

THE INTERNATIONAL DEVELOPMENT ASSOCIATION
AND
THE INTERNATIONAL MONETARY FUND

REPUBLIC OF MOZAMBIQUE

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

Prepared by the Staffs of IDA and the IMF¹

April 6, 1998

Financing Plan for Remaining Bilateral Gap of US\$116 million

The attached table shows the details of the financing plan for the residual bilateral gap of US\$116 million. Bilateral creditors would contribute US\$77 million. Paris Club creditors have pledged US\$51.8 million, and non-Paris Club bilateral creditors would provide US\$25.2 million consistent with fully proportional burden sharing. It is proposed that the Bank and the Fund fill the remaining one-third of the gap, or US\$39 million. The Bank would contribute US\$29 million and the Fund US\$10 million, roughly in proportion to their exposure in net present value terms.

In the context of exceptional efforts by all parties in this case, Bank and Fund managements consider such an additional contribution from the Bank and the Fund justified in the interest of bringing Mozambique—a most deserving case as one of the poorest and most heavily indebted countries in Africa—to its decision point under the HIPC Initiative.

Addendum

In April 1998, the Boards of the IMF and the World Bank approved Mozambique's request for assistance under the HIPC Initiative, subject to satisfactory assurances of the necessary support from other creditors and continued strong policy implementation. The debt sustainability target for the net present value of the debt as a ratio of exports was set at 200 percent. Total assistance of US\$1.442 million in present value terms is to be delivered at the completion point.

¹Approved by Evangelos A. Calamitsis and Thomas Leddy (IMF) and Masood Ahmed and Phyllis Pomerantz (IDA).

Mozambique
HIPC Debt Initiative: Final Document
Supplement 1

Financing Plan for the Gap of US\$116 million

Contributors	Amounts (in US\$ millions)	Comments
I. <u>Paris Club Bilaterals</u>	51.8	
Voluntary action within the Paris Club 1/	17.7	
Brazil	9.9	Topping-up to full proportionality.
Italy	5.0	Cancellation of additional pre-cutoff debt.
Sweden	0.9	Topping-up to full proportionality.
United States	1.9	Topping-up to full proportionality.
Direct Contributions	34.1	
Belgium	1.5	Transfer from the ISF to the HIPC Trust Fund. 2/
Canada	5.6	CIDA contribution to the HIPC Trust Fund. 3/
France	5.0	Transfer from the ISF to the HIPC Trust Fund.
Netherlands	7.0	Transfer from the ISF to the HIPC Trust Fund.
Portugal	5.0	To be delivered through the HIPC Trust Fund.
United Kingdom	10.0	Transfer from the ISF to the HIPC Trust Fund.
II. <u>Non-Paris Club Bilaterals</u>	25.2	Topping-up to full proportionality.
III. <u>Multilaterals</u>	39.0	
World Bank	29.0	Provision of US\$87 million in IDA grants.
IMF	10.0	Grants from the ESAF/HIPC Trust.
IV. <u>TOTAL</u>	<u>116.0</u>	

1/ Based on information provided by the Paris Club and national authorities.

2/ ISF is the Interest Subsidy Fund administered by IBRD.

3/ CIDA is Canadian International Development Agency.