	-3,084	-2,794	-169
Middle-income countries 3/	-3,185	-4,712	-8,016	9,303	-4,823
IMF	-3,205	-883	288	15,691	-333
Other	19	-3,830	-8,304	-6,388	-4,490
Low-income countries 4/	2,671	5,198	4,735	1,995	2,926
IMF	-2,169	-87	-484	-1,599	-1,395
Other	4,840	5,284	5,220	3,594	4,321
Heavily indebted poor countries 5/	1,260	1,597	2,239	1,411	1,493
IMF	-630	-182	389	64	193
Other	1,890	1,778	1,849	1,346	1,300
	(In percent of exports of goods and services)				
Memorandum items:					
All developing countries 2/	-0.1	0.1	-0.3	0.9	-0.1
Middle-income countries 3/	-0.9	-0.7	-1.0	1.0	-0.5
Low-income countries 4/	2.5	2.9	2.0	0.7	0.9
Heavily indebted poor countries 5/	3.6	3.3	4.6	2.5	2.3

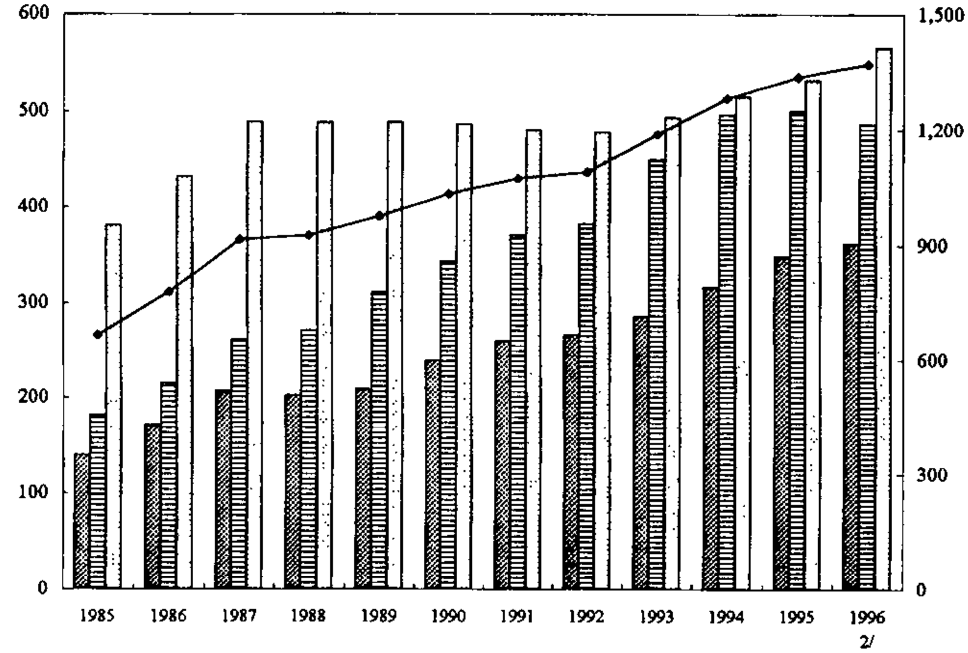
Sources: World Bank Debtor Reporting System (DRS); IMF International Financial Statistics (IFS); and IMF Treasurer's Department.

1/ Gross disbursements less debt service (principal and interest) on medium- and long-term public and publicly guaranteed debt; including to the IMF.
2/ A group of 136 countries reporting to the DRS.
3/ A group of 75 DRS reporting countries for which 1995 GNP per capita was between $766 and $9,386 as calculated by the World Bank.
4/ A group of 61 DRS reporting countries for which 1995 GNP per capita was no more than $765 as calculated by the World Bank.
5/ A group of 41 Heavily Indebted Poor Countries; for countries covered, see Appendix II, Table 20.

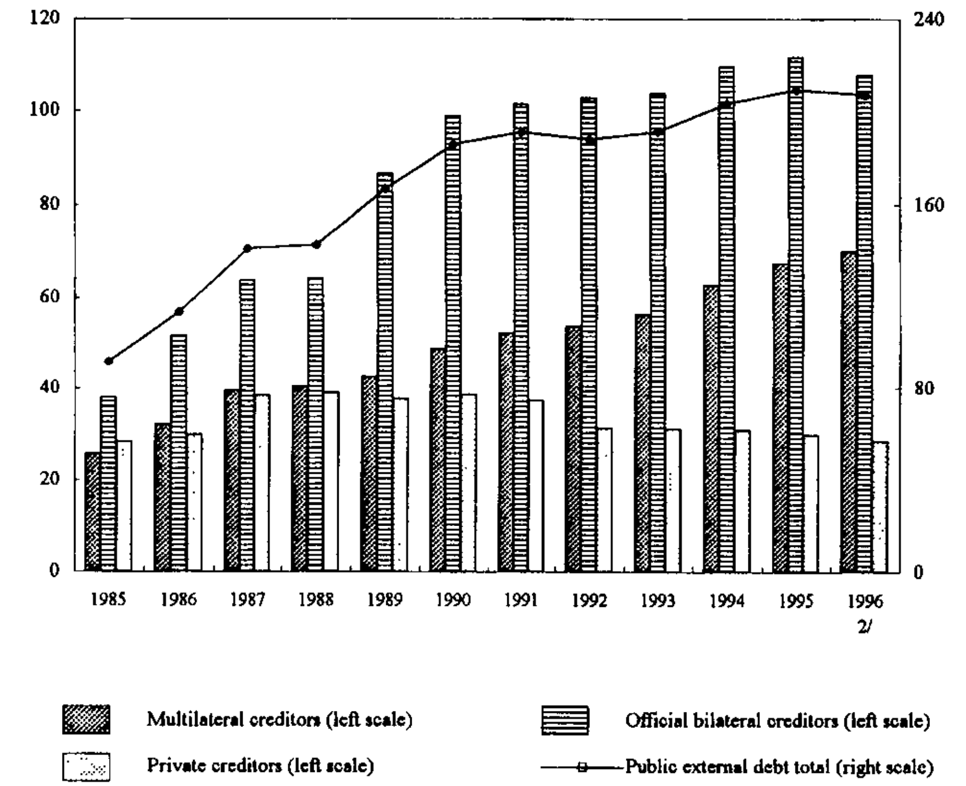
Chart 13. Developing Countries: Public External Debt by Creditor, 1985-96 [1]

(In billions of U.S. dollars)

a. All developing countries



b. Heavily indebted poor countries



Sources: World Bank Debtor Reporting System (DRS); and IMF International Financial Statistics.

[1] Medium- and long-term public and publicly guaranteed debt; including to the IMF.

[2] The estimates for 1996 are provisional

Table 9. Developing Countries: Medium- and Long-Term Public External Debt by Creditor, 1985-96 1/

	1985	1990	1994	1995	Prov. 1996
	(In billions of U.S. dollars)				
Public external debt					
All developing countries 2/	703	1,069	1,328	1,382	1,414
Middle-income countries 3/	543	723	894	935	965
Low-income countries 4/	160	346	434	447	449
Heavily indebted poor countries 5/	92	186	203	209	206
	(In percent of group total)				
All developing countries 2/					
Multilateral	19.9	22.4	23.8	25.3	25.6
IMF	5.4	3.2	3.3	4.4	4.2
Other	14.5	19.1	20.6	20.9	21.4
Official bilateral	25.9	32.1	37.4	36.2	34.4
Private	54.2	45.5	38.8	38.5	40.0
Middle-income countries 3/					
Multilateral	15.8	19.4	19.3	21.2	21.2
IMF	4.3	3.2	3.1	4.9	4.8
Other	11.4	16.2	16.2	16.3	16.5
Official bilateral	21.9	26.4	35.6	34.0	32.1
Private	62.3	54.2	45.1	44.7	46.7
Low-income countries 4/					
Multilateral	34.1	28.6	33.1	33.7	35.0
IMF	9.1	3.4	3.5	3.2	3.0
Other	25.0	25.2	29.6	30.5	32.0
Official bilateral	39.3	44.0	41.1	40.8	39.3
Private	26.6	27.4	25.8	25.5	25.7
Heavily indebted poor countries 5/					
Multilateral	28.0	26.2	30.9	32.3	34.0
IMF	7.2	3.7	3.6	3.8	3.9
Other	20.8	22.6	27.3	28.4	30.1
Official bilateral	41.2	53.1	53.9	53.4	52.2
Private	30.8	20.7	15.2	14.3	13.8

Sources: World Bank Debtor Reporting System (DRS); and IMF International Financial Statistics (IFS).

1/ Medium- and long-term public and publicly guaranteed debt; including to the IMF.
2/ A group of 136 countries reporting to the DRS.
3/ A group of 75 DRS reporting countries for which 1995 GNP per capita was between $766 and $9,386 as calculated by the World Bank.
4/ A group of 61 DRS reporting countries for which 1995 GNP per capita was no more than $765 as calculated by the World Bank.
5/ A group of 41 Heavily Indebted Poor Countries; for countries covered, see Appendix II, Table 20.

Table 10. Developing Countries: Multilateral Debt on Concessional Terms, 1985-96 1/

	1985	1990	1994	1995	Prov. 1996
	(In millions of U.S. dollars)				
Total multilateral debt					
All developing countries 2/	140,197	238,856	316,364	348,986	362,165
Middle-income countries 3/	85,514	139,994	172,585	198,680	204,817
Low-income countries 4/	54,683	98,862	143,779	150,306	157,349
Heavily indebted poor countries 5/	25,770	48,714	62,736	67,434	70,197
Multilateral concessional debt					
All developing countries 2/	42,312	76,197	111,888	122,416	130,003
Middle-income countries 3/	11,031	13,963	18,551	20,543	20,950
Low-income countries 4/	31,281	62,234	93,337	101,872	109,053
Heavily indebted poor countries 5/	12,643	30,040	44,281	50,008	53,479
	(In percent of total multilateral debt)				
Multilateral concessional debt					
All developing countries 2/	30.2	31.9	35.4	35.1	35.9
Middle-income countries 3/	12.9	10.0	10.7	10.3	10.2
Low-income countries 4/	57.2	63.0	64.9	67.8	69.3
Heavily indebted poor countries 5/	49.1	61.7	70.6	74.2	76.2
	(In millions of U.S. dollars)				
Memorandum items:					
SAF/ESAF/Trust Fund					
All developing countries 2/	2,691	3,659	6,787	8,483	8,529
Middle-income countries 3/	532	178	306	308	311
Low-income countries 4/	2,159	3,481	6,481	8,175	8,218
Heavily indebted poor countries 5/	866	2,474	4,129	5,822	5,996
	(In percent of multilateral concessional debt)				
SAF/ESAF/Trust Fund					
All developing countries 2/	6.4	4.8	6.1	6.9	6.6
Middle-income countries 3/	4.8	1.3	1.7	1.5	1.5
Low-income countries 4/	6.9	5.6	6.9	8.0	7.5
Heavily indebted poor countries 5/	6.8	8.2	9.3	11.6	11.2

Sources: World Bank Debtor Reporting System (DRS); and IMF International Financial Statistics (IFS).

1/ Medium- and long-term public and publicly guaranteed debt; including to the IMF.
2/ A group of 136 countries reporting to the DRS.
3/ A group of 75 DRS reporting countries for which 1995 GNP per capita was between $766 and $9,386 as calculated by the World Bank.
4/ A group of 61 DRS reporting countries for which 1995 GNP per capita was no more than $765 as calculated by the World Bank.
5/ A group of 41 Heavily Indebted Poor Countries; for countries covered, see Appendix II, Table 20.

Table 11. Developing Countries: Multilateral Debt by Institution, 1985-96 1/

	1985	1990	1994	1995	Prov. 1996
	(In billions of U.S. dollars)				
Total	140.2	238.9	316.4	349.0	362.2
World Bank	70.8	137.3	174.3	183.4	188.0
IBRD	46.6	92.3	107.9	111.9	109.6
IDA	24.2	45.0	66.4	71.5	78.3
Regional development banks 2/	19.2	45.0	71.0	76.6	83.2
AfDB/AfDF	2.1	8.2	15.5	16.9	17.8
AsDB	5.1	15.1	27.1	28.7	32.0
IDB	12.1	21.7	28.4	31.0	33.4
European institutions	3.5	8.9	13.9	14.1	13.4
EIB/EDF	2.4	6.1	10.6	10.9	10.5
Other 3/	1.1	2.8	3.3	3.3	2.9
IMF	38.2	34.7	43.3	60.2	59.5
Others	8.6	13.0	13.8	14.7	18.2
	(In percent of total)				
World Bank	50.5	57.5	55.1	52.6	51.9
IBRD	33.3	38.7	34.1	32.1	30.3
IDA	17.2	18.8	21.0	20.5	21.6
Regional development banks 2/	13.7	18.8	22.5	21.9	23.0
AfDB/AfDF	1.5	3.4	4.9	4.8	4.9
AsDB	3.6	6.3	8.6	8.2	8.8
IDB	8.6	9.1	9.0	8.9	9.2
European institutions	2.5	3.7	4.4	4.0	3.7
EIB/EDF	1.7	2.5	3.3	3.1	2.9
Other 3/	0.8	1.2	1.1	0.9	0.8
IMF	27.2	14.5	.13.7	17.2	16.4
Others	6.1	5.4	4.4	4.2	5.0

Sources: World Bank Debtor Reporting System (DRS); IMF International Financial Statistics (IFS); and IMF staff estimates.

1/ Medium- and long-term public and publicly guaranteed debt; including to the IMF.
2/ Including development funds and other associated concessional facilities.
3/ Council of Europe, and European Community (EC).

banks in total HIPC debt nearly doubled over the same period to 21 percent; however, the share of their debt on concessional terms declined slightly to 62 percent.

IDA continued to be the largest source for concessional multilateral lending, accounting for 58 percent of such debt as at the end of 1995 (Table 12). The three main regional development banks held 22 percent of concessional loans, and the IMF 7 percent; the remainder was shared by the European institutions and other multilateral institutions.

D. Lending Terms

Lending terms have changed little in recent years. The World Bank and the three main regional development banks charge variable interest rates on nonconcessional resources, based on the cost of funding plus a margin determined on the basis of a targeted net income. Concessional resources are generally provided through special windows to eligible countries, and fixed service charges are applied instead of interest. Maturity and grace periods vary, generally depending on the income level of the recipient country; nonconcessional loans are typically for 10–30 years, while concessional loans are for up to 40–50 years. In comparison, maturities of IMF concessional resources are shorter at 5½–10 years; nonconcessional EU loans have maturities of about 5 years and are often repayable in bullet payments at maturity.

Actual commitments in 1995 had an average maturity (grace period) of 28(8) years for concessional loans, and 15(4) years, respectively, for nonconcessional lending (Table 12). The grant element of concessional lending averaged 54 percent when compared with market interest rates, but differed considerably among major multilateral institutions. Based on the CIRR calculation method, the grant element of IDA credits is 75 percent and of ESAF resources 38 percent.

Multilateral lenders are directing their support increasingly toward private sector development in recognition of private sector activity as the main engine for growth (see Box 4). They use a number of financial instruments (see Box 5), in part to help mobilize private financial flows to developing countries.

Table 12. Composition and Average Terms of Multilateral Debt by Major Institutions, 1986-95 1/ 2/

	Debt outstanding				Average terms of new commitments in 1995				
	Amount		Share of total		Interest	Maturity	Grace	Grant element using discount rate of 3/	
	1986	1995	1986	1995				10%	CIRRs 4/
	(US$ million)		(In percent)		(In percent)	(In years)		(In percent)	
Concessional debt	49,046	122,416	100.0	100.0	2.42	27.5	7.9	56.7	54.2
IDA	27,962	71,549	57.0	58.4	0.75	37.8	10.2	79.8	74.5
AsDB	2,751	15,028	5.6	12.3	3.84	38.7	10.2	52.6	40.7
AfDF	1,332	6,517	2.7	5.3	0.75	50.0	16.2	85.2	84.3
IDB	3,631	5,014	7.4	4.1	1.81	39.5	10.3	71.0	70.7
European Investment Bank	708	2,479	1.4	2.0	4.21	21.6	6.4	37.7	39.0
Arab Fund for Economic and Social Development	850	2,394	1.7	2.0	4.36	24.9	6.4	40.7	40.0
International Fund for for Agricultural Development	992	2,201	2.0	1.8	1.57	35.4	8.6	69.0	70.0
European Development Fund	1,089	2,122	2.2	1.7	0.81	37.9	9.6	78.4	78.4
OPEC Fund	1,201	831	2.4	0.7	2.42	15.9	5.1	45.9	44.6
IBRD	1,716	784	3.5	0.6	5.96	19.8	5.4	26.2	14.9
Islamic Development Bank	392	782	0.8	0.6	1.70	22.8	5.9	58.7	58.2
Council of Europe	235	728	0.5	0.6	...	...	...	...	...
AfDB	83	571	0.2	0.5	2.56	14.7	4.0	30.3	23.1
Other	3,659	2,932	7.5	2.4	2.78	22.4	6.9	49.3	49.2
IMF (SAF/ESAF/Trust Fund)	2,445	8,483	5.0	6.9	0.50	5.5	10.0	51.8	37.9
Nonconcessional	120,078	227,106	100.0	100.0	7.72	14.5	3.8	12.8	0.5
IBRD	61,707	111,109	51.4	48.9	7.03	17.3	5.0	17.6	6.3
IDB	11,171	25,942	9.3	11.4	6.63	21.3	4.9	21.7	11.5
AsDB	3,082	13,707	2.6	6.0	6.90	21.4	4.4	19.4	3.1
AfDB	1,468	9,777	1.2	4.3	6.59	26.7	3.8	12.6	13.2
European Investment Bank	1,277	6,257	1.1	2.8	6.06	13.8	5.3	21.8	4.1
Council of Europe	986	2,206	0.8	1.0	...	...	...	...	...
Central American Bank for Economic Integration	352	1,072	0.3	0.5	7.76	8.9	2.0	8.2	1.2
EBRD	...	935	...	0.4	6.48	12.6	3.5	16.4	1.1
Corporacion Andina de Fomento	145	758	0.1	0.3	8.32	9.5	2.0	5.6	-1.2
Islamic Development Bank	238	608	0.2	0.3	7.06	6.9	2.0	7.3	3.6
Other	3,708	2,491	3.1	1.1	8.91	8.6	2.4	4.5	-8.8
IMF (General Resources Account)	35,944	52,245	29.9	23.0	4.86	5.8	3.4	20.0	8.0

Sources: World Bank Debtor Reporting System (DRS); OECD Press Releases; Annual Reports of the World Bank, AfDB/AfDF, AsDB, and IDB; and IMF staff estimates.

1/ Multilateral debt (including to the IMF) of a group of 136 countries reporting to the DRS.

2/ Major institution is defined as one with US$0.5 billion or more outstanding at end-1995.

3/ For the purpose of calculating the grant element, loans are assumed to be repaid in equal semiannual installments of principal and the grace period is defined as the interval to first repayment minus one payment period.

4/ Commercial Interest Reference Rates. For the World Bank and the main regional developments banks (AfDB/AfDF, and IDB), the CIRR-based discount rate is derived from the weighted average of average CIRRs in 1995 for the top five currencies in which the outstanding loans are repayable. For the other institutions, average CIRRs in 1995 for either U.S. dollar, ECU, or SDR are used. A margin reflecting longer repayment periods was added (0.75 percentage points for repayment period of less than 15 years, 1.0 percentage points for 15-20 years, 1.15 percentage points for 20-30 years, and 1.25 percentage points for over 30 years).

Box 4. Multilateral Institutions' Support for Private Sector Development

Multilateral institutions are increasingly focussing on the support for private sector development and privatization, recognizing the private sector as the main engine of growth. While direct involvement of multilateral institutions is limited due to resource constraints, their role is mainly catalytic through the mobilization of private financial flows to the private sector in developing countries.

World Bank assistance to the financial, power, telecommunication, oil and gas, and industry and mining sectors, where private sector enterprises are more active, totaled $5.6 billion in its fiscal year 1996 (ending June 1996). World Bank operations were in many cases designed to support structural changes to create an enabling environment for private investment and to leverage private capital flows. The **IFC** approved financing of $3.2 billion for more than 250 projects in FY 1996 compared to $2.9 billion in FY 1995, that was complemented by $4.9 billion in the form of loan syndications and the underwriting of securities issues and investment funds. Also, the World Bank has become active during the past decade through loans and guarantee operations to support the private provision of infrastructure.

The **IDB** opened a private sector lending window in 1994 that provides direct lending to private sector entities without government guarantees. Financing through the window was $198 million in 1996, together with $238 million provided by commercial banks under co-financing arrangements. The Inter-American Investment Corporation (**IIC**) has been providing direct support for the private sector since 1989. The Multilateral Investment Fund (**MIF**) was entrusted by its members to promote private sector investment and began operations in 1993. The **AsDB** also provides assistance in the form of loans without government guarantees ($156 million in 1996) and in equity investments ($107 million).

The **EBRD** has the specific aim of assisting the countries of Central and Eastern Europe and the former Soviet Union to develop into market-oriented economies. The primary targets of its financing are private companies or state-owed enterprises undergoing privatization and the creation of new companies. The EBRD is guided by the statutory requirements that its commitments to the public sector are not more than 40 percent of its total commitments on an overall and individual country basis.

Box 5. Nontraditional Financial Instruments Used by Multilateral Institutions

While loans to the public sector remain the principal tool in the operations of multilateral institutions, financial instruments other than such loans have been developed to meet the growing needs for private sector development and privatization and to leverage private capital flows, reflecting the recognition of the private sector as the main engine of growth. Various financial instruments used by the World Bank Group and the major regional development banks are:

Direct lending to the private sector. Some multilateral institutions have established an affiliated institution specialized in direct lending to the private sector without government guarantees, or a window for such operations. For example, the IFC provides loans directly to private sector entities essentially on commercial terms without government guarantees, and the AsDB and IDB opened windows for direct private sector lending (see Box 4).

Equity and quasi-equity participation. Some multilateral institutions undertake equity or quasi-equity investments in various forms, including subscriptions to ordinary shares or preferred shares, subordinated loans, debentures, and underwriting of a share issue. Since it is not their objective to take a controlling interest in, or direct responsibility for, managing enterprises, multilateral institutions are usually required to take only a minority position and have an exit strategy.

Guarantees. Guarantee operations are designed to enhance market access for projects and thus help the borrowing country to mobilize private sector resources by reducing private lenders' exposure to risks. Multilateral institutions often provide partial risk and partial credit guarantees.[1] Partial risk guarantees cover risks arising from nonperformance of sovereign contractual obligations; risks typically covered include foreign currency convertibility, nondelivery of inputs and/or nonpayment for output, nonperformance of public-backed contracts, changes in the regulatory environment or political force majeure; and government counter-guarantees are required in most cases. Partial credit guarantees cover all events of nonpayment of a designated part of the debt service. These guarantees encourage the transformation of shorter-term financing to longer maturities than typically provided by private lenders.

Cofinancing and syndication. Cofinancing and syndication play an important role in mobilizing financial resources from other institutions, both official and private. Potential sources include commercial banks, other international financial institutions, and export credit agencies. Under a syndicated loan, a multilateral institution remains the lender-of-record for the borrower and participating private lenders indirectly benefit from the multilateral institutions' umbrella of protection.

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[1]These guarantees are designed to catalyze financing from private lenders. For this reason, only "partial" guarantees are usually offered with risks shared by a guarantor and private lenders.

V. DEBT RESTRUCTURING BY OFFICIAL BILATERAL CREDITORS

A. Paris Club Reschedulings—August 1995 to July 1997

Overview

Since August 1995, Paris Club creditors concluded 23 rescheduling agreements, involving debt-service obligations and arrears amounting to $58 billion (Table 13).[24] [25] Among these, 5 agreements were concluded on middle-income (nonconcessional) terms, and 18 agreements were reached with low-income countries on Naples (concessional) terms.[26]

Among the 30 middle-income countries that rescheduled debt with Paris Club creditors during the last two decades, 23 countries have graduated and 3 countries (Jordan, Peru, and the Russian Federation) are expected to graduate from rescheduling at the end of their current consolidation periods (Table 14). This reflects the significant progress in macro-economic stabilization and structural reform which contributed to improved access by many middle-income countries to private foreign financing. During the period under review, the Paris Club concluded five rescheduling agreements on middle-income terms (Gabon, Ghana[27], Jordan, Peru, and the Russian Federation).

In contrast, less than one quarter of the 37 low-income rescheduling countries have graduated from the rescheduling process, reflecting in part the severity of their debt burdens, but also in many of them an uneven pace of macro-economic stabilization and structural reform. Of the 18 agreements on Naples terms with low-income countries over the last two years, 5 were stock-of-debt operations, all with a 67 percent reduction of eligible debt in net present value terms (NPV), and 13 were flow reschedulings—10 reschedulings involved a 67 percent NPV reduction of eligible debt and 3 reschedulings a 50 percent NPV reduction. All flow reschedulings contained goodwill clauses for future reschedulings, mostly for stock-of-debt operations. This indicates improved prospects for these countries, subject to a good track record in both macroeconomic policies and payments to creditors, to exit from the rescheduling process in due course. These prospects have been significantly enhanced by the

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[24]See *Official Financing for Developing Countries*, World Economic and Financial Surveys, IMF, 1995 for the detailed description of earlier developments. Appendix III of this paper contains a glossary of technical terms.

[25]Since 1976, the Paris Club has concluded 267 agreements with 67 rescheduling countries, involving the reorganization of some $333 billion (see Tables 23 and 27, Appendix II).

[26]In the context of the Paris Club, the terms "middle-income" and "low-income" refer to countries that have obtained non-concessional or concessional rescheduling terms.

[27]A low-income country based on the World Bank's GNP per capita classification. Ghana's authorities requested a limited nonconcessional deferral of certain long-standing arrears only.

Table 13. Paris Club Reschedulings of Official Bilateral Debt, 1995 - July 1997
(In Chronological Order)

Debtor Countries	Number of Reschedulings 1/	Date of Agreement Mo./Day/Yr	Amount Consolidated 2/ (In millions of U.S dollars)	Type of Debt Consolidated 2/ 3/ Non-previously rescheduled	Previously rescheduled	Consolidation Period (In months)	Terms 4/ Grace (In years)	Maturity
1995								
Guinea	IV	01/25/95	156	PIAL	Partial PIAL	12	Naples terms 5/	
Cambodia	I	01/26/95	249	PIAL	PIAL	30	Naples terms	
Chad	II	02/28/95	24	PIAL	PIAL	12	Naples terms	
Uganda	VI	02/20/95	110	--	Stock	--	Naples terms	
Togo	X	02/23/95	237	--	Partial PIAL	33	Naples terms	
Guinea-Bissau	III	02/23/95	195	PIAL	PIAL	36	Naples terms	
Croatia	I	03/21/95	861	AL	PAL	12	2	14
Nicaragua	II	03/22/95	783	PIAL	Partial PI	27	Naples terms 6/	
Bolivia	V	03/24/95	482	PIAL	Partial PIAL	36	Naples terms 6/	
Senegal	XI	04/20/95	169	PIAL	Partial PIAL	29	Naples terms	
Haiti	I	05/30/95	117	PIAL	--	13	Naples terms	
Russian Federation 7/	III	06/03/95	6,400	PI	Partial I	12	3	15
Mauritania	VI	06/28/95	66	PI	Partial PI	36	Naples terms	
FYR Macedonia	I	07/17/95	288	PIAL	PIAL	12	3	15
Algeria	II	07/21/95	7,320	PI	--	36 8/	3	15
Cameroon	IV	11/16/95	1,129	PIAL	PIAL	12	Naples terms 5/ 6/	
Gabon 10/	VII 9/	12/12/95	1,030	PIAL	Partial PIAL	36	2	15
Bolivia	VI	12/14/95	881	Stock	Stock	--	Naples terms	
1996								
Zambia 10/	VI	02/28/96	566	PIA	PIA	36	Naples terms	
Honduras	III	03/01/96	112	PIA	Partial P	13	Naples terms 5/	
Sierra Leone	VII	03/28/96	39	PI	PIAL	24	Naples terms	
Ghana (TOR)	I	04/07/96	93	Partial A	--	--	0	3
Russian Federation 7/	IV	04/29/96	40,200 11/	PI	P	39	4	23
Mali	IV	05/20/96	33	Stock	Stock	--	Naples terms	
Guyana	IV	05/23/96	793	Stock	Stock	--	Naples terms	
Chad (TOR) 10/	III	06/04/96	12	PIAL	PIAL	32	Naples terms	
Burkina Faso	III	06/20/96	64	Stock	Stock	--	Naples terms	
Congo 10/	IV	07/16/96	1,758	PIAL	PIAL	36	Naples terms 6/	
Peru	VI	07/20/96	6,724 11/	PI	PI	33	1	18
Yemen, Republic of	I	09/24/96	113	PIA	--	10	Naples terms 6/	
Benin	IV	10/25/96	209	Stock	Stock	--	Naples terms	
Mozambique	V	11/20/96	664	PIAL	PI	32	Naples terms	
Niger	IX	12/19/96	128	PIA	PIA	31	Naples terms	
1997								
Tanzania 10/	V	01/21/97	1,608	PIAL	PIAL	36	Naples terms	
Ethiopia	II	01/24/97	184	PIAL	--	34	Naples terms	
Guinea	V	02/26/97	123	PIAL	PIAL	36	Naples terms 5/	
Madagascar	VIII	03/26/97	1,247	PIAL	Partial PIAL	35	Naples terms	
Jordan	IV	05/23/97	400	PIAL	Partial PIAL	21	3	17.5

Sources: Agreed Minutes of debt reschedulings; Paris Club Secretariat and IMF staff estimates.

1/ Roman numerals indicate, for each country, the number of debt reschedulings in the period beginning 1976.

2/ Includes debt service formally rescheduled as well as deferred.

3/ Key: P - Principal; I - Interest; A - Arrears on principal and interest; L - Late interest. P, I, and A are on pre-cutoff date medium- and long-term debt.

4/ Terms for consolidated debt, calculated from the midpoint of the consolidation period plus 6 months; terms for deferred amounts, if any, tend to be shorter.

5/ Naples terms with a 50 percent NPV reduction.

6/ Some creditors chose the nonconcessional long-maturities option.

7/ Creditors met under the chairmanship of the Group of Participating Creditor Countries.

8/ Principal payments were consolidated over 36 months and interest due over 12 months.

9/ Gabon's 1991 rescheduling agreement (Gabon V) was declared null and void.

10/ Agreement featured an entry-into-force clause.

11/ Including a reprofiling of the stock of certain debts at the end of the consolidation period.

Table 14. Status of Paris Club Rescheduling Countries (as of July 31, 1997) 1/
(Dates refer to end of current or last consolidation period) 2/

Low-Income 3/		Lower Middle-Income 4/		Other Middle-Income		Total
		Countries that graduated from reschedulings 5/				
** Benin	10/96	Dominican Republic	3/93	Argentina	3/95	
** Cambodia	6/97	Ecuador	12/94	Bulgaria	4/95	
Gambia, The	9/87	Egypt	6/94	Brazil	8/93	
#** Guyana	5/96	El Salvador	9/91	Chile	12/88	
** Haiti	3/96	Ghana	4/96 6/7/	Costa Rica	6/93 6/	
Malawi	5/89	Guatemala	3/93	Croatia	12/95	
#** Mali	5/96	Jamaica	9/95 6/	FYR Macedonia	6/96	
* Vietnam	12/93 6/	Kenya	1/94 6/8/	Mexico	5/92	
		Morocco	12/92	Panama	3/92	
		Philippines	7/94 9/	Romania	12/83	
		Poland	4/91	Trinidad and Tobago	3/91	
				Turkey	6/83	
Total	8		11		12	31
		Countries with rescheduling agreements in effect				
+** Bolivia	12/95	Gabon	11/98	Algeria	5/98	
+** Burkina Faso	6/96	Jordan	2/99	Russian Federation	3/99 10/	
** Chad	8/98	Peru	12/98 10/			
** Congo	6/99					
** Ethiopia	10/99					
** Guinea	12/99 12/					
** Guinea-Bissau	12/97					
** Madagascar	11/99					
** Mauritania	12/97					
** Mozambique	6/99					
** Niger	6/99					
** Senegal	8/97					
** Sierra Leone	12/97					
** Tanzania	11/99 11/					
** Togo	9/97					
+** Uganda	2/95					
** Zambia	12/98					
Total	17		3		2	22
		Countries with previous rescheduling agreements, but without current rescheduling agreements, which have not graduated from reschedulings				
Angola	9/90	Nigeria	3/92	Yugoslavia 13/	6/89	
** Cameroon	9/96 12/					
* Central African Republic	3/95					
Congo, Democratic Republic of	6/90 14/					
+* Cote d'Ivoire	3/97					
* Equatorial Guinea	2/96					
** Honduras	1/97 12/					
Liberia	6/85					
** Nicaragua	6/97					
Somalia	12/88					
Sudan	12/84					
Yemen, Republic of	6/97					
Total	12		1		1	14
All countries	37		15		15	67

Source: Paris Club.

1/ Includes agreements of the Russia and Turkey with official bilateral creditors; stock treatment underlined.
2/ In the case of a stock-of-debt operation, canceled agreements, or arrears only rescheduling, date shown is that of relevant agreement.
3/ * denotes rescheduling on London terms, and **denotes rescheduling on Naples terms. + denotes countries for which Paris Club creditors have indicated their willingness to provide debt relief on Lyon terms in the context of the HIPC Initiative
4/ Defined here as countries that obtained lower middle-income but not concessional terms with Paris Club reschedulings.
5/ For some countries, this inevitably represents an element of judgment: in certain circumstances, for example if hit by an external shock, further reschedulings may be required. Some of the low-income countries may be eligible for enhanced action under the HIPC Initiative.
6/ Rescheduling of arrears only.
7/ Limited deferral of long-standing arrears to three creditors on nonconcessional terms.
8/ Nonconcessional rescheduling at the authorities' request.
9/ The 1994 rescheduling agreement was canceled at the authorities' request.
10/ Agreement includes a reprofiling of the stock of certain debts at the end of the consolidation period.
11/ Agreement subject to entry-into-force clause.
12/ Involved debt relief of 50 percent in NPV terms.
13/ Former Socialist Federal Republic of Yugoslavia.
14/ Last rescheduling on Toronto terms.
\# Subject to decisions (not yet made) on eligibility for assistance under HIPC Initiative.

adoption of the Initiative for the Heavily Indebted Poor Countries (HIPCs).[28] Under this Initiative, the international financial community is committed to providing exceptional financial assistance to eligible countries that implement ambitious adjustment and reform policies, to reduce their debt burdens to sustainable levels and improve their growth prospects. In the context of the HIPC Initiative, Paris Club creditors have agreed to increase the degree of debt relief on eligible debt up to 80 percent in NPV terms (see Table 15).

Paris Club creditors agreed that the amount of commercial debt that can be converted (swapped) on a voluntary basis be doubled for the low-income and lower middle-income countries in June 1996.[29] Also, creditors have made a more frequent use of entry-into-force clauses than in the past.[30]

Discussions between Russia and Paris Club creditors about Russia's participation in reschedulings as a creditor have advanced significantly and an understanding was reached in June 1997 on the basis for Russia's participation, which was finalized in September 1997. The agreement provides for up-front discounts on Russian claims on rescheduling countries, to make them comparable to claims of traditional Paris Club creditors. This involves a differentiation between debtors, with a larger discount for the poorest countries. The post-discount claims will then be subject to the same terms as granted by the Paris Club. This agreement will facilitate the regularization of Russian claims on developing countries (estimated at $123 billion)[31] and the implementation of the HIPC Initiative for countries with large debts to Russia.

Rescheduling agreements on middle-income terms

There were five rescheduling agreements on middle-income terms during the period under review. These included the multi-year exit rescheduling agreements with Russia in

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[28]See Appendix I.

[29]This applies to the conversion on a voluntary and bilateral basis in the framework of debt-for-nature, debt-for-aid, debt-for-equity, or other local-currency-debt swaps, and raises the limit on such tranactions to the greater of 20 percent of consolidated commercial credits outstanding or SDR 15–30 million (the exact figure within this range is decided on a case-by-case basis) per creditor. There are no limits on debt swaps of official development assistance (ODA) loans.

[30]The rescheduling agreements with five countries had an entry-into-force clause: Chad, Congo, Gabon, Tanzania, and Zambia. This usually linked entry-into-force of the rescheduling agreement to the receipt by creditors of specified payments or, in one case, to the implementation of an IMF-supported program.

[31]According to creditor information.

Table 15. Evolution of Paris Club Rescheduling Terms

	Middle-Income Countries	Lower-middle income countries (Houston Terms) 1/	Low-Income Countries 2/															
			Toronto Terms Options			London Terms 3/ Options				Naples Terms 4/ Options					Lyon Terms Options 5/			
											DSR							
			DR	DSR	LM	DR	DSR	CMI	LM	DR	Maturing Flows	Stocks	CMI	LM	DR	DSR	CMI	LM
Implemented	...	Since Sept. 1990	Oct. 1988 - June 1991			Dec. 1991 - Dec. 1994				Since January 1995					Since December 1996			
Grace	5-6 1/	up to 8 1/	8	8	14	6	--	5	16 6/	6	--	3	8	20	6	8	8	20
Maturity	9 1/	15 1/	14	14	25	23	23	23	25	23	33	33	33	40	23	40	40	40
Repayment schedule	Flat/ graduated	Flat/ graduated	-------- Flat -------			------ Graduated --------				--------- Graduated ---------					----- Graduated -----			
Interest rate 7/	M	M	M	M	R 8/	M	R 9/	R 9/	M	M	R 10/	R 10/	R 10/	M	M	R 11/	R 11/	M
Reduction in net present value	--	--	33	20-30 12/	--	50	50	50	--	67	67	67	67	--	80	80	80	--
Memorandum items:																		
ODA credits																		
Grace	5-6	up to 10	14	14	14	12	12	12	16	16	16	16	16	20	16	16	16	20
Maturity	10	20	25	25	25	30	30	30	25	40	40	40	40	40	40	40	40	40

Source: Paris Club.

1/ Since the 1992 agreements with Argentina and Brazil, creditors have made increasing use of graduated payments schedules (up to 15 years maturity and 2-3 years grace for middle income countries; up to 18 years maturity for lower middle-income countries.

2/ DR refers to the debt reduction option; DRS to the debt-service reduction option; CMI denotes the capitalization of moratorium interest; LM denotes the nonconcessional option providing longer maturities. Under London, Naples and Lyon terms there is a provision for a stock-of-debt operation, but no such operation took place under London terms.

3/ These have also been called "Enhanced Toronto" and "Enhanced Concessions" terms.

4/ Most countries are expected to secure a 67 percent level of concessionality; countries with a per capita income of more than US$500, and an overall indebtedness ratio on net present value loans of less than 350 percent of exports may receive a 50 percent level of concessionality decided on a case-by case basis. For a 50 percent level of concessionality, terms are equal to London terms, except for the debt-service reduction option under a stock-of-debt operation which includes a three-year grace period.

5/ These terms are to be granted in the context of concerted action by all creditors under the HIPC Initiative. They also include, on a voluntary basis, an ODA debt reduction option.

6/ Before June 1992, 14 years.

7/ Interest rates are based on market rates (M) and are determined in the bilateral agreements implementing the Paris Club Agreed Minute. R = reduced rates.

8/ The interest rate was 3.5 percentage points below the market rate or half of the market rate if the market rate was below 7 percent.

9/ Reduced to achieve a 50 percent net present value reduction.

10/ Reduced to achieve a 67 percent net present value reduction; under the DSR option for the stock operation the interest rate is slightly higher reflecting the three year grace period.

11/ Reduced to achieve an 80 percent net present value reduction.

12/ The reduction of net present value depends on the reduction in interest rates and therefore varies. See footnote 8.

April 1996 (see Box 6), the largest in the history of the Paris Club covering about $40 billion, and with Peru in July 1996 (see Box 7). Reflecting concerns over the longer-term debt-service profiles, these agreements included a reprofiling of the stock of certain debts at the end of the consolidation periods. Gabon[32] obtained a three-year flow rescheduling in December 1995. Jordan received in May 1997 an exit flow rescheduling covering maturities falling due during June 1997–February 1999, the remaining period of the EFF arrangement with the IMF. The agreement with Ghana in April 1996 was on non-concessional terms at the authorities' request and provided for a deferral of long-standing arrears to a small number of creditors, and was considered to be an exit rescheduling. All reschedulings (except Ghana's deferral) involved graduated payments schedules with grace periods of 1–4 years and maturities of 15–23 years.

The rescheduled debts in the five reschedulings on middle-income terms amounted to about $22 billion, and the restructurings after the end of the consolidation period covered some $27 billion (Table 24, Appendix II). The net debt relief[33] granted during the consolidation periods is estimated at about $19 billion; after taking into account some $15 billion in debt service due that was not covered by the rescheduling, about half of debt service due during the consolidation period was actually payable.

Rescheduling agreements on low-income (concessional) terms

Flow reschedulings

Recent flow rescheduling agreements with low-income countries were all on Naples terms.[34] Most agreements covered consolidation periods up to the expiration of arrangements with the IMF, granted comprehensive coverage of debt and contained a goodwill clause providing for a future stock-of-debt operation. The degree of concessionality of reschedulings (a 50 percent or 67 percent debt relief in NPV terms) depended on per capita income and the level of overall indebtedness.[35] All countries obtained a 67 percent NPV reduction of eligible debt, except Cameroon, Guinea, and Honduras which received a 50 percent NPV reduction.

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[32]The rescheduling for Gabon covered all pre-cutoff date debt except for that rescheduled in 1994. It entered into force at end-1995 after the receipt of certain payments.

[33]Net debt relief is defined as consolidated current maturities minus payments due during the consolidation period (moratorium interest).

[34]Naples terms are described in detail in *Official Financing for Developing Countries*, World Economic and Financial Surveys, IMF, 1995.

[35]Countries with a per capita income of more than $500 and a ratio of debt to exports in present value terms of less than 350 percent—decided on a case-by-case basis—receive a 50 percent NPV reduction.

Box 6. Rescheduling Agreement with the Russian Federation in April 1996

An agreement was reached on April 29, 1996 between official bilateral creditors meeting as the Group of Participating creditor countries and Russia on an exit rescheduling covering about $40 billion. The agreement consists of a multi-year rescheduling (MYRA) for the period from January 1996 to March 1999 and a subsequent stock treatment (reprofiling) of previously rescheduled debt. Both these elements were on nonconcessional terms.

The MYRA covered (I) 100 percent of principal and interest (excluding late interest) falling due from January 1, 1996 to December 31, 1998 on non-previously rescheduled pre-cutoff date debt,[1] (ii) 40 percent of such payments falling due in the first quarter of 1999, and (iii) 100 percent of principal falling due from January 1, 1996 to March 31, 1999 on amounts consolidated under the previous rescheduling agreements (1993, 1994, and 1995). Payment of the rescheduled amounts is to be made in 38 semiannual graduated payments starting on February 20, 2002 and ending in 2020.

In addition, the agreement provides for a deferral of (i) 100 percent of principal and interest (excluding late interest) falling due from January 1, 1996 to December 31, 1998 on debts contracted in 1991, (ii) 100 percent of deferred principal payments falling due from January 1, 1996 to March 31, 1999 on short-term debt, debts contracted in 1991, and moratorium interest capitalized under the 1994 and 1995 rescheduling agreements, and (iii) 100 percent of deferred principal payments falling due from January 1, 1996 to December 31, 1996 on moratorium interest capitalized under the 1993 rescheduling agreement. Deferred amounts are to be paid in 30 semiannual graduated payments starting on February 20, 2002 and ending in 2016.

Provided that the EFF arrangement is on track (with completion of the final quarterly review scheduled under the arrangement) and all payments under the agreement have been made, (i) outstanding amounts as of April 1, 1999 of principal on pre-cutoff date debt consolidated under the previous rescheduling agreements (1993, 1994, and 1995) will be reprofiled and are to be repaid in 38 semi-annual graduated payments starting on February 20, 2002 and ending in 2020, and (ii) outstanding amounts of deferred principal payments on short-term debt, debts contracted in 1991, and moratorium interest capitalized under the previous rescheduling agreements (1993, 1994, and 1995)[2] will be reprofiled and are to be repaid in 30 semiannual graduated payments starting on February 20, 2002 and ending 2016.

Unlike the previous rescheduling agreements, there is no capitalization of moratorium interest. All other amounts due and not covered by the agreement are to be paid on their due dates, while arrears outstanding as at the date of the present agreement, if any, were to be paid as soon as possible and not later than June 30, 1996.

A termination clause linked to the EFF arrangement would allow creditors, after consultation with the Russian authorities, to terminate the agreement if the scheduled 1996 quarterly reviews under the extended arrangement were not completed; in the event, all these reviews were completed. A trigger clause links the continued application of the agreement to approval of the annual arrangements under the extended arrangement for 1997 and 1998 as well as the completion of the final quarterly review scheduled under the extended arrangement.

[1]The cutoff date is January 1, 1991.

[2]Except for moratorium interest capitalized under the 1993 rescheduling agreement.

Box 7. Rescheduling Agreement with Peru in July 1996

The agreement constitutes an exit rescheduling for Peru. It consists of (i) a multi-year rescheduling (MYRA) through the end of 1988, and (ii) a subsequent reprofiling of the stock of debt due under the 1991 rescheduling agreement with Paris Club creditors; both these elements were on non-concessional terms. Under the MYRA, some $1.1 billion were covered. Current maturities on pre-cutoff date commercial debt (not previously rescheduled) falling due from April 1, 1996 through December 31, 1998 were rescheduled with declining coverage (100 percent in 1996, 85 percent in 1997, 60 percent in 1998) over 18 years, including 1 year grace, on a graduated payment schedule.[1] Current maturities on pre-cutoff date commercial debt consolidated under previous reschedulings (1991 and 1993) and falling due during the consolidation period were rescheduled on the same terms, but with somewhat lower coverage in 1998 (50 percent). Pre-cutoff date ODA debt was rescheduled with the same coverage, but over 20 years with 10 years' grace, and with equal semi-annual repayments. Unlike previous reschedulings, there was no capitalization of moratorium interest.

Provided the EFF arrangement is on track (with completion of the last scheduled review), and all payments under the agreement have been made, maturities due on or after January 1, 1999 that were consolidated under the 1991 Paris Club agreement would be reprofiled; these total some $5.6 billion. Commercial credits would be repaid over 17 years, on a repayment schedule tailored to limit Peru's payments on currently outstanding Paris Club debt to around $1 billion a year through 2009, rapidly declining thereafter. ODA loans would be repaid over 20 years including 1½ years' grace with equal semi-annual payments. The agreement contains an acceleration clause under which repayments on reprofiled debt would be increased by 20 percent (and thus accelerated) if cumulative real GDP growth over any of the three 5-year periods spanning 1996–2002 exceeds the assumptions in the authorities' medium-term program by more than 3 percentage points.

All other amounts due and not covered by the agreement were to be paid on their due dates, while arrears outstanding as at the date of the present agreement, if any, were to be paid as soon as possible and not later than October 31, 1996.

A trigger clause links the continued application of the agreement to approval of the annual arrangements for 1997 and 1998 under Peru's extended arrangement with the IMF. Also, the Government of Peru for 3 years following the present extended arrangement agreed to maintain a close relationship with the IMF that would include enhanced surveillance and reporting of Peru's economic policies and performance.

[1]Annual payments rising gradually through year 16, markedly declining thereafter.

As in previous reschedulings, Paris Club creditors tailored the extent of debt relief to the financing needs of rescheduling countries by varying the coverage and the extent of topping-up of debt previously rescheduled on concessional terms.

Reflecting standard Paris Club practice, *consolidation periods* typically covered the remaining period of the IMF arrangements. Most were multi-year consolidations with annual tranches, where the effectiveness of each tranche was linked, inter alia, to the approval by the IMF Board of annual arrangements under the ESAF. Cameroon and Yemen had shorter consolidation periods (about 1 year), reflecting shorter IMF arrangement periods. The consolidation period for Honduras coincided with the third annual ESAF arrangement.

The *coverage* of the rescheduling agreements was typically comprehensive. In almost all agreements, current maturities and arrears (including late interest) on non-concessional pre-cutoff date debts were consolidated.[36] However, the treatment of current maturities and arrears on debt previously rescheduled on concessional terms varied (see Box 8). Creditors generally expected debtors to honor their last rescheduling agreement, and thus in most cases amounts due under the previous rescheduling agreement were not treated.

Virtually all agreements contained a *goodwill clause* in which creditors indicated their willingness to consider the debtor country's stock of debt at the end of the consolidation period—typically after three years' time—if at that point the country continues to have an appropriate arrangement with the Fund and has fully implemented the rescheduling agreement. The agreement with Yemen was Yemen's first Paris Club rescheduling and covered a shorter consolidation period than the track record Paris Club creditors require to consider a stock-of-debt clause; its goodwill clause instead provided for a further flow rescheduling. In addition, the agreements with Mozambique and Ethiopia included a clause stating creditors' willingness to consider debt-service obligations of these countries again in the context of possible action under the HIPC Initiative.

All agreements contained a standard *comparability of treatment clause* requiring rescheduling countries to seek reschedulings from non-Paris Club creditors (official bilateral and commercial) on terms at least as favorable as those granted by the Paris Club (information on rescheduling agreements with non-Paris Club official bilateral creditors is provided in Section V.B. below). This clause has been strengthened for a number of countries with debts to Russia (Ethiopia, Madagascar, and Mozambique).

The net debt relief provided on some $9.3 billion in arrears and maturities falling due during the consolidation periods for the flow reschedulings with low-income countries

[36]In the case of Honduras, interest falling due and interest arrears arising from previously rescheduled debt were not consolidated. In the case of Yemen, late interest arrears were not consolidated.

Box 8. Naples Terms Flow Rescheduling Agreements Since August 1995

The thirteen flow reschedulings under Naples terms generally covered principal and interest on pre-cutoff date debt not previously rescheduled and debt previously rescheduled on nonconcessional terms (except for the interest arising from previously rescheduled debt for Honduras). The coverage of debt previously rescheduled on concessional terms, and of arrears on such debts reflected the circumstances of the particular country.

The coverage of debt previously rescheduled on **Toronto terms** was comprehensive for all countries that had such debts—Chad, Guinea, Madagascar[1], Mozambique, Niger,[2] Tanzania,[3] Zambia. Arrears (including late interest) and current maturities were topped up to 67 percent NPV reduction (for Guinea, to 50 percent of NPV reduction).

The coverage and the topping-up of debts previously rescheduled on **London terms** was less comprehensive. The following countries had such debts—Cameroon, Guinea, Honduras, Mozambique, Niger, Sierra Leone, Tanzania, Zambia. For Mozambique[4], Niger[2], and Zambia, arrears (excluding late interest) and current maturities were consolidated and topped up to 67 percent of NPV reduction. For Cameroon, Sierra Leone, and Tanzania[3], arrears (including late interest) and current maturities were deferred.[5] For Honduras, Ethiopia, and Guinea, no debt relief was provided on debts previously rescheduled on London terms.

In some cases with exceptional financing need, Paris Club creditors granted non-concessional deferrals of short-term debts, arrears on post-cutoff date debts, and previous deferrals. Certain **short-term payments** for Sierra Leone and Madagascar were deferred nonconcessionally. **Moratorium interest** previously deferred in the 1990 agreement (Toronto terms) for Zambia was deferred again over 10 years with 5 years' grace. **Arrears on post-cutoff date debt** were deferred for the following countries: Cameroon—such arrears were deferred with monthly repayments over one year; Chad—one creditor deferred such arrears over 3 years; Congo—such arrears, including amounts that were deferred under the 1994 rescheduling agreement, were deferred non-concessionally over the consolidation period; entry-into-force of the agreement was linked to the payment of 25 percent of such arrears by end-1996; Mozambique--such arrears were deferred for about 18 months; Niger—such arrears were deferred for about one year with two semiannual payments.

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[1]For Madagascar, debts from the first but not from the most recent agreement on Toronto terms (1990) were consolidated and topped up.

[2]For Niger, late interest on debts previously rescheduled on Toronto and London terms was deferred.

[3]For Tanzania, arrears and debt service arising from deferrals of debts previously rescheduled on Toronto and London terms were not consolidated.

[4]For Mozambique, only debt rescheduled for the first time on London terms, but not previously rescheduled debt, was consolidated.

[5]Terms of deferrals of debts previously rescheduled under London terms were: Cameroon: 17-year maturity, including a 3-year grace period; Sierra Leone: 15-year maturity, including a 3-year grace period; Tanzania: 6-year maturity, including a 3-year grace period.

amounted to some $7.2 billion, and thus debt service payable was only about 22 percent of debt service due (Table 25, Appendix II).

Stock-of-debt operations with low-income countries

Since the first stock-of-debt operation on Naples terms agreed with Uganda (1995, see Box 9), five more stock-of-debt operations (Benin, Bolivia, Burkina Faso, Mali, Guyana) have been concluded, all providing for a 67 percent NPV reduction, with comprehensive coverage. The total reorganized amounts in the five recent stock-of-debt operations under Naples terms were about $2 billion (see Table 26, Appendix II).

In principle, stock-of-debt operations on Naples terms are intended to be exit reschedulings. However, the HIPC Initiative that was adopted in the fall of 1996 refined the criteria for external debt sustainability (see Appendix I) and the international financial community agreed to provide enhanced debt relief to eligible countries. In this context, Paris Club creditors have indicated their willingness to raise the level of debt relief on eligible debts from 67 percent to 80 percent in NPV terms ("Lyon terms", see Box 10) for Uganda, the first country to qualify for enhanced assistance under the HIPC Initiative, at the completion point (scheduled for April 1998) in the context of equitable burden sharing. Paris Club creditors have made similar commitments for Bolivia, Burkina Faso, and Côte d'Ivoire; in the latter case they have also agreed to provide a flow rescheduling with NPV debt reduction of up to 80 percent. Of the remaining three countries which received stock-of-debt operations, the Bank and Fund Boards have decided that Benin's external debt is sustainable absent any further assistance under the HIPC Initiative: hence the Paris Club stock-of-debt operation remains an exit rescheduling. Decision on the eligibility of Guyana and Mali for assistance under the HIPC Initiative have yet to be made.

B. Recent Debt Restructurings with Non-Paris Club Bilaterals Creditors

Debtor countries that reschedule debt with Paris Club creditors in the context of Fund-supported programs typically also have debts to other bilateral creditors. Agreements with the Paris Club include provisions requiring these debtors to seek debt relief on their debt to non-Paris Club bilateral and commercial creditors on terms at least as favorable to the debtor as those granted by Paris Club creditors. The Russian Federation is the largest non-Paris Club creditor; it has already reached a number of debt restructuring agreements with several debtor countries, and, in light of the agreement reached in September1997 (discussed above), is expected to participate as a creditor in Paris Club reschedulings later in 1997. Other non-Paris Club bilateral creditors have also concluded agreements with a few debtor countries as described below (see Table 16).[37]

[37]For developments prior to mid-1995, and a further discussion of issues, see "Official Financing for Developing Countries", SM/95/228 (9/8/95), Box 11; SM/94/237 (9/1/94), Box I; and SM/93/93/124 (8/23/93), Annex I.

Box 9. Stock-of-Debt Operations on Naples Terms

Uganda was the first low-income rescheduling country to receive a stock-of-debt operation under Naples terms. The February 1995 terms-of-reference rescheduling provided for 67 percent net present value reduction of all pre-cutoff date debt, excluding the debt previously rescheduled in 1992 on London terms (which had already received 50 percent net present value reduction). The level of concessionality for debt rescheduled in 1989 on Toronto terms, including arrears and late interest, was increased ("topped-up") to 67 percent in net present value terms.

Bolivia received a stock-of-debt operation in December 1995 that covered all eligible debt; a 67 percent NPV reduction was applied to pre-cutoff date debt not previously rescheduled and previously rescheduled on nonconcessional terms, while debt previously rescheduled on Toronto and London terms was topped-up to a 67 percent NPV reduction from the original levels of concessionality. The agreement applied to debt as of January 1, 1996 and the second and third tranches (covering 1996 and 1997) of the 1995 agreement (a flow rescheduling under Naples terms) were not implemented; the one creditor who took the nonconcessional option under the 1995 agreement switched to the debt reduction option.

Subsequent stock-of-debt operations were agreed for **Guyana** and **Mali** in May 1996, **Burkina Faso** in June 1996, and **Benin** in October 1996. These covered all eligible debt outstanding, and provided for a topping up to a 67 percent NPV reduction of all debt previously rescheduled on concessional Toronto and London terms. There were only minor exceptions: for Guyana, small amounts of interest deferred under the 1993 London terms agreement were excluded; for Benin, moratorium interest deferred under the 1993 London terms agreement was excluded.

Box 10. Paris Club "Lyon" Terms

Following the proposals made at the Lyon summit in June 1996, Paris Club creditor countries agreed on modalities for increasing debt relief to up to 80 percent NPV reduction for heavily indebted poor countries in November 1996.

These terms build on "Naples terms". Eligibility is to be decided by creditors on a case-by-case basis for countries eligible for Naples terms, but predicated on (i) a sound track record with IMF and Paris Club and continued strong economic adjustment, and (ii) a need for more concessional treatment to achieve a sustainable debt situation over the medium term, as measured against benchmarks indicative of debt sustainability, namely the NPV of debt-to-exports within the range of 200–250 percent and debt-service ratios in the range of 20–25 percent at the end of the adjustment process. Specific targets in relation to the relevant benchmarks are to be considered in light of country-specific situations, such as concentration and variability of exports and with particular attention to fiscal indicators of the burden of debt service.

Paris Club creditors agreed to confirm that multilateral institutions and other creditors make an appropriate and consistent contribution to the common objective of debt sustainability. Creditors also agreed that due consideration would be given to various categories of debt as appropriate including an alternative ODA debt reduction option on a voluntary basis.

Table 16. Debt Restructuring Agreements with Official Bilateral Creditors not Participating in the Paris Club, Mid-1995 - Mid-1997

Creditor	Debtor	Date of Agreement	Total Amount	Coverage 1/	Terms	Other
1. Algeria	Guinea-Bissau	Jul-96	$5 m	A	Repayments over 15 years, including a 5-year grace period at 2 percent interest.	
2. Armenia	Georgia	Jun-96	$20 m	D, inc A	Repayments over 10 years, including 5-year grace, at 4 percent interest.	
3 Austria	Georgia	Jan-97	$105 m	D, inc A	Repayments over 15 years, including 5-year grace, at 4 percent interest.	There was an initial payment of $5 m.
4 Colombia	Honduras	Dec-95	$25 m	A	Repayments over 23 years, at 5.4 percent interest.	Conversion of short-term debt.
5 Cuba	Guinea-Bissau	1996	SDR 4.5 m	...	...	
6 Czech Republic	Nicaragua	96-97	$141 m	...	...	
7 El Salvador	Nicaragua	96-97	$40 m	...	...	
8 Honduras	Nicaragua	96-97	$117 m	...	...	
9. Iran	Georgia	Nov-96	$13 m	D, inc A	Repayments over 10 years, including 5-year grace, at 4 percent interest.	
10. Kazakstan	Georgia	Jul-96	$28 m	D	Repayment over 10 years, including a 5-year grace period, at 4 percent interest.	
	Kyrgyz Republic	Sep-96	$7 m	D	Mutual cancelation of claims.	
11. Kuwait	Guinea-Bissau	Jul-96	KD 3 m	A	Repayments over 10 years.	
12. Mexico	Nicaragua	Sep-96	$1.2 b	...	After a 91 percent discount, the remainder to be repaid over 15 years at an interest rate of LIBOR minus 1 1/2 percent.	
13. Russian Federation	Angola	Nov-96	$5 b	D, inc A	After a 70 percent discount, the remainder to be repaid over 20 years, including a 5-year grace period, at an interest of 6 percent.	Interest payments are capitalized through June 2001.
	Kyrgyz Republic	Dec-96	$133 m	D	Rescheduled over 10 years including a 3-year grace period, at an interest of Libor.	The agreement includes a provision that the effective interest does not exceed 5 percent.
	Nicaragua	Oct-96	$3.4 b	D, inc A	After a 90 percent discount, the remainder is to be repaid over 15 years at an interest of Libor + 0.4 percent.	Includes state, commercial, and financial credits Total payments are capped at $16 million during the first three years of the agreement.
	Nigeria	Oct-96	DM 3 b	D	Buyback at a discount of 68 percent.	Mostly trade-related debt. Buyback effected through private third parties.
	Pakistan	Jul-96	$200 m	D	Debt to be repaid over 25 years at an interest rate of 2.5 percent.	Agreement in principle. Russia would use the proceeds to finance imports from Pakistan
	Peru	mid-1996	$1 b	D, inc A	Debt buyback exchanging at face value using Russian commercial debt traded at discount in the secondary market for Russian claims on Peru. This entailed 87 percent effective discount.	Debt covered included state and commercial credits.
	Ukraine	May-97	$3.1 b	D, inc A	The initial payment of $0.9 b in 1998 includes $0.5 b for arrears clearance; the rest to be repaid in annual installments of $ 98 million, inc. interest.	Government credits were to be repaid by 2007; the figure reported includes future interest payments. Of the initial payment, $0.7 b was effected in kind, while annual payments equal leasing fees paid by Russia for the use of port facilities.
14 Saudi Arabia	Guinea-Bissau	Aug-96	SR 25 m	A+P+I	Repayments over 13 year.	
15 Turkmenistan	Armenia	Mar-96	$34 m	A	Repayment over 6 years at Libor + 0.3 percent.	Gas arrears converted into Government debt.
	Azerbaijan	Apr-95	$81 m	A	Repayment in kind over 4 years at zero interest.	Debt represents gas arrears converted into government debt.
	Georgia	Mar-96	$394 m	D, inc A.	Repayment over 8 years, including 3-year grace period at 4 percent.	10 percent of the stock was written off.
16. Turkey	Azerbaijan	Jun-96	$75 m	P+I	Deferral over the 1998-2000 period	
	Kyrgyz Republic	Sep-96	S$41 m	P+I	Repayment over 5 years at Libor + 2.5 percent.	
17. United Arab Emirates	Mauritania	Aug-94	UAED 36 m	A, P+I	Rescheduled over 7 years, at zero interest.	Graduated repayment; consolidation period covered 1995-96.
18. Uzbekistan	Georgia	May-96	$1 m	D, inc A	Repayments over 10 years, including 5-year grace, at 4 percent interest.	

Sources: Debtor countries authorities.

1/ D = Stock of debt; A = Arrears; P = Principal; and I = Interest.

The **Russian Federation** and **Nicaragua** finalized an agreement in October 1996 to restructure all commercial, governmental, and financial claims ($3.4 billion). The agreement provides for a 90 percent up-front reduction of the total debt, with the residual claim to be repaid over a 15-year period starting in 1997 carrying an interest rate of Libor plus 0.4 percent; payments over the first three years are capped at $16 million. The November 1996 debt restructuring agreement with **Angola** covered Russian claims of some $5 billion; after a 70 percent up-front reduction of the total claims, the residual is to be repaid over a 20-year period, including a 5-year grace period at a fixed interest of 6 percent (interest charges are to be capitalized through June 2001). Under a debt exchange agreement, in mid-1996, **Peru** tendered Russian commercial debt (purchased at a discount in the secondary market) in exchange for the cancellation of Russian claims estimated at $1 billion; the operation entailed an effective discount of more than 85 percent. In a buy-back operation through third parties in October 1996, **Nigeria** purchased DM 3 billion of Russian claims at an 68 percent discount. An agreement in principle was reached with **Pakistan** in July 1996, rescheduling Russian claims of about $200 million over a 25-year period; Russia is expected to use the proceeds to finance imports from Pakistan.

Nicaragua concluded an agreement to restructure its debt with **Mexico** in September 1996 ($1.2 billion); the agreement incorporated a 91 percent face value reduction, and the remaining debt is to be repaid over 15 years at an interest rate of LIBOR minus 1½ percent. In 1996–97, Nicaragua also concluded agreements on concessional terms with **El Salvador** ($40 million) the **Czech Republic** ($141 million), and **Honduras** ($117 million).

During 1996, **Guinea Bissau** concluded debt rescheduling agreements with **Algeria** ($5 million), **Cuba** (SDR 4.5 million), **Kuwait** (KD 3 million) and **Saudi Arabia** (SR 25 million); trade-related debt to Cuba is to be credited against fishing license fees. In late 1994, **Mauritania** concluded a debt rescheduling agreement with the **United Arab Emirates** (UAED 36 million) providing for the repayment over seven years at no interest. In December 1995, **Honduras** reached an agreement with **Colombia** rescheduling $25 million in short-term debt arrears over 23 years.

Over the last few years, some of the countries of the Former Soviet Union (FSU) have required debt rescheduling on their rapidly rising external debt, mainly to other FSU countries, providing exceptional financing for adjustment programs supported by Fund arrangements. In the absence of the reference framework provided by a Paris Club agreement, the Fund in some cases coordinated this type of exceptional assistance. The debts restructured were mostly related to energy imports.[38] **Georgia**, concluded debt rescheduling agreements during 1996 and 1997 covering $0.7 billion in mostly trade-related debts to **Armenia**, **Austria**, **Kazakhstan**, **Iran**, **Russia**, **Turkmenistan**, and **Uzbekistan**. Repayment terms were 10 to

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[38]As a result of the zero-option agreement between these countries and the Russian Federation, the latter took over the external debt of the FSU. For a description of this agreement see Appendix III in "Official Financing for Developing Countries", World Economic and Financial Surveys, IMF, Washington, December 1995.

15 years, including a 5-year grace period at a fixed interest rate of 4 percent, except for Turkmenistan, with claims for $0.4 billion, which were rescheduled over 8 years, including a 3-year grace period after a 10 percent debt reduction. **Turkmenistan** rescheduled its claims in arrears for gas shipments to **Armenia** in March 1996, ($34 million to be repaid over 6 years at Libor plus 0.3 percent) and to **Azerbaijan** in April 1995 ($81 million to be repaid over 4 years at no interest). **Azerbaijan** also rescheduled its debt ($75 million) to **Turkey** in June 1996 with repayments due during 1998–2000. The **Kyrgyz Republic** concluded debt rescheduling agreements with **Turkey** and **Russia**, and a mutual cancellation of claims with **Kazakhstan** in the last quarter of 1996; the agreement with Russia rescheduled the stock of debt ($133 million) over 10 years, including a 3-year grace period. **Russia** and **Ukraine** concluded a debt restructuring agreement in May 1997 covering $3.1 billion in Russian claims (including future interest) with an original maturity in 2007, including arrears of some $0.5 billion. After an initial payment of $0.9 billion in 1998—a large part of it in kind—the remaining debt would be serviced through the leasing of port facilities and provision of services to the Russian navy on the Crimea, valued at about $100 million a year.

The HIPC Initiative [39]

Background

To address the debt burden of low-income countries the international community has over the past decade implemented a wide range of mechanisms, including the introduction of increasingly concessional rescheduling terms by the Paris Club culminating in Naples terms in December 1994. For the majority of low-income countries these traditional mechanisms, in the context of sound economic policies of adjustment and reform, are expected to be sufficient to provide an exit from the debt-rescheduling process. However, for a number of heavily indebted poor countries (HIPCs), traditional debt-relief mechanisms are unlikely to reduce the external debt burden to sustainable levels.

Against this background, IMF and World Bank staff jointly developed the framework of the HIPC Initiative, which was adopted in September 1996 with its endorsement by the Interim and Development Committees. The Initiative is designed to enable heavily indebted poor countries (HIPCs) that have a strong track record of economic adjustment and reform to achieve a sustainable debt position over the medium term. Central to the Initiative is the country's continued efforts toward macroeconomic and structural adjustment and social reforms with an emphasis on poverty reduction, including especially through the improvement of basic health care and primary education. These efforts on the country's side are complemented by a commitment from the international financial community to tackle the country's external debt problem in a comprehensive and coordinated fashion.

Key features

The HIPC Initiative is open to all countries that are (i) eligible for ESAF and International Development Association (IDA) funding; and (ii) pursue or adopt IMF- and IDA-supported adjustment programs through the fall of 1998, at which time the Boards of the two institutions will review the Initiative.

The basic framework of the Initiative is set up in two stages (Chart 14). The **first stage** is an initial three-year adjustment period that is required for a country to reach its *decision point*. During this period, the country needs to establish a strong track record under IMF- and IDA-supported adjustment programs, while receiving flow reschedulings on Naples terms from the Paris Club and comparable treatment from other official bilateral and commercial creditors. Based on their existing track record of performance, as many as 9 HIPCs could possibly complete the first stage and reach their decision points before the end of 1997 (see Table 17 for a tentative assessment of the possible timing of decision points).

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[39]For a more detailed description of the HIPC Initiative, see *"Debt Relief for Low-Income Countries"*, by Anthony R. Boote and Kamau Thugge, International Monetary Fund, 1997.

Chart 14

THE HEAVILY INDEBTED POOR COUNTRIES (HIPC) INITIATIVE--SUMMARY

First Stage

- Paris Club provides flow rescheduling on Naples terms, i.e. rescheduling of debt service on eligible debt falling due during the three-year consolidation period (up to 67 percent reduction on eligible maturities on a net present value basis).
- Other bilateral and commercial creditors provide at least comparable treatment.
- Multilateral institutions continue to provide adjustment support in the framework of an IMF/World Bank-supported adjustment program.
- Country establishes first three-year track record of good performance.

Decision Point

Exit

- Either ... Paris Club stock-of-debt operation under Naples terms (up to 67 percent present value reduction of eligible debt) and comparable treatment by other bilateral and commercial creditors is adequate for the country to reach sustainability by the completion point--country not eligible for HIPC Initiative.

Eligible

- Or ... Paris Club stock-of-debt operation (on Naples terms) not sufficient for the country's overall debt to become sustainable by the completion point--country requests additional support under the HIPC Initiative and IMF and World Bank Boards determine eligibility.

Second Stage

- Paris Club goes beyond Naples terms to provide more concessional debt reduction of up to 80 percent in present value terms in a flow rescheduling.
- Other bilateral and commercial creditors provide at least comparable treatment.
- Donors and multilateral institutions provide enhanced support through interim measures.
- Country establishes a second track record of good performance under IMF/Bank- supported programs.

Completion Point

- All creditors take coordinated action to provide sufficient assistance to reduce the country's debt to a sustainable level.
- Paris Club provides deeper stock-of-debt reduction of up to 80 percent in present value terms on eligible debt, so as to achieve an exit from unsustainable debt.
- Other bilateral and commercial creditors provide at least comparable treatment on stock of debt.
- Multilateral institutions take action to reduce the NPV of their claims, taking into account the assistance provided by nonmultilateral creditors and their own preferred creditor status.

Borderline

- Or ... for borderline cases, where there is doubt about whether sustainability would be achieved by the completion point under a Naples terms stock-of-debt operation, the country would receive further flow reschedulings under Naples terms.

  If the outcome at the completion point is better than or as projected, the country would receive a stock-of-debt operation on Naples terms from Paris Club creditors and comparable treatment from other bilateral and commercial creditors.

  If the outcome at the completion point is worse than projected, the country could receive additional support under the HIPC Initiative, so as to be able to exit from unsustainable debt.

Table 17. HIPC Initiative: Possible Timing of Decision Points 1/ 2/

1997 Jan.-Sept.	1997 Oct.-Dec.	1998	1999	2000-2001
Benin	Côte d'Ivoire	Chad	Congo, Rep. of	Angola
Bolivia	Guyana	Ethiopia	Guinea	Burundi
Burkina Faso	Mali	Guinea-Bissau	Madagascar	Cameroon
Uganda	Mozambique	Mauritania	Nicaragua	Central African Republic
	Senegal	Sierra Leone	Niger	Congo, Dem. Rep. of
		Togo	Tanzania	Equatorial Guinea
		Vietnam	Yemen	Honduras
			Zambia	Myanmar
				Rwanda
				São Tomé and Príncipe

Sources: IMF and World Bank staff estimates.

1/ For these estimates, it is assumed that countries would reach their decision point at the earliest possible date under the framework of the Initiative on the basis of uninterrupted satisfactory performance. Completion points would normally be expected to take place three years following the decision points.

2/ Of the 41 HIPCs, this table excludes: Liberia, Somalia, and Sudan (for lack of sufficient debt information); Nigeria (which is not IDA-only); and Ghana, Kenya, and Lao (which have never received a concessional rescheduling from the Paris Club).

At the **decision point**, upon successful completion of the first stage, the Boards of the IMF and IDA decide on a country's eligibility for assistance under the Initiative. This decision is based on the country's projected debt burden at the *completion point*, reached typically after another three years of strong policy performance. Countries that cannot achieve medium-term debt sustainability through the full use of traditional debt-relief mechanisms (i.e., a Paris Club stock-of-debt operation on Naples terms, with an NPV reduction of up to 67 percent on eligible debt, and comparable action by other nonmultilateral creditors) would be eligible for assistance. In *borderline cases*, where there is reasonable doubt about the achievement of debt sustainability, a country may opt to defer a request to Paris Club creditors for a Naples terms stock-of-debt operation by another three years, while receiving further flow reschedulings on Naples terms and maintaining the possibility for support under the Initiative based on its debt situation at the completion point. All other countries would exit from the rescheduling process already at the decision point by requesting a stock-of-debt operation on Naples terms from the Paris Club.

Debt sustainability under the Initiative is generally defined by ratios for the NPV of public and publicly guaranteed external debt and debt service to exports of goods and non-factor services in the ranges of 200–250 percent and 20–25 percent, respectively. Specific *sustainability targets* in the above ranges are set for each country in light of country-specific vulnerability factors, such as the concentration and variability of exports, or fiscal indicators of the burden of debt service. For very open economies (indicated by an exports-to-GDP ratio of at least 40 percent) with a heavy fiscal debt burden despite strong efforts to generate revenue (expressed by a fiscal revenue-to-GDP ratio of at least 20 percent), a lower country-specific target for the NPV of debt-to-exports ratio can result because for these countries debt sustainability can be defined as meeting an NPV of debt-to-revenue ratio of 280 percent by the completion point.

Countries that are deemed eligible at the decision point enter the **second stage** of the Initiative, during which they establish a second track record of good performance under IMF- and IDA-supported adjustment programs. During the second stage, official bilateral and commercial creditors provide flow reschedulings on enhanced terms, involving an NPV reduction of up to 80 percent (Lyon terms), except for borderline cases which continue to receive flow reschedulings on Naples terms. The second stage generally extends over a period of three years, but may be shortened exceptionally for those countries that have already sustained records of strong performance.

At the **completion point**, all creditors deliver the assistance they committed at the decision point, provided the country's policy performance has remained on track. In cases where the actual NPV of debt-to-exports ratio at the completion point deviates by more than 10 percentage points from the original forecast at the decision point, and where this is due primarily to exogenous and not purely temporary factors, the amount of assistance would be increased (in cases where the outcome is worse than expected), or could be reduced (if the outcome is better than anticipated) when a major windfall transforms the economic circumstances of the country concerned.

The **assistance at the completion point** is delivered without further conditionality and takes the form of a reduction in the present value of the creditor's claims on the country. One of the Initiative's guiding principles is broad and equitable participation by all creditors—multilateral, official bilateral, and commercial—in providing assistance sufficient for the country to achieve debt sustainability. For the Paris Club this would generally involve a stock-of-debt operation with an up to 80 percent reduction in the NPV of eligible debt, and the country would be required to seek comparable terms from its other official bilateral and commercial creditors.

Multilateral creditors would take action to reduce the present value of their claims on the country, taking into account the debt relief granted by bilateral creditors and consistent with their preferred creditor status. Each multilateral institution chooses the vehicle to deliver its share of assistance (derived in proportion to its share in the NPV of multilateral claims at the decision point). Some may participate through contributions to the HIPC Trust Fund administered by IDA, others through their own instruments. Also any creditor may choose to advance contributions from the completion point to the second stage. The **IMF's** participation in the Initiative will be financed through the ESAF-HIPC Trust, established in February 1997. The IMF will contribute mainly through grants (or in exceptional circumstances through highly concessional loans) that will be used to retire a country's obligations falling due to the IMF after the completion point.

Current status

In April 1997, **Uganda** became the first country to reach its decision point and be found eligible for assistance under the HIPC Initiative. In light of Uganda's exceptional track record of adjustment and reform, the Boards of the IMF and IDA agreed to shorten the second stage to only one year. Thus, Uganda is expected to reach its completion point in April 1998, provided its strong policy performance is maintained, and to receive debt relief equivalent to approximately US$340 million, in net present value terms. This amount is projected to reduce Uganda's NPV of debt-to-exports ratio to 202 percent. The IMF will lower the present value of its claims on Uganda by about US$70 million, sufficient to retire an average of 30 percent of Uganda's current debt service to the IMF over the next nine years.

In September 1997, the Executive Boards of the IMF and IDA decided on assistance under the Initiative for **Bolivia** and **Burkina Faso**. For Bolivia, the Boards agreed to a net present value debt-to-exports target of 225 percent for a completion point of September 1998. Bolivia is expected to receive assistance equivalent to around US$450 million, which represents a reduction of Bolivia's debt of around 13 percent. The IMF's share of this assistance is around US$30 million; in view of Bolivia's heavy debt-service burden, both the IMF and IDA intend to front-load use of their assistance. For Burkina Faso, the Boards agreed to assistance of around US$110 million (US$10 million from the IMF), representing a debt reduction of around 14 percent. Assistance to both countries is subject to satisfactory assurances of consistent action by other creditors and to continued strong perfromance under ESAF- and IDA-supported programs.

Benin has reached its decision point in July 1997, and its debt situation was deemed sustainable without assistance under the Initiative. The Boards of the IMF and IDA have also discussed eligibility of **Côte d'Ivoire**, **Guyana**, and **Mozambique** on a preliminary basis. These countries are expected to reach their decision points in the second half of 1997, as may several other countries.

Table 18. DAC List of Aid Recipients for Resource Flows in 1996 1/

Part I: Developing Countries and Territories (Official Development Assistance)					Part II: Countries and Territories in Transition (Official Aid)	
Least Developed Countries	Other Low Income Countries (per capita GNP) <$765 in 1995)	Lower Middle Income Countries (per capita GNP $766-$3035 in 1995)	Upper Middle Income Countries (per capita GNP $3036-$9385 in 1995)	High Income Countries (per capita GNP < $9385 in 1995)	Central and Eastern European Countries and New Independent States of the former Soviet Union	More Advanced Developing Countries and Territories
Afghanistan Angola Bangladesh Benin Bhutan Burkina Faso Burundi Cambodia Cape Verde Central African Republic Chad Comoros Congo, Dem. Rep. of Djibouti Equatorial Guinea Eritrea Ethiopia Gambia Guinea Guinea-Bissau Haiti Kiribati Laos Lesotho Liberia Madagascar Malawi Maldives Mali Mauritania Mozambique Myanmar Nepal Niger Rwanda Sao Tome and Principe Sierra Leone Solomon Islands Somalia Sudan Tanzania Togo Tuvalu Uganda Vanuatu Western Samoa Yemen Zambia	*Albania *Armenia *Azerbaijan Bosnia and Herzegovina Cameroon China Congo Côte d'Ivoire *Georgia Ghana Guyana Honduras India Kenya *Kyrgyz Rep. Mongolia Nicaragua Nigeria Pakistan Senegal Sri Lanka *Tajikistan Vietnam Zimbabwe	Algeria Belize Bolivia Botswana Colombia Costa Rica Cuba Dominica Dominican Rep. Ecuador Egypt El Salvador Fiji Grenada Guatemala Indonesia Iran Iraq Jamaica Jordan *Kazakstan Korea Dem. Rep. of Lebanon Macedonia (former Yug. Rep.) Marshall Islands Micronesia Fed. States Morocco Namibia Niue Palau Islands Palestinian Administered Areas Panama Papua New Guinea Paraguay Peru Philippines St. Vincent & Grenadines Suriname Swaziland Syria Thailand **Timor **Tokelau Tonga Tunisia Turkey *Turkmenistan *Uzbekistan Venezuela **Wallis and Futuna Yugoslavia	Brazil Chile Cook Islands Croatia Gabon Malaysia Mauritius **Mayotte Mexico Nauru South Africa St. Lucia Trinidad and Tobago Uruguay ----------- Threshold for World Bank Loan Eligibility ($5295 in 1995) ----------- **Anguilla Antigua and Barbuda Argentina Bahrain Barbados Libya Malta **Montserrat Oman Saudi Arabia Seychelles Slovenia **St. Helena St. Kitts and Nevis **Turks and Caicos Islands	**Aruba **Bermuda **Cayman Islands Chinese Taipei Cyprus **Falkland Islands **French Polynesia **Gibraltar **Hong Kong Israel Korea, Rep. of **Macao **Netherlands Antilles **New Caledonia Northern Marianas **Virgin Islands	*Belarus *Bulgaria Czech Republic *Estonia *Hungary *Latvia *Lithuania *Moldova *Poland *Romania *Russia *Slovak Rep. *Ukraine	Bahamas Brunei Kuwait Qatar Singapore United Arab Emirates

Source: OECD Press Release of June 18, 1997.

* Central and Eastern European Countries and New Independent States of the former Soviet Union (CEEC/NIS).

** Territories.

1/ The list of aid recipients is reviewed every three years. The last review took place in December 1996. For planned changes to the List in 1997 and beyond, see "Development Co-operation: Efforts and Policies of the Members of the Development Assistance Committee", 1996 Report, Note on page A101.

Table 19. Gross Disbursements of Official Bilateral Financing Flows from DAC Countries by Region and Income Group, 1990-1995

	1990	1991	1992	1993	1994	1995 1/
	(In percent of group total)					
Gross bilateral official disbursements 2/						
By region						
Sub-Saharan Africa	21.5	17.2	16.7	14.2	13.8	13.7
North Africa and Middle East	22.2	28.4	18.9	17.6	22.0	15.7
Asia	25.3	23.7	29.1	34.2	36.0	36.3
Western Hemisphere	18.0	17.0	22.3	19.3	15.3	18.0
Europe	3.4	3.7	3.6	3.7	4.0	3.7
Other (Oceania and unallocated)	9.7	10.1	9.5	10.9	8.9	12.5
By income group						
Least developed countries	14.6	12.8	12.3	11.2	10.3	10.5
Low income countries	26.4	30.2	24.9	27.5	26.2	27.1
Lower- middle income countries	30.9	28.7	28.8	29.2	31.4	29.4
Upper-middle income countries	14.2	12.6	17.5	15.1	13.0	12.5
High income countries	4.0	5.2	6.4	7.8	9.6	7.8
Unallocated	9.9	10.6	10.2	9.3	9.5	12.7
Gross bilateral ODA disbursements 3/						
By region						
Sub-Saharan Africa	31.1	22.4	25.0	24.0	24.8	24.1
North Africa and Middle East	16.1	26.1	16.6	14.1	15.1	10.4
Asia	24.9	22.0	27.7	26.6	29.4	35.0
Western Hemisphere	9.5	12.4	10.5	12.8	10.7	11.6
Europe	2.7	3.3	3.7	4.3	3.1	3.6
Other (Oceania and unallocated)	15.7	13.7	16.6	18.2	17.0	18.4
By income group						
Least developed countries	22.8	18.3	19.8	19.6	20.9	20.4
Low income countries	28.7	36.1	28.3	28.0	27.7	26.6
Lower-middle income countries	23.1	22.9	24.9	27.1	25.1	26.0
Upper-middle income countries	5.6	4.6	5.4	6.0	5.6	6.1
High income countries	4.3	4.1	5.4	3.9	3.9	2.3
Unallocated	15.5	13.9	16.3	15.5	16.7	18.7
	(In billions of U.S. dollars)					
Memorandum items:						
Gross bilateral ODA disbursements 3/	44.7	55.7	49.2	48.6	47.7	48.0
By region						
Sub-Saharan Africa	13.9	12.5	12.3	11.7	11.8	11.6
North Africa and Middle East	7.2	14.6	8.2	6.8	7.2	5.0
Asia	11.1	12.3	13.6	12.9	14.0	16.8
Western Hemisphere	4.3	6.9	5.2	6.2	5.1	5.6
Europe	1.2	1.8	1.8	2.1	1.5	1.7
Oceania	1.2	1.2	1.4	1.5	1.7	1.8
Unallocated	5.8	6.4	6.8	7.3	6.4	7.1

Source: OECD, Geographical Distribution of Financial Flows to Aid Recipients.

1/ Provisional

2/ Total official flows defined as grants, gross ODA loans, and other gross contractural lending including official export credits).

3/ The data is not consistent with the aggregate data for net ODA in Tables 1 and 2 because the country level detail for the gross ODA equivalent of the revised data in Tables 1 and 2 is not yet available--however, the revisions to the aggregate data were not large.

Table 20. Heavily Indebted Poor Countries: Net Disbursements from Multilateral Institutions, 1985-96 1/

	Annual average 1985-89	Annual average 1990-94	1995	Prov. 1996	Annual average 1986-89	Annual average 1990-94	1995	Prov. 1996
	(In millions of U.S. dollars)				(In percent of exports of goods & services)			
Angola 2/	7	21	29	30	0.3	0.6	0.8	0.7
Benin	39	78	73	60	9.5	14.5	12.6	10.3
Bolivia	147	134	263	132	25.8	13.9	20.5	9.6
Burkina Faso	41	85	109	76	10.2	20.2	29.7	20.1
Burundi 2/	68	56	20	51	59.9	52.1	14.1	28.7
Cameroon	76	73	-45	125	3.7	3.0	-1.6	4.7
Central African Rep.	40	46	22	12	22.3	23.8	9.6	5.3
Chad	29	76	59	118	17.6	33.6	22.0	46.7
Congo, Dem. Rep. of 2/	139	72	-1	-103	6.7	1.8	...	-5.0
Congo, Rep. of	35	27	-21	10	4.0	2.8	-1.7	0.6
Côte d'Ivoire	-8	114	149	160	-0.2	3.3	3.3	3.9
Equatorial Guinea 2/	8	8	1	6	24.1	15.7	1.1	6.2
Ethiopia	75	200	175	238	10.1	25.6	15.4	22.5
Ghana	189	187	150	106	20.9	16.5	9.3	6.9
Guinea 2/	59	136	154	63	13.1	18.3	21.5	8.0
Guinea-Bissau 2/	25	24	12	26	179.5	106.0	25.6	102.2
Guyana 2/	19	53	7	26	...	6.3	1.1	3.7
Honduras	25	107	47	-38	0.4	9.3	2.6	-2.1
Kenya	89	64	32	32	4.0	2.8	1.1	1.1
Lao P.D.R. 2/	22	66	104	96	31.1	35.9	23.1	19.2
Liberia 2/	15	-2	0	-43	4.0	...	...	-8.3
Madagascar	108	70	46	43	27.6	13.5	5.9	9.4
Mali	62	91	158	93	16.5	16.8	24.1	14.9
Mauritania	38	49	66	68	10.7	10.7	12.2	12.1
Mozambique	54	164	188	314	26.8	45.1	38.8	57.3
Myanmar 2/	51	12	-24	-17	14.3	2.0	...	-1.2
Nicaragua	14	79	103	92	5.5	19.6	14.1	13.5
Niger	64	29	9	37	17.3	9.2	3.1	14.0
Nigeria	285	218	-37	82	4.3	1.7	-0.3	0.6
Rwanda	50	45	56	26	28.1	33.2	36.8	14.5
São Tomé & Príncipe	7	20	12	17	87.1	203.6	89.8	116.4
Senegal	109	80	64	93	10.4	5.3	3.7	5.1
Sierra Leone	6	35	104	107	2.7	20.4	98.7	85.1
Somalia 2/	54	11	0	0	59.1	...	...	0.0
Sudan 2/	95	96	-3	8	10.5	16.7	...	0.6
Tanzania	121	173	130	156	29.5	28.2	10.3	11.9
Togo	35	28	41	24	6.3	6.6	12.8	6.8
Uganda	70	207	188	265	21.0	86.7	29.2	45.4
Vietnam 2/	-2	52	182	298	...	0.9	2.7	3.7
Yemen, Rep. of 2/	52	37	56	163	...	1.4	1.7	4.7
Zambia	74	85	579	85	6.8	7.2	44.7	5.9
Total	2,487	3,204	3,254	3,135	7.8	6.7	5.8	4.9

Sources: World Bank Debtor Reporting System (DRS); and IMF International Financial Statistics (IFS).

1/ Disbursements on medium- and long-term public and publicly guaranteed debt; including to the IMF. The data is derived from the DRS except for the data on lending by the IMF.

2/ Annual average of net disbursements in percent of exports of goods and services is calculated only for selected years due to the lack of export data.

Table 21. Developing Countries: Gross and Net Disbursements on Public External Debt by Region and Creditor, 1985-96 1/

(In billions of U.S. dollars)

	Gross disbursements					Net disbursements				
	Annual average				Prov.	Annual average				Prov.
	1985-89	1990-94	1994	1995	1996	1985-89	1990-94	1994	1995	1996
Sub-Saharan Africa	10.1	8.6	7.8	9.8	8.1	5.2	4.1	3.4	2.9	1.8
Multilateral	4.3	5.3	5.9	7.4	5.7	2.3	3.1	3.4	2.9	2.9
Official bilateral	2.8	2.0	1.2	1.4	1.1	2.0	1.1	0.3	0.3	-0.4
Private	2.9	1.4	0.7	1.0	1.2	0.9	-0.1	-0.4	-0.3	-0.7
North Africa and the Middle East	13.8	13.7	12.5	10.2	11.1	5.7	1.6	1.0	2.8	4.2
Multilateral	2.2	3.1	3.8	3.7	4.0	1.0	1.1	1.6	1.3	1.6
Official bilateral	4.1	3.2	2.7	2.0	2.0	2.2	0.5	-1.8	0.3	0.3
Private	7.5	7.4	6.1	4.4	5.1	2.5	0.0	1.2	1.2	2.2
East Asia and the Pacific	18.6	28.5	34.8	38.2	33.8	7.5	11.1	14.7	15.6	10.2
Multilateral	4.1	5.5	6.2	6.3	6.3	2.1	2.2	2.3	2.8	2.6
Official bilateral	3.9	7.1	7.7	10.7	6.4	2.1	4.1	3.5	5.5	1.8
Private	10.6	15.9	20.9	21.2	21.1	3.3	4.7	8.9	7.2	5.8
South Asia	10.3	12.0	11.3	9.3	14.2	6.2	6.1	2.5	-1.5	3.4
Multilateral	3.8	6.0	5.4	4.1	4.9	1.8	3.8	2.2	-0.1	1.2
Official bilateral	2.2	2.7	2.8	2.5	3.5	1.1	0.9	0.2	-1.0	1.0
Private	4.3	3.3	3.2	2.8	5.8	3.3	1.4	0.1	-0.4	1.2
Western Hemisphere	21.3	25.4	25.5	59.8	60.6	7.0	3.6	2.8	31.8	16.3
Multilateral	8.5	10.5	7.9	25.7	10.7	3.1	1.0	-1.7	14.5	0.6
Official bilateral	3.4	3.6	3.4	14.1	3.5	1.7	0.6	-0.8	7.7	-10.7
Private	9.4	11.3	14.2	20.0	46.4	2.2	1.9	5.4	9.5	26.5
Europe and Central Asia	21.4	26.8	22.2	29.7	30.9	3.8	11.7	5.8	9.8	13.8
Multilateral	2.2	6.2	8.3	12.7	10.2	-0.6	3.7	4.2	6.4	6.4
Official bilateral	1.8	3.7	2.9	2.2	4.9	-0.1	2.3	1.7	0.1	3.0
Private	17.4	16.9	11.0	14.8	15.8	4.5	5.7	-0.1	3.3	4.5
Memorandum items:										
Private non-guaranteed debt 2/										
Sub-Saharan Africa	0.6	0.5	0.4	0.4	0.8	0.1	0.0	-0.2	0.1	0.2
North Africa and the Middle East	0.3	0.2	0.6	0.2	0.1	0.1	0.0	0.3	0.0	-0.2
East Asia and the Pacific	3.5	12.0	17.3	20.8	39.2	0.8	6.3	8.3	10.4	28.9
South Asia	0.4	0.9	1.3	1.9	2.2	0.0	0.4	0.9	1.4	1.5
Western Hemisphere	1.9	15.1	23.5	27.7	20.1	-2.6	7.9	11.4	14.5	5.4
Europe and Central Asia	0.7	3.1	4.2	7.8	4.6	0.0	1.3	1.6	4.6	1.7

Sources: World Bank Debtor Reporting System (DRS); and IMF International Financial Statistics (IFS).

1/ Disbursements on medium- and long-term public and publicly guaranteed debt; including to the IMF.

2/ Only 31 DRS reporting countries report their private non-guaranteed debt to the DRS; estimates are made by the World Bank for 29 other DRS reporting countries for which this type of debt is known to be significant.

Table 22. Heavily Indebted Poor Countries: Structure of Multilateral Debt, 1985-96 1/

	Multilateral debt outstanding		Shares in total multilateral debt outstanding: Total concessional		World Bank: IBRD		World Bank: IDA		Regional development banks: Non-concessional		Regional development banks: Concessional		Other multilaterals		IMF		
	1985	1996 Prov.	1985	1996 Prov.	1985	1996 Prov	1985	1996 Prov.	1985	1996 Prov.	1985	1996 Prov.	1985	1996 Prov.	1985	1996	1996 o/w: concessional 2/
	(US$ million)		(In percent of total multilateral debt outstanding)														
Angola 3/	28	223	12	76	0	0	0	60	10	16	2	16	88	8	0	0	0
Benin	241	994	89	98	0	0	52	54	4	0	14	23	25	13	5	10	10
Bolivia	806	2,966	51	62	26	2	12	31	11	25	33	22	9	10	10	9	9
Burkina Faso	282	1,149	91	95	0	0	53	58	1	1	11	19	32	15	4	7	7
Burundi	261	1,026	88	97	0	0	54	63	10	2	15	21	16	11	6	4	4
Cameroon	725	1,842	51	42	40	31	31	24	5	17	0	3	20	22	4	4	0
Central African Rep.	163	679	76	96	0	0	39	65	3	1	22	22	12	8	24	4	2
Chad	101	827	90	93	0	0	39	49	0	0	26	26	23	17	12	8	6
Congo, Rep. of	342	726	38	58	17	12	19	24	15	13	1	17	45	28	3	5	3
Congo, Dem. Rep. of	1,410	2,747	41	70	3	3	26	47	4	10	1	7	8	17	57	16	7
Côte d'Ivoire	1,871	4,449	10	46	52	31	0	20	2	20	0	2	10	16	36	11	11
Equatorial Guinea	27	126	49	96	0	0	12	44	22	2	9	28	10	13	47	14	14
Ethiopia	684	2,671	86	94	7	0	64	62	2	7	10	25	7	2	10	3	3
Ghana	1,227	3,714	36	92	10	1	21	72	2	5	3	6	7	1	57	15	12
Guinea	288	1,617	70	89	19	0	40	56	6	10	3	15	21	14	11	5	5
Guinea-Bissau	106	533	83	98	0	0	42	42	8	1	18	22	29	34	3	1	1
Guyana	360	830	49	85	18	4	8	27	7	9	23	26	19	14	25	20	19
Honduras	1,193	2,218	40	55	31	17	7	20	12	16	26	27	13	17	12	3	2
Kenya	1,840	3,303	31	84	41	10	22	63	1	4	1	6	7	6	28	10	10
Lao P.D.R	74	776	100	100	0	0	36	43	0	0	36	44	14	4	14	9	9
Liberia	550	736	27	32	18	10	14	14	11	1	3	7	8	23	46	44	5
Madagascar	654	1,797	71	96	4	0	48	68	1	3	5	19	13	7	28	4	4
Mali	498	1,608	82	100	0	0	45	58	2	0	14	23	20	8	20	10	10
Mauritania	381	1,070	59	90	14	1	16	34	3	6	6	14	49	36	12	10	10
Mozambique	128	1,818	69	96	0	0	4	62	21	2	21	16	55	9	0	10	10
Myanmar	805	1,313	92	100	0	0	51	59	1	0	30	38	5	3	13	0	0
Nicaragua	742	1,618	48	56	22	3	8	20	3	10	31	30	37	36	0	2	2
Niger	352	942	67	96	0	0	42	66	5	0	10	11	21	17	22	6	4
Nigeria	1,431	5,027	8	10	95	59	2	9	0	27	0	2	3	3	0	0	0
Rwanda	242	858	99	99	0	0	63	66	1	0	18	24	15	7	4	3	1
São Tomé and Príncipe	22	200	100	100	0	0	0	30	0	0	38	58	62	11	0	0	0
Senegal	848	2,280	52	88	11	1	27	54	5	8	2	11	24	12	32	14	12
Sierra Leone	224	684	58	100	4	0	26	40	3	0	6	18	16	16	45	25	25
Somalia	564	946	73	84	0	0	33	45	1	0	6	11	33	27	27	17	2
Sudan	1,700	3,074	55	67	3	0	30	41	0	2	1	9	22	18	43	29	3
Tanzania	1,167	3,225	73	96	23	2	49	76	4	0	6	11	13	5	5	6	6
Togo	369	844	69	98	7	0	44	67	4	1	8	10	17	11	20	11	11
Uganda	796	2,863	49	98	5	0	36	68	9	1	1	9	11	7	38	15	15
Vietnam 4/	152	1,018	79	77	0	0	36	34	..	0	.	13	...	0	64	53	34
Yemen, Rep. of	742	1,436	85	88	0	0	47	63	0	0	0	0	47	29	6	8	0
Zambia	1,523	3,465	18	91	24	3	7	40	3	5	1	6	12	11	53	35	35
Total (US$ million) 3/ 4/	25,922	70,237	12,697	53,492	5,510	6,286	6,688	32,511	977	5,683	1,936	9,268	4,121	8,403	6,690	8,087	5,996
Share of total debt (percent)	100.0	100.0	49.0	76.2	21.3	8.9	25.8	46.3	3.8	8.1	7.5	13.2	15.9	12.0	25.8	11.5	8.5

Sources: World Bank Debtor Reporting System (DRS); and IMF International Financial Statistics (IFS).

1/ Medium- and long-term public and publicly guaranteed debt, including to the IMF.

2/ SAF, ESAF, and Trust Fund.

3/ Data on Angola for 1996 is incomplete; total multilateral concessional debt is $169 million while aggregate data reported to DRS is $155 million that is used in other tables.

4/ Data on Vietnam for 1985 is incomplete, only including debt to the IDA and the IMF. Total for 1985 includes $152 million for Vietnam while aggregate data presented in other tables excludes it.

Table 23. Paris Club Reschedulings of Official Bilateral Debt: Amounts Consolidated in Successive Reschedulings, 1976-July 1997

Country/Agreement	Amount under successive agreements (In millions of U.S. dollars) I	II	III	IV	V	VI	VII	VIII	IX	X	XI	Total 1/	Number of Agree-ments
Angola	446											446	1
Cambodia	249											249	1
Croatia	782											782	1
El Salvador	135											135	1
FYR Macedonia	288											288	1
Gambia, The	17											17	1
Ghana	93 2/											93	1
Guatemala	440											440	1
Haiti	117											117	1
Kenya	535											535	1
Vietnam	791											791	1
Yemen, Republic of	113											113	1
Algeria	5,345	7,320										12,665	2
Chile	146	157										303	2
Dominican Republic	290	850										1,140	2
Egypt	6,350	27,864 3/										34,214	2
Ethiopia	441	184										625	2
Nicaragua	722	783										1,505	2
Panama	19	200										219	2
Romania	234	736										970	2
Somalia	127	153										280	2
Trinidad and Tobago	209	110										319	2
Bulgaria	640	251	200									1,091	3
Burkina Faso	71	36	64 4/									171	3
Chad	24	24	12									60	3
Guinea-Bissau	25	21	195									241	3
Honduras	280	180	112									572	3
Malawi	25	26	27									78	3
Mexico	1,199	1,912	2,400									5,511	3
Nigeria	6,251	5,600	3,300									15,151	3
Turkey	1,300	1,200	2,900									5,400	3
Benin	193	152	25	209 4/								579	4
Brazil	2,337	4,178	4,992	10,500								22,007	4
Cameroon	535	1,080	1,259	1,129								4,003	4
Congo, Rep. of	756	1,052	1,175	1,758								4,741	4
Equatorial Guinea	38	10	32	51								131	4
Guyana	195	123	39	793 4/								1,150	4
Jordan	587	771	1,147	400								2,905	4
Liberia	35	25	17	17								94	4
Mali	63	44	20	33 4/								160	4
Russian Federation	14,363	7,100	6,400	40,200 3/								68,063	4
Sudan	487	203	518	249								1,457	4
Former Yugoslavia	500	812	901	1,291								3,504	4
Argentina	2,040	1,260	2,400	1,476	2,700							9,876	5
Costa Rica	136	166	182	139	58							681	5
Guinea	196	123	203	156	123							801	5
Mozambique	283	361	719	440	664							2,467	5
Philippines	757	862	1,850	1,096	5/							4,565	5
Tanzania	1,046	377	199	691	1608							3,921	5
Bolivia	449	226	276	65	482	881 4/						2,379	6
Central Africa Republic	72	13	14	28	4	32						163	6
Ecuador	142	450	438	397	339	293						2,059	6
Mauritania	68	27	90	52	218	66						521	6
Morocco	1,152	1,124	1,008	969	1,390	1,303						6,946	6
Peru	420	466	704	5,910	1,527	6,724 3/						15,751	6
Poland	2,110	10,930	1,400	9,027	10,400	29,871 3/						63,738	6
Uganda	30	19	170	89	39	110 4/						457	6
Zambia	375	253	371	963	917	566						3,445	6
Cote d'Ivoire	230	213	370	567	934	806	1,849					4,969	7
Gabon	63	387	326	545	6/	1,360	1,030					3,711	7
Jamaica	105	62	124	147	179	127	291					1,035	7
Sierra Leone	39	37	25	86	164	42	39					432	7
Madagascar	140	107	89	128	212	254	139	1,247				2,316	8
Niger	36	26	38	34	37	48	116	160	128			623	9
Congo, Dem. Rep of	270	170	40	1,040	500	1,497	408	429	671	1,530		6,555	10
Togo	260	232	300	75	27	139	76	88	52	237		1,486	10
Senegal	75	74	72	122	65	79	143	107	114	237	169	1,257	11
Total	58,287	81,122	37,143	80,872	22,587	44,198	4,091	2,031	965	2,004	169	333,469	267

Sources: Agreed Minutes of debt reschedulings; Paris Club Secretariat and IMF staff estimates.

1/ Includes significant double-counting in cases where previously rescheduled debt has been rescheduled, also includes tranches that may not have been implemented

2/ Limited terms of reference rescheduling of certain long-standing arrears.

3/ Total value of debt restructured.

4/ Stock-of-debt operation under Naples terms

5/ The Philippines' 1994 rescheduling agreement was cancelled at the authorities' request

6/ Gabon's 1991 rescheduling agreement was declared null and void

Table 24. Middle-Income Rescheduling Countries, Amounts Due and Consolidated under Flow Reschedulings, August 1995-July 1997 1/

(In millions of U.S. dollars, unless otherwise indicated)

	Arrears 2/	Current maturities (falling during the consolidation period)	Total
Debt service due	522	35,677	36,199
Pre-cutoff date debt	455	23,869	24,324
Non-previously rescheduled	121	6,511	6,632
Previously rescheduled	334	17,358	17,692
Of which: deferrals	2	4,736	4,738
Post-cutoff date debt	54	11,487	11,541
Short-term debt	13	321	335
Debt service treated	376	21,285	21,661
Consolidated amounts	376	21,285	21,661
Non-previously rescheduled	121	6,131	6,253
Previously rescheduled 3/	255	15,154	15,408
Of which: deferrals	-	3,708	3,708
Deferred	-	-	-
Post-cutoff	-	-	-
Short-term	-	-	-
Moratorium interest	-	-	-
Debt service payable	207	16,825	17,032
Not treated	79	2,584	2,663
Non-previously rescheduled	-	379	379
Previously rescheduled	79	2,205	2,284
Of which: deferrals	2	1,028	1,030
Post-cutoff date debt	54	11,487	11,541
Short-term debt	13	321	335
Moratorium interest	61	2,432	2,493
Debt service payable in percent of debt service due	...	...	47

Sources: Paris Club; and IMF staff estimates and projections.

1/ Includes agreements with: Gabon, Ghana, Jordan, Peru, and Russian Federation. For Russia and Peru, only the flow impact of the reschedulings is shown. In addition, some $21.2 billion of debt due from Russia after the end of the consolidation period, and $5.6 billion from Peru were restructured over a longer period of time.

2/ Arrears at the beginning of the consolidation period.

3/ Including deferrals of debt treated under the most recent rescheduling agreement.

Table 25. Low-Income Rescheduling Countries: Amounts Due and Consolidated under Flow Reschedulings, August 1995-July 1997 1/

(In millions of U.S. dollars, unless otherwise indicated)

	Arrears 2/	Current maturities (falling during the consolidation period)	Total
Debt service due	4,582	4,677	9,259
Pre-cutoff date debt	4,316	3,757	8,073
Non-previously rescheduled	908	795	1,703
Previously rescheduled	3,408	2,962	6,369
Of which: deferrals	390	284	675
Post-cutoff date debt	209	915	1,123
Short-term debt	58	5	63
Debt service treated	4,296	3,390	7,686
Consolidated amounts	4,192	3,390	7,582
Non-previously rescheduled	908	787	1,695
Previously rescheduled 3/	3,284	2,603	5,887
Of which: deferrals	390	66	456
Deferred for the first time	104	-	104
Post-cutoff date debt	104	-	104
Short-term debt	-	-	-
Moratorium	-	-	-
Debt service payable	649	1,417	2,066
Not treated 4/	124	367	491
Non-previously rescheduled	-	8	8
Previously rescheduled	124	359	483
Of which: deferrals	-	219	219
Post-cutoff date debt	104	915	1,019
Short-term debt	58	5	63
Moratorium interest	364	130	493
Debt service payable in percent of debt service due	...	...	22

Sources: Paris Club; and IMF staff estimates and projections.

1/ Includes agreements with: Cameroon, Chad, Congo, Rep. of, Ethiopia, Guinea, Honduras, Madagascar, Mozambique, Niger, Sierra Leone, Tanzania, Yemen, and Zambia.
2/ Arrears at the beginning of the consolidation period.
3/ Including deferrals of debt treated under the most recent rescheduling agreement.
4/ Including late interest if not consolidated.

Table 26. Amounts Restructured Under Stock-of-Debt Operations for Low-Income Countries, 1995-July 1997

(In millions of U.S. dollars) 1/

	Stocks Treated 2/	Stocks not Treated	Total Stocks
Total	2,090	1,433	3,522
Pre-cutoff date debt	2,090	319	2,409
NPRD	235	-	235
Previously rescheduled	1,855	319	2,174
NC 3/	901	-	901
Toronto terms	574	-	574
London terms 4/	349	67	416
Naples terms	-	236	236
Deferrals	31	17	48
Post-cutoff date debt	-	1,048	1,048
Short-term debt	-	65	65

Sources: Paris Club; and IMF staff estimates.

NPRD--non-previously rescheduled debts, NC--debt previously rescheduled non-concessionally.
1/ Includes agreements with: Benin, Bolivia, Burkina Faso, Guyana, Mali, and Uganda.
2/ NPRD and NC debt received a 67percent NPV debt reduction, while debt relief on debt prev rescheduled on Toronto or London terms was topped up to 67percent in NPV terms.
3/ Guyana's outstanding principal to Trinidad and Tobago ($536 million) was previously resche non-concessionally outside the Paris Club framework.
4/ For Bolivia, including debts rescheduled under the (non-concessional) long maturities option

Table 27: Reschedulings of Official Bilateral Debt, 1976-July 1997
(Overview)

Debtor countries	Number of Reschedulings 1/	Date of agreement (M/D/Y)	Amount consolidated 2/ (In millions of U.S. dollars)	Consolidation period 3/ (In months)	Terms 4/	
					Grace (In years)	Maturity (In years)
Algeria	I	06/01/94	5,345	12	3.0	14.5 5/
Algeria	II	07/21/95	7,320	36	1.5	13.5 5/
Angola	I	07/20/89	446	15	6.0	9.5
Argentina	I	01/16/85	2,040	12	5.0	9.5
Argentina	II	05/20/87	1,260	14	4.9	9.5
Argentina	III	12/21/89	2,400	15	5.8	9.3
Argentina	IV	09/19/91	1,476	9	6.2	9.7
Argentina	V	07/22/92	2,700	29	1.1	13.6 5/
Benin	I	06/22/89	193	13	Toronto terms	
Benin	II	12/18/91	152	19	London terms	
Benin	III	06/21/93	25	29	London terms	
Benin	IV	10/25/96	209	Stock	Naples terms	
Bolivia	I	06/25/86	449	12	5.0	9.5
Bolivia	II	11/14/88	226	15	5.9	9.3
Bolivia	III	03/15/90	276	24	Toronto terms	
Bolivia	IV	01/24/92	65	29	London terms	
Bolivia	V	03/24/95	482	36	Naples terms	
Bolivia	VI	12/14/95	881	Stock	Naples terms	
Brazil	I	11/23/83	2,337	17	4.0	7.5
Brazil	II	01/21/87	4,178	30	3.0	5.5
Brazil	III	07/28/88	4,992	20	5.0	9.5
Brazil	IV	02/26/92	10,500	20	1.8	13.3 5/
Bulgaria	I	04/17/91	640	12	6.5	10.0
Bulgaria	II	12/14/92	251	5	6.3	9.8
Bulgaria	III	04/13/94	200	13	5.9	9.4
Burkina Faso	I	03/15/91	71	15	Toronto terms	
Burkina Faso	II	05/07/93	36	33	London terms	
Burkina Faso	III	06/20/96	64	Stock	Naples terms	
Cambodia	I	01/26/95	249	30	Naples terms	
Cameroon	I	05/24/89	535	12	6.0	9.5
Cameroon	II	01/23/92	1,080	9	8.2	14.6
Cameroon	III	03/25/94	1,259	18	London terms	
Cameroon	IV	11/16/95	1,129	12	Naples terms 6/	
Central African Republic	I	06/12/81	72	12	4.0	8.5
Central African Republic	II	07/08/83	13	12	5.0	9.5
Central African Republic	III	11/22/85	14	18	4.8	9.3
Central African Republic	IV	12/14/88	28	18	Toronto terms	
Central African Republic	V	06/15/90	4	12	Toronto terms	
Central African Republic	VI	04/12/94	32	12	London terms	
Chad	I	10/24/89 7/	24	15	Toronto terms	
Chad	II	02/28/95 7/	24	12	Naples terms	
Chad	III	06/04/96 7/	12	32	Naples terms	
Chile	I	07/17/85	146	18	2.8	6.3
Chile	II	04/02/87	157	21	2.6	6.1
Congo, Democratic Republic of	I	07/18/86	756	20	3.7	9.1
Congo, Democratic Republic of	II	09/13/90	1,052	21	5.8	14.3
Congo, Democratic Republic of	III	06/30/94	1,175	11	8.1	14.6
Congo, Democratic Republic of	IV	07/16/96	1,758	36	Naples terms	
Congo, Democratic Republic of	I	06/16/76	270	18	1.0	7.5

Table 27: Reschedulings of Official Bilateral Debt, 1976-July 1997 (continued)
(Overview)

Debtor countries	Number of Reschedulings 1/	Date of agreement (M/D/Y)	Amount consolidated 2/ (In millions of U.S. dollars)		Consolidation period 3/ (In months)	Terms 4/ Grace (In years)	Terms 4/ Maturity (In years)	
Congo, Democratic Republic of	II	07/07/77	170		12	3.0	8.5	
Congo, Democratic Republic of	III	12/01/77	40		6	3.0	9.0	
Congo, Democratic Republic of	IV	12/11/79	1,040		18	3.5	9.0	
Congo, Democratic Republic of	V	07/09/81	500		12	4.0	9.5	
Congo, Democratic Republic of	VI	12/20/83	1,497		12	5.0	10.5	
Congo, Democratic Republic of	VII	09/18/85	408		15	4.9	9.4	
Congo, Democratic Republic of	VIII	05/15/86	429		12	4.0	9.5	
Congo, Democratic Republic of	IX	05/18/87	671		13	6.0	14.5	
Congo, Democratic Republic of	X	06/23/89	1,530		13	Toronto terms		
Costa Rica	I	01/11/83	136		18	3.8	8.3	
Costa Rica	II	04/22/85	166		15	4.9	9.4	
Costa Rica	III	05/26/89	182		14	4.9	9.4	
Costa Rica	IV	07/16/91	139		9	5.0	9.5	
Costa Rica	V	06/22/93	58		--	2.0	6.5	
Cote d'Ivoire	I	05/04/84	230		13	4.0	8.5	
Cote d'Ivoire	II	06/25/85	213		12	4.0	8.5	
Cote d'Ivoire	III	05/27/86	370		36	4.1	8.6	
Cote d'Ivoire	IV	12/17/87	567		16	5.8	9.3	
Cote d'Ivoire	V	12/18/89	934		16	7.8	13.3	
Cote d'Ivoire	VI	11/20/91	806		12	8.0	14.5	
Cote d'Ivoire	VII	03/22/94	1,849		37	London terms		
Croatia	I	03/21/95	861		12	2.1	13.6	
Dominican Republic	I	05/21/85	290		15	4.9	9.4	
Dominican Republic	II	11/22/91	850		18	7.8	14.3	
Ecuador	I	07/28/83	142		12	3.0	7.5	
Ecuador	II	04/24/85	450		36	3.0	7.5	
Ecuador	III	01/20/88	438		14	4.9	9.4	
Ecuador	IV	10/24/89	397		14	5.9	9.4	
Ecuador	V	01/20/92	339		12	8.0	15.0	
Ecuador	VI	06/27/94	293		6	8.3	14.8	
Egypt	I	05/22/87	6,350		18	4.7	9.2	
Egypt	II	05/25/91	27,864	8/	Stock	2.5	35.0	
El Salvador	I	09/17/90	135		13	8.0	14.5	
Equatorial Guinea	I	07/22/85	38		18	4.5	9.0	
Equatorial Guinea	II	03/03/89	10		...	Toronto terms		
Equatorial Guinea	III	04/02/92	32		12	London terms		
Equatorial Guinea	IV	12/15/94	51		21	London terms		
Ethiopia	I	12/16/92	441		35	London terms		
Ethiopia	II	01/24/97	184		34	Naples terms		
Former Yugoslav Republic of Macedonia	I	07/17/95	288	9/	12	3.1	14.6	5/
Gabon	I	06/20/78	63		--	...	...	
Gabon	II	01/22/87	387		15	3.9	9.4	
Gabon	III	03/21/88	326		12	5.0	9.5	
Gabon	IV	09/19/89	545		16	4.0	10.0	
Gabon	V	10/24/91	498		15	5.0	10.0	
Gabon	VI	04/15/94	1,360		12	2.0	14.5	5/
Gabon	VII	12/12/95	1,030		36	1.0	13.5	5/
Gambia, The	I	09/19/86	17		12	5.0	9.5	

Table 27: Reschedulings of Official Bilateral Debt, 1976-July 1997 (continued)
(Overview)

Debtor countries	Number of Reschedulings 1/	Date of agreement (M/D/Y)	Amount consolidated 2/ (In millions of U.S. dollars)	Consolidation period 3/ (In months)	Terms 4/ Grace (In years)	Terms 4/ Maturity (In years)
Ghana	I	04/07/96 7/	93	--	1.0	5.0
Guatemala	I	03/25/93	440	...	8.0	14.5
Guinea	I	04/18/86	196	14	4.9	9.4
Guinea	II	04/12/89	123	12	Toronto terms	
Guinea	III	11/18/92	203	12	London terms	
Guinea	IV	01/25/95	156	12	Naples terms	
Guinea	V	02/26/97	123	36	Naples terms 6/	
Guinea-Bissau	I	10/27/87	25	18	9.7	19.2
Guinea-Bissau	II	10/26/89	21	15	Toronto terms	
Guinea-Bissau	III	02/23/95	195	36	Naples terms	
Guyana	I	05/23/89	195	14	9.9	19.4
Guyana	II	09/12/90	123	35	Toronto terms	
Guyana	III	05/06/93	39	17	London terms	
Guyana	IV	05/23/96	793	Stock	Naples terms	
Haiti	I	05/30/95	117	13	Naples terms	
Honduras	I	09/14/90	280	11	8.1	14.6
Honduras	II	10/26/92	180	11	London terms	
Honduras	III	03/01/96	112	13	Naples terms 6/	
Jamaica	I	07/16/84	105	15	3.9	8.4
Jamaica	II	07/19/85	62	12	4.0	9.5
Jamaica	III	03/05/87	124	15	4.9	9.4
Jamaica	IV	10/24/88	147	18	4.7	9.2
Jamaica	V	04/26/90	179	18	4.8	9.3
Jamaica	VI	07/19/91	127	13	6.0	14.5
Jamaica	VII	01/25/93	291	36	5.0	13.5
Jordan	I	07/19/89	587	18	4.8	9.3
Jordan	II	02/28/92	771	18	7.7	14.3
Jordan	III	06/28/94	1,147	35	2.1	16.6 5/
Jordan	IV	05/23/97	400	21	3.0	17.5 5/
Kenya	I	01/19/94	535	--	1.3	7.8 5/
Liberia	I	12/19/80	35	18	3.3	7.8
Liberia	II	12/16/81	25	18	4.1	8.6
Liberia	III	12/22/83	17	12	4.0	8.5
Liberia	IV	12/17/84	17	12	5.0	9.5
Madagascar	I	04/30/81	140	18	3.8	8.3
Madagascar	II	07/13/82	107	12	3.8	8.3
Madagascar	III	03/23/84	89	18	4.8	10.3
Madagascar	IV	05/22/85	128	15	4.9	10.4
Madagascar	V	10/23/86	212	21	4.6	9.1
Madagascar	VI	10/28/88	254	21	Toronto terms	
Madagascar	VII	07/10/90	139	13	Toronto terms	
Madagascar	VIII	03/26/97	1,247	35	Naples terms	
Malawi	I	09/22/82	25	12	3.5	8.0
Malawi	II	10/27/83	26	12	3.5	8.0
Malawi	III	04/22/88	27	14	9.9	19.4
Mali	I	10/27/88	63	16	Toronto terms	
Mali	II	11/22/89	44	26	Toronto terms	

Table 27: Reschedulings of Official Bilateral Debt, 1976-July 1997 (continued)
(Overview)

Debtor countries	Number of Reschedulings 1/	Date of agreement (M/D/Y)		Amount consolidated 2/ (In millions of U.S. dollars)	Consolidation period 3/ (In months)	Terms 4/ Grace (In years)	Terms 4/ Maturity (In years)
Mali	III	10/29/92		20	18	London terms	
Mali	IV	05/20/96		33	Stock	Naples terms	
Mauritania	I	04/27/85		68	15	3.8	8.3
Mauritania	II	05/16/86		27	12	4.0	8.5
Mauritania	III	06/15/87		90	14	4.9	14.4
Mauritania	IV	06/19/89		52	12	Toronto terms	
Mauritania	V	01/26/93		218	24	London terms	
Mauritania	VI	06/28/95		66	36	Naples terms	
Mexico	I	06/22/83		1,199	6	3.0	5.5
Mexico	II	09/17/86		1,912	15	4.0	8.5
Mexico	III	05/29/89		2,400	36	6.1	9.6
Morocco	I	10/25/83		1,152	16	3.8	7.3
Morocco	II	09/17/85		1,124	18	3.8	8.3
Morocco	III	03/06/87		1,008	16	4.7	9.2
Morocco	IV	10/26/88		969	18	4.7	9.2
Morocco	V	09/11/90		1,390	7	7.9	14.4
Morocco	VI	02/27/92		1,303	11	8.1	14.5
Mozambique	I	10/25/84		283	12	5.0	10.5
Mozambique	II	06/16/87		361	19	9.7	19.3
Mozambique	III	06/14/90		719	30	Toronto terms	
Mozambique	IV	03/23/93		440	24	London terms	
Mozambique	V	11/20/96		664	32	Naples terms	
Nicaragua	I	12/17/91		722	15	London terms	
Nicaragua	II	03/22/95		783	27	Naples terms	
Niger	I	11/14/83		36	12	4.5	8.5
Niger	II	11/30/84		26	14	4.9	9.4
Niger	III	11/21/85		38	12	5.1	9.5
Niger	IV	11/20/86		34	13	5.0	9.5
Niger	V	04/21/88		37	13	10.0	19.5
Niger	VI	12/16/88		48	12	Toronto terms	
Niger	VII	09/18/90		116	28	Toronto terms	
Niger	VIII	03/04/94		160	15	London terms	
Niger	IX	12/18/96		128	31	Naples terms	
Nigeria	I	12/16/86		6,251	15	4.9	9.4
Nigeria	II	03/02/89		5,600	16	4.8	9.3
Nigeria	III	01/18/91		3,300	15	7.9	14.3
Panama	I	09/19/85		19	16	2.8	7.3
Panama	II	11/14/90		200	17	4.8	9.3
Peru	I	11/03/78		420	12	2.0	6.5
Peru	II	07/26/83		466	12	3.0	7.5
Peru	III	06/05/84		704	15	4.9	8.4
Peru	IV	09/17/91		5,910	15	7.9	14.5
Peru	V	05/04/93		1,527	39	6.9	13.4
Peru	VI	07/20/96		6,724	33	1.0	18.0
Philippines	I	12/20/84		757	18	4.8	9.3
Philippines	II	01/22/87		862	18	4.7	9.2
Philippines	III	05/27/89		1,850	25	5.5	9.0
Philippines	IV	06/20/91		1,096	14	7.9	14.4
Philippines	V	07/19/94	10/	586	17	7.9	14.4
Poland	I	04/27/81		2,110	8	4.0	7.5
Poland	II	07/15/85		10,930	36	5.0	10.5

Table 27: Reschedulings of Official Bilateral Debt, 1976-July 1997 (continued)
(Overview)

Debtor countries	Number of Reschedulings 1/	Date of agreement (M/D/Y)	Amount consolidated 2/ (In millions of U.S. dollars)	Consolidation period 3/ (In months)	Terms 4/ Grace (In years)	Terms 4/ Maturity (In years)
Poland	III	11/19/85	1,400	12	5.0	9.5
Poland	IV	10/30/87	9,027	12	4.5	9.0
Poland	V	02/16/90	10,400	15	8.3	13.8
Poland	VI	04/21/91	29,871 11/	Stock	6.5	18.0
Romania	I	07/28/82	234	12	3.0	6.0
Romania	II	05/18/83	736	12	3.0	6.0
Russian Federation	I	04/02/93 12/	14,363	12	5.0	9.5 5/
Russian Federation	II	06/02/94 12/	7,100	12	2.8	15.3 5/
Russian Federation	III	06/03/95 12/	6,400	12	2.8	15.3 5/
Russian Federation	IV	04/29/96 12/	40,200	39		
Senegal	I	10/12/81	75	12	4.0	8.5
Senegal	II	11/29/82	74	12	4.3	8.8
Senegal	III	12/21/83	72	12	4.0	8.5
Senegal	IV	01/18/85	122	18	3.8	8.3
Senegal	V	11/21/86	65	16	4.8	9.3
Senegal	VI	11/17/87	79	12	6.0	15.5
Senegal	VII	01/23/89	143	14	Toronto terms	
Senegal	VIII	02/12/90	107	12	Toronto terms	
Senegal	IX	06/21/91	114	12	Toronto terms	
Senegal	X	03/03/94	237	15	London terms	
Senegal	XI	04/20/95	169	29	Naples terms	
Sierra Leone	I	09/15/77	39	24	1.5	8.5
Sierra Leone	II	02/08/80	37	16	4.2	9.7
Sierra Leone	III	02/08/84	25	12	5.0	10.0
Sierra Leone	IV	11/19/86	86	18	4.8	9.2
Sierra Leone	V	11/20/92	164	30	London terms	
Sierra Leone	VI	07/20/94	42	17	London terms	
Sierra Leone	VII	03/28/96	39	24	Naples terms	
Somalia	I	03/06/85	127	12	5.0	9.5
Somalia	II	07/22/87	153	24	9.5	19.0
Sudan	I	11/13/79	487	21	3.0	9.5
Sudan	II	03/18/82	203	18	4.5	9.5
Sudan	III	02/04/83	518	12	5.5	15.0
Sudan	IV	05/03/84	249	12	6.0	15.5
Tanzania	I	09/18/86	1,046	12	5.0	9.5
Tanzania	II	12/13/88	377	6	Toronto terms	
Tanzania	III	03/16/90	199	12	Toronto terms	
Tanzania	IV	01/21/92	691	30	London terms	
Tanzania	V	01/21/97	1,608	36	Naples terms	
Togo	I	06/15/79	260	21	2.8	8.3
Togo	II	02/20/81	232	24	4.0	8.5
Togo	III	04/12/83	300	12	5.0	9.5
Togo	IV	06/06/84	75	16	4.8	9.3
Togo	V	06/24/85	27	12	5.0	10.5
Togo	VI	03/22/88	139	15	7.9	15.3
Togo	VII	06/20/89	76	14	Toronto terms	
Togo	VIII	07/09/90	88	24	Toronto terms	
Togo	IX	06/19/92	52	9	London terms	
Togo	X	02/23/95	237	33	Naples terms	
Trinidad and Tobago	I	01/25/89	209	14	4.9	9.4
Trinidad and Tobago	II	04/27/90	110	13	5.0	9.5
Turkey	I	05/20/78	1,300	13	2.0	6.5

Table 27: Reschedulings of Official Bilateral Debt, 1976-July 1997 (concluded)
(Overview)

Debtor countries	Number of Reschedulings 1/	Date of agreement (M/D/Y)	Amount consolidated 2/ (In millions of U.S. dollars)	Consolidation period 3/ (In months)	Terms 4/ Grace (In years)	Terms 4/ Maturity (In years)
Turkey	II	07/25/79	1,200	12	3.0	7.5
Turkey	III	07/23/80	3,000	36	4.5	9.0
Uganda	I	11/18/81	30	12	4.5	9.0
Uganda	II	12/01/82	19	12	6.5	8.0
Uganda	III	06/19/87	170	12	6.0	14.5
Uganda	IV	01/26/89	89	18	Toronto terms	
Uganda	V	06/17/92	39	24	London terms	
Uganda	VI	02/20/95	110	Stock	Naples terms	
Viet Nam	I	12/14/93	791	--	London terms	
Yemen	I	09/24/96	113	10	Naples terms	
Yugoslavia 13/	I	05/22/84	500	12	4.0	6.5
Yugoslavia 13/	II	05/24/85	812	16	3.8	8.3
Yugoslavia 13/	III	05/13/86	901	12	3.9	9.4
Yugoslavia 13/	IV	07/13/88	1,291	15	5.9	9.4
Zambia	I	05/16/83	375	12	5.0	9.5
Zambia	II	07/20/84	253	12	5.0	9.5
Zambia	III	03/04/86	371	12	5.0	9.5
Zambia	IV	07/12/90	963	18	Toronto terms	
Zambia	V	07/23/92	917	33	London terms	
Zambia	VI	02/28/96	566	36	Naples terms	

Sources: Paris Club, and IMF staff estimates.
1/ Roman numerals indicate, for each country, the number of debt reschedulings, in the period beginning 1976.
2/ Includes debt service formally rescheduled as well as postponed maturities.
3/ In a number of cases consolidation period was extended.
4/ Terms for current maturities due on medium- and long-term debt covered by the rescheduling agreement and not rescheduled previously.
Grace and maturity are calculated from the middle of the consolidation period plus 6 months.
5/ Graduated payments schedule.
6/ Naples terms with a 50percent NPV reduction.
7/ Date of informal meeting of creditors on the terms to be applied in the bilateral reschedulings.
8/ Total value of debt restructured for Egypt in 1991 includes the cancellationof military debt by the United States.
9/ The former Yugoslav Republic of Macedonia agreed to the terms of the rescheduling, but did not sign the Agreed Minute.
10/ The 1994 rescheduling was canceled at the request of the authorities.
11/ Total value of debt restructured for Poland in 1991.
12/ Creditors net under the chairmanship of the group of participating creditor countries.
13/ Former Socialist Federal Republic of Yugoslavia.

Glossary [40]

Agreed Minute. Paris Club document detailing the terms for a rescheduling between creditors and the debtor. It specifies the coverage of debt-service payments (types of debt treated), the cutoff date, the consolidation period, the proportion of payments to be rescheduled, the provisions regarding any down payment, and the repayment schedules for rescheduled and deferred debt. Creditor governments commit to incorporate these terms in the bilateral agreements negotiated with the debtor government that implements the Agreed Minute. Paris Club creditors will only agree to reschedulings with countries that have an IMF upper credit tranche arrangement (SBA, EFF), SAF/ESAF, or Rights Accumulation Program (RAP).

Arrears. Unpaid or overdue payments. In the context of export credits, arrears are overdue payments by borrowers that have not yet resulted in claims on export credit agencies.

Berne Union (International Union of Credit and Investment Insurers). An association founded in 1934, of export credit insurance agencies, all participating as insurers and not as representatives of their governments. The main purposes of the Union are to work for sound principles of export credit insurance and maintenance of discipline in the terms of credit in international trade. To this end, members exchange information and furnish the Union with information on their activities, consult with each other on a continuing basis, and cooperate closely.

Bilateral agreements. Agreements reached bilaterally between the debtor country and agencies in each of the creditor countries participating in a Paris Club rescheduling. These agreements put into effect the debt restructuring set forth in the Agreed Minute and are legally the equivalent of new loan agreements.

Bilateral creditors. The creditors are governments. Their claims are loans extended, insured, or guaranteed by governments or official agencies, such as export credit agencies. Certain official creditors participate in debt reschedulings under the aegis of the Paris Club.

Bilateral deadline. In the context of Paris Club reschedulings, the date by which all bilateral agreements must be concluded. It is set in the Agreed Minute and is typically around six months later, but it can be extended upon request.

Bilateral debt. Loans extended by a bilateral creditor.

Brady Plan. Approach adopted in the late 1980s to restructure debt to commercial banks which emphasizes voluntary market-based debt and debt-service reduction operations

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[40]For a more expanded glossary, see “Debt Stocks, Debt Flows, and the Balance of Payments”, BIS, IMF, World Bank, OECD, Basle, Washington, and Paris, 1994.

(DDSR). The main feature of the DDSR operations is the menu of options offered to creditors, which consists of some combination of a buy-back at a significant discount, and the issuance of "Brady bonds" by the debtor country in exchange for banks' claims. Such operations complement countries' efforts to restore external viability through the adoption of medium-term structural adjustment programs supported by the IMF and other multilateral and official bilateral creditors.

Buy-back. The purchase by a debtor of its own debt, usually at a substantial discount. The debtor reduces its obligations while the creditor receives a once and for all payment. Although in apparent contravention of standard commercial bank loan agreements, some debtors have bought back their own debt on the secondary market.

Buyers' credit. A financial arrangement in which a bank or financial institution, or an export credit agency in the exporting country, extends a loan directly to a foreign buyer or to a bank in the importing country to finance the purchase of goods and services from the exporting country.

Cancellation of a loan. An agreed reduction in the undisbursed balance of a loan commitment.

Capitalized interest. Scheduled interest payments which are converted, through an agreement made with the creditor, into disbursed and outstanding debt. Rescheduling agreements frequently provide for the capitalization of some percentage of interest due during the consolidation period.

Capitalization of moratorium interest option. Option under concessional Paris Club reschedulings where creditors effect the required NPV debt relief through a reduction in the applicable interest rate (but a lower reduction than in the debt service reduction option) and with a partial capitalization of moratorium interest. Creditors choose this option only rarely. (See concessional reschedulings).

Claims payments. Payments made to exporters or banks, after the claims-waiting period, by an export credit agency on insured or guaranteed loans, when the original borrower or borrowing-country guarantor fails to pay. This is recorded by the agencies as an unrecovered claim.

Claims-waiting period. The period that exporters or banks must wait after arrears occur before the export credit agency will pay on the corresponding claim.

Cofinancing. The joint or parallel financing of programs or projects through loans or grants to developing countries provided by commercial banks, export credit agencies, or other official institutions in association with other agencies or banks, or the World Bank and other multilateral financial institutions.

Commercial credit. In the context of the Paris Club, loans originally extended on terms that do not qualify as ODA credits. These are typically export credits on market terms or have a relatively small grant element.

Commercial Interest Reference Rates (CIRRs). A set of currency-specific interest rates for major OECD countries. These rates are determined monthly based on the secondary market yield on government bonds with a residual maturity of five years.

Commercial risk. In the context of export-credits, the risk of nonpayment by a nonsovereign or private-sector buyer or borrower in his home currency arising from default, insolvency, and/or failure to take up goods that have been shipped according to the supply contract (contrasted with transfer risk arising from an inability to convert local currency into the currency in which the debt is denominated, or broader political risk).

Commitment. In the context of export-credits, a firm obligation by an export credit agency to lend, guarantee, or insure resources of a specified amount under specified financial terms and conditions and for specified purposes for the benefit of a specific importer, either globally or to entities in a specific country, expressed in an agreement or equivalent contract.
In the context of data reported by export credit agencies, the total amount of loans excluding amounts that are in arrears or on which claims have been paid. Usually includes principal and contractual interest payable by the importing country on disbursed and undisbursed credits, and sometimes includes not only liabilities of the agency but also uninsured parts of the loan. Therefore, "commitments" are almost always larger than the face value of the loan, and sometimes larger than the agency's total exposure.

Commitment charge (or fee). This is the charge made for holding available the undisbursed balance of a loan commitment. Typically it is a fixed rate charge (for example, 1.5 percent per annum) calculated on the basis of the undisbursed balance.

Comparable treatment. An understanding in a debt restructuring agreement with the Paris Club creditors that the debtor will secure at least equivalent debt relief from other creditors.

Completion point. In the context of the HIPC Initiative, a point at which the country concerned completes a second (generally) three-year track record of good performance under adjustment programs supported by the IMF and the World Bank after reaching the decision point. Additional measures committed at the decision point will be implemented to assist the country to reach a sustainable level of debt at that time.

Concessionality level. See grant element.

Concessional rescheduling. Rescheduling of debt with partial debt reduction. In the context of the Paris Club, concessional rescheduling terms have been granted to low-income countries since October 1988 with a reduction in the net present value of eligible debt (NPV) of up to

1/3 (Toronto terms); since December 1991 with an NPV reduction of up to ½ (London terms or "enhanced concessions" or "enhanced Toronto" terms); and since January 1995 with an NPV reduction of up to 2/3 (Naples Terms). In the context of the HIPC Initiative, creditors agreed in November 1996 to increase the NPV reduction up to 80 percent (Lyon terms). Such reschedulings can be in the form of flow reschedulings or stock-of-debt operations. While the terms (grace period and maturity) are standard, creditors can choose from a menu of options to implement the debt relief. For full details, see Table 15, Chapter V.

Consensus. See OECD Consensus.

Consolidated amounts or consolidated debt. The debt service payments and arrears, or debt stock, rescheduled under a Paris Club rescheduling agreement.

Consolidation period. In Paris Club rescheduling agreements, the period in which debt-service payments to be rescheduled (the "current maturities consolidated") have fallen or will fall due. The beginning of the consolidation period may precede, coincide with or come after the date of the Agreed Minute. The end of the consolidation period is generally the end of the month in which the IMF arrangement expires, on the basis of which the rescheduling takes place.

Cover. Provision of export credit guarantee/insurance against risks of payments delays or nonpayments relating to export transactions. Cover is usually, though not always, provided both for commercial risk and for political risk. In most cases, cover is not provided for the full value of future debt-service payments; the percentage of cover typically is between 90 and 95 percent. (See also quantitative limits).

Coverage. In the context of rescheduling agreements, the debt service or arrears rescheduled. Comprehensive coverage implies the inclusion of most or all eligible debt service and arrears.

Credit guarantee. Commitment by an export credit agency to reimburse a lender if the borrower fails to repay a loan. The lender pays a guarantee fee. While guarantees could be unconditional, they usually have conditions attached to them, so that in practice there is little distinction between credits that are guaranteed and credits that are subject to insurance.

Credit insurance. The main business of most export credit agencies is insurance of finance provided by exporters or commercial creditors (though some major agencies lend on their own account). Insurance policies provide for the export credit agency to reimburse the lender for losses up to a certain percentage of the credit covered and under certain conditions. Lenders or exporters pay a premium to the export credit agency. Insurance policies typically protect the lender against political or transfer risks in the borrowing country which prevent the remittance of debt service payments.

Current maturities. In the context of rescheduling agreements, principal and interest payments falling due in the consolidation period.

Cutoff date. The date (established at the time of a country's first Paris Club rescheduling) before which loans must have been contracted in order for their debt service to be eligible for rescheduling. New loans extended after the cutoff date are protected from future rescheduling (subordination strategy). In exceptional cases, arrears on post-cutoff date debt can be deferred over short periods of time in rescheduling agreements.

De minimis creditors (or clause). Minor creditors that are exempted from debt restructuring to simplify implementation of the Paris Club rescheduling agreements. Their claims are payable in full as they fall due. An exposure limit defining a minor creditor is defined in each Agreed Minute, typically ranging from SDR 250,000 to SDR 1 million of consolidated debt.

Debt and debt service reduction (DDSR) operations. Debt restructuring agreements typically between sovereign states and consortia of commercial bank creditors involving a combination of buy-back, and exchange of eligible commercial debt for financial instruments at a substantial discount (simple cash buy-back) or for new bonds featuring a net present value reduction. In some instances, the principal portion of new financial instruments is fully collateralized with U.S. Treasury zero-coupon bonds, while interest obligations are also partially secured. DDSR agreements are characterized by a "menu approach", allowing individual creditors to select from among several DDSR options. Under the Brady Plan of March 1989, some of these arrangements have been supported by loans from official creditors.

Debt-equity swap. An arrangement which results in the exchange of debt claims, usually at a discount, for equity in an enterprise. An investor purchases title to a foreign-currency-denominated debt in a secondary market at a substantial discount. Under the debt/equity swap program, the debtor country government will exchange the debt for local currency at face value (with the government normally retaining some funds as a means of capturing a portion of the secondary market discount). The investor will then carry out an approved equity investment project. The difference between the face value and the market value of the debt provides an incentive to the investor. The debtor country government, on its part, must be prepared to spend the financial resources in domestic currency to retire debt.

Debt-for-development swap. Financing part of a development project by the exchange of a foreign-currency-denominated debt for local currency, typically at a substantial discount. The process normally involves a foreign nongovernmental organization (NGO) which purchases the debt from the original creditor at a substantial discount using its own foreign currency resources, and then resells it to the debtor country government for the local currency equivalent (resulting in a further discount). The NGO in turn spends the money on a development project, previously agreed upon with the debtor country government.

Debt-for-nature swap. Similar to a debt for development swap, except that the funds are used for projects that improve the environment.

Debt forgiveness or **debt reduction**. The extinction of a debt, in whole or in part, by agreement between debtor and creditor. Debt reduction in the context of concessional reschedulings from the Paris Club is applied to the net present value of eligible debt.

Debt reduction option. Option under concessional Paris Club reschedulings where creditors effect the required debt relief in net present value terms through a reduction of the principal of the consolidated amount. A commercial interest rate and standard repayment terms apply to the remaining amounts. (See concessional reschedulings). For precise terms see Table 3, Chapter V.

Debt refinancing. Procedure by which overdue payments or future debt-service obligations on an officially-supported export credit are paid off using a new "refinancing" loan. The refinancing loan can be extended by the export credit agency, by a governmental institution, or by a commercial bank, and in the latter case will carry the guarantee of the export credit agency.

Debt rescheduling. See Rescheduling.

Debt restructuring. Any action by a creditor that alters the terms established for repayment of debt in a manner that provides for smaller near-term debt service obligations (debt relief). This includes rescheduling, refinancing, debt and debt service reduction operations, buy-backs, and forgiveness.

Debt service(-to-exports) ratio. A key indicator of a country's debt burden. Scheduled debt service (interest and principal payments due) during a year expressed as a percentage of exports (typically of goods and non-factor services) for that year.

Debt service reduction option. Option under concessional Paris Club reschedulings where creditors effect the required debt relief in net present value terms through a reduction in the applicable interest rate. (See concessional reschedulings). For precise terms, see Table 15, of Chapter V.

Debt sustainability. As defined in the context of the HIPC Initiative, the position of a country when (i) the net present value (NPV) of (public and publicly guaranteed) debt-to-exports ratio and (ii) the debt service-to-exports ratio are below certain country-specific target levels within ranges of 200–250 percent and 20–25 percent, respectively. The specific sustainability targets in the above ranges are set for each country in light of the country-specific vulnerability factors, such as the concentration and variability of exports, and with particular attention to the fiscal burden of external debt service. And, (iii) for highly open economies (indicated by an exports-to-GDP ratio of at least 40 percent) making a strong fiscal effort (expressed by a fiscal revenue-to-GDP ratio of at least 20 percent) the country-specific target for the NPV of debt-to-exports ratio is selected at a level consistent with meeting an NPV of debt-to-revenue ratio of 280 percent.

Debt sustainability analysis (DSA). A study of a country's long-term debt situation jointly undertaken by the staffs of the IMF and the World Bank and the country concerned, in consultation with creditors. A country's eligibility for support under the HIPC Initiative is determined on the basis of a DSA.

Decision point. In the context of the HIPC Initiative, point at which a country's eligibility for assistance under the HIPC Initiative is determined based on the debt sustainability analysis. In order to reach a decision point, a country needs to establish a strong track record in the context of a three-year adjustment program supported by IMF and the World Bank while receiving flow rescheduling on Naples terms from Paris Club creditors and comparable treatment from other official bilateral and commercial creditors. The international community enters into a commitment at the decision point to deliver assistance at the completion point provided the debtor adheres to its policy commitments.

Deferred payments. In the context of Paris Club reschedulings, obligations that are not consolidated but postponed nonconcessionally, usually for a short period of time, as specified in the Agreed Minute.

Development Assistance Committee (DAC) of the OECD. Established in 1960 as the Development Assistance Group with the objective to expand the volume of resources made available to developing countries and to improve their effectiveness. The DAC periodically reviews both the amount and nature of its members' contributions to aid programs, both bilateral and multilateral. The DAC does not disburse assistance funds directly but is concerned instead with the promotion of increased assistance efforts by its Members. The members of the DAC are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, the United States and the Commission of the European Communities.

DRS (Debtor Reporting System). Statistical reporting system maintained by the World Bank to monitor the debt of developing countries based on reports from debtor countries. Basis for the annual World Bank report on *Global Development Finance* (formerly *World Debt Tables*).

EFF (Extended Fund Facility). An IMF lending facility established in 1974 to assist member countries in overcoming balance of payments problems that stem largely from structural problems and require a longer period of adjustment. A member requesting an extended arrangement outlines its objectives and policies for the whole period of the arrangement (typically 3 years) and presents a detailed statement each year of the policies and measures to be pursued over the next 12 months. The phasing and performance criteria are comparable to those of stand–by arrangements, although phasing on a semiannual basis is possible. Countries must repay EFF resources over 10 years including a grace period of 4½ years (see Stand–by Arrangement).

Effectively rescheduled debt. The proportion of total payments covered by a rescheduling agreement that is rescheduled or deferred until after the consolidation period.

Eligible debt or debt service. In the context of the Paris Club, debt that can be rescheduled, namely debt contracted before the cut-off date with maturities of one year or longer.

Enhanced concessions (or enhanced Toronto terms). See concessional rescheduling.

Enhanced Structural Adjustment Facility (ESAF). See structural adjustment facility (SAF).

ESAF-HIPC Trust. Trust established by the IMF in February 1997 to provide assistance to the countries deemed eligible for assistance under the HIPC Initiative by the Boards of the IMF and the World Bank. Through this trust the IMF will provide grants (or in exceptional circumstances highly concessional loans) that will be used to retire a country's obligations falling due to the IMF after the completion point.

Escrow accounts. Accounts in offshore banks (outside the debtor country) through which a portion of the export proceeds of a debtor is channeled. Typically involve balances of one year to cover future debt-service payments. Creditors who are the beneficiaries of such accounts thus obtain extra security for their loans and effective priority on debt service.

Export credit. A loan extended to finance a specific purchase of goods or services from within the creditor country. Export credits extended by the supplier of goods are known as suppliers credits; export credits extended by the supplier's bank are known as buyers credits. (See also officially-supported export credits).

Exposure. In the context of export credits, the total amount of debt of a country held by an export credit agency, including commitments, arrears, and unrecovered claims. Implicitly, a measure of the total possible financial cost to the agency of a complete default by the borrowing country.

Flow rescheduling. In the context of the Paris Club, the rescheduling of specified debt service falling due during the consolidation period, and, in some cases, of specified arrears outstanding at the beginning of the consolidation period. (See stock-of-debt operation).

Goodwill clause. Clause used in Paris Club agreements under which creditors agree in principle, but without commitment, to consider favorably subsequent debt relief agreements for a debtor country that remains in compliance with the rescheduling agreement as well as its IMF arrangement and that has sought comparable debt relief from other creditors. The clause can be for a future flow rescheduling or a stock-of-debt operation.

Grace period and maturity. During the grace period of a loan, no principal repayments (amortization) need to be made, only interest payments are due. Maturity refers to the total repayment period, including the grace period. In the context of Paris Club reschedulings, periods until the first and last payment dates are measured typically from the mid-point of the consolidation period.

Graduated payments (or "blended payments"). In the context of Paris Club rescheduling, the term refers to a repayment schedule where principal repayments (and therefore total payments) gradually increase over the repayment period reflecting an expected improvement in the repayment capacity of a debtor country. Creditors have made increasing use of the graduated payments, replacing flat payment schedules where equal amounts of principal repayments were made over the repayment period: from the creditor perspective, graduated payments provide for principal repayments starting earlier and from the debtor perspective, they avoid a large jump in debt service falling due.

Grant element. Measure of concessionality of a loan, calculated as the difference between the face value of the loan and the sum of the discounted future debt-service payments to be made by the borrower expressed as a percentage of the face value of the loan.

Grant-like flows. Transactions involving the sale of commodities against payment in the recipient country's currency or loans in a foreign currency repayable in the recipient country's currency. These transactions are treated as grants in the OECD/DAC statistics because their repayment does not require a flow of foreign currency across the exchanges. They are nevertheless counted as external debt, since the creditor is nonresident and subsequent use of the repayments by the creditor involves forgoing the corresponding inflow of foreign exchange.

Heavily indebted poor countries (HIPCs). Group of 41 developing countries established for analytical purposes in 1995: includes 32 countries with a 1993 GNP per capita of $695 or less and 1993 present value of debt to exports higher than 220 percent or present value of debt to GNP higher than 80 percent (severely indebted low-income countries in the World Bank classification). Also includes 9 countries that have received concessional reschedulings from Paris Club creditors (or are potentially eligible for such rescheduling).

Helsinki package. Agreement reached in 1978 by OECD participants of the Consensus limiting the use of tied-aid credits in certain countries to projects that would not be commercially viable without an aid element. The agreement also set up mechanisms for implementing the new rules.

HIPC Initiative. Framework for action to resolve the external debt problems of heavily indebted poor countries (HIPCs) that was developed jointly by the IMF and the World Bank and was adopted in the fall of 1996. The Initiative envisages comprehensive action by the international financial community, including multilateral institutions, to assist eligible HIPCs achieve debt sustainability, provided a country builds a track record of strong policy performance.

HIPC Trust Fund. Trust Fund administered by IDA to provide debt relief through grants to eligible HIPCs on debt owed to participating multilaterals. It will either prepay, or purchase a portion of the debt owed to a multilateral creditor and cancel such debt, or pay debt service as it comes due. The HIPC Trust Fund receives contributions from participating multilateral creditors and from bilateral donors. Contributions can be earmarked for debt owed by a particular debtor or to a particular multilateral creditor. Donors can also provide contributions to an unallocated pool and would participate in decisions regarding the use of these unallocated funds. The Trust Fund allows multilateral creditors to participate in the Trust Fund in ways consistent with their financial policies and aims to address the resource constraints for certain multilateral creditors. (See also ESAF HIPC Trust).

Houston terms. See lower middle-income country terms.

IMF arrangement. Agreement between the IMF and a member–country based on which the IMF provides financial assistance to a member–country seeking to redress balance of payments problems and to help cushion the impact of adjustment. Nonconcessional resources are provided mainly under Stand–by Arrangements (SBA) and the Extended Fund Facility (EFF), and concessional resources are provided under the Enhanced Structural Adjustment Facility (ESAF).

Implementing agreements. See bilateral agreements.

Interest rate swap. An agreement to swap the debt-servicing liability of a loan with a fixed interest rate with that of a loan with a variable interest rate. For example, a government of a developing country may be able to borrow at comparatively better terms at variable rates than at fixed rates, while for an enterprise in an industrialized country the inverse may be true. Each may prefer its liabilities in the other form, they therefore borrow and arrange a swap. Normally, the differential in the rates is insured with a broker to protect the more sound borrower.

International Development Association (IDA). IDA is the concessional lending arm of the World Bank Group. IDA assistance is available to low-income member countries.

Late interest. Interest accrued on principal and interest in arrears.

London Club. A group of commercial banks that join together to negotiate the restructuring of their claims against a particular sovereign debtor. There is no organizational framework for the London Club comparable to that of the Paris Club.

London terms. See concessional rescheduling.

Long-maturities option. In the context of the Paris Club, a nonconcessional option in concessional reschedulings under which the consolidated amount is rescheduled over a long period of time but without a reduction in the net present value of the debt.

Low-income countries. In the context of the Paris Club, countries eligible to receive concessional terms. The Paris Club decides eligibility on a case-by-case basis, but these include only countries eligible to receive highly concessional IDA credits from the World Bank. In the context of the World Bank classification, low–income countries are those with a GNP per capita income of no more than $765 in 1995.

Lower middle-income country terms (LMIC). In the context of the Paris Club, refers to the rescheduling terms granted, since September 1990, to lower middle-income countries. These terms are nonconcessional, and provided originally for flat repayment schedules, but in recent years often graduated payment schedules have been agreed for commercial credits with up to 18 year maturities, including a grace period of up to 8 years. ODA credits are rescheduled over 20 years including a grace period of up to 10 years. This set of rescheduling terms also includes the limited use of debt swaps on a voluntary basis.

Lyon terms. See concessional rescheduling.

Maturity. Grace period plus repayment period. See grace period and maturity.

Middle-income countries. In the context of the Paris Club, countries not considered lower middle-income or low-income. These countries receive nonconcessional rescheduling terms—originally with flat repayment schedules, but in the 1990s increasingly with graduated payments schedules up to 15 years maturity and 2-3 years grace period for commercial credits. ODA credits are rescheduled over 10 years, including 5–6 years' grace.
In the context of the World Bank classification, middle-income countries are those with a GNP per capita income in 1995 between $766 and $9,386.

Mixed credits. Credits containing an aid element, either in the form of a grant or of a subsidized interest rate.

Moratorium interest. Interest charged on rescheduled debt. In the Paris Club, the moratorium interest rate is negotiated bilaterally by the borrowing country with each individual creditor and therefore, differs from one creditor to the next. In the London Club, where all creditors are deemed to have access to funds at comparable rates, the moratorium interest rate applies equally to all rescheduled obligations under a given agreement.

Multilateral creditors. These creditors are multilateral institutions such as the IMF and the World Bank, and other multilateral development banks.

Multi–year rescheduling agreements (MYRA). Agreements, granted by official creditors, that cover consolidation periods of two or more years in accordance with multi–year IMF arrangements such as EFFs and ESAFs. They are implemented through a succession of shorter consolidations (tranches) that are implemented after certain conditions specified in the Agreed Minute are satisfied. The conditions generally include full implementation to date of the rescheduling agreement and the continued implementation of the IMF arrangements.

Naples terms. See concessional rescheduling.

Net (capital) flows. Loan disbursements minus principal repayments during the same period.

Net present value (NPV) of debt. The discounted sum of all future debt-service obligations (interest and principal) on existing debt. Whenever the interest rate on a loan is lower than the discount rate, the resulting NPV of debt is smaller than its face value, with the difference reflecting the grant element. The discount rates used in the context of the HIPC Initiative reflect market interest rates.

Net present value (NPV) of debt-to-exports ratio. Net present value (NPV) of debt as a percentage of exports (usually of goods and nonfactor services).

Net (capital) transfers. Loan disbursements minus debt-service payments (principal repayment and interest) during the same period.

Non-consolidated debt.This is debt that is wholly or partly excluded from rescheduling. It has to be repaid on the terms on which it was originally provided, unless creditors agree to defer it.

OECD. Organization for Economic Cooperation and Development.

OECD Consensus. Formally the "Arrangement on Guidelines for Officially Supported Export Credits", a framework of rules governing export credits agreed by members of the OECD's export credit group.

OECD Export Credit and Credit Guarantees Group, OECD Trade Committee. A forum in which 22 OECD member countries participate in the Arrangement on Guidelines for Officially Supported Export Credits (the Consensus). Turkey and Mexico also attend this Group as observers. Aside from coordinating export credit terms, the OECD Export Credit

Group has also served as a forum for exchange of information on debtor country situations and agencies' practices; at the meetings of the Group the governmental authorities of the agencies are represented.

Official creditors. Public sector lenders. Some are multilateral, namely, international financial institutions such as IMF, World Bank and regional development banks. Others are bilateral, namely, agencies of individual governments (including central banks) such as export credit agencies.

Official development assistance (ODA). Flows of official financing defined by the OECD to meet the following test: (a) its main objective is the promotion of the economic development and welfare of the developing countries and, (b) it is concessional in character and contains a grant element of at least 25 percent (using a fixed discount rate of 10 percent). ODA is provided to developing countries and to multilateral institutions by OECD/DAC members and other countries through their official agencies, including state and local governments, or by their executive agencies; ODA is also provided to developing countries by multilateral institutions. Lending by export credit agencies--with the pure purpose of export promotion--is excluded.

Official development finance (ODF). Total official flows to developing countries excluding officially supported export credits (the latter are regarded as primarily trade-promoting rather than development-oriented). Comprises official development assistance (ODA) and other official development finance flows.

Official export credit agency (ECA). An agency within a creditor country that provides loans, guarantees, or insurance to finance the specific purchase of goods for export. (See officially-supported export credits).

Officially-supported export credits. Loans or credits to finance the export of goods and services for which an official export credit agency (ECA) in the creditor country provides guarantees, insurance, or direct financing. The financing element—as opposed to the guarantee/insurance element—may derive from various sources. It can be extended by an exporter (suppliers' credit), or through a commercial bank in the form of financial trade-related credit provided either to the supplier (also suppliers' credit) or to the importer (buyers' credit). It can also be extended directly by an ECA of the exporting countries, usually in the form of medium-term finance as a supplement to resources of the private sector, and generally for export promotion for capital equipment and large-scale, medium-term projects. Under OECD Consensus rules covering export credits with a duration of two years or more, up to 85 percent of the export contract value can be financed.

Other official development flows (other ODF). Development-oriented official flows that do not qualify as official development assistance (ODA). Bilateral "other" ODF includes mainly refinancing loans and the capitalization of interest in debt restructuring agreements.

Paris Club. Informal group of creditor governments mainly from OECD countries that has met on a regular basis in Paris since 1956 to reschedule bilateral debts; the French Treasury provides the Secretariat. Creditors meet with a debtor country in order to reschedule its debts as part of the international support provided to a country that is experiencing debt-servicing difficulties and is pursuing an adjustment program supported by the IMF. The Paris Club does not have a fixed membership and its meetings are open to all official creditors that accept its practices and procedures. The group of core creditors are mainly OECD member countries, but other creditors attend as relevant for a debtor country.

Political risk. The risk of borrower country government actions which prevent, or delay, the repayment of export credits. Many export credit agencies also include under political risk such events as war, civil war, revolution, or other disturbances which prevent the exporter from performing under the supply contract or the buyer from making payment. Some also include physical disasters such as cyclones, floods, or earthquakes.

Post-cutoff date debt. See cutoff date.

Premium. In the context of export credits, the amount paid, usually in advance, by insured lenders as the price of the insurance. An important source of income for export credit agencies.

Previously rescheduled debt (PRD). Debt that has been rescheduled on a prior occasion. This type of debt was generally excluded from further rescheduling in both the Paris and the London Club until 1983. Since then however, previously rescheduled debt frequently has been rescheduled again for countries facing acute payments difficulties.

Provisioning. Allowance made in some export credit agencies' accounts for the financial cost of possible losses on their exposure. Some agencies provision on all new business; some reject the idea of provisioning against political risk, maintaining that all sovereign debt will ultimately be repaid.

Quantitative (or cover) limits. Mechanisms by which export credit agencies restrict the amount of cover offered to a particular country. Could, for example, take the form of limits on the total cover for a country or on the amount of cover offered for individual transactions. The limit set is an important means of limiting exposure to countries considered to be risky.

RAP (Rights Accumulation Program). An IMF program of assistance established in 1990 whereby a member country with long overdue obligations to the IMF, while still in arrears, may accumulate "rights" toward a future disbursement from the IMF on the basis of a sustained performance under a Fund-monitored adjustment program. Countries incurring arrears to the IMF after end-1989 are not eligible for assistance under this program. Rights accumulation programs adhere to the macroeconomic and structural policy standards associated with programs supported by Extended (EFF) and Enhanced Structural Adjustment Facility (ESAF), and performance is monitored, and rights accrue, quarterly.

Recoveries. Repayments made to export credit agencies by borrowing countries after agencies have paid out claims to exporters or banks on the loans concerned.

Refinancing. See debt refinancing.

Reinsurance. Reinsurance by export credit agencies of amounts originally insured by a private sector insurer or commercial bank (some large official agencies are also providing reinsurance for smaller official agencies). For example, a private insurer might keep the commercial risk of a loan on its own books, but seek reinsurance against specific political risks.

Repayment period(credit) period. The period during which repayments under the financing are due to be made; this period usually starts after the end of performance under the commercial contract.

Rescheduling. Debt restructuring in which specified arrears and future debt service (falling due during the consolidation period) are consolidated and form a new loan with terms defined at the time of the rescheduling. Rescheduling debt is one means of providing a debtor with debt relief through a delay and, in the case of concessional rescheduling, a reduction in debt-service obligations. For official bilateral creditors, the main forum for negotiating debt rescheduling is the Paris Club. Rescheduling is typically provided by the international financial community in order to support a debtor country's economic adjustment program.

Rescheduling agreement. An agreement between a creditor, or a group of creditors and a debtor to reschedule debt. The agreement may also include other debt restructuring strategies such as write-offs or swaps.

Short-term commitments or credits. Commitments which provide for repayment within a short period, usually six months (though some export credit agencies define short-term credits as those with repayment terms of up to one or two years). Usually relating to sales of consumer goods and raw materials, and usually taking the form of policies for whole-turnover/comprehensive coverage. Short-term debt in the context of the Paris Club has a maturity of under and up to one year.

Special accounts. In the context of the Paris Club, deposits into special accounts were first introduced in 1983 for debtor countries that had a history of running into arrears. After the signing of the Agreed Minute, the debtor makes monthly deposits into an earmarked account at the central bank of one of the creditor countries. The deposit amounts are roughly equal to the moratorium interest that is expected to fall due on the rescheduled debt owed to all Paris Club creditors combined and any other payments falling due during the consolidation period.

The debtor then draws on the deposited funds to make payments as soon as the bilateral agreements with the individual Paris Club creditors are signed and as other payments fall due.

Standard terms. See middle income countries.

Stand-by Arrangement (SBA). An IMF lending facility established in 1952 through which a member country can use IMF financing up to a specified amount to overcome balance of payments difficulties of a short-term or cyclical character. Installments are normally phased on a quarterly basis, with their release conditional upon meeting performance criteria and the completion of periodic reviews. Performance criteria generally cover credit policy, government or public–sector borrowing requirements, trade and payments restrictions, foreign borrowing, and reserve levels. These criteria allow both the member and the IMF to assess progress in policy implementation and may signal the need for further corrective policies. Stand-by arrangements typically cover a 12–18 month period (although they can extend up to 3 years). Repayments are to be made over 5 years including a grace period of 3 1/4 years.

Standstill. This is an interim agreement between a debtor country and its commercial banking creditors that principal repayments of medium-and long-term debt will be deferred and that short term obligations will be rolled over, pending agreement on a debt reorganization. The objective is to give the debtor continuing access to a minimum of trade-related financing while negotiations take place and to prevent some banks from abruptly withdrawing their facilities at the expense of others.

Stock-of-debt operation. In the context of the Paris Club, rescheduling of the eligible stock of debt outstanding. These were granted for Egypt and Poland in 1991, and, partially, for Russia and Peru in 1996, and are being implemented for low-income countries under Naples Terms (see concessional reschedulings) provided that certain conditions are met (the debtor country has implemented earlier flow rescheduling agreements for at least 3 years and has an appropriate arrangement with the IMF; all creditors choose a concessional rescheduling option). Six countries have received stock–of–debt operations on Naples terms during 1995–mid 1997 (Benin, Bolivia, Burkina Faso, Guyana, Mali, and Uganda).

Structural Adjustment Facility (SAF)/Enhanced Structural Adjustment Facility (ESAF). The Structural Adjustment Facility (SAF), established in 1986 and no longer operational, and the Enhanced Structural Adjustment Facility, established in 1987 and extended and enlarged in 1993, are the concessional loan windows of the IMF. These facilities are available to low-income member countries facing protracted balance of payments problems, and provide resources at an annual interest rate of 0.5 percent and repayable over 10 years, including 5½ year's grace.

Subordination strategy. Policy of Paris Club creditors that loans extended after the cutoff date are not subject to rescheduling; therefore, pre-cutoff date loans are effectively subordinated to new lending.

Suppliers' credit. A financing arrangement under which an exporter extends credit to the buyer in the importing country.

Terms-of-reference rescheduling. Paris Club rescheduling involving only a small number of creditors. Typically this does not require a rescheduling meeting between the debtor country and its creditors, with the agreement being reached through an exchange of letters.

Tied-aid loans. Bilateral loans that are linked to purchases from the country providing the loans.

Toronto Terms. See concessional rescheduling.

Transfer risk. The risk that a borrower will not be able to convert local currency into foreign exchange, and so will be unable to make debt-service payments in foreign currency. The risk would usually arise from exchange restrictions imposed by the government in the borrower's country. This is a particular kind of political risk.

Uncovered claims. See claims payment.