

GOAL

To ensure deep, broad and fast debt relief and thereby contribute toward growth, poverty reduction, and debt sustainability in the poorest, most heavily indebted countries.

GOAL

To provide additional support to HIPCs to reach the MDGs.

HIPC

HEAVILY INDEBTED
POOR COUNTRIES INITIATIVE

MDRI

MULTILATERAL DEBT
RELIEF INITIATIVE

LAUNCHED IN 1996

LAUNCHED IN 2006

Main Characteristics of the HIPC Initiative and the MDRI

	HIPC INITIATIVE	MDRI ^{1, 2}
Country coverage	IDA-only, PRGF-eligible countries with debt indicators above the HIPC Initiative thresholds, which have been engaged in qualifying IMF- and IDA-supported programs	HIPC countries having reached completion point
Participating creditors	All multilateral, official bilateral and commercial creditors	International Development Association (IDA), International Monetary Fund (IMF), African Development Fund (AfDF), and Inter-American Development Bank (IADB)
Debt relief provided	External public and publicly guaranteed debt is reduced to the HIPC Initiative thresholds, as calculated at the time of the decision point	Debt disbursed before end-December 2004 (IMF, AfDF and the IADB) and end-December 2003 (IDA) and still outstanding at the time of qualification (after HIPC Initiative debt relief) is cancelled
Total costs of committed debt relief	US \$57.3 billion in end-2008 NPV terms US \$72.0 billion in nominal terms	US \$24.4 billion in end-2008 NPV terms US \$45.0 billion in nominal terms
Countries that have benefited from relief	35 post-decision-point HIPCs	26 completion-point HIPCs
Remaining potentially eligible HIPCs	5 pre-decision-point HIPCs	14 interim and pre-decision-point HIPCs

¹ MDRI-related estimates include debt relief delivered under the IADB-2007 Debt Initiative

² Excludes IMF's MDRI assistance to two non-HIPCs, Cambodia and Tajikistan

HIPC Initiative and MDRI: Estimates of Debt Relief¹

End-2008 NPV terms, in billions of US dollars

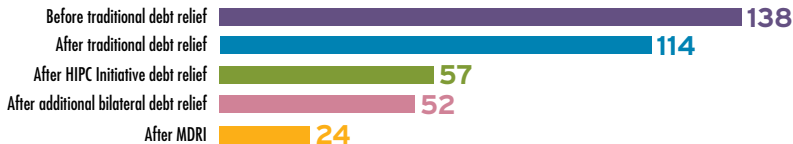
	WORLD BANK GROUP DEBT RELIEF			TOTAL DEBT RELIEF		
	HIPC	MDRI	HIPC and MDRI	HIPC	MDRI	HIPC and MDRI
All HIPCs	14.7	18.2	32.9	73.9	28.5	102.4
26 Post-Completion-Point HIPCs	10.6	15.3	26.0	38.8	24.4	63.2
9 Interim HIPCs	2.6	2.6	5.2	18.5	3.7	22.2
5 Pre-Decision-Point HIPCs	1.5	0.3	1.7	16.6	0.4	17.0

Source: HIPC Initiative country documents; IDA and IMF staff estimates

¹ Assumptions include timing of HIPC decision and completion points, and where applicable, of arrears clearance

The debt stocks of the 35 post-decision-point HIPCs have been reduced by over 80 percent

Debt stocks of the 35 post-decision-point HIPCs, in US\$ billion, end-2008 NPV terms



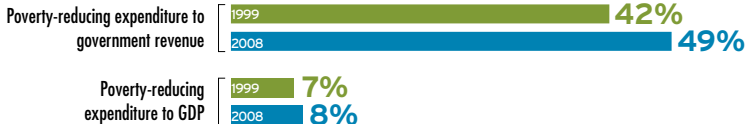
Source: HIPC Initiative country documents; IDA and IMF staff estimates

Debt indicators of HIPCs have substantially declined since 1999

	35 POST-DECISION-POINT HIPCs ¹	
	1999	2008
NPV of debt-to-exports	457%	121%
NPV of debt-to-GDP	114%	36%
Debt service-to-exports	18%	5%
NPV of debt-to-revenue	552%	151%
Debt service-to-revenue	22%	5%

¹ Data are simple averages; subject to data availability

The HIPC Initiative and the MDRI have contributed to increased poverty-reducing expenditure in post-decision-point HIPCs ¹

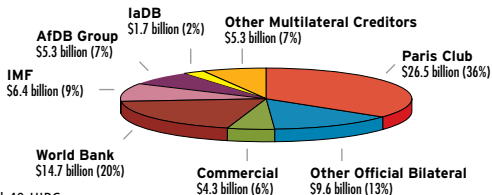


Source: HIPC documents; IDA and IMF staff estimates

¹ Subject to data availability

Potential Costs of the HIPC Initiative by Creditor Group

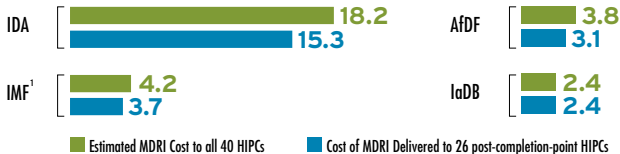
Total estimated cost: US\$74 billion, end-2008 NPV terms¹



¹ All 40 HIPCs

Potential MDRI Debt-Service Savings by Creditor and Country Group

In billions of US dollars, in end-2008 NPV terms



■ Estimated MDRI Cost to all 40 HIPCs

■ Cost of MDRI Delivered to 26 post-completion-point HIPCs

Sources: Country authorities; and IDA, IMF, AfDB, and IaDB staff estimates

¹ Preliminary estimates. IMF also provides MDRI debt relief of US\$0.2 billion in end-2006 NPV terms to Cambodia and Tajikistan, excluded here

Status of HIPC countries

Completion Point 26 countries

BENIN	BURUNDI	ETHIOPIA	GUYANA	MADAGASCAR	MAURITANIA	NIGER	SENEGAL	UGANDA
BOLIVIA	CAMEROON	GAMBIA	HAITI	MALAWI	MOZAMBIQUE	RWANDA	SIERRA LEONE	ZAMBIA
BURKINA FASO	CENTRAL AFRICAN REPUBLIC	GHANA	HONDURAS	MALI	NICARAGUA	SÃO TOMÉ AND PRÍNCIPE	TANZANIA	

Countries reach the completion point if they maintain macroeconomic stability under a PRGF-supported program, carry out key structural and social reforms, and satisfactorily implement for a minimum of one year a Poverty Reduction Strategy. Debt relief is then provided irrevocably by the country's creditors. MDRI relief is provided upon reaching the completion point.

Decision Point 9 countries

AFGHANISTAN	CONGO, DEM. REP	CÔTE D'IVOIRE	GUINEA-BISSAU	TOGO
CHAD	CONGO, REP. OF	GUINEA	LIBERIA	

Countries reach the decision point if they have a track record of macroeconomic stability, have prepared a Poverty Reduction Strategy through a participatory process, and have debt burden indicators above the HIPC initiative thresholds using the most recent data for the year immediately prior to the decision point. The amount of debt relief necessary to bring countries' debt indicators to HIPC thresholds is calculated, and countries begin receiving interim debt relief on a provisional basis.

Pre-Decision Point 5 countries

COMOROS	ERITREA	KYRGYZ REPUBLIC	SOMALIA	SUDAN
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Countries that have been assessed to meet the income and indebtedness criteria at end-2004 and wish to avail themselves of the HIPC Initiative.