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Dates: 01/26/1994 - 03/08/1994

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Paris Club - General - 94-01 (Jan. 19-20, 1994 and Mar. 2-4, 1994 meetings)

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Record Removal Notice

File Title Paris Club - General - 94-01 (Jan. 19-20, 1994 and Mar. 2-4, 1994 meetings)	Barcode No. 1214651
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Document Date 4/13/1994 - 12/23/1994	Document Type Memoranda
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Correspondents / Participants

Subject / Title
Internal Memoranda to and from Bank staff members.

Exception No(s).

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 10 D
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Reason for Removal
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Additional Comments

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Withdrawn by Bertha F. Wilson	Date March 28, 2014
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The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: March 28, 1994 10:22am

TO: Jacob Kolster (JACOB KOLSTER)

FROM: Ronald Brigish, IECDI (RONALD BRIGISH)

EXT.: 33868

SUBJECT: Cameroon & the Paris Club

I am sending you a copy of the Agreed Minute. The item on development news this morning is a little misleading.

After two days and nights of haggling, Cameroon was granted Enhanced Toronto terms, but on current maturities only, not arrears (which were rescheduled on Houston terms). However, five creditors chose the non-concesional -- i.e. long maturities -- option. They were the US, Belgium, Germany, the Netherlands and the UK.

You should know that Cameroon came in for strong criticism for its weak payments record to creditors. The Minister was publicly told (by the representative from Germany) that a better performance was expected in future.

- CC: Luis E. Derbez (LUIS E. DERBEZ)
- CC: Amar Bhattacharya (AMAR BHATTACHARYA)
- CC: Ronald Johannes (RONALD JOHANNES)
- CC: Kwang Jun (KWANG JUN)
- CC: Institutional ISC Files (INSTITUTIONAL ISC FILES)

The World Bank/IFC/MIGA
 OFFICE MEMORANDUM

DATE: March 24, 1994 09:08am

TO: See Distribution Below

FROM: Ronald Brigish, IECDI (RONALD BRIGISH)

EXT.: 33868

SUBJECT: The Paris Club -- Debt Strategy

The strategy of moving progressively towards granting softer terms to SILICS -- moving eventually to stock reduction -- is under seige this week.

Bilaterals were reluctant to concede that Cote d'Ivoire and Caleroon were now SILICS. We provided as much ammunition as we could, including projections of per capita income provided by the region showing steep falls in the next few years. Eventually, the classification issue was grudgingly conceded, at least for Cote d'Ivoire. However, the opening position of some major donors (e.g. Germany) was that they would not take any of the concessional options, but would select the long maturity option instead. Other bilaterls (even the U.K.) said that if this happened, they would follow suit. Many comments were made on the difficulties of according enhanced concessions in this case -- lack of budgetary cover, fear of litigation by banks who would take the hit, displeasure at the use of the exchange rate by France first to create difficulties and then to show that, suddenly, these countries had become SILICS.

After two days and nights of consultations etc., Germany came round, bringing others with it. Enhanced Toronto terms were accorded (including the goodwill clause on stock reduction.) Apparently, comments were made during the Cote d'Ivoire discussions indicating that Cameroon stood virtually no chance of benefitting from these terms. Negotiations are ongoing at this time.

DISTRIBUTION:

TO: Masood Ahmed	(MASOOD AHMED)
TO: Ronald Johannes	(RONALD JOHANNES)
TO: Amar Bhattacharya	(AMAR BHATTACHARYA)
CC: Ishrat Husain	(ISHRAT HUSAIN)
CC: Luis E. Derbez	(LUIS E. DERBEZ)
CC: Axel Van Trotsenburg	(AXEL VAN TROTSENBURG)
CC: Jacob Kolster	(JACOB KOLSTER)
CC: Institutional ISC Files	(INSTITUTIONAL ISC FILES)

PARI-GEN

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

DATE: March 24, 1994 09:12am

TO: Jack Kisa (JACK KISA)

FROM: Ronald Brigish, IECDI (RONALD BRIGISH)

EXT.: 33868

SUBJECT: ZAMBIA: The Paris Club

Apparently, Zambia has started to clear the arrears that have been the subject of some acrimonious discussions during the past two PC meetings. The tone of the discussion was generally positive. However, since the payments have only just begun, so that the out de table did not yield a conclusion -- meaning that significant arrears remain. It was decided to wait and see if the situation will continue to improve.

CC: Praful Patel (PRAFUL PATEL)
CC: Masood Ahmed (MASOOD AHMED)
CC: Amar Bhattacharya (AMAR BHATTACHARYA)
CC: Kwang Jun (KWANG JUN)
CC: Institutional ISC Files (INSTITUTIONAL ISC FILES)

PARI-GEN

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

DATE: March 24, 1994 08:49am

TO: Klaus Tilmes (KLAUS TILMES)

FROM: Ronald Brigish, IECDI (RONALD BRIGISH)

EXT.: 33868

SUBJECT: NIGERIA: The Paris Club

Nigeria came in for a good deal deal of criticism during the tour de table. Apparently, during a meeting in February with the Chairperson of the Paris Club, the Finance minister indicated little appetite for the servicing of Paris Club obligations. And judging by the arrears reported by many bilaterals, this is surely the case. Although the language used was harsh in the extreme, no action was taken. Since Nigeria is such a large debtor, consultations with capitals were thought to be needed before deciding on measures. It is clear, though, that absent a turnaround in policy and payment behavior on the part of Nigeria, pressure on the country will rise significantly in the coming months.

CC: Masood Ahmed (MASOOD AHMED)
CC: Amar Bhattacharya (AMAR BHATTACHARYA)
CC: Kwang Jun (KWANG JUN)
CC: Institutional ISC Files (INSTITUTIONAL ISC FILES)

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: March 24, 1994 08:40am

TO: Luca Barbone (LUCA BARBONE)

FROM: Ronald Brigish, IECDI (RONALD BRIGISH)

EXT.: 33868

SUBJECT: POLAND: The Paris Club

The Paris Club did not pronounce itself on whether the deal struck with the Banks constituted comparable treatment or not. They pushed us on our evaluation, although not very hard, since bilaterals all wanted in any event to do their own calculations on the DRE. Furthermore, the Secretariat had just received a communication from the Polish authorities which contained the Government's own evaluation. I shall circulate it on my return.

The matter was therefore suspended until the meeting on April 11, at which point a decision is expected to be made. We and the IMF were asked if we were prepared to share our evaluations with the Secretariat. Neither we nor they responded. Let's you and I discuss next week.

CC: Masood Ahmed	(MASOOD AHMED)
CC: Amar Bhattacharya	(AMAR BHATTACHARYA)
CC: Kwang Jun	(KWANG JUN)
CC: Sudarshan Gooptu	(SUDARSHAN GOOPTU)
CC: Institutional ISC Files	(INSTITUTIONAL ISC FILES)

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: March 16, 1994 10:00am

TO: Ronald Fennell (RONALD FENNEL)

FROM: Ronald Brigish, IECDI (RONALD BRIGISH)

EXT.: 33868

SUBJECT: The Paris Club
Sierra Leone

I understand the CG is about to happen.

Siera Leone is up for discussion next wek during the tour d'horizon. I suspect most of the discussion will center -- as it did earlier this month -- on the arrears (under the existing rescheduling agreement). However, delegates will also probably want to know about the CG. I wonder if you could please send me an EM about its results -- plus an indication of any major issues raised in the meeting. Many thanks.

CC: Joanne Salop (JOANNE SALOP)
CC: Kwang Jun (KWANG JUN)
CC: Institutional ISC Files (INSTITUTIONAL ISC FILES)

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: March 16, 1994 11:50am

TO: Ronald Brigish (RONALD BRIGISH)

FROM: Erik Nielsen, EC3C2 (ERIK NIELSEN)

EXT.: 32293

SUBJECT: RE: PARIS CLUB: Russia

Ron:

I think you are basically covered with the briefing material we gave you a couple of weeks ago. We are, however, never short on briefing notes around here - this morning we finished one for Thalwitz on the macroeconomic and structural situation (2 1/2 page). If you would like to see it, please let me know, and I'll fax you a copy.

You may want to know that Prime Minister Chernomyrdin sent a letter to Preston (February 24) expressing the Government's commitment to implement the lending program for 1994. As Acting Pres., Stern (on March 11) replied that the Bank is moving forward expeditiously with the projects in the lending program.

On approved loans, the first Rehab has disbursed a little over \$450 million by now. For the oil loan, contracts totalling about \$400 million are expected to be in place within a few months.

Also, the IDF Grant (\$200,000) to the Ministry of Finance for debt management (the budgetary angle) has been signed. They are now working on the Terms of Reference for a consultant.

Please do not hesitate to call me if you would like to discuss any of the above.

Erik

- CC: Yukon Huang (YUKON HUANG)
- CC: Kwang Jun (KWANG JUN)
- CC: Amar Bhattacharya (AMAR BHATTACHARYA)
- CC: Institutional ISC Files (INSTITUTIONAL ISC FILES)

PARI-GEN

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

DATE: March 16, 1994 08:50am

TO: Yukon Huang (YUKON HUANG)
TO: Erik Nielsen (ERIK NIELSEN)

FROM: Ronald Brigish, IECDI (RONALD BRIGISH)

EXT.: 33868

SUBJECT: PARIS CLUB: Russia

Mr. Vavilov, First Vice-Minister of Finance, is scheduld to address the Paris Club on March 21, 1994. As you know, this is being billed as an information exchange, into which I intend not to foray. Nevertheless, is there anything that has happened in the last two to three weeks of which I should be aware? (I see the Financial Institutions Project is being negotiated. Any issues?). Please advise. Thanks.

CC: Kwang Jun (KWANG JUN)
CC: Amar Bhattacharya (AMAR BHATTACHARYA)
CC: Institutional ISC Files (INSTITUTIONAL ISC FILES)

PARI-GEN

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

DATE: March 7, 1994 07:46am

TO: Amadou Cisse (AF5CO) (AMADOU CISSE)

FROM: Ronald Brigish, IECDI (RONALD BRIGISH)

EXT.: 33868

SUBJECT: NIGER: The Paris Club

Niger successfully negotiated a rescheduling of obligations for 1994 on Enhanced Toronto terms. The negotiations were apparently complicated very slightly by a) lack of agreement on numbers, and b) the Niger request to reschedule some previously rescheduled debt. Otherwise the process was quite smooth, with much expression of support for Niger's efforts.

The Agreed Minute is being faxed to you. Many thanks for your help.

CC: Amar Bhattacharya (AMAR BHATTACHARYA)
CC: Institutional ISC Files (INSTITUTIONAL ISC FILES)

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: March 4, 1994 08:53am

TO: Erik Nielsen (ERIK NIELSEN)

FROM: Ronald Brigish, IECDI (RONALD BRIGISH)

EXT.: 33868

SUBJECT: RUSSIA: Paris Club

Thanks for the (usual) full and useful brief.

Creditors reported some progress in firming up the bilateral agreements. There were virtually no reports of arrears. Payments are being made even in the absence of bilateral agreements in some cases.

The discussion -- which was quite long and which also showed a tendency to drift -- centered around a request from Mr. Dubinin to address the Paris Club. Some felt it would be impolitic to refuse to meet. Others felt the PC Chairman should meet with Mr. Dubinin, since it would be difficult to restrict a meeting of the PC as a whole to an information exchange. In other words, it was feared that Mr. Dubinin would try to negotiate with the PC. Delegates were concerned that the messages that the PC would want to give the government (viz. finalize the bilateral agreements and get an agreement with the Fund) could be watered down at such a session.

The eventual decision was to have Mr. Noyer call Mr. Dobrinin to point out that there was little utility in a PC meeting at this time given lack of progress in negotiations with the Fund, to try to convince him to leave it at that, but to say, if Mr. Dubrinin insisted on a meeting, that this could be arranged provided it was an information exchange only.

Russia will be reviewed at the next PC meeting, scheduled for the week of March 21.

I am returning on the weekend, so you'll have a copy of Mr. Dubinin's letter on Monday.

CC: Yukon Huang (YUKON HUANG)
CC: Masood Ahmed (MASOOD AHMED)
CC: Amar Bhattacharya (AMAR BHATTACHARYA)
CC: Institutional ISC Files (INSTITUTIONAL ISC FILES)

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

DATE: March 4, 1994 08:29am

TO: See Distribution Below

FROM: Ronald Brigish, IECDI (RONALD BRIGISH)

EXT.: 33868

SUBJECT: ZAMBIA: Paris Club

We (the Fund representative and I) were reminded at the Paris Club this week that we had been asked to make representations to the Zambian authorities to clear their arrears to official creditor under Phase I of the current agreements. We were told by the Secretariat that, while some payments had been made (seemingly to the U.K.) the situation was still unsatisfactory.

During the tour de table, the U.K. reported a payment of \$ 6 million, and was in favour of going ahead with the second phase of the agreement. France, to which \$30 million is owed under Phase I, did not want to proceed.

It was decided to wait before deciding one way or another, principally since the next Paris Club meeting is only two weeks ago. Since I notice that this will co-incide with the CG meeting, you may want to point out to the authorities that the arrears issue could be raised at that time (if not in that forum) if the arrears aren't cleared by then

DISTRIBUTION:

- TO: Praful Patel (PRAFUL PATEL)
- TO: Jack Kisa (JACK KISA)
- TO: John Todd (JOHN TODD)
- CC: Masood Ahmed (MASOOD AHMED)
- CC: Amar Bhattacharya (AMAR BHATTACHARYA)
- CC: Institutional ISC Files (INSTITUTIONAL ISC FILES)

PARI-GEN

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: March 4, 1994 08:17am

TO: Gautam Datta (GAUTAM DATTA)

FROM: Ronald Brigish, IECDI (RONALD BRIGISH)

EXT.: 33868

SUBJECT: BRAZIL: Paris Club

Thanks for your full and useful briefing. My BTO report will be out within a week.

Meanwhile, you should know that most of the bilaterals expressed considerable frustration at the arrears owed them. The tone of their expressions was quite harsh, for the most part, especially in light of previous commitments by the Government to clear the arrears. There are arrears not only under the current agreement, but on post cut-off obligations as well. And the amounts involved are high. The meeting discussed whether a letter should be sent or whether to take diplomatic action through creditor embassies.

In the end, no action was taken. The only reason for this is that the IMF mission had not yet returned and the matter can be reviewed again in the very near future (at the March 22 meeting) when a full picture is available. The IMF wasn't quite as alarmed at the fiscal situation as I understood your "unofficial" sources to be, indicating the possibility of a precautionary program. They stated flatly that the program could be no more than that in light of Brazil's \$32 billion gross reserves position.

CC: Masood Ahmed (MASOOD AHMED)
CC: Amar Bhattacharya (AMAR BHATTACHARYA)
CC: Demetris Papageorgiou (DEMETRIS PAPAGEORGIU)
CC: Institutional ISC Files (INSTITUTIONAL ISC FILES)

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: March 1, 1994 12:31pm

TO: Ronald Brigish (RONALD BRIGISH)

FROM: Amadou Cisse (AF5CO), AF5CO (AMADOU CISSE)

EXT.: 34652

SUBJECT: RE: PARIS CLUB-- Niger

Here is the information requested.

(i)		FY95	FY96
Funding Program		136	60
Adjustment		60	0
Investment		76	60

(ii) The Adjustment/Investment divide in Disbursements is roughly (as inferred from table on page 5 of speech), respectively for CY 1994,5,6:
55/35.7 5/27.1 20/15.2

I hope this helps. Bon Paris Meeting!

CC: Institutional ISC Files (INSTITUTIONAL ISC FILES)
CC: Jean Louis Sarbib (JEAN LOUIS SARBIB)

PARI - GEN

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

DATE: March 1, 1994 07:55pm

TO: Ronald Brigish (RONALD BRIGISH)

FROM: Mark Lewis, AF5CO (MARK LEWIS)

EXT.: 34948

SUBJECT: RE: PARIS CLUB -- SENEGAL

Good news that the speech arrived safely. In answer to your questions:

1) IDA eligibility: Senegal last borrowed on IBRD terms in FY81. As you suggested, Senegal's per capita income as measured in foreign exchange will fall as a result of the devaluation. 1994 GNP/capita is projected at \$446 (against \$760 in 1993), which is well below the \$805 operational cut-off for IDA eligibility (cut-off as of Sept. 1993). Thus, there should be no question of Senegal's eligibility for Enhanced Toronto Terms.

2) Higher education: the speech mentions that the Government intends to increase enrollment and expand access at the primary level, but reduce costs and restrict flows at the university level. In the section discussing planned World Bank operations, the speech only mentions a planned IDA operation in higher education. The speech does not present specific project goals (which are to rehabilitate essential university infrastructure and to promote institutional reforms), and does not propose financing an expansion of capacity at the university level. Consequently, the IDA operation shouldn't present any problems in that it is consistent with Government sectoral objectives as described.

3) Economic Recovery Credit (ERC): The objectives of the ERC are to support the Government's reform program and to provide necessary financial assistance during the transition period in which follow-up operations are being prepared. The actual policy underpinnings of the ERC are outlined in the discussion of the Government's adjustment program which aims to establish private sector led growth, restore a viable internal and external financial position, and alleviate poverty. The Government intends to achieve these aims by improving the external competitiveness of the economy through structural and regulatory reforms, implementing sound budgetary policies, and intensifying human resource development efforts.

In support of these objectives and to sustain the reform program, the Government has already adopted several measures in addition to the exchange rate realignment, including: (a) increased producer prices to encourage a supply response from traditional export and food crops (and in the medium-term, of non-traditional and high value-added crops); (b) wage restraint on civil service salaries to limit inflation and to maintain the fiscal balance; and (c) limits on consumer price increases to mitigate the impact of the program on the poor. The ERC provides financial support necessary for the Government to sustain its adjustment program immediately after the devaluation, and to expand its reform effort following the

transition period.

I hope the above is of some help. Thanks.

CC: Institutional ISC Files
CC: Jean Louis Sarbib

(INSTITUTIONAL ISC FILES)
(JEAN LOUIS SARBIB)

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: February 22, 1994 11:33am

TO: Ronald Brigish (RONALD BRIGISH)

FROM: Jack Kisa, AF6CO (JACK KISA)

EXT.: 34413

SUBJECT: RE: PARIS CLUB -- ZAMBIA

1. Zambia continues to perform well on its adjustment program. The inflation rate rose slightly from 0.1 % in November 1993 to 4% in December 1993, and to 6% in January 1994, yielding an annualized rate of about 40% compared to over 200% in the first half of 1993. Interest rates also fell sharply from over 200% during the first half of 1993 to below 70% by the end of the year. It seems that Zambia has achieved macroeconomic stability and is poised for resumption of economic growth. The IMF mission which visited Zambia recently has given the adjustment program a clean bill of health. An improved environment for the private sector is beginning to stimulate a private sector investment response. Our forecasts show that a rate of GDP growth of 5% is possible in 1994 and in the medium-term.

2. At the CG meeting in Paris in December 1993, donor concerns about governance issues, especially corruption and drug trafficking by Cabinet Ministers, placed the external financing of the adjustment program in jeopardy. However, swift action by President Chiluba in replacing the Ministers in early January 1994 placated the donors and improved the prospect of closing the financing gap of US\$100-150, which remains to be filled. A follow-up CG meeting is scheduled for March 22-23, 1994, and the prospect for closing the gap is good.

3. Heavy debt service remains a major challenge to both Zambian authorities and the donor community. It is imperative that Zambia's creditors extend generous debt relief to the country if the program is to remain on track. On this, as well as on high levels of external assistance, will depend the success of Zambia's adjustment efforts.

CC: Institutional ISC Files
CC: Praful Patel

(INSTITUTIONAL ISC FILES)
(PRAFUL PATEL)

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: February 18, 1994 12:43pm

TO: Amadou Cisse (AF5CO) (AMADOU CISSE)

FROM: Ronald Brigish, IECDI (RONALD BRIGISH)

EXT.: 33868

SUBJECT: PARIS CLUB -- Niger

The rescheduling of some of Niger's obligations to the Paris Club has been scheduled for Friday, March 4 1994. (The contents of Niger's request have not yet been conveyed to us.)

As part of the rescheduling process, the Bank provides creditors with a 3-4 page (double-spaced) statement which I shall read to the meeting and then distribute. The Bank's statement follows those by the Government and the IMF.

Our statement should begin with a paragraph on our view of Niger's stabilization effort (which the Fund would have covered in depth), touching very briefly on major accomplishments and risk factors. Next would be a more detailed statement of the country's adjustment program, its achievements in policy reform and what it intends in the near future, and our summary evaluation (again, accomplishments AND major issues). Then a few paragraphs on our program, size, composition etc., plus an outline of any adjustment operations underway (focussed on tranche release actions/issue) or planned.

We shall also need to append a table showing expected disbursements, plus repayments of principle and interest for the period covered by the IMF program. Since the rescheduling is to be guided by the gap identified in the IMF program, it is very important that the IMF (country desk staff) know well in advance of our numbers. Please note that to overstate the disbursement projection will artificially reduce the financing gap.

I'd appreciate receiving the statement by c.o.b. Monday, February 28, 1994. Since I shall already be in Paris I'd be most grateful if it were faxed to the Royal Monceau Hotel.

Please let me know if I can be of any help. Thanks.

- CC: Jean Louis Sarbib (JEAN LOUIS SARBIB)
- CC: Francois Laporte (FRANCOIS LAPORTE)
- CC: Emmanuel Mbi (EMMANUEL MBI)
- CC: Institutional ISC Files (INSTITUTIONAL ISC FILES)

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: February 18, 1994 01:09pm

TO: Jack Kisa (JACK KISA)

FROM: Ronald Brigish, IECDI (RONALD BRIGISH)

EXT.: 33868

SUBJECT: PARIS CLUB -- ZAMBIA

Zambia has been scheduled once again for discussion during the Tour d'Horizon, on March 2, 1994. Your detailed briefing last month was very useful. This time, I'd appreciate knowing of any developments in our program or overall stance over the past month.

CC: Praful Patel (PRAFUL PATEL)
CC: Institutional ISC Files (INSTITUTIONAL ISC FILES)

PARIS - GEN

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: February 18, 1994 12:38pm

TO: Bruno Boccara (BRUNO BOCCARA)

FROM: Ronald Brigish, IECDI (RONALD BRIGISH)

EXT.: 33868

SUBJECT: PARIS CLUB -- SENEGAL

The Paris Club has planned negotiations of some of Senegal's obligations for March 3, 1994. We have not yet received the details of Senegal's request but will pass them on to you when available.

As part of the rescheduling process, the Bank provides creditors with a 3-4 page (double-spaced) statement which I shall read to the meeting and then distribute. The Bank's statement will follow those of the Government and the IMF.

Our statement begin with a short paragraph on Senegal's stabilzatiion effort (which the Fund would have covered in depth), touching very briefly on major accomplishments and risk factors. Next would be a more detailed statement of the country's adjustment program, its achievements in policy reform and what it intends in the near future, and our summary evaluation -- again, accomplishments AND major issues. Then a few paragraphs on our program, it size and composition etc., plus an outline of any adjustment operations underway (focused on tranche release actions/issues) or planned.

We shall also need to append a table showing disbursement estimates, plus repayments of principle and interest for the duration of thr IMF program. Since the rescheduling is guided by the gap identified in the Fund program, it is vital that IMF (country desk) staff know of our numbers well in advance. Please note that to overstate the projections can lead to an artificial reduction of the financing gap.

I'd most appreciate receiving the statement by c.o.b. Monday, February 28, 1994. Since I shall already be in Paris, could you please fax it to the Royal Monceau Hotel.

I'd be happy to provide assistance, if needed. Many thanks.

CC: Jean Louis Sarbib (JEAN LOUIS SARBIB)
CC: Francois Laporte (FRANCOIS LAPORTE)
CC: Institutional ISC Files (INSTITUTIONAL ISC FILES)

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

DATE: February 18, 1994 01:05pm

TO: Steven Webb (STEVEN WEBB)

FROM: Ronald Brigish, IECDI (RONALD BRIGISH)

EXT.: 33868

SUBJECT: PARIS CLUB -- Jamaica

Jamaica has again been scheduled for discussion during the Tour d'Horizon on March 2, 1994. I very much appreciated your detailed briefing last month, and would like to know of any developments in our program or overall stance since we last spoke. Many thanks.

CC: Christian Delvoie (CHRISTIAN DELVOIE)
CC: Institutional ISC Files (INSTITUTIONAL ISC FILES)

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

DATE: February 18, 1994 01:00pm

TO: Kyle Peters (KYLE PETERS)

FROM: Ronald Brigish, IECDI (RONALD BRIGISH)

EXT.: 33868

SUBJECT: PARIS CLUB -- Bulgaria

Kyle,

Bulgaria has again been scheduled for discussion during the Tour d'Horizon on March 2, 1994. I'd be most grateful if you could let me know of any developments in our program, or in our overall stance for that matter, during the past month.

Many thanks, Ron

CC: Fred Levy (FRED LEVY)
CC: Institutional ISC Files (INSTITUTIONAL ISC FILES)

PARI-GEN

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: February 18, 1994 03:44pm

TO: Ronald Brighish (RONALD BRIGISH)

FROM: Erik Nielsen, EC3C2 (ERIK NIELSEN)

EXT.: 32293

SUBJECT: RE: PARIS CLUB -- Russia

Ron:

You asked for a briefing on Russia for the next Paris Club meeting.

I'll send you a brief we did for Stern's meeting with the G-7 scheduled for February 26. That should cover your needs as well.

Please note that the brief includes a part on the lending program, including obstacles we are facing in implementing projects. It's basically identical to what I sent you last time, and again, that part is for your background only. Please do not talk about (let alone distribute) the lending program or the obstacles in detail.

I'll be leaving over the week-end. If you need to discuss anything in the paper before you go, you can call Yukon Huang or Dick Westin.

Have a good trip.

Erik

CC: Yukon Huang (YUKON HUANG)
CC: Richard Westin (RICHARD WESTIN)
CC: Institutional ISC Files (INSTITUTIONAL ISC FILES)

PARI-GEN

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

DATE: February 18, 1994 12:56pm

TO: Erik Nielsen (ERIK NIELSEN)

FROM: Ronald Brigish, IECDI (RONALD BRIGISH)

EXT.: 33868

SUBJECT: PARIS CLUB -- Russia

Erik,

Russia has again been scheduled for discussuion during the Tourd'Horizon at the Paris Club on March 2, 1994. I'd be most grateful for a brief update on developments If any) in our program and overall stance since last month.

Thanks, Ron

CC: Yukon Huang

(YUKON HUANG)

CC: Institutional ISC Files

(INSTITUTIONAL ISC FILES)

PARIS CLUB - GENERAL

BACK TO OFFICE
REPORT

OFFICE MEMORANDUM

CONFIDENTIAL

DATE: January 26, 1994

TO: Mr. Masood Ahmed, Director, IEC

FROM: R. P. Brighish, IECDI



EXTENSION: 33868

SUBJECT: PARIS CLUB -- January 19 & 20, 1994 -- Back-to-Office Report

DECLASSIFIED

MAR 28 2014

WBG ARCHIVES

Introduction

1. The Paris Club's January meeting covered: a) negotiations with Kenya to reschedule arrears; b) discussions on debt stock reduction for severely-indebted low income countries (SILICS); and c) tour d'horizon covering, principally, CFA zone countries.

Kenya

2. Kenya's request was for a "one-shot" clearance of arrears (SDR 330 million of principal and SDR 190 of interest), with maturities of seven years.

3. After a relatively short exchange on Kenya's balance of payments prospects and payments capacity, Kenya received a rescheduling of SDR 500 million of arrears over seven years (including one of grace), with graduated payments. The cut-off date established by the Paris Club is December 31, 1991. Although Kenya was eligible, on per capita income grounds, for a concessional rescheduling, their authorities were insistent on not pressing the point in order to protect their standing in the markets. Delegates congratulated the Kenyan authorities on their reasonable and practical approach to the rescheduling, and for their determination to regularize their international financial relations. There was some debate on the contents of the press release, with the Kenyans seeking a strong statement of support for their adjustment efforts from the Paris Club.

SILIC Debt

4. Following discussions in October, 1993 on debt stock reduction for the poorest countries (the BTO report of Desmond McCarthy dated October 19, 1993 refers), three further papers were tabled by delegates. The Paris Club Secretariat's analysis broke the debt stock of SILICs down by creditor and type of obligation. Adhering to cut-off dates of each country, the analysis showed the extent of and rapidity with which the amount of SILIC reschedulable debt is falling, with the verbal presentation underlining the fact that the application of enhanced Toronto terms in future would address no more than 20 percent of SILIC debt problems. It also stressed the highly differentiated country and creditor situations.

5. The paper tabled by the UK suggested a reduction of debt stocks to a maximum debt/exports ratio of 250 as the criterion by which the Paris Club should judge whether a country should be able to "manage its own affairs". (They cautioned that this concept, rather than simply a rescheduling by the Paris Club of debt owed to Paris Club creditors, should be the objective of an exit rescheduling for a SILIC.) The Canadian paper drew attention to the need to ensure that creditors, such as the African Development Bank, should not be in a position of acting at cross purposes to the Paris Club in efforts to achieve SILIC solvency by continuing to lend to SILICS on market terms.

6. Delegates from the U.S., the Netherlands, Canada, Austria, Germany, Sweden, Belgium, Switzerland, Norway and Denmark reaffirmed the need for the Paris Club to introduce debt stock reduction as a means of negotiating sustainable exit arrangements with those SILICS which had sound macroeconomic policies, and were in good standing with the IMF and with the Paris Club under existing agreements. Discussions centered on whether a targeted stock reduction of 50 percent would enable all eligible SILICS to achieve solvency, or whether 80 percent or even 100 percent was needed, and whether multilateral debt would be manageable if stock reductions of this order of magnitude were to be effected. The head of the delegation from Japan was "not against the possibility of seeking debt stock reduction applied to countries already trying to exit from the Paris Club", although "Japan would find it difficult to go beyond 50 percent. But it would not want to prejudge specific cases". (Privately, another member of the Japanese delegation said that Japan would "find it difficult to get TO 50 percent", in the absence of a firm indication from the Ministry of Finance in Tokyo that debt stock reduction had been accepted in principle by Japan, signifying perhaps that Japan may wish to achieve the equivalent of debt stock reduction through infusions of new concessional resources.)

7. The IMF delegate urged the Paris Club to proceed expeditiously with the introduction of debt stock reduction in selected cases, saying also that the IMF paper tabled at the October 1993 meeting was being updated and made ready for dissemination. For the Bank, I said that the paper being prepared for the forthcoming Swiss-Swedish Conference on SILIC debt would contain suggested methodologies for addressing highly differentiated debt situations among SILICS through the introduction of a benchmark solvency test, and would contain additional analyses on the extent of indebtedness to multilaterals. I noted that the threshold proposed by the UK for testing country solvency is very close to that set forth by the Bank in recent editions of the World Debt Tables and elaborated in the forthcoming paper, albeit using a different methodology. I said our paper would be made available to the Paris Club in the very near future.

The Tour d'Horizon

8. The tour d'horizon was scheduled to cover: Benin, Bulgaria, Burkina Faso, Cambodia, Cameroon, Chad, Congo, Cote d'Ivoire, Cuba, Gabon, Equatorial Guinea, Iran, Jamaica, Jordan, Mali, Niger, the Central African Republic, Russia, Senegal, Togo and Zambia. In the event, Iran was taken off the agenda and discussed instead at the Heads of Delegation luncheon. Brief discussions on Nigeria and Ethiopia were requested by some delegates. Highlights of the discussions are summarized below.

9. With respect to the CFA zone countries, the French delegation distributed an information package, and made a brief presentation on its strategy towards these countries, focussing on debt relief. The IMF representative and I made brief general presentations, as well as country specific indications on the prospects for and possible timing of our respective interventions in each case. There was no debate on any of these presentations, although the delegate from the U.K. did note his hope that the Fund/Bank programs in each country would be strong.

10. There is apparently considerable disagreement among Paris Club members on whether Iran should be subject to a multilateral arrangement, so that no decisions could be reached on how to address the rapid build-up of arrears. On Russia, a letter was drafted agreeing to an extension of the April 2, 1993 agreement to cover maturities falling due between January 1 and April 30, 1994, as "an exceptional gesture to support the Russian Government's renewed commitment to structural reforms and financial stabilization".

Next Meeting

11. The next Paris Club meeting is scheduled for February 28, 1994. It is expected that by that time creditors will be able to act on requests for rescheduling expected to be received soon from Bulgaria, Cote d'Ivoire and Senegal. The Paris Club Secretariat distributed (without discussion) communications with Costa Rica, Croatia, the Dominican Republic, Guatemala, Guyana, Syria, Tanzania, Togo and Uganda, indicating that some of these countries would need to be discussed at the next meeting. The countries to be included in the tour d'horizon will be decided in the week before the next meeting, but will almost certainly include Iran and Russia, since creditors have indicated a desire to keep these countries under continuous review.

Messrs./Mmes. Karaosmanoglu, Sandstrom, Stern; Bruno, Jaycox, Kaji, Koch-Weser, Thalwitz, Wood, Linn, Kashiwaya; Baird, Edwards, I. Husain, Thomas, Nankani, Page, Selowsky, Gelb; Donovan, Nishimizu, Bhattacharya; Pfeffermann; Shakow, Wyss, Handwerker, Institutional ISC. (E3-200)

Messrs/Mmes: Guerard, Katz, Johnson (AFR)
Lafourcade, Derbez (AF1), Colaco, Carter (AF2)
Lim, Salop (AF4), Marshall, Sarbib (AF5), Denning, Patel (AF6)
Wiehen, Levy, (EC1), Dervis, Noel (EC2), Cheetham, Huang (EC3)
Ritchie, Ayub (MN1), Chopra, Voyadzis, (MN2)
Madavo, Ikram (EA1)
Segura, Lacey (LA2), Abe, Delvoie, de Tray (LA3)
Johannes, Chuhan, Reyes (IEC)

PARIS CLUB - GEN

BACK TO OFFICE
REPORT

OFFICE MEMORANDUM

DATE: March 8, 1994

TO: Mr. Masood Ahmed, Director, IEC

FROM: R. P. Brigher, IECDI

EXTENSION: 33868

SUBJECT: PARIS CLUB -- March 2-4, 1994 - Back-to-Office Report

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MAR 28 2014

WBG ARCHIVES

Introduction

1. The meeting covered: i) rescheduling arrangements for Senegal and Niger; and ii) a tour d'horizon covering Brazil, Bulgaria, Cameroon, Congo, Costa Rica, Cote d'Ivoire, Dominican Republic, Gabon, Jamaica, Mauritania, Peru, Poland, Russia, Sierra Leone and Zambia. Although no methodology session had been scheduled, discussions on Cote d'Ivoire and Cameroon -- which are scheduled for negotiation during the week of March 21, 1994 -- and on Niger, centered on eligibility criteria for Enhanced Toronto terms. Essentially, some delegations questioned whether Cote d'Ivoire and Cameroon, whose per capita incomes have fallen through the IDA-only threshold, should be considered for enhanced concessions. Others suggested that indebtedness indicators be added to per capita income as determinants of the terms to be accorded. Yet others said that while in principle they thought that Enhanced Toronto terms were appropriate to these cases, their budgeting had been finalized on the basis of LMIC classifications in each case. It could thus be difficult to change classification during the rescheduling negotiations. Country pages appended to this memorandum contain additional details of the discussions.

Senegal

2. As the first CFA franc zone country to come before the Paris Club after the devaluation, the discussions were somewhat more drawn out than had been anticipated. Although much support was expressed by delegates for the courageous action taken by the Government on the exchange rate, particular interest was shown in the government's policies for maintaining competitiveness. The negotiations themselves were moderately complicated by Senegal's request for the rescheduling of previously rescheduled debt and of some post cut-off date obligations. The Senegalese strategy of seeking a one-year agreement based on a standby, with a three-year arrangement to follow, was also the subject of some discussion.

3. The agreement reached was for one year, on Enhanced Toronto terms. A goodwill clause regarding a possible debt stock reduction should Senegal remain in good standing with its creditors and adhere to an IMF program for a period of three years, was included in the agreement.

Niger

4. Niger received many expressions of support from the meeting. Discussions on its development strategy focussed on the government's plans for controlling inflation and for diversifying exports. The negotiations would have been entirely routine had it not been for some questions on the numbers being used by Niger, and for issues related to Niger's inclusion of previously rescheduled debt and some post cut-off date obligations in its request.

5. The rescheduling agreement, approved in anticipation of agreement on a Fund program (scheduled for discussion in the Fund Board later that same day), was for one year, on Enhanced Toronto terms, with a goodwill clause concerning debt stock reduction identical to that of Senegal.

Tour'd'Horizon

6. The discussions were concerned principally with preparing for upcoming reschedulings (see para 7 below). Arrears owed Paris Club creditors by Brazil and Zambia were also discussed. A request for a meeting with the Paris Club received from Russia was debated at some length. The recent bilateral agreement to reschedule arrears between Iran and Germany was reported by the latter country to the Heads of Delegation.

Next Meeting

7. The next meeting is scheduled for the week of March 21, 1994. It is expected to consist of an extensive tour d' horizon, and rescheduling for Cote d'Ivoire, Cameroon, and possibly Guinea and Cambodia. Countries in the pipeline for April are Gabon, Congo, Algeria, Bulgaria and Chad.

cc: Messrs./Mmes. Karaosmanoglu; Sandstrom; Stern; Bruno, Jaycox, Kaji, Koch-Weser, Thalwitz, Wood; Linn; Kashiwaya; Baird, Edwards, I. Husain, Thomas, Nankani, Page, Selowsky; Gelb, Donovan, Nishimizu, Bhattacharya; Pfeffermann; Shakow, Wyss, Handwerger, Johannes, Jun, Institutional ISC.

Messrs./Mmes. Guerard, AFRCE ; Katz, AFTPS; Rosenberg, AFRVP; Lafourcade, Derbez, AF1; Lim, Salop, AF4; Marshall, Sarbib, AF5; Denning, Patel, AF6; Madavo, Ikram, EA1; Wiehen, Levy, EC1; Dervis, Noel, EC2; Cheetham, Huang, Yurukoglu, Toft, EC3; Ritchie, Ayub, MN1; Chopra, Voyadzis, MN2; Steckhan, Papageorgiou, LA1; Segura, deFerranti, LA2C1; Lacey, LA2C2 Abe, de Tray, LA3C1; Delvoie, LA2C2.