

Agency for International Development
Washington, D.C. 20523

- PN-ABS-004
ISN= 89308

July 10, 1991

MEMORANDUM

TO: All A.I.D. Economists

FROM: PPC/EA, Robert Siegel, Acting Director *MS*

SUBJECT: A Guide to the Paris Club -- What it does and why and how it is Evolving

Attached is a working paper prepared by this office that describes recent changes in the treatment of debt rescheduling at the Paris Club. This should be useful as a reference source to this complex and rapidly changing subject. We would appreciate any comments that you may have on the paper.

A GUIDE TO THE PARIS CLUB WHAT IT DOES AND WHY AND HOW IT IS EVOLVING

Purpose The purpose of this paper is to update the Agency on recent developments in the terms and conditions that apply to "Paris Club" debt reschedulings. There have been significant changes and they are all in one direction -- they favor the debtors. The changes are conveniently compared in a table below.

Introduction and Summary The 1980s have been characterized by widespread difficulties among many countries attempting to service their debts, public and private alike. Beginning with Mexico's default in 1982, creditor and debtor countries have responded by employing a variety of innovative approaches to deal with the debt situation. This paper summarizes recent changes in the terms and conditions of the rescheduling of official debt at the Paris Club. Official debts constitute less than half of the total debt burden worldwide. Nonetheless, they dominate the external obligations of most of the poorer countries, especially those in sub-Saharan Africa. Moreover, private sector creditors almost invariably require that their clients in the low- and middle-income countries that are experiencing difficulties in servicing their debts reach an accommodation with the IMF and Paris Club creditors before they are willing to consider restructuring their own debts through a similar arrangement known as the London Club.

The Paris Club The Paris Club, *per se*, is an informal grouping of creditor governments without fixed membership. It has no offices, staff, or written charter of its own. As the title implies, administrative arrangements for renegotiating the debt structure of any country in danger of defaulting on official debts owed to, or guaranteed by, other governments are made on an *ad hoc* basis by the French Treasury upon the request of that country's government. Most of the early work of this "nonorganization" was with Latin American countries, as a multilateral forum for rescheduling export credits issued, guaranteed, or insured by agencies of the creditor country governments. The involvement of the Paris Club with low-income countries began gradually. Only a few of them had renegotiated their external debts prior to 1983. Between then and the end of 1990, however, there were a total of about 140 official multilateral debt reschedulings for 52 debtor countries, about two thirds of which were low income countries. The agreements covered debt service obligations amounting to about \$114 billion.

Debts are rescheduled only when a borrowing country faces imminent default on its debts. An adjustment program supported by the IMF is required before the Paris Club will consider rescheduling. Official creditors reschedule on a multilateral basis rather than

bilaterally, to ensure comparable burden-sharing for each. While the Paris Club pays due regard to precedent, each debtor country's situation is considered to be unique and every debt rescheduling arrangement arrived at by the Paris Club is made on a case by case basis. The final agreement is formalized in a document referred to as the Agreed Minute. Each creditor then negotiates a bilateral agreement based on the Agreed Minute.

Copies of the entire text of the Agreed Minutes for the 1986 Bolivia and the 1990 Honduras reschedulings, respectively, are attached in the Annex. In addition, the U.S. Bilateral Agreement for the 1986 Bolivia rescheduling also appears in the Annex. In the United States Government's Agreements with debtors resulting from the Paris Club, the mechanics of the rescheduling are handled at the creditor agency level. Thus, the debtor country signs an "implementing agreement" with each individual creditor agency which specifies the amounts and interest rates applicable to its portion of the debt.

Recent Developments With hindsight, the growth of external debt in the 1970's was excessive. Attempts to accommodate debt service obligations during the 1980s have resulted in significant adjustments in the terms and conditions for debt rescheduled in the Paris Club. The discussion below is keyed to Table 1 which summarizes the principal adjustments that have been made in these terms and conditions.

Prior to 1983, Paris Club debt reschedulings did not make major adjustments to any of the terms and conditions associated with debt. Moreover, the rescheduling agreements reached in the meetings only touched on very few of these terms and conditions associated with debt. Typically, for example, only a small fraction of debt was rescheduled. Usually the reschedulings were limited to payments on principal that were either in arrears or scheduled for payment during the coming year. Payments due on **interest**, or on **previously rescheduled debt (PRD)** were only included in the rescheduling agreement in extreme cases. Typically, reschedulings were limited to 85 percent of scheduled payments. In the few cases in which PRD was rescheduled, only a portion, rarely exceeding 50 percent, was included in the agreed minute.

The repayment terms on rescheduled debt were typically spread over approximately eight years with a grace period of about three years. Interest was paid during the grace period and the interest rate on the rescheduled debt was identical with the interest rate on the original loan.

TABLE 1
SUMMARY OF RECENT CHANGES IN PARIS CLUB DEBT RESTRUCTURING AGREEMENTS

| LOAN TERM | PRE 1982 | POST 1982 | NOTES |
|------------------------------|---|--|--|
| Coverage | Concessional loans, publicly guaranteed credits | Concessional loans, publicly guaranteed credits only if requested by debtor | Changes made at the request of debtor countries to maintain open short-term line of credit |
| Consolidation Period | About one year | About 16 months. Multi year rescheduling agreements (MYRAs) possible if an IMF-approved multiyear stabilization program is in effect | The period for which debt service obligations can be included in the rescheduling |
| Scheduled Principal Payments | An average of about 85% of scheduled principal payments due in the consolidation period was rescheduled | Up to 100% rescheduled for low and lower-middle income countries | |
| Scheduled Interest Payments | Only rarely rescheduled | Up to 100% rescheduled for low and lower-middle income countries | |
| Interest Rate | At original loan terms | Market rate at the time of the signing of the Agreed Minute | |

60

| LOAN TERM | PRE 1982 | POST 1982 | NOTES |
|--|---|---|--|
| Interest Payments on Previously Rescheduled Debt | Only rarely rescheduled | At current rates, or 3.5 percentage points below for creditors electing to pursue Option C of the Toronto terms | |
| Principal Payments on Previously Rescheduled Debt (PRD) | Only rarely included in rescheduling | Up to 100% rescheduled for low and lower-middle income countries | |
| Maturity | 7 years | With Toronto-terms up to 25 years | N.B. The grace period is included in these figures |
| Grace Period | 1 year | With Toronto-terms, up to 14 years | |

Comparability

Equal treatment for all creditors re-scheduling debts

Equal treatment for all creditors rescheduling debts. Upon request, Paris Club creditors could obtain any better not signatories to the Agreed Minute

The changes made it more difficult for non Paris Club creditors to obtain better rescheduling terms than members of the Club

Forgiveness

Pursued on a bilateral basis by European countries and Canada, 1976-80

U.S. begins to implement bilaterally following 1987 Venice summit agreement

Has been applied mostly to low income countries

Since 1983: Virtually all of the terms and conditions discussed above have been relaxed. The **consolidation period** (defined in Table 1) has gradually risen to 16 months at present. In the relatively few cases in which debtor countries have made multiyear arrangements with the IMF in the upper credit tranches of the Extended Facility or, more recently, the Structural Adjustment Facility (SAF) or Enhanced Structural Adjustment Facility (ESAF), Paris Club creditors have been willing, since 1985, to extend the consolidation period for debt rescheduling to correspond with the Fund program. These agreements are referred to as Multiyear Rescheduling Arrangements, or MYRAs.

The amount of maturing **principal** falling due that bilateral creditors have been willing to reschedule for most low income and lower middle income countries has risen to 100 percent. **Interest** also has been increasingly rescheduled along with principal in recent years. For most low income and lower middle income countries, the arrangements have been willing to reschedule up to 100 percent of interest falling due during the consolidation period. For low income countries, one of the options provided by the "Toronto terms" since 1988 has been the rescheduling of debt at rates of interest 3.5 percentage points below the existing market rate at the time of the agreement (the United States has not pursued this option thus far).

Previously rescheduled debt (PRD) has been increasingly included in recent reschedulings for low income countries that have had previous rescheduling agreements. Overall, low income countries account for half of the Paris Club rescheduling countries but have been involved in nearly two thirds of the reschedulings since 1976. Most of these countries have repeatedly sought debt relief from the Paris Club. In many cases, PRD constitutes the majority of obligations and Paris Club creditors have agreed recently to reschedule up to 100 percent of those maturities.

Repayment terms have been progressively lengthened. By 1983, "standard" **repayment terms** already had been extended to ten years with an average grace period of between four and five years. The balance of payments positions of the poorer countries seeking debt relief failed to improve quickly enough to enable them to repay debt rescheduled even on these newer terms, however. Consequently, the 1987 Venice economic summit meeting of the leaders of the major industrial countries recognized the need to lengthen the terms of debt relief for low income African countries, especially those with large debt service burdens, poor balance of payments prospects, and low per capita incomes. Paris Club agreements signed in June, the same month that the summit took place, reflected the new approach. Twenty year maturities with a ten year grace period were extended to both Mozambique and Somalia. Mauritania, Uganda, and Zaire all received 15 year maturities. The following year, at the Toronto economic summit, the Paris Club creditors who participated endorsed a menu approach to rescheduling for the low-income heavily indebted countries. Eligibility for debt

restructuring within the menu system is determined by the Paris Club creditors on a case by case basis. It is widely assumed, however, that countries deemed to be eligible for Fund SAF or ESAF resources generally meet the criteria. Until 1990, only sub-Saharan African countries had received the menu terms. During that year, however, both Bolivia and Guyana concluded agreements under the approach. The menu includes three alternative combinations of partial debt forgiveness, below market interest rates and a further lengthening of maturities. They were designed to accommodate the various institutional, legal, and financial constraints of the Paris Club creditors, who elect the option of *their* (and not the debtor's) choice. The options, which are summarized below, covered debt service payments totalling about \$5.8 billion through 1990.

1. Option A consists of writing off one-third of debt service obligations to be consolidated with the remainder due over 14 years with eight years of grace. (N.B. Finland, Sweden, France, and Japan have been the only members of the OECD's Development Assistance Committee (DAC) to utilize this option thus far).

2. Option B involves consolidating debt at market rates and extending the repayment period to 25 years including 14 years of grace.

3. Option C consolidates maturing debt at a rate of interest 3.5 percent below the market rate with a maturity period of 14 years with 8 years of grace.

As noted in the tables appearing in the Annex, there had been a total of 26 reschedulings on Toronto terms through 1990. Overall, about 55 percent of consolidated obligations were rescheduled with concessional interest rates (Option C) with the rest split almost equally between debt reduction (Option A) and extended maturities (Option B). Thus far, the U.S. has employed only option B in its Toronto-terms renegotiations.

The "Toronto terms" referred to above have been extended only to the low income countries. In September, 1990, the Paris Club creditors also announced a new set of rescheduling **repayment terms** for lower middle income countries. The new terms extended the standard ten year maturities to 15 years with a maximum grace period of 8 years for non-concessional credits. For Official Development Assistance (ODA) credits, maturities could be extended for up to 20 years with a 10 year grace period. The new terms also encourage debt conversions on a voluntary basis in the form of various swap arrangements, such as debt for equity, debt for aid, debt for nature, and other debt for local currency operations. In practice, the use of these swaps has been limited to US\$10 million or 10 percent of consolidated commercial credits, but up to 100 percent of rescheduled ODA credits.

It is interesting to note that Option A involves partial **debt forgiveness**. A variety of European countries and Canada had commenced forgiving their bilateral official debts, especially to low-income African countries, as early as the mid 1970s. These exercises were always pursued on a bilateral basis outside the Paris Club, however. Representatives of the countries who attended the Venice economic summit in 1987, including the United States, approved a policy aimed at reducing further the official debts still remaining. Option A of the "Toronto terms" is one important manifestation of the decision reached at Venice. The U.S. began implementing the policy, exclusively on a bilateral basis, however, in 1989.

In April and May of this year, Paris Club creditors carried the approaches developed in the Toronto terms and in the new terms employed with the lower income countries further still with precedent shattering new agreements with Poland and Egypt. Both agreements led to similar comprehensive debt reorganizations that included a two-phased reduction in outstanding indebtedness amounting to 50 percent overall. During the first phase, which extends from mid 1991 to mid 1994, the net present value of the outstanding debts of both countries will be reduced by 30 percent. The reductions will be applied by creditors who will choose between three options: principal reduction, interest reduction, or interest capitalization. In addition, both countries will also have interest payments falling due during the period reduced -- by 80 percent for Poland and 30 percent for Egypt. During the second stage, applied from mid 1994 onward, participating creditor countries will choose between the same three options, so as to reduce the countries' debts by an additional 20 percent. In both cases, the net present value of the outstanding indebtedness will be determined by an "appropriate market rate" of interest that will be determined bilaterally between representatives of the two countries and each participating creditor country.

In the interests of equitable burden sharing, agreements have always sought to assure **comparability** of treatment of all creditors in rescheduling debt. During the 1980s, this has resulted in the introduction of a requirement for those debtors that have relatively large debts to creditors that are outside the Paris Club to submit an interim written report on the progress in negotiations with other creditors.

Paris Club agreements are as interesting for what they exclude as for what they include. In order to preserve or restore the flow of new credits by official creditors, certain debts are typically not covered by the consolidation. For example, there has been a trend in recent years toward excluding from the agreements private sector claims that are guaranteed by the debtor government. For the United States, these claims include Export Import Bank and CCC credits and Housing Investment Guarantees, or HIGs. Until 1985 these claims were

routinely included in the rescheduling agreements.¹ Increasingly, however, debtor countries have specifically requested the exclusion of these officially guaranteed debts from consolidation and creditors have generally agreed to these requests. Moreover, Paris Club creditors do not generally reschedule debt service payments on loans contracted after a specified "cutoff" date that is always established in the first Paris Club agreement. By subordinating the old debt to the new debts contracted after the established cutoff date, creditors frequently have been able to continue to provide official export credits to countries with severe problems in maintaining their debt service.

CHWickham 07/10/1991

¹Rescheduling these loans automatically places them in default so the guarantee is called, the commercial lender is immediately repaid, and the remaining debt is assumed by the government's guarantor agency. In the case of the U.S., the guarantor agency is the Treasury Department.

ANNEX

TABLE OF CONTENTS

| | |
|---------|--|
| Table 1 | Official Multilateral Debt Reschedulings, 1976-90 Average Repayment Terms for Current Maturities |
| Table 2 | Official Multilateral Debt Reschedulings, 1976-90 Average Repayment Terms for Current Principal |
| Table 3 | Official Multilateral Debt Reschedulings, 1976-90 Overview |
| Table 4 | Options and Choice of Options by Creditors in Concessional Reschedulings (Toronto Terms), 1988-89 |
| Table 5 | Paris Club Concessional Reschedulings (Toronto Terms) October 1988 - December 1990 |
| • | Agreed Minute for the 1990 Honduran Debt Rescheduling |
| • | Agreed Minute for the 1986 Bolivia Debt Rescheduling |
| • | 1986 Debt Rescheduling Agreement for Bolivia |

TABLE 1

BEST AVAILABLE COPY

Official Multilateral Debt Reschedulings, 1976-90

(Average repayment terms for current maturities)

| | Number of agreements | Down payment (percent) | Postponement of unconsolidated maturities | | | Formally rescheduled portion 1/ | | |
|-----------------|----------------------|------------------------|---|-------------------------------|---------------------------|--|------------------------------|--------------------------|
| | | | Proportion of total repayments (percent) | Average grace period (months) | Average maturity (months) | Proportion of total repayments (percent) | Average grace period (years) | Average maturity (years) |
| 1976 | 1 | — | 15.0 | 12.0 | 24.0 | 85.0 | 1.0 | 7.5 |
| 1977 | 3 | 11.3 | 6.3 | 6.0 | 30.0 | 82.5 | 2.3 | 8.6 |
| 1978 | 3 | 35.0 | 2.5 | 3.0 | 3.0 | 62.5 | 2.0 | 6.5 |
| 1979 | 4 | 10.6 | 4.4 | 4.0 | 16.0 | 85.0 | 3.1 | 8.6 |
| 1980 | 3 | 1.7 | 8.3 | 4.0 | 36.0 | 90.0 | 4.0 | 8.8 |
| 1981 | 8 | 6.1 | 5.8 | 10.0 | 31.0 | 88.1 | 4.0 | 8.6 |
| 1982 | 6 | 6.2 | 8.0 | 10.8 | 30.0 | 85.8 | 3.9 | 8.1 |
| 1983 | 16 | 10.9 | 7.2 | 9.0 | 23.6 | 81.9 | 4.1 | 8.6 |
| 1984 | 13 | 10.7 | 4.3 | 8.1 | 27.0 | 85.0 | 4.8 | 9.6 |
| 1985 | 21 | 8.5 | 4.4 | 6.4 | 32.0 | 87.1 | 4.3 | 9.1 |
| 1986 | 16 | 4.3 | 0.7 | 8.0 | 20.0 | 95.0 | 4.5 | 9.2 |
| 1987 | 17 | 1.9 | 0.9 | 4.5 | 22.5 | 97.2 | 5.6 | 11.8 |
| 1988 | 15 | — | 2.0 | — | 12.0 | 98.2 | 6.9 | 16.1 |
| 1989 | 23 2/ | 1.9 | 0.4 | — | 12.0 | 97.7 | 8.3 | 19.0 |
| 1990 | 18 | — | — | — | — | 100.0 | 7.2 | 18.3 |
| Averages | | | | | | | | |
| 1976-88 | | 8.9 | 5.7 | 7.2 | 24.6 | 85.4 | 3.6 | 8.8 |
| Of which: | | | | | | | | |
| 1976-82 | | 10.1 | 7.2 | 7.1 | 24.3 | 82.7 | 2.9 | 8.1 |
| 1983-85 | | 10.0 | 5.3 | 7.8 | 27.5 | 84.7 | 4.4 | 9.1 |
| 1986-87 | | 3.1 | 0.8 | 6.3 | 21.3 | 96.1 | 5.1 | 10.5 |
| 1987-88 | | 1.0 | 1.5 | 2.3 | 14.3 | 97.7 | 6.3 | 14.0 |
| 1988-89 | | 1.0 | 1.2 | 0.0 | 12.0 | 98.0 | 7.6 | 17.6 |
| 1989-90 | | 1.0 | 0.2 | 0.0 | 6.0 | 98.9 | 7.0 | 18.7 |

Source: Agreed Minutes of debt reschedulings.

1/ Medium- and long-term debt only. Excludes debt service not covered by the rescheduling agreement. All reschedulings carry equal weight in their relevant periods. Grace period and maturity measured from end of consolidation period.

2/ Excludes the rescheduling for Equatorial Guinea which consolidated arrears only.

12

BEST AVAILABLE COPY

Official Multilateral Debt Reschedulings, 1976-90

(Average repayment terms for current principal)

| | Number of agreements | Down payment (percent) | Postponement of unconsolidated maturities | | | Formally rescheduled portion 1/ | | |
|-----------------|----------------------|------------------------|---|-------------------------------|---------------------------|--|------------------------------|--------------------------|
| | | | Proportion of total repayments (percent) | Average grace period (months) | Average maturity (months) | Proportion of total repayments (percent) | Average grace period (years) | Average maturity (years) |
| 1976 | 1 | — | 15.0 | 12.0 | 24.0 | 85.0 | 1.0 | 7.5 |
| 1977 | 3 | 10.0 | 7.5 | 12.0 | 30.0 | 82.5 | 2.3 | 8.5 |
| 1978 | 3 | 12.5 | 2.5 | 3.0 | 3.0 | 85.0 | 2.0 | 6.5 |
| 1979 | 4 | 10.6 | 4.4 | 4.0 | 16.0 | 85.0 | 3.1 | 8.6 |
| 1980 | 3 | 1.7 | 8.3 | 4.0 | 36.0 | 90.0 | 4.0 | 8.8 |
| 1981 | 8 | 6.1 | 5.8 | 10.0 | 31.0 | 88.1 | 4.0 | 8.6 |
| 1982 | 6 | 6.2 | 8.0 | 10.8 | 30.0 | 85.8 | 3.9 | 8.1 |
| 1983 | 16 | 5.6 | 6.9 | 9.0 | 23.0 | 87.5 | 4.1 | 8.6 |
| 1984 | 13 | 1.7 | 2.5 | 9.0 | 29.0 | 95.8 | 4.8 | 9.6 |
| 1985 | 21 | 5.9 | 3.7 | 6.4 | 32.0 | 90.5 | 4.3 | 9.1 |
| 1986 | 16 | 3.1 | 0.7 | 8.0 | 20.0 | 96.3 | 4.5 | 9.2 |
| 1987 | 17 | 0.6 | 0.6 | 3.0 | 3.0 | 98.8 | 5.6 | 11.9 |
| 1988 | 15 | — | — | — | — | 100.0 | 6.9 | 16.1 |
| 1989 | 23 ^{2/} | — | — | — | — | 100.0 | 8.3 | 19.0 |
| 1990 | 18 | — | — | — | — | 100.0 | 7.2 | 18.3 |
| <u>Averages</u> | | | | | | | | |
| 1976-88 | | 5.3 | 5.5 | 7.6 | 23.6 | 89.2 | 3.6 | 8.8 |
| Of which: | | | | | | | | |
| 1976-82 | | 6.7 | 7.4 | 8.0 | 25.1 | 85.9 | 2.9 | 8.1 |
| 1983-85 | | 3.7 | 4.7 | 9.0 | 26.3 | 91.7 | 4.5 | 9.1 |
| 1986-87 | | 1.9 | 0.7 | 5.5 | 11.5 | 97.6 | 5.1 | 10.6 |
| 1987-88 | | 0.3 | 0.3 | 1.5 | 1.5 | 99.4 | 6.3 | 14.0 |
| 1988-89 | | 0.0 | 0.0 | 0.0 | 0.0 | 100.0 | 7.6 | 17.6 |
| 1989-90 | | 0.0 | 0.0 | 0.0 | 0.0 | 100.0 | 7.8 | 18.7 |

Source: Agreed Minutes of debt reschedulings.

1/ Rescheduling terms for principal payments on medium- and long-term debt only. Excludes debt service not covered by the rescheduling agreement. All reschedulings carry equal weight in their relevant periods. Grace period and maturity measured from end of consolidation period.

2/ Excludes the rescheduling for Equatorial Guinea which consolidated arrears only.

12

TABLE 3

Official Multilateral Debt Reschedulings, 1976-90 1/

(Overview)

| Debtor country 2/ | Date of agreement Mo./Day/Yr. | Amount consolidated 3/ (In millions of U.S. dollars) | Type of debt consolidated 4/ | | Consolidation period (months) | Proportion of due payments rescheduled 5/6/ (In percent) | | Terms 5/7/ (In years) | |
|-------------------|-------------------------------|--|------------------------------|------------------------|-------------------------------|--|------|-----------------------|----------|
| | | | Current maturities | Previously rescheduled | | Prin. | Int. | Grace | Maturity |
| Zaire I | 6/16/76 | 270 | PA | -- | 18 | 85 | -- | 1.0 | 7.5 |
| Zaire II | 7/07/77 | 170 | PI | -- | 12 8/ | 85 | 85 | 3.0 | 8.5 |
| Sierra Leone I | 9/15/77 | 39 | PIA | -- | 24 | 80 | 80 | 1.5 | 8.5 |
| Zaire III | 12/01/77 | 40 | I | -- | 6 | -- | 75 | 3.0 | 9.0 |
| Turkey I | 5/20/76 | 1,300 | PIAt | -- | 13 | 80 | 80 | 2.0 | 6.5 |
| Gabon I | 6/20/78 | 63 | Ap | -- | ... | ... | ... | ... | ... |
| Peru I | 11/03/78 | 420 | P | -- | 12 | 90 | -- | 2.0 | 6.5 |
| Togo I | 6,15/79 | 260 | PIA | -- | 21 | 80 | 80 | 2.8 | 8.3 |
| Turkey II | 7,25/79 | 1,200 | PIAa | -- | 12 | 85 | 85 | 3.0 | 7.5 |
| Sudan I | 11/13/79 | 487 | PIA | -- | 21 | 85 | 85 | 3.0 | 9.5 |
| Zaire IV | 12/11/79 | 1,040 | PIAt | A | 18 | 90 | 90 | 3.5 | 9.0 |
| Sierra Leone II | 2/08/80 | 37 | PIA | -- | 16 | 90 | 90 | 4.2 | 9.7 |
| Turkey III | 7/23/80 | 3,000 | PIAt | PIA | 36 | 90 | 90 | 4.5 | 9.0 |
| Liberia I | 12/19/80 | 35 | PI | -- | 18 | 90 | 90 | 3.3 | 7.8 |
| Togo II | 2/20/81 | 232 | PI | -- | 24 | 85 | 85 | 4.0 | 8.5 |
| Poland I | 4/27/81 | 2,110 | PIA | -- | 8 | 90 | 90 | 4.0 | 7.5 |
| Madagascar I | 4/30/81 | 140 | PIAt | -- | 18 | 85 | 85 | 3.8 | 8.3 |
| C.A.R. I | 6/12/81 | 72 | PIA | -- | 12 | 85 | 85 | 4.0 | 8.5 |
| Zaire V | 7/09/81 | 500 | PI | -- | 12 | 90 | 90 | 4.0 | 9.5 |
| Senegal I | 10/12/81 | 75 | PI | -- | 12 | 85 | 85 | 4.0 | 8.5 |
| Uganda I | 11/18/81 | 30 | PIA | -- | 12 | 90 | 90 | 4.5 | 9.0 |
| Liberia II | 12/16/81 | 25 | PI | -- | 18 | 90 | 90 | 4.1 | 8.6 |
| Sudan II | 3/18/82 | 203 | PIA | -- | 18 | 90 | 90 | 4.5 | 9.5 |
| Madagascar II | 7/13/82 | 107 | PIAt | -- | 12 | 85 | 85 | 3.8 | 8.3 |
| Romania I | 7/28/82 | 234 | PIA | -- | 12 | 80 | 80 | 3.0 | 6.0 |
| Malawi I | 9/22/82 | 25 | PI | -- | 12 | 85 | 85 | 3.5 | 8.0 |
| Senegal II | 11/29/82 | 74 | PI | -- | 12 | 85 | 85 | 4.3 | 8.8 |
| Uganda II | 12/01/82 | 19 | PI | -- | 12 | 90 | 90 | 6.5 | 8.0 |
| Costa Rica I | 1/11/83 | 136 | PIA | -- | 18 | 85 | 85 | 3.8 | 8.3 |
| Sudan III | 2/04/83 | 518 | PtItAt | PIA | 12 | 100 | 100 | 5.5 | 15.0 |
| Togo III | 4/12/83 | 300 | PIA | PI | 12 | 90 | 90 | 5.0 | 9.5 |
| Zambia I | 5/16/83 | 375 | PIAt | -- | 12 | 90 | 90 | 5.0 | 9.5 |
| Romania II | 5/18/83 | 736 | P | -- | 12 | 60 | -- | 3.0 | 6.0 |
| Mexico I | 6/22/83 | 1,199 | PAt | -- | 6 | 90 | -- | 3.0 | 5.5 |
| C.A.R. II | 7/08/83 | 13 | PIA | -- | 12 | 90 | 90 | 5.0 | 9.5 |
| Peru II | 7/26/83 | 466 | PI | -- | 12 | 90 | 90 | 3.0 | 7.5 |
| Ecuador I | 7/28/83 | 142 | PI | -- | 12 | 85 | 85 | 3.0 | 7.5 |
| Morocco I | 10/25/83 | 1,152 | PIA | -- | 16 | 85 | 85 | 3.8 | 7.3 |
| Malawi II | 10/27/83 | 26 | PI | -- | 12 | 85 | 85 | 3.5 | 8.0 |
| Niger I | 11/14/83 | 36 | PI | -- | 12 | 90 | 60 | 4.5 | 8.5 |
| Brazil I | 11/23/83 | 2,337 | PIA | -- | 17 | 85 | 85 | 4.0 | 7.5 |
| Zaire VI | 12/20/83 | 1,497 | PtItAtL | PIAL | 12 | 95 | 95 | 5.0 | 10.5 |
| Senegal III | 12/21/83 | 72 | PI | -- | 12 | 90 | 90 | 4.0 | 8.5 |
| Liberia III | 12/22/83 | 17 | PI | -- | 12 | 90 | 90 | 4.0 | 8.5 |
| Sierra Leone III | 2/08/84 | 25 | PIAt | PIA | 12 | 90 | 90 | 5.0 | 10.0 |
| Madagascar III | 3/23/84 | 89 | PIA | PIA | 18 | 95 | 95 | 4.8 | 10.3 |
| Sudan IV | 5/03/84 | 249 | PI | PI | 12 | 100 | 100 | 6.0 | 15.5 |
| Côte d'Ivoire I | 5/04/84 | 230 | PI | -- | 13 | 100 | 50 | 4.0 | 8.5 |
| Yugoslavia I | 5/22/84 | 500 | P | -- | 12 | 100 | -- | 4.0 | 6.5 |
| Peru III | 6/05/84 | 704 | PI | -- | 15 | 90 | 90 | 4.9 | 8.4 |
| Togo IV | 6/06/84 | 75 | PI | Partial PI | 16 | 95 | 95 | 4.8 | 9.3 |
| Jamaica I | 7/16/84 | 105 | PIA | -- | 15 | 100 | 50 | 3.9 | 8.4 |
| Zambia II | 7/20/84 | 253 | PIA | PIA | 12 | 100 | 100 | 5.0 | 9.5 |
| Mozambique I | 10/25/84 | 283 | PIA | -- | 12 | 95 | 95 | 5.0 | 10.5 |
| Niger II | 11/30/84 | 26 | PI | -- | 14 | 90 | 50 | 4.9 | 9.4 |
| Liberia IV | 12/17/84 | 17 | PI | -- | 12 | 90 | 90 | 5.0 | 9.5 |
| Philippines I | 12/20/84 | 757 | PI | -- | 18 | 100 | 60 | 4.8 | 9.3 |
| Argentina I | 1/16/85 | 2,040 | PIA | -- | 12 | 90 | 90 | 5.0 | 9.5 |
| Senegal IV | 1/18/85 | 122 | PIA | -- | 18 | 95 | 95 | 3.8 | 8.3 |
| Somalia I | 3/06/85 | 127 | PIAt | -- | 12 | 95 | 95 | 5.0 | 9.5 |
| Costa Rica II | 4/22/85 | 166 | PIA | -- | 15 | 90 | 90 | 4.9 | 9.4 |
| Ecuador II 9/ | 4/24/85 | 450 | PAP | -- | 12 | 100 | -- | 3.0 | 7.5 |
| | | | | | 12 | 85 | -- | 3.0 | 7.5 |

BEST AVAILABLE COPY

14

Official Multilateral Debt Reschedulings, 1976-90 ^{1/}

(Overview)

| Debtor country ^{2/} | Date of agreement Mo./Day/Yr. | Amount consolidated ^{3/} (In millions of U.S. dollars) | Type of debt consolidated ^{4/} | | Consolidation period (months) | Proportion of due payments rescheduled ^{5/6/} (In percent) | | Terms ^{5/7/} (In years) | |
|---------------------------------|-------------------------------|---|---|------------------------|-------------------------------|---|------|----------------------------------|----------|
| | | | Current maturities | Previously rescheduled | | Prin. | Int. | Grace | Maturity |
| Mauritania I | 4/27/85 | 68 | PIA | -- | 12 | 70 | -- | 3.0 | 7.5 |
| Dominican Rep. I | 5/21/85 | 290 | PIA | -- | 15 | 90 | 90 | 3.8 | 8.3 |
| Madagascar IV | 5/22/85 | 128 | PI | Partial PI | 15 | 100 | 100 | 4.9 | 9.4 |
| Yugoslavia I: | 5/24/85 | 812 | P | -- | 18 | 90 | -- | 3.8 | 8.3 |
| Togo V | 6/24/85 | 2 | PI | -- | 12 | 95 | 95 | 5.0 | 10.5 |
| Côte d'Ivoire II | 6/25/85 | 213 | PI | -- | 12 | 100 | 50 | 4.0 | 8.5 |
| Poland II | 7/15/85 | 10,930 | PIAL | -- | 36 | 100 | 100 | 5.0 | 10.5 |
| Chile I | 7/17/85 | 146 | P | -- | 18 | 65 | -- | 2.8 | 6.3 |
| Jamaica II | 7/19/85 | 62 | PI | -- | 12 | 100 | 50 | 4.0 | 9.5 |
| Eq. Guinea I | 7/22/85 | 38 | PIAL | -- | 18 | 100 | 100 | 4.5 | 9.0 |
| Morocco II | 9/17/85 | 1,124 | PIA | -- | 18 | 90 | 90 | 3.8 | 8.3 |
| Zaire VII | 9/18/85 | 408 | PI | PI | 15 | 95 | 95 | 4.9 | 9.4 |
| Panama I | 9/19/85 | 19 | P | -- | 16 | 50 | -- | 2.8 | 7.3 |
| Poland III | 11/19/85 | 1,400 | PI | -- | 12 | 100 | 100 | 5.0 | 9.5 |
| Niger III | 11/21/85 | 38 | PI | -- | 12 | 90 | 50 | 5.1 | 9.5 |
| C.A.R. III | 11/22/85 | 14 | PI | Partial P | 18 | 90 | 90 | 4.8 | 9.3 |
| Zambia III | 3/04/86 | 371 | PIA | PIA | 12 | 100 | 100 | 5.0 | 9.5 |
| Guinea I | 4/18/86 | 196 | PIAL | PIAL | 14 | 95 | 95 | 4.9 | 9.4 |
| Yugoslavia III ^{10/} | 5/13/86 | 490 | P | -- | 12 | 85 | -- | 3.9 | 9.4 |
| | | 411 | P | -- | 11 | 84 | -- | 4.0 | 8.5 |
| Zaire VIII | 5/15/86 | 429 | PIR | -- | 12 | 100 | 100 | 4.0 | 9.5 |
| Mauritania II | 5/16/86 | 27 | PI | -- | 12 | 95 | 95 | 4.0 | 8.5 |
| Côte d'Ivoire III ^{9/} | 6/27/86 | 370 | P | -- | 12 | 80 | -- | 4.1 | 8.6 |
| | | | | | 12 | 70 | -- | 4.1 | 8.6 |
| | | | | | 12 | 60 | -- | 4.1 | 8.6 |
| Bolivia I | 7/17/86 | 449 | PIAL | -- | 12 | 100 | 100 | 5.0 | 9.5 |
| Congo I | 7/18/86 | 756 | PIA | -- | 20 | 95 | 95 | 3.7 | 9.1 |
| Mexico II ^{11/} | 9/17/86 | 1,747 | PI | -- | 15 | 100 | 60 | 4.0 | 8.5 |
| | | 165 | P | -- | 3 | 100 | -- | 3.8 | 8.3 |
| Tanzania I | 9/18/86 | 1,046 | PIAtL | -- | 12 | 100 | 100 | 5.0 | 9.5 |
| Gambia, The I | 9/19/86 | 17 | PIAtL | -- | 12 | 100 | 100 | 5.0 | 9.5 |
| Madagascar V | 10/23/86 | 212 | PI | Partial PI | 21 | 100 | 100 | 4.6 | 9.1 |
| Sierra Leone IV | 11/19/86 | 86 | PIAL | Partial PI | 16 | 100 | 100 | 4.8 | 9.2 |
| Niger IV | 11/20/86 | 34 | P | -- | 12 | 100 | -- | 5.0 | 9.5 |
| Senegal V | 11/21/86 | 65 | PI | -- | 16 | 100 | 100 | 4.8 | 9.3 |
| Nigeria I | 12/16/86 | 6,251 | PIAtL | -- | 15 | 100 | 100 | 4.9 | 9.4 |
| Brazil II ^{13/} | 1/21/87 | 3,615 | PIAL ^{14/} | -- | 24 | 100 | 100 | 3.0 | 5.5 |
| | | 563 | P | -- | 6 | 100 | -- | 3.0 | 5.5 |
| Gabon II | 1/21/87 | 387 | PI | -- | 15 | 100 | 90 | 3.9 | 9.4 |
| Philippines II | 1/22/87 | 862 | PI | -- | 18 | 100 | 70 | 4.7 | 9.2 |
| Jamaica III | 3/05/87 | 124 | PIA | -- | 15 | 100 | 85 | 4.9 | 9.4 |
| Morocco III | 3/06/87 | 1,008 | PI | PI | 16 | 100 | 100 | 4.7 | 9.2 |
| Chile II | 4/02/87 | 157 | P | -- | 21 | 35 | -- | 2.6 | 6.1 |
| Zaire IX | 5/18/87 | 671 | PIA | -- | 13 | 100 | 100 | 6.0 | 14.5 |
| Argentina II | 5/20/87 | 1,260 | PIAL | -- | 14 | 100 | 100 | 4.9 | 9.5 |
| Egypt I | 5/22/87 | 6,350 | PIAL | -- | 18 | 100 | 100 | 4.7 | 9.2 |
| Mauritania III | 6/15/87 | 90 | PI | -- | 14 | 95 | 95 | 4.9 | 14.4 |
| Mozambique II | 6/16/87 | 361 | PIAL | PI | 19 | 100 | 100 | 9.7 | 19.3 |
| Uganda III | 6/19/87 | 170 ^{15/} | PIAL | PI | 12 | 100 | 100 | 6.0 | 14.5 |
| Somalia II | 7/22/87 | 153 | PIA | PI | 24 | 100 | 100 | 9.5 | 19.0 |
| Guinea-Bissau I | 10/27/87 | 25 | PA | -- | 18 | 100 | 100 | 9.7 | 19.2 |
| Poland IV | 10/30/87 | 9,027 | PIAL | PI, Partial AL | 12 | 100 | 100 | 4.5 | 9.0 |
| Senegal VI | 11/17/87 | 79 | PI | -- | 12 | 100 | 100 | 6.0 | 15.5 |
| Côte d'Ivoire IV | 12/18/87 | 567 | PIAL | PIAL | 16 | 100 | 95 | 5.8 | 9.3 |
| Ecuador III | 1/20/88 | 438 | PIA | PIA | 14 | 100 | 100 | 4.9 | 9.4 |
| Gabon III | 3/21/88 | 326 | PI | -- | 12 | 100 | 100 | 5.0 | 9.5 |
| Togo VI | 3/22/88 | 139 | PIAp | Partial PAp | 15 | 100 | 100 | 7.9 | 15.3 |
| Niger V | 4/21/88 | 37 | PI | -- | 13 | 100 | 75 | 10.0 | 19.5 |
| Malawi III | 4/22/88 | 27 | PIA | PAp | 14 | 100 | 100 | 9.9 | 19.4 |
| Yugoslavia IV | 7/13/88 | 1,291 | PIR | Partial PI | 15 | 100 | 100 | 5.9 | 9.4 |
| Brazil III | 7/28/88 | 4,992 | PI | Partial Ap | 20 | 100 | 70 | 5.0 | 9.5 |
| Jamaica IV | 10/24/88 | 147 | PI | P | 18 | 100 | 100 | 4.7 | 9.2 |
| Morocco IV | 10/26/88 | 969 | PI | Partial P | 18 | 100 | 100 | 4.7 | 9.2 |
| Mali I | 10/27/88 | 63 | PIA | -- | 16 | 100 | 100 | 7.8 * | 24.3 * |
| Madagascar VI | 10/28/88 | 254 | PIA | PI | 21 | 16/100 | 100 | 7.6 * | 24.1 * |
| Bolivia II | 11/14/88 | 226 | PIA | PIAL | 15 | 17/100 | 100 | 5.9 | 9.3 |
| Tanzania II | 12/13/88 | 377 | PIA | PIA | 6 | 100 | 100 | 8.2 * | 24.7 * |
| C.A.R. IV | 12/14/88 | 28 | PIA | Partial PAp | 18 | 18/100 | 100 | 8.0 * | 24.5 * |
| Niger VI | 12/16/88 | 48 | PI | Partial PI | 12 | 100 | 100 | 8.0 * | 24.5 * |

Official Multilateral Debt Reschedulings, 1976-90 ^{1/}

(Overview)

| Debtor country ^{2/} | Date of agreement Mo./Day/Yr. | Amount consolidated ^{3/} (In millions of U.S. dollars) | Type of debt consolidated ^{4/} | | Consoli- dation period (Months) | Proportion of due payments rescheduled ^{5/6/} (In percent) | | Terms ^{5/7/} Grace Maturity (In years) | |
|---------------------------------|-------------------------------------|--|--|-----------------------------|--|--|-------------------|---|----------|
| | | | Current maturities | Previously rescheduled | | Prin. | Int. | Grace | Maturity |
| Senegal | 1/24/89 | 143 | PI | PI ^{19/} | 14 | 100 | 100 | 7.7 * | 24.7 * |
| Trinidad & Tobago I | 1/25/89 | 209 | PA | -- | 14 | 100 | -- | 4.9 | 9.4 |
| Uganda IV | 1/26/89 | 89 | PIAL | PIAL | 18 ^{20/} | 100 | 100 | 7.8 * | 24.3 * |
| Equatorial Guinea II | 3/2/89 ^{21/} | 10 | A | A | -- | -- | -- | 8.0 | 24.5 * |
| Nigeria II | 3/3/89 | 5,600 ^{22/} | PIAtL | PI, Partial AL | 16 | 100 | 100 | 4.8 | 9.3 |
| Guinea II | 4/12/89 | 123 | PIA | PI, Partial A | 12 | 100 | 100 | 8.0 * | 24.5 * |
| Guyana I | 5/24/89 | 195 | PtItAtL | -- | 14 | 100 | 100 | 9.9 | 19.4 |
| Cameroon I | 5/24/89 | 535 | PIA | -- | 12 | 100 | 85 | 6.0 | 9.5 |
| Philippines III | 5/26/89 | 1,850 | PIA | -- | 25 ^{23/} | 100 | 75 | 5.5 | 9.0 |
| Costa Rica III | 5/26/89 | 182 | PIAL | AL | 14 | 100 | 100 | 4.9 | 9.4 |
| Mexico III | 5/30/89 | 2,400 | PI | -- | 10 | 100 | 100 | 6.1 | 9.6 |
| | | ... | PI | -- | 12 ^{24/} | 100 | 90 | 6.1 | 9.6 |
| | | ... | PI | -- | 14 ^{24/} | 100 | 80 | 5.9 | 9.4 |
| Mauritania IV | 6/19/89 | 52 | PIA | Partial PI | 12 | 100 | 100 | 8.0 * | 24.5 * |
| Togo VII | 6/20/89 | 76 | PI | Partial PI | 14 | 100 | 100 | 7.9 * | 24.4 * |
| Benin I | 6/22/89 | 193 | PIAL | PIAL ^{25/} | 13 | 100 | 100 | 7.9 * | 24.4 * |
| Zaire X | 6/23/89 | 1,530 | PIA | PI, Partial A | 13 | 100 | 100 | 7.9 * | 24.4 * |
| Jordan I | 7/19/89 | 587 | PIA | -- | 18 | 100 | 50 ^{26/} | 4.8 | 9.3 |
| Angola I | 7/20/89 | 446 | PIAL | Partial PIAL ^{25/} | 15 | 100 | 100 | 6.0 | 9.5 |
| Gabon IV | 9/19/89 | 545 | PIA | -- | 16 | 100 | 100 | 4.0 | 10.0 |
| Ecuador IV | 10/24/89 | 397 | PIA | Partial PIA | 14 | 100 | 100 | 5.9 | 9.4 |
| Chad I | 10/24/89 ^{21/} | 38 | PIAL | -- | 15 | 100 | 100 | 8.0 * | 24.5 * |
| Guinea-Bissau II | 10/26/89 | 21 | PIAL | PIA | 15 | 100 | 100 | 7.8 * | 24.3 * |
| Mali II | 11/22/89 | 44 | PIAt | At | 26 | 100 | 100 | 7.4 * | 23.9 * |
| Cote d'Ivoire V | 12/18/89 | 934 | PIA | PA, Partial I | 16 | 100 | 100 | 7.8 | 13.1 |
| Argentina III | 12/21/89 | 2,450 | PIA | P, Partial IA | 15 | 100 | 100 | 5.8 | 9.3 |
| Senegal VIII | 2/12/90 | 107 | PI | Partial PI | 12 | 100 | 100 | 8.0 * | 24.5 * |
| Poland V | 2/16/90 | 10,400 | PIAL | PIAL | 15 | 100 | 100 | 8.3 | 13.8 |
| Bolivia III | 3/15/90 | 300 | PI | PI | 24 | 100 | 100 | 7.5 * | 24.0 * |
| Tanzania III | 3/16/90 | 199 | PIAL | PIAL | 12 | 100 | 100 | 8.0 * | 24.5 * |
| Jamaica V | 4/26/90 | 179 | PI | Partial PI | 18 | 100 | 100 | 4.8 | 9.3 |
| Trinidad & Tobago II | 4/27/90 | 110 | P | -- | 13 | 100 | -- | 5.0 | 9.5 |
| Mozambique III | 6/14/90 | 719 | PIAL | PIAL | 30 | 100 | 100 | 7.2 * | 23.8 * |
| C.A.R. V | 6/15/90 | 4 | -- | Partial PI | 12 | 100 | 100 | 8.0 * | 13.5 * |
| Togo VIII | 7/9/90 | 88 | -- | Partial PI | 24 | 100 | 100 | 7.5 * | 24.0 * |
| Madagascar VII | 7/10/90 | 139 | PI | Partial PI | 13 | 100 | 100 | 8.0 * | 24.5 * |
| Zambia IV | 7/12/90 | 963 | PIAL | PIAL | 18 | 100 | 100 | 7.8 * | 24.3 * |
| Morocco V | 9/11/90 | 1,390 | PIA | PIA | 7 | 100 | 100 | 7.9 | 14.4 |
| Guyana II | 9/12/90 | 123 | PIAL | PIAL | 35 | 100 | 100 | 6.8 * | 23.2 * |
| Congo II | 9/13/90 | 1,052 | PIAL | PIAL | 21 | 100 | 100 | 5.8 | 14.3 |
| Honduras I | 9/14/90 | 280 | PIAL | -- | 11 | 100 | 100 | 8.1 | 14.6 |
| El Salvador I | 9/17/90 | 135 | PIA | -- | 13 | 100 | 100 | 8.0 | 14.5 |
| Niger VII | 9/18/90 | 116 | PIAL | Partial PIAL | 28 | 100 | 100 | 7.3 * | 23.8 * |
| Panama II | 11/14/90 | 200 | PIAL | PIAL | 17 | 100 | 100 | 4.8 | 9.3 |

Sources: Agreed Minutes of debt reschedulings; and Fund staff estimates.

^{1/} Excludes debt renegotiations conducted under the auspices of aid consortia. Also excludes official debt reschedulings for countries not members of the Fund, but includes agreements with Poland signed prior to its date of membership in the Fund (June 12, 1986).

^{2/} Roman numerals indicate, for each country, the number of debt reschedulings in the period beginning 1976.

^{3/} Includes debt service formally consolidated as well as postponed maturities.

^{4/} Key: P - Principal, medium- and long-term debt
 Pt - Principal, debt of all maturities
 I - Interest, medium- and long-term debt
 It - Interest, debt of all maturities
 A - Arrears on principal and interest, medium- and long-term debt
 As - Arrears on principal and interest, short-term debt
 At - Arrears on principal and interest, debt of all maturities
 Ap(AI) - Arrears on principal (interest), medium- and long-term debt
 L - Late interest

^{5/} Terms for current maturities due on medium- and long-term debt covered by the rescheduling agreement and not rescheduled previously.

^{6/} In most instances, some portion of the remaining amount was also deferred for a shorter period.

^{7/} For purposes of this paper grace and maturity of rescheduled current maturities are counted from the end of the consolidation period. An asterisk denotes concessional rescheduling under the options approach. Grace period refers to Options A and C, maturity to Option B.

^{8/} Interest payments consolidated for the first half of this period only.

^{9/} Includes three separate one-year consolidation periods of the multiyear restructuring agreement.

^{10/} The conditional second tranche of the consolidation took effect after a further meeting with creditors in 1987.

^{11/} Includes two separate consolidation periods.

^{12/} In 1987 creditors extended the consolidation period by three months.

BEST AVAILABLE COPY

Official Multilateral Debt Reschedulings, 1976-90 ^{1/}

(Overview)

| Debtor country ^{2/} | Date of agreement Mo./Day/Yr. | Amount consolidated ^{3/} (In millions of U.S. dollars) | Type of debt consolidated ^{4/} | | Consoli- dation period (Months) | Proportion of due payments rescheduled ^{5/6/} (In percent) | | Terms ^{5/7/} | |
|---------------------------------|-------------------------------------|--|--|---------------------------|--|--|------|-----------------------|----------|
| | | | Current maturities | Previously rescheduled | | Prin. | Int. | Grace (In years) | Maturity |

^{13/} Includes two separate consolidation periods; however, the second tranche of the consolidation did not become effective.

^{14/} Agreed Minute did not refer to arrears, although at the time of rescheduling 1985 and 1986 maturities were de facto in arrears.

^{15/} Based on creditor data.

^{16/} Includes a conditional six-month extension.

^{17/} Includes a conditional three-month extension.

^{18/} Includes a conditional twelve-month extension.

^{19/} Previously rescheduled debt was rescheduled for part of the consolidation period only.

^{20/} Includes a conditional one-year consolidation period.

^{21/} Date of informal meeting of creditors on the terms to be applied in the bilateral reschedulings. Since only two creditors were involved for Equatorial Guinea and three creditors for Chad, creditors did not call for a full Paris Club meeting.

^{22/} Provisional data.

^{23/} Includes a conditional fifteen-month consolidation period.

^{24/} Conditional tranches.

^{25/} Debt service resulting from previous bilateral consolidations with Paris Club creditors.

^{26/} Interest was rescheduled for part of the consolidation period only.

BEST AVAILABLE COPY

TABLE 4

Options and Choice of Options by Creditors
in Concessional Reschedulings, 1988-89

| | Option A | Option B | Option C |
|--|-------------------|--|--|
| <u>1. Consolidation of non-ODA debts</u> | | | |
| Overall maturity | 14 years | 25 years | 14 years |
| Grace period | 8 years | 14 years | 8 years |
| Cancellation <u>1/</u> | one third | -- | -- |
| Interest rate | market rate | market rate | market rate reduced by 3.5 percent <u>2/</u> |
| <u>2. Consolidation of ODA debts</u> | | | |
| Overall maturity | 25 years | 25 years | 25 years |
| Grace period | 14 years | 14 years | 14 years |
| Cancellation <u>1/</u> | one third | -- | -- |
| Interest rate | ODA rate | ODA rate | ODA rate |
| <u>3. Choice of options by creditors</u> | | | |
| | Finland <u>4/</u> | Austria | Austria <u>3/</u> |
| | France | Belgium | Canada |
| | Japan <u>6/</u> | Brazil | Denmark |
| | Sweden <u>8/</u> | Finland <u>4/</u> | Germany, Federal Republic <u>5/</u> |
| | | Germany, Federal Republic <u>5/</u> | Israel |
| | | Japan <u>6/</u> | Italy |
| | | Netherlands <u>7/</u> | Japan <u>6/</u> |
| | | Spain | Kuwait |
| | | Sweden <u>8/</u> | Morocco |
| | | Switzerland <u>9/</u> | Netherlands <u>7/</u> |
| | | United States | Norway |
| | | | Portugal |
| | | | South Africa |
| | | | Sweden <u>8/</u> |
| | | | Switzerland <u>9/</u> |
| | | | United Kingdom |

Source: Agreed Minutes of debt reschedulings

- 1/ As share of debt service consolidated under the option.
2/ The market rate is reduced by 50 percent if 50 percent is less than 3.5 percentage points, i.e., if the market rate is lower than 7 percent.
3/ Austria has generally chosen option C with the exception of the rescheduling of the Central African Republic (B).
4/ Finland has generally chosen option A with the exception of the rescheduling of Mozambique (B).
5/ Germany has generally chosen option C with the exception of the reschedulings for Bolivia and Guyana where option B was selected.
6/ Japan has chosen option A for ODA debts in the case of the least developed countries; option B for ODA debts in the case of other low-income countries; and option C for commercial credits.
7/ The Netherlands has generally chosen option B with the exception of credits to Tanzania (C).
8/ Sweden has generally chosen option C with the exception of the reschedulings for Zaïre (B), Tanzania (A), and Togo (A).
9/ Switzerland has generally chosen option C with the exception of the rescheduling of the Central African Republic (B).

TABLE 5

Paris Club Concessional Reschedulings,
October 1988-December 1990

(In millions of U.S. dollars)

| | Debt Service Consolidated | | | Distribution | | |
|-----------------------------|---------------------------|------------------|--------------|-----------------------|-----------|-----------|
| | Total | of which option: | | (In percent of total) | | |
| | A | B | C | A | B | C |
| <u>Oct. 1988-Dec. 1989</u> | | | | | | |
| Mali | 63 | 28 | 5 | 30 | 44 | 8 |
| Madagascar | 254 | 139 | 93 | 22 | 55 | 37 |
| Tanzania | 377 | 68 | 105 | 204 | 18 | 28 |
| C.A.R. | 28 | 12 | 2 | 14 | 43 | 7 |
| Niger | 48 | 40 | 5 | 3 | 83 | 10 |
| Senegal | 143 | 92 | 14 | 37 | 64 | 10 |
| Uganda | 89 | 8 | 3 | 78 | 9 | 3 |
| Equatorial Guinea <u>1/</u> | 10 | -- | 7 | 3 | -- | 70 |
| Guinea | 123 | 66 | 26 | 31 | 54 | 21 |
| Mauritania | 52 | 26 | 13 | 13 | 50 | 25 |
| Togo | 76 | 26 | 20 | 30 | 34 | 26 |
| Benin | 193 | 63 | 28 | 102 | 33 | 15 |
| Zaire | 1,530 | 300 | 820 | 410 | 20 | 54 |
| Chad <u>1/</u> | 38 | 35 | 1 | 2 | 92 | 3 |
| Guinea-Bissau | 21 | 4 | 3 | 14 | 20 | 13 |
| Mali | 44 | 20 | 4 | 20 | 46 | 8 |
| Total | <u>3,089</u> | <u>927</u> | <u>1,149</u> | <u>1,013</u> | <u>30</u> | <u>37</u> |
| Total (excluding Zaire) | 1,559 | 627 | 329 | 603 | 40 | 21 |
| <u>Jan. 1990-Dec 1990</u> | | | | | | |
| Senegal | 107 | 67 | 20 | 20 | 63 | 18 |
| Bolivia | 300 | 25 | 206 | 69 | 8 | 69 |
| Tanzania | 199 | 57 | 39 | 103 | 28 | 20 |
| Mozambique | 719 | 181 | 46 | 490 | 25 | 6 |
| C.A.R. | 4 | 1 | | 4 | 15 | -- |
| Togo | 88 | 27 | 22 | 39 | 31 | 25 |
| Madagascar | 139 | 72 | 24 | 43 | 52 | 17 |
| Zambia | 963 | 72 | 266 | 625 | 7 | 28 |
| Guyana | 123 | 1 | 30 | 92 | 1 | 24 |
| Niger | 116 | 99 | 11 | 7 | 85 | 9 |
| Total (1990) | 2,758 | 601 | 663 | 1,494 | 22 | 24 |
| Total (1988-90) | 5,847 | 1,528 | 1,812 | 2,507 | 26 | 31 |
| | | | | | | 43 |

November 28, 1990

REFUNDING CREDIT MEMORANDUM TO THE BOARD OF DIRECTORS

CREDIT NO. : R-164
COUNTRY : Honduras
SUBJECT : Authorization of a refunding credit to implement the Paris Club Agreed Minute dated September 14, 1990 on the consolidation of the debt of Honduras.

SUMMARY OF RESCHEDULING TERMS:

DEBT COVERED : Eximbank credits, guarantees and/or insurance extended to the Government of Honduras or the Honduran public sector or covered by the guarantee of the Government of Honduras or the Honduran public sector, and having an original maturity of more than one year.

CONTRACT CUT-OFF DATE : June 1, 1990

| | <u>Debt</u> | <u>Arrears</u> |
|-----------------------|---|--|
| CONSOLIDATION PERIOD/ | September 1, 1990 | |
| ARREARS CUT-OFF DATE | thru July 31, 1991 | As at August 31, 1990 |
| RESCHEDULED AMOUNT | : 100% principal and interest | 100% principal, interest and and late interest |
| DEFERRED AMOUNT | : None | None |
| REPAYMENT TERMS | : 14 semi-annual installments beginning August 31, 1999 | 20 semi-annual installments beginning August 31, 1995 |
| SPECIAL FEATURE | : Honduras received enhanced debt relief from the Paris Club based on principles adopted by the creditor countries on September 10, 1990 for highly indebted lower-middle income countries. The enhanced terms include a 15 year repayment period for export credits, and a provision for voluntary debt swap arrangements up to the higher of \$10 million or 10% of the outstanding debt as of August 31, 1990. | |
| INTEREST RATE | : The interest rate will be the cost of new short-term Eximbank borrowings as determined by Eximbank at the beginning of each six month period plus 37.5 basis points. | |

BEST AVAILABLE COPY

**AGREED MINUTE
ON THE CONSOLIDATION OF THE DEBT
OF THE REPUBLIC OF HONDURAS**

I- PREAMBLE

1. The representatives of the Governments of Canada, Denmark, France, the Federal Republic of Germany, Italy, Japan, the Netherlands, Spain, Switzerland, the United Kingdom and the United States of America, hereinafter referred to as "Participating Creditor Countries", met in Paris on September 14, 1990 with representatives of the Government of the Republic of Honduras in order to examine the request to alleviate the Republic of Honduras' external debt service obligations. Observers of the Government of Austria as well as of the International Monetary Fund, the International Bank for Reconstruction and Development, the Secretariat of the U.N.C.T.A.D., the Interamerican Development Bank and the Organization for Economic Cooperation and Development also attended the meeting.

2. The Delegation of the Republic of Honduras described the serious economic and financial difficulties faced by its country and its strong determination to reduce the economic and financial imbalances and to attain the targets of the program supported by the stand-by arrangement with the International Monetary Fund.

3. The representatives of the International Monetary Fund described the Republic of Honduras' economic situation and the major elements of the adjustment program undertaken by the Government of the Republic of Honduras, and supported by the stand-by arrangement with the International Monetary Fund approved by the Executive Board of the Fund on July 27, 1990. This stand-by arrangement, covering the period ending on July 26, 1991, involves specific commitments in both the economic and financial fields.

4. The representatives of the Governments of the Participating Creditor Countries noted that the Republic of Honduras is a highly indebted lower middle income country and they also took note of the measures of adjustment in the economic and financial program undertaken by the Government of the Republic of Honduras; they stressed the importance they attach to the continued and full implementation of this program, in particular, the revitalization of the productive sector of the economy.

II- RECOMMENDATIONS ON TERMS OF THE REORGANIZATION

In view of the serious payment difficulties faced by the Republic of Honduras, the representatives of the Participating Creditor Countries agreed to recommend to their Governments or their appropriate institutions that they provide, through rescheduling or refinancing, debt relief for the Republic of Honduras on the following terms:

1. Debts concerned

The debts to which this reorganization will apply are the following:

a) commercial credits guaranteed or insured by the Governments of the Participating Creditor Countries or their appropriate institutions, having an original maturity of more than one year, and which were extended to the Government of the Republic of Honduras or its public sector or covered by the guarantee of the Government of the Republic of Honduras or its public sector, including payments due under previous bilateral consolidations, pursuant to a contract or other financial arrangement concluded before June 1, 1990.

b) loans from Governments or appropriate institutions of the Participating Creditor Countries, having an original maturity of more than one year, and which were extended to the Government of the Republic of Honduras or its public sector or covered by the guarantee of the Government of the Republic of Honduras or its public sector, pursuant to a contract or other financial arrangement concluded before June 1, 1990, including payments due under previous bilateral consolidations.

BEST AVAILABLE COPY

ST 16
A 10

if Eg
B. K?
if
1/17

3. Rate of interest

The rates and the conditions of interest on the financial arrangements covered by this Minute will be determined bilaterally between the Government of the Republic of Honduras and the Government or appropriate institutions of each Participating Creditor Country on the basis of the appropriate market rate.

As regards official development aid loans, the rates and the conditions of interest should be at least as favourable as the concessional rates applying to those loans.

III - GENERAL RECOMMENDATIONS

1. In order to secure comparable treatment of public and private external creditors on their debts, the Government of the Republic of Honduras commits itself to seek from its external creditors, including banks and suppliers, rescheduling or refinancing arrangements on terms comparable to those set forth in this Agreed Minute for credits of comparable maturity, making sure to avoid inequality between different categories of creditors.

2. The Government of the Republic of Honduras will seek to secure from each of the creditor countries not participating in this Agreed Minute rescheduling or refinancing arrangements on terms comparable to those set forth in this Agreed Minute. The Government of the Republic of Honduras agrees not to accord any such creditor country repayment terms more favourable than those accorded to the Participating Creditor Countries.

3. The Government of the Republic of Honduras agrees that it will promptly negotiate rescheduling or refinancing arrangements with all other creditors on debts of a comparable term.

4. The provisions set forth in this Agreed Minute do not apply to creditor countries with principal and interest falling due during the reorganization period on debts specified in Article II paragraph 1, including arrears, of less than C.R. 500,000. The payments owed to these countries should be made on the original due dates. Payments already due and not paid should be made as soon as possible and, in any case, not later than June 30, 1991.

5. Each of the Participating Creditor Countries agrees to make available, upon the request of another Participating Creditor Country, a copy of its bilateral agreement with the Government of the Republic of Honduras which implements this Agreed Minute. The Government of the Republic of Honduras acknowledges this arrangement.

6. Each of the Participating Creditor Countries agrees to inform the Chairman of the Pans Club of the date of the signature of its bilateral agreement, of the interest rates and of the amounts of debts involved. The Government of the Republic of Honduras acknowledges this arrangement.

7. The Government of the Republic of Honduras will inform the Chairman of the Pans Club of the content of its bilateral agreements with creditors mentioned in paragraphs 1, 2 and 3 above.

8. The Government of the Republic of Honduras undertakes to pay all debt service due and not paid as at the date of the present Agreed Minute, on loans or on credits extended or guaranteed by the Governments of the Participating or Observer Creditor Countries or their appropriate institutions, and not covered by this Agreed Minute as follows:

- the amounts due under commercial guaranteed credits, having an original maturity of one year or less, and which were extended to the Government of the Republic of Honduras or its public sector, or covered by the guarantee of the Government of the Republic of Honduras or its public sector, pursuant to a contract or other financial arrangement concluded before June 1, 1990 will be paid not later than September 30, 1991;

- the other amounts as soon as possible and, in any case, not later than June 30, 1991.

Late interest will be charged on those amounts.

Handwritten initials and marks: DSZ, 1/10, [unclear]

BEST AVAILABLE COPY

Handwritten initials and marks: Eg, H?, [unclear]

BEST AVAILABLE COPY

5. In response to the request of the representatives of the Government of the Republic of Honduras, the Participating Creditor Countries agreed in principle to a meeting to consider the matter of the Republic of Honduras' debt service payments falling due after July 31, 1991 and relating to loans or credits pursuant to a contract or other financial arrangement concluded before June 1, 1990, provided:

- that the Republic of Honduras continues to have an arrangement with the International Monetary Fund in the upper credit tranches;

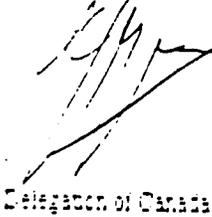
- that the Republic of Honduras has reached with banks and other creditors effective arrangements meeting the conditions described in Article III paragraphs 1, 2 and 3 above and has reported in writing to the Chairman of the Paris Club, pursuant to Article III paragraph 7 above;

- and that the Republic of Honduras has complied with all conditions set out in this Agreed Minute.

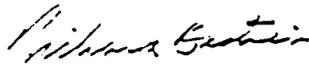
6. The representatives of the Governments of each of the Participating Creditor Countries and of the Government of the Republic of Honduras agreed to recommend to their respective Governments or appropriate institutions that they initiate bilateral negotiations at the earliest opportunity and conduct them on the basis of the principles set forth herein.

Done in Paris, on September 14, 1990,
in two versions, English and French,
both texts equally authentic.

The Chairman
of the Paris Club



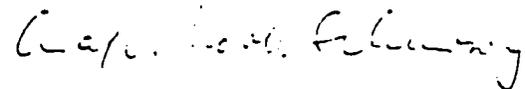
Delegation of Canada



The Head of the Delegation
of the Republic of Honduras



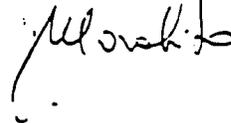
Delegation of the Federal Republic
of Germany



Delegation of Denmark



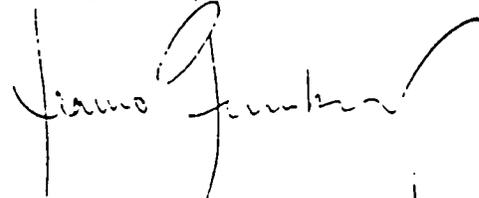
Delegation of Italy



Delegation of France



Delegation of Japan



① Bolivia
1/1/4

**AGREED MINUTE
ON THE CONSOLIDATION OF THE DEBT
OF THE REPUBLIC OF BOLIVIA**

I - PREAMBLE.

1. The representatives of the Governments of Austria, Belgium, Brazil, Denmark, France, the Federal Republic of Germany, Israel, Japan, the Netherlands, Switzerland, the United Kingdom, and the United States of America hereinafter referred to as "Participating Creditor Countries", met in Paris on June 24 and 25, 1986 with representatives of the Government of the Republic of Bolivia in order to examine the request for alleviation of that country's external debt service obligation. Observers of the Governments of Italy, Spain and Sweden as well as of the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Secretariat of the U.N.C.T.A.D. and the Organization for Economic Cooperation and Development, also attended the meeting.

2. The Delegation of the Republic of Bolivia outlined the serious economic and financial difficulties faced by their country and the strong determination of their Government to reduce the economic and financial imbalances and to reach the targets of the program underlying the stand-by arrangement with the International Monetary Fund.

3. The representatives of the International Monetary Fund described the economic situation of Bolivia and the major elements of the adjustment program undertaken by the Government of the Republic of Bolivia and supported by the stand-by arrangement with the International Monetary Fund approved by the Executive Board of the Fund on June 19, 1986. This stand-by arrangement, applying to the period ending on June 18, 1987 involves specific commitments in both the economic and financial fields.

4. The representatives of the Governments of the participating creditor countries took note of the measures of adjustment included in the economic and financial program undertaken by the Government of the Republic of Bolivia and stressed the importance they attach to the continuing and full implementation of this program, in particular the revitalization of the productive sector of the economy and the improvement of public finances and foreign exchange management.

II - RECOMMENDATIONS ON TERMS OF THE REORGANIZATION

Mindful of the serious payments difficulties faced by the Republic of Bolivia, the representatives of the participating creditor countries agreed to recommend to their Governments or appropriate institutions that they provide, through rescheduling or refinancing, debt relief for the Republic of Bolivia on the following terms :

BEST AVAILABLE COPY

9K
M ← C
DSC R1 sha Gk K
P) B
C/L

24

1. Debts concerned

The debt service (the "debts") to which this reorganization will apply is that resulting from :

a) commercial credits guaranteed or insured by the Governments of the participating creditor countries or their appropriate institutions, having an original maturity of more than one year, and which were extended to the Government of the Republic of Bolivia, or the Bolivian public sector, or covered by a guarantee of payment of the Government of the Republic of Bolivia, including payments due under previous bilateral consolidations, pursuant to a contract or other financial arrangement concluded before December 31, 1985.

b) loans from Governments or appropriate institutions of the participating creditor countries, having an original maturity of more than one year, and which were extended to the Government of the Republic of Bolivia, or the Bolivian public sector, or covered by a guarantee of payment of the Government of the Republic of Bolivia, including payments due under previous bilateral consolidations, pursuant to an agreement concluded before December 31, 1985.

2. Terms of the consolidation

The debt relief will apply as follows :

A/ As regards the period from July 1, 1986 to June 30, 1987

100 % of the amounts of principal and of interest due from July 1, 1986 up to June 30, 1987 inclusive and not paid on debt mentioned in paragraph 1 above, will be rescheduled or refinanced.

Repayment by the Government of the Republic of Bolivia of the corresponding sums will be made in 10 equal and successive semi-annual payments, the first payment to be made on June 30, 1992 (end of the grace period) and the final payment to be made on December 31, 1996 (end of the repayment period).

B/ As regards arrears as at June 30, 1986

100 % of the amounts of principal and of interest due as at June 30, 1986 inclusive and not paid (including late interest accrued on these amounts as at this date), in respect of loans and credits mentioned in paragraph 1 above will be rescheduled or refinanced.

Repayment by the Government of the Republic of Bolivia of the corresponding sums will be made in 12 equal and successive semi-annual payments, the first payment to be made on June 30, 1990 (end of the grace period) and the final payment to be made on December 31, 1995 (end of the repayment period).

PK B BEST AVAILABLE COPY JL
ll P) C/L
 RA SL Idia GK AK

75

3. Rate of interest

Interest will be charged on all the facilities provided for in this Agreed Minute. The rate and the conditions of interest to be paid in respect of these financial arrangements will be determined bilaterally between the Government of the Republic of Bolivia and the Government or appropriate institutions of each participating creditor country on the basis of the appropriate market rate.

III - GENERAL RECOMMENDATIONS

1. In order to secure comparable treatment of public and private external creditors on their debts, the Delegation of the Republic of Bolivia stated that their Government will seek to secure from external creditors, including banks and suppliers, rescheduling or refinancing arrangements on terms comparable to those set forth in this Agreed Minute for credits of comparable maturity, making sure to avoid inequity between different categories of creditors.

2. The Government of the Republic of Bolivia will seek to secure from each of the creditor countries not participating in this Agreed Minute, rescheduling or refinancing arrangements on terms comparable to those set forth in this Agreed Minute ; the Government of the Republic of Bolivia agrees not to accord any such creditor country repayment terms more favourable to such creditor countries than those accorded to the participating creditor countries.

3. The Government of the Republic of Bolivia undertakes to negotiate promptly rescheduling or refinancing arrangements with all other creditors on debts of a comparable term.

4. The provisions set forth in this Agreed Minute do not apply to countries with respect to which public debts of principal and interest, falling due during the reorganization period (including arrears) are less than SDR 500,000. The payments owed to these countries should be made on the original due dates. Payments already due and not paid should be made as soon as possible and, in any case, not later than October 31, 1986.

5. Each of the participating creditor countries agrees to make available, upon the request of another participating creditor country, a copy of its bilateral agreement with the Government of the Republic of Bolivia which implements this Agreed Minute. The Government of the Republic of Bolivia acknowledges this arrangement.

6. Each of the participating creditor countries agrees to indicate to the Chairman of this creditor group the date of the signature of its bilateral agreement, the interest rates and the amounts of debts involved. The Government of the Republic of Bolivia acknowledges this arrangement.

7. The Government of the Republic of Bolivia will keep the Chairman of this creditor group informed of the content of its bilateral agreements with all creditors mentioned in paragraphs 1, 2 and 3 above.

BEST AVAILABLE COPY
FR
P
dl
R
C7L
SSJ
Jha GK dk
Bl.

8. The Government of the Republic of Bolivia undertakes to pay all public debt service, due and not paid, and owed to or guaranteed by the Governments of the participating or observer creditor countries or their appropriate institutions, and not covered by this Agreed Minute, as soon as possible, and in any case not later than October 31, 1986.

9. The Government of the Republic of Bolivia guarantees the immediate and unrestricted transfer of the foreign exchange counterpart of all amounts paid in local currency by the private debtors in Bolivia for servicing their foreign debt owed to or guaranteed by the participating or observer creditor governments or their appropriate institutions.

As regards payments on these debts deposited before January 1, 1986 in local currency by the private debtors with the local commercial banks, with the view to obtaining an authorization of transfer, the Government of the Republic of Bolivia will allow the immediate transfer of the foreign exchange counterpart of these deposits at the rate of exchange prevailing when such payments in local currency were made by the private debtors, provided that applications, made at that time for transfer or deposits with the Central Bank, were in compliance with the Bolivian law.

In view of implementing this clause and, should any difficulty arise in this respect, the Bolivian Government is prepared to hold appropriate bilateral consultations with each participating or observer country involved.

IV - IMPLEMENTATION

The detailed arrangements for the rescheduling or refinancing of the debts will be determined by bilateral agreements to be concluded by the Government or the appropriate institutions of each participating creditor country with the Government of the Republic of Bolivia on the basis of the following principles :

1. The Government or the appropriate institutions of each participating creditor country will .

- refinance debts by placing new funds at the disposal of the Government of the Republic of Bolivia according to existing payment schedules during the reorganization period and for the above mentioned percentages of payments. These funds will be repaid by the Government of the Republic of Bolivia according to schedules mentioned above in paragraph II.2.

or

- reschedule the corresponding payments.

BEST AVAILABLE COPY

Handwritten notes and initials: 9K, 46, R1, C7L, 27, D, 55L, 1412, Grc, 27

Handwritten initials: LH, H.

2. All other matters involving the rescheduling or the refinancing of the debts will be set forth in the bilateral agreements which the Government of the Republic of Bolivia and the Governments or the appropriate institutions of the participating creditor countries will seek to conclude with the least delay and in any case before March 31, 1987.

3. The provisions of the present Agreed Minute will apply provided that the Government of the Republic of Bolivia continues to have an arrangement with the International Monetary Fund in the upper credit tranches. For this purpose, the Government of the Republic of Bolivia agrees that the International Monetary Fund inform the Chairman of the Paris Club regarding the status of the Republic of Bolivia's relations with the International Monetary Fund.

4. To facilitate the implementation of this Agreed Minute, the Government of the Republic of Bolivia will make deposits at the end of each month in the period from July 1, 1986 to June 30, 1987 inclusive in the special interest accruing account to be established with a Central Bank of one of the participating creditor countries. The minimum deposit made each month will be SDR 2,300,000. The Government of the Republic of Bolivia undertakes to inform the Chairman of the Paris Club by the end of July 1986 of the Central Bank chosen for this purpose and will arrange to have this bank notify the Chairman of the Paris Club as soon as each deposit has been made. The total amount approximates the amount estimated to be payable to all participating creditor countries during the period under the terms of this Agreed Minute. The Government of the Republic of Bolivia will draw on the special account to meet payments due according to the present minute; no drawing will be made on the special account for any other payment before all payments due until June 30, 1987 under the bilateral agreements have been made. Any drawing on this account will be made after a previous 15 day notice to the above said Bank, which this Bank will notify immediately to the Chairman of the Paris Club.

5. In response to the request of the representatives of the Government of the Republic of Bolivia, the participating creditor countries agreed in principle to a meeting to consider the matter of the Republic of Bolivia's debt service payments falling due after June 30, 1987 and relating to loans or credits which were extended to the Government of Bolivia, or the Bolivian public sector, or covered by a guarantee of payment of the Government of Bolivia, pursuant to a contract or other financial arrangement concluded before December 31, 1985 provided:

- that the Republic of Bolivia continues to have an arrangement with the International Monetary Fund involving use of the Fund's resources subject to upper tranche conditionality.

- that the Republic of Bolivia has reached with banks and other creditors effective arrangements meeting the conditions described in section III paragraphs 1, 2 and 3 above and has reported in writing to the Chairman of the Paris Club, pursuant to section III paragraph 7 above.

- and that the Republic of Bolivia has complied with all conditions set out in this Agreed Minute.

9K
BEST AVAILABLE COPY
46
RA
DSI
CPL
Gm
JK

AGREEMENT BETWEEN
THE UNITED STATES OF AMERICA
AND THE REPUBLIC OF BOLIVIA
REGARDING THE CONSOLIDATION AND RESCHEDULING OF
CERTAIN DEBTS OWED TO, GUARANTEED BY OR INSURED
BY THE UNITED STATES GOVERNMENT AND ITS AGENCIES

The United States of America (the "United States") and the
Republic of Bolivia ("Bolivia") agree as follows:

BEST AVAILABLE COPY

ARTICLE I

Application of the Agreement

1. In accordance with the recommendations contained in the Agreed Minute on the consolidation of Bolivia's debts, signed at Paris on July 18, 1986, by representatives of certain nations, including the United States, and agreed to by the representative of Bolivia, hereinafter referred to as the "Minute", the United States and Bolivia agree to consolidate and reschedule certain Bolivian payments with respect to debts which are owed to, guaranteed by, or insured by the United States Government or its Agencies, as provided for in this Agreement.
2. This Agreement shall be implemented by separate agreements (the "Implementing Agreements"), between Bolivia and the United States with respect to PL-480 agreements, which are administered by the United States Department of Agriculture, and between Bolivia and each of the following United States Agencies: the United States Agency for International Development, including the Housing Guarantee Program, and the Export-Import Bank of the United States. The Department of Defense will implement this Agreement by notification to Bolivia of the amounts rescheduled hereunder and a principal repayment schedule of those amounts.

BEST AVAILABLE COPY

ARTICLE II

Definitions

1. "Contracts" means those agreements or other financial arrangements which have United States dollar-denominated maturities falling due during the Consolidation Period under:
 - (a) Commercial credits guaranteed or insured by the United States or its Agencies, which credits had original maturities of more than one year and which were extended to the Government of Bolivia, or the Bolivian public sector, or covered by a guarantee of payment of the Government of Bolivia, pursuant to an agreement concluded before December 31, 1985.
 - (b) Loans from the United States or its Agencies and PL-480 credits which had original maturities of more than one year and which were extended to the Government of Bolivia, or the Bolivian public sector, or covered by a guarantee of payment of the Government of Bolivia, pursuant to an agreement concluded before December 31, 1985.
 - (c) A table listing the relevant Contracts to be included under the rescheduling is attached hereto as Annex A.

2. "Debt" means the sum of unpaid principal, interest, and fees with respect to the Contracts falling due during the Consolidation Period. It is understood that, for Debt which is guaranteed or insured by a United States Government Agency, this Agreement will apply only to that portion of such payments of principal, interest, and fees which is covered by an assurance agreement or payments guarantee with such Agency.
3. "Arrears" means the sum of principal, interest, late charges, and late interest, with respect to the Contracts, which were due as of June 30, 1986, and unpaid.
4. "Consolidated Debt" means 100 percent of the amount of Debt.
5. "Consolidated Arrears" means 100 percent of the amount of Arrears.
6. "Consolidation Period" means the period from July 1, 1986, through June 30, 1987, inclusive.

BEST AVAILABLE COPY

7. "Interest" means interest payable on Consolidated Debt and Consolidated Arrears in accordance with the terms of this Agreement. Interest shall accrue at the rates set forth in this Agreement beginning on the due dates specified in each of the Contracts for the payments of principal, interest, and fees comprising the Consolidated Debt and on July 1, 1986, for the payments of principal, interest, late charges, and late interest comprising the Consolidated Arrears. Interest shall continue to accrue on the outstanding balance of the Consolidated Debt and Consolidated Arrears, until such outstanding balance is repaid in full. "Additional Interest" means interest accruing at the rates set forth in the Implementing Agreements on due but unpaid installments of Interest, Consolidated Debt, and Consolidated Arrears, beginning on the respective due dates for such installments as established by this Agreement and the Implementing Agreements, and continuing to accrue until such amounts are repaid in full.
8. "Agencies" means the Agency for International Development, the Department of Defense, the Department of Agriculture, and the Export-Import Bank of the United States.

BEST AVAILABLE COPY

ARTICLE III

Terms and Conditions of Payment

1. Bolivia agrees to repay the Consolidated Debt in United States dollars in accordance with the following terms and conditions:

(a) The Consolidated Debt, which amounts to approximately \$_____ million, shall be repaid in 10 equal and consecutive semi-annual installments of approximately \$_____ million each, payable on June 30 and December 31 of each year, commencing on June 30, 1992, and ending on ~~June~~ December 31, 1996.

(b) The rate of interest on Consolidated Debt shall be as follows for the United States and its Agencies:

(i) 3 percent per year for the United States Department of Agriculture, with respect to PL-480 agreements.

(ii) _____ percent per year for the Department of Defense.

BEST AVAILABLE COPY

- (iii) For the Export-Import Bank of the United States, the rate of Interest on Consolidated Debt shall be Eximbank's cost for new medium-term borrowing plus one half of one percent, adjusted semi-annually. For Interest accruing during the period July 1, 1986, through December 31, 1986, the annual rate shall be 8.593 percent. For each subsequent six-month period, the Export-Import Bank of the United States shall notify Bolivia of the appropriate rate prior to the beginning of such six month period.
- (iv) _____ percent per year for the Agency for International Development direct loans, except for Housing Guaranty loans.
- (v) For Housing Guaranty Loans, guaranteed by the United States acting through the Agency for International Development, the rate of Interest on Consolidated Debt shall be the marginal cost of money to the United States Government. For the purposes of this Agreement this shall be the weighted average rate for five- and ten-year loans from the Federal Financing Bank. The rate shall be based upon the last of such loans issued immediately preceding each interest period plus one-half of one percent.

- (c) All Interest payable with respect to the Consolidated Debt shall be paid semi-annually on June 30 and December 31 of each year, commencing on December 31, 1986.
- (d) A table summarizing the amounts of the Consolidated Debt owed to the United States and its Agencies is attached hereto as Annex B.
2. Bolivia agrees to repay the Consolidated Arrears in United States dollars in accordance with the following terms and conditions:
- (a) The Consolidated Arrears, which amount to approximately \$_____, shall be repaid in twelve equal and consecutive semi-annual installments of approximately \$_____ million each, payable on June 30 and December 31 of each year, commencing on June 30, 1990, and ending on December 31, 1995.
- (b) The rates of Interest on Consolidated Arrears shall be the same as the rates specified in Article III, Paragraph 1(b) of this Agreement.
- (c) All Interest payable with respect to the Consolidated Arrears shall be paid semi-annually on June 30 and December 31 of each year, commencing on December 31, 1986.

- (d) A table summarizing the amounts of Consolidated Arrears owed to the United States Government and its Agencies is attached hereto as Annex C.
3. It is understood that adjustments may be made as necessary in the amounts of Consolidated Debt and Consolidated Arrears.

ARTICLE IV

General Provisions

1. Bolivia agrees to grant the United States and its Agencies treatment and terms no less favorable than that which it accorded, or which it may accord, to any other creditor country or its agencies for the consolidation of debts of comparable maturities.
2. Bolivia will seek to secure from external creditors, including banks and suppliers, rescheduling or refinancing arrangements on terms comparable to those set forth in the Minute for credits of comparable maturities making sure to avoid inequity between different categories of creditors.

BEST AVAILABLE COPY

3. Except as they may be modified by this Agreement or the subsequent Implementing Agreements, all terms of the Contracts remain in full force and effect.
4. Bolivia agrees to pay all debt service due from Bolivia or the Bolivian public sector, or covered by a guarantee of payment of the Government of Bolivia, and not paid, which is owed to, or guaranteed by, or insured by the United States Government or its Agencies, but which is not covered by this Agreement as soon as possible, and in any case not later than October 31, 1986.
5. With respect to debts owed by private sector debtors to the U.S. Government or its Agencies, Bolivia agrees to guarantee the immediate and unrestricted transfer of the foreign exchange counterpart of amounts deposited in local currency at the rate of exchange prevailing at time of deposit, providing that applications for such transfer are in compliance with Bolivian law.

6. With respect to private sector debt owed to, guaranteed by, or insured by the United States Government or its Agencies, for which local currency was deposited with the Central Bank or local commercial banks before January 1, 1986, to obtain authorization of transfer, Bolivia agrees to guarantee the immediate and unrestricted transfer of the foreign exchange counterpart of deposits at the rate of exchange prevailing at the time of deposit, providing that applications for such transfer were in compliance with Bolivian law.

7. Should any difficulty arise in implementing this transfer, Bolivia agrees to hold bilateral consultations with the United States.

8. With respect to loans issued or guaranteed by the Department of Defense, Bolivia ("Borrower") agrees to the additional terms and conditions at Annex D.

BEST AVAILABLE COPY

ARTICLE V

Entry into Force

This Agreement shall enter into force following signature of the Agreement and receipt by Bolivia of written notice from the United States Government that all necessary domestic legal requirements for its entry into force of the Agreement have been fulfilled.

Done at La Paz, Bolivia, in duplicate in the English and Spanish languages, both texts being equally authentic, this _____ day of _____, 1986.

FOR THE UNITED STATES OF AMERICA

FOR THE REPUBLIC OF BOLIVIA

BEST AVAILABLE COPY

Annex A
Contracts Subject to Rescheduling

Agency for International Development

| | <u>Loan Number</u> | | | | |
|-----------|--------------------|-------|--------|--------|-------|
| 511-A-002 | L-014 | L-031 | L-047 | T-061 | V-051 |
| A-008 | L-015A | L-032 | T-046 | T-062 | V-054 |
| F-069 | L-015E | L-035 | T-049 | T-064 | V-057 |
| F-069A | L-017 | L-036 | T-050 | T-067 | W-065 |
| F-069B | L-019 | L-039 | T-052 | T-067A | |
| F-069C | L-021 | L-040 | T-053 | T-067B | |
| K-037 | L-021A | L-041 | T-055 | T-067C | |
| L-009 | L-026 | L-042 | T-056 | T-070A | |
| L-010 | L-027 | L-043 | T-059 | T-070A | |
| L-011 | L-028 | L-044 | T-060 | T-070E | |
| L-011A | L-29 | L-046 | T-060A | U-058 | |
| L-011B | | | | | |

Housing Investment Guarantee Program

5-11-HG-004
-HG-005

Department of Defense
Loan Number

Export-Import Bank
Loan Number

314-A 6439 6101 6443

PL-480
Loan Number

8/17/65 1/16/68 3/7/69 4/29/71
12/20/72 5/31/78 8/14/82 2/4/85

NOT AVAILABLE COPY

41

Annex B
Summary of Consolidated Debt
(thousands of US dollars)

| | |
|--------|----------|
| AID | 10,872.4 |
| HIG | 1,100.9 |
| DOD | |
| EXIM | 6,700.0 |
| PL-480 | 5,267.0 |
| Total | |

Annex C
Summary of Consolidated Arrears
(thousands of US dollars)

| | |
|--------|----------|
| AID | 1,155.3 |
| HIG | 2,931.4 |
| DOD | |
| EXIM | 12,400.0 |
| PL-480 | 2,087.0 |
| Total | |

BEST AVAILABLE COPY