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**Enhanced Heavily Indebted Poor Countries (HIPC) Initiative—Status of Non-Paris
Club Official Bilateral Creditor Participation**

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ABBREVIATIONS AND ACRONYMS

DRC	Democratic Republic of Congo
DSA	Debt Sustainability Analysis
DSF	Debt Sustainability Framework
HIPC	Heavily Indebted Poor Country
IDA	International Development Association
IMF	International Monetary Fund
KFAED	Kuwait Fund of Arab Economic Development
LICs	Low Income Countries
MDR	Multilateral Debt Relief
MDRI	Multilateral Debt Relief Initiative
NPC	Non-Paris Club Creditor
NPV	Net Present Value
PRGF	Poverty Reduction and Growth Facility
RMB	Renminbi

EXECUTIVE SUMMARY

This paper provides an update on the delivery of HIPC Initiative debt relief by non-Paris Club official bilateral creditors and proposes measures to increase their participation. It finds that non-Paris Club creditors have provided about one third of the total HIPC Initiative debt relief expected from them, with significant variations among creditors. Although the response rate to the survey sent by staffs of the Bank and the Fund to creditors was higher than in previous years, the information received is still limited and partial, and the estimate of debt relief delivered remains preliminary.

The paper identifies the factors that contribute to the low delivery of HIPC debt relief, including political factors, legal constraints, and insufficient understanding of the HIPC Initiative. Further, debtors' incentives to pursue HIPC Initiative debt relief from non-Paris Club creditors have been affected by much lower debt burdens, continued weak debt management capacity, and the high cost of negotiations.

Since participation in the HIPC Initiative is voluntary and there is no legal basis requiring creditors to participate, the staffs of the Bank and the Fund will have to continue to rely on stepped-up technical support and moral suasion to foster increased relief delivery. In this respect, the higher-visibility dissemination, through a "score card," of the actual delivery of relief, stepped-up technical support, and when necessary, direct contacts at management level, could help encourage higher participation of non-Paris Club creditors in the Initiative.

I. INTRODUCTION ¹

1. **The Boards of the Bank and the Fund have on many occasions expressed concerns about the low participation of non-Paris Club official bilateral creditors in the HIPC Initiative.**² The political, legal, and technical factors contributing to this situation have been discussed in successive annual progress reports on the HIPC and MDR Initiatives and other Board papers on creditor participation. Directors have encouraged the staffs of the Bank and the Fund to continue to rely on moral suasion and stepped-up technical support to encourage increased delivery of HIPC Initiative debt relief by non-Paris Club creditors and to report to the two Boards on related issues on a more frequent basis.³

2. **A successful implementation of the HIPC Initiative, adopted by the international community to lower the debt burden of HIPCs and assist them in reducing poverty, depends on the full participation of all creditors in an equitable manner.** Bank and Fund staffs have therefore stepped up their efforts to encourage non-Paris Club creditors to participate in the Initiative. Since the HIPC Initiative is voluntary and there is no legal basis requiring creditors' participation, staffs have continued to rely on moral suasion. At the same time, staffs intensified their efforts to gather better information on the delivery of HIPC Initiative debt relief by non-Paris Club official bilateral creditors in a more systematic manner and, when delivery was found to be incomplete, to encourage further progress through increased facilitation efforts aimed at both debtors and creditors.⁴ Fund staff has also continued to discuss participation issues more explicitly in Article IV consultations with non-Paris Club creditors.

3. **This paper provides an update on the delivery of HIPC Initiative debt relief by non-Paris Club official bilateral creditors, identifies limitations to progress in this area and proposes measures to increase their participation.** Section II summarizes staffs' actions and responses received from non-Paris Club creditors and their HIPC debtors. It also updates, to the extent possible, the estimates on the provision of debt relief. Section III points to the main factors that explain the limited progress to date with respect to the delivery of HIPC Initiative debt relief by non-Paris Club creditors. Section IV concludes and suggests possible steps for encouraging full delivery of HIPC Initiative debt relief.

¹ This report has been prepared by Ritha Khemani and Cecilia Mongrut (IMF) and by Doerte Doemeland (World Bank), with the assistance of Lauren Clark, Claire Gicquel, and Aminata Touré (IMF).

² Non-Paris Club official bilateral creditors are those that are not full members of the Paris Club and have not indicated their intention to participate in the Paris Club rescheduling meeting that took place at the time a HIPC (that is a debtor to them) reached its decision or completion point under the HIPC Initiative.

³ The issue of non-Paris Club creditor participation was previously discussed in [Enhanced HIPC Initiative—Creditor Participation Issues](#) (2/28/03).

⁴ The first set of results was reported in [Initiative for Heavily Indebted Poor Countries \(HIPC\) and Multilateral Debt Relief Initiative \(MDRI\)-Status of Implementation](#) (8/23/06).

II. UPDATED ESTIMATES OF THE PROVISION OF DEBT RELIEF

4. **For many years, staffs have monitored and encouraged the delivery of HIPC Initiative debt relief by non–Paris Club official bilateral creditors.** Discussions on the delivery of HIPC Initiative debt relief took place in the context of the preparation of HIPC Completion Point Documents, reports on the status of implementation of the HIPC and MDR Initiatives, as well as during Article IV consultations. Survey questionnaires regarding the participation of non–Paris Club creditors in the HIPC Initiative were sent to creditors and HIPCs every year since 2004, but the response rates had been low. The main findings from these surveys were provided in the reports of the status of implementation of the HIPC and MDR Initiatives. When requested, staffs also put together debt data to facilitate creditor-debtor discussions and provided technical notes to either debtors or creditors.

5. **Since mid-2006, staffs have intensified their contacts with non–Paris Club official bilateral creditors of HIPCs as well as authorities in the HIPCs themselves.** Fund staff discussed participation in the HIPC Initiative with seven non–Paris Club creditors (Algeria, China, Costa Rica, India, Kuwait, Libya, and Saudi Arabia). At the same time, staffs stepped up their efforts to gather better information on the relief actually delivered by non–Paris Club creditors. Detailed letters and questionnaires were sent to 28 of the 50 non–Paris Club creditors identified in HIPC documents as having claims on the 22 post-completion-point HIPCs.⁵ These 28 creditors account for about 90 percent of the HIPC Initiative debt relief expected to be provided to post-completion-point countries by non-Paris Club creditors.⁶ At the same time, all post-completion-point HIPCs were asked by staffs to provide information on the debt relief received from non–Paris Club official bilateral creditors.

6. **Partly reflecting staffs’ enhanced efforts, the creditors’ response rate to this year’s survey (46 percent) was higher than in previous years, but the information received remains incomplete.** As of end-June 2007, responses have been received from 13 creditors (Bulgaria, China, Colombia, Ecuador, Guatemala, Kuwait, Saudi Arabia, Hungary, Pakistan, Poland, Romania, the Slovak Republic, and Uruguay) and all the 22 post-completion-point HIPCs.⁷ Detailed quantitative information was received from Kuwait, and

⁵ There are 58 non-Paris Club official bilateral creditors, but only 50 have claims on post-completion-point HIPCs. Staffs focused on post-completion-point HIPCs as non-Paris Club official bilateral creditors are not expected to deliver HIPC Initiative debt relief until the completion point is reached. As mentioned earlier, for this exercise, the term “non-Paris Club creditors” includes those that did not indicate their intention to participate in the Paris Club meeting at the time the completion point document for a particular country was being prepared. Thus, the claims of some creditors that are not permanent members of the Club but were invited by the Paris Club to participate in the completion point debt negotiation for a given country and signed the Paris Club Agreed Minutes at the end of this negotiation are not considered in this paper.

⁶ No letters were sent to creditors that have provided full HIPC Initiative debt relief; have small (less than \$500,000 in 2006 NPV terms) or no remaining claims on HIPCs; are also HIPCs themselves (except for Honduras, which accounts for 3.6 percent of total non-Paris Club expected HIPC Initiative debt relief); faced serious security problems; generally participate in Paris Club meetings (Brazil and Israel); and are not members of the IMF (Cuba, Taiwan Province of China and the Democratic Republic of Korea).

⁷ Fifteen non-Paris Club creditors did not reply to the 2007 survey (Algeria, Angola, Argentina, Costa Rica, Egypt, Honduras, India, Iran, Libya, Morocco, Nigeria, Oman, Peru, the United Arab Emirates, and Venezuela).

to a lesser extent from Saudi Arabia, although in the latter case it was too aggregated to calculate precisely the share of debt relief delivered.⁸ Two creditors (Colombia and Pakistan) indicated that they had not provided any debt relief to HIPC countries up to this point. The information received from other creditors was mostly qualitative. In these cases, staffs relied on the information provided by the debtors, reconciled with information provided by creditors when possible. In many cases, debtors' information was also incomplete.

7. **Given the partial information received, staffs could only roughly estimate the relief delivered by non-Paris Club creditors so far.**⁹ The Annex explains the methodology used. Staffs could estimate in some detail the relief provided by Kuwait (on the basis of loan-by-loan information provided by this creditor) and by China (on the basis of debtors' information on the debt cancellations granted by China). In both cases, however, the creditor and debtor data could not be fully reconciled and may be incomplete. Information received from debtors allowed staffs to calculate rough estimates of the relief provided by another 39 non-Paris Club official bilateral creditors. For nine creditors, staffs were only able to calculate ranges of the share of debt relief delivered. Although the resulting estimates are better than those calculated in previous years, more detailed information from creditors is required to provide an accurate picture of the HIPC Initiative debt relief delivered to date.

8. **Staffs estimate that non-Paris Club official bilateral creditors have delivered only around one third (between 34 and 39 percent) of the debt relief expected under the HIPC Initiative, with significant variation across non-Paris Club creditors** (Figure 1, Table 1, and Appendix Table 1):

- Six creditors (Jamaica, Morocco, the Republic of Korea, Rwanda, South Africa, and Trinidad and Tobago) are estimated to have delivered their full share of HIPC Initiative debt relief. However, they account for less than 1 percent of HIPC Initiative debt relief to be delivered by non-Paris Club creditors.
- Twenty three creditors, accounting for about 66 percent of the expected HIPC Initiative debt relief from non-Paris creditors, have provided partial debt relief. Of these:
 - Ten (Brazil, Bulgaria, Former Czechoslovakia, Guatemala, Hungary, Kuwait, Mexico, Poland, and Romania) have provided more than two thirds of their expected HIPC Initiative debt relief.¹⁰
 - Two (Argentina and Saudi Arabia) have provided 50 percent or more of their expected HIPC Initiative debt relief.

⁸ Loan-by-loan information on the amounts, the timing, and the terms of debt relief agreements is required for an accurate assessment of HIPC Initiative debt relief.

⁹ The estimate refers to the relief actually delivered as of end of June 2007. It does not include claims for which negotiations are underway but not yet finalized.

¹⁰ Brazil is not a member of the Paris Club but in most cases it has indicated its intention to participate in the Paris Club rescheduling meetings. Brazil has been classified as a non-Paris Club creditor only in the case of two HIPC completion point countries (Bolivia and Guyana).

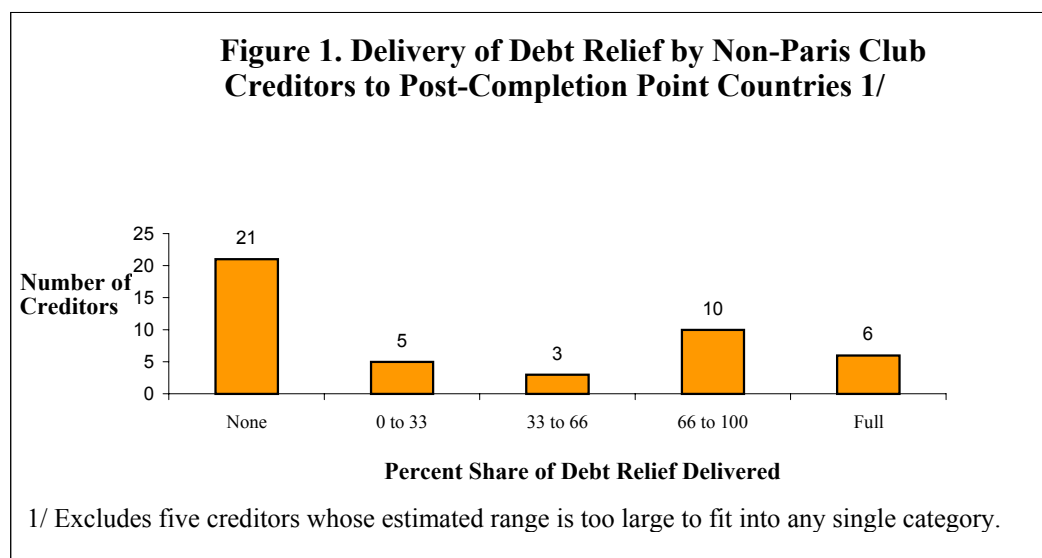
- Five (including some large creditors such as Algeria and Libya) have delivered less than one-fifth of their share.
- Twenty one other creditors, accounting for about 34 percent of the expected HIPC Initiative debt relief from non-Paris creditors, have not yet delivered any HIPC Initiative debt relief according to debtor information. This group includes four of the largest creditors (Costa Rica, Honduras, Iraq, and Taiwan Province of China).

Table 1. Estimated Debt Relief from Non-Paris Club Official Bilateral Creditors 1/

Creditor Countries	Costs of HIPC Initiative Debt Relief		Estimated HIPC Debt Relief Delivered	
	2006 NPV terms (US\$ millions)	Percent of Total Cost	2006 NPV terms (US\$ millions)	Percent of Cost
Total Debt Relief Expected 1/	3,501.0	100.0	1,186.1-1,376.4	33.9-39.3
Relief Fully Delivered (6 creditors)	17.3	0.5	17.3	100.0
Relief Partially Delivered (23 creditors)	2,307.3	65.9	1,168.8 - 1,359.1	50.7 - 58.9
No Relief Delivered (21 creditors)	1,176.5	33.6	0	0
Main Creditors				
Costa Rica	495.5	14.2	0	0
Guatemala	470.8	13.4	464.4	98.6
Taiwan Province of China	303.5	8.7	0.0	0.0
Kuwait	302.2	8.6	206.1	68.2
China	281.1	8.0	95.3 - 140.8	33.9 - 50.1
Libya	276.8	7.9	26.2 - 46.3	9.5 - 16.7
Algeria	240.3	6.9	12.5	5.2
Saudi Arabia	161.5	4.6	76.3 - 125.9	47.3 - 77.9

Sources: HIPC documents; country authorities; and staff estimates.

1/ Estimates are as of end-June 2007 for creditors with claims on post-completion point HIPCs.



9. The delivery of HIPC Initiative debt relief by the eight largest non–Paris Club official bilateral creditors, which jointly account for about 73 percent of the expected HIPC Initiative debt relief from non–Paris Club creditors, is as follows:

- **Costa Rica**, the largest non–Paris Club official bilateral creditor of HIPCs (accounting for about 14 percent of the total expected debt relief from non–Paris Club creditors, mainly with claims on Nicaragua) has not yet delivered any HIPC Initiative debt relief.
- **Guatemala**, the second largest creditor (about 13 percent of the total expected debt relief from non–Paris Club creditors) swapped its claims on Nicaragua with Spain, which in turn provided the corresponding relief to Nicaragua (98.6 percent of the total HIPC Initiative debt relief expected from Guatemala). Guatemala has not delivered HIPC Initiative debt relief to Honduras.¹¹
- **Taiwan Province of China** (about 9 percent of total expected HIPC Initiative debt relief from non–Paris Club creditors) has not provided any relief to HIPCs.
- **Kuwait** (about 9 percent of total expected HIPC Initiative debt relief from non–Paris Club creditors) has signed agreements with 16 of its 18 post-completion-point debtors and delivered (according to staffs’ estimates) about 68 percent of the HIPC debt relief expected. Kuwait has delivered its full share of HIPC relief, as well as “beyond HIPC” relief, to nine post-completion-point HIPCs; and relief ranging from 55 percent to 97 percent of its share to four other debtors (Annex Table 2).¹² According to debtors’ assessments, the Kuwait Fund of Arab Economic Development (KFAED), which holds most of Kuwait’s claims on HIPCs, has delivered about 75 percent of the HIPC Initiative debt relief expected, while the Kuwait Investment Authority (KIA) and the Central Bank of Kuwait have not yet delivered any HIPC Initiative debt relief.¹³
- **China** (about 8 percent of total expected HIPC Initiative debt relief from non–Paris Club creditors) has signed protocols or agreements with 17 of its 20 post-completion-point HIPC debtors. China has delivered debt relief to HIPCs through its own debt cancellation initiatives (Box 1). Staffs estimate that about 34 percent of the HIPC Initiative debt relief expected from China has been provided through its own debt relief program, with six HIPCs receiving full HIPC Initiative debt relief as well as “beyond

¹¹ Guatemala reported that it rescheduled its claims on Honduras in 1998 but according to staff calculations the terms of this rescheduling are significantly less favorable than those expected in the context of the HIPC Initiative.

¹² The estimated HIPC Initiative debt relief for Kuwait does not include debt relief on Kuwait’s formerly passive debt to Mauritania, which is currently under negotiations. When external obligations are apparently not claimed by creditors but the willingness of the involved creditors not to claim this debt has not been confirmed by any legal act, these obligations are considered “passive debt” in the context of the HIPC Initiative. An unclaimed loan to Mauritania from Kuwait of about US\$44 million at the time of the decision and completion points has been subsequently reclaimed by Kuwait. Consistent with the principles of the HIPC Initiative, Kuwait is expected to provide the full amount of HIPC Initiative debt relief on this formerly passive debt once an agreement is reached.

¹³ KFAED accounts for 77 percent of Kuwait’s claims on post-completion point HIPCs. The rest corresponds to the KIA with 13 percent, and the Central Bank of Kuwait.

HIPC” relief, and another six receiving HIPC Initiative debt relief ranging from 22 percent to 64 percent.¹⁴ However, two of these HIPCs have indicated that they have received full HIPC Initiative debt relief from China. Taking these into account raises the share of relief provided to 50 percent.

- **Libya** (about 8 percent of total expected HIPC Initiative debt relief from non–Paris Club creditors) has signed agreements with 3 of its 13 post-completion-point HIPCs, and has delivered full HIPC Initiative debt relief to one debtor. Staffs estimate that Libya has delivered between 10 and 17 percent of the expected HIPC Initiative debt relief.
- **Algeria** (about 7 percent of total expected relief from non–Paris Club creditors) has signed an agreement with one of its 11 post-completion point HIPC debtors, providing its full share of relief to that country. Staffs estimate that Algeria has provided about 5 percent of its total expected HIPC Initiative relief.
- **Saudi Arabia** (about 5 percent of total expected relief from non–Paris Club creditors) reports to have signed agreements with 12 of its 13 post-completion-point HIPC debtors. On the basis of debtor information, Saudi Arabia has provided full HIPC Initiative debt relief to five HIPCs, partial HIPC Initiative debt relief to five others, and no debt relief yet to the other three, delivering between 47 and 78 percent of the HIPC Initiative debt relief expected.¹⁵

10. **A few new agreements have been signed in the last year.** Mozambique signed an agreement with Romania, Nicaragua with Poland, and Malawi agreed with the KFAED on highly concessional debt relief. Guyana signed a debt relief agreement with Cuba, and Venezuela provided debt relief to Nicaragua. Negotiations between Hungary and Mozambique, the one remaining debtor to which Hungary has yet to deliver debt relief, are reportedly under way.

11. **Some non–Paris Club official bilateral creditors recently expressed their intent to deliver HIPC Initiative debt relief in the future.** Five creditors (Bulgaria, Colombia, Pakistan, Romania, and Uruguay) expressed their support for the HIPC Initiative in their responses to the latest survey although they have not yet delivered their full share of HIPC Initiative debt relief. Bulgaria, having provided already a substantial share of its HIPC Initiative debt relief, indicated its intention to initiate negotiations with HIPCs to which debt relief has not yet been delivered. Colombia has indicated that the bill to provide HIPC Initiative debt relief to Honduras, its only HIPC debtor, has been submitted to Congress. In the case of Algeria, full delivery of relief under the HIPC Initiative still awaits approval from the authorities at a high level. Some other creditors, such as Pakistan, indicated their

¹⁴ China provided a list of countries benefiting from debt cancellations under its own debt relief initiative. The debt cancellation data used in this analysis are based on debtor information. It is assumed that China has provided HIPC relief only through debt cancellation and that the debts that are not cancelled are served according to the original schedule. As a result, the relief provided by China may be underestimated.

¹⁵ Of the three debtors that claim not to have received HIPC Initiative debt relief from Saudi Arabia, one indicated that the HIPC Initiative debt relief was promised at a later date, one claimed that the loans have been paid down, and one has not yet made a request for HIPC Initiative debt relief.

willingness to provide HIPC Initiative debt relief but said that they had not been contacted by their debtors.

Box 1. People's Republic of China: Debt Relief to HIPCs

The People's Republic of China has been providing debt relief outside the HIPC Initiative. The authorities have announced on three occasions that some loans extended by the Chinese government to African and other developing countries have been forgiven:

- During the 2000 Sino-African Cooperation Forum held in Beijing, China announced that it was writing off over the next two years RMB 10.9 billion of debt owed by 31 African HIPCs and least developed countries.
- In 2005, the Chinese authorities announced that they will sign bilateral agreements to write off or forgive all interest-free government loans to HIPCs that were overdue as of end-2004. All agreements were expected to be signed by 2007.
- During the 2006 Sino-African Cooperation Forum held in Beijing, China announced that it will write off the interest-free government loans overdue as of end-2005 of all the African and other HIPCs which have diplomatic relations with China.

China holds claims on more post-completion point HIPCs (20 of the 22 countries) than any other non-Paris Club bilateral creditor. It has signed protocols or agreements with 17 of them. China has not opened negotiations with Burkina Faso, Nicaragua, and São Tomé and Príncipe as these countries do not have diplomatic relations with China.

III. FACTORS CONTRIBUTING TO THE LIMITED PROGRESS

12. A number of factors continue to contribute to the slow delivery of HIPC Initiative debt relief by non-Paris Club official bilateral creditors.

- **Political factors.** Libya had initially agreed to participate in the HIPC Initiative but subsequently notified the Fund that its Parliament overturned this decision and that it will provide debt relief under its own initiative. Poland has informed staff that official proceedings to provide HIPC Initiative debt relief to several countries had commenced and that actual delivery was subject to consultations with interested HIPC partners. In Algeria, the provision of full HIPC Initiative debt relief awaits a political decision at the highest level.

- **Insufficient understanding of the HIPC Initiative.** The methodology to calculate HIPC Initiative debt relief is complex. Creditors may not be fully familiar with how to calculate HIPC Initiative debt relief and sometimes report traditional debt relief as HIPC Initiative debt relief (the latter is required in addition to traditional debt relief.) Principles of burden sharing and comparability of treatment are not well understood by all creditors and may lead to an under-delivery of HIPC Initiative debt relief or protracted debt-relief negotiations. Creditors that reclaim assets that were inactive for many years and treated as “passive debt” at completion point may not be aware that they are expected to provide the full amount of HIPC Initiative debt relief on such claims.¹⁶ Also, a few creditors seem erroneously to consider that contributing to the IMF’s PRGF-HIPC Trust Fund is equivalent to providing HIPC Initiative debt relief.¹⁷
- **Sale of HIPC claims.** Some creditors may be tempted to sell HIPC claims to private investors, which in turn could raise the risk of subsequent litigation against HIPCs. In early 2007, one non-Paris Club creditor initiated actions to sell its claims on HIPCs but refrained from doing so after concerted international intervention.
- **Domestic legal constraints.** In some cases, the delivery of HIPC Initiative debt relief has been delayed because of legal constraints, particularly when the debt is held by the central bank (Colombia and Ecuador). Some creditors have argued that the mandate of specialized agencies holding guaranteed claims does not allow them to provide debt relief at HIPC Initiative terms. The KIA, for example, has informed staffs that they are unable to participate in the HIPC Initiative. Similarly, some debtors report that negotiations with Bulgaria, China, and India on debt held by public enterprises or autonomous public credit agencies have been protracted, which could be due to the lack of authority on the part of such agencies to provide debt relief.
- **Financial restrictions.** Some creditors, among them Uruguay and Honduras (a HIPC itself) have indicated that they are currently unable to provide full HIPC Initiative debt relief due to financial constraints (Box 2).

¹⁶ Two claims on Mauritania that were deemed as passive at completion point have recently been reclaimed by the creditors (Kuwait and Libya).

¹⁷ Twenty-four non-Paris Club creditors (Algeria, Argentina, Brazil, China, Colombia, the Czech Republic, Egypt, Hungary, India, Iran, Jamaica, Korea, Kuwait, Libya, Morocco, Pakistan, Peru, Poland, Saudi Arabia, the Slovak Republic, South Africa, Trinidad and Tobago, the United Arab Emirates, and Uruguay) have pledged bilateral contributions to the PRGF-HIPC Trust.

Box 2. HIPC-to-HIPC Relief

Eight HIPCs are creditors to other HIPCs and are expected to deliver about 4.2 percent of the total HIPC relief expected from non-Paris Club official bilateral creditors. One HIPC, Honduras, accounts for 87 percent of HIPC-to-HIPC relief with its claim on Nicaragua.

Only one HIPC, Rwanda, has delivered its full share of HIPC Initiative debt relief. According to debtor assessments, Tanzania and Burundi have delivered partial HIPC Initiative debt relief and the five remaining HIPCs (Cote d'Ivoire, the Democratic Republic of Congo, Honduras, Niger, and Zambia) have not provided any HIPC Initiative debt relief yet. Honduras has indicated that it would need international support to deliver its share of HIPC Initiative debt relief.

HIPC to HIPC Debt Relief

(In millions of US dollars, in 2006 NPV terms)

Creditor	Debtor	Expected Debt Relief	Share Delivered
Cote D'Ivoire	Burkina Faso	12.4	None
	Mali	0.8	None
Dem. Rep. of the Congo	Benin	0.4	None
Honduras	Nicaragua	127.4	None
Niger	Benin	0.4	None
Rwanda	Uganda	0.7	Full
Tanzania	Uganda	4.2	Partial
Burundi	Uganda	0.2	Partial
Zambia	Tanzania	0.2	None

Sources : HIPC documents; country authorities; and staff estimates.

13. At the same time, debtors' incentives to pursue HIPC Initiative debt relief from non-Paris Club creditors appear to have weakened, because of a number of factors:

- **No billing by creditors.** Many debtors indicated that creditors (including Algeria, China, and Libya) are not billing them. This is often perceived as a waiver of the obligation to pay and reduces the incentive to pursue formal debt relief. In some cases (e.g., India and China), public announcements have been made of debt cancellations, and debtors have been waiting for the creditors to propose and finalize debt relief agreements. These two factors have lent a certain amount of ambiguity to the status of the debt and the required debt-service payments. However, the absence of payment invoices does not necessarily determine the legal status of the claim outstanding and

may lead to the accumulation of arrears and the risk of subsequent litigation. Debtors may therefore be reticent to follow up, as the pursuit of debt relief could result in unfavorable outcomes.

- **High cost of negotiation, particularly when creditors' claims are small.** While the share of non–Paris Club debt is high in a few cases, for most HIPC it represents less than 10 percent of the total expected HIPC debt relief (Table 2 and Appendix Table 2).¹⁸ In addition, debtors face many creditors and in most cases the debt relief expected from each individual creditor is small. Nicaragua for example has more than 20 non–Paris Club creditors and the amount of HIPC Initiative debt relief expected from each creditor ranges from less than US\$1 million to over US\$450 million (Appendix Table 3). Tanzania has 20 non–Paris Club creditors, with the amount of HIPC Initiative debt relief expected from each ranging from less than US\$1 million to about US\$35 million. Pursuing debt relief from each individual creditor is costly, as it uses up scarce financial and human resources and the return per creditor may be small.

Table 2. Expected HIPC Debt Relief from Non-Paris Club Creditors as a share of Total Debt Relief

Percent Range	Number of HIPCs
Between 0 and 10 percent	15
Between 11 and 20 percent	6
Between 21 and 40 percent	1

- **Much lower debt burdens.** The debt relief already received under the HIPC and MDRI Initiatives has significantly lowered the stock of debt and the associated debt service payments of HIPCs. As a result, HIPCs have been able to scale up their pro-poor spending, even in the absence of HIPC Initiative debt relief from non-Paris Club creditors. Thus, HIPCs may feel less urgency to take further steps to reach agreement with their non–Paris Club creditors.
- **Access to new credits.** Some creditors have continued to lend to HIPCs, increasing their access to new resources and reducing incentives to reach debt-relief agreements. In some cases, debtors have continued to service their debts to these creditors to preserve

¹⁸ HIPCs with a high share of non-Paris Club debt relief to total debt relief include Nicaragua (about 40 percent) and Mauritania (20 percent).

goodwill and access to new credit. This has at times resulted in the debt being paid down, such that the debtor forgoes part or all of the expected HIPC Initiative debt relief.

- **Continued weak debt management capacity.** Debtors may not have the resources or the political support necessary to conclude negotiations or to assess whether the terms offered are HIPC-comparable. The absence of pre-cutoff-date debt (as defined in the Paris Club Agreed Minutes) is, at times, incorrectly taken by the debtor as an indication that no debt relief can be sought under the HIPC Initiative. Staffs have continued to offer technical support to debtors and encouraged them to seek the guidance of the Paris Club on comparability-of-treatment issues.

14. **A recent initiative by the Paris Club to encourage HIPCs to obtain debt relief from other bilateral creditors may result in higher delivery of HIPC Initiative debt relief.** The Paris Club recently enhanced the comparability-of-treatment clause in its agreements with completion-point HIPCs to encourage them to start or resume negotiation with their non-Paris Club creditors. The new clause calls on debtors to negotiate with their non-Paris Club creditors debt treatments comparable to those granted by the Paris Club and to strengthen their debt management capacity by establishing a formal negotiation structure and a point of contact for all creditors. It also requires debtors to report to the Club on the status of their negotiations with non-Paris Club creditors every six months during the three-year period following completion point. The Paris Club has also called on all its members not to sell their claims on HIPCs to creditors that do not intend to provide debt relief, so as to reduce the risks of litigation against HIPCs.

IV. CONCLUSIONS AND NEXT STEPS

15. **The information available indicates that the 22 post-completion-point HIPCs have received only slightly more than one third of the HIPC Initiative debt relief expected from their 50 non-Paris Club official bilateral creditors.** The contribution varies significantly across creditors. While six creditors are estimated to have delivered full HIPC Initiative debt relief on outstanding claims, twenty one of them have not delivered any HIPC Initiative debt relief.

16. **Staffs will continue their efforts to encourage non-Paris Club official bilateral creditors to fully participate in the HIPC initiative.** Full participation is essential to lower the debt of HIPCs, provide for an equitable sharing of the debt relief burden and avoid “free-riding” by certain creditors. Staffs will continue to discuss HIPC Initiative issues and share technical information during Article IV missions and other staff interactions with creditor countries. Staffs will also continue to contact non-Paris Club official bilateral creditors directly and encourage them to provide full HIPC Initiative debt relief when a country is deemed to be HIPC eligible and reached the decision or completion points under the HIPC Initiative. In addition, staffs will step up their efforts to provide technical assistance to enhance creditors understanding of the HIPC methodology and will be more proactive in facilitating bilateral meetings between creditors and HIPCs during the Annual Meetings or in other venues. Tailored surveys to selected creditors will continue to be conducted jointly by

the World Bank and IMF staffs on an annual basis and Fund staff will continue to collect detailed information from HIPC during Article IV missions. Based on this information, annual reports on status of the delivery of HIPC Initiative debt relief will continue to be prepared.

17. **Staffs’ efforts to address low non–Paris Club official bilateral creditor participation may, however, need to be complemented with other measures.** In cases where the decision to grant HIPC Initiative debt relief depends on high-level political approval, the issue may need to be raised directly by IDA and IMF managements or through bilateral contacts between country authorities. In addition, more visibility could be given to the creditor’s status, for instance through a “scorecard” identifying the relief granted by each non–Paris Club creditor, published on the websites of the World Bank and the IMF.¹⁹

18. **Regarding debtors, staffs will also intensify their efforts to encourage HIPCs to conclude bilateral agreements with non-Paris Club official bilateral creditors promptly.** Such agreements are essential to remove any legal ambiguity about a country’s debt obligations and prevent the accumulation of arrears. Staffs’ plans for technical assistance in the debt management area will include support to resume or conclude pending negotiations. In addition, to inform the Boards on a more regular basis on the participation of non–Paris Club official bilateral creditors, IMF staff reports and World Bank country-specific documents for post-completion-point HIPCs could include a box providing detailed information on the debt relief received from non–Paris Club official bilateral creditors and the status of contacts and negotiations with those that have not yet provided HIPC Initiative debt relief. Joint Fund-Bank LIC DSAs could also report on non–Paris Club creditor participation.

19. **Staffs will also continue to encourage creditors to share more detailed information and to disseminate their efforts in this area more widely.** More extensive and transparent information is needed, particularly from those creditors that account for a substantial part of HIPC Initiative debt relief, to better assess and monitor the actual delivery of HIPC Initiative debt relief.

¹⁹ Information provided to the Fund in confidence would only be published if the requisite consents for its publication have been obtained.

Appendix Table 1. Delivery of Debt Relief by Non-Paris Club Official Bilateral Creditors 1/
(In millions of U.S. dollars, 2006 NPV terms unless otherwise indicated)

Creditor Country	No. of Completion Point		HIPC Assistance Costs		HIPC Debt Relief Delivered	
	Debtors		NPV Terms	Percent of	NPV Terms	Percent of Total
	Total	Relief Provided		Total Cost		Assistance
			(1)	(2)	(3)	(4)= (3)/(1)
I. Full delivery of HIPC Relief (6 creditors):						
Jamaica	1	1	0.2	0.0	0.2	100.0
Morocco	1	1	2.8	0.1	2.8	100.0
Republic of Korea	2	2	7.0	0.2	7.0	100.0
Rwanda	1	1	0.7	0.0	0.7	100.0
South Africa 2/	2	2	6.0	0.2	6.0	100.0
Trinidad and Tobago 2/	1	1	0.6	0.0	0.6	100.0
Total			17.3	0.5	17.3	100.0
II. Partial delivery of HIPC Relief (23 creditors):						
Algeria	11	1	240.3	6.9	12.5	5.2
Argentina	2	1	4.9	0.1	3.0	59.9
Brazil 2/	2	1	8.5	0.2	6.5	76.8
Bulgaria	6	3	107.7	3.1	83.3 - 93.2	77.3 - 86.5
Burundi 3/	1	1	0.2	0.0
China 4/	20	17	281.1	8.0	95.3 - 140.8	33.9 - 50.1
Cuba	2	1	2.0	0.1	0.2	8.4
Former Czechoslovakia	5	3	48.9	1.4	38.9	79.7
Former Serbia & Montenegro	6	1	86.6	2.5	0.0-36.8	0.0-42.4
Guatemala 5/	2	1	470.8	13.4	464.4	98.6
Hungary	4	3	18.8	0.5	13.7	72.7
India 6/	7	5	37.7	1.1	12.1 - 33.5	32.0 - 88.9
Kuwait 7/	18	16	302.2	8.6	206.1	68.2
Libya	13	3	276.8	7.9	26.2 - 46.3	9.5 - 16.7
Mexico	2	1	66.5	1.9	54.2	81.5
People's Democratic Republic of Korea	7	1	29.6	0.8	2.1	7.2
Poland	4	2	20.8	0.6	13.8	66.3
Romania	3	1	38.0	1.1	33.5	88.1
Saudi Arabia	13	10	161.5	4.6	76.3 - 125.9	47.3 - 77.9
Tanzania 3/	1	1	4.2	0.1
United Arab Emirates	9	1	28.2	0.8	0.0 - 2.6	0.0 - 9.3
Venezuela	4	1	72.0	2.1	26.7	37.1
Total			2,307.3	65.9	1,168.8 - 1,359.1	50.7 - 58.9
III. No delivery of HIPC Relief (21 creditors):						
Angola	4	0	25.2	0.7	0.0	0.0
Cape Verde	1	0	0.3	0.0	0.0	0.0
Colombia	1	0	4.8	0.1	0.0	0.0
Costa Rica	2	0	495.5	14.2	0.0	0.0
Cote d'Ivoire	2	0	13.2	0.4	0.0	0.0
Democratic Republic of the Congo	1	0	0.4	0.0	0.0	0.0
Ecuador	1	0	0.5	0.0	0.0	0.0
Egypt	1	0	0.5	0.0	0.0	0.0
Honduras	1	0	127.4	3.6	0.0	0.0
Iran	2	0	70.9	2.0	0.0	0.0
Iraq	9	0	110.8	3.2	0.0	0.0
Niger	1	0	0.4	0.0	0.0	0.0
Nigeria	1	0	2.1	0.1	0.0	0.0
Oman	1	0	1.6	0.0	0.0	0.0
Pakistan	1	0	1.3	0.0	0.0	0.0
Peru	1	0	9.9	0.3	0.0	0.0
Portugal 2/	1	0	7.5	0.2	0.0	0.0
Taiwan Province of China	7	0	303.5	8.7	0.0	0.0
Uruguay	1	0	0.7	0.0	0.0	0.0
Zambia	1	0	0.2	0.0	0.0	0.0
Zimbabwe	1	0	0.1	0.0	0.0	0.0
Total			1,176.5	33.6	0	0
Grand Total (I+II+III)			3,501.0	100.0	1,186.1-1,376.4	33.9-39.3

Sources: HIPC documents; country authorities; and staff estimates.

Note: The methodology underlying these estimates is detailed in the annex.

1/ Estimates are as of end June 2007 and are for creditors who have claims on post-completion-point countries only.

2/ While not a member of the Paris Club, Brazil has agreed to participate in the Paris Club rescheduling meeting for most HIPCs and provided substantive debt relief in the context of the Paris Club. South Africa, as been classified as a non-Paris Club for Mozambique and Malawi. However, South Africa did not participate in the Paris Club exit meetings for Benin and Malawi. Similarly, Trinidad and Tobago has been classified as a non-Paris Club for Nicaragua. However, it has provided debt relief to Nicaragua outside of the Paris Club. Brazil has been classified as non-Paris Club only for Bolivia and Guyana, although it actually participated in Paris Club meeting for Bolivia. Brazil did not participate in the Paris Club meeting for Nicaragua. Taking into consideration all relief provided outside the Paris Club would increase the HIPC debt relief provided by Brazil to USD50.1 million and its share HIPC debt relief provided as a non-Paris Club creditor to 96.2. Portugal has also provided debt relief under the Paris Club

3/ In these cases, there is only one debtor. Debtors have indicated that some relief has been provided but the information received is insufficient to quantify it.

4/ The debt relief estimates for China are based on debt cancellations data provided by debtors.

5/ Guatemala's claims on Nicaragua were taken over by Spain in a debt swap. Spain has agreed to provide HIPC relief to Nicaragua on those claims.

6/ In June 2003, India announced its intention to write off all non-export credit claims on HIPCs. However, several agreements remain unsigned. India has not yet agreed to provide full relief on export-credit claims.

7/ Debt relief estimates for Kuwait are based on detailed loan by loan information provided by the Kuwait Fund for Economic Development (KFAED).

Appendix Table 2. Non-Paris Club Debt Relief
as a Share of Total Debt Relief

Nicaragua	37.7 %
Mauritania	19.9 %
Niger	19.0 %
Senegal	17.5 %
Sao Tome and Principe	12.9 %
Burkina Faso	11.6 %
Mozambique	10.9 %
Mali	10.1 %
Madagascar	9.6 %
Tanzania	8.9 %
Honduras	7.9 %
Sierra Leone	6.1 %
Ethiopia	6.1 %
Uganda	5.8 %
Benin	4.7 %
Guyana	4.4 %
Rwanda	4.4 %
Zambia	2.2 %
Malawi	2.2 %
Ghana	1.5 %
Bolivia	1.4 %
Cameroon	1.0 %

Sources: HIPC documents; and staff estimates.

Appendix Table 3. Number of Official Bilateral Non-Paris Club Creditors (NPC) per Debtor and Amounts of HIPC Relief Expected

(In millions of U.S. dollars, 2006 NPV terms)

	Number of NPC Creditors	Av. HIPC relief per Creditor	HIPC Relief Minimum Value	HIPC Relief Maximum Value	Total NPC
Nicaragua	23	71.1	0.2	489.4	1637.4
Tanzania	20	11.8	0.0	35.2	236.9
Mozambique	16	19.1	0.2	123.5	305.7
Uganda	14	5.6	0.0	19.8	78.0
Guyana	12	2.8	0.2	8.8	33.8
Ethiopia	9	16.3	3.1	43.5	146.9
Mali	8	8.9	0.8	24.3	71.4
Senegal	8	14.0	0.0	41.7	112.0
Madagascar	8	13.1	0.6	38.0	105.1
Niger	8	20.1	0.1	57.4	160.9
Zambia	8	9.2	0.1	42.0	73.4
Benin	7	2.3	0.0	6.7	16.3
Burkina Faso	7	12.0	0.7	35.3	84.2
Honduras	7	8.2	4.8	14.1	57.6
Mauritania	7	23.2	5.1	39.8	162.5
Ghana	5	8.4	1.2	14.6	42.2
Rwanda	5	7.5	0.7	14.5	37.4
Sao Tome and Principe	5	3.9	0.3	8.8	19.7
Bolivia	4	6.3	0.1	10.9	25.1
Sierra Leone	4	12.4	1.0	36.9	49.8
Cameroon	3	5.8	3.7	7.4	17.4
Malawi	3	9.1	1.1	18.1	27.3

Sources: HIPC documents; and staff estimates

Annex. Assessing HIPC Initiative Debt Relief Provided to HIPCs

This annex describes the methodology used to estimate the debt relief provided by non-Paris Club official bilateral creditors to post-completion-point HIPCs on the basis of the incomplete responses received.

1. **Responses to letters and questionnaires have not allowed staffs to estimate precisely the HIPC relief provided so far.** In line with the HIPC methodology, detailed loan-by-loan information is necessary to compare the amount of relief provided by a creditor with the relief expected to be provided under the HIPC Initiative.²⁰ Of the 13 responses received from creditors, only Kuwait included detailed quantitative information. The Kuwait Fund for Arab Economic Development (KFAED) provided comprehensive loan-by-loan information on its claims outstanding at the time the rescheduling agreements were signed and the amounts rescheduled, as well as the terms of the agreements and the new repayment schedules.²¹ Saudi Arabia provided aggregated nominal amounts rescheduled and terms of the agreements. Two creditors (Colombia and Pakistan) indicated that they had not provided any debt relief to HIPCs at this point. The information received from other creditors was mostly qualitative. Debtors, in most cases, provided information on whether they have received no relief, partial relief or full relief from their creditors. They did not provide quantitative information on the debt relief received, except for the amounts cancelled by China.

2. **Against that background, detailed calculations of the relief provided were only possible for Kuwait and China.** Calculations for other creditors mainly relied on the information received from debtors.

China

3. **Estimates of the relief provided by China to HIPCs rely on information provided by debtors (in US dollars) on debts cancelled by China to date.** The Chinese authorities shared with staffs a list of countries benefiting from their debt relief initiatives. The three post-completion point HIPCs that do not have diplomatic relations with China (Burkina Faso, Nicaragua, and São Tomé and Príncipe) have indicated that no relief has been received so far and none has been assumed.²²

4. **Staffs compared the amount of relief provided by China through debt cancellations to the debt relief expected under the HIPC initiative.** To that end, staffs estimated the NPV of the debt cancelled, using the decision point exchange and discount

²⁰ Under the HIPC methodology, debt relief is determined at the decision point using the latest available debt information on a loan-by-loan basis, including the outstanding debt, its repayment schedule, and the repayment currency.

²¹ The Kuwait Investment Authority indicated in its response that it is unable to participate in the HIPC Initiative.

²² The list of debtors benefiting from debt relief provided by the Chinese authorities does not include these countries.

rates. The NPV of the debt cancelled was discounted back to the decision point date and compared with the total expected debt relief in NPV terms at the decision point.

5. **Staffs results suggest that China has delivered through debt cancellations about 34 percent of the relief expected to be provided under the HIPC Initiative (Table 1) on a weighted average basis.** According to staff estimates, six HIPC countries (Benin, Cameroon, Ethiopia, Guyana, Mozambique, and Niger) have benefited from full HIPC debt relief as well as “beyond HIPC” relief from China. In two cases (Mauritania and Tanzania), staff results indicate that partial or no debt relief has been provided while the debtors consider that full relief has been received. The difference may be due to the use of different methodologies or parameters to assess the debt cancellations granted by China, including discount and exchange rates. In addition, debt relief may have been provided through modalities other than debt cancellation. Accepting the debtors’ assessment of full relief would increase China’s delivery of HIPC relief from 34 to 50 percent of its expected contribution.

6. **The methodology used has limitations.** On the one hand, it may underestimate the relief provided by China. First, it assumes that HIPC relief has been provided only through debt cancellation and that the debts that are not cancelled are served according to the original schedule. However, HIPC countries report that China is not pressing for payments on the untreated debt and most of them are not making any payment on these claims, thus receiving more relief. Second, China is reported to have signed agreements or protocols with a number of HIPC interim countries. Such debt cancellations could not be included in this exercise in the absence of information from those debtors. Third, the data provided by debtors may not incorporate the full impact of China’s initiative, as agreements have yet to be signed. On the other hand, the aggregated nature of the information received from debtors may lead to an overestimation of the relief. Because debt has not been reconciled, it is not clear whether the cancellation refers to debts expected to be treated under the HIPC initiative. If this were not the case, and the amount cancelled were to include debts disbursed after the decision point or loans that were not included at decision point, the relief may be overestimated.

Kuwait

7. **Given that detailed information was made available to staffs, calculations of the relief provided by Kuwait are closely in line with the HIPC methodology.** Staffs estimated the NPV of the rescheduled debt on the basis of the repayment schedule and the terms of the rescheduling provided, using the decision point exchange and discount rates. The NPV of the loans rescheduled was discounted back to the decision point date from the date of the agreement. The amount was then deducted from the NPV of the *corresponding loans* before rescheduling at the time of the decision point to calculate the NPV of the relief provided. This relief provided was compared to the amount that was expected to be provided, as per HIPC documents, to assess whether this was equivalent to full or partial HIPC debt relief.

8. **Staffs results show that Kuwait has delivered about 68 percent of the expected debt relief on a weighted average basis.** Debtor assessments of the relief received from Kuwait differed from staff conclusions in a little more than half of the cases (Table 2). In four cases the debtors considered having received full HIPC relief while staffs concluded that

only partial relief or no relief had been provided. Accepting the debtors' assessment would raise Kuwait's contribution to about 75 percent. In three cases debtors considered having received only partial relief while staff calculations indicate that full relief has been provided. Staffs will explore the possible causes for these differences, which may include the use of different methodologies and parameters (particularly discount and exchange rate) to assess the debt relief received.

Other creditors

9. **For other creditors, staffs used the same methodology as in the last HIPC and MDRI Status of Implementation Report.**²³ Staff estimates rely on the information provided by debtors on whether they have received full or partial HIPC relief. This information has been reconciled with creditor information, when available. When debtors reported receiving full relief, staffs considered that the full expected HIPC relief was delivered. When debtors indicated that only partial HIPC relief was received, staffs calculated a range estimate of the HIPC relief delivered. The lower bound of the range assumes that partial debt relief is equivalent to no relief; the upper bound assumes that partial debt relief is equivalent to full relief.

Overall results

10. On the basis of the above-described methodology, staffs determined that 21 non-Paris Club official creditors have not provided any relief to their HIPC debtors and quantified the debt relief provided by another 20 non-Paris Club official bilateral creditors. However, for the remaining nine creditors (accounting for 28 percent of the total expected relief), staffs were only able to calculate ranges of the share of debt relief delivered.

²³ [“Initiative for Heavily Indebted Poor Countries \(HIPC\) and Multilateral Debt Relief Initiative \(MDRI\) – Status of Implementation”](#), (August 23, 2006), Chapter III, Section D.

Annex Table 1. China :Estimates of Delivery of Debt Relief to post-Completion Point HIPC's 1/
(In millions of US dollars, in NPV terms)

Debtor countries	Debt Relief Expected to be Delivered by China 2/ Traditional Relief		HIPC Debt Relief 3/ Total Relief	Debt Cancelled by China		Nominal (in millions of US dollars)	Discounted back to Decision point date	HIPC Relief provided 4/ Relief Provided	Beyond HIPC Relief Provided	Share of HIPC relief provided (in percent)	Delivery of HIPC Relief	
	(a)	(b)		(c) = (a) + (b)	(e)						(f)=[(e-a), min = 0, max = b]	(g) = (e) - (c)
Benin	9.3	4.2	13.5	37.7	27.7	37.7	4.2	14.3	100.0	Not available	Full relief	
Bolivia	0.0	8.3	8.3	4.4	3.1	4.4	3.1	0.0	37.3	Partial relief	Partial relief	
Burkina Faso 5/	0.0	2.5	2.5	0.0	0.0	0.0	0.0	0.0	0.0	No relief	No relief	
Cameroun	22.0	4.8	26.9	51.0	46.4	46.4	4.8	19.5	100.0	Full relief	Full relief	
Ethiopia	18.1	9.8	27.8	38.4	38.4	38.4	9.8	10.6	100.0	Full relief	Full relief	
Ghana	5.3	9.2	14.5	12.6	11.2	12.6	5.9	0.0	63.6	Partial relief	Partial relief	
Guyana	10.5	3.3	13.9	20.5	15.9	20.5	3.3	2.0	100.0	Full relief	Full relief	
Madagascar	26.2	5.7	31.9	12.1	10.9	12.1	0.0	0.0	0.0	Partial relief	No relief	
Mali	90.6	18.6	109.2	84.1	72.1	84.1	0.0	0.0	0.0	Partial relief	No relief	
Mauritania	13.6	16.7	30.3	28.9	22.4	28.9	8.8	0.0	52.4	Full relief	Partial relief	
Mozambique	0.0	5.5	5.5	8.1	7.3	8.1	5.5	1.8	100.0	Full relief	Full relief	
Nicaragua 5/	18.0	2.9	20.9	0.0	0.0	0.0	0.0	0.0	0.0	No relief	No relief	
Niger	0.0	4.8	4.8	12.7	11.3	12.7	4.8	6.6	100.0	Full relief	Full relief	
Rwanda	20.6	5.4	26.0	16.8	15.1	16.8	0.0	0.0	0.0	Partial relief	No relief	
Sao Tome and Principe 5/	6.7	2.1	8.8	0.0	0.0	0.0	0.0	0.0	0.0	No relief	No relief	
Senegal	4.5	13.8	18.3	19.8	13.2	19.8	8.7	0.0	62.6	Not available	Partial relief	
Sierra Leone	0.3	30.5	30.8	14.3	13.5	14.3	13.2	0.0	43.1	Partial relief	Partial relief	
Tanzania	45.2	26.8	72.0	37.7	34.3	37.7	0.0	0.0	0.0	Full relief	No relief	
Uganda	12.7	10.8	23.5	15.8	15.1	15.8	2.4	0.0	21.9	Partial relief	Partial relief	
Zambia	59.4	32.0	91.4	56.8	49.1	56.8	0.0	0.0	0.0	Partial relief	No relief	
Share of Debt Relief Delivered (simple average)									44.0	51.4	44.0	
Share of Debt Relief Delivered (weighted average)									33.9	50.1	33.9	

Memorandum :

Expected HIPC Debt Relief
2006 NPV terms (Appendix Table 1) 281.1
HIPC Debt Relief Delivered
2006 NPV terms (Appendix Table 1)

Sources: HIPC documents, debtors information, and staffs estimates.

1/ Estimates based on debt relief provided through debt cancellations, which can lead to an underestimation of HIPC debt relief. In NPV terms as of the base date of the decision point.

2/ HIPC debt relief in decision point NPV terms as determined at completion point.

3/ For Burkina Faso, Ethiopia, Niger, Rwanda, and Sao Tome HIPC relief includes topping-up assistance.

4/ Total debt relief net of traditional debt relief, including topping up assistance.

5/ Country does not have diplomatic relations with China.

140.8

95.1

Annex Table 2. Kuwait: Estimates of Delivery of HIPC Relief to post-Completion Point HIPCs 1/2/
(In millions of US dollars, in NPV terms)

Debtor Countries 3/	Debt Relief Expected to be Delivered by Kuwait 4/		Total Debt Relief 5/	Total Debt relief provided	HIPC relief provided 6/	Beyond HIPC Relief Provided	Share of HIPC relief provided (in percent)	Delivery of HIPC Relief	
	Traditional Debt Relief	HIPC Debt Relief						Debtors' assessment	Staffs' assessment
(a)	(b)	(c) = (a) + (b)	(e)	(f) = [(e-a), min = 0, max = b]	(g) = (c) - (e)	(h) = (f)/(b)	(i)	(i)	
Benin	3.8	5.1	8.9	13.4	5.1	4.5	100.0	Not available	Full relief
Burkina Faso	6.5	14.7	21.2	24.8	14.7	3.5	100.0	Partial relief	Full relief
Cameroon	2.0	5.7	7.6	17.2	5.7	9.6	100.0	Partial relief	Full relief
Ethiopia 7/	3.2	8.8	12.0	13.4	8.8	1.4	100.0	Not available	Full relief
Ghana	0.0	11.7	11.6	8.0	8.0	0.0	68.8	Full relief	Partial relief
Guyana	24.5	6.7	31.2	0.0	0.0	0.0	0.0	Not available	No relief
Honduras	0.0	6.4	6.4	25.4	6.4	19.0	100.0	Not available	Full relief
Madagascar	2.1	4.2	6.3	0.3	0.0	0.0	0.0	Full relief	No relief
Malawi	0.0	6.2	6.2	6.2	6.2	0.0	100.0	Full relief	Full relief
Mali	6.7	6.6	13.4	14.4	6.6	1.1	100.0	Partial relief	Full relief
Mauritania	72.9	26.0	98.9	38.4	0.0	0.0	0.0	Partial relief	No relief
Mozambique	0.0	18.4	18.4	22.3	18.4	3.9	100.0	Full relief	Full relief
Niger	7.7	33.8	41.5	47.9	33.8	6.4	100.0	Full relief	Full relief
Rwanda	16.3	10.3	26.6	15.8	0.0	0.0	0.0	Partial relief	No relief
Senegal	8.7	31.8	40.4	33.0	24.3	0.0	76.4	Partial relief	Partial relief
Sierra Leone 8/	0.0	7.8	7.8	0.0	0.0	0.0	0.0	Not available	No relief
Tanzania	11.8	17.4	29.2	21.4	9.6	0.0	55.2	Full relief	Partial relief
Uganda	4.3	10.2	14.5	14.2	9.9	0.0	97.3	Full relief	Partial relief
Share of Debt Relief Delivered (simple average)							66.5	76.5	66.5
Share of Debt Relief Delivered (weighted average)							68.2	75.0	68.2

Memorandum items :

Expected Debt Relief (Appendix Table 1)

2006 NPV terms

302.2

Debt Relief Delivered (Appendix Table 1)

2006 NPV terms

167.4

Sources: HIPC documents and creditor information.

1/ Debt relief is calculated based on information provided by Kuwait Fund for Arab Economic Development. The Kuwait Investment Authority has indicated that it is unable to participate in the HIPC Initiative. In NPV terms as of the base date of the decision point.

2/ The Kuwait authorities have indicated that for those HIPCs that have not received full HIPC relief, some loans were not fully withdrawn, and that the Kuwait Fund will act upon the request by these HIPCs to incorporate these loans into the debt relief mechanism.

3/ Kuwait does not have claims on Bolivia, Nicaragua, and Sao Tome and Principe. These 3 countries have been added to the country list with zero relief provided.

4/ Based on expected debt relief estimated at the time the countries reached their decision point or revised at the completion point.

5/ For Burkina Faso, Ethiopia, Niger, and Rwanda HIPC debt relief includes topping-up assistance.

6/ Total relief net of traditional debt relief, including topping up assistance when applicable.

7/ The debt relief delivered has been calculated based on information provided by the creditor, which could not be reconciled with the decision point figures.

8/ The Kuwait authorities have indicated that they have initiated a debt relief agreement with Sierra Leone which will be submitted to their Board of Directors shortly.