

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

SPRING MEETINGS 2007

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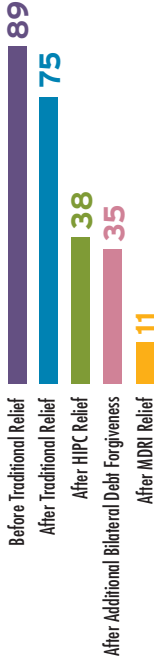
Main Characteristics of the HIPC Initiative and the MDRI

	HIPC INITIATIVE	MDRI ¹
Country coverage	IDA-only, PRGF-eligible countries with debt indicators above the HIPC initiative thresholds, and engaged in qualifying IMF- and IDA-supported programs.	HIPC countries that have 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 and AfDF) 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 \$41.9 billion in end-2005 NPV terms US \$62.2 billion in nominal terms	US \$19.3 billion in end-2005 NPV terms US \$37.6 billion in nominal terms
Countries that have benefited from relief	30 decision-point and completion-point HIPCs	22 completion-point HIPCs
Remaining potentially eligible HIPCs	10 pre-decision-point HIPCs	18 decision-point and pre-decision-point HIPCs

¹ MDRI-related estimates do not include IADB.

Achievements of the HIPC Initiative and the MDRI

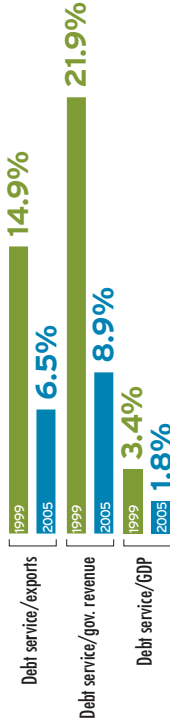
The debt stock of the 30 HIPCs that have reached decision point has been reduced by almost 90 percent. NPV of Debt of 30 decision-point countries, in US\$ billion, end-2005 NPV terms



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

Average projected debt service obligations of post-decision-point HIPCs have already been cut in half and are expected to decline further as HIPCs qualify for MDRI relief.

27 post-decision-point countries (weighted averages)¹



¹ Does not include Burundi, DRC, and Rep. of Congo (due to lack of debt service data for 1999).

Debt indicators of HIPCs have been approaching the levels of other non-HIPC low-income countries.¹

	30 DECISION-POINT HIPCs		NON-HIPC LICs ²
	1999	2005	2005
NPV of debt-to-exports	317%	143%	81%
NPV of debt-to-GDP	72%	33%	29%
Debt service-to-exports ³	15%	6%	5%

¹ Data are weighted averages.

² Does not include pre-decision-point HIPCs and LICs for which data were not available.

³ Does not include Burundi, DRC and Rep. of Congo (due to lack of debt service data for 1999).

The HIPC Initiative has contributed to increased poverty-reducing expenditure for post-decision-point countries (ratio in percent).¹

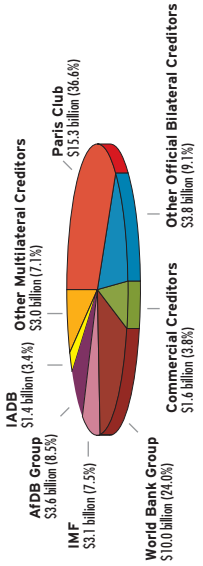
	Africa		Latin America	Total
	1999	2005	1999	2005
Poverty-reducing expenditures to government revenue	41.0	56.7	48.8	56.1
Poverty-reducing expenditures to GDP	6.0	9.8	11.9	10.5

Source: HIPC documents; IDA and IMF staff estimates.

¹ Does not include Burundi, DRC, Rep. of Congo, Guinea-Bissau, Haiti and Sierra Leone (due to lack of data).

Potential Costs of the HIPC Initiative by Creditor Group

Total cost: US\$42 billion, end-2005 NPV terms¹



¹ 30 HIPCs.

Potential Costs of the MDRI by Creditor and Country Group

In billions of U.S. dollars, nominal terms



■ Estimated nominal cost for all 40 HIPCs

■ Nominal cost for 22 post-completion-point HIPCs

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

Status of HIPCs

Completion Point 22 countries

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

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

Decision Point 8 countries

BURUNDI CONGO, DEM. REP THE GAMBIA GUINEA-BISSAU
CHAD CONGO, REP. OF GUINEA HAITI

Countries reach the decision point if they have a track record of macroeconomic stability, have prepared an Interim Poverty Reduction Strategy through a participatory process, and cleared any outstanding arrears. The amount of debt relief necessary to bring countries' debt indicators to HIPC thresholds is calculated, and countries begin receiving debt relief on a provisional basis.

Pre-Decision Point 10 countries

CENTRAL AFRICAN REPUBLIC CÔTE D'IVOIRE KYRGYZ REPUBLIC NEPAL SUDAN
COMOROS ERITREA LIBERIA SOMALIA TOGO

Countries that have been assessed to meet the income and indebtedness criteria at end-2004 and might wish to avail themselves of the HIPC Initiative.