Debt Cancellation for Haiti:

No Reason for Further Delays

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Executive Summary

Haiti is the most impoverished country in the Western Hemisphere, with 76 percent of its population below the poverty line and a life expectancy of 53 years. Yet it was originally excluded from the International Monetary Fund (IMF) and World Bank's Heavily Indebted Poor Countries (HIPC) initiative for debt cancellation in 1996, because of a technicality relating to its debt service burden.

Although it was subsequently included (in 2006), because of this delay Haiti is currently struggling to meet the requirements for cancellation of most of its total $1.54 billion foreign public debt. Thus, while the other HIPC countries in the Western Hemisphere (Bolivia, Guyana, Honduras, and Nicaragua) have already received debt cancellation under the HIPC and Multilateral Debt Relief Initiative (MDRI) – Haiti still has to reach the "completion point" under the HIPC initiative in order to receive debt cancellation.

If this completion point is not reached by September 2008, as now appears likely, Haiti would have to pay an additional $44.5 million in debt service payments to multilateral institutions (mostly the World Bank and the Inter-American Development Bank). This is equivalent to about 26 percent of Haiti's spending on public health, where there are many vital unmet needs. Furthermore, this total does not include bilateral debt service of $11.4 million, some cancellation of which can also be expected.

There are other reasons to avoid delay. There is little reason to believe that the conditions set by the IMF and World Bank for further debt cancellation are likely to benefit Haiti. Although the experience of HIPC debt cancellation is positive with regard to the funds freed up from debt cancellation being used for poverty-reducing expenditures,[1] the conditions attached to such debt cancellation do not have a positive track record. For example, in April of this year the IMF's Independent Evaluation Office released a report that examined the experience of 29 Sub-Saharan African countries that underwent Poverty Reduction and Growth Facility (PRGF) programs, and were therefore subject to IMF conditions, from 1999-2005. The report was highly critical of the IMF's role, and among other findings noted that nearly three-quarters of the aid money reaching these countries was not spent. Rather, at the IMF's urging, this money was used to pay off debt and to add to reserves.[2]

Another reason that these institutions should grant immediate debt cancellation is that they contributed to enormous economic damage in Haiti by cutting off all disbursements from 2001 – 2004. There is considerable evidence that this cutoff of aid was part of a deliberate effort by the U.S. government to destabilize and ultimately topple the elected government of Haiti.[3] As noted by economist Jeffrey Sachs, a former advisor to the IMF and World Bank,

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[1] See IDA/IMF (2007), "Heavily Indebted Poor Countries (HIPC) Initiative and Multilateral Debt Relief Initiative (MDRI) – Status of Implementation" August 28,2007 [http://www.imf.org/external/np/pp/2007/eng/082807.pdf].

[2] See Independent Evaluation Office of the IMF (2007), "The IMF and Aid to Sub-Saharan Africa." Online at: [http://www.imf.org/External/NP/ieo/2007/ssa/eng/pdf/report.pdf].

[3] Robert F. Kennedy Memorial Center for Human Rights. "RFK Memorial Takes Treasury Department to Court to Determine US Role in Denying Loans Vital to Haiti's Perilous Public Health." Press Release, August 15, 2006. [http://www.rfkmemorial.org/legacyinaction/2002_TreasCompl/]. See Walt Bogdanich and Jenny

"U.S. officials surely knew that the aid embargo would mean a balance-of-payments crisis, a rise in inflation and a collapse of living standards, all of which fed the rebellion [against President Aristide]."[4]

For a country as poor as Haiti, the aid embargo was enormously destructive to the economy, and the violence during and after the coup inflicted further damage and cost thousands of lives. Because of the multilateral creditors' participation in this destruction, and for the other reasons noted in this paper, Haiti's debt should be cancelled without further delay.

Nordberg, "Mixed U.S. Signals Helped Tilt Haiti Toward Chaos." *The New York Times*, January 29, 2006, for background on the U.S. role in the coup.

[4] Jeffrey Sachs, "From His First Day in Office, Bush Was Ousting Aristide," *Los Angeles Times*, March 4, 2004

Introduction

Haiti is currently struggling to meet the conditions set forth by the International Monetary Fund (IMF) and the World Bank in order to qualify for debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative. Once the country meets these conditions, it will receive additional debt relief under the latest Multilateral Debt Relief Initiative (MDRI).

In 2007, the Inter-American Development Bank (IDB) also agreed to cancel most of the outstanding loans of the five poorest countries in the Western Hemisphere, including Haiti. Even though the IDB did not take part in the MDRI, it has linked the full delivery of its promised debt relief to Haiti to the same conditions set forth by the IMF and the World Bank under the HIPC Initiative.

The HIPC Initiative began eleven years ago, but at the time, Haiti was excluded from it because it did not meet the technical debt burden indicators, which were later revised in 1999, and in spite of being the most impoverished country in the Western Hemisphere. Today, social indicators in Haiti remain at terribly low levels: some 76 percent of its population living in poverty, a life expectancy of 53 years and a 73 percent drop in real wages since 1990.

For these reasons and others described below, it would make sense to grant debt cancellation immediately, rather than forcing the government to meet various macroeconomic performance criteria before receiving the promised debt cancellation.

Current debt situation

According to the most recent data from Haiti's Economy and Finance Ministry, the country's total foreign public debt reached $1.54[5] billion in September 2007 (end of the fiscal year in Haiti).[6] Given IMF GDP projections for 2007, this would imply a modest reduction in total public debt from 30.3 percent of GDP in FY2006 to 27.3 percent in FY2007. At present, Haiti has no debt in arrears to multilateral institutions, especially after the last operation in January 2005, when it cleared $ 52.6 million in arrears to the World Bank using its own reserves and a $12.7 million grant from Canada.[7] This clearance operation had some element of concessionality and thus is mentioned in WB/IMF documents as being part of HIPC debt relief, but it is not completely clear how this operation was done or the amount of Haiti's own reserves involved.[8] Haiti's debt in arrears

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[5] All dollar amounts used here refer to the US dollar.

[6] *Ministère de l'Economie et des Finances de la Republique d'Haïti* (MEF), "Dette externe du secteur public (Sept 07)": [http://www.mefhaiti.gouv.ht/downloadpdf.php?dwn=dette%20externe_sep07.pdf].

[7] World Bank (2005), "Haiti: World Bank Approves $73 Million For Economic Governance And Disaster Recovery Efforts In Haiti," Press Release No. 272, January 6, 2005: [http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/LACEXT/HAITIEXTN/0,,contentMDK:20311956~menuPK:338198~pagePK:2865066~piPK:2865079~theSitePK:338165,00.html].

[8] See, for example, pages 20-21 of the Decision Point Document (IDA/IMF 2006, "Haiti: Enhanced Initiative for Heavily Indebted Poor Countries—Decision Point Document," IMF Country Report No. 06/440, November 2006: [http://www.imf.org/external/pubs/ft/scr/2006/cr06440.pdf].

to bilateral creditors was $ 44.7 million but was cleared in November 2006, after the country reached decision point status and signed a new agreement with the IMF.

Most of Haiti's foreign public debt is owed to the World Bank (more specifically, the International Development Association, IDA) and the IDB, as shown in Table 1 below. These debts together represented 21.4 percent of GDP in 2007 and accounted for 78.5 percent of Haiti's total foreign public debt that same year.

After reaching decision point status in November 2006, Haiti was supposed to receive interim debt relief under the HIPC Initiative from both multilateral and bilateral creditors for the FY2007-2008 period. It was assumed that Haiti would reach completion point by September 2008, after which it would receive full debt relief. The interim debt relief had been estimated at $19.8 million in debt service reduction ($13.3 million in FY2007 and $6.5 million in FY2008).[9] As a result of this interim debt relief, Haiti's debt service payments would be reduced by 15 percent to $76.3 million in FY2007 and by 11 percent to $54.5 million in FY2008.

In 2007, the Inter-American Development Bank (IDB), which holds the largest share of Haiti's total foreign public debt (44.3 percent), announced that it was also going to deliver $20 million in interim debt relief under the Multilateral Debt Relief Initiative (MDRI) over FY2007 - FY2008.[10]

[9] IDA/IMF 2006, Decision Point Document, p. 22.
[10] IDB (2007a), "IDB Governors approve $4.4 billion in debt relief for Bolivia, Guyana, Haiti, Honduras and Nicaragua," Press Release, March 16, 2007:
[http://www.iadb.org/NEWS/articledetail.cfm?artid=3665&language=En].

TABLE 1
Haiti: Stock of External Public Debt[1] (Fiscal Year ending September 30)

	2002	2003	2004	2005	2006	2007
			(In millions of US$)			
Total	**1,216.1**	**1,304.4**	**1,359.2**	**1,365.2**	**1,463.2**	**1,541.3**
Medium and long-term debt	1,166.9	1,245.7	1,280.5	1,329.8	1,418.5	1,541.2
Bilateral creditors	180.3	202.2	211.5	234.4	244.0	234.6
United States	9.4	8.7	8.0	15.1	14.4	13.8
France	43.3	50.9	56.4	64.1	68.1	75.3
Others	127.6	142.6	147.2	155.2	161.5	145.5
Multilateral creditors	956.6	1,026.0	1,057.8	1,073.6	1,142.1	1,306.6
World Bank	495.5	528.4	540.5	504.2	512.2	528.4
IFAD	25.6	28.8	30.9	31.7	33.2	37.4
IDB	430.3	462.7	481.4	534.0	593.5	682.1
OPEC special fund	5.2	6.1	5.0	3.7	3.2	3.1
IMF and IMF trust fund	30.0	17.5	11.2	21.8	32.4	55.6
Other debt[2]	49.2	58.6	78.7	35.4	44.7	0.1
Short term	0.0	0.0	0.0	0.0	0.0	0.0
Arrears	49.2	58.6	78.7	35.4	44.7	0.1
Nominal GDP (millions of US$)	**3,472.2**	**2,960.3**	**3,537.7**	**4,310.3**	**4,836.4**	**5,655.0**
Nominal GDP (millions of *Gourdes*)	**94,028.0**	**119,758.0**	**140,387.0**	**168,034.0**	**200,456.0**	**226,195.0**

Source: IMF (2007a,b)[11]; *Ministère de l'Economie et des Finances de la Republique d'Haïti* (MEF).
Notes:
1. Includes concessional and commercial public debt, officially guaranteed debt, and central bank liabilities, including use of Fund resources.
2. Excludes overdue suppliers' credits in dispute ("*dette en litige*").

How much debt relief will Haiti obtain once it reaches completion point?

Once Haiti reaches completion point, the country will receive $212.9 million in debt cancellation over time from both multilateral ($110.9 million) and bilateral ($102.0 million) creditors under the HIPC Initiative.[12]

Furthermore, reaching completion point will trigger additional debt cancellation under the MDRI, which will signify a more important reduction in debt for Haiti. From the World Bank, Haiti could receive $464.4 million in debt cancellation. Also, although the IDB did

[11] IMF (2007a), *op. cit.*, and IMF (2007b), "Haiti: Selected Issues and Statistical Appendix," Country Report No. 07/292, August 2007: [http://www.imf.org/external/pubs/ft/scr/2007/cr07292.pdf].
[12] IDA/IMF (2006), Decision Point Document, p. 22.

not participate in the MDRI, it has agreed to further debt cancellation and has linked the delivery of full debt relief of approximately $525 million in both future principal and interest payments (which includes interim debt relief) to Haiti reaching completion point status under the MDRI.[13]

Thus there is just over $1.2 billion of debt cancellation that is dependent on Haiti reaching completion point.

Haiti will not obtain any debt relief from the IMF beyond the HIPC Initiative because it had repaid all its MDRI-eligible debt to the IMF when it reached decision point status. However, Haiti's debt to the Fund after HIPC debt relief and after some recent repurchases will be relatively low.

When can we expect Haiti to reach completion point?

Both the IMF and IDA expect Haiti to reach completion point in September of 2008, probably after completing the fourth review evaluation under the Poverty Reduction and Growth Facility (PRGF) agreement with the IMF.

However, a look at other countries that have gone through and are going through the same process of meeting the conditions for debt relief, paints a bleaker picture for Haiti. Under the Enhanced HIPC Initiative, countries that have reached decision point status take three years, on average, to reach completion point.[14] Of the 22 countries that have reached completion point, 18 have taken more than two years and only one has reached completion point in one year or less, after having reached decision point status. Of the nine additional countries (Haiti included) that have reached decision point status and that are now struggling to meet the conditions required for completion point, five started more than four years ago.

The IDA and IMF point out in the decision point document that Haiti would forgo an estimated $18.6 million in debt relief in the event of a one-year delay in reaching completion point.[15] This foregone debt relief (i.e. what Haiti would not pay in debt service for FY2009) does not include, however, foregone debt relief from bilateral creditors and from other multilateral creditors, in particular the IDB.

Based on the debt service schedules for the IDB loans that are up for cancellation, Haiti would pay $25.9 million in debt service for FY2009 (October 2008-September 2009) if the completion point is not reached by September 2008.

This brings the total debt service at risk to $44.5 million; and this does not include bilateral debt service of $11.4 million, at least some of which would presumably be cancelled along

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[13] IDB (2007a), *op. cit.* and IDB (2007b), "Haiti: Strengthening Public Resource Management," Grant Proposal (HA-L1017): [http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=1117262].

[14] Based on the average for 22 HIPC completion point countries as listed on Table 4 (p. 76) of IDA/IMF (2007).

[15] IDA/IMF (2006), p. 23.

with the rest. This is a considerable amount of money for a country with such limited resources as Haiti. Taking just the $44 million and ignoring the bilateral debt service, that is about 26 percent of the government's spending on public health, in a country with severe public health problems.

Conditions for debt relief

A full list of the conditions or 'trigger points' that will enable Haiti to reach completion point status are included in the Appendix and are taken from Box 2 (p. 27) in IMF/IDA (2006). Below, some of the conditions are discussed.

Preparation of a full Poverty Reduction Strategy Paper (PRSP)

The completion of a full PRSP was expected to occur at the end of September this year and the Haitian authorities have been eager to finalize this document, since as stated above, they still have to implement the recommended actions for one full year before fulfilling this condition for debt relief.

In its July 2007 report on Haiti, the IMF mentions the Haitian authorities' eagerness to finalize the PRSP as soon as possible, but the Fund warned not to sacrifice "the document's quality and its broad participatory process."[16]

Haiti, however, had already started the PRSP process in 2003. This came to a halt with the overthrow of the elected government in 2004 and was re-started by the transitional government in 2005, finally resulting in an Interim PRSP document, published in September 2006.[17] In a recent press release (October 22, 2007), the alternate governor for Haiti at the IMF said that Haiti is "counting on the assistance of our external partners with implementation of our PRSP that we have just completed with input from all sectors of Haitian society."[18]

Given that the government has not started to implement the final document's recommendations and that it has to do so for a year (after which it also has to produce a progress report), it seems unlikely that Haiti will reach completion point status in September 2008, as envisioned in a recent World Bank/IMF progress report on the MDRI and HIPC initiatives.[19]

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[16] IMF 2007a, p.17.
[17] The final Interim PRSP can be found on the IMF's website at: [http://www.imf.org/external/pubs/ft/scr/2006/cr06411.pdf].
[18] IMF (2007c), "Statement by the Hon. DANIEL DORSAINVIL, Governor of the Bank for HAITI, at the Joint Annual Discussion," Press Release No. 48, October 27, 2997: [http://www.imf.org/external/am/2007/speeches/pr48e.pdf].
[19] IDA/IMF (2007) "HIPC and MDRI – Status of Implementation" (pp.43-44): [http://siteresources.worldbank.org/INTDEBTDEPT/ProgressReports/21501008/HIPCProgressReport20070828.pdf].

Macroeconomic Stability: Maintenance of macroeconomic stability as evidenced by satisfactory performance under the PRGF-supported program.

The government's policies have allowed it to meet more than satisfactorily the quantitative targets, including monetary aggregates, of the PRGF program with the IMF, in line with the macroeconomic stability trigger for the floating completion point (e.g. lower inflation and government spending). Haiti had already met two performance criteria for the second PRGF review. In fact these targets were exceeded by so much that the IMF recommends the Haitian government to step up public investment and loosen its monetary policy:

> "In the short term, the key priority is to step up the slow pace of budget execution, particularly in domestically financed investment, without compromising expenditure quality. In addition, the central bank should fully use the available room for base money growth under the indicative program targets, to avoid an overly tight monetary stance."[20]

But the Haitian government may have improved macroeconomic stability at the expense of growth. The IMF seems to recognize this and has thus lowered its GDP growth forecast for FY2007 from 4.0 to 3.5 percent. An overly tight monetary policy may have also caused the *gourde* to appreciate, thus reducing growth and employment by reducing exports and making imports artificially cheap.

It should be kept in mind that growth and employment are the macroeconomic variables that most contribute to poverty reduction; and an overemphasis on reducing inflation and government spending, without regard to economic growth, can reduce growth and employment below their potential.

Things to watch for in the coming months

As mentioned above, the full PRSP has probably been completed and once it is publicly available, it will allow us to better estimate the time that Haiti will take to reach the completion point.

Additionally, Haiti is scheduled to receive about $12 million on December 15, 2007 after "observance of performance criteria for September 2007 and completion of the second review under the PRGF arrangement".[21] We can expect this second review to be finalized before mid-December, and most likely published on the IMF's website by January 2008. As noted above, Haiti had already met two performance criteria when the first review was completed in July 2007.

[20] IMF (2007a, p. 4).
[21] IMF (2007a), p. 37.

Conclusion

It is thus clear that immediate cancellation of Haiti's debt would provide desperately needed resources to the most impoverished country in the hemisphere. Advocacy groups have also argued that it is unfair that Haiti should have to wait and fulfill other conditions while the other Latin American HIPCs have already received their debt cancellation from the multilateral lenders. This is the result of a technicality that Haiti was not included among the original HIPC countries. The fact that this was a mistake was implicitly acknowledged by the addition of Haiti to the HIPC Initiative in the year 2006.

There is also little reason to believe that the conditions set by the IMF and World Bank for further debt cancellation are likely to benefit Haiti. Although the experience of HIPC debt cancellation is positive with regard to the funds freed up from debt cancellation being used for poverty-reducing expenditures,[22] the conditions attached to this debt cancellation do not have a positive track record. For example, in April of this year the IMF's Independent Evaluation Office released a report that examined the experience of 29 Sub-Saharan African countries that underwent PRGF programs, and were therefore subject to IMF conditions, from 1999-2005. The report was highly critical of the IMF's role, and among other findings noted that nearly three-quarters of the aid money reaching these countries was not spent. Rather, at the IMF's urging, this money was used to pay off debt and to add to reserves. [23]

Another reason that these institutions should grant immediate debt cancellation is that they contributed to enormous economic damage in Haiti by cutting off all disbursements from 2001– 2004. There is considerable evidence that this cut off of aid was part of a deliberate effort by the U.S. government to destabilize and ultimately topple the elected government of Haiti.[24] As noted by economist Jeffrey Sachs, a former advisor to the IMF and World Bank, "U.S. officials surely knew that the aid embargo would mean a balance-of-payments crisis, a rise in inflation and a collapse of living standards, all of which fed the rebellion [against President Aristide]."[25]

For a country as poor as Haiti, the aid embargo was enormously destructive to the economy, and the violence during and after the coup inflicted further damage and cost thousands of lives. Because of their participation in this effort, the multilateral institutions should at the very least cancel Haiti's debt as rapidly as possible.

Funds made available through debt cancellation would also give Haiti the opportunity to address urgent humanitarian needs in the wake of recent natural disasters. Over 57 people

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[22] See IDA/IMF (2007), "Heavily Indebted Poor Countries (HIPC) Initiative and Multilateral Debt Relief Initiative (MDRI) – Status of Implementation" August 28,2007 [http://www.imf.org/external/np/pp/2007/eng/082807.pdf].

[23] See Independent Evaluation Office of the IMF (2007), "The IMF and Aid to Sub-Saharan Africa." Online at: [http://www.imf.org/External/NP/ieo/2007/ssa/eng/pdf/report.pdf].

[24] Robert F. Kennedy Memorial Center for Human Rights. "RFK Memorial Takes Treasury Department to Court to Determine US Role in Denying Loans Vital to Haiti's Perilous Public Health." Press Release, August 15, 2006. Found at http://www.rfkmemorial.org/legacyinaction/2002_TreasCompl/. See Walt Bogdanich and Jenny Nordberg, "Mixed U.S. Signals Helped Tilt Haiti Toward Chaos." *The New York Times*, January 29, 2006, for background on the U.S. role in the coup.

[25] Jeffrey Sachs, "From His First Day in Office, Bush Was Ousting Aristide," *Los Angeles Times*, March 4, 2004

died as a result of Tropical Storm Noel, and the storm caused floods and landslides. Some of the poorest urban areas, including Cité-Soleil in Port-au-Prince, were among the worst hit.[26] Prior to Noel, Haiti had already been hit by Hurricane Dean in August, and then wracked by weeks of flooding, with over 700 homes destroyed and more than 4,000 seriously damaged, "leaving around 4,000 families in distress and 3,000 persons living in temporary shelters," according to the International Organization for Migration.[27] So poor is infrastructure and capacity for reconstruction in Haiti that the country is also still feeling the effects of Hurricane Jeanne in 2004, which resulted in over 3,000 deaths.[28] Haiti's geographic vulnerability to tropical storms, and its poor capacity to cope with their after-effects, underscores the urgent need for debt relief. Debt cancellation would also present the Haitian government with the opportunity to implement disaster preparedness measures that might help mitigate the impact of such storms in the future.

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[26] NOAA Satellite and Information Service National Climatic Data Center, "Climate of 2007 October in Historical Perspective." November 16, 2007. Found at http://www.ncdc.noaa.gov/oa/climate/research/2007/oct/oct07.html

[27] International Organization for Migration, "Haiti: Assistance to flood victims." Press release, October 16, 2007. Found at http://www.reliefweb.int/rw/RWB.NSF/db900SID/EVOD-782D7W?OpenDocument

[28] USAID. "Annual Report for Fiscal Year 2004, Office of Foreign Disaster Assistance." Found at [http://www.usaid.gov/our_work/humanitarian_assistance/disaster_assistance/publications/annual_reports/pdf/AR2004.pdf].

Appendix: Conditions for Debt Relief

1. ***PRSP***: Preparation of a full PRSP through a participatory process and satisfactory implementation of its recommended actions for at least one year, as evidenced by an Annual Progress Report submitted by the Government to satisfaction of IDA and the IMF.

2. ***Macroeconomic Stability***: Maintenance of macroeconomic stability as evidenced by satisfactory performance under the PRGF-supported program.

3. ***Public Finance Management and Governance***: (a) Adoption of an automated mechanism to track public expenditures for poverty reduction on the basis of existing expenditure classification, publication of quarterly reports on these expenditures executed over a period of at least six months preceding completion point; (b) Alignment of public spending priorities with the I-PRSP, and, when completed, the PRSP, reflecting emphasis on pro-poor growth; (c) Up-to-date preparation of Government accounts by the MEF and their annual audit by the CSCCA, submission to Parliament and publication of audited Government accounts following generally accepted audit standards and legally mandated timetable; (d) Adoption and satisfactory implementation of a new public procurement law, in line with international best practice. Compliance by all Government purchasing agencies evidenced by independent audit of contracts above $1m equivalent and also of a representative random sample of all other Government contracts, awarded during the 6 months preceding the audit; (e) Adoption of a law on asset declaration and submission to the CSCCA and to the Parliamentary ethics and anticorruption commissions of at least one annual compliance report on the monitoring of the asset declarations covering the preceding year.

4. ***Structural Reforms***: Strengthen tax administration and policy by: (a) reinforcing and establishing customs control in Cap Haïtien, Gonaives, Saint Marc, Miragoane, Malpasse, Ouanaminthe and Belladere, including by installing ASYCUDA; (b) extending use of the central taxpayer file to all taxpayers in the Port-au-Prince metropolitan zone and registering in it all the taxpayers identified in the tax centers of Cayes, Miragoane, Saint Marc, Port de Paix, Cap Haïtien and Fort Liberté.

5. ***Social sectors: Education*** (a) Adoption and satisfactory implementation of a public financing mechanism to help poor families pay for costs of school fees in non-public schools to allow enrollment of an additional 50,000 out-of-school children in primary school as evidenced by the results of an independent audit of schools receiving public transfers; (b) Actual recurrent expenditures for education reach at least 21 percent of actual total recurrent Government spending, of which at least 50 percent is spent on primary education, over the 12 months preceding completion point, enabling inter alia the training of 2,500 new primary teachers (at least 1 year) and on average two visits per year of all primary schools by MENJS inspectors.

On this front, the World Bank has approved a three-phase loan project (with $25 million per phase and each phase lasting for three years) that will aim in the first phase (2007-2010) to "ensure educational access for 100,000 poor children aged 6-12 who are currently out of school (20% of the estimated 500,000 children not in school)" (EFA, Project Information

Document, Concept Stage). This will be done mainly through subsidies for poor families to send their children to "non-public" schools.

6. ***Health and HIV/AIDS***: Increase by at least 10 percentage points immunization rates for DPT3, BCG and measles; approval by the Government of National Policy, Strategic Plan and Scale up Operational Plan for HIV/AIDS prevention and treatment.

7. ***Debt management***: (a) Centralization of all information on public external and domestic foreign currency debt in a single database; (b) publication of two consecutive up-to-date quarterly reports on external debt data with a maximum 3 month lag in the period immediately before the completion point.