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GUYANA

Decision Point Document for the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative

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In Consultation with the Staff of the Inter-American Development Bank

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I. Introduction

1. In May 1999 the International Monetary Fund (IMF) and the International Development Association (IDA) decided that Guyana had satisfied the conditions for reaching the completion point under the original Heavily Indebted Poor Countries (HIPC) Initiative.[2] Since that decision, the HIPC Initiative has been enhanced. This paper presents Guyana's position with respect to the HIPC Initiative and proposes Board approval of a decision point for additional assistance under the enhanced HIPC Initiative.

2. **Debt relief under the original HIPC Initiative** amounted to US$256 million in net present value (NPV) terms at end-1998, with multilateral creditors supplying 61 percent of the relief and bilateral creditors the remainder. At a meeting of the Paris Club in June 1999, bilateral creditors (including Trinidad and Tobago and Russia) agreed to grant the required relief under Lyons terms (stock of debt operation with an 80 percent NPV reduction on eligible debt).

3. In their **Interim Poverty Reduction Strategy Paper (I-PRSP)**, the authorities built on the updated National Development Strategy, which is a ten-year policy framework for the period 2001–10 prepared with the broad participation of civil society. The I-PRSP also reflects the discussions held between the Government and the domestic private sector at the October 1999 Business Summit. The authorities had initial consultations on the I-PRSP with representatives of external donor agencies both in Guyana and in Washington at the Consultative Group for Caribbean Economic Development (held in June 2000).

4. The authorities are strongly committed to poverty reduction and to continue consultations with civil society and external donor agencies in preparing the full PRSP and implementing poverty reduction programs. The authorities are aiming to complete the full PRSP by mid-2001.

5. This paper is organized as follows: section II presents Guyana's performance under the original HIPC Initiative; section III updates the debt sustainability analysis (DSA) with regard to the enhanced HIPC Initiative; section IV reports on the status of creditor participation under the enhanced HIPC Initiative; section V presents the specific measures that will need to be implemented before Guyana reaches its floating completion point under the enhanced HIPC Initiative; and section VI presents issues for discussion.

II. Performance Under the Original HIPC Initiative

6. Since late-1997, Guyana has been beset with political and economic difficulties. Economic performance was adversely affected by: (i) domestic political disturbances (which

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[2] As set forth in the Final HIPC Document, Report no. P7206 GUA dated December 6, 1997, IMF EBS/97/227.

followed the general elections of December 1997 and continued until mid-July 1998, and a prolonged strike by civil servants in May-June 1999 over wages); (ii) the decline in export prices for Guyana's major export commodities, in particular sugar, rice, gold, and timber since 1998; and (iii) the drought caused by El Niño in 1997–98 and widespread flooding in early 2000. These developments delayed parliamentary approval of the 1998 and 1999 budgets, weakened public finances, slowed the implementation of structural reforms, undermined business confidence, and diminished production. In addition, Guyana faces the uncertainties associated with the general elections, scheduled for January 2001.

7. Since reaching the completion point under the original HIPC in May 1999, discussions for a suitable program for support under the second annual Poverty Reduction and Growth Facility (PRGF) arrangement were prolonged by the need to develop an appropriate macroeconomic policy framework to address the difficulties arising particularly from the large wage increases to civil servants awarded by a binding tribunal ruling at end-August 1999. In the meantime, the authorities took actions to minimize deviations from the 1999 program. Thus, they managed to contain macroeconomic pressures and made progress in implementing social sector policies and other structural reforms. This section reviews macroeconomic developments and progress in the structural and social areas during 1997 through mid-2000.

A. Macroeconomic Developments

8. After rising by 6 percent in 1997, real GDP contracted in 1998 due mainly to El Niño, but rebounded by 3 percent in 1999 due to favorable weather conditions (Table 1). The 12-month increase in consumer prices rose from 4 percent at end-1997 to 4½ percent at end-1998 and accelerated to 8½ percent at end-1999, before falling back to 6½ percent in August 2000. The relatively higher rate of inflation in 1999 reflected to a large extent the nominal depreciation of the Guyanese dollar, wage pressures, rising utility and fuel prices. Flooding in early 2000 also affected the production and prices of fruits and vegetables this year. The authorities pursued a tight monetary policy to contain inflationary pressures, and treasury bill rates increased substantially in 1998–99 and remained high in the first half of 2000. The external current account deficit narrowed reflecting in part lower imports associated with the two-month civil service strike, as well as the strengthening of the public finances (see paragraph 9). However, in the first half of 2000, the current account deficit is estimated to have widened substantially due mainly to a rise in imports associated with oil prices and a sizable increase in direct investment (mostly in gold mines). The external current account deficits were generally covered by official grants and concessional loans and private capital inflows. Gross international reserves of the Bank of Guyana have remained equivalent to around 4 months of imports in the past 2½ years.

9. Following an increase from 3 percent of GDP in 1997 to 5 percent of GDP in 1998, the overall public sector deficit (after grants) narrowed to 1 percent of GDP in 1999, reflecting lower nonwage spending, which more than offset a decline in revenue. In contrast with 1997 and 1998, in 1999 the public sector deficit was more than covered by concessional external loans, thereby allowing a reduction in public sector domestic indebtedness. Social

expenditure exceeded the HIPC targets in 1998 and 1999; however, the wage component of social spending has increased substantially, while capital spending was less than expected (discussed below, Table 4).

B. Structural Reforms

10. **Since 1998, Guyana has made substantial progress in implementing structural reforms (Table 2).** These reforms focused on strengthening: the financial system, the business climate (through privatization and revised regulatory frameworks), tax administration, trade liberalization, the budget process, and initiating civil service reform.

11. **Substantial progress has been achieved in reforming the financial sector.** With technical assistance from the World Bank and the Fund, the Bank of Guyana has strengthened supervision of the financial system and has adopted a legal framework for securities trading. Actions taken include recapitalizing the Bank of Guyana to stem its losses; furthering the use of indirect instruments of monetary policy by lowering commercial banks' legal reserve requirements and removing the limit on treasury bills yields during weekly auctions; and, with financial support from the World Bank, recruiting a team of foreign experts to manage and restructure the troubled state-owned Guyana National Cooperative Bank, which is expected to be brought to the point of sale by mid-2001. These actions have strengthened the health of the financial system; however, efforts are continuing to improve banking supervision and reduce nonperforming loans.

12. **The authorities have restructured and privatized most public enterprises.** Numerous small public enterprises were liquidated in 1998. In addition two large public enterprises (Guyana Airways and the Guyana Electricity Company) and a pharmaceutical company were privatized in 1999.[3] Also, a large retail outlet was privatized in October 2000. The merger of two potential international bidders delayed the planned privatization of the two state-owned bauxite companies, but direct negotiations have begun with interested parties. The authorities plan to privatize all the remaining state-owned enterprises except for three (shipping, sugar, and retail oil companies). The state-owned sugar company (GUYSUCO), which is under private management, has prepared a modernization plan, which is being reviewed by a World Bank-led team for technical feasibility and financial viability.

13. **Administrative bottlenecks have been reduced and the business environment has improved**. Since 1998, a new company law and regulatory frameworks for the electricity, insurance, and sugar sectors have been established. The Deeds Registry was made semi-autonomous and strengthened. The authorities also have prepared new investment and

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[3] The government will initially retain 50 percent of the electricity company's shares. However, as the company's performance improves, both the government and the other shareholder (a Commonwealth Development Corporation joint venture) will offer an additional 10 percent of their shares to the private sector.

procurement legislation that are to be tabled in parliament soon. With IDB and World Bank support, the authorities have begun to accelerate the sale of public land and are preparing legislation on bankable property rights.

14. **Guyana made progress in tax and tariff reforms and in cost recovery for public services.** Tax exemptions for state corporations were abolished. A new Revenue Authority was made operational, which has strengthened tax administration and revenue collection. The final phase of the CARICOM Common External Tariff (CET) was implemented by reducing the maximum import duty rate to 20 percent (with 40 percent for agricultural items). Cost recovery in water and health services was initiated, with temporary and targeted subsidies to the poor. With assistance from the Canadian International Development Association, the authorities also have begun to introduce program budgeting in line ministries to improve budget preparation, execution, and monitoring.

15. **Civil service reform has proceeded slowly**. With IDB and World Bank support, the authorities carried out a private sector remuneration survey that could be used to update the public sector remuneration structure. However, the large wage awards to civil servants in 1998–2000 inhibited the development and implementation of a new efficient wage structure. Nevertheless, the authorities have improved public service rules on human resource management, have completed the restructuring of the ministry of finance, and have started the restructuring of the ministries of education and health. Because of continued opposition from the unions, the government has been slow in reducing the size of the civil service. However, the authorities have offered a voluntary separation package to temporary and unskilled workers. They also have decided to outsource security for public buildings effective October 31, 2000, which would result in the separation of 1,000 guards from the core civil service. The IDB is supporting the authorities in implementing a longer-term public sector modernization program.

C. Social Sector Developments

16. Guyana implemented most of the agreed social sector policies and exceeded the total social sector spending targets set under the original HIPC Initiative, although the composition of spending was somewhat different than intended (Tables 4 and 5). The social targets were mostly based on expenditure levels, as the lack of data prevented reliance on outcome indicators. Social sector spending increased from 8½ percent of GDP in 1997 to 11½ percent of GDP in 1999. However, while current expenditures exceeded the target, capital expenditures turned out to be lower than envisaged under the original HIPC Initiative. The authorities argued that the large increase in the wage component of social spending reflected the need to improve the quality of services by attracting better trained teachers and health workers. Weak implementation capacity and cumbersome procurement procedures also contributed to the underperformance in capital spending.

17. **Program performance was strong in the education sector.** The institutional capacity of the ministry of education was strengthened through a reorganization and

upgrading of human resources. About 500 teachers have been trained each year, in part to offset the emigration of skilled teachers to other Caribbean countries and Africa, particularly to Botswana. Further, the authorities plan to continue to train 500 teachers per year over the medium term. The rehabilitation and construction of schools (particularly primary and secondary schools) have continued. However, the budgeted spending targets for capital expenditure could not be achieved because of procurement bottlenecks.[4] In May 2000 the authorities stated their intention to provide universal access to secondary education within three years and committed themselves to increasing resources for education in the hinterland areas during this period.

18. **Progress has been more limited in the health sector.** During 1998–99, with support from the IDB the authorities increased spending on the health sector, while restructuring the ministry of health and strengthening its implementation capacity through training and the removal of supply bottlenecks. The semi-autonomous Georgetown General Hospital has begun cost recovery from patients who can afford to pay for services on a selective basis. The authorities are planning to merge all health centers, health posts, and district hospitals into autonomous regional health authorities. With assistance from the Pan American Health Organization, the authorities intend to complete by early 2001 a comprehensive plan for the prevention of HIV/AIDS.

19. **In 1999 the authorities prepared a new survey of living conditions** with assistance from UNDP and the U.K. Department for International Development (DFID). The survey results were used as inputs into the I-PRSP. The survey revealed that the head count ratio of the poor decreased from 43 percent of total population (29 percent in extreme poverty) in 1993–94 to 35 percent (21 percent in extreme poverty) in 1999. However, significant pockets of poverty persist in the hinterland. Guyana has been experimenting with the decentralization of public services at the community level through an UNICEF health project and an ongoing IDA education project.

20. **The authorities are stepping up efforts to improve procurement practices to strengthen their implementation capacity.** In December 1998 IDA staff completed a country procurement assessment review, which detailed an action plan to modernize procurement practices. On the basis of that study and with IDB support, the authorities have prepared procurement legislation and have drafted legislation for the restructuring of the Central Tender Board. Both draft laws will be tabled in parliament as part of the planned constitutional reforms, but their passage may take place after the general elections (scheduled for January 2001). In the meantime, a procurement specialist has been appointed in the ministry of education and actions are being taken in other ministries to streamline procurement practices.

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[4] Budgeted social spending targets in 1999 were higher than those set at the original HIPC Initiative completion point.

21. During the past two years, the authorities have made greater use of private contractors and stepped up collaboration with external agencies, particularly in the maintenance of school buildings and health units. A database on the conditions of primary and secondary school buildings and a maintenance schedule are being developed. Further, to improve maintenance and delivery of education and health services in rural areas, the authorities have been deploying more resources through the regional development councils. The ministry of education has recently updated its list of recommended textbooks and is developing basic learning resource packages for primary schools with help from donors. The objective is to provide every child with access to free textbooks. However, the distribution of books and materials in rural areas remains weak.

22. In the I-PRSP the authorities have expressed their intention to move away from spending sub-targets for supplies and maintenance towards monitoring the outcome of social indicators (such as the ratio of trained teachers to pupils, repetition rates, and infant mortality rates). In the context of the full PRSP, the authorities plan to develop over the medium term a comprehensive set of social indicators to improve assessment of the impact of social programs. Until more and timely information on social outcome indicators becomes available, a combination of social policy actions, spending targets and outcomes will be monitored to assess performance.

23. In addition to education, health, and direct poverty alleviation projects, the authorities also consider low-income housing, water, and sanitation as critical for poverty reduction and intend to spend part of the resources from the enhanced HIPC relief in these areas. Guyana continues to face large scale squatting (about 20 percent of Georgetown's population), unfit dwellings, and deterioration in urban neighborhoods. Also, contaminated water causes a large segment of the population to suffer from water-borne diseases. To remedy this, the authorities plan to increase access to low-income housing, and improve and expand the coverage of the sewage network and access to potable water.

24. The preliminary proposal for the use of additional debt relief under the enhanced HIPC Initiative is outlined in the Interim-PRSP. In the medium-term (2000–05) about one-third of the debt relief would be allocated to current spending and two-thirds to capital projects (Table 16).[5] Most current spending would be directed to health and education sectors to increase the provision of supplies, maintenance, and training. The enhanced HIPC resources also would permit further public sector investment in three broad areas: 1) the social sectors (health, education, water and housing); 2) agriculture (including especially drainage and irrigation); and 3) essential infrastructure (including roads, dredging, and rehabilitation of sea walls). The additional debt relief also would support institutional strengthening in the context of the poverty reduction strategy.

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[5] The Interim-PRSP identifies social programs covering 95 percent of the additional resources to be provided under the enhanced HIPC Initiative (Table 16).

III. Debt Sustainability Analysis

25. A **debt sustainability analysis** was prepared by the Fund and IDA staff and the Guyanese authorities, on the basis of loan-by-loan data provided by the authorities and creditors for debt outstanding at end-1998.[6] Nominal debt data were reconciled with creditor statements. The exchange and interest rates used for calculation of debt data are presented in Table 6.

A. Macroeconomic Assumptions

26. Consistent with the I-PRSP, the macroeconomic assumptions underlying the debt sustainability analysis are based on the policies contained in the authorities' PRGF program. The strategy outlined in the program contains prudent macroeconomic policies and structural reforms aimed at reducing poverty and achieving sustainable growth (Tables 1, 3, and 7).[7]

27. In the long run (2000–18), macroeconomic conditions are projected to improve. Annual real GDP growth is projected to average 4½ percent and the 12-month rate of inflation is targeted to decline from 8 percent in December 2000 to 3 percent in the period 2003–18. Economic growth would be supported through increases in private sector investment from 12½ percent of GDP in 2000 to 16½ percent of GDP in 2005 and to an annual average of 19½ percent of GDP toward the end of the projection period. After fluctuating during 2001–05 (due to the lumpy nature of GUYSUCO's modernization investment) public investment would average 11½ percent of GDP in the long term. Domestic investment would be financed in part through projected increases in national saving, including continuous improvements in public sector saving discussed below.

28. Reflecting mainly the profile of capital imports associated with GUYSUCO's modernization plan, the external current account deficit would rise temporarily to a peak of 22½ percent of GDP in 2001 before declining to about 12½ percent of GDP by 2005 (Table 8).[8] In line with the projected expansion of nontraditional exports and the improved

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[6] As in other retroactive cases, end-1998 data was used for Guyana rather than end-1999 data. If end-1999 data had been used, it would have resulted in approximately US$100 million less debt relief in NPV terms. See *Modifications to the Heavily Indebted Poor Countries (HIPC) Initiative*, IDA/SecM99-475, July 26, 1999 and *Chairman's Summing-Up and Staff Opening Statement*, IDA/SecM99-504, August 3, 1999; and EBS/99/138 (7/23/99) and BUFF/99/101 (8/9/99).

[7] The PRGF-supported program excludes the additional resources that would be provided under the enhanced HIPC Initiative.

[8] Under the government's proposed modernization plan, the unit cost of production of sugar is projected to decline sufficiently to enable GUYSUCO to compete in the free market by 2008. The staff projections assume a gradual erosion of the European Union's preferential

(continued...)

fiscal position, and despite a small projected deterioration in the terms of trade, this deficit is projected to narrow further to an average of less than 9 percent of GDP during 2016–18. These deficits would be more than covered by grants, original HIPC relief, and concessional loans, allowing gross international reserves of the Bank of Guyana to remain equivalent to about four months of imports.[9] On this basis, public sector debt (excluding enhanced HIPC relief) would decline from 259½ percent of GDP in 2000 to 210 percent of GDP by 2005, and further to an average of 58 percent of GDP during 2016–18.

29. Monetary policy would continue to be conducted to achieve the inflation and balance of payments objectives in the long run. Interest and exchange rates would reflect market forces. Broad money would grow generally in line with GDP and would allow room for the adequate availability of bank credit to the private sector. The authorities have planned to strengthen banking supervision further and to privatize the government-owned commercial bank.

30. The debt sustainability analysis assumes that the authorities' two-pronged fiscal policy strategy would be maintained in the long run, specifically: no recourse to domestic financing and a steady strengthening of the public sector saving performance. In this context, they have committed to taking fiscal actions to offset any shortfall in expected external financing to prevent domestic borrowing by the public sector. The lumpiness of the GUYSUCO modernization plan would temporarily increase the overall public sector deficits (after grants) in 2001–02 and 2004. The deficit would rise from 6½ percent of GDP in 2000 to a peak of 9½ of GDP in 2001 before shifting to small surpluses beginning in 2005 (the average annual surplus would be 2 percent of GDP during 2016–18). Throughout the 2000–18 period, the public sector would continue to reduce domestic indebtedness.

31. After declining in 2000, public sector saving would recover rapidly initially, but would rise at a slower pace in the long run. Buoyed by improvements in tax administration, central government revenue would remain high (at or over 29 percent of GDP) through 2007, but would decline gradually to 27½ percent of GDP by 2018. At the same time, current surpluses of the national insurance scheme and public enterprises, especially GUYSUCO, would

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market, resulting in a decline of export prices by 3 percent a year beginning 2002. Further, any revision in the GUYSUCO modernization plan as a result of the on-going review by the World Bank is likely to result in a smaller capital outlay than assumed in the projections. The debt sustainability analysis assumes that any external borrowing by GUYSUCO will be on concessional terms.

[9] Concessional lending includes financing for projects contained in the public sector investment plan as well as program lending that has already been approved or is at advanced stages of preparation. All new borrowing is assumed to be on concessional terms, mostly comparable to IDA and IDB terms.

increase. Simultaneously, expenditure pressures would recede as the authorities limit increases in real terms for most noninterest current spending. In particular, wage bill increases would be held in line with projected inflation (with minor exceptions for highly skilled teachers and health workers until 2005). The projected pattern of social sector expenditures outlined in Table 4 reflects the authorities' intention to accelerate poverty alleviation spending during 2000–02. Table 4 includes original HIPC relief but excludes additional social spending associated with the enhanced HIPC Initiative. [10] Projected interest payments, which include the estimated cost of privatization of the government-owned Guyana National Cooperative Bank, would decline in relation to GDP over the projection period as public debt diminishes.

B. Guyana's External Debt Situation After Relief Under the Original HIPC Initiative

32. The NPV of Guyana's **external public and publicly guaranteed debt stood at** US$1,085 million[11] at end-1998. After relief of US$256 million committed under the original framework, Guyana's NPV of debt would fall to US$829 million, equivalent to 415 percent of government revenues[12] and 115½ percent of exports[13] (Table 10). While this enabled Guyana to reach the sustainability target set out at the original decision point for the debt-to-exports ratio (between 97 and 117 percent), it did not bring its debt-to-revenue ratio below 280 percent.[14]

33. After the implementation of the original HIPC relief, the NPV of debt (including new debt) is projected to fall below 250 percent in relation to government revenue only in 2007 (Figure 1 and Table 13). In relation to government revenue, debt service due after the original HIPC Initiative is projected to fall from 34 percent (11 percent of current year exports of goods and services) in 1999 to an average of 13½ percent (6½ percent of exports) in 2009–18. Debt service relief under the original HIPC Initiative was estimated at about

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[10] Based on the estimated amounts of additional enhanced HIPC debt relief, the I-PRSP contains preliminary spending proposals that will be vetted during the preparation of the full PRSP.

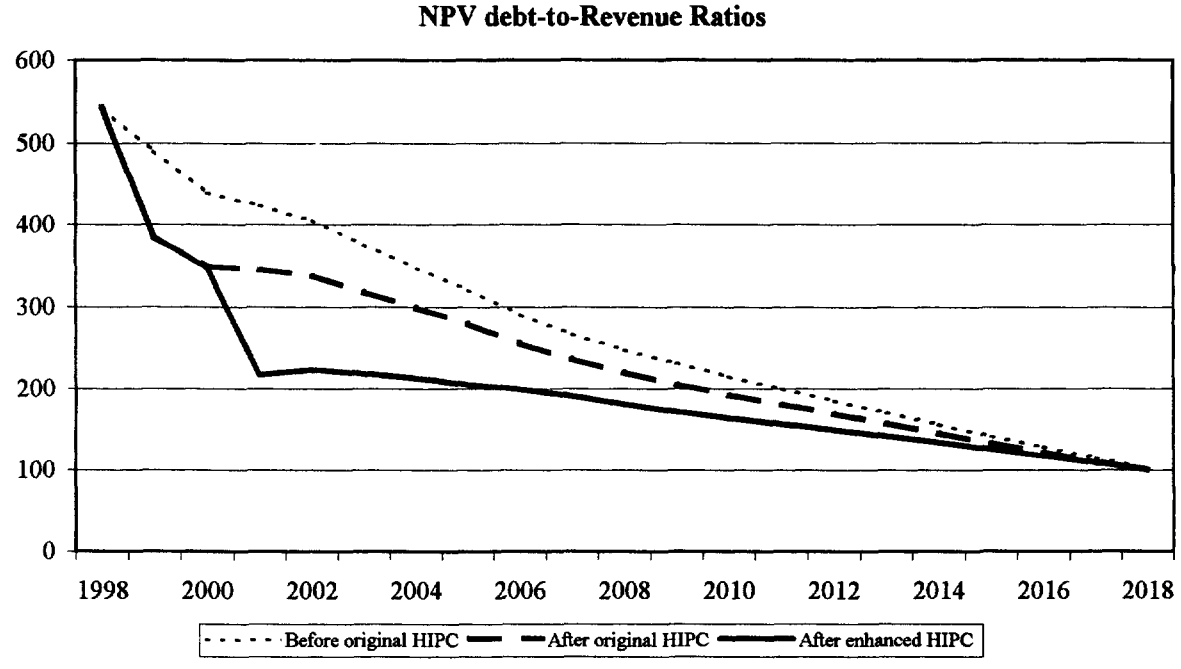
[11] This figure is slightly higher than presented at the completion point under the original HIPC Initiative due to revised data obtained from creditor statements. In addition, it assumes that all non-Paris Club creditors have provided debt relief on Naples terms.

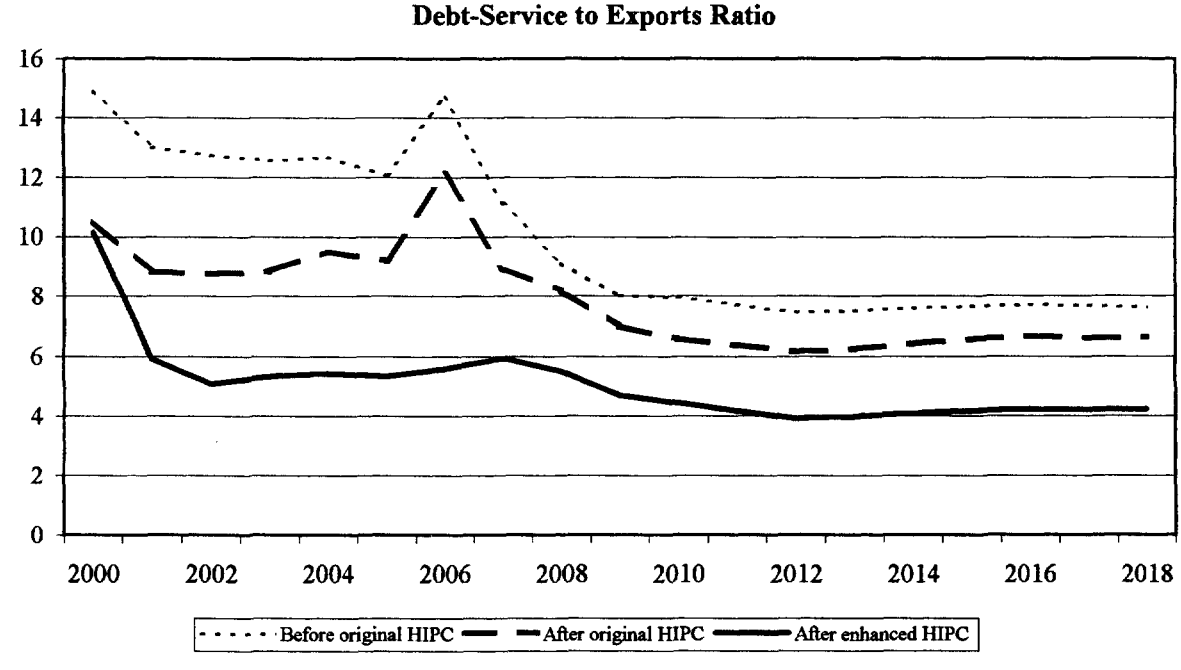
[12] Central government revenues are calculated at end-1998 exchange rates.

[13] Three-year average.

[14] For a description of the fiscal openness criteria under the original HIPC Initiative, see IDA/R9981, May 5, 1999, page 20 and EBS/99/70, page 20.

Figure 1. Guyana: External Debt and Debt Service Indicators





Sources: Guyanese authorities; and Bank/Fund staff estimates and projections.

US$440 million over time in nominal terms (US$256 million in NPV terms), of which multilateral creditors accounted for US$270 million and bilateral creditors US$170 million.

34. In June 1999 **Paris Club creditors** agreed to provide debt relief under the original HIPC Initiative on Lyons terms (80 percent NPV reduction on eligible debt). At end-1998 Guyana's debt to **non-Paris Club bilateral creditors** stood at US$76 million in nominal terms, equivalent to 5½ percent of total debt (around 16 percent of debt to bilateral creditors).[15] The authorities have contacted all these creditors, but have reported limited progress in negotiating debt relief comparable to Lyon terms. **Multilateral creditors** have, for the most part, delivered their share of debt relief under the original Initiative (Box 1).

C. Possible Assistance Under the Enhanced HIPC Initiative

35. Under the fiscal openness criterion of the enhanced HIPC Initiative, Guyana would receive additional debt relief of US$329 million in NPV terms (Table 10) in order to reduce its debt-to-revenue ratio to 250 percent.[16]

36. The cost of providing the additional assistance under the enhanced HIPC Initiative would be shared proportionally among Guyana's creditors based on their exposure after full implementation of both Naples terms and relief under the original HIPC Initiative (Tables 9 and 10). About 61 percent of the enhanced HIPC relief (US$200 million in NPV terms) would be provided by multilateral creditors and the remainder (US$129 million in NPV terms) by bilateral and commercial creditors (Figure 2). Paris Club creditors would provide about 72 percent of bilateral assistance. Among multilateral creditors, in NPV terms, IDA would contribute US$40.7 million, the IMF US$39.5 million, the IDB US$64.3 million, the CARICOM Multilateral Clearing Facility (CMCF) US$28.9 million, the European Community US$10.5 million, the Caribbean Development Bank US$9.7 million, the OPEC Fund US$5.3 million, and the International Fund for Agricultural Development (IFAD) US$1 million (Table 10). The time profile of relief will depend on the modalities of debt relief that each creditor will apply to reach the indicated NPV reduction.

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[15] The major creditors involved are China, Kuwait, Libya, and Venezuela.

[16] To qualify under the fiscal window, a country needs to satisfy two criteria. The exports-to-GDP ratio should be above 30 percent and the fiscal revenue-to-GDP ratio above 15 percent. These ratios are computed at the decision point using averages of the most recent three years of actual data. For Guyana, these ratios were 99 percent and 31 percent, respectively, based on averages for 1997–99 (see also footnote 12).

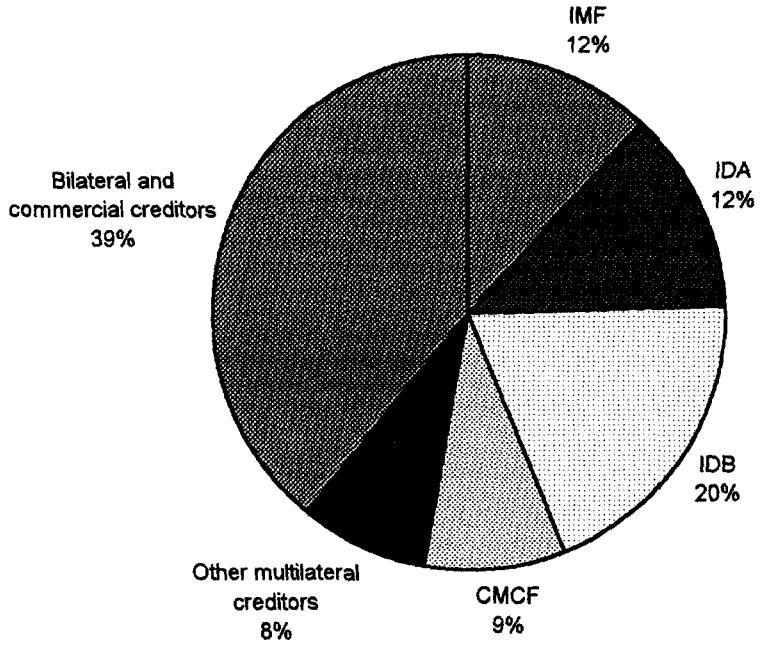
Box 1. Guyana: Delivery of Multilateral Assistance Under the Original HIPC Initiative

	NPV Debt Relief 1/ (US$ millions)	Modalities to Deliver Debt Relief	Implemented
IDB	51.8	Write-offs from the Fund for Special Operations (FSO) and partial payment of interest on selected loans from ordinary capital using intermediate financing facility.	Yes
IDA/IBRD	27.1	Purchase by the HIPC Trust Fund and cancellation of 10 IDA credits with a nominal value of US$54 million.	Yes
IMF	34.4	Provision of grant from PRGF/HIPC Trust Fund to cover debt service due to the Fund.	Yes
CARICOM Multilateral Clearing Facility (CMCF)	29.1	Write-off of CMCF common share.	Yes
OPEC Fund	6.2	Relief has partially been provided through a concessional arrears clearance, with the remainder to be delivered through a restructuring.	Pending. Technical issues under negotiation.
Caribbean Development Bank (CDB)	7.5	Ordinary capital resources and some accumulated net income from other special fund reserves to be used to meet debt service coming due by Guyana on CDB loans.	Yes
EDF/EIB/EU	8.0	Refinancing on grant terms.	Yes
IFAD	0.9	Relief through IFAD-administered facility, covering 100 percent of debt service until NPV reduction is achieved.	Yes

Source: Guyanese authorities, and "HIPC Debt Initiative: The Chairman's Summary of the Multilateral Development Banks Meeting," October 18, 2000 (IDA/SecM2000-594).

1/ Common reduction factor of 25.9 percent applied to multilateral exposure at the original decision point, based on end-1996 data (equivalent to 23.6 percent based on end-1998 data).

Figure 2. Guyana: Structure of Enhanced HIPC Initiative Assistance, NPV terms at end-1998



Sources: Guyanese authorities; and Bank/Fund Staff estimates.

D. Assumptions for the Modalities of Debt Relief Under the Enhanced HIPC Initiative

37. The completion point conditions are set out in Section V. The government estimates that it would take 12–15 months to implement these measures (Table 3), while maintaining satisfactory performance under the PRGF-supported program. For the purpose of illustrative calculations of debt service relief it is assumed that the completion point would be reached at end-2001. Since Guyana currently benefits from a stock of debt reduction on Lyon terms, it is assumed that bilateral creditors would provide relief on Cologne terms starting at the completion point. **Burden sharing among bilateral creditors under the enhanced HIPC Initiative** is projected on the basis of comparability of treatment under Cologne terms, i.e., based on exposure (Table 9).

38. IDA's assistance of US$40.7 million in NPV terms would be provided through 58.6 percent debt service relief on IDA debts disbursed and outstanding as of end-December 1998 (on debts remaining after cancellations under the original HIPC Initiative). IDA relief would start at the decision point but would become irrevocable at the completion point, subject to confirmation of participation by other creditors. The total debt service relief of US$70.6 million from IDA would be provided over 20 years and would average US$2½ million per year (in nominal terms) over 2001–10 and US$4½ million over 2011–20. (see Table 15).

39. Total assistance from the IMF under the enhanced framework would be US$39.5 million in NPV terms (12 percent of total assistance). The delivery of assistance from the Fund will cover on average nine percent of total debt service, and will be delivered over nine years (Table 14). Twenty percent of the Fund's assistance will be deposited into Guyana's account after the decision point has been reached, subject to satisfactory assurances regarding the exceptional assistance to be provided under the enhanced HIPC Initiative by Guyana's other creditors.[17] **A decision on interim assistance will be submitted to the Board once satisfactory assurances are received.** If that is the case, the remaining amount of IMF assistance will be deposited into Guyana's account at the completion point.

40. For other multilateral creditors, it was assumed that debt relief would be delivered over a maximum 20-year period starting at the completion point through debt service relief. The illustrative scenario assumes that no interim relief will be provided by the IDB, although the IDB is considering a financing modality that includes provision of interim assistance.

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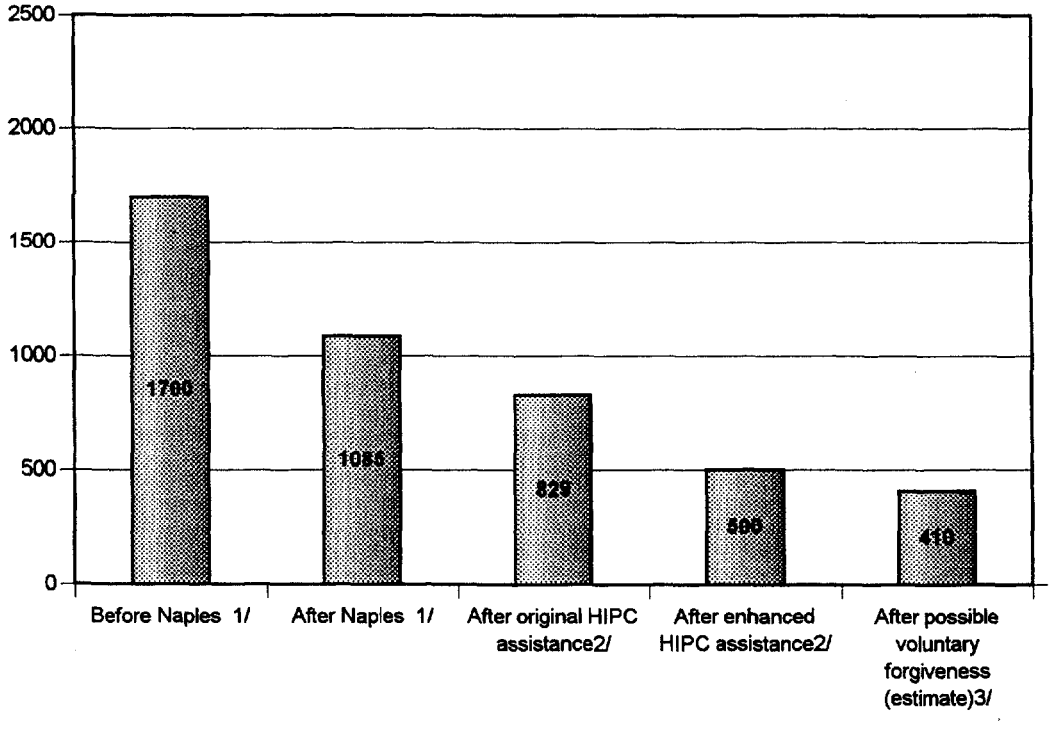
[17] The main creditors that have yet to provide assurances include: IDB (20 percent); and CMCF (9 percent), see Section IV.

E. Impact of Enhanced HIPC Initiative Assistance

41. After debt relief under the enhanced HIPC Initiative, Guyana's external debt at end-1998 would be reduced to US$500 million in NPV terms (Figure 3); this would be equivalent to 250 percent of government revenue (assuming a hypothetical delivery at end-1998). In addition to the US$256 million of debt relief Guyana would receive under the original HIPC Initiative, the additional relief of US$329 million (US$590 million in nominal debt service relief) under the enhanced HIPC Initiative would bring the cumulative assistance under the HIPC Initiative to US$585 million (Table 10) equivalent to US$1,030 million in nominal terms. Thus, Guyana's external debt would be reduced to less than one-half of the NPV of debt outstanding before original HIPC assistance, and less than one third of the NPV of debt that was outstanding before traditional debt relief mechanisms (Figure 3). Several Paris Club

Figure 3. Guyana: Net Present Value of External Public Debt

(In millions of U.S. dollars, at end-1998)



Source: Guyanese authorities; staff estimates.

1/ Before (After) Naples means before (after) a stock of debt operation on Naples terms (67 percent NPV reduction) and hypothetical comparable treatment from non-Paris Club bilateral and commercial creditors.

2/ Assumes delivery at end-1998.

3/ Reflects assistance beyond the enhanced HIPC from certain Paris Club creditors.

creditors have indicated possible debt relief beyond their assistance under the HIPC Initiative. This could amount to an additional US$90 million in NPV terms.

42. After assistance under the enhanced HIPC Initiative, the NPV of debt to revenues ratio would remain below 250 percent throughout the projection period, rising slightly from 216 percent in 2000 to 223 percent in 2002, and declining thereafter (Table 13 and Figure 1).[18]

43. **Guyana's external position remains vulnerable to exogenous shocks** because traditional exports are subject to price volatility and uncertainties in preferential export markets, and oil import prices continue to fluctuate sharply.[19] A worsening of the terms of trade could increase the burden of external debt and debt service for Guyana. A **sensitivity analysis** shows that if Guyana's export prices were to be lower by 5 percent beginning in 2001, relative to the base case, the ratio of NPV of debt to revenue would rise slightly. However, this ratio would remain under the sustainability criterion of 250 percent during 2001–18 (222 percent in 2001 versus 216 percent in the base case and would average 144 percent during 2009–18 versus 137.5 percent in the base case).[20] The debt to export ratio also would rise slightly, averaging 72 percent during 2009–18 rather than 63 percent in the base case.

IV. Status of Creditor Participation Under the Enhanced HIPC Initiative

44. At this stage, specific assurances have been obtained from creditors representing about 60 percent of the debt. Creditors that have provided assurances include IDA, IMF, EU, CDB, OPEC Fund, IFAD, and the Paris Club. The Fund and IDA are in **consultation with Guyana's multilateral creditors** regarding actions these creditors would take for Guyana under the enhanced HIPC Initiative.

45. **Among multilateral creditors,** Guyana's largest creditor is the IDB, accounting for about 20 percent of the country's public and publicly-guaranteed external debt in NPV terms at end-1998, and 32 percent of its debt to multilateral creditors (Table 9). In March 2000 the Board of Governors of the IDB endorsed its participation in the enhanced HIPC Initiative. In that context, the report of the Working Group of the Committee of the Board of Governors of the IDB[21] has provided recommendations on the actions and financial modality required to

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[18] The temporary increase in the NPV of debt-to-revenue ratio in 2002 would reflect the assumed concessional borrowing for the modernization of the state-owned sugar company.

[19] Over 70 percent of merchandise export earnings are accounted for by sugar (25 percent), gold (22 percent), bauxite (14 percent) and rice (10 percent). Fuel and lubricants represent about 20 percent of merchandise imports by value.

[20] In 2002 the ratio would be 228.5 percent versus 223 in the base care.

[21] Document CA-420, June 30, 2000.

ensure full funding of the IDB participation in the enhanced HIPC Initiative, including possible provision of interim relief. The recommendations are based and conditional upon contributions from the IDB's member countries, and subject to approval of the Governors.

46. On July 13, 2000, the Board of the CDB approved CDB's participation under the enhanced HIPC Initiative for Guyana, and came to an understanding on financing. The CDB would contribute US$5.5 million in NPV terms out of accumulated net income of the Special Development Fund and donors represented on the Board of the CDB would provide the remainder of the assistance.

47. Relief from the CMCF would account for about 9 percent of total assistance. The technical working group of the CMCF is currently exploring possible modalities of delivery of the CMCF's share of enhanced HIPC Initiative assistance. Among the options being explored are various rescheduling scenarios, with extended maturity periods and lowered interest rates. The CMCF Board is expected to make a decision on participation in the enhanced HIPC Initiative in early November 2000.

48. Guyana's other multilateral creditors, including IFAD, the OPEC Fund, and the EU have committed to participating in the enhanced framework and are expected to develop specific debt relief proposals once Guyana's decision point has been discussed by the Boards of IDA and the IMF.

49. Among bilateral creditors, the Paris Club including Trinidad and Tobago, indicated in June 1999 at the conclusion of the Lyon terms stock of debt negotiations its readiness to reduce further Guyana's debt in the framework for the future enhancement of the HIPC Initiative. As to the commercial creditors, the second phase of the Guyana debt reduction operation, supported by IDA, was completed in August 1999. A total amount of US$34.4 million of principal, equivalent to 62 percent of the total eligible commercial debt, was forgiven at a price of US$0.09 for each dollar of principal.[22]

V. Conditions for a Floating Completion Point

50. Based on the program to be supported by the second annual arrangement under the PRGF, the staff and management of the Bank and the Fund believe that Guyana has fulfilled the requirements for reaching the decision point under the enhanced HIPC Initiative. They recommend approval of this decision point based on the deliberations of the IDA and Fund Boards. The assistance under the enhanced HIPC Initiative is predicated on the implementation of the agreed macroeconomic policies and structural reforms for the program to be

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[22] All commercial debt under this operation consisted of arrears to commercial creditors originating from the Exchange Payments Deposit Scheme, which the government did not include in the first phase of the debt reduction program.

supported by the second annual PRGF arrangement. The staff of the Fund and the IDA will monitor this program.

51. The conditions for reaching the **floating completion point** are set out in Box 2. The completion point also will require that adequate financing assurances from Guyana's external creditors have been secured. It would be particularly important that, as part of the full PRSP, Guyana defines a comprehensive set of indicators to monitor progress in poverty reduction. Also, for Guyana to reach the completion point, the overall approach for economic development and poverty reduction developed in the PRSP would need to be determined by the Executive Directors as appropriate to warrant IDA and Fund assistance. The authorities believe that Guyana could complete a full PRSP by mid-2001, while several other structural measures would likely be implemented in late 2001 (see Table 3).

52. Monitoring of completion point conditions will be undertaken jointly by Fund, World Bank and IDB staff, with specific responsibilities assigned to each institution. IMF staff will take the lead in ensuring that the macroeconomic program is implemented as agreed; World Bank staff will lead in monitoring implementation of structural reforms; and IDB staff will monitor the development of a plan to carry out the population census and the implementation of the third Social Impact Amelioration Programme (SIMAP III). Finally, the World Bank and IMF, in collaboration with the IDB, will monitor jointly progress with the preparation of the full PRSP and its implementation.

VI. Issues for Discussion

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

54. **Eligibility and decision point.** The staff and management believe that Guyana is eligible and qualifies for relief under the enhanced HIPC Initiative and recommend approval of a decision point, based on the consideration of the Fund and IDA Executive Boards and the agreement with the authorities on a program to be supported by the second annual arrangement under the PRGF. Do Executive Directors agree that Guyana has met the conditions for reaching its decision point under the enhanced HIPC Initiative?

55. **Amount and delivery of assistance.** Consistent with a reduction in Guyana's NPV of debt to revenue ratio, total assistance under the enhanced HIPC Initiative is estimated to be US$329 million in NPV terms. Of this amount, US$40.7 million is to be provided by the IDA and US$39.5 million by the IMF. Do Directors agree that Guyana should receive these amounts to help reduce the NPV of end-1998 debt to revenue ratio to 250 percent? A decision on Fund interim assistance will be submitted to the IMF Board once satisfactory assurances are received. Do Directors agree with this strategy?

56. **Floating completion point.** The staff and management recommend that a floating completion point be reached after the conditions (as described in Box 2) have been met.

Box 2. Guyana: Key Reforms and Objectives to be Achieved before the Completion Point

(An implementation timetable is detailed in Table 3)

1. Poverty Reduction Strategy Paper

- Complete a broad-based fully participatory PRSP.

2. Macroeconomic Stability

- Maintain stable macroeconomic conditions as evidenced by satisfactory performance under the PRGF-supported program.

3. Governance

- Achieve satisfactory progress in the reform of the public procurement system, including the tabling of new procurement legislation in parliament.
- Improve the coordination of capital and recurrent budgets with the objective of fully incorporating recurrent costs of the capital program in the national budget.
- Continue to track the planned spending of the HIPC resources in the budget.

4. Social Sectors and Structural Reforms

- Achieve satisfactory progress in increasing the number of teachers and health care workers, as identified in the I-PRSP matrix.
- Develop a plan for the 2002 population census which will serve as input in updating the poverty map.
- Achieve satisfactory progress in civil service reform as set out in Table 3, part C.
- Implement an agreed revised investment and restructuring plan of GUYSUCO on the basis of the results of the economic viability study undertaken with IDA support, and in keeping with Guyana's commitments under the PRGF.
- Bring GNCB to the point of sale and open it to bidding.
- Satisfactory progress in strengthening the framework for private investment, including tabling the Investment Law in parliament.
- Begin implementation of SIMAP III (as verified by signing of SIMAP III agreement with IDB) with strengthened Amerindian component.

57. **Creditor participation**. Some **multilateral creditors** may require financial support in order to deliver their share of assistance to Guyana under the enhanced HIPC Initiative. Among **bilateral creditors**, some have yet to agree to provide debt relief to Guyana proportional to other creditors under the HIPC Initiative. Do Directors agree that the staff of the Fund and IDA continue to work with multilateral creditors toward securing their participation? Also, do Directors agree that the staff should pursue discussions with bilateral creditors to get their full participation under the Initiative?

Table 1. Guyana: Selected Economic and Financial Indicators 1/

				Program					
	1997	1998	1999	2000	2001	2002	2003	2004	2005
	(Percentage change)								
Production and prices									
Real GDP (factor cost)	6.2	-1.7	3.0	2.5	4.2	3.3	5.3	4.0	4.4
Nominal GDP (market prices)	7.7	1.2	11.7	8.8	8.9	5.9	7.3	6.2	6.5
GDP deflator (factor cost)	2.7	2.6	9.6	6.8	5.1	3.1	2.2	2.4	2.3
Consumer prices (average)	3.6	4.6	7.5	6.6	7.3	5.0	3.0	3.0	3.0
Consumer prices (end of period)	4.2	4.7	8.7	8.0	6.0	4.0	3.0	3.0	3.0
Real GDP per capita	5.5	-1.5	1.9	1.4	3.1	2.2	4.2	3.0	3.3
	(In percent of GDP)								
National accounts									
Investment	30.3	28.8	24.5	28.7	33.6	34.8	29.3	33.4	29.9
Private sector	12.3	13.4	12.6	12.5	13.9	14.8	15.1	15.4	16.7
Public sector	18.1	15.4	11.8	16.2	19.7	20.0	14.2	18.0	13.2
National saving	16.2	15.0	13.4	10.0	11.0	12.7	15.2	16.6	17.5
Private sector	6.8	6.0	7.0	7.6	7.7	8.0	8.2	8.4	8.4
Public sector	9.4	9.0	6.4	2.4	3.4	4.7	7.0	8.1	9.1
External current account balance (excluding transfers)	-14.2	-13.7	-11.0	-18.6	-22.6	-22.1	-14.0	-16.9	-12.5
Public sector									
Revenue	36.4	35.5	33.7	34.9	34.8	34.6	35.8	36.0	36.1
Expenditure	45.1	41.9	39.1	48.7	51.1	49.9	42.9	46.0	40.3
Current	27.0	26.5	27.3	32.5	31.4	30.0	28.8	27.9	27.0
Capital	18.1	15.4	11.8	16.2	19.7	20.0	14.2	18.0	13.2
Saving	9.4	9.0	6.4	2.4	3.4	4.7	7.0	8.1	9.1
Overall balance (before grants) 2/	-8.7	-6.4	-5.4	-13.8	-16.3	-15.3	-7.2	-10.0	-4.2
Grants (including original HIPC relief)	5.7	1.6	4.4	7.5	6.8	6.7	5.9	5.3	5.1
Overall balance (after grants) 2/	-3.0	-4.8	-1.0	-6.3	-9.5	-8.6	-1.3	-4.6	0.9
Net external financing	0.4	2.2	5.1	7.7	10.3	9.7	3.9	5.6	2.4
Net domestic financing	2.6	2.6	-4.0	-1.4	-0.8	-1.1	-2.6	-1.0	-3.3
	(Percentage change relative to broad money at the beginning of the year)								
Money and credit (end of period)									
Domestic credit of the banking system	18.3	15.6	-3.7	3.1	5.2	4.2	3.5	4.1	2.8
Public sector (net)	3.4	4.8	-9.5	-1.7	-0.6	-1.4	-3.6	-1.2	-4.5
Private sector	14.9	10.8	5.8	4.9	5.8	5.6	7.1	5.3	7.3
Broad money	11.7	6.8	12.1	8.2	10.9	8.1	9.3	8.2	8.5
Interest rates (end of period)									
Treasury bills (91 days)	8.2	8.8	11.1	...	...	...	...	...	...
Commercial lending rate	18.3	18.3	18.1	...	...	...	...	...	...
Small savings rate	7.4	7.1	8.1	...	...	...	...	...	...
	(In millions of U.S. dollars, unless otherwise indicated; end of period)								
External sector									
Overall balance of payments	4.3	-17.4	-2.2	7.1	-16.8	-10.3	11.4	8.7	14.1
Gross official reserves	315	276	267	275	283	289	299	304	317
Months of imports 3/	4.7	4.3	4.4	3.9	3.7	3.7	3.9	3.7	3.9
	(In percent; unless otherwise indicated)								
Real effective exchange rate 4/	8.7	-12.5	2.0	...	...	...	...	...	...
Memorandum items:									
Nominal GDP (G$ billions)	106.7	108.0	120.7	131.3	142.9	151.4	162.4	172.6	183.8
Guyana dollar/U.S. dollar 5/	142.4	150.5	177.6	...	...	...	...	...	...

Sources: Data provided by the Guyanese authorities; and staff estimates and projections.

1/ The program for 2000-05 include the GUYSUCO modernization investment plan and privatization of the GNCB.
2/ Includes severance payments of 0.3 percent of GDP in 2000 and 0.3 percent of GDP in 2001.
3/ Imports of goods and nonfactor services.
4/ Twelve-month rate of change, depreciation (-).
5/ Period average.

Table 2. Guyana: Structural Reform Agenda for 1999

(Status as at September 30, 2000)

Policy Measures	Target Dates	Status
Financial reforms		
A. GNCB		
Install new international management team for GNCB with terms of reference to:	February 1999	Done
a. Complete report on restructuring plan, indicating steps it will take to improve GNCB's finances, particularly through strengthened credit procedures, and increased collections of arrears 1/	May 1999	Done June
b. Shift GNCB from under the Cooperatives Financial Act to be subject to Companies Act	June 1999	Delayed due to eventual privatization
c. Complete report on GNCB's future by December 1999. The report will cover various options, including maintaining state ownership, privatizing, liquidation. Decisions by the government to be taken within two months after receipt of the report	December 1999	Done
B. Central bank operations		
Publish the procedures for conducting treasury bill auctions	March 1999	Done
Implement sanctions under FIA against licensed financial institutions not in compliance with the required minimum paid-up capital regulations 1/	June 1999	Done
Reduce commercial banks' reserve requirement from an average of 15 percent to 12 percent 1/	February 1999	Done
Remove bands on treasury bill yields during weekly auctions	January 1999	Done
Business environment		
Reduce the maximum import duty from 25 percent to 20 percent Appoint Commissioner of Insurance Appoint Securities Council Pass legislation making the Deeds Registry an autonomous agency Table legislation on bankable property rights	April 30, 1999 December 1999 December 1999 February 1999 December 1999	Done Candidates shortlisted TA expected from DFID Done Consultants to report
Public sector reform		
A. Public enterprises 2/		
Reach agreement with GUYSUCO management on semiannual benchmarks for reducing GUYSUCO's unit cost of production 1/	In April 1999 the GUYSUCO management (Booker-Tate) agreed to introduce benchmarks by end-1999	To be revised in the context of the modernization plan.

Table 2. Guyana: Structural Reform Agenda for 1999

(Status as at September 30, 2000)

Policy Measures	Target Dates	Status
Privatization of Guyana Electricity Company	October 1999	Done
B. Civil service reforms		
Maintain the present attrition policy	Continuous	Civil service wage awards in 1999 and 2000 have shifted the emphasis and timing of civil service reform
Develop remuneration structure for key positions in the civil service 1/		
Begin to downsize the civil service	December 1999	
Begin to implement the new remuneration structure 1/	December 1999	
Commit to a comprehensive civil service reform (including streamlining the civil service, restructuring of ministries and departments, and upgrading of personnel and information systems)	December 1999	
C. Public finance		
Make Revenue Authority fully operational	End-May 1999	Done; January 2000 delay caused by court injunction.
Complete a tax reform study	December 1999	Done. FAD report sent March 2000.
Complete the actuarial review of the National Insurance Scheme	September 1999	Done
Begin to implement recommendations of actuarial review	December 1999	Done as part of 2000 budget
D. Government procurement		
Table new procurement legislation	June 1999	Timing linked to constitutional reforms
Establish a new procurement supervisory body and begin procurement under streamlined procedures	December 1999	To follow tabling of procurement legislation

Sources: Guyanese authorities; the World Bank; the IDB; and the IMF staff.

1/ Structural benchmark for 1998/99 ESAF-supported program.

2/ All major public enterprises have been privatized except for GUYSUCO, Guyoil, Guyana National Shipping, the GNCB, and two bauxite companies (that were expected to be privatized during 1999 in the original program). Five other smaller public entities (including the post office and the statutory rice development board) are not scheduled to be divested.

Table 3. Guyana: Proposed Structural Reform Agenda for 2000-01

Policy Measures	Target Dates
Financial reforms	
A. GNCB privatization	
a. Determine a range of market values for GNCB, and identify the preferred options for financing any measured equity gap	End-November 2000
b. Obtain legal confirmation of the procedures to cover any net equity gap of the bank. 1/	End-December 2000
c. Finalize drafts of the bidding documents and investor contracts to be used for advertisement and invitation to bid for bank ownership. 1/	End-April 2001
d. Complete advertisement for sale of the bank and invitation to bid 2/	End-May 2001
e. Shift GNCB from under the Cooperatives Financial Act to be subject to Companies Act	As soon as GNCB has been privatized
Business environment	
Complete timetable for publication of the Investment Law	October 2000
Publish the Investment Law 1/	End-December 2000
Public sector reform	
B. Public enterprises	
Agree to a revised modernization plan taking into account recommendations of the World Bank study on the economic viability of the GUYSUCO modernization plan. 2/	November 2000
Readvertise the two bauxite companies and bring to point of sale (possibly through direct contracting) 1/	March 2001
C. Civil service reforms	
Separate from core civil service 1,000 security guards	October 2000
Complete the computerization of the public service payroll and pensions	December 2000
Separate from core 1,000 temporary and unqualified civil servants 2/	End-May 2001
Complete staff audits, job descriptions, and a performance appraisal system to fufill the technical assistance component of a comprehensive public sector modernization programme	September 2001

Table 3. Guyana: Proposed Structural Reform Agenda for 2000-01

Policy Measures	Target Dates
D. Public finance	
Convene a public seminar involving experts and practitioners to discuss tax reform including possible introduction of the VAT in Guyana	November 2000
Shift to an automatically adjusted market-based custom valuation exchange rate.	October 2000 (done)
E. Government procurement	
Table new procurement legislation	June 2001
Establish a new procurement supervisory body and begin procurement under streamlined procedures	September 2001

Sources: Guyanese authorities; the World Bank; the IDB; and the IMF staff.

1/ Structural benchmarks for the 2000/01 PRGF-supported program.
2/ Structural performance criteria for the 2000/01 PRGF-supported program.

Table 4. Guyana: Central Government Social Spending by Sector

	1997 Actual	1998 HIPC Targets 1/	1998 Actual	1999 HIPC Targets 1/	1999 Actual	2000 HIPC Targets 1/	2000 Proj.2/	2001 HIPC Targets 1/	2001 Proj.2/	2002 HIPC Targets 1/	2002 Proj.2/	2003 HIPC Targets 1/	2003 Proj.2/	2004 Proj.2/	2005 Proj.2/
						(In percent of GDP)									
Social sector spending	**8.4**	**9.0**	**9.5**	**10.7**	**11.3**	**11.1**	**14.1**	**11.5**	**14.4**	**11.9**	**15.0**	**12.3**	**14.1**	**13.0**	**12.6**
Current	5.1	6.1	6.9	7.4	8.9	7.7	11.0	7.7	11.0	7.7	11.1	7.9	10.8	10.6	10.4
Personal emoluments	4.1	3.6	3.9	4.3	5.5	4.3	7.2	4.3	7.3	4.2	7.4	4.2	7.2	7.1	7.0
Education	2.6	2.7	2.8	3.0	3.6	3.1	5.1	3.1	5.1	3.0	5.2	3.0	5.1	5.0	5.0
Health	1.6	0.9	1.0	1.2	2.0	1.2	2.1	1.2	2.1	1.2	2.2	1.2	2.1	2.1	2.1
Other	0.9	2.4	3.0	3.1	3.3	3.4	3.8	3.4	3.7	3.5	3.7	3.7	3.6	3.5	3.3
Education	0.2	0.6	1.4	1.4	1.5	1.5	1.6	1.5	1.6	1.5	1.6	1.6	1.5	1.5	1.4
Health	0.8	1.9	1.6	1.7	1.8	1.9	2.2	1.9	2.1	2.0	2.1	2.1	2.0	2.0	1.9
Capital	3.3	2.9	2.6	3.3	2.4	3.4	3.1	3.8	3.4	4.2	3.9	4.4	3.3	2.4	2.2
Education	1.2	1.6	1.3	1.3	1.1	1.4	1.8	1.5	2.0	1.6	2.4	1.7	1.9	1.4	1.3
Health	0.4	0.4	0.1	0.6	0.3	0.6	0.2	0.7	0.4	0.8	0.6	0.9	0.5	0.2	0.2
Poverty alleviation 3/	1.8	0.9	1.1	1.4	1.1	1.4	1.1	1.6	1.0	1.8	1.0	1.8	0.9	0.8	0.8
						(In percent of GDP)									
Memorandum items:															
Total social spending 4/	**9.9**	**9.0**	**11.1**	**11.7**	**12.8**	**12.1**	**16.6**	**12.5**	**16.8**	**12.9**	**16.9**	**13.3**	**15.9**	**14.7**	**14.2**
Of which															
Housing and water	1.5	...	1.6	...	1.5	...	2.2	...	2.1	...	2.0	...	1.8	1.8	1.7
Current	0.7	...	0.4	...	0.6	...	0.5	...	0.5	...	0.5	...	0.5	0.5	0.4
Personal emoluments	0.0	...	0.0	...	0.0	...	0.0	...	0.0	...	0.0	...	0.0	0.0	0.0
Other	0.7	...	0.4	...	0.6	...	0.5	...	0.5	...	0.5	...	0.5	0.4	0.4
Capital	0.8	...	1.2	...	0.9	...	1.7	...	1.6	...	1.5	...	1.4	1.3	1.2
Civil service reform (current)	0.0	...	0.0	1.0	0.0	1.0	0.3	1.0	0.3	1.0	0.0	1.0	0.0	0.0	0.0
Debt service	**12.8**	**...**	**11.6**	**...**	**8.1**	**...**	**8.6**	**...**	**8.6**	**...**	**7.8**	**...**	**7.8**	**7.4**	**7.0**
						(As a percent of total social spending, unless indicated otherwise) 2/									
Personal emoluments	41.8	40.5	35.1	36.8	43.2	35.7	43.4	34.5	43.2	32.7	43.5	31.7	45.2	48.5	49.3
Education	30.5	30.1	30.0	28.5	31.7	27.9	36.1	27.0	35.6	25.5	34.7	24.7	36.1	38.9	39.4
Health	31.0	15.4	15.1	16.8	22.0	15.6	19.2	15.5	19.3	15.2	19.5	14.8	19.6	19.7	19.9
Housing and water	0.0	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.1	0.1
Nominal GDP at market prices (In millions of Guyana dollars)	106.7	112.7	108.0	115.0	120.7	122.8	131.3	129.6	142.9	137.1	151.4	145.6	162.4	172.6	183.8

Sources: Guyana authorities; and staff estimates.

1/ HIPC targets as outlined in EBS/99/70, and in EBS/97/227 and IDA/Sec97-401 (August 13, 1997) and IDA/R99-81 (May 5, 1999) for 1998. Excludes housing, water, and severance payments for civil service reform.

2/ Projections exclude possible spending financed from additional debt relief under the enhanced HIPC Initiative.

3/ Social Impact Amelioration Programme and Basic Needs Trust Fund; all capital expenditure.

4/ Includes housing, water, and severance payments for civil service reform (including estimates for HIPC targets).

Table 5. Guyana: Programmed Actions in the Social Sector Under the Original HIPC Initiative, 1998-2000

Policy Action	Verifiable Indicators	Quantitative Targets	Status	Observations
A. Education				
Implement restructure/reorganization of ministry of education and upgrade human resources	(i) Plan completion in collaboration with the Public Service Management by June 1998; (ii) Plan approved by Cabinet by September, 1998; (iii) Implementation begins October, 1998 and is completed by December, 1998		Completed	The government is streamlining procurement procedures, contracting out more services, and collaborating with external agencies in strengthening implementation capacity.
Develop and implement training plan for ministry of education personnel	(i) Plan completion by October, 1998; (ii) Allocate resources in FY99 budget		Completed	Training budget increased to meet these costs
Review sector needs and prepare action plan.	(i) Completion date for action plan June 1998		Completed	
Increase budgetary allocation on education	(i) Total expenditure (current and capital) to reach 4.9% of GDP by October 1998	5.6% at end 1998; 6.1% at end December 1999	Completed	8.2% of GDP allocated in Budget of 2000
Increase proportion of budget spent on the supply of educational materials	(i) Expenditure on educational materials to reach 7% of current education spending in 1998	4.5% as of December 1998; 4.2% at end December 1999	In progress	4.0% of educational spending budget for teaching supplies in 2000
Increase proportion of budget spent on school maintenance	(i) Expenditure on school maintenance to reach 10% of current education spending in 1998	3.3% as of December 1998; 4.1% at end 1999	In progress	4.1% of educational spending budgeted for maintenance in 2000
Increase number of trained nursery, primary, and secondary school teachers	(i) Train 375 teachers by October 1998	505 teachers trained as of December 1998; 500 teachers trained by December 1999	Completed	Another 500 teachers graduated in 2000
Improve management Information systems and Educational Statistics	(i) Plan completion date: September 1998; (ii) Implementation begins October 1998		Completed	
Enhance technical skills of youth	(i) Completion date for plan: March 1998 (ii) Begin training 1,000 youth by October 1998 and complete by December 1998	Over 1,000 youths trained by December 1998	Completed	Another 700 youths are being trained under the SIMAP project

Table 5. Guyana: Programmed Actions in the Social Sector Under the Original HIPC Initiative, 1998-2000

Policy Action	Verifiable Indicators	Quantitative Targets	Status	Observations
B. Health				
Implement restructure/reorganization of ministry of health	Signing of a contract with a consultant firm will be evidence of implementation of the plan. Meanwhile several elements of the plan are being implemented by the Ministry of Health		Completed	Greater autonomy given to General Hospital; several health centers have been merged/restructured. Decentralization of rural health centers ongoing.
Develop and implement training plan for ministry of health personnel	(i) Plan completion by October 1998; (ii) Allocate resources in 1999 Budget		Completed.	Training budget increased in 1999 and 2000
Increase budgetary allocation on health	Total Expenditure (current and capital) to reach 3.2% of GDP by October 1998	3.2% as of December 1998; 4.1% of GDP at end 1999	In progress	4.3% of GDP allocated in 2000 Budget
Increase proportion of budget spent on the supply on drugs and materials	Expenditure on drugs, materials, and supplies to reach 27.3% of current health spending in 1998	26.1% as of December 1998; 15.8% of sector spending at end 1999	In progress	21.7% of Sector spending allocated in 2000 Budget
Increase proportion of budget spent on hospital maintenance	Expenditure on hospital maintenance to reach 10% of current health spending in 1998	6.4% as of December 1998; 7.0% at end 1999	In progress	7.0% of Sector spending allocated in 2000 Budget
Increase spending on primary and preventive services to increase health impact, improve access to basic services, and increase targeting to the poor	80% of the increase in expenditures will be devoted to high priority preventive services and primary care, especially at health centers, clinics, aide posts.		In progress	
Evaluate the role of selective user/charges and public private collaboration to improve targeting of public health spending	Prepare evaluation report by August 1998		Completed	Cost recovery introduced in 1999 for some dental, orthopedic, physiotherapy, laboratory, pharmaceutical services, and patients seeking private hospital rooms. Continuing in 2000

Table 5. Guyana: Programmed Actions in the Social Sector Under the Original HIPC Initiative, 1998-2000

Policy Action	Verifiable Indicators	Quantitative Targets	Status	Observations
C. Poverty Alleviation				
Set date for new LSMS/HIES survey			Completed	In January 1999, the government with UNDP assistance initiated preparations for the survey, of DFID. Analysis was completed in early 2000, which formed the basis for I-PRSP.
Development of a poverty map to better target subsidies			Completed	Government agreed to update the Poverty map in 2002-03 after the 2002 Population Census
Target Amerindian population with community development projects.	Identify at least 25 Amerindian community projects for appraisal by SIMAP by October 1998		Completed	
Target community development projects to other poor communities as determined by the poverty map.	(i) Identify at least 20 projects in other poor communities for appraisal by SIMAP by October 1998		Completed	SIMAP and BNTF continuing to work with NGOs to reduce incidence of poverty. SIMAP and BNTF being considered for replenishment in 2000-01
Increase resources and improve allocation in the health sector	(i) Total Expenditure on Poverty Alleviation Programs reach 0.9% of GDP in 1998.	1.1% as of December 1998; 1.1% of GDP at end1999	Completed	1.0% of GDP allocated in 2000 Budget

Table 6. Guyana: Discount and Exchange Rate Assumptions

	Discount Rates 1/ 2/ (In percent per annum)	Exchange Rate 3/ (Per U.S. dollar)
United States dollar	6.23	1.00
Special Drawing Rights	5.25	0.71
UAE dirham	5.25	3.67
Austrian shillings	5.28	11.75
Belgian franc	5.59	34.57
Canadian dollar	6.25	1.53
Swiss franc	4.05	1.38
Chinese yuan	5.25	8.28
Deutsche mark	5.16	1.67
Danish kroner	5.64	6.39
Spanish peseta	5.31	142.61
European Currency Unit	5.00	0.84
French franc	5.36	5.62
Great Britain sterling	6.81	0.60
Indian rupees	5.25	39.28
Italian lira	5.58	1653.10
Japanese yen	2.22	115.60
Netherland guilders	5.78	1.89
Venezuelan bolivar	5.25	564.50
Units of account (IDB)	4.88	0.65
Guyana dollar	6.23	1.00
Trinidad and Tobago dollar	5.25	6.60
Bahamian dollar	6.23	1.00
Swedish kroner	5.66	8.06
Irish punt	5.33	0.67
Luxemburg franc	5.59	34.58
Kuwaiti dinars	5.25	0.30
Memorandum item:		
Cutoff date in Paris Club rescheduling	12/31/88	

Sources: OECD; and IMF, *International Financial Statistics.*

1/ The discount rates are the average Commercial Interest Reference Rates (CIRRs) for the respective currencies over the six-month period ending December 1998.

2/ For all currencies for which the CIRRs are not available, the SDR discount rate is used.

3/ As of end-December 1998.

Table 7. Guyana: Main Assumptions on the Macroeconomic Framework, 1998-2018

(In percent of GDP; unless otherwise indicated)

	1998	1999	2000	2001	2002	2003	2004	2005	Average 2006-15	Average 2016-18
Economic growth and prices										
Real GDP (percentage change)	-1.7	3.0	2.5	4.2	3.3	5.3	4.0	4.4	4.5	4.5
CPI (annual percentage change, end of period)	4.6	7.5	6.6	7.3	5.0	3.0	3.0	3.0	3.0	3.0
National accounts										
Gross domestic investment	28.8	24.5	28.7	33.6	34.8	29.3	33.4	29.9	29.6	31.1
Private sector	13.4	12.7	12.5	13.9	14.8	15.1	15.4	16.7	18.0	19.7
Public sector	15.4	11.8	16.2	19.7	20.0	14.2	18.0	13.2	11.6	11.4
Gross national savings	15.0	13.4	10.0	11.0	12.7	15.2	16.6	17.5	19.2	22.3
Private sector	6.0	7.0	7.6	7.7	8.0	8.2	8.4	8.4	8.9	10.3
Public sector	9.0	6.4	2.4	3.4	4.7	7.0	8.1	9.1	10.3	12.0
Combined public sector accounts										
Revenue, excluding grants	35.5	33.7	34.9	34.8	34.6	35.8	36.0	36.1	34.2	32.0
Grants	1.6	4.4	7.5	6.8	6.7	5.9	5.3	5.1	2.7	1.7
Expenditure	41.9	39.1	48.7	51.1	49.9	42.9	46.0	40.3	35.6	31.6
Overall balance	-4.8	-1.0	-6.3	-9.5	-8.6	-1.3	-4.6	0.9	1.3	2.1
External financing (net)	2.2	5.1	7.7	10.3	9.7	3.9	5.6	2.4	-0.3	-1.4
Domestic financing (net)	2.6	-4.0	-1.4	-0.8	-1.1	-2.6	-1.0	-3.3	-1.1	-0.7
Balance of payments										
Exports of goods and services 1/	96.0	98.9	102.2	102.4	101.1	100.6	98.5	95.7	87.1	74.2
Imports of goods and services 1/	108.0	107.1	119.1	123.6	122.5	114.5	115.8	109.2	98.0	85.8
Current account	-13.7	-11.0	-18.6	-22.6	-22.1	-14.0	-16.9	-12.5	-10.3	-8.8
Current account (including official transfers)	-11.9	-8.8	-16.0	-19.9	-19.6	-11.8	-14.8	-10.5	-8.9	-7.9
Gross official reserves (in months of imports of goods and services) 2/	4.3	4.4	3.9	3.7	3.7	3.9	3.7	3.9	4.0	4.0
Export volume growth (percentage change) 3/	-1.6	-0.8	5.4	-3.3	-0.6	7.1	-0.8	0.6	2.9	2.1
Import volume growth (percentage change) 3/	4.2	-13.4	5.3	9.4	3.0	-3.3	6.1	-3.3	3.4	2.6
Terms of trade (percentage change)	4.4	-8.4	-10.0	7.9	3.1	-1.9	2.4	0.0	-0.2	0.0

Sources: Guyanese authorities; and staff estimates and projections.

1/ Exports (imports) of goods and services as defined in the IMF *Balance of Payments Manual*, 5th edition, 1993.

2/ Imports of goods and nonfactor services.

3/ Merchandise exports (imports).

Table 8. Guyana: Long-Term Balance of Payments, 1998-2020

			Projections																		
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	(In millions of U.S. dollars)																				
Current account (excluding official transfers)	**-99**	**-75**	**-133**	**-166**	**-168**	**-113**	**-143**	**-112**	**-104**	**-108**	**-103**	**-125**	**-131**	**-138**	**-144**	**-148**	**-155**	**-157**	**-162**	**-167**	**-174**
Merchandise trade (net)	-54	-25	-89	-123	-129	-77	-111	-84	-54	-59	-56	-83	-91	-100	-110	-121	-130	-138	-151	-165	-182
Exports (f.o.b.)	547	525	546	564	574	610	630	642	677	710	749	775	799	825	854	884	917	952	991	1,032	1,077
Imports (c.i.f)	601	550	635	688	703	688	742	726	731	768	805	858	890	926	963	1,005	1,047	1,091	1,141	1,197	1,259
Services (net)	-88	-89	-85	-85	-83	-82	-81	-82	-106	-107	-107	-103	-102	-101	-101	-99	-97	-93	-87	-80	-73
Nonfactor services	-32	-31	-32	-33	-34	-35	-36	-37	-39	-41	-42	-44	-46	-48	-50	-52	-55	-55	-55	-55	-55
Of which																					
Net interest	-53	-54	-53	-53	-49	-47	-45	-45	-67	-67	-65	-59	-56	-53	-50	-47	-43	-38	-33	-26	-20
Net private transfers	44	39	41	42	44	46	49	55	56	58	60	61	62	64	66	72	72	74	76	78	80
Capital and financial account 1/ 2/	**79**	**57**	**140**	**150**	**158**	**124**	**152**	**126**	**101**	**129**	**125**	**133**	**139**	**140**	**143**	**152**	**160**	**162**	**170**	**175**	**184**
Nonfinancial public sector (net) 1/	**27**	**-98**	**79**	**96**	**93**	**48**	**66**	**39**	**2**	**24**	**25**	**27**	**23**	**23**	**22**	**17**	**11**	**6**	**-1**	**-7**	**-13**
Net official transfers	13	15	19	20	19	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18
Net official borrowing	13	-112	46	84	73	43	38	22	-16	6	7	9	5	5	4	-1	-7	-12	-19	-25	-31
Project loans	34	28	40	71	75	51	64	49	48	48	48	48	48	48	48	48	48	48	48	48	48
Program loans	25	19	29	39	24	22	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Amortization	-45	-737	-24	-26	-26	-30	-31	-31	-70	-47	-47	-45	-48	-49	-50	-54	-60	-66	-72	-78	-84
Private sector (net)	52	21	61	54	65	76	86	87	100	105	101	107	116	118	122	134	149	157	170	181	196
Of which																					
Foreign direct investment	44	48	65	60	59	75	85	86	95	101	97	103	112	115	120	131	145	153	166	177	192
Errors and omissions	3	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Overall balance 2/	**-17**	**-2**	**7**	**-17**	**-10**	**11**	**9**	**14**	**-2**	**21**	**22**	**9**	**8**	**2**	**-1**	**4**	**5**	**5**	**8**	**8**	**10**
Financing 2/	**17**	**2**	**-7**	**17**	**10**	**-11**	**-9**	**-14**	**2**	**-21**	**-22**	**-9**	**-8**	**-2**	**1**	**-4**	**-5**	**-5**	**-8**	**-8**	**-10**
BOG net foreign assets (increase -)	17	-9	-33	-14	-21	-40	-36	-42	-22	-43	-31	-19	-23	-17	-15	-19	-20	-19	-22	-23	-25
Change in NFPS arrears	0	-188	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Exceptional financing 1/2/	0	198	26	30	32	29	28	28	23	22	9	11	15	15	15	15	15	14	14	15	15
Debt relief (HIPC from 1999)	0	17	26	30	32	29	28	28	23	22	9	11	15	15	15	15	15	14	14	15	15
Debt stock restructuring	0	26	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt forgiveness	0	150	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financing gap	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**0**	**-1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Memorandum items:																					
Gross international reserves	276	267	275	283	289	299	304	317	315	340	366	385	408	425	440	459	479	498	520	543	568
(months of imports) 3/	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Current account (in percent of GDP)	-14	-11	-19	-23	-22	-14	-17	-12	-11	-11	-10	-11	-11	-11	-10	-10	-10	-9	-9	-9	-9
GDP (U.S. dollars)	718	679	713	736	760	805	848	896	947	1,009	1,076	1,144	1,217	1,295	1,379	1,469	1,565	1,668	1,779	1,898	2,026
	(In percentage change)																				
Export volume	-2	-1	5	-3	-1	7	-1	1	6	4	4	3	2	2	3	3	3	3	3	3	3
Import volume	4	-13	5	9	3	-3	6	-3	-1	4	4	5	3	3	3	3	3	3	3	4	4
Terms of trade	4	-8	-10	8	3	-2	2	0	-2	0	0	0	0	0	0	0	0	0	0	0	0

Sources: Bank of Guyana; Statistical Bureau of Guyana; Ministry of Finance; and staff estimates and projections.

1/ In 1996 Guyana received a debt stock reduction on Naples terms from Paris Club Creditors, including Trinidad and Tobago. 1999 assumes comparable treatment from Non-Paris Club bilateral creditors.

2/ Debt forgiveness of future maturities is presented as a capital transfer and debt forgiveness of arrears and current maturities is captured under exceptional financing.

3/ Imports of goods and nonfactor services.

Table 9. Guyana: Nominal and Net Present Value of External Debt Outstanding at End-1998 1/

	Nominal Debt			NPV of Debt 2/			NPV of Debt after Original HIPC 4/		
	US$ Million	Percent of Total	Percent of Group	US$ Million	Percent of Total	Percent of Group 3/	US$ Million	Percent of Total	Percent of Group
Total	**1,414.7**	**100.0**		**1,085.3**	**100.0**		**828.6**	**100.0**	
Multilateral institutions	968.6	68.5	100.0	668.9	61.6	100.0	503.8	60.8	100.0
IDB	322.3	22.8	33.3	213.8	19.7	32.0	162.0	19.6	32.2
IDA/IBRD	250.9	17.7	25.9	129.6	11.9	19.4	102.5	12.4	20.4
Of which									
IDA	235.0	16.6	24.3	113.3	10.4	16.9	86.2	10.4	17.1
IBRD	15.9	1.1	1.6	16.4	1.5	2.4	16.4	2.0	3.3
IMF	154.2	10.9	15.9	134.1	12.4	20.0	99.6	12.0	19.8
CMCF	108.5	7.7	11.2	102.0	9.4	15.2	72.8	8.8	14.5
EU/EIB	55.6	3.9	5.7	34.5	3.2	5.2	26.5	3.2	5.3
CDB	51.2	3.6	5.3	32.0	3.0	4.8	24.5	3.0	4.9
OPEC	22.4	1.6	2.3	19.6	1.8	2.9	13.4	1.6	2.7
IFAD	3.5	0.3	0.4	3.3	0.3	0.5	2.4	0.3	0.5
Official bilateral creditors	394.9	27.9	...	371.5	34.2	...	280.8	33.9	...
Paris Club	318.6	22.5	100.0	317.2	29.2	100.0	234.1	28.3	100.0
Post-cut-off date	44.6	3.2	14.0	27.2	2.5	8.6	28.0	3.4	12.0
Pre-cut-off date	274.0	19.4	86.0	290.1	26.7	91.5	206.1	24.9	88.0
Canada	1.9	0.1	0.6	2.0	0.2	0.6	1.5	0.2	0.6
Denmark	1.5	0.1	0.5	1.6	0.1	0.5	1.2	0.2	0.5
France	1.7	0.1	0.5	1.8	0.2	0.6	1.3	0.2	0.6
Germany	16.8	1.2	5.3	12.4	1.1	3.9	10.4	1.2	3.9
Japan	1.1	0.1	0.4	1.3	0.1	0.4	1.3	0.1	0.4
Netherlands	6.2	0.4	1.9	7.0	0.6	2.2	5.0	0.7	2.2
Russian Federation	1.1	0.1	0.3	1.2	0.1	0.4	0.8	0.1	0.4
Trinidad and Tobago	176.9	12.5	55.5	182.3	16.8	57.5	128.2	17.2	57.5
United Kingdom	72.6	5.1	22.8	80.1	7.4	25.2	57.9	7.5	25.2
United States	38.8	2.7	12.2	27.7	2.5	8.7	26.7	2.6	8.7
Non-Paris Club official bilateral	76.2	5.4	100.0	54.2	5.0	100.0	46.7	5.6	100.0
Post-cut-off date	15.7	1.1	20.6	15.7	1.4	29.0	15.9	1.9	34.2
Pre-cut-off date	60.5	4.3	79.4	29.9	2.8	55.2	30.7	3.7	65.8
Argentina	2.2	0.2	2.9	2.2	0.2	4.1	1.7	0.2	3.1
Brazil	3.9	0.3	5.1	3.8	0.3	7.0	3.8	0.5	7.0
CDC	3.1	0.2	4.1	3.1	0.3	5.7	3.1	0.4	5.7
China	29.6	2.1	38.8	8.3	0.8	15.2	8.0	1.0	14.8
India	2	0.1	2.0	0.7	0.1	1.4	0.6	0.1	1.1
Kuwait	12	0.9	15.8	1.5	0.1	2.8	1.5	0.2	2.8
Lybia	11	0.8	14.4	12.1	1.1	22.2	9.2	1.1	16.9
North Korea	1	0.1	1.1	10.6	1.0	19.5	8.2	1.0	15.1
United Arab Emirates	2	0.1	2.4	1.8	0.2	3.3	1.4	0.2	2.5
Venezuela	10	0.7	13.0	9.9	0.9	18.2	9.1	1.1	16.8
Yugoslavia	0	0.0	0.4	0.3	0.0	0.6	0.2	0.0	0.4
Commercial institutions	51	3.6	100.0	45	4.1	100.0	43.9	5.3	100.0

Sources: Guyanese authorities; and staff estimates.

1/ Applies to public and publicly guaranteed debt only.
2/ After hypothetical full use of traditional debt-relief mechanisms.
3/ For multilateral institutions, these shares in the NPV of total multilateral debt are applied to the total multilateral NPV reduction required at the decision point to determine each institution's amount of assistance under the Initiative.
4/ After hypothetical full use of traditional debt-relief mechanisms and debt relief under the original HIPC Initiative.

Table 10. Guyana: HIPC Initiative--Assistance Under a Proportional Burden-Sharing Approach 1/

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

HIPC Initiative Framework	NPV of debt-to-Revenues Target (In percent)	Assistance							Common Reduction Factor (Percent of end-1998 NPV of debt)	Memo Item: Required NPV debt Reduction on Comparable Treatment of Bilateral Debt Based on Overall Exposure 2/ (Percent)
		Total	Bilateral	Multilateral	*Of which* IDA	IMF	IaDB	Other		
Original Framework	280 3/	256.4	91.3	165.1	27.1	34.5	51.8	55.4	23.6 4/	
Enhanced Framework	250	328.6	128.8	199.8	40.7	39.5	64.3	55.4	39.7 5/	
Total	250	585.0	220.1	364.9	67.8	74.0	116.1	110.8		
Memorandum items:										
NPV of debt before HIPC Initiative assistance		1,085.1	416.2	668.9	129.6	134.1	213.8	191.4		
NPV of debt after original HIPC Initiative assistance 6/		828.6	324.8	503.8	102.5	99.6	162.0	139.6		
Paris Club (incl.Trinidad and Tobago)			234	...						85
Of which										
Pre-cutoff date debt			206	...						87
Non-Paris Club			91	...						78
Of which										
Pre-cutoff date debt			31	...						87
Commercial			44	...						
Three-year average of exports		717.8	...	...						
NPV of debt-to-exports ratio 7/		115.4	...	...						
Central government revenue 8/		199.8	...	...						
NPV of debt-to-revenues ratio		414.7								

Sources: Guyanese authorities; and staff estimates.

1/ The proportional burden sharing approach is described in "HIPC Initiative--Estimated Costs and Burden Sharing Approaches" (EBS/97/127, 7/7/97 and IDA/SEC M 97-306, 7/7/97).

2/ Includes traditional debt relief, original and enhanced HIPC Initiative assistance.

3/ This target of 280 translated into an NPV of debt to exports target of 115. The revenues ratio after HIPC assistance was higher than this target due to lower revenues and exchange rate fluctuations.

4/ Common reduction factor shown as percentage reduction of NPV of debt before original HIPC assistance. This is equivalent to a common reduction factor for multilateral creditors of 25.9 percent of end-1996 data.

5/ Common reduction factor shown as percentage reduction of NPV of debt after full implementation of Original HIPC assistance.

6/ Based on latest data available at end-1998 after full application of traditional debt relief mechanisms, and assumed full delivery of original HIPC assistance.

7/ In percent of three-year export average after original HIPC Initiative assistance.

8/ Based on the 1998 government revenue excluding grants, converted at end-1998 exchange rates.

Table 11. Guyana: Net Present Value of Debt and Debt Service by type of creditor, 1998-2020 1/

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

		Projected										Average	
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1998-2008	2009-2020
NPV of debt													
Before HIPC Assistance 2/													
1. NPV of total debt (2+5)	1,085	1,070	1,057	1,082	1,098	1,091	1,078	1,061	1,013	983	973	1,062	894
2. NPV of existing debt (3+4)	1,085	1,041	994	956	918	874	827	783	714	667	640	886	429
3. Official bilateral and commercial	416	412	409	407	405	401	396	390	355	339	327	393	185
Paris Club	317	317	317	316	314	311	307	301	294	286	276	308	152
Other official bilateral and commercial	99	95	92	91	90	90	89	88	60	53	52	85	33
4. Multilateral	669	628	585	550	513	472	431	394	360	328	312	493	244
5. New borrowing	0	29	64	126	181	217	251	277	298	316	333	176	465
After relief under the original HIPC Initiative 3/													
1. NPV of total debt (2+5) 8/	1,085	839	842	882	915	925	926	922	888	872	863	910	832
2. NPV of existing debt (3+4)	1,085	810	778	757	734	708	675	645	589	556	530	734	366
3. Official bilateral and commercial	416	316	315	316	317	318	317	315	285	274	269	319	167
Paris Club	317	230	233	235	237	237	237	236	234	230	225	243	137
Other official bilateral and commercial	99	85	82	81	80	80	79	79	51	44	43	76	31
4. Multilateral	669	494	464	441	417	390	359	330	304	281	261	415	199
5. New borrowing	0	29	64	126	181	217	251	277	298	316	333	176	465
After enhanced HIPC Initiative assistance 4/													
1. NPV of total debt (2+5)	1,085	839	839	552	603	633	658	677	692	704	711	728	769
2. NPV of existing debt (3+4)	1,085	810	776	427	423	416	407	400	394	388	378	552	304
3. Official bilateral and commercial	416	316	315	194	199	202	204	206	208	209	209	247	151
Paris Club	317	230	233	144	148	152	155	158	160	161	161	186	110
Other official bilateral and commercial	99	85	82	51	50	50	49	48	48	48	47	61	41
4. Multilateral	669	494	461	232	224	214	203	194	186	179	169	306	153
5. New borrowing	0	29	64	126	181	217	251	277	298	316	333	176	465
After enhanced HIPC Initiative assistance 5/													
1. NPV of total debt (2+5)	500	507	518	552	603	633	658	677	692	704	711	605	769
2. NPV of existing debt (3+4)	500	478	455	427	423	416	407	400	394	388	378	429	304
3. Official bilateral and commercial	196	195	196	187	199	202	204	206	208	209	209	201	151
Paris Club	113	116	117	134	148	152	155	158	160	161	161	142	110
Other official bilateral and commercial	83	80	79	53	50	50	49	48	48	48	47	58	41
4. Multilateral	304	283	259	232	224	214	203	194	186	179	169	228	153
5. New borrowing	0	29	64	126	181	217	251	277	298	316	333	176	465
Debt service due													
Before HIPC Assistance 2/	Paid												
1. total debt service (2+5)	131	70	109	98	98	102	106	103	133	105	91	109	92
2. existing debt (3+4)	131	70	108	96	94	97	98	92	115	83	67	102	64
3. Official bilateral and commercial	38	16	29	27	27	28	30	31	59	31	33	33	37
Paris Club	20	10	20	20	21	23	24	25	26	27	28	23	32
Other official bilateral and commercial	18	5	9	7	5	6	6	6	33	5	5	10	5
4. Multilateral	93	55	78	69	68	69	68	61	56	51	35	69	27
5. New borrowing			1	2	3	4	8	11	18	22	24	8	27
After relief under the original HIPC Initiative 3/													
1. total debt service (2+5)			77	66	67	72	79	79	110	85	82	79	80
2. existing debt (3+4)			75	64	64	67	71	68	92	62	58	71	53
3. Official bilateral and commercial			20	18	18	19	20	21	49	22	23	23	30
Paris Club			12	12	13	14	15	16	17	18	19	14	26
Other official bilateral and commercial			8	6	5	5	5	5	32	4	4	9	4
4. Multilateral			55	46	46	48	51	47	43	40	35	48	22
5. New borrowing			1	2	3	4	8	11	18	22	24	8	27
After enhanced HIPC Initiative assistance 4/													
1. total debt service (2+5)			74	45	39	43	45	46	50	56	55	50	53
2. existing debt (3+4)			73	42	36	39	37	34	33	34	31	41	26
3. Official bilateral and commercial			20	5	13	13	13	13	13	13	13	13	16
Paris Club			12	2	9	10	10	10	10	10	10	9	12
Other official bilateral and commercial			8	4	4	4	4	4	3	3	3	4	3
4. Multilateral			53	37	23	26	24	21	20	21	18	28	10
5. New borrowing			1	2	3	4	8	11	18	22	24	9	27

Sources: Guyanese authorities; and staff estimates and projections.

1/ Refers to public and publicly guaranteed external debt only. Existing debt is as of December 31, 1998.
2/ The NPVs of debt for bilateral and commercial creditors reflect a hypothetical stock-of-debt operation on Naples terms at end-1998.
3/ The NPVs reflect traditional mechanism and hypothetical delivery of original HIPC assistance at the original completion point.
4/ Showing the impact of relief under the enhanced HIPC starting at November 2000, with a completion point assumed at end-2001.
5/ Shows hypothetical delivery of all HIPC Initiative assistance at end-1998.

Table 12. Scheduled Debt Service on Medium- and Long-Term External Public and Publicly-Guaranteed Debt and Debt Service, 2000-2019 1/

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

	Projections									Average	Average
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000-2009	2010-2019
Total debt service before original HIPC 2/											
Total debt service on total debt	108.8	98.0	97.9	101.7	106.0	103.4	132.8	105.2	91.0	102.8	95.3
Total debt service on existing debt	107.6	95.6	94.5	97.5	97.9	92.1	115.1	82.8	67.2	91.0	68.4
Total debt service after original HIPC											
Total debt service on total debt	76.7	66.5	67.2	71.5	79.3	78.9	109.5	84.5	81.8	78.8	81.8
Total debt service on existing debt	75.4	64.0	63.7	67.3	71.2	67.6	91.8	62.1	58.0	67.1	54.8
Total debt service after enhanced HIPC											
Principal payments on existing debt	46.0	30.8	21.4	26.6	25.2	23.0	22.3	24.1	22.2	26.0	25.9
Multilateral	41.5	28.1	19.1	23.0	20.6	17.9	16.7	17.4	14.4	20.7	7.8
Bilateral	4.5	2.7	2.4	3.7	4.6	5.2	5.7	6.7	7.8	5.2	18.1
Paris Club	0.5	0.7	1.3	2.6	3.3	4.0	4.9	5.9	7.0	3.8	16.4
Non-Paris Club	3.7	1.8	1.1	1.1	1.3	1.1	0.8	0.8	0.8	1.3	0.8
Commercial	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9
Principal payments on new debt	0.0	0.0	0.0	0.0	3.3	5.9	11.8	16.0	17.1	7.0	17.7
Interest payments on existing debt	26.7	11.5	9.3	8.2	8.7	8.7	8.6	9.0	8.8	10.8	6.0
Multilateral	11.1	8.8	4.0	2.8	3.3	3.3	3.3	3.7	3.5	4.7	1.9
Bilateral	15.6	2.7	5.4	5.4	5.5	5.4	5.3	5.3	5.2	6.1	4.0
Paris Club	11.5	0.9	2.9	2.9	3.0	3.0	2.9	2.9	2.8	3.5	2.1
Non-Paris Club	2.0	0.4	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.8	0.5
Commercial	2.1	1.4	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.4
Interest payments on new debt	1.3	2.4	3.5	4.2	4.9	5.4	5.9	6.3	6.8	4.8	9.3
Total debt service on total debt	74.0	44.7	34.3	39.1	42.1	43.0	48.7	55.4	54.8	48.5	58.8
Total debt service on existing debt	72.7	42.3	30.8	34.9	33.9	31.7	30.9	33.0	31.0	36.8	31.9

Sources: Guyanese authorities; and staff estimates and projections.

1/ On a scheduled basis; as of end-1998. Debt service is shown after Naples treatment and after full delivery of assistance under the Original HIPC Initiative.
2/ Incorporates a stock-of-debt operation by the Paris Club on Naples terms in June 1996 and comparable treatment from other official bilateral creditors.

Table 13. Guyana: Key External Debt Sustainability Indicators and Sensitivity Analysis 1/

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
NPV of debt to exports ratio 2/																				
Before HIPC assistance 3/	151.2	152.7	151.8	150.7	146.5	140.4	134.0	127.1	117.0	108.9	102.4	97.6	93.1	89.2	85.4	81.3	76.9	72.2	67.3	62.3
After original HIPC assistance 4/	151.2	119.8	120.9	122.9	122.0	119.1	115.1	110.5	102.5	96.6	90.8	86.6	83.3	80.6	77.9	74.9	71.6	67.9	64.0	60.0
After enhanced HIPC assistance 5/	151.2	119.8	120.5	76.9	80.4	81.5	81.8	81.2	79.9	78.0	74.8	72.5	71.1	70.1	69.2	67.8	66.1	64.1	61.7	59.1
After enhanced HIPC assistance 6/	69.7	72.4	74.4	76.9	80.4	81.5	81.8	81.2	79.9	78.0	74.8	72.5	71.1	70.1	69.2	67.8	66.1	64.1	61.7	59.1
NPV of debt to revenue ratio 7/																				
Before HIPC assistance 3/	543.1	490.8	439.1	423.7	405.7	375.5	348.4	321.2	291.1	266.0	247.4	230.8	214.7	199.5	185.1	170.8	156.7	142.7	129.0	115.6
After original HIPC assistance 4/	543.1	384.9	349.6	345.6	338.1	318.3	299.4	279.3	255.1	235.8	219.4	204.9	192.2	180.2	168.9	157.5	145.9	134.2	122.6	111.3
After enhanced HIPC assistance 5/	543.1	384.9	348.4	216.3	222.9	218.0	212.7	205.1	198.9	190.4	180.8	171.6	164.0	156.8	149.9	142.6	134.8	126.6	118.2	109.7
After enhanced HIPC assistance 6/	250.3	232.8	215.2	216.3	222.9	218.0	212.7	205.1	198.9	190.4	180.8	171.6	164.0	156.8	149.9	142.6	134.8	126.6	118.2	109.7
NPV of debt to GDP ratio																				
Before HIPC assistance 3/	151.2	157.5	148.6	147.1	144.6	135.5	127.1	118.3	105.9	96.8	90.2	84.1	78.3	72.8	67.6	62.5	57.5	52.5	47.6	42.8
After original HIPC assistance 4/	151.2	123.5	118.3	120.0	120.5	114.9	109.2	102.9	92.8	85.9	80.0	74.7	70.1	65.8	61.7	57.7	53.5	49.4	45.3	41.2
After enhanced HIPC assistance 5/	151.2	123.5	117.9	75.1	79.4	78.7	77.6	75.6	72.4	69.3	65.9	62.6	59.8	57.2	54.8	52.2	49.5	46.6	43.6	40.6
After enhanced HIPC assistance 6/	69.7	74.7	72.8	75.1	79.4	78.7	77.6	75.6	72.4	69.3	65.9	62.6	59.8	57.2	54.8	52.2	49.5	46.6	43.6	40.6
Debt-service to exports ratio 8/																				
Before HIPC assistance 3/	19.0	16.1	14.9	13.0	12.8	12.6	12.7	12.1	14.7	11.1	9.1	8.0	8.0	7.7	7.5	7.5	7.6	7.6	7.7	7.7
After original HIPC assistance 4/	...	11.0	10.5	8.8	8.8	8.8	9.5	9.2	12.1	8.9	8.2	7.0	6.6	6.4	6.2	6.3	6.4	6.6	6.7	6.6
After enhanced HIPC assistance 5/	...	...	10.1	5.9	5.1	5.3	5.4	5.3	5.6	5.9	5.5	4.7	4.4	4.2	3.9	4.0	4.1	4.2	4.2	4.2
Debt-service to revenue ratio 7/																				
Before HIPC assistance 3/	...	49.5	45.2	38.4	36.2	35.0	34.3	31.3	38.2	28.5	23.2	19.7	19.0	17.9	16.8	16.4	16.1	15.7	15.3	14.8
After original HIPC assistance 4/	...	33.8	31.9	26.0	24.8	24.6	25.6	23.9	31.5	22.9	20.8	17.2	15.7	14.8	13.9	13.7	13.6	13.5	13.3	12.8
After enhanced HIPC assistance 5/	...	...	30.7	17.5	14.4	14.9	14.7	13.8	14.5	15.2	14.0	11.6	10.6	9.6	8.8	8.7	8.6	8.5	8.4	8.1
Memorandum items:																				
Original HIPC assistance 4/	...	34.2	32.1	31.6	30.7	30.2	26.7	24.4	23.3	20.7	9.3	10.5	14.7	14.8	14.9	14.7	14.5	14.0	13.7	14.7
Of which																				
Principal	...	21.7	17.2	17.4	17.1	17.3	15.2	13.7	13.3	11.5	0.5	1.8	6.4	7.0	7.6	8.3	8.9	9.3	10.0	12.3
Interest	...	12.5	14.9	14.2	13.6	12.9	11.5	10.7	10.0	9.2	8.8	8.7	8.3	7.8	7.3	6.5	5.7	4.7	3.7	2.4
Enhanced HIPC assistance 5/	...	...	2.8	21.8	28.2	28.3	33.8	33.3	59.0	28.2	26.9	23.9	23.3	24.9	26.3	27.8	29.5	31.4	33.4	34.3
Of which																				
Principal	...	...	2.7	7.8	17.8	17.4	23.3	23.5	51.1	21.3	20.8	18.5	18.4	20.5	22.5	24.7	27.1	29.8	32.7	34.7
Interest	...	...	0.1	14.0	10.4	11.0	10.5	9.7	7.9	6.9	6.1	5.4	4.9	4.4	3.8	3.1	2.4	1.6	0.7	-0.3
Exports, goods and nonfactor services (current year)	689	672	729	753	768	810	836	857	904	947	999	1,037	1,074	1,114	1,157	1,203	1,252	1,300	1,353	1,408
Exports, goods and nonfactor services (3-year average)	718	700	697	718	750	777	805	834	866	903	950	994	1,037	1,075	1,115	1,158	1,204	1,252	1,302	1,354
Government revenues excluding official grants	200	218	241	255	271	291	309	330	348	370	393	420	449	481	515	551	591	633	679	729
Gross Domestic Product	718	679	712	736	760	805	848	896	956	1,015	1,079	1,153	1,233	1,317	1,408	1,505	1,609	1,721	1,841	1,969

Source: Guyana authorities, and staff estimates.

1/ Refers to public and publicly guaranteed debt only.
2/ In percent of the three-year moving average of exports of goods and non-factor services.
3/ The NPVs of debt for bilateral and commercial creditors reflect a hypothetical stock-of-debt operation on Naples terms at end-1998.
4/ Assumes full delivery of assistance under the original HIPC Initiative.
5/ Showing the impact of actual relief under the enhanced HIPC starting at November 2000, with a completion point assumed at end-2001.
6/ Assumes hypothetical delivery of debt relief under the traditional mechanisms, original and enhanced HIPC Initiative at end-1998.
7/ In percent of government revenues exluding grants, converted at end-1998 exchange rates.
8/ In percent of current year exports of goods and nonfactor services.

Table 14. Guyana: Possible Delivery of IMF Assistance under the HIPC Initiative 1/

(In millions of US dollars, unless otherwise indicated)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Delivery schedule of IMF assistance (in percent of total assistance)											
Under the original framework	22.0	15.0	13.0	12.0	11.0	9.0	8.0	6.0	4.0	0.0	0.0
Under the enhanced framework 2/		6.9	16.6	15.5	12.0	19.0	15.0	12.0	3.0	0.0	0.0
Actual and Projected Debt Service to the IMF 3/	23.7	25.9	17.4	17.4	17.4	18.5	16.1	13.7	9.0	5.5	2.0
Of which											
Principal	22.3	24.5	16.1	16.1	16.2	17.4	15.0	12.7	8.1	4.6	1.2
Interest	1.4	1.4	1.4	1.3	1.2	1.1	1.0	1.0	0.9	0.9	0.9
Total IMF assistance–deposits into Guyana's account											
Under the original framework	34.5										
Under the enhanced framework 2/ 4/		7.9	31.6								
Total IMF assistance under the HIPC Initiative–drawdown schedule 5/	7.6	8.8	12.6	11.9	11.2	12.3	9.9	7.5	2.9	0.0	0.0
Of which											
Under the original framework	7.6	6.1	5.5	5.0	4.4	3.7	3.1	2.3	1.5	0.0	0.0
Under the enhanced framework		2.7	7.1	6.9	6.8	8.7	6.8	5.2	1.4	0.0	0.0
Debt service due to the IMFafter total IMF assistance 5/ 6/	16.1	17.1	4.8	5.5	6.1	6.1	6.2	6.1	6.1	5.5	2.0
Share of debt service due to the IMF covered by total IMF assistance (in percent)	32.1	34.0	72.5	68.3	64.7	66.9	61.5	55.1	31.8	0.0	0.0
Memorandum items:											
Proportion of each repayment falling due during the period to be paid by HIPC Initiative assistance from the principal deposited in Guyana's account											
Under the original framework 7/	56.7	20.2	26.7	24.6	22.5	18.3	20.7	19.0	22.8	0.0	0.0
Under the enhanced framework 8/		79.1	40.8	38.0	29.3	43.2	39.4	37.2	14.6	0.0	0.0
Total debt service due 9/	108.3	109.7	99.6	100.1	104.5	109.6	107.7	137.0	109.3	95.0	86.7
Share of total debt service covered by total IMF assistance (in percent)	7.0	8.0	12.7	11.9	10.8	11.3	9.2	5.5	2.6	0.0	0.0
Debt service due to the IMF after total IMF assistance (in percent of exports)	2.2	2.1	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.6	0.2

Source: Guyanese authorities; and staff estimates.

1/ Total IMF assistance under the HIPC Initiative is US$74 million calculated on the basis of data available at the original completion point and the second decision point, excluding interest earned on Guyana's account and on committed but undisbursed amounts as described in footnotes 4 and 5. Assistance of US$34.5 million under the original framework was deposited in Guyana's account in May 1999. Assistance under the enhanced framework amounts to US$39.5 million, with interim assistance of US$7.9 million (20 percent of enhanced assistance).

2/ While the IMF will deposit 20 percent of enhanced assistance into Guyana's account after the decision point has been reached, the delivery schedule for 2000 shows the share (6.9 percent) of enhanced assistance applied to Guyana's repayment obligations falling due during the last six weeks of 2000.

3/ As of October 5, 2000.

4/ US$31.6 million represent the remaining amount of assistance to be disbursed into Guyana's account at the assumed completion point in mid-November 2001, which is reflected in the calculation of interest.

5/ Includes estimated interest earnings on: (1) amounts held in Guyana's account; and under the enhanced HIPC initiative, (2) up to the completion point, amounts committed but not yet disbursed. It is assumed that these amounts earn a rate of return of 5.25 percent in U.S. dollar terms; actual interest earnings may be higher or lower. Interest accrued on (1) during a calendar year will be used toward the first repayment obligation(s) falling due in the following calendar year except in the final year, when it will be used toward payment of the final obligation(s) falling due in that year. Interest accrued on (2) during the interim period will be used toward the repayment of obligations falling due during the three years after the completion point.

6/ Total obligations less HIPC Initiative assistance.

7/ Reproduced from table in EBS/99/70, Supplement 1. For 1999, the proportion was calculated based on principal obligations falling due after May 1999.

8/ For 2000, the proportion is calculated based on principal obligations falling due after November 16, 2000.

9/ After traditional debt relief mechanisms.

Table 15. Guyana: Possible Delivery of IDA Assistance Under the HIPC Initiative 1/ 2/

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt service to IDA before HIPC Initiative assistance 2/	2.4	3.4	3.6	4.0	4.3	4.6	4.9	5.0	4.9	4.9	5.9
Of which											
Principal	1.1	2.1	2.3	2.6	3.0	3.3	3.6	3.7	3.7	3.7	4.7
Interest	1.4	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.1
Debt service to IDA after HIPC Initiative assistance	2.4	1.4	1.5	1.6	1.8	1.9	2.0	2.1	2.0	2.0	2.4
Of which	1.1	0.9	0.9	1.1	1.2	1.4	1.5	1.5	1.5	1.5	2.0
Principal	1.4	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Interest											
Relief in nominal terms	0.1	2.0	2.1	2.3	2.5	2.7	2.9	2.9	2.9	2.9	3.4
Of which											
Principal	0.0	1.2	1.3	1.6	1.8	1.9	2.1	2.2	2.2	2.2	2.8
Interest	0.1	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.7
Relief in NPV terms	0.0	1.9	2.0	2.0	2.1	2.1	2.1	2.1	2.0	1.8	2.1
Percentage reduction in nominal terms	3.9	58.6	58.6	58.6	58.6	58.6	58.6	58.6	58.6	58.6	58.6
Memorandum item:											
Interim Assistance 3/	0.1	1.9									

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total 2000-2020
Debt service to IDA before HIPC Initiative assistance 2/	6.8	7.0	7.3	7.6	7.8	8.0	8.0	7.9	7.9	7.8	123.8
Of which											
Principal	5.7	5.9	6.3	6.6	6.9	7.1	7.2	7.2	7.2	7.2	101.1
Interest	1.1	1.1	1.0	1.0	0.9	0.9	0.8	0.7	0.7	0.6	22.6
Debt service to IDA after HIPC Initiative assistance	2.8	2.9	3.0	3.1	3.2	3.3	3.3	3.3	3.3	3.8	53.3
Of which	2.4	2.4	2.6	2.7	2.9	3.0	3.0	3.0	3.0	3.5	43.0
Principal	0.5	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	10.2
Interest											
Relief in nominal terms	4.0	4.1	4.3	4.4	4.6	4.7	4.7	4.6	4.6	4.0	70.6
Of which											
Principal	3.3	3.5	3.7	3.9	4.0	4.2	4.2	4.2	4.2	3.7	58.1
Interest	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.4	0.4	0.3	12.5
Relief in NPV terms	2.3	2.2	2.2	2.2	2.2	2.1	2.0	1.9	1.8	1.5	40.7
Percentage reduction in nominal terms	58.6	58.6	58.6	58.6	58.6	58.6	58.6	58.6	58.6	51.4	58.6

Source: IDA estimates and projections.

1/ The assistance is assumed to be delivered from December 2000 to end-November 2020.
2/ The projected debt service is based on disbursed amounts at end-December 1998, after delivery of relief under the Original HIPC Initiative.
3/ In net present value (NPV) terms; assuming a decision point in November 2000 and a completion point in end-2001.

Table 16. Guyana: Public Sector Operations Before and After the Enhanced HIPC Initiative

	Actual	Before Additional Enhanced HIPC						After Additional Enhanced HIPC					
	1999	2000	2001	2002	2003	2004	2005	2000	2001	2002	2003	2004	2005
	(In millions of Guyana dollars)												
Revenue	**40,635**	**45,805**	**49,747**	**52,409**	**58,085**	**62,144**	**66,366**	**45,805**	**49,747**	**52,409**	**58,085**	**62,144**	**66,366**
Expenditure	**47,206**	**63,908**	**73,070**	**75,576**	**69,758**	**79,370**	**74,024**	**64,058**	**74,338**	**77,555**	**71,522**	**82,284**	**76,978**
Current expenditure	32,922	42,700	44,915	45,364	46,728	48,225	49,688	42,850	46,182	47,343	48,492	51,139	52,641
Of which E-HIPC on													
Education									427	678	605	1,159	1,271
Health									486	837	726	1,037	1,066
Water									0	159	161	244	246
Business support and special projects									175	219	242	427	371
Other (not yet identified) 1/								150	179	86	28	46	0
Capital expenditure	14,285	21,208	28,156	30,212	23,030	31,145	24,337	21,561	29,880	32,068	24,911	32,978	25,815
Of which E-HIPC on													
Education									350	279	323	325	328
Health									214	478	464	325	103
Water and housing									291	419	424	386	431
Agriculture									758	817	807	834	882
Transportation and sea defense									505	1,056	1,352	1,383	1,478
Institutional strengthening and special projects									447	518	605	732	618
Other (not yet identified) 1/								353	423	161	65	64	0
Current balance	7,713	3,105	4,832	7,046	11,357	13,919	16,678	2,955	3,565	5,067	9,593	11,005	13,724
Overall balance before grants	**-6,572**	**-18,103**	**-23,323**	**-23,167**	**-11,673**	**-17,226**	**-7,659**	**-18,253**	**-24,591**	**-25,146**	**-13,437**	**-20,140**	**-10,612**
Grants	5,320	9,809	9,772	10,106	9,529	9,219	9,379	10,311	14,027	15,814	15,333	16,183	16,170
Of which													
Original HIPC	3,075	4,698	5,848	6,331	5,878	5,601	5,645	4,698	5,848	6,331	5,878	5,601	5,645
Enhanced HIPC	0	0	0	0	0	0	0	503	4,255	5,708	5,804	6,964	6,791
Overall balance after grants	**-1,252**	**-8,294**	**-13,552**	**-13,061**	**-2,144**	**-8,008**	**1,720**	**-8,294**	**-13,552**	**-13,061**	**-2,144**	**-8,008**	**1,720**
Net foreign financing	6,099	10,172	14,740	14,709	6,366	9,684	4,336	10,172	14,740	14,709	6,366	9,684	4,336
Net domestic financing	-4,847	-1,877	-1,188	-1,648	-4,222	-1,677	-6,057	-1,877	-1,188	-1,648	-4,222	-1,677	-6,057

Sources: Ministry of Finance; and staff estimates and projections.

1/ Additional enhanced HIPC debt relief not yet allocated to social sector spending in the Interim-PRSP.

Guyana: Debt Management and Data Issues

Guyana's public sector external debt has been contracted by the ministry of finance (MOF) on behalf of the central government, individual public enterprises, and the central bank. Debt management is exercised through the MOF and the Debt Management Unit (DMU) in the MOF compiles data on external debt on a regular basis. As a result of the work undertaken in conjunction with the HIPC Initiative, there are currently no major outstanding debt data issues.

Prior to October 1997, the DMU was severely understaffed but, by end-January 1999, it had increased its staffing from four to seven (including five college graduates) and aims at recruiting one more staff. Staff shortages resulted in reduced and delayed outputs. Alleviating the staffing constraint has highlighted the need for more and better computer equipment, despite the improvements already implemented with financial support from the U.K.'s Department for International Development (DFID). Current office facilities need upgrading, including new furniture and better storage facilities for files.

Debt Relief International (DRI) missions to Guyana have addressed organizational and institutional issues. Based on the recommendations of a DRI mission in March 1999, the DMU has a new organizational structure, job descriptions, and work program, which have resulted in a more balanced work allocation. DRI also helped improve coordination of debt management through the establishment of a Debt Strategy Technical Working Group (DSTWG). The main objective of the DSTWG is to focus on debt strategy formulation and implementation.

During January1999–August 2000 DRI provided extensive training to officials from the MOF and other government agencies. This included: (i) in February-March 1999, training in CS-DRMS software and basic concepts in debt management; (ii) in September 1999, the organization of the National Debt Strategy Workshop involving about 40 participants from various government ministries, the Bank of Guyana (BOG), and agencies such as SIMAP, which are responsible for executing projects in the social sector. A one-day training seminar on Debt-Pro software also was conducted for all workshop participants; (iii) in February 1999, a one-day seminar on private sector external debt and private capital flows attended by 20 officials from the MOF, the BOG, and the Bureau of Statistics; (iv) a two-day refresher training seminar on use of the Debt-Pro software conducted during the same month.

Further training is envisaged, but has been deferred from the fourth quarter of 2000 into 2001, to facilitate work on updating the debt sustainability analysis for the decision point under the enhanced HIPC Initiative. This will involve learning about private sector external debt and capital flows monitoring and a regional debt negotiation strategy workshop (due in Gambia during November 2000). There also will be more training on debt management tools (CS-DRMS and SQL), macroeconomic modeling and forecasting, creditors' disbursement practices, and a refresher course in overall debt management.

HIPC Initiative: Status of Country Cases Considered Under the Initiative, October 24, 2000

Country	Decision Point	Completion Point	Target NPV of Debt-to- (In percent) Export	Target NPV of Debt-to- (In percent) Gov. Revenue	Assistance Levels 1/ (In millions of U.S. dollars, present value) Total	Bilateral	Multi-lateral	IMF	World Bank	Percentage Reduction in NPV of Debt 2/	Estimated Total Nominal Debt Service Relief (In millions of U.S. dollars)
Completion point reached under enhanced framework											
Uganda					1,003	183	820	160	517		1,950
Original framework	Apr. 97	Apr. 98	202		347	73	274	69	160	20	650
Enhanced framework	Feb. 00	May 00	150		656	110	546	91	357	37	1,300
Decision point reached under enhanced framework											
Benin	Jul. 00	Floating	150		265	77	189	24	84	31	460
Bolivia					1,302	425	876	84	194		2,060
Original framework	Sep. 97	Sep. 98	225		448	157	291	29	53	14	760
Enhanced framework	Feb. 00	Floating	150		854	268	585	55	141	30	1,300
Burkina Faso					398	56	342	42	162		700
Original framework	Sep. 97	Jul. 00	205		229	32	196	22	91	27	400
Enhanced framework	Jul. 00	Floating	150		169	24	146	20	71	27	300
Cameroon	Oct. 00	Floating	150		1,260	874	324	37	179	27	2,000
Honduras	Jun. 00	Floating	110	250	556	215	340	30	98	18	900
Mali					523	162	361	58	182		870
Original framework	Sep. 98	Sep. 00	200		121	37	84	14	44	9	220
Enhanced framework	Sep. 00	Floating	150		401	124	277	44	138	28	650
Mauritania	Feb. 00	Floating	137	250	622	261	361	47	100	50	1,100
Mozambique					1,970	1,235	736	140	434		4,300
Original framework	Apr. 98	Jun. 99	200		1,716	1,076	641	125	381	63	3,700
Enhanced framework	Apr. 00	Floating	150		254	159	95	16	53	9	600
Senegal	Jun. 00	Floating	133	250	488	193	259	45	124	19	850
Tanzania	Apr. 00	Floating	150		2,026	1,006	1,020	120	695	54	3,000
Completion point reached under original framework											
Guyana	Dec. 97	May 99	107	280	256	91	165	35	27	24	410
Decision point reached under original framework											
Côte d'Ivoire 3/	Mar. 98	Mar. 01	141	280	345	163	182	23	91	6	800
Total assistance provided/committed 4/					11,014	4,941	5,975	844	2,887		19,400
Preliminary HIPC document issued 5/	...	...	150		157	34	123	15	65	27	250
Chad	...	...	200		636	225	411	22	214	23	1,300
Ethiopia	...	...	150		638	256	383	37	173	34	1,150
Guinea	...	...	200		300	148	153	8	73	73	600
Guinea-Bissau	...	...	150		629	163	466	29	323	43	1,100
Malawi	...	...	150		2,507	1,416	1,091	32	188	66	5,000
Nicaragua	...	...	150		447	56	391	43	227	71	800
Rwanda	...	...	150		2,468	1,121	1,326	600	491	62	4,500
Zambia	...	...	150		447	56	391	43	227	71	800

Sources: IMF and World Bank Board decisions, completion point documents, decision point documents, preliminary HIPC documents, and staff calculations.

1/ Assistance levels are at countries' respective decision or completion points, as applicable.

2/ In percent of the net present value of debt at the decision or completion point (as applicable), after the full use of traditional debt-relief mechanisms.

3/ Nonreschedulable debt to non-Paris Club official bilateral creditors and the London Club, which was already subject to a highly concessional restructuring, is excluded from the NPV of debt at the completion point in the calculation of this ratio.

4/ Equivalent to SDR 619.37 million at an SDR/USD exchange rate of 0.768.

5/ Figures are based on preliminary assessments at the time of the issuance of the preliminary HIPC document; and are subject to change. Assistance levels for Ethiopia and Guinea-Bissau were based on the original framework and applied at the completion point; for Cameroon, Chad, Guinea, Malawi, Nicaragua, Rwanda, and Zambia, targets are based on the enhanced framework and assistance levels are at the assumed decision point.

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