

The Heavily Indebted Poor Countries (HIPC) Initiative

The Heavily Indebted Poor Countries (HIPC) debt initiative was proposed by the World Bank and IMF and was agreed to by governments around the world in the fall of 1996. It was the first comprehensive approach to reduce the external debt of the world's poorest, most heavily indebted countries, and represented an important step forward in placing debt relief within an overall framework of poverty reduction. While the initiative yielded significant early progress, multilateral organizations, bilateral creditors, HIPC governments, and civil society have been engaged in an intensive dialogue about the strengths and weaknesses of the program. A major review in 1999 has resulted in a significant enhancement of the original framework, and has produced a HIPC Initiative which is "deeper, broader, and faster."

Which countries qualify?

- The poorest countries, those that are only eligible for highly concessional assistance from the International Development Association (IDA)—the part of the World Bank that lends on highly concessional terms—and from the IMF's Poverty Reduction and Growth Facility (previously the Enhanced Structural Adjustment Facility).
- Those that also face an unsustainable debt situation even after the full application of traditional debt

relief mechanisms (such as application of Naples terms under the Paris Club Agreement).

How the HIPC Initiative works

Under the enhanced framework, countries for which existing mechanisms would not achieve debt sustainability at the decision point will now receive assistance under the HIPC Initiative starting at the decision point.

In contrast to the original framework, where debt reduction was calculated on projections of debt stock at the completion point, relief under the new framework will be committed based on actual data at the decision point. This modification not only adds greater certainty to the calculations, but will in most cases increase the amount of relief actually provided, since most countries will reduce their net present value (NPV) debt-to-export and debt-to-revenue ratios between the decision and completion points.

In short, under the enhanced framework, the benefits of export and central government revenue will accrue fully to the country, allowing for greater investment in poverty reduction strategies.

Creditor participation

All creditors participate in providing exceptional assistance beyond current mechanisms as required to reach debt sustainability. Creditors share the costs of

HIPC assistance based on broad and equitable burden sharing, and provide relief that is proportional to their share of the debt after the full application of traditional forms of debt relief; these forms include Naples terms from Paris Club creditors, which provide a 67 percent NPV reduction on eligible debt.

HIPC Eligible Countries (38 countries)

Africa (32 countries)

Benin
Burkina Faso
Burundi
Cameroon
Central African Republic
Chad
Comoros
Congo, Republic of
Congo, Democratic Republic of
Côte d'Ivoire
Ethiopia
The Gambia
Ghana
Guinea
Guinea-Bissau
Liberia

Madagascar
Malawi
Mali
Mauritania
Mozambique
Niger
Rwanda
São Tomé and Príncipe
Senegal
Sierra Leone
Somalia
Sudan
Tanzania
Togo
Uganda
Zambia

Latin America

Bolivia
Guyana
Honduras
Nicaragua

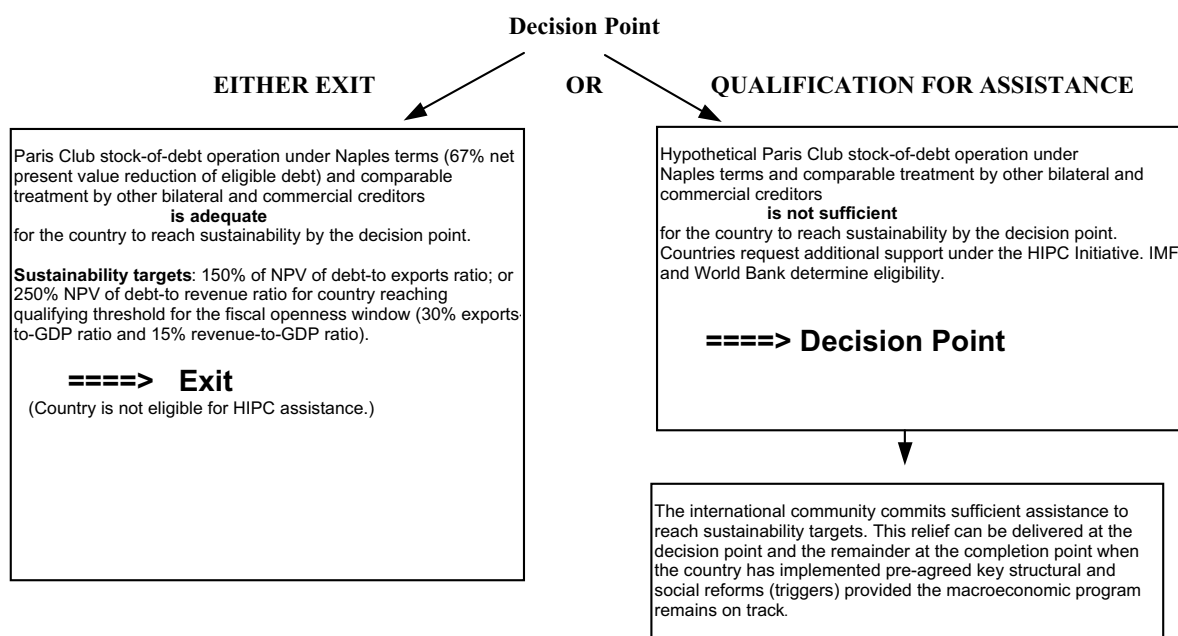
Asia (2 countries)

Lao, People's Democratic Republic
Myanmar

15-1. HIPC Initiative: flow chart

First Stage *Eligibility Requirements*

- Paris Club provides flow rescheduling as per current Naples terms, i.e., rescheduling of debt service on eligible debt falling due during the three-year consolidation period (up to 67% reduction on eligible maturities on a net present value basis).
- Other bilateral and commercial creditors provide at least comparable treatment.
- Multilateral institutions continue to provide concessional financing in the framework of World Bank and IDMF-supported adjustment program.
- Country establishes three-year track record of good performance and develops together with civil society a Poverty Reduction Strategy Paper (PRSP); in early cases, an interim PRSP may be sufficient to reach the decision point.



Second Stage *The Interim Period*

- Paris Club creditors provide interim relief (Cologne terms flows, i.e., 90% NPV of debt reduction on eligible debt) and other bilateral and commercial creditors provide at least comparable treatment.
- Some multilateral institutions, including World Bank and IMF, provide interim assistance (e.g., debt service reduction).
- Donors support interim assistance.
- Country establishes a second track record by implementing the Bank/IMF-supported programs, including the one-year implementation of a full PRSP (triggers). Length of this stage is determined by the speed by which country implements the triggers.
- Country also take steps to strengthen debt management.

"Floating" Completion Point

- Timing of completion point is tied to the implementation of policies determined at the decision point.
- All creditors provide the assistance determined at the decision point; interim debt relief provided between decision and completion points counts toward this assistance. Assistance is provided without further policy conditionality.

15-2. Grouping of African HIPC countries: status as of December 2004

African Heavily Indebted Poor Countries (32)^{1/}			
Benin	Congo, Rep. of *	Madagascar	Senegal
Burkina Faso	Côte d'Ivoire	Malawi	Sierra Leone*
Burundi *	Ethiopia	Mali	Somalia *
Cameroon	The Gambia	Mauritania	Sudan *
Central African Republic*	Ghana	Mozambique	Tanzania
Chad	Guinea	Niger	Togo
Comoros	Guinea-Bissau *	Rwanda*	Uganda
Congo, Dem. Rep. of	Liberia *	São Tomé and Príncipe	Zambia

COUNTRIES THAT HAVE REACHED COMPLETION POINT (12)	HIPC RELIEF APPROVED AT DECISION POINT (11)	COUNTRIES TO BE CONSIDERED (9)
Benin Burkina Faso Ethiopia Ghana Madagascar Mali Mauritania Mozambique Niger Senegal Tanzania Uganda	Cameroon Chad Congo, Dem. Rep. of The Gambia Guinea Guinea-Bissau Malawi Rwanda São Tomé and Príncipe Sierra Leone Zambia	Burundi Central African Republic Comoros Congo, Rep. of Côte d'Ivoire Liberia Somalia Sudan Togo

Sources: HIPC documents; and IMF and World Bank staff estimates.

* Conflict-affected countries.

1. Comoros has been added to the group as a preliminary assessment of its debt situation showed a potential need for HIPC debt.

15-3. External debt service for individual African HIPCs that reached decision points, by country, 1998–2007

	(In millions of U.S. dollars, unless otherwise indicated)								
	1998–99	2000	2001	2002	2003	2004	2005	2006	2007
	<i>Actual</i>			<i>Preliminary</i>			<i>Projections</i>		
Benin									
Debt service paid	65	55	36	33	31				
Debt service due after enhanced HIPC Initiative relief ¹						28	38	35	41
Debt service/exports (in percent)	17	16	10	9	6	5	6	5	5
Debt service/government revenue (in percent)	17	15	9	7	5	4	5	4	4
Debt service/GDP (in percent)	3	2	2	1	1	1	1	1	1
Burkina Faso									
Debt service paid	59	57	35	43	46				
Debt service due after enhanced HIPC Initiative relief ¹						41	44	50	55
Debt service/exports (in percent)	21	23	13	14	11	8	8	8	8
Debt service/government revenue (in percent)	16	18	11	10	8	6	6	6	6
Debt service/GDP (in percent)	2	2	1	1	1	1	1	1	1
Cameroon^{2,3}									
Debt service paid	401	340	261	240	285				
Debt service due after enhanced HIPC Initiative relief ¹						259	393	389	401
Debt service/exports (in percent)	16	12	10	9	9	7	10	9	9
Debt service/government revenue (in percent)	26	22	18	12	13	11	14	13	13
Debt service/GDP (in percent)	4	4	3	2	2	2	2	2	2
Chad⁴									
Debt service paid	28	33	11	33	37				
Debt service due after enhanced HIPC Initiative relief ¹						47	62	50	47
Debt service/exports (in percent)	10	14	5	13	7	2	2	2	2
Debt service/government revenue (in percent)	22	29	9	19	15	12	11	9	8
Debt service/GDP (in percent)	2	2	1	2	1	1	1	1	1
Congo, Dem. Rep. of									
Debt service paid	2	..	..	34	126				
Debt service due after enhanced HIPC Initiative relief ¹						84	129	179	220
Debt service/exports (in percent)	0	..	..	3	8	4	6	8	9
Debt service/government revenue (in percent)	1	..	..	8	21	11	9	12	13
Debt service/GDP (in percent)	0	..	..	1	2	1	2	2	2
Ethiopia^{2,3}									
Debt service paid	114	119	189	108	83				
Debt service due after enhanced HIPC Initiative relief ¹						90	69	91	103
Debt service/exports (in percent)	12	12	19	11	7	6	4	6	6
Debt service/government revenue (in percent)	10	10	16	9	6	6	4	5	5
Debt service/GDP (in percent)	2	2	3	2	1	1	1	1	1
Gambia, The^{3,4}									
Debt service paid	23	21	17	26	12				
Debt service due after enhanced HIPC Initiative relief ¹						25	25	14	16
Debt service/exports (in percent)	14	19	16	24	11	21	19	10	11
Debt service/government revenue (in percent)	19	27	27	44	21	31	28	15	17
Debt service/GDP (in percent)	5	5	4	7	3	6	5	3	3
Ghana³									
Debt service paid	541	533	243	267	161				
Debt service due after enhanced HIPC Initiative relief ¹						141	135	133	145
Debt service/exports (in percent)	22	22	10	10	5	4	4	3	3
Debt service/government revenue (in percent)	47	78	26	39	17	14	9	6	6
Debt service/GDP (in percent)	7	11	5	4	2	2	1	1	1
Guinea⁴									
Debt service paid	130	104	63	76	68				
Debt service due after enhanced HIPC Initiative relief ¹						108	103	96	119
Debt service/exports (in percent)	17	14	8	10	9	13	12	10	12
Debt service/government revenue (in percent)	34	33	19	20	18	30	23	23	24
Debt service/GDP (in percent)	4	3	2	2	2	3	3	3	3
Guinea-Bissau³									
Debt service paid	7	13	0	2	5				
Debt service due after enhanced HIPC Initiative relief ¹						8	8	9	9
Debt service/exports (in percent)	17	21	1	4	6	9	8	9	9
Debt service/government revenue (in percent)	39	31	1	7	13	15	14	15	15
Debt service/GDP (in percent)	3	6	0	1	2	3	3	3	3
Madagascar³									
Debt service paid	136	65	45	50	54				
Debt service due after enhanced HIPC Initiative relief ¹						60	55	70	81
Debt service/exports (in percent)	16	5	3	7	4	5	4	4	5
Debt service/government revenue (in percent)	33	14	10	14	9	11	10	11	11
Debt service/GDP (in percent)	4	2	1	1	1	1	1	1	1
Malawi³									
Debt service paid	77	92	83	57	108				
Debt service due after enhanced HIPC Initiative relief ¹						64	71	80	61
Debt service/exports (in percent)	14	21	17	12	22	11	12	13	10
Debt service/government revenue (in percent)	21	32	29	19	29	16	14	15	11
Debt service/GDP (in percent)	4	5	5	3	6	3	3	4	3

Sources : HIPC country document and staff estimates.

Note: the footnotes for this table are in the technical notes at the end of this chapter.

(Table continues on the following page.)

15-3. External debt service for individual African HIPCs that reached decision points, by country, 1998–2007 (continued)

	(In millions of U.S. dollars, unless otherwise indicated)								
	1998–99	2000	2001	2002	2003	2004	2005	2006	2007
	<i>Actual</i>				<i>Preliminary</i>		<i>Projections</i>		
Mali									
Debt service paid	79	77	55	67	66				
Debt service due after enhanced HIPC Initiative relief ¹						84	81	83	99
Debt service/exports (in percent)	12	12	6	6	6	6	6	5	6
Debt service/government revenue (in percent)	19	21	13	11	8	9	8	7	8
Debt service/GDP (in percent)	3	3	2	2	1	2	1	1	1
Mauritania									
Debt service paid	85	87	74	74	50				
Debt service due after enhanced HIPC Initiative relief ¹						38	49	56	60
Debt service/exports (in percent)	22	23	19	19	14	8	8	3	4
Debt service/government revenue (in percent)	33	36	40	21	16	9	10	8	8
Debt service/GDP (in percent)	9	8	7	7	4	2	3	3	2
Mozambique									
Debt service paid	82	18	27	62	72				
Debt service due after enhanced HIPC Initiative relief ¹						69	77	74	81
Debt service/exports (in percent)	25	2	3	5	5	4	4	4	3
Debt service/government revenue (in percent)	18	4	7	12	12	8	7	6	6
Debt service/GDP (in percent)	2	0	1	2	2	1	1	1	1
Niger³									
Debt service paid	18	22	34	53	27				
Debt service due after enhanced HIPC Initiative relief ¹						23	26	31	36
Debt service/exports (in percent)	5	8	12	17	6	5	5	6	7
Debt service/government revenue (in percent)	10	14	19	23	9	7	7	8	8
Debt service/GDP (in percent)	1	1	2	2	1	1	1	1	1
Rwanda³									
Debt service paid	28	37	22	16	16				
Debt service due after enhanced HIPC Initiative relief ¹						10	8	9	10
Debt service/exports (in percent)	35	25	14	12	11	5	4	4	5
Debt service/government revenue (in percent)	20	23	11	7	5	3	2	2	2
Debt service/GDP (in percent)	2	2	1	1	1	1	0	0	0
São Tomé and Príncipe³									
Debt service paid	4	4	5	5	6				
Debt service due after enhanced HIPC Initiative relief ¹						6	8	7	3
Debt service/exports (in percent)	33	25	30	25	24	22	30	26	11
Debt service/government revenue (in percent)	53	39	46	39	37	33	43	35	14
Debt service/GDP (in percent)	10	8	10	9	9	9	12	10	4
Senegal									
Debt service paid	193	197	191	199	220				
Debt service due after enhanced HIPC Initiative relief ¹						165	151	167	182
Debt service/exports (in percent)	14	14	14	13	12	8	6	7	7
Debt service/government revenue (in percent)	24	25	23	21	18	11	9	9	9
Debt service/GDP (in percent)	4	4	4	4	3	2	2	2	2
Sierra Leone									
Debt service paid	23	53	94	21	0				
Debt service due after enhanced HIPC Initiative relief ¹						15	24	10	12
Debt service/exports (in percent)	24	48	82	15	0	6	8	3	3
Debt service/government revenue (in percent)	48	58	98	19	0	12	16	6	6
Debt service/GDP (in percent)	3	8	12	2	0	1	2	1	1
Tanzania²									
Debt service paid	209	154	92	90	83				
Debt service due after enhanced HIPC Initiative relief ¹						97	88	109	120
Debt service/exports (in percent)	18	12	7	6	5	5	4	5	5
Debt service/government revenue (in percent)	24	16	8	8	7	7	6	6	6
Debt service/GDP (in percent)	2	2	1	1	1	1	1	1	1
Uganda²									
Debt service paid	104	103	61	56	61			37	
Debt service due after enhanced HIPC Initiative relief ¹						97	102	115	119
Debt service/exports (in percent)	13	16	9	8	8	10	10	10	10
Debt service/government revenue (in percent)	14	15	9	8	8	10	10	11	10
Debt service/GDP (in percent)	2	2	1	1	1	1	1	1	1
Zambia³									
Debt service paid	137	139	142	123	187				
Debt service due after enhanced HIPC Initiative relief ¹						430	119	86	117
Debt service/exports (in percent)	15	16	13	11	15	23	6	4	6
Debt service/government revenue (in percent)	24	22	20	18	24	43	10	7	9
Debt service/GDP (in percent)	4	4	4	3	4	8	2	1	2

Sources : HIPC country document; and staff estimates.

Note: The footnotes for this table are in the technical notes at the end of this chapter.

15-4. Committed debt relief and outlook for African HIPCs, status as of December 2004*(In millions of U.S. dollars) ¹*

	Reduction in NPV terms			Nominal debt service relief			
	Original HIPC Initiative	Enhanced HIPC Initiative	Total	Original HIPC Initiative	Enhanced HIPC Initiative	Total	Date of approval
AFRICAN COUNTRIES THAT HAVE REACHED THEIR COMPLETION POINTS (12)							
TOTAL	2,413	4,616	7,030	4,970	7,665	12,635	
Benin	0	265	265	0	460	460	Mar-03
Burkina Faso ²	229	324	553	400	530	930	Apr-02
Ethiopia	0	1,982	1,982	0	3,275	3,275	Apr-04
Ghana	0	2,186	2,186	0	3,500	3,500	Jul-04
Madagascar	..	814	814	..	1,500	1,500	Oct-04
Mali	121	417	539	220	675	895	Mar-03
Mauritania	0	622	622	0	1,100	1,100	Jun-02
Mozambique	1,716	306	2,022	3,700	600	4,300	Sep-01
Niger	0	664	664	0	1,190	1,190	Apr-04
Senegal	0	488	488	0	850	850	Apr-04
Tanzania	0	2,026	2,026	0	3,000	3,000	Nov-01
Uganda	347	656	1,003	650	1,300	1,950	May-00
AFRICAN COUNTRIES THAT HAVE REACHED THEIR DECISION POINTS (11)							
TOTAL		18,344	18,344		30,009	30,009	
Cameroon	..	1,260	1,260	..	2,000	2,000	Oct-00
Chad	..	170	170	..	260	260	May-01
Congo, Dem. Rep. of	..	6,311	6,311	..	10,389	10,389	Jul-03
Gambia, The	..	67	67	..	90	90	Dec-00
Guinea	..	545	545	..	800	800	Dec-00
Guinea-Bissau	..	416	416	..	790	790	Dec-00
Malawi	..	643	643	..	1,000	1,000	Dec-00
Rwanda	..	452	452	..	800	800	Dec-00
São Tomé and Príncipe	..	97	97	..	200	200	Dec-00
Sierra Leone	0	600	600	0	950	950	Mar-02
Zambia	..	2,499	2,499	..	3,850	3,850	Dec-00
AFRICAN COUNTRIES STILL TO BE CONSIDERED (9)							
Côte d'Ivoire ³	345	..	345	800	..	800	
Burundi	..	..	..	..	..	..
Central African Republic	..	..	..	..	..	..
Comoros	..	..	..	..	..	..
Congo, Rep. of	..	..	..	..	..	..
Liberia	..	..	..	..	..	..
Somalia	..	..	..	..	..	..
Sudan	..	..	..	..	..	..
Togo	..	..	..	..	..	..
Memorandum item:							
Debt relief committed	2,758	22,960	25,718	5,770	37,674	43,444	

Sources: HIPC documents; and IMF and World Bank staff estimates.

1. Committed debt relief under the assumption of full participation of the creditors.

2. The assistance under the enhanced HIPC Initiative includes the topping up with the NPV calculated in the year of the completion point.

3. Preliminary document issued.

15-5. Poverty-reducing expenditure for African HIPCs that reached decision points¹*(In millions of U.S. dollars)*

	1999	2000	2001	2002	2003	2004	2005	2006	2007
	<i>Actual</i>			<i>Preliminary</i>		<i>Projections</i>			
Benin									
Poverty-reducing expenditure	115	110	161	162	155	154	197	251	301
Poverty-reducing expenditure/government revenue (in percent)	30	29	42	35	24	22	20	18	16
Poverty-reducing expenditure/GDP (in percent)	5	5	7	6	4	4	3	3	3
Burkina Faso									
Poverty-reducing expenditure ²	114	99	109	174	219	322	329	358	376
Poverty-reducing expenditure/government revenue (in percent)	30	32	35	42	39	46	43	43	38
Poverty-reducing expenditure/GDP (in percent)	4	4	4	5	5	6	6	6	6
Cameroon³									
Poverty-reducing expenditure	264	287	336	365	489	507	559	612	665
Poverty-reducing expenditure/government revenue (in percent)	16	19	23	19	22	21	19	20	20
Poverty-reducing expenditure/GDP (in percent)	3	3	4	4	4	3	3	3	3
Chad³									
Poverty-reducing expenditure ⁴	63	62	64	85	113	186	319	256	282
Poverty-reducing expenditure/government revenue (in percent)	50	55	52	48	45	45	54	47	49
Poverty-reducing expenditure/GDP (in percent)	4	4	4	4	4	4	6	4	5
Congo, Dem. Rep. of³									
Poverty-reducing expenditure ⁵	..	..	..	26	96	399	419	440	462
Poverty-reducing expenditure/government revenue (in percent)	..	..	..	6	16	51	30	29	28
Poverty-reducing expenditure/GDP (in percent)	..	..	..	0	2	6	6	5	5
Ethiopia³									
Poverty-reducing expenditure ⁶	710	534	733	884	1001	1174	1436	1548	1674
Poverty-reducing expenditure/government revenue (in percent)	61	46	61	73	77	77	84	83	84
Poverty-reducing expenditure/GDP (in percent)	11	8	11	15	15	14	16	16	16
Gambia, The³									
Poverty-reducing expenditure ⁷	24	21	23	21	18	20	23	25	26
Poverty-reducing expenditure/government revenue (in percent)	30	27	36	35	33	25	26	27	27
Poverty-reducing expenditure/GDP (in percent)	5	5	6	6	5	5	5	5	5
Ghana³									
Poverty-reducing expenditure ⁸	345	189	236	276	483	604	755	815	880
Poverty-reducing expenditure/government revenue (in percent)	35	28	25	26	31	29	30	30	30
Poverty-reducing expenditure/GDP (in percent)	4	4	4	4	6	7	7	7	7
Guinea³									
Poverty-reducing expenditure ⁹	85	80	103	105	85	85	122	124	144
Poverty-reducing expenditure/government revenue (in percent)	23	25	30	27	23	23	28	30	28
Poverty-reducing expenditure/GDP (in percent)	2	3	3	3	2	2	3	3	4
Guinea-Bissau³									
Poverty-reducing expenditure ¹⁰	..	..	..	6	7	12	15	16	18
Poverty-reducing expenditure/government revenue (in percent)	..	..	..	20	20	22	27	28	30
Poverty-reducing expenditure/GDP (in percent)	..	..	..	3	3	4	5	5	5
Madagascar³									
Poverty-reducing expenditure ¹¹	156	185	226	265	255	223	206	216	224
Poverty-reducing expenditure/government revenue (in percent)	37	40	50	75	44	42	36	33	31
Poverty-reducing expenditure/GDP (in percent)	4	5	5	6	5	5	4	4	4
Malawi³									
Poverty-reducing expenditure ¹²	208	161	135	190	194	219	269	321	334
Poverty-reducing expenditure/government revenue (in percent)	66	57	48	64	52	55	54	60	59
Poverty-reducing expenditure/GDP (in percent)	12	9	8	10	11	12	13	15	14

Sources: HIPC country documents; and World Bank and IMF staff estimates.

(Table continues on the following page.)

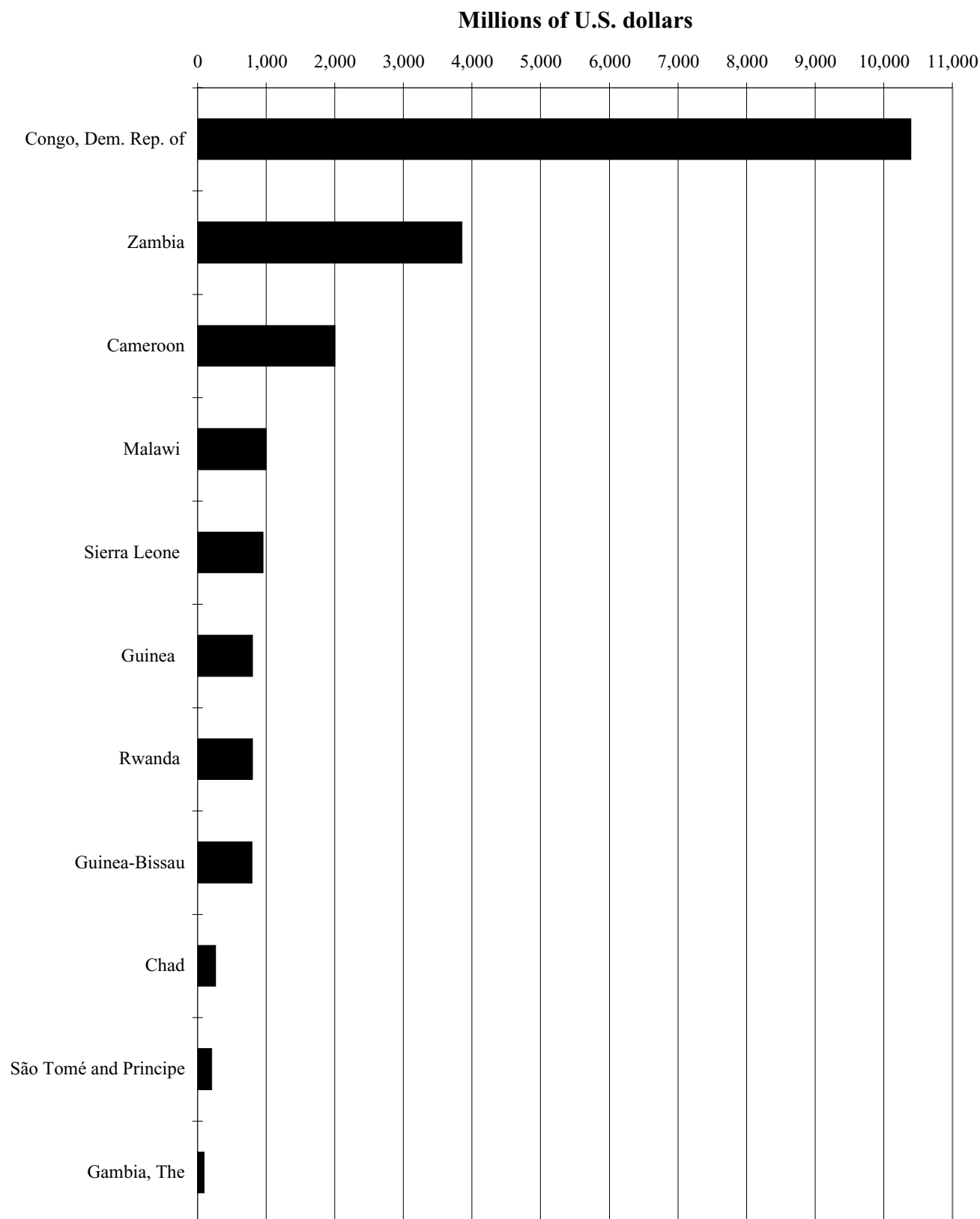
Note: The footnotes for this table are in the technical notes at the end of this chapter.

15-5. Poverty-reducing expenditure for African HIPCs that reached decision points¹*(In millions of U.S. dollars)*

	1999	2000	2001	2002	2003	2004	2005	2006	2007
	<i>Actual</i>		<i>Preliminary</i>		<i>Projections</i>				
Mali									
Poverty-reducing expenditure ¹³	103	150	135	184	281	310	354	380	421
Poverty-reducing expenditure/government revenue (in percent)	24	40	32	31	35	35	35	33	33
Poverty-reducing expenditure/GDP (in percent)	4	6	4	6	6	6	6	6	6
Mauritania									
Poverty-reducing expenditure ¹⁴	85	70	79	105	214	179	151	235	265
Poverty-reducing expenditure/government revenue (in percent)	35	29	43	30	67	42	32	32	36
Poverty-reducing expenditure/GDP (in percent)	9	6	7	9	16	12	8	11	11
Mozambique									
Poverty-Reducing Expenditure ¹⁵	543	688	665	647	765	934	1502	1509	1412
Poverty-Reducing Expenditure/Government Revenue (in percent)	53	157	164	128	124	107	133	123	103
Poverty-Reducing Expenditure/GDP (in percent)	6	19	19	18	18	17	19	18	16
Niger³									
Poverty-reducing expenditure ¹⁶	104	104	97	126	142	145	152	155	164
Poverty-reducing expenditure/government revenue (in percent)	58	67	54	55	49	44	41	38	36
Poverty-reducing expenditure/GDP (in percent)	5	6	5	6	5	5	5	4	4
Rwanda³									
Poverty-reducing expenditure ¹⁷	75	72	91	108	115	137	193	236	261
Poverty-reducing expenditure/government revenue (in percent)	40	45	45	46	41	40	51	57	57
Poverty-reducing expenditure/GDP (in percent)	4	4	5	6	7	7	9	11	11
São Tomé and Príncipe³									
Poverty-reducing expenditure	8	8	12	10	16	14	19	0	0
Poverty-reducing expenditure/government revenue (in percent)	88	80	118	83	105	85	102	0	0
Poverty-reducing expenditure/GDP (in percent)	17	17	25	19	27	22	28	0	0
Senegal									
Poverty-reducing expenditure	254	227	243	305	517	596	0	0	0
Poverty-reducing expenditure/government revenue (in percent)	31	29	29	32	42	41	0	0	0
Poverty-reducing expenditure/GDP (in percent)	5	5	5	6	8	8	0	0	0
Sierra Leone³									
Poverty-reducing expenditure ¹⁸	..	23	37	57	64	67	72	79	86
Poverty-reducing expenditure/government revenue (in percent)	..	26	38	53	57	52	50	45	41
Poverty-reducing expenditure/GDP (in percent)	..	4	5	6	6	6	6	6	6
Tanzania									
Poverty-reducing expenditure ¹⁹	412	525	599	825	977	1161	1615	1669	1858
Poverty-reducing expenditure/government revenue (in percent)	43	55	54	73	80	86	106	97	96
Poverty-reducing expenditure/GDP (in percent)	5	6	7	9	10	11	15	14	14
Uganda									
Poverty-reducing expenditure ²⁰	306	403	445	553	725	653	1000	959	972
Poverty-reducing expenditure/government revenue (in percent)	40	60	68	79	101	70	97	87	83
Poverty-reducing expenditure/GDP (in percent)	5	7	8	10	12	9	13	11	11
Zambia³									
Poverty-reducing expenditure ²¹	166	149	52	36	45	110	634	686	787
Poverty-reducing expenditure/government revenue (in percent)	30	24	7	5	6	11	55	57	62
Poverty-reducing expenditure/GDP (in percent)	5	5	1	1	1	2	10	10	11

Sources: HIPC country documents; and World Bank and IMF staff estimates.

Note: The footnotes for this table are in the technical notes at the end of this chapter.

Figure 15-1. Nominal debt service relief for African decision point countries*

Source: HIPC decision point documents.

* Status as of December 2004.

Technical notes

Tables

Table 15.3. Debt service for individual African HIPC countries that reached decision points, by country, 1998–2007

1. Debt service due after the full use of traditional debt relief mechanism and assistance under the enhanced HIPC Initiative. For the completion point countries, these figures are also after additional bilateral assistance beyond HIPC.

2. On fiscal year basis, i.e., 2000 column shows FY 1999/2000. For Cameroon, data on calendar year basis from 2002 onward.

3. The debt service figures for 2000 largely reflect pre-HIPC relief debt service because these countries did not reach their decision point until late in 2000 or later. Thus, the full impact of relief for did not take effect until 2001 and thereafter.

4. Debt service reflects some payments to commercial creditors and payments on moratorium interest not reflected in the completion point document.

The sources for this table are HIPC country documents and World Bank and IMF staff estimates.

Table 15.5. Poverty-reducing expenditure for African HIPC countries that reached decision points

Poverty-reducing spending refers exclusively to public expenditure on health and education. In addition, poverty-reducing spending includes new programs to be financed partly with HIPC assistance in Benin, rural development and water supply in Burkina Faso, poverty-reducing affairs in Chad, poverty-related activities such as de-mining and rural development in Guinea-Bissau, poverty reduction programs in Mauritania, other spending, including promotion of women in Senegal, water supply in both Tanzania and Uganda, and poverty-reducing safety nets, water and sanitation and disaster relief in Zambia.

1. The coverage of poverty-reducing expenditures varies across countries, but is generally consistent with the definition in the PRSP and the budget. In some countries, the definition of poverty-reducing expenditures has evolved over time to include more sectors; therefore, some of the increase in such spending over the 1999–2003 period may reflect changes in the definition.

2. Data refer to health and education spending.

3. Refers to poverty-related spending by the public sector. Includes spending on health, education, basic sanitation, and selected urban and rural development, both current and capital. Excludes education spending at the university level, pension contributions, and health and education spending by the Ministry of Defense.

4. Spending on health, education, roads, youth and employment, promotion of women, agriculture, environment, and justice.

5. There have been recent revisions in classification.

6. Spending on health, education, reintegration of demobilized soldiers, forestry and agriculture, water and sanitation, infrastructure and rural development, and community facilities; for 2005–2006, amount estimated based on HIPC assistance projected.

7. Spending on health, education, rural infrastructure.

8. Spending on education, health and agriculture.

9. Basic education, primary health care, poverty-focused agriculture and infrastructure spending.

10. Spending on justice, agriculture, fisheries and aquaculture, public works, urbanization, health, social affairs, primary education, professional and technical education.

11. For 2003 and 2004, social expenditure definition reflects the I-PRSP objectives and uses the new pro-poor definition, which includes infrastructures. Projections for 2005–2007 are minimum estimated amounts based on expected HIPC assistance.

12. Spending on education, health, water and sanitation, rural infrastructure, and social safety projects.

13. Spending on health, education and water.

14. Spending on education, health, social security, welfare, housing, community and social development, publishing and broadcasting services.

15. Spending on education, health, and social safety nets.

16. Spending on education, health, and poverty reduction programs.

17. Includes expenditures on health, education, HIV, roads, sanitation, public works, governance and judicial system, agriculture and rural development, and other.

18. Education, health, rural infrastructure and food assistance.

19. Includes health and education expenditure. Series revised from 2002 to include relevant capital expenditures, and from 2005 to include spending on energy development.

20. Health, education and promotion of women.

21. Spending on health, education, social welfare, and some economic services and security-related services.

22. Spending on education, health, water, agricultural research and extension, lands, roads, and the judiciary.

23. Spending on health, education, Poverty Action Fund, and some donor funded and administered projects.

24. Beginning with 2005, the definition of PRSPs was broadened to include spending on basic health and education. For 2001-04 figures reflect PRSPs (mostly investment projects) financed by HIPC relief.

25. Level of government includes central, local, and public enterprises.

26. Level of government includes central and local.

27. For countries without projections, the last available data are used in the aggregate total for future years, thus understating the likely level of social spending.

Sources: HIPC country documents and IMF staff estimates.

Note: The coverage of poverty-reducing expenditure varies across countries. All poverty-reducing data includes spending on health and education.