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EBS/98/159
Supplement 1

CONFIDENTIAL

September 23, 1998

To: Members of the Executive Board

From: The Secretary

Subject: **Bolivia—Initiative for the Heavily Indebted Poor Countries—
Completion Point Document**

At EBM/98/100 (9/18/98), the Executive Board approved in principle the proposed decision on Bolivia's HIPC Completion Point Document that appeared on page 19 of EBS/98/159 (9/4/98). It was agreed that the decision would be proposed for formal approval by the Fund's Executive Board following the approval of a similar decision by the World Bank's Executive Board.

The World Bank's Board approved its decision on the Completion Point for Bolivia under the HIPC Initiative on September 22, 1998. Accordingly, the proposed decision is being circulated for formal approval by the Fund's Executive Board, together with the updated table on delivery of Fund assistance to Bolivia under the HIPC Initiative that was provided on page 20 of EBS/98/159.

This matter will be brought to the Board's agenda under Other Business at the end of today's (Wednesday, September 23, 1998) Board meeting.

Att: (1)

Other Distribution:
Department Heads



VI. PROPOSED DECISION

The following draft decision, which can be adopted by a majority of the votes cast, is proposed for adoption:

1. The Fund, as Trustee (the Trustee) of the Trust for Special ESAF Operations for the Heavily Indebted Poor Countries and Interim ESAF Subsidy Operations (ESAF/HIPC Trust Instrument) established by Decision No. 11436 (97/10), February 4, 1997, determines that:

(i) the conditions specified in paragraph (ii) of Decision No. 11575 (97/94) adopted September 10, 1997, for Bolivia to reach the completion point have been met;

(ii) the external debt sustainability target for the net present value of the debt-to-exports ratio for Bolivia is within the range specified in paragraph (iii) of Decision No. 11575 (97/94); and

(iii) satisfactory assurances have been received regarding the exceptional assistance to be provided under the HIPC Initiative by Bolivia's other creditors.

2. Accordingly, the Trustee confirms that, in accordance with Section III, paragraph 3(d) of the ESAF/HIPC Trust Instrument, the SDR equivalent of US\$29 million shall be made available by the Trustee to Bolivia in the form of a grant that shall be paid on September 28, 1998 to an account for the benefit of Bolivia established and administered by the Trustee in accordance with Section III, paragraph 5 of the ESAF/HIPC Trust Instrument; the proceeds shall be used by the Trustee to meet Bolivia's debt-service payments on its existing debt to the Fund as they fall due, in accordance with the schedule specified in the table attached hereto.

Table . Bolivia: Delivery of IMF Assistance Under the HIPC Initiative, 1998-2007 1/

(in millions of SDRs, unless otherwise indicated)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Profile of delivery (in percent of amount deposited in escrow account (principal))	19.0	36.0	32.0	7.0	6.0	--	--	--	--	--
Repayments falling due on current IMF obligations 2/	29.9	24.5	22.4	22.9	21.2	19.5	18.2	13.5	8.4	3.4
IMF HIPC assistance 3/	4.0	7.8	7.3	1.6	1.3	--	--	--	--	--
Of which: Principal	4.0	7.6	6.8	1.5	1.3	--	--	--	--	--
Proportion of each repayment falling due during the period to be paid by HIPC assistance from the principal deposited in escrow account (in percent) 4/	38.7	31.2	30.3	6.5	6.0	--	--	--	--	--
Scheduled IMF debt service 5/	2.9	2.2	1.8	1.7	1.3	1.1	0.9	0.6	0.4	0.1
Of which: Covered by HIPC assistance 5/	0.4	0.7	0.6	0.1	0.1	--	--	--	--	--
Memorandum item:										
Exports of goods and nonfactor services (current year, millions of U.S. dollars)	1,421.5	1,571.8	1,684.4	1,909.9	2,174.2	2,401.5	2,629.7	2,871.3	3,101.7	3,329.2

Sources: Central Bank of Bolivia; and Fund staff estimates.

1/ The total amount of assistance of SDR 21.2 million, equivalent to US\$29 million at the SDR/U.S. dollar exchange rate of 0.732708 prevailing on September 23, 1998, is to be deposited in an escrow account value September 28, 1998 (i.e. three business days after the completion point).

2/ Based on end-1997 data.

3/ It is assumed that the amounts in escrow earn a rate of return of 4.5 percent in SDR terms. Actual interest earnings may be higher or lower. Interest earned will be accumulated through the calendar year and used toward payment of the first repayment obligation falling due in the following year, except in the final year, when it will be used toward payment of the final repayment obligation falling due that year.

4/ For 1998, the proportion is calculated on the basis of repayments falling due after the completion point.

5/ In percent of current-year exports of goods and services.