

BUFF/00/196

December 21, 2000

**Statement by Staff Representative on Madagascar
Executive Board Meeting 00/129
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Staff want to draw Directors' attention to data reconciliation issues that have emerged on multilateral and bilateral debt data. Staff have received updated information from some multilateral creditors, which would result in a slight increase in the required assistance. Staff have not yet been able to resolve differences between the authorities' data and those provided by the Paris Club Secretariat. The latter suggest claims could be lower than the authorities' data presented in the decision point document by some \$40 million in nominal terms, which the staff estimate to be about \$20 million lower in NPV terms after traditional relief. This could imply that a lower amount of assistance is required under the HIPC Initiative than indicated in the decision point document.

In order to allow the necessary time to resolve these issues, staff and management suggest that the Board approve IMF assistance based on a lower total assistance of \$790 million, compared to \$814 million in the decision point document, subject to a possible (upward) amendment once the figures have been reconciled. Total IMF assistance suggested for Board approval is thus \$21.6 million rather than \$22.1 million in the decision point document.

Staff have been in contact with the Paris Club Secretariat and the Malagasy authorities, and undertake to complete the reconciliation as soon as possible--this process should take no more than 4-6 weeks. At that point, a correction to the decision point document and revised decisions would be issued for approval on a lapse of time basis to the Fund and Bank Boards. In the interim, it is suggested that the first installment of IMF interim assistance of \$0.9 million be disbursed as indicated in the decision point document, and the delivery path of IMF assistance be adjusted later as necessary in light of the reconciliation.

As the IDA Board has already approved the decision point in principle, it is suggested that the joint HIPC press release be based on assistance of \$0.8 billion, and that the decision point document be posted on the website only after the reconciliation issues have been resolved and the revised Board decisions have been approved.