

**REPORT ON FEASIBILITY OF  
DEBT CONVERSION IN CAMEROON**

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\* Source: Caisse Autonome d'Amortissement

## EXECUTIVE SUMMARY

The present study examines the feasibility of structuring either individual debt conversion transactions or a debt conversion program in Cameroon.

A debt conversion transaction may be defined as a three step financing transaction involving: 1) the purchase by a commercial or not-for-profit investor (NGO) of a debt owed by a debtor government to a creditor at a discount from face value; 2) the repurchase and cancellation of that debt by the debtor government through a payment of local currency, financial instruments or assets at a premium to the purchase price; and, 3) the use of those proceeds or assets by the investor or NGO to finance an investment or development project in the debtor country.

Section one of the study describes the mechanics of debt conversion transactions and programs, analyzes the eligibility of Cameroon's debt for conversion and the ability of the government of Cameroon to undertake debt conversion transactions.

Recognizing the constraints on the issuance of money in the Franc Zone, section two of the study suggests three types of debt conversion transaction in which the government of Cameroon can retire debt without issuing local currency.

Section three concludes the study with a brief analysis of whether it is feasible to structure self-sustaining local currency endowments to provide long term funding for development projects in Cameroon.

### SECTION ONE: Structuring a Debt Conversion Transaction or Program in Cameroon

- 0 Outstandings as of 3/31/94 of the total external sovereign debt of Cameroon are CFA 3,995,902 millions (USD 6,831 million) composed of :
  - o CFA 849,819 millions of multi-lateral debt;
  - o CFA 2,644,621 millions of bi-lateral debt;
  - o CFA 291,834 millions of commercial debt.
- 0 Outstandings as of 4/26/94 of the total internal debt of Cameroon are CFA 1,440,360 millions (USD 2,462 millions).
- 0 The multi-lateral debt of Cameroon is not eligible for conversion because it can not be discounted.

- 0 Bi-lateral debt owed by Cameroon is classified as either official or guaranteed commercial debt.
- 0 Outstandings of official debt (development assistance loans and government to government loans) eligible for conversion are USD 1,700 million.
- 0 To our knowledge, only official debt owed to France, Switzerland, Germany, and Holland is effectively available (being used) for official, creditor sponsored debt conversion transactions. Outstandings on the official debt owed to these countries by Cameroon that is eligible for conversion under Cameroon's rescheduling agreements are USD 1,300 million.
- 0 Outstandings of insured/guaranteed commercial debt owed by Cameroon and eligible for conversion are USD 251 million.
- 0 To our knowledge, of the signatories of Cameroon's most recent rescheduling agreement, only the insured commercial debt owed to France, Great Britain, Belgium, Sweden and Switzerland can be purchased at a discount from face value. Outstandings of this debt that are eligible for conversion are approximately USD 137 million.
- 0 Nearly all of the USD 500 million owed to private external commercial creditors by the government of Cameroon is eligible for conversion.
- 0 Of this amount, a cursory market survey indicates that portions of three syndicated loans in the aggregate amount of USD 170 million have traded on the secondary market.
- 0 A cursory market survey indicates that the price as of May 1, 1994 in the secondary market of external private commercial bank debt is 20 to 25% of face value.
- 0 Outstandings on internal debt legally and practically eligible for conversion as of 4-26-94 were CFA 442,270 million (USD 756 million).
- 0 The total amount of external and internal debt owed by the government of Cameroon that is eligible for conversion is approximately USD 1,775 millions.
- 0 The amount of debt that can actually be retired through debt conversion in Cameroon and the amount of investment that can be attracted to Cameroon will depend on the terms of debt purchase and redemption that would prevail in debt conversion transactions structured in Cameroon.

- 0 The government of Cameroon has expressed its interest in structuring debt conversion transactions on a systematic basis, particularly to convert internal debt as this debt is severely hindering the performance of the economy of Cameroon.
- 0 The government, however, because of its fiscal deficit and its membership in the CFA Zone, can not afford to fund a debt conversion program that will require it to disburse local currency for the cancellation of debt.
- 0 Nevertheless, a debt conversion program could be financed by a loan or line of credit arranged by multi-lateral and bi-lateral lenders.

#### SECTION TWO: Structuring Debt Conversion Transactions in Cameroon without the Disbursement of Local Currency by the Government of Cameroon

It is possible to structure ad hoc debt conversion transactions in Cameroon which enable the government of Cameroon to retire debt without the disbursement of local currency.

- 0 Debt can be cancelled in exchange for a transfer of assets from the government of Cameroon to the social or commercial investor. Assets that can be transferred include: government owned shares, equipment, land or buildings that are being privatized.
- 0 Debt can be cancelled by an investor in exchange for an offset on debts owed by the investor to the government.
- 0 Debt can be cancelled by the investor in exchange for policy reforms by the debtor government that will foster development.

#### SECTION THREE: Structuring a Local Currency Endowment in Cameroon

- 0 The creation of endowment funds in Cameroon could provide long term financing to NGOs and thus assure self-sustainable development activities. The capital of an endowment is invested and only the profits on these investments are used to fund development activities.
- 0 The Law of Associations and the Law of Cooperatives offer two alternative legal structures under which an endowment may be formed in Cameroon.
- 0 The association structure is less stringent in its registration, constitutional and management requirements and therefore may be preferable to NGOs and donors intending to fund an endowment in Cameroon.
- 0 If debt conversion transactions can be structured in Cameroon, the proceeds from conversions can be used to form endowments.

Total Debt Owed by the Government of Cameroon  
Eligible and Available for Conversion

(\$ MILLIONS)	ELIGIBLE	AVAILABLE
EXTERNAL		
PRIVATE COMMERCIAL	500	170
PUBLIC/ PUBLICLY GUARANTEED		
Export Credit	251	137
Official ODA	1,700	1,300
SUBTOTAL	2,451	1,607
INTERNAL		
CONVENTIONNELLE	723	723
NON-CONVENTIONNELLE	32	32
SUBTOTAL	755	755
TOTALS	3,206	2,362

# CAMEROON DEBT CONVERSION FEASIBILITY STUDY

## Introduction

A debt conversion transaction may be defined as a three step financing transaction involving: 1) the purchase by a commercial or not-for-profit investor of a debt (at a discount from face value) owed by a government to an external or internal creditor; 2) the repurchase and cancellation of that debt by the debtor government through a payment of local currency, financial instruments or assets at a premium to the purchase price (though usually also at a discount from face value); and, 3) the use of those proceeds or assets to finance an investment or development project in the debtor country.<sup>1</sup>

A debt conversion program is a set of regulations and administrative procedures and mechanisms established within a debtor country to promote and process debt conversion transactions on a significant scale to promote commercial and social investment while reducing the county's debt burden. Debt conversion regulations set specific terms, conditions and procedures to regulate debt conversion applications, authorizations, redemptions and disbursements. The regulations afford certainty and efficiency in what can often be time consuming transactions.

The benefits of debt conversion transactions and programs are threefold. The creditor receives a hard currency payment on a loan which has been in default for some time. The investor, through the premium provided on the purchase price of the debt, receives an effective premium over the current exchange rate for local currency which will provide it with the incentive to invest in the debtor country. The debtor country reduces its external debt, usually at a discount to its contract value, while simultaneously promoting additional investment in the debtor country that would not have occurred otherwise.

It is generally accepted that debt conversion programs, when properly designed and administered, produce a net reduction of debt and a corresponding increase in new investment in commercial and social sectors of the debtor country economy.

Countries that can particularly benefit from debt conversion transactions and debt conversion programs are countries like Cameroon which have experienced recent sharp increases in external and internal debt levels in relation to Gross National Product, exports of goods and

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<sup>1</sup>For instance, a debt-for-development conversion recently completed in Tanzania involved the purchase of approximately \$3.0 million of face value debt at a 67% discount from face value by a development organization funding development projects in the health, education, agriculture and water sectors. The purchase price was therefore 33% of face value or \$990,000.00. The debt was redeemed with the Bank of Tanzania at a five percent discount from face value. Accordingly, the development organization received the Tanzanian shilling equivalent of 95% of face value or \$2.7 million. The transaction took place in two tranches of debt and the shillings are being disbursed on a monthly schedule over a period of two years. The total effective gain in the transaction over the official dollar - shilling exchange rate was 170%. Source: The Debt-for-Development Coalition, Inc.

services and internal tax receipts.<sup>2</sup> For this reason most experts agree that it is urgent for Cameroon to undertake an effort to restructure internal and external debt whereby debt stocks are written down, loan maturities are stretched out and interest costs reduced, and to foster new commercial and social investment.

This feasibility study has been commissioned to examine the potential role of debt conversion in Cameroon to accomplish these goals. Section one of the study is in two parts. Part one describes the mechanics of debt conversion transactions and programs. Part two describes and analyzes the eligibility and availability of Cameroon's debt for conversion and the ability of the government of Cameroon to undertake debt conversion transactions. Part two then describes a potential structure for a debt conversion program in Cameroon that is externally financed.

Section two of the study explores whether alternatively it is possible to structure individual debt conversion transactions in Cameroon that would retire debt and encourage investment without requiring the government to disburse local currency. Section three concludes the report with a brief analysis of the laws of Cameroon that govern the creation of self-sustaining local currency endowments to provide long term funding for development projects.

## I. Structuring a Debt Conversion Transaction or Program in Cameroon

Section one of this report considers how a debt conversion transaction or program might be structured in Cameroon. This section is divided into two parts. Part one describes the mechanics of typical debt conversion transactions and programs. Part two discusses the feasibility of structuring a debt conversion transaction or program in Cameroon and suggests how a transaction or program might be financed, designed, implemented and administered.

### A. Debt Conversion Transactions and Programs Generally

In order to understand what is meant by a debt conversion transaction and a debt conversion program it is useful to have a brief description of the mechanics of a debt conversion transaction and a conversion program as well as the major factors to be considered in their design.

#### 1. A Typical Debt Conversion Transaction

A typical debt conversion transaction involves the purchase of debt by an investor or NGO from a creditor at a discount from its face value and the resale of that debt to the obligor or debtor at a higher price. The repurchase price for the debt is set in the transaction either at face value or some negotiated discount from that value and is usually paid by the debtor in local currency, financial instruments such as bonds, or assets such as shares.

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<sup>2</sup>A detailed summary of the recent history of Cameroon's debt is attached as Annex A.

#### a. Purpose of a Debt Conversion Transaction

Debt conversion transactions are usually undertaken by the parties for the financial benefits they convey. A successful debt conversion affords the commercial or social investor a substantial discount on its investment. The creditor loses the discount it gives on the sale of the debt, but will usually sell the debt either because it does not expect to be paid otherwise or because it provisioned for the debt long ago and the purchase price is accounted for as profit.<sup>3</sup>

The debtor government will engage in the transaction for a variety of reasons. The debtor government may engage in the transaction to retire a specific debt or debts. Alternatively, the government will allow the transaction because of the discount it will afford on the retirement of the debt or because the investment or development project that will result is in a high priority sector.

#### b. Types of Debt Conversion Transactions

Typically, debt conversions are structured to finance cash or equity investments in priority commercial and development sectors in the debtor country. Typical debt conversion transactions include: "debt-for-cash", "debt-for-equity", "debt-for-development", and "debt-for-nature". These transaction descriptions can be confusing because they state the purpose of the transaction without indicating their practical effect. As a practical matter, each of these transactions will be either a debt-for-cash transaction or a debt-for-assets transaction.

Other significant types of debt conversion transactions include "debt-for-offsets" and "debt-for-policy" transactions. Debt-for-offsets transactions involves the purchase and cancellation of a debt in exchange for offsets on other debts owed by the creditor to the government. Similarly, "debt-for-policy" involves the exchange of debts for policy reforms implemented by the debtor government.

A final category of debt conversion transaction may be described as "official debt conversion transactions" and "official debt cancellation transactions." Both are transactions which involve the cancellation of sovereign debt by the sovereign creditor. In the official debt conversion transaction, debts are cancelled in exchange for an agreed payment in local currency to fund development organization operations in the debtor country. The debt cancellation transaction, by contrast, involves the cancellation of debt in recognition of the debtor government's contribution to development projects.

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<sup>3</sup>Often the creditor from whom one is purchasing the debt is not the original creditor but a "holder," a party that bought the debt at a discount from the original lender or another holder. In that event, the creditor selling the debt earns a profit from the transaction.

### c. Parties and Legal Effect of Debt Conversion

The typical debt conversion transaction will involve three parties: the debtor, the creditor and the investor, also known as the debt converter. In legal terms the conversion generally results in an assignment of the debt to the investor and then a delivery and release or cancellation of the debt in favor of the debtor. In some debt conversions, however, the debt will be paid for by the investor and then directly cancelled and delivered to the debtor by the creditor.

### d. Debts Converted

Several varieties of debt are converted in debt conversion transactions. They fall in two categories: external and internal. External debts are generally hard currency debts owed to external creditors of the debtor country such as banks, governments, and multi-lateral institutions. Internal debts are generally local currency debts owed to internal creditors of the government.

Most debt conversions involve the conversion of external, hard currency debts into local currency or financial instruments denominated in local currency. However, in countries or areas such as the CFA zone with relatively stable fixed exchange rates, it may also be possible to convert debts denominated in local currency.<sup>4</sup>

External debts used in debt conversions generally fall in one of two categories: commercial debts and sovereign debts. Commercial debts themselves fall into two sub-categories: commercial bank debt and trade debt. Commercial bank debts eligible for conversion are loans extended by external banks directly to debtor governments or assumed by debtor governments under guarantees.

Trade debt is another category of external commercial debt. Trade credits consist of extensions of credit by external suppliers. A trade debt arises when a letter of credit in favor of an external supplier is not honored by a central bank in the debtor country due to a lack of foreign exchange.

External sovereign debts that are susceptible to debt conversion also consist of two general types: commercial loans insured by export credit agencies and official debt comprised of direct bilateral development assistance loans and government to government loans.

Insured commercial loans consist of commercial bank and trade loans which were insured at the time of their origination by a government export credit agency in the creditor country.

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<sup>4</sup>Although it is theoretically possible to purchase and convert debt regardless of its denomination, it is practically not feasible if the debt is denominated in a currency which is prone to continuous or rapid devaluation.

When the loans fall into default for non-payment, the commercial creditors are paid by the export credit agency to the extent of the insurance coverage purchased, generally 80 to 95 % of the face value of the loan. The export credit agency, as insurer, then assumes the loan and becomes a sovereign creditor of the debtor country to the extent of the payment made to the original commercial creditor.

Bi-lateral development assistance loans are loans made for a variety of purposes by the bi-lateral development agencies of the OECD countries. Government to government loans are usually loans from the treasury of one country directly to the treasury of the debtor country.

Internal debts may also be converted in debt conversion transactions.<sup>5</sup> These debts generally consist of local currency owed by the debtor government to internal creditors such as suppliers, local banks, civil servants and commercial companies.

#### e. Debtor and Creditor

The creditor in most debt conversions will either be a commercial bank or an export credit agency. Occasionally, the creditor will be a bi-lateral donor agency or even the treasury of a foreign government.<sup>6</sup>

The debtor in a debt conversion will usually be either a parastatal company and the ministry of finance or central bank of a developing country. The ministry of finance or central bank is usually obligated either as a cosignatory or as the direct or indirect (e.g., by law) guarantor on a loan or supplier's credit. The loans or agreements which constitute the debt are usually in default because the parastatal company did not have the money to pay at maturity or because the central bank could not provide hard currency for the external payment.

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<sup>5</sup>In countries with inconvertible currency, devaluation can pose an insuperable obstacle to debt conversion. Creeping devaluations or the potential for sudden massive devaluations make investors reluctant to purchase such debts even for the short period required to convert them. Similarly, if the proceeds of the conversion are envisioned to be local currency, it is difficult to convince investors to convert significant amounts at any one time.

<sup>6</sup>Despite the fact that they represent a large portion of the debt owed by lesser developed countries (and in Africa the lion's share), debts owed to multi-lateral institutions cannot as of yet be used in debt conversions. At present, it is the position of the multi-laterals that such discounts would adversely affect the LDCs because it would raise the multi-laterals' cost for funds in international bond markets and thereby force them to raise the interest charged on long term adjustment loans.

#### f. Transaction Procedure

Generally, the procedure involved in structuring a debt conversion consists of preparation and submission of a debt conversion application to the central bank or ministry of finance of the debtor country, authorization of the transaction, redemption of debt instruments and disbursement of proceeds. The application will describe the investor and the investment or development project to be funded with debt conversion proceeds and will request authorization to convert a global amount of debt.<sup>7</sup>

The authorization will specify the amount of debt to be converted, the redemption rate and the procedures for redemption. Once the authorization has been granted, the investor will then source and negotiate the purchase of debt from creditors. Purchases and redemptions generally take place on a periodic basis, usually quarterly or bi-annually in order to reduce counterparty risk and to avoid holding excessive amounts of local currency at any one time.

#### g. Terms of Purchase and Redemption

The terms of debt purchase and redemption are generally negotiated directly with the creditor and the debtor by the investor or its agent. Where a country has substantial amounts of external commercial debt, the price of this debt will usually be determined on the secondary debt market in Europe and the United States. Where there is not much commercial debt trading for a given country, the pricing can vary substantially depending on the type of debt involved, the amount sought and the terms of assignment or cancellation.

Terms which are critical to the debt purchase include the representations and warranties of the seller as to the debt's validity and the seller's clear title. Whether the seller will sell the debt contingent on the debtor government confirming that it is eligible for conversion and/or contingent on the debtor's performance under its debt conversion authorization, is also critical.

The terms for the redemption or repurchase of the debt in a conversion transaction are negotiated with the debtor government at the time of application. The exact terms depend on the type of debt to be converted and whether it is being converted under a debt conversion program or pursuant to an ad hoc agreement negotiated with the government. Generally, the price at which the debt was or will be purchased is not disclosed in the debt conversion application. Some governments, however, prefer to pay for the debt at a fixed premium to the purchase price. In such a case the government requires the investor to disclose the purchase price or fix the premium to a price range.

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<sup>7</sup>In Cameroon, a debt conversion application would be addressed to the Minister of Finance and copied to the Caisse Autonome d'Amortissement.

Critical terms for the redemption of debt include the exchange rate that will govern disbursements, the frequency and size of disbursements and the number and size of allowed tranche conversions. Some government debtors prefer the certainty of knowing exactly how much they will have to pay in local currency at the time that the debt is converted. Consequently, they will refuse to accept the risk of devaluation and will fix the exchange rate at which the debt is converted as of the date of conversion. In that event, the frequency of disbursements and tranche conversions is important because the investor will want to convert as little and as often as possible in order to avoid the risk of devaluation. Generally, when the government debtor requires a fixed exchange rate, the investor will require a higher premium in order to go forward with the transaction in order to hedge against the effects of a subsequent devaluation.

#### h. Proceeds

The form of the debtor government's payment for the cancellation of debt is crucial to the viability of the debt conversion transaction and, more generally, to debt conversion programs. Generally, the debtor government can choose between issuing local currency, financial instruments such as bonds, or assets such as shares or title to land.

The advantage of issuing local currency in a debt conversion transaction or program is the certainty of payment it affords the investor. The advantage of paying in bonds is that it defers the time of payment in cash for the government and therefore enables the government to budget for these payments.

If the government is going to pay in bonds or financial instruments, the amount the investor will be willing to accept will depend on the risk and yield inherent in accepting the instrument. These factors will in turn depend on the specific terms of the instruments and economic circumstances in the debtor country. If it is issuing bonds the government could issue bonds with staggered maturities to meet the implementation schedules of particular projects.

Critical issues for the investor will include the extent to which the government's performance at maturity is guaranteed by third parties, either expressly by donor governments or through the creation of a guarantee fund for this purpose. Often guarantee funds of this type will themselves be funded with non-interest bearing bonds (zero coupon bonds) issued by a credit worthy institution.

It is also conceivable that a government could pay with physical assets such as shares in government owned corporations, land, concessions or commodities. In the case of shares, the share transfer could be made immediately upon closing or deferred by using bonds. The bonds issued in debt-for-cash transactions can be designed to be convertible, either solely or at the option of the holders, into shares of publicly owned companies being privatized.

In transactions where the debt is being exchanged for other assets such as land, buildings, equipment, or commodities the crucial concern of the investor will be the quality of the title or right conveyed. Similarly, in some debt-for-assets transactions, how easily the assets can be monetized will also be critical.

## 2. Typical Debt Conversion Programs

Debt conversion transactions can be negotiated either on an ad hoc basis without any set parameters prior to negotiation regarding terms and procedures or they can be structured pursuant to a debt conversion program or guidelines established under central bank or ministry of finance regulations. Most of the factors discussed above that must be considered in structuring debt conversion transactions must also be considered in structuring debt conversion programs.

Distinguishing between specific "types" of debt conversion program is difficult as each program is designed to respond to local conditions concerning the debtor's economy. It is possible, however, to roughly categorize programs according to their purpose, their level of detail, the extent to which they contain market mechanisms for determining the price at which the government will pay for the debt being redeemed, and the form in which proceeds are paid.

### a. The Purpose of a Debt Conversion Program

Most conversion programs are designed primarily to promote or attract as much investment in the debtor country as possible while retiring as much external debt as possible. These general purpose conversion programs usually will allow investment in a wide or unrestricted selection of for-profit and not-for-profit investment categories.

Debt conversion programs may also be structured to encourage investment in a specific sector or for a specific purpose. It is possible, for instance, to restrict investment under a debt conversion program to a particular industry such as tourism or agriculture or for a specific activity such as the privatization of government owned corporations, the conservation of natural resources or development work in general.

### b. Detailed v. General Debt Conversion Programs

Some debt conversion programs are very detailed in the manner in which they treat debt conversion. These programs will generally have detailed guidelines or regulations governing the procedures for preparing and submitting a debt conversion application, granting of an authorization, tendering of debt, and payment of conversion proceeds.<sup>8</sup> The underlying

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<sup>8</sup>Mexico, the Philippines, Nigeria and Tanzania are examples of countries that have adopted detailed debt conversion programs.

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rationale for designing a detailed debt conversion program is that the more detailed the regulations governing a program are, the more efficiency there will be in converting debt.

By contrast, some countries have used only general guidelines which provide only the minimum of requirements as to application requirements and terms. Generally, programs that have a limited purpose such as privatization will have less detailed regulations or guidelines. The decision to keep guidelines governing these programs general is based on the rationale that less restrictions placed on investors will increase the volume of transactions, as no investor proposals will be eliminated without review. The underlying rationale is that this will encourage investors to apply and thereby promote more investment.<sup>9</sup>

### c. Pricing Mechanisms

Debt conversion program regulations generally fix the price at which the debtor government will retire debt as a percentage of face value of debt tendered. This price is often described as the redemption price or the redemption rate and is usually stated as a discount from face value.<sup>10</sup> The percentage of discount will either be fixed<sup>11</sup> in the debt conversion guidelines or determined through a debt conversion auction.

Debt conversion auctions are market based mechanisms which are designed to encourage competition between debt conversion applicants. In debt conversion auctions, debt conversion applicants will "bid the discount." In other words, after receiving a global authorization to convert debt the investor will participate in monthly or quarterly auctions in which it offers to tender a specific amount of debt to the debtor government at a stated discount. The government then accepts the offers providing it with the largest discount and thus the largest savings.<sup>12</sup>

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<sup>9</sup>South Africa and Zambia are examples of countries which have used general debt conversion guidelines.

<sup>10</sup>Consequently, a discount of 15% implies that the government will pay the investor the local currency equivalent of 85 % of the face value of the debt. Occasionally, this discount will be described in program guidelines as a "fee" or "tax."

<sup>11</sup>Often when the redemption rate is fixed the government will set different rates for different categories of investors. For instance, many countries allow NGOs to convert at less of a discount.

<sup>12</sup>Auction-based debt conversion programs are presently in use in Mexico, the Philippines, Nigeria and Morocco. For sample auction-based debt conversion regulations of Nigeria, see Annex C.

#### d. Debt Conversion Proceeds

The only difference in the character of the proceeds issued under a debt conversion program is in the volume of proceeds issued or paid and the inflationary implications this can have for the money supply. Consequently, debt conversion programs must be designed to strictly control the amount of money they create either through limiting the amounts of local currency auctioned or through limits on the amount of currency disbursed.

#### B. Feasibility and Design of Debt Conversion Transactions and a Debt Conversion Program in Cameroon

The feasibility of structuring debt conversion transactions or a debt conversion program in Cameroon will depend on the eligibility and availability of debt for conversion and the ability of the government to undertake debt conversion transactions.

The design of debt conversion transactions or a debt conversion program will have to address the issues of: financing; eligibility of debt; pricing procedures; eligible participants and projects; procedures for application and authorization; procedures for redemption and the type of proceeds to be issued and eligible expenses to be financed with cash proceeds (if applicable).

##### 1. Eligibility and Availability of Cameroon's Debt for Conversion

The eligibility of debt for conversion is largely a legal question. The availability of debt for conversion requires a legal and market analysis. Legal factors to be considered include the debt's eligibility for assignment and conversion under the terms of the loan agreements themselves and any applicable restructuring agreements. Market factors include the willingness and ability of creditors to sell or cancel debt in debt conversion transactions.

A review of the legal restrictions on the assignment and sale of the internal and external debt owed by Cameroon leads to the conclusion that approximately \$2.4 billion of external debt and \$755 million of internal debt is eligible for conversion. A market survey reveals that of this global amount, \$1.7 billion is eligible and available for conversion.

##### a. External Debt

The external debt of Cameroon falls into one of two categories, commercial and sovereign.

##### (1) External Commercial Debt

The total amount of external commercial debt owed by the government of Cameroon is approximately \$500 million and nearly all of this debt is owed to commercial banks under

direct or participated loans.<sup>13</sup> Nearly 85% of these commercial loans were made to bridge the Government of Cameroon's operating deficit. As this deficit has continued to climb since these loans were made, the government of Cameroon has not been servicing this debt in recent years in any significant amounts.<sup>14</sup>

(a) Secondary Market Transactions/Prices

Some of the creditors holding external uninsured commercial debt of Cameroon have therefore been willing to sell the debt at a steep discount from face value. Inquiries made with debt trading companies and banks in the United States and Europe indicate that though the debt is not often sold, some debt has been sold in recent months. Based on the trades which have occurred and a recent decline in secondary debt market prices generally, the price for syndicated commercial bank debt is estimated to presently be 20 to 25% of face value.<sup>15</sup>

Most of these trades have involved portions of Cameroon's external commercial debt which is syndicated. The total amount of this debt outstanding amounts to approximately \$170 million in principal. The remaining amounts of external commercial bank debt are owed in direct loans to commercial banks, most of them French. It is not clear at this time whether and when the creditors owed this debt would be willing to sell it.

The willingness of these creditors to sell their debt is based on the incapacity of Cameroon to resume paying its debt in the near future. Moreover, to date, Cameroon has not agreed to the rescheduling of any of its debt with commercial creditors in Europe or made anything other than token payments.<sup>16</sup>

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<sup>13</sup>Because the CFA is a convertible currency the government does not have trade debt, debt which arises due to a lack of foreign exchange.

<sup>14</sup>A World Bank syndicated "B" loan has been serviced by certain bi-lateral creditors on behalf of the government of Cameroon.

<sup>15</sup>Source: FH International; Banque Worms. This pricing is down from a high of nearly 30% in January. Speculative pressure drove the price this high. The price fell with those of LDC debt generally in response to the recent rise in interest rates in the United States.

<sup>16</sup>Cameroon has never signed a London Club rescheduling agreement with its commercial bank creditors.

Cameroon has, however, recently resumed discussions with the London Club commercial bank creditors and to our knowledge has recently made a token payment on some of its outstanding commercial loans. Indeed, a formal meeting with the London Club is scheduled in the very near future. Whether these discussions will result in a London Club rescheduling agreement is difficult to predict. After several years without payment, the creditors are likely to require significant payments on interest arrears before they will be willing to provide concessions in rescheduling maturities. Given its fiscal deficit, however, it seems doubtful that the government

(b) Legal Constraints on Assignment and Conversion of Commercial Debt

Nearly all of the external commercial bank debt owed by the government of Cameroon is legally eligible for conversion. Generally, the legal provisions which will restrict the assignment and conversion of debt will be clauses in the loan agreements restricting pre-payment and assignment or which, with syndicated debt, require a pro-rata sharing of payments between all of the members of the syndicate.

We have been informed by the government of Cameroon that nearly all of the commercial loans of Cameroon include pre-payment and sharing clauses. The pre-payment clause must be waived if a debt conversion will involve the conversion of a loan with future maturities still outstanding as its conversion would in a sense amount to a pre-payment.

A sharing clause will have to be waived where the debt is syndicated and a portion of the loan is being sold. The waivers must be in writing and in the case of the sharing clause, must be waived by each of the members of the syndicate. If the conditions are such that the sellers are willing to accept a discounted payment for the sale of the debt, it is usually not terribly difficult to obtain these waivers.

In interviews with Cameroonian government officials, we were also informed that all of the external commercial loan agreements signed by Cameroon contain standard assignment clauses. These clauses provide for assignment of the loans with notification to the Government of Cameroon. If the government's consent is not refused within fifteen days, it is deemed to have been given. The clause also provides that consent cannot be withheld unreasonably.

Moreover, we were informed that the assignment of Cameroon's external commercial debt is not limited to financial institutions (a common restriction in commercial bank loans). This implies that assignment to development groups or companies structuring debt conversions would be feasible.

Accordingly, it seems reasonable to conclude that approximately \$170 million of the external uninsured commercial bank debt of Cameroon is presently eligible and available for purchase and conversion at a price which is presently 20 to 25% of face value.

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of Cameroon can afford such a payment at this time.

The effect these discussions will have on the feasibility of converting commercial debts in Cameroon in the short term (i.e., the next six months) is difficult to predict. The effect of rescheduling on the willingness of creditors to sell debts owed to them varies from country to country and depends largely on what the creditors and potential debt purchasers expect from the negotiations. For instance, trading in the external commercial debt of Cote D'Ivoire increased markedly in January of this year just prior to the signing of Cote D'Ivoire's Paris Club rescheduling agreement. This was largely due to the expectation of creditors that debt for equity conversions would be possible after the conclusion of the talks.

Similarly, it seems reasonable to conclude that the remaining \$330 million in external uninsured commercial debt is eligible for conversion though perhaps not as readily available. This remaining portion of commercial bank debt may be available for conversion once rescheduling negotiations between the government and the creditors have taken place. The price of the debt at that time will depend on market conditions and the terms of any rescheduling agreement concluded.

(2) External Sovereign Debt

(a) Legal Constraints on the Assignment and Conversion of Sovereign Debt

Cameroon owes total external sovereign debt of \$6.8 billion.<sup>17</sup> Of this amount, \$4.5 billion is owed to bi-lateral sovereign creditors. Of these external sovereign debts, there are two categories that can be legally converted in debt conversion transactions: 1) official debt; and, 2) insured commercial debt. Official debt owed by Cameroon consists of overseas development assistance loans and government to government loans. Insured commercial debt consists of loans that were insured by bi-lateral export credit agencies and assumed by these agencies when the loans fell into default and they were forced to pay the insureds.<sup>18</sup>

All of these bi-lateral sovereign debts are governed by multi-lateral rescheduling agreements termed the Paris Club Agreements.<sup>19</sup> The most recent Paris Club agreement rescheduling the external sovereign debt of Cameroon was signed on March 25, 1994 (the "Agreement").<sup>20</sup> The "conversion clause" of the Agreement authorizes the conversion of substantial amounts of official and insured commercial debt.

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<sup>17</sup>It is important to note that this figure includes debt owed by Cameroon to multi-lateral organizations. The amount owed to these organizations comes to \$1.4 billion. As explained earlier, these amounts are not eligible or available for conversion because the creditors are not authorized to discount them.

<sup>18</sup>This debt is often referred to as "export-credit debt."

<sup>19</sup>The Paris Club is an informal coalition of sovereign creditors that gather periodically to decide total amounts of debt outstanding and negotiate a new repayment schedule with the debtor country. They usually include substantial debt relief in the form of: 1) principal forgiven; 2) rescheduling of maturities at concessional rates of interest; 3) granting of substantial grace periods; and, 4) inclusion of long repayment periods.

<sup>20</sup>A press release describing the Paris Club Agreement of March 25, 1994 is attached at Annex G. The Agreement covers all loans previously rescheduled under Cameroon's previous Paris Club agreements and provides Cameroon with substantial debt relief. The Agreement provides for the immediate cancellation of 50% of the amounts owed to France, Sweden and Canada, and remaining amounts are rescheduled for periods of 23 to 25 years with either concessional interest rates or long grace periods.

Specifically, the Procès-Verbal of the Agreement allows for debt conversion on a voluntary and bi-lateral basis for each signatory creditor: 1) up to 10% or \$20 million of all insured commercial credits covered by the Agreement and contracted prior to December 31, 1988, including all outstandings as of December 31, 1991, whichever is greater;<sup>21</sup> and, 2) up to 100% of all development assistance loans and all government to government loans concluded prior to December 31, 1988.

(b) Paris Club Debt Eligible and Available for Conversion

The total amount of debt eligible for conversion pursuant to the conversion clause is approximately \$2.9 billion. Of this total eligible amount, \$251 million represents export credit debt and \$1.7 billion represents official debt.<sup>22</sup>

The actual amount of this debt that should be available for conversion, however, is much less as not all of the creditor agencies are legally empowered to authorize the sale or cancellation of debts owed to the creditor governments at a discount from face value. For instance, of the signatories to the agreement, only Belgium, the United Kingdom, France, Sweden and Switzerland are legally empowered to sell insured commercial debts at a discount from face value.<sup>23</sup> Based on this limitation and the criteria for conversion under the conversion clause in the Agreement, a gross amount of \$137 million of commercial insured credits are eligible and available for sale and conversion.

Similarly, though there is a gross amount of \$1.7 billion of official debt eligible for conversion, only \$1.3 billion of this amount is also available for conversion. The reason for this lesser figure is that of all the signatories to the Agreement, only the governments of Switzerland, Germany, Holland and France have allowed the use of official debt in conversion or cancellation transactions.

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<sup>21</sup>For example, if the export credit agency of a creditor government, on loans contracted prior to December 31, 1988, is owed \$400 million in past due principal and interest through December 31, 1991, it would be entitled to authorize the conversion of up to \$40 million. A creditor export credit agency owed only \$100 million for the same period, would be entitled to convert up to \$20 million, because this amount is larger than the 10% figure.

<sup>22</sup>These amounts are estimates based on debt lists provided by the Caisse Autonome d'Amortissement. The exact amounts may vary depending on the outcome of bi-lateral agreements which are in the process of being negotiated and the treatment of interest on the part of individual export credit agencies.

<sup>23</sup>In discussions with two of these export credit agencies, we were informed that proposals for the sale of the debt owed by Cameroon for use in debt conversions would be welcomed. Given that all of the export credit agencies of these five countries have been active in selling their debt, it is likely that the response from the remaining agencies would be similar.

The remaining creditor governments are either limited in their ability to sell these debts at a discount under their own laws, or they are not comfortable with the idea of using these debts in transactions.

Accordingly, it seems reasonable to conclude that pursuant to the analyses above, \$370 million of commercial bank and export credit debt owed by Cameroon is presently eligible and available for purchase from external commercial and sovereign creditors for use in debt conversion transactions in Cameroon. It also seems reasonable to conclude that an even larger amount of \$1.3 billion of official debt is eligible and available for conversion by creditor governments in exchange for payments of local currency or contributions in kind to development projects.

#### b. Internal Debt

The internal creditors in Cameroon, as in most CFA zone countries, consist of local banks, local parastatal entities, local institutions such as pension funds, and local suppliers and contractors. In addition, the government owes substantial amounts of CFA in the form of salaries and raises to civil servants.

This internal debt is categorized as either dette "conventionnelle" or "non-conventionnelle." The dette conventionnelle is debt that originated from a broad variety of sources and was subsequently consolidated under classic loan agreements. The debt non-conventionnelle, as its name suggests, is debt which has not been rescheduled under a new loan agreement. Within each of these categories there are debts of many different types and origins.

It is our estimate that out of a total internal debt stock of CFA 1.4 trillion (\$2.4 billion) the total amount of Dette Conventionnelle that is legally eligible for conversion is equal to CFA 442.27 billion (\$756 million).

##### (1) Dette Conventionnelle

"Dette Conventionnelle" is internal CFA denominated debt which is now owed pursuant to conventional loan agreements. This debt amounts to a total of CFA 627.28 billion (\$1.07 billion).<sup>24</sup>

The Government of Cameroon distinguishes between three different types of "Dette Conventionnelle." The first category of internal dette conventionnelle is categorized as "Debt Relating to Investment." This debt amounts to CFA 173.07 billion (\$295 million). The debt is owed by the government directly to nine parastatals. The government of

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<sup>24</sup>These figures are based on information provided by the Caisse Autonome d'Amortissement as set out in Annex E. We have not reviewed the underlying loan agreements constituting this debt.

Cameroon has informed us that the loan agreements which govern these debts contain no restrictions on the assignment of the debt.

The second category of internal "Dette Conventionnelle" is described as "Dette Moratorie" (Consolidated Debt). The total amount of this debt is CFA 101.07 billion (\$172 million). This debt arose from construction agreements with local and foreign companies and is covered by individual rescheduling agreements. The agreements restrict assignment of the debt to financial institutions, but we are informed that this restriction can be waived by the Ministry of Finance in writing. We are informed by the government of Cameroon that the waiver on assignment would not be difficult to obtain from the Ministry of Finance.

The third category of internal Dette Conventionnelle consists of five separate debts amounting to CFA 353.14 billion (\$600 million) owed directly by the government to Cameroonian parastatals and BEAC. A large amount of this debt, CFA 202.6 billion (\$346 million), is owed to BEAC against loan financings provided to the government of Cameroon. This BEAC debt would not be convertible. Like multi-laterals generally, BEAC cannot discount its debt as this would affect its credit rating on international markets.

Most of the debts from this category would also be legally eligible for conversion. In particular, the "bons SNI"<sup>25</sup> (CFA 55.56 billion), the "Dette Bancaire"<sup>26</sup> (CFA 53.78 billion), and debts to INTELCAM<sup>27</sup> (CFA 40 billion) should be assignable. All three of these debts are governed by consolidation agreements in which individual debts were restructured.

Consequently, it is our estimate that a total of CFA 423.48 (\$723 million) of the Dette Conventionnelle is legally eligible for conversion.

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<sup>25</sup>The "bons d'équipement SNI" were issued by Societe Nationale d'Investissement (SNI), guaranteed by the treasury and subscribed by local banks. When SNI did not meet its payment obligations as the bonds matured, they became internal debts of the government. A portion of this debt was subsequently restructured in an agreement with the holders.

<sup>26</sup>"Dette Bancaire" consists of debts formerly owed to the depositors in several parastatal banks which are in liquidation. The funds are now owed to the liquidators of the banks as trustees for the former depositors. As trustees of the assets of the failed banks, the liquidators can discount the loans to a third party and share the proceeds out to the depositors on a pro-rata basis. Accordingly, the "Dette Bancaire" should also be eligible for conversion.

<sup>27</sup>The government owes INTELCAM significant amounts for services rendered. These amounts have been consolidated in a single loan agreement.

## (2) Dette Non-Conventionnelle

The "Dette Non-Conventionnelle" of Cameroon is estimated to amount to a total of CFA 813.08 billion (\$1.3 billion). As its categorization suggests, Dette Non-Conventionnelle consists of debt which is not owed pursuant to loan agreement. These debts arose due to the government's inability to pay raises and pensions for civil servants and supply and service contracts for commercial suppliers.

Consequently, these amounts are largely comprised of small individual debts, many of which do not have any tangible form or are poorly documented. Other portions of these debts exist in the form of bonds, deposits, supply and service contracts.

Of the nine categories of Dette Non-Conventionnelle that exist, it is our estimate that only two types amounting to CFA 18.79 billion (\$32 million) are clearly suitable for conversion in terms of the assignability of the debts concerned.

The categories that are legally eligible for conversion are the Bons SNI (CFA 8.56 billion), which were not consolidated under the loan agreement mentioned above, and the debt of the BCCC (CFA 10.23 billion) now held by the local affiliate of a major international bank. Because bonds are generally assignable and even non-negotiable bonds are assignable if the issuer waives the restriction (something the government of Cameroon would have an incentive to do in a debt conversion), it seems that both of these debts would be eligible for conversion.

### 2. Ability of the Government of Cameroon to Undertake Debt Conversion Transactions

Officials of the government of Cameroon have expressed interest in the potential for structuring debt conversion transactions or a debt conversion program. Whether or not the government has the ability to undertake debt conversion transactions on an individual or programmatic basis will depend on its ability to provide the necessary counterpart funds or assets in exchange for the redemption of debt.

Clearly Cameroon does not have enough foreign exchange to service its external debts. Neither does it have sufficient local currency receipts to service its internal debts and balance its fiscal budget. Moreover, as a CFA Zone country Cameroon does not have the freedom to self-finance the cost of such disbursements through the creation of local currency. Consequently, it is doubtful the government can undertake debt-for-cash conversions on a large scale without external financing.

#### a. Individual Transactions

Nevertheless, it is clearly within the power of the government of Cameroon to undertake individual debt conversion transactions if the investor is willing to exchange debt for

government-owned assets. These transactions could be undertaken in the context of privatizations (debt for shares), investment (debt for land, equipment, commodities) or development (debt swapped with local companies for cash and reconverted with government for assets).<sup>28</sup>

Moreover, individual debt-for-cash transactions may be possible in Cameroon if they will benefit a high priority commercial or social investment in Cameroon and retire debt owed by the government of Cameroon. The government may be motivated to fund such transactions by shifting funds programmed in the national budget for use in the sector concerned to provide the local currency counterpart of the transaction.<sup>29</sup>

b. Debt-for-Cash Conversion Program

(1) Financing

If a debt conversion program is to be designed in Cameroon that will pay investors for the redemption of debt with cash or bonds, the counterpart funds to finance disbursements under the program will have to be financed externally through bi-lateral or multi-lateral loans to the government.

One way to structure such financing would be to establish a revocable line of credit on behalf of the government of Cameroon solely for the purpose of funding the debt conversion program. The line of credit could be opened at a reputable international bank (in or outside of Cameroon). Much like a structural adjustment loan, the terms of the line of credit could be concessional (with a grace period, below market interest rates and long repayment terms). The line of credit would only be used for the purposes of redeeming debt for investment projects authorized to participate under the program.

Alternatively, a loan could be provided directly to the government of Cameroon for the purpose of financing a debt conversion program. To provide lenders and investors with

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<sup>28</sup>These transactions are analyzed in detail in Section II.

<sup>29</sup>For instance, a debt-for-development transaction was recently concluded in Senegal to finance child survival programs of a major NGO. The transaction involved the conversion of \$24 million of insured commercial debt into CFA for a 50% premium over the official exchange rate. Because the existence of the debt prevented the export credit agency concerned from extending cover to Senegal, the Senegalese government shifted funds budgeted for health and debt servicing in order to support the costs of this conversion. Source: Nord Sud Export, 20/13/93, No. 269, p.7.

confidence in the debt conversion program, however, the loan funds would be held at a commercial bank for debt conversion program use.<sup>30</sup>

## (2) Mechanics

The procedures and mechanics of this financed debt conversion program would be similar to other debt conversion programs and would vary only to the extent that the funds disbursed would be borrowed and the debt that would be converted would consist of internal and external commercial and sovereign debts.

Accordingly, investors desiring favorable terms for investing in Cameroon would apply to the Caisse Autonome d'Amortissement (the "Caisse") or the Ministry of Finance for authorization to convert debt. The authorization would be granted or denied based on the recommendation of a quasi-public debt conversion committee or commission. The committee would be comprised of representatives of the government and representatives of the funding agencies.

Upon authorization, the investor would purchase and tender eligible debt as specified in debt conversion program guidelines adopted as regulations of the Caisse. If necessary, the debt could be tendered directly to the commercial bank for cancellation with the Caisse.

Upon cancellation of debt, draw downs in dollars and disbursements in CFA from the line of credit would commence in amounts and on a schedule approved in the debt conversion application and authorization.

Though made directly to the debt conversion beneficiary, the disbursements would not place any repayment obligation on the investor. Disbursements would be made by the commercial bank on behalf of the government of Cameroon, and the government of Cameroon would be directly liable for the amounts drawn down.<sup>31</sup>

The disbursements would be made at a fixed discount from face value and as stated in the authorization. The redemption rate at which disbursements would be made would be adjusted periodically to keep the gain in the transaction at a desired premium to the market price of the debt being converted. These adjustments to the redemption rate could be made

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<sup>30</sup>Alternatively, it is conceivable that the donor community could grant the funds necessary for disbursements under the debt conversion program. The fund could be created with cash or commodities. The fund would receive donations of commodities of which Cameroon is a net importer and the donors would arrange for the sale of these commodities within Cameroon. The CFA proceeds of these sales would then be used for cash disbursements under the debt conversion program.

<sup>31</sup>Interest on the loan might be partially met by the debt conversion beneficiaries through fees levied on conversion proceeds by the bank at source.

periodically either by the debt conversion committee or through a periodic debt conversion auction.

### (3) Conversion of Securitized Internal Debt

The proposed design would be complimentary to any project to securitize internal debt. Securitization of the internal debt would involve the restructuring of internal debts through the issuance of negotiable bonds for a total amount which would be less than the nominal face value of the original debt. Holders will generally accept a discount on their original debt in exchange for increased payment guarantees provided with the issuance of the new bonds.

If internal debts were securitized, they could subsequently be converted under the debt conversion program. Authorized participants in the debt conversion program would purchase the bonds from the original holders at a discount for a cash payment. Regardless of their maturity date, the bonds could then be submitted under the program for immediate conversion into cash at a discount from face value (though at a premium to the amount for which they were purchased). The early redemption of the bonds would be paid for with funds drawn down on the line of credit. In this manner the government would obtain a second discount on the retirement of the internal debt, the first on the issuance of the bonds and the second at the time of conversion.

Moreover, holders of the bonds could be given the option to convert them into shares or other assets of the government that are being privatized. In contrast to the cash option, in order to promote these asset sales the government could offer a premium (in terms of asset value) over the face value of the bonds.

### (4) Debt Conversion Bonds

Internal debt that has not been securitized could be converted into negotiable bonds issued for this purpose under the debt conversion program and guaranteed by the line of credit. The issuance of the bonds would defer payments otherwise due by the government and thus would also delay drawdowns on the line of credit).

Depending on the needs of the project, and the terms of the instruments themselves, the holders of debt conversion bonds might be able to sell at a discount for cash prior to their maturity. The discounting of the bonds would provide the investor with immediate cash and the subsequent negotiation of the bonds would promote the creation of internal financial markets in Cameroon.

Like the cash payments, the issuance of bonds under the debt conversion program would require external financing support for the government. The form that this support would take would depend on the terms of the bonds.

In order for the bonds to be accepted by investors submitting debt for cancellation under the debt conversion program, it would most likely be necessary to offer them some form of supplemental guarantee of payment at maturity. One way to provide such a guarantee would be for multi-lateral and bi-lateral lenders to finance a fund which would be used to purchase zero coupon bonds which would guarantee reimbursement of the principal on the debt conversion bonds at maturity.

The line of credit established for the debt conversion program would then be used to service the interest due on the debt conversion bonds and to reimburse principal at maturity. To assure their acceptance by investors, the debt conversion bonds would have to offer an attractive interest rate and staggered maturities.

#### (5) Advantages and Disadvantages of a Financed Debt-for-Cash Conversion Program in Cameroon

One valid criticism of this design is that it would in effect convert the private and/or bi-lateral external and internal debt being redeemed under the debt conversion program into external bi-lateral or multi-lateral debt which might not be repaid. The only response to this criticism is that this transformation is conditional on new investment in the debtor country. This is at least better than granting the money to creditors in a buy-back with no requirement for them to invest in the debtor country. Moreover, if no investments are made under the program and no debt is converted, the loan facility will not be used.

The primary advantage of this structure is its flexibility and the fact that cash payments and bond issuance are contingent on investment in Cameroon by the conversion applicant. Benefits under this system are evenly shared. The advantage to the government of Cameroon would be that if it is used, the debt conversion program would retire internal and external debt at a discount at the same time that it promotes investment and, in particular, privatization. For the participating creditors, it would create demand for their debt and an immediate cash payment from investors. The investor of course benefits from the premium received on the debt at conversion.

#### II. Structuring Debt Conversion Transactions in Cameroon without the Disbursement of Local Currency by the Government of Cameroon

If the fiscal deficit in Cameroon and/or a lack of external funding renders it infeasible or impolitic for the government of Cameroon to finance debt conversion transactions or a debt conversion program which will pay for the redemption of debt with local currency or bonds, it may nevertheless be possible to structure individual debt conversion transactions in Cameroon that do not require the Government to disburse local currency.

Essentially, three general categories of non-cash debt conversion exist: (i) debt-for-assets; (ii) debt-for-offsets; and (iii) debt-for-policy reform. As will be seen below, most of the factors

which must be considered in these transactions are no different than those which are faced in a debt-for-cash transaction.

## A. Debt-for-Assets

### 1. Defined

A debt-for-assets transaction is one in which internal or external debt is exchanged for title to or a right to enjoyment of assets belonging to the debtor. In most cases the debtor involved will be a government either directly or indirectly liable on the debt. It is feasible, however, that the debtor could be a private or parastatal entity. The transfer thus referred to is usually meant to comprise the transfer of title or a right to enjoyment of physical assets such as land, buildings or equipment.

There is no limit to the types of assets that can be transferred pursuant to this type of debt conversion. Typical transactions, however, include debt for: 1) financial instruments such as long term bonds or commercial paper; 2) leases, title or other rights to the use and enjoyment of land property and equipment; 3) actual shares in a company; 4) exploration and exploitation concessions in the mining, timber, tourism and oil sectors; and, 5) contracts for or title to commodities.

### 2. Pros and Cons

Debt-for-assets transactions afford NGOs and commercial entities a discount on assets they are purchasing while enabling the government debtor to retire debt at a discount and without the outlay of CFA or hard currency. Because of the wide variety of assets that can be transferred under these transactions and the steep discount available on Cameroon's debt, they can be used by both NGOs and commercial entities to leverage the funding they have available for investment in Cameroon. If there is any disadvantage to debt-for-assets transactions, it is that they are as complicated as the asset sale itself and therefore require close consultation with local counsel and relevant ministries in order to assure that the assets are properly valued and the purchase is properly undertaken.

### 3. Design

A debt-for-asset transaction can be structured as a direct transaction between an investor seeking to purchase an asset for its own use or immediate resale and the debtor government. The investor might exchange the debt-for-assets it will itself use (buildings, land, materials, machinery, etc.) or assets that are readily monetized such as commodities.<sup>12</sup>

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<sup>12</sup>Many commodities can serve as a cash substitute. However, the entity receiving commodities must have or be able to acquire the expertise to resell commodities. For an entity interested in receiving cash for use in its projects, it might be possible to accept forward contracts for commodities. The commodity contract would then be discounted locally or in a major commodities market for a dollar or CFA payment. If the payment

The debt-for-assets transaction can also be structured as a two tier debt conversion in which the debt is sold by the investor or NGO to a company for cash payments or readily monetized assets such as commodities and then redeemed with the debtor in exchange for other assets.

The major factors to consider in structuring a debt-for-asset transaction include the choice and valuation of the assets and, where applicable, the choice of the local company to which the assets will be sold. Particular concerns are asset specific and most are relatively obvious. In the case of financial instruments such as bonds or commercial paper, or when the debt is sold to a local company for a stream of cash payments, the primary concern of the investor is the issuer's ability to pay.

In the case of most other assets, the primary concern is valuation of the assets being transferred and the legality of the transfer. In the case of leases or title to real property or equipment, for example, there are a range of legal concerns as whether the title one receives is valid and unencumbered. Equipment leases and sales also raise clear title issues.

These factors of credit-worthiness, valuation, and legality are particularly a concern where an NGO that is not experienced in purchases of these assets is taking title either for resale or for the long term. Accordingly, it is recommended that investors and particularly NGOs considering debt-for-asset sales should retain local legal and investment advice before attempting a transaction. Other factors to be considered in structuring a debt-for-asset transaction include the choice of debt and the timing of payment.

#### 4. Feasibility of Debt-for-Assets in Cameroon

In interviews with representatives of the Government of Cameroon and bi-lateral and multi-lateral aid organizations, DDC was informed that the necessary elements for structuring these transactions exist and that the Government of Cameroon would welcome proposals for individual debt-for-assets transactions.

It is our view that the most easily effected debt-for-asset transaction would be a direct transaction between an NGO and the government in which the NGO would exchange debt for land, buildings or equipment to be used by the NGO in its development projects in Cameroon. Similarly, it is our view that it is quite feasible that debt-for-shares transactions financed with development funds could be used to finance the privatization of the government's shares in parastatal companies.

Development funds could be used to purchase external or internal debt at a discount. This debt would be sold to private companies desiring to invest in companies through the government's privatization effort. The debt would be sold at a premium for CFA

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were made offshore, the investor would have to give the debtor government an undertaking to repatriate the hard currency proceeds.

payments over several years. The investing company would then exchange the debt thus purchased for title to shares presently held by the government.

As noted, the advantage to the government would be that it would capture a portion of the discount on its debt. Similarly, it would provide interest free financing to the investing company for the purchase. The company would obtain shares at a discount from their cash price.

## B. Debt-for-Offsets

### 1. Defined

A debt-for-offset transaction generally involves the purchase of debt at a discount and its offset against a debt owed the investor. A debt-for-cash transaction can also be linked to a debt-for-offset transaction.<sup>33</sup> In the first transaction an NGO or commercial investor will purchase debt at a discount in the secondary market and sell it to a reputable local commercial company for local currency or other assets whose value exceeds the debt purchase price, but is less than the face value of the debt. In the second transaction, the company will offset the debt at par or a negotiated discount against a debt owed by the company to the government.

### 2. Pros and Cons

From the NGO or investor's viewpoint the transaction is attractive because it provides access to local currency, commodities or other assets at an effective discount from the commercial rate of exchange. From the perspective of the local company purchasing the debt, the transaction is attractive because it provides an effective discount on the amounts which it must pay on its debt to the government. Moreover, because the payments by the local company for the debt are usually made over a period of time, the NGO or investor's purchase is in effect interest free financing to the local entity for the debt offset transaction.

Debt-for-offset transactions can be attractive to the Government of Cameroon for a variety of reasons. For instance, transactions can be structured which enable the government to cancel external debt by forgiving local currency obligations without having to draw on the Government's scarce hard currency reserves. Often the internal loans against which the debt is set-off are credits under which the government does not expect to collect. This is the case, for example, where the government offsets against debts owed by insolvent or near insolvent parastatals.

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<sup>33</sup>A schematic of a debt-for-offset transaction in which the debt is first swapped for cash is attached in Annex H.

Depending on the ratios used, the transaction may also enable the Government to retire more external or internal debt than it is forgiving in the offset. A secondary benefit of transactions arranged with parastatals is that the transaction effectively strengthens the financial conditions of such parastatal entities and reduces the government's liability on debt owed by these entities. This also enhances the government's ability to privatize parastatal entities.

The transactions can also provide many attractive opportunities for local companies. The transaction might be structured to provide the local company with a discount on obligations owed to a parastatal or a government.

Offset transactions are also a very creative way for NGOs to obtain discounted local currency or other assets with which they can expand their development projects.

### 3. Design

To structure a debt-for-offset transaction, it is necessary to have a local private or public company that: 1) has debts to local parastatals or the government; or, 2) intends to or is in the process of purchasing assets or commodities from parastatals or the government; and, 3) has regular CFA cash flow or assets which can be exchanged for the debt delivered by the investor.

In the context of a debt-for-development offset transaction, an NGO with projects in Cameroon would provide the hard currency funds for the debt purchase pursuant to a debt conversion agreement signed with a local company. The local company would sign a similar debt offset agreement, release or debt conversion agreement with the Government. Payment and redemption of debt can then either take place all at once or in tranches on a quarterly or bi-annual basis.

The form of payment can be anything that the NGO or the investor values or can readily monetize. For instance, the NGO or investor can swap the debt for marketable commodities which can then be resold for local currency either internally or externally, probably at a discount. Similarly, if the company is sufficiently credit-worthy, the NGO or investor can take payment in the form of commercial paper which could be placed with other local companies prior to the closing of the offset transaction.

### 4. Feasibility of Debt-for-Offsets in Cameroon

In interviews with representatives of the Government of Cameroon and bi-lateral and multi-lateral aid organizations, DDC was informed that the Government of Cameroon would welcome proposals for individual transactions and the concept of offsetting debts is recognized under the law of Cameroon. In other words, there are development funds programmed for use in Cameroon which could be accessed for the purchase of internal and external debt. There are local private companies which either have debts they could offset with the Government of Cameroon or which purchase commodities or other assets from the

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Government of Cameroon on a regular basis for which they would be interested in paying with debt.

Accordingly, it is our view that these transactions could be structured in Cameroon in such a way as to provide significant leverage for development projects and the commercial intermediary involved while affording the Government a significant discount on the redemption of its external or internal debt.

### C. Debt-for-Policy Reform

#### 1. Defined

Debt-for-policy reform involves the purchase and cancellation or outright forgiveness of debt owed by a debtor government in exchange for a change in policy by the debtor government. These transactions are generally structured to accomplish public, developmental goals.

In effect, debt-for-policy conversions involve the creation and implementation of legislation or regulations as a quid pro quo of debt cancellation or forgiveness by the creditor or holder. Given the public nature of the transaction, the sponsor of the transaction is generally a bilateral or multi-lateral aid agency or an NGO and the debt used is usually official aid debt.

#### 2. Pros and Cons

The public nature of these transactions can render them politically and economically sensitive and difficult to implement. Further difficulties in design and implementation can be caused by the technical nature of the legislation and regulations to be implemented, the large number of parties that must agree to these changes, the difficulty in judging or predicting the eventual success of the policies to be implemented, and the difficulty in determining the value, in debt cancellation terms, of the desired policy change.

Because of their long term impact, however, debt-for-policy transactions arguably have the greatest developmental impact of all debt-for-development transactions. Moreover, if they are properly designed and implemented, these transactions can be undertaken with some assurance of success and can be beneficial to all parties.

#### 3. Design

In attempting to structure a debt-for-policy transaction, it is important to carefully choose the debt to be cancelled and the policy to be changed. In addition, it is also important to carefully calculate the amount of debt to be cancelled and to design the transaction structure in such a way that the debt's cancellation adequately compensates the debtor government for the policy change to be effected while linking further cancellations to implementation of the policy reform.

It is important to choose the policy change that will require the least amount of legislation with the greatest impact. Moreover, this choice must be made in close consultation with the local legal and political authorities.

Recent policy choices for debt-for-policy transactions have not always followed this course. They have instead focussed on policies and legislation on a broad scale involving the adoption of new codes and laws for an entire sector. The motivation for choosing highly visible and high impact policies for reform through debt cancellation is the feeling that given the difficulty of obtaining agreement on such transactions, they should only be attempted for large projects in which major legislation will be passed in exchange for the cancellation of large amounts of debt.

The choice of what regulation should be changed in order to provide the largest development impact is by no means always obvious, however. It is easier to change a regulation than it is to change an entire code. It is also easier to gauge the success of the change's implementation if it has some form of concrete and measurable result.<sup>14</sup>

Debtor governments are more likely to respond positively to a debt-for-policy reform proposal which calls for the cancellation of debt which is costly or commercially important to them. Agreement of the debtor government is much more easily obtained if the debt used is debt that the government has a strong incentive to retire. Debt that cannot be rescheduled and debt with relatively high interest rates falls into this category. Bi-lateral aid debt does not fall into this category and, without more, is often not important enough to fund such a transaction. Alternative types of debt that can be used in debt-for-policy change transactions include private commercial or bi-lateral insured debt.

The amount of debt cancelled in debt-for-policy reform transactions is also very important. The debt cancelled has to adequately compensate the government for change in regulation. Generally the amount of debt is calculated as some multiple of the "cost" to the government of changing the policy or regulation concerned. For example, if the policy reform will require the employment of large numbers of people in its implementation, the amount of debt might be the equivalent of the cost of those employees to the Government or even a multiple of that cost.

Similarly, if the policy will remove natural assets from commercial exploitation, the amount of debt that would be cancelled in respect of the policy reform might be based on the opportunity cost to the government by not allowing their exploitation.

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<sup>14</sup>The result of careful inquiry in terms of the policy choice can often be surprising. For instance, a simple waiver or reimbursement from customs authorities on duties charged on locally purchased import items could in some development sectors have a profound impact while being much simpler to reach agreement on with the debtor government.

As noted, it is also important to structure debt-for-policy transactions in such a way that the structure will have a continuing impact on the implementation of the new policy. The design should reinforce the intent. As in any standard financial transaction, the easiest way to assure performance in this area is through the use of conditions precedent and tranche cancellations.

In most debt-for-policy transactions, the cancellation of debt takes place all at once at the time the new legislation or regulation is passed into law. A better design is for the transaction documentation to provide for the conversion of a global amount of debt in tranches but only as verifiable and objective goals are fulfilled.

Taking these various factors into account, it seems that the steep discount available in the purchase of the external debt of Cameroon and the large discount to be expected on the internal debt in Cameroon should afford a sufficient margin to make such transactions attractive to the government.<sup>35</sup> The discounts should enable the NGO involved to redeem at a multiple of the cost of the new policy to the Government. Moreover, these transactions could be accompanied by a simultaneous cancellation of bi-lateral aid debt as well.

#### 4. Feasibility of Debt-for-Policy in Cameroon

In conducting our research for this study, DDC was informed of a debt-for-policy transaction which has recently been attempted in the environmental sector in Cameroon. The transaction proposed the cancellation of official aid debt in recognition of reforms to the Forestry Code. To our knowledge, the debt was not cancelled and the forestry code was not passed in the form desired.

In discussions with representatives of the Government of Cameroon, however, DDC was informed that debt-for-policy change transactions may still be possible.

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<sup>35</sup>Taking these various factors into account, a debt for duties transaction might be designed to cover the import costs to several NGO's over a period of several years. A debt conversion agreement would condition the cancellation of debt on the release of the imported items directly to the NGOs free of duties. Alternatively, the groups could be reimbursed the duty paid on locally and externally purchased import items on a quarterly or annual basis and the release of debt instruments would be effective upon receipt of these funds.

The amount and choice of debt to be cancelled would be important in this transaction as well because foregoing import duties would have a negative fiscal impact on the government. Cancellation of a multiple of the amount refunded would probably be necessary in order to make the transaction worthwhile to the Government.

### III. Creation of Local Currency Endowments in Cameroon

#### A. Characteristics of an Endowment Fund

##### 1. Definition and Purpose

###### a. Definition

An endowment fund can be defined as a perpetual fund constituted of donations intended to finance development organizations or not-for-profit organizations (NGOs) in a sustainable manner. The initial capital of the fund is invested in productive investments and only the profit thus created is used to finance development activities. A properly constituted and profitable endowment fund will assure the long term financing of development projects in the country in which it is formed.

The fund can be created through a direct donation of local currency or through the use of a debt conversion to leverage hard currency funds. The funds programmed for financing the endowment would thus be used to purchase the debt of the host country at a discount and the debt would then be converted into local currency by the host government. The endowment fund would thus benefit from the leveraging effect of the conversion and the local currency used to fund the endowment would thus be greater than the amount donated.

###### b. Purpose of an Endowment Fund

Endowment funds are created to assure long term financing for their beneficiaries. In the case of NGOs, an endowment can assure the long term funding necessary to sustainable development. Endowments can protect NGO development projects from interruptions in financing that will disrupt or terminate a project.

In practice, endowments are also often formed in order to give local NGOs the opportunity to participate in the management and control of funds. This shared management provides local NGOs with needed training and experience in the management and control of funds.

##### 2. Investment of Capital

The initial capital of the endowment fund must be placed in investments likely to produce stable and reliable income. The remuneration (usually in the form of interest or dividends) generated by the investment of the capital must be sufficient to fund the planned activities of the beneficiaries as it is only these earnings that can be used. If the sums generated by the investment are not sufficient to meet these expenses, it is possible to use the principal. If resort is made in this manner to the capital, however, it will eventually diminish entirely unless replenished by further donations and/or conversions.

### a. Possible Investments

In some countries, and particularly Cameroon, it is difficult to identify investment opportunities that generate sufficient stable income. Financial markets no longer exist in Central Africa in which it is possible to exchange financial instruments. Moreover, the bonds which do exist such as those issued by the treasury or by government owned corporations such as the bonds of the Societe National d'Investissement are in arrears and thus cannot possibly serve as a stable investment for such a fund.

If a development project is large enough, it may nevertheless be possible to turn to private companies that would be interested in issuing bonds.<sup>36</sup> In order to reduce performance risk, however, the choice of private issuers would have to be limited to subsidiaries and affiliates of large international firms of undoubted credibility.

Alternatively, a stable remuneration is offered on interest earning bank accounts. Given the troubled condition of many of Cameroon's banks, however, even this investment is not completely without risk. Moreover the funds would most likely need to be held in CFA as it is normally not possible to open hard currency accounts in Cameroon. It could, however, be possible to obtain a derogation from this rule for an NGO operating a large project in a priority development sector.

### b. Depreciation of Principal

The initial capital of an endowment fund, once converted into local currency, can depreciate due to local inflation and the risk of devaluation. Such a depreciation of capital will result in a reduction of the interest produced by the fund and therefore in a reduction of the amounts available to finance the development activities being undertaken in the host country.

Of course, if the endowment funds were leveraged through debt conversion, depreciation is only a risk when it surpasses the gain realized in the debt conversion. In other words, the amount realized from the debt conversion acts as a hedge against depreciation.

## 3. Management of Funds

The management and utilization of funds invested is an essential element in the design of the fund and a point on which the funding is conditioned. The donor or funding agency of the endowment fund will want to assure that the funds will be properly used to finance the projects envisioned.

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<sup>36</sup>In this event, the private company would issue bonds subscribed by the endowment fund and the fund would receive interest payments on the bonds until they matured and the funds were reimbursed.

Specific procedures must be foreseen to assure that the local entity which will receive, manage and use the funds will do so in conformity with the purposes for which they were donated.

The legal form of the fund must permit the establishment of a management committee of some kind which is independent and not affected by local pressures. The decisions of this management committee, and most particularly decisions as to the use of funds, must be susceptible to certain restrictions. Systematic controls on the use of funds should also be established such as through the use of regular reports on financial condition and management reports. Similarly, it is important to establish procedures that will assure the right of the donor to the restitution of unused funds.

## B. The Legal Form of an Endowment Fund in Cameroon

Cameroon has two laws under which endowment-like funds may be established to finance NGOs. One is the Law of Associations (Law No. 90/053 of December 19, 1990). The other is the Cooperatives Law (Law No. 92/006 of August 14, 1992). Set out below is a summary of the provisions of both laws relevant to the establishment of endowment funds with the characteristics described above.

### 1. Associations

Most foreign NGOs operating in Cameroon are formed as associations under the Law of Associations. This form is popular because it is flexible and it exonerates the activities of NGOs from taxes. Consequently, in forming an association specifically to operate as an endowment, one is actually forming a completely new NGO in Cameroon.

#### a. Legal Characteristics of Associations

An association is essentially an entity created by the agreement of several persons to pool their efforts and activities for a reason other than to earn profits.

Associations are subject to one of two procedures: declaration or authorization.

Only religious and foreign associations are subject to the authorization regime. An association is deemed a foreign association such that it is subject to the authorization procedure if it has the characteristics of an association and has its headquarters in another country or, if it has its headquarters in Cameroon, is in fact directed by foreigners and more than half its members are foreigners.

The declaration procedure requires the founders of local associations to make a declaration at the local prefecture of the department in which it has its headquarters. The declaration indicates the title of the association, the purpose, the address as well as the name and professions of the persons who for one reason or another will be in charge of its

administration. If within two months of the deposit of the dossier requesting authorization the prefect does not respond, the application is deemed approved.

The regulations concerning authorized associations require the founders or their agents to submit a request for authorization to the Minister of External Affairs. The request for authorization must detail the activities, the site of the group's operations in Cameroon and the names, professions and addresses of those charged with its direction.<sup>37</sup> The authorization is usually given within four to twelve months. It is important to note, however, that foreign associations that do not demand this authorization are by law considered null and void and their directors are subject to penal sanctions.<sup>38</sup>

The provisions of the Law of Associations are liberal in the freedom afforded founders in drafting by-laws. For instance, the law does not state a minimum of members. Similarly, associations are free to structure their administrative, accounting and management structure as they desire.

The law provides that associations can sue, manage and dispose of sums generated from dues, acquire and hold assets and own real estate to the extent that it is necessary to the accomplishment of its mission. Securities held by an association may not be held in bearer form. They must be registered in the name of the association.

However, only associations recognized as being of public utility can: 1) receive donations, and legacies of all kinds; and 2) receive grants from the state and collectives. Recognition is provided by the President of the Republic on the advice of the Minister of Territorial Affairs. This recognition of public utility will be granted upon application if the association's activities are deemed supportive of the objectives and priorities of the government.

#### b. Constituting an Endowment Fund as an Association

It is possible to use the association law as the legal framework for an endowment fund in different ways.

An endowment can be created as an association de novo for the sole purpose of managing the investment and disbursement of earnings on the investment of donated funds. Alternatively, an association could be formed of already existing local NGOs which themselves may also be constituted as foreign or local associations.

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<sup>37</sup>A separate authorization is required for each new establishment of the association. The request for this authorization is addressed to the Minister of Foreign Relations, who will forward his opinion to the Minister of Territorial Administration.

<sup>38</sup>As the use of endowments by not-for-profit organizations is not a familiar or generally accepted practice in Cameroon, NGOs should specify in detail the income generating activities to be engaged in by the endowment when making a declaration, applying for authorization and seeking recognition of public utility.

Alternatively, the funds could be donated to a single NGO already constituted in Cameroon as a foreign or national association undertaking development work in Cameroon. In this case, the management of the endowment funds will not be the sole object of the association, but can be considered an ancillary activity. In that event it would be necessary to modify the by-laws of the association to enlarge its purpose and submit a request for recognition of the public utility of this new activity.

If an association is used as the legal vehicle for the establishment of an endowment fund, the association must be recognized as having a public utility in order to receive the donation necessary for its capitalization. Moreover, if an association meets the definition of a foreign association, it will be subject to the authorization procedures and have no choice but to seek recognition or face dissolution and penal penalties. In practice, the period of time required to constitute the association and be certified as being of public utility can take as long as a year.

Associations are a useful form for NGOs considering the formation of an endowment fund in Cameroon because associations are exonerated from taxes and because the Law of Associations does not detail the procedures an association must follow in managing funds. Consequently, they are afforded some flexibility in their activities while their bylaws can be drafted to include whatever controls the founders deem prudent.<sup>39</sup>

## 2. Cooperatives

### a. Legal Characteristics of Cooperatives

Cooperatives are groups of persons that are freely associated in order to attain a common goal through the incorporation of an enterprise that is run on democratic principles. Cooperatives are private autonomous organizations owned by their members and are also administered, financed and controlled by them as well. Though they are not restricted in their economic activity, most cooperatives are formed to assist their members in effecting their business.

Cooperative societies are created by written declaration in the course of a constitutional assembly attended by at least seven founding members. The cooperative is considered constituted under the law of Cameroon from the date of its registration in the Register of Cooperative Societies and Groups of Common Initiative. The registration is generally granted within two months of the demand.

A cooperative is controlled by by-laws which must conform to certain principals set out in the Law of Cooperatives, including:

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<sup>39</sup>Accordingly, the by-laws can create: internal bodies and mechanisms for management and control; strict accounting procedures; procedures for the dissolution of the fund in the event of misuse of funds or proceeds; and procedures for the restitution of the donated funds in the case of dissolution.

- each member has only one vote regardless of the number of shares it may own in the cooperative;
- dividends paid on the shares of the cooperative may not exceed the limits on interest rates provided by commercial banks;
- pro rata distributions are made or credited on transactions effected by members with the association.

In contrast to associations, the law precisely details the obligations of cooperatives providing that they must have share capital, as well as a certain number of control and management positions and committees.<sup>40</sup> Cooperatives are also required to meet disclosure requirements in publishing accounts, and having them audited by an independent auditor. A cooperative must also have share capital subscribed by members. This capital will vary in proportion to number of shareholders.

The cooperative itself is exempt from corporate income taxes but it must nevertheless file income reports to tax authorities.

Dissolution of the cooperative can be voluntary and adopted by the general assembly or it can be forced into liquidation. In that event a liquidator is appointed to proceed with the liquidation of the assets and the division of the liabilities. The members of the cooperative have an obligation to financially support a cooperative in the event of its failure.

#### b. Constitution of an Endowment Fund as a Cooperative

The constitution of an endowment in the form of a cooperative could be undertaken by a group of NGOs that are themselves constituted as cooperatives or associations. The cooperative endowment could therefore: 1) receive donations; 2) invest funds in productive investments; and 3) distribute the revenues to its members.<sup>41</sup> The revenues may then be used to finance development projects.

Cooperatives have the legal capacity to receive donations and if revocable grants are given to the cooperative, they can be returned upon its dissolution or liquidation. Moreover, the cooperative structure offers an NGO the advantages of a tax free status within a highly structured set of by-laws and legally mandated control systems.

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<sup>40</sup>Positions and committees that are required include a general assembly of members, an administrative committee, a supervisory committee and a director.

<sup>41</sup>NGOs incorporated as associations and members of associations should seek a legal opinion as to the compatibility of the planned income earning activities of the endowment/cooperative with their tax exempt status prior to their being undertaken.

Depending on the needs of an NGO, the cooperative form may be seen as overly rigid, as its provisions concerning the operation and control of the entity formed prescribe fixed requirements in the by-laws.

Strict rules govern the conseil d'administration that controls the cooperative and members can only be elected or replaced through formal elections held during the annual meetings of shareholders. Similarly, the law specifically requires that the cooperative must have at least seven founding members and each member is limited to one vote regardless of the number of shares he owns or the amount of transactions that he effects with the cooperatives.

Consequently, under a cooperative structure, donors will not have complete control of the local entity unless they or their representatives have a majority of the votes in the general assembly. The equality of members in the cooperative must therefore be taken into account if local and foreign NGOs representing donors will be members of the same cooperative.

Local currency endowments may be formed in Cameroon either as an association or a cooperative. The choice will depend on the purpose of the endowment. Because the association law is not as stringent in its requirements, associations are more easily organized and managed. In order for an endowment formed as an association to receive donations, however, it must be recognized to be of public utility, a process that can sometimes be lengthy.

As the concept of a not-for-profit endowment is new and is not commonly used or accepted in Cameroon, it is advisable that NGOs and donors that are creating endowments should confirm with relevant authorities that the activities and investments contemplated for the endowment are compatible with their tax exempt status.

## CONCLUSION

The size of the fiscal deficit and the extent of Cameroon's external debt, together with Cameroon's inability to create money, severely limits the ability of the government of Cameroon to finance the cost of debt conversion transactions. Consequently, for significant debt conversion transactions to be structured in Cameroon, they will have to either be financed externally or structured in such a way that the government can pay for the debt with some form of non-monetary consideration.

A debt conversion program issuing cash and/or bonds would require financing from multi-lateral and/or bi-lateral donors. If financing support is available in the form of a loan or line of credit, a debt conversion program could be designed to be efficient and to produce net benefits for the economy.

The principal benefit of a debt conversion program would be new investment in Cameroon that would not otherwise occur. Moreover, if properly designed, a debt conversion program in Cameroon could retire significant amounts of internal and/or external debt at a steep

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discount while reinforcing present efforts to securitize internal debt, create internal financial markets and promote privatization.

If financing support is not available for the creation of a debt conversion program in Cameroon, individual debt conversion transactions may be structured which will not require the government to disburse cash. The three types of non-cash conversion transactions that could be structured include debt-for-assets, debt-for-offsets, and debt-for-policy reform. These transactions can be structured by commercial companies and development groups together or separately. These transactions could significantly leverage financial resources programmed for development project assistance or commercial investment in Cameroon. Finally, it is possible to create an endowment-like entity in Cameroon for the purposes of administering and maintaining the value of debt conversion proceeds.

## ANNEX LIST

- ANNEX A : History of the Debt of Cameroon
- ANNEX B : Debt Conversion Program Descriptions
- ANNEX C : Debt Conversion Program Guidelines of Nigeria
- ANNEX D : External Debt Tables\*
- ANNEX E : Internal Debt Tables\*
- ANNEX F : World Bank Debt Tables
- ANNEX G : Press Release Concerning Paris Club Agreement of March 25, 1994
- ANNEX H : Debt Conversion Transaction Schematic
- ANNEX I : Law of Associations of Cameroon

\* Source: Caisse Autonome d'Amortissement

**ANNEX A**

## Historical Background: The External and Internal Debt of Cameroon

In order to understand why debt conversion is possible in Cameroon and why the establishment of a debt conversion program is recommended, it is necessary to briefly summarize the recent history of the debt of Cameroon. Set out below is a brief summary of history of Cameroon's debt since 1985.

In many ways, 1985 represented a watershed period for the economy of Cameroon. Prior to 1985 the economy performed rather well. Indeed, Cameroon's economic and financial performance, including its external debt management, was in many ways superior to the overall performance of countries in the CFA Zone in the years immediately prior to 1985.

In 1985, however, the country suffered from a number of severe shocks including a severe decline in export prices, particularly for oil and petroleum but also for coffee and cocoa and the volume of oil exported. From 1985 to 1989, real per capita income declined by almost 3.5 per cent per year and per capita income dropped by almost 40 percent over this period. While the performance of the entire CFA zone deteriorated from 1985 to 1989, Cameroon was somewhat harder hit.

Cameroon's economic and financial problems were compounded by social tensions that developed in the country. Tax revolts in some sectors of the country further complicated the government's efforts to invest. Efforts to streamline government operations and privatize state-owned enterprises were hindered by a lack of financial resources and political momentum. Government efforts to cut non-interest expenditures and to hold salary levels constant were insufficient to provide resources for needed investment. As a result, both public and private investment declined. While data is not readily available, it is estimated that gross domestic investment fell from approximately 17 per cent of GDP in 1985 to perhaps 10 per cent in 1993.

This vicious spiral of decline increased in velocity as a result of Cameroon's inability to devalue its currency and continuing depression in commodities prices. As a result, like several other large CFA zone countries, the country was run in deficit and large internal arrears accrued.

In order to stimulate the economy, it will be critical to increase gross domestic investment. The country's severe debt servicing problem and the large arrears it presently owes on its external and internal debt will be major constraints. Unless some special incentives can be devised to attract foreign investment, the bulk of investment will have to be financed from domestic savings.

With the devaluation of the CFA in January of this year, it seems that Cameroon has reached another potential watershed. The

recent devaluation of the CFA and the substantial debt relief which accompanied it, increases in basic agricultural commodities prices on the world markets and tentative measures to liberalize the economy opened the door to renewed discussions with external commercial, sovereign and multi-lateral creditors and to the hope for a new stimulus to the economy. As a result, a number of bilateral and multi-lateral donors have been releasing previously agreed funds and are offering fresh resources to assist Cameroon to realign its economy to the new realities presented by the more realistic foreign exchange rate.<sup>1</sup>

Despite the hope of renewed assistance and new loans, the Government of Cameroon's ability to stimulate investment and generate economic growth will be seriously constrained by the substantial external and internal debt overhang which has accrued. The World Bank debt tables report that the total external debt stock of Cameroon was 67.2 per cent of its GNP at year end 1992, up from 38.2 per cent at year end 1988. This ratio appears to have worsened in 1993, especially if arrears are included in the stock figure. Indeed, some experts believe the the stock of external debt reached 80 % of GDP at year end 1993.

Significantly, the tables indicate that the external debt stock grew at a substantially faster rate in the period of 1988 through 1992 than was the case during the previous eight year period commencing in 1980. The result was a debt to export ratio of 303.8% at year end 1992. In view of the fact that all indications are that Cameroon's export performance has, if anything, declined since 1992 these figures lead to the unavoidable conclusion that Cameroon is presently staggering under an insupportable external debt servicing burden.

Some perspective on the external debt situation in Cameroon is useful. In relative terms, Cameroon's external debt burden deteriorated less from 1980 to 1988 than did that of sub-saharan Africa as a whole. From 1988, the roles are reversed. Cameroon's ratios of total external debt stocks to GNP and total external debt stocks to exports of goods and services deteriorated sharply from 1988 to 1992 while the ratios for sub-saharan Africa as a whole improved modestly during the same time period. The same general pattern of relative improvement through 1988 and then deterioration from 1988 through 1992 holds true in comparing Cameroon's external debt to that of the CFA Zone over all. In

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<sup>1</sup> The recent agreement of the World Bank to release \$50 million of a structural adjustment loan agreed in 199\_\_\_ with a 40 year maturity and ten year grace period is an example of the new willingness to provide assistance. This followed the signing of a letter of intent with the IMF concerning a standby agreement which will enable Cameroon to obtain substantial external debt relief and new loans.

the later period, the entire CFA Zone demonstrated relatively less deterioration in these ratios than did Cameroon.

Bilateral credits were the only category of external debt to expand in both absolute and relative terms. While the French Government has been an important source of bilateral funding in the past, it will be facing many competing demands for adjustment assistance from other CFA countries. With the problems of stagnation in European economies and the massive fiscal deficit of the United States, significant growth of in bilateral credits can not be anticipated. Indeed, with the closing of the US AID's mission in Cameroon, prospects for funds or debt relief from the United States look bleak. Debt conversion programs offer a mechanism to provide incentives to investors that significantly change their risk/benefits calculations.

The picture darkens even further when one considers the rate of direct foreign investment and the accumulation of internal arrears over this same period. Foreign investors generally are keenly aware of the debt levels of Cameroon and their implications as an indirect tax on new investors. These investors compare these relative trends when making risk benefit calculations to decide where to place their funds. Their reluctance to invest in Cameroon is seen from the attached Table.

Similarly, tax receipts in Cameroon also declined significantly from 1987 onwards and the internal debt situation of the Government worsened. In 1988, the total stock of internal debt was approximately 154 billion CFA or approximately four percent of GDP at that time.<sup>2</sup> Since 1988 this figure has grown to approximately 1000 billion CFA or approximately one third of the gross domestic product (GDP) for 1993.<sup>3</sup>

The inability to make timely payment of current obligations, including salaries and raises for many civil servants, obviously has a corrosive effect on the social fabric of the country and investor confidence. From an accounting point of view, a net reduction in debt represents savings. The Government of Cameroon, to pay either internal or external debt, must generate CFA or convince a creditor to accept payment in some other asset, such as ownership in a state owned enterprise.

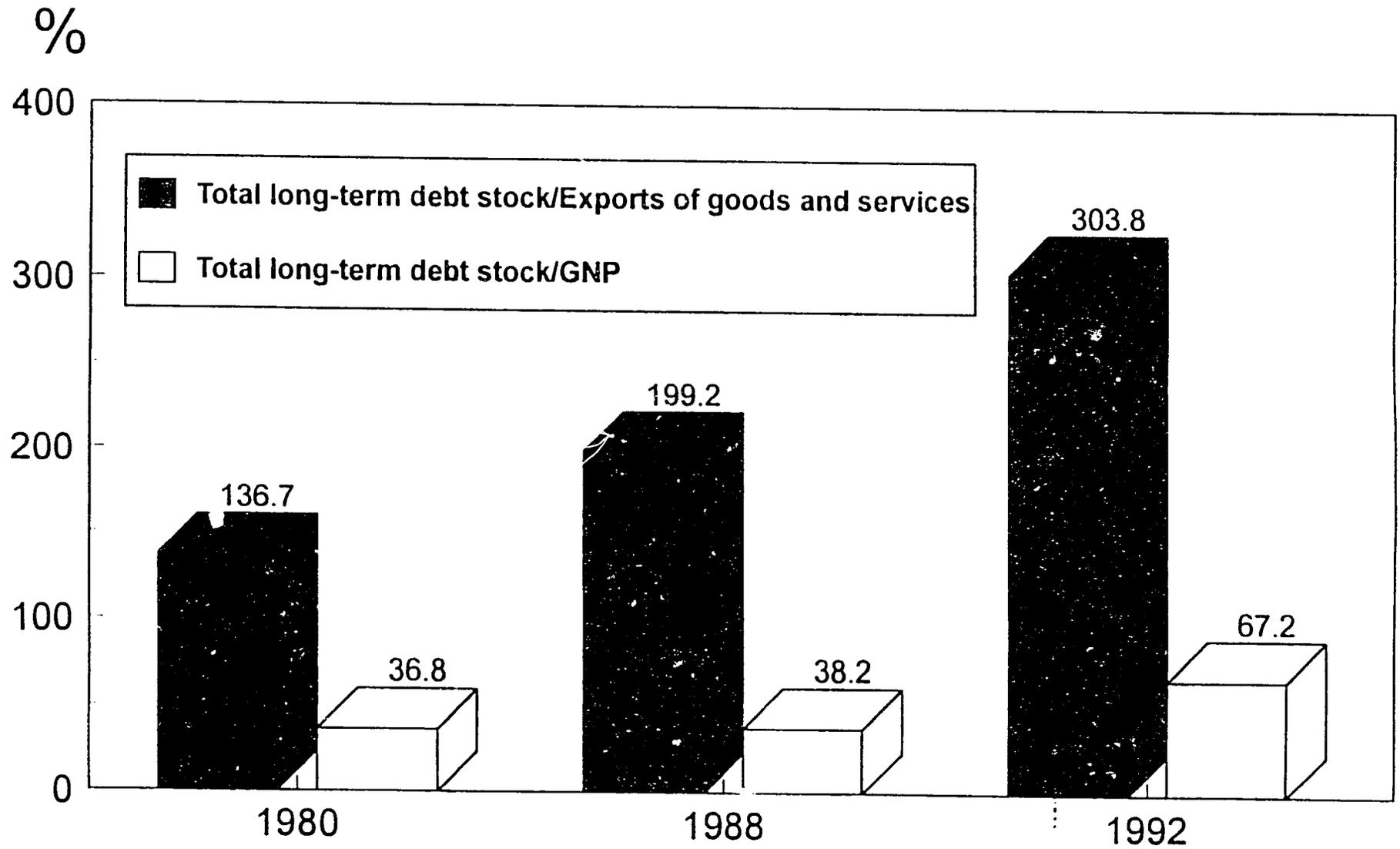
Clearly the large stock of internal and and external debt will limit the government's ability to finance specific new investments. Therefore, it would seem urgent to undertake an effort to restructure both internal and external indebtedness whereby debt stocks are written down, maturities stretched out, and interest costs reduced. Any possibilities of netting out

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<sup>2</sup> Government Finance Statistics Yearbook, International Monetary Fund 1988.

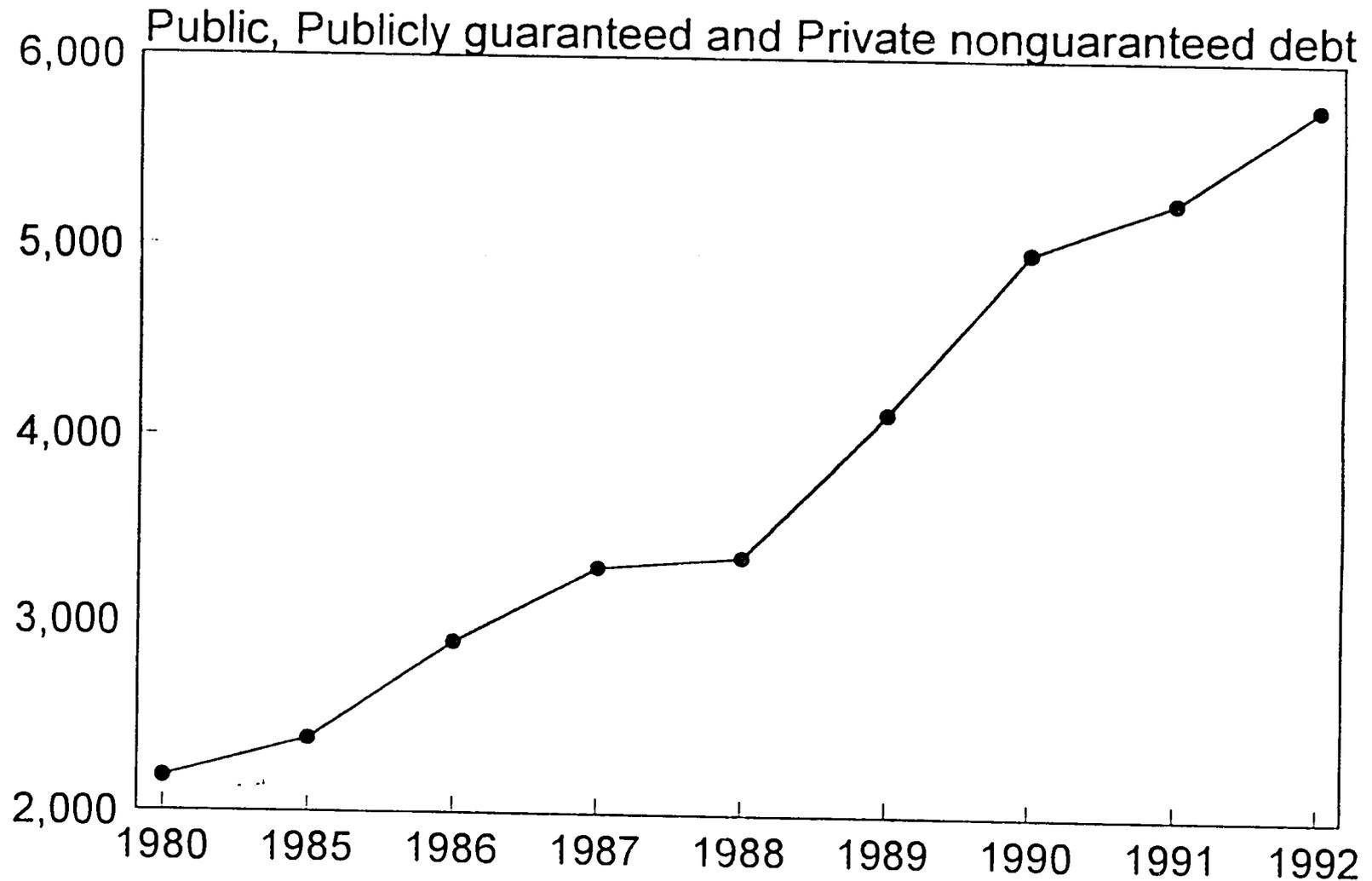
<sup>3</sup> See African Markets, February, 1993.

# Cameroon's Debt Burden



# Cameroon's Long-Term External Debt 1980-1991

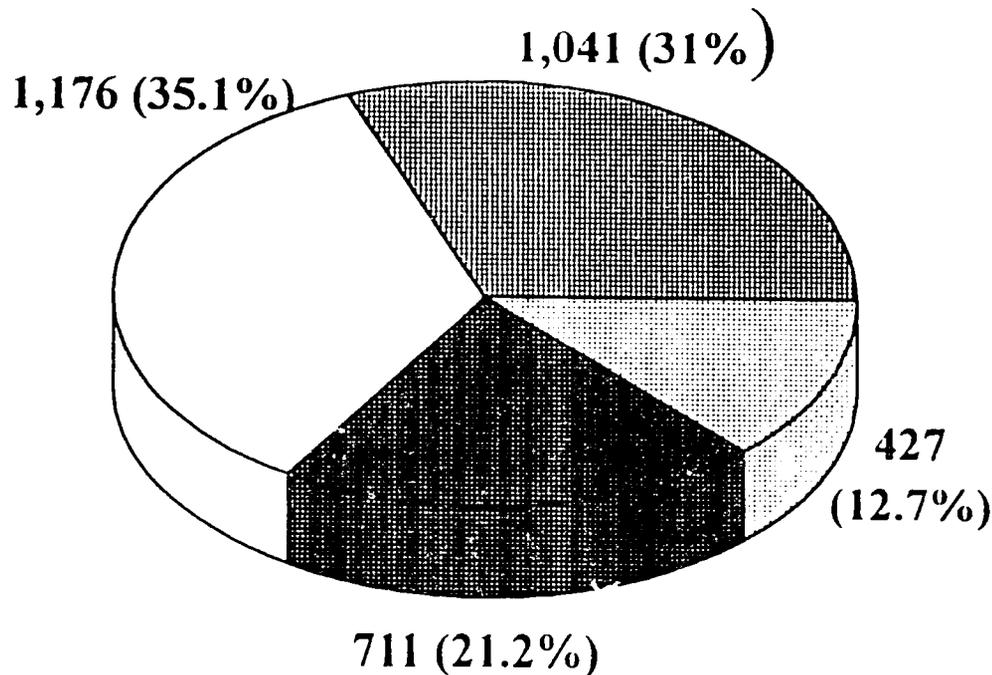
US \$millions



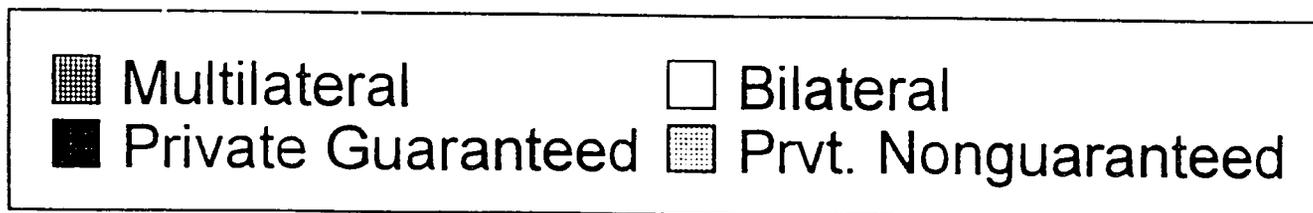
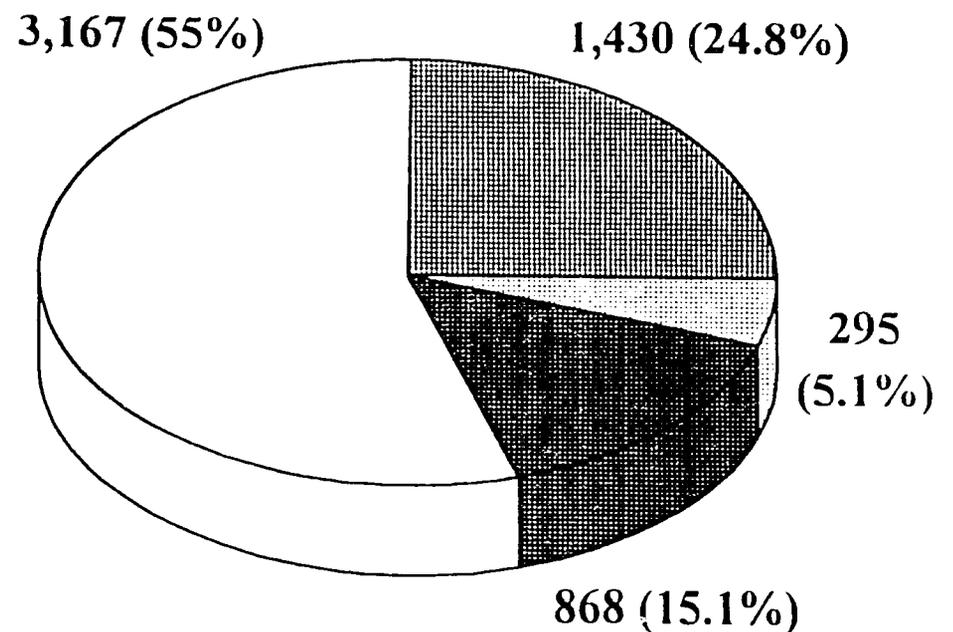
# Cameroon's Long-Term External Debt by Creditor

(US \$millions)

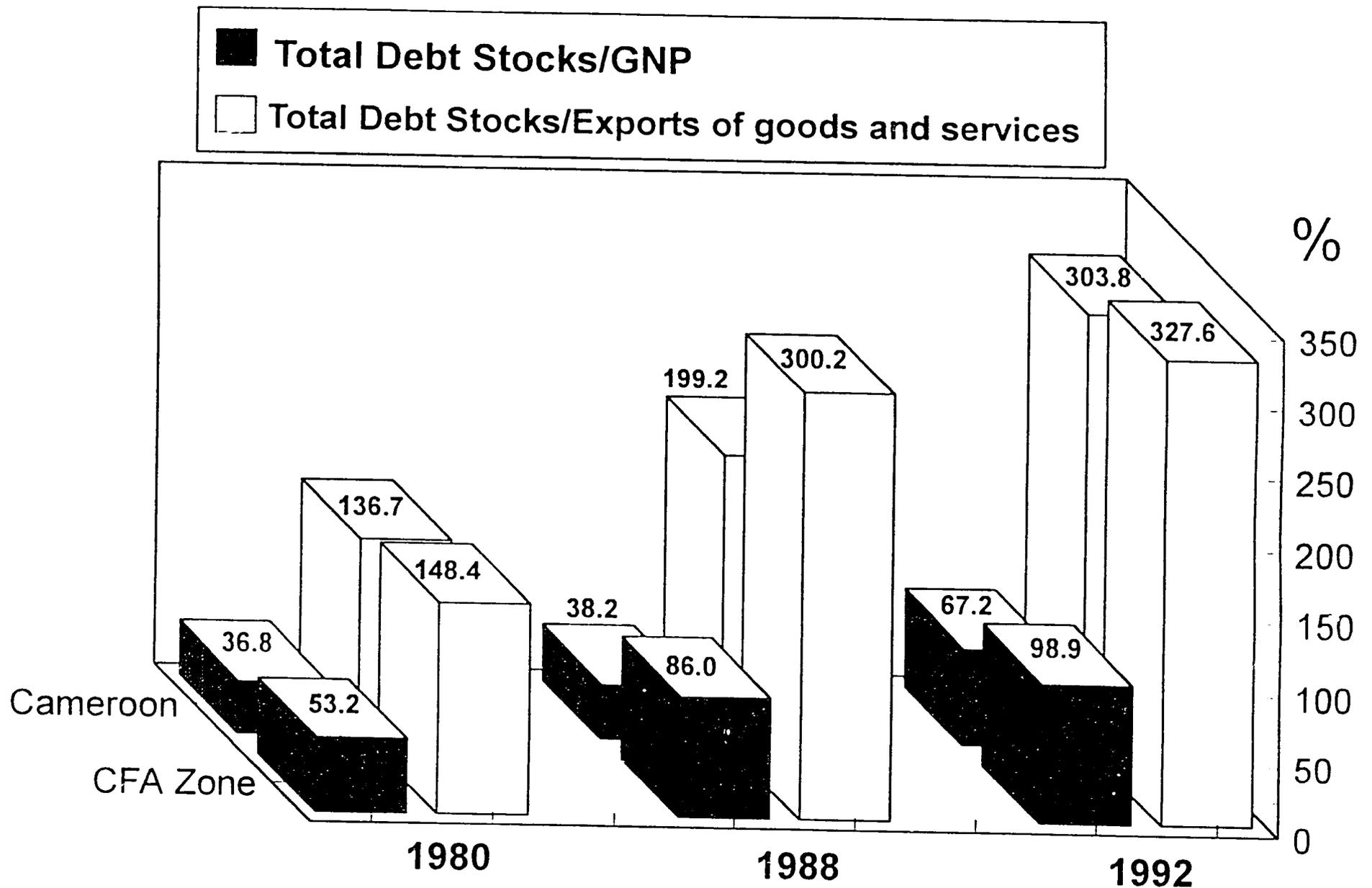
**1988**



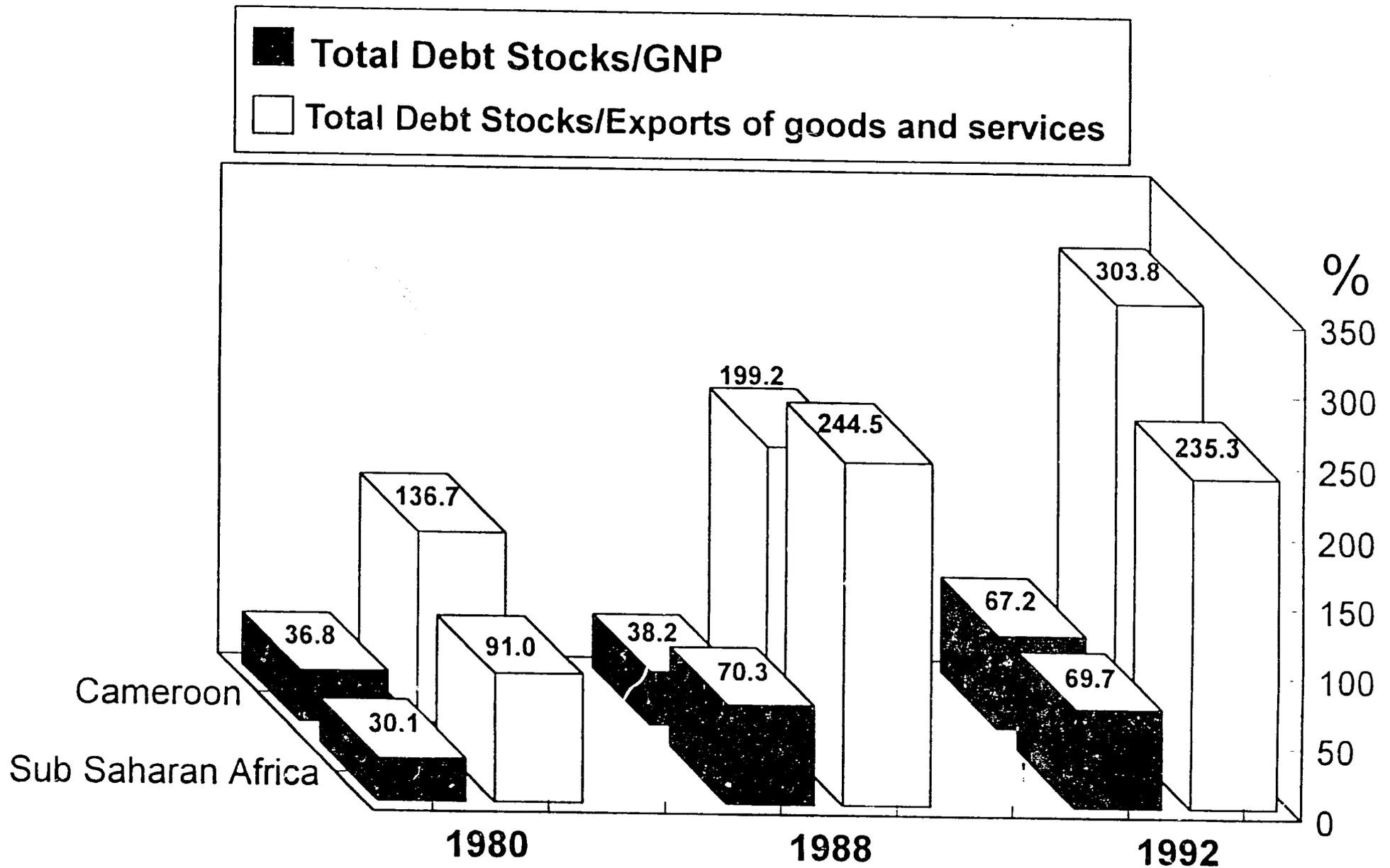
**1992**



# Cameroon's Debt Burden vs. CFA Zone Countries



# Cameroon's Debt Burden vs. Sub Saharan Africa



**ANNEX B**

Executive Summary. Nigeria became the first African country to establish a formal debt-equity conversion program in February 1988. Although temporarily suspended in 1990, the program was re-instituted in January 1991 and continues as a reliable and efficient alternative to traditional currency exchange. Successful conversions are presently estimated to provide a 73% financial gain over a foreign exchange transaction at the official rate within one month of debt purchase.

Vital Statistics (as of 4/1/94 unless otherwise indicated)

Gain from Use of Debt Conversion over Direct Investment: 73%  
Debt Prices: Pro Notes: .35 Par Bonds: .49  
Official Exchange Rate: N 21.7761 = USD 1.00  
Discount Applied by Central Bank: 28.00%  
Conversion Minimum: No minimum for NGOs  
Estimated Annual Inflation Rate: 60%  
Estimated Annual Currency Devaluation : 0% (official exchange rate)

Program Description. The Nigerian debt conversion program is well established and efficient. As noted, most conversions from the time of debt purchase through disbursement of local currency can be accomplished within one month. Prior to an initial debt purchase, the applicant must request the approval of the Nigerian government to authorize the conversion of a global amount of debt to benefit a specific project or program. Initial approval is generally given within one month of the application's submission. Tranche conversions may then be effected up to the total amount of debt authorized.

Conversions by not-for-profit entities operating in Nigeria are officially preferred by the Nigerian government and NGOs are encouraged to apply. Initial application is made by letter to the Central Bank of Nigeria (CBN) and must include : the identity of the applicant, copies of the articles of incorporation or registration of the applicant organization, a description of the applicant's experience in debt conversions worldwide, a commitment by the applicant to adhere to the Debt Conversion Program guidelines, a feasibility study on the project to be financed, identification of recipient(s) of the conversion proceeds, identification of local agents and representatives, organizational references, and detailed handling instructions for conversion proceeds.

After receiving approval from the CBN, the conversion applicant may participate in monthly debt conversion auctions at the CBN. The amount of naira on offer each month is determined in accordance with macro-economic targets for the monetary system as a whole. Successful bidders then submit debt to the CBN and receive local currency. Approximately one month is required to complete this exchange.

The monthly auctions set the discount rate applicable to conversion of debt. Conversion applicants submit bids in which they state how much of the face value principal of the debt they are willing to forego. The highest discount bids offered by the conversion applicants win because they translate into the lowest repurchase price for the CBN. Successful bids are thus ranked in

decreasing order with the highest bid favored over the next highest until the total amount of local currency offered for auction is exhausted.

The final step of presentation and payment occurs within fifteen business days of the auction date. Naira proceeds from conversions are credited to blocked, non-interest bearing accounts maintained at the CBN as soon as the bank has confirmation of receipt of the debt instruments. After deducting a naira fee of 2.5% of the discounted value of the debt, the CBN will disburse the conversion proceeds to the NGO's dedicated commercial bank account. The NGO may then use these naira funds to cover the local costs of its approved project or program.

The Nigerian debt conversion program is especially attractive in its flexibility. For instance, those applicants not wishing to bid at auction may still convert funds on an ad hoc basis. The discount applied to these ad hoc conversions is the weighted average of the successful bids of the most recent auction. NGOs with debt conversion authorizations may also conduct their conversion in several tranche installments up to the total amount of debt authorized. In each successive redemption the NGO either submits a new auction bid or applies for permission for an ad hoc conversion.

Risk Assessment. As in any debt conversion, the conversion applicant runs the risk of non-performance by the CBN. To date we are not aware of any debt conversion transaction in which the CBN has defaulted on its obligation to pay naira in exchange for debt instruments. The conversion auction participant also runs the risk of not having its bid accepted. To alleviate this risk the CBN provides information on the discounts offered by successful and unsuccessful bidders at previous auctions. Similarly, as with any local currency holder, the successful NGO bidder holding naira proceeds assumes the risk of hedging against inflation and devaluation. The CBN assists in this effort by allowing redemption in tranches and, when requested, by investing local currency proceeds in interest bearing bonds or government securities. These instruments are currently estimated to earn interest at between 20% and 25% per annum and therefore lessen the adverse impact of inflation on debt conversion proceeds.

Return. The CBN currently applies a discount of 28.00% to the face value of debt presented for conversion and Nigerian promissory notes are presently selling in the secondary market at approximately 35% of face value. An NGO can therefore purchase face value debt of USD 285,714.29 for an investment of USD 100,000.00. Of this face value amount, USD 246,565.71 represents actual loan principal outstanding and eligible for redemption. Conversion proceeds will therefore equal 72.00% of USD 246,565.71 less the CBN fee of 2.5%. The net proceeds of the conversion will therefore be USD 173,089.13 or Naira 3,769,206.20. Based on an investment of USD 100,000.00, this transaction therefore produces an effective exchange rate of 37.69 naira per dollar.

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April 1, 1994

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## Country Opportunity Series

# The Philippines

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Executive Summary. The Philippines initiated a debt conversion program in 1986 with the intent of reducing debt and promoting equity investments in priority sectors of the economy. New guidelines issued in December 1990 establish a category of "high social impact" projects which includes most projects proposed by NGOs. Recent experience suggests that the successful completion of a debt-for-development transaction in the Philippines will yield approximately 34% more local currency to fund project needs than a conventional foreign exchange transaction.

Vital Statistics. (as of 4/94, unless otherwise indicated.)

Gain From Use of Debt Conversion over Direct Investment: 34 %  
Debt Prices: Bid: \$66.50      Offer: \$67.00  
Exchange Rate: P27.50 = US\$1.00  
Central Bank Discount (for NGOs): 10.0755% (at 10/19/93 auction)  
Inflation Rate: 8% p.a.  
Central Bank Treasury Bill Rate: 14.75%  
Annual Currency Devaluation: 10% (1993)

Program Description. In 1986, the Philippines commenced its debt-equity conversion program. The government issued revised debt conversion guidelines in December 1990, which changed the incentives to investors in selected sectors of the economy. The 1990 guidelines establish a separate conversion category and procedure for "high social impact" investments. While that term is not explicitly defined, it has been interpreted to cover most debt-for-development transactions.

Eligible debt includes most categories of public sector external debt. Both local and foreign organizations are permitted to apply for debt conversions. Interested investors must submit an application in triplicate to the Debt Restructuring Department of the Central Bank. The debt conversion application should include a full description of the development project to be funded with the debt conversion proceeds, the benefits that the project will provide the Philippines, a description of the NGO and a budget detailing the types of project expenditures to be covered with the conversion proceeds. The Central Bank may also require prior approval by the Board of Investments and government agencies responsible for the sector in which the investment is to take place.

High social impact projects are considered on a case-by-case basis by the Monetary Board and by the Treasury of the Philippines. After receiving the requisite approvals from the Monetary Board and the Treasury, the NGO is permitted to complete the debt conversion. Under debt-for-development conversions, NGOs receive a discount equal to ten percentage points less than the weighted average of accepted bids at the most recent auction held for conversions involving for-profit investors. Therefore, NGOs do not participate in the auction system directly but are able to receive a redemption rate ten percentage points more favorable than the weighted average of the amounts paid to participants under the most recent auction. Conversion transactions must be completed within 90 days from the date of approval. Conversion transactions may be completed in tranches within the aforementioned 90 day period. Given the characteristics of Philippine debt and current market conditions, NGOs must have at least \$181,875 available for investment in a transaction to warrant pursuing a conversion transaction in the Philippines.

No taxes are applied to debt conversions. The Central Bank permits up to \$30 million face value of eligible debt to be converted each year by NGOs for social projects. (The Monetary Board has the authority to adjust this amount.) The maximum amount of debt that an NGO may convert in a given year equals \$3 million face value debt.

The Philippine Government places several restrictions on the use of debt conversion proceeds. Funds may not be used to purchase existing assets or shares of stock, land for speculative purposes, portfolio investments, increases in working capital or financial restructuring or repayment of peso debts. Purchased assets must be held for a minimum of two years. It is important to note that conversion proceeds may be used to reimburse NGO for eligible project expenses incurred from the date of presenting the debt conversion application to the Central Bank. Should the conversion proceeds exceed the immediate cash needs of a project, the Central Bank permits the NGO to invest the excess pesos in non-transferable peso denominated Central Bank bonds with maturities corresponding to the anticipated schedule of project expenditures. These Central bank bonds pay market rates of interest and are exempt from taxation. Investors are required to submit reports and supporting documents regarding the use of conversion proceeds to the Debt Restructuring Department. The Central Bank reserves the right to inspect the premises and records of debt conversion beneficiaries.

Risk Assessment. The Philippine debt conversion program is a well-defined and active program. The government is interested in debt-for-development projects. The formal review and approval process can be completed in approximately six weeks.

The program gives the NGO investor considerable flexibility as to the size and timing of debt conversions, once approval has been obtained. Excess local currency proceeds may be invested in Central Bank instruments that earn a real rate of interest. These two factors contribute to protecting the value of debt conversion proceeds from inflation.

Return. Under current conditions, an interested NGO can purchase \$100 of face value debt for between \$66.5 and \$67.00. This debt can be converted into approximately \$89.93 in local currency (ten percentage points greater than the weighted average of successful bids at the last auction) to fund a debt-for-development project. The conversion will therefore generate approximately 34% more Philippine pesos to finance the project than a traditional foreign exchange transaction.

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April, 1994



Executive Summary: Since 1986 Mexico has allowed NGOs to effect debt-for-development transactions on a case-by-case basis. As the debt-for-development transactions (for NGOs) are outside the formal, but now dormant, debt-equity conversion program, the applicable terms for each transaction may vary, based on the particular circumstances. A significant amount of debt-for-development transactions have been authorized by the Mexican government. Under current market conditions, a debt-for-development swap yields a financial gain of 20% when utilizing Discount Bonds and yields no gain when using Par Bonds.

Vital Statistics: (as of 4/94, unless otherwise indicated)

Gain From Use of Debt Conversion over Direct Investment:	20%
Debt Offer Prices:	
Discount Bonds:	\$0.83 of face value
Par Bonds:	\$0.695 of face value
Exchange Rate:	
Official Free Market Peso Rate:	3.35 Pesos = US\$1.00
Percent of Face Redeemed by Central Bank:	
Discount Bonds:	100%
Par Bonds:	65%
Estimated Current Inflation Rate:	10%
Anticipated Annual Currency Devaluation:	5%

Program Description: Mexico initiated its debt conversion program in 1986. By 1987, about \$2.6 billion in external debt had been converted. Some Mexican officials stated that the program was too inflationary and as a result, the program was suspended in 1987.

In March 1990, Mexico again invited debt conversion proposals and permitted an additional \$3.5 billion in debt-equity conversions. The new program initiated in 1990 was auction-based, calling for the sale of conversion rights by the Mexican government based on auction bids. The new program also included measures to combat inflation. No formal debt-for-development program was announced, however, a significant number of ad hoc transactions have been completed. The Mexican government gives priority to projects that demonstrate social benefits in areas such as health, education, sustainable development and improvement of "common welfare" in priority regions. Mexico is also interested in promoting ecological and environmental projects through its debt conversion program.

To date, most applications have been submitted by Mexican NGOs. U.S. NGOs seeking conversions should consider establishing collaborative agreements with Mexican counterparts. Applications for debt conversion must be submitted to the Ministry of Finance and Public Credit. The application should include: the amount of debt to be converted, identification and description of applicant and Mexican affiliations, detailed description of proposed project, budget and schedule of disbursements. To support the application, an authorization must be received from the Mexican ministry having oversight of the sector within which the project is located. In addition, tax exempt asociaciones civiles need to provide verification of their registration in Mexico.

Since small denominations of eligible Mexican debt do not exist, the minimum transaction amount is \$250,000 face value of debt. Accordingly, applicants with smaller amounts may wish to consider pooling their funds with other NGOs for a single transaction.

Once approval is obtained from the Ministry of Finance, the applicant enters into an agreement, which commits the applicant to a specific use and accounting for the conversion proceeds and obliges the Ministry of Finance to provide the local currency. Under this agreement the external debt is then exchanged at the official free market exchange rate. The applicant receives conversion proceeds equal to 65% of face value for Par Bonds submitted and 100% of Discount Bonds. The difference in face value redeemed is due to the 35% principal reduction already incorporated in the Discount Bonds. While New Money debt and other public sector debt is also eligible for conversion, primarily Discount Bonds have been utilized. New Money and other public sector debt are expected to be redeemed at close to 65% of face. Under the auction system guidelines for for-profit investors, debt conversions are subject to taxation of either 30% of the capital gain realized from the transaction or 20% on the transaction amount. NGOs are exempt from taxation on debt-for-development transactions and do not participate in the debt conversion auction system.

The not-for-profit applicant will receive the local currency proceeds in the form of a peso deposit to an account at the Mexican Treasury, in exchange for cancellation of the external debt. To ensure that the pesos are spent for the authorized purposes, the Ministry of Finance requires that the NGO submit receipts and a detail of expenses that are to be covered by the debt conversion proceeds. To protect against devaluation, the principal amount is indexed to the US dollar/peso exchange rate. In addition, the account bears interest at a rate of LIBOR plus 13/16%. Alternatively, NGOs may maintain the pesos in a trust account at a commercial bank. Peso-denominated and US dollar indexed bank deposits are presently earning real rates of interest.

Risk Assessment: The debt conversion process is relatively simple but is conducted on an ad hoc basis. The amount of debt eligible for debt-for-development transactions has not been established by the Mexican government. As debt-for-development swaps are outside the formal auction program, NGOs have some flexibility negotiating the terms of the transaction, depending on local support and commitment. NGOs should be careful to design the transaction to minimize the impact on the transaction of inflation and possible devaluation of the peso.

Return: Under current market conditions, an NGO can purchase \$100 of Discount bonds for approximately \$83.00 and receive \$100 in Mexican pesos from the Mexican government, thus generating a gain of approximately 20% over a traditional foreign exchange transaction.

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April 1994



Executive Summary. In response to demand from the commercial and non-profit sectors, Tanzania issued formal guidelines covering debt conversions for export, tourism and social projects in December of 1990. Debt for development conversions fall under the latter category and are officially encouraged by the government. Specifically, the Bank of Tanzania waives the normal application fee for debt for development conversions and pays a premium in local currency for conversions for charitable purposes. Conversions in all three sectors have been conducted since the inception of the program, some of them providing 190% more shilling proceeds than could have been gained from a normal currency exchange.

Vital Statistics. (as of 3/22/93, unless otherwise indicated)

Gain From Use of Debt Conversion over Direct Investment: 150% - 200%

Debt Prices: \$0.30-0.35

Exchange Rates: Official: Tsh. 346.84 = \$1.00

Parallel: 450.00 = \$1.00

Conversion Rate: 1010.00 = \$1.00

Central Bank Discount: 5 - 15% of face value of debt.

Annual Inflation Rate: @25%

Annual Currency Devaluation: @30%

Program Criteria. All legitimate holders of eligible debt, whether Tanzanian, foreign, individual or corporate may apply for a debt conversion to the Governor of the Bank of Tanzania. Conversion proposals are considered at the beginning of each quarter by an interagency Debt Conversion Committee (DCC). Approvals in principal within one month of application are not unusual. The guidelines recognize three eligible categories of transaction and specify three eligible "sectors" of activity to be supported by the proceeds. Permitted categories of transactions include: (1) Debt for Equity, (2) Debt for Cash and (3) Debt for Nature. Eligible sectors of activity include various commercial industries and, more generally, charitable and non-profit activities. Debt for development conversions qualify for approval under the guidelines as debt for cash transactions conducted to support charitable, non-profit activities.

Three categories of debt are eligible for conversion: (1) commercial bank debt or private trade arrears/suppliers' credits, (2) remittances of surplus funds of airlines, approved dividends and expatriate remittances, and (3) governmental external debt obligations. The first category is the type of debt which is most often converted. It consists of obligations that were originally denominated in hard currency and the equivalent amount of Tanzanian shillings were lodged with the Central Bank on the due date but never paid in hard currency to the obligor.

Program Procedure. Initial application is made by letter and must include: the identity of the applicant, the amount the applicant proposes to convert, a commitment by the applicant to adhere to the debt conversion guidelines, proof that the project to benefit from the conversion is sanctioned by the government of Tanzania, a feasibility study of the project to be assisted with the conversion proceeds, a project budget, identification of recipient(s) of the conversion proceeds, and the identification of local agents and representatives. The Bank of Tanzania will

generally notify the applicant of the Committee's decision within 6 weeks from date of application.

The second phase of the conversion transaction involves the sourcing, verification, purchase and exchange of the debt to be converted. This phase takes approximately four months to complete. Of these four steps, verification of the debt (i.e., that it is owed by the government and outstanding) is the most time consuming, taking between one and three months. To receive approval, the applicant must prove that Tanzanian shillings were lodged at the Central Bank upon maturity of the notes to be exchanged. This is often difficult to do as the records of the Central Bank and the National Bank of Commerce (the usual guarantor of trade transactions) regarding these payments are often incomplete.

Risk Assessment. There is no legal or fiscal liability involved in applying for government authorization for a debt conversion in Tanzania and minimal risk in actually proceeding with a redemption. In fact, there is no risk at all until the point at which the applicant purchases the Tanzanian debt instruments. After purchasing the debt, as with any contract, there is performance risk. This risk is minimized, however, by the fact that purchase and exchange take place simultaneously. A greater risk lies in not being able to spend the local currency proceeds quickly enough to avoid the effects of inflation. To alleviate this risk, the government allows redemptions to take place in tranches using the rate prevailing on the date of exchange.

Return. The above procedure is only justified by the large return it provides for relatively little risk. Generally, Tanzanian trade debt, after bankers' fees is presently selling for \$0.32 to \$0.35 per dollar. Debt for development transactions in Tanzania converting \$200,000.00 or less of debt have been accorded discounts of approximately \$0.05 per dollar. Above \$200,000.00 the discount is 10%. Consequently, if an NGO can purchase \$100.00 of face value debt for \$35.00 and is able to convert it at the 5 % discount, it will have a gain of \$60.00 in shilling proceeds (disbursed at the official rate). The NGO therefore receives a benefit of 170% more shillings than if it converted dollars into shillings at the official shilling-dollar exchange rate and slightly more than 100% if dollars were converted into shillings at the parallel rate. As noted, the exchange rate applied is the Bank of Tanzania's official rate on the date of confirmation of the debt. The shilling proceeds are released in tranches to the applicant's designated debt conversion account with a Tanzanian commercial bank.

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March 22, 1993

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Executive Summary. The Republic of South Africa ("RSA") has an established debt conversion program jointly administered by the Reserve Bank of South Africa ("RBSA") and the South African Public Investment Commission ("PIC"). The debt conversion system was created in 1985 when political pressures forced RSA to forbid the externalization of all payments to foreign commercial creditors. Conversions under this program currently provide an approximate gain of 15% over a traditional foreign exchange transaction at the commercial rand exchange rate and can be completed within two months from the date of application to the RBSA.

The RSA government negotiated the rescheduling of this debt in "interim arrangements" that also provide for the cancellation of debt through conversion into equity or loans to subsidiaries. Under these regulations, a debtor that is unable to pay a creditor because of the imposed moratorium may pay the foreign currency owed on the debt into accounts maintained by the PIC. Once these payments are made, the PIC becomes obligated on the loan and the debtor is discharged.

The conversion program in RSA is primarily designed to encourage foreign commercial investment but is also available for organizations implementing development projects. Under these regulations, a development organization may take on the role of a creditor by purchasing debt at a discount. It may then "loan" its local affiliate the hard currency deposited against the original loan with the PIC. This process is characterized by the RBSA as a "substitution of debtors." The NGO "creditor" then writes-off the "loan" thus established.

Vital Statistics. (as of 1/12/94, unless otherwise indicated)

Gain from Use of Debt Conversion over Direct Investment at Commercial Rand Exchange Rate: 15%  
Debt Prices: \$0.87  
Exchange Rates:            Commercial Rand            R3.40 = \$1.00  
   Financial Rand            R4.29 = \$1.00  
Annual Inflation Rate: 15%  
Annual Currency Devaluation: 15%

Program Description. The RSA debt conversion program is well established and highly efficient. As noted, most conversions from the time of application through disbursement of local currency can be accomplished within two months. Application for debt conversion authorization must first be made to the RBSA. Approval is generally given within one month of the application's submission. The approval is generally valid for six months from the date of issuance and debt may be converted in tranches.

Application for debt conversion must include: copies of the articles of incorporation or registration of the applicant and beneficiary organizations, a description of the project to be financed, identification of recipient(s) of the conversion proceeds, detailed payment instructions for conversion proceeds and a line-item rand budget for the project financed.

After receiving the approval of the RBSA, the applicant takes assignment of the debt and pays the seller the purchase price of approximately 87% of the face value amount. The PIC then transfers the full face value hard currency amount on deposit against the loan to the beneficiary's bank. The transferred currency is then immediately converted into rand at the commercial rand rate as a loan from the offshore parent or affiliate organization. As noted, the loan thus established is never repaid.

Risk Assessment. Merely applying for debt conversion authorization does not entail legal or financial risk for a not-for-profit organization and there is only minimal risk in actually proceeding with a redemption. Legal and financial risk arise only at the point at which the applicant purchases the RSA debt instruments. Upon purchasing the debt, as with any contract, there is performance risk. This risk is minimized, however, by the fact that purchase and exchange usually take place within the same week.

Financial Rand v. Debt Conversion. RSA has a two-tier system of exchange rates designed to encourage foreign investment. Under this system for-profit and not-for-profit companies investing in equity to finance fixed capital assets such as buildings can receive special approval from the RBSA to convert their funds at the "financial rand" rate. This system is attractive to investors because the financial rand exchange rate is usually at a significant discount from the commercial rand rate. To avoid inflation the RBSA will not authorize the use of the financial rand for use as working capital. Whether or not a debt conversion makes sense for a development organization therefore depends on the nature of its project, whether it qualifies for financial rand, and whether the financial rand discount exceeds the gain afforded by debt conversion.

In the context of debt-for-development transactions, it is difficult to predict which projects will qualify for financial rand. However, central banks will usually look on salaries for local development workers, office expenses and expenses for travel and transport as "working capital." Costs for building materials and construction labor on the other hand are more often than not viewed as capital investment for fixed assets. Therefore, if its project involves construction of any kind, it may be advisable that the NGO concerned first apply to the RBSA first for approval to convert its construction related funds at the financial rand rate.

Gain. RSA debt can be purchased at approximately 87% of its face value. Consequently, for an investment of \$100,000.00 an NGO will receive \$114,942.53 of face value debt. Upon authorization from the RBSA, the PIC will then disburse the full face value in hard currency to the NGO's local bank. The local bank will then convert the funds at the commercial rand rate. At the present commercial rand rate of R3.40 per dollar, the proceeds from the debt conversion described above would amount to R390,804.60. By contrast, converting \$100,000 at the commercial rand rate in a traditional foreign exchange transaction, the NGO would receive R340,000.00. Debt conversion in RSA therefore provides a gain of 15% (R50,804.60 in the transaction just described) over a traditional foreign exchange transaction.

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January 12, 1994



## Country Opportunity Series

### Uruguay

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Executive Summary. In February 1991, the Uruguayan government announced new debt conversion regulations permitting debt-for-development conversion transactions to be effected to fund non profit development projects in Uruguay. Development organizations interested in executing debt conversions in Uruguay can anticipate receiving approximately 32% more local currency than can be obtained by a traditional foreign exchange transaction.

Vital Statistics. (as of 3/93, unless otherwise indicated.)

Gain From Use of Debt Conversion over Direct Investment: approximately 32%

Debt Prices: (Fixed Rate Note) Bid: \$0.75

Offer: \$0.70

Free Market Exchange Rate: 3,605 pesos = US\$1.00

Central Bank Discount: variable; currently 1%.

Estimated Annual Inflation Rate: 70%

Estimated Annual Currency Devaluation: 35%

Terms of Bonds Issued by Central Bank:

Currency Denomination: US Dollar

Interest Rate: 5.875% (LIBOR plus 1.75%)

Tenor: Matching project requirements with interest and principal paid semi-annually.

Program Description. Uruguay issued the guidelines for its debt conversion program in late February 1991 in an effort to stimulate increased activity in Uruguay by development organizations. Uruguay's debt conversion program permits only development projects to be funded through it and does not permit debt-equity conversions.

Eligible debt is limited to the \$977 million in foreign bank debt included in the January 31, 1991 debt rescheduling agreements. Three types of debt instruments are available for purchase in the secondary market: debt conversion notes, new money notes and fixed rate notes. All three of these types of debt are eligible for conversion, however, fixed rate notes provide the NGO with the largest gain under a debt conversion.

Interested NGOs may apply to the Central Bank for permission to convert eligible debt at any time. To qualify, projects must be in the areas of environmental protection, education, research, health, culture or "any other work of important social content". NGO's presenting debt conversion applications to the Central Bank must pay the Central Bank a processing fee of US\$1,500 if the amount of debt to be converted is less than or equal to US\$1,000,000 and US\$3,000 for applications greater than US\$1,000,000. Subject to Central Bank approval, this fee may be paid from the debt conversion proceeds on the debt conversion date.

Debt conversion proposals submitted to the Central Bank of Uruguay should specify, among other details, the type and amount of external debt to be converted, a description of the project to be financed through the debt conversion, the benefits which the development project provides Uruguay and a detail of the expenditures that will be covered with the debt conversion proceeds. The review of debt conversion proposals is conducted on a case by case basis by both the Central Bank and the Planning and Budget Office. The NGO will be advised within 30 days from the date of submitting its application whether its proposal is authorized and the NGO will

be required to provide the Central Bank with the details of the debt to be converted within 30 days from the date of such authorization. The Central Bank then has 15 days within which it must confirm or deny the eligibility of the proposed debt. Assuming that the proposed debt is deemed eligible for conversion, the NGO and the Central Bank are required to execute all conversion transaction documentation within the following 60 days.

On the conversion date the eligible debt is exchanged for Uruguay Treasury bonds denominated in U.S. dollars with an aggregate value equal to the face value of eligible debt tendered less the discount applied by the Central Bank. Currently the Central Bank discount is approximately 1% for the conversion of Fixed Rate Notes. The Treasury bonds issued in favor of the NGO will be retained by the Central Bank and will pay interest and principal in semi-annual installments. The Treasury bond maturities will coincide as closely as possible with the cash flow requirements of the NGO's project.

Risk Assessment. Although only a limited amount of debt has been converted under Uruguay's debt conversion program, the program is attractive because of the significant financial benefit which it provides. The application process is efficient and the transaction structure does not entail the NGO incurring unacceptable risks. As the Treasury bonds are dollar denominated the NGO investor is protected against the relatively high rate of devaluation of the Uruguayan peso.

Return. The debt conversion program offers prospective investors a significant benefit over a conventional foreign exchange transaction. For approximately \$75, an NGO can purchase \$100 in face value of external debt. Once the conversion is complete, the investor will be given U.S. dollar denominated bonds with a face value of approximately \$99, representing a financial gain of approximately 32%.

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The Debt-for-Development Coalition, Inc. (DDC) is a not-for-profit organization that provides general informational services regarding debt-for-development opportunities free of charge. The information contained herein is time-sensitive and for educational purposes only. All investment decisions should be made only after detailed consultation with DDC or your investment advisor or attorney. DDC will provide technical assistance to NGOs in conducting debt conversions for a fee. For additional information, contact:

The Debt-for-Development Coalition, Inc.  
2021 L. Street, N.W., Suite 510  
Washington, D.C. 20036  
Phone (202)467-0881 FAX (202)467-4093

March 1993

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**ANNEX C**



FEDERAL REPUBLIC OF NIGERIA

**Guidelines on  
Debt Conversion Programme  
for Nigeria**

## **GUIDELINES ON DEBT CONVERSION PROGRAMME FOR NIGERIA**

### **1.1. Introduction**

The Federal Republic of Nigeria has established a Debt Conversion Programme (DCP) and set up a Debt Conversion Committee (DCC) to implement the Programme

### **1.2 Objectives of the Debt Conversion Programme**

- 1.2.1 To reduce Nigeria's external debt position by reducing the stock of outstanding foreign currency denominated debt in order to alleviate the debt service burden.
- 1.2.2 To improve economic environment attractive to foreign investors.
- 1.2.3 To serve as an additional incentive for the repatriation of flight capital.
- 1.2.4 To stimulate employment generating investments in industries with significant dependence on local inputs.
- 1.2.5 To encourage the creation and development of export - oriented industries thereby diversifying the export base of the Nigerian economy.
- 1.2.6 To increase access to appropriate technology, external market and other benefits associated with foreign investment.

### **1.3 Membership of the Debt Conversion Committee**

The membership of the Debt Conversion Committee is as follows:

- 1.3.1 The Governor of the Central Bank of Nigeria — Chairman & Secretariat
- 1.3.2 Hon. Minister of Finance and Economic Development — Member
- 1.3.3 Secretary to the Federal Military Government — Member
- 1.3.4 Hon. Minister of Industries — Member
- 1.3.5 The Attorney General and Minister of Justice — Member

1.3.6 Hon. Minister of State for  
Planning & Budget, Office of  
the President Member

#### 1.4 Functions of the Debt Conversion Committee (DCC)

The primary functions of the Debt Conversion Committee (DCC) include the following:

- 1.4.1 To design and implement an efficient Debt Conversion Programme (DCP) in Nigeria;
- 1.4.2 To establish clear and concise approval criteria and procedures;
- 1.4.3 To review and approve applications and transactions within reasonably specified time;
- 1.4.4 To continually monitor and review the progress of the Programme and the investment projects approved under it.

#### 1.5 DCP Guidelines

In what follows, guidelines covering rules and regulations, application, conversion and monitoring procedures for a Nigerian DCP are presented. The guidelines may be reviewed and amended from time to time by the Debt Conversion Committee (DCC) without affecting the status of previously completed transactions.

## 2. RULES AND REGULATIONS

### 2.1 Eligible Foreign Debt (s)

Debt that will be eligible for conversion shall be CBN dollar denominated Promissory Notes issued under the CBN Circular of 18th April, 1984, Promissory Notes issued by the Federal Ministry of Finance and Economic Development, any restructured debt under the Restructuring and Refinancing Agreements having a maturity of over one year and the Nigerian Investment Bonds. The decision to make any other class of debt eligible shall rest with the Debt Conversion Committee and will be taken in the light of developments under the DCP.

### 2.2 Eligible Transaction Categories

In the application of the naira proceeds from debt conversion, only four categories of applications would be entertained by the Committee. These are:

- 2.2.1 Conversion to cash for the purpose of making a gift/grant to Nigerian non-profit making entities such as educational institutions, charitable organisations, research centres and religious bodies.
- 2.2.2 Conversion for acquisition of naira denominated debt instruments issued by the Central Bank of Nigeria such as the naira notes, development stocks and other local debt instruments designed specially for the Programme.
- 2.2.3 Conversion for acquisition, expansion or recapitalisation of existing projects and/or companies in Nigeria and for financing investments in privatised enterprises. Expansion of existing enterprises can be in form of acquisition of non-voting shares, additional equities and irredeemable but convertible debentures/loan stocks with a floating interest rate tied to the rediscount rate.
- 2.2.4 Conversion for investment in completely new projects.
- 2.2.5 Shares, debentures/loan stocks and other debt instruments acquired with redemption proceeds should be put in the custody of a depository bank named by redeptor. Such shares/debt instruments could be traded and the proceeds from such sales, if not re-invested, should also be kept by the same depository bank for a minimum period of 10 years but subject to the remittance restriction clause of Section 2.8 (iv). The depository bank shall give the DCC an undertaking to hold the instruments/proceeds of sales (if any) in the line with the relevant Sections of the Guidelines.

2.2.6 Interest, income, profits/dividends arising thereof from such instruments should be paid into an interest earning account for the redeptor for a period of 5 years. In this regard, the redeptor will be required to execute dividends/profits mandate in respect of such shares in favour of his depository bank.

### 2.3 Priority within Eligible Transaction Categories

Within the eligible transactions stated in 2.2 above, the following economic activities will be given priority in the following order:

- 2.3.1 Investment in production processes based on at least 70 per cent local raw materials, especially in the development of agriculture and agro-allied industries, production for export and production of raw materials and other requirements of local industries.
- 2.3.2 Investment with high employment content.
- 2.3.3 Investment for extracting, exploiting and commercialisation of Nigeria's mineral, forestry, and other natural resources.
- 2.3.4 Investment that will seek to improve or use existing inventions and discoveries in Nigeria relating to new machinery, new products or new processes or with technology component appropriate or adaptive to the Nigerian situation.

#### 2.4 Minimum Size of Transaction

In order to minimise administrative work, discourage frivolous applications and facilitate the supervision of, or surveillance over the projects in which the naira proceeds of debt conversion are invested in 2.2.2, 2.2.3 and 2.2.4 above, the minimum amount of debt to be considered under the Scheme shall be \$0.25 million (one quarter of a million United States dollars) in the first instance and \$25,000 (twenty-five thousand US dollars) in subsequent redemptions. In the case of conversion to cash for the purpose of making a gift/grant under 2.2.1 there shall be no minimum limitation.

#### 2.5 Eligible Participants

All legitimate holders or assignees of designated debt(s) including Nigerians and foreign nationals whether corporate bodies or individuals, resident or non-resident, shall be eligible to participate in the debt conversion programme provided that the foreign exchange required for the purchase of promissory notes and/or other foreign debt instruments from an original or a previous holder originated from abroad and not from foreign exchange purchased from IFEM or in other way from Niger. The enterprise(s) financed with the redemption proceeds is (are) registered as Nigerian enterprise(s) under existing company laws at the time of transaction.

#### 2.6 Volume Control

2.6.1 The debt conversion programme shall be consistent with the fiscal, monetary and other policies of the Federal Military Government by ensuring that the amount, timing and application of the proceeds of converted debt are in accordance with national priorities, especially the policies on inflation and acceleration of industrial and agricultural development.

2.6.2 To keep DCP within the framework of SAP, a volume control shall be applied in the form of annual and monthly ceilings. Such ceilings shall be kept under constant review in line with monetary, credit and other macro-economic objectives and development. Any conversion shortfall in one month may, at the discretion of the DCC be carried over and added to the following month's specified limit.

#### 2.7 Protection of Foreign Investment

Any approved investment made from the proceeds of conversion under the Nigerian DCP shall be recognised as investment made in foreign currency like any other and accordingly will benefit from approved status, for the purpose of such matters as tax treatment and repatriation of dividends and capital subject to the remittance restriction clause in paragraph 2.8 below.

#### 2.8 Remittance Restrictions

In order to ensure that the relief being sought through DCP is not frustrated and in order that the exercise does not result in giving preferential terms of repayment to an investing redeemer over other creditors contrary to the terms and conditions of existing debt rescheduling arrangements, the following limitations shall be placed on remittances of redemption proceeds and incomes arising thereof:

- (i) Interest, income, profits/dividends, patent licence fees and other invisibles connected with approved projects under the DCP shall not be repatriated for a minimum period of five (5) years from the date of release of redemption proceeds for actual investment.
- (ii) Interest and capital repatriation by the original holders in respect of restructured payable debt converted into naira notes with maturity of eighteen months shall not take place before the end of Dec., 1991

- (iii) Any capital proceeds arising from subsequent disposal of the investment made under the programme cannot be repatriated for a minimum of ten (10) years after effective investment of the proceeds.
- (iv) Repatriation of capital including off-shore cost after 10 years shall not exceed 20 per cent per annum.

## 2.9 Transaction Commission

A transaction commission payable in US dollars and equivalent to 2.5 per cent of the discounted value of the debt to be converted shall be payable to the Central Bank of Nigeria (CBN) by the redeptor. The US dollar commission shall be payable to CBN Account with the Morgan Guaranty Trust Company of New York or any foreign bank as may from time to time be designated by the CBN. However, commission on transactions for cash gifts/grants may be payable in Naira/US dollar.

## 2.10 Financing of Off-shore Costs of Projects

The naira proceeds of Nigeria's DCP shall be applicable only to the local cost of the project in which the investment is made. All off-shore costs of the DCP projects shall be provided by the redeptor. The ability to provide the off-shore cost shall be a condition precedent to any debt equity conversion. Such additional foreign capital investment shall be accorded all the privileges of foreign investment in Nigeria under existing laws.

## 2.11 Taxation of Profit and Dividend

Taxation of profit and dividend arising from approved DCP projects shall be in accordance with the existing tax laws in Nigeria at the time such profits and dividends are declared.

## 3. APPLICATION PROCEDURE

3.1.1 Prospective participants whether corporate or non-corporate, national or foreign must obtain the prior consent or approval in principle of the Debt Conversion Committee in order to qualify for participation.

3.1.2 All such applications shall be made to the Chairman of the Debt Conversion Committee at the Committee's Secretariat located at the Central Bank of Nigeria, Tinubu Square, P. M. D. 12194, Lagos.

3.1.3 The Secretariat shall acknowledge in writing or by attested cable to the applicant or his agent(s), the receipt of completed application within three (3) working days of the date of receipt of the application.

3.1.4 Application for approval in principle will be processed on case by case and on first come first served basis.

3.1.5 The Committee will meet as often as necessary to review and approve applications.

3.1.6 The approval or rejection of an application shall be communicated to the applicant and/ or his agent(s).

3.1.7 The Committee shall not be under any obligation to give reasons or justifications for approval or rejection of any application and its decision shall be final.

3.1.8 Incomplete or defective application(s) will be returned for modification, the applicant or his agent(s) will be required to submit additional information.

## 3.2 Required Information

The application to the Debt Conversion Committee shall contain the following information:

- (i) Detailed identity of applicant and where applicable, detailed identity of agent(s) in Nigeria.
- (ii) Information pertaining to applicant's business should include:
  - nature and type of current business activity and particulars of incorporation.
  - capital and volume of operations
  - business conducted in or with Nigeria
  - other investment/operations/activities in Nigeria; nature and volume of business intended to be conducted in Nigeria with proceeds of proposed conversion.
- (iii) Previous experience, if any, in debt conversion with particulars of volume and nature of business done with profile of actual investment performance in other DCP countries (if any). Holders of debt restructured under agreements entered into with commercial banks and other financial institutions need not provide information on this.

(iv) Beneficiary or recipient of conversion proceeds and whether it is an existing organisation or a new company to be specifically organised for debt-equity conversion programme.

(v) In the case of foreign persons or entities, particulars of agent(s) or representative(s) in Nigeria. Copies of mandate/agreement between the applicant and the agent(s) whether a person or body corporate, certified by a court declaration or a notary public. Agreement must contain details of agents, including detailed instructions for handling and delivery of conversion proceeds.

(vi) Applications should be supported by relevant documents such as Certificates of Incorporation/Registration of the applicant if it is a corporate body, Certificate of Incorporation/Registration, Memorandum and Articles of Association of the beneficiary company, Feasibility Reports, Financial Statements, and other related documents. Copies of these documents should be duly certified.

(vii) Any other verifiable information or references which could facilitate decision making on the application.

(viii) Undertaking of acceptance of an adherence to the guidelines contained therein.

### 3.3 Interview

Should the need arise, the applicant and/or his agent(s) shall be invited for interview on the terms and conditions of conversion.

## 4. CONVERSION PROCEDURE

### 4.1 Auction

The method of debt conversion shall be by auction. On very rare occasions however, the DCC can, at its discretion, approve an application for conversion on its own merit and at a price determined by the weighted average of discounts offered by successful bidders at the most recent auction.

### 4.2 Eligible Bidders

4.2.1 All applicants who have received approval in principle or their agents are eligible to participate in auction(s) to bid for the amount offered by the Debt

Conversion Committee. The auction(s) shall be conducted as often as deemed necessary by the DCC. However, if an applicant fails to put in his bid after two auctions after receiving approval in principle, the approval will be deemed to have lapsed. An applicant who has received an approval in principle is not obliged to submit bid to convert the whole amount in a single auction.

4.2.2 A prospective redeemer who has received an approval in principle and wishes to participate in any of the auction(s) should have acquired/identified the promissory note(s) debt instrument(s) to be redeemed prior to the date of the auction(s).

### 4.3 Bid Schedule

Bid forms will be provided by the DCC Secretariat at the CBN, Tinubu Square, Lagos. The redeemer or his agent(s) shall submit only one bid for each application at an auction. Bid will be received up till 11.00 a.m. and the auction will take place at 12 noon on the day designated by the DCC. The auction date, amount to be offered for redemption, and relevant conditions will be announced ten banking days before the date of the award. Bid process will be handled by the DCC Secretariat.

### 4.4 Bidding

4.4.1 Bids will be delivered to the DCC Secretariat at the CBN and such bids will specify the discount offered as percentage of the face value of the debt to be redeemed, value of debt to be converted by the prospective redeemer and the particulars of the promissory notes/debt instruments to be redeemed.

4.4.2 The DCC Secretariat reserves the right to reject any irregular bid while failure to supply the particulars of the promissory notes/debt instrument(s) will lead to instant disqualification at the auction.

### 4.5 Award

4.5.1 Bids will be ranked in decreasing order of discounts offered. The right to redeem will be awarded by discount rank until the amount offered for redemption is exhausted. If two or more bids offer the same discount and the balance of the amount offered for conversion is insufficient to cover both, that balance will be distributed pro rata among the two or more bids in respect of offers at the same price. Award will be made to a successful bidder at his bid price (discount).

4.5.2 The DCC may set a reserve price above which no deal can be effected.

4.5.3 Redemptors or their agents will be informed of bid award by telephone or telex within 2 working days of the close of the auction.

#### 4.6 Exchange Rate

The applicable exchange rate shall be the effective IFEM rate at the time of the auction and this shall be applied to the successful redeptor's bid price in the calculation of the naira proceeds.

#### 4.7 Payment of Transaction Commission

Within 10 banking days of date of notification, the conversion commission due from successful bidders must be paid to the US Dollar Account of the CBN with the Morgan Guaranty Trust Company of New York or any foreign bank as may from time to time be designated by the CBN.

#### 4.8 Cancellation of Redeemed Debt Instrument(s)

After the auction, the DCC will advise Chase Manhattan Bank, N. A. or the Accountant-General of the Federation, at the Federal Ministry of Finance and Economic Development to cancel the debt instruments of successful bidders and surrender them to the DCC. Where the amount of debt to be converted is less than the face value of the debt instrument(s) submitted for cancellation, the concerned agent shall issue a fresh debt instrument in the amount of the unredeemed balance to the redeptor.

#### 4.9 Delivery of Debt Instrument for Cancellation

The redeptor(s) or agent(s) holding promissory notes, issued under the CBN Circular of 18th April, 1984, will deliver them to Chase Manhattan, N. A., N. Y. for cancellation. Those holding Promissory Notes issued by the Federal Ministry of Finance and Economic Development shall deliver them to the Accountant General of the Federation at the Federal Ministry of Finance and Economic Development, Lagos. If a redeptor fails to deliver the debt instrument(s) within fifteen working days of the auction in which his bid is successful, he shall not participate in subsequent auctions without the approval of the Debt Con-

version Committee. Such redeptor shall therefore write to convince the Debt Conversion Committee why he could not take up the award.

#### 4.10 Provision of Redemption Proceeds

Upon the confirmation of receipt of debt instrument(s) by the appropriate agent to the DCC, the CBN will provide the naira proceeds directly to a designated blocked account at the CBN. The redeptor or his agent and the beneficiary will be promptly informed.

#### 4.11 Blocked Account and Release of Funds

Naira proceeds of converted promissory note(s)/debt instrument(s) will be kept in a blocked account at the CBN and released in tranches on application to the beneficiary's bank account according to the cash needs of the approved project(s) as approved by the DCC. However, naira proceeds of conversion to cash for gift to trusts and foundations may be invested in long-dated government debt instruments.

#### 4.12 Issue of Shares, Debenture, Loan Stock and other Certificate(s) to the Redeptor

The Registrar of the company in which the redemption proceeds is invested shall on receipt of the first tranche of the naira proceeds of conversion, issue share/debt certificate to the redeptor in accordance with the price placed on the company's securities by the Securities and Exchange Commission of Nigeria. Such share/debt instrument certificate(s) should pass through the Debt Conversion Committee Secretariat to the depository bank of the redeptor.

### 5. APPROVED STATUS

5.1 Pursuant to the provision of Sub-section 14(2) of the (S)FEM Decree, the Central Bank of Nigeria shall issue a Certificate of Capital Importation in the usual way, and upon which the Industrial Development Coordinating Committee will in turn issue Approved Status Certificate.

5.2 In a similar manner, separate certificate of capital importation shall be issued for additional importation of foreign exchange either in cash or in the form of machinery and equipment, etc which constitutes the off-shore cost of approved debt conversion project.

## 6. MONITORING

### 6.1 Designated Beneficiary's Bank

The blocked conversion proceeds held at the CBN shall be released to the designated beneficiary's bank in amounts approved by the DCC from time to time. The beneficiary's bank shall open only one special account for every beneficiary into which funds released from the blocked account shall be credited for the prosecution of the approved project(s). The beneficiary's bank shall furnish the DCC with monthly reports on each debt conversion account operated by it. Such report shall include all the import and other foreign exchange transactions of the enterprise/company in which the redemption proceeds have been invested.

### 6.2 Access to Foreign Exchange

All such designated debt conversion account shall have no access to JFEM without the prior authorisation of the DCC. The enterprise/company in which redemption proceeds have been invested should lodge information about all their import and other foreign exchange transactions with the DCC.

### 6.3 Periodic Report by DCC

The Debt Conversion Committee shall submit to the Federal Government monthly, and quarterly reports highlighting the operations of the scheme and the operational problems encountered with recommendations for improvement in efficiency and effectiveness of the Programme. Periodic review and report shall be made on the projects financed with the proceeds of debt conversion.

6.4 Companies or organisations in which redemption proceeds have been invested shall submit annual report and audited accounts on their operations to the DCC. In addition, such companies or organisations may be required to render certain reports or returns to the DCC Secretariat as may be required.

### 6.5 Non-Compliance

6.5.1 Transactions in violation of the Guidelines stated herein or conditions set by the Debt Conversion Committee or against the laws of the country will be deemed null and void and will be subject to the penalties provided under the foreign investment laws of Nigeria and all relevant laws. Similarly, any diversion of naira proceeds or conversion into an unauthorised project may lead to immediate suspension of further releases.

6.5.2 Transaction not executed in accordance with the approval shall be null and void for the purpose of repatriation either of profit/dividend or capital.

### 6.6 Amendment to the Guidelines

The Debt Conversion Committee may set and modify execution procedures for controlling and supervising operations pursuant to the Debt Conversion Programme in accordance with the priorities of the Programme.

**CENTRAL BANK OF NIGERIA  
TINUBU SQUARE  
LAGOS.**

**28/4/89**

## NIGERIAN DEBT CONVERSION PROGRAMME

Address of Applicant

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 -----  
 -----  
 -----  
 -----

To :  
 The Chairman of DCC,  
 D.C.C. Secretariat,  
 Central Bank of Nigeria,  
 Tinubu Square,  
 Lagos.

APPLICATION FOR APPROVAL IN PRINCIPLE FOR THE  
 CONVERSION OF PROMISSORY NOTE(S)/DEBT INSTRUMENT(S)

## 1. Personal Data of Applicant :

(i) Name -----

(ii) Postal Address -----  
 -----

(iii) Telephone Number -----

(iv) Telex Number -----

(v) Telefax Number -----

## 2. Type of Debt Instrument to be converted :

-----

3. Particulars of Instrument(s) -----  
 -----

4. Amount of conversion sought : US \$ -----

## 5. Applicant's Business in Nigeria (if any) :

(i) Name -----

(ii) Address (not Post Office Box) -----  
 -----

(iii) Telephone number -----

(iv) Telex number -----

(v) Telefax number -----

(vi) Nature of Business -----

6. Applicant's Business outside Nigeria :

(i) Name \_\_\_\_\_

(ii) Address \_\_\_\_\_  
\_\_\_\_\_

(iii) Telephone Number \_\_\_\_\_

(iv) Telex Number \_\_\_\_\_

(v) Telefax Number \_\_\_\_\_

(vi) Nature of Business \_\_\_\_\_  
\_\_\_\_\_

(vii) Capital and Volume of Operations : \_\_\_\_\_  
\_\_\_\_\_

(viii) Business conducted in or with Nigeria : \_\_\_\_\_  
\_\_\_\_\_

(ix) Other Investment/Activities in Nigeria \_\_\_\_\_  
\_\_\_\_\_

7. (a) Cash Gift—State :

(i) Amount : US \$ \_\_\_\_\_

(ii) Name and Address of Beneficiary : \_\_\_\_\_  
\_\_\_\_\_

(iii) Relationship of the Applicant to the Beneficiary : \_\_\_\_\_  
\_\_\_\_\_

(b) Investment in Equity of an Existing Nigerian Company—State :

(i) Name and Address : \_\_\_\_\_  
\_\_\_\_\_

(ii) Nature and type of Business activities : \_\_\_\_\_  
\_\_\_\_\_

(c) Investment in Completely New Project—State :

(i) Nature and Projected volume of Business intended to be conducted :

(ii) Off-Shore cost and source of Financing :

(iii) Proposed capital structure :

(iv) Previous experience in the proposed venture :

8. Previous experience (if any), in debt conversion with particulars of volume and Nature of Business done with profile of actual Investment performance in other DCP Countries (if any) :

9. In case of Foreign persons or entities—Name(s) and particulars of Agent(s) or Representative(s) in Nigeria whether a person or body corporate :

*(Attach certified true copies of Mandate/Agreement between the applicant and the Agent(s) or Representative(s).)*

10. Any other verifiable information including sourcing of raw materials :

I/We hereby declare that I/We undertake to accept and adhere to the Guidelines on Debt Conversion Programme in Nigeria.

Date : \_\_\_\_\_

Signature : \_\_\_\_\_

**N.B.** All documentary evidence in support of this application must be certified by a Court declaration or a Notary public.

**STATISTICS ON PERFORMANCE ON DEBT CONVERSION PROGRAMME:**

	1988	1989	1990	1991	1992	1993	TOTAL
<b>1. Applications Received:</b>							
- No. of Appl.	81	52	73	16	33	12	267
- Value (\$Mill)	1,735.60	333.30	1,265.18	147.07	347.71	1,014.66	4,933.
<b>2. Auctions Held</b>							
- No. of Auctions	2	8	6	10	11	7	44
<b>3. Category of Debt Cancelled (\$ Mill)</b>							
- Promissory Notes	40.00	205.11	50.40	61.54	132.95	29.62	523.42
- Restructured Debts	-	9.77	106.94	40.64	-	-	165.35
- Refinanced Debts	-	-	55.76	0.38	-	-	64.14
- Others	-	42.17	-	-	-	-	42.17
- Far Bonds	-	-	-	-	-	5.00	5.00
<b>Total =</b>	<b>40.00</b>	<b>257.05</b>	<b>217.10</b>	<b>118.36</b>	<b>132.95</b>	<b>34.62</b>	<b>800.08</b>
<b>4. Discount Appropriated to the Economy:</b>							
- \$	50.37	47.52	48.02	41.49	48.82	43.93	47.19
- Amount (\$ Mil)	20.15	122.13	104.26	49.11	64.90	15.21	377.55
<b>5. Commission Earned</b>							
- Amount (\$Mill)	0.55	2.98	3.04	1.70	1.47	0.16	10.12
- Amount (N Mil)	-	2.96	0.89	1.80	2.09	1.43	9.17
<b>6. Disbursements (N Mil)</b>							
-	-	832.45	1,014.29	794.55	1,325.70	605.48	4254.11

## **ANNEX D**

* ENCOURS DE LA DETTE AU31 MARS 1994 *			
* BAILLEURS DE FONDS *			
	* DETTE DIRECTE *	* DETTE AVALISEE *	TOTAL
* MILLIARDS - C.F.M *			
* I-DETTE EXTERIEURE *	3.804.705 !	191.197 !	3.995.902 *
* A_ MULTILATERAUX *	757.430 !	92.389 !	849.819 *
* BDEAC *	3.175 !	122 !	3.297 *
* IDA *	167.628 !	13.529 !	181.157 *
* BIRD *	312.970 !	27.564 !	340.534 *
* BEI *	19.738 !	23.962 !	43.700 *
* BID *	4.678 !	2.550 !	7.228 *
* BAD *	138.900 !	6.903 !	145.803 *
* FAD *	3.557 !	0 !	3.557 *
* FED *	50.729 !	12.276 !	63.005 *
* FSOPEP *	1.988 !	0 !	1.988 *
* BADEA *	3.487 !	5.463 !	8.970 *
* FMI *	24.845 !	0 !	24.845 *
* NIBA *	14.143 !	0 !	14.143 *
* FIDA *	11.592 !	0 !	11.592 *
* B- BILATERAUX *	2.545.813 !	98.808 !	2.644.621 *
* B1- CLUB DE PARIS *	2.417.175 !	82.423 !	2.499.598 *
* B1-1 ENCOURS LIE *			
* AUX ACCORDS DE REECH *	781.356 !	0 !	781.356 *
* 1er accord *	305.788 !	0 !	305.788 *
* FRANCE *	125.432 !	0 !	125.432 *
* -COFACE *	70.882 !	0 !	70.882 *
* -BANQUE DE FRANCE *	54.550 !	0 !	54.550 *
* BELGIQUE *	12.182 !	0 !	12.182 *
* -OFFICE DUCROIRE *	12.182 !	0 !	12.182 *
* R.F.A *	33.989 !	0 !	33.989 *
* -HERMES *	27.097 !	0 !	27.097 *
* -K.F.W *	6.892 !	0 !	6.892 *
* CANADA *	21.971 !	0 !	21.971 *
* -SEE *	21.971 !	0 !	21.971 *

* SUISSE *	4.703 ' 0 ' 4.703 *
* DANEMARK *	3.541 ' 0 ' 3.541 *
* PAYS-BAS *	805 ' 0 ' 805 *
* ESPAGNE *	1.354 ' 0 ' 1.354 *
* ETATS-UNIS *	13.234 ' 0 ' 13.234 *
* EXIMBANK *	13.234 ' 0 ' 13.234 *
* D.O.D *	0 ' 0 ' 0 *
* GRANDE BRETAGNE *	22.943 ' 0 ' 22.943 *
* SUEDE *	23.613 ' 0 ' 23.613 *
* ITALIE *	5.468 ' 0 ' 5.468 *
* SACE *	4.893 ' 0 ' 4.893 *
* MEDIOCREDITO *	575 ' 0 ' 575 *
* AUTRICHE *	36.554 ' 0 ' 36.554 *
* 21 <sup>me</sup> ACCORD DE REE- * CHELONNEMENT *	475.568 ' 0 ' 475.568 *
* FRANCE *	185.289 ' 0 ' 185.289 *
* COFACE *	95.295 ' 0 ' 95.295 *
* BANQUE DE FRANCE *	89.994 ' 0 ' 89.994 *
* BELGIQUE *	25.162 ' 0 ' 25.162 *
* OFFICE DUCROIRE *	25.162 ' 0 ' 25.162 *
* R.F.A *	85.657 ' 0 ' 85.657 *
* K.F.W *	9.938 ' 0 ' 9.938 *
* HERMES *	75.719 ' 0 ' 75.719 *
* CANADA *	47.444 ' 0 ' 47.444 *
* S.E.E *	47.444 ' 0 ' 47.444 *
* SUISSE *	3.797 ' 0 ' 3.797 *
* DANEMARK *	12.139 ' 0 ' 12.139 *
* E.K.N *	12.139 ' 0 ' 12.139 *
* PAYS-BAS *	2.672 ' 0 ' 2.672 *
* NIVO *	2.672 ' 0 ' 2.672 *
* JAPON *	513 ' 0 ' 513 *
* O.E.C.F *	513 ' 0 ' 513 *

* ETATS-UNIS	11.701	0	11.701
* EXIMBANK	9.620	0	9.620
* D.O.D	2.081	0	2.081
* GRANDE BRETAGNE	8.699	0	8.699
* E.G.C.D	8.699	0	8.699
* SUEDE	14.979	0	14.979
* E.K.N	14.979	0	14.979
* ITALIE	17.021	0	17.021
* SACE	13.780	0	13.780
* MEDIOCREDITO	3.241	0	3.241
* AUTRICHE	60.585	0	60.585
* KONROLBANK	60.585	0	60.585
*B1.2 ECHEANCES NON *REECHELONNEES	1.635.819	82.423	1.718.242
*B1.2.1 PRETS CONTRAC *TES AVANT LE 31/12/88	1.164.897	73.749	1.238.646
* FRANCE	360.456	71.285	431.741
*- C.F.D	237.641	55.025	292.666
*-BNP	18.484	0	18.484
*-BFCE	35.467	564	36.031
*-BIAO	7.452	0	7.452
*-BPBF	6.968	14.266	21.234
*-CRLY	7.714	1.430	9.144
*-BINF	38.758	0	38.758
*-BUEU	5.290	0	5.290
*-FAC	2.682	0	2.682
*-STE GENERALE	0	0	0
*-CICP	0	0	0
*R.F.A	390.076	90	390.977
*-DEG	0	341	341
*-KFW	263.664	560	264.224
*KLOCKNER	0	0	0
*-BAYERISCHE	126.412	0	126.412

* GRANDE BRETAGNE *	16.581 !	1.563 !	16.144 *
* ROYAUME-UNI *	45 !	0 !	45 *
*-MANUFACTURERS *	13.161 !	0 !	13.161 *
*-BPBL *	3.375 !	0 !	3.375 *
*-BRITISH AEROSPACE *	0 !	1.563 !	1.563 *
*-LLOYDS *	0 !	0 !	0 *
* BELGIQUE *	52.714 !	0 !	52.714 *
*BANK INDOSUEZ *	30.147 !	0 !	30.147 *
* BANK BRUSSELS LAMB. *	10.338 !	0 !	10.338 *
*Gouvernement *	12.229 !	0 !	12.229 *
* ITALIE *	33.424 !	0 !	33.424 *
*-SODITIC *	5.601 !	0 !	5.601 *
*-MIDLAND BANK *	8.088 !	0 !	8.088 *
*-MEDIOCREDITO *	18.584 !	0 !	18.584 *
*-IBPT *	1.151 !	0 !	1.151 *
* DANEMARK *	51.490 !	0 !	51.490 *
*-GOUVERNEMENT *	30.844 !	0 !	30.844 *
*-DEFECO *	20.646 !	0 !	20.646 *
* CANADA *	91.078 !	1.243 !	92.321 *
*-SEE *	91.078 !	1.243 !	92.321 *
*PAYS-BAS *	28.065 !	0 !	28.065 *
*-AKROBANK *	3.220 !	0 !	3.220 *
*-NIVO *	22.118 !	0 !	22.118 *
*Gouvernement *	2.727 !	0 !	2.727 *
* SUISSE *	21.087 !	0 !	21.087 *
*-CREDIT SUISSE *	10.161 !	0 !	10.161 *
*Gouvernement *	10.926 !	0 !	10.926 *
*AUTRICHE *	102.535 !	0 !	102.535 *
*-BANAG *	102.535 !	0 !	102.535 *
*-INEX *	0 !	0 !	0 *

* SUEDE	* 0 !	* 0 !	* 0 *
*-ASEA	* 0 !	* 0 !	* 0 *
*-BUNDB	* 0 !	* 0 !	* 0 *
* ETATS-UNIS	* 6.985 !	* 0 !	* 6.985 *
*-USAID	* 0 !	* 0 !	* 0 *
*-PEFCO	* 2.422 !	* 0 !	* 2.422 *
*-FFIB	* 4.563 !	* 0 !	* 4.563 *
*-EXIMBANK	* 0 !	* 0 !	* 0 *
* JAPON	* 10.406 !	* 0 !	* 10.406 *
*-DECF	* 10.406 !	* 0 !	* 10.406 *
*B1.2.2 PRETS CONTRAC- *TES APRES LE 31/12/88	* 470.922 !	* 8.674 !	* 479.596 *
*-FRANCE	* 407.749 !	* 8.674 !	* 416.423 *
*-CFD	* 388.769 !	* 8.674 !	* 397.443 *
*-BNP	* 18.980 !	* 0 !	* 18.980 *
* R.F.A	* 22.240 !	* 0 !	* 22.240 *
*-KfW	* 22.240 !	* 0 !	* 22.240 *
* BELGIQUE	* 7.812 !	* 0 !	* 7.812 *
* GOUVERNEMENT	* 1.231 !	* 0 !	* 1.231 *
* GENERALE DE BANQUE	* 6.581 !	* 0 !	* 6.581 *
* ITALIE	* 20.530 !	* 0 !	* 20.530 *
*-MEDIOCREDITO	* 14.672 !	* 0 !	* 14.672 *
*-MIDLAND BANK	* 4.291 !	* 0 !	* 4.291 *
*-SAN PADLO	* 1.567 !	* 0 !	* 1.567 *
* ETATS-UNIS	* 2.406 !	* 0 !	* 2.406 *
*-EXIMBANK	* 2.406 !	* 0 !	* 2.406 *
* PEFCO	* 0 !	* 0 !	* 0 *
* PAYS-BAS	* 0 !	* 0 !	* 0 *
*-NIVO	* 0 !	* 0 !	* 0 *
* CANADA	* 10.185 !	* 0 !	* 10.185 *
*-SEE	* 10.185 !	* 0 !	* 10.185 *
* 0 !	* 0 !	* 0 !	* 0 *
* 0 !	* 0 !	* 0 !	* 0 *

*B2. PAYS ET ORGANIS-	128.638 !	16.305 !	145.023 *
*MES NON PARTICIPANTS*	!	!	*
* FONDS KOWEITIEEN *	6.582 !	7.456 !	14.038 *
* ARABIE SAOUDITE *	5.552 !	3.916 !	9.508 *
* URSS *	47 !	0 !	47 *
* CDC *	29.833 !	5.013 !	34.846 *
* FINLANDE *	368 !	0 !	368 *
* CHINE *	26.819 !	0 !	26.819 *
*ESPAGNE *	59.397 !	0 !	59.397 *
* BEE *	28.094 !	0 !	28.094 *
* ICO *	31.303 !	0 !	31.303 *
* CLUB DE LONDRES *	291.834 !	0 !	291.834 *
*C1. PLETS CONTRACTES			*
*AVANT LE 31/12/88 *	229.636 !	0 !	229.636 *
* FRANCE *	104.136 !	0 !	104.136 *
*-BIAD *	13.979 !	0 !	13.979 *
*-BUZU *	10.537 !	0 !	10.537 *
*-CRLY *	20.234 !	0 !	20.234 *
*-CCF *	14.000 !	0 !	14.000 *
*-CNCA *	45.386 !	0 !	45.386 *
* R.F.A *	89.177 !	0 !	89.177 *
*-BAYERISCHE *	21.368 !	0 !	21.368 *
*-BAYERISCHE LUXEM *	44.200 !	0 !	44.200 *
*-KFW *	23.609 !	0 !	23.609 *
*ITALIE *	10.525 !	0 !	10.525 *
*-IBPT *	1.395 !	0 !	1.395 *
*-MIDLAND BANK *	9.130 !	0 !	9.130 *
*CANADA *	8.228 !	0 !	8.228 *
*-BARCLAYS BANK *	8.228 !	0 !	8.228 *
*PAYS-BAS *	17.088 !	0 !	17.088 *
*-AMROBANK *	17.088 !	0 !	17.088 *
*BELGIQUE *	542 !	0 !	542 *
*-BIB *	542 !	0 !	542 *

*C2. PRETS CONTRACTES	62.198 !	0 !	62.198
*APRES LE 31/12/88			
* FRANCE	60.893 !	0 !	60.893
*-BNP	1.660 !	0 !	1.660
*-CRLY	59.233 !	0 !	59.233
* ITALIE	1.305 !	0 !	1.305
*-MIDLAND BANK	1.305 !	0 !	1.305
*D-DETTE HORS CONSOL.	108.434 !	0 !	108.434
*FRANCE	70.632 !	0 !	70.632
*ALLEMAGNE	12.597 !	0 !	12.597
* BELGIQUE	7.100 !	0 !	7.100
* SUISSE	14.618 !	0 !	14.618
* DANEMARK	1.311 !	0 !	1.311
* AUTRICHE	256 !	0 !	256
* U.S.A	1.920 !	0 !	1.920
* E-AUTRES CATEGORIES*	101.194 !	0 !	101.194
* DETTE HOSPITALIERE	3.734 !	0 !	3.734
* DETTE POSTALE	97.460 !	0 !	97.460
*TOT.DETTE EXTERIEURE*	3.804.705 !	191.197 !	3.995.902

ENCOURS DE LA DETTE PUBLIQUE (en millions de fcfa)

B. LLEURS DE FONDS	ENCOURS DE LA DETTE EXTERIEURE AU 31 DECEMBRE 1991		
	DETTE DIRECTE	DETTE AVALISEE	TOTAL
Y-DETTE EXTERIEURE	1397730	143357	1541087
A MULTILATERAUX	355031	64400	419431
BDEAC	0	3322	3322
IDA	53389	6608	59997
BIRD	144925	18909	163834
BEI	11144	17579	28723
BID	1734	1745	3479
BAD	55208	4547	59755
FAD	1500	0	1500
FED	16527	9292	25809
FSOPEP	907	0	907
BADEA	1591	2408	3999
FIDA	5635	0	5635
FMI	3957	0	3957
CEE	50962	0	50962
NIBA	7352	0	7352
B. BILATERAUX	806718	78957	885675
B1. CLUB DE PARIS	768333	67246	835579
B1.1 PRETS CONTRACTES AVANT LE 31/12/88	580222	67246	647468
R.F.A	189878	4180	194058
-KFW	128401	3838	132239
-BAYRISCHE	61477	0	61477
-DEG	0	342	342
-HERMES	0	0	0
AUTRICHE	51861	933	52794
-BAWAG	51861	0	51861
-INEX	0	933	933
SUEDE	0	2014	2014
-ASEA	0	1136	1136

ENCOURS DE LA DETTE PUBLIQUE (en millions de f.c.f.a)

-SUNDS	0	878	878
BELGIQUE	22603	0	22603
-ROYAUME BELGE	6178	0	6178
-BBRL	5223	0	5223
-BIB	11202	0	11202
CANADA	45106	3148	48254
-SEE	45106	3148	48254
DANEMARK	25505	0	25505
-GOVERNEMENT	15200	0	15200
-DEFECO	10305	0	10305
ETATS-UNIS	3186	2402	5588
-USAID	0	0	0
-EXIMBANK	0	2402	2402
-FFIB	2081	0	2081
-PEFCO	1105	0	1105
FRANCE	194078	49921	243999
-CCCE	121214	36527	157741
-BFCE	17734	3232	20966
-BIAO	3736	0	3736
-BINF	19379	0	19379
-BNP	9242	466	9708
-BPBF	3484	7535	11019
-BUEU	7660	0	7660
-CRLY	10288	2161	12449
-FAC	1341	0	1341
ITALIE	16807	0	16807
-MEDIO CREDITO	8989	0	8989
-IBPT	606	0	606
-MIBA	4261	0	4261
-SODITIC	2951	0	2951
-SPLB	0	0	0

ENCOURS DE LA DETTE PUBLIQUE (en millions de fca)

PAYS EAS	14047	0	14047
-GOUVERNEMENT	1365	0	1365
-AMROBANK	1612	0	1612
-NIVO	11070	0	11070
GRANDE BRETAGNE	8006	2281	10287
-GOUVERNEMENT	24	0	24
-BPBL	1979	0	1979
-BRITISH AEROSPACE	0	2281	2281
-LLOYDS	0	0	0
-MANUFACTURERS	6003	0	6003
SUISSE	9145	2367	11512
-GOUVERNEMENT	5246	0	5246
-CREDIT SUISSE	3899	2367	6266
BIL. 2 PRETS CONTRAC- TES APRES LE 31/12/68	188111	0	188111
ALLEMAGNE	21202	0	21202
-VFW	7583	0	7583
-HERMES	13619	0	13619
BELGIQUE	12690	0	12690
-GOUVERNEMENT	622	0	622
-GENERALE DE BANQUE	3547	0	3547
-DUCROIRE	8521	0	8521
CANADA	11773	0	11773
-SEE	11773	0	11773
ESPAGNE	12676	0	12676
-ICO	9411	0	9411
-BEE	2588	0	2588
-CES	677	0	677
ITALIE	15148	0	15148
-MEDIOCREDITO	9017	0	9017
-MIBA	2561	0	2561

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ENCOURS DE LA DETTE PUBLIQUE (en millions de fcfa)

-SFLB	783	0	783
-SACE	2787	0	2787
DANEMARK	1769	0	1769
-SOUVERNEMENT	197	0	197
-DEFCC	1572	0	1572
ETATS-UNIS	625	0	625
-FFIB	625	0	625
FRANCE	110382	0	110382
CCCE	40402	0	40402
-COFACE	34026	0	34026
-BNP	8679	0	8679
-BANQUE DE FRANCE	27275	0	27275
SUISSE	1846	0	1846
-SOUVERNEMENT	1565	0	1565
-CREDIT SUSSE	281	0	281
B2. PAYS ET ORGANISMES NON PARTICIPANTS AU CLUB DE PARIS	38385	11711	50096
PRETS CONTRACTES AVANT LE 31/12/88	38385	11711	50096
-JAPON(DEF)	3860	0	3860
-FONDS KOWEITIEEN	3172	4838	8040
-ARABIE SAOUDITE	3599	3985	7584
-URSS	423	0	423
-CHINE	13836	0	13836
-CDC	13428	2858	16286
-FINLANDE	67	0	67
B2.2 PRETS CONTRACTES APRES LE 31/12/88	0	0	0
C. CLUB DE LONDRES	158376	0	158376
C1. PRETS CONTRACTES AVANT LE 31/12/88	143790	0	143790
ALLEMAGNE	43548	0	43548
-KFW	10881	0	10881

ENCOURS DE LA DETTE PUBLIQUE (en millions de f.c.f.a)

-KFW	10881	0	10881
-BAYERISCHE	10453	0	10453
-BAYERISCHE LUXEM	22214	0	22214
BELGIQUE (BIB)	274	0	274
CANADA (BBC)	4352	0	4352
FRANCE	81488	0	81488
-BIAO	6989	0	6989
-BUEU	5268	0	5268
-CCF	7000	0	7000
-CNCA	35498	0	35498
-CRLY	26733	0	26733
ITALIE	5575	0	5575
-IBPT	735	0	735
-MIBA	4840	0	4840
PAYS-BAS (AMROBANK)	8553	0	8553
CC. FRETS CONTRACTES APRES LE 31/12/88	14586	0	14586
FRANCE	13830	0	13830
-BNP	830	0	830
-CRLY	13000	0	13000
ITALIE (MIBA)	756	0	756
D. DETTE A COURT TERME	26980	0	26980
-FRANCE	20245	0	20245
-ALLEMAGNE	3309	0	3309
-BELGIQUE	3406	0	3406
E. AUTRES CATEGORIES	50645	0	50645
-DETTE POSTALE	48730	0	48730
-DETTE HOSPITALIERE	1915	0	1915
-DETTE TELECOM.	0	0	0
TOTAL DETTE EXTERIEU- RE	1397730	143357	1541087

SOURCE: CAAT

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SITUATION DES ARRIERES AU 31 MARS 1994 .  
montants en millions de Fcfa.

Page 1

* BAILLEURS DE FONDS *	* DETTE DIRECTE *			* DETTE AVALISEE *			* TOTAL *		
	* PRINC !	* INT !	* TOTAL *	* PRINC !	* INT !	* TOTAL *	* PRINC !	* INT !	* TOTAL *
* I-DETTE EXTERIEURE *	* 494.091 !	* 401.580 !	* 895.671 *	* 22.192 !	* 9.304 !	* 31.496 *	* 516.283 !	* 410.884 !	* 927.167 *
* A_ MULTILATERAUX *	* 27.737 !	* 29.542 !	* 57.279 *	* 8.087 !	* 3.779 !	* 11.866 *	* 35.824 !	* 33.321 !	* 69.145 *
* BDEAC *	* 492 !	* 827 !	* 1.319 *	* 0 !	* 0 !	* 0 *	* 492 !	* 827 !	* 1.319 *
* IDA *	* 0 !	* 0 !	* 0 *	* 0 !	* 0 !	* 0 *	* 0 !	* 0 !	* 0 *
* BIRD *	* 0 !	* 0 !	* 0 *	* 0 !	* 0 !	* 0 *	* 0 !	* 0 !	* 0 *
* BEI *	* 3.319 !	* 2.419 !	* 5.737 *	* 1.557 !	* 854 !	* 2.411 *	* 4.876 !	* 3.272 !	* 8.148 *
* BID *	* 1.544 !	* 39 !	* 1.583 *	* 376 !	* 0 !	* 376 *	* 1.920 !	* 39 !	* 1.959 *
* BAD *	* 10.933 !	* 20.679 !	* 31.612 *	* 1.983 !	* 1.275 !	* 3.258 *	* 12.916 !	* 21.954 !	* 34.870 *
* FAD *	* 40 !	* 50 !	* 90 *	* 0 !	* 0 !	* 0 *	* 40 !	* 50 !	* 90 *
* FED *	* 434 !	* 612 !	* 1.046 *	* 2.053 !	* 865 !	* 2.918 *	* 2.487 !	* 1.477 !	* 3.964 *
* FSOPEP *	* 883 !	* 60 !	* 943 *	* 0 !	* 0 !	* 0 *	* 883 !	* 60 !	* 943 *
* BADEA *	* 5.225 !	* 1.705 !	* 6.930 *	* 2.118 !	* 785 !	* 2.903 *	* 7.343 !	* 2.490 !	* 9.833 *
* FMI *	* 0 !	* 0 !	* 0 *	* 0 !	* 0 !	* 0 *	* 0 !	* 0 !	* 0 *
* NIBA *	* 1.784 !	* 2.097 !	* 3.881 *	* 0 !	* 0 !	* 0 *	* 1.784 !	* 2.097 !	* 3.881 *
* FIDA *	* 3.083 !	* 1.055 !	* 4.138 *	* 0 !	* 0 !	* 0 *	* 3.083 !	* 1.055 !	* 4.138 *
* B- BILATERAUX *	* 173.869 !	* 242.485 !	* 416.354 *	* 14.105 !	* 5.525 !	* 19.630 *	* 187.974 !	* 248.010 !	* 435.984 *
* B1- CLUB DE PARIS *	* 157.294 !	* 224.280 !	* 381.574 *	* 11.371 !	* 2.617 !	* 13.988 *	* 168.665 !	* 226.897 !	* 395.562 *
* B1.1 ARRIERES LIES *									
* AUX ACCORDS DE REECH *	* 11.162 !	* 127.696 !	* 138.858 *	* 0 !	* 0 !	* 0 *	* 11.162 !	* 127.696 !	* 138.858 *
* 1er accord *	* 11.162 !	* 51.337 !	* 62.499 *	* 0 !	* 0 !	* 0 *	* 11.162 !	* 51.337 !	* 62.499 *
* FRANCE *	* 7.122 !	* 27.717 !	* 34.839 *	* 0 !	* 0 !	* 0 *	* 7.122 !	* 27.717 !	* 34.839 *
* COFACE *	* 5.202 !	* 20.420 !	* 25.622 *	* 0 !	* 0 !	* 0 *	* 5.202 !	* 20.420 !	* 25.622 *
* BANQUE DE FRANCE *	* 1.920 !	* 7.297 !	* 9.217 *	* 0 !	* 0 !	* 0 *	* 1.920 !	* 7.297 !	* 9.217 *
* BELGIQUE *	* 0 !	* 1.420 !	* 1.420 *	* 0 !	* 0 !	* 0 *	* 0 !	* 1.420 !	* 1.420 *
* OFFICE DUCROIRE *	* 0 !	* 1.420 !	* 1.420 *	* 0 !	* 0 !	* 0 *	* 0 !	* 1.420 !	* 1.420 *
* R.F.A *	* 1.286 !	* 3.122 !	* 4.408 *	* 0 !	* 0 !	* 0 *	* 1.286 !	* 3.122 !	* 4.408 *
* HERMES *	* 1.017 !	* 2.838 !	* 3.855 *	* 0 !	* 0 !	* 0 *	* 1.017 !	* 2.838 !	* 3.855 *
* K.F.W *	* 269 !	* 284 !	* 553 *	* 0 !	* 0 !	* 0 *	* 269 !	* 284 !	* 553 *
* CANADA *	* 1.027 !	* 1.820 !	* 2.847 *	* 0 !	* 0 !	* 0 *	* 1.027 !	* 1.820 !	* 2.847 *
* SEE *	* 1.027 !	* 1.820 !	* 2.847 *	* 0 !	* 0 !	* 0 *	* 1.027 !	* 1.820 !	* 2.847 *

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• SUISSE	205	621	826	0	0	0	205	621	826
• DANEMARK		888	888	0	0	0	888	888	
• PAYS-BAS		19	19	0	0	0	19	19	
• ESPAGNE	84	231	314	0	0	0	84	231	314
• ETATS-UNIS	471	1377	1848	0	0	0	471	1377	1848
• EXIMBANK	794	896	1095	0	0	0	794	896	1095
• GUYANE	72	181	253	0	0	0	72	181	253
• GRANDE BRETAGNE		4,103	4,103	0	0	0	4,103	4,103	
• SUÈDE	10	3,608	3,618	0	0	0	10	3,608	3,618
• ITALIE	176	80	256	0	0	0	176	80	256
• IRAC	173	628	801	0	0	0	173	628	801
• MEDIOORIENT	1	58	61	0	0	0	1	58	61
• AUTRICHE	781	6,665	7,446	0	0	0	781	6,665	7,446
• Depe ACCORD DE REE- • CHELONNEMENT		76,759	76,759	0	0	0	76,759	76,759	
• FRANCE		28,734	28,734	0	0	0	28,734	28,734	
• GUYANE		17,052	17,052	0	0	0	17,052	17,052	
• BANQUE DE FRANCE		8,284	8,284	0	0	0	8,284	8,284	
• BELGIQUE		4,947	4,947	0	0	0	4,947	4,947	
• OFFICE EUROPEEN		4,947	4,947	0	0	0	4,947	4,947	
• R.F.A.		14,045	14,045	0	0	0	14,045	14,045	
• R.F.A.		382	382	0	0	0	382	382	
• HERMES		17,663	17,663	0	0	0	17,663	17,663	
• CANADA		7,227	7,227	0	0	0	7,227	7,227	
• SUEDE		7,227	7,227	0	0	0	7,227	7,227	
• SUISSE		415	415	0	0	0	415	415	
• DANEMARK		8,822	8,822	0	0	0	8,822	8,822	
• SUISSE		8,822	8,822	0	0	0	8,822	8,822	
• PAYS-BAS		200	200	0	0	0	200	200	
• GUYANE		200	200	0	0	0	200	200	
• JAPON		15	15	0	0	0	15	15	
• GUYANE		15	15	0	0	0	15	15	

BEST AVAILABLE COPY

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* STATE-LUNIS	0	817	817	0	0	0	0	817	817
* EXCM564V	0	733	733	0	0	0	0	733	733
* D.C.D	0	84	84	0	0	0	0	84	84
* GRANDE BRETAGNE	0	2.891	2.891	0	0	0	0	2.891	2.891
* E.B.D.D	0	2.891	2.891	0	0	0	0	2.891	2.891
* SUEDE	0	5.309	5.309	0	0	0	0	5.309	5.309
* E.A.N	0	5.309	5.309	0	0	0	0	5.309	5.309
* ITALIE	0	2.723	2.723	0	0	0	0	2.723	2.723
* SACE	0	2.550	2.550	0	0	0	0	2.550	2.550
* MEDICREDITS	0	173	173	0	0	0	0	173	173
* AUTRICHE	0	6.632	6.632	0	0	0	0	6.632	6.632
* CONTR.BANK	0	6.632	6.632	0	0	0	0	6.632	6.632
*E1.2 ECHEANCES NON									
*REECHELONNEES	146.132	96.584	242.716	11.371	2.617	13.986	157.503	99.201	256.704
*S1.2.1 PRETS CONTRA									
*TES AVANT LE 31/12/88	135.307	71.792	207.099	11.371	2.067	13.438	144.678	73.769	220.447
* FRANCE	39.582	15.721	55.303	5.042	1.625	9.567	47.544	17.346	64.890
* - C.F.C	15.589	9.383	24.972	5.064	1.394	7.458	21.653	10.777	32.430
* -BNP	4.726	792	5.518	0	0	0	4.726	792	5.518
* -BPCE	2.856	515	3.371	563	22	585	3.419	537	3.956
* -B140	2.004	354	2.358	0	0	0	2.004	354	2.358
* -BPEP	1.469	123	1.612	402	12	414	1.891	135	2.026
* CRLY	5.962	1.321	7.283	1.033	197	1.230	6.995	1.518	8.513
* -B1NF	7.876	2.845	6.721	0	0	0	7.876	2.845	6.721
* -B1EL	1.599	191	1.789	0	0	0	1.599	191	1.789
* -F40	57	45	142	0	0	0	57	45	142
* -SFE GENERALE	1.045	104	1.149	0	0	0	1.045	104	1.149
* -C10F	339	49	388	0	0	0	339	49	388
* -F1F1	47.708	31.814	79.522	1.742	389	2.131	49.463	32.203	81.666
* -SES	187	187	187	0	0	0	187	187	187
* -FW	24.579	10.596	35.175	1.742	389	2.131	26.721	11.585	38.306
* -LCOHEP	0	0	0	0	0	0	0	0	0
* -BAVERISCHE	22.569	21.211	43.780	0	0	0	22.569	21.211	43.780

BEST AVAILABLE COPY

*GRANDE BRETAGNE	296	71	367	1,557	153	1,710	1,953	224	2,077
*ROYAUME-UNI	62	0	62	0	0	0	62	0	62
*MANUFACTURERS	0	0	0	0	0	0	0	0	0
*FRS	234	71	305	0	0	0	234	71	305
*FRITIE- AEROSPACE	0	0	0	1,557	153	1,710	1,557	153	1,710
*LLOYDS	0	0	0	0	0	0	0	0	0
*SELISOLE	8,001	2,475	10,476	0	0	0	8,001	2,475	10,476
*BANK INDOLECO	80	0	80	0	0	0	80	0	80
*BANK BRUSSELS LAMB.	1,719	554	2,273	0	0	0	1,719	554	2,273
*ITALE	4,897	1,212	6,109	0	0	0	4,897	1,212	6,109
*BODITCO	1,396	135	1,531	0	0	0	1,396	135	1,531
*HOLLAND BANK	1,881	515	2,396	0	0	0	1,881	515	2,396
*REDIRECTED	1,442	456	1,898	0	0	0	1,442	456	1,898
*IBFT	178	106	284	0	0	0	178	106	284
*BANQUE	8,217	1,418	9,635	0	0	0	8,217	1,418	9,635
*GOVERNEMENT	1,580	0	1,580	0	0	0	1,580	0	1,580
*DEFID	7,627	1,418	9,045	0	0	0	7,627	1,418	9,045
*CANADA	13,209	7,122	20,331	0	0	0	13,209	7,122	20,331
*SEE	13,209	7,122	20,331	0	0	0	13,209	7,122	20,331
*PAYS-BAS	2,543	1,191	3,734	0	0	0	2,543	1,191	3,734
*AMERICAN	1,145	767	1,912	0	0	0	1,145	767	1,912
*NVD	1,448	824	2,272	0	0	0	1,448	824	2,272
*LISSE	1,382	575	1,957	0	0	0	1,382	575	1,957
*FRONT LISSE	1,382	575	1,957	0	0	0	1,382	575	1,957
*AUTRICHE	10,430	9,428	19,858	0	0	0	10,430	9,428	19,858
*BAVAR	10,430	9,428	19,858	0	0	0	10,430	9,428	19,858
*INEX	0	0	0	0	0	0	0	0	0
*SUED	0	0	0	0	0	0	0	0	0
*SEER	0	0	0	0	0	0	0	0	0
*BLAND	0	0	0	0	0	0	0	0	0

*SE. PAYS ET ORGANIS*	16,575	16,205	74,760	2,734	2,908	5,642	19,309	21,113	40,422
*RES NON PARTICIPANTS*									
* FONDS *OUBIEN*	3,130	1,674	4,804	231	72	303	3,741	1,746	5,107
* ARABIE SAOUDITE	2,599	615	4,214	1,119	280	1,220	4,718	715	5,434
* LIBE	10	18	28	0	0	0	10	18	28
* OOB	5,111	12,068	21,186	1,384	2,735	4,119	10,502	14,203	25,305
* FINLANDE	0	4	4	0	0	0	4	4	4
* ESPAGNE	718	2,824	4,544	0	0	0	718	3,824	4,544
* S.E.E	0	0	0	0	0	0	0	0	0
* OOB	0	0	0	0	0	0	0	0	0
* CLUB DE LONDRES	168,955	161,907	270,862	0	0	0	168,955	161,907	270,862
*DIVERS CONTRACTES									
*AVANT LE 31/12/88	141,917	71,280	213,193	0	0	0	141,917	71,280	213,193
* FRANCE	39,639	22,011	51,650	0	0	0	39,639	22,011	51,650
*-BOG	9,853	4,574	14,427	0	0	0	9,853	4,574	14,427
*-BUEL	5,535	3,979	10,514	0	0	0	5,535	3,979	10,514
*-ORLY	9,251	5,413	15,664	0	0	0	9,251	5,413	15,664
*-DOP	14,000	7,045	21,045	0	0	0	14,000	7,045	21,045
*-DNDP	0	0	0	0	0	0	0	0	0
* R.F.A	71,058	22,188	93,246	0	0	0	71,058	22,188	93,246
*-BAYERISCHE	2,080	2,645	4,725	0	0	0	2,080	2,645	4,725
*-BAYERISCHE LUZE*	44,200	14,771	58,971	0	0	0	44,200	14,771	58,971
*-VFA	24,778	4,772	29,550	0	0	0	24,778	4,772	29,550
*ITALIE	7,282	3,527	10,809	0	0	0	7,282	3,527	10,809
*-BEET	371	390	1,361	0	0	0	371	390	1,361
*-HOLLAND BANK	5,311	3,127	9,448	0	0	0	5,311	3,127	9,448
*CANADA	5,247	5,398	16,641	0	0	0	5,247	5,398	16,641
*-BARCLAYS BANK	5,247	5,398	16,641	0	0	0	5,247	5,398	16,641
*PAYS-BAS	15,149	15,034	30,183	0	0	0	15,149	15,034	30,183
*-AMROBANK	15,149	15,034	30,183	0	0	0	15,149	15,034	30,183
*BELGIQUE	542	122	664	0	0	0	542	122	664
*-BIB	542	122	664	0	0	0	542	122	664

+ONDA	0	0	0	0	0	0	0	0	0
+ R.F.A	71.058	22.188	93.246	0	0	0	71.058	22.188	93.246
+BAVERISCHE	2.080	2.545	4.725	0	0	0	2.080	2.545	4.725
+BAVERISCHE LUXEM	44.200	14.771	58.971	0	0	0	44.200	14.771	58.971
+KFW	24.778	4.772	29.550	0	0	0	24.778	4.772	29.550
+ITALIE	7.282	3.527	10.809	0	0	0	7.282	3.527	10.809
+IBFT	971	390	1.361	0	0	0	971	390	1.361
+MIDLAND BANK	8.311	3.137	9.448	0	0	0	8.311	3.137	9.448
+CANADA	8.243	8.398	16.641	0	0	0	8.243	8.398	16.641
+BARCLAYS BANK	8.243	8.398	16.641	0	0	0	8.243	8.398	16.641
+PAYS-BAS	15.149	15.034	30.183	0	0	0	15.149	15.034	30.183
+ARROBANK	15.149	15.034	30.183	0	0	0	15.149	15.034	30.183
+BELGIQUE	542	122	664	0	0	0	542	122	664
+BIE	542	122	664	0	0	0	542	122	664
+DEPRETS CONTRACTES +APRES LE 31/12/88 +FRANCE	27.042	30.627	57.669	0	0	0	27.042	30.627	57.669
+BNP	531	622	1.153	0	0	0	531	622	1.153
+ORLY	26.000	29.748	55.748	0	0	0	26.000	29.748	55.748
+ITALIE	511	257	768	0	0	0	511	257	768
+MIDLAND BANK	511	257	768	0	0	0	511	257	768
+D. AUTRES CATEGORIES +DE DETTE EXTERIEURE	123.530	27.646	151.176	0	0	0	123.530	27.646	151.176
+D1-DETTE HORS CON- +SOLIDATION.	103.586	15.010	118.596	0	0	0	103.586	15.010	118.596
+SUISSE	10	0	10	0	0	0	10	0	10
+BELGIQUE	8.899	2.471	11.370	0	0	0	8.899	2.471	11.370
+ALLEMAGNE	7.993	6.487	14.480	0	0	0	7.993	6.487	14.480
+FRANCE	73.251	0	73.251	0	0	0	73.251	0	73.251
+AUTRICHE	122	5.466	5.588	0	0	0	122	5.466	5.588
+L.B.A	1.432	585	2.018	0	0	0	1.432	585	2.018
+DANEMARK	10.145	0	10.145	0	0	0	10.145	0	10.145
+PAYS-BAS	1.730	0	1.730	0	0	0	1.730	0	1.730
+D2-DETTE HOSPITA- +LIERE (FRANCE)	1.192	1.166	2.258	0	0	0	1.192	1.166	2.258
+ASSISTANCE PUBLI.	582	1.166	1.748	0	0	0	582	1.166	1.748
+HOPITAUX MILITAIRES	400	0	400	0	0	0	400	0	400

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HOPITAUX PRIVES	100	0	100	0	0	0	100	0	100
03-DETTE DESSION BTP	4.409	7.110	7.519	0	0	0	4.409	7.110	7.519
BNP(DUMEZ)	4.047	7.000	7.047	0	0	0	4.047	7.000	7.047
UNIFERT(NHI USA)	302	110	472	0	0	0	302	110	472
DETTE POSTALE	14.443	8.360	22.803	0	0	0	14.443	8.360	22.803
FRANCE	14.443	8.360	22.803	0	0	0	14.443	8.360	22.803
TOTAL DETTE EXTE-	494.091	411.590	895.671	22.190	9.304	31.496	516.287	411.684	927.167

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*10-DETTE INTERIEURE *	756,327	84,911	841,234 *	0	0	0	756,327	84,911	841,234
*11- DETTE CONVENT *	225,081	84,911	309,992 *	0	0	0	225,081	84,911	309,992
*12-DETTE LIÉE A L'ACTIV- *VESTISSEMENT	124,668	41,425	166,093 *	0	0	0	124,668	41,425	166,093
*-INPE	80,821	26,340	107,161 *	0	0	0	80,821	26,340	107,161
*-ONRE	29,431	6,980	36,411 *	0	0	0	29,431	6,980	36,411
*-DEF-	0	0	0 *	0	0	0	0	0	0
*-D-D	8,474	835	9,269 *	0	0	0	8,474	835	9,269
*-ASAC	7,172	4,212	11,344 *	0	0	0	7,172	4,212	11,344
*-DNR	0	0	0 *	0	0	0	0	0	0
*-SODAR	1,250	3,060	4,310 *	0	0	0	1,250	3,060	4,310
*-DEF	0	0	0 *	0	0	0	0	0	0
*-EQUIPE	0	0	0 *	0	0	0	0	0	0
*13- Dette con. ISTE *	47,597	26,162	73,759 *	0	0	0	47,597	26,162	73,759
*ENTREPRISES FRSES	29,411	15,365	44,776 *	0	0	0	29,411	15,365	44,776
*AUTRES ENTREPRISES	18,182	9,797	27,979 *	0	0	0	18,182	9,797	27,979
* AUTRES D'ASSURANCES	50,820	19,324	70,144 *	0	0	0	50,820	19,324	70,144
*DE LA DETTE INTEL.	0	0	0 *	0	0	0	0	0	0
* Dette consol. SEAC	0	1,956	1,956 *	0	0	0	0	1,956	1,956
* Dette bancaire	4,817	5,632	10,449 *	0	0	0	4,817	5,632	10,449
*BONS EQUIPEMENT EN *	6,807	10,836	17,643 *	0	0	0	6,807	10,836	17,643
*OPR-ISTAREX	1,200	0	1,200 *	0	0	0	1,200	0	1,200
* TELDAM	40,000	0	40,000 *	0	0	0	40,000	0	40,000
*14- DETTE NON CONV. *	531,242	0	531,242 *	0	0	0	531,242	0	531,242
*AVANCES SEAC	180,000	0	180,000 *	0	0	0	180,000	0	180,000
*CORRESPONDANTS TRSF	44,442	0	44,442 *	0	0	0	44,442	0	44,442
*DETTE COMMERCIALE	149,000	0	149,000 *	0	0	0	149,000	0	149,000
*REVENUS SUR SOLDES	6,480	0	6,480 *	0	0	0	6,480	0	6,480
*reprécessions le fond *	27,300	0	27,300 *	0	0	0	27,300	0	27,300
* Remises et ristourne *	1,500	0	1,500 *	0	0	0	1,500	0	1,500
*Effet gel valeurs *	102,736	0	102,736 *	0	0	0	102,736	0	102,736
*FAS EN AUTRES SOLS	8,560	0	8,560 *	0	0	0	8,560	0	8,560
* DETTE S. DIVID *	11,027	0	11,027 *	0	0	0	11,027	0	11,027
* TOTAL TRSFER *	1,071,414	486,449	1,557,863	0	0	0	1,071,414	486,449	1,557,863

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**ANNEX E**

DETTE INTERIEURE AU 30/04/94 (en milliards de fcfa)

RUBRIQUES	ENCOURS	ARRIERES		
		E	D	T
<b>I - DETTE CONVENTIONNELLE</b>				
<b>I.1 DETTE LIEE A L'INVESTISSEMENT</b>				
"1. CNFS	29,30	32,52	26,34	108,66
"2. ONCFB	29,43	29,43	6,98	36,41
"3. OFC	8,43	8,44	0,83	9,27
"4. ODPH	23,60	0,00	0,00	0,00
"5. ABAC	6,03	3,03	4,21	7,24
"6. BOCAR	5,00	1,25	3,06	4,31
"7. CEF	4,19	0,00	0,00	0,00
"8. CNR	2,09	0,00	0,00	0,00
"9. FONARA	5,00	0,00	0,00	0,00
<b>TOTAL I.1</b>	<b>173,07</b>	<b>124,67</b>	<b>41,42</b>	<b>166,09</b>
<b>I.2 DETTE MORATORIEE (BTR)</b>				
"1. ENTREPRISES FRANCAISES	62,17	29,40	15,40	44,80
"2. ENTREPRISES NON FRANCAISES	38,94	18,20	6,80	28,00
<b>TOTAL I.2</b>	<b>101,11</b>	<b>47,60</b>	<b>22,20</b>	<b>72,80</b>
<b>I.3 DETTE CONSOLIDEE BEAC</b>				
"1.4 DETTE BANCAIRE	202,50	1,00	1,86	1,86
"1.5 BONS SNI	53,78	4,61	5,63	10,44
"1.6 ODPH/STABEX	55,56	7,32	10,32	17,64
"1.7 INTELCOM	1,20	1,20	0,00	1,20
<b>TOTAL I.3</b>	<b>627,28</b>	<b>225,60</b>	<b>64,47</b>	<b>310,03</b>
<b>II. DETTE NON CONVENTIONNELLE</b>				
<b>II.1 CORRESPONDANTS DU TRESOR</b>				
"11.1 DETTE COMMERCIALE	44,42	44,42	0,00	44,42
"11.2 RETENUES SUR SOLDE	365,69	365,69	0,00	365,69
"11.3 EFFET SEL SALAIRES	29,86	29,86	0,00	29,86
"11.4 DETTE BOOC	145,50	145,50	0,00	145,50
"11.5 INDEMNISATIONS ET EXPRO	10,27	10,27	0,00	10,27
"11.6 DOMMAGES-INTERETS	27,30	27,30	0,00	27,30
"11.7 BONS SNI (AUTRES SOUSCR.)	1,50	0,00	0,00	1,50
"11.8 AVANCES BEAC	8,56	8,56	0,00	8,56
<b>TOTAL II</b>	<b>190,00</b>	<b>190,00</b>	<b>0,00</b>	<b>180,00</b>
<b>TOTAL GENERAL I + II</b>	<b>917,08</b>	<b>817,08</b>	<b>64,47</b>	<b>810,03</b>
<b>TOTAL GENERAL A O - 94</b>	<b>1.440,36</b>	<b>1.375,69</b>	<b>64,47</b>	<b>1.317,03</b>

SOURCE : CAA

## DEFINITIONS SUR DIFFERENTES CATEGORIES DE LA DETTE INTERIEURE

Dette liée à l'Investissement : Dette contractée par l'Etat auprès des organismes institutionnels relais (Caisse Nationale de Prévoyance Sociale, organismes d'assurances, Caisse d'Epargne Postale, etc.). Cette catégorie de dette a donné lieu à la signature de conventions de prêts entre ces organismes et l'Etat. Il s'agit donc d'une dette conventionnelle.

Dette Commerciale BTP : Dette issue des arriérés accumulés par l'Etat dans le cadre des marchés de fournitures et des prestations de services conclus avec les sociétés du secteur du Bâtiment et Travaux Publics.

Dette fournisseurs : dette due par l'Etat aux fournisseurs et prestataires de services.

Dette consolidée BEAC : Dette reprise par l'Etat dans le cadre des crédits de campagne financés par cette institution et accordés aux sociétés du secteur agricole.

Dette bancaire : Dette reprise par l'Etat dans le cadre de la restructuration du système bancaire.

Tirages spéciaux BEAC : Avances statutaires accordées par la BEAC aux Etats membres (Article 19 B).

Bons d'Equipeement SNI : Obligations émises par la SNI et soucrites par des sociétés. Dette reprise par l'Etat.

Gel de salaires : Dette due par l'Etat au titre des avances et autres avantages non suivis d'effets financiers.

**ANNEX F**

## CAMEROON

(US\$ million, unless otherwise indicated)

	1970	1980	1985	1986	1987	1988	1989	1990	1991	1992
<b>I. SUMMARY DEBT DATA</b>										
<b>TOTAL DEBT STOCKS (EDT)</b>	..	2,513	2,940	3,703	4,032	4,220	4,790	5,990	6,276	6,554
Long-term debt (LDOD)	140	2,183	2,384	2,898	3,293	3,354	4,131	4,983	5,253	5,759
Public and publicly guaranteed	131	2,005	2,003	2,393	2,773	2,928	3,753	4,753	5,026	5,465
Private nonguaranteed	9	178	381	505	520	427	378	230	227	295
Use of IMF credit	0	59	27	22	16	100	113	121	121	63
Short-term debt	..	270	529	784	722	766	547	886	903	732
of which interest arrears on LDOD	..	1	14	23	34	76	15	118	283	198
Official creditors	..	1	0	1	8	40	10	63	186	125
Private creditors	..	1	14	21	26	36	5	55	97	74
Memo: principal arrears on LDOD	..	4	16	165	234	294	29	240	386	275
Official creditors	..	1	1	3	24	72	22	91	189	111
Private creditors	..	3	15	162	210	222	8	149	197	164
Memo: export credits	..	..	1,390	1,472	1,681	1,337	1,616	2,114	2,271	2,149
<b>TOTAL DEBT FLOWS</b>										
Disbursements	39	623	307	503	488	756	786	768	512	643
Long-term debt	39	612	307	503	488	663	767	768	501	643
IMF purchases	0	12	0	0	0	93	20	0	11	0
Principal repayments	6	131	470	433	406	383	193	260	247	190
Long-term debt	6	114	464	425	397	375	188	259	235	135
IMF repurchases	0	17	6	8	9	8	5	1	12	54
Net flows on debt	33	493	-30	316	10	375	435	745	117	368
of which short-term debt	..	..	134	246	-72	1	-158	237	-148	-86
Interest payments (INT)	..	149	171	229	244	267	178	242	218	159
Long-term debt	5	119	136	189	178	192	114	188	175	121
IMF charges	0	2	0	0	0	1	8	11	10	8
Short-term debt	..	28	35	40	65	74	57	42	33	31
Net transfers on debt	..	344	-201	87	-233	108	257	503	-101	208
Total debt service (TDS)	..	280	641	662	649	650	371	502	465	349
Long-term debt	11	233	600	613	575	567	302	447	410	256
IMF repurchases and charges	0	19	6	8	9	9	13	13	22	62
Short-term debt (interest only)	..	28	35	40	65	74	57	42	33	31
<b>2. AGGREGATE NET RESOURCE FLOWS AND NET TRANSFERS (LONG-TERM)</b>										
<b>NET RESOURCE FLOWS</b>	70	656	202	156	153	417	804	759	504	793
Net flow of long-term debt (ex. IMF)	33	498	-158	78	92	288	579	509	267	508
Foreign direct investment (net)	16	130	316	19	12	67	0	-62	-21	10
Portfolio equity flows	0	0	0	0	0	0	0	0	0	0
Grants (excluding technical coop.)	21	29	44	59	50	61	225	312	259	275
Memo: technical coop. grants	17	85	62	92	93	118	107	128	123	130
<b>NET TRANSFERS</b>	61	422	-276	-373	-174	92	690	571	329	672
Interest on long-term debt	5	119	136	189	178	192	114	188	175	121
Profit remittances on FDI	4	115	342	341	149	133	0	0	0	0
<b>3. MAJOR ECONOMIC AGGREGATES</b>										
Gross national product (GNP)	1,111	6,822	7,633	10,215	11,589	11,052	10,198	10,421	11,049	9,758
Exports of goods & services (XGS)	279	1,839	2,820	2,899	2,139	2,118	2,182	2,308	2,461	2,158
of which workers' remittances	0	11	1	2	3	3	0	0	0	0
Imports of goods & services (MGS)	319	2,226	2,458	3,441	3,156	2,958	2,775	3,080	3,064	2,875
International reserves (RES)	81	206	142	71	78	188	92	37	54	20
Current account balance	-30	-395	328	-610	-1,145	-987	-679	-825	-670	-792
<b>4. DEBT INDICATORS</b>										
EDT / XGS (%)	..	136.7	104.3	127.7	188.5	199.2	219.5	259.5	255.0	303.8
EDT / GNP (%)	..	36.8	38.5	36.3	34.8	38.2	47.0	57.5	56.8	67.2
TDS / XGS (%)	..	15.2	22.7	22.8	30.4	30.7	17.0	21.8	18.9	16.2
INT / XGS (%)	..	8.1	6.1	7.9	11.4	12.6	8.2	10.5	8.9	7.4
INT / GNP (%)	..	2.2	2.2	2.2	2.1	2.4	1.7	2.3	2.0	1.6
RES / EDT (%)	..	8.2	4.8	1.9	1.9	4.5	1.9	0.6	0.9	0.3
RES / MGS (months)	3.0	1.1	0.7	0.2	0.3	0.8	0.4	0.1	0.2	0.1
Short-term / EDT (%)	..	10.8	18.0	21.2	17.9	18.1	11.4	14.8	14.4	11.2
Concessional / EDT (%)	..	32.0	31.8	28.3	27.2	25.3	25.7	23.8	24.0	31.7
Multilateral / EDT (%)	..	16.8	23.5	23.4	27.0	24.7	23.1	21.4	22.6	21.8

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(\$ million unless otherwise indicated)

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
<b>S. LONG-TERM DEBT</b>										
<b>DEBT OUTSTANDING (LDO)</b>	<b>140</b>	<b>2,183</b>	<b>2,384</b>	<b>2,898</b>	<b>3,293</b>	<b>3,354</b>	<b>4,131</b>	<b>4,983</b>	<b>5,253</b>	<b>5,759</b>
Public and publicly guaranteed	131	2,005	2,003	2,393	2,773	2,928	3,753	4,753	5,026	5,465
Official creditors	120	1,181	1,571	1,910	2,265	2,217	2,987	3,757	3,961	4,596
Multilateral	20	422	691	866	1,088	1,041	1,106	1,283	1,417	1,430
Concessional	13	225	327	345	365	355	361	366	364	352
IDA	9	146	227	231	239	240	239	238	235	232
Nonconcessional	7	157	364	522	723	686	745	917	1,053	1,078
IBRD	3	152	287	401	545	508	572	651	724	723
Bilateral	99	759	880	1,044	1,176	1,176	1,881	2,474	2,544	3,167
Concessional	91	569	608	705	732	712	870	1,062	1,143	1,726
Private creditors	12	225	432	483	509	711	765	996	1,065	868
Bonds	0	0	0	0	0	0	0	0	0	0
Commercial banks	0	118	27	21	18	182	248	317	349	335
Other private	12	707	405	462	491	529	518	679	716	533
Private nonguaranteed	9	178	381	505	520	427	378	230	227	295
Memo: total commercial banks	9	296	408	526	538	608	625	546	576	630
<b>DISBURSEMENTS</b>	<b>39</b>	<b>612</b>	<b>307</b>	<b>503</b>	<b>488</b>	<b>663</b>	<b>767</b>	<b>768</b>	<b>501</b>	<b>643</b>
Public and publicly guaranteed	28	562	195	296	276	547	685	716	425	517
Official creditors	27	245	160	240	253	232	367	544	339	508
Multilateral	9	70	82	111	126	81	120	166	208	124
Concessional	7	25	7	10	8	5	2	4	9	8
IDA	4	19	4	4	6	4	1	0	0	0
Nonconcessional	3	42	75	101	118	76	118	163	199	116
IBRD	3	23	46	65	76	48	107	75	123	54
Bilateral	18	178	78	129	127	151	247	377	132	384
Concessional	15	92	53	59	47	70	165	118	102	361
Private creditors	1	314	35	56	23	315	318	172	86	8
Bonds	0	0	0	0	0	0	0	0	0	0
Commercial banks	0	43	1	0	1	165	65	54	37	0
Other private	1	271	34	56	22	150	253	118	49	8
Private nonguaranteed	11	50	112	207	212	115	82	53	76	127
Memo: total commercial banks	11	43	113	207	214	280	147	107	113	127
<b>PRINCIPAL REPAYMENTS</b>	<b>6</b>	<b>114</b>	<b>464</b>	<b>425</b>	<b>397</b>	<b>375</b>	<b>188</b>	<b>259</b>	<b>235</b>	<b>135</b>
Public and publicly guaranteed	5	82	142	179	200	147	57	129	149	76
Official creditors	4	29	66	95	110	89	56	116	135	76
Multilateral	0	10	26	32	45	55	54	70	88	62
Concessional	0	2	5	5	6	7	6	10	12	13
IDA	0	0	1	1	1	2	2	3	4	2
Nonconcessional	0	7	21	27	39	48	48	59	77	49
IBRD	0	4	15	19	29	36	35	42	63	30
Bilateral	4	19	40	63	65	34	2	46	47	14
Concessional	3	12	14	24	24	14	1	20	18	10
Private creditors	0	53	77	54	90	58	1	13	14	0
Bonds	0	0	0	0	0	0	0	0	0	0
Commercial banks	0	18	5	6	4	0	0	2	6	0
Other private	0	35	72	78	86	58	1	11	8	0
Private nonguaranteed	2	32	322	246	197	228	131	130	86	59
Memo: total commercial banks	2	50	327	252	201	228	131	132	91	59
<b>NET FLOWS ON DEBT</b>	<b>33</b>	<b>498</b>	<b>-158</b>	<b>78</b>	<b>92</b>	<b>288</b>	<b>579</b>	<b>509</b>	<b>267</b>	<b>508</b>
Public and publicly guaranteed	24	480	52	118	76	400	628	587	276	440
Official creditors	23	219	94	146	143	143	311	428	204	432
Multilateral	9	60	56	79	81	26	66	97	119	62
Concessional	7	25	2	5	2	-2	-4	-7	-3	-5
IDA	4	19	3	3	5	2	-1	-3	-4	-2
Nonconcessional	3	35	54	74	79	27	70	103	122	67
IBRD	3	24	31	45	47	12	72	33	60	24
Bilateral	14	159	38	67	61	117	245	332	85	370
Concessional	12	50	40	35	23	56	164	99	84	351
Private creditors	1	261	-42	-28	-67	257	317	158	72	8
Bonds	0	0	0	0	0	0	0	0	0	0
Commercial banks	0	25	-4	-6	-3	165	65	51	31	0
Other private	1	236	-38	-22	-64	93	252	107	40	8
Private nonguaranteed	9	18	-210	-40	16	-112	-49	-77	-10	68
Memo: total commercial banks	9	43	-214	-46	13	52	16	-26	22	68

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(\$ million unless otherwise indicated)

	1970	1980	1985	1986	1987	1988	1989	1990	1991	1992
<b>INTEREST PAYMENTS (LINT)</b>	<b>5</b>	<b>119</b>	<b>136</b>	<b>189</b>	<b>178</b>	<b>192</b>	<b>114</b>	<b>188</b>	<b>175</b>	<b>121</b>
Public and publicly guaranteed	4	104	96	125	135	101	76	171	157	83
Official creditors	4	42	66	90	102	85	72	150	129	83
Multilateral	1	18	28	42	54	59	60	69	94	66
Concessional IDA	0	4	5	6	6	6	4	5	6	3
Nonconcessional IBRD	0	1	2	2	2	2	2	2	2	1
Bilateral	0	14	24	35	48	53	55	64	88	61
Concessional	0	13	20	30	41	45	45	49	64	33
Private creditors	3	24	37	48	48	26	12	81	36	17
Bonds	2	11	15	18	19	9	5	17	14	11
Commercial banks	1	62	31	35	33	16	4	22	28	0
Other private	0	0	0	0	0	0	0	0	0	0
Commercial banks	0	13	2	4	1	0	2	13	16	0
Other private	1	49	28	31	32	16	1	9	12	0
Private nonguaranteed	1	15	40	64	44	91	39	17	18	38
Memo: total commercial banks	1	28	42	68	45	91	41	30	34	38
<b>NET TRANSFERS ON DEBT</b>	<b>28</b>	<b>379</b>	<b>-294</b>	<b>-110</b>	<b>-87</b>	<b>96</b>	<b>465</b>	<b>321</b>	<b>91</b>	<b>387</b>
Public and publicly guaranteed	19	376	-44	-7	-59	299	552	415	119	357
Official creditors	19	177	29	56	41	58	239	278	75	349
Multilateral	9	42	28	37	28	-33	6	28	26	-4
Concessional IDA	7	21	-3	-2	-4	-7	-9	-12	-8	-10
Nonconcessional IBRD	4	18	1	1	3	1	-3	-4	-6	-3
Bilateral	2	21	31	39	31	-26	15	39	34	6
Concessional	3	12	12	15	6	-33	27	-16	-4	-9
Private creditors	11	135	1	18	14	91	233	251	49	353
Bonds	10	69	25	16	3	47	159	81	70	340
Commercial banks	0	199	-73	-63	-100	241	313	137	44	8
Other private	0	0	0	0	0	0	0	0	0	0
Commercial banks	0	12	-6	-10	-4	164	63	39	16	0
Other private	0	187	-66	-53	-96	77	251	98	29	8
Private nonguaranteed	9	3	-250	-104	-28	-264	-88	-94	-28	30
Memo: total commercial banks	9	15	-256	-114	-32	-39	-25	-55	-12	30
<b>DEBT SERVICE (LTDS)</b>	<b>11</b>	<b>233</b>	<b>600</b>	<b>613</b>	<b>575</b>	<b>567</b>	<b>302</b>	<b>447</b>	<b>410</b>	<b>256</b>
Public and publicly guaranteed	9	186	239	303	335	248	133	301	306	159
Official creditors	8	71	131	185	212	174	128	265	264	159
Multilateral	1	27	54	74	99	114	114	139	182	128
Concessional IDA	0	7	9	11	11	12	11	16	17	17
Nonconcessional IBRD	0	2	3	3	3	4	4	4	6	3
Bilateral	1	21	45	62	87	102	104	123	164	110
Concessional	0	17	35	50	70	82	80	91	127	63
Private creditors	7	43	77	111	113	60	14	127	82	31
Bonds	5	23	29	42	43	23	6	37	32	21
Commercial banks	1	115	107	118	123	74	5	35	42	0
Other private	0	0	0	0	0	0	0	0	0	0
Commercial banks	0	31	7	10	6	0	2	15	21	0
Other private	1	84	100	108	118	73	3	20	20	0
Private nonguaranteed	2	47	362	310	240	319	169	147	104	97
Memo: total commercial banks	2	78	369	320	246	319	172	162	125	97
<b>UNDISBURSED DEBT</b>	<b>104</b>	<b>611</b>	<b>967</b>	<b>1,007</b>	<b>1,368</b>	<b>1,625</b>	<b>1,613</b>	<b>1,445</b>	<b>1,291</b>	<b>954</b>
Official creditors	103	540	868	858	961	1,107	1,316	1,289	1,237	910
Private creditors	1	71	98	149	407	518	297	156	54	43
<b>Memorandum items</b>										
Concessional LDOD	104	805	935	1,050	1,098	1,067	1,231	1,429	1,507	2,078
Variable rate LDOD	9	499	486	622	685	702	870	862	980	1,144
Public sector LDOD	123	1,939	1,965	2,354	2,735	2,853	3,635	4,623	4,900	5,352
Private sector LDOD	17	245	419	543	559	502	496	359	352	408
<b>6. CURRENCY COMPOSITION OF LONG-TERM DEBT (PERCENT)</b>										
Deutsche mark	11.1	8.8	7.6	9.0	10.9	12.0	16.6	18.1	17.8	14.5
French franc	16.3	37.5	29.9	29.6	29.1	27.0	28.7	31.5	31.7	31.0
Japanese yen	0.0	0.0	0.0	0.0	0.5	0.5	0.7	0.9	1.1	1.2
Pound sterling	2.9	2.1	2.5	2.4	2.6	2.6	2.0	2.0	1.8	1.3
Swiss franc	0.0	0.0	0.4	1.1	1.3	1.1	0.8	0.8	0.7	0.7
U.S.dollars	23.5	19.7	17.2	13.4	11.2	15.4	14.3	12.1	11.6	17.6
Multiple currency	5.1	9.8	17.6	17.4	18.1	17.6	15.9	14.6	16.1	15.8
Special drawing rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
All other currencies	41.2	22.2	24.6	24.1	20.6	20.1	18.6	17.4	16.8	16.1

	1970	1980	1985	1986	1987	1988	1989	1990	1991	1992
<b>7. DEBT RESTRUCTURINGS</b>										
Total amount rescheduled	0	0	0	0	0	0	544	76	0	606
Debt stock rescheduled	0	0	0	0	0	0	0	50	0	0
Principal rescheduled	0	0	0	0	0	0	411	16	0	365
Official	0	0	0	0	0	0	127	5	0	207
Private	0	0	0	0	0	0	284	10	0	157
Interest rescheduled	0	0	0	0	0	0	133	11	0	241
Official	0	0	0	0	0	0	76	5	0	157
Private	0	0	0	0	0	0	57	6	0	84
Debt forgiven	0	0	0	0	96	21	4	0	2	0
Memo: interest forgiven	0	0	0	0	0	0	0	0	0	0
Debt stock reduction	0	0	0	0	0	0	0	0	0	0
of which debt buyback	0	0	0	0	0	0	0	0	0	0

<b>8. DEBT STOCK-FLOW RECONCILIATION</b>										
Total change in debt stocks	..	..	..	..	..	189	570	1,200	286	278
Net flows on debt	..	..	..	..	..	375	435	745	117	368
Net change in interest arrears	..	..	..	..	..	42	-61	103	165	-85
Interest capitalized	..	..	..	..	..	0	133	11	0	241
Debt forgiveness or reduction	..	..	..	..	..	-21	-4	0	-2	0
Cross-currency valuation	..	..	..	..	..	-275	39	371	-38	-272
Residual	..	..	..	..	..	-68	-26	70	-44	-26

<b>9. AVERAGE TERMS OF NEW COMMITMENTS</b>										
<b>ALL CREDITORS</b>										
Interest (%)	4.7	6.9	7.9	7.3	6.6	4.5	7.3	6.9	6.2	4.9
Maturity (years)	28.5	23.7	17.5	15.0	19.2	13.9	17.3	15.5	17.6	15.4
Grace period (years)	8.0	6.0	4.5	3.7	5.7	3.7	5.5	5.4	5.4	6.8
Grant element (%)	40.0	26.3	12.3	15.2	21.3	27.2	17.1	19.9	22.7	32.3
<b>Official creditors</b>										
Interest (%)	4.6	6.1	7.7	7.2	5.7	6.2	7.1	6.9	6.2	4.9
Maturity (years)	28.9	25.3	19.1	17.8	27.5	16.1	18.9	15.6	17.6	15.4
Grace period (years)	8.1	6.3	4.9	4.9	7.8	4.9	5.8	5.5	5.4	6.8
Grant element (%)	40.5	31.2	14.2	18.2	31.0	22.3	18.8	20.0	22.7	32.3
<b>Private creditors</b>										
Interest (%)	6.0	14.7	9.4	7.4	7.4	2.7	8.2	7.0	0.0	0.0
Maturity (years)	7.2	8.2	7.8	10.1	10.6	11.5	7.5	13.2	0.0	0.0
Grace period (years)	1.7	2.4	2.2	1.6	3.6	2.5	3.7	2.7	0.0	0.0
Grant element (%)	13.0	-21.2	1.3	9.9	11.4	32.5	6.7	14.4	0.0	0.0
<b>COMMITMENTS</b>										
Official creditors	42	164	349	278	527	925	717	457	353	226
Private creditors	1	15	49	100	260	452	617	451	353	226
	100	100	100	100	100	100	100	100	100	100

<b>10. CONTRACTUAL OBLIGATIONS ON OUTSTANDING LONG-TERM DEBT</b>										
<b>TOTAL</b>										
Disbursements	288	246	163	110	71	43	23	7	3	2
Principal	489	571	596	606	575	452	422	355	346	327
Interest	323	311	284	253	218	186	159	136	115	94
<b>Official creditors</b>										
Disbursements	252	241	160	110	71	43	23	7	3	2
Principal	261	383	419	469	467	395	368	307	328	313
Interest	267	269	254	231	204	177	153	132	113	93
<b>Bilateral creditors</b>										
Disbursements	111	73	40	21	9	4	1	0	0	0
Principal	162	261	270	315	312	243	224	174	197	190
Interest	174	173	156	138	117	99	83	72	61	51
<b>Multilateral creditors</b>										
Disbursements	140	168	120	99	61	39	22	7	3	2
Principal	99	121	148	155	156	153	144	133	131	123
Interest	93	96	98	93	87	79	70	60	51	42
<b>Private creditors</b>										
Disbursements	36	5	3	0	0	0	0	0	0	0
Principal	228	189	177	136	107	57	54	48	18	14
Interest	56	42	30	22	13	9	6	4	2	1
<b>Commercial banks</b>										
Disbursements	16	0	0	0	0	0	0	0	0	0
Principal	64	70	70	42	41	1	1	0	0	0
Interest	19	14	9	5	2	0	0	0	0	0
<b>Other private</b>										
Disbursements	20	5	3	0	0	0	0	0	0	0
Principal	164	119	107	94	66	56	53	48	18	14
Interest	37	28	21	17	11	8	6	4	2	1

## ANNEX G

P R E S S   R E L E A S E

The representatives of the Governments of Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, the Netherlands, Spain, Sweden, Switzerland, the United Kingdom and the United States of America hereinafter referred to as "Participating Creditor Countries", met in Paris on March 24 and 25, 1994 with representatives of the Government of the Republic of Cameroon in order to examine the request to alleviate the Republic of Cameroon's external debt service burden. Observers of the International Monetary Fund, as well as of the International Bank for Reconstruction and Development, the African Development Bank, the Secretariat of the U.N.C.T.A.D., the Organization for Economic Cooperation and Development and the European Commission also attended the meeting.

Representatives of the Participating Creditor Countries appreciated the efforts at economic reform undertaken by the Government of the Republic of Cameroon. They noted with satisfaction the adoption by the Government of the Republic of Cameroon of an economic and financial program supported by the stand by arrangement with the International Monetary Fund approved by the Executive Board of the Fund on March 14, 1994. They thought it relevant to make a positive contribution to the improvement of this country's external payments prospects in order to facilitate its economic recovery.

They welcomed the IMF supported adjustment program and noted that the Republic of Cameroon's low per capita income and heavy debt burden call for exceptional treatment of debt. This is why they agreed to recommend to their Governments to implement rescheduling options providing for the reduction of the net present value of the amounts rescheduled up to 50 %.

This recommendation follows notably the proposal made in Trinidad and the recommendations made by the Heads of State and Government of the Group of Seven at the London Summit in July 1991 and by the Interim Committee and the Development Committee on the occasion of the Annual Meetings of the IMF and the IBRD in Bangkok in October 1991.

They therefore agreed to recommend to their respective Governments a major reorganization of the external debt of the Republic of Cameroon resulting from credits and loans extended or guaranteed by Participating Creditor Countries to the Republic of Cameroon.

This reorganization, which applies to payments due on these debts, will be effected by Participating Creditor Countries as follows:

- write-off one half of debt service obligations due on non concessional loans and credits, with the remaining half to be consolidated at market rates over a period of 23 years (including a grace period of 6 years) ;

or

- consolidate at concessional rates, so as to reduce by 50 % in net present value the payments due on non concessional loans and credits, with a repayment period of 23 years ;

- consolidate at market rate, with a repayment of 25 years (including a 14 year grace period).

Recognizing the great value of contributions already made by the Participating Creditor Countries in order to alleviate the burden of servicing ODA debt, the maturities on ODA loans will be consolidated on a very long term basis.

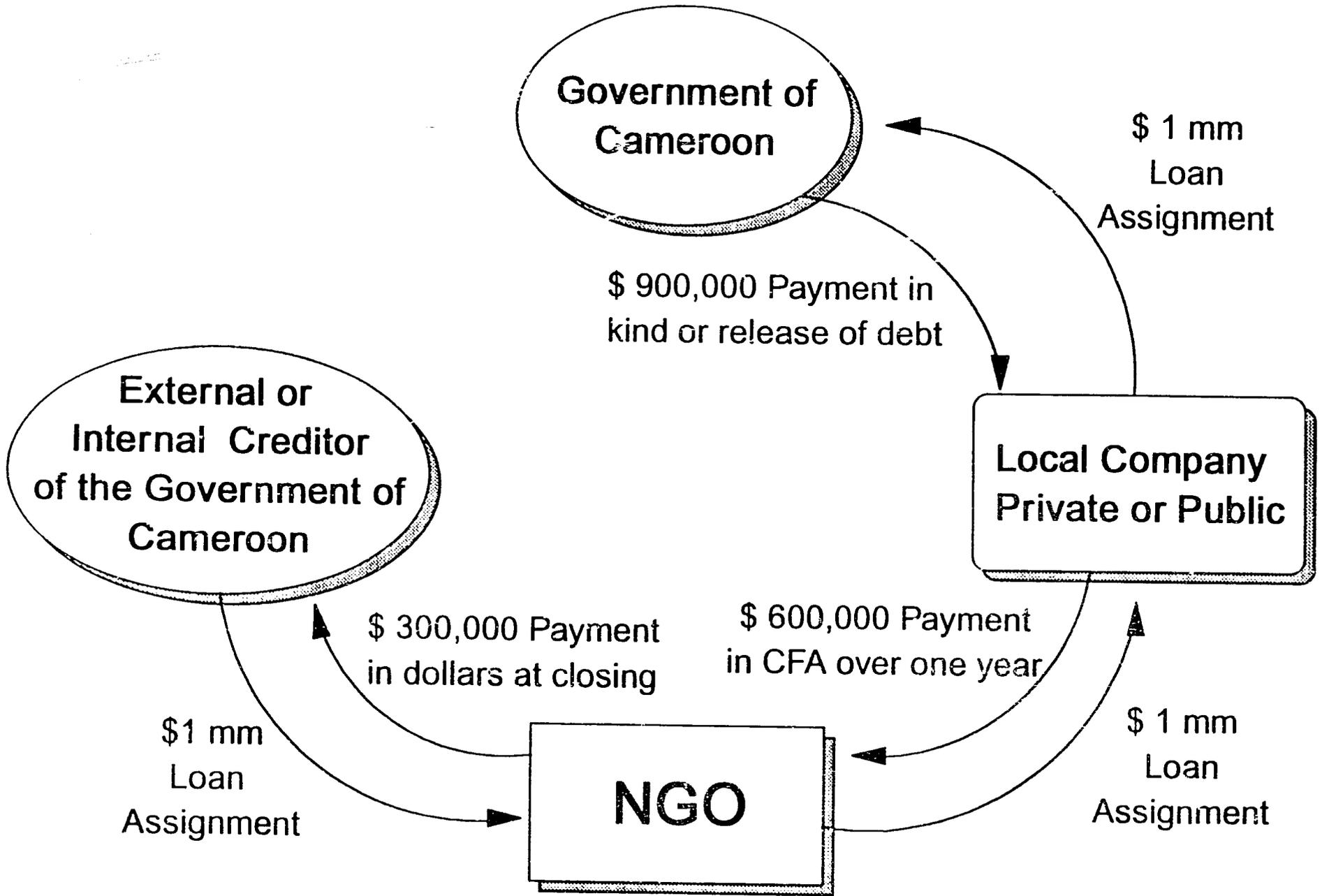
In a voluntary manner, each Participating Creditor Country may also undertake limited debt for nature, debt for aid, debt for equity swaps or other local currency swaps.

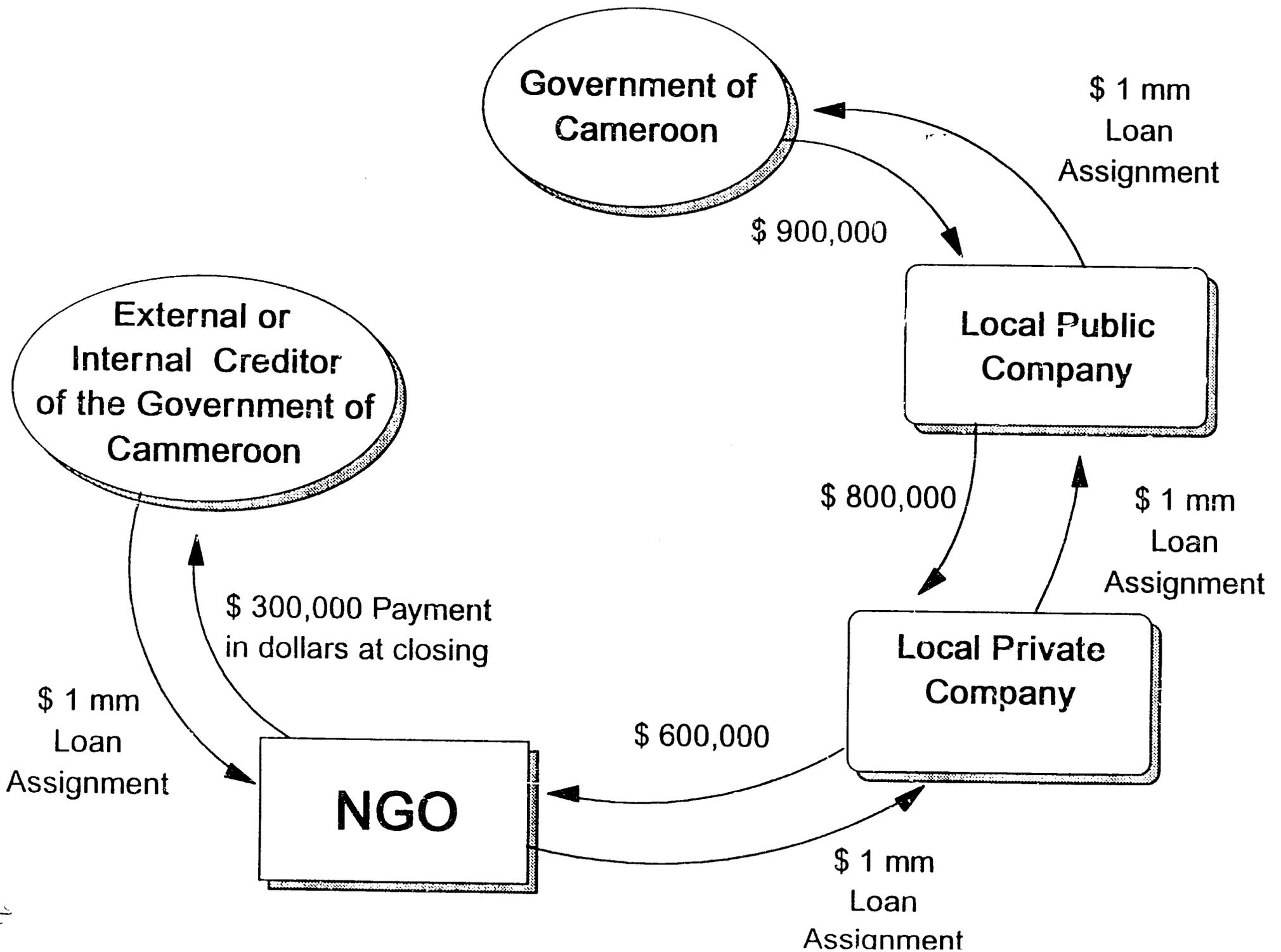
Participating Creditor Countries also agreed under certain conditions to consider holding a meeting, after a three year period, on the matter of the Republic of Cameroon's stock of debt.

The delegation of the Government of the Republic of Cameroon was headed by Mr Antoine L. NTSIMI, Minister of Finance. The meeting was chaired by Mrs Ariane OBOLENSKY, Assistant Secretary for International Affairs at the Treasury of the Ministry of Economy.

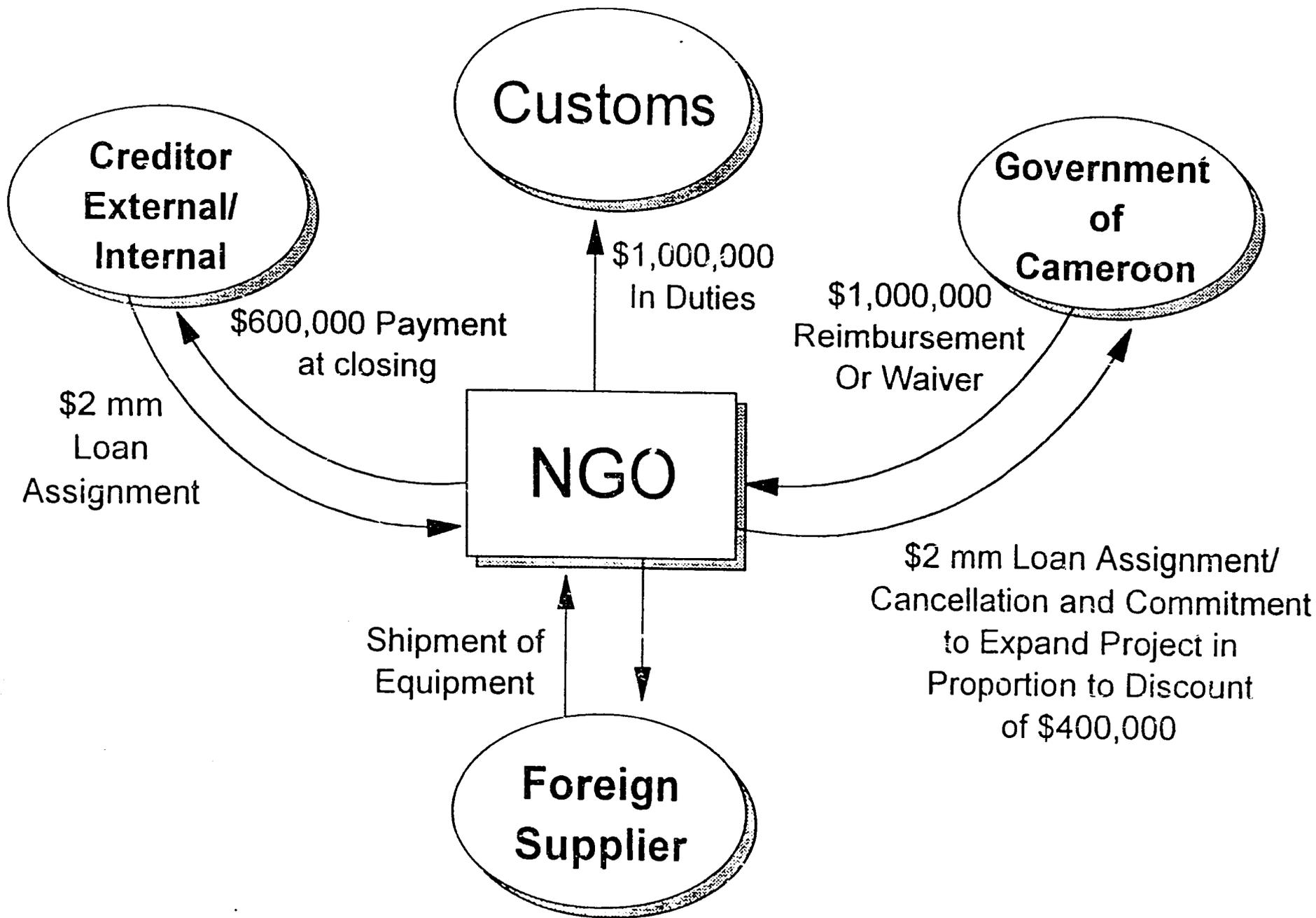
The delegation of the Republic of Cameroon expressed its thanks to the Participating Creditor Countries of the Paris Club for their efforts in assisting its country to achieve a sound economic and financial situation.

**ANNEX H**





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ANNEX I

## LIBERTE D'ASSOCIATION

LCI N° 90/053 DU 19 DECEMBRE 1990

TITRE I  
DISPOSITION GENERALES**Article premier :**

1 - La liberté d'association proclamée par le préambule de la Constitution est régie par les dispositions de la présente loi.

2 - Elle est la faculté de créer une association, d'y adhérer ou de ne pas y adhérer.

3 - Elle est reconnue à toute personne physique ou morale sur l'ensemble du territoire national.

**Art. 2** L'association est la convention par laquelle des personnes mettent en commun leurs connaissances ou leurs activités dans un but autre que de partager des bénéfices.

**Art. 3** Tout membre d'une association peut s'en retirer à tout moment après paiement des cotisations échues de l'année en cours.

**Art. 4** Les associations fondées sur une cause ou en vue d'un objet contraire à la Constitution, aux lois et aux bonnes mœurs, ainsi que celles qui auraient pour but de porter atteinte notamment à la sécurité, à l'intégrité territoriale, à l'unité nationale, à l'intégration nationale et la forme républicaine de l'Etat sont nulles et de nul effet.

**Art. 5** (1) Les associations obéissent à deux régimes :

- Le régime de la déclaration
- Le régime de l'autorisation.

(2) Relèvent du régime de l'autorisation, les associations étrangères et les associations religieuses.

(3) Toutes les autres formes d'associations sont soumises au régime de la déclaration. Toutefois, les régimes prévus à l'alinéa 1er ci-dessus ne s'appliquent pas aux associations de fait d'intérêt économique ou socio-culturel.

(4) Les partis politiques et les syndicats sont régis par les textes particuliers.

TITRE II  
DU REGIME DES ASSOCIATIONS DECLAREESCHAPITRE I  
DE LA CREATION

**Art. 6** Sous réserve des cas de nullité prévus à l'article 4 ci-dessus, les associations se créent librement. Toutefois, elles n'acquiescent de personnalité juridique que si elles ont fait l'objet d'une déclaration accompagnée de deux exemplaires de leurs statuts.

**Art. 7** (1) La déclaration prévue à l'article précédent est faite par les fondateurs de l'association à la préfecture du département où celle-ci a son siège. Un récépissé leur est délivré dès que le dossier est com-

plet si l'association n'est pas frappée de nullité.

(2) La déclaration indique le titre, l'objet, le siège de l'association ainsi que les noms, professions et domiciles de ceux qui, à un titre quelconque, sont chargés de son administration ou de sa direction. Toute modification ou changement dans ces éléments doit être porté dans les deux mois à la connaissance du préfet.

(3) Le silence du préfet gardé pendant deux mois après le dépôt du dossier de déclaration vaut acceptation et emporte acquisition de la personnalité juridique.

**Art. 8** Toute personne a le droit de prendre connaissance sur place, à la préfecture, des déclarations et statuts ainsi que des changements intervenus dans l'administration d'une association. Elle peut s'en faire délivrer, à ses frais, copies et extraits.

CHAPITRE II  
DU FONCTIONNEMENT

**Art. 9** Les associations s'administrent librement dans le respect de leurs statuts et de la législation en vigueur.

**Art. 10**

(1) Toute association déclarée dans les conditions prévues par la présente loi peut librement :

- ester en justice ;
- gérer et disposer des sommes provenant des cotisations ;
- acquiescent à titre onéreux et posséder :
  - a) le local destiné à son administration et aux réunions de ses membres ;
  - b) Les immeubles nécessaires à l'accomplissement du but qu'elle poursuit.

(2) Les valeurs mobilières de toute association doivent être placées en titres nominatifs.

**Art. 11** Hormis les associations reconnues d'utilité publique aucune association déclarée ne peut recevoir ni subventions des personnes publiques, ni dons et legs des personnes privées.

CHAPITRE II  
DE LA DISSOLUTION

**Art. 12** Les associations peuvent être dissoutes :  
- par la volonté de leurs membres conformément aux statuts ;

- par décision judiciaire à la diligence du ministre Public ou à la requête de tout intéressé en cas de nullité prévue à l'article 4 ci-dessus. Le jugement ordonnant la fermeture des locaux et/ou l'interdiction de toute réunion des membres de l'association est exécutoire nonobstant toute voie de recours.

**Art. 13** (1) Le ministre chargé de l'Administration

territoriale peut, sur proposition motivée du préfet, suspendre par arrêté, pour un délai maximum de trois (3) mois, l'activité, de toute association pour troubles à l'ordre public.

(2) Le ministre chargé de l'Administration territoriale peut également, par arrêté, dissoudre toute association qui s'écarte de son objet et dont les activités portent gravement atteinte à l'ordre public et à la sécurité de l'Etat.

(3) Par dérogation à l'article 12 de l'ordonnance n° 72/6 du 26 août 1972 fixant l'organisation de la Cour suprême, les actes prévus aux alinéas 1 et 2 ci-dessus sont susceptibles de recours, sur simple requête, devant le président de la juridiction administrative.

Ce recours doit intervenir dans un délai de dix (10) jours à compter de la date de notification à personne ou à domicile.

Le président statue par ordonnance dans un délai de dix (10) jours.

(4) L'exercice des voies de recours n'a pas d'effet suspensif.

**Art 14** La dissolution d'une association ne fait pas obstacle aux poursuites judiciaires qui peuvent éventuellement être engagées contre les responsables de cette association.

### TITRE III

## DU REGIME DES ASSOCIATIONS AUTORISEES

### CHAPITRE IV

#### DES ASSOCIATIONS ETRANGERES

**Art 15** Sont réputés associations étrangères, quelle que soit la forme sous laquelle ils peuvent se présenter, les groupements possédant les caractéristiques d'une association, qui ont leur siège à l'étranger ou qui, ayant leur siège au Cameroun, sont dirigés en fait par des étrangers ou dont plus de la moitié des membres sont des étrangers.

**Art 16** (1) Les associations étrangères ne peuvent exercer aucune activité sur le territoire sans autorisation préalable du ministre chargé de l'Administration territoriale après avis conforme du ministre chargé des Relations Extérieures.

(2) La demande d'autorisation d'exercer qui est introduite au ministère chargé des Relations extérieures par les fondateurs ou les mandataires d'une association étrangère doit spécifier les activités à mener, les lieux d'implantation au Cameroun, les noms, profession et domicile de ceux qui, à un titre quelconque, sont chargés de la direction de ces activités.

(3) Les associations étrangères ne peuvent avoir des établissements au Cameroun qu'en vertu d'une autorisation distincte pour chacun de ces établissements.

La demande d'autorisation pour tout nouvel établissement est adressée au ministre des Relations extérieures qui, après avis, le transmet au ministre chargé de l'Administration territoriale.

**Art 17** (1) L'autorisation peut être accordée à titre temporaire ou soumise à un renouvellement périodique.

(2) Elle peut être subordonnée à certaines conditions.

(3) Elle peut être retirée à tout moment.

(4) Les associations étrangères auxquelles l'autorisation est refusée ou retirée doivent cesser immédiatement leurs activités et procéder à la liquidation de leurs biens dans le délai de trois (3) mois à compter de la date de notification de la décision.

(5) En aucun cas, le retrait d'une autorisation ne peut donner lieu à dommages-intérêts.

**Art 18** Les préfets peuvent, à tout moment inviter les dirigeants de tout groupement ou de tout établissement fonctionnant dans leur département à fournir par écrit, dans le délai de quinze jours, tous renseignements de nature à déterminer le siège auquel ils se rattachent, leur objet, la nationalité de leurs membres, de leurs administrateurs ou de leurs dirigeants effectifs.

**Art 19** Les associations étrangères, quelle que soit la forme sous laquelle elles se présentent, qui ne demandent pas l'autorisation dans les conditions fixées ci-dessus, sont nulles de plein droit.

**Art 20** (1) Sont punis d'un emprisonnement de quinze jours à six mois et d'une amende de 100 000 à 1 000 000 de F ou de l'une de ces deux peines seulement ceux qui, à un titre quelconque, assument ou continuent d'assumer l'administration d'associations étrangères ou d'établissements fonctionnant sans autorisation.

(2) Sont punis d'un emprisonnement de dix jours à trois mois et d'une amende de 50 000 à 500 000 F ou de l'une de ces deux peines seulement les autres personnes qui participent au fonctionnement de ces associations ou de leurs établissements.

(3) Les peines de l'alinéa 2 ci-dessus sont applicables aux dirigeants, administrateurs et participants à l'activité d'associations ou d'établissements qui fonctionnent sans observer les conditions imposées par l'arrêté d'autorisation au-delà de la durée fixée par ce dernier.

~~**Art 21** Les associations étrangères peuvent être reconnues d'utilité publique.~~

### CHAPITRE V

#### DES ASSOCIATIONS RELIGIEUSES

**Art 22** Est considérée comme association religieuse :

- Tout groupement de personnes physiques ou morales ayant pour vocation de rendre hommage à une divinité ;

- Tout groupement de personnes vivant en communauté conformément à une doctrine religieuse.

**Art 23** Toute association religieuse doit être autorisée. Il en est de même de tout établissement congréganiste.

**Art 24** L'autorisation d'une association religieuse ou d'un établissement congréganiste est prononcée par décret du président de la République, après avis motivé du ministre chargé de l'Administration territoriale.

**Art 25** (1) Les associations religieuses ne peuvent recevoir de subventions publiques ou de dons et

legs immobiliers

(2) Toutefois, elles peuvent recevoir les dons et legs immobiliers nécessaires à l'exercice de leurs activités

**Art 26** Les associations religieuses tiennent un état de leurs recettes et dépenses et dressent chaque année, le compte financier de l'année écoulée et l'état d'inventaire de leurs biens meubles et immeubles.

**Art 27** Les responsables des associations religieuses sont tenus de présenter sur réquisition du ministre chargé de l'Administration territoriale ou de son délégué, les comptes et états visés à l'article précédent ainsi que les listes complètes de leurs membres dirigeants.

**Art 28**

(1) Sont nuls tous actes de donation entre vifs ou testamentaires, à titre onéreux ou gratuit, accomplis soit directement, soit par personne interposée ou par toute voie indirecte ayant pour objet de permettre aux associations religieuses légalement ou illégalement fondées de se soustraire aux obligations de l'article 27 ci-dessus.

(2) Cette nullité sera constatée soit à la diligence du ministère public sur dénonciation du ministre chargé de l'Administration territoriale ou de son délégué, soit à la requête de tout intéressé.

**Art. 29** Sont punis des peines prévues aux articles 314 et 129 du Code pénal les représentants ou directeurs d'une association religieuse qui ont fait des fausses communications ou refusé d'obtempérer aux réquisitions du ministre chargé de l'Administration territoriale ou de son délégué dans le cadre des dispositions de l'article 27 ci-dessus.

**Art. 30** Toute association religieuse peut être suspendue par arrêté du ministre chargé de l'Administration territoriale pour troubles à l'ordre public. Cette suspension obéit aux dispositions de l'article 13 ci-dessus.

**Art. 31** Toute association religieuse dûment autorisée dont l'objet initial est par la suite peut être dissoute après préavis de deux mois resté sans effet par décret du président de la république.

**TITRE IV  
DISPOSITIONS DIVERSES ET  
TRANSITOIRES FINALES**

**Art. 32 (1)** Toute association dont la contribution

effective est déterminante dans la réalisation des objectifs prioritaires du gouvernement peut, sur demande, être reconnue d'utilité publique par décret du président de la république, après avis motivé du ministre chargé de l'Administration territoriale.

(2) Elle peut dans ces conditions :

- accomplir tous les actes de la vie civile non interdits par ses statuts, sans pouvoirs posséder ou acquérir d'autres immeubles que ceux nécessaires au but qu'elle poursuit ;

- recevoir des dons et legs de toute nature sous réserve de l'autorisation du ministre chargé de l'Administration territoriale pour les dons et legs immobiliers ;

- recevoir des subventions de l'Etat et des collectivités décentralisées ; dans ce cas, l'Etat doit s'assurer de la bonne utilisation de ces subventions.

**Art. 33**

(1) Sont punis d'une amende de 100 000 à 1 000 000 de F. d'un emprisonnement de trois mois à un an, ou de l'une de ces deux peines seulement, les fondateurs ou administrateurs de l'association qui serait maintenue ou reconstituée illégalement après jugement ou décision de dissolution.

(2) Lorsque la décision de dissolution a été motivée par des manifestations armées, une atteinte à la sûreté intérieure ou extérieure de l'Etat, le maximum des peines prévues à l'alinéa précédent est doublé.

(3) Sont punies des mêmes peines, les personnes qui ont favorisé la réunion des membres de l'association dissoute en leur conservant l'usage d'un local dont elles disposent.

**Art. 34** Les associations qui justifient de la possession d'actes de déclaration, de reconnaissance ou d'autorisation délivrés conformément à la législation en vigueur lors de la publication de la présente loi sont tenues d'en faire la preuve dans le délai de douze mois par la production d'une copie au ministre chargé de l'Administration territoriale.

**Art. 35** La loi n° 67/LF/19 du 12 juin sur la liberté d'association est abrogée et remplacée par les dispositions de la présente loi.

**Art. 36** La présente loi sera enregistrée, publiée selon la procédure d'urgence, puis insérée au Journal officiel en français et en anglais.