

THE WORLD BANK GROUP ARCHIVES

PUBLIC DISCLOSURE AUTHORIZED

Folder Title: Paris Club - 93-02 (Mar. 22-25, 1993 meeting)

Folder ID: 1180641

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

Dates: 03/30/1993 - 03/30/1993

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



The World Bank Group
Archives

1180641
 R1997-216 Other #: 8
 Paris Club - 93-02 (Mar 22-25, 1993 meeting)

RETURN TO INSTITUTIONAL INFORMATION
 SERVICES CENTER

**DECLASSIFIED
 WITH RESTRICTIONS
 WBG Archives**

**C
 O
 M**
 93
 02
 Paris Club
**P
 A
 R
 I**

OFFICE MEMORANDUM

CONFIDENTIAL

DATE: March 30, 1993

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

FROM: Michael Lav, Economic Adviser, DPG

EXTENSION: 35092

SUBJECT: Paris Club Meeting - March 22 to 25, 1993

DECLASSIFIED

MAR 28 2014

WBG ARCHIVES

Introduction

1. The principal business during the Paris Club's March meeting was the negotiation of new rescheduling agreements for Mozambique and Guatemala. The Club also received the Finance Minister of Nigeria for an exchange of views. In addition, the Club held its normal tour d'horizon during which Mr. Trichet discussed further initiatives to address the issue of Russia's external debt.

Mozambique Rescheduling

2. Mozambique received enhanced Toronto terms for its rescheduling. Interestingly, the Paris Club rescheduled previously rescheduled debt from all three Paris Club agreements, while the IMF program had only envisaged rescheduling debt previously rescheduled under the first two agreements. This was justified on the basis of a closer review of balance of payments needs. Since enhanced Toronto terms are framed in a 3-year context, and Mozambique is already in the third year of an ESAF program, there are two trigger clauses in the agreement: year 2 would be activated by a fourth year ESAF program (and appropriate relations with the creditors), while year 3 of the Paris Club agreement would be activated by an appropriate (but unspecified) program with the Fund (and appropriate relations with the creditors).

3. Creditors were clearly interested to provide the best possible support for Mozambique. In this regard, there was some discussion of how the national reconstruction plan could be better defined, its funding costs better appreciated and how these costs could be met. Further work in this area is awaited with interest.

Guatemala Rescheduling

4. Guatemala received debt rescheduling terms accorded to heavily indebted lower middle income countries. While on statistical grounds, the case for this was not clear cut, creditors agreed with the improved treatment to facilitate a return to creditworthiness and in the expectation that Guatemala would not then need to revisit the Paris Club. The rescheduling encompasses arrears, and is dominated by the question of debt owed to Spain and Canada. Both Spain and Canada claim that this debt is duly guaranteed by the government of Guatemala. The government of Guatemala claims that according to the constitution, all guarantees need to be approved by the parliament, which was not done in

these cases. There appears to merit on both sides, and I am not qualified to make a determination of legality. The Paris Club agreement calls for the issue to be resolved through bilateral negotiations by the end of 1993, or else the agreement lapses.

Nigeria

5. The Minister of Finance of Nigeria led a delegation to a special meeting of the Paris Club. The Minister reviewed Nigeria's Medium Term Plan, his government's hopes for close work with the World Bank and the IMF to further refine this plan, and his expectation to implement a sound program to the extent possible, given that elections will be held in June and a new government inaugurated in August. The Minister saw progress in this task as an important basis for the new government's policies. He clearly wants to work as quickly as possible to achieve a program supported by the IMF and the World Bank. Further details are presented in the Minister's statement in the Nigeria annex.

6. Creditors were concerned about Nigeria's poor payment record in the recent past, including unequal treatment between the London Club and the Paris Club. They were also concerned about aspects of fiscal policy, including subsidies for fertilizer and petroleum products, which had been so problematic in the past. The Minister stated that the government intended to privatize the fertilizer trade. The expectation is that this would be part of the program to remove subsidies. Further, an education program was being initiated to explain to the population the problems caused by petroleum subsidies.

7. In response to a question the Minister stated that a Fund program was seen in terms of both policy and financial support. Although Nigeria had not accepted funding from the IMF previously, the Minister felt that this would be desirable in the future.

Tour d'Horizon

8. The main item on the tour d'horizon was the question of Russia's debt. A visit to Ukraine by Mr. Trichet was foreseen for March 26th. Russia and Ukraine had still not reached an agreement on responsibility for assets and liabilities. I later learned that this visit was successful in that Ukraine agreed to allow Russia to negotiate with creditors on behalf of all FSU debt pending a future agreement between Ukraine and Russia. Paris Club negotiations with Russia were subsequently scheduled to begin April 1.

9. A second item of interest on the tour was the discussion concerning Peru, the first of a set of countries which would come to the Paris Club for negotiations which were not "IDA only" countries but which might qualify for enhanced Toronto terms. The secretariat is to prepare a paper on this for discussion at the next Paris Club meeting just before the Peru negotiations.

10. The tour d'horizon encompassed 19 countries as follows:
- LAC Brazil, Costa Rica, Dominican Republic, Ecuador, Guyana, Nicaragua, Peru, Venezuela.
- MNA: Egypt, Iran.
- EAP: Philippines.
- ECA etc.: Bulgaria, Russia and Ukraine.
- AFR: Benin, Burkina Faso, Gabon, Madagascar, Nigeria, Tanzania.

Aside from the discussion of Russia and Peru, there were no items of general interest.

Next Steps

11. After the negotiations with Russia mentioned above, the next Paris Club meeting will be held from May 3rd, for which Burkina Faso, Guyana, and Peru will be invited for negotiations, with the methodology session on Peru to immediately precede negotiations. Another Paris Club meeting will be held at the end of May. At that time Benin would be invited for negotiations, perhaps Ecuador (if there is sufficient progress with the IMF, and Costa Rica. A rescheduling for the Philippines is now foreseen for June.

Messrs./

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

Messrs./Mmes.

Guerard (African Countries)
Lafourcade, Derbez, AF1 (Benin, Gabon)
Colaco, Carter, AF2 (Tanzania)
Aguirre-Sacasa, Gorjestani, AF3 (Madagascar)
Lim, Salop, AF4 (Nigeria)
Marshall, Sarbib, AF5 (Burkina Faso)
Denning, Patel, AF6 (Mozambique)
Hamilton, Kilby, SA1
Vergin, Khalilzadeh-Shirazi, SA2
Isenman, Penalver-Quesada, SA3
Madavo, Ikram, EA1 (Philippines)
Burki, Pearce, EA2
Haug, Shilling, EA3
Wiehen, Levy, EC1 (Bulgaria)
Dervis, Noel, EC2
Cheetham, Huang, Yurukoglu, Toft, EC3 (Russia)
Kavalsky, Kanaan, Graiss, EC4 (Ukraine)
Kholi, Ayub, MN1

Chopra, Voyadzis, MN2 (Egypt, Iran)
Steckhan, Papageorgiou, LA1 (Brazil, Peru, Venezuela)
Segura, de Ferranti, LA2C1
Segura, Lacey, LA2C2 (Costa Rica, Guatemala, Nicaragua)
Abe, de Tray, LA3C1 (Dominican Republic)
Abe, Delvoie, LA3C2 (Guyana)
Loh, Dowsett-Coirolo, LA4 (Ecuador)

MLav:vl



Record Removal Notice

File Title Paris Club - 93-02 (Mar. 22-25, 1993 meeting)		Barcode No. 1180641
Document Date Mar 22, 1993	Document Type Report	
Correspondents / Participants		
Subject / Title Summaries of Paris Club meeting discussions		
Exception No(s). <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input checked="" type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> 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