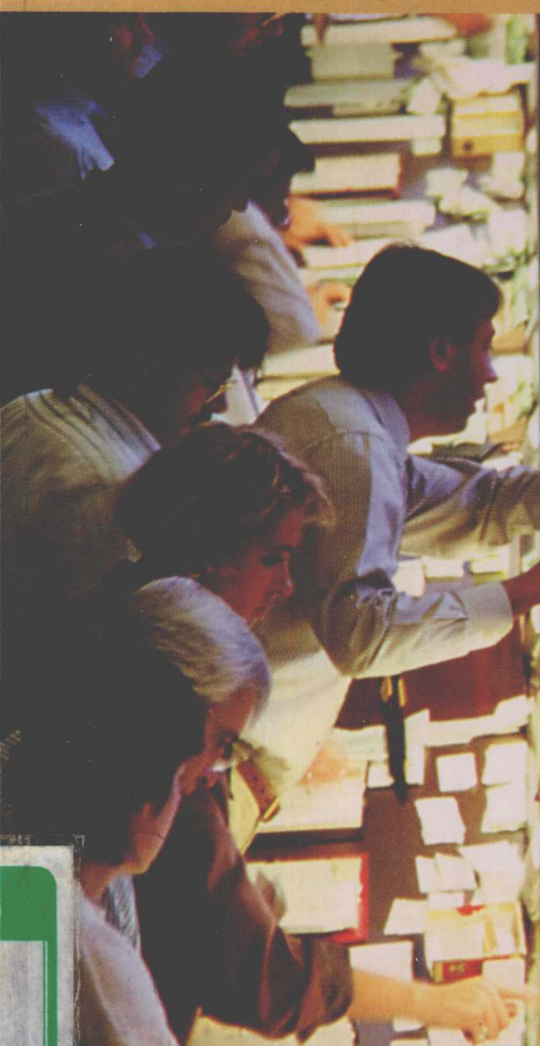
THE WORLD BANK

# Global Development Finance

## Building Coalitions for Effective Development Finance

COUNTRY TABLES

2001



# Global Development Finance

## Building Coalitions for Effective Development Finance

Country Tables

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# Preface

*Global Development Finance* consists of two volumes: *Analysis and Summary Tables* and *Country Tables*. *Analysis and Summary Tables* contains analysis and commentary on recent developments in international finance for developing countries, together with summary statistical tables for selected regional and analytical groups comprising 150 developing countries.

*Country Tables* contains statistical tables on the external debt of the 137 countries that report public and publicly guaranteed debt under the Debtor Reporting System (DRS). Also included are tables of selected debt and resource flow statistics for individual reporting countries as well as summary tables for regional and income groups.

Earlier this year, country tables and summary statistics were also made available on CD-ROM through an advance release edition.

For the convenience of readers, charts on pages xx to xxii summarize graphically the relation between debt stock and its components; the computation of net flows, aggregate net resource flows, and aggregate net transfers; and the relation between net resource flows and the balance of payments. Exact definitions of these and other terms used in *Global Development Finance* are found in the Sources and Definitions section.

The economic aggregates presented in the tables are prepared for the convenience of users. Although debt indicators can give useful information about developments in debt-servicing capacity, conclusions drawn from them will not be valid unless accompanied by careful economic evaluation. The macroeconomic information provided is from standard sources, but many of them are subject to considerable margins of error, and the usual care must be taken in interpreting the indicators. This is particularly the case for the most recent year or two, when figures are preliminary and subject to revision.

This volume was prepared by the Financial Data Team of the Development Data Group, led by Punam Chuhan. The team consisted of Nanasamudd Chhim, Mahyar Eshragh-Tabary, Nevin Fahmy, Kabinah Fofanah, Shelley Fu, Demet Kaya, Ibrahim Levent, Mohey Ragab, Gloria Reyes, and Alagiri Venkatesan. The team was assisted by Stephane Ritz and Elfrida O'Rielly-Campbell. Soong Sup Lee provided the macroeconomic data. Many others inside the World Bank provided helpful input, especially the staff of the Development Prospects Group, and the country economists who reviewed the data. The principal editor was Meta de Coquereaumont and the volume was laid out by Wendy Guyette with Communications Development Incorporated. The work was carried out under the direction of Shaida Badiee.

# Acronyms and Abbreviations

| | |
|---|---|
| BIS | Bank for International Settlements |
| CRS | Creditor Reporting System (of the OECD) |
| DAC | Development Assistance Committee (of the OECD) |
| DDSR | Debt and debt service reduction |
| DRS | Debtor Reporting System (of the World Bank) |
| GNP | Gross national product |
| IBRD | International Bank for Reconstruction and Development/World Bank |
| IDA | International Development Association (of the World Bank) |
| IMF | International Monetary Fund |
| LIBOR | London interbank offer rate |
| MYRA | Multiyear rescheduling agreement |
| OECD | Organisation for Economic Co-operation and Development |
| OPEC | Organization of Petroleum Exporting Countries |
| RXD | Revised external debt |
| SDR | Special drawing right (of the IMF) |
| WBXD | World Bank External Debt System |

# Methodology

The World Bank is the sole repository for statistics on the external debt of developing countries on a loan-by-loan basis. The Debtor Reporting System (DRS), set up in 1951 to monitor these statistics, is maintained by the staff of the Financial Data Team (FIN), part of the Development Data Group of Development Economics.

## Methodology for aggregating data

Using the DRS data, in combination with information obtained from creditors through the debt data collection systems of other agencies such as the Bank for International Settlements (BIS) and the Organisation for Economic Co-operation and Development (OECD), the staff of the Financial Data Team estimate the total external indebtedness of developing countries. The data are also supplemented by estimates made by country economists of the World Bank and desk officers of the International Monetary Fund (IMF).

### *Converting to a common currency*

Since debt data are normally reported to the World Bank in the currency of repayment, they have to be converted into a common currency (usually U.S. dollars) to produce summary tables. Stock figures (such as the amount of debt outstanding) are converted using end-period exchange rates, as published in the IMF's *International Financial Statistics* (line ae). Flow figures are converted at annual average exchange rates (line rf). Projected debt service is converted using end-period exchange rates. Debt repayable in multiple currencies, goods, or services and debt with a provision for maintenance of value of the currency of repayment are shown at book value. Because flow data are converted at annual average exchange rates and stock data at year-end exchange rates, year-to-year changes in debt outstanding and disbursed are sometimes not equal to net flows (disbursements less principal repayments); similarly, changes in debt outstanding including undisbursed debt differ from commitments less repayments. Discrepancies are particularly significant when exchange rates have moved sharply during the year; cancellations and reschedulings of other liabilities into long-term public debt also contribute to the differences.

### *Public and publicly guaranteed debt*

All data related to public and publicly guaranteed debt are from debtors except for lending by some multilateral agencies, in which case data are taken from the creditors' records. These creditors include the African Development Bank, the Asian Development Bank, the Central Bank for Economic Integration, the IMF, the Inter-American Development Bank, and the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). (The IBRD and IDA are components of the World Bank.)

Starting with the 1988–89 edition of *World Debt Tables* (as this book was previously titled), all data pertaining to World Bank loans from 1985 onward are recorded at their current market value. Starting with the 1991–92 edition, all data pertaining to Asian Development Bank loans from 1989 onward are recorded at their current market value. Starting with the 1998 edition, all data pertaining to African Development Bank and African Development Fund loans from 1997 onward are recorded at their current market value as well.

### *Private nonguaranteed debt*

The DRS was expanded in 1970 to incorporate private nonguaranteed long-term debt. Reports, submitted annually, contain aggregate data for disbursed and outstanding debt, disbursements, principal repayments, interest payments, principal and interest rescheduled for the reporting year, and projected payments of principal and interest. Data are usually presented in dollars and currency conversion is not necessary. A few reporting countries choose to provide data on their private nonguaranteed debt in the loan-by-loan format used for reporting public and publicly guaranteed debt. In those cases the currency conversion and projection methodology just described is used.

Although the reporting countries fully recognize the importance of collecting data on private nonguaranteed debt when it constitutes a significant portion of total external debt, detailed data are available only in countries that have registration requirements covering private debt, most commonly in connection with exchange controls. Where formal registration of foreign borrowing is not mandatory, compilers must rely on balance of payments data and financial surveys.

This edition includes data on private nonguaranteed debt, either as reported or as estimated, for 76 countries for which this type of debt is known to be significant.

For private nonguaranteed debt that is not reported, the standard estimation approach starts from a calculation of the stock of debt outstanding, using data available from creditors. Figures on guaranteed export credits, obtained from the OECD's Creditor Reporting System (CRS), are supplemented by loan-by-loan information on official lending to private borrowers and by information on noninsured commercial bank lending to the private sector.

Disbursements and debt service payments for private nonguaranteed debt are more difficult to estimate. Amortization is estimated by making an assumption regarding the proportion of debt repaid each year and then applying these ratios to generate a first approximation of annual principal repayments. Disbursements are then estimated as a residual between net flows (equal to the change in the stock of debt) and estimated amortization. Interest payments are estimated by applying an assumed average interest rate to the stock of debt outstanding.

Data on the balance of payments flows provide useful guidelines in the process of building a time series because private nonguaranteed debt can be treated as a residual between total net long-term borrowing and net long-term borrowing recorded in the DRS for public and publicly guaranteed debt.

### *Short-term debt*

The World Bank regards the individual reporting country as the authoritative source of information on its own external liabilities. But for short-term debt, defined as debt with an original maturity of one year or less, accurate information is not widely available from debtors. By its nature, short-term debt is difficult to monitor; loan-by-loan registration is normally impractical, and most reporting arrangements involve periodic returns to a country's central bank from its banking sector. Since 1982 the quality of such reporting has improved, but only a few developing countries have figures available for short-term debt.

Where information from debtors is not available, data from creditors can indicate the magnitude of a country's short-term debt. The most important source is the BIS's semiannual series showing the maturity distribution of commercial banks' claims on developing countries. Those data are reported residually. However, an estimate of short-term liabilities by original maturity can be calculated by deducting from claims due in one year those that had a maturity of between one and two years 12 months earlier.

There are several problems with this method. Valuation adjustments caused by exchange rate movements will affect the calculations, as will prepayment and refinancing of long-term maturities falling due. Moreover, not all countries' commercial banks report in a way that allows the full maturity distribution to be determined, and the BIS data include liabilities only to banks within the reporting area. Nevertheless, combining these estimates with data on officially guaranteed short-term suppliers' credits compiled by the OECD gives what may be thought of as a lower-bound estimate of a country's short-term debt. Even on this basis, however, the results need to be interpreted with caution. Where short-term debt has been rescheduled, the effect of lags in reporting and differences in the treatment of the rescheduled debt by debtors and creditors may result in double counting if short-term debt derived from creditor sources is added to long-term debt reported by the country to obtain total external liabilities.

Some of the short-term debt estimates published are drawn from debtor and creditor sources, but most are from creditor sources. Only for a few countries can the data be regarded as authoritative, but they offer a guide to the size of a country's short-term (and, hence, its total) external debt. The quality of these data is likely to improve.

### *Use of IMF credit*

Data related to the operations of the IMF come from the IMF Treasurer's Department and are converted from special drawing rights (SDRs) into dollars using end-of-period exchange rates for stocks and average over the period exchange rates for converting flows, as described earlier. IMF trust fund loans and operations under the structural adjustment and enhanced structural adjustment facilities are presented together with all of the Fund's special facilities (the buffer stock, compensatory financing, extended fund, and oil facilities).

### *Treatment of arrears*

The DRS collects information on arrears in both principal and interest. Principal in arrears is included and identified in the amount of long-term debt outstanding. Interest in arrears of long-term debt and the use of IMF credit is included and identified in the amount of short-term debt outstanding. If and when interest in arrears is capitalized under a debt reorganization agreement, the amount of interest capitalized will be added to the amount of long-term debt outstanding and the corresponding deduction made from the amount of short-term debt outstanding.

### *Treatment of debt restructurings*

The DRS attempts to capture accurately the effects of the different kinds of restructurings on both debt stocks and debt flows, consistent with the circumstances under which the restructuring takes place. Whether a flow has taken place is sometimes difficult to determine.

In compiling and presenting the debt data, a distinction is made between cash flows and imputed flows. Based on this criterion, rescheduled service payments and the shift in liabilities from one financial instrument to another as a result of rescheduling are considered to be imputed flows.

The imputed flows are recorded separately in the Revised External Debt (RXD) system and the new World Bank External Debt System (WBXD), but these debt restructuring transactions are not evident in the main body of the debt data—only the resulting effect of these transactions is reflected.

Changes in creditor and debtor status that can result from debt restructuring are also reflected. For example, when insured commercial credits are rescheduled, the creditor classification shifts from private sources to official sources (bilateral). This reflects the assumption of the assets by the official credit insurance agencies of the creditor countries. The debts to the original creditors are reduced by the amounts rescheduled, and a new obligation to the official creditor agencies is created. This shift also applies to private nonguaranteed debt that is reduced by the amounts rescheduled, which in turn are included in the public and publicly guaranteed debt owed to official creditors. On the debtor side, when a government accepts responsibility for the payment of rescheduled debt previously owed by private enterprises, the DRS registers a change in debtor categories in the DRS. Similarly, when short-term debt is included in a restructuring agreement, the rescheduled amount is shifted from short-term to long-term debt.

## Methodology for projecting data

An important feature of the WBXD and the RXD system of the DRS is its ability to project future disbursements of unutilized commitments and future debt service payments.

### *Undisbursed debt*

Projections of disbursements help underpin future capital requirements in the implementation of externally financed projects. In addition, they help determine the interest portion of projected debt service. Future interest payments are based on projected debt outstanding that is itself determined by projected disbursements and repayments. The underlying assumptions of these projections are that loan commitments will be fully utilized and that the debtor country will repay all sums due. Future disbursements and debt service refer only to existing debt and do not reflect any assumptions on future borrowing.

Disbursement projections use two methods:

- *Specific schedules.* Debtor countries are requested to submit a calendar of future disbursements, if available, at the time individual loans are first reported. Country authorities are in a better position to provide estimated disbursement schedules when there is a solid public sector investment program in place.

- *Standard schedules.* In the absence of specific schedules, the RXD and WBXD system projects disbursements by applying a set of profiles to the last actual undisbursed balance of individual loans. The profiles are derived under the assumption that specific sources of funds have some common characteristics that cause them to disburse, in the aggregate, in some observable pattern. Accordingly, some thirty profiles have been derived that roughly correspond to creditor type. Profiles exist for concessional and nonconcessional loans from official creditors. For bilateral lending, profiles have been developed for the Development Assistance Committee, the Organization of Petroleum-Exporting Countries (OPEC), and other creditor groupings. For multilateral lending, specific profiles are available for major international organizations. An estimating equation for each profile is derived by applying regression analysis techniques to a body of data that contains actual disbursement information for more than 100,000 loans. Although these standard profiles are reestimated from time to time, under the best scenario they can only approximate the disbursement pattern of any single loan.

### *Future debt service payments*

Most projections of future debt service payments generated by the RXD and WBXD system are based on the repayment terms of the loans. Principal repayments (amortization) are based on the amount of loan commitments, and the amortization profile of most loans follows a set pattern. Using the first and final payment dates and the frequency of the payments, the system calculates the stream of principal payments due. If future payments are irregular, the RXD and WBXD system requires a schedule.

Projected future interest payments are calculated similarly. Interest is based on the amount of debt disbursed and outstanding at the beginning of the period. Again, using the first and final interest payment dates and the frequency of payments, the system calculates the stream of interest payments due. If interest payments are irregular, the RXD and WBXD system requires a schedule.

The published figures for projected debt service obligations are converted into U.S. dollars using the end-December 1999 exchange rates. Likewise the projection routine for variable interest rate debt, such as commercial bank debt based on the London interbank offer rate (LIBOR), assumes that the rate prevailing at the end of December 1999 will be effective throughout.

# Sources and definitions

This edition of *Global Development Finance* presents reported or estimated data on the total external debt of all low- and middle-income countries.

## Format

The *Country Tables* volume of *Global Development Finance* has been expanded to include summary tables along with the standard country tables for the 137 individual countries that report to the World Bank's Debtor Reporting System (DRS). Summary tables present selected debt and resource flow statistics for the individual reporting countries and external debt data for regional and income groups. Regional and income group totals in the summary tables include estimates for the 13 low- and middle-income countries that do not report to the DRS. Because these estimates are not shown separately in the tables, most group totals are larger than the sum of the DRS figures shown. The format of the regional and income group tables draws on the individual country table format and includes graphic presentations.

For the 137 individual countries that report to the World Bank's DRS, tables are presented in a four-page layout containing 10 sections.

SECTION 1 summarizes the external debt of the country.

Total external debt stocks (EDT) consist of public and publicly guaranteed long-term debt, private nonguaranteed long-term debt (whether reported or estimated by the staff of the World Bank), the use of IMF credit, and estimated short-term debt. Interest in arrears on long-term debt and the use of IMF credit are added to the short-term debt estimates and are shown as separate lines. Arrears of principal and of interest have been disaggregated to show the arrears owed to official creditors and the arrears owed to private creditors. Export credits and principal in arrears on long-term debt are shown as memorandum items.

Total debt flows are consolidated data on disbursements, principal repayments, and interest payments for total long-term debt and transactions with the IMF.

Net flows on debt are disbursements on long-term debt and IMF purchases minus principal repayments on long-term debt and IMF repurchases up to 1984. Beginning in 1985 this line includes the change in stock of short-term debt (including interest arrears for long-term debt). Thus if the change in stock is positive, a disbursement is assumed to have taken place; if negative, a repayment is assumed to have taken place.

Total debt service (TDS) shows the debt service payments on total long-term debt (public and publicly guaranteed and private nonguaranteed), use of IMF credit, and interest on short-term debt.

SECTION 2 provides data series for aggregate net resource flows and net transfers (long term).

Net resource flows (long term) are the sum of net resource flows on long-term debt (excluding IMF credit) plus net foreign direct investment, portfolio equity flows, and official grants (excluding technical cooperation). Grants for technical cooperation are shown as a memorandum item. Also shown as memorandum items are official net resource flows and private net resource flows. Official net resource flows are the sum of net flows on long-term debt to official creditors (excluding the IMF) plus official grants (excluding technical cooperation). Private net resource flows are the sum of net flows on debt to private creditors plus net foreign direct investment and portfolio equity flows. Official net transfers and private net transfers are shown as memorandum items as well.

Net transfers (long term) are equal to net long-term resource flows minus interest payments on long-term loans and foreign direct investment profits.

SECTION 3 provides data series for major economic aggregates. The gross national product (GNP) series uses yearly average exchange rates in converting GNP from local currency into U.S. dollars. The economic aggregates are prepared for the convenience of users; the usual caution should be exercised in using them for economic analysis.

SECTION 4 provides debt indicators: ratios of debt and debt service to some of the economic aggregates.

SECTION 5 provides detailed information on stocks and flows of long-term debt and its various components. Data on bonds issued by private entities without public guarantee, compiled for major borrowers, are included in private nonguaranteed debt. IBRD loans and IDA credits are shown as memorandum items.

SECTION 6 provides information on the currency composition of long-term debt. The six major currencies in which the external debt of low- and middle-income countries is contracted are separately identified, as is debt denominated in special drawing rights and debt repayable in multiple currencies.

SECTION 7 provides information on restructurings of long-term debt starting in 1985. It shows both the stock and flows rescheduled each year. In addition, the amount of debt forgiven (interest forgiven is shown as a memorandum item) and the amount of debt stock reduction (including debt buyback) are also shown separately. (See the Methodology section for a detailed explanation of restructuring data.)

SECTION 8 reconciles the stock and flow data on total external debt for each year, beginning with 1989. This section is designed to illustrate the changes in stock that have taken place due to five factors: the net flow on debt, the net change in interest arrears, the capitalization of interest, the reduction in debt resulting from debt forgiveness or other debt reduction mechanisms, and the cross-currency valuation effects. The residual difference—the change in stock not explained by any of the factors identified above—is also presented. The residual is calculated as the sum of identified accounts minus the change in stock. Where the residual is large it can, in some cases, serve as an illustration of the inconsistencies in the reported data. More often, however, it can be explained by specific borrowing phenomena in individual countries. These are explained in the Country Notes section.

SECTION 9 provides information on the average terms of new commitments on public and publicly guaranteed debt and information on the level of commitments from official and private sources.

SECTION 10 provides anticipated disbursements and contractual obligations on long-term debt contracted up to December 1999.

## Sources

The principal sources of information for the tables in these two volumes are reports to the World Bank through the DRS from member countries that have received either IBRD loans or IDA credits. Additional information has been drawn from the files of the World Bank and the IMF.

Reporting countries submit detailed (loan-by-loan) reports through the DRS on the annual status, transactions, and terms of the long-term external debt of public agencies and that of private ones guaranteed by a public agency in the debtor country. This information forms the basis for the tables in these volumes.

Aggregate data on private debt without public guarantee are compiled and published as reliable reported and estimated information becomes available. This edition includes data on private nonguaranteed debt, either as reported or as estimated, for 76 countries.

The short-term debt data are as reported by the debtor countries or are estimates derived from creditor sources. The principal creditor sources are the semiannual series of commercial banks' claims on developing countries, published by the Bank for International Settlements (BIS), and data on officially guaranteed suppliers' credits compiled by the Organisation for Economic Co-operation and Development (OECD). For some countries, estimates were prepared by pooling creditor and debtor information.

Interest in arrears on long-term debt and the use of IMF credit are added to the short-term debt estimates and shown as separate lines in section 1. Arrears of interest and of principal owed to official and to private creditors are identified separately.

Export credits are shown as a memorandum item in section 1. They include official export credits, and suppliers' credits and bank credits officially guaranteed or insured by an export credit agency. Both long-term and short-term export credits are included. The source for this information is the Creditor Reporting System (CRS) of the OECD.

Data on long-term debt reported by member countries are checked against, and supplemented by, data from several other sources. Among these are the statements and reports of several regional development banks and government lending agencies, as well as the reports received by the World Bank under the CRS from the members of the Development Assistance Committee (DAC) of the OECD.

Every effort has been made to ensure the accuracy and completeness of the debt statistics. Nevertheless, quality and coverage vary among debtors and may also vary for the same debtor from year to year. Coverage has been improved through the efforts of the reporting agencies and the work of World Bank missions, which visit member countries to gather data and to provide technical assistance on debt issues.

## Definitions

For all regional, income, and individual country tables, data definitions are presented below or footnoted where appropriate. Data definitions for other summary tables are, likewise, consistent with those below.

### *Summary debt data*

TOTAL DEBT STOCKS are defined as the sum of public and publicly guaranteed long-term debt, private nonguaranteed long-term debt, the use of IMF credit, and short-term debt. The relation between total debt stock and its components is illustrated on page xx.

*Long-term external debt* is defined as debt that has an original or extended maturity of more than one year and that is owed to nonresidents and repayable in foreign currency, goods, or services. Long-term debt has three components:

- *Public debt*, which is an external obligation of a public debtor, including the national government, a political subdivision (or an agency of either), and autonomous public bodies
- *Publicly guaranteed debt*, which is an external obligation of a private debtor that is guaranteed for repayment by a public entity
- *Private nonguaranteed external debt*, which is an external obligation of a private debtor that is not guaranteed for repayment by a public entity.

In the tables, public and publicly guaranteed long-term debt are aggregated.

*Short-term external debt* is defined as debt that has an original maturity of one year or less. Available data permit no distinction between public and private nonguaranteed short-term debt.

*Interest in arrears* on long-term debt is defined as interest payment due but not paid, on a cumulative basis.

*Principal in arrears* on long-term debt is defined as principal repayment due but not paid, on a cumulative basis.

The memorandum item *export credits* includes official export credits, suppliers' credits, the official non-ODA lending, and bank credits officially guaranteed or insured by an export credit agency. Both long-term and short-term credits are included here.

*Use of IMF credit* denotes repurchase obligations to the IMF with respect to all uses of IMF resources (excluding those resulting from drawings in the reserve tranche) shown for the end of the year specified. Use of IMF credit comprises purchases outstanding under the credit tranches, including enlarged access resources and all special facilities (the buffer stock, compensatory financing, extended fund, and oil facilities), trust fund loans, and operations under the structural adjustment and enhanced structural adjustment facilities. Data are from the Treasurer's Department of the IMF.

- *IMF purchases* are total drawings on the general resources account of the IMF during the year specified, excluding drawings in the reserve tranche.
- *IMF repurchases* are total repayments of outstanding drawings from the general resources account during the year specified, excluding repayments due in the reserve tranche.

To maintain comparability between data on transactions with the IMF and data on long-term debt, use of IMF credit outstanding at year end (stock) is converted to dollars at the SDR exchange rate in effect at the end of the year. Purchases and repurchases (flows) are converted at the average SDR exchange rate for the year in which transactions take place.

Net purchases will usually not reconcile changes in the use of IMF credit from year to year. Valuation effects from the use of different exchange rates frequently explain much of the difference, but not all. Other factors are increases in quotas (which expand a country's reserve tranche and can thereby lower the use of IMF credit as defined here), approved purchases of a country's currency by another member country drawing on the general resources account, and various administrative uses of a country's currency by the IMF.

TOTAL DEBT FLOWS include disbursements, principal repayments, net flows and transfers on debt, and interest payments.

*Disbursements* are drawings on loan commitments during the year specified.

*Principal repayments* are the amounts of principal (amortization) paid in foreign currency, goods, or services in the year specified.

*Net flows on debts* (or net lending or net disbursements) are disbursements minus principal repayments.

*Interest payments* are the amounts of interest paid in foreign currency, goods, or services in the year specified.

*Net transfers on debt* are net flows minus interest payments (or disbursements minus total debt service payments).

The concepts of net flows on debt, net transfers on debt, and aggregate net flows and net transfers are illustrated on pages xxi and xxii.

*Total debt service paid (TDS)* is debt service payments on total long-term debt (public and publicly guaranteed and private nonguaranteed), use of IMF credit, and interest on short-term debt.

### *Aggregate net resource flows and transfers*

NET RESOURCE FLOWS (LONG-TERM) are the sum of net resource flows on long-term debt (excluding IMF) plus non–debt-creating flows.

NON–DEBT-CREATING FLOWS are net foreign direct investment, portfolio equity flows, and official grants (excluding technical cooperation). Net foreign direct investment and portfolio equity flows are treated as private source flows. Grants for technical cooperation are shown as a memorandum item.

*Foreign direct investment (FDI)* is defined as investment that is made to acquire a lasting management interest (usually 10 percent of voting stock) in an enterprise operating in a country other than that of the investor (defined according to residency), the investor's purpose being an effective voice in the management of the enterprise. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments.

*Portfolio equity flows* are the sum of country funds, depository receipts (American or global), and direct purchases of shares by foreign investors.

*Grants* are defined as legally binding commitments that obligate a specific value of funds available for disbursement for which there is no repayment requirement.

The memo item *technical cooperation grants* includes free-standing technical cooperation grants, which are intended to finance the transfer of technical and managerial skills or of technology for the purpose of building up general national capacity without reference to any specific investment projects; and investment-related technical cooperation grants, which are provided to strengthen the capacity to execute specific investment projects.

*Profit remittances on foreign direct investment* are the sum of reinvested earnings on direct investment and other direct investment income and are part of net transfers.

### *Major economic aggregates*

Five economic aggregates are provided for the reporting economies.

*Gross national product (GNP)* is the measure of the total domestic and foreign output claimed by residents of an economy, less the domestic output claimed by nonresidents. GNP does not include deductions for depreciation. Data on GNP are from the Macroeconomic Data Team of the Development Economics Development Data Group of the World Bank.

*Exports of goods and services (XGS)* are the total value of goods and services exported as well as income and worker remittances received.

*Imports of goods and services (MGS)* are the total value of goods and services imported and income paid.

*International reserves (RES)* are the sum of a country's monetary authority's holdings of special drawing rights (SDRs), its reserve position in the IMF, its holdings of foreign exchange, and its holdings of gold (valued at year-end London prices).

*Current account balance* is the sum of the credits less the debits arising from international transactions in goods, services, income, and current transfers. It represents the transactions that add to or subtract from an economy's stock of foreign financial items.

Data on exports and imports (on a balance of payments basis), international reserves, and current account balances are drawn mainly from the files of the IMF, complemented by World Bank staff estimates. Balance of payments data are presented according to the fifth edition of the IMF's *Balance of Payments Manual,* which made several adjustments to its presentation of trade statistics. Coverage of goods was expanded to include in imports the value of goods received for processing and repair (on a gross basis). Their subsequent re-export is recorded in exports (also on a gross basis). This approach will cause a country's imports and exports to increase without affecting the balance of goods. In addition, all capital transfers, which were included with current transfers in the fourth edition of the *Balance of Payments Manual,* are now shown in a separate capital (as opposed to financial) account, and so do not contribute to the current account balance.

### *Debt indicators*

The macroeconomic aggregates and debt data provided in the tables are used to generate ratios that analysts use to assess the external situations of developing countries. Different analysts give different weights to these indicators, but no single indicator or set of indicators can substitute for a thorough analysis of the overall situation of an economy. The advantage of the indicators in *Global Development Finance* is that they are calculated from standardized data series that are compiled on a consistent basis by the World Bank and the IMF. The ratios offer various measures of the cost of, or capacity for, servicing debt in terms of the foreign exchange or output forgone. The following ratios are provided based on total external debt:

*EDT/XGS* is total external debt to exports of goods and services (including workers' remittances).

*EDT/GNP* is total external debt to gross national product.

*TDS/XGS,* also called the debt service ratio, is total debt service to exports of goods and services (including workers' remittances).

*INT/XGS,* also called the interest service ratio, is total interest payments to exports of goods and services (including workers' remittances).

*INT/GNP* is total interest payments to gross national product.

*RES/EDT* is international reserves to total external debt.

*RES/MGS* is international reserves to imports of goods and services.

*Short-term/EDT* is short-term debt to total external debt.

*Concessional/EDT* is concessional debt to total external debt.

*Multilateral/EDT* is multilateral debt to total external debt.

### *Long-term debt*

Data on long-term debt include eight main elements:

DEBT OUTSTANDING AND DISBURSED is the total outstanding debt at year end.

DISBURSEMENTS are drawings on loan commitments by the borrower during the year.

PRINCIPAL REPAYMENTS are amounts paid by the borrower during the year.

NET FLOWS received by the borrower during the year are disbursements minus principal repayments.

INTEREST PAYMENTS are amounts paid by the borrower during the year.

NET TRANSFERS are net flows minus interest payments during the year; negative transfers show net transfers made by the borrower to the creditor during the year.

DEBT SERVICE (LTDS) is the sum of principal repayments and interest payments actually made.

UNDISBURSED DEBT is total debt undrawn at year end; data for private nonguaranteed debt are not available.

Data from individual reporters are aggregated by type of creditor. *Official creditors* includes multilateral and bilateral debt.

- *Loans from multilateral organizations* are loans and credits from the World Bank, regional development banks, and other multilateral and intergovernmental agencies. Excluded are loans from funds administered by an international organization on behalf of a single donor government; these are classified as loans from governments.
- *Bilateral loans* are loans from governments and their agencies (including central banks), loans from autonomous bodies, and direct loans from official export credit agencies.

*Private creditors* include bonds, commercial banks, and other private creditors. Commercial banks and other private creditors comprise bank and trade-related lending.

- *Bonds* include publicly issued or privately placed bonds.
- *Commercial banks* are loans from private banks and other private financial institutions.
- *Other private* includes credits from manufacturers, exporters, and other suppliers of goods, and bank credits covered by a guarantee of an export credit agency.

Four characteristics of a country's debt are given as memorandum items for long-term debt outstanding and disbursed (LDOD).

*Concessional LDOD* conveys information about the borrower's receipt of aid from official lenders at concessional terms as defined by the DAC, that is, loans with an original grant element of 25 percent or more. Loans from major regional development banks—African Development Bank, Asian Development Bank, and the Inter-American Development Bank—and from the World Bank are classified as concessional according to each institution's classification and not according to the DAC definition, as was the practice in earlier reports.

*Variable interest rate LDOD* is long-term debt with interest rates that float with movements in a key market rate such as the London interbank offer rate (LIBOR) or the U.S. prime rate. This item conveys information about the borrower's exposure to changes in international interest rates.

*Public sector LDOD and private sector LDOD* convey information about the distribution of long-term debt for DRS countries by type of debtor (central government, state and local government, central bank; private bank, private debt).

### *Currency composition of long-term debt*

The six major currencies in which the external debt of low- and middle-income countries is contracted are separately identified, as is debt denominated in special drawing rights and debt repayable in multiple currencies.

### *Debt restructurings*

Debt restructurings include restructurings in the context of the Paris Club, commercial banks, debt-equity swaps, buybacks, and bond exchanges. Debt restructuring data capture the noncash or inferred flows associated with rescheduling and restructuring. These are presented to complement the cash-basis transactions recorded in the main body of the data.

*Debt stock rescheduled* is the amount of debt outstanding rescheduled in any given year.

*Principal rescheduled* is the amount of principal due or in arrears that was rescheduled in any given year.

*Interest rescheduled* is the amount of interest due or in arrears that was rescheduled in any given year.

*Debt forgiven* is the amount of principal due or in arrears that was written off or forgiven in any given year.

*Interest forgiven* is the amount of interest due or in arrears that was written off or forgiven in any given year.

*Debt stock reduction* is the amount that has been netted out of the stock of debt using debt conversion schemes such as buybacks and equity swaps or the discounted value of long-term bonds that were issued in exchange for outstanding debt.

### *Debt stock-flow reconciliation*

Stock and flow data on total external debt are reconciled for each year, beginning with 1989. The data show the changes in stock that have taken place due to the net flow on debt, the net change in interest arrears, the capitalization of interest, the reduction in debt resulting from debt forgiveness or other debt reduction mechanisms, and the cross-currency valuation effects. The residual difference—the change in stock not explained by any of these factors—is also presented, calculated as the sum of identified accounts minus the change in stock.

### *Average terms of new commitments*

The average terms of borrowing on public and publicly guaranteed debt are given for all new loans contracted during the year and separately for loans from official and private creditors. To obtain averages, the interest rates, maturities, and grace periods in each category have been weighted by the amounts of the loans. The grant equivalent of a loan is its commitment (present) value, less the discounted present value of its contractual debt service; conventionally, future service payments are discounted at 10 percent. The grant element of a loan is the grant equivalent expressed as a percentage of the amount committed. It is used as a measure of the overall cost of borrowing. Loans with an original grant element of 25 percent or more are defined as concessional. The average grant element has been weighted by the amounts of the loans.

Commitments cover the total amount of loans for which contracts were signed in the year specified; data for private nonguaranteed debt are not available.

### *Projections on existing pipeline*

Projected *debt service* payments are estimates of payments due on existing debt outstanding, including undisbursed. They do not include service payments that may become due as a result of new loans contracted in subsequent years. Nor do they allow for effects on service payments of changes in repayment patterns owing to prepayment of loans or to rescheduling or refinancing, including repayment of outstanding arrears, that occurred after the last year of reported data.

Projected *disbursements* are estimates of drawings of unutilized balances. The projections do not take into account future borrowing by the debtor country. See Methodology section for a detailed explanation of how undisbursed balances are projected.

### *Exchange rates*

Data received by the World Bank from its members are expressed in the currencies in which the debts are repayable or in which the transactions took place. For aggregation, the Bank converts these amounts to U.S. dollars using the IMF par values or central rates, or the current market rates where appropriate. Service payments, commitments, and disbursements (flows) are converted to U.S. dollars at the average rate for the year. Debt outstanding and disbursed at the end of a given year (a stock) is converted at the rate in effect at the end of that year. Projected debt service, however, is converted to U.S. dollars at rates in effect at end-December 1999. Debt repayable in multiple currencies, goods, or services and debt with a provision for maintenance of value of the currency of repayment are shown at book value.

### *Adjustments*

Year-to-year changes in debt outstanding and disbursed are sometimes not equal to net flows; similarly, changes in debt outstanding, including undisbursed, differ from commitments less repayments. The reasons for these differences are cancellations, adjustments caused by the use of different exchange rates, and the rescheduling of other liabilities into long-term public debt.

### *Symbols*

The following symbols have been used throughout:

- 0.0 indicates that a datum exists, but is negligible, or is a true zero.
- .. indicates that a datum is not available.
- Dollars are current U.S. dollars unless otherwise specified.

## Debt stock and its components