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Implementing Debt Relief for the HIPC

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Executive Summary

The Cologne Initiative (hereafter CI) re-opens the international official discussion about the HIPC (highly indebted poor country) debt crisis. Unfortunately, the CI leaves in place many of the serious flaws of the original HIPC initiative of 1996. To a first approximation, the current debt servicing "system" works as follows. Part of the debt service that is due is postponed, formally, or de facto as arrears. Of the substantial debt service that is actually paid, some gets covered through new loans and the rest through grants from bilateral donors. In the end, the HIPCs generally receive more than they pay, but the amounts of net resource transfers are small, less than US\$10 per person in 1997.

Even though the net resource transfers tend to be positive, the debt servicing system is fundamentally flawed. First and most urgently, the net resource transfers are not large enough to enable the HIPC governments to meet basic health and education needs of the population. Second, the bilateral grants do not neatly offset the heavy burden of debt servicing, even if they appear to do so in formal accounting. The debt burden falls heavily on the budget, and therefore on line ministries (such as the ministry of health) while grants frequently finance extra-budgetary activities established by the donors. Third, the process of offsetting heavy debt payments with grants and new loans is highly unstable and erratic. There is no guarantee that new grants will fill the fiscal void left behind by the heavy debt servicing; indeed sometimes there is a self-fulfilling collapse of fiscal resources. The instability, unpredictability, and time-consuming nature of these rollover mechanisms contribute to the incapacity of HIPC governments and the international community to formulate long-term solutions to the pressing social crises in the HIPC countries.

While the new CI aims at more "ambitious" debt reduction targets than the 1996 HIPC Initiative, the basic problem remains that the new standards are as arbitrary as the old ones. Both initiatives focus mainly on the relationship of debt to exports, even though debt-to-export ratios have little if anything to do with the real ability of governments to meet urgent social needs while servicing debts. An effective process of HIPC debt relief should be grounded on the following principles: the unmet social needs of most HIPC countries require significant net resource inflows; to achieve these increased inflows, it will be necessary to cancel most or all old debts; to the extent possible, new inflows should be highly concessional; debt relief should be guided by a process that helps to insure that the increased resource transfers will be channeled into areas of urgent human need, especially in public health and primary education.

Implementing Debt Relief for the HIPCs

The Cologne Initiative (hereafter CI) re-opens the international official discussion about HIPC (highly indebted poor country) debt crisis.² Unfortunately, the CI leaves in place many of the serious flaws of the original HIPC initiative of 1996. Neither the HIPC initiative, nor the CI, have come to grips with three basic problems:

The debt is owed by impoverished governments, and therefore should be based on the HIPC governments' capacity to pay, not on arbitrary numerical guidelines related to exports, which have little if anything to do with the countries' fiscal position or ability to pay;

Most HIPC governments have no capacity to repay debts in view of the urgent social crises that they must confront. These governments are in fact in need of large net resource transfers from the rest of the world;

Under current arrangements, debt service burdens are imperfectly offset via new loans, grants, rescheduling and outright arrears. The instability, unpredictability, and time-consuming nature of these rollover mechanisms contribute to the incapacity of HIPC governments and the international community to formulate long-term solutions to the pressing social crises in the HIPC countries.

While the new CI aims at more “ambitious” debt reduction targets than the 1996 HIPC Initiative, the basic problem remains that the new standards are as arbitrary as the old ones.³ Both initiatives focused mainly on the relationship of debt to exports, even though debt-to-export ratios have little if anything to do with the real ability of governments to meet urgent social needs while servicing debts. An effective process of HIPC debt relief should be grounded on the following principles:

² The HIPCs are a group of countries designated by the IMF and World Bank to be poor and highly indebted. There were 41 countries on the original HIPC list. Subsequently, Nigeria was eliminated (inappropriately in our view) and Malawi was added, keeping the list at 41. In our treatment of the issue, we consider the HIPCs to include 42 countries (the original list plus Malawi). 34 of the 42 countries, including 548 million of the 712 million HIPC population (77 percent), are in Sub-Saharan Africa.

³ The original HIPC initiative aimed to reduce the net present value of HIPC debts to 200-250 percent of anticipated export earnings. The new initiative drops the target to 150 percent of exports, and adds a second criterion that the NPV of debt should be no more than 250 percent of anticipated government revenues. The export-based ratios are irrelevant to capacity to pay (the governments do not own the export revenues; nor does a debt-to-export ratio address the tradeoffs between debt servicing and social spending). The new debt-to-government revenue target is an improvement, but is numerically arbitrary and offers no way to assess the tradeoffs between urgent social spending and debt servicing.

For most HIPC countries, the unmet social needs are so vast and urgent that these countries will require significant net resource inflows for many years, larger than the net inflows that they are now receiving.

To achieve these increased inflows, it will be necessary to cancel most or all old debts -- with much greater relief than is envisioned in the CI -- and to sustain or increase the inflows of new grants and loans.

To the extent possible, new inflows should be highly concessional, to avoid a repeat of the current situation in which non-creditworthy countries were financed through commercial loans rather than foreign assistance.

Debt relief should be guided by a process that helps to insure that the increased resource transfers will be channeled into areas of urgent human need, especially in public health and primary education. Such a process requires the leadership of key international organizations with responsibility in these areas of urgent social need – especially the World Health Organization, UNICEF, the United Nations Development Program, and the World Bank – and with a diminished role of the International Monetary Fund.

The Capacity to Pay

Capacity to pay must be judged according to the alternative uses of funds claimed by debt servicing. Many of the HIPC countries currently service their debts at the cost of widespread malnutrition, premature death, excessive morbidity, and reduced prospects for economic growth. If the resources were freed up *and successfully redirected towards basic human needs*, there could be significant improvements in human welfare. For most countries in the world, other than the HIPCs, debt payments do not compromise the basic human needs of the population. For many of the HIPCs, by contrast, the most basic human needs are jeopardized by the continuation of contractual debt servicing.

Take the case of Zambia, for example, which spent more than 30% of its national budget on debt payments each year throughout the 1990s (Table 5), while spending roughly 10% on basic social services. The Zambian Government's annual health expenditures per person are estimated to be US\$ 17 dollars (Table 1), while the G7 governments spend around US\$ 2,300 per person in health care. In Zambia, 20% of the population is now HIV positive, and it is estimated that around 9% of Zambian children under 15 have lost a mother or both parents to AIDS. Half of all Zambians have no access to safe drinking water. Roughly 30% of children remain unvaccinated. The infant mortality rate stands at 112 per 1000 births (compared to 5 in the United States). Life expectancy has dropped to 43 years, and is expected to decline still further as AIDS continues to take its toll.

Zambia is not alone in this shocking state of affairs, as we see from the figures in Tables 1, 2, and 3, where the data for selected HIPCs are presented. Looking first at the basic nutrition levels, we see evidence of outright declines in caloric consumption in ten HIPC countries in recent years. In nine Sub-Saharan African HIPCs, average caloric intake does not even reach

2,000 calories per day. During this same period, the average resident in the G7 countries consumed roughly 3,300 calories per day. The data on protein consumption per capita are even more dramatic: nearly half of HIPC countries showed outright declines in protein consumption per capita in recent years. On average, individuals in HIPC countries consumed little more than half of the protein per capita of G-7 residents. Average life expectancy at birth for all the HIPC countries is just over 51 years; in the G-7, it is 78 years. Thirteen Sub-Saharan HIPC countries showed declines in life expectancy during the 1990's, partly due to the AIDS epidemic, which is ravaging the continent.

The enormity of the AIDS epidemic in Africa could approach the scale of the Bubonic Plague of 14th century Europe. In parts of Southern and East Africa, HIV infection rates are now over 20% of the total population, including a third or more of the sexually active adult population. In Germany, to take one comparison, the infection rate is estimated to be 0.08% of the population, less than 1/200th of the prevalence in the hard-hit parts of Africa. AIDS claimed an estimated 2 million deaths in Sub-Saharan Africa in 1998, a rate of 5,500 people per day, and has left millions of children orphaned. Enterprises in many of the worst affected countries have had to institute policies prohibiting employees from attending more than one funeral per week. Firms are training three and four people for each job in anticipation of AIDS deaths, and have often been forced to cut health care benefits entirely as costs have spiraled as a result of the epidemic.⁴

There is only a trickle of money spent on public health measures to limit the epidemic, or to treat infected individuals. Total international assistance to developing countries is on the order of US\$ 300 million per year, or around US\$ 7 per infected individual. While in the advanced countries, medical advances have provided "drug cocktails" that postpone or prevent the onset of AIDS in HIV-infected individuals, such treatments are orders of magnitude too expensive in the poorest countries.

Money matters. Vaccination, drug therapies, doctor's salaries, teachers' salaries, basic sanitation systems, and other underpinnings of basic human welfare cost real dollars. While the average Frenchman or German has approximately US\$ 2,500 devoted by the government to public health, the astounding figures in Sub-Saharan Africa include: Kenya, US\$8; Uganda US\$9, Cote D'Ivoire, US\$25; Burkina Faso, US\$54; and Ethiopia, US\$3 (Table 1). The same vast gap is evident in education spending (Table 4).

What, then, is the capacity of the HIPC countries to repay their debts while addressing urgent human needs? In general, most have no debt-servicing capacity whatsoever. Indeed, most of the HIPC countries receive more in grants and new loans than they paid in debt servicing, as we will see below. In other words, the world has implicitly or explicitly recognized that these countries cannot service their debts now or in the foreseeable future. We just hide that fundamental reality in a complex shell game, in which large-scale debt servicing is very imperfectly offset by debt postponements, arrears, new loans, and grants from donor government. The shell game, however, is exhausting and debilitating. Virtually every HIPC government spends an enormous amount of time simply staying one step ahead of outright

⁴ Taken from a combination of firm-level surveys conducted in 30 African countries, and press reports.

default, and many fail to do even that. In the meantime, there is little long-term thinking, and less long-term planning to solve critical problems.

When the HIPC initiative was launched in 1996, there was some hope that social criteria would be incorporated into the heart of the initiative. Such was not the case. Finance ministries and the IMF/World Bank decided instead that debt-servicing capacity would be judged mainly by comparing the net present value of debt with the level of exports. Debt relief aimed to reduce the NPV of debt to between 200 and 250 percent of exports. These criteria neglected the obvious fact that the debts were owed by governments, not exporters, and that ratio of debt to exports could not conceivably measure the tradeoffs of debt servicing and meeting basic human needs. The result has been a statistical standard bereft of economic and social logic.

At the Cologne Summit, the G-7 instructed the Bretton Woods institutions and other parts of the international community to consider new ways of incorporating social priorities into their programs. The first step should be to assess the real budgetary costs of meeting urgent social needs – particularly in health and education -- and assessing the extent to which debt servicing jeopardizes the budgetary capacity to meet those needs. Without such an analysis, the HIPC Initiative will remain moribund, and impoverished governments will continue to make debt service payments at the expense of the very lives of their citizens.

The Current Debt Quagmire

To a first approximation, the current debt servicing “system” works as follows. Part of the debt service that is due is postponed, formally or *de facto* as arrears. Of the substantial debt service that is actually paid, some gets covered through new loans and the rest through grants from bilateral donors. In the end, the HIPCs generally receive more than they pay (in technical terms, the net resource transfer is positive), but the amounts of net resource transfers are small (less than US\$10 per person in the HIPC countries in 1997), grossly insufficient in the face of the social crises hitting these countries. The net resource transfers are also unstable and unpredictable. As a general rule, the HIPCs make net resource transfers (that is, they pay more in interest and amortization on old loans than they receive in new loans) to their bilateral creditors, the IBRD (non-concessional World Bank lending window), the IMF, and private creditors. They receive net resource transfers (more in loans and grants than paid in debt service) from two main sources: IDA (the concessional World Bank lending window), and bilateral donor grants.

Figure 1 shows the estimated net resource transfers vis-à-vis various creditors, for 1996 and 1997, for the HIPCs as a group. A negative indicates a net resource outflow from the HIPCs (debt service in excess of new loans). Note that for all debts, the net resource transfer is negative (more is paid in interest and amortization than is received in new loans). Grants, however, are more than the negative net transfer on debts, so that the overall net resource transfer is positive (grants plus loans exceeds interest plus amortization), though small in per capita terms and declining over time.

Figure 2 shows the time path of net resource transfers in the 1990s. We see that in every year, new loans (the lower part of the right hand side bar for each year) plus grants (the upper

part of the right hand side bar for each year) are greater than debt servicing (the left hand side bar for each year). The net resource transfer from the rest of the world – equal to grants plus new loans minus debt servicing -- is the dotted box. As just noted, these net resource transfers have been declining over time, mainly because new loans have declined relative to debt servicing, while grants have remained roughly unchanged in nominal terms. The result is that overall annual net resource transfers have declined by US\$ 3 - 4 billion in the past five years, falling from around US\$ 10 billion per year in the mid-1990s, to around US\$ 6 billion per year in 1998.

Even though the net resource transfers tend to be positive, the debt servicing “system” is fundamentally flawed. First, and most urgently, the net resource transfers are not large enough to enable the HIPC governments to meet basic health and education needs of the population. The negative net transfers on existing debt have gotten substantially larger in recent years, while the grants extended to the HIPCs have remained roughly unchanged in nominal terms.

Second, and crucially, *the bilateral grants to do not neatly offset the heavy burden of debt servicing*, even if they appear to do so in formal accounting. The debt burden falls heavily on the budget, and therefore on line ministries (such as the health ministry) while grants frequently finance extra-budgetary activities established by the donors. In fact, since the governments are bankrupt, donors often attempt to establish these extra-budgetary programs precisely so that they will not be drawn into the fiscal insolvency of the government. The result is profound de-institutionalization of public activities, with a government that remains insolvent and illiquid, and a bilateral donor process that supports non-governmental activities in lieu of an effective state.

Third, the process of offsetting heavy debt payments with grants and new loans is highly unstable and erratic. There is no guarantee that new grants will fill the fiscal void left behind by the heavy debt servicing. Indeed, sometimes there is a self-fulfilling collapse of fiscal resources. A “financing gap” opens up, causing the IMF to delay payments to a HIPC country. The IMF decision in turn blocks the disbursement of funds by other major creditors, including the World Bank and bilateral donors. The absence of such funds then dramatically worsens the budget situation, “proving” that the IMF was right to suspend the program. A long period of default, followed by difficult negotiations to restart lending, transpires. During this period, governments services collapse, institutions such as hospitals or cold-chains for delivery of vaccines, break down.

The Tables 5, 6 and 7 illustrate the significant volatility of resource transfers due to this system of repaying old, non-payable debts through new loans and grants. Table 5 shows the amount of debt servicing actually paid by the HIPC governments relative to government revenues each year.⁵ Table 6 shows the net transfers on debt actually paid, also as a percent of government revenues. Table 7 shows the net resource transfers overall received by the HIPC governments, taking into account grants received by the government. We see that debt servicing is enormous (dozens of percent of tax revenues, and often well over 50% of the government

⁵ The data refers to general government, which means central government, plus regional and local governments, plus parastatal enterprises where data is available (e.g. Bolivia); for other cases the government revenue does not include revenue of the parastatal enterprises. Revenues include both tax and non-tax revenues. All data are from national accounts published in the IMF country reports. See the Appendix for a detailed list of country sources.

revenues). It is also volatile. To take just one example, net resource transfers to Malawi fell from 129% of revenue in 1995 to 48% of revenue in 1997, a remarkable change in 2-year period. Table 6 show the net resource transfers paid on the debt is similarly erratic, and often very large as a percent of government revenues. Table 7 shows that while HIPC governments indeed receive overall net resource transfers (once account is taken of grants), these net resource flows are also erratic and unpredictable.

A sound and stable fiscal policy would be possible only with a high degree of predictability about the net transfers in future years. The wide fluctuations of the net transfers that the HIPCs are currently exhibiting render consistent budgetary planning practically impossible. The net flows are not only highly unstable, but also essentially unpredictable as they depend on an outcome of a complex interplay between the vastly different profiles of debt flows to different types of creditors, as well as on uncertain extraordinary revenues. Uncertainty, volatility and instability, therefore, put the governments' finances in the state of a permanent crisis where each fiscal period poses a dilemma about the portion of essential fiscal spending, such as health care, education, or public infrastructure, that the governments will be able to make. Finally, the vast discrepancy between the debt service obligations and the ordinary government revenue, such as tax collections, make governments virtually insolvent the moment the extraordinary transfers are suspended.

The result of constantly trying to cover up fiscal bankruptcy through new loans and grants, therefore, results in the following main outcomes. First, there is a huge year-to-year variation in debt servicing and net resource transfers. Second, a large proportion of government time is spent merely staying out of default rather than investing in new long-term programs. Third, a considerable and increasing amount of social spending is carried out by ad hoc institutions backed by international grants, rather than by government ministries backed by budgetary revenues. Thus, the system is promoting long-term institutional degradation of the HIPC governments. Fourth, the net resource transfers are falling, and are inadequate to meet basic human needs.

A Revised Program of HIPC Debt Relief

The revised HIPC program should re-establish the fiscal base for meeting the urgent social needs confronting the HIPC countries. This should be done in the following ways.

For almost all HIPCs, we should recognize the need for significant, and increased, net resource transfers for the foreseeable future, in order to help countries confront deep and unmet social crises – ranging from HIV-AIDs, to holoendemic malaria, to massive malnutrition, to unfulfilled immunization targets, to insufficient enrolments in primary schools and very low school quality.

To bring about these increased net resource transfers, debt servicing on old debts should be cancelled, while maintaining or increasing the flow of grants and loans. To the maximum extent possible, new transfers should come in the form of grants and concessional loans (ODA), rather than commercial loans.

Debts owed to bilateral creditors should be forgiven in their entirety in most cases, upon demonstration of need, in the context of a process that aims to channel the budgetary saving to urgent social needs.

Debts owed to the IBRD (non-concessional World Bank financing) should be forgiven as well. The IDA program continues to make large net transfers to most HIPCs. IDA loans need to be forgiven only in the unusual circumstances that IDA debt servicing is imposing large net resource costs on a particular country, or is likely to do so in the next few years.

ESAF and standby loan repayments should be forgiven, as net repayments to the IMF represent a growing burden on the HIPCs. It is arguable that ESAF as a whole should be eliminated, as the IMF as an institution is more suited to short-run macroeconomic management than to long-term development financing. In the estimates below, we assume that once a HIPC has received a cancellation of old ESAF loans, that it does not borrow again from ESAF (though perhaps some non-HIPC countries will continue to receive ESAF loans).

In cases where the private-sector debt is a substantial burden on economic development, these private sector debts should be substantially forgiven as well. Public-sector creditors would be right to insist upon *pari passu* (or nearly *pari passu*) treatment in those cases.

The bilateral creditors should coordinate their ODA to ensure that debt reduction is not offset by declines in new loans and grants. In many cases, HIPC countries will require substantial increases in net resource transfers in the years ahead, in order to succeed in meeting targets for improvement in key social indicators.

If bilateral loans and grants remained unchanged, while debt servicing on public and publicly guaranteed debts owed to the Paris Club, IBRD, and IMF, and other multilateral creditors are forgiven, the result would be a sizeable *increase* in net resource transfers to the HIPC countries, on the order of US\$ 5 billion per year, and a substantial *decrease* in the long-term debt stock, on the order of over 60% of the existing debt stock. Note, importantly, that the calculations are for face value of debt, not the net present value (NPV), since NPV estimates by class of creditor are not publicly available. Note also that in cases where the private sector debts are also written down, the percent reduction would of course be larger. The tables 8 and 9 show the potential savings for selected HIPCs based on the 1997 data if the above formula is adopted - Table 8 presents the relief on the stock of the public and publicly guaranteed debt outstanding as percentage of total long-term debt, and Table 9 presents the estimated savings on debt transfers during that year.

Note that debt relief for the HIPC countries will almost surely not be sufficient, by itself, to enable these countries to meet goals of improving basic conditions of public health and education in the next few years. We stress again that debt relief will have two effects – increased net resource transfers, and more realistic and long-term budgeting – but that these effects will almost surely need to be augmented by *increases* in bilateral official development assistance to those countries that are energetically undertaking expanded programs of social spending, as well as much better targeting and design of social programs.

Financing the Debt Relief Program

One of the peculiar arguments concerning the HIPC initiative is that the rich countries and multilateral institutions can not “afford” to forgive the HIPC debt. For most of the bilateral creditors, a high proportion of the debt is already deemed to be uncollectable. In the United States, for example, the roughly US\$6 billion owed by the HIPCs is already held on official accounts at around 10 percent of face value, or US\$600 million. Under current procedures, the U.S. Congress would have to appropriate only US\$600 million to enable a complete write-off and forgiveness of all of the HIPC debt owed to the United States.

In the case of the World Bank, we must consider mainly the IBRD claims. Regarding IBRD claims, these totaled around US\$4 billion in 1998, but are falling fast as a result of net repayments. Outstanding IBRD claims may amount to no more than US\$2 billion as of 1999. These loans could be forgiven by the Bank with losses easily absorbed by loan loss reserves at the Bank. The IBRD has already provisioned for some US\$3.24 billion of loan losses. In addition the World Bank has capital of at least US\$27 billion. With respect to IDA loans, these are backed by grants, not capital contributions to the Bank. IDA loans could be cancelled, if necessary, without at all impairing IBRD capital. The only effect would be to reduce the size of future IDA loans. As noted earlier, most countries will probably not need IDA relief in the next few years.

In the case of the IMF, several methods could be used to reduce IMF claims, which amount to roughly US\$3.5 billion in NPV of ESAF loans, and another US\$2.8 billion or so of standby loans (the total was approx. US\$7 billion in 1997). First, the IMF is sitting on massive unrealized capital gains on its gold reserves, which could also be used to back debt write-offs on the IMF balance sheet. Even without gold sales, these gold holdings could be revalued to market prices, and the capital gain could be allocated partly to finance debt cancellation and partly to augment the IMF various reserve accounts. In addition, the IMF maintains various special accounts to absorb losses. The Reserve Account in the General Department of the IMF has approximately 2.13 billion SDR (US\$2.9 billion) which could be charged against debt write-offs of standby loans. Similarly, the reserve account in the ESAF Trust Fund has approximately US\$2.82 billion, and the subsidy account also has reserves that could provide another US\$2 billion or so that could be used against write-off of ESAF claims. Thus, some combination of gold revaluation (and/or gold sales at market value) combined with the use of various reserve funds available for adverse contingencies, could easily fund a complete write-off of IMF claims on HIPC countries.

The more difficult case involves the African Development Bank. It is probably true that a deep write-off of debts owed to the AfDB would impair the bank, and require some recapitalization. The total value of such an infusion, however, would be modest. Informal estimates by U.S. Government officials suggest that the overall recapitalization could amount to a few billion dollars, to be shared among a large number of donor governments. If the U.S. participated in such a recapitalization, the U.S. share might perhaps amount to a few hundred million dollars.

Monitoring Debt Relief

The current international assistance strategy is based on a series of negotiations between the indebted country and its major creditors: the bilateral donors, the IMF, the World Bank, and the regional development banks. The IMF operates as *primus inter pares* among the international institutions and donors. It alone judges whether a country's budget is in macroeconomic balance. When the IMF declares that a HIPC budget is out of balance, its verdict generally stops much or all of the resource transfers to the country coming from bilateral and other multilateral sources.

Under current aid arrangements, aid decisions – and decisions about how much debt should be serviced – are taken with little attention to social needs. The IMF has no expertise to deal with issues of public health, nutrition, immediate food security, the HIV-AIDS epidemic, and other critical social issues in need of budgetary expenditure, as a recent external evaluation of the ESAF correctly observed. When the IMF renders a decision on whether a government can or cannot service a debt, it gives little if any attention to whether the health care system has collapsed, whether children are being vaccinated, or whether the HIV-AIDS epidemic is being attended to. This would be fine if the IMF were limited to its own immediate brief – monetary stability – but, in fact, the IMF has a major if not decisive influence on the implementation of the entire HIPC process although its net transfers to the HIPC countries are relatively small.

In the future, decisions over the extent of debt relief should be made in view of a detailed assessment of real social needs. United Nations agencies that specialize in critical social areas should play a decisive role in the process of assisting the HIPCs, working under the leadership of the HIPC governments to prepare “social audits” that can be the basis for a revised and revived strategy on meeting urgent social needs. Non-governmental organizations involved in social services should also be encouraged to provide inputs to the deliberative process. The key U.N. agencies would include the World Health Organization (WHO), the United Nations Children Fund (UNICEF), the Joint United Nations Program on HIV-AIDS (UNAIDS), the World Food Program (WFP), and the Food and Agricultural Organization (FAO).

The United Nations Development Program (UNDP) -- which is both the UN's producer of key social indicators in the Human Development Report (as well as human development reports at the national level), as well as the agency charged with *coordination* of UN development activities at the country level -- should play a leading role in coordinating the U.N. efforts in preparing the social audits. The UNDP should work with the World Bank and the International Monetary Fund to ensure that the social audits form the basis for actual debt relief implementation and monitoring.

The debt reduction process itself could be based on a formal debt-reduction-cum-human needs program presented by each HIPC government to a creditor committee, which would then formally approve a timetable for debt cancellation in conjunction with enhanced efforts on the social programs. The creditors, sitting as a committee, could formally vote on the proposed program, so that no single institution or creditors would be the arbiter of the relief process. One of the key aspects of any such program, of course, should be a *multi-year commitment to meet*

quantitative targets on basic human needs, such as immunization coverage, population access to mother-and-child care, HIV incidence and prevalence, and primary school enrolment rates. These quantified targets would not only be a guide to long-term budgeting and funding of social programs, but would also provide a kind of conditionality for the international community as well as the HIPC countries. Failures to meet specific quantified targets on health and education would call into question the efficacy of the international policies applied to the HIPC countries.

It is often asked whether debt relief will simply release countries from necessary conditionality on future loans. In the case of the HIPCs, conditionality will be easily maintained even after comprehensive debt relief. These countries need not only a cancellation of old debts, but also a continued inflow of new resource flows. For that reason, bilateral and multilateral donors will be in a position to insist upon real government performance in using international funds, and will be in a continuing position to monitor the use of those funds – even to the point of cutting them off if governments abusively misuse the international resources put at their disposal.

Debt Relief within an Overall Economic Strategy

Social policy is but one aspect of overall development policy. Considerable research and country case studies show that the single best long-term solution to crises of basic human needs is long-term economic growth. Thus, we should not put aside the goals of long-term growth as we turn our attention to enhanced social programs. A greatly enhanced social strategy and an improved long-term growth strategy are surely complementary components of an overall revision of development policies for the HIPC countries.

This note is not the place to elaborate an overall development strategy. Only a few summary points can be noted, for elaboration elsewhere:

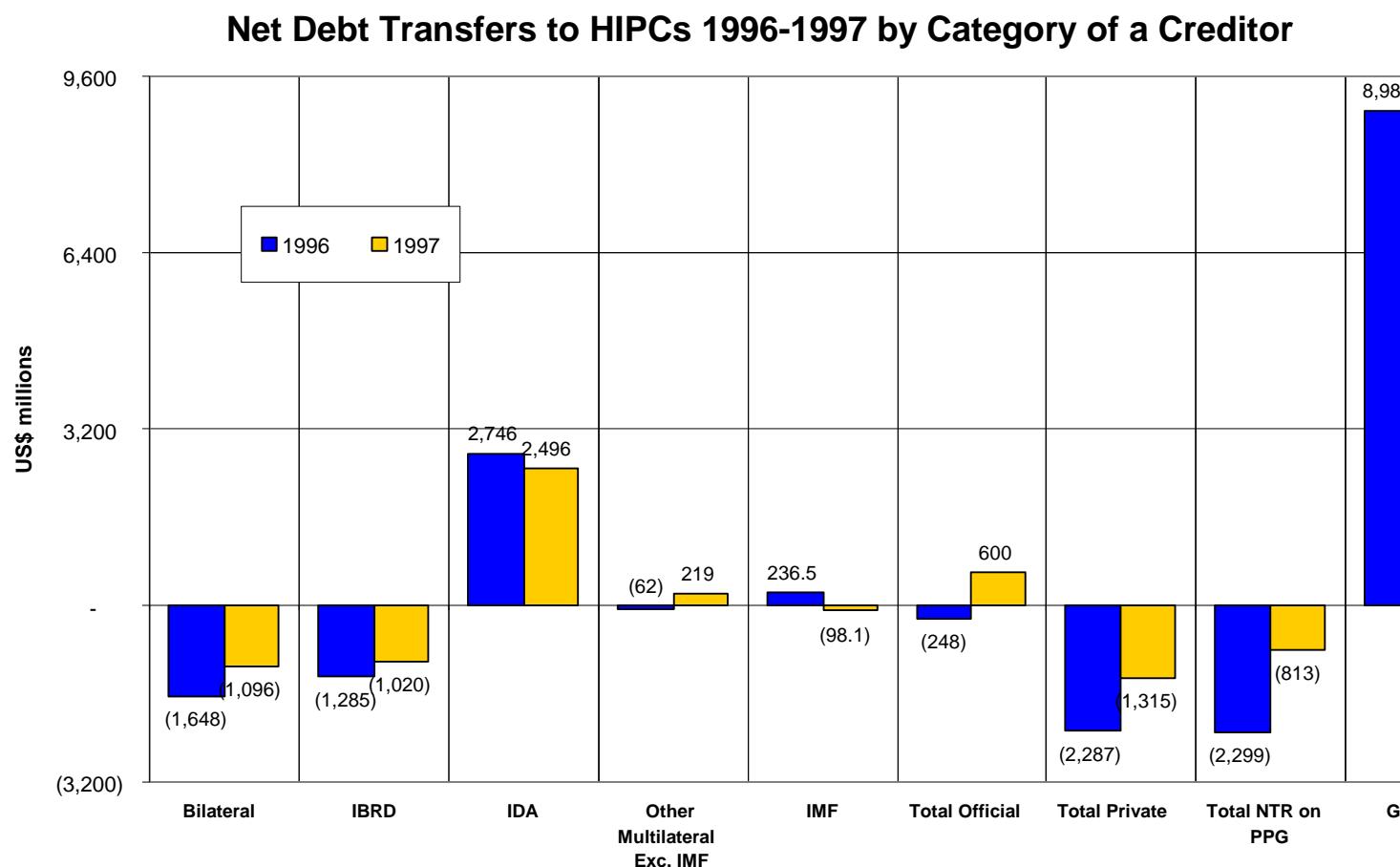
A successful growth strategy for a low-income country almost by nature must include a component of export-led growth, especially export-led growth in manufactures such as apparel and electronics assembly (at least to complement, if not soon supplant, the dominance of natural resource commodity exports)

The rich countries and multinational institutions should redouble their efforts on the scientific front, to work with researchers in the HIPC countries to improve agricultural technologies (in part through the use of the new biotechnologies), and to find new approaches to public health, especially related to the killer infectious diseases of HIV-AIDS, malaria, and TB.

The HIPC countries would generally benefit from greatly increased regional cooperation, especially in Sub-Saharan Africa. Regional groupings such as SADC and ECOWAS have several important roles to play in providing regional infrastructure; regional oversight of national economic policies; and expanded trade through regional trade liberalization.

We are the first to acknowledge that debt relief by itself will be no solution to the long-term development challenges facing the world's poorest countries. Debt relief is a necessary condition, but hardly sufficient. These countries need more than debt cancellation and foreign aid in the coming years: they need real economic development to lift these societies above the shocking level of poverty that they now endure. Debt relief will allow these countries to make some headway on ensuring the survival and health of the next generation. A healthy population, operating under a sound strategy of market-based economic development, will have a much better opportunity to achieve sustained progress in economic development and poverty reduction.

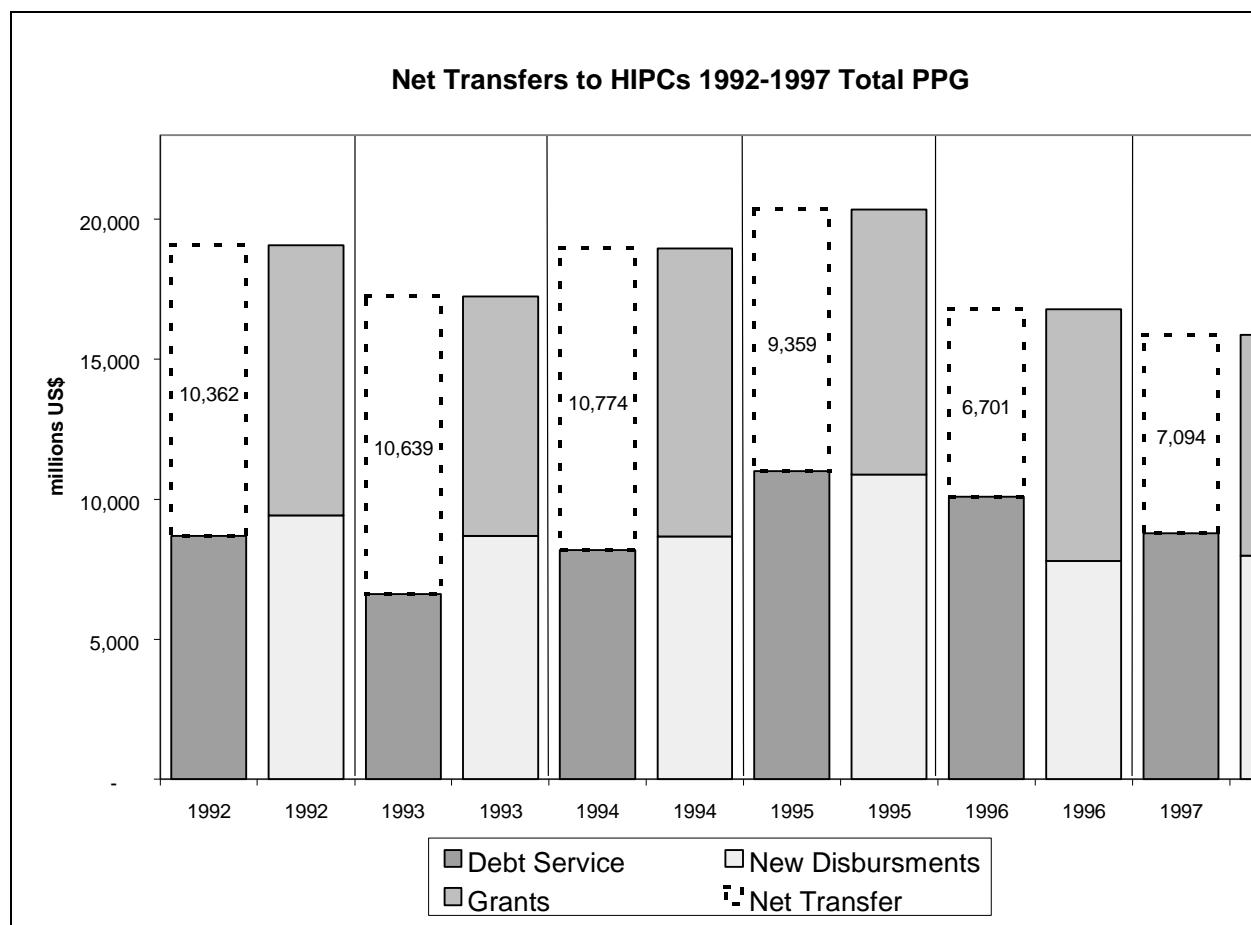
FIGURE 1



Creditors

Source: Global Development Finance 1999 (electronic database); CID calculations.

FIGURE 2



Source: Global Development Finance 1999 (electronic database) and CID calculations.

TABLE 1

**Health Expenditure % GDP and Per Capita
for Selected HIPC and G7 Countries**

Country / Year	1990-1997	1990-1997
Ethiopia	1.6	3
Nigeria	0.2	5
Chad	1.6	6
Ghana	2.9	6
Cameroon	1.0	7
Kenya	1.9	8
Mali	2.0	8
Uganda	1.9	9
Vietnam	1.1	9
Lao PDR	1.3	10
Togo	1.6	15
Zambia*	2.9	17
Burundi	1.0	18
Cote d'Ivoire	1.4	25
Mauritania	1.8	28
Honduras	2.8	33
Nicaragua	5.3	37
Republic of Yemen	1.3	39
Bolivia	3.8	54
Congo	1.8	77
Average	2.0	22
Canada	6.3	1,829
United States	6.6	4,093
Japan	5.7	2,442
UK	5.7	1,454
France	7.7	2,349
Germany	8.1	2,677
Italy	5.3	1,515
Average	6	2337

Averages for the period are for the years when data is available.

* Health expenditure as % of GDP for Zambia is for 1995 only.

Source: Human Development Report 1999

TABLE 2**Health Indicators for Selected HIPC Countries vis-a-vis G7 Countries**

Social Indicator:	HIV Positive Percentage (adult rate)	Supply of calories per day per capita	Grams of proteins per day per capita	Life expectancy at birth, total (years)	Infant mortality rate (per 1000 births)	Year	DPT %	Measles %
Country:	1997	1997	1997	1997	1996	Year	DPT %	Measles %
Sierra Leone	3.2	2035	44	37.2	73	97	26	28
Rwanda	12.8	2056	46	40.5	74	97	77	66
Burundi	8.3	1685	51	42.4	106	96	63	50
Uganda	9.5	2085	45	42.5	78	97	58	60
Malawi	14.9	2043	54	42.8	134	97	95	87
Zambia	19.1	1970	52	43.1	112	97	70	69
Ethiopia	9.3	1858	54	43.3	70	97	63	52
Guinea-Bissau	2.3	2430	49	43.8	60	97	63	51
Burkina Faso	7.2	2121	62	44.4	82	97	70	68
Central African Republic	10.8	2016	44	44.9	103	96	53	46
Mozambique	14.2	1832	35	45.5	105	97	61	70
Angola	2.1	1903	41	46.5	170	97	41	78
Guinea	2.1	2231	48	46.5	132	97	53	56
Cote d'Ivoire	10.1	2610	50	46.7	90	97	70	68
Niger	1.5	2097	61	46.9	114	97	28	42
Liberia	3.7	2044	64	47.3	100	96	45	44
Tanzania	9.4	1995	49	47.9	88	97	74	69
Congo	7.8	2143	43	48.5	81	97	18	20
Chad	2.7	2032	59	48.6	92	97	24	30
Togo	8.5	2469	59	48.8	33	97	33	38
Mali	1.7	2029	61	50.4	124	97	52	56
Democratic Republic of Congo	-	1755	28	50.7	111	97	18	20
Kenya	11.6	1973	52	52.0	102	97	36	32
Senegal	1.8	2418	61	52.3	125	97	65	65
Benin	2.1	2487	59	53.4	84	97	78	82
Mauritania	0.5	2622	74	53.5	133	97	28	20
Lao PDR	0.0	2108	52	53.5	157	97	60	67
Nigeria	4.1	2735	62	53.5	129	97	45	69
Republic of Yemen	-	2051	54	54.3	50	97	57	51
Madagascar	0.1	2021	46	57.5	137	96	73	68
Ghana	2.4	2611	49	60.0	130	97	60	59
Sao Tome and Principe	-	2138	44	64.0	164	97	73	60
Average for 32 HIPC	6.3	2144	52	49	104	54	54	
United States*	N/A	3699	112	76	8	95	94	89
Canada*	N/A	3119	98	79	7	94	93	98
Japan	0.01	2932	96	80	4	96	100	94
United Kingdom	0.09	3276	95	77	6	97	95	95
France	0.37	3518	101	78	5	97	97	83
Germany	0.08	3382	96	77	5	96	45	75
Italy	0.31	3507	109	78	6	97	60	75
Average for G7	0.17	3348	101	78	6	83	87	
Source :	WHO Epidemiological Reports	FAOSTAT Nutrition Data/ Food Balance Supply database, July 1999	WDI 1999	WHO Epidemiological Reports / UN HD Report 1999 for US and Canada (data for 1997)	WHO Immunization Profiles			

* estimated % of population HIV positive (HIV Aids Surveillance Report 1998, CDC, US Department of Health and Human Services)
Data not available for U.S. and Canada.

TABLE 3

Social Indicators for Selected HIPC* : Changes in 1990s

Supply of calories per day per capita			
	1994	1997	Change
Burkina Faso	2395	2121	-274
Mali	2270	2029	-241
Democratic Republic of Congo	1926	1755	-171
Uganda	2254	2085	-169
Somalia	1635	1566	-69
Cameroon	2140	2111	-29
Guinea-Bissau	2455	2430	-25
Sao Tome and Principe	2161	2138	-23
Tanzania	2016	1995	-21
Burundi	1690	1685	-5
Sierra Leone	2034	2035	1
Zambia	1967	1970	3
Congo	2133	2143	10
Guinea	2219	2231	12
Nigeria	2719	2735	16
Madagascar	1999	2021	22
Kenya	1947	1973	26
Myanmar	2824	2862	38
Republic of Yemen	2013	2051	38
Bolivia	2129	2174	45
Nicaragua	2140	2186	46

Grams of proteins per day per capita			
	1994	1997	Change
Burkina Faso	71.4	62.1	-9.3
Uganda	53.3	44.6	-8.7
Senegal	66.9	61.4	-5.5
Mauritania	78.9	74.1	-4.8
Rwanda	49.8	46.1	-3.7
Democratic Republic of Congo	31.7	28.1	-3.6
Sao Tome and Principe	47.3	44.0	-3.3
Mali	64.0	61.1	-2.9
Cameroon	50.1	47.9	-2.2
Burundi	52.2	50.6	-1.6
Nicaragua	50.4	48.9	-1.5
Congo	44.2	43.1	-1.1
Sierra Leone	44.6	43.5	-1.1
Somalia	53.9	52.8	-1.1
Republic of Yemen	55.4	54.4	-1.0
Ghana	50.0	49.2	-0.8
Madagascar	47.0	46.3	-0.7
Guinea	48.3	47.6	-0.7
Bolivia	56.6	56.5	-0.1
Kenya	52.0	52.0	0.0
Guinea-Bissau	48.6	48.7	0.1

Life Expectancy at Birth, (years)			
	1990	1997	Change
Zambia	49.1	43.1	-6.0
Kenya	57.1	52.0	-5.1
Uganda	46.8	42.5	-4.3
Cote d'Ivoire	49.8	46.7	-3.1
Central African Republic	47.6	44.9	-2.7
Tanzania	50.1	47.9	-2.1
Malawi	44.6	42.8	-1.9
Ethiopia	45.0	43.3	-1.7
Togo	50.5	48.8	-1.7
Burundi	43.6	42.4	-1.2
Burkina Faso	45.4	44.4	-1.0
Congo	49.5	48.5	-1.0
Democratic Republic of Congo	51.5	50.7	-0.8
Rwanda	40.2	40.5	0.3
Angola	45.5	46.5	1.0
Guinea-Bissau	42.3	43.8	1.5
Niger	45.5	46.9	1.5
Benin	51.9	53.4	1.5
Vietnam	66.6	68.2	1.6
Guyana	62.7	64.4	1.7
Sao Tome and Principe	62.2	64.0	1.8

School Enrollment, secondary, gross (%)			
	1990	1994	Change
Sudan	24	14.4	-9.6
Guyana	83.4	76.5	-6.9
Ethiopia	14.2	11.1	-3.1
Madagascar	18	15.5	-2.5
Uganda	13.2	11.7	-1.5
Cameroon	28	26.9	-1.1
Mozambique	7.6	6.7	-0.9
Senegal	16.2	16	-0.2
Niger	6.6	6.5	-0.1
Tanzania	4.9	5.3	0.4
Kenya	24.1	24.8	0.7
Cote d'Ivoire	22	22.8	0.8
Burundi	5.6	6.5	0.9
Chad	7.8	8.9	1.1
Togo	23.6	25.1	1.5
Mauritania	13.7	15.3	1.6
Guinea	10	11.7	1.7
Congo	52.9	55.3	2.4
Benin	11.9	15	3.1
Mali	6.5	9.6	3.1
Zambia	24.1	27.4	3.3

Infant Mortality Rate (per 1,000 live births)			
	1990	1997	Change
Guinea-Bissau	145.0	220.0	75.0
Burkina Faso	105.4	169.0	63.6
Kenya	61.8	74.0	12.2
Zambia	107.3	113.0	5.7
Congo	88.2	90.0	1.8
Burundi	118.8	119.0	0.2
Malawi	135.4	132.5	-2.9
Democratic Republic of Congo	95.8	92.0	-3.8
Senegal	74.0	70.0	-4.0
Central African Republic	102.2	98.0	-4.2
Angola	130.2	125.0	-5.2
Uganda	104.4	99.0	-5.4
Guyana	63.8	58.0	-5.8
Togo	92.4	86.0	-6.4
Cote d'Ivoire	95.0	87.0	-8.0
Nigeria	85.2	77.0	-8.2
Rwanda	132.4	124.0	-8.4
Madagascar	103.0	94.0	-9.0
Lao PDR	108.2	98.0	-10.2
Niger	128.4	118.0	-10.4
Sao Tome and Principe	60.9	50.0	-10.9

Source: WHO Epidemiological Report, World Development Indicators 1999, FAOSTAT Nutrition Data, WHO Immunization Profiles, CID calculations.

* The countries included in these tables are generally those which face the most severe deterioration in the delivery of social services in the 1990's, rather than a representative sampling of the HIPC countries as a whole.

TABLE 4

Public Spending on Education: Nominal Values and % of GDP in 1990s
Comparison of Selected HIPC s with G7 Countries

	Public Spending on education as % of GNP	Public spending on education (million US\$)	Public spending on education per capita, age group 5-14 (US\$)
Country / Year	1995	1995	1995
Cote-d'Ivoire	5.2	468	240
Nigeria	0.9	233	9
Congo	6.2	106	152
Nicaragua	3.7	57	46
Malawi	5.5	78	29
Senegal	3.6	156	68
Burkina-Faso	1.4	33	11
Zambia	2.2	72	29
Mauritania	5.1	52	82
Kenya	6.8	591	73
Ethiopia	4.0	229	15
Honduras	3.6	142	92
Uganda	2.6	148	27
Burundi	4.1	40	47
Lao P.D.R.	2.3	41	32
Guyana	4.3	23	130
Bolivia	6.6	429	230
Average	4.0	170	77

	Public spending on education (as % of GNP)	Public spending on education (million US\$)	Public spending on education per capita, age group 5-14 (US\$)
Country / Year	1996	1996	1996
Canada	7.0	39865	9877
United States	5.4	401409	10181
Japan	3.6	185371	13578
UK	5.4	62213	8242
France	6.1	93550	12230
Germany	4.8	113501	12333
Italy	4.7	53604	9466
Average	5.3	135645	10844

Data for selected HIPC s from WDI 1999 database.

Data on public spending on education as % of GNP in 1996 for G7 countries: HDR 1999

Data on GNP (at market prices, in current US \$) : WDI 1999 database for selected HIPC s & WDI hardcopy for the G7 countries.

Data on population 5-14 : UN / Population Division / Sex and Age Annual 1950-2050 (1998 Revision) electronic database

TABLE 5

Debt Servicing Actually Paid as % of Total Government Revenue							
	1992	1993	1994	1995	1996	1997	St deviation
Angola	-5%	-2%	-5%	-27%	-27%	-29%	13%
Guinea	-21%	-22%	-27%	-43%	-28%	-35%	8%
Guinea-Bissau	-26%	-14%	-24%	-46%	-32%	-22%	11%
Guyana	-73%	-53%	-56%	-52%	-42%		11%
Honduras	-57%	-55%	-71%	-69%	-75%	-50%	10%
Madagascar	-34%	-26%	-26%	-21%	-23%	-62%	15%
Malawi	-27%	-20%	-30%	-39%	-21%	-19%	8%
Mali	-15%	-21%	-35%	-24%	-27%	-19%	7%
Mauritania	-34%	-54%	-43%	-44%	-35%	-36%	8%
Mozambique	-28%	-41%	-47%	-58%	-44%	-24%	13%
Nicaragua	-16%	-24%	-41%	-53%	-38%	-49%	14%
Niger	-11%	-35%	-36%	-19%	-18%		11%
Sao Tome and Principe	-24%	-21%	-37%	-24%	-48%	-86%	25%
Senegal	-16%	-11%	-39%	-36%	-36%	-30%	11%
Tanzania	-42%	-35%	-27%	-28%	-27%	-15%	9%
Uganda	-66%	-65%	-40%	-25%	-24%	-28%	20%
Zambia	-58%	-69%	-55%	-379%	-36%	-33%	135%
Average	-33%	-33%	-38%		-58%	-34%	-36%

TABLE 6

Net Transfers on Debt Actually Paid as % of Total Government Revenue							
	1992	1993	1994	1995	1996	1997	St Deviation
Benin	21%	26%	47%	22%	25%	2%	14%
Burkina Faso	32%	33%	44%	34%	21%	13%	11%
Burundi	48%	25%	7%	4%	3%	-8%	20%
Central African Republic	25%	43%	60%	18%	23%	-8%	23%
Chad	117%	48%	127%	68%	91%	57%	32%
Equatorial Guinea	34%	37%	23%	1%	-5%		19%
Ethiopia	21%	40%	14%	7%	-2%		16%
Guinea	32%	56%	25%	7%	8%	27%	18%
Guinea-Bissau	143%	80%	73%	27%	61%	66%	38%
Guyana	-13%	-6%	-29%	-24%	2%		13%
Honduras	17%	38%	-14%	-24%	-27%		27%
Kenya	-3%	-6%	-20%	-1%	-9%		8%
Lao PDR	34%	31%	21%	32%	68%	40%	16%
Madagascar	9%	16%	8%	13%	22%	36%	11%
Mali	32%	6%	31%	43%	17%	18%	13%
Mauritania	26%	24%	26%	9%	19%	-0.1%	11%
Mozambique	71%	26%	52%	28%	54%	50%	17%
Nicaragua	42%	-4%	35%	-0.5%	4%	-21%	24%
Niger	30%	27%	58%	2%	18%		20%
Sao Tome and Principe	248%	156%	195%	169%	141%	-15%	88%
Tanzania	45%	7%	13%	5%	-2%	18%	16%
Togo	8%	-4%	30%	17%	19%		13%
Uganda	123%	108%	47%	28%	24%	23%	45%
Average	50%	35%	38%	21%	25%	19%	

For footnotes see Table 7.

TABLE 7

Net Resource Transfers as % of Total Government Revenue						
	1992	1993	1994	1995	1996	1997
Angola	17%	19%	12%	31%	-13%-15%	19%
Benin	84%	74%	103%	72%	62%	42%
Burkina Faso	91%	97%	148%	121%	97%	79%
Burundi	130%	93%	153%	133%	121%	69%
Central African Republic	98%	133%	213%	121%	205%	85%
Chad	211%	151%	326%	203%	204% 143%	66%
Cote d'Ivoire	7%	11%	66%	20%	9%-15%	27%
Equatorial Guinea	103%	82%	74%	57%	35%	26%
Ethiopia	99%	112%	74%	50%	31%	34%
Ghana	53%	50%	34%	34%	23%	20%
Guinea	87%	101%	71%	65%	46%	55%
Guinea-Bissau	254%	208%	242%	186%	223% 189%	28%
Lao PDR	73%	69%	64%	81%	125%	88%
Madagascar	84%	84%	77%	75%	81% 200%	49%
Malawi	106%	87%	118%	129%	78%	48%
Mali	85%	53%	119%	102%	68%	73%
Mauritania	70%	99%	80%	62%	74%	53%
Mozambique	348%	252%	304%	316%	205% 178%	67%
Nicaragua	118%	38%	72%	78%	119%	13%
Niger	133%	149%	326%	127%	121%	87%
Sao Tome and Principe	498%	386%	540%	494%	435% 214%	118%
Senegal	42%	39%	86%	48%	36%	35%
Tanzania	171%	139%	100%	63%	43%	61%
Togo	47%	37%	92%	80%	53%	23%
Uganda	328%	218%	133%	102%	80%	74%
Zambia	95%	78%	35%	48%	37%	36%
Average	132%	110%	141%	111%	100%	78%

Sources (Tables 5, 6 and 7) : Global Development Finance 1999, IMF Country Reports - National Accounts, and CID calculations; further details on the governments' revenue calculations and a detailed list of sources available from CID.

TABLE 8

Cancellation of Outstanding Old Debts from IMF, IBRD, Bilateral Creditors and Regional Development Banks

HIPC Country	IMF Outstanding Debt (IMF Credit)	IBRD Outstanding Debt	Bilateral Outstanding Debt	Regional Development Banks and Other Multilateral Organizations Outstanding Debt	Total Relief	Total Long-Term Debt Outstanding (including Private Creditors and IMF Credit)	Total Relief as % of Total Long-Term Debt Outstanding
Angola	0	0	2658	98	2755	8885	31%
Benin	95	0	519	361	975	1488	66%
Bolivia	248	37	1421	1714	3420	4818	71%
Burkina Faso	92	0	132	367	592	1231	48%
Burundi	28	0	149	306	482	1050	46%
Cameroon	93	410	5644	445	6592	7979	83%
Central African Republic	19	0	183	204	406	822	49%
Chad	61	0	173	292	526	1000	53%
Congo	34	73	2832	382	3321	4317	77%
Cote d'Ivoire	450	1044	4605	1157	7256	12948	56%
Democratic Republic of Congo	407	82	5604	872	6965	9023	77%
Equatorial Guinea	13	0	101	44	158	222	71%
Ethiopia	87	0	6613	928	7627	9513	80%
Ghana	347	30	1075	532	1984	5305	37%
Guinea	99	0	1380	635	2114	3107	68%
Guinea-Bissau	12	0	451	166	629	851	74%
Guyana	157	19	623	428	1228	1502	82%
Honduras	46	275	1368	1532	3221	4215	76%
Kenya	250	213	1860	540	2863	5683	50%
Lao PDR	66	0	1431	458	1955	2313	85%
Liberia	305	136	465	167	1072	1366	78%
Madagascar	69	3	2166	447	2684	3941	68%
Malawi	106	34	261	382	782	2179	36%
Mali	176	0	1234	514	1924	2863	67%
Mauritania	113	6	1075	560	1753	2150	82%
Mozambique	189	0	3786	466	4441	5664	78%
Myanmar	0	0	3017	447	3464	4640	75%
Nicaragua	27	24	2854	1179	4084	4846	84%
Niger	61	0	450	256	767	1488	52%
Nigeria	0	2373	12998	1230	16602	22926	72%
Republic of Yemen	250	0	1191	456	1898	3668	52%
Rwanda	40	0	142	292	475	1034	46%
Sao Tome and Principe	0	0	71	98	170	227	75%
Senegal	292	14	1297	602	2205	3457	64%
Sierra Leone	167	2	393	222	784	1060	74%
Somalia	151	0	1095	317	1563	2004	78%
Sudan	797	6	5521	797	7120	10291	69%
Tanzania	246	34	2866	600	3746	6340	59%
Togo	88	0	491	156	734	1295	57%
Uganda	394	0	727	445	1566	3596	44%
Vietnam	452	0	13274	259	13986	19291	72%
Zambia	1138	62	2864	672	4736	6383	74%
Total	7663	4877	97058	22024	131622	196079	65%

All amounts in millions US\$.

Source: CID calculations; Global Development Finance 1999.

TABLE 9

Savings on the Cancellation of Outstanding Old Debts from IMF, IBRD, Bilateral Creditors & Regional Development Banks, and Phasing Out New Lending from IMF and IBRD

Country:	IBRD Debt Service and New Lending*	IMF Debt Service and New Lending*	Bilateral Creditors Debt Service**	Regional Development Banks and Other Multilateral Organizations Debt Service**	Total Savings on Public and Privately Guaranteed Debt	Old Transfers on Debt Before Relief	New Transfers on Debt After Relief
Angola	0	0	80	1	81	-713	-632
Benin	0	-1	18	21	37	6	43
Bolivia	24	12	59	218	313	49	362
Burkina Faso	0	-16	9	29	22	40	62
Burundi	0	8	0	12	20	-10	10
Cameroon	107	-23	146	132	362	-156	206
Central African Republic	0	8	0	1	9	-6	3
Chad	0	1	6	11	18	57	75
Congo	5	2	19	69	95	-72	23
Cote d'Ivoire	245	25	168	176	614	-635	-20
Democratic Republic of Congo	0	0	0	0	0	0	0
Equatorial Guinea	0	3	0	1	4	-3	2
Ethiopia	0	0	11	49	60	81	141
Ghana	15	171	61	46	293	76	368
Guinea	0	-22	33	49	60	118	178
Guinea-Bissau	0	-5	2	3	0	27	27
Guyana	7	2	56	35	100	-43	57
Honduras	73	9	106	141	329	149	477
Kenya	97	69	149	52	367	-336	31
Lao PDR	0	-3	12	7	16	115	131
Madagascar	4	-1	84	85	172	123	295
Malawi	8	8	14	15	45	76	121
Mali	0	-21	27	27	33	71	104
Mauritania	2	-11	36	51	78	-1	77
Mozambique	0	-19	47	23	51	197	248
Myanmar	0	0	45	15	60	76	136
Nicaragua	20	0	144	116	280	-135	146
Niger	0	-11	5	12	6	69	75
Nigeria	341	0	200	224	765	-1047	-282
Republic of Yemen***	0	-140	6	64	-70	200	131
Rwanda***	0	-17	2	5	-10	72	62
Sao Tome and Principe	0	0	2	3	5	-1	4
Senegal	9	17	89	48	163	34	197
Sierra Leone	0	-6	13	4	10	32	43
Sudan	0	57	0	0	58	-53	5
Tanzania	24	-53	6	44	22	186	208
Togo	0	-3	11	15	23	17	39
Uganda	0	0	76	28	104	156	260
Vietnam	0	63	255	8	326	338	664
Zambia	41	-8	91	66	189	30	220
Total Savings	1021	98	2086	1905	5110	-813	4298

Source: CID calculations; Global Development Finance. All amounts in millions US\$.

* For the IMF and the IBRD loans the savings represent the total debt service (interest and amortization payments) and the new lending during the year (total debt transfers)

** For the Bilateral Creditors and the Regional Development Banks and Other Multilateral Organizations Debt loans the savings represent the total debt service (interest and amortization payments) only. The second category excludes the World Bank and the IMF, which are accounted for separately.

*** For the Republic of Yemen and Rwanda the savings are negative because both countries paid little or no interest on bilateral and IBRD loans and had positive net transfers on debt from the IMF in 1997.