

AFRICAN DEVELOPMENT BANK GROUP

**UPDATE ON THE IMPLEMENTATION AND FINANCING OF THE
HEAVILY INDEBTED POOR COUNTRY (HIPC) INITIATIVE AND THE
MULTILATERAL DEBT RELIEF INITIATIVE (MDRI)**

2008

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UPDATE ON THE IMPLEMENTATION AND FINANCING OF THE HIPC INITIATIVE AND MDRI

Executive Summary

The purpose of this paper is to present an update on the current status of the implementation and financing of the HIPC Initiative and MDRI.

Overall, 19 RMCs qualified for the MDRI as at end-March 2008. It is projected that the number will increase to 29 by the end of 2010.

ADF will forgo an estimated UA 5.57 billion of credit flows from the 33 potentially eligible HIPCs over the 2006-2054 MDRI period. About 85.3% of the cost will be incurred from 2016-2054, compared to only 1.2% and 3.2% during the ADF-10 and ADF-11 periods, respectively.

ADF has cancelled an estimated UA 4.40 billion of loan reflows from the current 19 HIPCs over the 50-year MDRI period starting from January 1, 2006.

While the Fund has received 91% unqualified commitment for the remainder of the ADF-10 period (2006-2007), a portion of the contribution of the United States representing 8% of the cost of the Initiative for that period remains qualified, and there is a structural gap of 0.6%. About 47% of the cost of the ADF-10 disbursement period (2006-2017) is covered by unqualified commitments, 35% by qualified commitments, 17% is not backed by either qualified or unqualified commitments, and there is a 0.6% (UA 7 million) structural gap.

For the ADF-11 disbursement period (2008-2020), the Fund has received from donors, MDRI commitments covering 78% of the loans cancelled for the period. Thirty percent (30%) of the cost of the ADF-11 disbursement period is covered by unqualified commitments, 49% by qualified commitments, 21% is not backed by qualified or unqualified commitments, and there is still a structural gap of 0.6% (UA 9.5 million). The MDRI coverage ratio for the ADF-11 period is 72%, composed of 30% unqualified commitments and 42% qualified commitments.

UPDATE ON THE IMPLEMENTATION AND FINANCING OF THE HIPC INITIATIVE AND MDRI

1. INTRODUCTION

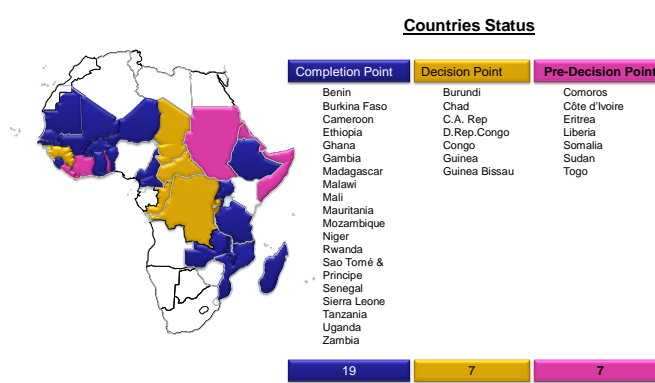
1.1 The purpose of this paper is to present an update on the current status of the implementation and financing of the Heavily Indebted Poor Country (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI). Following this introduction, Section II presents the current status of the implementation and financing of HIPC Initiative and MDRI as at end-March 2008. Section III looks at the next steps.

2. STATUS OF THE IMPLEMENTATION OF THE HIPC INITIATIVE AND THE MDRI

2.1 The HIPC Initiative is separate from the MDRI but linked to it operationally. Under the MDRI, debt relief is provided to the country once it reaches the HIPC completion point. Unlike the HIPC Initiative, MDRI is limited to only ADF, IDA and IMF.¹ As shown in Chart 1, 19 Regional Member Countries (RMCs) reached HIPC completion point and thus qualified for MDRI as at end-March 2008.

Chart 1.

Classification of RMCs by HIPC Status
(as at end-March 2008)



¹ The Inter-American Development Bank (IADB)'s Board of Governors approved in March 2007 the provision of debt relief under the MDRI to five HIPCs (Bolivia, Guyana, Haiti, Honduras, and Nicaragua). Effective January 2007, 100% debt relief has been provided to four of these countries through the IADB soft window at a total cost of about US\$4.4 billion (end-2004 cut off date). Debt relief will be provided to Haiti upon reaching HIPC completion point. In contrast with ADF and IDA, no external resources have been provided to IADB to finance the deepened debt relief.

2.2 As indicated in Table 1, the number of RMCs at completion point is expected to increase from 19 at end-March 2008 to 23 by end of 2008 and 29 by the end of the ADF-11 cycle. This growing trend underscores the improvement in the performance and absorptive capacity of more than half of the eligible HIPC; thus positioning themselves to benefit from the MDRI. This trend also calls for the need for donors to step up action to fully compensate the ADF for lost loans reflows from implementation of the MDRI in line with earlier firm commitments. This will ensure that the debt relief granted under the MDRI will be additional for recipient ADF-only countries as intended.

Table 1: Estimated Timing for Upcoming Decision and Completion Point HIPCs

Country	Decision Point	Completion Point
The Gambia		Q1 - 2008
Burundi		Q2 - 2008
Chad		Q2 - 2008
DRC		Q2 - 2008
Guinea		Q3 - 2008
Congo Republic		Q4 - 2009
CAR		Q4 - 2009
Guinea Bissau		Q3 - 2010
Liberia	Q1 - 2008	Q3 - 2010
Comoros	Q1 - 2008	Q3 - 2010
Côte d'Ivoire	Q2 - 2008	Q4 - 2010
Sudan	Q4 - 2008	Q4 - 2011
Togo	Q4 - 2008	Q4 - 2011
Eritrea	Q1 - 2009	Q1 - 2012
Somalia	Q3 - 2013	Q3 - 2016

2.3 **Cost of the MDRI and HIPC Initiative Debt Relief Programs:** The projected estimate for the total cost of the two debt relief initiatives for the 33 MDRI-eligible ADF-only countries, as at end-December 2007, is US\$ 14.13 billion (see Table 2)². The cost for the HIPC initiative is projected at US\$ 5.63 billion (39.8 percent) while that for the MDRI is projected at US\$ 8.50 billion (60.2 percent). HIPC debt relief to the 19 post-completion point countries, is estimated at US\$2.45 billion, equivalent to about 44 percent of the total cost; that for the 7 interim countries is estimated at US\$ 2.35 billion, equivalent to about 42 percent of the total cost; and that for the 7 pre-decision point countries estimated at US\$0.82 billion, equivalent to about 14 percent of the total cost. The MDRI cost for the 19 post-completion point HIPCs is estimated at US\$ 6.71 billion, equivalent to 79 percent of the total cost; that for the 7 interim HIPCs is estimated at US\$ 0.99 billion, equivalent

² MDRI costs is denominated in UA. An exchange rate of UA1.00 = US\$1.52487 is used in the conversion. Refer to Annexes I and II for a detailed breakdown of the cost.

to 11.6 percent of the total cost, and that for the 7 pre-decision point countries is estimated at US\$ 0.80 billion, about 9.4 percent of the total cost.

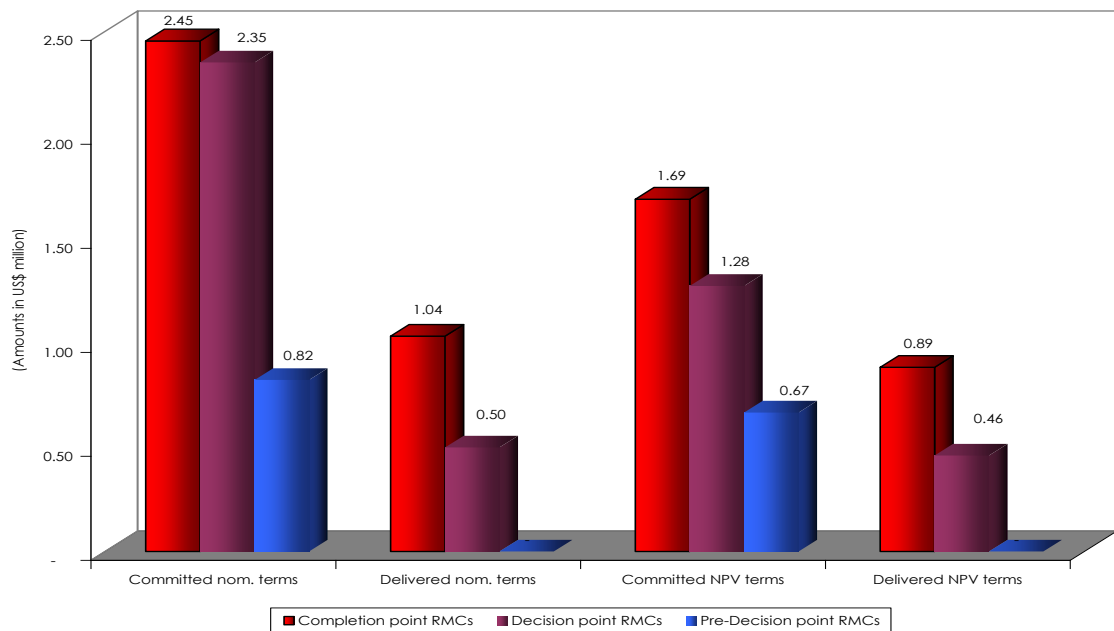
Table 2: Breakdown of Estimated HIPC and MDRI Costs by HIPC Country Group Status(US\$ Billions)

HIPC Status	Cost of Debt Relief Initiatives					
	HIPC Cost (US\$ billions)	Percent (%)	MDRI Cost (US\$ billions)	Percent (%)	Total (US\$ billions)	Percent (%)
19 post-completion point countries	2.45	43.6%	6.71	79.0%	9.16	64.9%
7 interim countries	2.35	41.8%	0.99	11.6%	3.34	23.6%
7 pre-decision point countries	0.82	14.6%	0.80	9.4%	1.62	11.5%
Total (33 RMCs)	5.63	100.0%	8.50	100.0%	14.13	100.0%

Note: The exchange rate used in the conversion is UA1.00 = US\$1.52487

2.4 The figure in Chart 2 presents the status of the HIPC debt relief assistance delivery by the Bank Group under the enhanced HIPC Initiative as at end-December 2007. Annex I highlights the details on the status of HIPC relief implementation by the Bank Group as at end-December 2007. For the 19 post completion point RMCs, out of the total of US\$2.45 billion committed in nominal terms, US\$ 1.04 billion has been delivered. For the 7 interim HIPC, US\$ 0.5 billion out of the total commitment of US\$ 2.35 billion in nominal terms has been delivered.

Chart 2: Status of HIPC Debt Relief Assistance under the Enhanced HIPC Initiative (US\$ Billion) as at end-December 2007



2.5 **Revised Cost of the MDRI.** Based on the eligible debt outstanding and disbursed as of end-December 2004, ADF will forgo an estimated US\$ 8.5

billion of credit flows from the 33 potentially eligible HIPCs over the 2006-2054 MDRI period as presented in Table 3.³

- 2.6 Table 3 clearly shows that the bulk of the MDRI cost will be felt in the outer years, namely 85.3% during the 2016-2054 period, compared to only 1.2% during 2006-2007, 3.2% during 2008-2010, and 10.3% during 2011-2015.⁴ Annex II has set out projections on the annual estimated debt relief corresponding to each RMC, and Annex III provides the same projections by commitment period.

Table 3. MDRI – Revised Estimated Cost for the 33 Beneficiary RMCs by HIPC Status

(US\$ million) as at end-December 2007

Beneficiary Countries HIPC Status	2006-2007	2008-2010	2011-2015	2016-2054	Total Relief (2006-2054)
Completion point RMCs (19)	101.40	216.79	660.80	5730.57	6,709.56
Decision point RMCs (7)	-	44.74	116.68	825.99	987.41
Pre-Decision point RMCs (7)	-	9.74	94.01	694.81	798.56
Total (33)	101.40	271.27	871.49	7,251.37	8,495.53
% of Total Cost	1.2%	3.2%	10.3%	85.3%	100%

Note: The exchange rate used in the conversion is UA1.00 = US\$1.52487

- 2.7 **MDRI Financing – Donor Commitments.** MDRI became effective on 1st September 2006.⁵ New loans granted and disbursements made on existing loans after the cut-off date on 31 December 2004 remain the obligation of the beneficiary RMCs. In line with the directives from ADF Deputies, the annual amount of debt relief will be deducted from the beneficiary country's annual ADF allocation to address inequity concerns. Donors pledged to fully compensate the Fund for the debts cancelled on a "dollar-for-dollar" basis.⁶ Contributions to the MDRI are recorded and monitored separately from regular ADF replenishment contributions and provide State participants with additional voting rights as approved by the Governors in May 2006. Donors agreed that the level of ADF-10 donor contributions of UA 2.46 billion,

³ Refer to Annex 2 for the detailed breakdown of the costs.

⁴ The MDRI cancels the portion of ADF credits remaining after applying HIPC debt relief at completion point. The bulk of ADF credits or loans cancelled are denominated in various currencies while HIPC debt relief is denominated in US dollars. As a result, the US dollar equivalent volume of debt relief under the MDRI will vary with foreign exchange rates. At end December 2007, the new replenishment specific exchange rate of UA 1.0 = US\$ 1.52487 approved by ADF Deputies at the end of the ADF-11 replenishment was used.

⁵ See the Information Paper to the Boards on the Implementation of the Multilateral Debt Relief Initiative (MDRI) by the African Development Bank - ADB/BD/IF/2007/71 - ADF/BD/IF/2007/64 0 of 28/03/2007.

⁶ For more information see "Implementation modalities of the MDRI- ADF/BD/WP/2006/31 of 05/04/2006, and Update on the Implementation of the MDRI – ADB/BD/IF/2006/230 – ADF/BD/IF/2006/200 of 1/09/2006.

measured in real terms, would serve as the baseline on the basis of which the additionality of donor financing of the MDRI would be assessed over time. Most importantly, the additional resources to compensate ADF for MDRI, will be allocated to all the 38 ADF-only RMCs according to the enhanced Performance-Based Allocation (PBA) system. The new PBA formula will remain central to ADF policy framework.⁷

- 2.8 Donors agreed that the financing of MDRI costs will be additional to regular ADF contributions in order to provide the greatest benefit to the eligible RMCs. They also agreed that the level of ADF-10 donor contributions, measured in real terms, would serve as the floor for their future financial support to ADF, on which the additionality of their financing for the MDRI would be assessed over time. Donors equally agreed that the baseline amount would continue to increase by the UA inflation rate for subsequent replenishments. The actual UA or SDR inflation rate over the preceding three years will be used to determine the baseline volume of regular contributions in each replenishment. Donors also recognized that the ability to provide binding financial commitments for the entire duration of the MDRI varies from donor to donor, and committed themselves to make every effort possible to translate their full political commitment for the outer as well as earlier years into as firm and far-reaching financial pledges as allowed for by their legislative processes.⁸ The ADF-11 period will provide donors a critical window of opportunity to deliver on their commitments by scaling up assistance to ADF countries in their efforts towards achieving the Millennium Development Goals (MDGs).
- 2.9 Table 4 provides the details of commitments made by donors for the MDRI for 2006-2020⁹ based on the normalized burden share framework used in determining each donor's share of the cost except for Austria¹⁰. It shows that 47% of the cost of the ADF-10 disbursement period is covered by unqualified commitments, 35% by qualified commitments, 17% is not backed by qualified or unqualified commitments, and there is a structural gap of 0.6% (UA 7 million) that needs donors financing to ensure the dollar for dollar compensation that donors had agreed to for the Fund. While the Fund has received 91% unqualified commitment for the remainder of the ADF-10 period (2006-2007), a portion of the contribution of the United

⁷ Net Country Allocation = Gross PBA allocation – Debt Service forgone + Compensatory Donor Resources.

⁸ "The Implementation Modalities of the MDRI" (ADF/BD/BD/WP/2006/31 of 05/04/2006) approved by the Boards in April 2006 provides more information on these commitments.

⁹ Annex VI gives detailed information on the related Instruments of Commitments (IoCs) received to date.

¹⁰ Austria substantially increased its contribution to ADF-10 (burden share of 1.65%) compared to ADF-IX (burden share of 0.98%) indicating that it could not use normalized share as its fair contribution to financing the ADF cost of the initiative.

States representing 8% of the cost of the Initiative for that period remains qualified,¹¹ and there is a structural gap of 0.6%.

- 2.10 As shown in Table 4 also, for the ADF-11 disbursement period, the Fund has received from donors, MDRI commitments covering 78% of the loans cancelled for the period. Thirty percent (30%) of the cost of the ADF-11 disbursement period is covered by unqualified commitments, 49% by qualified commitments, 21% is not backed by qualified or unqualified commitments, and there is still a structural gap of 0.6% (UA 9.5 million). The MDRI coverage ratio for the ADF-11 period is 72%, composed of 30% unqualified commitments and 42% qualified commitments.¹²

Table 4: Status of Donor Commitments as at end-December 2007

Commitment Status	ADF-10 Disbursement Period						ADF-11 Disbursement Period	
	2006-2007(*)		2008-2017		2006-2017		2008-2020 (**)	
	UA million	%	UA million	%	UA million	%	UA million	%
Unqualified commitment	77.6	91%	433.6	43%	511.2	47%	438.4	30%
Qualified commitment	6.7	8%	379.0	38%	385.7	35%	717.0	49%
Sub total	84.3	99%	812.7	81%	897.0	82%	1,155.4	78%
Costs not yet covered	-		187.9	19%	187.9	17%	308.2	21%
Structural gap	0.5	0.6%	6.5	0.6%	7.0	0.6%	9.5	0.6%
Total MDRI Cost	84.8	100%	1,007.0	100%	1,091.8	100%	1,473.1	100%

* Remainder of ADF-10 period

** ADF-11 Disbursement period

- 2.11 **Payment and Encashment.** Deputies agreed that payment dates for the compensatory financing scheme be set at 15 January of each year, from 2007 until 2054, and that the encashment dates (for payments through the deposit of a promissory note) be also set at the third week in February of each year, to coincide with the first quarterly encashment of ADF notes.¹³ Against this background, Annex IV presents the detailed payments and encashments received as at end-December 2007. A summary of the information in Annex IV is provided in Table 5. The following conclusions are drawn from Table 5:

- (i) The estimated cost of the MDRI for the period 2006-2007 amounts to estimated at UA 66.50 million. Payment due for the period (UA 93.28

¹¹ The United States indicated that it accounts for its MDRI contributions on a replenishment by replenishment basis and will fund its MDRI contribution exclusively through accelerated encashment. Its contribution for the remainder of the ADF-10 period will become unqualified when its accelerated encashment of its ADF-10 contributions has been fully executed.

¹² The MDRI coverage rate is the ratio of the Level of commitment received to the MDRI cost.

¹³ Please refer to 'The Implementation Modalities of the MDRI' (ADF/BD/BD/WP/2006/31 of 05/04/2006 approved by the Boards in April 2006.

million) is higher due to alternative payment schedules and accelerated encashment agreed with some donors.

- (ii) The total amount of UA 108.81 million had been received of which UA 86.6 million are contributions by donors in promissory notes, cash and/or accelerated encashment credit, and UA 22.21 million is contributions in advance by South Africa Kuwait and Spain.
- (iii) The shortfall of UA 6.68 million (UA 93.28 million minus UA 86.6 million, and excluding the advance contribution) is due to qualified contributions of the United States.
- (iv) The total encashment is UA 85.09 million, but there is a shortfall of UA 8.19 million in the encashment due to a UA 1.7 million delayed encashment from Switzerland expected to be received on 31 March 2008, and a UA 6.7 million qualified commitments from the United States.

Table 5: Summary of Payment and Encashment as at end-December 2007(In UA Million)

	2006	2007	Total
Cost of the MDRI	29.93	36.57	66.50
Payment due	40.33	52.95	93.28
Payment received			108.81
<i>Contribution by Donors</i>			86.60
<i>Contribution in Advance</i>			22.21
Encashment			85.09
Encashment shortfall			8.19

2.12 **Loan Cancellations under MDRI.** ADF has cancelled an estimated UA 4.40 billion of loans reflows from the current 19 HIPC completion point countries, based on eligible debt outstanding and disbursed as of the cut-off date of end December 2004. Dates of cancellation are 1st September 2006 for the initial 16 qualifying ADF-only countries, and the respective completion point dates for Sierra Leone and Sao Tomé and Príncipe and The Gambia. The cancelled debts are based on the ADF-11 replenishment specific exchange rates.

3. NEXT STEPS

- 3.1 MDRI costs, donor commitments and payment schedules will be updated at least every three years, in conjunction with regular ADF replenishments. The last update of ADF's MDRI costs was in November 2007, based on the ADF-11 replenishment specific exchange rate. In light of the horizon of relevance for the Advance Commitment Authority model, compensation for loans cancelled during the ADF-11 disbursement period (2008-2020), backed by unqualified commitments, would serve to neutralize the impact of MDRI on the Fund's commitment capacity.
- 3.2 The ADB Group will continue to support initiatives to strengthen debt management capacity in Africa through its governance programs and projects. An immediate challenge for the Bank Group is to consolidate the tracking mechanism of the expenditure on HIPC and MDRI debt relief to ensure that poverty reduction programs and projects in support of growth-enhancing strategies are being funded. This will be done through its network of up to 25 regional and field offices and in partnership with the other donors.
- 3.3 There is the need to support the development and implementation of effective debt management programs in these low-income countries during the ADF-11 period, with special attention to the fragile countries and pre and post-completion point HIPCs. The program should be part of a long-term joint donors' capacity building assistance program and should be developed in close partnership with the Bretton Woods Institutions, the Bank Group, other service providers and bilateral donors. The program will include debt management training workshops, periodic debt management performance assessments, and the development of medium-term debt management strategy. It will complement existing programs in individual countries, and will be undertaken in close consultation with country authorities, other providers of technical assistance, and bilateral donors.

Status of HIPC Debt Relief Implementation as at end-December 2007 (US\$ millions)

COUNTRY	IMF/WB APPROVAL DATE		BANK GROUP APPROVAL DATE		CUT-OFF DATE	DEBT RELIEF COMMITTED		LAST DATE OF DEBT RELIEF	RELIEF DELIVERED		RELIEF DELIVERED/TOTAL COMMITTED		40 PERCENT CEILING / INTERIM LIMIT DATE ²
	DEC. POINT	COMPL. POINT	DEC. POINT	COMPL. POINT		COST NPV TERMS	COST NOM. TERMS		NPV TERMS	NOM. TERMS	NPV TERMS (%)	NOM. TERMS (%)	
COMPLETION POINT CASES													
Benin	Jul-00	Mar-03	Oct-00	Jul-03	Dec-98	37.57	46.50	Apr-09	31.65	37.77	84.2	81.2	Irrevocable
Burkina Faso	Jun-00	Apr-02	Oct-00	Jul-02	Dec-99	86.70	125.74	Oct-20	33.29	48.47	38.4	38.5	Irrevocable
Cameroon	Oct-00	May-06	Nov-00	Jul-07	Jun-99	78.84	100.51	Apr-11	53.35	62.74	67.7	62.4	Irrevocable
Ethiopia	Nov-01	Apr-04	Feb-02	Oct-04	Jun-01	339.46	461.39	Sep-21	153.82	176.01	45.3	38.1	Irrevocable
Gambia	Dec-00	Dec-07	Feb-01	Mar-08	Dec-99	15.82	22.77	Jul-13	6.32	6.78	40.0	29.8	Irrevocable
Ghana	Feb-02	Jul-04	May-02	Dec-04	Dec-00	130.93	160.15	Jan-13	98.68	111.53	75.4	69.6	Irrevocable
Madagascar	Dec-00	Oct-04	Feb-01	Mar-05	Dec-99	60.06	80.40	Mar-13	36.41	42.00	60.6	52.2	Irrevocable
Malawi	Dec-00	Aug-06	Jan-01	Nov-06	Dec-99	139.31	212.83	Jul-23	34.03	38.88	24.4	18.3	Irrevocable
Mali	Sep-00	Mar-03	Nov-00	Jul-03	Dec-98	69.72	86.42	Jul-10	51.97	60.69	74.5	70.2	Irrevocable
Mauritania	Feb-00	Jun-02	Jul-00	Jul-02	Dec-98	72.80	90.69	Apr-11	54.93	64.04	75.5	70.6	Irrevocable
Mozambique	Apr-00	Sep-01	Oct-00	Feb-02	Dec-98	22.25	29.27	Sep-10	15.81	19.15	71.1	65.4	Irrevocable
Niger	Dec-00	Apr-04	Mar-01	Oct-04	Dec-99	50.01	86.26	Jul-24	15.21	18.11	30.4	21.0	Irrevocable
Sao Tome & Principe	Dec-00	Mar-07	Apr-01	Jun-07	Dec-99	43.43	88.36	Sep-32	8.67	10.71	20.0	12.1	Irrevocable
Senegal	Jun-00	Apr-04	Oct-00	Oct-04	Dec-98	56.80	65.42	May-06	56.80	65.42	100.0	100.0	Irrevocable
Sierra Leone	Mar-02	Dec-06	Jun-02	May-07	Dec-00	43.43	91.70	Jul-29	12.50	14.86	28.8	16.2	Irrevocable
Rwanda	Dec-00	Apr-05	Jan-01	Jul-05	Dec-99	116.10	222.29	Oct-31	31.54	37.46	27.2	16.9	Irrevocable
Tanzania	Apr-00	Nov-01	Jul-00	Feb-02	Jun-99	124.90	190.75	Jul-17	58.64	70.50	46.9	37.0	Irrevocable
Uganda	Feb-00	May-00	Jan-00	Sep-00	Jun-99	59.30	78.65	Mar-12	40.13	48.42	67.7	61.6	Irrevocable
Zambia	Nov-00	Apr-05	Jan-01	Jul-05	Dec-99	146.10	214.50	Jul-25	91.40	101.53	62.6	47.3	Irrevocable
Subtotal (A)						1693.5	2454.6	...	885.2	1035.1			
INTERIM PERIOD CASES*													
Burundi	Aug-05	Mar-08	Nov-05	...	Dec-04	124.22	226.01	Feb-43	14.96	15.75	12.0	7.0	Apr-08
CAR	Sep-07	Dec-09	Dec-07	...	Dec-06	42.55	55.02	Jul-20	...	...	...	...	Jul-11
Chad ¹	May-01	Jun-08	Jul-01	...	Dec-00	36.90	49.38	Apr-12	14.68	16.54	39.8	33.5	Mar-06
Congo**	Mar-06	Dec-09	Nov-06	...	Dec-04	41.86	41.86	...	...	...	...	...	...
DRC	Jul-03	Jun-08	Jun-04	...	Dec-02	905.09	1804.87	Sep-24	382.10	413.48	45.7	22.9	Dec-08
Guinea ¹	Dec-00	Aug-08	Apr-01	...	Dec-99	75.30	89.07	Apr-07	30.12	32.27	40.0	36.2	Oct-03
Guinea Bissau	Dec-00	Jun-10	Dec-00	...	Dec-99	50.84	84.98	Jan-24	19.19	21.96	37.74	25.8	Jan-07
Subtotal (B)	...	...			...	1276.76	2351.19	...	461.05	500.00	...	...	...
Subtotal =(A)+(B)						2970.3	4805.8	...	1346.2	1535.1	...	...	...
PRE-DECISION POINT RMCs***													
Comoros	Mar-08	Sep-10			...	18.80	25.20	...	...	...	...	...	...
Cote d'Ivoire	Jun-08	Dec-10			...	300.00	360.18	...	...	...	...	...	...
Liberia	Sep-07	Sep-10			...	123.10	145.38	...	...	...	...	...	...
Somalia	Sep-13	Sep-16			...	53.10	63.02	...	...	...	...	...	...
Sudan	Dec-08	Dec-11			...	159.50	210.53	...	...	...	...	...	...
Togo	Dec-08	Dec-11			...	13.50	20.43	...	...	...	...	...	...
SUN SET CLAUSE CASE													
Eritrea	Mar-09	Mar-12			...	...	...	...	...	...	...	...	...
Subtotal	...	...			...	668.0	824.7	...	...	...	...	...	...
TOTAL	...	...			...	3638.3	5630.5	...	1346.2	1535.1	...	...	...

* Dates for completion points are tentative

** Bank Group interim assistance comes entirely in the form of grant through the PCCF arrears clearance mechanism.

*** Total debt relief are only estimates

1. These countries have had delays in reaching their completion points, as a result they are expected to pay fully their debt service obligations falling due

2. Refers to the constraint of 40 percent ceiling and/or the mandatory three-year program of economic reforms

Source: World Bank and Bank Group estimates

Annex II

MDRI – Estimated Cost for 33 Beneficiary RMCs (UA millions)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 - 2054	Grand Total
Completion point countries												
Benin	1.31	1.35	1.74	3.70	5.94	6.51	6.91	7.18	7.38	7.34	192.44	241.79
Burkina Faso	1.37	1.43	1.61	2.08	2.55	2.57	2.94	3.22	3.48	3.90	199.73	224.87
Cameroon	0.56	0.89	1.01	1.13	1.25	2.27	3.00	2.99	2.97	2.96	132.20	151.23
Ethiopia	3.78	4.02	4.34	4.69	4.34	5.16	5.71	5.72	5.99	5.96	450.44	500.16
Gambia	-	-	1.05	1.09	1.21	1.22	1.34	2.29	3.54	3.67	92.22	107.64
Ghana	3.78	3.97	4.03	4.22	4.23	4.49	4.81	9.30	9.88	9.10	266.66	324.46
Madagascar	1.83	1.90	1.98	2.40	2.39	2.49	2.52	5.32	7.92	7.87	209.65	246.27
Malawi	0.04	1.34	1.43	1.46	1.53	1.63	1.77	1.93	2.00	1.85	170.14	185.12
Mali	2.92	2.91	3.09	3.40	5.80	10.38	10.83	11.69	11.78	11.71	294.50	369.02
Mauritania	0.44	1.28	1.37	1.59	1.65	3.86	5.04	5.21	5.23	5.20	143.11	173.98
Mozambique	2.21	2.57	2.94	3.08	3.75	6.69	6.80	7.52	7.86	8.59	314.78	366.79
Niger	1.20	1.21	1.23	1.47	1.48	1.48	1.53	1.56	2.00	1.98	111.96	127.09
Rwanda	1.00	1.04	1.11	1.18	1.14	1.17	1.21	1.23	1.22	1.22	59.59	71.11
Sao Tome & Princ.	-	0.13	0.25	0.25	0.24	0.27	0.28	0.28	0.29	0.30	20.76	23.05
Senegal	2.91	4.45	5.36	5.47	5.89	6.46	6.78	6.94	7.02	6.98	214.43	272.67
Sierra Leone	-	1.13	1.05	1.08	1.11	1.28	1.41	1.55	1.69	1.68	86.17	98.16
Tanzania	2.55	2.57	3.43	3.83	3.95	4.23	4.54	5.11	5.27	5.24	369.52	410.22
Uganda	2.45	2.70	2.71	2.95	2.94	3.33	7.26	9.51	10.20	10.14	291.68	345.87
Zambia	1.59	1.70	1.88	1.90	2.20	2.44	2.47	2.78	2.76	2.75	138.08	160.56
Sub Total	29.93	36.57	41.60	46.97	53.60	67.93	77.15	91.35	98.49	98.43	3,758.07	4,400.08
Decision point countries												
Burundi	-	-	0.13	0.13	0.13	0.14	0.14	0.15	0.15	0.15	2.20	3.32
Chad	-	-	2.21	2.51	2.44	2.43	4.76	6.87	6.91	7.00	183.01	218.13
Centrafrique	-	-	-	-	0.91	0.91	0.98	0.98	0.97	0.96	54.16	59.87
Congo	-	-	-	-	0.31	0.30	0.30	0.30	0.30	0.30	4.59	6.40
Dem Rep Congo	-	-	1.16	1.13	1.16	1.15	1.15	1.15	1.43	1.42	91.89	101.64
Guinea	-	-	5.11	5.44	5.87	6.06	6.28	6.24	6.37	6.33	157.48	205.17
Guinea-Bissau	-	-	-	-	0.72	0.79	0.79	0.79	0.78	0.78	48.36	53.02
Sub Total	-	-	8.60	9.21	11.53	11.77	14.41	16.47	16.92	16.95	541.68	647.55
Pre-Decision point countries												
Comoros	-	-	-	-	0.93	0.92	1.07	1.07	1.06	1.05	17.99	24.10
Côte D'Ivoire	-	-	-	2.23	2.66	2.73	3.24	3.44	3.62	3.60	177.93	199.46
Eritrea	-	-	-	-	-	-	0.65	0.65	0.64	0.64	39.59	42.16
Liberia	-	-	-	-	0.57	0.56	0.56	0.56	0.55	0.55	9.33	12.68
Somalia	-	-	-	-	-	-	-	-	-	-	29.48	29.48
Sudan	-	-	-	-	-	-	5.96	5.92	5.88	5.84	113.46	137.06
Togo	-	-	-	-	-	-	2.49	2.82	2.80	2.79	67.86	78.76
Sub Total	-	-	-	2.23	4.16	4.21	13.96	14.44	14.56	14.48	455.65	523.70
Total	29.93	36.57	50.20	58.41	69.29	83.92	105.53	122.27	129.97	129.85	4,755.40	5,571.33
<p>Notes: Applied debt outstanding and disbursed (DOD), as at end-December 2004</p> <p>(*) Refers to 33 eligible RMCs comprising: 19 post-CP RMCs; 7 post-DP RMCs and 7 pre-DP RMCs</p> <p>The financing arrangement of donor compensation for the MDRI requires an adjustment to the cost of the MDRI every 3 years</p> <p>The cost adjustment takes the following into account: (i) the exchange rate induced excess or shortfall that materialize over the previous period</p> <p>(ii) the ADF replenishment rates used to determine donor contributions in national currencies</p> <p>(iii) the timing of the beneficiary country reaching completion point (iv) the future amount of HIPC debt relief.</p> <p>The cost of the MDRI was updated in October 2007 and the next updating exercise will be in 2010</p>												

Annex III

MDRI – Estimated Cost for 33 Beneficiary RMCs by Commitment Period
(UA millions)

Beneficiary Countries	Remaining ADF-X (2006-2007)	Remaining of 1st Decade (2008-2015)	Subsequent four Decades (2016-2054)	Total Relief (2006-2054)
Completion point countries (19)				
Benin	2.65	46.70	192.44	241.79
Burkina Faso	2.80	22.35	199.73	224.87
Cameroon	1.45	17.59	132.20	151.23
Ethiopia	7.80	41.92	450.44	500.16
Gambia	-	15.42	92.22	107.64
Ghana	7.74	50.06	266.66	324.46
Madagascar	3.73	32.89	209.65	246.27
Malawi	1.38	13.60	170.14	185.12
Mali	5.82	68.69	294.50	369.02
Mauritania	1.72	29.14	143.11	173.98
Mozambique	4.78	47.22	314.78	366.79
Niger	2.41	12.72	111.96	127.09
Rwanda	2.04	9.47	59.59	71.11
Sao Tome & Principe	0.13	2.17	20.76	23.05
Senegal	7.36	50.88	214.43	272.67
Sierra Leone	1.13	10.86	86.17	98.16
Tanzania	5.11	35.59	369.52	410.22
Uganda	5.14	49.05	291.68	345.87
Zambia	3.29	19.19	138.08	160.56
Sub Total	66.50	575.51	3,758.07	4,400.08
Decision point countries (7)				
Burundi	-	1.12	2.20	3.32
Chad	-	35.13	183.01	218.13
Centrafrique	-	5.72	54.16	59.87
Congo	-	1.81	4.59	6.40
Dem Rep Congo	-	9.75	91.89	101.64
Guinea	-	47.69	157.48	205.17
Guinea-Bissau	-	4.66	48.36	53.02
Sub Total	-	105.87	541.68	647.55
Pre-Decision point countries (7)				
Comoros	-	6.10	17.99	24.10
Côte D'Ivoire	-	21.53	177.93	199.46
Eritrea	-	2.58	39.59	42.16
Liberia	-	3.35	9.33	12.68
Somalia	-	-	29.48	29.48
Sudan	-	23.60	113.46	137.06
Togo	-	10.90	67.86	78.76
Sub Total	-	68.05	455.65	523.70
Total (33)	66.50	749.43	4,755.40	5,571.33

Annex IV

MDRI – Status of Payments and Encashments as at end-December 2007 (UA millions)

MDRI Participants	PAYMENTS 2006			PAYMENTS 2007			Total Contributions Due for 2006-2007	Total Contributions Paid for 2006-2007	Advanced Payments Received	Total Payments Received	Encashments / Cash Payments					Expected Payments 2008 Contribution Due	
	Contribution Due	Qualified Contribution ²	Contribution Paid	Contribution Due	Qualified Contribution ²	Contribution Paid					2006 Contributions	2007 Contributions	Accelerated encashment credit	Total	Excess (Shortfall)		
1 AUSTRIA	591,629		591,629	807,946		807,946	1,399,574	1,399,574		1,399,574	591,629	807,946		1,399,574	-	176,283	
2 BELGIUM	772,344		772,344	1,054,736		1,054,736	1,827,081	1,827,081		1,827,081	772,344	1,054,736		1,827,081	-	230,130	
3 CANADA	2,242,172		2,242,172	3,061,976		3,061,976	5,304,148	5,304,148		5,304,148	2,242,172	3,061,976		5,304,148	0.00	668,083	
4 CHINA	818,144		818,144	1,117,281		1,117,281	1,935,425	1,935,425		1,935,425	818,144	1,117,281		1,935,425	-	243,776	
5 DENMARK	542,025		542,025	740,206		740,206	1,282,231	1,282,231		1,282,231	542,025	740,206		1,282,231	-	161,503	
6 FINLAND	747,391		747,391	1,020,659		1,020,659	1,768,049	1,768,049		1,768,049	747,391	1,020,659		1,768,049	-	222,694	
7 FRANCE	4,583,996		4,583,996	6,260,040		6,260,040	10,844,035	10,844,035		10,844,035	4,583,996	6,260,040		10,844,035	-	1,365,860	
8 GERMANY	3,293,427		3,293,427	4,497,601		4,497,601	7,791,028	7,791,028		7,791,028	3,293,427	4,497,601		7,791,028	0.01	981,318	
9 INDIA	86,709		86,709	118,412		118,412	205,121	205,121		205,121	86,709	118,412		205,121	-	25,836	
10 ITALY	1,993,042		1,993,042	2,721,756		2,721,756	4,714,798	4,714,798		4,714,798	1,993,042	2,721,756		4,714,798	0.00	1,992,892	
11 JAPAN ¹	3,329,314		3,329,314	4,546,609		4,546,609	7,875,922	7,875,922		7,875,922	3,329,314	4,546,609		7,875,922	-	992,011	
12 KOREA	316,894		316,894	432,759		432,759	749,653	749,653		749,653	316,894	432,759		749,653	-	94,422	
13 KUWAIT ⁵	83,209		83,209	113,633		113,633	196,843	196,843	12,786,150	12,982,993	83,209	113,633		196,843	-	24,793	
14 THE NETHERLANDS	1,644,259		1,644,259	2,245,449		2,245,449	3,889,708	3,889,708		3,889,708	1,644,259	2,245,449		3,889,708	-	489,928	
15 NORWAY	1,763,842		1,763,842	2,408,754		2,408,754	4,172,596	4,172,596		4,172,596	1,763,842	2,408,754		4,172,596	0.00	525,559	
16 PORTUGAL	281,620		281,620	384,589		384,590	666,210	666,210		666,210	281,620	384,590		666,210	0.43	83,912	
17 SAUDI ARABIA	150,025		150,025	204,879		204,879	354,904	354,904		354,904	150,025	204,879		354,904	0.00	44,702	
18 SOUTH AFRICA ⁴	58,752		58,752	80,234		80,234	138,986	138,986	9,423,376	9,562,362	58,752	80,234		138,986		-	
19 SPAIN ¹	5,799,180		5,799,180	5,799,180		5,799,180	11,598,360	11,598,360		11,598,360	5,799,180	5,799,180		11,598,360		10,216,970	
20 SWEDEN	1,993,042		1,993,042	2,721,756		2,721,756	4,714,798	4,714,798		4,714,798	1,993,042	2,721,756		4,714,798	-	593,852	
21 SWITZERLAND ³	1,279,148		1,512,995	1,746,842		1,512,995	3,025,989	3,025,989		3,025,989	1,512,995	0		1,512,995	-	1,512,994.65	
22 UNITED KINGDOM	3,736,953		3,736,953	5,103,293		5,103,293	8,840,246	8,840,246		8,840,246	3,736,953	5,103,293		8,840,246	-	1,113,472	
23 USA	4,221,714	3,462,193	759,521	5,765,296	3,216,597	2,548,699	9,987,010	3,308,220		3,308,220			3,308,220	3,308,220	-	6,678,789.87	
TOTAL	40,328,830	3,462,193	37,100,485	52,953,886	3,216,597	49,503,442	93,282,716	86,603,927	22,209,526	108,813,453	36,340,963	45,441,748	3,308,220	85,090,932	-	8,191,784	21,887,050

NOTES

- 1 Alternative payment and/or encashment schedule agreed with the donor
- 2 A State participants who has made a qualified commitment will inform the Fund of the status of its commitment not later than 30 days after the scheduled payment date
- 3 Switzerland committed and paid for the 2006-2007 period and is expected to encash in 2008 the amount due in 2007
- 4 South Africa has made a 1 year accelerated encashment to pay its full contribution/encashment for its contribution to the MDRI (2006-2054)
- 5 Kuwait has paid its full commitment for the period 2006-2054