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FOR INFORMATION

DEBT REORGANIZATION

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DEBT REORGANIZATION

I. EXECUTIVE SUMMARY

1. Debt reorganization can be an important feature of economic transactions that occur in a country and it is necessary that they be recorded consistently in the system of national accounts, balance of payments, government finance statistics and monetary and financial statistics. The transactions involved in a debt reorganization can be complex. However, the *1993 System of National Accounts (1993 SNA)* has only five paragraphs on the topic.[1]

2. Part I of this information paper for AEG sets out the methodology on debt reorganization and related transactions as it has developed since *1993 SNA*. Part II discusses classification issues related to transactions involved in the Highly Indebted Poor Countries (HIPC) debt relief initiative and provides the proposed treatments. HIPC is an important type of debt reorganization that involves a number of developing countries that is not addressed adequately in existing methodology.

3. This paper draws on the *Government Finance Statistics Manual 2001 (GFSM 2001)*, particularly Appendix II, the *External Debt Statistics – Guide for Compilers and Users 2003 (External Debt Guide)*, particularly Chapter 8, and *ESA95 Manual on Government Deficit and Debt, First Edition, 2000*. It brings together a paper on the reorganization of government debt discussed at the Task Force on the Harmonization of Public Sector Accounts in October 2005 (Part I) and a paper on HIPC transactions discussed at the IMF Committee on Balance of Payments Statistics in June 2005 (Part II).

[1] Paragraphs 10.139, 10.140, 11.23, 11.24, and 12.52.

II. PART 1

A. Definition of Debt Reorganization

4. Debt reorganization is defined as bilateral arrangements involving both the creditor and the debtor that alter the terms established for servicing an existing debt, usually on more favorable terms for the debtor (*External Debt Guide*, paragraph 8.3). Government may be the debtor, whose debt is being reorganized, or the creditor who is agreeing to the terms and conditions of debt owed to it to be changed; the government may also be a third party, by agreement or by contract, in a debt reorganization between two other units. Debt reorganizations can involve foreign governments (the 'rest of the world' units). Debt reorganization can take many forms, including debt forgiveness, debt restructuring and rescheduling, and debt conversions, such as debt prepayments and buybacks. Other transactions related to debt reorganization include debt assumption, and debt payments on behalf of others.

5. Debt reorganization usually involves relief for the debtor from the original terms and conditions of debt obligations it has entered into. This may be in response to liquidity issues, whereby the debtor does not have the cash to meet looming debt service payments; sustainability issues, where the debtor is unlikely to be able to meet its debt obligations in the medium term; or a restructuring of the industry in which the debtor operates, which would be facilitated by changing the terms and conditions of the debtor's debt. A government whose debt is being favorably reorganized is generally a beneficiary. In the other cases where government is the creditor or a third party, there is usually some cost to government reflected in a reduction in net worth. However, this is not always the case.

6. A basic principle in the statistical treatment of debt reorganizations is that any debt instrument, whose terms and conditions have been changed by agreement between the creditor and debtor, should be considered extinguished and a new debt instrument created reflecting the new terms and conditions. The difference between the value of the new instrument compared with the old instrument is recorded as a capital transfer, if agreed debt forgiveness is involved.

B. Debt Forgiveness

7. Debt forgiveness is defined as the voluntary cancellation of all or part of a debt obligation within a contractual arrangement between a creditor and a debtor (*External Debt Guide*, paragraph 8.23). The debt forgiven may include all or part of the principal outstanding, inclusive of any accrued interest arrears.

8. Where the creditor is a government unit, its financial assets, and hence net worth, are reduced by the amount of the debt forgiveness, and the counterpart transaction is capital transfer payable. For a government debtor, its financial liabilities are reduced, and its net worth increased. The transactions recorded for the amount of the debt forgiven is a reduction in debt liabilities and a counterpart transaction of capital transfer receivable. The transactions are recorded at the time specified in the agreement that the debt forgiveness takes effect.

C. Debt Restructuring

9. Debt restructuring is a bilateral arrangement between the debtor and the creditor to alter the terms and conditions for servicing an existing debt, usually on more favorable terms for the debtor (*External Debt Guide*, page 253). This may include extending repayment periods, reducing the contracted interest rate, adding or extending grace periods for the repayment of principal, fixing the exchange rate at favorable levels for foreign currency debt, and rescheduling the payment of arrears.

10. The principle underlying the treatment of debt restructuring is that the debt instrument that is being restructured is considered to be extinguished and replaced by a new debt instrument with the new terms and conditions. The difference in value between the extinguished debt instrument and the new debt instrument is recorded as a decrease in liabilities matched by a capital transfer from the creditor to the debtor.

Government as the debtor

11. Debt restructuring may occur on a bilateral basis with an agreement between the government and the creditor, or it may be part of a multilateral debt rescheduling arrangement such as through the Paris Club, the Heavily Indebted Poor Countries (HIPC) Initiative (see Part II) or other multilateral arrangements. In all cases, the debt instruments of the government that have been subject to restructuring are extinguished, and new debt instruments are created reflecting the new terms and conditions.

Government as the creditor

12. A debt restructuring of government as a creditor may be on debt owed by other governments, public enterprises or other units (either foreign or domestic). The original debt instrument should be extinguished from the government assets and a new financial asset instrument created, namely the new debt instrument owed to it reflecting the new terms and conditions.

D. Debt Conversion

Debt-for-Equity Swaps

13. A creditor may agree to a debt owed to it to be replaced by an equity allocation. For example, a creditor government may accept an increase in its equity stake in a public enterprise to replace a loan to that unit. The recording depends on the value of the shares and other equity received by the government unit and whether there is an element of debt forgiveness.

14. The creditor will record a change in the composition of its financial assets, with the original debt instrument extinguished, and "Shares and other equity increased." The shares should be recorded at market value, and where there is not a market the shares should be valued at the total value of the assets less the total value of non-equity liabilities.

15. Where the agreement has an explicit debt forgiveness element then the creditor should record a capital transfer. When there is no debt forgiveness element the difference will be recorded as other economic flows (holding gain and loss) (*GFSM 2001*, Appendix II, paragraph 15).

Debt Prepayments and Buybacks

16. Debt conversion may involve early repayment of debt—that is the debtor may repay in cash the debt before the maturity date on the debt instrument. If there is a discount involved in the repurchase arrangement, it is referred to as a buyback. When there is a secondary market the debtor may repurchase its own debt if market conditions are favorable. Government may be either a creditor or a debtor in this type of a transaction. It is important to determine whether the agreement is part of a debt relief arrangement by the creditor government, or whether the early repayment is a commercial arrangement.

Government as the debtor

17. A government that repays a debt instrument owed by it prior to maturity will extinguish the debt instrument on the liabilities side of its balance sheet and will record a reduction in cash on the assets side.

18. The value of debt extinguished will be as follows: If the early repayment is part of a debt relief arrangement and involves a discount to the value of the debt at the time of the repayment, then the difference between the buyback price and the value of the debt is shown as a capital transfer received by the government debtor (*External Debt Guide*, paragraph 8.33).

19. On the other hand, if the early repayment is not part of a debt alleviation arrangement then any difference between the value of the debt and the repayment amount should be recorded as a holding gain or loss/ valuation change (*External Debt Guide*, paragraph 8.33).

20. Although it may have been difficult to establish a market value for the debt before the transaction, once the agreement has been reached on the terms and conditions for the early repayment, these terms set the market price at that time. The instrument should be revalued to the new market price before it is extinguished.

Government as the creditor

21. Similar principles will apply to the treatment of the transactions involved in the early repayment of debt where a government agrees to allow debt owed to it to be repaid early.

22. Where there is an element of debt relief, the creditor government will record the extinguishment of the debt owed to it as a reduction in its financial assets and the cash received as an increase in its financial assets. As this is part of a debt relief arrangement, the value of the financial asset extinguished will be greater than the cash received. The difference will be reflected in a capital transfer payable.

23. If the arrangement is made on commercial terms then any difference between the value of the asset that is being extinguished and the cash received will be shown as a holding gain or loss. Again, the early debt repayment agreement effectively sets the relevant market price; the asset should be revalued to this market price before it is extinguished.

E. Debt Assumption

24. Debt assumption is a trilateral agreement between a creditor, a former debtor, and a new debtor under which the new debtor assumes the former debtor's outstanding liability to the creditor and is liable for repayment of debt (*External Debt Guide*, paragraph 8.45). Calling a guarantee is an example of debt assumption. If the original debtor defaults on its debt obligations, the creditor may invoke the contract conditions permitting the guarantee from the guarantor to be called. The guarantor unit then must either repay the debt or assume responsibility for the debt as the primary debtor. Government units may guarantee the debt incurred by their public corporations, other government units (for example, debt of lower levels of government), or private sector units.

Government assuming the debt

25. The government guarantor, which becomes the new debtor, records a liability; and the liability of the original debtor is extinguished. The amount of the debt to be recorded is the full amount of the original outstanding debt unless there is an agreement with the creditor to reduce the amount of debt owed. The timing of the recording is at the time the debt is removed from the original debtor's balance sheet.[2]

26. In most instances a capital transfer is recorded, as the government will not have an effective legal financial claim on the original debtor arising from the debt assumption. The original debtor unit, notably public corporations, may be bankrupt or its financial circumstances are in such bad shape that it is highly unlikely that it will ever be able to repay the guaranteeing government.

27. However, in some instances, the terms of the debt assumption may include an effective legal obligation for the defaulting unit to pay back to the guaranteeing government the amount of debt that was taken over by it, and so the debt assuming government may acquire a financial claim. The counterpart transaction to the new liability recorded by the government would then be the acquisition of a financial asset. If the value of this financial asset is equal to the new debt liability then there is no change in net worth. Where the defaulting unit is a public corporation controlled by the government guarantor, and which continues to be a going concern, the counterpart transaction may take the form of an increase in the government's equity in that public corporation.

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[2] The question of the flows to be recorded on the activation of a guarantee is subject to another paper before the AEG.

28. A debt assumption may be by agreement between the government and the original debtor, rather than through the calling of a guarantee. Depending on the agreement, the counterpart transaction can be a financial claim or a capital transfer to the original debtor unit.

Government whose debt is assumed

29. A government unit may have its debt assumed by other government units, either other domestic governments (e.g., a regional government having its debt assumed by central government) or foreign governments. The original debt liability of the government whose debt is assumed is extinguished. The counterparty transaction will be either a liability to the assuming government or a capital transfer received, depending on the arrangement.

30. If the terms of the debt assumption (e.g., calling a guarantee) mean that the government which assumed the debt has a financial claim on the government whose debt was assumed, then the latter records a new liability. If it is of the same value as the liability extinguished, there is no change in net worth.

31. However, if there is no such effective claim (e.g., if the debt of a government was taken over by another government by agreement with no provision for a claim on the latter by the former), then a capital transfer received is recorded by the government whose debt is assumed. Net worth of the original debtor government is increased by the value of the debt assumed.

F. Debt Payments on Behalf of Others

32. Guarantors may just make one or more debt service payments on behalf of other units without assuming the entire debt. This may happen when a guarantee is called but the guarantor may only be obliged to make the debt servicing payments in respect of the guaranteed debt until the debtor is in a position to resume making the debt service payments. This situation may occur where the guaranteed debtor is experiencing temporary financial difficulties rather than permanent financial problems. Governments can be the debtor that is defaulting or the guarantor.

33. As with debt assumption, the treatment of the transactions associated with debt payments on behalf of others depends on whether or not the guarantor receives a financial claim on the defaulting unit in respect of the debt service payments it has made on behalf of the debtor.

34. Where a financial claim is established, then the guarantor records a decrease in cash and an increase in financial assets. The payment of the debt service is not recorded as a payment of interest and a principal repayment by the guarantor because these payments are not related to a liability in its balance sheet. The defaulting debtor records an increase in its liabilities to the guarantor.

35. If a financial claim has not been established, the guarantor records an expense which is classified as a transfer when the debtor is another government unit or a foreign government, and as a subsidy (GFS)/ transfer (BOP) when the debtor is a corporation. A government debtor records a grant (GFS)/ transfer (BOP) received from the guarantor that is either another general government unit or a foreign government.

G. Debt Write-Offs and Valuation Changes

36. A creditor can unilaterally decide to write off debt owed to it. This is different from debt forgiveness where a creditor and debtor agree bilaterally to extinguish debt owed to the creditor by the debtor. A unilateral repudiation by a debtor is not recognized.

37. A debt write-off may occur when a creditor concludes that debt owed to it is not going to be paid in full due, for instance, to the bankruptcy of the debtor unit.

38. A creditor that writes off debt will record the reduction in its financial assets through an other economic flow (other changes in the volume of assets).

H. Debt Servicing in Arrears

39. If a debtor misses an interest or principal payment then the amount that should have been paid is considered in arrears. Debt arrears of interest are added to the amount outstanding of the debt instrument for which payments have been missed. Debt arrears of principal are reflected as part of the original debt instrument which remains unchanged. However, if the original contract provided for a change in the characteristics of a financial instrument when it goes into arrears, this change should be recorded as reclassification in other change in volume of assets account.

40. In any subsequent debt reorganization, if the debt arrears are not also forgiven or reorganized on the same terms as the original instrument, then the debt arrears will be treated as a separate instrument.

I. Defeasance

41. Defeasance is where a debtor exactly matches the debt service outflows from a set of its liabilities with financial assets with the same debt service inflows. This may occur where a debtor has the wherewithal to pay down some of its liabilities (for example, from a privatization) but it may have insufficient debt maturing at present, and the secondary market is too expensive at the time to buy back its debt. In this case the debtor may acquire financial assets which exactly mirror the debt servicing payments of the debt it wishes to retire. In order to quarantine the debt and financial assets that form part of the defeasance arrangement from the rest of the debtor’s financial assets and liabilities, they may be transferred to a separate entity.

42. Although the debtor may wish to regard the defeased debt as being effectively extinguished, the gross position should still be recorded. That is, the debt should continue to

be shown on the liabilities side of the balance sheet and the off-setting financial assets recorded on the asset side. If a separate unit is created to hold the assets and liabilities, that new unit should be treated as an ancillary unit and consolidated with the defeasing unit, unless it's residence status is different.

III. Part II

Highly Indebted Poor Countries (HIPC) Initiative—Issues on Classification of Transactions

Overview of HIPC

43. The HIPC initiative was launched by the IMF and the World Bank in 1996 to help reduce the external debt burden of eligible countries to sustainable levels. It was enhanced in 1999 to provide deeper, faster and broader debt relief. The aim of the initiative is to restructure eligible countries' debt outstanding such that the present value (PV) of the stock of external debt is significantly reduced. The process gives rise to a complex set of transactions that need to be classified in the affected governments' accounts. Although the principles set out in Part II of this paper for recording transactions arising from debt reorganizations apply, the complexity of the HIPC Initiative arrangements raises some issues of the correct classification of some transactions.

44. The HIPC initiative has three phases with different types of debt relief available at each stage. In the first stage, a country is eligible for accessing the traditional concessional assistance from Paris Club creditors using various debt relief mechanisms. This includes debt restructurings with new concessional terms such as lower interest rates, longer maturities and longer grace periods for debt servicing payments. New concessional financing may also be forthcoming from the multilateral institutions and the World Bank may finance through its International Development Association debt buybacks.

45. In the second phase, bilateral and commercial creditors reschedule debt obligations up to a 90 percent reduction in PV terms. The IMF and IDA provide interim relief between the decision in principle to provide debt relief (decision point) and the finalization of the terms and conditions has been achieved (known as the completion point).

46. The third phase occurs once the completion point has been reached. At this stage, the HIPC Trust Funds become available for assisting eligible debtor countries to meet their debt service obligations to the IMF and other multilateral agencies. The IMF uses resources in the Poverty Reduction and Growth Facility (PRGF)-HIPC Trust Fund to assist countries to meet their debt service obligations to it. The IDA-HIPC Trust Fund is used to fund assistance in respect of debts owed to the World Bank and other multilateral institutions. The HIPC Trust Funds, resources come from donor pledges.

47. The statistical treatment of various elements of the HIPC arrangements that are not addressed explicitly in the present methodologies (primarily relate to balance of payments methodology) are described below. Table 1 show HIPC debt transactions for Ghana, while Table 2 and Figure 1 and show how these transactions can be recorded in balance of payments and government finance statistics, respectively.

A. Debt-service Falling Due Between Paris Club Agreed Minute Date and Specified Implementation Date

Issue

48. Under the Paris Club debt rescheduling arrangements, creditor countries as a group usually agree in the non-binding "Agreed Minute," which they sign, that payment terms and conditions of applicable debt falling due before the specified effective (implementation) date of the Paris Club bilateral agreement might not be paid on schedule. However, interest continues to accrue based on the existing loan terms, but payments are not made, up until the point when there is a formal bilateral agreement.

49. Debt statistical compilers in debtor countries have argued that debt payments due between the conclusion date of a Paris Club Agreed Minute and the implementation date—i.e., the specified conclusion date of bilateral agreement—should not be considered as arrears, or perhaps even as debt. It is argued that any payment made after the Paris Club Agreed Minute and based on the old loan terms is tantamount to violating the clause of "equal treatment of creditors."

Proposed Treatment

50. The *External Debt Guide* recognizes that the creditor in this case has agreed in principle to reschedule debt—that is, to reorganize payments that are falling due—but the agreement has yet to be signed bilaterally and implemented and so the liabilities remain outstanding. The *External Debt Guide* describes these types of arrears as *technical arrears*. The *External Debt Guide* further explains that if the agreement in principle lapses before a bilateral agreement is signed, "then any accumulated arrears are no longer technical arrears."

51. Regarding classification of technical arrears, the IMF's Committee on Balance of Payments Statistics (BOPCOM) and the Advisory Expert Group on National Accounts (AEG) have agreed that the treatment of arrears in various manuals be harmonized consistent with the *System of National Accounts 1993* (*1993 SNA*) and that no transactions be imputed when a debt goes into arrear if the terms and conditions remained unchanged. However, given that there is a mutually signed understanding between the debtor and the creditor that the terms and conditions in the mother agreement are temporarily suspended, BOPCOM concluded that these technical arrears be treated as transactions and classified as short-term debt, under other investment, other liabilities in the balance of payments (other receivable/payable, other in the financial account of the national accounts).

B. Debt-service Moratorium Extended by Creditors Before the Completion Point of the HIPC Initiative

Issue

52. Debt-service moratorium involves an individual creditor permitting the debtor a formal suspension of debt-service payments falling due within a given period. Debt-service

moratorium may also be granted to non-HIPCs in the events of natural disasters such as the moratorium granted to Tsunami-affected countries in 2005, and usually involves formal exchange of letters but not necessarily a formal bilateral agreement.

Proposed Treatment

53. The creditor's decision to offer debt-service moratorium to debt liabilities falling due within the moratorium period for HIPC debt can be considered akin to a debt rescheduling, in which case arrears are not created. As was witnessed in the recent Tsunami-affected countries, the intention of the action is to allow the debtor to delay payments and so providing short-term debt relief, or exceptional financing—the terminology of the balance of payments. In the HIPC Initiative, the common understanding between the debtor and the creditor is that obligations falling due in the moratorium period are neither payable nor forgivable until a decision is made at the completion date.

54. The general principle is to treat debt service moratorium extended by creditors as debt rescheduling provided there was some formal process that demonstrated agreement on behalf of both the debtor and creditor, such as the exchange of letters.

C. Treatment of HIPC Debt-service Transaction for Creditors that opt out of the HIPC Initiative

Issue

55. Debt compilers in debtor countries have sought guidance regarding the treatment of debt-service when an agreement is reached in principle in the Agreed Minute but specific HIPC creditors subsequently opt out of providing debt relief and claim full payment.

Proposed Treatment

56. A creditor's decision to opt out of providing debt relief does not modify its claim on the debtor and therefore if such claims are not paid when due the debtor is in arrears. The paper recommends that the *fifth edition of Balance of Payments Manual* (*BPM5)* framework be used to guide the treatment of HIPCs debts where creditors opt out of the HIPC Initiative or any other similar arrangements for debt relief. BOPCOM noted that the *BPM5* framework already provides clear guidance for such circumstances.

D. Paris Club Debt Rescheduling Agreements: Timing

Issue

57. This issue relates to the appropriate timing of the reorganization of debt rescheduling under the Paris Club.

Proposed Treatment

58. As financial agreements usually specify the effective date of each agreement, i.e., the date when the debt liability is transformed, BOPCOM concluded that debt rescheduling transactions should be recorded when the Paris Club agreement becomes effective. This normally takes place after the bilateral agreement has been approved through an act of parliament and signed by the relevant authorities.

E. HIPC debt transactions linked to social expenditure and the classification of transfers

Issue

59. Some HIPC debt relief savings are linked to government expenditure in that the local currency equivalent of the debt-service forgiven—as it falls due—is earmarked to finance social development projects. The issue arises as to whether:

- such savings should be classified in the balance of payments based on the type of expenditure outlays they finance in the government fiscal budget or the type of debt obligation forgiven, and

- in reference to the latter, whether all such debt relief savings should be classified in the balance of payments as capital transfers or should be classified to capital transfers or current transfers depending on whether the savings relate to principal or interest payments, respectively.

Proposed Treatment

60. The guiding principle in recording HIPC debt relief transactions is that it should be based on the type of debt obligation forgiven rather than the subsequent use of the funds in the government budget. All debt forgiveness should be recorded as a capital transfer, as the transfer affects the stock of liabilities of the debtor in the financial accounts.

F. Rescheduling of Interest Arrears and Interest Not Yet Due

Issue

61. Clarification is required on the treatment of rescheduling of interest arrears and interest not yet due.

Proposed Treatment

62. There is a distinction between rescheduling of interest arrears and interest not due. On interest arrears it considered that regarding the whole debt as being rescheduled is

analytically misleading and incongruent with the way the financial world treat instruments with payment arrears. So as long as the existing financial debt contract remains intact, rescheduling of interest arrears should not result in treating the debt as rescheduled.

63. On rescheduling interest not yet due, there is a different situation. As a debt instrument is composed of a stream of future payments the rescheduling of some or all of these payments constitute a change in the existing contract. So the whole of the debt should be regarded as rescheduled.

G. Balance of Payments Transactions Related to the HIPC Trust

Issue

64. Following successful progression to completion point of the HIPC Initiative, a country is entitled to receive the full HIPC assistance available through the IMF's PRGF-HIPC Trust. Under the HIPC Initiative, eligible debt payments to the Fund are made out of the so-called HIPC Umbrella account when the payment installments fall due—that is the debt is not forgiven all at once but remains outstanding and payments are made based on the existing schedule.

65. There is a need to clarify (a) the treatment of grants provided to HIPC through the IMF's PRGF-HIPC Trust, (b) the classification of interest income earned from the undistributed part of such grants, (c) the sectors to which the transactions relating to such grants should be recorded, and (d) the time of recording of the transactions.

Proposed Treatment

66. Once the HIPC grant is provided irrevocably, there is a clear change of economic ownership of the financial assets[3]—the debtor attains economic ownership of new funds, which are transferred from PRGF-HIPC Trust to the HIPC Umbrella Account. So it was agreed that:

- As ownership changes hands, the total HIPC grant should be recorded as a credit entry under capital transfer and as a currency and deposit asset (debit entry) in the debtor country's national accounts.

- Debit entries for IMF debt falling due and serviced out of the proceeds of the grant should be recorded (when they are made) under other investment (with interest continuing to accrue in the income account) and contra credit entries under reserve assets or other investment assets, currency and deposits depending on where the grant is classified.

[3] This change of ownership has been confirmed with the IMF's Finance Department, who are responsible for administering the IMF's PRGF-HIPC Trust.

- Interest earned from undistributed part of the grant which is invested in fixed income assets, should be recorded as credit entry under income.

- The sector classification of PRGF-HIPC Trust related transactions, should be determined by sector of the borrower—monetary authorities or the general government.

H. Identification of HIPC Transactions

Issue

67. There has been some interest from users of debt statistics to identify explicitly HIPC transactions in the balance of payments.

Proposed Treatment

68. BOPCOM expressed the need to have a comprehensive treatment of HIPC debt in the balance of payments, and supported the inclusion of a chapter in the revised manual to provide guidance on the recording of HIPC debt and similar type of debt transactions. However, a separate statistical framework dedicated to HIPC debt was not considered necessary and there was no consensus on memorandum items for HIPC transactions.

Table 1: Statement on HIPC Umbrella Account for Ghana	
Country Ghana PRGF-HIPC Trust	
UMBRELLA ACCOUNT FOR HIPC OPERATIONS	
Summary Position and Movements for the Month of November 2004 (in SDR)	
Balance[1], October 31, 2004	65, 647,597
Investment income[2]	**18,781**
	65,666,378
Less Disbursements[3]:	
November 30, 2004	1,347,328
Balance, November 30, 2004	64,319,050
[1] This is the grant amount set aside to meet Ghana's debt service payments on its existing debt to the Fund in accordance with the agreed schedule for use of PRGF-HIPC proceeds. [2] This is monthly-distributed cash income from HIPC Trust Fund fixed income investments. [3] Disbursement refers to payments from the HIPC Trust Fund to service Ghana's debt to the Fund which is falling due.	

Table 2: HIPC Umbrella Account transactions in balance of payments: (in SDR)

Standard presentation	Credit	Debit
current account, income, other investment: interest	18,781	
other investment: liabilities, loans, general government, long-term		1,347,328
other investment, assets, currency and deposits	1,309,766	

Figure 1. HIPC Umbrella Account Transactions in Government Finance