

THE WORLD BANK GROUP ARCHIVES

PUBLIC DISCLOSURE AUTHORIZED

Folder Title: Paris Club - 93-01 (Jan. 25-29, 1993 meeting)

Folder ID: 1153717

Series: Back-to-Office Reports from Bank Liaison Officers to the Paris Club

Dates: 02/02/1993 - 02/02/1993

Subfonds: Records of the Office of the Vice President, Development Economics and Chief Economist and later Senior Vice President, Development Economics and Chief Economist (DECVP)

Fonds: Records of the Office of the Chief Economist

ISAD Reference Code: WB IBRD/IDA DEC-03-57

Digitized: 06/05/2023

To cite materials from this archival folder, please follow the following format:
[Descriptive name of item], [Folder Title], Folder ID [Folder ID], ISAD(G) Reference Code [Reference Code], [Each Level Label as applicable], World Bank Group Archives, Washington, D.C., United States.

The records in this folder were created or received by The World Bank in the course of its business.

The records that were created by the staff of The World Bank are subject to the Bank's copyright.

Please refer to <http://www.worldbank.org/terms-of-use-earchives> for full copyright terms of use and disclaimers.



THE WORLD BANK

Washington, D.C.

© International Bank for Reconstruction and Development / International Development Association or

The World Bank

1818 H Street NW

Washington DC 20433

Telephone: 202-473-1000

Internet: www.worldbank.org

PUBLIC DISCLOSURE AUTHORIZED



RETURN TO INSTITUTIONAL INFORMATION
SERVICES CENTER

The World Bank Group
Archives

1153717

R1997-216 Other # 8 126

Paris Club - 93-01 (Jan. 25-29, 1993 meeting)

**DECLASSIFIED
WITH RESTRICTIONS
WBG Archives**

C
O
M
93
01

Paris Club

P
A
R
I

CLOSE-OUT SHEET

This File Covers The Period From January 13, 1993 TO February 8, 1993

For Further Correspondence, See VOL. 93-02

PC - general

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: February 8, 1993 09:48am

TO: Jasdip Singh (JASDIP SINGH)

FROM: Michael Lav, DPG (MICHAEL LAV)

EXT.: 35092

SUBJECT: Debt Swaps in Paris Club Agreements

Jasdip,

The countries in your group which have Paris Club Agreements are Nigeria, Guinea-Bissau, and Sierra Leone. However, only the agreement for Sierra Leone has a debt swap clause, possibly because Nigeria would not qualify in terms of being a blend (IBRD/IDA) country, and Guinea Bissau is not included perhaps because the agreement dates from 1989, which, I think, is before the debt swap clause was introduced.

Anyway, the agreement for Sierra Leone allows for swaps of up to \$10 million or 10% of each creditor's exposure.

The creditors participating in the agreement are: Austria, Belgium, France, Germany, Italy, Netherlands, Norway, Switzerland, the United Kingdom and the United States.

The next two steps are to identify those creditors with a large enough exposure so that a reasonably sized swap, say \$5-10 million could be arranged, and to identify which creditors might be interested to pursue. One could also envisage getting a group of creditors together to "cofinance" a worthy cause.

However, you need to be aware that not many creditors have yet engaged in swaps. We would need to be prepared to spend some time developing the initiative. The French are the most forthcoming, having completed swaps with the Philippines and Egypt, and the US has completed some swaps in LAC, I think.

Total bilateral debt outstanding is in excess of \$300 million, so I'm sure that we could find some creditors with a large enough exposure and at least a theoretical interest to proceed.

If all this is leading in the right direction, the next step might be to ask the country economist for a breakdown of debt by creditor, see which of the bilaterals have a reasonable amount of debt outstanding with which to work, and discuss from there.

Would you be able to check on the debt outstanding, or else I'd be happy to pursue.

Let's chat when you've had a few minutes to think about all this.

Mike

CC: Institutional ISC Files

(INSTITUTIONAL ISC FILES)

OFFICE MEMORANDUM

PC
CONFIDENTIAL~~1 AR~~
2. ISC Subs/VLDECLASSIFIED
MAR 28 2014
WBG ARCHIVES

DATE: February 2, 1993

TO: Mr. D. C. Rao, Acting Vice President, DEC

FROM: Michael Lav, *Michael Lav* Economic Adviser, DPG

EXTENSION: 35092

SUBJECT: Paris Club - January 25 to 29, 1993Introduction

1. The principal business during the Paris Club's January meeting was the negotiation of new rescheduling agreements for Jamaica and Mauritania. In addition, the Club held its normal tour d'horizon. Finally, a separate creditors meeting was held on Russia.

Jamaica Rescheduling

2. Jamaica, as a severely indebted lower-middle income country, received "Houston terms" for its debt rescheduling, comprising repayment of ODA over 20 years with 10 years grace, repayment of consolidated export credits and official loans other than ODA over 15 years including 8 years grace, and the provision for debt conversions of up to 10% of debt outstanding, or \$10 million, whichever is larger, per creditor.

3. A number of creditors commended the Jamaican government for its efforts at stabilization, liberalization of the payments system, and privatization program, among others.

4. Creditors were also interested in the rescheduling which had been agreed with Venezuela, in respect of credits granted to Jamaica to finance petroleum imports. The credits had been for a maturity of 5 years, but were rescheduled to 15 year maturity, with a conversion feature to support agreed projects, for which low-income housing was a candidate. Under this provision, the government of Jamaica would be responsible for local costs of the project, while foreign costs could be met using proceeds from the conversion feature. Creditors were also interested in the status of Jamaica's debt to Mexico, also related to petroleum imports. In this case, however, negotiations were ongoing.

Mauritania Rescheduling

4. Mauritania, as a low income country, received the enhanced Toronto terms for its rescheduling, which in the Paris Club press release are referred to as "Trinidad terms". France, Germany, and the Netherlands chose the option allowing for a 50% reduction in debt service obligations due under nonconcessional loans with the remaining half to be consolidated at market rates over a period of 23 years (including 6 years grace), the United States and Brazil chose the consolidation at market rates over 25 years including 16 years grace, and the remaining countries chose to consolidate at concessional rates

to yield a 50% decrease in net present value of the payments due on nonconcessional loans with a repayment period of 23 years. The maturities on ODA loans will be consolidated on a very long term basis. The usual debt conversion clause for low income countries was included in the agreement, allowing for swaps of up to US\$10 million, or 10% of debt outstanding, whichever is greater, per creditor.

5. Creditors commended the government on its stabilization and adjustment programs, undertaken in difficult circumstances, including the situation with Senegal and the impact of the Gulf War. There was a particular interest in Mauritania's public enterprise and financial reforms, and in the program to expand and diversify exports.

Tour d'Horizon

6. The tour d'horizon covered only 13 countries, with few items of general interest. Concerning Nigeria, where there are mounting arrears, the Paris Club will communicate to the new government its interest to discuss the issue. Concerning Peru, creditors were interested in the status of the Bank's debt workout program, as well as Peru's situation with the Fund, having successfully completed the rights accumulation program. Although Peru has suspended payment to Paris Club creditors, there is interest in working towards a new Paris Club rescheduling. There was also some discussion of Egypt, where the second phase of the debt reduction included in the last Paris Club agreement remains to be implemented pending progress on adjustment measures, for which release of the second tranche of the SAL would be an important indication, and improved implementation of the Fund program.

7. The countries covered in the tour d'horizon were:

AFRICA: Benin, Mauritania, Mozambique, Nigeria, Tanzania
LAC: Cuba, Guatemala, Jamaica, Nicaragua, Peru
MNA: Egypt, Jordan
ECA: Czechoslovakia

Creditors Meeting on Russia

8. The dialogue with Russia, and Ukraine, continues. First, the Paris Club is interested to encourage an agreement between Russia and Ukraine which would allow Russia to negotiate with the creditors an arrangement covering the entire debt of the former Soviet Union. Russia has such an agreement with almost all of the other republics, but not with Ukraine. Such an agreement existed between Russia and Ukraine during the last two months of last year, but expired at the end of 1992, and needs to be reconstituted in one form or another. Without such an agreement, the separate participation of Russia and Ukraine would be called for at the Paris Club, and negotiations (and subsequent discussion of bilateral agreements) would become much more complex. Second, there are still some differences about Russia's repayment capacity which need to be resolved.

Next Meeting

9. There is some uncertainty about the timing of the next meeting. The important question mark concerns the timing of the next round of negotiations with Russia, which cannot be predicted at this time. Russia aside, there may not be an adequate agenda to support a meeting in February, so that it is likely that the next meeting will be the last week in March. Guatemala is ready for negotiations, and Mozambique could be ready for negotiations by March. Peru could be scheduled for negotiations either in March or shortly thereafter. Egypt will also need to be scheduled in the next few months, depending on its progress in implementing the SAL and the Fund program, to discuss the second phase of its Paris Club agreement. Nicaragua, Benin, and Guyana are the other possible candidates for negotiations between March and the summer recess.

Messrs./

Mmes. Karaosmanoglu; Sandstrom; Stern; Husain, Jaycox, Kaji, Koch-Weser, Thalwitz, Wood; Linn; Kashiwaya; Hicks, I. Husain, Thomas, Nankani, Selowsky, Squire; McCarthy; Ahmed, Birdsall, Gelb, Brigish; Ohashi, Nishimizu, Bhattacharya; Pfeffermann; Shakow.
Wyss, Handwerger, Paris Office.
Institutional ISC.

Messrs./Mmes.

Guerard (African Countries)
Lafourcade, Derbez, Lewis, AF1 (Benin)
Colaco, Carter, AF2 (Tanzania)
Aguirre-Sacasa, Gorjestani, AF3
Lim, Salop, AF4 (Nigeria)
Marshall, Sarbib, AF5 (Mauritania)
Denning, Patel, AF6 (Mozambique)
Hamilton, Kilby, SA1
Vergin, Khalilzadeh-Shirazi, SA2
Isenman, Penalver-Quesada, SA3
Madavo, Ikram, EA1
Burki, Pearce, EA2
Haug, Shilling, EA3
Wiehen, Levy, EC1
Dervis, Noel, EC2 (Croatia, Czechoslovakia)
Cheetham, Huang, Yurukoglu, Toft, EC3
Kavalsky, Kanaan, Grais, EC4
Kholi, Ayub, MN1
Chopra, Voyadzis, MN2 (Egypt, Jordan)
Steckhan, Papageorgiou, LA1 (Peru)
Segura, de Ferranti, LA2C1
Segura, Lacey, LA2C2 (Guatemala, Nicaragua)
Abe, de Tray, LA3C1
Abe, Delvoie, LA3C2 (Cuba, Jamaica)
Loh, Dowsett-Coirolo, LA4

MLav:vl



Record Removal Notice

File Title Paris Club - 93-01 (Jan. 25-29, 1993 meeting)	Barcode No. 1153717
--	-----------------------------------

Document Date Jan 27, 1993	Document Type Report
--------------------------------------	--------------------------------

Correspondents / Participants

Subject / Title
Summaries of Paris Club meeting discussions

Exception No(s).

1 2 3 4 5 6 7 8 9 10 A-C 10 D Prerogative to Restrict

Reason for Removal
Information Provided by Member Countries or Third Parties in Confidence

Additional Comments

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.

Withdrawn by Sherrine M. Thompson	Date Mar 28, 2014
---	-----------------------------

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: January 13, 1993 02:18pm

TO: Rene Bonnel (RENE BONNEL)

FROM: Michael Lav, DPG (MICHAEL LAV)

EXT.: 35092

SUBJECT: Mozambique - Paris Club

Rene,

Thanks for your em. We'll assume that the February Paris Club meeting will include Mozambique, but if I hear differently, I'll let you know right away.

Mike

CC: Institutional ISC Files (INSTITUTIONAL ISC FILES)