Glossary

amicus curiae: (Latin, literally: ‘friend of the court’) someone not a party to the case but believing that the court’s decision may affect their interests. They may file a written statement (brief) if all parties consent or the court gives leave to do so. The US government does not need consent or leave.

Article IV report: produced by the IMF on the base of regular visits (usually each year) to member economies. After discussion in the IMF’s Executive Board it is transmitted to the member and normally available (in full or at least as a so-called short Public Information Notice (PIN)) at the IMF’s home page nowadays. The name derives from its legal base, Article IV, IMF statutes.

avoiding powers: right to demand the return of payments made shortly before the petition to the detriment of other creditors. As elected officials usually continue in their capacities, they would have to do so (which might also be awkward for them). Therefore Section 926 enables creditors to request the court to appoint a trustee to pursue avoiding powers if the municipality refuses to exercise them.

Basel I: In 1988 the Basel Committee on Banking Supervision (established by the central bank governors of the Group of Ten countries in 1974 (home page <http://www.bis.org/bcbs/index.htm>)), decided to introduce a capital measurement system commonly referred to as the Basel Capital Accord or Basel I. Depending on perceived risk, loans were assigned specific weights reducing or increasing the costs of lending in a way strongly encouraging short-term flows to Asia.

basis point: 1/100 per cent (0.01%).

child mortality rate: probability of death between a child’s first and fifth birthdays, expressed per 1000 live births.

Commercial Interest Reference Rate (CIRR): currency specific reference rate used by the OECD for officially supported export credits of OECD countries and by IFIs to calculate present values of debt stocks of HIPC and other SCs. See also http://www.oecd.org/LongAbstract/0,2546,en_2825_495663_2428234_1_1_1_1,00.html.

Committee on Development Effectiveness (CODE): one of the committees on which executive directors of the IBRD serve; helps the board discharge its oversight responsibilities.

Cotonou Treaty: signed between the EU and SCs from Africa, the Caribbean and the Pacific (ACP group), successor of the 'Lomé Treaties', undoing ACP rights achieved under Lomé, making the EU-ACP relationship 'WTO compatible' (cf. Raffer and Singer, 2001).

Country Policy and Institutional Assessment (CPIA): this index is a summary measure of a country's policy and institutional performance, as assessed by the IBRD, covering 'a broad range of areas, including macroeconomic and structural policies, public sector management and service delivery, and policies for equity and social inclusion. The CPIA ratings are used, among other things, to allocate IDA resources' (Gautham, 2003, p. 102).

cross acceleration clause: stipulates that delays in meeting payment obligations of one bond issue immediately trigger the obligation to reimburse the principal of this and all other bond issues.

debt service ratio (DSR): total debt service (interest and amortization) actually paid divided by export revenues of goods and services (in official statistics, especially the IBRD's, usually abbreviated as TDS/XGS); traditional indicator of the debt burden.

Debt Sustainability Analysis (DSA): assesses how a country's current debts and prospective new borrowing affect its ability to service debts in the future (see IBRD, 2006, p. 3). According to the IBRD it is the general expectation that one DSA will be prepared annually for each country.

Enhanced Structural Adjustment Facility (ESAF) established in 1987 to provide concessional IMF lending to poor countries; superseded the Structural Adjustment Facility (SAF, established 1986).

executory contract: contract which has yet to be carried out.

ex turpi causa non oritur actio: principle that courts may refuse to enforce a claim based on the claimant's own illegal or immoral conduct or transactions. The Latin sentence says that no action is possible on the basis of disreputable causes.

Fifth Dimension: mechanism using new IDA credits to meet interest due on earlier market-related IBRD loans.

global public good (GPG): public goods are defined by the properties of non-rivalry (consumption by one person does not diminish or detract the consumption possibilities of others) and non-excludability (benefits/effects are available to all once the good is provided). Kaul et al. (1999, pp. 509–510) define GPGs as public goods 'with benefits that are strongly universal in terms of countries (covering more than one group of countries), people (accruing to several, preferably all, population groups), and generations (extending to both current and future generations, or at least meeting the needs of current generations without foreclosing development options for future generations)'.

Human Development Index (HDI): measures a country's average achievements in three basic dimensions of human development. The performance in each dimension is expressed as a value between 0 and 1. The dimensions combined to produce the HDI are life expectancy at birth, education (adult literacy rate weighted with 2/3, combined gross enrolment ratio weighted with 1/3) and GDP per head (PPP US\$).

IDA-only countries: IBRD members exclusively financed by credits from IDA, the IBRD's concessional arm for low-income countries.

indebtedness criterion (under HIPC): a country meets the indebtedness criterion if its debt ratios are above the relevant HIPC thresholds after the notional application of traditional debt relief mechanisms.

infant mortality rate: probability of dying before an infant's first birthday, usually expressed per 1000 live births.

Institute of International Finance, Inc. (IIF): global association of financial institutions created in 1983 in response to the international debt crisis, see <http://www.iif.com/about/index.quagga>.

interest service ratio (ISR): (actual) interest payments divided by XGS (INT/XGS).

Jubilee (Year): religious demand in the Bible/Torah to rebalance economic and social relations every 50 years, which includes debt cancellation and redistribution of land. Used by NGOs (including non-religious ones) as the title of their debt reduction campaign.

LIBOR: London Inter-Bank Offer Rate, rate at which the most influential banks offer each other credits.

majority voting clause: permits majorities to vote on proposals to alter the terms of debt contracts.

Meltzer Commission: International Financial Institution Advisory Commission established by Congress (1998), named after its chair, Allan H. Meltzer, a conservative economist who had advocated abolishing the IMF; published its report in March 2000, in which the majority recommended a dramatic scaling back of the IMF's activities. See <http://www.house.gov/jec/imf/meltzer.htm>.

municipality: defined by Section 101(40) US Code as a 'political subdivision or public agency or instrumentality of a State'. In practice, cities, irrigation districts, sewer operators, counties, even a hospital subject to control by public authority. Due to constitutional specificities within the USA (Union-State) state law may prohibit a municipality from proceeding under Chapter 9.

negative pledge clause: guarantees that no creditor's claims in the future will have preference over present debt.

OED: IBRD's Operations Evaluation Department, established on 1 July 1973 after US Congress and the GAO had started to press for

evaluations from the IBRD, also considering the alternative of evaluating on their own (prior activities by McNamara). Now renamed Independent Evaluation Group (IEG), in spite of this name an internal IBRD unit.

Organisation for European Economic Co-operation (OEEC): formal organization of Marshall Plan recipients established after World War II. In 1961 the OEEC became the OECD.

Paris Club: informal cartel of bilateral creditors founded in 1956 when Argentina needed debt relief. It has neither legal basis nor status, but meanwhile a home page describing it as a 'non-institution'. See <http://www.clubdeparis.org/en/presentation/presentation.php?BATCH=B01WP01>.

phantom debts: nominal debts accumulated in creditors' books that cannot be repaid or cashed because they are technically irrecoverable (thus economically non-existent, money already lost), but still treated as though perfectly sound. Raffer coined this expression in 1998 to highlight exaggerated and make-believe costs of debt reduction.

poverty gap ratio: mean distance separating the population from the poverty line (with the non-poor being given a distance of zero), expressed as a percentage of the poverty line.

present value: sum of all future payments or income streams discounted at an appropriate rate of interest. Shows how much future payments are worth at present given a certain rate of interest.

prior actions: measures that must be implemented upfront, prior to IMF Board approval of a programme; the IMF also interprets them as a way of testing programme ownership.

proportion of births attended by skilled health personnel (doctors, nurses or midwives) expressed as a percentage of live births: The UN's MDG Indicator website clarifies that traditional birth attendants, even if they receive a short training course, are not included.

quintile: one fifth of a distribution (for example, richest 20% of a country's income distribution).

real interest rate: nominal interest rate deflated by the rate of inflation or, for example, raw material export prices.

SAF: see Enhanced Structural Adjustment Facility.

Sixth Dimension (aka IDA Debt Reduction Facility): facility established by the IBRD to help poor SCs, and funded by the Bank and bilateral donors. It finances buybacks of commercial debt at reduced prices in the secondary market.

spread: surcharge upon LIBOR, which anyone else but those determining LIBOR must pay.

target(ing): aiming social expenditures at vulnerable groups who need

them (most) instead of subsidizing across the board; reduces costs and increases efficiency. Schemes may be targeted by income (for example, food stamps provided to people below a certain income), needs (for example, food for underweight children), commodity (subsidizing basic food items unpopular with richer people), age or region. These elements can be combined (for example, food to children in low-income households in a certain region).

tort: breach of duty leading to liability for damages (other than breach of contract). Tort law typically includes negligence.

trustee (in debt instruments): person acting on behalf of bondholders, thus representing them vis-à-vis the debtor, embodying the collective interests of creditors, who can no longer act individually.

trustee (in insolvency cases): person appointed to manage the property of the debtor (estate) during bankruptcy proceedings, in particular 'for the purpose of general administration of such property for the benefit of the debtor's creditors' (Section 101.11.c US Code).

under five mortality rate: probability of death before a child's fifth birthday.