THE INTERNATIONAL MONETARY FUND AND
THE INTERNATIONAL DEVELOPMENT ASSOCIATION

UGANDA

Final Document on the Initiative for Heavily Indebted Poor Countries (HIPC)

Prepared by the Staffs of the Fund and the IDA[1]

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[1]Approved by Anupam Basu and Chanpen Puckahtikom (IMF), and Masood Ahmed and James Adams (IDA).

I. INTRODUCTION

1. This paper presents an assessment of Uganda's eligibility for assistance under the Heavily Indebted Poor Countries (HIPC) Initiative. It summarizes the debt sustainability analysis (DSA) discussed earlier by the Fund and IDA Boards, describes the policy reforms to be pursued by Uganda and monitored under Fund- and IDA-supported programs, and reports on consultations with creditors and the status of the debt reconciliation process. The paper proposes that the Boards of the Fund and the IDA take decisions regarding Uganda's qualification for assistance, its "decision" and "completion" points, debt sustainability targets, and the level of assistance to be provided by the Fund and the IDA to Uganda, subject to the commitments of bilateral and other multilateral creditors.

2. In the discussions in the IDA and Fund Boards on the preliminary HIPC Initiative documents,[2] Executive Directors were in broad agreement that Uganda be considered eligible for assistance under the HIPC Initiative in view of its high level of indebtedness and external vulnerability, its strong track record of adjustment over a long period, its receipt of Paris Club debt relief on Naples terms, and its status as an ESAF-eligible and IDA-only country. Some Directors stressed the truly exceptional nature of the treatment of Uganda under the HIPC Initiative. Regarding the timing of the "decision point," Executive Directors of the IDA were in agreement that April 1997 would be appropriate, as were most Directors of the Fund. Directors generally supported the staff recommendation of a target for the NPV of debt/export ratio in the range of 200 to 220 percent, with most favoring a target at the lower end of that range. The point was made that the target should be low enough to provide a credible exit from the rescheduling process. Directors were more diverse in their views on the possible timing of the "completion point." Some Directors argued that Uganda's long record of adjustment justified a very substantial shortening of the interval between the "decision" and "completion" points and suggested a "completion point" as early as September 1997. Some Directors noted that a three-year interval would normally be expected between the "decision" and "completion" points, that any shortening of the interval should be viewed as highly exceptional, and argued for a "completion point" in April 1999. Many Directors supported a "completion point" in April 1998, suggesting that, on balance, it may be considered an acceptable compromise. A number of Directors emphasized that, notwithstanding Uganda's exceptional track record, there should be a link between the delivery of the assistance under the HIPC Initiative and substantial further progress on remaining major structural reforms.

3. The rest of the paper is organized as follows. Section II presents a brief summary of the DSA highlighting the major assumptions and conclusions. Section III outlines the major remaining structural reforms to be implemented and to be monitored under Fund- and

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[2]The preliminary document was issued in the Fund as EBS/97/24, 2/14/97, and in the IDA as IDA/SecM97-41, 2/14/97. A joint staff statement was issued in the Fund as EBS/97/40, 3/10/97, and in the IDA as IDA/SecM97-66, 3/7/97. Executive Board discussions on Uganda's case were held in the IDA on March 10, 1997, and in the Fund on March 12, 1997.

IDA-supported programs. Section IV presents an update on the debt reconciliation process with Uganda's creditors and assesses the implications for the Boards' decisions on assistance under the HIPC Initiative. Section V reports on the consultations with Uganda's creditors and their commitments to deliver on the intended assistance by the "completion point." Section VI presents the contributions of multilateral and bilateral creditors at an NPV of debt/exports target in the range of 200-220 percent, and with "completion points" in April 1998 and April 1999. Section VII presents staff recommendations and issues for discussion.

II. SUMMARY OF DEBT SUSTAINABILITY ANALYSIS

4. The long-term balance of payments prospects for Uganda are described in detail in the preliminary HIPC Initiative document for Uganda (EBS/97/24, 2/14/97 and IDA/SecM97-41, 2/14/97), and the major revisions were summarized in the staff statement issued for the Fund and IDA Board discussions of that document (EBS/97/40, 3/10/97 and IDA/SecM97-66, 3/7/97). This section presents a summary of the key assumptions and conclusions of the DSA.

5. The baseline scenario for the DSA agreed with the Ugandan authorities assumes the continuation of adjustment policies, and a relatively favorable external environment. The main assumptions of the 20-year baseline scenario are shown in Box 1 and the results in Table 1.

6. The main conclusion of the DSA is that under the baseline scenario, the overall balance of payments would record diminishing surpluses until 2011/12 (July–June), and subsequently face rising deficits. The baseline scenario assumes that gross international reserves would accumulate steadily to reach a high of 7.6 months of imports of goods and nonfactor services in 2006/07, from 3.6 months in 1995/96. Thereafter, they would decline gradually, falling to about 4.1 months of imports of goods and nonfactor services by 2015/16. The economy will become more diversified over time (noncoffee exports will constitute 66 percent of total merchandise exports by 2015/16 compared with 32 percent in 1995/96). As regards the debt indicators, the NPV of debt/exports ratio (with exports calculated as a three-year average) would decline from 294 percent in 1995/96 to about 250 percent in 1996/97 and to 247 percent in 1997/98; it would fall below 200 percent in 2008/09. The debt service ratio (after rescheduling) would decline from about 22 percent to 20 percent in 1996/97 and to 19 percent in 1997/98.

7. The vulnerability analysis undertaken in the preliminary HIPC document for Uganda continues to remain valid. The analysis concluded that Uganda could be considered to face above average vulnerability, when account is taken of differences in the stages of adjustment in the reference group and Uganda's extreme vulnerability in the areas of export concentration and export variability. (Attached in Appendix I is an abridged version of the sensitivity and vulnerability analysis presented in the preliminary HIPC document.)

III. POLICY REFORM AND CONDITIONALITY

8. Policy reforms and conditionality will be monitored under a new three-year ESAF arrangement in support of a program covering fiscal years 1997/98–1999/2000 to be

Box 1. Assumptions Used in the Debt Sustainability Analysis (DSA)

- An annual average real GDP growth of 7 percent in 1996/97–1998/99 and 5 percent thereafter. Per capita GDP rises from US$280 in 1995/96 to US$480 in 2015/16.

- An average real export growth of 5.7 percent a year throughout the projection period. Noncoffee exports are projected to grow on average by 8.6 percent in real terms per annum over the period, and prices are assumed to increase in line with world inflation (about 2.3 percent per annum). Coffee exports are projected to grow in volume terms by 2 percent per annum from 1997/98 onward, following the sharp upturn in 1995/96 and 1996/97 (32.4 percent and 12.2 percent, respectively). Coffee prices are projected to decline to US$1.26 per kg. in 1996/97, rise to US$1.35 per kg in 1997/98, and to remain broadly constant in real terms thereafter.

- Import growth is projected to rise after 1996/97 to a level close to, or just below, the growth rate of real GDP. The income elasticity of imports is assumed to be 0.6 in 1996/97, 1.0 in 1997/98–1998/99, and 0.95 thereafter.

- An average increase in private transfers in real terms by 12 percent over the next three years. Thereafter, growth of private transfers in real terms is projected at about 4 percent per annum. These projections assume that most of these transfers constitute foreign direct investment and other capital inflows, and that such inflows will continue to be attracted in the future.

- Inflows of donor assistance are projected to grow by about 7.5 percent in 1996/97, and to remain constant in real terms thereafter; such assistance is projected to gradually decline from 11 percent of GDP in 1996/97 to less than 5 percent at the end of the projection period. Also, general balance of payments support is assumed to be phased out over time.

- New financing (i.e., financing above the amounts already committed before end-June 1996) is expected to continue to be highly concessional, with about 80 percent contracted on IDA terms (40-year maturity, 10-year grace period, and 3/4 percent interest rate), and the remaining 20 percent on less favorable but still highly concessional terms (23-year maturity, 6-year grace period, and 2 percent interest rate).

- Following the stock-of-debt operation with the Paris Club in February 1995, the projections assume that non-Paris Club bilateral and commercial creditors provide debt restructuring on terms comparable to Naples terms.

negotiated in the summer, and the third structural adjustment credit (SAC III) that has been negotiated with the IDA. A successful completion of the midterm review under the current ESAF arrangement would be necessary to reach the “decision point.” For a “completion point” in April 1998, Uganda would need to (i) obtain Fund Board approval of a new three-year ESAF arrangement; (ii) successfully complete the midterm review under the first annual arrangement under the new ESAF; (iii) obtain IDA Board approval of SAC III; and (iv) observe the social development targets as envisaged under SAC III and other IDA-supported programs. In the event of a “completion point” in April 1999, the conditionality additional to the above would constitute (i) approval of the second year arrangement under the new ESAF; (ii) completion of the midterm review of this second year ESAF arrangement; (iii) satisfactory implementation of SAC III; and (iv) satisfactory implementation of the social development targets as envisaged under the Initiative.

9. This section provides highlights of selected ongoing structural and social sector reforms, touching briefly on the recent past and including specific actions that could be monitored between the “decision” and “completion” points. Box 2 provides a summary of selected structural reforms and their timing to be monitored under the new ESAF arrangement and IDA-supported programs. Box 3 provides a summary of selected reforms in the social and rural sectors. Uganda’s ongoing reform strategy focuses on poverty alleviation and growth by maintaining macroeconomic stability, liberalizing and diversifying the economy, increasing private sector participation, and improving the efficiency and impact of its poverty programs.[3] In pursuit of this strategy, Uganda has made substantive progress across a broad range of structural areas. The strategy envisages that the deepening of structural reforms and the further improvement in the environment for private sector activity will increase economic efficiency, sustain high growth, and contribute to a reduction of poverty. The major areas of ongoing reforms to be accelerated and substantially completed in the new ESAF include the financial sector, the privatization and restructuring of public enterprises, the civil service, tax and expenditure management, and the external trade regime.

10. In the **financial sector,** the necessary legal and regulatory framework was substantially strengthened with the revision of the Bank of Uganda (BOU) Act and the enactment of a new Financial Institutions Act. The main areas of current policy focus are: (i) the recapitalization of the Bank of Uganda (BOU); (ii) the restructuring of weak banks; and (iii) the sale of the state-owned Uganda Commercial Bank (UCB). By the time of the midterm review of the first annual arrangement of the new ESAF for the “completion point” in April 1998, these financial sector reforms should be substantially completed, with an accelerated timetable on some of the key components.

11. The BOU received its first stage recapitalization in March 1996; an external audit was recently completed as an input into its final recapitalization and the findings are being reviewed; the government and the BOU will agree on the required further restructuring of the BOU by June 1997 so as to accelerate the completion of the recapitalization of the central bank by December 1997. On the weak banks, the BOU launched a far-reaching restructuring of the financial system, including the liquidation of one small bank and the restructuring of five others. The two banks taken over by the BOU were successfully restructured, recapitalized, and returned to the private sector (one in September 1996 and the other in February 1997). The restructuring of two additional banks is to be completed soon (one by June 1997 and the other by December 1997).

[3] The medium-term strategy is described in more detail in the latest policy framework paper (issued in the Fund as EBD/96/143, 11/4/96, and in the IDA as SecM96–1105).

Box 2. Selected Structural Reforms in Uganda
1997/98–1999/2000

		Timing
Financial Reforms		
• Bank of Uganda (BOU) recapitalization		
First stage		Completed
Second stage		Dec.1997
• Restructuring of weak banks		
Banks taken over by BOU		
Sembule Bank		Completed
Nile Bank		Completed
Uganda Commercial Bank (UCB)		
Offered for sale		Dec. 1996
Recapitalization		Completed March 1997
Buyers' initial offers of interest		Completed March 1997
Buyers' final bids		June 1997
Complete sale		Sept. 1997
Cooperative Bank restructuring		Dec. 1997
Kigezi Bank restructuring		June 1997
Capital adequacy ratios		Completed (except UCB, Cooperative Bank, and Kigezi)
• Bank supervision—annual on-site inspections		Beginning 1997/98
Privatization		
• Implementation target of 85 percent:	100 state enterprises	
Already completed	62 enterprises	Dec. 1996
Additional	12 enterprises	June 1997
Achieve target	85 percent	End-June 1998
Public enterprise restructuring		
• Posts and telecommunications—Split UPTC		
Pass legislation		June 1997
Privatize telecommunications		Dec. 1997
Restructure posts, register postal bank as financial institution		June 1998
• Power/UEB		
Table amendment to Electricity Act		Completed
Cabinet approval of strategic plan		June 1997
Enact legislation for strategic plan		Dec. 1997
• Railways		
Complete strategic study on URC and obtain Cabinet approval		Dec. 1997
Enact legislation to restructure URC		June 1998
Civil service restructuring		
• Reduce public service to 62,100 1/		Dec. 1996
• Additional reduction to 58,100		June 1997
• Complete study on review of size of central government		June 1997
• Complete remaining restructuring of public service		1997/98
Tax reforms		
• Income tax legislation tabling		Completed April 1997
• Income tax legislation enactment		July 1997
• VAT compliance, 80 percent		June 1997
• Presumptive tax		July 1997
• URA restructuring		July 1997
• Mineral taxation legislation: tabling		March 1998
• Improvement of tax and customs administration		Continuous
Trade reforms		
• Maximum tariffs lowered to 20 percent		July 1997
• Maximum tariffs lowered to 15 percent		July 1998
• Remove three import bans		March 1998
• Remove remaining import ban		June 1999

1/ Excludes primary school teachers, local government, and universities.

Box 3. Uganda—Social Development Performance Indicators

Narrative Summary	*Verifiable Indicators*	*Means of Verification*
	EDUCATION	
Improved access and quality of Education	• Gross and net primary enrollment rates • Students retention rate	MOE school-based data by district
1. Increased public spending in education in line with released resources from debt service	• Recurrent and Development spending as: - percentage of GDP - U Sh per student	Budgetary allocations Actual spending data
2. Reallocation of public spending toward primary education in order to achieve UPE	• Target for percentage of the budget spent on primary education	Budgetary allocations Actual spending data
3. Definition and implementation of the minimum package of services	• Design completed by 7/97	MOE: plans and implementation with evaluation
4. Increased accountability and efficiency in public spending	• School district-based financial management in place by 12/97	
5. Implementation of the decentralization program	• Target share of central-local expenditures and staff • Effective monitoring system for spending at district level in place by 12/97 • Conditional grant system for the education sector in place by 4/97	MOE and districts School-based administrative data Service Delivery Surveys
	HEALTH	
Improved Access and Quality of Health Services	Targets for prevalence of malaria, sexually transmitted infections, including HIV; immunization coverage; contraceptive prevalence rates	Demographic, Health Surveys Service Delivery and Sentinel Surveys 1997/98 Integrated Household Survey
1. Increased public spending in health in line with released resources from debt service.	• Targets for actual Recurrent and Development spending as: - percentage of GDP - U Sh per capita	Annual budgetary allocations Actual spending data
2. Reallocation of public spending toward lower-level clinical facilities, public health programs and health education and information	• Targets for percentage of the budget spent on preventive services; • Increased share of public subsidies going to 40% poorest • Development of a 5-year health education and information plan • School Health Program to be developed	MOH budget and expenditure tracking exercises 1997/98 household survey and public budgets Knowledge, Attitude and Practices Surveys Production and implementation of the plans, with evaluation
3. Definition and implementation of the minimum package of health services	Design completed by 7/97	MOH plans and implementation with evaluation
4. Increased efficiency in public spending	Availability of drugs to the end-users of health facilities; a target for improvement for immunization coverage	Facility-based administrative data (MIS) Service Delivery Surveys Unit cost analysis Cost effectiveness analysis
5. Implementation of the decentralization program	• Target for the share of central-local expenditure and staff • Effective monitoring system for public spending at district level in place by 12/97 • Conditional grant system for the health sector in place by 6/97	MOH Budget District level implementation with evaluation FY97/98 Budget
	RURAL DEVELOPMENT	
1. Increased budgetary allocation of agricultural research and extension	• Annual targets for actual spending as a percentage of GDP	Annual budgetary allocation Actual spending data
2. Prepare a strategy on micro and rural finance	• Completion of study	GOU to review with interested potential donors and NGOs

12. The UCB had its nonperforming assets transferred to the Nonperforming Assets Recovery Trust (NPART). The government has recently tabled a draft resolution to extend the life of the NPART for another two years through 1999. Restructuring of the UCB accelerated, especially since August 1996; it was offered for sale in December 1996, and was recapitalized in March 1997. Indicative offers of interest have very recently been tendered and are being considered by the government, final bids are expected in June 1997, and its sale should be completed in early 1997/98.[4] By December 1996 all but the above-mentioned banks had attained capital adequacy targets set by the BOU. In this respect, the BOU needs to increase onsite bank inspections and strengthen banking supervision.

13. Regarding the **privatization** program, its scope has been broadened compared with the plan under the current ESAF to include all but some utilities and the railroad, and the pace is being stepped up. The number of state enterprises to be privatized has been revised upward several times, and now stands at 117. The target was to achieve 85 percent of the total (measured by the number of enterprises) by end-1998, but this is being accelerated to end-June 1998. By end-1996, 62 enterprises (53 percent of the total) had been divested and by end-June 1997, at least a further 12 enterprises should be divested. At the time of the midterm review of the first annual ESAF (by April 1998), substantial progress is expected toward achieving the 85 percent target. The use of the proceeds from privatization is governed by the relevant statute, and in practice focuses on financing divestiture costs, debt settlements, and severance benefits for workers. Regarding enterprises that will remain in the public sector, restructuring will focus on the elimination of the remaining direct and indirect subsidies, and in a broadening of scope to include the reorganization of the major public utilities in the telecommunications sector, the electricity sector, and the railways. Monitoring of these reforms would be largely under SAC III and other IDA-supported programs. The telecommunication company is expected to be privatized by December 1997, and enactment of legislation for a strategic plan in the electricity sector is also expected by that date. The strategic plan for the electricity sector will allow private sector participation in the generation of electricity. Regarding the railways, a strategic plan is expected to be approved by the Ugandan Cabinet by December 1997, and legislation to restructure the Ugandan Railways Corporation is expected to be enacted by June 1998.

14. Following completion of a major phase of **civil service** reform that cut the size of the civil service by half (to about 150,000) and the number of ministries from 34 to 21, almost all noncash benefits were monetized, and progress was made in moving toward a competitive wage for most civil servants. The current focus on completing civil service reform will (i) reverse and contain the upward drift in the size of the civil service under the current ESAF program through benchmarks on the size of the public service and through improved tracking and monitoring mechanisms; (ii) review the size and functions of the central government in light of decentralization, and undertake any further restructuring of the civil service that may be required—expected to be substantially completed by the time of the midterm review of the first annual arrangement under the new ESAF (April 1998); (iii) improve the quality of the civil service through outcome-oriented performance evaluation—as under SAC III; and (iv) review (jointly with IDA) the fiscal implications of the universal primary education (UPE)

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[4]If buyers are not found for the UCB, management contracts would need to be negotiated with a reputable bank and, after further restructuring, the bank will be put back on the market within a relatively short period of time. The authorities are focusing efforts on the sale, and hope this back-up plan will not be necessary.

program by June 1997, in order to incorporate into the next budget the implications of the major expansion in the teachers' wage bill.

15. **Fiscal** reform has focused on broadening, rationalization, and simplification of the tax regime, improving tax administration, and streamlining expenditure management. Discretionary authority to grant various tax and customs duty exemptions has been substantially curtailed. The multiple rate and cascading sales tax was replaced on July 1, 1996 with a single rate (17 percent) value-added tax (VAT) with few exemptions. A compliance rate of at least 80 percent of VAT taxpayers is aimed for end-June 1997; this will be a prior action for approval of the new ESAF. A major reform being undertaken in the tax system pertains to fundamental changes of investment incentives, which is being tackled as part of the revision of the income tax legislation to be implemented in July 1997. With Fund technical assistance, new legislation governing mineral taxation should be in place by the end of 1997/98. This will substantially complete planned tax reforms by 1997/98. Looking to the medium term and in the more complex area of the agricultural sector, the authorities are considering a cadastral survey to assess the capacity of taxation of the agriculture sector. This could lead to a further broadening of the tax base. As regards tax administration, the creation of the Uganda Revenue Authority (URA), introduction of a Tax Identification Number system thereafter, and computerization of tax administration has improved compliance. Nevertheless, continuous attention is needed to improve tax administration, particularly with regard to customs administration to control smuggling. To address these problems, the authorities are putting in place a number of measures (agreed with the staff in the context of the midterm review of the current ESAF). In order to strengthen the effectiveness of the URA, the authorities intend to implement a restructuring of its operations by end-July, 1997.

16. The reform of the exchange system was completed during 1988–93 and the current focus is on liberalization of the **capital account;** legislation to effect this is expected to be put in place in the first half of 1997/98. Further trade liberalization will be phased over the next two fiscal years, with a view to lowering the level and dispersion of tariffs and removing the remaining four import bans. This should help substantially complete **trade reforms.** The specific measures include cutting maximum tariffs by half on an accelerated schedule (from 30 percent to 20 percent in July 1997 and further to 15 percent in July 1998), and removing three import bans (on beer, soft drinks, and car batteries) by end-March 1998 and the remaining one (cigarettes) by June 1999.

17. Under the proposed IDA-supported SAC III the following specific actions are expected to be implemented by April 1998:

- in tandem with the conditions under the ESAF-supported program, reduce maximum import duty to 20 percent and announce specific actions and timetable for further trade liberalization to reduce anti-export bias throughout the economy;

- increase budgetary allocation beginning in July 1997 for agriculture research and extension, primary health, and primary education at least at the rate of increase of nominal GDP;

- adopt rules for the conditional and equalization budgetary grants to districts and establish adequate monitoring programs;

- design and begin implementing an action plan to improve financial accounting and auditing for central and local governments. Make necessary arrangements to begin timely publication and dissemination of District budgets, Local Government Public Accounts Committee Reports, and audits of district accounts; and

- complete sale of the UCB and implement policy regarding the Uganda Development Bank (UDB) to stop losses and minimize budgetary costs.

By April 1999, most other policies described in the preliminary HIPC document are expected to be implemented. In particular, the government will

- limit supplementaries to no more than 3 percent of government budgeted expenditures, except for national emergencies; and
- implement integrated sector programming and budgeting exercise for three pilot sectors (education, health, and agriculture) in conjunction with districts.

Social sectors issues[5]

18. The HIPC Initiative would support the government's Anti-Poverty Action Plan by releasing budgetary funds from debt service for other areas of expenditure, in particular for increased public spending and policy reforms in the social sectors. The government has confirmed its intention to pursue this course. Since social development policies and performance indicators are long-term issues, it is difficult to define outcomes to be achieved in the short term. However, in the next 12 months through April 1998, the government will increase budgetary allocations to the social sectors and take steps to start implementing its anti-poverty action plan, which is expected to produce results and improved outcomes over the medium term. In the context of the HIPC Initiative, social sector performance will be monitored by ongoing and new IDA projects (for example, Primary Education, District Health, Nutrition and Early Childhood Development, and Education Sector) up to and for several years after the "completion point" along the lines presented in the preliminary HIPC document, which presents a tentative list of policy reforms and performance indicators for 1997–99 in health and education.

19. In **education**, the government has already announced a plan for achieving universal primary education (UPE) by the year 2003, and it has substantially increased the budgetary allocation to UPE in the 1996/97 budget to implement the first stage of its plan. Thus, the distribution of public expenditure in this sector is being shifted toward primary education. At the primary level, an integrated system of pre-service and in-service teacher training is being established. The use of textbooks and curricula is being improved and the examination system is being strengthened, including a periodic national Assessment of Education Performance. For the secondary level, comprehensive preinvestment studies have been undertaken and draft reports submitted to government. At the University level, a draft Universities and Tertiary Education Act has been prepared.

20. In **health**, apart from increased budgetary resources, a system of quarterly reporting to the Ministry of Health headquarters on the revenues and expenditures of health units was piloted successfully in three districts in 1994/95. This system has now been expanded to cover

[5] The issues were considered in more detail in the preliminary HIPC document for Uganda. The main issues are highlighted here.

all districts. The quarterly reports will also attempt to assess the quality of health services. The government will continue to improve resource allocation in the health sector by: reallocating government expenditure toward lower-level clinical facilities and public health programs, as compared with the hospital level; implementing effectively the decentralization program in the health sector; restoring the functional capacity and improving the efficiency of essential existing government facilities; facilitating a greater role for NGOs, the private sector, and communities; and building institutional capacity in the health sector.

21. Box 3 summarizes the social development performance indicators to be monitored. In this context, specific actions to be implemented by April 1998 include:

- definition of the minimum package of health and education services to all;
- develop and make operational an effective monitoring system of public spending on health and education at district level, including service delivery surveys;
- complete preparation of a sector strategy for education;
- finalize an implementation plan for Universal Primary Education (UPE), including costing, timing, and sequencing of planned investments;
- ensure adequate funding of Universal Primary Education in the FY 1997/98 budget; and
- prepare strategy on micro and rural finance;

22. Projects currently under implementation (District Health) and under preparation (Nutrition and Childhood Development, and Education Sector) will define specific measures to be taken in order to implement the 1997–99 health and education sectoral programs described in the preliminary HIPC document.

IV. DEBT RECONCILIATION

23. Uganda has formally contacted its creditors regarding the reconciliation of its external debt and has received responses covering around 90 percent of the total debt stock outstanding as at end-June 1996. The authorities are following up with correspondence to those creditors from whom responses are pending.

24. The reconciliation of debt with the IMF, IDA, Paris Club creditors, and some non-Paris Club creditors, notably China and Nigeria—covering about 80 percent of all outstanding debt—has now been completed. The debt reconciliation exercise has proved to be more time-consuming than earlier expected, and despite the authorities' best efforts, debt with some smaller creditors may not be fully reconciled by April 1997. Given that a large proportion of Uganda's debt will have been fully reconciled by the proposed "decision point," it is recommended that the Boards of IDA and the Fund approve in principle their commitment at a "decision point" in April 1997, subject to satisfactory assurances of action by other creditors. Other multilateral creditors would be expected to reduce the NPV of their outstanding claims by the common percentage recommended for all multilaterals by the Boards; this percentage reduction would be applied to fully reconciled debt. The exercise of debt reconciliation is expected to be completed—with some technical assistance from Bank and Fund staff—in May, excluding a few disputed cases.

V. CONSULTATIONS WITH CREDITORS

25. Fund and IDA staff have initiated consultations with Uganda's multilateral creditors and with the Paris Club regarding action they would take under the HIPC Initiative for Uganda. The IDA organized a meeting attended by Fund staff on March 24–25, 1997 with multilateral development banks to go over the methodology, data, and recommendations in the first group of country DSAs, including Uganda. The Fund and IDA staff were also represented at a meeting of the Paris Club on March 26, 1997, when specific action that might be taken by the Paris Club creditors in the context of the HIPC Initiative for Uganda was considered.

A. Multilateral Creditors

26. In general, multilateral creditors were very supportive of assistance to Uganda under the Initiative, and endorsed Uganda's eligibility under the Initiative, a low debt target, a "decision point" in April 1997, and an early "completion point." Their main comment on the preliminary HIPC document was that future such documents should pay more attention to poverty reduction and that the social indicators should be designed clearly and should show improvement over the adjustment period. While indicating willingness to commit in principle by the April 1997 "decision point" date, some of them (for example, the European Union) indicated that their procedures would imply that formal commitment of their assistance is expected shortly after April 1997.

27. The issue of debt data reconciliation was discussed at some length. Multilateral creditors acknowledged receipt of requests from Uganda to reconcile the debts. However, in some cases final reconciliation had not yet been achieved or creditors were not sure whether the reconciled data were being used in the staff's calculations. It was acknowledged that debt reconciliation was a time-consuming exercise. Some creditors were of the view that Fund and IDA staffs should participate more directly in the process of debt reconciliation; this would contribute to the speed and efficiency with which the exercise would be completed. At the request of the creditors, and with the consent of the Ugandan authorities, the staff is providing information on individual creditor debt, obtained from the Uganda authorities, that were the basis for the staff's calculations (contained in the joint staff statement for the IDA and Fund Board meetings in March). The multilateral creditors promised to examine the information and to subsequently communicate with the staff on its accuracy.[6]

B. Bilateral Creditors

28. At their meeting in March, Paris Club creditors agreed in principle to reopen the existing Naples terms stock-of-debt operation for Uganda. They agreed that this should be implemented at the "completion point" once multilaterals have agreed to disburse their assistance under the Initiative. Creditors agreed to an 80 percent NPV reduction in the debt covered under the 1995 stock-of-debt operation (which excluded debt previously rescheduled

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[6]There is an unresolved payments issue in the case of BADEA, where the amounts are in dispute. The authorities are continuing correspondence with BADEA to resolve this matter. The staff will inform Executive Directors about the status of these arrears prior to the Board meetings.

on London terms). They also expressed a willingness to consider up to an 80 percent NPV reduction in all pre-cutoff-date debt,[7] subject to equitable burden sharing with other creditors, including multilateral creditors.

29. Regarding the rescheduling of Uganda's arrears with non-Paris Club bilateral creditors, the authorities have contacted the respective creditors with a view to receiving terms at least comparable to Naples terms. The staff understands that in one case (Tanzania), the amounts are in dispute, and in another case (debt to the former Yugoslavia), the ownership of the claims is unclear; for the remainder, the Ugandan authorities have made proposals to reschedule these arrears with an assumed reduction in the face value on terms at least comparable to the Paris Club. So far, agreements have yet to be reached in these cases. The nonrescheduled arrears amount to US$246 million (7 percent of total nominal debt as of end-June 1996).

VI. DEBT SUSTAINABILITY TARGETS AND DEBT RELIEF

30. Uganda's NPV of debt stood at US$1,690 million at end-June 1996, of which 76.3 percent constituted multilateral debt (Table 2). The NPV of debt is projected to rise to US$1,775 million by end-June 1997 and to US$1,869 by end-June 1998, with a modest increase in the share of multilateral debt. Table 2 also shows a detailed breakdown within each creditor group of the claims of Uganda's individual multilateral creditors in the estimated NPV of debt at the "decision point," as this would determine the breakdown of multilateral assistance at the "completion point." As noted earlier, some of these totals are provisional subject to the outcome of the debt reconciliation exercise.

31. During the IDA and Fund Board discussions on the preliminary HIPC Initiative document, there was considerable consensus that given Uganda's above average vulnerability to shocks, and given the need to ensure a convincing exit from debt relief, the NPV of debt/exports target should be set in the lower end of the range of 200–220 percent, with many Directors suggesting that a target of 200 percent was appropriate. If Paris Club creditors provide an 80 percent NPV debt reduction of all pre-cutoff-date debt (including the debt previously rescheduled on London terms), as they have indicated a willingness to consider subject to equitable burden sharing, an NPV of debt/exports target of 202 percent would be achievable consistent with proportional burden sharing[8] for a "completion point" in April 1998, and a 200 percent target for a "completion point" in April 1999 (see Table 3).[9]

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[7]The Paris Club debt rescheduled earlier under London terms was not included in the 1995 stock-of-debt operation on Naples terms. This debt is around one half of current Paris Club pre-cutoff-date debt in NPV terms.

[8]Defined as multilateral creditors as a group providing the same assistance as bilateral creditors as a group in relation to the NPV of their debt after the 1995 Naples terms stock-of-debt operation, and assuming at least comparable terms from non-Paris Club bilaterals.

[9]If Paris Club creditors provide an 80 percent NPV reduction in the debt covered under the 1995 stock-of-debt operation (excluding the debt previously rescheduled on London terms), it would not be possible to achieve NPV of debt/exports targets at either an April 1998 or April 1999 "completion point" in the range 200–220 percent consistent with proportional burden sharing.

Given the importance of the principle of equitable burden, the need to ensure a convincingly sustainable debt situation and Uganda's strong track record of adjustment, staff and management recommend an NPV of debt/exports target of 202 percent and an April 1998 "completion point."

32. As indicated in Table 3, for a "completion point" in April 1998, and an NPV of debt/exports target of 202 percent, the total debt relief is estimated to be US$337.6 million in NPV terms, of which multilateral contributions would be US$271.2 million and that by bilateral and private creditors would be US$66.4 million. This would involve assistance by multilaterals equivalent to 19.0 percent of their claims at the "completion point" with the same NPV reduction by bilaterals.[10] A detailed breakdown of the contributions by each main multilateral creditor would be based on their shares in the NPV of multilateral debt as at end-June 1996 irrespective of the "completion point." The IDA contribution would be US$160 million, and the Fund contribution would be US$68.9 million, equivalent to 21 percent of the NPV of their respective claims at end-June 1996.

33. For a "completion point" in April 1999 and a target of 200 percent, the total debt relief would be US$354.6 million, with multilateral institutions contributing US$288.2 million, and bilateral creditors contributing US$66.4 million.[11] The IDA contribution would be US$170 million, and the Fund contribution would be US$73.2 million, equivalent to 22.4 percent of the NPV of their claims at end-June 1996.

34. Total debt service in 1998/99 (prior to any relief under the HIPC Initiative) is estimated at US$160 million (18.2 percent of exports). An April 1998 "completion point" would imply that debt service in 1998/99 (after assistance provided under the Initiative) could be around US$120–130 million (14–15 percent of exports), depending on the effective timing of assistance provided by creditors. However, there could be some reduction in 1998/99 in assistance currently provided by bilateral donors to Uganda's current multilateral debt fund; in the last Consultative Group meeting in November 1996, about US$50 million was pledged to that fund.

35. The Fund will disburse its assistance (in the form of a grant) into an escrow account at the "completion point" to be used to meet debt service to the Fund on a schedule to be agreed with the Ugandan authorities. The objectives of this schedule will be to help bring the debt-service burden down to the agreed target and to smooth the debt-service profile, including any humps, either to the Fund and/or generally. Since Uganda's debt service both to the Fund and overall is relatively smooth, it is proposed that in this case and in other comparable cases where there are no pronounced debt-service humps, the schedule of drawdown of the Fund assistance should be slightly frontloaded and spread over the life of the country's current obligations to the Fund. A graduated schedule for the drawdown of this assistance for Uganda, which meets these objectives, will be agreed with the Ugandan authorities and proposed for approval by the Fund Board in due course, on a lapse-of-time basis.

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[10]For multilaterals, the equivalent percentages of their debt outstanding at the "decision point" would be 21 percent for an April 1998 "completion point" and 22.4 percent for an April 1999 "completion point."

[11]Note that a "completion point" of September 1998 would yield the same assistance as under a "completion point" of April 1999.

36. It is proposed that debt relief on debt owed to IDA be provided through the use of IDA grants during the interim period, and the purchase and subsequent cancellation of IDA credits by the HIPC Trust Fund (using resources from the World Bank component at the "completion point"). Consistent with the joint recommendation of managements for an April 1998 "completion point," IDA management is proposing to provide US$75 million in IDA grants (in the place of IDA credits) to Uganda during its interim period, once donor resources from IDA 11 become available.[12] This provides a present value reduction on IDA debt service of close to US$22 million. The remaining IDA present value reduction will be achieved via the HIPC Trust Fund. The HIPC Trust Fund is expected to purchase at the "completion point," with the funds set aside by it for this purpose at the "decision point" (or as soon thereafter as the Bank Board approves the transfer of the US$500 million to the HIPC Trust Fund), IDA credits at a price established on the basis of the HIPC present value methodology agreed upon by the World Bank and the IMF. The HIPC Trust Fund will immediately cancel these credits, which are estimated to amount to US$138 million in present value terms or US$300 million in nominal terms. The World Bank total debt relief would amount to close to US$430 million in nominal terms when relief on principal and charges is included.

VII. ISSUES FOR DISCUSSION

37. Executive Directors may wish to focus on the following issues and questions:

38. **Qualification for assistance**: On the basis of the staff analysis, the deliberations of the IDA and Fund Boards, and staff consultations with multilateral creditors and the Paris Club, there is a strong case for Uganda's qualification for assistance under the HIPC Initiative. The staff and management recommend that Executive Directors make a positive final determination on this matter.

39. **Decision point in principle**: Since a critical mass of debt reconciliation has been achieved, the staff and management recommend approval in principle of a "decision point" in April 1997, prior to the Spring meetings of the Interim and Development Committees. Executive Directors are recommended to approve Uganda's qualification for assistance, the "completion point," and debt sustainability targets, subject to satisfactory assurances of action by other creditors. If Executive Directors agree, these decisions could be finalized, possibly on a lapse-of-time basis, by the Boards once these assurances have been received.

40. **Completion point**: In light of Uganda's past record and planned substantive additional structural reforms in the immediate period ahead, the staff and management recommend a "completion point" of April 1998. Executive Directors' consideration of this recommendation is requested.

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[12]Since the estimated NPV of debt/exports ratio at the April 1998 "completion point" is about 250 percent, Uganda is eligible to receive up to one-third of its IDA program funding level in grant form. This is based on the level of IDA lending set out in the Uganda Country Assistance Strategy paper and the proposed one-year interim period. Note that at the "completion point" of April 1999, the NPV of debt/export ratio is strictly below 250 percent and the above interim relief does not apply.

41. **Debt target**: In light of Uganda's vulnerability, and with a view to ensuring a credible exit from debt rescheduling, the staff and management recommend that Executive Directors endorse a target of 202 percent for the NPV of debt/exports ratio for a "completion point" in April 1998. Such a target is fully consistent with proportional burden sharing. A 200 percent target will involve more than proportional burden sharing by multilaterals, although the amounts above exact proportionality would be very small.[13] Uganda's debt-service ratio is expected to fall to below 20 percent in 1997/98 prior to action under the Initiative and hence is not expected to be binding. In the light of this, Director's comments on the proposed time profile of IDA and Fund assistance under the Initiative are requested.

42. Uganda has no arrears to multilateral creditors and the Paris Club, with the exception of BADEA where the matter is in dispute. Uganda has arrears to non-Paris Club bilateral creditors and the staff understands that it has approached creditors with an offer to reschedule on terms that would be comparable to Naples terms, but agreements have not yet been reached. The staff recommends that Uganda and its creditors be urged to resolve the issues expeditiously, but that, given that the authorities are making best efforts, this matter should not delay the commitment of assistance from the IDA and the Fund under the Initiative.

43. Proposed decisions: Executive Directors may wish to consider decisions on Uganda's qualification for assistance under the Initiative, the "completion point," the debt target, and the specifics of each institution's commitment for assistance to Uganda under the Initiative. A draft decision will be issued as a supplement to this paper.

44. **Next steps**: The following steps are envisaged: (i) This document will be made available to Uganda's bilateral and multilateral creditors at the same time as it is circulated to Executive Directors. (ii) The staff will inform Directors of any major new developments regarding debt reconciliation or commitments by creditors by way of a supplement or oral statement at the time of the discussion of this document. (iii) Assuming agreement on a decision in principle, a decision for approval will be circulated when assurances of commitments are confirmed by other creditors. (iv) The new ESAF is expected to be brought to the Fund Board around the time of the 1997 Annual Meetings. (v) SAC III is expected to be brought to the IDA Board around May 1997.

Addendum

The Boards of the IMF and World Bank in April 1997 approved Uganda's request for assistance under the HIPC Initiative to be delivered at the completion point in April 1998, subject to satisfactory assurances of the necessary support from other creditors and continued strong policy implementation. The debt sustainability target for the NPV of debt-to-exports ratio was set at 202 percent, providing total assistance of US$338 million in present value terms at the completion point.

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[13]In the event of a "completion point" of April 1999, an NPV of debt/exports target of 200 percent is consistent with proportional burden sharing.

Table 1. Uganda: Long-Term Balance of Payments, 1992/93-2015/16
(In millions of U.S. dollars, unless otherwise indicated)

	1992/93	1993/94	1994/95	1995/96	1996/97	1996/97	1997/98	1998/99	1999/00
				Prov.	Prog.	Projections			
Current account	-119.4	-36.3	-141.6	-121.8	-100.4	-72.2	-86.8	-65.5	-70.5
Trade balance	-365.4	-417.7	-490.2	-627.9	-714.6	-687.4	-755.2	-833.5	-891.4
Exports, f.o.b.	157.1	253.9	595.3	590.3	528.0	588.1	637.7	684.7	735.4
Coffee	99.1	172.3	456.6	404.4	306.0	331.7	361.1	382.0	398.0
Noncoffee	57.9	81.5	138.7	185.9	222.0	256.4	276.6	302.7	337.5
Imports, c.i.f	522.5	671.6	1,085.5	1,218.3	1,242.6	1,275.5	1,392.9	1,518.2	1,626.9
Project-related	165.4	152.7	230.0	211.4	222.0	222.0	239.7	255.9	283.2
Other imports	357.1	518.9	855.5	1,006.8	1,020.6	1,053.5	1,153.2	1,262.3	1,343.7
Nonfactor services	-89.7	-89.8	-226.0	-247.3	-248.6	-245.8	-270.5	-294.2	-310.0
Net interest	-48.9	-42.9	-33.7	-32.6	-26.9	-14.8	-22.2	-2.5	7.2
Private transfers	107.9	303.7	329.9	522.7	584.2	584.2	665.7	755.0	809.7
Of which: estimated FDI	...	...	...	115.6	160.0	160.0	193.0	230.0	247.1
Of which: NGOs	...	...	...	81.8	85.9	85.9	92.8	99.0	109.6
Official transfers	276.7	228.2	302.7	276.6	320.7	307.7	311.7	326.2	337.0
Import support	111.4	75.5	95.7	86.3	120.9	107.9	95.9	95.9	70.0
Project support	165.4	152.7	207.0	190.3	199.8	199.8	215.7	230.3	267.0
Other	0.0	-17.8	-24.4	-13.2	-15.2	-16.1	-16.3	-16.5	-22.9
Capital account	111.1	142.8	258.9	165.5	256.3	196.6	251.8	260.4	254.1
Official (net)	145.2	156.6	281.8	210.2	256.3	220.1	251.8	260.4	254.1
Disbursements	249.3	271.9	377.4	282.4	329.2	293.2	323.7	341.4	349.3
Import support	83.9	119.2	124.4	49.9	85.0	49.0	60.0	60.0	50.0
Project support	165.4	152.7	252.9	232.6	244.2	244.2	263.7	281.4	299.3
Amortization due	-104.1	-115.4	-95.6	-72.3	-72.9	-73.1	-71.9	-81.1	-95.2
Private capital (net) 1/	-34.1	-13.8	-22.9	-44.7	0.0	-23.5	0.0	0.0	0.0
Overall balance	-8.3	106.4	117.3	43.7	155.9	124.4	165.0	194.9	183.6
Financing	8.2	-106.4	-117.3	-43.6	-155.9	-124.4	-165.0	-194.9	-183.6
From monetary authorities	-32.2	-89.7	-146.9	-73.0	-154.5	-124.0	-195.6	-228.9	-217.1
Gross reserve change	-38.4	-107.4	-168.9	-91.5	-165.1	-134.2	-132.7	-167.4	-163.9
IMF (net)	9.7	17.7	22.5	18.5	10.6	10.1	-62.9	-61.5	-53.2
Short-term	-3.5	0.0	-0.5	0.0	0.0	0.0	0.0	0.0	0.0
Change in arrears (net)	-329.7	-59.3	14.2	11.4	-246.0	-246.0	0.0	0.0	0.0
Exceptional financing 2/	370.1	42.6	15.4	17.9	244.7	245.7	30.6	34.1	33.5
Toward arrears reduction	331.5	26.1	0.0	8.9	216.0	216.0	0.0	0.0	0.0
Current maturities	38.6	16.5	15.4	9.0	28.7	29.6	30.6	34.1	33.5
Financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:									
Foreign exchange reserves (in months of imports of goods and nonfactor services)	1.9	3.1	3.4	3.6	4.7	4.4	4.9	5.5	6.0
Current account to GDP ratio									
Including official transfers	-4.0	-1.0	-2.7	-2.2	-1.7	-1.2	-1.3	-0.9	-0.9
Excluding official transfers	-13.1	-7.2	-8.6	-7.3	-7.2	-6.5	-6.0	-5.3	-5.1
Excluding official transfers and FDI 3/	...	...	...	-9.4	-9.9	-9.2	-9.0	-8.4	-8.2
Debt service ratio									
Before rescheduling (including IMF)	73.8	53.7	25.8	23.1	26.4	24.3	23.0	22.2	21.1
After rescheduling (including IMF)	...	...	23.5	21.8	22.2	20.3	19.2	18.2	17.5
NPV of debt (including IMF)	1,318.8	1,496.7	1,699.3	1,690.0	1,703.1	1,775.5	1,868.8	1,966.2	2,074.7
NPV debt/exports ratio (including IMF)									
Current-year exports	554.6	449.3	254.7	233.0	250.3	239.3	232.5	226.9	221.2
Three-year export average	626.3	586.2	411.8	293.8	253.9	249.5	246.8	244.5	238.6
Coffee price (in U.S. cents per kg)	82.0	113.8	257.0	172.1	150.0	126.5	135.0	140.0	143.0

Sources: Data provided by the Ugandan authorities; and Fund staff estimates.

1/ Includes private short-term capital flows, foreign direct investment, and errors and omissions.

2/ For 1996/97 and beyond, incorporates effects Paris Club stock-of-debt operation and assumes rescheduling with non-Paris Club bilateral and commercial creditors on terms viewed by the authorities as comparable.

3/ The authorities have made preliminary estimates of the foreign direct investment component of private transfers for 1995/96. These estimates are currently being refined based on the recommendations of the recent STA technical assistance mission, and although preliminary, the available information does provide a better basis for projecting the evolution of private transfers.

Table 1 (continued). Uganda: Long-Term Balance of Payments, 1992/93-2015/16
(In millions of U.S. dollars, unless otherwise indicated)

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
					Projections				
Current account	-76.8	-83.6	-89.3	-96.9	-106.8	-119.1	-132.0	-147.0	-165.1
Trade balance	-953.4	-1,019.6	-1,090.4	-1,166.2	-1,247.2	-1,333.8	-1,426.4	-1,525.4	-1,631.2
Exports, f.o.b.	790.0	848.5	911.5	979.1	1,051.7	1,129.6	1,213.4	1,303.4	1,400.0
Coffee	415.3	433.3	452.2	471.8	492.3	513.7	536.0	559.3	583.6
Noncoffee	374.7	415.2	459.3	507.2	559.3	615.9	677.4	744.0	816.4
Imports, c.i.f	1,743.4	1,868.2	2,001.9	2,145.2	2,298.8	2,463.4	2,639.8	2,828.7	3,031.3
Project-related	300.3	317.7	335.4	353.3	374.1	395.2	416.6	428.4	440.5
Other imports	1,443.1	1,550.5	1,666.5	1,791.9	1,924.7	2,068.2	2,223.1	2,400.4	2,590.8
Nonfactor services	-323.4	-337.1	-351.1	-365.4	-380.8	-396.4	-412.3	-425.5	-438.9
Net interest	16.1	25.9	34.9	43.1	50.0	55.9	62.6	69.5	74.7
Private transfers	863.3	920.4	981.0	1,045.5	1,115.0	1,188.9	1,267.5	1,347.2	1,432.3
Of which: estimated FDI	265.4	285.1	306.2	328.9	353.3	379.5	407.6	437.8	470.3
Of which: NGOs	116.2	123.0	129.8	136.8	144.8	153.0	161.3	165.8	170.5
Official transfers	348.2	359.8	371.8	384.1	396.9	410.1	423.7	437.8	452.3
Import support	60.0	50.0	40.0	30.0	20.0	10.0	0.0	0.0	0.0
Project support	288.2	309.8	331.8	354.1	376.9	400.1	423.7	437.8	452.3
Other	-27.6	-32.9	-35.3	-38.0	-40.8	-43.8	-47.1	-50.5	-54.3
Capital account	263.8	269.1	269.7	280.3	286.0	293.4	299.5	291.2	280.8
Official (net)	263.8	269.1	269.7	280.3	286.0	293.4	299.5	291.2	280.8
Disbursements	357.3	365.6	374.0	382.6	391.4	400.4	409.6	419.0	428.6
Import support	45.0	40.0	35.0	30.0	20.0	10.0	0.0	0.0	0.0
Project support	312.3	325.6	339.0	352.6	371.4	390.4	409.6	419.0	428.6
Amortization due	-93.5	-96.4	-104.2	-102.3	-105.3	-106.9	-110.0	-127.8	-147.8
Private capital (net) 1/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	187.0	185.6	180.5	183.3	179.2	174.4	167.6	144.2	115.7
Financing	-187.0	-185.6	-180.5	-183.3	-179.2	-174.4	-167.6	-144.2	-115.7
From monetary authorities	-218.9	-214.2	-204.4	-192.3	-177.2	-172.0	-165.1	-141.3	-111.3
Gross reserve change	-168.8	-169.7	-161.2	-152.0	-145.0	-149.9	-155.0	-141.3	-111.3
IMF (net)	-50.0	-44.5	-43.2	-40.3	-32.2	-22.1	-10.1	0.0	0.0
Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in arrears (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptional financing 2/	31.8	28.7	23.9	9.0	-2.0	-2.3	-2.5	-2.9	-4.3
Toward arrears reduction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current maturities	31.8	28.7	23.9	9.0	-2.0	-2.3	-2.5	-2.9	-4.3
Financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:									
Foreign exchange reserves (in months of imports of goods and nonfactor services)	6.5	6.9	7.2	7.4	7.5	7.5	7.6	7.5	7.4
Current account to GDP ratio									
Including official transfers	-0.9	-0.9	-0.9	-0.9	-0.9	-1.0	-1.0	-1.0	-1.1
Excluding official transfers	-5.0	-4.8	-4.7	-4.5	-4.4	-4.3	-4.2	-4.1	-4.1
Excluding official transfers and FDI 3/	-8.1	-7.9	-7.8	-7.6	-7.5	-7.4	-7.3	-7.2	-7.2
Debt service ratio									
Before rescheduling (including IMF)	19.0	17.3	16.6	15.0	13.6	12.2	10.8	10.6	11.0
After rescheduling (including IMF)	15.9	14.7	14.6	14.3	13.8	12.4	11.0	10.7	11.2
NPV of debt (including IMF)	2,199.5	2,338.2	2,486.7	2,639.7	2,799.7	2,915.7	3,103.2	3,296.2	3,480.2
NPV debt/exports ratio (including IMF)									
Current-year exports	216.7	213.0	209.5	205.7	201.8	194.5	191.5	188.3	184.1
Three-year export average	234.0	229.9	226.1	221.9	217.7	209.7	206.6	203.1	198.5
Coffee price (in U.S. cents per kg)	146.3	149.7	153.1	156.6	160.2	163.9	167.7	171.5	175.5

Sources: Data provided by the Ugandan authorities; and Fund staff estimates.

1/ Includes private short-term capital flows, foreign direct investment, and errors and omissions.

2/ For 1996/97 and beyond, incorporates effects Paris Club stock-of-debt operation and assumes rescheduling with non-Paris Club bilateral and commercial creditors on terms viewed by the authorities as comparable.

3/ The authorities have made preliminary estimates of the foreign direct investment component of private transfers for 1995/96. These estimates are currently being refined based on the recommendations of the recent STA technical assistance mission, and although preliminary, the available information does provide a better basis for projecting the evolution of private transfers.

Table 1 (concluded). Uganda: Long-Term Balance of Payments, 1992/93-2015/16
(In millions of U.S. dollars, unless otherwise indicated)

	2009/10	20010/11	2011/12	2012/13	2013/14	2014/15	2015/16
				Projections			
Current account	-186.3	-210.9	-239.2	-271.2	-307.1	-347.1	-392.2
Trade balance	-1,744.4	-1,865.5	-1,994.9	-2,133.3	-2,281.3	-2,439.5	-2,608.6
Exports, f.o.b.	1,503.8	1,615.3	1,735.1	1,863.8	2,002.0	2,150.4	2,309.9
Coffee	609.0	635.5	663.1	691.9	722.0	753.4	786.1
Noncoffee	894.8	979.8	1,072.0	1,171.8	1,280.0	1,397.0	1,523.8
Imports, c.i.f	3,248.3	3,480.8	3,730.0	3,997.1	4,283.2	4,589.9	4,918.5
Project-related	452.9	465.7	478.9	492.5	506.4	520.8	535.6
Other imports	2,795.3	3,015.1	3,251.1	3,504.6	3,776.8	4,069.1	4,382.9
Nonfactor services	-452.6	-466.5	-480.7	-495.0	-509.5	-524.1	-538.9
Net interest	78.6	80.9	81.2	79.7	76.5	71.3	63.2
Private transfers	1,523.1	1,620.1	1,723.6	1,834.1	1,952.2	2,078.3	2,213.0
Of which: estimated FDI	505.2	542.6	582.9	626.1	672.5	722.4	775.9
Of which: NGOs	175.3	180.3	185.4	190.6	196.0	201.6	207.3
Official transfers	467.4	482.9	498.9	515.5	532.6	550.3	568.6
Import support	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project support	467.4	482.9	498.9	515.5	532.6	550.3	568.6
Other	-58.3	-62.6	-67.3	-72.3	-77.6	-83.4	-89.6
Capital account	269.5	258.9	255.5	251.3	249.8	234.2	222.8
Official (net)	269.5	258.9	255.5	251.3	249.8	234.2	222.8
Disbursements	438.5	448.6	458.9	469.4	480.2	491.3	502.6
Import support	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project support	438.5	448.6	458.9	469.4	480.2	491.3	502.6
Amortization due	-169.0	-189.7	-203.4	-218.1	-230.5	-257.1	-279.8
Private capital (net) 1/	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	83.2	48.0	16.3	-19.9	-57.3	-112.9	-169.4
Financing	-83.2	-48.0	-16.3	19.9	57.3	112.9	169.4
From monetary authorities	-78.3	-41.9	-9.1	27.8	66.1	122.5	181.2
Gross reserve change	-78.3	-41.9	-9.1	27.8	66.1	122.5	181.2
IMF (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in arrears (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptional financing 2/	-4.9	-6.1	-7.2	-7.9	-8.7	-9.6	-11.7
Toward arrears reduction	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current maturities	-4.9	-6.1	-7.2	-7.9	-8.7	-9.6	-11.7
Financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:							
Foreign exchange reserves (in months of imports of goods and nonfactor services)	7.1	6.8	6.3	5.9	5.3	4.7	4.1
Current account to GDP ratio							
Including official transfers	-1.1	-1.2	-1.3	-1.3	-1.4	-1.5	-1.6
Excluding official transfers	-4.0	-4.0	-3.9	-3.9	-3.9	-3.9	-3.8
Excluding official transfers and FDI 3/	-7.1	-7.1	-7.0	-7.0	-7.0	-7.0	-6.9
Debt service ratio							
Before rescheduling (including IMF)	11.3	11.6	11.4	11.2	10.9	11.1	11.1
After rescheduling (including IMF)	11.6	11.8	11.7	11.5	11.2	11.4	11.4
NPV of debt (including IMF)	3,659.0	3,832.6	4,005.7	4,173.2	4,335.4	4,485.7	4,625.1
NPV debt/exports ratio (including IMF)							
Current-year exports	179.3	173.9	168.4	162.5	156.5	150.1	143.4
Three-year export average	193.2	187.4	181.4	175.1	168.6	161.6	154.4
Coffee price (in U.S. cents per kg)	179.5	183.6	187.9	192.2	196.6	201.1	205.8

Sources: Data provided by the Ugandan authorities; and Fund staff estimates.

1/ Includes private short-term capital flows, foreign direct investment, and errors and omissions.
2/ For 1996/97 and beyond, incorporates effects Paris Club stock-of-debt operation and assumes rescheduling with non-Paris Club bilateral and commercial creditors on terms viewed by the authorities as comparable.
3/ The authorities have made preliminary estimates of the foreign direct investment component of private transfers for 1995/96. These estimates are currently being refined based on the recommendations of the recent STA technical assistance mission, and although preliminary, the available information does provide a better basis for projecting the evolution of private transfers.

Table 2. Uganda: Nominal and Net Present Value (NPV) of Debt

(In millions of U.S. dollars, unless otherwise indicated) 1/

	End-June 1996		
	Nominal debt	NPV of debt	Share (in percent)
Multilateral Institutions	2,606	1,289	100.0
ADB	20	21	1.6
ADF	217	84	6.5
BADEA	15	14	1.1
EDB	15	10	0.8
EIB	33	19	1.5
IDA	1,796	760	59.0
IsDB	12	13	1.0
IFAD	56	27	2.1
IMF	423	328	25.4
Nordic Fund	8	4	0.3
OPEC Fund	11	9	0.7
Bilateral Creditors	749	377	100.0
Paris Club	348	247	65.5
Pre-cutoff-date	145	102	27.1
Post-cutoff-date	203	145	38.5
Non-Paris Club	401	130	34.5
Commercial	106	24	100.0
Total	3,461	1,690	100.0

Memorandum items:

	Share in total NPV of debt (in percent)
End-June 1996	
Multilateral institutions	76.3
Bilateral creditors	23.7
End-June 1997 2/	
Multilateral institutions	80.3
Bilateral creditors	19.7
End-June 1998 2/	
Multilateral institutions	81.3
Bilateral creditors	18.7

1/ The NPV of debt assumes the application of Naples terms to all bilateral debt.
2/ Projections.

Table 3. Uganda: Assistance, Net Present Value (NPV) of Debt/Exports Targets and Burden Sharing 1/
(In million of U.S. dollars, unless otherwise indicated)

	NPV of debt/ export target (in percent)	April 1998 completion point			April 1999 completion point 2/		
Total assistance	200		351.8			354.6	
	202		337.6			339.5	
	205		316.2			316.7	
	210		280.6			278.9	
	215		245.1			241.0	
	220		209.5			203.2	
Memorandum items:		Assistance at completion point	Effective Action 3/ 4/ (in percent)	Difference from proportional action 5/	Assistance at completion point	Effective Action 3/ 4/ (in percent)	Difference from proportional action 5/
Multilateral assistance	200	285.4	20.0	3.0	288.2	19.0	0.0
	202	271.2	19.0	0.2	273.1	18.0	-2.8
	205	249.8	17.5	-4.0	250.3	16.5	-7.1
	210	214.2	15.0	-11.1	212.5	14.0	-14.2
	215	178.7	12.5	-18.1	174.6	11.5	-21.3
	220	143.1	10.0	-25.1	136.8	9.0	-28.4
Bilateral assistance	200	66.4	19.0	-3.0	66.4	19.0	0.0
	202	66.4	19.0	-0.2	66.4	19.0	2.8
	205	66.4	19.0	4.0	66.4	19.0	7.1
	210	66.4	19.0	11.1	66.4	19.0	14.2
	215	66.4	19.0	18.1	66.4	19.0	21.3
	220	66.4	19.0	25.1	66.4	19.0	28.4
NPV of debt after Naples terms 6/			1,775.0			1,869.0	
Multilateral			1,425.0			1,519.0	
Bilateral			350.0			350.0	
Exports of goods and services (3 year average)			711.6			757.2	

1/ Assumes Paris Club action to reduce the NPV of eligible debt by 80 percent at the "completion point," includes topping up of debt previously rescheduled on London terms. The incremental NPV reduction implied in the topping up of London to Naples terms is included in the bilateral assistance. Assumes that non-Paris Club bilateral creditors provide debt relief on comparable terms to the Paris Club.

2/ Note that a "completion point" of September 1998 would yield the same assistance as under a "completion point" of April 1999.

3/ Assistance as a percentage of the NPV of debt at the completion point after Naples terms (e.g. 285.4/1425=0.20 for multilaterals at a target of 200 percent and a "completion point" in April 1998). For Paris Club creditors this is based on implementation of the 1995 Naples terms stock-of-debt operation, which did not provide for a "topping up" of debt previously rescheduled on London terms. In this scenario effective action from multilaterals consistent with that provided by bilaterals (i.e., 19 percent) would achieve NPV of debt/exports targets of 202 percent and 200 percent, for the earlier and later completion points, respectively.

4/ Effective action by multilateral institutions, expressed in terms of the NPV of debt at the "decision point," would be equivalent to 1.11 (1425/1289) times the effective action based on the NPV of debt at the "completion point" (i.e., for a target of 202 percent and a "completion point" in April 1998, each multilateral institution would have to reduce its claims by the "completion point" by 21.0 (19.0 x 1.11) percent of the NPV of debt outstanding by the "decision point.")

5/ Proportional action assumes the same effective debt reduction by each creditor. For a target of 200 percent and a completion point in April 1998, for example, each creditor would reduce its claims by 19.8 percent, which is the total assistance required in percent of the total NPV of debt after Naples terms at the completion point (i.e., 351.8/1775); the corresponding percentage is 19 percent for the later completion point.

6/ For Paris Club creditors this is based on implementation of the 1995 Naples terms stock-of-debt operation, which did not provide for a "topping up" of debt previously rescheduled on London terms.

UGANDA'S DEBT SUSTAINABILITY: SENSITIVITY AND VULNERABILITY ANALYSIS[1]

1. The debt sustainability targets under the Initiative are to be set within the ranges of 200-250 percent and 20-25 percent for the NPV of debt/exports ratio and the debt-service ratio, respectively. In deriving Uganda's targets, account has been taken of (i) and individual assessment based on a sensitivity analysis; and (ii) a comparative assessment of vulnerability indicators for Uganda vis-à-vis other HIPCs (referred to here as "reference group").[2] To reduce the bias inherent in comparisons of Uganda with countries that are at different adjustment stages, comparisons are also made, as relevant, with a subgroup representing the countries that have an adjustment track record and have received Paris Club stock-of-debt restructurings on Naples terms (Benin, Bolivia, Guyana, Mali, and Burkina Faso, referred to here as "Group A").

2. In the past, Uganda's coffee exports have experienced both price and volume variability, with prices showing by far the greatest volatility. Over a 25-year period from 1970/71–1995/96, the standard deviation of coffee prices in percent of the average measured 0.48 compared with a standard deviation of coffee volumes in percent of the average of 0.19. This suggests that, given past variabilities and coffee price trends in the baseline, a high degree of probability could be attached to lower coffee prices. The sensitivity analysis shows that if Uganda's international coffee prices were 20 percent lower than in the baseline scenario, this would lead to NPV of debt/exports ratios of 30-40 percentage points higher than in the baseline scenario. The coffee price scenario in the sensitivity analysis is not unrealistic, considering that the differential between the peak and trough of the most recent coffee price cycle exceeded 200 percent of the trough price, and that the baseline scenario. The coffee price scenario in the sensitivity analysis is not unrealistic, considering that the differential between the peak and trough of the most recent coffee price cycle exceeded 200 percent of

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[1]The following represents an abridged version of the sensitivity and vulnerability analyses presented in Uganda's preliminary HIPC document (EBS/97/24 and IDA/SecM97-41). It has been amended to reflect the change in calculating the NPV of debt based on loan-by-loan data.

[2]Ideally, the reference group should comprise countries that are likely to be eligible for assistance under the Initiative. Since eligibility has not been determined for any country, the reference group was selected in line with the eligibility criteria defined above, excluding from the subset of 35 countries for which DSAs have been presented to the Boards the following countries: those that are not IDA-only; those that have not embarked on the first stage of the Initiative (i.e., they currently have neither an IDA- or Fund-supported adjustment program, nor track record of adjustment); those that have never received concessional reschedulings from the Paris Club; and those where NPV of debt/exports ratios--after full application of traditional debt relief mechanisms--are projected to fall below 100 percent by their earliest hypothetical "completion points." Twenty-four countries, including Uganda, are in the reference group.

the trough price, and that the baseline scenario generally assumes constant real coffee prices for most of the projection period.[3]

3. In addition, Uganda's debt indicators and the overall balance of payments position are very sensitive to changes in the baseline assumptions for imports and private transfers; in both cases the NPV of debt/exports ratios are shown to be significantly higher than in the baseline scenario, assuming that the growth and reserve targets in the baseline are to be maintained (see table below). The sensitivity analysis assumes an income elasticity of imports 10 percent higher than in the baseline scenario, i.e., an average of 1.05, which is not unrealistic in comparison with the experience of many developing countries in the takeoff stage, and with the experience of Uganda in certain periods in the past.[4] Of course, if private or official financing were to be unavailable to support import levels consistent with this elasticity assumption, policy-induced adjustment would constrain the levels of both imports and growth. The long-term projections for private transfers are subject to considerable uncertainty. This reflects both the inadequacy of information of the precise nature of private transfers and the fact that such transfers have begun to play a significant role in the economy only in recent years; the past is thus not a reliable guide to the long-term future. While it is probable that their growth will be reasonably strong in the next few years, it is less certain that this will necessarily be the case over the remainder of the 20-year projection period. If private transfers were to remain constant in real terms instead of growing as in the baseline, the resultant debt indicators would be very unfavorable. However, if the required financing in such a scenario is unavailable, the probable adverse impact would be manifested in lower imports and growth.

Uganda: Sensitivity of NPV of Debt/Exports, 1996/97, 2005/06 and 2015/16
Change relative to baseline (percentage points)

	Lower coffee prices[1]	Constant private transfers[2]	Higher imports[3]
1996/97	+28.7	+3.5	+0.3
2005/06	+41.2	+97.6	+20.2
2015/16	+41.9	+202.8	+67.6

[1]Assumes coffee prices are 20 percent lower than in the baseline.
[2]Assumes private transfers are constant in real terms.
[3]Assumes import elasticities are 10 percent higher than in the baseline.

[3]The average deviation of coffee prices in the last nine years (the length of the latest full coffee cycle) from a 25-year trend was 22 percent of the trend price.

[4]In the past four years, real GDP increased by about 8 percent a year on average, while imports increased by about 12 percent a year in real terms.

4. The above-noted assessment of the fragility of Uganda's external accounts, derived on the basis of the sensitivity analysis of the baseline scenario, tends to be confirmed by examining the so-called "vulnerability indicators" (Table1). In terms of all three indicators for the export base, Uganda's situation is extremely unfavorable in relation to the reference group of HIPC countries (Table 1). Uganda's export concentration in a single product in 1994/95 was 66 percent (68 percent in 1995/96), sharply higher than the mean of 34 percent and a median of 36 percent in the reference group.[5] Uganda's situation remains very unfavorable compared with the reference group even when export concentration is measured on the basis of the three main products; this ratio is 72 percent for Uganda, compared with a mean of 51 percent and a median of 47 percent in the reference group.

5. Furthermore, Uganda's variability of exports is substantially above that of the reference group; this variability measure was 35 percent for Uganda,[6] compared with a median of 20 percent for the reference group. This is not surprising, given Uganda's heavier reliance on single primary commodity export that is subject to significant price volatility. The variability of exports in the past provides some indication as to the risk (or probability) that in the future Uganda may face a sudden decline in its export earnings.

6. Uganda's position is more favorable in terms of the fiscal burden of debt compared with the reference group, although less favorable compared with the Group A countries. As a percentage of total expenditures, external debt service was 16 percent for Group A. The ratio of external debt service (including the Fund) to current revenues in Uganda was 29 percent in 1994/95 (26 percent in 1995/96) compared with a median of 41 percent for the reference group and of 18 percent for Group A. This relatively favorable debt burden in relation to revenues arises despite Uganda's relatively low ratio of tax revenues to GDP. Uganda's ratio (10 percent) was below the median for the reference group (13 percent). Although considerable adjustment in this area has taken place in Uganda, it began from a very low base. There is potential for further improvement in Uganda's revenue ratio, as major improvements are made in tax and customs administration. In terms of the fiscal indicators on the primary balance and official grants, Uganda is broadly in line with the average of other HIPCs.

7. Uganda's NPV of public and publicly guaranteed debt, at 33 percent of GDP, compares favorably with the reference group (a median of 88 percent); Uganda has the second lowest NPV debt to GDP ratio among the reference group. However, Uganda's comparative vulnerability tends to arise from its small and fluctuating export base rather than GDP; exports of goods and nonfactor services are relatively small proportion of GDP (12 percent in 1995/96).

8. In terms of the indicators on the underlying resource gap and reserve coverage, Uganda's position is not significantly different from the reference group. Uganda's non-interest current account deficit (7 percent of GDP) is somewhat better than the reference group when measured in terms of the mean of this group (8 percent), though not in terms of the median (7 percent). When the identified FDI component of private transfers is taken into

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[5]Indeed, among the reference group, Uganda's export concentration ratio was exceeded only by Congo.

[6]Defined as the standard deviation in export values over the 10-year period 1986–1995 (or 1985/86–1994/95) in percent of the average.

account, Uganda's current account position is close to the average of the reference group. With respect to gross reserve coverage, Uganda is above the mean and median of the non-CFA Franc countries in the reference group; its position is less favorable compared with Group A countries.

9. In sum, Uganda is clearly much more vulnerable than other countries in the reference group in terms of export concentration and export variability, although its position is more favorable with respect to the fiscal burden of debt and the debt burden relative to GDP. It is broadly in line with others in terms of comparisons of the current account, reserve position, and some of the other indicators on the fiscal base. While Uganda's overall relative position is sensitive to the implicit weights attached to the various vulnerability indicators, Uganda could be considered to face above average vulnerability, when account is taken of differences in the stages of adjustment in the reference group and Uganda's extreme vulnerability in the areas of export concentration and export variability. Overall, a sustainability target for the NPV of debt/exports ratio in the range of 200-220 percent appears appropriate. Given the country's above average vulnerability, the specific debt target that is finally agreed upon (especially for the NPV of debt/exports ratio) needs to be low enough so as to convincingly reduce the risk that Uganda is faced with an unsustainable debt position and that ensures that the HIPC Initiative provides an exit strategy. The NPV of debt/exports ratio is the binding target in this case; nevertheless, an indicative target for the debt-service ratio also needs to be set--a target of 20 percent could be considered. This ratio is projected to fall below 20 percent by the end of the decade even without action under the Initiative.

Table 1. Summary Vulnerability Indicators

Country 1/	Percent share in exports in 1995 of : Main product		Three main products	Variability of exports 2/	Public sector external debt service* payable in 1995 as a percent of: 6/ Government revenue 7/	Government expenditure	NPV of public and publicly guaranteed debt as percent of GDP 4/ 6/	Noninterest current account in precent of GDP 3/ 4/	Reserve coverage (months of imports) in 1995 5/	Fiscal indicators* as a percent of GDP 4/ Tax revenue	Official grants	Primary balance
Uganda	66.4	coffee	72.3	35.2	28.6	15.7	32.8	-7.3	3.4	9.8	5.1	-2.1
Group A												
Benin	35.9	Cotton	37.9	15.0	15.6	10.5	56.6	-6.3	CFA Zone	11.9	5.2	-7.0
Bolivia	12.1	Zinc	31.9	21.2	13.6	11.6	46.3	-6.0	5.7	19.5	1.9	1.9
Mali	46.3	Cotton	75.9	20.4	22.0	12.7	31.8	-13.6	CFA Zone	10.5	7.4	-8.9
Guyana	20.6	Sugar	49.6	17.5	64.8	58.4	347.4	-4.6	4.5	31.6	1.9	-0.5
Burkina Faso	38.7	Cotton	54.7	23.1	17.9	10.3	39.3	-10.3	CFA Zone	10.9	7.6	-10.1
Mean	30.7		50.0	19.4	26.8	20.7	104.3	-8.2	5.1	16.9	4.8	-4.9
Median	35.9		49.6	20.4	17.9	11.6	46.3	-6.3	5.1	11.9	5.2	-7.0
Group B												
Cameroon	27.1	Oil	46.9	11.0	97.0	70.2	106.0	5.0	CFA Zone	9.3	0.2	3.7
Chad	43.7	Cotton	67.7	13.6	30.1	10.3	36.0	-13.5	CFA Zone	7.3	9.9	-2.3
Congo	78.1	Crude oil	87.0	...	120.3	86.5	282.0	-10.4	CFA Zone	24.8	1.1	6.1
Cote dIvoire	30.6	Cocoa	48.7	10.2	45.8	38.2	143.5	4.3	CFA Zone	17.5	0.7	3.1
Ethiopia	36.8	Coffee	46.5	17.9	25.8	17.5	...	-3.8	6.8	11.8	5.4	-5.7
Guinea	37.2	Bauxite	58.2	11.9	26.2	16.3	54.2	-7.0	2.9	7.3	4.0	-5.3
Guinea Bissau	56.3	Cashew	64.0	30.8	145.8	60.6	269.8	-9.4	2.6	6.9	16.3	-11.1
Honduras	22.5	Coffee	46.3	13.3	66.6	55.2	75.2	-2.5	1.8	16.5	0.2	1.4
Madagascar	12.3	Coffee	25.6	20.2	151.6	73.4	114.2	-5.1	1.5	8.2	2.9	-1.1
Mauritania	40.0	Iron ore	...	6.5	11.1	10.7	124.7	-3.3	2.7	17.9	2.1	2.5
Mozambique	15.5	Prawns	21.8	32.6	41.2	19.3	202.0	-25.5	2.5	12.5	11.8	-13.0
Nicaragua	20.1	Coffee	39.8	30.3	157.7	113.8	459.7	-18.7	1.2	20.3	5.8	-6.4
Niger	50.6	Uranium	69.3	19.3	75.9	35.5	52.5	-7.5	CFA Zone	6.6	4.7	-1.4
Senegal	17.8	Fish	32.2	11.7	0.2	17.6	44.7	-4.5	CFA Zone	13.6	3.0	-0.6
Sierra Leone	52.8	Rutile	97.3	18.6	33.2	17.0	71.5	-17.6	3.1	11.0	4.5	-3.8
Tanzania	12.8	Coffee	26.8	32.7	79.0	53.6	138.3	-17.2	2.1	13.1	2.4	-2.9
Togo	19.5	Phosphate	46.0	22.4	20.5	15.8	66.8	-4.4	CFA Zone	13.3	2.6	-4.9
Zambia	48.0	Copper	...	20.0	48.9	31.5	100.7	-9.0	1.6	15.5	4.4	4.2
Mean	34.5		51.5	19.0	66.6	41.3	137.7	-8.3	2.6	13.0	4.6	-2.1
Median	33.7		46.7	18.6	47.3	33.5	106.0	-7.2	2.5	12.8	3.5	-1.8
Both Groups' Mean	33.7		51.1	19.1	57.9	36.8	130.1	-8.3	3.0	13.8	4.6	-2.7
Both Groups' Median	35.9		46.9	19.0	41.2	19.3	87.9	-7.0	2.6	12.5	4.0	-2.3

1/ Excluded from the original group of 41 HIPCs are those for which no debt sustainability analysis has been prepared; that are not IDA-only; that have not embarked yet on the first stage of the initiative; that have never received concessional Paris Club reschedulings; and that have debt burden (with an estimated NPV debt-to-exports ratio of below 100 percent at their earliest hypothetical completion points).
2/ Defined as the standard deviation in export values over the 10-year period 1986-95 (1985/86-1994/95), in percent of the average.
3/ Current account balance excludes interest and net official transfers.
4/ 1995.
5/ Imports of goods and services.
6/ After assumed debt rescheduling/relief, including Paris Club stock-of-debt operation on Naples terms, where applicable.
7/ Excluding grants.
* Note: Central Government. For Lao PDR, Burkina Faso, Madagascar and Vietnam, government refers to general government.